COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The Electronic Application of Kentucky Power Company For: (1) Approval of Continuation of Its Demand-Side Management Programs; (2) Authority to Recover Costs and Net Lost Revenues, And to Receive Incentives Associated With The Implementation of Its Demand-Side Management Programs; (3) Acceptance of Its Annual DSM Status Report; And (4) All Other Required Approvals And Relief	))))))))	Case No. 2026-00311

APPLICATION

Kentucky Power Company ("Kentucky Power" or the "Company") applies to the Public Service Commission of Kentucky ("Commission") pursuant to KRS 278.285(1) for an Order: (1) approving the continuation through December 31, 2027 of Kentucky Power Company's Demand-Side Management ("DSM") Programs; (2) approving the Company's recovery through its Demand-Side Management Adjustment Clause (Tariff Sheet Nos. 28-1 through 28-7) of its full costs, including lost revenues and incentives, associated with the Company's DSM programs; (3) approving the modification of Kentucky Power's residential DSM factor to $0.000351 per kWh and the commercial DSM factor to $0.000495 per kWh to permit the recovery through the Company's Demand-Side Management Adjustment Clause of Kentucky Power's full costs, including lost revenues, associated with the Company's DSM/energy efficiency ("EE") programs; (4) accepting the Company's Annual DSM Status Report; and (5) granting all other required approvals and relief.

In support of this application, Kentucky Power states:

APPLICANT

1. Kentucky Power is a corporation organized under the laws of the Commonwealth of Kentucky.[1] The Company is in good standing in the Commonwealth.

2. The post office address of Kentucky Power is 1645 Winchester Avenue, Ashland, Kentucky 41101. The Company's electronic mail address is kentucky_regulatory_services@aep.com.

3. Kentucky Power is engaged in the generation, purchase, transmission, distribution and sale of electric power. Kentucky Power serves approximately 162,000 customers in the following 20 counties of eastern Kentucky: Boyd, Breathitt, Carter, Clay, Elliott, Floyd, Greenup, Johnson, Knott, Lawrence, Leslie, Letcher, Lewis, Magoffin, Martin, Morgan, Owsley, Perry, Pike, and Rowan. Kentucky Power is a utility as that term is defined in KRS 278.010.

KENTUCKY POWER'S EXISTING DSM/ENERGY EFFICIENCY PROGRAMS

4. Kentucky Power has offered DSM and EE programs since 1994.

5. On February 23, 2017, the Commission initiated an electronic investigation of the reasonableness of the Company's DSM programs and the rates associated with those programs in Case No. 2017-00097 (the "DSM Investigation").[2] On November 2, 2017, the Commission issued an Order in the DSM Investigation that, among other things, suspended all new DSM program activity during the pendency of the DSM Investigation.[3] On January 18, 2018, the Commission issued an Order in the DSM Investigation directing Kentucky Power to "eliminate offering any

[1] The Company's October 29, 2026, Certificate of Existence is filed as **Exhibit 1** to this Application.
[2] Order, *In the Matter of: Electronic Investigation Of The Reasonableness Of The Demand Side Management Programs And Rates Of Kentucky Power Company*, Case No. 2017-00097 (Ky. P.S.C. Feb. 23, 2017) ("2017 DSM Investigation").
[3] Order, 2017 DSM Investigation at 5 (Ky. P.S.C. Nov. 2, 2017).

DSM programs, other than those programs that target income-eligible residential customers until there is a change in Kentucky Power's capacity position that indicates a need for additional generation to serve its load."[4] The Company's Targeted Energy Efficiency ("TEE") Program targets income-eligible residential customers.

6. By order dated February 28, 2025 in Case No. 2024-00115,[5] the Commission approved continuation of the TEE Program and the Company's proposed modification of the TEE Program to include supplemental funding for the Weatherization Readiness Fund.[6] The Commission also approved the Company's request to establish a new residential Home Energy Improvement Program ("HEIP") and a new Commercial Energy Solutions Program ("CESP"), as well as to modify its Tariff D.S.M.C. consistent with the Commission's approvals.[7]

7. By order dated September 17, 2026, in Case No. 2025-00365,[8] and consistent with the Commission's January 18, 2018 Order in the DSM Investigation, the Commission approved continuation of the Company's DSM Programs, including the TEE Program, the HEIP, and the CESP, through December 31, 2026.

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[4] Order, 2017 DSM Investigation at 13 (Ky. P.S.C. Jan. 18, 2018).
[5] Order, *In the Matter of: Electronic Application Of Kentucky Power Company For: (1) Approval To Expand Its Targeted Energy Efficiency Program; (2) Approval Of A Home Energy Improvement Program And A Commercial Energy Solutions Program; (3) Authority To Recover Costs And Net Lost Revenues, And To Receive Incentives Associated With The Implementation Of Its Demand-Side Management/Energy Efficiency Programs; (4) Approval Of Revised Tariff D.S.M.C.; (5) Acceptance Of Its Annual DSM Status Report; And (6) All Other Required Approvals And Relief*, Case No. 2024-00115 (Ky. P.S.C. Feb. 28, 2025) ("2024 DSM Expansion").
[6] Order, 2024 DSM Expansion at 15.
[7] *Id.*
[8] Order, *In the Matter of: Electronic Application Of Kentucky Power Company For (1) Approval Of Continuation Of Its Demand-Side Management Programs; (2) Authority To Recover Costs And Net Lost Revenues, And To Receive Incentives Associated With The Implementation Of Its Demand-Side Management Programs; (3) Acceptance Of Its Annual DSM Status Report; And (4) All Other Required Approval And Relief*, Case No. 2025-00365 (Ky. P.S.C. Sept. 17, 2026).

DSM/EE PROGRAM OPERATIONS

8. For the 12 months ended September 30, 2026, the Company recovered $1,100,232 from its residential customers through the DSM factor. For the same period, Kentucky Power's DSM program costs, incentive payments, and realized lost revenues totaled $918,377. For the same period, the Company recovered $657,638 from its commercial customers through the DSM factor. For the same period, Kentucky Power's DSM program costs, incentive payments, and realized lost revenues totaled $558,764.

9. A copy of the Company's Annual DSM Status Report is within Schedule C attached as Exhibit JDC-1 to Company Witness Cullop's Direct Testimony.

10. Kentucky Power's DSM programs are administered in conformity with the Company's tariff.[9]

THE CONTINUATION THE COMPANY'S DSM PROGRAMS AND PROPOSED TARIFF MODIFICATIONS

11. Kentucky Power seeks authority to continue its existing DSM programs, including the TEE Program, the HEIP, and the CESP, through December 31, 2027. Except as otherwise described in this Application and the supporting testimony (including the proposed changes to the HEIP and CESP participation targets and proposed CESP incentive and measure additions), the manner in which the Company seeks to operate its DSM programs will be unchanged from the Commission's previous approvals of those programs in Case Nos. 2023-00362, 2024-00115, and 2025-00365.

[9] P.S.C. Ky. No. 14 Original Sheet Nos. 28-1 through 28-7.

12. Kentucky Power's 2026 budget for the TEE Program is $370,060 and 95 participants for weatherization assistance. Additionally, the budget includes $20,000 to make health, safety, and structural repairs so homes can qualify for additional weatherization assistance. Through September 30, 2026, $283,559 of the budget has been used and 61 participants received weatherization assistance. During the same period, $4,849 of the TEE Weatherization Readiness budget has been used to make home repairs.

13. Consistent with the Company's Application approved by the Commission in Case No. 2024-00115, the TEE Program budget for 2027 is $381,935 and the participation target is 100 customers for 2027. Additionally, the supplemental funding from the Company to the Weatherization Readiness Fund in 2027 will be $25,000.

14. Kentucky Power continues to administer the TEE Program through local Community Action Agencies ("CAAs") in the Company's service territory, which have served as reliable third-party administrators of the Program for more than 15 years. The Company exercises oversight of the CAAs through ongoing communication, review of invoices and supporting documentation, and monitoring program expenditures against the approved budget. The Company is executing new contracts with each CAA to memorialize the current relationship between Kentucky Power and the CAAs. The Company has also expanded its marketing of the TEE Program and continues to work with the CAAs to improve the consistency and accuracy of waitlist management, including the treatment of applicants for weatherization treatment whom the CAAs defer because of identified health, safety, or structural conditions make them ineligible for aid despite otherwise qualifying. The TEE program is discussed further in Company Witness Cobern's Direct Testimony.

15. The HEIP became available to customers in July 2025. The Company's original target for HEIP program participants in 2026 was 958 customers, consistent with the figures set forth in the 2023 Market Potential Study conducted by GDS Associates, Inc. and presented to the Commission in Case No. 2024-00115 ("Market Potential Study"). Kentucky Power's 2026 budget for the HEIP is $548,607, of which $353,990 has been used through September 30, 2026. As of September 30, 2026, the Company had received 227 home energy assessment requests in 2026, of which 163 were completed, and 25 customers received rebates. Consistent with the Company's Application approved by the Commission in Case No. 2024-00115, the HEIP budget for 2027 is $619,716. The Company is proposing to set the participation target to 373 customers for 2027. The HEIP is discussed further in Company Witness Lake's Direct Testimony.

16. The CESP became available to customers in July 2025. The Company's original target for CESP program participants in 2026 was 152 customers, consistent with the Market Potential Study. Kentucky Power's 2026 budget for the CESP is $779,409, of which $395,334 has been used through September 30, 2026. As of September 30, 2026, the Company had received 30 commercial energy audit requests in 2026, all of which were completed, and each participating customer received a rebate. Consistent with the Company's Application approved by the Commission in Case No. 2024-00115, the CESP budget for 2027 is $686,862. The Company is proposing to set the participation target to 58 customers for 2027. In addition, the Company proposes increasing incentive rates for certain existing measures (including linear lamps and smart thermostats) within the existing indoor-lighting budget. Lastly, new commercial kitchen and refrigeration measures will be available in 2027 consistent with Case No. 2024-00115 and described further in Company Witness Lake's Direct Testimony.

17. The Company's third-party administrator, TRC Companies, Inc. ("TRC"), continues to implement the HEIP and CESP. TRC markets the programs through varied means, including webinars, dedicated webpages, targeted emails, in-person and door-to-door outreach, and community events, and the Company supplements those efforts with its own marketing. The Company oversees TRC's marketing, administration, and use of the HEIP and CESP budgets, and meets with TRC on a biweekly basis to review progress toward the Company's participation and outcome goals. TRC has performed well as a third-party administrator; although participation has been below the projections in the Market Potential Study, participating customers are realizing per-project energy savings that exceed the Company's forecasts. Consistent with the Commission's September 17, 2026 Order in Case No. 2025-00365, Company Witness Lake sponsors TRC's first quarterly report in his Direct Testimony and attaches it as Exhibit RLL-1.

18. The estimated budgets for the Company's DSM programs are attached as **Exhibit 2**.

19. The projected net energy and demand savings for the DSM programs are provided in Exhibit JDC-1.

20. Kentucky Power requests authority to recover, through its Demand-Side Management Adjustment Clause, the full costs associated with the Company's DSM portfolio, as that term is defined in the Company's Tariff D.S.M.C. A copy of the Company's modified Tariff Sheet No. 28-2 is attached as **Exhibit 3**.[10]

[10] The redlined Tariff Sheet attached as **Exhibit 3** is redlined against Tariff Sheet 28-2 which the Company filed through the Tariff Filing System (TFS2026-00480) pursuant to the Commission's September 24, 2026 Order in Case No. 2025-00365.

21. Kentucky Power proposes to decrease the residential DSM surcharge factor from $0.000437 per kWh to $0.000351 per kWh.

22. Kentucky Power proposes to increase the commercial surcharge factor from $0.000453 per kWh to $0.000495 per kWh.

23. A residential customer using an average of 1,300 kWh per month is currently receiving a monthly DSM charge of $0.57. The new proposed rate results in a $0.46 monthly charge to the same customer. This is a decrease of $0.11 cents per customer per month.

24. As directed by the Commission's September 17, 2026 Order in Case No. 2025-00365, the Company has calculated its net lost revenues using three methods: the Company's approved method, the method employed by Duke Energy Kentucky, Inc., and the method employed by Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU" and collectively, "LG&E/KU"). These calculations are sponsored in Company Witness Cullop's Direct Testimony and attached as Exhibit JDC-2. As discussed in Company Witness Cullop's testimony, the Company defers to the Commission's judgment as to the methodology the Company should utilize.

25. As instructed by the Commission's Order in Case No. 2025-00365, the Company has performed a cost-benefit analysis to determine the feasibility of establishing and maintaining a separate interest-bearing account for funds collected through the DSM surcharge. This cost-benefit analysis demonstrates that establishing such an account would result in a net detriment to customers because, in addition to the capital and ongoing expenses associated with a separate account, the interest rates available to Kentucky Power for such an account will be less than the Company already has access to in the American Electric Power Money Pool. Therefore, the Company maintains that putting DSM surcharge money in its general fund is most beneficial to

customers. This cost-benefit analysis is discussed further in Company Witness Cullop's Direct Testimony.

26. Support for the calculation of the proposed DSM surcharge factors is provided in Exhibit JDC-1.

27. Kentucky Power does not propose any further modifications to its Demand-Side Management Adjustment Clause or its DSM tariff through this Application.

28. Kentucky Power proposes to amend Tariff Sheet No. 28-2 to reflect the updated factors.

ANNUAL DSM STATUS REPORT

29. A Copy of Schedule C, which details the operation of the Company's DSM surcharge, is attached in Exhibit JDC-1.

TESTIMONY

30. Kentucky Power files the Direct Testimonies of Ryan L. Lake, External Affairs Manager, Kentucky Power Company; Stevi N. Cobern, Distribution Operations Customer Support Manager, Kentucky Power; and John D. Cullop, Regulatory Consultant Senior, Kentucky Power Company, in support of this Application.

EXHIBITS

31. The exhibits listed in the Appendix to this Application are attached to and made a part of this Application.

COMMUNICATIONS

32. Kentucky Power respectfully requests that the Commission direct communications in this matter to the e-mail addresses identified in Kentucky Power's October 23, 2026 Notice of Election of Use of Electronic Filing Procedures.

WHEREFORE, Kentucky Power Company respectfully requests that the Commission issue an Order:

(1) approving the continuance of Kentucky Power Company's DSM programs through December 31, 2027;

(2) approving the modification of Kentucky Power Company's residential DSM factor to $0.000351 per kWh to permit the recovery through the Company's Demand-Side Management Adjustment Clause of Kentucky Power's full costs associated with the Company's residential DSM/EE portfolio;

(3) approving the modification of Kentucky Power Company's commercial DSM factor to $0.000495 per kWh to permit the recovery through the Company's Demand-Side Management Adjustment Clause of Kentucky Power's full costs associated with the Company's commercial DSM/EE portfolio;

(4) approving an increase to incentive rates for certain existing CESP measures (including linear lamps and smart thermostats);

(5) approving the Company's proposed changes to the HEIP and CESP participation targets;

(6) modifying Tariff Sheet No. 28-2;

(7) accepting the Company's Annual DSM Status Report; and

(8) granting all other required relief or approvals.

Respectfully submitted,



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COUNSEL FOR KENTUCKY POWER COMPANY

APPENDIX

Exhibit 1 October 29, 2026 Certificate of Existence

Exhibit 2 DSM Program Budgets (2027 Program Year)

Exhibit 3 Tariff Sheets (Red-lined and Annotated)

Commonwealth of Kentucky
Michael G. Adams, Secretary of State

Michael G. Adams
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
http://www.sos.ky.gov

Certificate of Existence

Authentication number: 383064
Visit https://web.sos.ky.gov/ftshow/certvalidate.aspx to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

KENTUCKY POWER COMPANY

KENTUCKY POWER COMPANY is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is July 21, 1919 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State; and is therefore in good standing.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 29th day of October, 2026, in the 235th year of the Commonwealth.

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
383064/0028317

Demand-Side Management Budget

2027 Program Year		Forecasted Budget
Commercial		
Commercial Energy Solutions Program	$	686,862
Commercial Total	**$**	**686,862**
Residential		
Targeted Energy Efficiency	$	381,935
Home Energy Improvement Program	$	619,716
Residential Total	**$**	**1,001,651**
Expense Total	**$**	**1,688,513**

Tariff D.S.M.C. Continued
(Demand-Side Management Adjustment Clause)

Rate Continued

4. The provisions of the Demand-Side Management Adjustment Clause will be effective for the period ending December 31, ~~2026~~2027.

5. The DSM adjustment shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustments, which shall include data, and information as may be required by the Commission.

6. Copies of all documents required to be filed with the Commission under this regulation shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.

7. The resulting range for each customer sector per KWH during the three-year Experimental Demand-Side Management Plan is as follows:

	Customer Sector		
	Residential	Commercial	Industrial*
DSM(c)	$~~815,447~~641,206	$~~641,286~~686,635	0
S(c)	~~1,867,312,391~~1,825,807,082	~~1,414,836,448~~1,387,531,664	0
Adjustment Factor	$~~0.000437~~0.000351	$~~0.000453~~.000495	0

* The Industrial Sector has been discontinued pursuant to the Commission's Order dated September 28, 1999.

Program Descriptions

The D.S.M.C. program availability, program, rate, and equipment descriptions follow:

Continued on Sheet 28-3

DATE OF ISSUE: ~~October 14, 2026~~October 30, 2026
DATE EFFECTIVE: Services Rendered On And After ~~October 1, 2026~~XXXX XX, XXXX
ISSUED BY: /s/ Amy J. Elliott
TITLE: Vice President, Regulatory & External Affairs
By Authority of an Order of the Public Service Commission
In Case No.: ~~2025-00365~~2026-00311 Dated ~~September 17, 2026, September 24, 2026~~XXXX XX, XXXX

Tariff D.S.M.C. Continued
(Demand-Side Management Adjustment Clause)

Rate Continued

4. The provisions of the Demand-Side Management Adjustment Clause will be effective for the period ending December 31, 2027. T

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6. Copies of all documents required to be filed with the Commission under this regulation shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.

7. The resulting range for each customer sector per KWH during the three-year Experimental Demand-Side Management Plan is as follows:

	Customer Sector			
	Residential	Commercial	Industrial*	
DSM(c)	$641,206	$686,635	0	R I -
S(c)	1,825,807,082	1,387,531,664	0	R R -
Adjustment Factor	$0.000351	$.000495	0	R I -

* The Industrial Sector has been discontinued pursuant to the Commission's Order dated September 28, 1999.

Program Descriptions

The D.S.M.C. program availability, program, rate, and equipment descriptions follow:

Continued on Sheet 28-3

DATE OF ISSUE: October 30, 2026
DATE EFFECTIVE: Services Rendered On And After XXXX XX, XXXX
ISSUED BY: /s/ Amy J. Elliott
TITLE: Vice President, Regulatory & External Affairs
By Authority of an Order of the Public Service Commission
In Case No.: 2026-00311 Dated XXXX XX, XXXX