COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY POWER COMPANY FOR (1) A GENERAL ADJUSTMENT OF ITS RATES FOR ELECTRIC SERVICE; (2) APPROVAL OF TARIFFS AND RIDERS; (3) APPROVAL OF ACCOUNTING PRACTICES TO ESTABLISH REGULATORY ASSETS AND LIABILITIES; (4) A SECURITIZATION FINANCING ORDER; AND (5) ALL OTHER REQUIRED APPROVALS AND RELIEF	))))))))))	CASE NO. 2023-00159

O R D E R

This matter arises from an application filed by Kentucky Power Company (Kentucky Power) on July 14, 2023, pursuant to KRS 278.180, KRS 278.190, KRS 278.220, KRS 278,670 et seq., KRS 65.114, 807 KAR 5:001, Sections 14 through 16, 807 KAR 5:011, 807 KAR 5:051, and all other applicable statutes and regulations, for an order granting (1) approval of a general adjustment of its electric rates; (2) approval of its tariffs and riders; (3) approval of accounting practices to establish a regulatory asset or liability; (4) a securitization financing order; and (5) all other required approvals and relief In a January 10, 2024 Order in this case (Financing Order), the Commission approved Kentucky Power's request to issue securitized bonds subject to the terms and conditions of the Financing Order. This Order addresses Kentucky Power's request for approval of a general rate adjustment and any issues raised in the application that are not addressed in the Financing Order.

BACKGROUND

Kentucky Power is a jurisdictional electric utility that generates, transmits, distributes, and sells electricity to approximately 165,000 customers in Boyd, Breathitt, Carter, Clay, Elliott, Fleming, Floyd, Greenup, Johnson, Knott, Lawrence, Leslie, Letcher, Lewis, Magoffin, Martin, Morgan, Owsley, Perry, Pike, and Rowan counties.[1] Kentucky Power's last adjustment of its electric rates was in Case No. 2020-00174.[2]

On May 23, 2023, Kentucky Power filed a notice of its intent to file an application for an approval of increases in its electric rates.[3] According to the application, the rate application would be supported by a 12-month historical test year ending March 31, 2023, with adjustments for known and measurable changes.[4] On July 14, 2023, Kentucky Power filed an application for a general adjustment of rates. The application requested authorization to increase Kentucky Power's electric base rate revenue by $93,935,727, or an increase of approximately 13.6 percent above the test-year retail sales revenue of $694,002,526.[5] The average monthly residential bill increase based on the proposed electric base rates would be approximately 18.3 percent or $35 for a residential customer using 1,232 kWh of electricity per month.[6]

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[1] *Annual Report of Kentucky Power to the Public Service Commission for the Year Ending December 31, 2022* (2022 Annual Report) at 4–5.

[2] Case No. 2020-00174, *Electronic Application of Kentucky Power Company for (1) a General Adjustment of its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of a Certificate of Public Convenience and Necessity; and (5) All Other Required Approvals and Relief* (Ky PSC Jan. 13, 2023).

[3] Kentucky Power's Notice of Intent and Application to Use Abbreviated Notice (filed May 23, 2023).

[4] Application at 7 (filed July 14, 2023).

[5] Application at 10.

[6] Kentucky Power's Customer Notice of Rate Adjustment (filed June 29, 2023) and Kentucky Power's Supplemental Notice (filed July 17, 2023).

Kentucky Power stated the primary reason for the requested increase is that the current rates do not permit it to operate successfully or continue to provide adequate, efficient and reasonable service throughout its territory.[7] Kentucky Power noted several items to offset the impacts to customers of the rate adjustment: the financing of securitized bonds for certain deferred costs; suspension of the decommissioning riders and Rockport Deferral until securitization is achieved; postponing an update to depreciation rates; reduction of the total distribution of storm project expense; and a lower return on equity than supported in the application.[8]

Kentucky Power's application also included requests and tariff updates related to a securitization financing rider; a distribution reliability rider; a seasonal residential service tariff; a financing hedging program; a new solar garden program; continuation of economic growth grants; increases in residential energy assistance; discontinuing the recovery of PJM Interconnection LLC Load Serving Entity Open Access Transmission Tariff (PJM LSE OATT) expenses through the Tariff Purchase Power Adjustment (Tariff P.P.A.); amending the Federal Tax Cut tariff; amending the Tariff Environmental Surcharge (Tariff E.S.) to reflect the expiration of the Rockport Unit Power Agreement (UPA); closing the Non-Utility Generator (NUG) tariff; and updating terms of service and non-substantive global formatting changes to the tariff book.[9]

A deficiency letter was issued to Kentucky Power on July 5, 2023. Kentucky Power responded to the deficiency letter with a request for an Informal Conference (IC) with

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[7] Application at 7.

[8] Application at 8–9.

[9] Application at 10–12.

Commission Staff.[10] Commission Staff conducted the IC on July 10, 2023, to discuss the deficiencies in the application and the methods to cure the deficiencies.[11] Kentucky Power filed a formal response to the deficiency, specifically noting that the issue of notice would be remedied on July 14, 2023.[12] On July 14, 2023, the application was deemed filed.

In an Order issued on July 20, 2023, the Commission suspended Kentucky Power's proposed rates for five months, up to and including January 14, 2024. The July 20, 2023 Order also established a procedural schedule for the processing of this matter, which provided for a deadline for requesting intervention, two rounds of discovery upon Kentucky Power's application,[13] a deadline for the filing of intervenor testimony, one round of discovery upon any intervenor testimony, and an opportunity for Kentucky Power to file rebuttal testimony. Throughout the proceedings, Kentucky Power responded to six requests for information and periodically updated certain responses.[14]

The following parties were granted intervention in this proceeding: the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention

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[10] Kentucky Power's Motion for an Informal Conference (filed July 6, 2023).

[11] Public Service Commission Letter Filing Memo into the Record (filed July 12, 2023).

[12] Kentucky Power's Response to the July 5, 2023 Deficiency Notice (filed July 10, 2023).

[13] Kentucky Power responded to a total of six data requests from Commission Staff prior to the hearing.

[14] Kentucky Power's Response to Commission Staff's First Request for Information (Staff's First Request) (filed July 13, 2023); Kentucky Power's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Aug. 28, 2023); Kentucky Power's Response to Commission Staff's Third Request for Information (Staff's Third Request) (filed Sept. 25, 2023); Kentucky Power's Response to Commission Staff's Fourth Request for Information (Staff's Fourth Request) (filed Sept. 25, 2023); Kentucky Power's Response to Commission Staff's Fifth Request for Information (Staff's Fifth Request) (filed Oct. 20, 2023); and Kentucky Power's Response to Commission Staff's Sixth Request for Information (Staff's Sixth Request) (filed Nov. 13, 2023).

(Attorney General);[15] Kentucky Industrial Utility Customers (KIUC);[16] Walmart Inc. (Walmart);[17] Mountain Association (MA), Appalachian Citizens Law Center (ACLC), Kentuckians for the Commonwealth (KFTC), and the Kentucky Solar Energy Society (KYSES) (collectively, Joint Intervenors);[18] and SWVA Kentucky, LLC (SWVA).[19]

There were many public comments filed in this matter.[20] In response to multiple requests for public meetings, the Commission held public meetings on November 8, 2023, in Catlettsburg, Kentucky; November 9, 2023, in Hazard, Kentucky; November 16, 2023, virtually at the Commission's Frankfort Office; and November 20, 2023, in Pikeville, Kentucky.[21]

On November 1, 2023, November 9, 2023, and November 14, 2023, the parties' participated in ICs to discuss procedural matters and the possible resolution of pending issues. All parties participated in the ICs and held additional discussion regarding the proposed resolution. On November 20, 2023, Kentucky Power, KIUC, Walmart, and the Joint Intervenors filed a Settlement Agreement (Settlement) that addressed a majority of the issues addressed in these proceedings. The Attorney General and SWVA were not signatories to the agreement but indicated neither party objected to the terms of the Settlement. The Settlement is attached as Appendix A.

[15] Order (Ky. PSC June 6, 2023).

[16] Order (Ky. PSC June 20, 2023).

[17] Order (Ky. PSC Aug. 10, 2023).

[18] Order (Ky. PSC Aug. 16, 2023).

[19] Order (Ky. PSC Aug. 16, 2023).

[20] View Public Comments for: 2023-00159 (ky.gov)

[21] Order (Ky. PSC Oct. 26, 2023).

A formal hearing was held on November 28, 2023, through November 30, 2023, for the purposes of hearing testimony regarding the Settlement, the application, and contested issues. Kentucky Power filed responses to post-hearing requests for information on December 15, 2023.[22] Kentucky Power filed a post-hearing brief on December 21, 2023. KIUC, Joint Intervenors, and Walmart filed post hearing briefs on December 22, 2021.

In its brief, Kentucky Power requested that the Commission accept the Settlement without modification.[23] The brief also addressed several prior Commission Orders and steps that Kentucky Power had allegedly taken to address Commission concerns. Specifically, Kentucky Power noted that, as part of a need to address transmission costs for customers, Kentucky Power requested to recover PJM LSE OATT expenses through a normalized amount included in base rates instead of Tariff P.P.A.[24] Kentucky Power stated that the rates in the Settlement were fair, just and reasonable.[25] All the parties agreed to allocate the recommended revenue increase in the manner proposed by the Attorney General/KIUC's witness Stephen Barron, with an additional $500,000 allocated from the Residential Class to Rate Industrial General Service (I.G.S.) to reduce the impact of the revenue increase on residential customers.[26] As such, Kentucky Power asked the Commission to approve the rate design and resulting rates as fair, just and reasonable.[27]

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[22] Kentucky Power's Response to Commission Staff's Post Hearing Request for Information (Staff's Post-Hearing Request) (filed Dec. 15, 2023).

[23] Kentucky Power's Post-Hearing Brief (filed Dec. 21, 2023) at 51.

[24] Kentucky Power's Post-Hearing Brief at 8.

[25] Kentucky Power's Post-Hearing Brief at 24.

[26] Kentucky Power's Post-Hearing Brief at 30.

[27] Kentucky Power's Post-Hearing Brief at 30.

KIUC filed a post-hearing brief on December 22, 2023. KIUC argued that the Commission should accept the settlement as filed.[28] KIUC asserted that the settlement provided significant benefits to customers.[29] Specifically, KIUC cited to securitization and the Distribution Reliability Rider (DRR) with the added safeguards. KIUC also noted that the Commission can address other issues, generation adequacy and Mitchell operating facility, raised at the hearing in the two other pending proceedings involving Kentucky Power,[30] Case No. 2021-00370[31] and Case No. 2023-00092[32].

The Joint Intervenors filed their post-hearing brief on December 22, 2023, stating that "the proposed settlement presents a fair, just, and reasonable compromise among the parties and should be approved."[33] Although the Joint Intervenors argued that Kentucky Power's proposals related to customer assistance do not go far enough, they do believe that the settlement has the potential to be a valuable step toward addressing fundamental issues facing Kentucky Power customers.[34] The Joint Intervenors believe that Kentucky Power has made commitments to improve its demand-side management (DSM) and energy efficiency (EE) (together, DSM/EE) programs as well as its customer education on assistance programs.[35]

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[28] KIUC's Post-Hearing Brief (filed Dec. 22, 2023) at 2.

[29] KIUC's Post-Hearing Brief at 2–3.

[30] KIUC's Post-Hearing Brief at 4.

[31] Case No. 2021-00370, *Electronic Investigation of the Service, Rates and Facilities of Kentucky Power Company* (Ky PSC Sept. 15, 2021).

[32] Case No. 2023-00092, *Electronic 2022 Integrated Resource Planning Report of Kentucky Power Company* (Ky PSC Mar. 20, 2023).

[33] Joint Intervenors' Post-Hearing Brief (filed on Dec. 22, 2023) at 1, 5.

[34] Joint Intervenors' Post-Hearing Brief at 6–7.

[35] Joint Intervenors' Post-Hearing Brief at 9–11.

Walmart filed a post-hearing brief on December 22, 2023, and requested that the Commission accept the Settlement as a fair, just and reasonable resolution to this case.[36] Walmart cited to the highlights of the Settlement; however, Walmart expressed concerns about transmission costs and the impact on the customer.[37] Walmart noted that the Commission could address those concerns in Case No. 2021-00370 or Case No. 2023-00092.[38]

Kentucky Power filed notice that it would not file a response brief and requested that a decision be made on the record on December 27, 2023. Kentucky Power's notice also stated that it had asked the intervening parties, and no party intended to file a response brief.[39]

THE SETTLEMENT

The Settlement reflects the agreement of the parties, except the Attorney General and SWVA, on a majority of the issues raised in the case. The major substantive areas addressed in the Settlement are as follows:

- Kentucky Power's electric retail revenues should be increased by $74,666,028. This amount consists of a base rate revenue reduction of $19,269,699 from the $93,935,727 requested in the application.[40]

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[36] Walmart's Post-Hearing Brief (filed Dec. 22, 2023) at 7.

[37] Walmart's Post-Hearing Brief at 6–7.

[38] Walmart's Post-Hearing Brief at 7.

[39] Kentucky Power's Notice that Kentucky Power Will Not File a Reply Brief and Request to Submit Matter for Decision (filed Dec. 27, 2023) at 1.

[40] Kentucky Power's Motion to Approve Settlement, Settlement Testimony of Brian West, Exhibit BKW-1S (West Settlement Testimony) (filed Nov. 20, 2023) at 4.

- The authorized return on equity (ROE) would be 9.75 percent, while a 9.65 percent ROE would be applicable to the equity component of the riders for which the weighted average cost of capital (WACC) is applied.[41]

- A return on the net operating loss carryforward (NOLC) will be excluded from the base rate revenue requirement. That amount would be deferred as a regulatory asset until base rates including the stand-alone NOLC are effective, if ever, in a future base rate case. Kentucky Power will contemporaneously establish an NOLC regulatory liability that offsets the NOLC regulatory asset. Kentucky Power will not accrue a carrying charge on the NOLC regulatory asset or the NOLC regulatory liability.[42]

- Recovery of the NOLC regulatory asset and NOLC deficient taxes would be contingent upon a private letter ruling (PLR) from the Internal Revenue Service (IRS) stating it is not a normalization violation to exclude NOLC and NOLC deficient taxes from the calculation of the revenue requirement. If the PLR indicates it is a normalization violation, Kentucky Power will reverse the NOLC regulatory liability and recover the NOLC regulatory asset and the NOLC deficient taxes over a three-year period through base rates established in the first base rate case filed after the PLR from the IRS is received. Kentucky Power will also adjust the excess deferred income tax regulatory liability to reflect the deficient deferred income taxes to the stand-alone NOLC.[43]

- Acceptance of the rate-based adjustments proposed by the Attorney General/KIUC in the Direct Testimony of Lane Kollen except as it relates to the prepaid

[41] West Settlement Testimony, Exhibit BKW-1S at 5.

[42] West Settlement Testimony, Exhibit BKW-1S at 6.

[43] West Settlement Testimony, Exhibit BKW-1S at 6.

pension and other post-employment benefits (OPEB) assets and the accumulated deferred income tax (ADIT) on the regulatory assets proposed for securitization.[44]

- Kentucky Power will exclude from rate base all pension and OPEB assets and liabilities, net of ADIT, subject to exclusion from Kentucky Power's base rates of the current annual level of cost of savings related to pension and OPEB originally included in the cost of service.[45]

- Kentucky Power will flow the ADIT benefit related to the non-decommissioning rider regulatory assets approved for securitization back to customers through the Federal Tax Cut Tariff (Tariff F.T.C.) at its Commission approved WACC with an annual true-up to address the over- or under-recovery.[46]

- The amount of costs to be securitized will be increased to remove the present value of the return on ADIT related to the Rockport Deferral Regulatory Asset. Kentucky Power will not include the non-decommissioning rider regulatory asset ADIT amounts in base rates.[47]

- Kentucky Power will normalize the Corporate Alternative Minimum Tax (CAMT) and include the accrued CAMT deferred tax asset in rate base.[48]

- Acceptance of the operating expense adjustments related to incentive compensation, supplemental executive retirement plan (SERP) expenses, and 401(k)

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[44] West Settlement Testimony, Exhibit BKW-1S at 6–7.

[45] West Settlement Testimony, Exhibit BKW-1S at 7.

[46] West Settlement Testimony, Exhibit BKW-1S at 7–8.

[47] West Settlement Testimony, Exhibit BKW-1S at 8.

[48] West Settlement Testimony, Exhibit BKW-1S at 8.

matching expense for employees who also participate in the pension plan proposed by the Attorney General/KIUC in the Direct Testimony of Lane Kollen.[49]

- Acceptance of the adjustment proposed by the Attorney General/KIUC in the Direct Testimony of Lane Kollen to exclude amortization of net operating loss (NOL) ADIT.[50]

- Kentucky Power will reduce the amount of property taxes expense in base rates by $1.114 million.[51]

- Kentucky Power will adjust factoring expense related to the sale of accounts receivable to the midpoint of the adjustment proposed in the Attorney General/KIUC in the Direct Testimony of Lane Kollen.[52]

- Kentucky Power will forgo recovery of the $11.52 million in test-year Winter Storm Elliot peaking unit equivalent (PUE) expense and the $4.02 million in non-Fuel Adjustment Clause (FAC) eligible PUE expense incurred between March 31, 2020, and March 31, 2023.[53]

- Approval of the Distribution Reliability Rider (DRR) and DRR Work Plan for an initial five-year term.[54]

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[49] West Settlement Testimony, Exhibit BKW-1S at 8.

[50] West Settlement Testimony, Exhibit BKW-1S at 8.

[51] West Settlement Testimony, Exhibit BKW-1S at 8.

[52] West Settlement Testimony, Exhibit BKW-1S at 9.

[53] West Settlement Testimony, Exhibit BKW-1S at 9.

[54] West Settlement Testimony, Exhibit BKW-1S at 10 – 11.

- Kentucky Power will double shareholder funding of the Residential Energy Assistance Tariff (Tariff R.E.A.) to $0.80 per meter.[55]

- Kentucky Power will work collaboratively with the Joint Intervenors on solar, EE, and DSM programs.[56]

LEGAL STANDARD

Kentucky Power filed its application pursuant to KRS 278.180; KRS 278.190; KRS 278.220; 807 KAR 5:001, Sections 14 through 16; 807 KAR 5:011; and 807 KAR 5:051. The Commission's standard of review of a utility's request for a rate increase is well established. In accordance with statutory and case law, Kentucky Power is allowed to charge its customers only fair, just and reasonable rates.[57] Further, Kentucky Power bears the burden of proof to show that the proposed rate increase is just and reasonable, under KRS 278.190(3).

TEST PERIOD

Kentucky Power proposed the 12-month period ending March 31, 2023, as the test period for determining the reasonableness of its proposed rates.[58] None of the intervenors contested the use of this period as the test period.

The Commission finds that it is reasonable to use the 12-month period ending March 31, 2023, as the test period in this case because, due to the timing of Kentucky Power's filing, the 12-month period ending March 31, 2023, is the most recent feasible period to use for setting rates. Further, except for the adjustments approved in this Order,

[55] West Settlement Testimony, Exhibit BKW-1S at 11.

[56] West Settlement Testimony, Exhibit BKW-1S at 10-15.

[57] KRS 278.030 and *Pub. Serv. Comm'n v. Com. ex rel. Conway*, 324 S.W.3d 373, 377 (Ky 2010).

[58] Application at 7.

the revenues and expenses incurred during that period are neither unusual nor extraordinary.

VALUATION

Pursuant to KRS 278.290(1), the Commission is empowered to "ascertain and fix the value of the whole or any part of the property of any utility," and in doing so is given guidance by the legislature "in establishing value of utility property in connection with rates," and the Commission must "give due consideration" to a number of factors, including capital structure, original cost and "other elements of value recognized by law" in order to ascertain the value of any property under KRS 278.290 "for rate-making purposes."[59] In its application, Kentucky Power proposed to use the rate base method to calculate its revenue requirement and required increase.[60] As explained below, the Commission has weighed the evidence filed in the case and in support of the Settlement, and finds that Kentucky Power's base rates should be based on a rate base of $1.617 billion.[61]

REVENUE REQUIREMENT AND ADJUSTMENTS

For the test year, Kentucky Power reported actual net operating income from its jurisdictional electric operations of $81,543,347.[62] Kentucky Power proposed 63 adjustments to revenues and expenses to reflect more current and anticipated

[59] *National Southwire Aluminum Co. v. Big Rivers Elec.*, 785 S.W.2d 503, 512 (Ky. App. 1990).

[60] Application, Section V, Exhibit 1, Schedules 1 and 2.

[61] Kentucky Power's Supporting Files for Settlement Testimony (filed Dec. 15, 2023), KPCo Settlement Summary, Rate Base.

[62] Application, Section V, Exhibit 1, Schedule 4.

operating conditions, resulting in an adjusted net operating income of $54,182,033.[63] With this level of net operating income, Kentucky Power reported an adjusted test year revenue deficiency of $93,935,727.[64] The only intervenors that supported testimony regarding specific revenue requirement adjustments were the Attorney General/KIUC, supporting the testimony of Lane Kollen. As shown in Appendix B to this Order, 48 adjustments are uncontested and will be accepted as filed. The Commission accepts the Settlement's revenue requirement; however, after weighing the evidence submitted in the case and filed in support of the Settlement, the Commission makes several additional adjustments as discussed in further detail below.

Rate Base Adjustments

NOLC ADIT

Pursuant to Kentucky Power's Tax Allocation Agreement with AEP, AEP reimburses Kentucky Power for taxable losses accumulated on Kentucky Power's books. Kentucky Power has historically excluded deferred tax assets that it attributes to net operating loss carryforwards (NOLC ADIT) from rate base when the underlying net operating loss was reimbursed. In this case, Kentucky Power proposed to include federal NOLC ADIT of $41.507 million in rate base and capitalization.[65] Kentucky Power argued that excluding the NOLC ADIT from rate base may result in a normalization violation, and the reimbursements should not be considered for ratemaking purposes.[66]

[63] Application, Section V, Exhibit 1, Schedule 4 and Exhibit 2.

[64] Application, Section V, Exhibit 1, Schedule 2.

[65] Application, Section V, Exhibit 2 at 66.

[66] Direct Testimony of Linda Schlessman (Schlessman Direct Testimony) at 23-25 and 30.

The Attorney General/KIUC recommended removing the NOLC ADIT from rate base and capitalization because the net operating loss is not recorded on Kentucky Power's books and Kentucky Power's proposal reflects a departure from the historical treatment of the NOLC ADIT.[67]

In the Settlement, the parties agreed that a return on the NOLC ADIT will be excluded from the base rate revenue requirement. That amount would be deferred as a regulatory asset until base rates including the stand-alone NOLC are effective in a future base rate case. Kentucky Power will not accrue a carrying charge on the NOLC regulatory asset or the NOLC regulatory liability.[68] Recovery of the regulatory asset would be contingent on Kentucky Power receiving a PLR from the IRS that affirms Kentucky Power's position regarding the NOLC ADIT.[69] If the PLR indicates it is a normalization violation, Kentucky Power will reverse the NOLC regulatory liability and recover the NOLC regulatory asset, and the NOLC deficient taxes over a three-year period through base rates established in the first base rate case filed after the private letter ruling from the IRS is received.[70]

The Commission finds that it is reasonable to exclude the NOLC ADIT from rate base and defer amortization of the NOLC ADIT to a regulatory asset with recovery contingent on Kentucky Power receiving a PLR that affirms its position regarding the NOLC ADIT. However, the Commission does have some concerns about the manner in which Kentucky Power has framed the questions it intends to provide to the IRS when

[67] Direct Testimony of Lane Kollen (Kollen Direct Testimony) at 7-16.

[68] West Settlement Testimony, Exhibit BKW-1S at 6.

[69] West Settlement Testimony, Exhibit BKW-1S at 6.

[70] West Settlement Testimony, Exhibit BKW-1S at 6.

obtaining its PLR and the manner in which it calculated the extent to which the NOLC ADIT should be attributed to accelerated depreciation.[71] Thus, the Commission will also require Kentucky Power to file its request for a PLR, including any information and narrative it intends to provide to the IRS, 30 days before it is submitted to the IRS to allow Commission Staff to comment on Kentucky Power's proposed request.

Kentucky Power should also notify the Commission of any opinion received in response to its request for a PLR and its effect on the NOLC ADIT within 15 days of receiving the PLR in a post-case filing referencing this case number. The Commission will consider any PLR received in future cases along with any other evidence and arguments but makes no commitment herein to be bound by such evidence or opinion.

Deficient NOLC ADIT

Kentucky Power proposed to include a regulatory asset of $10.300 million in rate base and capitalization for the NOLC ADIT calculated balance as of December 31, 2017, when the federal tax rate changed from 35 percent to 21 percent, amortized though March 2023.[72]

The Attorney General/KIUC recommended removing the NOLC ADIT from rate base and capitalization because the net operating loss is not recorded on Kentucky Power's books and constitutes retroactive ratemaking.[73]

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[71] For instance, Kentucky Power appears to have calculated the NOL ADIT attributed to accelerated depreciation by comparing the cumulative net operating loss carryforward that it contends accrued over a number of years and the cumulative accelerated depreciation in the same years. However, since net operating loss carryforwards are typically generated in a given year based on the expenses accrued in that year, the Commission questions why it would be appropriate to determine the extent to which cumulative net operating loss carryforwards should be attributable to accelerated depreciation by comparing the cumulative net operating loss carryforwards to the cumulative accelerated depreciation for a number of years.

[72] Schlessman Direct Testimony at 32.

[73] Kollen Direct Testimony at 18.

In the Settlement, the parties agreed that a return on the NOLC ADIT will be excluded from the base rate revenue requirement.[74] That amount would be deferred as a regulatory asset until base rates including the stand-alone NOLC are effective in a future base rate case.[75] Kentucky Power will not accrue a carrying charge on the NOLC regulatory asset or the NOLC regulatory liability.[76] Recovery of the regulatory asset would be contingent on Kentucky Power receiving a PLR from the IRS that affirms Kentucky Power's position regarding the NOLC ADIT.

The Commission finds that it is reasonable to exclude the NOLC ADIT from rate base and defer amortization of the NOLC ADIT to a regulatory asset with recovery contingent on Kentucky Power receiving a PLR that affirms its position regarding the NOLC ADIT. Thus, the Commission will also require Kentucky Power to file its request for a PLR, including any information and narrative it intends to provide to the IRS, 30 days before it is submitted to the IRS to allow Commission Staff to comment on Kentucky Power's proposed request. Kentucky Power should also notify the Commission of any opinion received in response to its request for a PLR and its effect on the NOLC ADIT within 15 days of receiving the PLR in a post-case filing referencing this case number.

Regulatory Asset ADIT to be Securitized

The Attorney General/KIUC recommended that the Commission reduce rate base to remove all regulatory asset ADIT amounts related to the Tariff P.P.A., Rockport, and

[74] West Settlement Testimony, Exhibit BKW-1S at 6.

[75] West Settlement Testimony, Exhibit BKW-1S at 6.

[76] West Settlement Testimony, Exhibit BKW-1S at 6.

storm damage regulatory assets for which Kentucky Power requested securitization, which results in a reduction of $3.132 million in the revenue requirement.[77]

In the Settlement, the parties agreed that the annual ADIT benefit related to the securitized regulatory assets should flow through the Tariff F.T.C. on an annual basis and include an over- or under-recovery mechanism.

The Commission finds that the proposal to include the annual actual impact of the ADIT for these regulatory assets in Tariff F.T.C. is reasonable and should be approved. This approach will ensure that customers benefit from the associated ADIT in a reasonable manner over the life of the ADIT.

Sale of Receivables and Cash Working Capital.

In February 2022, Kentucky Power terminated its agreement for the sale of its receivables in anticipation of a sale to Liberty Utilities Co. (Liberty).[78] In part as a result of this decision, Kentucky Power stated that it calculated 51.49 revenue lag days that resulted in a total working capital requirement of $7.686 million[79] Kentucky Power did not make adjustments to its lag calculation even though it resumed sale of the accounts receivable.[80] However, when asked to update the calculation, Kentucky Power provided 4.52 revenue lag days.[81]

[77] Kollen Direct Testimony at 22.

[78] Direct Testimony of Brian West (West Direct Testimony) at 31–32; Direct Testimony of Michael Adams (Adams Direct Testimony) (filed June 29, 2023) at 5.

[79] Adams Direct Testimony at 8 and Section V, Exhibit 2 at 63.

[80] West Direct Testimony at 32.

[81] Kentucky Power's Response to Attorney General/KIUC's First Request for Information (Attorney General/KIUC's First Request), Item 22.

The Attorney General/KIUC stated that, based on a calculation of 4.52 revenue lag days, the effect was a reduction of $5.053 million in the requested base rate increase, "consisting of a reduction of $6.728 million due to the reduction in the revenue lag days offset in part by an increase of $1.675 million for the interest expense on the sale of the receivables."[82] In rebuttal, Kentucky Power stated that the evidence supports a $0.9 million revenue requirement reduction.[83] Kentucky Power claimed there were two significant differences resulting in the discrepancy: (1) the Attorney General/KIUC failed to appropriately calculate an annual level of factoring expense consistent with Kentucky Power's agreement with AEP Credit; and (2) the Attorney General/KIUC failed to reduce the level of short-term debt in Kentucky Power's capital structure to reflect the sale of receivables going forward.[84]

In the Settlement, Kentucky Power agreed to the $6.728 million rate base reduction in cash working capital and agreed to increase the interest expense by $3.072 million to reflect the sale of accounts receivable proposed by the Attorney General/KIUC and witness for Kentucky Power, Heather Whitney, which results in a revenue requirement reduction of $3.656 million.[85]

The Commission finds that Kentucky Power should factor in the sale of receivables to the lead/lag analysis, as a known and measurable adjustment. Based on the record, the Commission accepts that this would result in 4.52 revenue lag days. The Commission

[82] Kollen Direct Testimony at 26.

[83] Rebuttal Testimony of Heather Whitney (Whitney Rebuttal Testimony) (filed Nov. 6, 2023) at R3-R4; Kentucky Power's Supplemental Response to Staff's First Request, Item 48 (filed Sept.28, 2023).

[84] Whitney Rebuttal Testimony at R3-R4.

[85] West Settlement Testimony, Exhibit BKW-1S at 9.

accepts the adjustment in the Settlement of a $3.656 million revenue requirement reduction as known and measurable, and as being reasonable.

Prepaid Pension and OPEB

The Attorney General/KIUC proposed a reduction to the revenue requirement in the amount of $3.429 million to reduce prepaid pension and prepaid OPEB assets that were included in Kentucky Power's rate base calculation.[86] The Attorney General/KIUC argued that Kentucky Power does not finance these assets; therefore, they should not be included in the calculation of rate base.[87] In response, Kentucky Power argued that there is a cash outlay to finance these assets; therefore, they should be included in the calculation of rate base.[88]

In the Settlement, the parties agreed to remove the prepaid pension and OPEB from rate base, net of ADIT, subject to the exclusion of the credit to current pension expenses for the prepayment.[89]

As noted in at least one previous rate case,[90] while the Commission acknowledges the assertion that there has been cash outlay to finance these prepaid assets, the Commission finds that a more reasonable method of measuring and recording Kentucky Power's pension and OPEB amounts for ratemaking purposes would be to remove the expenses attributed to these amounts for the test period because it reflects the actual

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[86] Kollen Direct Testimony at 32–33.

[87] Kollen Direct Testimony at 31.

[88] Whitney Rebuttal Testimony at 2.

[89] West Settlement Testimony, Exhibit BKW-1S at 7.

[90] Case No. 2020-00174, *Electronic Application of Kentucky Power Company for (1) A General Adjustment of Its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of a Certificate of Public Convenience and Necessity; and (5) All Other Required Approvals and Relief* (Ky PSC Jan. 13, 2021), Order.

amounts expended for pensions and OPEB expenses in the test period, rather than an expected future liability. As a result of this finding, the Commission finds reasonable a revenue requirement increase of $0.363 million, as agreed to in the Settlement, which reflects a decrease of $2.709 million for the removal of the prepaid pension and prepaid OPEB asset and a corresponding increase of $3.072 million for Kentucky Power's applicable test-year pension and OPEB expenses.

Remove Accounts Payable Balances from Construction Work in Progress (CWIP) in Rate Base

The Attorney General/KIUC proposed an adjustment to remove accounts payable balances from CWIP in rate base, which would result in a revenue requirement decrease of $0.822 million.[91] The Attorney General/KIUC argued that the accounts payable balance reflects vendor financing and should not be included in rate base.[92]

Kentucky Power argued that due to the short-term nature of accounts payable, Kentucky Power will pay the balances before rates are implemented in this case.[93]

In the Settlement, the parties agreed that accounts payable should be removed from CWIP in rate base.[94]

The Commission finds that accounts payable should be removed from CWIP included in rate base because, while Kentucky Power will have financed the accounts payable before rates are effective, accounts payable will likely maintain a positive balance and the amount as of the end of the test year is a reasonable estimate of the vendor

[91] Kollen Direct Testimony at 35.

[92] Kollen Direct Testimony at 35.

[93] Whitney Rebuttal Testimony at 4.

[94] West Settlement Testimony, Settlement Exhibit 1, Settlement Revenue Requirement.

financing provided on an ongoing basis. Therefore, the Commission accepts the settlement adjustment to remove accounts payable from CWIP included in rate base.

Remove Accounts Payable Balances from Prepayments in Rate Base

The Attorney General/KIUC proposed an adjustment to remove accounts payable balances from prepayments in rate base, which would result in a revenue requirement decrease of $0.006 million.[95] The Attorney General/KIUC argued that the accounts payable balance reflects vendor financing and should not be included in rate base.[96]

Kentucky Power argued that due to the short-term nature of accounts payable, Kentucky Power will pay the balances before rates are implemented in this case.[97]

In the Settlement, the parties agreed that accounts payable should be removed from prepayments in rate base.[98]

The Commission finds that accounts payable should be removed from prepayments included in rate base because, while Kentucky Power will have financed the accounts payable before rates are effective, accounts payable will likely maintain a positive balance and the amount as of the end of the test year is a reasonable estimate of the vendor financing provided on an ongoing basis. Therefore, the Commission agrees with the settlement adjustment to remove the prepayments included in rate base.

Tariff F.T.C and CAMT

In its Application, Kentucky Power proposed several changes to Tariff F.T.C. First, it proposed to change the name of the Federal Tax Cut Tariff to Federal Tax Change

[95] Kollen Direct Testimony at 37.

[96] Kollen Direct Testimony at 37.

[97] Whitney Rebuttal Testimony at 4.

[98] West Settlement Testimony, Settlement Exhibit 1, Settlement Revenue Requirement.

Tariff, as it believed that the name change would better align with and help customers better understand the various elements included in the tariff.[99] Second, Kentucky Power proposed to remove the amortization and refund of the unprotected accumulated deferred federal income taxes (ADFIT) because it will be fully amortized and returned to customers prior to the rates proposed in this case going into effect.[100] Third, Kentucky Power proposed to recover CAMT through Tariff F.T.C. as it will ensure that the amount of taxes customers pay reflects the actual tax expense incurred.[101] Fourth, Kentucky Power proposed to file annual updates to Tariff F.T.C. by October 15th of each year to go into effect with December billing, indicating that this would allow Kentucky Power to include the actual CAMT amount in the annual update.[102]

The Attorney General/KIUC recommended that the Commission deny the name change as no good reason was given to change the name of the existing tariff.[103]

The Commission finds that the request for a name change should be denied as Kentucky Power did not provide substantial evidence that a name change was necessary for an existing tariff.

The Attorney General/KIUC recommended that the Commission approve Kentucky Power's proposal to modify Tariff F.T.C. to reflect the completion of refunds of unprotected ADFIT.[104] The Commission finds that the proposal to remove the

[99] Direct Testimony of Lerah Kahn (Kahn Direct Testimony) at 17.

[100] Kahn Direct Testimony at 16.

[101] Schlessman Direct Testimony at 36.

[102] Kahn Direct Testimony at 17.

[103] Kollen Direct Testimony at 70.

[104] Kollen Direct Testimony at 70.

amortization and refund of unprotected ADFIT should be approved as those amounts will be fully amortized and returned to customers prior to the rates proposed in this case going into effect.

According to Kentucky Power, the CAMT was established for applicable corporations with adjusted financial statement income (AFSI) above $1 billion. The Inflation Reduction Act of 2022 (IRA) imposes a tax equal to the excess of 15 percent of the corporation's AFSI (tentative minimum tax) for the taxable year over its regular income tax liability.[105] In its Application, Kentucky Power stated that the IRA changed the corporate alternative minimum tax after tax year 2022.[106] As a result, Kentucky Power proposed to flow the CAMT through the Tariff F.T.C. to allow recovery for the actual tax incurred by the company and if it results in a credit, ratepayers would be refunded through Tariff F.T.C.[107] The Attorney General/KIUC recommended that the Commission reject the recovery of CAMT through Tariff F.T.C., as there are fundamental conceptual flaws in the proposed tariff change.[108]

Kentucky Power proposed to file its annual rate update and corresponding Tariff by October 15th each year to go into effect with December billing.[109] According to Kentucky Power, this would enable the company to include the actual CAMT amount in

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[105] Schlessman Direct Testimony at 36. *See also* IRC § 55(a)(2).

[106] Schlessman Direct Testimony at 36.

[107] Schlessman Direct Testimony at 36.

[108] Kollen Direct Testimony at 70.

[109] Kahn Direct Testimony at 17.

its annual update.[110] The Attorney General/KIUC objected to all changes related to the CAMT proposals.[111]

In the Settlement, the parties agreed to normalize the CAMT and include the accrued CAMT deferred tax asset in rate base.[112] Kentucky Power will not flow-through CAMT through Tariff F.T.C. The impact of this adjustment is an increase to the Kentucky Power's revenue requirement of $.064 million.[113]

The Commission finds that this adjustment proposed in the Settlement is reasonable because the direct flow through would not properly match all components of income tax expense but a normalized amount is a reasonable approach. As discussed above, the Commission does not approve the annual updates to the CAMT; however, the annual updates for ADIT related to the non-decommissioning rider regulatory assets approved for securitization are reasonable and should be approved.

Operating Income Adjustments

Operating Expenses – Payroll

Kentucky Power admitted to an error in payroll expense that will reduce the revenue requirement by $0.285 million.[114] In the Settlement, parties agreed to reduce

[110] Kahn Direct Testimony at 17.

[111] Kollen Direct Testimony at 70.

[112] West Settlement Testimony at S12.

[113] West Settlement Testimony, Exhibit BKW 1S at 8.

[114] Kentucky Power's Supplemental Response to the Attorney General/KIUC's First Request (filed Sept. 29, 2023), Item 31.

payroll expense for the error.[115] The Commission finds that this adjustment is reasonable and should be accepted.

<u>Incentive Compensation Expense</u>

Kentucky Power proposed an adjustment to remove $0.513 million in incentive compensation from the test year to reduce Kentucky Power's Incentive Compensation Plan (ICP) costs to the target payout for each plan.

The Attorney General/KIUC proposed an adjustment to remove incentive compensation tied to financial performance from both the ICP and the Long-Term Incentive Plan (LTIP), which results in a revenue requirement reduction of $4.358 million.[116]

In the Settlement, the parties agreed to adopt the Attorney General/KIUC's adjustment.[117]

The Commission finds the adjustment in the settlement reasonable and that it should be accepted. However, the Commission also finds that the LTIP should be reduced to the target payout for the plan in the same way that Kentucky Power adjusted the ICP. Therefore, the Commission further reduces the incentive compensation by $0.194 million.[118]

<u>SERP Expense.</u>

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[115] West Settlement Testimony at S12-S13.

[116] Kollen Direct Testimony at 37.

[117] West Settlement Testimony, Exhibit BKW 1S at 8.

[118] Kentucky Power's Response to Staff's Post-Hearing Request, Item 27.

In its application, Kentucky Power included $0.146 million in SERP expense for its employees and affiliate charges for AEP.[119]

The Attorney General/KIUC proposed an adjustment to remove 100 percent of test-year SERP expenses, which resulted in a revenue requirement reduction of $0.147 million,[120] citing Commission precedent.[121] The Attorney General/KIUC stated that the Commission's historical practice of excluding expenses for multiple retirement programs is of even more crucial importance for SERP because it is available only to highly compensated executives.[122]

In the Settlement, the parties agreed to accept the Attorney General/KIUC's adjustment.[123]

In Case No. 2017-00179, Kentucky Power's SERP expense was included in the non-unanimous settlement revenue requirement.[124] In deference to the settlement, the Commission allowed recovery of the SERP expense. However, in Case No. 2020-00174, the Commission disallowed the SERP costs when retirement plan expenses offered exclusively to certain highly compensated employees exceed the cost of pension plans for all employees because, absent substantial evidence to the contrary, retirement plans

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[119] Kentucky Power's Response to the Attorney General/KIUC's First Request, Item 39.

[120] Kollen Direct testimony at 43.

[121] Kollen Direct Testimony at 41–42.

[122] Kollen Direct Testimony at 43.

[123] West Settlement Testimony, Exhibit BKW 1S at 8.

[124] Case No. 2017-00179, *Electronic Application of Kentucky Power Company for (1) A General Adjustment of Its Rates for Electric Service; (2) an Order Approving Its 2017 Environmental Compliance Plan; (3) an Order Approving Its Tariffs and Riders; (4) an Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities; and (5) an Order Granting All Other Required Approvals and Relief* (Jan. 18, 2018), Order.

that benefit highly compensated employees without providing a benefit to ratepayers are the type of costs the Commission finds should not be borne by ratepayers.[125]

The Commission finds that the adjustment in the Settlement should be accepted because, as noted above, Commission precedent supports the exclusion of the SERP expense. The Commission reiterates that retirement plans that benefit highly compensated employees without providing a benefit to ratepayers are the type of costs the Commission finds should not be borne by ratepayers.

401(k) Matching Expense

Kentucky Power employees are eligible to participate in both a defined benefit pension plan and receive matching contributions pursuant to a 401(k) retirement plan. The Attorney General/KIUC proposed an adjustment to remove the 401(k) matching expense for those employees that also participate in a defined contribution pension plan, which would reduce the revenue requirement by $1.787 million, based on Commission precedent.[126] Kentucky Power argued that total compensation is market competitive, and both retirement plans are necessary to attract and maintain employees.[127] In the Settlement, the parties agreed to accept the Attorney General/KIUC's adjustment.[128]

The Commission finds that the Attorney General/KIUC's adjustment is reasonable and should be approved. While Kentucky Power argued that its total compensation is market competitive, the ranking for retirement benefits exceeds that of total

[125] Case No. 2020-00174, Jan. 13, 2021 Order.

[126] Kollen Direct Testimony at 45.

[127] Rebuttal Testimony of Andrew Carlin (Carlin Rebuttal Testimony) at 20–21.

[128] West Settlement Testimony, Exhibit BKW 1S at 8.

compensation, suggesting an overly generous retirement package.[129] Additionally, the benefit study is not specific to Kentucky Power and did not identify the companies in the peer group.[130]

Property Tax Expense

In its Application, Kentucky Power claimed $21.165 million in property tax expense, which included a pro forma test year adjustment of $2.587.[131] The adjustment results in a pro forma test year increase of 13.9 percent.[132] The Attorney General/KIUC argued that a 13.9 percent increase was excessive considering that the actual property tax expense increases for each year averaged between 1 percent and 3 percent.[133] The Attorney General/KIUC recommended approving a 2 percent increase over the actual property tax expense in 2022, resulting in $2.228 million reduction in the revenue requirement.[134]

Kentucky Power argued that the actual 2022 assessment was 13 percent higher than the previous year and Kentucky Power appropriately adjusted the test-year expense to reflect the most recent assessed value.[135]

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[129] Carlin Rebuttal Testimony at 16.

[130] Direct Testimony of Andrew Carlin, Exhibit ARC-10.

[131] Application, Section V, Exhibit 2 at 50.

[132] Kollen Direct Testimony at 46.

[133] Kollen Direct Testimony at 46–47.

[134] Kollen Direct Testimony at 48–49.

[135] Rebuttal Testimony of Linda Schlessman (Schlessman Rebuttal Testimony) at 14.

In the Settlement, the parties agreed to reduce the amount of property taxes expense in base rates by $1.114 million, 50 percent of the Attorney General/KIUC's recommendation.[136]

The Commission finds that the Settlement adjustment to accept 50 percent of the Attorney General/KIUC's proposed adjustment is a reasonable compromise between the forecasts and should therefore be accepted. Neither the historical trend nor the anomalous 2022 assessment should be ignored in setting the appropriate expense.

<u>Remove Amortization of Prior Non FAC Eligible Fuel Costs</u>

Kentucky Power proposed two adjustments related to non FAC eligible fuel costs. One adjustment normalized the test-year expense and the other included the amortization of expenses above the base rate amount since Kentucky Power's 2020 rate case.[137] The $1.340 million increase to amortization expense was based on Kentucky Power's interpretation of the Commission's January 18, 2018 Order in Case No, 2017-00179, which stated,

> The Commission will allow recovery of the test year amount of purchased power reasonably incurred, but excluded from the FAC. To the extent that Kentucky Power incurs any expense due to purchased power that is appropriately incurred after the test year, but excluded from the FAC, it can file a base rate case seeking recovery of those expenses.[138]

The Attorney General/KIUC argued that Kentucky Power essentially retroactively requested a regulatory asset for these expenses and that this deferral was not granted in the prior rate case.[139] This results in a revenue requirement reduction of $1.347 million.

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[136] West Settlement Testimony at 13 and Exhibit BKW-1S at 8.

[137] Application, Section V, Exhibit 2 at 59–60.

[138] Kentucky Power's response to Staff's Second Request, Item 82(b).

[139] Kollen Direct Testimony at 51.

In the Settlement, the parties agreed to accept the Attorney General/KIUC's adjustment.[140]

The Commission finds that Kentucky Power's proposed adjustment to amortize the non FAC eligible fuel costs incurred above the base rate amount since its last rate case is unreasonable and should be denied. Kentucky Power was not granted deferral accounting for these expenses and retroactive recovery is not reasonable.

Winter Storm Elliott Expense

In its Application, Kentucky Power did not include $11.52 million in purchase power expense related to Winter Storm Elliott in its revenue requirement request.[141] In a separate application, the Commission denied the request to establish a regulatory asset for the amount and as a result, Kentucky Power could not include the expense in its request for securitization.[142] As a result, Kentucky Power requested that the Commission find the expenses were prudently and reasonably incurred and should be recovered in base rates and any amount not recovered in this rate proceeding be recovered in a future rate proceeding.[143]

The Attorney General/KIUC objected to Kentucky Power's request to recover the Winter Storm Elliott expenses in this case.[144] The Attorney General/KIUC's witness noted that the Commission previously denied Kentucky Power's request and asserted that

[140] West Settlement Testimony at S14 and Exhibit BKW-1S at 9.

[141] West Direct Testimony at 6.

[142] West Direct Testimony at 6-7. *See also* Case No. 2023-00145, *Electronic Application of Kentucky Power Company for an Order Approving Accounting Practices to Establish a Regulatory Asset Related to the Extraordinary Fuel Charges Incurred by Kentucky Power Company in Connection With Winter Storm Elliott in December 2022* (Ky. PSC Jun. 23, 2023), Order.

[143] West Direct Testimony at 7–8.

[144] Kollen Direct Testimony at 55.

Kentucky Power effectively seeks reconsideration of the Commission's previous decision.[145] The Attorney General/KIUC's witness recommended that:

> The Commission deny the Company's request to retroactively defer the purchased power expense disallowed recovery through the FAC related to Winter Storm Elliott for the same reasons I recommend the Commission deny the Company's request to retroactively defer other purchased power expense disallowed recovery through the FAC since the end of the test year in the prior rate case and given that the Commission previously denied the Company's deferral request.[146]

As part of the Settlement, the parties agreed that Kentucky Power would forego its request for recovery of the approximately $11.52 million in test year Winter Storm Elliott PUE expense.[147]

Regardless of the Settlement, the Commission finds that any request to recover the Winter Storm Elliot purchase power expenses in this case and any future rate case should be denied for several reasons. First and foremost, the Commission disagrees with Kentucky Power's reading of the final Order in Case No. 2023-00145. In the final Order, the Commission noted that "granting the requested deferral would excuse Kentucky Power's purposeful lack of action to address the known risk that being 'capacity short' represented, and instead shift that risk to consumers…[a]llowing or incenting such behavior would not result in fair, just or reasonable rates."[148] The Commission noted,

> Based on the record, the Commission not only lacks sufficient evidence to indicate the recovery of the regulatory asset will be probable, but instead, finds the evidence before it supports a conclusion that the expenses sought to be deferred were in fact not prudently incurred. Kentucky Power certainly incurred the expense, but the evidence before us shows no effort to

[145] Kollen Direct Testimony at 54–55.

[146] Kollen Direct Testimony at 55.

[147] West Settlement Testimony at S14 and Exhibit BKW-1S at 9.

[148] Case No. 2023-00145, June 6, 2023 Order at 9.

> mitigate, reduce or otherwise limit the cost of purchased power during the event.[149]

The Commission did not find recovery of the purchase power expenses related to Winter Storm Elliott probable but instead noted that recovery was improbable due to Kentucky Power's imprudent actions.[150] The Commission stated that the expenses were incurred because Kentucky Power failed to address a capacity shortfall and explain why its generation resources were not available.[151] The Commission did not indicate that the Winter Storm Elliott expenses should or could be recovered in this rate case, especially in light of the evidence and findings in Case No. 2023-00145. Further, Kentucky Power has presented no evidence or argument in this case that would justify altering the decision in the previous in Case No. 2023-00145. The Commission also intends to continue to investigate the capacity issues in Case No. 2021-00370.[152]

Storm Damage Expense

It appears from the past ten years that major storm events are becoming more frequent. And yet despite that trend, Kentucky Power proposed to reduce the level of total distribution major and non-major storm project expense in the test year from $7.3 million to approximately $1.0 million, and maintain the actual test year level of transmission major and non-major storm project expense of $0.1 million.[153] According to the testimony, doing so was intended to benefit ratepayers by reducing the revenue

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[149] Case No. 2023-00145, June 6, 2023 Order at 11.

[150] Case No. 2023-00145, June 6, 2023 Order at 11–12.

[151] Case No. 2023-00145, June 6, 2023 Order at 13–14.

[152] Case No. 2021-00370, *Electronic Investigation of the Service, Rates and Facilities of Kentucky Power Company* (Ky. PSC Sept. 15, 2021).

[153] Direct Testimony of Cynthia Wiseman (Wiseman Direct Testimony) (filed June 29, 2023) at 20.

requirement request.[154] However, Kentucky Power stated that "it would need to file an application(s) seeking deferral accounting authority when it had distribution and transmission major and non-major storm project expense that exceeds the $1.1 million baseline,"[155] the new lower proposed amount in base rates.

The Commission is concerned that Kentucky Power expects to seek regulatory accounting treatment for storm damage expenses that exceed the $1.1 million included in base rates. While the Commission has previously looked at the storm damage expense included in the calculation of base rates, among other things, when determining whether to allow a utility to book and recover a regulatory asset, the Commission does not believe that a utility is entitled to a regulatory asset simply because an expense significantly exceeds amounts included in base rates. That interpretation of when a regulatory asset should be permitted would allow a utility to create *de facto* true-ups with carrying charges by setting an expense low in base rates and receiving a regulatory asset each year for the difference as Kentucky Power has done with storm damage expense in each of the last four years. Such *de facto* true-ups would reduce incentives for utilities to monitor costs and would likely ultimately result in customers paying more due to carrying charges and potentially increased expenses.

The Commission notes that Kentucky Power has the ability to propose rate increases at its discretion and controls the storm damage expense it includes in its calculation of proposed base rates. The Commission cautions Kentucky Power that acceptance of its lower normalized test year amount for storm damage expense should not be construed as an acceptance of Kentucky Power's premise that customers are

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[154] West Direct Testimony at 6.

[155] West Direct Testimony at 21.

benefiting from the lower amount. The Commission will examine each application for a regulatory asset thoroughly to ensure that the costs are reasonable and prudently incurred, regardless of the amount, and will not find that an expense is extraordinary simply because it exceeds the test year amount.

PJM LSE OATT Expense

In the previous rate case, the Commission put Kentucky Power on notice that the PJM LSE OATT expense would be examined in the next rate case although, in the 2020-00174 case, the Commission allowed recovery at 100 percent the amount requested through the Tariff P.P.A.[156] The Commission's concern regarding Kentucky Power's and AEP's activities related to transmission investment, control and ownership in Kentucky Power's territory is ongoing and is not remote or inconsequential. In fact, after the rate case in 2020, the Commission opened a formal investigation into the service, rates, and facilities of Kentucky Power.[157] The Commission's concern around wholesale issues, and namely whether Kentucky Power is looking out for itself as opposed to depending on AEP and its affiliates for representation and decision-making, goes back to at least the 2017-00179 rate case.[158]

[156] Case No. 2020-00174, Jan. 13, 2021 Order at 60 stating, "[I]n granting Kentucky Power's proposal on this issue the Commission is putting the utility on notice that its transmission planning and investment activities are not sustainable and must be substantively addressed in the near future. Failing to address the issues that face Kentucky Power's customers as a result of Kentucky Power's actions and the actions of its affiliates, will result in ever-increasing bills that based on recent experience will cause a severe impact on the tens of thousands of Kentuckians who have, do, and will continue to depend on Kentucky Power for life-sustaining service."

[157] Case No. 2021-00370, *Electronic Investigation of the Service, Rates and Facilities of Kentucky Power Company* (Ky. PSC Sept. 15, 2021).

[158] Case No. 2017-00179, Jan. 18, 2018 Order at 74 stating, "[T]he Commission recognizes that Kentucky Power's interests may not be aligned with the interests of other AEP operating companies," and "[T]he Commission strongly encourages Kentucky Power to recognize that is must make a determination regarding its participation in PJM that aligns with the interests of Kentucky Power and its ratepayers." Order at 54 stating, "Regarding proposed transmission projects at PJM, the Commission expects Kentucky Power to work through the PJM stakeholder process to protect its customer interests." Case No. 2021-00481,

In its Application, Kentucky Power proposed to recover the PJM LSE OATT expense through base rates instead of Tariff P.P.A.[159] After the hearing in this matter, Kentucky Power stated that the total annualized 2023 PJM LSE OATT expense was approximately $136.4 million and is comprised of $122.2 million test-year level of expense plus an additional $14.2 million expense adjustment.[160]

The Attorney General/KIUC supported the recovery of the PJM LSE OATT expense through base rates instead of Tariff P.P.A. because it is beneficial to the ratepayers.[161] According to the Attorney General/KIUC, the increase in expenses was driven by investments in other AEP jurisdictions and base rate recovery would incentivize AEP to restrain excessive growth.[162]

In the Settlement, the parties agreed that the PJM LSE OATT expense should not be recovered through Tariff P.P.A. going forward.[163] There was not any additional evidence provided to support this agreement. However, the briefs for several of the intervening parties mention ongoing transmission allocation issues. Walmart expressed concern about the increased transmission costs of approximately $50 million in excess of

Electronic Joint Application of American Electric Power Company, Inc, Kentucky Power Company, and Liberty Utilities Co. for approval of the Transfer and Ownership and Control of Kentucky Power Company (Ky PSC May, 4, 2022), Order at 50 citing Case No. 2020-00174, Jan. 13, 2021 Order at 63 stating, "As indicated in the Kentucky Power's 2020 rate case, '[f]ailure by Kentucky Power to take immediate steps to materially address [the issues with increasing transmission expenses as a result of investments elsewhere in the AEP East system] will force the Commission, whether thought [*sic*] its statutory authority at the retail level or its advocacy at the wholesale level, to address these concerns itself.'"

[159] West Direct Testimony at 31. *See* Wiseman Direct Testimony at 21. Kentucky Power stated that it did not complete a transmission study as requested by the Commission in the previous rate case to support its continued recovery of the PJM LSE OATT expense in Tariff P.P.A.

[160] Kentucky Power's Response to Staff's Post-Hearing Request, Item 13.

[161] Kollen Direct Testimony at 61.

[162] Kollen Direct Testimony at 61.

[163] West Settlement Testimony at S2.

revenue allocated to Kentucky Power pursuant to the AEP Transmission Agreement.[164] Walmart encouraged the Commission to address those issues in either Case No. 2021-00370 or Case No. 2023-00092.[165]

The Commission agrees that the PJM LSE OATT expense should be included in the revenue requirement for base rates instead of being recovered through Tariff P.P.A. Since permitting recovery of those costs through Tariff P.P.A., two facts have certainly occurred: Kentucky Power has taken no action to mitigate the allocation of transmission investments in other states by affiliates, and the costs allocated to Kentucky Power, and recovered directly from customers, has increased dramatically, with no relief in sight. Due to the Commission's concern regarding the impact of recovering PJM LSE OATT Expense through tariff P.P.A. and Kentucky Power's failure to address the issues identified by the Commission, the Commission will accept the test year amount of $122.2 million to be recovered through base rates, but finds that Kentucky Power's test year adjustment of $14.2 million is unreasonable. Kentucky Power continually fails to present evidence that it has taken meaningful, never mind "immediate," steps to address the concerns expressed in numerous previous Commission Orders.[166] Although the Commission will continue its investigation in Case No. 2021-00370, the Commission, once again, wants to emphasize that the Commission believes that the corporate structure of Kentucky Power leads to the conclusion that Kentucky Power and AEP are

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[164] Walmart's Post-Hearing Brief at 6, citing Hearing Video Transcript (HVT) of the Nov. 28, 2023 Hearing, Cynthia Wiseman testimony at 10:28:55–10:30:35; and Brian West testimony at 15:53:59–15:54:47 and 16:03:58–16:04:23.

[165] Walmart's Post Hearing Brief at 6–7. Case No. 2023-00092, *Electronic 2022 Integrated Resource Planning Report of Kentucky Power Company*.

[166] See *infra. See also*, Case No. 2021-00481, May 4, 2022 Order.

not the same, and do not have aligned interests and priorities. The two entities do not have the same corporate interests nor do they share an interest in the Kentucky Power ratepayers. As Kentucky Power has failed to address the issues that contribute to PJM LSE OATT Expense, particularly in the manner dictated by the Commission (i.e., immediately), Kentucky Power shall only be afforded the test-year amount of that expense.

Proof of the problem rests in the transmission study that Kentucky Power filed testimony on as proof of addressing any purported issues. The transmission study was not undertaken until Kentucky Power realized that the sale to Liberty would not be finalized.[167] In Kentucky Power's Application, the testimony about the study and transmission allocation was provided by Joshua Burkholder, an American Electric Power Service Corporation (AEPSC) Managing Director – Transmission RTO Policy, not a Kentucky Power employee.[168] The Commission has repeatedly taken an issue with the fact that, other than the positions of president and COO, AEP and Kentucky Power share the same executives, including the same CEO, which raises concerns that Kentucky Power's specific and unique interests are not being represented in decisions regarding transmission projects and allocations. However, even Kentucky Power employees seem determined to elevate AEP shareholder interests over those of Kentucky Power and its customers. For instance, Kentucky Power's own Vice President, Regulatory and Finance, stated that in doing his job, he is looking out for all AEP customers, including those in West Virginia and Oklahoma, not merely the customers of Kentucky Power, while

[167] Wiseman Direct Testimony at 21.

[168] Direct Testimony of Joshua Burkholder (Burkholder Direct Testimony) at 1.

acknowledging he is unaware of whether AEP affiliates in other states are similarly "taking care" of Kentucky Power customers.[169]

Total Revenue Requirement

In the Settlement, Kentucky Power and the Settling Intervenors agreed to a base rate increase of $74.666 million. In intervenor testimony, the Attorney General/KIUC's witness proposed a base rate increase of no more than $62.521 million. Including the cost of capital adjustments discussed below, the Commission finds that an increase in base rate revenues of $60.032 million, as shown in Appendix B to this Order, will result in fair, just and reasonable electric rates for Kentucky Power and its ratepayers.

REVENUE ALLOCATION AND RATE DESIGN

Cost of Service Study (COSS)

Kentucky Power filed a fully allocated jurisdictional COSS to determine the cost to serve each customer as well as the rate of return (ROR) on rate base for each rate class during the test year.[170] Kentucky Power's COSS utilized the 12 coincident peak (12 CP) method.[171] In its application, Kentucky Power stated that a primary reason for the requested rate increase is the loss of three large business customers representing a loss of jobs and loss of load in the area.[172] Kentucky Power argued that its service territory continues to undergo historic changes in terms of economic decline including a loss of approximately 2,700 customers.[173] However, Kentucky Power's residential customers

[169] Brian West, Nov. 28, 2023 Hearing transcript at 219–220.

[170] Application, Section III, Volume 1, beginning on PDF page 595.

[171] Direct Testimony of Jaclyn N. Cost (Cost Direct Testimony) (filed June 29, 2023) at 9–10.

[172] Wiseman Direct Testimony at 5.

[173] Wiseman Direct Testimony at 4.

are responsible for almost half of the proposed operating expenses.[174] The table below illustrates that in the last three general rate proceedings, there has been a shift of the operating expenses to the residential class.

Rate Case	Total Operating Expense	Residential Class	Percentage
2017-00179[175]	$523,190,005	$241,412,671	46.4%
2020-00174[176]	$499,531,792	$251,534,326	50.4%
2023-00159[177]	$528,896,260	$255,788,218	48.4%

In the COSS, distribution plant accounts 360, 361, 362, and 363 were classified strictly as demand related and allocated to the distribution customer classes based on contributions to the average 12 CP demand during the test year.[178] Kentucky Power utilized the zero-intercept study to classify poles, overhead/underground conductors, and transformers (Accounts 364 through 368) as demand and customer related, which was then further split into primary and secondary voltage functions.[179]

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[174] West Settlement Testimony at 12. CCOS_and_Revenue_Allocation_-_Settlement.xlsx, Column 4390.

[175] Case No. 2017-00179, *Electronic Application of Kentucky Power Company for (1) a General Adjustment of Its Rates for Electric Service; (2) an Order Approving Its 2017 Environmental Compliance Plan; (3) an Order Approving Its Tariffs and Riders; (4) an Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities; and (5) an Order Granting All Other Required Approvals and Relief* (Ky. PSC June 28, 2017), Direct Testimony of Douglas R. Buck, Exhibit DRB-1, at 10 of 29.

[176] Case No. 2020-00174, *Electronic Application of Kentucky Power Company for (1) a General Adjustment of its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of a Certificate of Public Convenience and Necessity; and (5) All Other Required Approvals and Relief,* (Ky PSC June 29, 2020), Direct Testimony of Jason M. Stegall, Exhibit JMS-1, at 10 of 30.

[177] West Settlement Testimony at 12. CCOS_and_Revenue_Allocation_-_Settlement.xlsx, Column 4390.

[178] Cost Direct Testimony at 10.

[179] Cost Direct Testimony at 11.

The Commission recognizes that a COSS is used as a guide only in allocating the proposed revenue increase and to set rates. However, the Commission notes with concern that the residential class is absorbing almost half of the proposed operating expenses in the COSS. As illustrated above, Kentucky Power decreased its total operating expenses in 2020 by $23,658,213 million but is proposing to drastically increase its operating expenses by $29,364,468 million in this case. The Commission notes it is apparent that Kentucky Power has not continued its effort in implementing cost saving measures as reflected in its operating expenses. The Commission acknowledges that costs, generally, are continuing to increase and expects Kentucky Power to find cost savings measures to limit future rate impacts to its residential customers.

The Commission accepts Kentucky Power's proposal to use the 12 CP method as a guide to determining revenue allocation. The Commission does have concerns about the demand/customer expense allocations for the distribution plant classifications. For overhead conductors (Account 365), Kentucky Power relied on an allocation factor of 82.56 percent customer related and 17.44 percent demand related. For underground lines (Account 367), Kentucky Power relied on an allocation factor of 67.86 percent customer related and 32.14 percent demand related. The Commission notes that these are extremely high percentages of operating expenses being allocated as customer related, and the Commission will evaluate the appropriateness of the equipment and values used in the various regression analyses in Kentucky Powers next rate case.

<u>Revenue Allocation and Rate Design</u>

Although the current rate design illustrates some apparent interclass subsidies, the proposed revenue increase is allocated to each class based upon their contribution to rate base without reducing the existing inter-class subsidies.[180] Kentucky Power argued that the residential class is currently receiving a $31.9 million subsidy paid by the other customer classes and that if the Commission were to approve a lower base rate revenue increase than it has proposed, then it would be in favor of removing as much of the existing inter-class subsidy as reasonable.[181]

The proposed increase in Kentucky Power's initial application are as follows:

Class	Proposed Increase	Percent Increase	Current ROR	Proposed ROR
Rate RS	$ 54,921,976	24.14%	0.75%	4.66%
Rate GS	$ 13,761,544	17.25%	6.44%	10.35%
Rate LGS	$ 6,426,370	12.06%	12.19%	16.10%
Rate IGS	$ 17,067,553	12.87%	3.42%	7.33%
Rate MW	$ 18,624	11.14%	15.14%	19.05%
Rate OL	$ 1,520,894	19.44%	9.09%	13.00%
Rate SL	$ 218,765	14.75%	14.10%	18.01%
Total	$ 93,935,726	18.69%	3.02%	6.93%

The Attorney General/KIUC recommended that Kentucky Power should maintain the current level subsidies paid by industrial customers taking service on Rate I.G.S. and mitigate the increase to the residential class.[182] Walmart did not object to this proposed allocation but argued that if the Commission ultimately approves a revenue requirement less than that proposed by Kentucky Power, the reduction in the revenue requirement increase should be allocated in a manner that reduces the current $31.9 million subsidiary.[183]

[180] Direct Testimony of Michael M. Spaeth (Spaeth Direct Testimony) at 9.

[181] Spaeth Direct Testimony at 9. See also Cost Direct Testimony, Exhibit JNC-2 at 3.

[182] Direct Testimony of Stephen Baron at 7.

[183] Direct Testimony of Lisa Perry (Perry Direct Testimony) (filed Oct. 2, 2023) at 12.

In the Settlement, the parties settled on an updated revenue requirement of $74,666,028.[184] This resulted in the following revenue allocation:[185]

Class	Proposed Increase		Percent Increase	Current ROR	Proposed ROR
Rate RS	$	37,165,633	16.33%	0.85%	3.78%
Rate GS	$	13,203,326	16.55%	7.15%	11.29%
Rate LGS	$	8,816,936	16.55%	13.58%	19.54%
Rate IGS	$	13,912,289	10.49%	3.95%	7.52%
Rate MW	$	27,675	16.55%	16.68%	23.06%
Rate OL	$	1,294,748	16.55%	9.79%	13.37%
Rate SL	$	245,421	16.55%	15.15%	19.87%
Total	$	74,666,028	14.85%	3.39%	6.83%

The Commission gives substantial weight to the evidence from the COSS that indicates other classes are earning considerably more than the residential class relative to their cost of service. In Kentucky Power's previous rate case and in this rate case, the Commission expressed its concern about the demand/customer expense allocations for the distribution plant classifications.[186] However, the Commission is concerned about the continued rising costs that the residential class is being allocated, and the ability of residential customers to shoulder greater costs, particularly without it further burdening the wider economy in the region.

The impact to residential customers in the record is excessive and disturbing. The number of comments the Commission received and the turnout at the public meetings was significant. In fact, two counties passed resolutions decrying a Kentucky Power rate

[184] West Settlement Testimony at 2.

[185] West Settlement Testimony, Exhibit 3 at 1.

[186] Case No. 2020-00174, *Electronic Application of Kentucky Power Company for (1) a General Adjustment of its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of a Certificate of Public Convenience and Necessity; and (5) All Other Required Approvals and Relief,* (Ky PSC Jan. 13, 2020), Order at 56.

increase.[187] Other public comments were all of a similar nature, that a typical residential customer of Kentucky Power cannot afford another rate increase. Eleven of the highest unemployment rates in the Commonwealth of Kentucky fall within the Kentucky Power territory.[188] According to Kentucky Power, the labor force participation rate is 42 percent in Kentucky Power's service territory compared to the US average of 63 percent.[189] The "unemployment rate and low labor participation rate drags down the average household income in the territory to $40,000 compared to $70,000 nationally and creates a situation where 27 percent of the residents live in poverty (12 percent is the US average)".[190] Between 2008 and 2022, Kentucky Power's service territory lost 39,350 people.[191] The Commission recognizes these facts in this Order, and considers them in determining the allocation of its further adjustments to the revenue requirement as compared to the Settlement.

Therefore, the Commission will remove the additional revenue adjustments from the residential class and allocate the Commission-approved revenue increase based upon each class's contribution to rate base without any reduction to the interclass subsidies especially given the economic conditions in Kentucky Power's service territory. Allocating the Commission's revenue increase results in the following class increases:

Class	Commission Increase	Percent Increase
Rate RS	$ 22,531,424	9.90%
Rate GS	$ 13,203,326	16.55%

[187] Letcher County Fiscal Court Public Comment (filed Nov. 28, 2023); Pike County Fiscal Court (filed Aug. 1, 2023).

[188] Direct Testimony of Amanda Clark (Clark Direct Testimony) (filed June 29, 2023) at 4–5.

[189] Clark Direct Testimony at 5.

[190] Clark Direct Testimony at 5.

[191] Clark Direct Testimony at 5 stating, "that total is more than the population of Greenup County. It is also more than the populations of Owsley, Elliott, Leslie, and Martin counties combined."

Rate LGS	$	8,816,936	16.55%
Rate IGS	$	13,912,289	10.49%
Rate MW	$	27,675	16.55%
Rate OL	$	1,294,748	16.55%
Rate SL	$	245,421	16.55%
Total	$	60,096,031	11.96%

Customer Charge

In its application, Kentucky Power proposed an increase in the residential customer charge from $17.50 to $20.00, but explained that the COSS supports a $51 customer charge.[192] Kentucky Power argued that because the residential class does not include a separate demand charge, the majority of fixed distribution costs are recovered through the energy charge, or, at a minimum, a larger portion should be recovered in the basic service charge since they do not vary with usage and are instead solely the costs associated with connecting a customer to the distribution system and maintaining that connection.[193] Additionally, Kentucky Power maintained that the proposed $2.50 increase in the basic service charge will reduce the existing intra-class subsidy by shifting $3.9 million to a fixed recovery, which supports the principle of gradualism.[194]

In establishing customer charges, the Commission uses the filed COSS as a guide and has generally supported a movement towards cost-based rates in a measured and reasonable manner and also supports the ratemaking principle of gradualism. Therefore, the Commission finds that the proposed $20.00 customer charge to be reasonable. Utilizing the Commission's revenue increase, for a residential customer with an average

[192] Spaeth Direct Testimony at 10.

[193] Spaeth Direct Testimony at 11.

[194] Spaeth Direct Testimony at 11.

monthly usage of 1,200 kWh, the average bill increases $8.32, or 5.66 percent, from $147.09 to $155.41.

Effective Date and Refund

On January 12, 2024, Kentucky Power made a filing in which it purported to provide the Commission notice pursuant to KRS 278.190(2) of its intent to place proposed rates into effect, subject to refund, on or after January 15, 2024. However, Kentucky Power's notice did not indicate that it intended to place the rates that it proposed in its application into effect, but rather, indicated its intent to implement rates consistent with those agreed to in the Settlement. As the Commission noted in its January 16, 2024 Order, that notice was deficient pursuant to KRS 278.190(2) such that Kentucky Power had not satisfied the condition precedent necessary for it to place its proposed rates into effect subject to refund.

On January 16, 2024, Kentucky Power filed an updated Notice of Intent to Implement Rates and stated that it intended to implement rates as set out in its Application pending final resolution of this matter. Kentucky Power's January 16, 2024 notice satisfied the conditions in KRS 278.190(2) necessary for Kentucky Power to place its rates into effect subject to refund pending the final order in this case. However, the rates determined to be reasonable and approved herein are different and lower than those proposed by Kentucky Power in its Application. Thus, the Commission finds that the rates approved herein should be effective for service rendered on or after January 16, 2024, and that Kentucky Power should refund to its customers all amounts collected in excess of the rates approved herein for service rendered on or after January 16, 2024, through the date of entry of this Order.

RATE OF RETURN

Capital Structure

In the Application, Kentucky Power proposed an adjusted test-year-end capital structure consisting of 53.10 percent long-term debt at 4.91 percent; 5.28 percent short-term debt at 3.73 percent; and 41.62 percent common equity at a return of 9.90 percent.[195] Kentucky Power stated that it stopped selling its accounts receivables in February 2022 in anticipation of the proposed sale to Liberty, but that Kentucky Power resumed accounts receivable financing in mid-July 2023.[196] For the short-term debt component, the balance at the end of the test year was approximately $113,624,552. However, this balance was reduced by $16,521,461 million due to the Mitchell Coal Stock Adjustment being allocated strictly to short-term debt.

The Attorney General/KIUC asserted that Kentucky Power does not finance long-term coal inventories solely with short-term debt and any disallowance of the Mitchell Coal inventories should not be assumed to be financed solely with lower-cost short-term debt and not any long-term debt or common equity.[197] The Attorney General/KIUC argued that Kentucky Power has provided no evidence that it finances coal inventories solely with short-term debt and recommended that the Mitchell Coal Stock Adjustment be allocated

[195] Direct Testimony of Franz D. Messner (Messner Direct Testimony) at 4.

[196] West Direct Testimony at 31.

[197] Kollen Direct Testimony at 57.

proportionately across the capital structure rather than allocating it solely to short-term debt.[198]

Kentucky Power argued against the Attorney General/KIUC's assertion that the allocation of the adjustment to reduce the Mitchell Coal Stock Inventories to a target level, solely to short-term debt is not unreasonable because it is reasonable to presume that variation of Kentucky Power's actual coal inventory balance from its target coal inventory balance is short-term in nature.[199] Kentucky Power agreed that the target coal inventory level, unlike the variance, is long-term in nature and is financed based on Kentucky Power's overall capital structure.[200]

In the Settlement, Kentucky Power provided an updated capitalization that allocated the Mitchell Coal Stock Adjustment across the capital structure rather than allocating it solely to short-term debt.[201] The proposed capital structure from the Settlement is illustrated below:

Type of Capital	Amount	Ratios	Cost Rate	Weighted Cost Rate	Weighted Average Cost
Long-Term Debt	$953,708,560	52.62%	4.91%	2.58%	2.59%
Short-Term Debt	$111,251,046	6.14%	3.73%	0.23%	0.23%
Common Equity	$747,579,969	41.25%	9.75%	4.02%	5.39%
Total	$1,812,539,574	100%		6.83%	8.21%

[198] Kollen Direct Testimony at 58.

[199] Whitney Rebuttal Testimony at 39.

[200] Whitney Rebuttal Testimony at 39.

[201] West Settlement Testimony at 9.

The Commission notes that in Case No. 2017-00179,[202] Kentucky Power conformed to the Commission's previous findings in Case No. 2014-00396[203] and the proposed capital structure included an allocation of the Mitchell coal stock first to short-term debt until the balance reached zero, and then the remaining balance was applied proportionally between long-term debt and common equity. In the 2017 proceeding, although the Commission made other adjustments to the short-term debt, the proposed allocation of the Mitchell coal stock was not altered. In Case No. 2020-00174[204], the Commission found the proposed allocation to be reasonable but encouraged Kentucky Power to provide support that coal purchases are primarily financed through short-term debt in its next base rate case. When asked about its short-term debt, Kentucky Power explained that it utilizes the AEP System Money Pool to meet the working capital needs of AEP System Money Pool members, which includes Kentucky Power.[205] The AEP System Money Pool is a short-term funding mechanism that borrows large sums of money through the issuance of short-term commercial paper and is driven by the cash needs of Kentucky Power and its cash surplus/deficit at that time. Kentucky Power explained that

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[202] Case No. 2017-00179, *Electronic Application of Kentucky Power Company for (1) a General Adjustment of Its Rates for Electric Service; (2) an Order Approving Its 2017 Environmental Compliance Plan; (3) an Order Approving Its Tariffs and Riders; (4) an Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities; and (5) an Order Granting All Other Required Approvals and Relief* (Ky. PSC Jan. 18, 2018), Order.

[203] Case No. 2014-00396, *Application of Kentucky Power Company For: (1) a General Adjustment of Its Rates for Electric Service; (2) an Order Approving Its 2014 Environmental Compliance Plan; (3) an Order Approving Its Tariffs and Riders; And (4) An Order Granting All Other Required Approvals and Relief* (Ky. PSC June 22, 2015), Order.

[204] Case No. 2020-00174, *Electronic Application of Kentucky Power Company for (1) a General Adjustment of Its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of a Certificate of Public Convenience and Necessity; and (5) All Other Required Approvals and Relief* (Ky. PSC Jan. 13, 2021) Order at 38.

[205] Kentucky Power's Response to Staff's Second Request, Item 64.

the variation of its actual coal inventory balance from its target coal inventory balance is a component of its working capital and as such is initially financed with short term debt.[206]

While the Commission acknowledges that Kentucky Power provided sufficient evidence that it finances coal purchases through short-term debt, the Commission finds that the debt rates, capital structure, and proposed allocation from the settlement to be reasonable and should be approved. In addition, the Commission will closely monitor Kentucky Power's proposed increased capital spending over the next few years. The Commission notes that Kentucky Power has control over its capital spending and is able to improve its funds from operations to debt credit metric, in part by adjusting its capital spending and debt levels. Additionally, Kentucky Power stated that a downgrade in its investment rating results in an increase in its borrowing costs which may negatively impact customers.[207] The Commission expects Kentucky Power to find cost-effective measures to improve its current credit rating of Baa3 and corporate credit rating of BBB while keeping its capital structure reasonably balanced so that it does not over burden its ratepayers to the benefit of shareholders, but that Kentucky Power would nevertheless have the ability to reasonably attract capital.

Remarketing of Bonds

In Case No. 2013-00410,[208] the Commission approved Kentucky Power's request to issue notes and other evidences of indebtedness in the aggregate amount of $265 million, including $65 million in West Virginia Economic Development Authority (WVEDA)

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[206] Kentucky Power's Response to Staff's Second Request, Item 64.

[207] Rebuttal Testimony of Steven Fetter at 5.

[208] Case No. 2013-00410, *Application of Kentucky Power Company for Authority Pursuant to KRS 278.300 To Issue and Sell Promissory Notes of One Or More Series, to Enter into Loan Agreements, and for Other Authorizations in Connection with the Refunding of Liabilities Assumed by the Company in Connection with the Mitchell Transfer* (Ky. PSC Mar. 25, 2014), Order.

bonds. The terms of the WVEDA bonds would be established upon sale of the bonds.[209] However, as mentioned in the final Order, Kentucky Power pointed out that the net effect of the debt issuances will be reflected in the determination of revenue requirements in future rate proceedings in which all factors affecting rates will be taken into account according to law.[210]

Kentucky Power explained that the interest rate on the WVEDA, Series 2014A Pollution Control Bond has been reset in several subsequent remarketings, specifically on June 26, 2017 with a 2.00 percent interest rate, June 19, 2020 with a 2.35 percent interest rate, and on June 13, 2023 with a 4.70 percent interest rate.[211] Kentucky Power stated that it anticipates that in June 2026, the WVEDA bond will be remarketed again, likely for another 3-year term but that remarketing terms can vary up to 7 years.[212] Additionally, Kentucky Power argued that Commission approval is not required for remarketing because a remarketing is not an issuance of new indebtedness but rather, a remarketing only resets the interest rate for an existing indebtedness.[213] The Commission notes Kentucky Power has demonstrated that for the past three remarketings, the interest rate and expenses have only increased. While Kentucky Power argued that it does not need Commission approval for a remarketing, the Commission has the authority to determine if an expense is incurred in an appropriate and prudent manner.

[209] Case No. 2013-00410, Order (Ky. PSC Mar. 25, 2014) at 8.

[210] Case No. 2013-00410, Order (Ky. PSC Mar. 25, 2014) at 8.

[211] Kentucky Power's Response to Staff's Third Request, Item 2 and Kentucky Power's Response to Staff's Sixth Request, Item 4.

[212] Kentucky Power's Response to Staff's Third Request, Item 2.

[213] Kentucky Power's Response to Staff's Third Request, Item 2.

The Commission notes that Kentucky Power did not provide sufficient evidence or testimony that it has been necessary to remarket these bonds every 3 years. The Commission explicitly asked Kentucky Power to cite to the order language where the Commission granted it authority to remarket the bonds in Case No. 2013-00410,[214] and Kentucky Power did not provide any explanation as to where the Commission granted the authority to do so.[215] At the hearing in this matter, Kentucky Power witness Franz Messner stated that remarketing of the bonds was required.[216] However, when asked who makes the determination as to whether to remarket the bonds, witness Messner stated that he was the sole decision maker.[217] Considering the financial state of Kentucky Power, the Commission notes that policy, especially given that it solely involves an AEP employee, seems ill advised.

Additionally, in Case No. 2013-00410, the Commission ordered Kentucky Power to file the issuance of each series of the promissory notes and new WVEDA bonds, file a verified statement with the Commission disclosing the date or dates of issuance, the price paid, the interest rate, the purchasers, and an estimate of all fees and expenses including underwriting discounts or commissions or other compensation paid by Kentucky Power in connection with the issuance and distribution of the indebtedness, and that it should also include an explanation of the chosen terms of the indebtedness, including the use of fixed or variable interest rates, and why the terms were considered most advantageous

[214] Case No. 2013-00410, *Application of Kentucky Power Company for Authority Pursuant to KRS 278.300 to Issue and Sell Promissory Notes of One or More Series, to Enter into Loan Agreements, and for Other Authorizations in Connection with the Refunding of Liabilities Assumed by the Company in Connection With the Mitchell Transfer* (Ky. PSC Mar. 25, 2014), Order.

[215] *See* Kentucky Power's Response to Staff's Sixth Request, Item 4.

[216] HVT of Nov. 30, 2023 Hearing, Franz Messner testimony at 18:45:30–18:45:45.

[217] HVT of Nov. 30, 2023 Hearing, Franz Messner testimony at 18:45:50–18:46:00.

in both the short- and long-term at the time of the issuance of the indebtedness.[218] In the post-case filing report, Kentucky Power did not provide a narrative explanation as to why the terms were advantageous or details regarding the choice of a variable interest rate or a subsequent commitment to remarket the bonds.[219] Further, Kentucky Power did not include information explicitly stating that remarketing would be required nor was it implicit in the post-case filing.[220]

Therefore, the Commission finds that the expenses associated with remarketing the WVEDA bonds were not prudently and appropriately incurred, and the expense should be removed from cost of long-term debt. This results in a revenue requirement reduction of $0.161 million.[221] Additionally, the Commission expects Kentucky Power to provide sufficient evidence in its next base rate case as to whether the remarketing is necessary for the period chosen and is incurred in an appropriate and prudent manner. The Commission recommends that Kentucky Power evaluate who is involved in the decision-making in refinancing or remarketing decisions.

<u>ROE</u>

In the Application, Kentucky Power proposed an ROE using the discounted cash flow model (DCF), the capital asset pricing model (CAPM), the empirical CAPM (ECAPM), risk premium model (RPM) and an equity risk premium approach based on allowed

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[218] Case No. 2013-00410, *Application of Kentucky Power Company for Authority Pursuant to KRS 278.300 to Issue and Sell Promissory Notes of One Or More Series, To Enter into Loan Agreements, and for Other Authorizations in Connection with The Refunding of Liabilities Assumed by the Company in Connection with the Mitchell Transfer* (Ky. PSC Mar. 25, 2014), Order at 9 and 12.

[219] Case No. 2013-00410, Kentucky Power's Issuance of Evidences of Indebtedness (filed May 29, 2015).

[220] Case No. 2013-00410, Kentucky Power's Issuance of Evidences of Indebtedness (filed May 29, 2015).

[221] Kentucky Power's Response to Staff's Post-Hearing Request, Item 31, and Application, Section V, Schedule 3, Workpaper S-3 at 1.

ROEs. Kentucky Power also calculated an ROE estimate for non-utility companies for use as a comparative benchmark. After adjusting for flotation costs, company size and removing high and low extremes for several model results, Kentucky Power proposed an ROE of 10.60 percent with a range of 10.10 percent to 11.10 percent.[222] Kentucky Power explained that although a 10.60 percent ROE is warranted, Kentucky Power requested an ROE of 9.90 percent as a way to mitigate and offset the proposed rate increase.[223] The table below summarizes the range ROE estimates:[224]

Method	Average
DCF	
Value Line	9.2%
IBES	10.2%
Zacks	9.5%
Internal br+sv	9.2%
CAPM	11.1%
ECAPM	11.4%
Utility Risk Premium	10.6%
Expected Earnings	11.2%
ROE Recommendation	
Cost of Equity	10.0% -- 11.0%
Flotation Cost Adjustment	
Electric Group Dividend Yield	3.84%
Flotation Cost Expense Factor	2.56%
Flotation Cost Adjustment	0.10%
Recommended ROE Range	
Range	10.1% -- 11.1%
Midpoint	10.6%

Kentucky Power argued the requested 9.90 percent ROE significantly understates investors' required return but represents a reasonable compromise between balancing the impact on customers and investor returns.[225] Kentucky Power notes that because Kentucky Power's requested ROE of 9.90 percent already understates investor's return,

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[222] Direct Testimony of Adrian M. McKenzie (McKenzie Direct Testimony) at 9.

[223] Wiseman Direct Testimony at 21.

[224] McKenzie Direct Testimony, Exhibit AMM-2.

[225] McKenzie Direct Testimony at 4.

it should not be further reduced for purposes of single-issue cost recovery mechanisms, such as the Environmental Surcharge or Decommissioning Rider.[226]

The Attorney General/KIUC, and the Joint Intervenors proposed different ROEs. The Attorney General/KIUC used the DCF and CAPM models. The Attorney General/KIUC stated the range of reasonableness from the DCF model is 8.86 percent to 9.83 percent and the range of reasonableness from the CAPM analyses is 8.72 percent to 10.0 percent.[227] The Attorney General/KIUC recommended an ROE of 9.70 percent.[228] The Attorney General/KIUC argued that Kentucky Power's 9.90 percent ROE would inflate its revenue requirements and contribute to an unnecessary additional rate increase for ratepayers.[229]

For the DCF analysis, the Attorney General/KIUC used Kentucky Power's proxy group of 18 companies and then updated the proxy group due to certain companies not being comparable with Kentucky Power.[230] Using updated proxy group information, the Attorney General/KIUC employed the average dividend yield and earnings growth rates and calculated DCF estimates using two methods.[231] The first method applied average growth rates and the second method, median growth rates.[232] Average growth rate ROE

[226] McKenzie Direct Testimony at 4.

[227] Direct Testimony of Richard A. Baudino (Baudino Direct Testimony) at 3.

[228] Baudino Direct Testimony at 3.

[229] Baudino Direct Testimony at 3.

[230] Baudino Direct Testimony at 16.

[231] Baudino Direct Testimony at 17.

[232] Baudino Direct Testimony at 20-21.

estimates ranged from 8.04 to 9.76 percent and median growth rate ROE estimates ranged from 7.84 to 9.83 percent, with averages of 9.35 and 9.42, respectively.[233]

For the CAPM estimates, the Attorney General/KIUC employed three approaches: a forward-looking expected return on the market; historical market risk premiums (MRP) based on actual stock and bond returns; and public sources that estimate current investor required MRP.[234] When determining the risk-free rate, the Attorney General/KIUC utilized two different rates: a six-month average of the 30-year Treasury bond yields from March through August 2023; and a steady increase in long-term bond yields using a 4.30 percent risk-free rate from July to August 2023.[235] The following table summarizes the Attorney General/KIUC's analytical results:[236]

Method	Average
DCF	
Average Growth Rates	
High	9.76%
Low	9.24%
Average	9.42%
Median Growth Rates	
High	9.83%
Low	8.86%
Average	9.35%
CAPM	
Forward-looking Market Return	13.90%
Historical Risk Premium	
Arithmetic Mean	10.81%
Supply side MRP	10.12%
Supply side less WWII Bias	9.22%
Kroll MRP	9.34%
Damodaran MRP	8.72%

233 Baudino Direct Testimony at 21.

234 Baudino Direct Testimony at 25.

235 Baudino Direct Testimony at 29.

236 Baudino Direct Testimony at 31.

The Attorney General/KIUC argued that the Commission should adopt an ROE range of 8.70 percent to 10.00 percent for Kentucky Power because it is consistent with the DCF results and is within the CAPM estimate range.[237]

The Attorney General/KIUC argued that Kentucky Power provided no evidence that investors favor the ECAPM over the standard CAPM.[238] Additionally, the Attorney General/KIUC argued that the market return portion of the CAPM should represent a comprehensive estimate of the total return for all investments, not just a small subset of publicly traded stocks that pay dividends.[239]

The Joint Intervenors recommended that Kentucky Power's current Commission approved ROE of 9.30 percent is reasonable after adjustments to the DCF, CAPM and ECAPM models.[240] The Joint Intervenors argued that Kentucky Power's proposed 9.90 percent ROE overstates the cost of equity and that there were several issues with Kentucky Power's ROE calculations.[241] The Joint Intervenors argued that Kentucky Power's DCF calculation relied too heavily on retained earnings and that the averaged projected earnings from Value Line, IBES, and Zacks would result in a 9.60 percent yield.[242] The 9.60 average yield with the internal growth result would in a 9.40 percent yield, which the Joint Intervenors noted is only 0.10 percent above the current allowable

[237] Baudino Direct Testimony at 35.

[238] Baudino Direct Testimony at 35.

[239] Baudino Direct Testimony at 36.

[240] Direct Testimony of Tyler Comings on Behalf of Joint Intervenors (filed Oct. 2, 2023) (Comings Direct Testimony) at 17.

[241] Comings Direct Testimony at 17.

[242] Comings Direct Testimony at 19.

ROE of Kentucky Power.[243] The Joint Intervenors utilized the external growth rate of historical and projected average growth rates for dividends, earnings and book value for Kentucky Power's proxy group as opposed to only the projected earnings.[244] The Joint Intervenors also weighed both the historical and projected rates equally and the dividends, earnings and book value metrics equally which resulted in a 9.10 percent ROE.[245]

Regarding the CAPM and ECAPM models, the Joint Intervenors noted that these models were not a reasonable estimate of the cost of equity since they relied solely on historical data.[246] The historical data included awarded ROEs from utility commissions which tend to overstate the cost of equity.[247] The Joint Intervenors argued that Kentucky Power overestimated the risk premium of 7.80 percent, and that it relied on the projected earnings from Value Line, IBES and Zacks to estimate the equity risk premium.[248] The Joint Intervenors argued that, when calculating the CAPM or ECAPM value, the risk-free rate and the risk premium must be based on the same bond maturity.[249] The Joint Intervenors explained that it used two different methods to calculate the CAPM and ECAPM values. The first method utilized the average historical premium on 10-year bonds, along with the current 10-year risk-free rate and the second method utilized Kroll's recommendation of the 5.50 percent risk premium on 20-year bonds, along with the

[243] Comings Direct Testimony at 19.

[244] Comings Direct Testimony at 21.

[245] Comings Direct Testimony at 21.

[246] Comings Direct Testimony at 25.

[247] Comings Direct Testimony at 25.

[248] Comings Direct Testimony at 23.

[249] Comings Direct Testimony at 23.

current 20-year risk-free rate.[250] Additionally, the Joint Intervenors rejected the expected earnings test and noted that the Federal Energy Regulatory Commission (FERC) has rejected the use of the expected earnings test.[251] The following table summarizes the Joint Intervenors results and recommended 9.30 percent ROE:[252]

Method	Average
DCF internal growth	9.2%
DCF external growth	9.1%
CAPM	9.0%
ECAPM	9.1%

Kentucky Power disagreed with the Attorney General/KIUC's and the Joint Intervenor's ROE.[253] Kentucky Power noted that, overall, the intervenors criticisms of the size adjustment, market return calculation, expected earnings approach and non-utility DCF analysis are without merit and the ROE recommendations from the intervenors fall below a fair and reasonable level for Kentucky Power's utility operations.[254]

In the Settlement, the parties agreed upon a ROE of 9.75 percent to base rates and a ROE of 9.65 percent applicable to the equity component of Kentucky Power's riders.[255] Kentucky Power stressed the importance of a fair and reasonable ROE for the health and assistance in providing adequate service for Kentucky Power and the ROE agreed to in the Settlement provides this fair and reasonable return.[256]

[250] Comings Direct Testimony at 24.

[251] Comings Direct Testimony at 26.

[252] Comings Direct Testimony at 26.

[253] Rebuttal Testimony of Adrian M. McKenzie (McKenzie Rebuttal Testimony) (filed Nov. 6, 2023) at 2–3.

[254] McKenzie Rebuttal Testimony at 3.

[255] West Settlement Testimony at S9.

[256] West Settlement Testimony at S9.

The Commission notes that, in recent cases,[257] the Commission has found it is appropriate for utilities to present, and for the Commission to evaluate, multiple methodologies to determine the ROE because each approach has its own strengths. As demonstrated in this proceeding, there is considerable variation in both data and application within each modeling approach, the result of which leads to a wide range of conclusions. The Commission's responsibility is to conduct a balanced analysis of all presented models while giving weight to current economic conditions and trends. The Commission reiterates that it continues to reject the use of flotation cost adjustments, financial risk adjustments, and explicit size adjustments in the ROE analyses considering a business risk or size adjustment has not been approved in the past.

The Commission acknowledges the unique struggles of Eastern Kentucky and that the ongoing decline of both population and capital investment are contributing factors in Kentucky Power's inability to achieve its authorized ROE.[258] Furthermore, the Commission recognizes the need for adequate cost recovery and cash flow that will allow Kentucky Power to effectively invest in and manage its operations. However, as discussed in the DRR analysis later in this Order, in addition to simply raising rates, Kentucky Power could have structured its case differently to increase the likelihood of

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[257] *See* Case No. 2020-00174, *Electronic Application of Kentucky Power Company for (1) a General Adjustment of its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of a Certificate of Public Convenience and Necessity; and (5) All Other Required Approvals and Relief,* (Ky PSC Jan. 13, 2021); Case No. 2020-00350, *Electronic Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit*, (Ky. PSC Jun 30, 2021); Case No. 2022-00147, *Electronic Application of Water Service Corporation of Kentucky for A General Adjustment in Existing Rates and a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure* (Ky. PSC Jun. 13, 2022); Case No. 2022-00372, *Electronic Application of Duke Energy Kentucky, Inc. for (1) an Adjustment of Electric Rates; (2) Approval of New Tariffs; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and (4) All Other Required Approvals and Relief* (Ky. PSC Dec. 14, 2022).

[258] Wiseman Direct Testimony at 13 and Figure CGW-2.

strengthening its financial position to help it attract additional capital and improve its system reliability. Balancing the needs of Kentucky Power and its customers and reviewing the record in this proceeding, the Commission finds that a ROE of 9.75 percent is fair, just and reasonable. The Commission notes that Kentucky Power's cash flow from the amortization of excess ADIT and numerous accounting deferrals are some of the factors that contribute to the Commission's approved ROE. However, many of these items were temporary, and should not permanently impact cash flows from operations, and thus should support credit metrics moving forward. In addition, the Commission will be monitoring these factors to ensure that Kentucky Power is attempting to limit its risk exposure and increase its financial strength. The revenue requirement impact of the reduced ROE is a reduction of $1.302 million from the application.

PROPOSED TARIFF CHANGES

Customer Bill Due Date

Kentucky Power proposed to extend the number of days between the billing date and the bill due date from 15 days to 21 days and proposed to implement the change on a bills rendered basis to ensure a smooth implementation of the billing change.[259] Kentucky Power stated that the change in date will allow customers additional time to make on-time payments, extend the time before a late payment fee is assessed to non-residential customers, and is in line with other investor-owned electric utilities (IOUs) in Kentucky.[260] The proposed change would not have any effect on the termination process

[259] Direct Testimony of Stevi N. Cobern, (Cobern Direct Testimony) (filed on Jun. 29, 2023) at 6.

[260] Cobern Direct Testimony at 7.

for non-payment of bills.[261] The Joint Intervenors supported the extension of the due date from 15 days to 21 days.[262]

The Commission finds that Kentucky Power's proposal to extend bill due dates from 15 days to 21 days is reasonable and should be approved. As Kentucky Power noted, the proposed revision would put Kentucky Power closer in line with the other Investor Owned Utilities in Kentucky. In addition, the proposed revision would allow those struggling to pay their bills on time several extra days to do so. With this approval, however, the Commission expects Kentucky Power to be willing to work with assistance agencies to ensure that those struggling to pay their bills are made aware of available assistance options prior to the due date of the bill.

Delayed Payment Charge

Kentucky Power proposed to remove references to the delayed payment charge from its non-residential rate schedules and include the charge in the terms and conditions section of the tariff.[263] No intervenors objected to the proposed revision.

The Commission finds that Kentucky Power's proposed revision to remove references to the delayed payment charge from its non-residential rate schedules is not reasonable and should be denied. Commission regulation 807 KAR 5:011, Section 4(2)(e), requires that each rate schedule state the amount of the delayed payment charge or reference the tariff section containing the amount. If approved, Kentucky Power's proposed tariff would not comply with 807 KAR 5:011, Section 4(2)(e), because each non-residential rate schedule would not include either the amount of the delayed payment

[261] Kentucky Power's Response to Staff's Fifth Request, Item 10.

[262] Direct Testimony of Joshua Bills (Bills Direct Testimony) (filed Oct. 2, 2023) at 12.

[263] Kahn Direct Testimony, Exhibit LMK-7.

charge or a reference to the tariff section containing the delayed payment charge amount. If Kentucky Power chooses to remove the amount of the delayed payment charge from each individual non-residential rate schedule in its compliance tariff filing resulting from this case, it must still include in each non-residential rate schedule a reference to the tariff section containing the amount of the charge.

Information on Customer Bills

Currently, Kentucky Power combines the service charge and energy charge on the residential customer bills and combines the service charge, energy charge, and demand charge on commercial customer bills. Through the pendency of these proceedings, the Joint Intervenors raised concerns about this practice.[264] In the Settlement, Kentucky Power agreed to work with the Joint Intervenors to evaluate proposals for changes to the bill format in order to improve transparency, including separating out demand charges.[265] Kentucky Power provided an updated customer bill in the Settlement that separates the demand charge on the commercial and industrial bill formats.[266] The Commission finds that breaking out the demand charge on commercial and industrial customer bills is reasonable, as it provides more transparency, and that the revision should be approved.

Kentucky Power stated that, in order to mitigate bill impacts, it conditionally committed to suspending the collection of the Decommissioning Rider predicated on the following: (1) the Commission approving its request to securitize the Decommissioning Rider regulatory asset; (2) the Commission's authorization that Kentucky Power continue to accrue carrying charges at its WACC until securitization bonds are issued; and (3) the

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[264] Bills Direct Testimony at 29–31.

[265] West Settlement Testimony at 13.

[266] West Settlement Testimony, Exhibit BKW-1S at 49–56.

securitized bonds actually being issued. If Kentucky Power is unable to issue securitized bonds, collection of the Decommissioning Rider regulatory asset would be reinstated.[267] The Settlement included sample bill formats that include the Decommissioning Rider and Securitization Financing Rider.[268] Kentucky Power also filed a redlined proposed tariff filing that included both riders.[269] The intervenors did not address this issue.

The Commission finds that Kentucky Power should remove the Decommissioning Rider and Securitization Financing Rider from the bill formats when the compliance tariffs are filed. If securitized bonds are issued, Kentucky Power should file updated bill formats that include the Securitization Financing Rider. Should Kentucky Power not be able to issue the securitization bonds, the Commission finds that Kentucky Power should file updated sample bill formats that include the Decommissioning Rider, once it is reinstated.

Lighting Tariffs

Kentucky Power proposed to add language to its Street Lighting and Outdoor Lighting Tariffs, stating that the requested lighting location must be reasonably accessible by Kentucky Power's trucks. Kentucky Power explained that this revision was necessary to ensure that its personnel are able to operate safely and without harm to Kentucky Power or the customer's property.[270] Kentucky Power defined reasonably accessible locations as locations that are accessible by road or driveway, or are within such a distance to a road or driveway that its bucket trucks are able to reach, which is

[267] Wiseman Direct Testimony at 19.

[268] West Settlement Testimony, Exhibit BKW-1S at 47–56.

[269] Kentucky Power's Response to Staff's Post-hearing Requests, Item 6, Attachment 1.

[270] Kahn Direct Testimony at 19.

approximately 25 feet to 30 feet.[271] Kentucky Power stated that locations that are not accessible in these ways are likely to result in property damage to the customer's or Kentucky Power's property.[272] If the location is not reasonably accessible, Kentucky Power stated it will work with the customer to determine an accessible alternate location.[273] No intervenors objected to the proposed revision.

The Commission finds that Kentucky Power's proposed revision is reasonable and should be approved. Kentucky Power should not be required to install lights at a location that its equipment is not able to reasonably access without the risk of damaging the equipment or the customer's property. However, the Commission does expect Kentucky Power to work with customers whose requested lighting location is deemed not reasonably accessible to determine an appropriate location.

Tariff NUG

Kentucky Power proposed to close Tariff NUG to new customers and to eliminate the commissioning and startup power provisions as they are unused by the one customer taking service under Tariff NUG.[274] If approved, new non-utility generator load requirements would be served under Kentucky Power's standard industrial tariff.[275] Kentucky Power explained that this revision was proposed because only one customer takes service on this tariff and the special tariff is not necessary. Kentucky Power stated that the commissioning power provision was identical to its Temporary Service Tariff and

[271] Kentucky Power's Response to Staff's Second Request, Item 87(a).

[272] Kentucky Power's Response to Staff's Second Request, Item 87(a).

[273] Kentucky Power's Response to Staff's Second Request, Item 87(b).

[274] Kahn Direct Testimony at 18.

[275] Kahn Direct Testimony at 18.

that, while the startup provision was designed to meet needs not adequately served by other tariffs, it has ultimately proven to be unneeded as it has gone unused since the tariff was first established.[276] No intervenors objected to the proposed revision.

The Commission finds that the proposed revisions are reasonable and should be approved. The commissioning power provision is basically identical to its Temporary Service Tariff, and the startup provision has not been needed for over 20 years. In addition, only one customer has chosen to take service under Tariff NUG since it was established.

Franchise Tariff

Kentucky Power proposed to rename the Franchise Tariff to City's Franchise Tariff to provide clarity to customers regarding the purpose of the tariff.[277] Kentucky Power indicated that customers have expressed confusion to its customer service representatives over the name of the Franchise Tariff and why some people have the charge on their bill and others do not.[278] No intervenor objected to the proposed revision.

The Commission finds that the proposed revision to the name of the Franchise Tariff is reasonable and should be approved. The revision increases clarity on the application of the tariff.

Residential Energy Assistance Tariff

Kentucky Power proposed to increase the Tariff R.E.A. rate and corresponding company match by $0.10 per month to $0.40 per residential meter per month.[279]

[276] Kahn Direct Testimony at 18.

[277] Kahn Direct Testimony at 20.

[278] Kentucky Power's Response to Staff's Second Request, Item 88.

[279] Cobern Direct Testimony at 5.

Kentucky Power stated that doing so would allow it to support approximately 1,000 additional participants per year.[280] The Joint Intervenors agreed with the Kentucky Power's proposed revision to Tariff R.E.A.[281] In the Settlement, Kentucky Power agreed to double the company match from a one-to-one match to a two-to-one match, or $0.80 per meter instead of $0.40 per meter.[282] The Commission finds that the proposed Tariff R.E.A. rate and the matching increase are reasonable and should be approved. This increase in the company match is an acknowledgement by Kentucky Power of the struggles facing customers in its territory and shows Kentucky Power is attempting to alleviate some of the hardship that will come from the requested rate increase.

Kentucky Economic Development Surcharge Tariff

Kentucky Power proposed to continue its Kentucky Power Economic Growth Grant (K-PEGG) Program and to maintain the Kentucky Economic Development Surcharge Tariff (Tariff K.E.D.S.) of $1.00 per meter per month for its non-residential customers with a dollar-for-dollar match by Kentucky Power.[283] The K-PEGG program provides grant funding targeted at projects designed to enhance economic development potential of communities in Kentucky Power's service territory.[284] Funding from program is awarded in the following four categories: (1) Economic Development Education; (2) Sites and Buildings-Product Improvement; (3) Marketing and Promotion; and (4) Professional

[280] Cobern Direct Testimony at 6.

[281] Bills Direct Testimony at 12.

[282] West Settlement Testimony at 3.

[283] Clark Direct Testimony at 17.

[284] Clark Direct Testimony at 9.

Consulting Services.[285] From February 2020 to July 2023, the amount of Tariff K.E.D.S. and shareholder funds awarded to economic development projects was $2.47 million.[286] No intervenors objected to the continuation of the K-PEGG Program and Tariff K.E.D.S.

The Commission finds that Kentucky Power's proposal to continue the K-PEGG Program and maintain Tariff K.E.D.S. is reasonable and should be approved as the funds are being used to further economic development within Kentucky Power's service territory.

Eastern Kentucky Fuel Relief Fund Tariff

Kentucky Power proposed to remove the Eastern Kentucky Fuel Relief Fund Tariff (Tariff K.F.R.F.). Tariff K.F.R.F. was set up to provide retail ratepayers a $40 million credit contingent on the closing of the acquisition of Kentucky Power by Liberty. On April 19, 2023, Liberty submitted a letter in Case No. 2021-00481[287] indicating that Liberty and AEP had mutually agreed to terminate the acquisition of Kentucky Power by Liberty.

As the tariff was contingent on the completion of the acquisition of Kentucky Power by Liberty, the Commission finds that removal of Tariff K.F.R.F. from the tariff is reasonable and should be approved.

Rate R.S. Optional Seasonal Provision

Kentucky Power proposed an optional seasonal provision to provide winter bill relief and reduce monthly bill volatility for its electric heating and lower income residential

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[285] Clark Direct Testimony at 10.

[286] Kentucky Power's Response to Staff's Second Request, Item 14, Attachment 1.

[287] Case No. 2021-00481, *Electronic Joint Application of American Electric Power Company, Inc. Kentucky Power Company, and Liberty Utilities Co. for approval of the Transfer and Ownership and Control of Kentucky Power Company.*

customers.[288] The optional seasonal provision offers a winter (December through March) energy rate of $0.11947 per kWh and for the remainder of the year (April through November), an energy rate of $0.13762 per kWh.[289] Kentucky Power explained that the difference between the rates by season is a cost-based design that would allow a customer to pay on average the same amount for distribution costs during winter months as compared to all other months.[290]

Kentucky Power has demonstrated that the average Low-Income Heating Energy Assistance Program (LIHEAP) customers have an approximately 900 kWh to 1,000 kWh higher peak usage in the winter months than the average residential service customer for the past three years.[291] The Commission is concerned about the usage of customers during the winter, and their impact on Kentucky Power's aggregate demand; therefore, the Commission is not persuaded by Kentucky Power's argument that the seasonal optional provision will not deter energy conservation since it only applies to the winter months and is designed to better align distribution cost recovery across the seasons.[292] The Commission notes that Kentucky Power is currently a winter peaking utility. The Commission is concerned that the seasonal optional provision would increase the winter peak usage given the lower rate, which in turn would have potentially perverse effects by requiring Kentucky Power to need even more winter-available generation (or in the

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[288] Spaeth Direct Testimony at 12.

[289] Spaeth Direct Testimony at 12.

[290] Spaeth Direct Testimony at 13.

[291] *See* Kentucky Power's Response to Staff's Post-Hearing Request, Item 5. *See also*, Kentucky Power's Response to Staff's Sixth Request, Items 10 and 11.

[292] Spaeth Direct Testimony at 16.

absence of that generation, depend on the PJM market for energy), in turn increasing costs for Kentucky Power.

Therefore, the Commission finds that the seasonal optional provision should be denied. Additionally, the Commission expects Kentucky Power to address the issue of low-income and residential customers energy usage during the winter months and find cost-effective measures to reduce demand, rather than mask that winter demand with arbitrary rate reductions.

Cogeneration Tariff – Capacity Credits

In Case No. 2020-00174,[293] the Commission found that the avoided capacity cost rate to be included in Kentucky Power's Cogeneration and Small Power Production Tariffs should be based on the zonal net cost of new entry (CONE) for the delivery years that have an established CONE at the time of the contract and the last known net CONE for the remainder of the term. Kentucky Power has proposed to update the avoided capacity cost rate to reflect the known net CONE through the 2025/2026 delivery year.[294] Kentucky Power indicated that it had not performed an analysis of capacity costs other than net CONE to determine the appropriate capacity costs and that they were just following the Commission's Order in Case No. 2020-00174.[295] Kentucky Power provided the capacity rates that would result from using the National Renewable Energy Laboratories' Annual Technology Baseline as the cost of a proxy unit.[296]

[293] Case No. 2020-00174, *Electronic Application of Kentucky Power Company for (1) a General Adjustment of its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of a Certificate of Public Convenience and Necessity; and All Other Required Approvals and Relief* (Ky. PSC Jan. 13, 2021), Order at 96–101.

[294] Spaeth Direct Testimony, Exhibit MMS-1 at 32.

[295] Kentucky Power's Response to Staff's Second Request, Item 80(c).

[296] Kentucky Power's Response to Staff's Fifth Request, Item 6.

The Commission notes that in recent cogeneration cases, Case Nos. 2023-00102[297] and 2023-00153,[298] the Commission found that it had no interest in allowing Kentucky's regulated, vertically integrated utilities to effectively depend on the market for generation or capacity for any sustained period if a capacity deficit should occur or be anticipated to occur. The Commission further found that the replacement capacity cost of the next unit built or the contract cost of firm bilateral capacity, that can provide associated energy, should form the basis for avoided capacity values and not a market-clearing price.[299] The Commission observes that Kentucky Power currently does not have sufficient generation in its fleet to meet its capacity requirements, and that Kentucky Power is relying on the PJM market to cover its current capacity deficit.[300] Considering the Commission does not expect to allow a utility to depend on market-purchases for its long-term capacity needs, it follows that the market capacity cost is not the relevant cost the utility is avoiding, especially when the utility's peaking needs differ dramatically from the capacity "product" procured in markets. Therefore, the Commission places a greater emphasis on calculating avoided generation capacity cost, and thus value, on a proxy unit calculation. Kentucky Power has stated and demonstrated in its 2023 IRP Preferred

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[297] Case No. 2023-00102, *Electronic Tariff Filing of Big Rivers Electric Corporation for Approval of Proposed Changes to Its Qualified Cogeneration and Small Power Production Facilities Tariffs* (Ky. PSC Dec. 15, 2023), Order.

[298] Case No. 2023-00153, *Electronic Tariff Filing of East Kentucky Power Cooperative, Inc. And Its Member Distribution Cooperatives for Approval of Proposed Changes to Their Qualified Cogeneration and Small Power Production Facilities Tariff* (Ky. PSC Oct. 31, 2023), Order.

[299] *See* Case No. 2023-00102, *Electronic Tariff Filing of Big Rivers Electric Corporation for Approval of Proposed Changes to Its Qualified Cogeneration and Small Power Production Facilities Tariffs* (Ky. PSC Dec. 15, 2023), Order at 7–8. *See also* Case No. 2023-00153, *Electronic Tariff Filing of East Kentucky Power Cooperative, Inc. and Its Member Distribution Cooperatives for Approval of Proposed Changes to Their Qualified Cogeneration and Small Power Production Facilities Tariff* (Ky. PSC, Oct. 31, 2023), Order at 10–11.

[300] Case No 2023-00092, *Electronic 2022 Integrated Resource Planning Report of Kentucky Power Company* (Ky. PSC Mar. 20, 2023), Volume A, Section 7.5 at 173–175.

Plan that it plans to build a 480 MW natural gas combustion turbine (NGCT) by 2029, which would have been the more appropriate proxy unit for the tariff calculation.[301]

Kentucky Power is financially and territorially differently situated than the utilities in the cases discussed above. Having reviewed the record and being otherwise sufficiently advised, the Commission finds that Kentucky Power's Cogen Tariff should be approved. The Commission notes that given Kentucky Power's current economic and financial condition, the Commission will allow Kentucky Power to utilize the Net CONE for its cogeneration capacity cost rate until its next base rate case in which Kentucky Power will then provide updated avoided capacity costs based on a proxy unit calculation.

Distribution Reliability Rider (DRR)

Kentucky Power maintains a number of distribution reliability programs, which can be divided into three categories: Distribution Asset Management; Major Distribution Reliability and Capacity Additions and Distribution; and the Vegetation Management Program.[302] Programs included in the Distribution Asset Management category are the Overhead Circuit and Underground Facilities Inspection and Maintenance Program; the Capacitor and Regulator Inspection and Maintenance Program; Recloser Maintenance/Replacement Program; Overhead Conductor Program; and the Sectionalizing Program.[303] Activities included in the Major Distribution Reliability and Capacity Additions and Distribution category are generally in addition to those included in the Distribution Asset Management category.[304] Projects range from constructing new

[301] Case No 2023-00092, Volume A, Figure 80 at 174.

[302] Direct Testimony of Everett G. Phillips (Phillips Direct Testimony) (filed June 29, 2023) at 19.

[303] Phillips Direct Testimony at 19–21.

[304] Phillips Direct Testimony at 23.

feeder ties to the addition of new substations with new or upgraded feeder lines.[305] The Vegetation Management Program included right-of-way (ROW) vegetation clearing and inspection of all Kentucky Power's distribution circuits on a five-year cycle.[306]

Because vegetation is the principal cause of outages, Kentucky Power's 2018 Vegetation Management Plan included the initiation of a Trees Outside the Right-of-Way (TOR) pilot program.[307] The TOR Pilot program's purpose was to widen the existing ROW to address TOR including the identification and removal of danger trees from outside the ROW.[308] As of the end of 2022, Kentucky Power had completed portions of targeted widening on 65 of 233 distribution circuits, resulting in a 15 percent, three-year average reduction in customer minutes interrupted.[309]

Kentucky Power stated the two leading causes of customer outages is TOR and equipment failures.[310] In order to address these two primary causes of service interruption and to address other major reliability opportunities, Kentucky Power proposed the DRR and the DRR Work Plan program. The DRR Work Plan consisted of several initiatives: expanding the TOR pilot program; initiatives related to the ability to transfer customers when a fault occurs including constructing additional tie lines and additional

[305] Phillips Direct Testimony at 23–24.

[306] Phillips Direct Testimony at 24.

[307] See Case No. 2017-00179, *Electronic Application of Kentucky Power Company for (1) a General Adjustment of its Rates for Electric Service; (2) an Order Approving its 2017 Environmental Compliance Plan; (3) an Order Approving its Tariffs and Riders; (4) an Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities; and (5) an Order Granting All Other Required Approvals and Relief* (filed July 20, 2017),_Kentucky Power Company 2019 Distribution Vegetation Management Plan – Five Year Cycle (filed Oct. 1, 2018) at 8 of 14, and 2018 Distribution Vegetation Management Report of Kentucky Power Company (filed Mar. 29, 2019) at 9 of 16, and Attachment 5.

[308] Phillips Direct Testimony at 25. *See also* Phillips Direct Testimony at 28.

[309] Phillips Direct Testimony at 28–29.

[310] Phillips Direct Testimony, Figure EGP-5 at 18 and West Direct Testimony at 16.

substations sources; recloser modernization and asset renewal. The asset renewal would consist of monitoring and tracking defective equipment to determine whether there is a tie to a specific manufacturer, year, or model.[311] The proposed DRR Work Plan contained specific projects separate from those included in the existing Distribution Asset Management program.[312]

Kentucky Power stated that the DRR will allow it to propose new projects in its annual DRR Work Plan for Commission review in annual filings. According to Kentucky Power, the DRR will allow it to upgrade the distribution system with increased Commission review. Kentucky Power averred that the DRR would improve its financial position with a more concurrent cost recovery instead of waiting until another base rate case.[313]

The DRR Work Plan, as proposed, contained projects totaling an estimated $166 million capital spending and $4 million O&M spending from 2024 through 2028.[314] The proposed expenditures were incremental to expenditures embedded in base rates and will be recovered through the proposed DRR capital rider. Kentucky Power argued the DRR will enable it to make further investments in its distribution system given its financial and cash flow constraints.[315] Kentucky Power indicated that some of the projects in the

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[311] Phillips Direct Testimony at 30–31.

[312] Kentucky Power's Response to Staff's Fifth Request, Item 7.

[313] West Direct Testimony at 18 and HVT of Nov. 28, 2023 Hearing, Brian West testimony at 3:07:07–3:07:31.

[314] Phillips Direct Testimony, Figure EGP-10 at 35.

[315] West Direct Testimony at 16–17. *See also* the Rebuttal Testimony of Everett G. Phillips (filed Nov. 6, 2023) (Phillips Rebuttal Testimony) at R6.

DRR Work Plan are projects in Kentucky Power's Work Plan, but the projects continually get moved back due to higher priority projects.[316]

Kentucky Power proposed to make an annual true-up filing in February of each year with rates effective the following April.[317] Actual costs will be recovered on a per-bill basis from Residential and All Other customers.[318] The Residential allocation will be based on the most recent 12-month residential contribution to non-fuel retail revenue.[319] Similarly, the All Other allocation will be based on its contribution to non-fuel retail revenue.[320] Those amounts will be divided by the most recent 12-month bills to obtain the Residential and All other factors.[321]

Kentucky proposed that the DRR have an initial "zero start" with initial rates for the 2024 projects to take effect in April 2025.[322] Beginning with the February 2025 filing, each annual filing will reconcile the amount collected through the rider with the previous year's actual expenditures in addition to a projection of the following year's investment plus the revised annual DRR Work Plan.[323] Kentucky Power further proposed to roll existing DRR

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[316] HVT of Nov. 28, 2023 Hearing, Everett G. Phillips testimony at 11:38:11–11:42:35. *See also* Kentucky Power's Response to Staff's Second Request, Item 1, Attachment 11.

[317] West Direct Testimony at 17. *See also* Spaeth Direct Testimony at 19.

[318] Spaeth Direct Testimony at 20. Outdoor lighting, street lighting, subtransmission voltage and transmission voltage customers are excluded from the calculation.

[319] Spaeth Direct Testimony at 20.

[320] Spaeth Direct Testimony at 20.

[321] Spaeth Direct Testimony at 20.

[322] West Direct Testimony at 17.

[323] West Direct Testimony at 17.

revenue requirement into base rates. From the date of the roll-in, the DRR would continue to recover any additional incremental expenditures.[324]

The Attorney General/KIUC argued that there are flaws in Kentucky Power's proposed DRR program.[325] There was no mechanism to ensure that costs recovered through the DRR were in fact incremental to distribution investment costs already being recovered through base rates.[326] In its testimony, Walmart argued that the types of project investment costs to be recovered through the DRR are not volatile in nature, are completely within Kentucky Power's control, and should be considered in a general base rate case.[327]

As a part of the Settlement, Kentucky Power agreed to additional parameters to ensure that only incremental distribution system capital spending would be recovered through the DRR.[328] In its post-hearing brief, Kentucky Power emphasized that the DRR would allow for quicker recovery on capital investment and make it more likely that capital will be allocated to Kentucky Power.[329] Walmart and KIUC encouraged the Commission to approve the Settlement, as proposed, which included the DRR with the specified parameters that include a maximum term for the program as well as a requirement to file a work plan.[330]

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[324] West Direct Testimony at 17–18.

[325] Kollen Direct Testimony at 62–63.

[326] Kollen Direct Testimony at 62–63.

[327] Perry Direct Testimony at 20.

[328] West Settlement Testimony at 3.

[329] Kentucky Power's Post-Hearing Brief at 33.

[330] KIUC's Post-Hearing Brief at 3–4 and Walmart's Post-Hearing Brief at 5–6.

The Commission has the statutory authority and obligation to decide whether rates are fair, just and reasonable.[331] The Commission has the obligation to review aspects of a Settlement but cannot approve Settlement terms that would not result in fair, just and reasonable rates. As it relates to the DRR and the DRR Workplan, the Commission finds the proposals in the Application and the Settlement should be denied.

The Commission generally does not review or approve of the scope of or timing of electric utility distribution projects in the ordinary course of business, aside from proposed expenditure amounts to be recovered in base rates. The proposed DRR program places the Commission in the position of annually approving Kentucky Power's distribution projects. It is Kentucky Power's obligation, and responsibility, to plan, budget, prioritize, manage, and maintain its distribution system in a manner that provides safe and reliable service.

The Commission is aware that the continuing loss of customer load and regional economic decline are significant contributors to Kentucky Power's financial condition. Kentucky Power proposed the DRR program as a way to improve reliability of the distribution system, but also to have a contemporaneous cost-recovery mechanism for distribution investment expenditures. Kentucky Power stated it expects AEP would be more willing to allocate additional capital with the contemporaneous cost recovery of the DRR.[332]

However, there are existing alternatives to the DRR that Kentucky Power chose not to take as part of this rate filing that would have helped mitigate its financial condition

[331] See KRS 278.040.

[332] HVT of Nov. 28, 2023 Hearing, Brian West testimony at 3:07:07–3:07:31 and Everett G. Phillips testimony at 11:42:13–11:42:35.

or continue to improve reliability. One such measure would be to request an adjustment of rates using a forecasted test year that includes additional capital spending on distribution projects.

The Commission notes that the DRR Work Plan included the additional Vegetation Management TOR Pilot program that is showing success in reducing customer outages. The Commission encourages Kentucky Power to continue the TOR Pilot program. In addition, the Commission expects that once sections of circuit ROW have been widened, those widened sections will be incorporated into the ongoing Vegetation Management program as those circuits are cleared in future cycle years.

Distributed Solar Proposal (Solar Garden)

Kentucky Power proposed to own and operate one or more solar facilities not to exceed 25 MW total, with each facility not to exceed 10 MW.[333] Kentucky Power argued that the program will establish solar generation in its service territory and help fill a capacity deficit beginning in 2026.[334] Solar projects would be considered prudent if the net present value (NPV) of the benefits and costs of the project do not exceed the NPV of the equivalent avoided capacity cost. Kentucky Power proposed that the net costs of the Solar Garden facilities be recovered through Tariff PPA until the costs can be included in base rates. Energy benefits would be reflected as a reduction in FAC costs.[335]

Kentucky Power explained that the solar facilities will reduce its internal distribution load, meaning the facilities will be connected to the distribution system. The facilities will

[333] Direct Testimony of Alex Vaughan (Vaughan Direct Testimony) at 27.

[334] Vaughan Direct Testimony at 27.

[335] Vaughan Direct Testimony at 28–29.

not be market-facing generation resources and will not participate in PJM's energy, ancillary service, or capacity markets.[336]

Kentucky Power argued that because the solar facilities are connected to the distribution system, there are multiple customer benefits.[337] Whenever the solar facilities are producing and transmitting power, Kentucky Power will have to purchase less energy through the PJM energy market, with the most energy cost savings occurring during on-peak hours. When the solar facilities are producing energy during the Kentucky Power's capacity cost causing hours in PJM that will result in a lower generation capacity obligation, which results in lower generation capacity costs. Similarly, Kentucky Power alleged that the solar facilities could lower Kentucky Power's 12 CP used to allocate AEP's PJM LSE OATT charges.[338] Kentucky Power's reduced load will also avoid hourly PJM ancillary service load charges.[339]

Kentucky Power reported that it had approximately 11,500 customers participating in government assistance programs.[340] Kentucky Power proposed to provide 50 percent of the energy savings from the solar facilities to these customers through a yearly bill credit in January.[341] Kentucky Power subsequently revised the proposal to provide the credit over the course of January through March to better align with the HEART Program.[342] Kentucky Power also filed an amended Tariff R.S. to include a provision for

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[336] Vaughan Direct Testimony at 29.

[337] Vaughan Direct Testimony at 29–32.

[338] Vaughan Direct Testimony at 29–32.

[339] Vaughan Direct Testimony at 31–32.

[340] Vaughan Direct Testimony at 33.

[341] Vaughan Direct Testimony at 33.

[342] Kentucky Power's Response to Staff's Third Request, Item 29.

the low-income credit.[343] Kentucky Power provided the following calculation: it will take the hourly MWh produced from the solar facilities for the previous 12 months and multiply that by the Day Ahead Local Marginal Price (DA LMP) for the corresponding hour. The total would then be multiplied by 50 percent and divided by the number of customers participating in LIHEAP as of December 31.[344] Based on high level estimates, the low-income credit could be as high as $66 annually.[345]

The Joint Intervenors were supportive of the Community Solar Garden Program.[346] However, the Joint Intervenors did offer additional suggestions for improvement.[347] Walmart noted that Kentucky Power had already begun the request for proposal process to identify potential solar projects but was generally supportive of the program.[348]

As a part of the Settlement, Kentucky Power committed to work with the Joint Intervenors and any other interested party to update the proposed Solar Garden Program to include evaluations of potential solar plus storage projects, which will be added subject to the project passing the economic benefit test.[349]

The Commission finds the Solar Garden should be denied, as filed in the Application and in the Settlement. Kentucky Power's proposed program is premature. Essentially, Kentucky Power requested the Commission approve a program concept and a recovery mechanism for which there are no specific costs or any other details to

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[343] Kentucky Power's Response to Staff's Third Request, Item 29, Attachment 1.

[344] Vaughan Direct Testimony at 33–34.

[345] Vaughan Direct Testimony at 33–34.

[346] Direct Testimony of Andrew McDonald (McDonald Direct Testimony) (filed Oct. 2, 2023) at 4.

[347] McDonald Direct Testimony at 5–6.

[348] Perry Direct Testimony at 19.

[349] West Settlement Testimony at S18.

examine. The Commission acknowledges Kentucky Power's future capacity deficit and appreciates that Kentucky Power is being proactive in seeking solutions to the deficit. However, the Commission finds that the Solar Garden program is not sufficiently developed to the point of requesting approval of the program or approval of a cost-recovery mechanism. When a formal and firm proposal exists, the Commission stands prepared to review it as part of a separate application.

Hedging Program

Kentucky Power purchases all its demand from the PJM energy market and sells all its available generation resources into the same market. In that way, its generation resources provide a physical price hedge to the amount of net energy it must purchase. Kentucky Power's exposure to the energy market price volatility is greater during times of planned or forced outages of its generation.[350] To reduce exposure to market volatility, Kentucky Power proposed to use financial hedging. Kentucky Power stated it will use the PJM AEP Dayton HUB fixed-for-floating price swaps to reduce exposure to price volatility.[351] Kentucky Power explained that the contracts will be purchased over time and provide the flexibility to modify or unwind executed forward contracts as necessary when changes are made to forecasted load or planned outage schedules at the Mitchell and Big Sandy generation plants.[352] If the PJM AD HUB is not sufficiently liquid to purchase

[350] Vaughan Direct Testimony at 17–18. Kentucky Power's Open Energy Market Position to PJM energy market volatility is defined as its hourly retail load less the generation from Mitchell and Big Sandy generation plants. *See also* Kentucky Power's Response to Staff's Third Request, Item 25. In addition to purchasing forward contracts during planned unit outage, forward contracts may be needed in months when load is higher and available generation may not be sufficient to cover the load.

[351] Vaughan Direct Testimony at 18.

[352] Vaughan Direct Testimony at 18–19. *See also* Kentucky Power's Response to Staff's Second Request, Item 38b.

the forward contracts, Kentucky Power explained that adjacent zones or other trading hubs such as the PJM West Hub could be used.[353]

Kentucky Power proposed three hedge intervals: Interval 1 (36 months prior to flow), Interval 2 (18 months prior to flow), and Interval 3 (6 months prior to flow). Each hedge interval percentage would be calculated by taking the forecasted generation based on the fuel purchased in MWh plus any purchased forward hedge contracts (Intervals 2 and 3) divided by the forecasted weather normalized retail load in MWh minus one standard deviation of the forecasted load.[354] The amount of Kentucky Power's Open Energy Position to be hedged or the Target Hedge Percent position for each interval would be Interval 1 at 33 percent, Interval 2 at 67 percent and Interval 3 at 100 percent respectively.[355] The Target Hedge Position in MW is calculated by taking the MWh generation from Mitchell and Big Sandy plus any purchased forward hedge contracts (Interval 2 and 3) minus one standard deviation of its forecasted weather normalized retail load in MWh times the Target Hedge Percent, all divided by the number of hours in the period.[356] The hedge Interval Percent will be evaluated by calendar month with each month broken out by peak and off-peak periods.[357] Whenever the Interval Hedge Percent is less than the Target Hedge Percent, Kentucky Power will calculate the Target Hedge Position for that interval and purchase forward energy contracts to hedge its Open Energy

[353] Vaughan Direct Testimony at 19. *See also* Kentucky Power's Response to Staff's Third Request, Item 24.

[354] Vaughan Direct Testimony at 19–20.

[355] Vaughan Direct Testimony, Figure AEV-5 at 20.

[356] Vaughan Direct Testimony at 20.

[357] Kentucky Power's Response to Staff's Second Request, Item 38 and Item 39c.

Position up to the Target Hedge Percent.[358] Kentucky Power anticipated that the generation from Mitchell and Big Sandy would be expected to be able to cover the Target Hedge Percent for Intervals 1 (36 months prior to flow) and Interval 2 (18 months prior to flow). Forward energy contracts could be needed during Interval 3 (6 months prior to flow).[359]

Kentucky Power explained that the goal of the hedging plan is not to reduce the customer's fuel costs, but to reduce customer exposure to the PJM energy market volatility, especially during scheduled outages, to create more predictable fuel costs over time.[360] Kentucky Power argued that had a structured hedging program been in place between January 2021 and March 2023, customers would have been exposed to an average 21 percent price variance between their monthly fuel charges rather than the 28 percent variance seen in the energy spot market.[361]

Kentucky Power proposed that all approved financial power hedging program related contract settlements and related contract costs would be recovered through the FAC. Kentucky Power also requested that the hedging transactions not be subject to the PUE FAC limitation because the hedging transactions are forward financial contracts meant to reduce fuel rate volatility and market exposure. The potential for realized hedge charges is essentially the cost of reducing volatility in customer's monthly fuel rates.[362] The forward financial contracts are expected to be subject to mark-to-market treatment

[358] Vaughan Direct Testimony at 20.

[359] Vaughan Direct Testimony at 21.

[360] Vaughan Direct Testimony at 23.

[361] Vaughan Direct Testimony at 23.

[362] Vaughan Direct Testimony at 25–26.

(MTM). Kentucky Power stated that if the Commission approves the return of the contract gains or losses to customers, it would defer MTM gains or losses prior to hedge liquidation to a regulatory asset or liability, which would then unwind when the contracts are liquidated at the time of settlement. Any net gains or losses would flow through the FAC.[363]

The intervenors did not oppose Kentucky Power's financial hedging proposal and the Settlement did not address hedging.

Having considered the record and being otherwise sufficiently advised, the Commission finds that Kentucky Power's financial hedging program should be denied. The Commission finds the hedging program's structure and scope is overly complicated, difficult for customers to understand easily, and too difficult for the Commission to monitor and regulate. There are less complicated and more transparent methods Kentucky Power can employ to reduce volatility in customers' bills. In addition, the Commission finds that the FAC tariff change related to the proposed hedging plan is denied as moot.

The hedging program appears to apply to not only planned maintenance outage hours, but essentially to any hours when the load may exceed Kentucky Power's available generation's ability to satisfy that load, which could mean that any hours during maintenance or forced outages could be hedged. Also, because the hours for which forward hedge contracts have been purchased would not be subject to the PUE limitation mechanism, there would be no penalty for otherwise uneconomic energy purchases and costs, including hedging costs, that otherwise would have been excluded from recovery, would subsequently pass through the FAC. The Commission notes that the PUE is a

[363] Vaughan Direct Testimony at 26.

proxy mechanism for a combustion turbine (CT) to determine uneconomic energy purchases. If Kentucky Power owned and operated a CT, a hedging plan would not provide a mechanism to circumvent the economic energy purchase test for FAC recovery purposes.

Environmental Surcharge Mechanism

During part of the test year, Kentucky Power's Tariff E.S. included projects related to the now-expired Rockport UPA. Kentucky Power proposed to update its Tariff E.S. base revenue requirement to align with the non-Rockport projects that were in service during the test year.[364] Kentucky Power also proposed to update its Tariff E.S. and monthly filing forms to remove references to the Rockport UPA and make clerical changes to update and streamline forms.[365] Included in the proposed changes are updated WACC, gross revenue conversion factor, and cash working capital calculation. Kentucky Power also proposed updates to the Environmental Compliance Plan (ECP) to remove projects and references to the Rockport UPA.[366]

No intervenors addressed this issue nor were there relevant settlement terms.

As discussed above, the WACC and cash working capital calculation are not accepted as filed. The Commission finds that Kentucky Power's proposed changes to Tariff E.S., its monthly reporting forms, and the ECP are reasonable and should be

[364] Kahn Direct Testimony at 5–6.

[365] Kahn Direct Testimony at 10.

[366] Kahn Direct Testimony at 11.

approved subject to the WACC and cash working capital calculation as approved in this Order.

Renewable Power Option Rider

Kentucky Power proposed to update the subscription rates for the Renewable Power Option Rider (Rider R.P.O.).[367] Kentucky Power used forward price estimates for National Wind and Solar RECs, with a volatility premium added, to arrive at the proposed subscription rates.[368] No intervenors objected to the proposed revisions. The Commission finds that the proposed Rider R.P.O. subscription rates are reasonable and should be approved.

Decommissioning Rider

As noted above, Kentucky Power has proposed to suspend collection of the Decommissioning Rider contingent on several conditions. As the conditions to temporarily suspend the Decommissioning Rider have been met, the Commission finds that Kentucky Power should add language to the Decommissioning Rider tariff stating that collection is temporarily suspended pending the securitization of the regulatory asset and that if Kentucky Power is unable to issue securitization bonds, the Decommissioning Rider will be reinstated.

Economic Development Rider

Kentucky Power stated that it requires security from Economic Development Rider (Tariff E.D.R.) customers on a case-by-case basis and that it is open to modifying Tariff E.D.R. to require reasonable security from customers when appropriate.[369] When offering

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[367] Kahn Direct Testimony, Exhibit LMK-7 at 110.

[368] Kentucky Power's Response to Staff's Third Request, Item 42.

[369] Kentucky Power Response to Staff's Third Request, Item 4.

discounted rates to Tariff E.D.R. customers, there is always the risk that the customer will not fulfill the terms of the contract and Kentucky Power's customers will be harmed due to such default. Kentucky Power's Tariff E.D.R. allows for up to five years of discounts with at least the same number of years at full rates.[370] Should a Tariff E.D.R. customer default on its contract at any point under the full rate term, Kentucky Power's retail customers could suffer the consequences through higher rates. Therefore, the Commission finds that Kentucky Power should add a provision to Tariff E.D.R. requiring appropriate security from the customer to cover the estimated Economic Development Rate discounts should the customer terminate the contract at any time before the end of its term.

Disconnection and Reconnection of Service

As part of the Settlement, the parties agreed to limit residential disconnection to the following hours: 8:00 a.m. through 5:00 p.m. Monday through Thursday and 8:00 a.m. through 12:00 p.m. on Friday.[371] Kentucky Power also agreed that it would not disconnect service to residential customers for the next 24 hours following when temperatures are forecast to be 32 degrees or below or 95 degrees or higher.[372] The Commission finds that the proposed Settlement language to limit when residential customers are disconnected for non-payment is reasonable and should be approved.

Kentucky Power also agreed in the Settlement to work with the Joint Intervenors in developing service reconnection standards that would enable residential customers to be reconnected based on to-be-determined partial payment and repayment plan terms.

[370] Application, Exhibit D at 136–139.

[371] West Settlement Testimony at S19.

[372] West Settlement Testimony at S19.

Kentucky Power stated that it would seek Commission approval prior to June 1, 2024, if it concluded that Commission approval was required.[373] The Commission finds that if Kentucky Power were to determine that Commission approval is not required for such a plan, Kentucky Power should still notify the Commission of the plan terms through a post-case filing in this proceeding.

Data Meter Pulses

The Joint Intervenors recommended that Kentucky Power should be able to offer data meter pulses to its larger customers so the customer can capture interval demand reads with their own monitoring equipment as other investor-owned utilities in Kentucky offer the service for a nominal fee.[374] Kentucky Power stated that it offers the option for pulse metering data at a nominal charge.[375] In the Settlement, Kentucky Power agreed to develop customer education and communication materials that clearly explain that General Service and Large General Service customers can obtain continuous interval demand readings subject to the installation of certain metering equipment and an energy management system, at the customer's expense, which would provide customers with interval demand information at no additional charge.

The Commission recognizes that the parties' agreement to additional terms and customer educational materials appears to be a reasonable provision.

General Service Customers

The Joint Intervenors recommended that Kentucky Power not charge demand charges to General Service customers with demand meters with usage under 4,450

[373] West Settlement Testimony at S19.

[374] Bills Direct Testimony at 31.

[375] West Rebuttal Testimony at R20.

kWh.[376] The Joint Intervenors explained that some General Service customers who have meters capable of measuring demand and paying for demand feel targeted because they have a meter capable of measuring demand.[377] Kentucky Power explained that its Commission-approved tariff only requires that a demand meter be installed for GS customers with monthly kWh usage of 4,450 and that this approach was consistent with grandfathering principles that were adopted when the Small General Service and Medium General Service classes were combined into the General Service class.[378] In the Settlement, Kentucky Power agreed to develop customer education and communication materials that clearly explain that General Service customers can obtain continuous interval demand readings subject to the installation of certain metering equipment and an energy management system, at the customer's expense, which would provide customers with interval demand information at no additional charge.

The Commission recognizes that the parties' agreement to additional terms and customer educational materials appears to be a reasonable provision.

Net Metering and Distributed Energy Resources

The Joint Intervenors recommended that Kentucky Power allow net metering to continue beyond the 1 percent threshold as an official policy; raise the cap on individual net metering system from 45 kW to 500 kW; allow third-party ownership of customer-sited solar energy system; allow virtual net metering; focus on equity and access for low- and moderate-income customers with policies to reduce up-front costs and financing expenses, including on-bill financing; collaborate with community partners on education,

[376] Bills Direct Testimony at 33.

[377] Bills Direct Testimony at 32.

[378] West Rebuttal Testimony at R20.

consumer protection, and workforce development programs[379]; and develop programs to encourage customer adoption of battery storage systems for reducing peak demand and customer resilience.[380]

Kentucky Power argued that the Joint Intervenors failed to demonstrate a basis to change the net metering 1 percent threshold as Kentucky Power's net metering generating capacity totals only 0.23 percent of Kentucky Power's single hour peak load.[381] Kentucky Power also stated that facilities larger than 45 kW are not eligible to take service under Kentucky Power's net metering tariffs as KRS 278.465(2)(c) defines the term "eligible electric generating facility as a facility that "has a rated capacity of not greater than forty-five (45) kilowatts."[382] Regarding the Joint Intervenors recommendation to allow third-party ownership of distributed solar system, Kentucky Power argued that that would violate KRS 278.018, Kentucky's certified territory statute.[383] Kentucky Power argued that virtual net metering is not currently contemplated in Kentucky statutes and that there are other more economic solutions that are equitable to all customers.[384]

While the Settlement did not address any net metering issues, Kentucky Power did agree to the following regarding distributed energy resources: collaborate with the Joint Intervenors and other community partners on solar energy education, consumer protection, and workforce development programs; contract for a market potential study

[379] McDonald Direct Testimony at 18.

[380] McDonald Direct Testimony at 33.

[381] Rebuttal Testimony of Alex Vaughan (Vaughan Rebuttal Testimony) at 7.

[382] Vaughan Rebuttal Testimony at 7.

[383] Vaughan Rebuttal Testimony at 8.

[384] Vaughan Rebuttal Testimony at 8.

for customer-sided battery storage for use as a dispatchable demand response resource subject to the Commission pre-approving that the costs of the study are recoverable through rates; research battery demand response program design options and to include a Bring Your Own Battery program in the next base rate case if such a program was not already included in the next DSM filing; and evaluate options for and to propose, if cost-effective, a program to deploy solar plus storage and other microgrid technologies for resilience at critical facilities and to support essential community services.[385]

With the exception of the pre-approval of the market potential survey costs being recovered through base rates, the Commission finds that the provisions of the settlement regarding net metering and distributed energy resources are reasonable. Regarding the costs of the market potential study, the Commission cannot at this time approve including costs related to that study in base rates as the costs are not currently known. If such a study were to be conducted, the reasonableness of the costs of such study would be determined in a future proceeding.

<u>Low-Income Discount Rates</u>

Kentucky Power agreed in the Settlement to contract for a study to assess whether low-income discount rates for residential customers are appropriate and for the potential design and implementation of such rates, subject to Commission pre-approval that the costs of the study are recoverable in rates.

While the Commission notes that a study regarding low-income discount rates would be a reasonable study, the Commission cannot at this time approve including costs related to that study in future base rates because the costs are not currently known. If a

[385] West Settlement Testimony, Exhibit BKW-1S at 15.

study were to be conducted, the reasonableness of the costs of such study would be determined in a future proceeding.

Miscellaneous Tariff Revisions

Kentucky Power also proposed various minor text changes to its tariff. Unless otherwise stated in this Order, the Commission finds that the proposed changes are reasonable and should be approved.

FINANCING OF EXTRAORDINARY OR DEFERRED COSTS KENTUCKY POWER'S SECURITIZATION PROPOSAL

In its application, Kentucky Power stated that securitization is a process where a utility can sell a cash flow generating asset for an upfront payment.[386] The cash flow generating asset is an intangible property right authorized by legislation and created by a financing order.[387] The property right includes the right to impose on the utility's existing and future customers the charges necessary to pay the interest, principal, and other ongoing costs associated with the securitized property.[388]

As described by Kentucky Power, a utility sells the property right to a special purpose entity that is created solely for the securitization transaction.[389] The special purpose entity is bankruptcy remote, which is designed to protect the buyers of the bonds and increase the price and marketability of the bonds.[390] To have the funding necessary to make the purchase of the property right, the special purpose entity issues bonds to

[386] Direct Testimony of Katrina Niehaus (Niehaus Direct Testimony) (filed Jun. 29, 2023) at 12.

[387] Niehaus Direct Testimony at 12.

[388] Neihaus Direct Testimony at 12–13.

[389] Neihaus Direct Testimony at 12.

[390] Neihaus Direct Testimony at 12.

investors with the property right as collateral.[391] The investors, or purchasers of the bonds, pay an upfront price to the special purpose entity.[392] The special purpose entity then passes the funds back to the utility.[393] The utility then continues to perform its routine billing and collecting from customers.[394] The utility then remits the funds to the special purpose entity, which holds the funds until it periodically distributes them to investors.[395]

Kentucky Power indicated it will create a special purpose entity, BondCo, that will be a Delaware limited liability company (LLC), and it will be a wholly owned subsidiary of Kentucky Power.[396] The LLC agreement will contain provisions to make the special purpose entity bankruptcy remote.[397] Pursuant to a purchase and sale agreement, Kentucky Power will sell, assign, transfer, and convey all right to the securitized property to the special purpose entity.[398] According to KRS 278.670(19), the securitized property will also include the right to impose, bill, charge, and collect a securitized surcharge.[399] The securitized surcharge is nonbypassable and imposed on all current and future retail customer bills.[400] The securitized surcharge will provide for an amount to pay the

[391] Neihaus Direct Testimony at 13.

[392] Neihaus Direct Testimony at 13.

[393] Neihaus Direct Testimony at 13.

[394] Neihaus Direct Testimony at 14.

[395] Neihaus Direct Testimony at 14.

[396] Neihaus Direct Testimony at 16.

[397] Neihaus Direct Testimony at 16.

[398] Neihaus Direct Testimony at 17.

[399] Neihaus Direct Testimony at 18.

[400] Neihaus Direct Testimony at 19.

principal, interest, and upfront and ongoing financing costs of the securitized bonds.[401] There will also be a process to adjust the amount of securitized surcharge (True-Up Mechanism) to ensure the amounts collected by the securitized surcharge are sufficient to pay the bond obligations.[402]

Kentucky Power proposed to sell as securitized bonds approximately $471.2 million in deferred costs from previously approved regulatory assets.[403] Kentucky Power requested approval to issue securitized bonds for multiple extraordinary storm costs. The storm expense regulatory assets were incurred in 2020,[404] 2021,[405] 2022,[406] and 2023.[407] The total amount requested for extraordinary storm regulatory assets is approximately $79 million.

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[401] Neihaus Direct Testimony at 19.

[402] Neihaus Direct Testimony at 19.

[403] Application at 17.

[404] Case No. 2020-0000368, *Electronic Application of Kentucky Power Company for an Order Approving Accounting Practices to Establish a Regulatory Asset Related to the Extraordinary Expenses Incurred by Kentucky Power Company in Connection with Three 2020 Major Storm Events* (Ky. PSC Feb. 5, 2021) and Case No. 2021-00135, *Electronic Application of Kentucky Power Company for an Order Approving Accounting Practices to Establish a Regulatory Asset Related to the Extraordinary Expenses Incurred by Kentucky Power Company in Connection with the December 24-25, 2020 Snow Storm* (Ky. PSC Apr. 5, 2021).

[405] Case No. 2021-00129, *Electronic Application and Request for Decision by April 5, 2021, of Kentucky Power Company for an Order Approving Accounting Practices to Establish a Regulatory Asset Related to the Extraordinary Expenses Incurred by Kentucky Power Company in Connection with Three February 2021 Major Storm Events* (Ky. PSC Apr. 5, 2021) and Case No. 2021-00402, *Electronic Application of Kentucky Power Company for an Order Approving Accounting Practices to Establish a Regulatory Asset Related to the Extraordinary Expense Incurred by Kentucky Power Company In Connection with the March 1, 2021 Major Storm Event* (Ky. PSC Mar. 18, 2021).

[406] Case No. 2022-00293, *Electronic Application of Kentucky Power Company for an Order Approving Accounting Practices to Establish a Regulatory Asset Related to the Extraordinary Expenses Incurred in Connection with June 2022 and July 2022 Major Storm Events* (Ky. PSC Sept. 28, 2022).

[407] Case No. 2023-00137, *Electronic Application of Kentucky Power Company for an Order Approving Accounting Practices to Establish a Regulatory Asset Related to the Extraordinary Expenses Incurred by Kentucky Power Company in Connection with the March 3, 2023, March 25, 2023, March 25, 2023, and April 1, 2023 Major Event Storms* (Ky. PSC June 5, 2023).

Additionally, Kentucky Power requested to securitize other deferred costs. Kentucky Power's Big Sandy Unit 2 was retired in May 2015,[408] and Kentucky Power was permitted to recover the costs of decommissioning Big Sandy Unit 1 through the Decommissioning Rider over a 25-year period on a levelized basis including carrying costs at the approved WACC.[409] The estimated balance of the Decommissioning Rider is $289,193,517 and is more than 50 percent of the deferred costs requested to be securitized.[410]

Kentucky Power also requested to securitize the Rockport Deferral Regulatory Asset that was estimated at $52,253,087 at the time of the Application.[411] Kentucky Power was granted a regulatory asset for the $50 million in non-fuel, non-environmental Rockport UPA expenses that were deferred as part of a settlement in Case. No. 2017-00179.[412] The Rockport Deferral Regulatory Asset and carrying charges would be recovered on a WACC of 9.11 percent until the regulatory asset is recovered.[413]

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[408] Direct Testimony of Timothy Kerns (Kerns Direct Testimony) at 8.

[409] Case No. 2014-00396, *Application of Kentucky Power Company for: (1) a General Adjustment of Its Rates for Electric Service; (2) an Order Approving its 2014 Environmental Compliance Plan; (3) an Order Approving its Tariffs and Riders: and (4) an Order Granting all Other Required Approvals and Relief* (Ky. PSC Jun. 22, 2015).

[410] Application at 19.

[411] Application at 18–19.

[412] Case No. 2017-00179, *Electronic Application of Kentucky Power Company for (1) a General Adjustment of Its Rates for Electric Service; (2) an Order Approving Its 2017 Environmental Compliance Plan; (3) An Order Approving Its Tariffs and Riders; (4) an Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities; and (5) an Order Granting All Other Required Approvals and Relief* (Ky. PSC Jan. 18, 2018).

[413] Case No. 2017-00179, Jan. 18, 2018 Order, Appendix A at 5.

Subsequently, the Commission approved a five-year amortization period for the Rockport Deferral Regulatory Asset and that the WACC should be updated in later rate cases.[414]

Kentucky Power requested that Tariff P.P.A. Under-Recovery Regulatory Asset be securitized.[415] As of the date of the Application, the under-recovery has been approximately $50,453,564.[416] Kentucky Power stated Tariff P.P.A. Under-Recovery Regulatory Asset is entirely deferred costs that are not ongoing utility investments or operating costs.[417] The Commission notes that the Tariff P.P.A. under-recovery is regulatory asset resulting from accrual accounting for a rider with a true-up provision, not a regulatory asset explicitly approved by the Commission to defer expenses for future recovery. For the purposes of the securitization transaction, there is not a distinction between the kinds of regulatory assets, but the Commission finds that the Tariff P.P.A. under-recovery is a regulatory asset for purposes of securitization.

The value of the requested regulatory assets including the carrying costs at the approved WACC as of June 30, 2023, provided by Kentucky Power is as follows[418]:

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[414] Case No. 2022-00283, *Electronic Investigation of Kentucky Power Company Rockport Deferral Mechanism* (Ky. PSC Dec. 8, 2022).

[415] *See* Kentucky Power Tariff Sheet No. 35-1 through 35-3 for the formula to determine the amount of the under-recovery.

[416] Application at 18.

[417] West Direct Testimony at 26.

[418] Application at 18.

Line No.	Regulatory Asset Description	Case No.	FERC Subaccount(s)	Expected Balance as of June 30, 2023
1	**Decommissioning Rider Regulatory Asset**	Please Refer to Application Exhibit 4	1823376	**$ 289,193,517**
2			1823378	
3			1823379	
4			1823380	
5			1823517	
6			1823518	
7	January 2020 Wind Storm	2020-00368	1823620	$ 646,479
8	April 2020 Thunderstorm			$ 474,856
9	April 2020 Wind Storm			$ 9,843,199
10	December 2020 Snow Storm	2021-00135		$ 1,043,892
11	2020 Storm Incremental O&M			$ 12,008,426
12	Less: Amount in Base Rates			$ (1,498,582)
13	**2020 Storm Expense Deferral Regulatory Asset**			**$ 10,509,844**
14	February 2021 Ice and Snow Storms	2021-00129	1823623	$ 46,199,297
15	February 2021 Major Flood	2021-00402		$ 826,495
16	2021 Storm Incremental O&M			$ 47,025,792
17	Less: Amount in Base Rates			$ (1,029,789)
18	**2021 Storm Expense Deferral Regulatory Asset**			**$ 45,996,003**
19	June 2022 Thunderstorm and Wind Storm	2022-00293	1823698	$ 3,401,582
20	July 2022 Historic Flood			$ 11,449,177
21	2022 Storm Incremental O&M			$ 14,850,759
22	Less: Amount in Base Rates			$ (1,012,476)
23	**2022 Storm Expense Deferral Regulatory Asset**			**$ 13,838,283**
24	March 2023 Wind Storm (March 3, 2023)	2023-00137	1823722	$ 3,295,455
25	March 2023 Wind Storm (March 25, 2023)			$ 1,028,326
26	April 2023 Wind Storm			$ 5,643,197
27	2023 Storm Incremental O&M - Estimate			$ 9,966,978
28	Less: Amount in Base Rates			$ (1,012,476)
29	**2023 Storm Expense Deferral Regulatory Asset - Estimate**			**$ 8,954,502**
30	**Rockport Deferral Regulatory Asset**	2017-00179 2020-00174 2022-00283	1823430 1823431	**$ 52,253,087**
31	**Tariff P.P.A. Under-Recovery Regulatory Asset (Under-Recovered Since January 2020)**	2017-00179 2020-00174 2022-00416	1823557	**$ 50,453,564**
32	**Total Regulatory Assets Requested for Securitization**			**$ 471,198,800**

Kentucky Power stated that it will suspend the Decommissioning Rider and the Rockport Deferral when new base rates are approved, if securitization is also approved.[419] The Commission approved the proposed securitization, with some modifications, in the January 10, 2024 Financing Order in this case.

The Commission's Financing Order provides a detailed analysis and the specific parameters necessary for Kentucky Power to successfully securitize the regulatory assets. However, the Commission believes that a general discussion, in light of the fact that securitization does impact rates, would be helpful to the public and create an additional level of transparency. The Commission is approving securitization in the full amount requested by Kentucky Power. Based on the application, Kentucky Power intended to suspend collection of the Decommissioning Rider and the Rockport Deferral, if the Commission approved securitization, and as discussed above, Kentucky Power's retail rates approved herein will reflect the suspension of those regulatory assets.[420] As a result, a customer's bill will decrease temporarily. However, if and when the sale of the bonds is completed, a customer would then see a new surcharge on their bill.

An approved surcharge will appear on a customer's bill in accordance with the Tariff approved in the Financing Order upon completion of the sale of the bonds. At this time, neither Kentucky Power nor the Commission can put a monetary amount on the surcharge; however, the Commission reiterates that the securitization of these regulatory assets results in a net present value savings for the customer. The Financing Order contains each statutory requirement contained within the Act, including a true-up mechanism to ensure that the surcharge allows for appropriate recovery for the ongoing expenses.

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[419] Wiseman Direct Testimony at 19.

[420] Wiseman Direct Testimony at 19. If for some reason the bond sale did not go through, Kentucky Power would resume collection of those two riders.

Insofar as wholesale customers are currently allocated and are paying for any of the regulatory assets proposed to be securitized, such as Decommissioning Rider Regulatory Asset, and to the extent the rates paid by wholesale customers at the time of securitization include amortization expense related to the regulatory assets to be securitized, Kentucky Power should defer as a regulatory liability any revenues actually received from wholesale customers related to that amortization expense after the date of issuance of the securitized bonds. This regulatory liability will be reviewed in a subsequent rate proceeding. This will ensure Kentucky Power is not paid twice for any portion of a regulatory asset and ensure retail customers get the benefit of wholesale customers' contribution to the regulatory assets, as retail customers will be paying the entirety of securitized surcharges.

IT IS THEREFORE ORDERED that:

1. The rates and charges proposed by Kentucky Power are denied.

2. The rates and charges as set forth in Appendix C to this Order are approved as fair, just and reasonable for Kentucky Power, and these rates and charges are approved for service rendered on and after January 16, 2024.

3. Kentucky Power's motion to approve the Settlement is denied.

4. Kentucky Power's request to create the Distribution Reliability Rider is denied.

5. Except for the tariffs that have been modified or denied, Kentucky Power's proposed settlement tariffs are approved as filed.

6. Kentucky Power's proposal to extend the bill due date from 15 days after issuance of the bill to 21 days after issuance of the bill is approved.

7. Kentucky Power's proposal to remove reference to the delayed payment charge from the non-residential rate schedules and include the charge in the terms and conditions section of the tariff is denied. If Kentucky Power chooses to remove the delayed payment charge amount from the non-residential rate schedules, it must still include a reference to the section of the tariff containing the amount of the charge.

8. Kentucky Power's proposal to break out the demand charge on commercial and industrial customer bills is approved.

9. Kentucky Power shall remove the Decommissioning Rider and Securitization Financing Rider from the customer bill formats included with the compliance tariff. If securitized bonds are issued, Kentucky Power shall file updated bill formats that include the Securitization Financing Rider. If securitized bonds are not issued, Kentucky Power shall file updated sample bill formats that include the Decommissioning Rider once it is reinstated.

10. Kentucky Power's proposal to add language to the Street Lighting and Outdoor Lighting tariffs stating that requested lighting locations must be reasonably accessible by Kentucky Power's trucks is approved.

11. Kentucky Power's proposal to close Tariff NUG to new customers and to eliminate the commissioning and startup power provisions is approved.

12. Kentucky Power's proposal to rename the Franchise Tariff to City's Franchise Tariff is approved.

13. Kentucky Power's proposal to increase the Tariff R.E.A. rate to $0.40 and to change the company match from a one-to-one match to a two-to-one match is approved.

14. Kentucky Power's proposal to continue the K-PEGG Program and maintain Tariff K.E.D.S. is approved.

15. Kentucky Power's proposal to remove the Eastern Kentucky Fuel Relief Fund Tariff is approved.

16. Kentucky Power's proposal to establish the Optional Rate R.S. Seasonal Provision Tariff is denied.

17. Kentucky Power's proposal to update the avoided capacity cost rates in its Cogeneration and Small Power Production Tariffs to reflect the known net CONE through the 2025/2026 delivery year is approved.

18. Kentucky Power's proposal to recover the costs of Commission approved financial power hedging program related contract settlements and related contract costs is denied as moot as the proposed Hedging Program was denied.

19. Kentucky Power's proposed changes to Tariff FAC to include hedging are denied as moot as the proposed Hedging Program was denied.

20. Kentucky Power's proposed changes to Tariff P.P.A. to remove PJM LSE OATT expenses are granted.

21. Kentucky Power's proposed DRR is denied.

22. Kentucky Power's proposed Solar Garden Program is denied.

23. Kentucky Power's proposal to change the name of the Tariff F.T.C. to Federal Tax Change Tariff is denied.

24. Kentucky Power's proposed changes to Tariff F.T.C. to reflect the current amortization amounts are approved.

25. Kentucky Power's proposed changes to Tariff F.T.C. to flow through the CAMT are denied.

26. Kentucky Power's proposal to flow the ADIT benefit related to the non-decommissioning rider regulatory assets approved for securitization back to customers through Tariff F.T.C. is approved.

27. Kentucky Power's proposed changes to its Tariff E.S., monthly reporting forms, and the ECP to reflect the expiration of the Rockport UPA and general updates are approved, with adjustments as discussed in this Order.

28. Kentucky Power's proposal to update the subscription rates for Rider R.P.O. is approved.

29. Kentucky Power shall add language to the Decommissioning Rider Tariff stating that collection is temporarily suspended pending the securitization of the regulatory asset and that if Kentucky Power is unable to issue securitization bonds, the Decommissioning Rider will be reinstated.

30. Kentucky Power shall add a provision to Tariff E.D.R. requiring appropriate security from the customer to cover the estimated Economic Development Rate discounts should the customer terminate the contract before the end of its term.

31. Kentucky Power's proposed language to limit when residential customers are disconnected for non-payment is approved.

32. Kentucky Power shall, if it determines that Commission approval of the service reconnection standards that would enable residential customers to be reconnected based on to-be-determined partial payment and repayment plan terms is not required, notify the Commission of the plan terms through a post-case filing in this proceeding.

33. Within 20 days of the date of this Order, Kentucky Power shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets

setting forth the rates, charges, and modifications approved or as required herein and reflecting their effective date and that they were authorized by this Order.

34. Within 60 days of the date of service of this Order, Kentucky Power shall refund to each customer all amounts collected from that customer in excess of the rates approved in this Order for service rendered on or after January 16, 2024, through the date of entry of this Order.

35. Kentucky Power shall file its request for a PLR, including any narrative or information provided to the IRS, 30 days before it is submitted to the IRS.

36. Kentucky Power shall notify the Commission of the ruling and its effect on the NOLC ADIT within 15 days of receiving the PLR in a post-case filing referencing this case number.

37. This case remains open for further related proceedings.

PUBLIC SERVICE COMMISSION

____
Chairman

____
Vice Chairman

____
Commissioner

ENTERED
JAN 19 2024 rcs
KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST:

____
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00159 DATED JAN 19 2024

ONE HUNDRED NINETY-SIX PAGES TO FOLLOW

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Application Of Kentucky Power Company For (1) A General Adjustment Of Its Rates For Electric Service; (2) Approval Of Tariffs And Riders; (3) Approval Of Accounting Practices To Establish Regulatory Assets And Liabilities; (4) A Securitization Financing Order; And (5) All Other Required Approvals And Relief	)	Case No. 2023-00159

Notice of Filing

Kentucky Power Company hereby files with the Public Service Commission of Kentucky a corrected Settlement Agreement, which corrects a typographical error on the signature pages of the document. No substantive changes have been made to the agreement, and the agreement remains the same in all other regards as the Settlement Agreement attached to the Settlement Testimony of Brian K. West, filed herein on November 20, 2023.

Respectfully submitted,

Katie M. Glass
STITES & HARBISON PLLC
421 West Main Street
P. O. Box 634
Frankfort, Kentucky 40602-0634
Telephone: (502) 223-3477
Fax: (502) 560-5377
kglass@stites.com

Kenneth J. Gish, Jr.
STITES & HARBISON PLLC
250 West Main Street, Suite 2300
Lexington, Kentucky 40507-1758
Telephone: (859) 226-2300
Fax: (859) 253-9144
kgish@stites.com
COUNSEL FOR KENTUCKY POWER COMPANY

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Application Of Kentucky Power Company For (1) A General Adjustment Of Its Rates For Electric Service; (2) Approval Of Tariffs And Riders; (3) Approval Of Accounting Practices To Establish Regulatory Assets And Liabilities; (4) A Securitization Financing Order; And (5) All Other Required Approvals And Relief	)	Case No. 2023-00159

SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into this 17th day of November, 2023, by and among Kentucky Power Company ("Kentucky Power" or "Company"); Kentucky Industrial Utility Customers, Inc. ("KIUC"); Walmart Inc. ("Walmart"); and Mountain Association, Appalachian Citizens Law Center, Kentuckians for the Commonwealth, and Kentucky Solar Energy Society (collectively, "Joint Intervenors"). Kentucky Power, KIUC, Walmart, and Joint Intervenors are collectively referred to herein as the "Signatory Parties."

RECITALS

1. On June 29, 2023, Kentucky Power filed an application pursuant to KRS 278.180, KRS 278.190, KRS 278.220, KRS 278,670, *et seq*., KRS 65.114, and the rules and regulations of the Public Service Commission of Kentucky ("Commission"), seeking an annual increase in retail electric rates and charges totaling $93,935,727, approval and issuance of a securitization financing order, approval of accounting practices to establish regulatory assets or liabilities, and authority to implement or amend certain tariffs and riders.

2. On July 10, 2023, Kentucky Power tendered documents to cure certain filing deficiencies identified by the Commission. By Order entered July 20, 2023, the Commission found that

Kentucky Power cured the filing deficiencies and deemed the Company's June 29, 2023 Application filed as of July 14, 2023. The Company's June 29, 2023 application, as supplemented on July 10, 2023, and deemed filed as of July 14, 2023, is hereinafter referred to as the "Application."

3. KIUC, Walmart, Joint Intervenors, the Attorney General of the Commonwealth of Kentucky ("Attorney General"), and SWVA Kentucky, LLC ("SWVA") filed motions for full intervention in Case No. 2023-00159. The Commission granted the intervention motions. The Attorney General and KIUC proceeded jointly throughout the pendency of this proceeding and are referred to herein collectively as "AG-KIUC."

4. The Attorney General and SWVA are not Signatory Parties to, but do not oppose, this Settlement Agreement and will not cross-examine any witnesses during the evidentiary hearing in this case.

5. The Signatory Parties, the Attorney General, and SWVA collectively are referred to in this Settlement Agreement as the "Parties."

6. Certain of the Parties filed written testimony in this proceeding, raising issues regarding the Company's Application.

7. The Parties have had a full opportunity for and have engaged in substantial discovery, including the filing of written data requests and responses.

8. Kentucky Power offered the Parties, along with Commission Staff, the opportunity to meet and review the issues presented by Kentucky Power's Application and for the purposes of settlement.

9. The Signatory Parties, representing diverse interests and viewpoints, have reached a complete settlement of all issues raised in this proceeding and have executed this Settlement Agreement for purposes of documenting and submitting their agreement to the Commission for approval. The Signatory Parties agree that this Settlement Agreement provides for fair, just, and reasonable rates. It is the intent and purpose of the Signatory Parties to express their agreement on a mutually satisfactory resolution of all issues in this proceeding.

10. The Signatory Parties understand that this Settlement Agreement is not binding upon the Commission but believe it is entitled to careful consideration by the Commission. The Signatory Parties agree that this Settlement Agreement, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

11. The Signatory Parties request that the Commission issue an Order approving this Settlement Agreement in its entirety pursuant to KRS 278.180, KRS 278.190, KRS 278.220, KRS 278,670, *et seq*., and KRS 65.114, including the rate increase, rate structure, and tariffs as described herein. This request is based upon the belief that the Parties' participation in settlement negotiations and the materials on file with the Commission adequately support this Settlement Agreement. Adoption of this Settlement Agreement in its entirety will lessen the need for the Commission and the Parties to expend significant resources in litigation of this proceeding and will eliminate the possibility of, and any need for, rehearing or appeals of the Commission's final Order herein.

NOW, THEREFORE, for and in consideration of the mutual promises, agreements, and covenants set forth herein, the Signatory Parties hereby agree as follows:

AGREEMENT

1. Kentucky Power's Application. Except as modified in this Settlement Agreement, Kentucky Power's Application is approved as filed.

2. Revenue Increase.

A. Effective for service rendered on and after January 15, 2024, Kentucky Power shall implement a base rate adjustment sufficient to generate additional annual retail revenues of $74,666,028. The annual retail revenue amount represents a $19,269,699 reduction from the $93,935,727 sought in the Company's Application. The $74,666,028 retail revenue amount represents an overall increase of 10.76% on test year retail revenue. A residential customer with average monthly usage of 1,500 kWh would see a 10.6% increase over current billed amounts as a result of the implementation of rates designed based on this revenue requirement. Combined with the implementation of the Company's proposals related to the Decommissioning Rider and Tariff P.P.A. following Commission approval of the Settlement Agreement, however, and conditioned upon the securitized bonds being issued,[1] a residential customer with 1,500 kWh of monthly usage will experience an early 2024 bill increase of 3.2% over current billed amounts.[2] **EXHIBIT 1** provides a detailed summary of the adjustments to the Company's proposed overall revenue requirement as agreed to in this Settlement Agreement. The significant concessions and adjustments are described below. **EXHIBIT 2** provides estimated typical bill impacts under the terms of this Settlement Agreement, including estimated typical bill impacts after implementation of the Company's proposals related to the Decommissioning Rider and Tariff P.P.A.

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[1] *See* Direct Testimony of Cynthia G. Wiseman at 19.

[2] This anticipated bill increase is exclusive of the increase that will occur as a result of the securitization surcharge proposed to be recovered through the Securitization Financing Rider.

B. Kentucky Power agrees to allocate the $74,666,028 in additional annual revenue as illustrated in **EXHIBIT 3**. This allocation incorporates the AG-KIUC recommendation, except that the Residential Class allocation will be reduced by $500,000 with a corresponding increase to Rate I.G.S.

C. Return on Equity; Cost of Capital. The Signatory Parties agree to the following with regard to the Company's return on equity ("ROE") and cost of capital:

i. Kentucky Power shall be authorized a 9.75% ROE for base rates.

ii. A 9.65% ROE will be applicable to the equity component of the Company's riders to which a weighted average cost of capital ("WACC") is applied.

iii. Kentucky Power will allocate the Mitchell Coal Stock Adjustment proportionally across its proposed capital structure rather than allocating that adjustment solely to short-term debt. The updated calculation of the Company's cost of capital is shown in **EXHIBIT 4**.

D. Rate Base. The Signatory Parties agree to the following adjustments to rate base amounts identified in the Application:

i. The Signatory Parties agree to the following regarding the Company's net operating loss carryforward ("NOLC"):

a. A return on the stand-alone NOLC[3] will be excluded from the base rate revenue requirement in this proceeding. Instead, that amount will be deferred to a regulatory asset ("NOLC Regulatory Asset") until base rates including the stand-alone NOLC are effective following a future base rate case. The Company will contemporaneously establish an NOLC Regulatory Liability that offsets the NOLC Regulatory Asset. Kentucky Power will not accrue a

[3] The NOL deferred tax asset ("DTA"), measured at the current corporate income tax rate.

carrying charge on the NOLC Regulatory Asset or the NOLC Regulatory Liability. The Company will separately track within its accounting records the return on the reduction to excess protected taxes, or deficient taxes, due to the establishment of the stand-alone NOL DTA, along with the annual impact to the cost of service (collectively, the "NOLC Deficient Taxes").

b. Recovery of the NOLC Regulatory Asset and NOLC Deficient Taxes is contingent upon the Company's receipt of a private letter ruling ("PLR") from the Internal Revenue Service ("IRS") verifying the Company's position that it is a normalization violation to exclude the NOLC and NOLC Deficient Taxes from the calculation of the Company's revenue requirement. Following receipt of a PLR verifying the Company's position, the Company shall reverse the NOLC Regulatory Liability and be entitled to both (i) recover the NOLC Regulatory Asset and the NOLC Deficient Taxes over a three-year period through base rates established in the first base rate case filed following receipt of the PLR, and (ii) adjust the excess deferred income tax regulatory liability to reflect the deficient deferred income taxes related to the stand-alone NOLC. If the Company receives a PLR that states that inclusion of the NOLC is not necessary to comply with the normalization requirements, the Company shall reverse the NOLC Regulatory Asset and NOLC Regulatory Liability.

c. The Company will not object to Commission Staff collaborating with the Parties to provide a position to the IRS regarding the Company's NOLC PLR request.

ii. The Signatory Parties agree that all of the rate base adjustments proposed by AG-KIUC Witness Kollen, except for those related to the treatment of prepaid pension and other post-employment benefit ("OPEB") assets and the treatment of accumulated deferred income taxes ("ADIT") on certain regulatory assets proposed for securitization as detailed in paragraphs 2.D.ii.a and 2.D.ii.b below should be accepted. The impact of these adjustments is a reduction to the Company's revenue requirement of $11.879 million.

a. The Signatory Parties agree with AG-KIUC Witness Kollen's recommendation to exclude from rate base all pension and OPEB assets and liabilities, net of related ADIT, subject to the exclusion from the Company's base rates of the current annual level of cost savings related to pension and OPEB originally included in the Company's cost of service.[4] The impact of this adjustment is a net increase to the Company's revenue requirement of $0.363 million.

b. Subject to Commission approval of the Company's application for a financing order authorizing the Company to securitize the Rockport Deferral Regulatory Asset, Tariff P.P.A. Under-Recovery Regulatory Asset, and Storm Expense Deferral Regulatory Assets identified in the Company's Application (collectively, the "Non-Decommissioning Rider Regulatory Assets"), and subject to the Company's issuance of securitized bonds that include the Non-Decommissioning Rider Regulatory Assets, Kentucky Power will flow the ADIT benefit related to the Non-Decommissioning Rider Regulatory Assets approved for securitization back to customers through Tariff F.T.C. at its Commission-approved WACC, with an annual true-up to address over/(under) recovery. The first year additional F.T.C. credit from this adjustment is estimated to be approximately $3.1 million. The amount of costs to be securitized requested in the Company's Application and summarized in the Direct Testimony of Company Witnesses Messner (Figure FDM-2, page 9) and Walsh (page 19) will be increased to remove the present

[4] *See* Order at 11-12, *In The Matter Of: Electronic Application Of Kentucky Power Company For (1) A General Adjustment Of Its Rates For Electric Service; (2) Approval Of Tariffs And Riders; (3) Approval Of Accounting Practices To Establish Regulatory Assets And Liabilities; (4) Approval Of A Certificate Of Public Convenience And Necessity; And (5) All Other Required Approvals And Relief,* Case No. 2020-00174 (Ky. P.S.C. January 13, 2021).

value of the return on ADIT related to the Rockport Deferral Regulatory Asset. Going forward, Kentucky Power will not include the Non-Decommissioning Rider Regulatory Asset ADIT amounts in rate base, because the ADIT benefit will be provided to customers through Tariff F.T.C.

iii. Kentucky Power shall normalize Corporate Alternative Minimum Tax ("CAMT") and include the accrued CAMT deferred tax asset in rate base. Kentucky Power will not flow-through CAMT through Tariff F.T.C. The impact of this adjustment is an increase to the Company's revenue requirement of $.064 million.

E. Operating Expenses. The Signatory Parties agree to the following adjustments to the operating expense amounts identified in the Application:

i. Kentucky Power shall update payroll expense as set forth in the Company's September 29, 2023 supplemental response to AG-KIUC 1-31. The impact of this adjustment is a reduction to the Company's revenue requirement of $0.285 million.

ii. Kentucky Power will adopt AG-KIUC Witness Kollen's operating expense adjustments related to incentive compensation, SERP expense, and 401(k) matching expense for employees who also participate in the pension plan, as well as AG-KIUC Witness Kollen's adjustment to exclude amortization of NOL ADIT, subject to the paragraph 2.D.i above. The impact of these adjustments is a reduction to the Company's revenue requirement of $6.585 million.

iii. Kentucky Power will adopt 50 percent of AG-KIUC Witness Kollen's adjustment to reduce the amount of property tax expense in base rates. The impact of this adjustment is a reduction to the Company's revenue requirement of $1.114 million.

iv. Kentucky Power will adjust factoring expense related to the sale of accounts receivable in base rates to reflect the mid-point of AG-KIUC Witness Kollen's and Company Witness Whitney's calculations. The impact of this adjustment is an increase to the Company's revenue requirement of $3.073 million.

v. Kentucky Power will adjust the tax expense for interest synchronization adjustment, discussed in the Direct Testimony of Company Witness Schlessman, from $1.84 million to $2.45 million due to proposed changes in rate base. The impact of this adjustment is an increase to the Company's revenue requirement of $0.609 million.

vi. Kentucky Power will forgo recovery of the approximately $11.52 million in test year Winter Storm Elliott peaking unit equivalent ("PUE") expense and the approximately $4.02 million in non-FAC eligible PUE expense incurred between March 31, 2020 and March 31, 2023.

3. Securitization.

A. The Signatory Parties agree that the Commission should approve the Company's request for a financing order to securitize the regulatory assets identified in the Company's Application, and that the regulatory assets requested for securitization are comprised of prudently incurred costs. Ratemaking treatment of certain tax benefits related to Non-Decommissioning Rider Regulatory Assets is described in paragraph 2.D.ii.b above.

B. The Signatory Parties agree that the securitization financing order should clarify that the deferred income taxes that are not recoverable in future rates (referred to in KRS 278.676(1)(o)) relate only to deferred income taxes that are known and estimable now, and that the Financing Order does not preclude the reflection in future retail rates of future changes in the corporate income tax rate.

4. Distribution Reliability Rider ("DRR"). The Signatory Parties agree to the following regarding the DRR proposed by the Company in the Application:

A. The Signatory Parties agree that the Commission should approve the Company's proposed DRR and DRR Work Plan for an initial 5-year term that coincides with the term of the Company's proposed DRR Work Plan. The Company may in a future proceeding seek Commission approval to continue the DRR beyond the initial 5-year term, but in the event the Company does not seek approval to extend the DRR beyond the initial 5-year term, it shall automatically sunset at the conclusion of the term. The Company will provide notice of filing any application to continue the DRR beyond its initial 5-year term to the Parties contemporaneously with that application's filing. Any Party's position in this case related to the DRR shall not bind that Party in any future proceeding related to continuation of the DRR beyond the initial 5-year term discussed herein.

B. Beginning in 2024, the Company will file its annual DRR Work Plan for review, and for approval if material modifications are proposed, by the Commission by September 1 of the year preceding the start of the proposed DRR Work Plan. The September 1 filing also will include a progress update on current-year DRR projects. The Company will make its annual DRR filing to update the rate by February 15 of each year for rates effective for the first billing cycle for April, as proposed in the Direct Testimony of Michael M. Spaeth. The Company will also provide in the February 15 filing a summary of DRR projects completed in the previous year (beginning with the February 15, 2025 filing) and a progress update on current-year projects.

C. Annual DRR rate increases will be capped at 1% of the prior year's total retail revenue.

D. The Company will have the ability to rollover unused annual DRR revenue requirement amounts year-to-year.

E. To ensure that expenditures recovered through the DRR are incremental to the Company's existing distribution expenditures recoverable through base rates, a DRR baseline will be established annually based on 5-year average historical distribution base rate spending and adjusted for inflation by the Handy-Whitman Distribution Plant Index.

5. Solar Garden Program. The Signatory Parties agree to the following adjustments to the Solar Garden Program proposed by the Company in the Application:

A. The Company will add battery storage to the Solar Garden Program, if the combined solar plus storage project passes the economic test set forth in Company Witness Vaughan's Direct Testimony.

B. The Company will consider the locational benefits for the distribution grid when selecting locations for Solar Garden Program facilities and will provide a report to the Commission defining those benefits for each Solar Garden Project.

C. The Company will evaluate and may in the future propose to expand the Solar Garden Program beyond the initial 25 MW aggregate limit if it is successful in securing the initial 25 MW.

6. Assistance for Vulnerable Residential Customers. The Signatory Parties agree to the following measures to provide assistance to the Company's vulnerable residential customers:

A. Kentucky Power agrees to double the shareholder contribution funding Tariff R.E.A. to $0.80 per meter, or in other words, a two-for-one match of the $0.40 per meter monthly residential customer Tariff R.E.A. surcharge proposed in the Company's Application.

B. When temperatures are forecast to be 32 degrees or below or 95 degrees or higher, Kentucky Power will not disconnect service to residential customers for the next 24 hours.

C. Kentucky Power will limit residential disconnections to 8 a.m. through 5 p.m. Monday through Thursday and 8 a.m. through noon on Friday.

D. Kentucky Power will collaborate with Joint Intervenors to develop service reconnection standards that enable residential customers to be reconnected based on to-be-determined partial payment and repayment plan terms. To the extent the Company determines that Commission approval of the to-be-determined and agreed-upon standards is required, the Company will make a filing seeking Commission approval of the standards by no later than June 1, 2024.

E. Subject to Commission pre-approval that the costs of the study are recoverable in rates, Kentucky Power will contract for a comprehensive study to assess whether low-income discount rates for electric residential customers are appropriate, and for the potential design and implementation of any such rates. The design and scope of the study will be developed in consultation with Joint Intervenors and other low-income representatives. At a minimum, the study shall assess:

i. customer eligibility requirements, including income-based eligibility and eligibility based on participation in or eligibility for certain public assistance programs;

ii. appropriate rate structures, including consideration of tiered discounts for different income levels;

iii. appropriate recovery mechanisms, including the consideration of volumetric charges and customer charges;

iv. appropriate verification mechanisms;

v. measures to ensure customer confidentiality and data safeguards;

vi. outreach and consumer education procedures; and

vii. the impact that a low-income discount rate would have on the affordability of delivery service to low-income customers and customers overall.

7. Customer Education and Communication. The Signatory Parties agree to the following measures relating to customer education and communication:

A. Kentucky Power will make links to information about the USDA REAP program available to customers on its website.

B. Kentucky Power will collaborate with Joint Intervenors to develop customer education and communication materials that clearly and transparently explain:

i. The Company's distributed energy resource interconnection requirements, including materials that explain potential service upgrades required for interconnection.

ii. That customers taking service under Tariffs G.S. and L.G.S. have the ability to obtain continuous interval demand readings subject to the installation of certain metering equipment and an energy management system, at the customer's expense, which would provide customers with interval demand information at no additional charge.

iii. How customers taking service under Tariffs G.S. and L.G.S. can request and obtain historical interval demand readings.

C. Kentucky Power will collaborate with Joint Intervenors to evaluate proposals for bill format changes designed to increase bill and charge transparency, including separating out demand charges, subject to billing system character or other limitations.

8. Government Funding for Customer Programs. Kentucky Power will collaborate with Joint Intervenors to pursue government funding for customer programs that Joint Intervenors and Kentucky Power mutually agree would be beneficial, and Joint Intervenors will support Kentucky Power in its efforts.

9. DSM/EE Programs. The Signatory Parties agree to the following measures relating to demand side management and energy efficiency ("DSM/EE") programs:

A. Kentucky Power will continue to work collaboratively and meet with interested Parties for input on developing a cost-effective portfolio of proposed DSM/EE programs, including programs designed for commercial and low-income residential customers. The Company will file a proposal to establish a new portfolio of DSM/EE programs (the "DSM Filing") by May 1, 2024. Distributed solar and customer-sited battery storage, including a Bring Your Own Battery program, will be included for evaluation among the programs considered for the Company's next DSM Filing.

B. Kentucky Power will ensure that at least 21% of the funding for DSM/EE programs proposed in its next DSM Filing is allocated to assist low-income customers, including those who are receiving or may be eligible for LIHEAP assistance. To qualify, a low-income customer's household income cannot exceed the designated poverty guidelines as administered by their local community action agency.

C. The Company will meet with interested Parties regarding DSM/EE programs and ideas annually following Commission approval of the Company's next DSM Filing.

D. Parties to this case that meet to discuss DSM/EE programs as outlined in paragraphs 9.A and 9.C will be invited to assist the Company in educating customers about the opportunities available in any approved programs.

10. Distributed Energy Resources. The Signatory Parties agree to the following measures relating to distributed energy resources:

A. The Company will collaborate with Joint Intervenors and other community partners on solar energy education, consumer protection, and workforce development programs.

B. Subject to Commission pre-approval that the costs of the market potential study are recoverable in rates, the Company will contract for a market potential study for customer-sited battery storage for use as a dispatchable demand response resource.

C. The Company will research battery-demand response program design options to identify the optimal program features to achieve the greatest benefits for customers and will include a Bring Your Own Battery program in the Company's next base rate case if such a program was not already included in the Company's next DSM Filing.

D. The Company will evaluate options for and will propose, if cost-effective, a program to deploy solar plus storage and other microgrid technologies for resilience at critical facilities and to support essential community services.

11. Renewable Energy RFP Process. In future requests for proposals ("RFPs") for renewable energy or storage resources, the Company will continue to use good faith efforts to ensure the conditions of the RFP do not create biases against distribution-connected resources, for example, by providing respondents with reasonable timeframes for submitting necessary applications after the release of the RFP.

12. Notice to Parties Regarding Collaborative Meetings. The Company will provide reasonable advance notice to the Parties of the scheduled collaborative meetings on vulnerable residential customer assistance, customer education and communication, DSM/EE plan

development, and scoping and design for the studies identified in this Settlement Agreement and discussed above.

13. Tariff Changes. The Signatory Parties agree that any language changes to tariff sheets as proposed in the Company's Application and as modified through the Company's responses to discovery and this Settlement Agreement should be approved. An annotated version of the Company's tariff sheets reflecting the changes from the clean tariff sheets filed with the Company's Application is attached as **EXHIBIT 5.**

14. Filing of Settlement Agreement; Request for Approval Within Suspension Period.

A. Following the execution of this Settlement Agreement, the Signatory Parties shall file this Settlement Agreement with the Commission along with a joint request to the Commission for consideration and approval of this Settlement Agreement so that Kentucky Power may begin billing under the approved adjusted rates as established by this Settlement Agreement for service rendered on and after January 15, 2024.

B. The Signatory Parties respectfully request prompt Commission approval of this Settlement Agreement without modification within the suspension period set forth in KRS 278.190(2).

15. Good Faith and Best Efforts to Seek Approval.

A. This Settlement Agreement is subject to approval by the Public Service Commission of Kentucky.

B. The Signatory Parties shall act in good faith and use their best efforts to recommend to the Commission that this Settlement Agreement be approved in its entirety and without modification and that the rates and charges set forth herein be implemented.

C. Kentucky Power and certain of the other Signatory Parties filed testimony in this case. Kentucky Power also filed testimony in support of the Settlement Agreement. For purposes of any hearing, the Signatory Parties agree to waive all cross-examination of the other Signatory Parties' witnesses except for purposes of supporting this Settlement Agreement unless the Commission disapproves this Settlement Agreement prior to the hearing in this case set to begin on November 28, 2023.

D. The Signatory Parties further agree to support the reasonableness and enforceability of this Settlement Agreement before the Commission, and to cause their counsel to do the same, including in connection with any appeal from the Commission's adoption or enforcement of this Settlement Agreement.

E. No party to this Settlement Agreement shall challenge any Order of the Commission approving the Settlement Agreement in its entirety and without modification.

16. Failure of Commission to Approve Settlement Agreement. If the Commission does not accept and approve this Settlement Agreement in its entirety and without modification, then any adversely affected Signatory Party may withdraw from the Settlement Agreement within the statutory periods provided for rehearing and appeal of the Commission's order by (1) giving written notice of withdrawal to all other Parties and (2) timely filing for rehearing or appeal. Upon the latter of (1) the expiration of the statutory periods provided for rehearing and appeal of the Commission's order and (2) the conclusion of all rehearings and appeals, all Signatory Parties that have not withdrawn will continue to be bound by the terms of the Settlement Agreement as modified by the Commission's order.

17. Continuing Commission Jurisdiction. This Settlement Agreement shall in no way be deemed to divest the Commission of jurisdiction under Chapter 278 of the Kentucky Revised Statutes.

18. Effect of Settlement Agreement. This Settlement Agreement shall inure to the benefit of, and be binding upon, the parties to this Settlement Agreement, their successors, and assigns.

19. Complete Agreement. This Settlement Agreement constitutes the complete agreement and understanding among the parties to this Settlement Agreement. Any and all oral statements, representations, or agreements made prior hereto or contained contemporaneously herewith shall be null and void and shall be deemed to have been merged into this Settlement Agreement.

20. Independent Analysis. The terms of this Settlement Agreement are based upon the independent analysis of the parties to this Settlement Agreement, are the product of compromise and negotiation, and reflect a fair, just, and reasonable resolution of the issues herein. Notwithstanding anything contained in this Settlement Agreement, the Signatory Parties recognize and agree that the effects, if any, of any future events upon the income of Kentucky Power are unknown and this Settlement Agreement shall be implemented as written.

21. Settlement Agreement and Negotiations Are Not an Admission.

A. The Settlement Agreement shall not be deemed to constitute an admission by any party to this Settlement Agreement that any computation, formula, allegation, assertion, or contention made by any other party in these proceedings is true or valid. Nothing in this Settlement Agreement shall be used or construed for any purpose to imply, suggest, or otherwise indicate that the results produced through the compromise reflected herein fully represents the objectives of the Signatory Parties or any individual Signatory Party.

B. Neither the terms of this Settlement Agreement nor any statements made or matters raised during the settlement negotiations shall be admissible in any proceeding, binding on any of the Signatory Parties, or construed against any of the Signatory Parties, **except that** in the event of litigation or proceedings involving the approval, implementation or enforcement of this Agreement, the terms of this Settlement Agreement shall be admissible. This Settlement Agreement shall not have any precedential value in this or any other jurisdiction.

22. Consultation with Counsel. The Signatory Parties warrant that they have informed, advised, and consulted with their respective counsel with regard to the contents and significance of this Settlement Agreement and are relying upon such advice in entering into this agreement.

23. Authority to Bind. Each of the individuals signing this Settlement Agreement on behalf of a Party hereby warrant they are authorized to sign this agreement upon behalf of, and bind, their respective parties.

24. Construction of Agreement. This Settlement Agreement is a product of negotiation among all Signatory Parties, and no provision of this Settlement Agreement shall be construed in favor of or against any party hereto. This Settlement Agreement is submitted for purposes of this case only and is not to be deemed binding upon the parties hereto in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving Kentucky Power or any other utility, except when necessary to support the enforceability of the commitments made in this Settlement Agreement.

25. Counterparts. This Settlement Agreement may be executed in multiple counterparts.

26. Future Rate Proceedings. Nothing in this Settlement Agreement shall preclude, prevent, or prejudice any party to this Settlement Agreement from raising any argument or issue, or challenging any adjustment, in any future rate proceeding of Kentucky Power.

IN WITNESS WHEREOF, this Settlement Agreement has been agreed to by and between the following Signatory Parties as of this 17th day of November ~~2017.~~ 2023 KMG

KENTUCKY POWER COMPANY

By: Katie Glass

Its: Counsel

KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

By: ______________________

Its: ______________________

WALMART INC.

By: ______________________

Its: ______________________

MOUNTAIN ASSOCIATION, APPALACHIAN CITIZENS LAW CENTER, KENTUCKIANS FOR THE COMMONWEALTH, AND KENTUCKY SOLAR ENERGY SOCIETY

By: ______________________

Its: ______________________

NON-OPPOSING:

ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY

By: ______________________

Its: ______________________

SWVA KENTUCKY, LLC

By: ______________________

Its: ______________________

IN WITNESS WHEREOF, this Settlement Agreement has been agreed to by and between the following Signatory Parties as of this 17th day of November ~~2017~~ 2023 MLK

KENTUCKY POWER COMPANY	KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
By:	By: Michael L. Kurtz 11/18/23
Its:	Its: Counsel

WALMART INC.	MOUNTAIN ASSOCIATION, APPALACHIAN CITIZENS LAW CENTER, KENTUCKIANS FOR THE COMMONWEALTH, AND KENTUCKY SOLAR ENERGY SOCIETY
By:	By:
Its:	Its:

NON-OPPOSING:

ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY	SWVA KENTUCKY, LLC
By:	By:
Its:	Its:

IN WITNESS WHEREOF, this Settlement Agreement has been agreed to by and between the following Signatory Parties as of this 17th day of November ~~2017~~ 2023. CHG

KENTUCKY POWER COMPANY

By: ______________________

Its: ______________________

KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

By: ______________________

Its: ______________________

WALMART INC.

By: C J A Grundmann

Its: Counsel

MOUNTAIN ASSOCIATION, APPALACHIAN CITIZENS LAW CENTER, KENTUCKIANS FOR THE COMMONWEALTH, AND KENTUCKY SOLAR ENERGY SOCIETY

By: ______________________

Its: ______________________

NON-OPPOSING:

ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY

By: ______________________

Its: ______________________

SWVA KENTUCKY, LLC

By: ______________________

Its: ______________________

IN WITNESS WHEREOF, this Settlement Agreement has been agreed to by and between the following Signatory Parties as of this 17th day of November ~~2017~~. 2023

KENTUCKY POWER COMPANY	KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
By:	By:
Its:	Its:
WALMART INC.	MOUNTAIN ASSOCIATION, APPALACHIAN CITIZENS LAW CENTER, KENTUCKIANS FOR THE COMMONWEALTH, AND KENTUCKY SOLAR ENERGY SOCIETY
By:	By:
Its:	Its: Counsel

NON-OPPOSING:

ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY	SWVA KENTUCKY, LLC
By:	By:
Its:	Its:

IN WITNESS WHEREOF, this Settlement Agreement has been agreed to by and between the following Signatory Parties as of this 17th day of November ~~2017~~. 2023

KENTUCKY POWER COMPANY

By:

Its:

KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

By:

Its:

WALMART INC.

By:

Its:

MOUNTAIN ASSOCIATION, APPALACHIAN CITIZENS LAW CENTER, KENTUCKIANS FOR THE COMMONWEALTH, AND KENTUCKY SOLAR ENERGY SOCIETY

By:

Its:

NON-OPPOSING:

ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY

By:

Its: Executive Director Office of Rate Intervention

SWVA KENTUCKY, LLC

By:

Its:

IN WITNESS WHEREOF, this Settlement Agreement has been agreed to by and between the following Signatory Parties as of this 17th day of November ~~20~~ 2023. KBW

KENTUCKY POWER COMPANY	KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
By: ______________	By: ______________
Its: ______________	Its: ______________
WALMART INC.	MOUNTAIN ASSOCIATION, APPALACHIAN CITIZENS LAW CENTER, KENTUCKIANS FOR THE COMMONWEALTH, AND KENTUCKY SOLAR ENERGY SOCIETY
By: ______________	By: ______________
Its: ______________	Its: ______________

NON-OPPOSING:

ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY	SWVA KENTUCKY, LLC
By: ______________	By: [signature]
Its: ______________	Its: Local Counsel

Line		KPCo As-Filed	Joint Intervenors[1]	AG-KIUC	Settlement
1	**Company's Filed Position**	**93.936**			
2	Rate Base				
3	Adjust NOL ADIT			(3.464)	(3.464)
4	Adjust Deficient NOL ADIT			(0.860)	(0.860)
5	Subtract Regulatory Asset ADIT to be Securitized			(3.132)	-
6	Update Cash Working Capital to Reflect Sale of Receivables			(6.728)	(6.728)
7	Remove Prepaid Pension and Prepaid OPEB from Rate Base, Net of ADIT			(3.429)	(2.709)
8	Remove Accounts Payables Balances from CWIP in Rate Base			(0.822)	(0.822)
9	Remove Accounts Payable Balances from Prepayments in Rate Base			(0.006)	(0.006)
10	Normalize CAMT and Include DTA in Rate Base				0.064
11	Operating Expenses				
12	Correction of Error in Payroll Expense Identified by the Company			(0.285)	(0.285)
13	Exclude Incentive Compensation Expense Tied to Financial Performance			(4.358)	(4.358)
14	Exclude SERP Expense			(0.147)	(0.147)
15	Exclude 401(k) Matching Expense for Employees Who Also Participate in Pension Plan			(1.787)	(1.787)
16	Adjust Property Tax Expense			(2.228)	(1.114)
17	Exclude Amortization of Cost of Removal ADIT Regulatory Asset			(1.677)	-
18	Remove Amortization of Prior Non F.A.C. Eligible Fuel Costs			(1.347)	(1.347)
19	Exclude Amortization of Asset Deficient Federal NOL ADIT			(0.292)	(0.292)
20	Increase Interest Expense To Reflect Sale of Receivables			1.675	3.073
21	Remove Pension & OPEB Credit to Expense				3.072
22	Include 3 Year Amortization of Non-FAC Storm Elliott Expense				-
23	Adjust Tax Expense for Interest Sync due to Changes in Rate Base				0.609
24	Cost of Capital				
25	Reallocate the Mitchell Coal Stock Adjustment Proportionately Across Capital Structure			(0.843)	(0.868)
26	Reduce Return on Equity from 9.9% to 9.7%[2]		(5.887)	(1.686)	(1.302)
27	Total Adjustments to KPCo Base Rate Request		(5.887)	(31.415)	(19.270)
28	**Total Base Rate Increase**	**93.936**	**88.049**	**62.521**	**74.666**

1 No revenue requirement recommendations aside from ROE at 9.3%, estimated impact included for presentation purposes
2 Settlement includes 9.75% ROE

Current Tariff	Proposed Tariff	Billing Demand Peak	Billing Demand O P Exc	Metered Energy	Current Bill*	Proposed Bill	Settlement Base Rate Increase on Total Bill: Bill Increase	Settlement Base Rate Increase on Total Bill: % Change	Settlement Base Rate Increase with PPA and DR Proposals: Bill Increase	Settlement Base Rate Increase with PPA and DR Proposals: % Change
RS	**RS**			250	$ 51.14	$ 57.19	$ 6.05	11.8%	$ 2.68	5.2%
		--	--	500	$ 83.38	$ 92.71	$ 9.33	11.2%	$ 3.47	4.2%
		--	--	1,000	$ 147.83	$ 163.74	$ 15.91	10.8%	$ 5.09	3.4%
		--	--	1,200	$ 173.61	$ 192.14	$ 18.53	10.7%	$ 5.73	3.3%
		--	--	1,400	$ 199.40	$ 220.55	$ 21.15	10.6%	$ 6.37	3.2%
		--	--	1,500	$ 212.30	$ 234.77	$ 22.47	10.6%	$ 6.69	3.2%
		--	--	1,700	$ 238.06	$ 263.17	$ 25.11	10.5%	$ 7.36	3.1%
		--	--	2,000	$ 276.74	$ 305.79	$ 29.05	10.5%	$ 8.32	3.0%
		--	--	4,000	$ 534.58	$ 589.92	$ 55.34	10.4%	$ 14.77	2.8%
		--	--	5,000	$ 663.50	$ 731.98	$ 68.48	10.3%	$ 18.00	2.7%
RS-TOD	**RS-TOD**	--	--	500	$ 82.22	$ 90.21	$ 7.99	9.7%	$ 2.23	2.7%
On-Peak %	30%	--	--	750	$ 112.00	$ 122.88	$ 10.88	9.7%	$ 2.77	2.5%
Off-Peak %	70%	--	--	1,000	$ 141.81	$ 155.56	$ 13.75	9.7%	$ 3.27	2.3%
		--	--	1,500	$ 201.40	$ 220.90	$ 19.50	9.7%	$ 4.30	2.1%
		--	--	2,000	$ 260.97	$ 286.24	$ 25.27	9.7%	$ 5.35	2.1%
		--	--	3,000	$ 380.14	$ 416.93	$ 36.79	9.7%	$ 7.43	2.0%
GS-SEC		-	-	250	$ 60.24	$ 67.48	$ 7.24	12.0%	$ 1.79	3.0%
		-	-	350	$ 72.67	$ 81.47	$ 8.80	12.1%	$ 2.18	3.0%
		-	-	455	$ 85.75	$ 96.17	$ 10.42	12.2%	$ 2.58	3.0%
		-	-	750	$ 122.44	$ 137.45	$ 15.01	12.3%	$ 3.73	3.0%
		-	-	1,000	$ 153.55	$ 172.43	$ 18.88	12.3%	$ 4.70	3.1%
		-	-	2,000	$ 277.95	$ 312.35	$ 34.40	12.4%	$ 8.58	3.1%
		-	-	4,000	$ 526.76	$ 592.21	$ 65.45	12.4%	$ 16.35	3.1%
GS-SEC		15	-	2,738	$ 406.74	$ 462.40	$ 55.66	13.7%	$ 17.58	4.3%
25%	25%	25	-	4,563	$ 706.97	$ 809.59	$ 102.62	14.5%	$ 36.12	5.1%
		31		5,658	$ 878.98	$ 1,000.87	$ 121.89	13.9%	$ 39.68	4.5%
		50	-	9,125	$ 1,423.68	$ 1,606.61	$ 182.93	12.8%	$ 50.93	3.6%
		75	-	13,688	$ 2,140.38	$ 2,403.64	$ 263.26	12.3%	$ 65.73	3.1%
GS-SEC		15	-	5,475	$ 739.20	$ 828.47	$ 89.27	12.1%	$ 20.66	2.8%
50%	50%	25	-	9,125	$ 1,238.48	$ 1,372.39	$ 133.91	10.8%	$ 20.24	1.6%
		31		11,315	$ 1,538.06	$ 1,698.76	$ 160.70	10.4%	$ 19.96	1.3%
		50		18,250	$ 2,486.70	$ 2,732.23	$ 245.53	9.9%	$ 19.14	0.8%
		75	-	27,375	$ 3,734.91	$ 4,092.05	$ 357.14	9.6%	$ 18.06	0.5%
GS-PRI		15	-	2,738	$ 446.54	$ 514.94	$ 68.40	15.3%	$ 26.22	5.9%
25%	25%	25	-	4,563	$ 712.94	$ 822.73	$ 109.79	15.4%	$ 42.26	5.9%
		40		7,300	$ 1,095.81	$ 1,248.23	$ 152.42	13.9%	$ 49.72	4.5%
		50		9,125	$ 1,351.07	$ 1,531.89	$ 180.82	13.4%	$ 54.66	4.0%
		75		13,688	$ 1,989.19	$ 2,241.06	$ 251.87	12.7%	$ 67.07	3.4%
		90	-	16,425	$ 2,372.06	$ 2,666.55	$ 294.49	12.4%	$ 74.51	3.1%
GS-PRI		25	-	9,125	$ 1,182.69	$ 1,320.08	$ 137.39	11.6%	$ 27.81	2.4%
50%	50%	43	-	15,695	$ 1,980.35	$ 2,188.77	$ 208.42	10.5%	$ 26.33	1.3%
		50		18,250	$ 2,290.56	$ 2,526.60	$ 236.04	10.3%	$ 25.75	1.1%
		60		21,900	$ 2,733.70	$ 3,009.21	$ 275.51	10.1%	$ 24.94	0.9%
		85		31,025	$ 3,841.56	$ 4,215.72	$ 374.16	9.7%	$ 22.90	0.6%
		95	-	34,675	$ 4,284.71	$ 4,698.32	$ 413.61	9.7%	$ 22.08	0.5%
GS-SUB		15	-	2,738	$ 747.34	$ 854.82	$ 107.48	14.4%	$ 38.70	5.2%
25%	25%	25	-	4,563	$ 980.27	$ 1,122.49	$ 142.22	14.5%	$ 51.23	5.2%
		40		7,300	$ 1,314.65	$ 1,491.34	$ 176.69	13.4%	$ 54.96	4.2%
		50		9,125	$ 1,537.58	$ 1,737.24	$ 199.66	13.0%	$ 57.43	3.7%
		75		13,688	$ 2,094.88	$ 2,351.99	$ 257.11	12.3%	$ 63.63	3.0%
		90	-	16,425	$ 2,429.26	$ 2,720.85	$ 291.59	12.0%	$ 67.35	2.8%
GS-SUB		25	-	9,125	$ 1,406.46	$ 1,573.62	$ 167.16	11.9%	$ 37.74	2.7%
50%	50%	43	-	15,695	$ 2,114.56	$ 2,341.05	$ 226.49	10.7%	$ 32.49	1.5%
		52		18,980	$ 2,468.61	$ 2,724.77	$ 256.16	10.4%	$ 29.87	1.2%
		60		21,900	$ 2,783.33	$ 3,065.86	$ 282.53	10.2%	$ 27.53	1.0%
		85		31,025	$ 3,766.80	$ 4,131.74	$ 364.94	9.7%	$ 20.24	0.5%
		95	-	34,675	$ 4,160.20	$ 4,558.09	$ 397.89	9.6%	$ 17.33	0.4%
LGS-SEC	**LGS-SEC**	100	-	29,200	$ 3,897.62	$ 4,402.69	$ 505.07	13.0%	$ 143.04	3.7%
Load Factor	40%	150	-	43,800	$ 5,798.26	$ 6,549.11	$ 750.85	12.9%	$ 212.09	3.7%
		200	-	58,400	$ 7,698.88	$ 8,695.54	$ 996.66	12.9%	$ 281.18	3.7%
		300	-	87,600	$ 11,500.12	$ 12,988.40	$ 1,488.28	12.9%	$ 419.37	3.6%
		500	-	146,000	$ 19,102.63	$ 21,574.11	$ 2,471.48	12.9%	$ 695.70	3.6%
LGS-SEC	**LGS-SEC**	100	-	36,500	$ 4,567.49	$ 5,053.40	$ 485.91	10.6%	$ 91.31	2.0%
Load Factor	50%	170	-	62,050	$ 7,697.27	$ 8,513.91	$ 816.64	10.6%	$ 151.83	2.0%
		250	-	91,250	$ 11,274.16	$ 12,468.77	$ 1,194.61	10.6%	$ 220.99	2.0%
		500	-	182,500	$ 22,451.94	$ 24,827.71	$ 2,375.77	10.6%	$ 437.12	1.9%
		750	-	273,750	$ 33,629.72	$ 37,186.66	$ 3,556.94	10.6%	$ 653.26	1.9%

LGS-SEC	**LGS-SEC**	100	-	43,800	$ 5,237.36	$ 5,704.12	$ 466.76	8.9%	$ 39.58	0.8%
Load Factor	60%	170	-	74,460	$ 8,836.03	$ 9,620.12	$ 784.09	8.9%	$ 63.91	0.7%
		250	-	109,500	$ 12,948.81	$ 14,095.57	$ 1,146.76	8.9%	$ 91.71	0.7%
		500	-	219,000	$ 25,801.25	$ 28,081.31	$ 2,280.06	8.8%	$ 178.54	0.7%
		750	-	328,500	$ 38,653.70	$ 42,067.06	$ 3,413.36	8.8%	$ 265.37	0.7%
LGS-SEC	**LGS-SEC**	100	-	51,100	$ 5,907.21	$ 6,354.84	$ 447.63	7.6%	$ (12.12)	-0.2%
Load Factor	70%	170	-	86,870	$ 9,974.81	$ 10,726.35	$ 751.54	7.5%	$ (24.02)	-0.2%
		250	-	127,750	$ 14,623.47	$ 15,722.37	$ 1,098.90	7.5%	$ (37.59)	-0.3%
		500	-	255,500	$ 29,150.57	$ 31,334.91	$ 2,184.34	7.5%	$ (80.05)	-0.3%
		750	-	383,250	$ 43,677.67	$ 46,947.46	$ 3,269.79	7.5%	$ (122.49)	-0.3%
LGS-PRI	**LGS-PRI**	125	-	36,500	$ 4,333.56	$ 4,958.10	$ 624.54	14.4%	$ 214.67	5.0%
Load Factor	40%	225	-	65,700	$ 7,685.20	$ 8,793.68	$ 1,108.48	14.4%	$ 380.96	5.0%
		315	-	91,980	$ 10,701.69	$ 12,245.72	$ 1,544.03	14.4%	$ 530.60	5.0%
		550	-	160,600	$ 18,578.05	$ 21,259.34	$ 2,681.29	14.4%	$ 921.38	5.0%
		750	-	219,000	$ 25,281.33	$ 28,930.51	$ 3,649.18	14.4%	$ 1,253.95	5.0%
LGS-PRI	**LGS-PRI**	125	-	45,625	$ 5,060.87	$ 5,684.99	$ 624.12	12.3%	$ 180.30	3.6%
Load Factor	50%	225	-	82,125	$ 8,994.34	$ 10,102.08	$ 1,107.74	12.3%	$ 319.11	3.5%
		315	-	114,975	$ 12,534.47	$ 14,077.47	$ 1,543.00	12.3%	$ 444.03	3.5%
		550	-	200,750	$ 21,778.14	$ 24,457.64	$ 2,679.50	12.3%	$ 770.23	3.5%
		750	-	273,750	$ 29,645.11	$ 33,291.83	$ 3,646.72	12.3%	$ 1,047.82	3.5%
LGS-PRI	**LGS-PRI**	125	-	54,750	$ 5,788.16	$ 6,411.88	$ 623.72	10.8%	$ 145.94	2.5%
Load Factor	60%	225	-	98,550	$ 10,303.47	$ 11,410.48	$ 1,107.01	10.7%	$ 257.27	2.5%
		315	-	137,970	$ 14,367.25	$ 15,909.22	$ 1,541.97	10.7%	$ 357.46	2.5%
		550	-	240,900	$ 24,978.25	$ 27,655.95	$ 2,677.70	10.7%	$ 619.06	2.5%
		750	-	328,500	$ 34,008.89	$ 37,653.16	$ 3,644.27	10.7%	$ 841.68	2.5%
LGS-PRI	**LGS-PRI**	125	-	63,875	$ 6,515.46	$ 7,138.76	$ 623.30	9.6%	$ 111.59	1.7%
Load Factor	70%	225	-	114,975	$ 11,612.60	$ 12,718.87	$ 1,106.27	9.5%	$ 195.43	1.7%
		315	-	160,965	$ 16,200.04	$ 17,740.98	$ 1,540.94	9.5%	$ 270.89	1.7%
		550	-	281,050	$ 28,178.35	$ 30,854.25	$ 2,675.90	9.5%	$ 467.90	1.7%
		750	-	383,250	$ 38,372.65	$ 42,014.48	$ 3,641.83	9.5%	$ 635.56	1.7%
LGS-SUB	**LGS-SUB**	250	-	73,000	$ 7,019.19	$ 7,878.89	$ 859.70	12.2%	$ 199.37	2.8%
Load Factor	40%	350	-	102,200	$ 9,530.57	$ 10,693.79	$ 1,163.22	12.2%	$ 265.11	2.8%
		450	-	131,400	$ 12,041.94	$ 13,508.70	$ 1,466.76	12.2%	$ 330.86	2.7%
		600	-	175,200	$ 15,808.99	$ 17,731.05	$ 1,922.06	12.2%	$ 429.48	2.7%
		750	-	219,000	$ 19,576.04	$ 21,953.39	$ 2,377.35	12.1%	$ 528.10	2.7%
LGS-SUB	**LGS-SUB**	250	-	91,250	$ 8,038.97	$ 8,958.79	$ 919.82	11.4%	$ 220.86	2.7%
Load Factor	50%	350	-	127,750	$ 10,958.25	$ 12,205.65	$ 1,247.40	11.4%	$ 295.20	2.7%
		450	-	164,250	$ 13,877.54	$ 15,452.52	$ 1,574.98	11.3%	$ 369.54	2.7%
		600	-	219,000	$ 18,256.45	$ 20,322.81	$ 2,066.36	11.3%	$ 481.06	2.6%
		750	-	273,750	$ 22,635.38	$ 25,193.12	$ 2,557.74	11.3%	$ 592.57	2.6%
LGS-SUB	**LGS-SUB**	250	-	109,500	$ 9,058.74	$ 10,038.69	$ 979.95	10.8%	$ 242.36	2.7%
Load Factor	60%	350	-	153,300	$ 12,385.93	$ 13,717.52	$ 1,331.59	10.8%	$ 325.30	2.6%
		450	-	197,100	$ 15,713.13	$ 17,396.35	$ 1,683.22	10.7%	$ 408.23	2.6%
		600	-	262,800	$ 20,703.91	$ 22,914.59	$ 2,210.68	10.7%	$ 532.64	2.6%
		750	-	328,500	$ 25,694.71	$ 28,432.84	$ 2,738.13	10.7%	$ 657.05	2.6%
LGS-SUB	**LGS-SUB**	250	-	127,750	$ 10,078.52	$ 11,118.60	$ 1,040.08	10.3%	$ 263.84	2.6%
Load Factor	70%	350	-	178,850	$ 13,813.63	$ 15,229.39	$ 1,415.76	10.2%	$ 355.37	2.6%
		450	-	229,950	$ 17,548.73	$ 19,340.18	$ 1,791.45	10.2%	$ 446.92	2.5%
		600	-	306,600	$ 23,151.37	$ 25,506.36	$ 2,354.99	10.2%	$ 584.23	2.5%
		750	-	383,250	$ 28,754.03	$ 31,672.55	$ 2,918.52	10.1%	$ 721.53	2.5%
LGS-TRAN	**LGS-TRAN**	250	-	91,250	$ 7,764.61	$ 8,812.24	$ 1,047.63	13.5%	$ 360.13	4.6%
Load Factor	50%	350	-	127,750	$ 10,574.15	$ 12,000.48	$ 1,426.33	13.5%	$ 490.18	4.6%
		450	-	164,250	$ 13,383.69	$ 15,188.73	$ 1,805.04	13.5%	$ 620.23	4.6%
		600	-	219,000	$ 17,598.00	$ 19,971.08	$ 2,373.08	13.5%	$ 815.30	4.6%
LGS-TRAN	**LGS-TRAN**	250	-	109,500	$ 8,754.74	$ 9,872.91	$ 1,118.17	12.8%	$ 393.55	4.5%
Load Factor	60%	350	-	153,300	$ 11,960.33	$ 13,485.43	$ 1,525.10	12.8%	$ 536.97	4.5%
		450	-	197,100	$ 15,165.91	$ 17,097.94	$ 1,932.03	12.7%	$ 680.40	4.5%
		600	-	262,800	$ 19,974.29	$ 22,516.71	$ 2,542.42	12.7%	$ 895.52	4.5%
LGS-TRAN	**LGS-TRAN**	250	-	127,750	$ 9,744.85	$ 10,933.60	$ 1,188.75	12.2%	$ 426.99	4.4%
Load Factor	70%	350	-	178,850	$ 13,346.49	$ 14,970.39	$ 1,623.90	12.2%	$ 583.77	4.4%
		450	-	229,950	$ 16,948.13	$ 19,007.17	$ 2,059.04	12.1%	$ 740.57	4.4%
		600	-	306,600	$ 22,350.57	$ 25,062.35	$ 2,711.78	12.1%	$ 975.77	4.4%
LGS-TRAN	**LGS-TRAN**	250	-	146,000	$ 10,734.98	$ 11,994.28	$ 1,259.30	11.7%	$ 460.41	4.3%
Load Factor	80%	350	-	204,400	$ 14,732.65	$ 16,455.33	$ 1,722.68	11.7%	$ 630.58	4.3%
		450	-	262,800	$ 18,730.34	$ 20,916.39	$ 2,186.05	11.7%	$ 800.73	4.3%
		600	-	350,400	$ 24,726.86	$ 27,607.98	$ 2,881.12	11.7%	$ 1,055.99	4.3%
IGS-SEC	**IGS-SEC**	1,000	900	474,500	$ 46,005.68	$ 49,725.43	$ 3,719.75	8.1%	$ (166.73)	-0.4%
Load Factor	65%	5,000	4,500	2,372,500	$ 228,786.68	$ 247,385.44	$ 18,598.76	8.1%	$ (736.48)	-0.3%
		10,000	9,000	4,745,000	$ 457,262.94	$ 494,460.46	$ 37,197.52	8.1%	$ (1,448.69)	-0.3%
		15,000	13,500	7,117,500	$ 685,739.19	$ 741,535.48	$ 55,796.29	8.1%	$ (2,160.88)	-0.3%
		20,000	18,000	9,490,000	$ 914,215.45	$ 988,610.49	$ 74,395.04	8.1%	$ (2,873.09)	-0.3%
		1,000	900	474,500	$ 46,005.68	$ 49,725.43	$ 3,719.75	8.1%	$ (166.73)	-0.4%

		5,000	4,500	2,372,500	$ 228,786.68	$ 247,385.44	$ 18,598.76	8.1%	$ (736.48)	-0.3%
		10,000	9,000	4,745,000	$ 457,262.94	$ 494,460.46	$ 37,197.52	8.1%	$ (1,448.69)	-0.3%
		15,000	13,500	7,117,500	$ 685,739.19	$ 741,535.48	$ 55,796.29	8.1%	$ (2,160.88)	-0.3%
		20,000	18,000	9,490,000	$ 914,215.45	$ 988,610.49	$ 74,395.04	8.1%	$ (2,873.09)	-0.3%
IGS-SEC	**IGS-SEC**	1,000	900	620,500	$ 50,021.07	$ 54,490.19	$ 4,469.12	8.9%	$ 576.72	1.2%
Load Factor	85%	5,000	4,500	3,102,500	$ 248,863.63	$ 271,209.25	$ 22,345.62	9.0%	$ 2,980.82	1.2%
		10,000	9,000	6,205,000	$ 497,416.84	$ 542,108.08	$ 44,691.24	9.0%	$ 5,985.91	1.2%
		15,000	13,500	9,307,500	$ 745,970.04	$ 813,006.91	$ 67,036.87	9.0%	$ 8,991.03	1.2%
		20,000	18,000	12,410,000	$ 994,523.25	$ 1,083,905.74	$ 89,382.49	9.0%	$ 11,996.12	1.2%
		1,000	900	620,500	$ 50,021.07	$ 54,490.19	$ 4,469.12	8.9%	$ 576.72	1.2%
		5,000	4,500	3,102,500	$ 248,863.63	$ 271,209.25	$ 22,345.62	9.0%	$ 2,980.82	1.2%
		10,000	9,000	6,205,000	$ 497,416.84	$ 542,108.08	$ 44,691.24	9.0%	$ 5,985.91	1.2%
		15,000	13,500	9,307,500	$ 745,970.04	$ 813,006.91	$ 67,036.87	9.0%	$ 8,991.03	1.2%
		20,000	18,000	12,410,000	$ 994,523.25	$ 1,083,905.74	$ 89,382.49	9.0%	$ 11,996.12	1.2%
IGS-PRI	**IGS-PRI**	1,000	900	474,500	$ 42,511.07	$ 46,575.21	$ 4,064.14	9.6%	$ 424.18	1.0%
Load Factor	65%	5,000	4,500	2,372,500	$ 211,313.64	$ 231,634.35	$ 20,320.71	9.6%	$ 2,218.02	1.0%
		10,000	9,000	4,745,000	$ 422,316.85	$ 462,958.26	$ 40,641.41	9.6%	$ 4,460.31	1.1%
		15,000	13,500	7,117,500	$ 633,320.06	$ 694,282.18	$ 60,962.12	9.6%	$ 6,702.62	1.1%
		20,000	18,000	9,490,000	$ 844,323.27	$ 925,606.09	$ 81,282.82	9.6%	$ 8,944.91	1.1%
		1,000	900	474,500	$ 42,511.07	$ 46,575.21	$ 4,064.14	9.6%	$ 424.18	1.0%
		5,000	4,500	2,372,500	$ 211,313.64	$ 231,634.35	$ 20,320.71	9.6%	$ 2,218.02	1.0%
		10,000	9,000	4,745,000	$ 422,316.85	$ 462,958.26	$ 40,641.41	9.6%	$ 4,460.31	1.1%
		15,000	13,500	7,117,500	$ 633,320.06	$ 694,282.18	$ 60,962.12	9.6%	$ 6,702.62	1.1%
		20,000	18,000	9,490,000	$ 844,323.27	$ 925,606.09	$ 81,282.82	9.6%	$ 8,944.91	1.1%
IGS-PRI	**IGS-PRI**	1,000	900	620,500	$ 46,464.29	$ 51,096.19	$ 4,631.90	10.0%	$ 1,005.09	2.2%
Load Factor	85%	5,000	4,500	3,102,500	$ 231,079.71	$ 254,239.20	$ 23,159.49	10.0%	$ 5,122.63	2.2%
		10,000	9,000	6,205,000	$ 461,849.00	$ 508,167.97	$ 46,318.97	10.0%	$ 10,269.52	2.2%
		15,000	13,500	9,307,500	$ 692,618.28	$ 762,096.74	$ 69,478.46	10.0%	$ 15,416.44	2.2%
		20,000	18,000	12,410,000	$ 923,387.57	$ 1,016,025.51	$ 92,637.94	10.0%	$ 20,563.33	2.2%
		1,000	900	620,500	$ 46,464.29	$ 51,096.19	$ 4,631.90	10.0%	$ 1,005.09	2.2%
		5,000	4,500	3,102,500	$ 231,079.71	$ 254,239.20	$ 23,159.49	10.0%	$ 5,122.63	2.2%
		10,000	9,000	6,205,000	$ 461,849.00	$ 508,167.97	$ 46,318.97	10.0%	$ 10,269.52	2.2%
		15,000	13,500	9,307,500	$ 692,618.28	$ 762,096.74	$ 69,478.46	10.0%	$ 15,416.44	2.2%
		20,000	18,000	12,410,000	$ 923,387.57	$ 1,016,025.51	$ 92,637.94	10.0%	$ 20,563.33	2.2%
IGS-SUB	**IGS-SUB**	1,000	900	474,500	$ 35,508.40	$ 38,402.09	$ 2,893.69	8.1%	$ (106.71)	-0.3%
Load Factor	65%	5,000	4,500	2,372,500	$ 173,978.25	$ 188,446.73	$ 14,468.48	8.3%	$ (254.69)	-0.1%
		10,000	9,000	4,745,000	$ 347,065.55	$ 376,002.53	$ 28,936.98	8.3%	$ (439.66)	-0.1%
		15,000	13,500	7,117,500	$ 520,152.86	$ 563,558.33	$ 43,405.47	8.3%	$ (624.63)	-0.1%
		20,000	18,000	9,490,000	$ 693,240.16	$ 751,114.12	$ 57,873.96	8.3%	$ (809.60)	-0.1%
		1,000	900	474,500	$ 35,508.40	$ 38,402.09	$ 2,893.69	8.1%	$ (106.71)	-0.3%
		5,000	4,500	2,372,500	$ 173,978.25	$ 188,446.73	$ 14,468.48	8.3%	$ (254.69)	-0.1%
		10,000	9,000	4,745,000	$ 347,065.55	$ 376,002.53	$ 28,936.98	8.3%	$ (439.66)	-0.1%
		15,000	13,500	7,117,500	$ 520,152.86	$ 563,558.33	$ 43,405.47	8.3%	$ (624.63)	-0.1%
		20,000	18,000	9,490,000	$ 693,240.16	$ 751,114.12	$ 57,873.96	8.3%	$ (809.60)	-0.1%
IGS-SUB	**IGS-SUB**	1,000	900	620,500	$ 39,420.72	$ 42,852.71	$ 3,431.99	8.7%	$ 450.25	1.1%
Load Factor	85%	5,000	4,500	3,102,500	$ 193,539.80	$ 210,699.81	$ 17,160.01	8.9%	$ 2,530.19	1.3%
		10,000	9,000	6,205,000	$ 386,188.65	$ 420,508.68	$ 34,320.03	8.9%	$ 5,130.10	1.3%
		15,000	13,500	9,307,500	$ 578,837.52	$ 630,317.55	$ 51,480.03	8.9%	$ 7,730.00	1.3%
		20,000	18,000	12,410,000	$ 771,486.37	$ 840,126.42	$ 68,640.05	8.9%	$ 10,329.91	1.3%
		1,000	900	620,500	$ 39,420.72	$ 42,852.71	$ 3,431.99	8.7%	$ 450.25	1.1%
		5,000	4,500	3,102,500	$ 193,539.80	$ 210,699.81	$ 17,160.01	8.9%	$ 2,530.19	1.3%
		10,000	9,000	6,205,000	$ 386,188.65	$ 420,508.68	$ 34,320.03	8.9%	$ 5,130.10	1.3%
		15,000	13,500	9,307,500	$ 578,837.52	$ 630,317.55	$ 51,480.03	8.9%	$ 7,730.00	1.3%
		20,000	18,000	12,410,000	$ 771,486.37	$ 840,126.42	$ 68,640.05	8.9%	$ 10,329.91	1.3%
IGS-TRAN	**IGS-TRAN**	5,000	4,500	3,102,500	$ 191,915.29	$ 207,921.75	$ 16,006.46	8.3%	$ 1,594.03	0.8%
Load Factor	85%	10,000	9,000	6,205,000	$ 382,313.19	$ 414,326.09	$ 32,012.90	8.4%	$ 3,306.77	0.9%
		15,000	13,500	9,307,500	$ 572,711.09	$ 620,730.44	$ 48,019.35	8.4%	$ 5,019.53	0.9%
		20,000	18,000	12,410,000	$ 763,109.00	$ 827,134.78	$ 64,025.78	8.4%	$ 6,732.26	0.9%
		5,000	4,500	3,102,500	$ 191,915.29	$ 207,921.75	$ 16,006.46	8.3%	$ 1,594.03	0.8%
		10,000	9,000	6,205,000	$ 382,313.19	$ 414,326.09	$ 32,012.90	8.4%	$ 3,306.77	0.9%
		15,000	13,500	9,307,500	$ 572,711.09	$ 620,730.44	$ 48,019.35	8.4%	$ 5,019.53	0.9%
		20,000	18,000	12,410,000	$ 763,109.00	$ 827,134.78	$ 64,025.78	8.4%	$ 6,732.26	0.9%

Current Bill at Nov 1, 2023 rates

Kentucky Power Company
Settlement Agreement Exhibit 3
Case No. 2023-00159
Settlement Revenue Allocation Page
1 of 1

Class (1)	Total Current Revenue[1] (2)	Current Base Revenue (3)	Base Rate Proposed Increase (4)	Base Rate Percent Increase (5) = (4) / (3)	Total Bill Percent Increase (6) = (4) / (2)	Current Base Rate ROR% (7)	Proposed Base Rate ROR % (8)
RS	$ 301,523,011	$ 227,557,563	$ 37,165,633	16.33%	12.33%	0.85	3.78
GS	$ 108,602,300	$ 79,768,125	$ 13,203,326	16.55%	12.16%	7.15	11.29
LGS	$ 72,649,168	$ 53,267,675	$ 8,816,936	16.55%	12.14%	13.58	19.54
IGS	$ 199,026,460	$ 132,601,117	$ 13,912,289	10.49%	6.99%	3.95	7.52
MW	$ 251,660	$ 167,202	$ 27,675	16.55%	11.00%	16.68	23.06
OL	$ 10,018,083	$ 7,822,241	$ 1,294,748	16.55%	12.92%	9.79	13.37
SL	$ 1,931,844	$ 1,482,715	$ 245,421	16.55%	12.70%	15.15	19.87
Total	$ 694,002,526	$ 502,666,638	$ 74,666,028	14.85%	10.76%	3.39	6.83

1. Reflects test year total revenue

Kentucky Power Company
Settlement Agreement Exhibit 4
Case No. 2023-00159
Cost of Capital
Page 1 of 1

KENTUCKY POWER COMPANY
COST OF CAPITAL
TEST YEAR ENDED MARCH 31, 2023

Line No.	Description	Reapportioned Kentucky Jurisdictional Capital	Percentage of Total	Annual Cost Percentage Rate	Weighted Average Cost Percent	Gross-up	Pre-Tax Weighted Average Cost Percent
(1)	(2)	(3)	(4)	(5)	(6) = (4) X (5)	(7)	(8) = (6) X (7)
1	Long Term Debt	$953,708,560	52.62%	4.91%	2.58%	1.0055	2.59%
2	Short Term Debt	111,251,046	6.14%	3.73%	0.23%	1.0055	0.23%
4	Common Equity	747,579,969	41.25%	**9.75%**	4.02%	1.3399	5.39%
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5	Total	$1,812,539,574	100.00%		**6.83%**		**8.21%**
		==========	==========		==========		

P.S.C. KY. NO. 13 T
CANCELLING P.S.C. KY. NO. 12 |

Kentucky Power Company

1645 Winchester Avenue
Ashland, KY 41101
www.kentuckypower.com N

Rates, Terms, and Conditions for Furnishing DT
Electric Service

Applicable to the Entire Territory Served by Kentucky Power Company In: DN
Boyd, Breathitt, Carter, Clay, Elliott, Floyd, Greenup, Johnson, Knott, Lawrence, |
Leslie, Letcher, Lewis, Magoffin, Martin, Morgan, Owsley, Perry, Pike, and |
Rowan Counties. N

Filed with the Kentucky Public Service Commission T
D

DATE OF ISSUE:	XXXX XX, XXXX
DATE EFFECTIVE:	January 15, 2024
ISSUED BY:	/s/ Brian K. West
TITLE:	Vice President, Regulatory & Finance

By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

Index

D

DATE OF ISSUE: XXXX XX, XXXX
DATE EFFECTIVE: January 15, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

Terms and Conditions of Service

1. Application

Applications may be made in writing, on-line, or via telephone for customers who wish to have the Company provide electric service. Requests for service are to be made in the Customer's legal name by telephone or online at: www.kentuckypower.com. The Company has the right to reject any request for service based on 807 KAR 5:006 Section 15 and associated tariffs.

The Company may require verification of ownership of property, lease, applicant's identity, or other requested information.

A copy of the tariffs and standard terms and conditions under which service is to be rendered to the Customer will be furnished upon request and the Customer shall elect upon which tariff applicable to his service his application shall be based. A copy of the tariff is also available online at www.kentuckypower.com.

If the Company requires a written agreement from a Customer before service will be commenced, a copy of the agreement will be furnished to the Customer upon request.

When the Customer desires delivery of energy at more than one point, a separate agreement may be required for each separate point of delivery. Service delivered at each point of delivery will be billed separately under the applicable tariff.

2. Inspection

The Customer is responsible for the proper installation and maintenance of the customer's wiring and electrical equipment and the customer shall at all times be responsible for the character and condition thereof. The Company has no obligation to undertake inspection thereof and in no event shall be responsible therefore. However, the Company may disconnect or refuse to connect service if the customer's wiring is deemed unsafe by the Company.

Company may also require a new state electrical inspection should tampering, illegal use or theft of service be the basis for disconnection service.

Where a Customer's premises are located in a municipality or other governmental subdivision where inspection laws or ordinances are in effect, the Company may withhold furnishing service to new installations until the Company has received evidence that the inspection laws or ordinances have been complied with.

Where a Customer's premises are located outside of an area where inspection service is in effect, the Company may require the delivery by the Customer to the Company of an agreement duly signed by the owner and/or tenant of the premises authorizing the connection to the wiring system of the Customer and assuming responsibility therefore. No responsibility shall attach to the Company because of any waiver of this requirement.

3. Service Connections

Service connections will be provided in accordance with 807 KAR-5:041, Section 10.

The Customer should in all cases consult the Company before the Customer's premises are wired to determine the location of Company's point of service connection.

The Company will, when requested to furnish service, designate the location of its service connection. The Customer's wiring must, except for those cases listed below, be brought outside the building wall nearest the Company's service wires so as to be readily accessible thereto. When service is from an overhead system, the Customer's wiring must extend at least 18 inches beyond the building. Where Customers install service entrance facilities which have capacity and layout specified by the Company and/or install and use certain equipment specified by the Company, the Company may supply or offer to own certain facilities on the Customer's side of the point where the service wires attach to the building.

Continued on Sheet 2-2

Terms and Conditions of Service Continued

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Service Connections Continued

All inside wiring must be grounded in accordance with the requirements of the National Electrical Code or the requirements of any local inspection service authorized by a state or local authority.

When a Customer desires that energy be delivered at a point or in a manner other than that designated by the Company, the Customer shall pay the additional cost of same.

4. <u>Deposits</u>

Prior to providing service or at any time thereafter, the Company may require a cash deposit or other guaranty acceptable to the Company to secure payment of bills except for customers qualifying for service reconnection pursuant to 807 KAR 5:006, Section 16, Winter Hardship Reconnection. Service may be refused or discontinued for failure to pay the requested deposit. Upon request from a residential customer the deposit will be returned after 18 months if the customer has established a satisfactory payment record; but commercial deposits will be retained by the Company during the entire time that the account remains active.

A. <u>Interest</u>

Interest will be paid on all sums held on deposit at the rate indicated in KRS 278.460. The interest will be applied by the Company as a credit to the Customer's bill or will be paid to the Customer on an annual basis. If the deposit is refunded or credited to the Customer's bill prior to the deposit anniversary date, interest will be paid or credited to the Customer's bill on a pro-rated basis.

The Company will not pay interest on deposits after discontinuance of service to the Customer. Retention of any deposit or guaranty by the Company prior to final settlement is not a payment or partial payment of any bill for service. The Company shall have a reasonable time in which to obtain a final reading and to ascertain that the obligations of the Customer have been fully performed before being required to return any deposits.

B. <u>Criteria for Waiver of Deposit Requirement</u>

The Company may waive any deposit requirement based upon the following criteria, which may be considered by the Company cumulatively:

i. Satisfactory payment history with the Company, which may be established by paying all bills by due date, having no disconnections for nonpayment, having no late notices, having no defaulted credit arrangements, having no returned payments and having no energy diversion or theft of service;
ii. Satisfactory payment history with another utility acceptable to the Company;
iii. Another customer with satisfactory payment history is willing to sign as a guarantor for an amount equal to the required deposit; or
iv. Providing evidence of other collateral acceptable to Company.

C. <u>Method of Determination – Calculated Deposits</u> T

a. Deposit amounts paid by residential customers shall not exceed a calculated amount based upon actual usage data of the Customer at the same or similar premises for the most recent 12-month period, if such information is available. If the actual usage data is not available, the deposit amount shall be based on the average bills of similar customers and premises in the customer class. The deposit shall not exceed 2/12 of the Customer's actual or estimated annual bill. D
b. Deposit amounts paid by commercial and industrial customers shall not exceed a calculated amount based upon actual usage data of the customer at the same or similar premises for the most recent 12-month period, if such information is available. If the actual usage data is not available, the deposit amount shall be based on the typical bills of similar customers and premises in the customer class. The deposit shall not exceed 2/12 of the customer's actual or estimated annual bill.

Continued on Sheet 2-3

Terms and Conditions of Service Continued

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D. Additional or Supplemental Deposit Requirement
An additional or supplemental deposit may be required if the Customer does not maintain a satisfactory credit criteria or payment history. If a change in usage or classification of service has occurred, the customer may be required to pay an additional deposit up to 2/12 of the annual usage. The Customer will receive a message on the bill informing the Customer that if the account is not current by the specified date listed an additional or supplement deposit will be charged to the account the next time the account is billed.

i. Satisfactory payment history is defined as paying all bills by due date, having no disconnections for nonpayment, having no defaulted credit arrangements, having no returned payments and having no meter diversion or theft of service.
ii. A nonresidential customer does not maintain satisfactory credit criteria when its credit score at any national independent credit rating service falls to a level that is deemed to present a risk of nonpayment, including but not limited to: below a “BB+” level at Standard and Poor’s or below “Ba1” at Moody’s. If a nonresidential customer is not rated by a national independent credit rating service, its credit may be evaluated by using credit scoring services, public record financial information, or financial scoring and modeling services, and if it is deemed that the customer presents a risk of nonpayment, a deposit may be required.

E. Recalculation of Customer Deposit
When a deposit is held longer than 18 months, the Customer may request that the deposit be recalculated based on the Customer’s actual usage. If the amount of deposit on the account differs from the recalculated amount by more than $10.00 for a residential Customer or 10 percent for a non-residential Customer, the Company may collect any underpayment and shall refund any overpayment. No refund will be made if the Customer’s bill is delinquent at the time of the recalculation.

5. Payments
Bills will be rendered by the Company to the Customer monthly or in accordance with the tariff selected applicable to the Customer’s service.

A. Equal Payment Plan (Budget)
Nonresidential customers with accounts that are current and that maintain satisfactory credit criteria per paragraph 4(D) above and all residential customers have the option of paying a fixed amount each month under the Company’s Equal Payment Plan. The monthly payment amount will be based on one-twelfth of the Customer’s estimated annual usage. The payment amount is subject to periodic review and adjustment during the budget year to more accurately reflect actual usage. The normal plan period is 12 months, which may commence April through December.

In the last month of the plan (the “settle-up month”) if the actual usage during the plan period exceeds the amount billed, the Customer will be billed for the balance due. If an overpayment exists, the amount of overpayment will either be refunded to the Customer or credited to the last bill of the period. If a Customer discontinues service with the Company under the Equal Payment Plan, any amounts not yet paid shall become payable immediately.

If a Customer fails to pay bills as rendered under the Equal Payment Plan, the Company reserves the right to revoke the plan, restore the Customer to regular billing, require immediate payment of any deficiency, and require a cash deposit or other guaranty to secure payment of bills.

Customers currently enrolled in the Equal Payment Plan whose settle-up month falls within the period December through February may elect to change their settle-up month to November or March if their Equal Payment Plan account is current.

If a customer who is currently enrolled in the Equal Payment Plan elects to take service under Tariff N.M.S. II, such customer will be removed from the Equal Payment Plan and restored to regular billing.

Continued on Sheet 2-4

Terms and Conditions of Service Continued

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B. Average Monthly Payment Plan

The Average Monthly Payment Plan (AMP Plan) is available to all residential customers and nonresidential customers with accounts that are current and that maintain satisfactory credit criteria per paragraph 4(D) above.

The AMP Plan is designed to allow the Customer to pay an average amount each month based upon the actual billed amounts during the past twelve (12) months. The average payment amount is based upon the current month's total bill plus the eleven (11) preceding months. That result is divided by the total billing days associated with the billings to determine a per day average. The daily average amount is multiplied by thirty (30) to determine the current month's payment under the AMP Plan. At the next billing period, the oldest month's billing history is removed, the current month's billing is added and the total is again divided by the total billing days associated with the billings to determine a per day average. Again the daily average amount is multiplied by thirty (30) to find the new average payment amount. The average monthly payment amount is calculated each and every month in this manner.

If a customer who is currently enrolled in the AMP Plan elects to take service under Tariff N.M.S. II, such customer will be removed from the AMP Plan and restored to regular billing.

The difference between the actual billings and the AMP Plan billings will be carried in a deferred balance. Both the debit and credit differences will accumulate in the deferred balance for the duration of the AMP Plan year, which is twelve (12) consecutive billing months. At the end of the AMP Plan year (anniversary month), the current month's billing plus the eleven (11) preceding month's billing is summed and divided by the total billing days associated with the billings to determine a per day average. That result is multiplied by thirty (30) to calculate the AMP Plan's monthly payment amount. In addition, the net accumulated deferred balance is divided by 12. This result is added or subtracted to the calculated average payment amount starting with the next billing of the new AMP plan year and will be used in the average payment amount calculation for the remaining AMP plan year. Settlement occurs only when participation in the AMP Plan is terminated. This happens if any account is final billed, if the customer requests termination, or at the Company's discretion when the customer fails to make two or more consecutive monthly payments on an account by the due date. The deferred balance (debit or credit) is then applied to the billing now due.

In such instances where sufficient billing history is not available, an AMP Plan may be established by using the actual billing history available throughout the first AMP Plan year.

C. All Payments

All bills are due and payable within twenty-one (21) days after their mailing date. Failure to receive a bill will not entitle a Customer to any discount or to the remission of any charges for non-payment within the time specified. The word "month" as used herein and in the tariffs is hereby defined to be the elapsed time between 2 successive meter readings approximately 30 days apart. ND

In the event of the stoppage of or the failure of any meter to register the full amount of energy consumed, the Customer will be billed for the period based on an estimated consumption of energy in a similar period of like use.

Delayed Payment Charge N

The tariffs of the Company are met if the account of the Customer is paid within the time limit specified in the tariff applicable to the Customer's service. On all non-residential accounts not so paid, an additional charge of 5% of the unpaid balance will be applied. Any one delayed payment charge billed against the Customer for non-payment of bill or any one forfeited discount applied against the Customer for non-payment of bill may be remitted, provided the Customer's previous accounts are paid in full and provided no delayed payment charge or forfeited discount has been remitted under this clause during the preceding six months. ND ND

Continued on Sheet 2-5

DATE OF ISSUE: XXXX XX, XXXX
DATE EFFECTIVE: January 15, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

Terms and Conditions of Service Continued

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6. Payment Arrangements

In accordance with 807 KAR 5:006 Section 14(2), Kentucky Power shall negotiate and accept reasonable payment arrangements at the request of a residential customer who has received a termination notice for failure to pay. Payment arrangements will include the following reasonable provisions:

a. Partial Payment Plans are available up to the day prior to the termination date printed on a customer's termination notice.
b. Partial Payment Plans are available only for current balances and balances up to 30 days in arrears.
c. Any balance more than 30 days in arrears must be paid in full at least one business day prior to the date the Partial Payment Plan is established.
d. Customers with delinquent or otherwise unsatisfied Partial Payment Plans may not be eligible for a Partial Payment Plan.
e. Unpaid deposit amounts are not eligible for inclusion in a Partial Payment Plan.
f. Company reserves the right to refuse unverifiable third-party pledges toward a customer's obligations under a Partial Payment Plan.
g. Customer shall be advised, in writing or by telephone, the date and the amount of payment(s) due. Service may be terminated without additional notice if the Customer fails to meet the obligations of the agreed plan.
h. It is the responsibility of the customer presenting the Medical Certificate to contact the Company to negotiate a payment arrangement based upon the customer's ability to pay. The payment arrangement shall require that the account become current no later than October 15.
i. Customers presenting Certification from the Cabinet for Health and Family Services must do so during the initial 10 day termination notice period. As a condition of the 30-day extension, the customer shall exhibit good faith by entering into a payment arrangement.

7. Underground Service

When a real estate developer desires an underground distribution system within the property which he is developing or when a Customer desires an underground service, the real estate developer or the Customer as the case may be, shall pay the Company the difference between the anticipated cost of the underground facilities so requested and the cost of the overhead facilities which would ordinarily be installed in accordance with 807 KAR 5:041, Section 21, and the Company's underground service plan as filed with the Public Service Commission. Upon receipt of payment, the Company will install the underground facilities and will own, operate and maintain the same.

Please see Tariff Sheet No. 14-1 for the underground differential cost schedule.

8. Company's Liability

The Company will use reasonable diligence in furnishing a regular and uninterrupted supply of energy, but does not guarantee uninterrupted service. The Company shall not be liable for damages in case such supply should be interrupted or fail by reason of an event of Force Majeure. Force Majeure consists of an event or circumstance which prevents Company from providing service, which event or circumstance was not anticipated, which is not in the reasonable control of, or the result of negligence of, the Company, and which, by the exercise of due diligence, Company is unable to overcome or avoid or cause to be avoided. Force Majeure events includes acts of God, the public enemy, accidents, labor disputes, orders or acts of civil or military authority, breakdowns or injury to the machinery, transmission lines, distribution lines or other facilities of the Company, or extraordinary repairs.

Unless otherwise provided in a contract between the Company and Customer, the point at which service is delivered by Company to Customer, to be known as "delivery point," shall be the point at which the Customer's facilities are connected to the Company's facilities. The metering device is the property of the Company. The meter base, connection, grounds and all associated internal parts inside the meter base are customer owned and are the responsibility of the customer to install and maintain. The Company shall not be liable for any loss, injury, or damage resulting from the Customer's use of their equipment or occasioned by the energy furnished by the Company beyond the delivery point.

Continued on Sheet 2-6

Terms and Conditions of Service Continued

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Company's Liability Continued

Any new installation, upgrade or other modification of an existing meter installation shall be made using only Company-supplied or Company-approved meter bases. A list of Company-approved meter bases and specifications can be found on the Company's website at: www.kentuckypower.com.

The Customer shall provide and maintain suitable protective devices on their equipment to prevent any loss, injury or damage that might result from single phasing conditions or any other fluctuation or irregularity in the supply of energy. The Company shall not be liable for any loss, injury or damage resulting from a single phasing condition or any other fluctuation or irregularity in the supply of energy which could have been prevented by the use of such protective devices. The Company shall not be liable for any damages, whether direct, incidental or consequential, including, without limitation, loss of profits, loss of revenue, or loss of production capacity occasioned by interruptions, fluctuations, or irregularity in the supply of energy.

The Company is not responsible for loss or damage caused by the disconnection or reconnection of its facilities. The Company is not responsible for loss or damages caused by the theft or destruction of Company facilities by a third party.

The Company will provide and maintain the necessary line or service connections, transformers (when same are required by conditions of contract between the parties thereto), meters and other apparatus, which may be required for the proper measurement of and protection to its service. All such apparatus shall be and remain the property of the Company.

9. Customer's Liability

In the event of loss or injury to the property of the Company through misuse by, or the negligence of, the Customer or the employees of the same, the cost of the necessary repairs or replacement thereof shall be paid to the Company by the Customer.

Customers will be responsible for tampering with, interfering with, or breaking the seals of meters, or other equipment of the Company installed on the Customer's premises. The Customer hereby agrees that no one except the employees of the Company shall be allowed to make internal or external adjustments to any meter or any other piece of apparatus, which shall be the property of the Company.

The Company shall have the right at all reasonable hours to enter the premises of the Customer for the purpose of installing, reading, removing, testing, replacing or otherwise disposing of its apparatus and property, and the right of entire removal of the Company's property in the event of the termination of the contract for any cause. The Company may assess charges based on electric usage and damages to all Company equipment.

10. Extension of Service

The electric facilities of the Company shall be extended or expanded to supply electric service to all residential Customers and small commercial Customers which require single phase line where the installed transformer capacity does not exceed 25 KVA in accordance with 807 KAR 5:041, Section 11.

The electric facilities of the Company shall be extended or expanded to supply electric service to Customers other than those named in the above paragraph when the estimated revenue is sufficient to justify the estimated cost of making such extensions or expansions as set forth below.

Continued on Sheet 2-7

Terms and Conditions of Service Continued

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Extension of Service Continued

For services to be delivered to Commercial, Industrial, Mining and multiple housing project Customers up to and including estimated demands of 500 KW requiring new facilities, the Company will: (a) where the estimated revenue for one year exceeds the estimated installed cost of new local facilities required, provide such new facilities at no cost to the Customer; (b) where the estimated revenue for one year is less than the installed cost of new local facilities required, the Customer will be required to pay a contribution in aid of construction equal to the difference between the installed cost of the new facilities required to service the load and the estimated revenue for one year; (c) if the Company has reason to question the financial stability of the Customer and/or the life of the operation is uncertain
or temporary in nature, such as construction projects, oil and gas well drilling, sawmills and mining operations, the Customer shall pay a contribution in aid of construction, consisting of the estimated labor cost to install and remove the facilities required plus the cost of unsalvageable material, before the facilities are installed.

For service to be delivered to Customers with demand levels higher than those specified above, the annual cost to serve the Customer's requirements shall be compared with the estimated revenue for one year to determine if a contribution in aid of construction, and/or a special minimum and/or other arrangement may be necessary. The annual cost to serve shall be the sum of the following components:

i. The annual fixed costs of the generation, transmission and distribution facilities related to the Customer's requirements. These fixed costs will be calculated at 21.95% of the value to be based on the year-end embedded investment depreciated in all similar facilities of the Company.
ii. The annual energy cost based on the latest available production costs related to the Customer's estimated annual energy use requirements.
iii. The annual fixed costs of the new local facilities necessary to provide the service requested calculated at 21.95% of the installed cost of such facilities.

If the estimated revenue for one year is greater than the cost to serve as describe herein, the Company may provide any new local facilities required at no cost to the Customer. If the estimated revenue for one year is less than the cost to serve as described herein, the Company will require the Customer to pay a contribution in aid of construction equal to the difference between the annual cost to serve as calculated and the estimated revenue for one year divided by 21.95%, but in no case to exceed the installed cost of the new facilities required. If, however, the annual cost to serve excluding the cost of new facilities paid for by the Customer exceeds the estimated revenue for one year, the Company, will, in addition to a contribution in aid of construction, require a special minimum or other arrangement to compensate the Company for such deficiency in venue.

Except where service is rendered in accordance with 807 KAR 5:041, Section 11, as described herein, the Company may require the Customer to execute an Advance and Refund Agreement where the Company reasonably questions the longevity of the service or the estimated energy use and demand requirements provided by the Customer. Under the Advance and Refund Agreement, the Customer shall pay the company the estimated total installed cost of the required new facilities which advance could be refunded over a five year period under certain circumstances. Over the five year period the Customer' electric bill would be credited each month up to the amount of 1/60th of the total amount advanced.

11. Extension of Service to Mobile Home
The electrical facilities of the Company will be extended or expanded to supply electric service to mobile homes in accordance with 807 KAR 5:041, Section 12.

12. Location and Maintenance of Company Equipment
The Company shall have the right to construct its poles, lines and circuits on the property, and to place its transformers and other apparatus on the property or within the building of the Customer, at a point or points convenient for such purposes, as required to serve such Customer, and the Customer shall provide suitable space for the installation of necessary measuring instruments so that the latter may be protected from injury by the elements or through the negligence or deliberate acts of the Customer or of any employee of the same.

Continued on Sheet 2-8

Terms and Conditions of Service Continued T

13. Billing Form
Pursuant to 807 KAR 5:006, Section 7, copies of the billing forms used by the Company are shown on Sheet Nos. 2-14 thru 2-23. T T

14. Rate Schedule Selection
The Company will explain to the Customer, at the beginning of service or upon request, the Company's rates available to the Customer. Company will assist Customer in the selection of the rate schedule best adapted to Customer's service requirements, provided, however, that Company does not assume responsibility for the selection or that Customer will at all times be served under the most favorable rate schedule.

Customer may change their initial rate schedule selection to another applicable rate schedule at any time by either written notice to Company and/or by executing a new contract for the rate schedule selected, provided that the application of such subsequent selection shall continue for 12 months before any other selection may be made. In no case will the Company refund any monetary difference between the rate schedule under which service was billed in prior periods and the newly selected rate schedules.

15. Monitoring Usage
At least once quarterly the Company will monitor the usage of each customer according to the following procedure:

a. The Customer's monthly usage will be compared with the usage of the corresponding period of the previous year.
b. If the monthly usage for the two periods is substantially the same or if any difference is known to be attributed to unique circumstances, such as unusual weather conditions, common to all customers, no further review will be made.
c. If the monthly usage is not substantially the same and cannot be attributed to a readily identified common cause, the Company will compare the Customer's monthly usage records for the 12-month period with the monthly usage for the same months of the preceding year.
d. If the cause for the usage deviation cannot be determined from analysis of the Customer's meter reading and billing records, the company will contact the Customer to determine whether there have been changes that explain the increased or decreased usage.
e. Where the deviation is not otherwise explained, the Company will test the Customer's meter to determine whether it shows an average error greater than 2 percent fast or slow.
f. The Company will notify the Customer of the investigation, its findings, and any refunds or back billing in accordance with 807 KAR 5:006, Section 11(4) and (5).

In addition to the quarterly monitoring, the Company will immediately investigate usage deviations brought to its attention as a result of its on-going meter reading, billing processes, or customer inquiry.

16. Use of Energy by Customer
The tariffs for electric energy given herein are classified by the character of use of such energy and are not available for service except as provided herein.

Upon the expiration of an electric service contract, if required by the terms of the tariff, the Customer may elect to renew the contract upon the same or another tariff published by the Company available to the Customer and applicable to the Customer's requirements, except that in no case shall the Company be required to maintain transmission, switching or transformation equipment different from or in addition to that generally furnished to other Customers receiving electrical supply under the terms of the tariff elected by the Customer.

The service connections, transformers, meters and appliances supplied by the Company for each Customer have a definite capacity and no additions to the equipment, or load connected thereto, will be allowed except by consent of the Company.

Continued on Sheet 2-9

Terms and Conditions of Service Continued

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Use of Energy by Customer Continued

The Customer shall install only motors, apparatus or appliances which are suitable for operation with the character of the service supplied by the Company, and which shall not be detrimental to same, and the electric energy must not be used in such a manner as to cause unprovided-for voltage fluctuations or disturbances in the Company's transmission or distribution system. The Company shall be the sole judge as to the suitability of apparatus or appliances, and also as to whether the operation of such apparatus or appliances is or will be detrimental to its general service.

No attachment of any kind whatsoever may be made to the Company's lines, poles, cross arms, structures or other facilities without the express written consent of the Company.

All apparatus used by the Customer shall be of such type as to secure the highest practicable commercial efficiency, power factor and the proper balancing of phases. Motors which are frequently started or motors arranged for automatic control must be of a type to give maximum starting torque with minimum current flow, and must be of a type, and equipped with controlling devices, approved by the Company. The Customer agrees to notify the Company of any increase or decrease in his connected load

The Company will not supply service to Customers who have other sources of electrical energy supply except under tariffs that specifically provide for same.

The Customer shall not be permitted to operate generating equipment in parallel with the Company's service except with express written consent of the Company.

Resale of energy will be permitted only with express written consent by the Company.

17. Residential Service

Except as otherwise provided in these tariffs, individual residences shall be served individually with single-phase secondary service under the applicable residential service tariff. Customer may not take service for 2 or more separate residences through a single point of delivery under any tariff. Exclusions may be allowed pursuant to 807 KAR 5:046 (Prohibition of master metering).

The residential service tariff shall cease to apply to that portion of a residence which becomes regularly used for business, professional, institutional or gainful purposes, which requires three phase service or primary service or which requires service to motors in excess of 10 HP each. Under these circumstances, Customer shall have the choice of: (1) separating the wiring so that the residential portion of the premises is served through a separate meter under the residential service tariff, and the other uses as enumerated above are served through a separate meter or meters under the applicable general service tariff; or (2) taking the entire service under the applicable general service tariff.

Detached building or buildings, actually appurtenant to the residence, such as a garage, stable or barn, may be served by an extension of the Customer's residence wiring through the residence meter and under the applicable residential service tariff.

18. Denial or Discontinuance of Service

The Company reserves the right to refuse or discontinue service to any customer if the customer is indebted to the Company for any service theretofore rendered at any location. Service will not be supplied or continued to any premises if at the time of application for service the Applicant is merely acting as an agent or person or former customer who is indebted to the Company for service previously supplied at the same, or other premises, until payment of such indebtedness shall have been made.

Continued on Sheet 2-10

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Terms and Conditions of Service Continued

Denial or Discontinuance of Service Continued

Unpaid balances of previously rendered Final Bills may be transferred to any account for which Customer has responsibility and may be included on initial or subsequent bills for the account to which the transfer was made. Such transferred Final Bills, if unpaid, will be a part of the past due balance of the account to which they are transferred. When there is no lapse in service, such transferred Final Bills will be subject to Company's collections and disconnect procedures in accordance with 807 KAR 5:006, Section 15(1)(f). Final Bills transferred following a lapse in service will not be subject to disconnection unless: (1) such service was provided pursuant to a fraudulent application submitted by Customer; (2) Customer and Company have entered into a contractual agreement which allows for such a disconnection; or (3) the current account is subsequently disconnected for service supplied at that point of delivery, at which time, all unpaid and past due balances must be paid prior to reconnect.

19. Special Charges

a. Reconnection and Disconnect Charges
In cases where the Company has discontinued service as herein provided for, the Company reserves the right to assess a reconnection charge pursuant to 807 KAR 5:006, Section 9 (3)(b), payable in advance, in accordance with the following schedule. However, those Customers qualifying for Winter Hardship Reconnection under 807 KAR 5:006 Section 16 shall be exempt from the reconnect charges.

Reconnect for nonpayment during regular hours	$4.70
Reconnect at the end of the day (no "Call Out" required)	$30.00
Reconnect for nonpayment when a "Call Out" is required prior to 8:00PM (A "Call Out" is when an employee must be called in to work on overtime basis to make the reconnect trip. Reconnection for nonpayment will not be made when a "Call Out" after 8:00 p.m. is required)	$95.00
Reconnect for nonpayment when double time is required (Sunday and Holiday)	$124.00
Termination or field trip	$4.70

The reconnection charge for all Customers where service has been disconnected for fraudulent use of electricity will be the actual cost of the reconnection.

b. Meter Read Check
Pursuant to 807 KAR 5:006, Section 9(3)(d) in cases where a customer requests a meter be reread, and the second reading shows the original reading was correct, the Customer will be charged a fee of $21.00 to cover the handling cost.

c. Returned Check Charge
In cases where a customer pays by check, which is later returned as unpaid by the bank for any reason, the Customer will be charged a fee of $14.65 to cover the handling costs.

d. Meter Test Charge
Where test of a meter is made upon written request by the Customer pursuant to 807 KAR 5:006, Section 19, the Customer will be charged $48.00 if such test shows that the meter was not more than two percent (2%) fast.

Continued on Sheet 2-11

Terms and Conditions of Service Continued

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Special Charges Continued

e. Work Performed on Company's Facilities at Customer's Request
Whenever, at the request and for the benefit of the Customer, work is performed on the Company's facilities, including the relocation, or replacement of the Company's facilities, the Customer shall pay to the Company in advance of the Company undertaking the work the estimated total cost of such work. This cost shall be itemized by major categories and shall include the Company's overheads and shall be credited with the net value of any salvageable material. The actual cost for the work performed shall be calculated at the completion of the work and the appropriate charge or refund will be made to the Customer.

Reasonable notice of not less than three working days shall be given to the Company for all requested work except for the covering of the Company's lines. Notice of any request for the Company to cover its lines shall be given at least two days in advance. The Company will endeavor to comply with all timely requests, but work may be delayed because of demands on the Company's personnel and equipment.

If the cost, as calculated above, is $500 or less for covering the Company's distribution facilities no charge will be imposed. All costs in excess of $500 for covering the Company's distribution facilities shall be paid by the Customer, in advance of the Company undertaking the work. The actual cost for the work performed shall be calculated at the completion of the work and the appropriate charge or refund will be made to the customer.

20. Refunds to Residential Customers
The Company may make a refund to residential customers by one of the following means: a credit to the Customer's bill, a prepaid card, or a check or electronic funds transfer (EFT).

The Company acting through its customer service representative shall fully address and resolve any customer complaints or disputes related to: (a) the accuracy of the names and last known addresses of the customer to receive prepaid cards; (b) the effective delivery and receipt of the prepaid cards; and (c) the amount of any refunds.

21. Alerts and Subscriptions
Kentucky Power offers an optional Mobile Alert Service for customers through which participating customers can elect to receive notifications from the Company via e-mail or text message. The Company provides billing and payment alerts and alerts relating to outages. These alerts are supplemental to standard communications from the Company and to the extent any discrepancies exist between the information contained in the mobile alerts and the information contained in standard communications from the Company, the information in the standard communications from the Company shall prevail.

Customers interested in receiving mobile alerts from Kentucky Power may sign up for the service through the Company's website at www.kentuckypower.com. The full terms and conditions of participating in the Kentucky Power Mobile Alert Service are included on the Company's website. Customers wishing to participate in Kentucky Power's Mobile Alert Service and to receive alerts via e-mail should add communications@kentuckypower-mail.com to the customer's email address book or spam filter to avoid alert communications from Kentucky Power being directed to spam. Customers are advised to contact their e-mail service provider for instructions on how to add addresses to an address book or spam filter if needed.

E-mail addresses from which alerts are sent through the Mobile Alert Service are used for sending e-mails only. Any e-mails sent to those addresses will not be received by the Company and the Company will not respond. Any electronic communication to the Company should be sent to Communications@kentuckypower-mail.com.

There is no charge from the Company for the Mobile Alert Service; however, message and data rates may apply. Customers are advised to verify message and data rates with their cellular and internet service providers.

Information regarding the types of alerts and the Mobile Alert Service in general are provided below.

Continued on Sheet 2-12

Terms and Conditions of Service Continued

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Alerts and Subscriptions Continued

Billing and Payment Alerts
Billing and payment alerts provided through Kentucky Power's Mobile Alert Service are in addition to regular billing statements, payment notifications, disconnect notices, or other standard communications sent by Kentucky Power or its third party partners as required by law, regulation, or tariff filed by Kentucky Power or its subsidiaries. These alerts are not a replacement for any regular billing statement, payment notifications, disconnect notices, or other standard communications. In the event of a discrepancy between the information provided in a billing or payment alert provided through the Mobile Alert Service and the information provided in the Company's standard communication, the information in the standard communication shall prevail.

Kentucky Power shall not have any liability for any delay or failure to deliver a billing or payment alert or for any mistakes or errors in any billing or payment alert provided through the Mobile Alerts Service.

Outage Alerts
Kentucky Power provides alerts relating to system outages through its Mobile Alert Service. Outage alerts will be sent when the Company has evidence of an outage at a subscribed address. Due to variations in equipment from one area to another, it is possible that the accuracy of outage alerts will vary from one area to another. Recipients shall consider any outage related information as guidance and not as an absolute guarantee. Kentucky Power will send outage related notifications based upon available information and does not guarantee that the notifications will be without error.

Planned outages and short-duration outages will normally not generate an outage-related notification. During large-scale outage events, the frequency and timeliness of outage updates may be impacted.

Kentucky Power shall not have any liability for any delay or failure to deliver an outage-related notification.

General
Kentucky Power does not warrant or guarantee that alerts will be sent or received, and Kentucky Power shall not be responsible for any lost or misdirected messages.

Customers electing to participate in Kentucky Power's Mobile Alert Service authorize the Company to contact them via their elected communication method with transactional messages pertaining to the service. Participation in the Mobile Alert Service shall be considered as affirmative consent to receive the related messages should these messages ever be classified as commercial in nature.

Kentucky Power shall not have any liability under any theory of recovery, whether in contract or tort, for any loss or damages due to delay or failure to deliver an alert through the Mobile Alert Service. Without limiting the previous sentence, Kentucky Power disclaims any liability, expressed or implied, for indirect or consequential damages arising from a customer's subscription to Kentucky Power's Mobile Alert Service.

Customer agrees not to publish, copy, communicate to the public, edit, retransmit, or amend any data received as part of Kentucky Power's Mobile Alert Service. The data communicated via the Mobile Alert Service is provided for the participating customer's personal non-commercial use only and may not be used for any other purpose.

Personal information and data ("Personal Data") provided by customers when using Kentucky Power's Mobile Alert Service will only be used by Kentucky Power and its suppliers and contractors for Mobile Alert Service-related purposes. Data other than Personal Data may be aggregated and used by the Company for the purpose of undertaking market research or in facilitating reviews, developments and improvements to Kentucky Power's Mobile Alert Service.

Continued on Sheet 2-13

Terms and Conditions of Service Continued

T

Alerts and Subscriptions Continued

Customers participating in the Mobile Alert Service may discontinue a portion of or all alerts at any time by modifying their alert subscription or by unsubscribing entirely. Customers wishing to modify or unsubscribe from the Mobile Alert Service may do so at the Company's website: www.kentuckypower.com or by contacting Kentucky Power's Customer Operations Centers at 1-800-572-1113. Kentucky Power will process a request to unsubscribe from the Mobile Alert Service within ten days of receiving the request. Kentucky Power is authorized to send a communication to a customer requesting to unsubscribe from the Mobile Alert Service to confirm the request.

The terms and conditions the Company's Mobile Alert Service shall be governed by applicable state law.

Customers electing to participate in the Company's Mobile Alert Service agree to the terms and conditions of the service and further agree that the terms and conditions may be updated from time to time. The Company will provide customers participating in the Mobile Alert Service with updated terms and conditions as they become effective. Customers participating in the Mobile Alert Service must take affirmative action to withdraw from the service if the customer does not agree with any new or updated term or condition of service. Failure to withdraw after an updated term and condition is provided by the Company means that the customer accepts the new or updated terms and conditions.

Additional Terms and Conditions for E-mail Alerts
If a customer sends an email to Kentucky Power with questions or comments, Kentucky Power may use the customer's e-mail address and other personal information included in the correspondence in order to respond. If a customer provides the Company with an e-mail address in order to receive alerts, Kentucky Power may use that e-mail address to send the customer other types of information.

A customer may unsubscribe from receiving e-mail alerts by clicking the "Unsubscribe" link near the bottom of an e-mail alert.

Additional Terms and Conditions for Text Message Alerts
Customers may elect to receive text alerts through Kentucky Power's Mobile Alert Service. For text alerts, message and data rates may apply consistent with the customer's mobile phone service agreement. Kentucky Power assumes no responsibility for any service charges received from customer's mobile phone service providers for text alerts received through the Mobile Alert Service. Kentucky Power is not responsible for and will not be liable for any breach of the terms of an agreement between a customer electing to receive text alerts through the Mobile Alert System and that customer's mobile phone service provider or for any mistake that may arise in the billing process.

To receive text alerts from the Company through the Mobile Alert Service, the customer must be the owner or legitimate user of the mobile phone registered or have the express consent of the owner or legitimate user. Customers electing to receive text alerts from the Company through the Mobile Alert Service are responsible for providing and maintaining a mobile phone and ensuring connection to a mobile network capable of receiving the text alerts.

Customers electing to receive text alerts through the Mobile Alert Service acknowledge that the text alerts may, at any time, be adversely affected by problems with the mobile phone network including, without limitation, interference to the network coverage. Kentucky Power shall not be responsible or liable for any loss, damage, or expense incurred directly or indirectly by customers electing to receive text alerts through the Mobile Alert Service as a result of any difficulties experienced by any cellular phone service provider.

In the event a customer electing to receive text alerts through the Mobile Alert Service changes mobile phone service providers or telephone number, that customer is required to subscribe again to receive text alerts. If no alerts are sent or received for eighteen months, a customer's opt-in to that offering will expire. A customer must opt-in again to the program in order to receive alerts.

Kentucky Power may discontinue text alerts at any time. Customers electing to receive text alerts through the Mobile Alert Service will receive text alerts from 23711. Customers may unsubscribe from text alerts by texting STOP to 23711 and may obtain assistance via text by texting HELP to 23711.

Continued on Sheet 2-14

Terms and Conditions of Service Continued

T

KENTUCKY POWER

Non-Payment/Return Mail:
PO BOX 24401
CANTON, OH 44701-4401

Amount due on or before MM DD, YYYY **$XXX.XX**
Bill mailing date is MM DD, YYYY
Account #XXX–XXX–XXX–X–X

SERVICE ADDRESS: KENTUCKY RESIDENTIAL, ADDRESS 123, ABC, KY XXXXX–XXXX

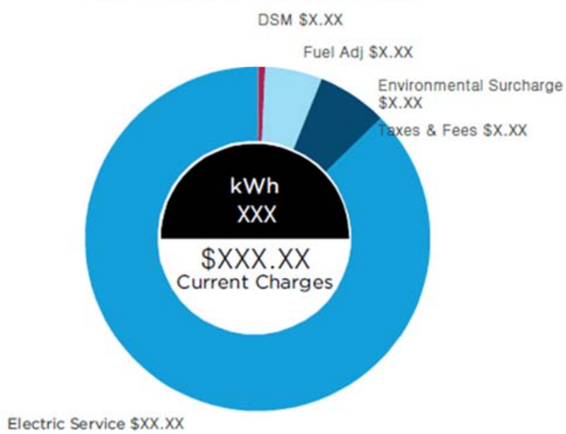
KENTUCKY RESIDENTIAL
ADDRESS 123
ABC, KY XXXXX–XXXX

Notes from KPCO:

Make this bill the last one sent in the mail! Go paperless and get email alerts when your bill is ready. Sign up at kentuckypower.com/paperless!

Usage History (kWh):

Current bill summary:
Billing from MM/DD/YY - MM/DD/YY (XX days)



Methods of Payment

kentuckypower.com
PO Box 371420
Pittsburgh, PA 15250-7420
1-800-611-0964 (fee may apply)

Please tear on dotted line.

Turn over for important information!

Thank you for your prompt payment. Please include your account number on your check and return this stub with your payment.

KENTUCKY RESIDENTIAL, ADDRESS 123, ABC, KY XXXXX–XXXX

KENTUCKY POWER

Non-Payment/Return Mail:
PO BOX 24401
CANTON, OH 44701-4401

Account #XXX-XXX-XXX-X-X
KENTUCKY RESIDENTIAL

Amount due on or before MM DD, YYYY **$XXX.XX**

Payment Amount $

Pay $XX,XXX.XX after MM/DD/YYYY

Make check payable and send to:
KENTUCKY POWER COMPANY
PO BOX 371420
PITTSBURGH, PA 15250–7420

☐ The **HEART** program helps low-income customers pay their electric bill. I want to help. My payment reflects my gift of $________

Continued on Sheet 2-15

DATE OF ISSUE: XXXX XX, XXXX
DATE EFFECTIVE: January 15, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

Terms and Conditions of Service Continued T

KENTUCKY POWER

Service Address:

KENTUCKY RESIDENTIAL
ADDRESS 123
ABC, KY XXXXX–XXXX

Account #XXX-XXX-XXX-X-X

Line Item Charges:

Previous Charges		
Total Amount Due At Last Billing	$	XXX.XX
Payment 02/07/22 - Thank You		-XXX.XX
Previous Balance Due	**$**	**X.XX**
Current KPCO Charges		
Tariff XXX - Residential Service XX/XX/XX		
Rate Billing	$	XXX.XX
Federal Tax Change @ X.XXXXX- Per kWh		-XX.XX
Fuel Adj @ X.XXXXX Per kWh		XX.XX
DSM Adj @ X.XXXXX Per kWh		XX.XX
Residential Energy Assistance @ $X.XX		XX.XX
Distribution Reliability Rider @ $X.XX		X.XX
Purchased Power Adj. $X.XXXXX/kWh		XX.XX
Renewable Power Option Rider		XX.XX
KY Power Solar Credit @ $X.XX		XX.XX
Securitization Financing Rider X.XXXXX%		XX.XX
Decommissioning Rider X.XXXXX%		XX.XX
Envrionmental Adj. X.XXXXX%		XX.XX
School Tax		XX.XX
City's Franchise Fee		XX.XX
State Sales Tax		XX.XX
Current Balance Due	**$**	**XXX.XX**
Homeserve Warranty Service	$	XX.XX

Meter Read Details:

Meter #XXXXXXXXX					
Previous	Type	Current	Type	Metered	Usage
XXXXX	Actual	XXXXX	Actual	XXX	XXX kWh
Service Period XX/XX – XX/XX					Multiplier 1
Next scheduled read date should be between MM DD and MM DD.					

Notes from KPCO:

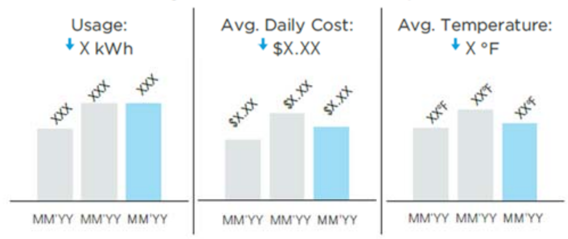
Kentucky Power provides online access to customer rate schedules at https://kentuckypower.com/account/bills/rates/. You can access a copy of your rates by clicking the "Kentucky Tariffs" link at that website. You can also view rates at our office, or request that a copy be sent to you via U.S. Postal Service or via email by calling customer service at 1–800–572–1113.

Homeserve USA is optional. Homeserve USA is not the same as KPCO and is not regulated by the KY Public Service Commission. A customer does not have to buy the Warranty Service in order to continue to receive quality regulated services from KPCO.

www.kyelectricalprotectionplan.com

Usage Details:

↑↓Values reflect changes between current month and previous month.



D
N

N

Total usage for the past 12 months: X,XXX kWh N
Average (Avg.) monthly usage: XXX kWh

Continued on Sheet 2-16

DATE OF ISSUE: XXXX XX, XXXX
DATE EFFECTIVE: January 15, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

T

Terms and Conditions of Service Continued

KENTUCKY POWER

Non-Payment/Return Mail:
PO BOX 24401
CANTON, OH 44701-4401

Amount due on or before MM DD, YYYY **$XXX.XX**

Bill mailing date is MM DD, YYYY
Account #XXX–XXX–XXX–X–X

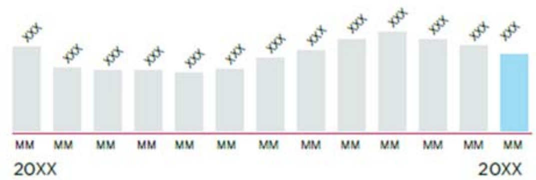
SERVICE ADDRESS: KENTUCKY GENERAL SERVICE, ADDRESS 123, ABC, KY XXXXX–XXXX

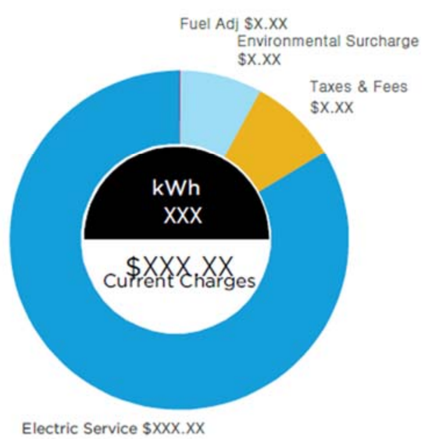
KENTUCKY GENERAL SERVICE
ADDRESS 123
ABC, KY XXXXX–XXXX

Notes from KPCO:

Make this bill the last one sent in the mail! Go paperless and get email alerts when your bill is ready. Sign up at kentuckypower.com/paperless!

Usage History (kWh):





Methods of Payment

kentuckypower.com

PO Box 371420
Pittsburgh, PA 15250-7420

1-800-611-0964 (fee may apply)

Need to get in touch?

Customer Operations Center: **1-888-710-4237**

Outages: kentuckypower.com/outages
or **1-800-572-1113**

Please tear on dotted line.

Turn over for important information!

Thank you for your prompt payment. Please include your account number on your check and return this stub with your payment.

KENTUCKY GENERAL SERVICE, ADDRESS 123, ABC, KY XXXXX–XXXX

KENTUCKY POWER

Non-Payment/Return Mail:
PO BOX 24401
CANTON, OH 44701-4401

Account #XXX-XXX-XXX-X-X
KENTUCKY GENERAL SERVICE

Amount due on or before MM DD, YYYY **$XXX.XX**

Payment Amount $

Pay $XX,XXX.XX after MM/DD/YYYY

Make check payable and send to:
KENTUCKY POWER COMPANY
PO BOX 371420 PITTSBURGH,
PA 15250–7420

☐ The **HEART** program helps low-income customers pay their electric bill. I want to help. My payment reflects my gift of $________

Continued on Sheet 2-17

DATE OF ISSUE: XXXX XX, XXXX
DATE EFFECTIVE: January 15, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

Terms and Conditions of Service Continued T

Service Address:

KENTUCKY GENERAL SERVICE
ADDRESS 123
ABC, KY XXXXX – XXXX
Account #XXX-XXX-XXX-X-X

Line Item Charges:

Previous Charges		
Total Amount Due At Last Billing	$	XX.XX
Payment XX/XX/XX - Thank You		-XX.XX
Previous Balance Due	**$**	**X.XX**
Current KPCO Charges		
Tariff XXX - General Service XX/XX/XX		
Rate Billing	$	XX.XX
Demand Charge		XX.XX
Federal Tax Change @ X.XXXXX- Per kWh		-XX.XX
Fuel Adj @ X.XXXXX Per kWh		XX.XX
DSM Adj @ X.XXXXX Per kWh		XX.XX
Kentucky Economic Development Surcharge @ $X.XX		XX.XX
Distribution Reliability Rider @ $X.XX		X.XX
Purchased Power Adj. $X.XXXXX/kWh		XX.XX
Renewable Power Option Rider		XX.XX
Securitization Financing Rider X.XXXXX%		XX.XX
Decommissioning Rider X.XXXXX%		XX.XX
Envrionmental Adj. X.XXXXX%		XX.XX
School Tax		XX.XX
City's Franchise Fee		XX.XX
State Sales Tax		XX.XX
Current Balance Due	**$**	**XX.XX**

Meter Read Details:

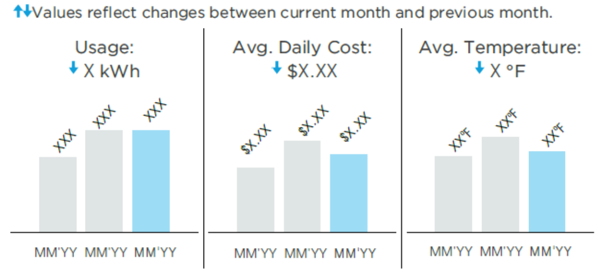
Meter #XXXXXXXXX					
Previous	Type	Current	Type	Metered	Usage
XXX	Actual	XXX	Actual	XXX	XXX kWh
Service Period XX/XX - XX/XX					Multiplier 1
Next scheduled read date should be between MM DD and MM DD.					

Notes from KPCO:

Kentucky Power provides online access to customer rate schedules at https://kentuckypower.com/account/bills/rates/. You can access a copy of your rates by clicking the "Kentucky Tariffs" link at that website. You can also view rates at our office, or request that a copy be sent to you via U.S. Postal Service or via email by calling customer service at 1-800-572-1113. T

Usage Details: D

Values reflect changes between current month and previous month.



N

N

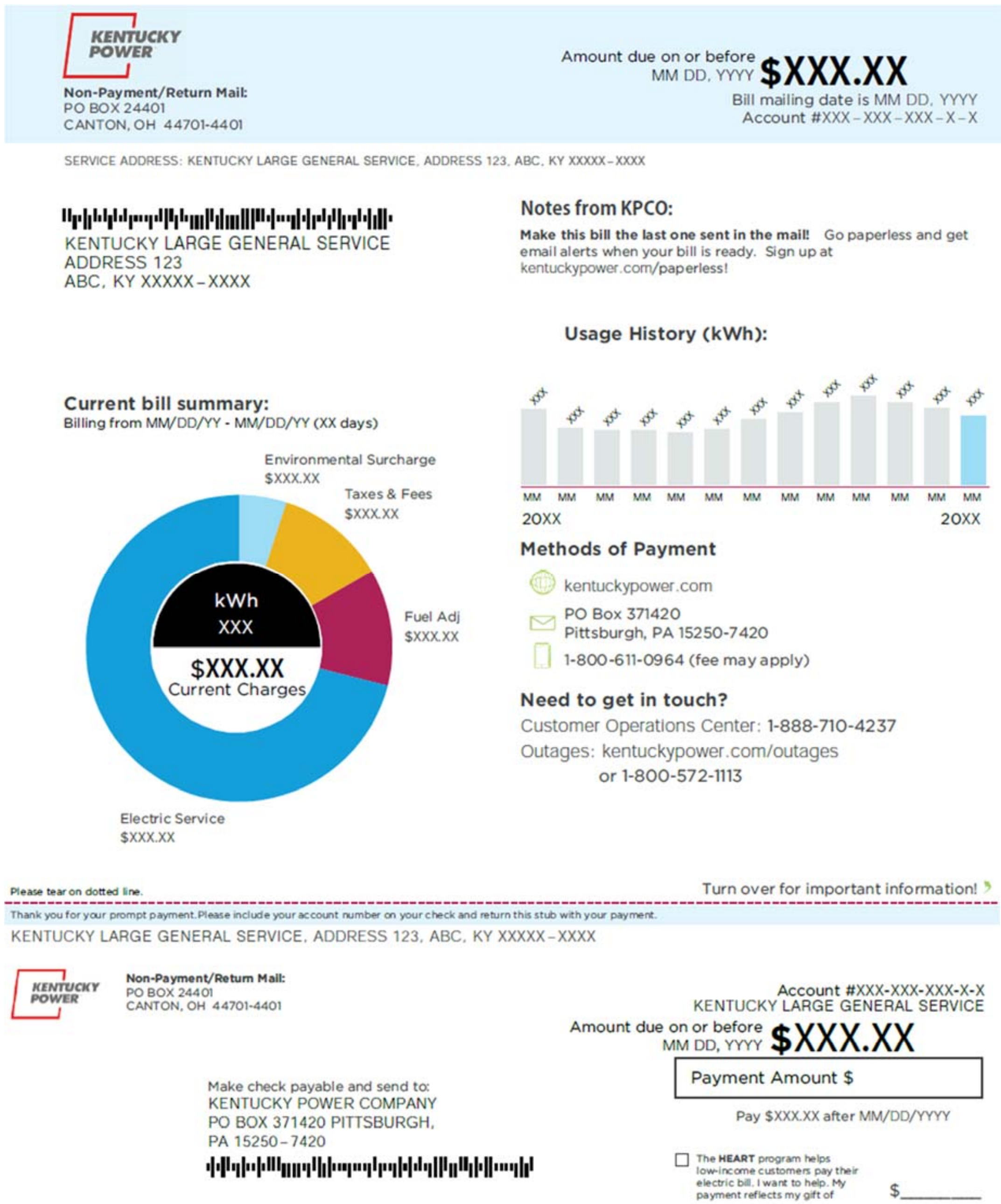
Total usage for the past 12 months: XXX kWh
Average (Avg.) monthly usage: XXX kWh

Continued on Sheet 2-18

DATE OF ISSUE: XXXX XX, XXXX
DATE EFFECTIVE: January 15, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

Terms and Conditions of Service Continued

T



KENTUCKY POWER

Non-Payment/Return Mail:
PO BOX 24401
CANTON, OH 44701-4401

Amount due on or before MM DD, YYYY **$XXX.XX**
Bill mailing date is MM DD, YYYY
Account #XXX – XXX – XXX – X – X

SERVICE ADDRESS: KENTUCKY LARGE GENERAL SERVICE, ADDRESS 123, ABC, KY XXXXX – XXXX

KENTUCKY LARGE GENERAL SERVICE
ADDRESS 123
ABC, KY XXXXX – XXXX

Notes from KPCO:
Make this bill the last one sent in the mail! Go paperless and get email alerts when your bill is ready. Sign up at kentuckypower.com/paperless!

Usage History (kWh):
XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
MM MM MM MM MM MM MM MM MM MM MM MM MM
20XX 20XX

Current bill summary:
Billing from MM/DD/YY - MM/DD/YY (XX days)

Environmental Surcharge $XXX.XX
Taxes & Fees $XXX.XX
Fuel Adj $XXX.XX
Electric Service $XXX.XX
kWh XXX
$XXX.XX Current Charges

Methods of Payment
kentuckypower.com
PO Box 371420
Pittsburgh, PA 15250-7420
1-800-611-0964 (fee may apply)

Need to get in touch?
Customer Operations Center: 1-888-710-4237
Outages: kentuckypower.com/outages
or 1-800-572-1113

Please tear on dotted line.
Turn over for important information!

Thank you for your prompt payment. Please include your account number on your check and return this stub with your payment.

KENTUCKY LARGE GENERAL SERVICE, ADDRESS 123, ABC, KY XXXXX – XXXX

KENTUCKY POWER

Non-Payment/Return Mail:
PO BOX 24401
CANTON, OH 44701-4401

Account #XXX-XXX-XXX-X-X
KENTUCKY LARGE GENERAL SERVICE
Amount due on or before MM DD, YYYY **$XXX.XX**

Payment Amount $

Pay $XXX.XX after MM/DD/YYYY

Make check payable and send to:
KENTUCKY POWER COMPANY
PO BOX 371420 PITTSBURGH,
PA 15250 – 7420

☐ The **HEART** program helps low-income customers pay their electric bill. I want to help. My payment reflects my gift of $________

Continued on Sheet 2-19

DATE OF ISSUE: XXXX XX, XXXX
DATE EFFECTIVE: January 15, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

Terms and Conditions of Service Continued T

KENTUCKY POWER

Service Address:

KENTUCKY LARGE GENERAL SERVICE

ADDRESS 123
ABC, KY XXXXX – XXXX

Account #XXX-XXX-XXX-X-X

Billed Usage MM/YY				
Usage	Power Factor	Power Factor Constant	Meter Location Comp.	Billed Usage
XXX	-	-	-	XXXX kWh
XXX	-	-	-	XXX kW
XXX	-	-	-	XXX.XXX KVA

Line Item Charges:

Previous Charges		
Total Amount Due At Last Billing	$	XXX.XX
Payment XX/XX/XX - Thank You		-XXX.XX
Previous Balance Due	**$**	**XX.XX**
Current Charges		
Tariff XXX - Large General Service XX/XX/XX		
Rate Billing	$	XXX.XX
Demand Charge		-XXX.XX
Economic Development Rider - IBDD		-XXX.XX
Economic Development Rider - SBDD		-XXX.XX
Federal Tax Change @ X.XXXXX- Per kWh		-XXX.XX
Fuel Adj @ X.XXXXX Per kWh		XXX.XX
DSM Adj @ X.XXXXX Per kWh		XXX.XX
Kentucky Economic Development Surcharge @ $X.XX		X.XX
Distribution Reliability Rider @ $X.XX		X.XX
Purchased Power Adj. $X.XXXXX/kWh		XXX.XX
Renewable Power Option Rider		XXX.XX
Securitization Financing Rider X.XXXXX%		XX.XX
Decommissioning Rider X.XXXXX%		XXX.XX
Envrionmental Adj. X.XXXXX%		XXX.XX
School Tax		XXX.XX
City's Franchise Fee		XXX.XX
State Sales Tax		XXX.XX
Current Balance Due	**$**	**XXX.XX**

Meter Read Details:

Meter #XXXXXXXXX					
Previous	Type	Current	Type	Metered	Usage
X	X	X.XXX	Actual	X	X kVAR
X	X	X.XXX	Actual	X.XXX	XXX.XX kW
XXXXX	Actual	XXXXX	Actual	XXX	XXX,XXX kWh
Service Period MM/DD - MM/DD					Multiplier XXX
Next scheduled read date should be between MM DD and MM DD.					

T

Net Usage : XXX,XXX kWh Billable Usage: XXX,XXX kWh

Notes from Kentucky Power:

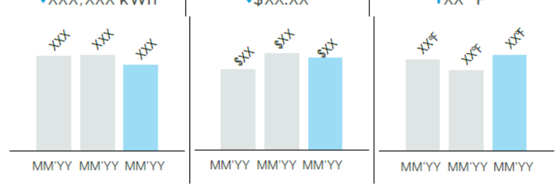
Kentucky Power provides online access to customer rate schedules at https://kentuckypower.com/acciunt/bills/rates. You can access a copy of your rates by clicking the "Kentucky Tariffs" link at that website. You can also view rates at our office, or request that a copy be sent to you via U.S. Postal Service or via email by calling customer service at 1–800–572–1113. D N

Due date does not apply to previous balance due.

Usage Details: N

↑↓Values reflect changes between current month and previous month.

Usage: ↓XXX,XXX kWh | Avg. Daily Cost: ↓$XX.XX | Avg. Temperature: ↑XX °F



Total usage for the past 12 months: XXX kWh

Average (Avg.) monthly usage: XXX kWh

Continued on Sheet 2-20

Terms and Conditions of Service Continued

T

KENTUCKY POWER

Non-Payment/Return Mail:
PO BOX 24401
CANTON, OH 44701-4401

Amount due on or before MM DD, YYYY **$XX,XXX.XX**
Bill mailing date is MM DD, YYYY
Account #XXX–XXX–XXX–X–X

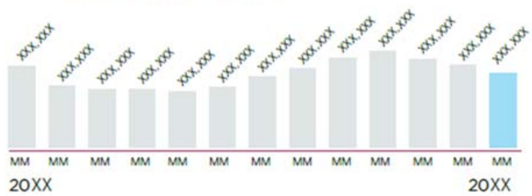
SERVICE ADDRESS: KENTUCKY INDUSTRIAL–PRIMARY & SECONDARY, ADDRESS 123, ABC, KY XXXXX–XXXX

KENTUCKY INDUSTRIAL– PRIMARY & SECONDARY
ADDRESS 123
ABC, KY XXXXX–XXXX

Notes from KPCO:

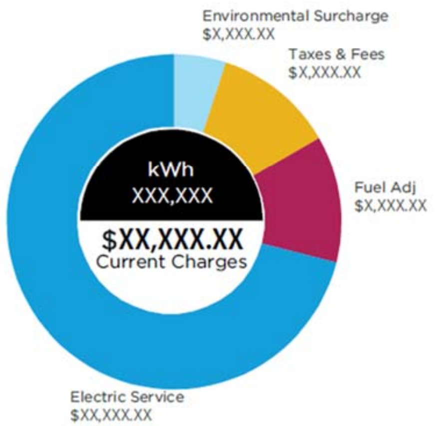
Make this bill the last one sent in the mail! Go paperless and get email alerts when your bill is ready. Sign up at kentuckypower.com/paperless!

Usage History (kWh):



Current bill summary:

Billing from MM/DD/YY - MM/DD/YY (XX days)



Methods of Payment

kentuckypower.com
PO Box 371420
Pittsburgh, PA 15250-7420
1-800-611-0964 (fee may apply)

Need to get in touch?

Customer Operations Center: 1-888-710-4237
Outages: kentuckypower.com/outages
or 1-800-572-1113

Please tear on dotted line.

Turn over for important information!

Thank you for your prompt payment. Please include your account number on your check and return this stub with your payment.

KENTUCKY INDUSTRIAL–PRIMARY & SECONDARY, ADDRESS 123, ABC, KY XXXXX–XXXX

KENTUCKY POWER

Non-Payment/Return Mail:
PO BOX 24401
CANTON, OH 44701-4401

Account #XXX-XXX-XXX-X-X
KENTUCKY INDUSTRIAL – PRIMARY & SECONDARY
Amount due on or before MM DD, YYYY **$XX,XXX.XX**

Payment Amount $

Pay $XX,XXX.XX after MM/DD/YYYY

Make check payable and send to:
KENTUCKY POWER COMPANY
PO BOX 371420 PITTSBURGH,
PA 15250–7420

☐ The **HEART** program helps low-income customers pay their electric bill. I want to help. My payment reflects my gift of $________

Continued on Sheet 2-21

DATE OF ISSUE: XXXX XX, XXXX
DATE EFFECTIVE: January 15, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

Terms and Conditions of Service Continued T

KENTUCKY POWER

Service Address:

KENTUCKY INDUSTRIAL–PRIMARY & SECONDARY

ADDRESS 123
ABC, KY XXXXX–XXXX

Account #XXX-XXX-XXX-X-X

Line Item Charges:

Previous Charges		
Total Amount Due At Last Billing	$	XX,XXX.XX
Payment XX/XX/XX - Thank You		-XX,XXX.XX
Previous Balance Due	**$**	**XX.XX**
Current Charges		
Tariff XXX - Industrial General Service XX/XX/XX		
Rate Billing	$	XX,XXX.XX
Demand Charge		-X,XXX.XX
Economic Development Rider - IBDD		-X,XXX.XX
Economic Development Rider - SBDD		-X,XXX.XX
Federal Tax Change @ X.XXXXX- Per kWh		-X,XXX.XX
Fuel Adj @ X.XXXXX Per kWh		X,XXX.XX
Kentucky Economic Development Surcharge @ $X.XX		X.XX
Distribution Reliability Rider @ $X.XX		X.XX
Purchased Power Adj. $X.XXXXX/kWh		XX.XX
Purchased Power Adj. $X.XXXXX/kW		X,XXX.XX
Renewable Power Option Rider		X,XXX.XX
Securitization Financing Rider X.XXXXX%		XX.XX
Decommissioning Rider X.XXXXX%		XX.XX
Envrionmental Adj. X.XXXXX%		X,XXX.XX
School Tax		X,XXX.XX
City's Franchise Fee		X,XXX.XX
State Sales Tax		X,XXX.XX
Total Balance Due	**$**	**XX,XXX.XX**

Billed Usage MM/YY				
Usage	Power Factor	Power Factor Constant	Meter Location Comp.	Billed Usage
XXX,XXX	-	-	-	XXX,XXX kWh
XXX,XXX	-	-	-	XXX,XXX kW On-Pk
XXX,XXX	-	-	-	XXX,XXX kW Off-Pk
Contract Capacity = X,XXX.X				High Prev Demand = X,XXX.X On-Pk
				High Prev Demand = X,XXX.X Off-Pk

Meter Read Details:

Meter #XXXXXXXXX					
Previous	Type	Current	Type	Metered	Usage
X	X	X,XXX	Actual	X	X kVAR
X	X	X,XXX	Actual	X,XXX	XXX.XX kW On-Pk
XXXXX	Actual	XXXXX	Actual	XXX	XXX,XXX kWh
X	X	X,XXX	Actual	X.XX	XXX.X kW Off-Pk
X	X	X,XXX	Actual	X,XXX	XXX.XX kVAR
Service Period MM/DD - MM/DD					Multiplier XXX
Next scheduled read date should be between MM DD and MM DD.					

T

Net Usage : XXX,XXX kWh	Billable Usage: XXX,XXX kWh

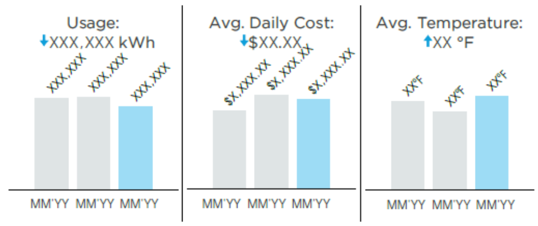
Notes from Kentucky Power:

Kentucky Power provides online access to customer rate schedules at https://kentuckypower.com/acciunt/bills/rates. You can access a copy of your rates by clicking the "Kentucky Tariffs" link at that website. You can also view rates at our office, or request that a copy be sent to you via U.S. Postal Service or via email by calling customer service at 1–800–572–1113. D N

Due date does not apply to previous balance due.

Usage Details: N

↑↓Values reflect changes between current month and previous month.



Total usage for the past 12 months: X,XXX,XXX kWh

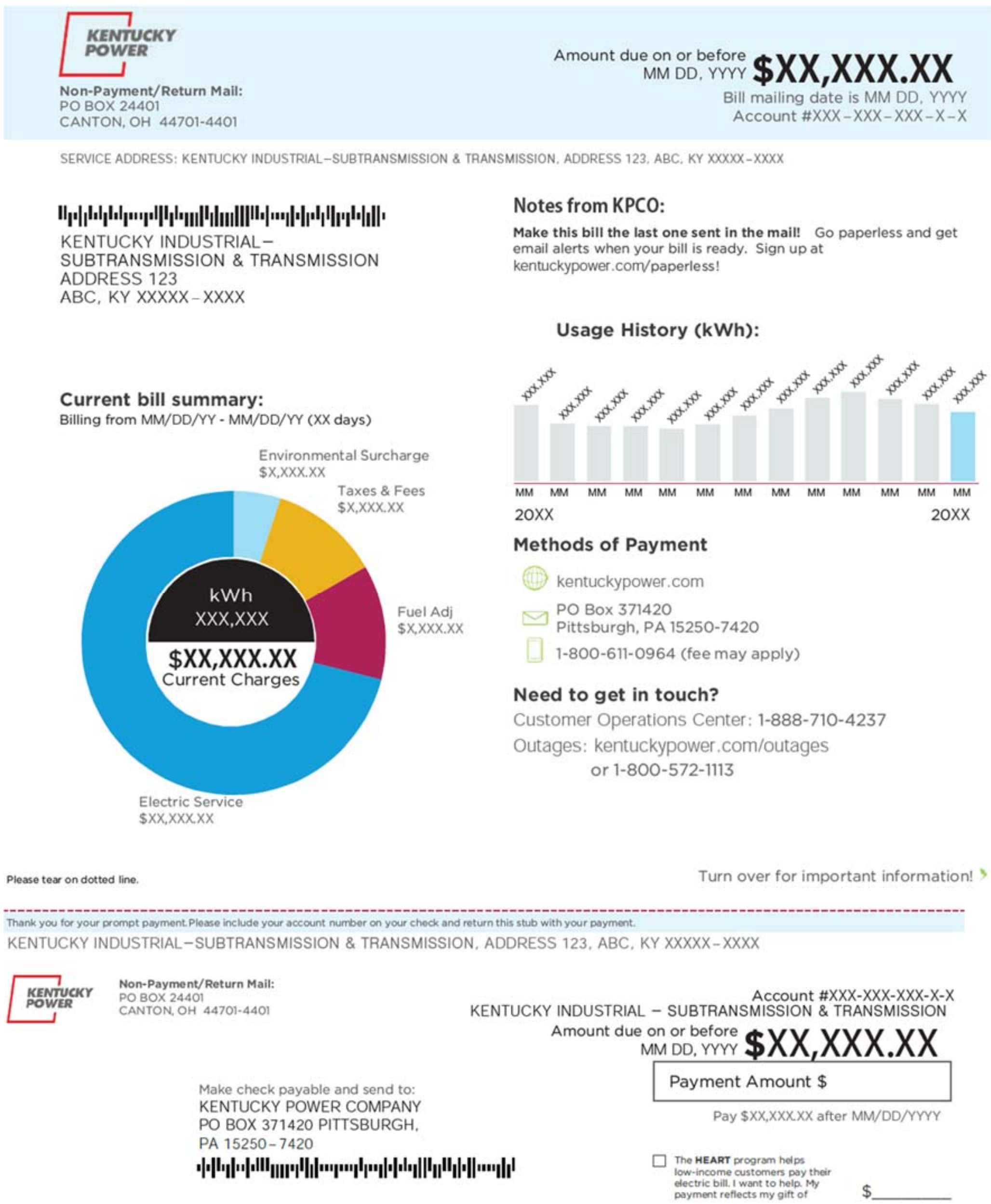
Average (Avg.) monthly usage: XXX,XXX kWh

Continued on Sheet 2-22

DATE OF ISSUE: XXXX XX, XXXX
DATE EFFECTIVE: January 15, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

Terms and Conditions of Service Continued

T
N



KENTUCKY POWER

Non-Payment/Return Mail:
PO BOX 24401
CANTON, OH 44701-4401

Amount due on or before MM DD, YYYY **$XX,XXX.XX**
Bill mailing date is MM DD, YYYY
Account #XXX-XXX-XXX-X-X

SERVICE ADDRESS: KENTUCKY INDUSTRIAL–SUBTRANSMISSION & TRANSMISSION, ADDRESS 123, ABC, KY XXXXX-XXXX

KENTUCKY INDUSTRIAL–
SUBTRANSMISSION & TRANSMISSION
ADDRESS 123
ABC, KY XXXXX-XXXX

Notes from KPCO:
Make this bill the last one sent in the mail! Go paperless and get email alerts when your bill is ready. Sign up at kentuckypower.com/paperless!

Usage History (kWh):

Current bill summary:
Billing from MM/DD/YY - MM/DD/YY (XX days)

Methods of Payment
kentuckypower.com
PO Box 371420
Pittsburgh, PA 15250-7420
1-800-611-0964 (fee may apply)

Need to get in touch?
Customer Operations Center: 1-888-710-4237
Outages: kentuckypower.com/outages
or 1-800-572-1113

Please tear on dotted line.

Turn over for important information!

Thank you for your prompt payment. Please include your account number on your check and return this stub with your payment.

KENTUCKY INDUSTRIAL–SUBTRANSMISSION & TRANSMISSION, ADDRESS 123, ABC, KY XXXXX-XXXX

KENTUCKY POWER

Non-Payment/Return Mail:
PO BOX 24401
CANTON, OH 44701-4401

Account #XXX-XXX-XXX-X-X
KENTUCKY INDUSTRIAL – SUBTRANSMISSION & TRANSMISSION
Amount due on or before MM DD, YYYY **$XX,XXX.XX**

Payment Amount $

Pay $XX,XXX.XX after MM/DD/YYYY

Make check payable and send to:
KENTUCKY POWER COMPANY
PO BOX 371420 PITTSBURGH,
PA 15250-7420

☐ The **HEART** program helps low-income customers pay their electric bill. I want to help. My payment reflects my gift of $________

Continued on Sheet 2-23

DATE OF ISSUE: XXXX XX, XXXX
DATE EFFECTIVE: January 15, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

Terms and Conditions of Service Continued

T
N

KENTUCKY POWER

Service Address:

KENTUCKY INDUSTRIAL–
SUBTRANSMISSION AND TRANSMISSION
ADDRESS 123
ABC, KY XXXXX – XXXX

Account #XXX-XXX-XXX-X-X

Billed Usage MM/YY				
Usage	Power Factor	Power Factor Constant	Meter Location Comp.	Billed Usage
XXX.XXX	-	-	-	XXX.XXX kWh
XXX.XXX	-	-	-	XXX.XXX kW On-Pk
XXX.XXX	-	-	-	XXX.XXX kW Off-Pk
Contract Capacity = X,XXX.X			High Prev Demand = X,XXX.X On-Pk	
			High Prev Demand = X,XXX.X Off-Pk	

Previous Charges		
Total Amount Due At Last Billing	$	XX,XXX.XX
Payment XX/XX/XX - Thank You		-XX,XXX.XX
Previous Balance Due	**$**	**XX.XX**
Current Charges		
Tariff XXX - Industrial General Service XX/XX/XX		
Rate Billing	$	XX,XXX.XX
Demand Charge		-X,XXX.XX
Economic Development Rider - IBDD		-X,XXX.XX
Economic Development Rider - SBDD		-X,XXX.XX
Federal Tax Change @ X.XXXXX- Per kWh		-X,XXX.XX
Fuel Adj @ X.XXXXX Per kWh		X,XXX.XX
Kentucky Economic Development Surcharge @ $X.XX		X.XX
Purchased Power Adj. $X.XXXXX/kWh		XX.XX
Purchased Power Adj. $X.XXXXX/kW		X,XXX.XX
Renewable Power Option Rider		X,XXX.XX
Securitization Financing Rider X.XXXXX%		XX.XX
Decommissioning Rider X.XXXXX%		XX.XX
Envrionmental Adj. X.XXXXX%		X,XXX.XX
School Tax		X,XXX.XX
City's Franchise Fee		X,XXX.XX
State Sales Tax		X,XXX.XX
Total Balance Due	**$**	**XX,XXX.XX**

Meter Read Details:

Meter #XXXXXXXXX					
Previous	Type	Current	Type	Metered	Usage
X	X	X.XXX	Actual	X	X kVAR
X	X	X.XXX	Actual	X.XXX	XXX.XX kW On-Pk
XXXXX	Actual	XXXXX	Actual	XXX	XXX,XXX kWh
X	X	X.XXX	Actual	X.XX	XXX.X kW Off-Pk
X	X	X.XXX	Actual	X.XXX	XXX.XX kVAR
Service Period MM/DD - MM/DD					Multiplier XXX
Next scheduled read date should be between MM DD and MM DD.					

T

Net Usage : XXX,XXX kWh Billable Usage: XXX,XXX kWh

Notes from Kentucky Power:

Kentucky Power provides online access to customer rate schedules at https://kentuckypower.com/acciunt/bills/rates. You can access a copy of your rates by clicking the "Kentucky Tariffs" link at that website. You can also view rates at our office, or request that a copy be sent to you via U.S. Postal Service or via email by calling customer service at 1 – 800 – 572 – 1113.

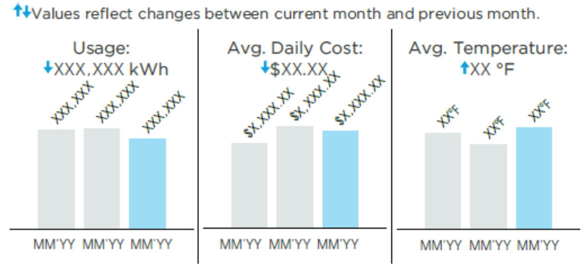
D

Due date does not apply to previous balance due.

N

Usage Details:

↑↓Values reflect changes between current month and previous month.



Total usage for the past 12 months: X,XXX,XXX kWh
Average (Avg.) monthly usage: XXX,XXX kWh

DATE OF ISSUE: XXXX XX, XXXX
DATE EFFECTIVE: January 15, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

Capacity and Energy Control Program

Introduction
Kentucky Power Company's Capacity and Energy Control Program outlines the procedures the Company will follow in the event of an emergency that threatens the continued reliable operation of bulk power supply system. Notwithstanding any provisions of this Capacity and Energy Control Program, the Company shall have the right to take whatever steps, with or without notice and without liability on Company's part, that Company believes necessary, in whatever order consistent with good utility practices and not on an unduly discriminatory basis, to preserve system integrity and to prevent the collapse of Company's electric system or interconnected electric network or to restore service following an outage. Such actions will be taken giving priority to maintaining service to Company's retail and full requirements customers relative to other sales whenever feasible and as allowed by law. The Company's Capacity and Energy Control Program consists of three sets of procedures:

I. Procedures During Abnormal System Frequency
II. Capacity Deficiency Program
III. Energy Emergency Control Program

Specific details regarding the Company's Capacity and Energy Control Program are included in the Company's Emergency Operating Plan ("EOP"). A copy of the Company's current EOP is on file with the Kentucky Public Service Commission in Administrative Case No. 345. Where this tariff diverts from the Company's EOP, the EOP Plan shall govern.

I. AEP/PJM Procedures During Abnormal System Frequency (EOP Section IV)

a. Purpose
Precautionary procedures are required to meet emergency conditions such as system separation and operation at subnormal frequency. In addition, the coordination of these emergency procedures with neighboring companies is essential. The AEP/PJM program described below provides procedures for reducing the consumption of electric energy on the Company's system in the event of a period of abnormal system frequency.

b. AEP/PJM Procedures
From 59.8 – 60.2 Hz, to the extent practicable, the Company will utilize all operating and emergency reserves. The manner of utilization of these reserves depends on the behavior of the System during the emergency.

For rapid frequency decline, the Company will utilize capacity that is on-line and automatically responsive to frequency (spinning reserve) and such measures as interconnection assistance and automatic load reductions to arrest the decline in frequency.

If the frequency decline is gradual, the Generation/Production Optimization Group, particularly in the deficient area, will invoke non-automatic procedures involving operating and emergency reserves. These efforts will continue until the frequency decline is arrested or until automatic load-shedding devices operate at subnormal frequencies. A deficient Balancing Authority shall only use the assistance provided by the Interconnection's frequency bias for the time needed to implement corrective actions. The Balancing Authority shall not unilaterally adjust generation in an attempt to return Interconnection frequency to normal beyond that supplied through frequency bias action and Interchange Schedule changes. Such unilateral adjustment may overload transmission facilities. At 59.75 Hz, the Company will suspend Automatic Generation Control (AGC) and notify Interruptible Customers to drop load.

If at any time the decline in area frequency is arrested below 59.5 Hz, the Company will evaluate whether the area should manually shed an additional 5% of its initial load. If, after five minutes, shedding 5% of load has not returned the area frequency to 59.5 Hz or above, the area shall manually shed an additional 5% of its remaining load and continue to repeat in five-minute intervals until 59.5 Hz is reached. These steps must be completed within the time constraints imposed upon the operation of generating units that are discussed in the EOP subsection titled, "Isolation of Coal-fired Generating Units."

Automatic Load Shedding Program details are located in Section IV of the Company's EOP.

Continued on Sheet 3-2

Capacity and Energy Control Program Continued

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II. Capacity Deficiency Program (EOP Section III)

a. Purpose
The purpose of the Capacity Deficiency Program is to provide a plan for full utilization of emergency capacity resources and for orderly reduction in the aggregate customer demand on the American Electric Power (AEP) East/PJM Eastern System in the event of a capacity deficiency. A capacity deficiency is a shortage of generation versus load and can be caused by generating unit outages and/or extreme internal load requirements.

b. AEP East/PJM Procedures
There are three general levels of emergency actions for capacity deficiencies:

- Alerts - issued in advance of the operating day for elevated awareness and to give time for advanced preparations.
- Warnings - issued real time, typically preceding, and with an estimated time/window for a potential future action.
- Actions - issued real time and requires PJM and/or Member response. PJM actions are consistent with NERC and RFC EOP standards.

The Company may also issue an Advisory, one or more days in advance of the operating day during which a capacity deficiency may occur, that are general in nature and are for elevated awareness only. No preparations or actions are required in response to an Advisory.

Alerts

Voluntary Customer Load Curtailment Alert
The purpose of the Voluntary Customer Load Curtailment Alert is to alert members of the probable future need to implement a voluntary customer load curtailment. It is implemented whenever the estimated operating reserve capacity indicates a probable future need for voluntary customer load curtailment.

Real Time Emergency Procedures (Warnings and Actions)

Warnings
Warnings are issued in real time during present operations to inform members of actual capacity shortages or contingencies that may jeopardize the reliable operation of the PJM RTO. Generally, a warning precedes an associated action. The intent of warnings is to keep all affected system personnel aware of the forecast and/or actual status of the PJM RTO.

Actions
The PJM RTO is normally loaded according to bid prices; however, during periods of reserve deficiencies, other measures must be taken to maintain system reliability. These measures involve:

- loading generation that is restricted for reasons other than cost
- recalling non-capacity backed off-system sales
- purchasing emergency energy from participants / surrounding pools
- load relief measures

The Company's EOP includes a nine-step warning and action procedure during capacity deficiency conditions.

Continued on Sheet 3-3

Capacity and Energy Control Program Continued

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c. Priority Levels
For the purpose of these capacity deficiency procedures, the following Priority Levels for loads have been established:

I. Essential Health and Safety Uses – to be given special consideration in these procedures shall, insofar as the situation permits, include the following types of use:

a. Hospitals, which shall be limited to institutions providing medical care to patients.

b. Life Support Equipment, which shall be limited to kidney machines, respirators, and similar equipment used to sustain the life of a person.

c. Police Stations and Government Detention Institutions, which shall be limited to essential uses required for police activities and the operation of facilities used for the detention of persons.

d. Fire Stations, which shall be limited to facilities housing mobile fire-fighting apparatus.

e. Communication Services, which shall be limited to essential uses required for telephone, telegraph, television, radio and newspaper operations, and operation of state and local emergency services.

f. Water and Sewage Services, which shall be limited to essential uses required for the supply of water to a community, flood pumping and sewage disposal.

g. Transportation and Defense-related Services, which shall be limited to essential uses required for the operation, guidance control and navigation of air, rail and mass transit systems, including those uses essential to the national defense and operation of state and local emergency services. These uses shall include essential services such as street, highway and signal-lighting.

Although, when practical, these types of uses will be given special consideration when implementing the manual load- shedding provisions of this program, any customer may be affected by rotating or unplanned outages and should install emergency generation equipment if continuity of service is essential. Where the emergency is system-wide in nature, consideration will be given to the use of rotating outages as operationally practicable. In case of customers supplied from two utility sources, only one source will be given special consideration. Also, any other customers who, in their opinion, have critical equipment should install emergency generation equipment.

Company maintains lists of customers with life support equipment and other critical needs for the purpose of curtailments and service restorations. Company, lacking knowledge of changes that may occur at any time in Customer's equipment, operation, and backup resources, does not assume the responsibility of identifying customers with priority needs. It shall, therefore, be Customer's responsibility to notify Company if Customer has critical needs.

II. Critical Commercial and Industrial Uses – Except as described in Section C.III below, these uses shall include commercial or industrial operations requiring regimented shutdowns to prevent conditions hazardous to the general population, and to energy utilities and their support facilities critical to the production, transportation, and distribution of service to the general population. Company shall maintain a list of such customers for the purpose of curtailments and service restoration.

III. Residential Use – Residential use during certain weather conditions (for example severe winter weather) will receive precedence over critical commercial and industrial uses. The availability of Company service personnel and the circumstances associated with the outage will also be considered in the restoration of service.

Continued on Sheet 3-4

Capacity and Energy Control Program Continued

T

Priority Levels Continued

IV. Non-critical commercial and industrial uses.

V. Nonessential Uses – The following and similar types of uses of electric energy shall be considered nonessential for all customers:

a. Outdoor flood and advertising lighting, except for the minimum level to protect life and property, and a single illuminated sign identifying commercial facilities when operating after dark.

b. General interior lighting levels greater than minimum functional levels.

c. Show-window and display lighting.

d. Parking lot lighting above minimum functional levels.

e. Energy use to lower the temperature below 78 degrees during operation of cooling equipment and above 65 degrees during operation of heating equipment.

f. Elevator and escalator use in excess of the minimum necessary for non-peak hours of use.

g. Energy use greater than that which is the minimum required for lighting, heating, or cooling of commercial or industrial facilities for maintenance cleaning or business-related activities during non-business hours.

Non-jurisdictional customers will be treated in a manner consistent with the curtailment procedures contained in the service agreement between the parties or the applicable tariff.

d. Curtailment Procedures
In the event Company's load exceeds internal generation, transmission, or distribution capacity, or other system disturbances exist, and internal efforts have failed to alleviate the problem, including emergency energy purchases, the following steps may be taken, individually or in combination, in the order necessary as time permits:

1. Customers having their own internal generation capacity will be curtailed, and customers on interruptible contracts will be curtailed for the maximum hours and load allowable under their contract. Nothing in this procedure shall limit Company's rights under the Contract Service – Interruptible Power Tariff or the Alternate Feed Service Rider.

2. Power output will be maximized at Company's generating units.

3. Company use of energy at its generating stations will be reduced to a minimum.

4. Company's use of electric energy in the operation of its offices and other facilities will be reduced to a minimum.

5. The Kentucky Public Service Commission will be advised of the situation.

6. An appeal will be made to customers through the news media and/or personal contact to voluntarily curtail as much load as possible. The appeal will emphasize the defined priority levels as set forth above.

7. Customers will be advised through the use of the news media and personal contact that load interruption is imminent.

8. Implement procedures for interruption of selected distribution circuits.

Continued on Sheet 3-5

Capacity and Energy Control Program Continued

T

e. Service Restoration Procedures
Where practical, priority uses will be considered in restoring service and service will be restored in the order I through V as defined under Priority Levels described above. However, because of the varieties of unpredictable circumstances which may exist or precipitate outages, it may be necessary to balance specific individual needs with infrastructure needs that affect a larger population. When practical, Company will attempt to provide estimates of repair times on its website to aid customers in assessing the need for alternative power sources and temporary relocations.

III. Energy Emergency Control Program (EOP Section V)

a. Introduction
The purpose of this plan is to provide for the reduction of the consumption of electric energy on the American Electric Power Company System in the event of a severe coal fuel shortage, such as might result from a general strike, or severe weather.

b. Procedures
In the event of a potential severe coal shortage, such as one resulting from a general coal strike, the following steps will be implemented. These steps will be carried out to the extent permitted by contractual commitments or by order of the regulatory authorities having jurisdiction. For further information, see EOP Section V.

With regard to mandatory curtailments, the Company proposes to monitor compliance after the fact. A customer exceeding his electric allotment would be warned to curtail his usage or face, upon continuing noncompliance and upon one day's actual written notice, disconnection of electric service for the duration of the energy emergency.

Standard Nominal Voltages

The voltage available to any individual customer shall depend upon the voltage of the Company's lines serving the area in which customer is provided service.

Electric service provided under the Company's rate schedules will be 60 hertz alternating current delivered from various load centers at nominal voltages and phases as available in a given location as follows:

Secondary Distribution Voltages

Residential Service

Single phase 120/240 volts three wire or 120/208 volts three wire on network system.

General Service - All Except Residential

Single-phase 120/240 volts three wire or 120/208 volts three wire on network system. Three-phase 120/208 volts four wire on network system, 120/240 volts four wire, 240 volts three wire, 480 volts three wire and 277/480 volts four wire, Single-phase 480 volts two wire, and Single-phase 240/480 volts three wire.

Primary Distribution Voltages

The Company's primary distribution voltage levels at load centers are 2,400; 4,160Y; 7,200; 12,470Y; 19,900 and 34,500Y.

Subtransmission Line Voltages

The Company's sub transmission voltage levels are 34,500; 46,000; and 69,000.

Transmission Line Voltages

The Company's transmission voltage levels are 138,000; 161,000; 345,000; and 765,000.

Tariff R.S.
(Residential Service)

Availability of Service
Available for full domestic electric service through 1 (one) meter to individual residential customers including rural residential customers engaged principally in agricultural pursuits.

Rate *(Tariff Codes 015, 017, 022)*

Service Charge	$20.00	per month	I
Energy Charge	12.036¢	per kWh	I

Minimum Charge
This tariff is subject to a minimum monthly charge equal to the Service Charge.

Adjustment Clauses
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Residential Energy Assistance	Sheet No. 26	T
Demand-Side Management Adjustment Clause	Sheet No. 28	
System Sales Clause	Sheet No. 29	
Fuel Adjustment Clause	Sheet No. 30	
Purchase Power Adjustment	Sheet No. 31	
Environmental Surcharge	Sheet No. 32	
Decommissioning Rider	Sheet No. 33	D
Distribution Reliability Rider	Sheet No. 34	N
Securitization Financing Rider	Sheet No. 35	N
Federal Tax Change	Sheet No. 36	
City's Franchise Fee	Sheet No. 37	
School Tax	Sheet No. 38	

D

Volunteer Departments *(Tariff Code 024)*
Volunteer Fire Departments may qualify pursuant to KRS 278.172 for this tariff but will be required to provide a completed Form 990 and update it annually.

Kentucky Power Solar Credit N
The Kentucky Power Solar Credit is available only to residential customers participating in LIHEAP (Low Income Home Energy Assistance Program). This credit is funded solely by Kentucky Power's Solar Gardens distributed solar program. Total program funding per year is equal to 50% of the energy benefits produced by the Kentucky Power's Solar Gardens distributed solar program in the twelve months ending in October of each year. Total program funding will be split ratably between all eligible customers and credited to eligible customers' bills. The credit will be automatically reflected on eligible customers' electric bills in equal amounts over the course of January through March of each year. The credit amount will be updated annually and trued-up annually to match the number of customers actually participating in the program at the time of the true-up. The monthly Fuel Adjustment Clause also will be adjusted to account for removal of 50% of the energy benefits produced by the Solar Gardens facilities and credited to eligible customers as detailed in this section.

Credit Amount	$X.XX	per month (January – March)

Continued on Sheet 5-2 T

Kentucky Power Company
Settlement Agreement Exhibit 5
Case No. 2023-00159
Annotated Tariff Sheets
Page 33 of 164

Tariff R.S. Continued (Residential Service) T

Optional Seasonal Provision (*Tariff Code XXX*) N
For residential customers desiring to take seasonal rate service. Service under this provision shall be for a minimum of 12 consecutive billing months.

Service Charge	$20.00	per month
Energy Charge		
All kWh used during winter billing months (December-March)	11.150¢	per kWh
All kWh used during all other months (April-November)	12.756¢	per kWh

This provision is subject to the Service Charge, and the adjustment clauses as stated in the Adjustment Clause section.

Storage Water Heating Provision
This provision is withdrawn except for the present installations of current customers receiving service hereunder at premises served prior to April 1, 1997.

If the customer installs a Company approved storage water heating system which consumes electrical energy only during off-peak hours as specified by the Company and stores hot water for use during on-peak hours, the following shall apply:

Tariff Code				
012	For Minimum Capacity of 80 gallons, the last 300 kWh of use in any month shall be billed at	8.546¢	per kWh	I
013	For Minimum Capacity of 100 gallons, the last 400 kWh of use in any month shall be billed at	8.546¢	per kWh	
014	For Minimum Capacity of 120 gallons or greater, the last 500 kWh of use in any month shall be billed at	8.546¢	per kWh	

These provisions, however, shall in no event apply to the first 200 KWH used in any month, which shall be billed in accordance with the "Monthly Rate" as set forth above.

For purpose of this provision, the on-peak billing period is defined as 7:00A.M. to 9:00P.M. for all weekdays, Monday through Friday. The off-peak billing period is defined as 9:00PM to 7:00AM for all weekdays and all hours of Saturday and Sunday.

The Company reserves the right to inspect at all reasonable times the storage water heating system and devices which qualify the residence for service under the storage water heater provision, and to ascertain by any reasonable means that the time-differentiated load characteristics of such devices meet the Company's specifications. If the Company finds that in its sole judgment the availability conditions of this provision are being violated, it may discontinue billing the Customer under this provision and commence billing under the standard monthly rate.

This provision is subject to the Service Charge, and the adjustment clauses as stated in the Adjustment Clauses section.

Load Management Water-Heating Provision *(Tariff Code 011)*
For residential customers who install a load management water-heating system which consumes electrical energy during off-peak hours specified by the Company and stores hot water for use during on-peak hours, of minimum capacity of 80 gallons, the last 250 kWh of use in any month shall be billed at 8.546¢ per kWh. I

This provision, however, shall in no event apply to the first 200 kWh used in any month, which shall be billed in accordance with the "Monthly Rate" as set forth above.

For the purpose of this provision, the on-peak billing period is defined as 7:00 A.M. to 9:00 P.M. for all weekdays, Monday through Friday. The off-peak billing period is defined as 9:00 P.M. to 7:00 A.M. for all weekdays and all hours of Saturday and Sunday.

Continued on Sheet 5-3 T

Tariff R.S. Continued
(Residential Service) T

Load Management Water Heating Provision Continued T

The Company reserves the right to inspect at all reasonable times the load management water-heating system(s) and devices which qualify the residence for service under the Load Management Water-Heating Provision. If the Company finds that, in its sole judgment, the availability conditions of this provision are being violated; it may discontinue billing the Customer under this provision and commence billing under the standard monthly rate.

This provision is subject to the Service Charge, and the adjustment clauses as stated in the Adjustment Clauses section.

Special Terms and Conditions

This tariff is subject to the Company's Terms and Conditions of Service.

This service is available to rural domestic customers engaged principally in agricultural pursuits where service is taken through one meter for residential purposes as well as for the usual farm uses outside the home, but it is not extended to operations of a commercial nature or operations such as processing, preparing or distributing products not raised or produced on the farm, unless such operation is incidental to the usual residential and farm uses.

The Company shall have the option of reading meters monthly or bimonthly and rendering bills accordingly. When bills are rendered bimonthly, the minimum charge and the quantity of KWH in each block of the rates shall be multiplied by two.

Pursuant to 807 KAR 5:041, Section 11, paragraph (1), of Public Service Commission Regulations, the Company will make an extension of 1,000 feet or less to its existing distribution line without charge for a prospective permanent residential customer served under this R.S.Tariff. Pursuant to 807 KAR 5:041 Section 12 extensions of up to 150 feet for a mobile home are provided without charge.

This tariff is available for single-phase, residential service. Where the residential customer requests three-phase service, this tariff will apply if the residential customer pays to the Company the difference between constructing single-phase service and three-phase service. Where motors or heating equipment are used for commercial or industrial purposes, the applicable general service tariff will apply to such service.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP I or by special agreement.

Continued on Sheet 5-4 T

Tariff R.S.-L.M.-T.O.D.
(Residential Service Load Management Time of Day)

Availability of Service
Available to customers eligible for Tariff R.S. (Residential Service) who use energy storage devices with time-differentiated load characteristics approved by the Company which consume electrical energy only during off-peak hours specified by the Company and store energy for use during on-peak hours.

Households eligible to be served under this tariff shall be metered through a multiple-register meter capable of measuring electrical energy consumption during the on-peak and off-peak billing periods.

Rate *(Tariff Codes 028, 030, 032, 034)*

Service Charge	$23.00	per month	I
Energy Charge			
All kWh used during on-peak billing period	16.613¢	per kWh	
All kWh used during off-peak billing period	8.546¢	per kWh	

For the purpose of this tariff, the on-peak billing period is defined as 7:00 A.M. to 9:00 P.M. for all weekdays, Monday through Friday. The off-peak period is defined as 9:00 P.M. to 7:00 A.M. for all weekdays and all hours of Saturday and Sunday.

Conservation and Load Management Credit
For the combination of an approved electric thermal storage space heating system and water heater, both of which are designed to consume electrical energy only between the hours of 9:00P.M. and 7:00A.M. for all days of the week, each residence will be credited 0.745¢ per kWh for all energy used during the off-peak billing period, for a total of 60 monthly billing periods following the installation and use of these devices in such residence.

Minimum Charge
This tariff is subject to a minimum monthly charge equal to the Service Charge.

Adjustment Clauses
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Residential Energy Assistance	Sheet No. 26	T
Demand-Side Management Adjustment Clause	Sheet No. 28	
System Sales Clause	Sheet No. 29	
Fuel Adjustment Clause	Sheet No. 30	
Purchase Power Adjustment	Sheet No. 31	
Environmental Surcharge	Sheet No. 32	D
Decommissioning Rider	Sheet No. 33	
Distribution Reliability Rider	Sheet No. 34	N
Securitization Financing Rider	Sheet No. 35	N
Federal Tax Change	Sheet No. 36	
City's Franchise Fee	Sheet No. 37	
School Tax	Sheet No. 38	

Continued on Sheet 5-5 T

Tariff R.S.-L.M.-T.O.D. Continued T
(Residential Service Load Management Time of Day) D

Separate Metering Provision
Customers who use electric thermal storage space heating and water heaters which consume energy only during off-peak hours specified by the Company, or other automatically controlled load management devices such as space and/or water heating equipment that use energy only during off-peak hours specified by the Company, shall have the option of having these approved load management devices separately metered. The service charge for the separate meter shall be $4.30 per month.

Separate Terms and Conditions
This tariff is subject to the Company's Terms and Conditions of Service. Existing customers may initially choose to take service under this tariff without satisfying any requirements to remain on their current tariff for at least 12 months.

The Company reserves the right to inspect at all reasonable times the energy storage and load management devices which qualify the residence for service and for conservation and load management credits under this tariff, and to ascertain by any reasonable means that the time-differentiated load characteristics of such devices meet the Company's specifications. If the Company finds, that in its sole judgment, the availability conditions of this tariff are being violated; it may discontinue billing the Customer under this tariff and commence billing under the appropriate Residential Service Tariff.

This tariff is available for single-phase, residential service. Where the residential customer requests three-phase service, this tariff will apply if the residential customer pays to the Company the difference between constructing single-phase service and three-phase service. Where motors or heating equipment are used for commercial or industrial purposes, the applicable general service tariff will apply to such service.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP I or by special agreement with the Company.

Continued on Sheet 5-6 T

Tariff R.S.-T.O.D.
(Residential Service Time of Day)

Availability of Service
Available for residential electric service through a multiple-register meter capable of measuring electrical energy consumption during the on-peak and off-peak billing periods to individual residential customers, including residential customers engaged principally in agricultural pursuits. Availability is limited to the first 1,000 customers applying for service under this tariff.

Rate *(Tariff Code 036)*

Service Charge	$23.00	per month	I
Energy Charge			
All kWh used during on-peak billing period	16.613¢	per kWh	
All kWh used during off-peak billing period	8.546¢	per kWh	

For the purpose of this tariff, the on-peak billing period is defined as 7:00 A.M. to 9:00 P.M. for all weekdays, Monday through Friday. The off-peak period is defined as 9:00 P.M. to 7:00 A.M. for all weekdays and all hours of Saturday and Sunday.

Minimum Charge
This tariff is subject to a minimum monthly charge equal to the Service Charge.

Adjustment Clauses
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Residential Energy Assistance	Sheet No. 26	T
Demand-Side Management Adjustment Clause	Sheet No. 28	
System Sales Clause	Sheet No. 29	
Fuel Adjustment Clause	Sheet No. 30	
Purchase Power Adjustment	Sheet No. 31	
Environmental Surcharge	Sheet No. 32	D
Decommissioning Rider	Sheet No. 33	
Distribution Reliability Rider	Sheet No. 34	N
Securitization Financing Rider	Sheet No. 35	N
Federal Tax Change	Sheet No. 36	
City's Franchise Fee	Sheet No. 37	
School Tax	Sheet No. 38	

D

Special Terms and Conditions
This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is available for single-phase, residential service. Where the residential customer requests three-phase service, this tariff will apply if the residential customer pays to the Company the difference between constructing single-phase service and three-phase service. Where motors or heating equipment are used for commercial or industrial purposes, the applicable general service tariff will apply to such service.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP I or by special agreement with the Company.

Continued on Sheet 5-7 T

Tariff R.S.-T.O.D.2
(Experimental Residential Service Time of Day 2)

Availability of Service
Available on a voluntary, experimental basis to individual residential customers for residential electric service through a multi-register meter capable of measuring electrical energy consumption during variable pricing periods. Availability is limited to the first 500 customers applying for service under this tariff.

Rate *(Tariff Code 027)*

Service Charge	$23.00	per month	I
Energy Charge			
All kWh used during Summer on-peak billing period	17.561¢	per kWh	R
All kWh used during Winter on-peak billing period	12.678¢	per kWh	R
All kWh used during off-peak billing period	11.415¢	per kWh	I

For the purpose of this tariff, the on-peak and off-peak billing periods shall be defined as follows:

Months Approximate Percent (%) of Annual Hours	**On-Peak** 16%	**Off-Peak** 84%
Winter Period: November 1 to March 31	7:00 AM to 11:00 AM 6:00 PM to 10:00 PM	11:00 AM to 6:00 PM 10:00 PM to 7:00 AM
Summer Period: May 15 to September 15	Noon to 6:00 PM	6:00 PM to Noon
All Other Calendar Periods	None	Midnight to Midnight

Note: All kWh consumed during Saturday and Sunday are billed at the off-peak level.

Minimum Charge
This tariff is subject to a minimum monthly charge equal to the Service Charge.

Adjustment Clauses
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Residential Energy Assistance	Sheet No. 26	T
Demand-Side Management Adjustment Clause	Sheet No. 28	
System Sales Clause	Sheet No. 29	
Fuel Adjustment Clause	Sheet No. 30	
Purchase Power Adjustment	Sheet No. 31	
Environmental Surcharge	Sheet No. 32	D
Decommissioning Rider	Sheet No. 33	
Distribution Reliability Rider	Sheet No. 34	N
Securitization Financing Rider	Sheet No. 35	N
Federal Tax Change	Sheet No. 36	
City's Franchise Fee	Sheet No. 37	
School Tax	Sheet No. 38	

Continued on Sheet 5-8

Tariff R.S.-T.O.D.2 Continued T
(Experimental Residential Service Time of Day 2)

D

Special Terms and Conditions
This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is available for single-phase, residential service. Where the residential customer requests three-phase service, this tariff will apply if the residential customer pays to the Company the difference between constructing single-phase service and three-phase service. Where motors or heating equipment are used for commercial or industrial purposes, the applicable general service tariff will apply to such service.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP I or by special agreement with the Company.

Continued on Sheet 5-9 T

Tariff R.S.D.
(Residential Demand-Metered Electric Service)

Availability of Service
Available for residential electric service through one single-phase multiple-register demand meter. Availability is limited to the first 1,000 customers applying for service under this tariff.

Monthly Rate *(Tariff Code 018)*

Service Charge	$23.00	per customer	I
Energy Charge			
All kWh used during on-peak billing period	9.090¢	per kWh	R
All kWh used during off-peak billing period	8.546¢	per kWh	I
Demand Charge	$5.94	for each kW of monthly billing demand	I

For the purpose of this tariff, the on-peak billing period is defined as follows:
Months of October – May: 7:00 AM to 11:00 AM for all weekdays
Months of June – September 4:00 PM to 9:00 PM for all weekdays
The off-peak billing period is defined as all weekday hours not defined above as on-peak and all hours of Saturday and Sunday

Minimum Charge
This tariff is subject to a minimum monthly charge equal to the Service Charge.

Adjustment Clauses
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Residential Energy Assistance	Sheet No. 26	T
Demand-Side Management Adjustment Clause	Sheet No. 28	
System Sales Clause	Sheet No. 29	
Fuel Adjustment Clause	Sheet No. 30	
Purchase Power Adjustment	Sheet No. 31	
Environmental Surcharge	Sheet No. 32	D
Decommissioning Rider	Sheet No. 33	
Distribution Reliability Rider	Sheet No. 34	N
Securitization Financing Rider	Sheet No. 35	N
Federal Tax Change	Sheet No. 36	
City's Franchise Fee	Sheet No. 37	
School Tax	Sheet No. 38	

Monthly Billing Demand
Customer's demand will be taken monthly to be the highest registration of a 60 minute integrating demand meter or indicator during the on- peak period.

D

Special Terms and Conditions
This Rider is subject to the Company's Terms and Conditions of Service and all provisions of the tariff under which the customer takes service, including all payment provisions. Where the residential customer requests three-phase service, this tariff will apply if the residential customer pays the Company the difference between constructing single-phase service and three-phase service. Where motors or heating equipment are used for commercial or industrial purposes, the applicable general service tariff will apply to such service.

D

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In Case No.: 2023-00159 Dated XXXX XX, XXXX

Tariff G.S.
(General Service)

Availability of Service
Available for general service customers. Customers may continue to qualify for service under this tariff until their average maximum demand exceeds 100 kW (excluding the demand served by the Load Management Time-of-Day provision).

Existing customers not meeting the above criteria will be permitted to continue service under present conditions only for continuous service at the premises occupied on or prior to December 5, 1984.

Rate

Tariff Code	Service Voltage	Demand Charge ($/kW)	First 4,450 kWh (¢/kWh)	Over 4,450 kWh (¢/kWh)	Monthly Service Charge ($)	
211, 212, 215, 216, 218	Secondary	8.36	12.292	10.813	28.00	IIII
217, 220	Primary	7.56	10.790	9.533	120.00	
236	Subtransmission	5.84	9.763	8.629	460.00	

The Demand Charge shall apply to all monthly billing demand in excess of 10 kW.

Minimum Charge
This tariff is subject to a minimum charge equal to the sum of the service charge plus the demand charge multiplied by the monthly billing demand in excess of 10 kW.

Adjustment Clauses
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Kentucky Economic Development Surcharge	Sheet No. 27	T
Demand-Side Management Adjustment Clause	Sheet No. 28	
System Sales Clause	Sheet No. 29	
Fuel Adjustment Clause	Sheet No. 30	
Purchase Power Adjustment	Sheet No. 31	
Environmental Surcharge	Sheet No. 32	D
Decommissioning Rider	Sheet No. 33	
Distribution Reliability Rider	Sheet No. 34	N
Securitization Financing Rider	Sheet No. 35	N
Federal Tax Change Tariff	Sheet No. 36	
City's Franchise Fee	Sheet No. 37	
School Tax	Sheet No. 38	D

Metered Voltage
The rates set forth in this tariff are based upon the delivery and measurements of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses or the application of multipliers to the metered quantities. In such cases, the metered KWH and KW values will be adjusted for billing purposes. If the Company elects to adjust KWH and KW based on multipliers, the adjustment shall be in accordance with the following:

1. Measurements taken at the low-side of a Customer-owned transformer will be multiplied by 1.01.
2. Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

Continued on Sheet 6-2 T

Tariff G.S. Continued (General Service) T

Monthly Billing Demand

Energy supplied hereunder will be delivered through not more than one single phase and/or polyphase meter. Customer's demand will be taken monthly to be the highest registration of a 15-minute integrating demand meter or indicator, or the highest registration of a thermal type demand meter. The monthly billing demand shall be the greater of: (1) Customer's metered kW demand, (2) 60% of the Customer's contract capacity in excess of 100 kW, or (3) 60% of the customer's highest previously established monthly billing demand during the past 11 months in excess of 100 KW.

The Company reserves the right to install a demand meter on any customer receiving service under this tariff. A demand meter will be installed by the Company for customers with monthly kWh usage of 4,450 kWh or greater.

Recreational Lighting Service Provision

Available for service to customers with demands of 5 KW or greater and who own and maintain outdoor lighting facilities and associated equipment utilized at baseball diamonds, football stadiums, parks and other similar recreational areas. This service is available only during the hours between sunset and sunrise. Daytime use of energy under this rate is strictly forbidden except for the sole purpose of testing and maintaining the lighting system. All Terms and Conditions of Service applicable to Tariff G.S. customers will also apply to recreational lighting customers except for the Availability of Service.

Rate *(Tariff Code 214)*

Service Charge	$28.00	per month	I
Energy Charge	13.247¢	per kWh	I

Load Management Time of Day Provision

Available to customers who use energy storage devices with time-differentiated load characteristics approved by the Company which consume electrical energy only during off-peak hours specified by the Company and store energy for use during on-peak hours, and who desire to receive service under this provision for their total requirements. This provision is also available for electric vehicle charging if separately metered.

Customers who desire to separately wire their load management load to a time-of-day meter and their general-use load to a standard meter shall receive service for both under the appropriate provision of this tariff.

Rate *(Tariff Codes 223 and 225)*

Service Charge	$28.00	per month	I
Energy Charge			
All kWh used during on-peak billing period	18.443¢	per kWh	I
All kWh used during off-peak billing period	8.501¢	per kWh	I

For the purpose of this tariff, the on-peak billing period is defined as 7:00 A.M. to 9:00 P.M. for all weekdays, Monday through Friday. The off-peak billing period is defined as 9:00 P.M. to 7:00 A.M. for all weekdays and all hours of Saturday and Sunday.

Continued on Sheet 6-3 T

Tariff G.S. Continued
(General Service)

T

Optional Unmetered Service Provision
Available to customers who qualify for Tariff G.S., have a demand of less than 10 KW, and use the Company's service for commercial purposes consisting of small fixed electric loads such as traffic signals and signboards which can be served by a standard service drop from the Company's existing secondary distribution system. This service will be furnished at the option of the Company.

Each separate service delivery point shall be considered a contract location and shall be separately billed under the service contract. In the event one Customer has several accounts for like service, the Company may meter one account to determine the appropriate kilowatt-hour usage applicable for each of the accounts.

The Customer shall furnish switching equipment satisfactory to the Company. The Customer shall notify the Company in advance of every change in connected load, and the Company reserves the right to inspect the customer's equipment at any time to verify the actual load. In the event of the customer's failure to notify the Company of an increase in load, the Company reserves the right to refuse to serve the contract location thereafter under this provision, and shall be entitled to bill the customer retroactively on the basis of the increased load for the full period such load was connected or the earliest date allowed by Kentucky statute whichever is applicable.

Calculated energy use per month shall be equal to the contract capacity specified at the contract location times the number of days in the billing period times the specified hours of operation. Such calculated energy shall then be billed at the following rates:

Rate *(Tariff Codes 204 (Metered) and 213 (Unmetered))*

Customer Charge	$15.00	per month	
Energy Charge			
First 4,450 kWh per month	12.292¢	per kWh	I
All Over 4,450 kWh per month	10.813¢	per kWh	I

Term of Contract
Contracts under this tariff may be required of customers. Contracts under this tariff will be made for an initial period of not less than l (one) year and shall remain in effect thereafter until either party shall give at least 6 months' written notice to the other of the intention to terminate the contract. The Company will have the right to make contracts for periods of longer than 1 (one) year.

Special Terms and Conditions
This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is also available to Customers having other sources of energy supply but who desire to purchase standby or back-up electric service from the Company. Where such conditions exist the Customer shall contract for the maximum demand in KW which the Company might be required to furnish, but no less than 10 KW. The Company shall not be obligated to supply demands in excess of that contracted for. Where service is supplied under the provisions of this paragraph, the billing demand each month shall be the highest determined for the current and previous two billing periods, and the minimum charge shall be as set forth under paragraph "Minimum Charge" above.

This tariff is available for resale service to mining and industrial customers who furnish service to customer-owned camps or villages where living quarters are rented to employees and where the Customer purchases power at a single point of both their power and camp requirements.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP I or II or by special agreement with the Company.

Continued on Sheet 6-4 T

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Tariff S.G.S.-T.O.D.
(Small General Service Time of Day Service)

Availability of Service
Available on a voluntary, basis for general service to customers being served at secondary distribution voltage with one single-phase, multi- register meter capable of measuring electrical energy consumption during variable pricing periods. Availability is limited to the first 500 customers applying for service under this tariff.

Customers not meeting the requirements for availability under this tariff will be permitted to continue service under this tariff only for continuous service at the premises occupied on or prior to June 30, 2015.

Rate *(Tariff Code 227)*

Service Charge	$28.00	per month	I
Energy Charge			
All kWh used during Summer on-peak billing period	19.417¢	per kWh	R
All kWh used during Winter on-peak billing period	13.693¢	per kWh	R
All kWh used during off-peak billing period	12.266¢	per kWh	I

For the purpose of this tariff, the on-peak and off-peak billing periods shall be defined as follows:

Months	**On-Peak**	**Off-Peak**
Approximate Percent (%) of Annual Hours	16%	84%
Winter Period: November 1 to March 31	7:00 AM to 11:00 AM 6:00 PM to 10:00 PM	11:00 AM to 6:00 PM 10:00 PM to 7:00 AM
Summer Period: May 15 to September 15	Noon to 6:00 PM	6:00 PM to Noon
All Other Calendar Periods	None	Midnight to Midnight

Note: All kWh consumed during weekends are billed at the off-peak level.

Minimum Charge
This tariff is subject to a minimum monthly charge equal to the Service Charge.

Adjustment Clauses
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Kentucky Economic Development Surcharge	Sheet No. 27	T
Demand-Side Management Adjustment Clause	Sheet No. 28	
System Sales Clause	Sheet No. 29	
Fuel Adjustment Clause	Sheet No. 30	
Purchase Power Adjustment	Sheet No. 31	
Environmental Surcharge	Sheet No. 32	D
Decommissioning Rider	Sheet No. 33	
Distribution Reliability Rider	Sheet No. 34	N
Securitization Financing Rider	Sheet No. 35	N
Federal Tax Change Tariff	Sheet No. 36	
City's Franchise Fee	Sheet No. 37	
School Tax	Sheet No. 38	

Continued on Sheet 6-5 T

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Tariff S.G.S.-T.O.D. Continued
(Small General Service Time of Day)

T

D

Special Terms and Conditions
This tariff is subject to the Company's Terms and Conditions of Service.

Customers with PURPA Section 210 qualifying cogeneration and/or small power productions facilities shall take service under Tariff COGEN/SPP I or by special agreement with the Company.

Continued on Sheet 6-6

T

Tariff M.G.S.-T.O.D.
(Medium General Service Time of Day)

Availability of Service
Available for general service to customers with average maximum demands greater than 10 KW but not more than 100 KW being served by a multi- register meter capable of measuring electrical energy consumption during variable pricing periods. Availability is limited to the first 500 customers applying for service under this tariff.

Rate *(Tariff Code 229)*

Service Charge	$28.00	per month	I
Energy Charge			
All kWh used during on-peak billing period	18.443¢	per kWh	I
All kWh used during off-peak billing period	8.501¢	per kWh	I

For the purpose of this tariff, the on-peak billing period is defined as 7:00 A.M. to 9:00 P.M. for all weekdays, Monday through Friday. The off-peak billing period is defined as 9:00 P.M. to 7:00 A.M. for all weekdays and all hours of Saturday and Sunday.

Minimum Charge
This tariff is subject to a minimum monthly charge equal to the Service Charge.

Adjustment Clauses
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Kentucky Economic Development Surcharge	Sheet No. 27	T
Demand-Side Management Adjustment Clause	Sheet No. 28	
System Sales Clause	Sheet No. 29	
Fuel Adjustment Clause	Sheet No. 30	
Purchase Power Adjustment	Sheet No. 31	
Environmental Surcharge	Sheet No. 32	D
Decommissioning Rider	Sheet No. 33	
Distribution Reliability Rider	Sheet No. 34	N
Securitization Financing Rider	Sheet No. 35	N
Federal Tax Change Tariff	Sheet No. 36	
City's Franchise Fee	Sheet No. 37	
School Tax	Sheet No. 38	
		D

Metered Voltage
The rates set forth in this tariff are based upon the delivery and measurements of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses or the application of multipliers to the metered quantities. In such cases, the metered KWH and KW values will be adjusted for billing purposes. If the Company elects to adjust KWH and KW based on multipliers, the adjustment shall be in accordance with the following:

1. Measurements taken at the low-side of a Customer-owned transformer will be multiplied by 1.01.
2. Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

Continued on Sheet 6-7 T

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Tariff M.G.S.-T.O.D. Continued
(Medium General Service Time of Day)

T

Special Terms and Conditions

This tariff is subject to the Company's Terms and Conditions of Service. Existing customers may initially choose to take service under this tariff without satisfying any requirements to remain on their current tariff for at least 12 months.

Customers with PURPA Section 210 qualifying cogeneration and/or small power productions facilities shall take service under Tariff COGEN/SPP I or by special agreement with the Company.

Tariff L.G.S.
(Large General Service)

Availability of Service

Available for general service to customers with average maximum demands greater than 100 KW but not more than 1,000 KW (excluding the demand served by the Load Management Time-of-Day provision).

Existing customers not meeting the above criteria will be permitted to continue service under present conditions only for continuous service at the premises occupied on or prior to December 5, 1984.

Rate

	Service Voltage				
	Secondary	**Primary**	**Subtransmission**	**Transmission**	
Tariff Code	240, 242, 260	244, 246, 264	248, 268	250, 270	
Service Charge per Month	$97.00	$145.00	$750.00	$750.00	IIII
Demand Charge per kW	$13.84	$12.23	$8.46	$8.28	IIII
Excess Reactive Charge per KVA	$3.46	$3.46	$3.46	$3.46	
Energy Charge per kWh	8.198¢	7.352¢	5.524¢	5.430¢	RRII

Minimum Charge

Bills computed under the above rate are subject to a monthly minimum charge comprised of the sum of the service charge and the minimum demand charge. The minimum demand charge is the product of the demand charge per KW and the monthly billing demand.

Adjustment Clauses

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Kentucky Economic Development Surcharge	Sheet No. 27	T
Demand-Side Management Adjustment Clause	Sheet No. 28	
System Sales Clause	Sheet No. 29	
Fuel Adjustment Clause	Sheet No. 30	
Purchase Power Adjustment	Sheet No. 31	
Environmental Surcharge	Sheet No. 32	D
Decommissioning Rider	Sheet No. 33	
Distribution Reliability Rider	Sheet No. 34	N
Securitization Financing Rider	Sheet No. 35	N
Federal Tax Change Tariff	Sheet No. 36	
City's Franchise Fee	Sheet No. 37	
School Tax	Sheet No. 38	D

Metered Voltage

The rates set forth in this tariff are based upon the delivery and measurements of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses or the application of multipliers to the metered quantities. In such cases, the metered KWH and KW values will be adjusted for billing purposes. If the Company elects to adjust KWH and KW based on multipliers, the adjustment shall be in accordance with the following:

1. Measurements taken at the low-side of a Customer-owned transformer will be multiplied by 1.01.
2. Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

Continued on Sheet 7-2 T

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Tariff L.G.S. Continued
(Large General Service)

T

Monthly Billing Demand
Billing demand in KW shall be taken each month as the highest 15-minute integrated peak in kilowatts as registered during the month by a 15-minute integrating demand meter or indicator, or at the Company's option as the highest registration of a thermal type demand meter or indicator. The monthly billing demand so established shall in no event be less than 60% of the greater of (a) the customer's contract capacity or (b) the customer's highest previously established monthly billing demand during the past 11 months.

Determination of Excess Kilovolt-Ampere (KVA) Demand
The maximum KVA demand shall be determined by the use of a multiplier equal to the reciprocal of the average power factor recorded during the billing month, leading or lagging, applied to the metered demand. The excess KVA demand, if any, shall be the amount by which the maximum KVA demand established during the billing period exceeds 115% of the kilowatts of metered demand.

Load Management Time of Day Provision
Available to customers who use energy storage devices with time-differentiated load characteristics approved by the Company which consume electrical energy only during off-peak hours specified by the Company and store energy for use during on-peak hours, and who desire to receive service under this provision for their total requirements. This provision is also available for electric vehicle charging if separately metered.

Customers who desire to separately wire their load management load to a time-of-day meter and their general-use load to a standard meter shall receive service for both under the appropriate provision of this tariff.

Rate *(Tariff Code 251)*

Service Charge	$97.00	per month	I
Energy Charge			
All kWh used during on-peak billing period	15.932¢	per kWh	I
All kWh used during off-peak billing period	8.639¢	per kWh	I

For the purpose of this tariff, the on-peak billing period is defined as 7:00 A.M. to 9:00 P.M. for all weekdays, Monday through Friday. The off-peak billing period is defined as 9:00 P.M. to 7:00 A.M. for all weekdays and all hours of Saturday and Sunday.

Term of Contract
Contracts under this tariff will be made for customers requiring a average maximum monthly demand between 500 KW and 1,000 KW and be made for an initial period of not less than l (one) year and shall remain in effect thereafter until either party shall give at least 6 months written notice to the other of the intention to terminate the contract. The Company reserves the right to require initial contracts or periods greater than 1 (one) year. For customers with demands less than 500 KW, a contract may, at the Company's option, be required.

Where new Company facilities are required, the Company reserves the right to require initial contracts for periods greater than one year for all customers served under this tariff.

A new initial contract period will not be required for existing customers who change their contract requirements after the original initial period unless new or additional facilities are required.

Contract Capacity
The Customer shall set forth the amount of capacity contracted for (the "contract capacity") in an amount up to 1,000 KW. Contracts will be made in multiples of 25 KW. The Company is not required to supply capacity in excess of such contract capacity except with express written consent of the Company.

Continued on Sheet 7-3 T

Tariff L.G.S. Continued
(Large General Service)

T

Special Terms and Conditions
This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is also available to Customers having other sources of energy supply but who desire to purchase standby or back-up electric service from the Company. Where such conditions exist the customer shall contract for the maximum amount of demand in KW, which the Company might be required to furnish, but not less than 100 KW nor more than 1,000 KW. The Company shall not be obligated to supply demands in excess of the contract capacity. Where service is supplied under the provisions of this paragraph, the billing demand each month shall be the highest determined for the current and previous two billings periods, and the minimum charge shall be as set forth under paragraph "Minimum Charge" above.

This tariff is available for resale service to mining and industrial customers who furnish service to customer-owned camps or villages where living quarters are rented to employees and where the customer purchases power at a single point for both his power and camp requirements.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP I or II or by special agreement with the Company.

Continued on Sheet 7-4 T

Tariff L.G.S.-T.O.D.
(Large General Service Time of Day)

Availability of Service
Available for general service customers with average maximum demands of 100 KW or greater. Customers may continue to qualify for service under this tariff until their 12-month average demand exceeds 1,000 KW. Availability is limited to the first 500 customers applying for service under this tariff.

Rate

	Service Voltage				
	Secondary	**Primary**	**Subtransmission**	**Transmission**	
Tariff Code	256	257	258	259	
Service Charge per Month	$97.00	$145.00	$750.00	$750.00	IIII
Demand Charge per kW	$9.33	$7.91	$4.39	$4.32	RRII
Excess Reactive Charge per KVA	$3.46	$3.46	$3.46	$3.46	
On-Peak Energy Charge per kWh	12.648¢	12.052¢	11.878¢	11.731¢	IIII
Off-Peak Energy Charge per kWh	6.138¢	5.966¢	5.916¢	5.874¢	IIII

For the purpose of this tariff, the on-peak billing period is defined as 7:00 A.M. to 9:00 P.M., for all weekdays Monday through Friday. The off-peak billing period is defined as 9:00 P.M. to 7:00 A.M. for all weekdays and all hours of Saturday and Sunday.

Minimum Charge
Bills computed under the above rate are subject to a monthly minimum charge comprised of the sum of the service charge and the minimum demand charge. The minimum demand charge is the product of the demand charge per KW and the monthly billing demand.

Adjustment Clauses
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Kentucky Economic Development Surcharge	Sheet No. 27	T
Demand-Side Management Adjustment Clause	Sheet No. 28	
System Sales Clause	Sheet No. 29	
Fuel Adjustment Clause	Sheet No. 30	
Purchase Power Adjustment	Sheet No. 31	
Environmental Surcharge	Sheet No. 32	D
Decommissioning Rider	Sheet No. 33	
Distribution Reliability Rider	Sheet No. 34	N
Securitization Financing Rider	Sheet No. 35	N
Federal Tax Change Tariff	Sheet No. 36	
City's Franchise Fee	Sheet No. 37	
School Tax	Sheet No. 38	
		D

Metered Voltage
The rates set forth in this tariff are based upon the delivery and measurement of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses or the application of multipliers to the metered quantities. In such cases, the metered KWH and KW values will be adjusted for billing purposes. If the Company elects to adjust KWH and KW based on multipliers, the adjustment shall be in accordance with the following:

1. Measurements taken at the low-side of a Customer-owned transformer will be multiplied by 1.01.
2. Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

Continued on Sheet 7-5 T

Tariff L.G.S.-T.O.D. Continued
(Large General Service Time of Day)

T

Monthly Billing Demand
Billing demand in KW shall be taken each month as the highest 15-minute integrated peak in kilowatts as registered during the month by a 15-minute integrating demand meter or indicator, or at the Company's option as the highest registration of a thermal type demand meter or indicator. The monthly billing demand so established shall in no event be less than 60% of the greater of (a) the customer's contract capacity or (b) the customer's highest previously established monthly billing demand during the past 11 months.

Determination of Excess Kilovolt-Ampere (KVA) Demand
The maximum KVA demand shall be determined by the use of a multiplier equal to the reciprocal of the average power factor recorded during the billing month, leading or lagging, applied to the metered demand. The excess KVA demand, if any, shall be the amount by which the maximum KVA demand established during the billing period exceeds 115% of the kilowatts of metered demand.

Term of Contract
Contracts under this tariff will be made for customers requiring a average maximum monthly demand between 500 KW and 1,000 KW and be made for an initial period of not less than l (one) year and shall remain in effect thereafter until either party shall give at least 6 months written notice to the other of the intention to terminate the contract. The Company reserves the right to require initial contracts or periods greater than 1 (one) year. For customers with demands less than 500 KW, a contract may, at the Company's option, be required.

Where new Company facilities are required, the Company reserves the right to require initial contracts for periods greater than one year for all customers served under this tariff.

A new initial contract period will not be required for existing customers who change their contract requirements after the original initial period unless new or additional facilities are required.

Contract Capacity
The Customer shall set forth the amount of capacity contracted for (the "contract capacity") in an amount up to 1,000 KW. Contracts will be made in multiples of 25 KW. The Company is not required to supply capacity in excess of such contract capacity except with express written consent of the Company.

Special Terms and Conditions
This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is also available to Customers having other sources of energy supply but who desire to purchase standby or back-up electric service from the Company. Where such conditions exist the customer shall contract for the maximum amount of demand in KW, which the Company might be required to furnish, but not less than 100 KW nor more than 1,000 KW. The Company shall not be obligated to supply demands in excess of the contract capacity. Where service is supplied under the provisions of this paragraph, the billing demand each month shall be the highest determined for the current and previous two billings periods, and the minimum charge shall be as set forth under paragraph "Minimum Charge" above.

This tariff is available for resale service to mining and industrial customers who furnish service to customer-owned camps or villages where living quarters are rented to employees and where the customer purchases power at a single point for both his power and camp requirements.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP I or II or by special agreement with the Company.

D

Tariff I.G.S.
(Industrial General Service)

Availability of Service
Available for commercial and industrial customers with contract demands of at least 1,000 KW. Customers shall contract for a definite amount of electrical capacity in kilowatts, which shall be sufficient to meet average maximum requirements.

Rate

	Service Voltage				
	Secondary	**Primary**	**Subtransmission**	**Transmission**	
Tariff Code	356	358/370	359/371	360/372	
Service Charge per Month	$276.00	$276.00	$794.00	$1,353.00	
Demand Charge per kW					
Of monthly on-peak billing demand	$26.99	$24.94	$17.36	$17.00	IIII
Of monthly off-peak billing demand	$1.84	$1.78	$1.75	$1.73	I-RR
Energy Charge per kWh	3.156¢	3.007¢	2.964¢	2.927¢	IIII

Reactive Demand Charge for each kilovar of maximum leading or lagging reactive demand in excess of 50 percent of the KW of monthly metered demand………………………………….... $0.69/KVAR

For the purpose of this tariff, the on-peak billing period is defined as 7:00 AM to 9:00 PM for all weekdays, Monday through Friday. The off-peak billing period is defined as 9:00 PM to 7:00 AM for all weekdays and all hours of Saturday and Sunday.

Minimum Demand Charge
The minimum demand charge shall be equal to the minimum billing demand times the following minimum demand rates:

Secondary	Primary	Subtransmission	Transmission	
$25.68 / kW	$23.68 / kW	$16.12 / kW	$15.77 / kW	RRRR

The minimum billing demand shall be the greater of 60% of the contract capacity set forth on the contract for electric service or 60% of the highest billing demand, on-peak or off-peak, recorded during the previous eleven months.

Minimum Charge
This tariff is subject to a minimum charge equal to the Service Charge plus the Minimum Demand Charge.

Adjustment Clauses
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Kentucky Economic Development Surcharge	Sheet No. 27	T
Demand-Side Management Adjustment Clause	Sheet No. 28	
System Sales Clause	Sheet No. 29	
Fuel Adjustment Clause	Sheet No. 30	
Purchase Power Adjustment	Sheet No. 31	
Environmental Surcharge	Sheet No. 32	D
Decommissioning Rider	Sheet No. 33	
Distribution Reliability Rider	Sheet No. 34	N
Securitization Financing Rider	Sheet No. 35	N
Federal Tax Change Tariff	Sheet No. 36	
City's Franchise Fee	Sheet No. 37	
School Tax	Sheet No. 38	

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In Case No.: 2023-00159 Dated XXXX XX, XXXX

Tariff I.G.S. Continued
(Industrial General Service)

T

D

Metered Voltage
The rates set forth in this tariff are based upon the delivery and measurement of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses or the application of multipliers to the metered quantities. In such cases, the metered KWH and KVA values will be adjusted for billing purposes. If the Company elects to adjust KWH and KW based on multipliers, the adjustment shall be in accordance with the following:

1. Measurements taken at the low-side of a Customer-owned transformer will be multiplied by 1.01.
2. Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

Monthly Billing Demand
The monthly on-peak and off-peak billing demands in KW shall be taken each month as the highest single 15-minute integrated peak in KW as registered by a demand meter during the on-peak and off-peak billing periods, respectively.

The reactive demand in KVARs shall be taken each month as the highest single 15-minute integrated peak in KVARs as registered during the month by a demand meter or indicator.

Term of Contract
Contracts under this tariff will be made for an initial period of not less than two years and shall remain in effect thereafter until either party shall give at least 12 months' written notice to the other of the intention to terminate the contract. The Company reserves the right to require initial contracts for periods greater than two years.

A new initial contract period will not be required for existing customers who change their contract requirements after the original initial period unless new or additional facilities are required.

Contract Capacity
The Customer shall set forth the amount of capacity contracted for ("the contract capacity") in an amount equal to or greater than 1,000 KW in multiples of 100 KW. The Company is not required to supply capacity in excess of such contract capacity except with express written consent of the Company.

Special Terms and Conditions
This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is available for resale service to mining and industrial Customers who furnish service to Customer-owned camps or villages where living quarters are rented to employees and where the Customer purchases power at a single point for both the power and camp requirements.

This tariff is also available to Customers having other sources of energy supply, but who desire to purchase standby or back-up electric service from the Company. Where such conditions exist the Customer shall contract for the maximum amount of demand in KW which the Company might be required to furnish, but not less than 1,000 KW. The Company shall not be obligated to supply demands in excess of that contracted capacity. Where service is supplied under the provisions of this paragraph, the billing demand each month shall be the highest determined for the current and previous two billing periods, and the minimum charge shall be as set forth under paragraph "Minimum Charge" above.

A Customer's plant is considered as one or more buildings, which are served by a single electrical distribution system provided and operated by the Customer. When the size of the Customer's load necessitates the delivery of energy to the Customer's plant over more than one circuit, the Company may elect to connect its circuits to different points on the Customer's system irrespective of contrary provisions in Terms and Conditions of Service.

Customer with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP II or by special agreement with the Company.

D

Tariff M.W.
(Municipal Waterworks)

Availability of Service
Available only to incorporated cities and towns and authorized water districts and to utility companies operating under the jurisdiction of Public Service Commission of Kentucky for the supply of electric energy to waterworks systems and sewage disposal systems served under this tariff on September 1, 1982, and only for continuous service at the premises occupied by the Customer on this date. If service hereunder is discontinued, it shall not again be available.

Customer shall contract with the Company for a reservation in capacity in kilovolt-amperes sufficient to meet with the maximum load, which the Company may be required to furnish.

Rate *(Tariff Code 540)*

Service Charge	$25.00	per month	
Energy Charge All kWh used per month	11.073¢	per kWh	I

Minimum Charge
This tariff is subject to a minimum monthly charge equal to the sum of the service charge plus $9.55 per KVA as determined from customer's total connected load. R

Adjustment Clauses
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Kentucky Economic Development Surcharge	Sheet No. 27	T
Demand-Side Management Adjustment Clause	Sheet No. 28	
System Sales Clause	Sheet No. 29	
Fuel Adjustment Clause	Sheet No. 30	
Purchase Power Adjustment	Sheet No. 31	
Environmental Surcharge	Sheet No. 32	D
Decommissioning Rider	Sheet No. 33	
Distribution Reliability Rider	Sheet No. 34	N
Securitization Financing Rider	Sheet No. 35	N
Federal Tax Change Tariff	Sheet No. 36	
City's Franchise Fee	Sheet No. 37	
School Tax	Sheet No. 38	
		T

Term of Contract
Contracts under this tariff will be made for not less than (1) one year with self-renewal provisions for successive periods of (1) one year each until either party shall give at least 60 days' written notice to the other of the intention to discontinue at the end of any yearly period. The Company will have the right to require contracts for periods of longer than (1) one year.

Special Terms and Conditions
This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is not available to customers having other sources of energy supply.

D

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Tariff O.L.
(Outdoor Lighting)

Availability of Service
Available for outdoor lighting to individual customers in locations where municipal street lighting is not applicable provided the lighting location designated by the Customer is reasonably accessible to the Company's service vehicles without causing damage to the Customer's or other's property. New installations of High Pressure Sodium, Mercury Vapor and Metal Halide lamps shall cease on January 14, 2021. NT

Base Fuel Rate
Customers receiving service under this tariff will receive bills calculated using per lamp and base fuel charge. The base fuel charge will be calculated each month as shown below by multiplying the approved base fuel amount set forth in the Company's Fuel Adjustment Clause tariff by the relevant monthly kWh value set forth in the monthly kWh table included below in the Adjustment Clauses section of this tariff.

Rate

A. Overhead Lighting Service

TID

	Tariff Code	Watts	Rate	
High Pressure Sodium	094	100 (9,500 Lumens)	$10.25	per lamp + 0.02612 x kWh in Sheet No. 10-4
	113	150 (16,000 Lumens)	$11.69	per lamp + 0.02612 x kWh in Sheet No. 10-4
	097	200 (22,000 Lumens)	$14.17	per lamp + 0.02612 x kWh in Sheet No. 10-4
	103	250 (28,000 Lumens)	$20.19	per lamp + 0.02612 x kWh in Sheet No. 10-4
	098	400 (50,000 Lumens)	$22.38	per lamp + 0.02612 x kWh in Sheet No. 10-4

	Tariff Code	Watts	Rate	
Mercury Vapor	093	175 (7,000 Lumens)	$13.07	per lamp + 0.02612 x kWh in Sheet No. 10-4
	095	400 (20,000 Lumens)	$22.49	per lamp + 0.02612 x kWh in Sheet No. 10-4

	Tariff Code	Lumens	Rate	
LED	150	6,000-10,000	$7.49	per lamp + 0.02612 x kWh in Sheet No. 10-4

T

Company will provide lamp, photo-electric relay control equipment, luminaries and upsweep arm not over six feet in length, and will mount same on an existing pole carrying secondary circuits.

B. Post-Top Lighting Service

	Tariff Code	Watts	Rate	
High Pressure Sodium	111	100 (9,500 Lumens)	$18.58	per lamp + 0.02612 x kWh in Sheet No. 10-4
	122	150 (16,000 Lumens)	$29.23	per lamp + 0.02612 x kWh in Sheet No. 10-4
	120	250 (19,000 Lumens)	$34.02	per lamp + 0.02612 x kWh in Sheet No. 10-4
	126	400 (40,000 Lumens)	$44.66	per lamp + 0.02612 x kWh in Sheet No. 10-4

D

	Tariff Code	Watts	Rate	
Mercury Vapor	099	175 (7,000 Lumens)	$14.99	per lamp + 0.02612 x kWh in Sheet No. 10-4

Continued on Sheet 10-2

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Tariff O.L. Continued (Outdoor Lighting) T

Post-Top Lighting Service Continued T

	Tariff Code	Lumens	Rate		
LED	160	6,000-10,000	$21.56	per lamp + 0.02612 x kWh in Sheet No. 10-4	TID

Company will provide lamp photo-electric relay control equipment, luminaries, post, and installation including underground wiring for a distance of thirty feet from the Company's existing secondary circuits. Incremental costs of installation beyond thirty feet shall be the responsibility of the customer.

C. Flood Lighting Service

	Tariff Code	Watts	Rate	
High Pressure Sodium	107	200 (22,000 Lumens)	$16.27	per lamp + 0.02612 x kWh in Sheet No. 10-4
	109	400 (50,000 Lumens)	$23.76	per lamp + 0.02612 x kWh in Sheet No. 10-4

	Tariff Code	Watts	Rate	
Metal Halide	110	250 (20,500 Lumens)	$19.74	per lamp + 0.02612 x kWh in Sheet No. 10-4
	116	400 (36,000 Lumens)	$24.87	per lamp + 0.02612 x kWh in Sheet No. 10-4
	131	1,000 (110,000 Lumens)	$45.27	per lamp + 0.02612 x kWh in Sheet No. 10-4
	130	250 Mongoose (20,500 Lumens)	$25.75	per lamp + 0.02612 x kWh in Sheet No. 10-4
	136	400 Mongoose (36,000 Lumens)	$31.43	per lamp + 0.02612 x kWh in Sheet No. 10-4

	Tariff Code	Lumens	Rate		
LED	165	17,500-22,500	$28.00	per lamp + 0.02612 x kWh in Sheet No. 10-4	T
	166	42,500-47,500	$34.40	per lamp + 0.02612 x kWh in Sheet No. 10-4	T

Company will provide lamp, photoelectric relay control equipment, luminaries, mounting bracket, and mount same on an existing pole carrying secondary circuits.

D. LED Lamp Conversion Charge
Existing outdoor lighting customers that wish to convert from non-LED lamps to new LED fixtures shall pay a monthly charge of $3.33 per lamp replaced, per month for 84 months.

All lumen figures are based upon manufacturer estimates and may vary.

When new or additional facilities, other than those specified in Paragraphs A, B, and C, are to be installed by the Company, the customer in addition to the monthly charges, shall pay in advance the installation cost (labor and material) of such additional facilities extending from the nearest or most suitable pole of the Company to the point designated by the customer for the installation of said lamp, except that customer may, for the following facilities only, elect, in lieu of such payment of the installation cost to pay:

Wood Pole	$4.08	per month	I
Overhead wire span not over 150 feet	$2.26	per month	I
Underground wire lateral not over 50 feet	$7.66	per month	I

(Price includes pole riser and connections)

Continued on Sheet 10-3 T

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Tariff O.L. Continued
(Outdoor Lighting) T

E. Flexible Lighting Option *(Tariff Code 175 for Unmetered and Tariff Code 201 for Metered)*
Applicable for the installation of any outdoor area lighting system (System) on a private or public property and owned by the Company. The customer must be adjacent to an electric power line of the Company that is adequate for supplying the necessary electric service. Service for the System under this tariff shall require a contract addendum agreed to and signed by the customer. The System shall comply with the Company's terms and conditions unless otherwise noted in this section. Included in the contract addendum shall be the installed capital cost of the System and the monthly amount of kWh the System will use if it is not metered. The Company reserves the right to refuse service under this provision based on customer's creditworthiness.

Rate
Customers shall pay the monthly lamp charge for the System, a monthly maintenance charge, a non-fuel energy charge, a base fuel charge, and all applicable adjustment clauses.

Monthly Lamp Charge* = IC x MLFCR

Where:
IC = Installed Cost of System
MLFCR = Monthly Levelized Fixed Cost Rate of 1.42% which is inclusive of return, depreciation, income taxes, property taxes and A&G expense components I

Monthly maintenance charge is $0.80 per lamp per month
Monthly non-fuel charge is .08561 $/kWh I
Base fuel charge is 0.02612 $/kWh

Customers selecting this flexible lighting option to replace existing lamps shall also be subject to the LED Lamp Conversion Charge.

*Customers may pay a portion of the installed cost upfront to reduce the monthly lamp charge component of the rate.

Adjustment Clauses
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following: T

System Sales Clause	Sheet No. 29	
Fuel Adjustment Clause	Sheet No. 30	
Purchase Power Adjustment	Sheet No. 31	
Environmental Surcharge	Sheet No. 32	D
Decommissioning Rider	Sheet No. 33	
Distribution Reliability Rider	Sheet No. 34	N
Securitization Financing Rider	Sheet No. 35	N
Federal Tax Change Tariff	Sheet No. 36	
City's Franchise Fee	Sheet No. 37	
School Tax	Sheet No. 38	

For adjustments calculated on a per kWh basis the following kWh values will be used in the calculation: D

Continued on Sheet 10-4

Tariff O.L. Continued (Outdoor Lighting)

T

	Metal Halide			Mercury Vapor		High Pressure Sodium				
	250 Watts	400 Watts	1,000 Watts	175 Watts	400 Watts	100 Watts	150 Watts	200 Watts	250 Watts	400 Watts
Jan	127	199	477	91	199	51	74	106	130	210
Feb	106	167	400	76	167	43	62	89	109	176
Mar	106	167	400	76	167	43	62	89	109	176
Apr	90	142	340	65	142	36	53	76	93	150
May	81	127	304	58	127	32	47	68	83	134
Jun	72	114	272	52	114	29	42	61	74	120
Jul	77	121	291	55	121	31	45	65	79	128
Aug	88	138	331	63	138	35	51	74	90	146
Sep	96	152	363	69	152	39	57	81	99	160
Oct	113	178	427	81	178	45	66	95	116	188
Nov	119	188	449	86	188	48	70	100	122	198
Dec	129	203	486	92	203	52	75	108	132	214
Total	1,204	1,896	4,540	864	1,896	484	704	1,012	1,236	2,000

	Light Emitting Diode (LED)			
	150 Tariff Code 6,000-10,000 Lumens	160 Tariff Code 6,000-10,000 Lumens	165 Tariff Code 17,500-22,500 Lumens	166 Tariff Code 42,500-47,500 Lumens
Jan	28	33	75	154
Feb	24	28	63	129
Mar	24	28	63	129
Apr	20	24	53	109
May	18	21	48	96
Jun	16	19	43	87
Jul	17	20	46	93
Aug	19	23	52	105
Sep	22	26	58	118
Oct	25	30	67	136
Nov	27	32	71	145
Dec	29	33	77	156
Total	269	317	716	1,457

T

Continued on Sheet 10-5

T

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Tariff O.L. Continued T
(Outdoor Lighting)

D

Hours of Lighting
All lamps shall burn from one-half hour after sunset until one-half hour before sunrise every night and all night, burning approximately 4,000 hours per annum.

Ownership of Facilities
All facilities necessary for service including fixtures, controls, poles, transformers, secondaries, lamps and other appurtenances shall be owned and maintained by the Company. All service and necessary maintenance will be performed only during the regular scheduled working hours of the Company.

The Company shall be allowed 3 working days after notification by the customer to replace all burned-out lamps.

Term of Initial Service
Term of initial service shall be required for a period of one year. If early termination is requested or service is terminated during the initial 12 month period, the customer will be billed for the remainder of the 12 month period on the final bill.

Special Terms and Conditions
This tariff is subject to the Company's Terms and Conditions of Service.

The Company shall have the option of rendering monthly or bimonthly bills.

Customer's account balance must be current prior to installation of new or additional lights.

D

Tariff S.L.
(Street Lighting)

Availability of Service
Available for lighting service for all the lighting of public streets, public highways and other public outdoor areas in municipalities, counties, and other governmental subdivisions where such service can be supplied from the existing general distribution systems provided the lighting location designated by the Customer is reasonably accessible to the Company's service vehicles without causing damage to the Customer's or other's property. New installations of High Pressure Sodium lamps shall cease on January 14, 2021. NT

Base Fuel Rate
Customers receiving service under this tariff will receive bills calculated using per lamp and base fuel charge. The base fuel charge will be calculated each month as shown below by multiplying the approved base fuel amount set forth in the Company's Fuel Adjustment Clause tariff by the relevant monthly kWh value set forth in the monthly kWh table included below in the Adjustment Clauses section of this tariff.

Rate *(Tariff Code 528)*

A. Overhead Service on Existing Distribution Poles TID

	Watts	Rate	
High Pressure Sodium	100 (9,500 Lumens)	$8.64	per lamp + 0.02612 x kWh in Sheet No. 11-3
	150 (16,000 Lumens)	$9.49	per lamp + 0.02612 x kWh in Sheet No. 11-3
	200 (22,000 Lumens)	$11.24	per lamp + 0.02612 x kWh in Sheet No. 11-3
	400 (50,000 Lumens)	$14.76	per lamp + 0.02612 x kWh in Sheet No. 11-3

	Lumens	Rate	
LED	8,000-11,000	$9.89	per lamp + 0.02612 x kWh in Sheet No. 11-3
	10,000-14,000	$12.70	per lamp + 0.02612 x kWh in Sheet No. 11-3
	24,000-30,000	$15.14	per lamp + 0.02612 x kWh in Sheet No. 11-3
	Post Top 6,000-10,000	$10.27	per lamp + 0.02612 x kWh in Sheet No. 11-3
	Post Top 8,000-12,000	$22.78	per lamp + 0.02612 x kWh in Sheet No. 11-3
	Flood 17,500-22,500	$16.67	per lamp + 0.02612 x kWh in Sheet No. 11-3

T

B. Service on New Wood Distribution Poles

	Watts	Rate	
High Pressure Sodium	100 (9,500 Lumens)	$13.51	per lamp + 0.02612 x kWh in Sheet No. 11-3
	150 (16,000 Lumens)	$14.47	per lamp + 0.02612 x kWh in Sheet No. 11-3
	200 (22,000 Lumens)	$16.23	per lamp + 0.02612 x kWh in Sheet No. 11-3
	400 (50,000 Lumens)	$20.83	per lamp + 0.02612 x kWh in Sheet No. 11-3

	Lumens	Rate	
LED	8,000-11,000	$16.30	per lamp + 0.02612 x kWh in Sheet No. 11-3
	10,000-14,000	$19.12	per lamp + 0.02612 x kWh in Sheet No. 11-3
	24,000-30,000	$21.57	per lamp + 0.02612 x kWh in Sheet No. 11-3
	Post Top 6,000-10,000	$16.68	per lamp + 0.02612 x kWh in Sheet No. 11-3
	Post Top 8,000-12,000	$29.20	per lamp + 0.02612 x kWh in Sheet No. 11-3
	Flood 17,500-22,500	$23.10	per lamp + 0.02612 x kWh in Sheet No. 11-3

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Continued on Sheet 11-2

Tariff S.L. Continued (Street Lighting) T

C. Service on New Metal or Concrete Poles*

TI

	Watts	Rate	
High Pressure Sodium	100 (9,500 Lumens)	$28.15	per lamp + 0.02612 x kWh in Sheet No. 11-3
	150 (16,000 Lumens)	$29.17	per lamp + 0.02612 x kWh in Sheet No. 11-3
	200 (22,000 Lumens)	$30.93	per lamp + 0.02612 x kWh in Sheet No. 11-3
	400 (50,000 Lumens)	$34.45	per lamp + 0.02612 x kWh in Sheet No. 11-3

	Lumens	Rate	
LED	8,000-11,000	$28.49	per lamp + 0.02612 x kWh in Sheet No. 11-3
	10,000-14,000	$30.40	per lamp + 0.02612 x kWh in Sheet No. 11-3
	24,000-30,000	$31.90	per lamp + 0.02612 x kWh in Sheet No. 11-3
	Post Top 6,000-10,000	$29.34	per lamp + 0.02612 x kWh in Sheet No. 11-3
	Post Top 8,000-12,000	$41.70	per lamp + 0.02612 x kWh in Sheet No. 11-3
	Flood 17,500-22,500	$33.39	per lamp + 0.02612 x kWh in Sheet No. 11-3

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* Effective June 29, 2010 and thereafter these lamps are not available for new installations

D. LED Lamp Conversion Charge

Existing street lighting customers that wish to convert from non-LED lamps to a new LED fixture shall pay a monthly charge of $2.18 per lamp replaced, per month for 84 months.

All lumen figures are based upon manufacturer estimates and may vary.

E. Flexible Lighting Option *(Tariff Code 525 for Unmetered and Tariff Code 526 for Metered)*
Applicable for the installation of any street lighting system (System) on a private or public property and owned by the Company. The customer must be adjacent to an electric power line of the Company that is adequate for supplying the necessary electric service. Service for the System under this tariff shall require a contract addendum agreed to and signed by the customer. The System shall comply with the Company's terms and conditions unless otherwise noted in this section. Included in the contract addendum shall be the installed capital cost of the System and the monthly amount of kWh the System will use unless the system is separately metered. The Company reserves the right to refuse service under this provision based on customer's credit worthiness.

Rate
Customers shall pay the monthly lamp charge for the System, a monthly maintenance charge, a non-fuel energy charge, a base fuel charge, and all applicable adjustment clauses.

Monthly Lamp Charge* = IC x MLFCR

Where:
IC = Installed Cost of System
MLFCR = Monthly Levelized Fixed Cost Rate of 1.04% which is inclusive of return, depreciation, income taxes, property taxes and A&G expense components I

Monthly maintenance charge is $2.52 per lamp per month
Monthly non-fuel charge is .05192 $/kWh I
Base fuel charge is 0.02612 $/kWh

Customers selecting this flexible lighting option to replace existing lamps shall also be subject to the LED Lamp Conversion Charge.

*Customers may pay a portion of the installed cost upfront to reduce the monthly lamp charge component of the rate.

Continued on Sheet 11-3

Tariff S.L. Continued
(Street Lighting)

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Adjustment Clauses
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

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System Sales Clause	Sheet No. 29	
Fuel Adjustment Clause	Sheet No. 30	
Purchase Power Adjustment	Sheet No. 31	
Environmental Surcharge	Sheet No. 32	D
Decommissioning Rider	Sheet No. 33	
Distribution Reliability Rider	Sheet No. 34	N
Securitization Financing Rider	Sheet No. 35	N
Federal Tax Change Tariff	Sheet No. 36	
City's Franchise Fee	Sheet No. 37	
School Tax	Sheet No. 38	

For adjustments calculated on a per kWh basis the following kWh values will be used in the calculation: D

	High Pressure Sodium				Light Emitting Diode (LED)					
	100 Watts	150 Watts	200 Watts	400 Watts	8,000-11,000 Lumens	10,000-14,000 Lumens	24,000-30,000 Lumens	Post Top 6,000-10,000 Lumens	Post Top 8,000-12,000 Lumens	Flood 17,500-22,500 Lumens
Jan	51	74	106	210	35	49	98	33	48	75
Feb	43	62	89	176	30	40	83	28	41	63
Mar	43	62	89	176	30	40	83	28	41	63
Apr	36	53	76	150	25	34	70	24	34	53
May	32	47	68	134	22	30	62	21	31	48
Jun	29	42	61	120	20	27	56	19	27	43
Jul	31	45	65	128	21	29	60	20	29	46
Aug	35	51	74	146	23	33	68	23	32	52
Sep	39	57	81	160	27	37	75	26	37	58
Oct	45	66	95	188	31	43	87	30	43	67
Nov	48	70	100	198	33	46	93	32	45	71
Dec	52	75	108	214	36	50	100	33	50	77
Total	484	704	1,012	2,000	333	458	935	317	458	716

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Special Facilities
When a customer requests street lighting service which requires special poles or fixtures, underground street lighting, or a line extension of more than one span of approximately 150 feet, the customer will be required to pay, in advance, an aid-to-construction in the amount of the installed cost of such special facilities.

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Continued on Sheet 11-4

Tariff S.L. Continued T
(Street Lighting)

D

Hours of Lighting
All lamps shall burn from one-half hour after sunset until one-half hour before sunrise every night and all night, burning approximately 4,000 hours per annum.

Term of Contract
Contracts under this tariff will ordinarily be made for an initial term of one year with self-renewal provisions for successive periods of one year each until either party shall give at least 60 days' notice to the other of the intention to discontinue at the end of the initial term or any yearly period. The Company may have the right to require contracts for periods of longer than one year if new or additional facilities are required.

Special Terms and Conditions
A customer's account balances must be current prior to installation of new or additional lights. D

Tariff P.A.
(Pole Attachments)

1. Availability of Service
Available to broadband internet providers, cable television system operators, governmental units and telecommunications carriers that provide service within the operating area of Kentucky Power Company (Company). This Tariff is not available to: (1) the Attachments of utilities, including local exchange carriers (LECs), that have joint use agreements with Company; or (2) macro cell facilities. Nothing in this Tariff expands the right to attach to Company's facilities beyond the rights otherwise conveyed by law.

2. Definitions
Unless stated otherwise, the terms used in this Tariff shall have the same meaning as the terms expressly defined in Section 1 of 807 KAR 5:015.

"Approved Contractor" means a contractor approved by Company for a particular purpose.

"Attachment" means a Wireline Facility or Wireless Facility and all associated equipment, including without limitation, any overlashed cable or fiber, guying, small splice panels and vertical overhead to underground risers but shall not include power supplies, equipment cabinets, meter bases or other equipment that impedes accessibility or otherwise conflicts with Company's standards. For billing purposes, the term "Attachment" also includes: (1) a Service Drop affixed to a pole that is located more than one (1) vertical foot away from the point at which the messenger strand is attached to the pole; and (2) a Service Drop located on a dedicated service, drop or lift pole.

"Communications Space" means the area on a pole below the Communications Worker Safety Zone and above the point on the pole necessary to meet NESC clearance, department of transportation or other governmental requirements, and Company's construction standards.

"Facility" means any Company Distribution Pole, right-of-way, conduit or duct normally used by Company to support or protect its electric conductors. The term "Facility" does not include any Transmission Pole.

"Distribution Pole" means a utility pole supporting electric supply facilities, all of which operate at less than 69kV, but does not include a pole used primarily to support outdoor lighting.

"NESC" means the National Electrical Safety Code.

"Larger Order" means an application, or multiple applications submitted within thirty (30) days of one another, seeking to make Attachments to more than three hundred (300) poles.

"Operator" means a broadband internet provider, cable television system operator, governmental unit or telecommunications carrier.

"Overlashing" means the practice whereby an entity, whether Operator or a third party, physically connects or attaches, through lashing or otherwise, new fiber optic or coaxial cable, or any other type of cable, to an existing Wireline Attachment on a Distribution Pole.

"Service Drop" means a Wireline Facility, attached to a pole with a J-hook or other similar hardware, that connects the trunk line to an end user's premises, and extends directly from the trunk line to a drop/lift pole or into an end user's premises.

"Transmission Pole" means any utility pole or tower supporting electric supply facilities designed to operate at 69kV or greater.

"Wireline Facility" means fiber optic or coaxial cable, or any other type of cable, as well as any messenger wire or support strand.

Continued on Sheet 12-2 T

Tariff P.A. Continued
(Pole Attachments)

T

"Wireless Facility" means, without limitation, antennas, risers, transmitters, receivers, and all other associated equipment used in connection with Operator's provision of wireless communications services and the transmission and reception of radiofrequency signals, but shall not include power supplies, equipment cabinets, meter bases, and other equipment that impedes accessibility or that conflicts with Company's standards. The term "Wireless Facility" does not include any strand-mounted antennas or macro cell facilities.

3. Rate

Charge for Wireline Facility on a two-user pole	$10.82	per attachment per year
Charge for Wireline Facility on a three-user pole	$6.71	per attachment per year

The above rate was calculated in accordance with the following formula:

Weighted Average Bare Pole Cost x Usage Factor x Carrying Charge = Rate Per Pole

A two-user pole is a pole being used, by actual occupation or reservation, by the Operator and the Company. A three-user pole is a pole being used by actual occupation or reservation, by the Operator, the Company, and a third party.

Charge for Attachments within ducts or conduits	$2.70	per linear foot per year
Charge for attachment of Wireless Facility to top of Distribution Pole	$150	per attachment per year
Charge for attachment of Wireless Facility within Communications Space of Distribution Pole	$75	per attachment per year

The above rates are subject to revision from time to time as approved by the Commission.

4. Company Facilities Subject to Attachment

Pursuant to 807 KAR 5:015 and the terms and conditions of this Tariff, Attachments to Company Facilities that do not interfere with Company's electric service requirements shall be permitted. Company may deny access to any Company Facility on a non-discriminatory basis where there is insufficient capacity or for reasons of safety, reliability, and generally applicable engineering purposes.

All Company Facilities covered by this Tariff remain the property of Company regardless of any payment by Operator toward their cost. No use, however extended, of Company Facilities or payment of any fee or charge required hereunder shall create or vest in Operator any claim or right, possession, title, interest or ownership in such Facilities. Nothing in this Tariff shall be construed to obligate Company to construct, reconstruct, retain, extend, repair, place, replace or maintain any Facility which, in Company's sole discretion, is not needed for Company's own purposes. Company and its successors and assigns shall have the right to operate, relocate and maintain Company Facilities in such a manner as will best enable Company, in its sole discretion, to fulfill its service requirements.

5. Company's Pole Attachment Policy Handbook

Operator is expected to follow the processes and guidelines set forth in Company's Pole Attachment Policy handbook, as well as any amendments thereto, but only to the extent that such processes and guidelines do not conflict with 807 KAR 5:015 or this Tariff.

Continued on Sheet 12-3 T

Tariff P.A. Continued
(Pole Attachments)

T

6. Applications

When Operator proposes to furnish service within Company's operating area and desires to make Attachments to Company Facilities, Operator shall make written application to install such Attachments, in the format required by Company, that specifies the location of each Facility in question, the character of its proposed Attachments, and any other information necessary to calculate the transverse and vertical load placed upon the pole as a result of the proposed Attachment and any other attachments or equipment attached to the Facility. If Operator's application qualifies as a Larger Order, Operator shall provide Company at least sixty (60) days' advance written notice before submission to Company. Company will notify Operator, within ten (10) days of receipt of an application, if the application is incomplete. If the application is incomplete, Operator shall provide the additional information required by Company prior to Company's review of the application on its merits.

If Operator is only seeking to make Wireline Attachments to Distribution Poles, Company shall complete a make-ready survey within forty-five (45) days (or within sixty (60) days in the case of a Larger Order) of receipt of a complete application. Company may, in its sole discretion, require prepayment for a make-ready survey. The current per pole estimate for a make-ready survey is $275. If the actual cost of performing the make-ready survey exceeds the amount of Operator's prepayment, then Operator shall reimburse Company for any difference upon receipt of an invoice for such amount. If the actual cost of performing the make-ready survey is less than the amount of Operator's prepayment, then Company shall issue Operator a refund for the difference. Company shall use commercially reasonable efforts to provide at least five (5) days advance notice of a field inspection to Operator and any other affected third party. If Operator submits a make-ready survey with an application, Company may elect to utilize the survey by: (1) notifying the affected third parties of its intent to use the make-ready survey performed by Operator; and (2) providing the affected third parties with a copy of the make-ready survey within the deadline set forth above for completing a make-ready survey.

Within forty-five (45) days (or within sixty (60) days in the case of Larger Orders) after receipt of a complete application, Company shall notify Operator whether and to what extent any special conditions will be required to permit the use by Operator of each such pole. Within fourteen (14) days of providing such notice, Company shall provide Operator with a statement of the costs for any necessary Company make-ready work, including the cost of rearranging Company's electric supply facilities or pole changeouts. Operator shall indicate its approval of the make-ready cost statement by submitting payment to Company within fourteen (14) days of receipt of the make-ready cost statement. If payment is not received by Company within fourteen (14) days, then Company's make-ready cost statement shall be deemed withdrawn. Within seven (7) days of receipt of Operator's payment, Company shall notify, in a manner consistent with applicable law, all third parties whose attachments might be affected by the make-ready, and thereafter provide Operator with the contact information for, and copies of the notices sent to, such third parties. Thereafter, Operator shall be responsible for coordinating the rearrangement or transfer of any third-party attachment and shall pay the costs related thereto.

Operator shall reimburse Company for any expenses incurred in reviewing Operator's written applications for attachment. Operator shall have a non-exclusive right to use such Facilities of Company as may be used or reserved for use by Operator and any other Facilities of Company when brought hereunder in accordance with the procedure hereinafter provided. Company shall have the right to grant to others, by contract or otherwise, rights or privileges to use any Facilities of Company and Company shall have the right to continue and extend any such rights or privileges heretofore granted.

Continued on Sheet 12-4 T

Tariff P.A. Continued
(Pole Attachments)

T

7. Standards for Installation

All Attachments and associated equipment of Operator shall be installed in a manner satisfactory to Company and so as not to interfere with the present or any future use which Company may desire to make of the Facilities covered by this Tariff. All such Attachments and equipment shall be installed and at all times maintained by Operator so as to comply with the standards set forth in Company's Pole Attachment Policy handbook, the National Electrical Safety Code and any other applicable regulations or codes promulgated by state, local or other governmental authority having jurisdiction thereover. In the event of a conflict, the more stringent standard shall apply. Operator shall take necessary precautions by the installation of protective equipment or other means, to protect all persons and property of all kinds against injury or damage occurring by reason of Operator's attachments.

Operator shall complete the installation of its Attachments within thirty (30) days of Company's approval of the application for such Attachments, or if make-ready is required to accommodate the Attachments, the completion date of such make-ready. Operator shall, within seven (7) days after completing the installation of its Attachments, provide Company with written notice of such completion, and Company shall have the right to perform a post-inspection on such Attachments, at Operator's sole expense, within ninety (90) days of receipt of Operator's notice of completion. If Company's inspection reveals that Operator's installation resulted in any property damage or code violations, Company may either: (1) complete any necessary remedial work and bill Operator for the costs related to fixing the damage or correcting the code violations; or (2) require Operator to fix the damage or code violations at its own expense within fourteen (14) days' notice from Company.

8. Tagging Requirement

Operator shall identify each of its Attachments with a tag, approved in advance by Company, that includes Operator's name, 24-hour contact telephone number, and such other information as Company may require. Operator shall tag an Attachment at the time of construction. Any untagged Attachment existing as December 28, 2022 shall be tagged by Operator by no later than December 31, 2024.

9. Overlashing

Operator shall provide Company with at least thirty (30) days' advance written notice before Overlashing, or allowing a third party to overlash, Operator's existing Wireline Facilities. Operator is responsible for all Overlashing performed on its Wireline Facilities, including any Overlashing by a third party, and shall ensure that all Overlashing complies with Company's standards, the applicable provisions of the NESC, and any other applicable law or code. If Overlashing of Operator's Wireline Facilities results in any damage to the pole, Company equipment or existing Attachments, or if any Overlashing causes a safety or engineering standard violation, Operator shall be responsible, at its expense, for any necessary repairs or corrections.

Operator shall notify Company within fifteen (15) days of completion of an overlash on a particular pole. Within ninety (90) days of receiving such notice, Company will perform an inspection at Operator's expense to determine whether the overlash caused any damage to Company property or resulted in any code violations. Company shall notify Operator of any damage to Company property or code violations within fourteen (14) days after completion of the inspection. At Company's discretion, Company may either: (1) complete any necessary remedial work and bill Operator for the costs related to fixing the damage or correcting the code violations; or (2) require Operator to fix the damage or code violations at its own expense within fourteen (14) days' notice from Company.

Continued on Sheet 12-5 T

Tariff P.A. Continued T
(Pole Attachments)

10. Pole Installation or Replacement; Rearrangements; Guying
In any case Operator proposes to install Attachments on a pole to be erected by Company in a new location, and to provide adequate space or strength to accommodate such Attachments such pole must, in Company's judgment, be taller and/or stronger than would be necessary to accommodate the facilities of Company and of other persons who have previously indicated that they desire to make attachments on such pole or with whom Company has an agreement providing for joint or shared ownership of poles, the cost of such extra height and/or strength shall be paid to Company by Operator. Such cost shall be the difference between the cost in place of the new pole and the current cost in place of a pole considered by Company to be adequate for the facilities of Company and the attachments of such other persons.

Where in Company's judgment a new pole must be erected to replace an existing pole solely to adequately provide for Operator's proposed Attachments, Operator agrees to pay Company for the entire cost of the new pole necessary to accommodate the existing facilities on the pole and Operator's proposed Attachments, plus the cost of removal of the in-place pole, minus the salvage value, if any, of the removed pole. Operator shall also pay to Company and to any other owner of existing attachments on the pole the cost of transferring each of their respective facilities or attachments to the newly-installed pole.

If Operator's desired Attachments can be accommodated on existing poles of Company by rearranging facilities of Company thereon or of any other person, or if because of Operator's proposed Attachments it is necessary for Company to rearrange its facilities on any pole not owned by it, then in any such case, Operator shall reimburse Company and any such other person for the respective expense incurred in making such rearrangement.

If because of the requirements of its business, Company intends to replace an existing pole on which Operator has any Attachment, or Company intends to change the arrangements of its facilities on any such pole in such manner as to necessitate a rearrangement of Operator's Attachment, or if as a result of any inspection of Operator's Attachments Company determines that any such Attachments are not in accordance with Company's standards, applicable codes or the provisions of this Tariff or are otherwise hazards Company shall give Operator not less than sixty (60) days' notice of such proposed replacement or change, or any such violation or hazard; provided, however, that the sixty (60) day notice requirement shall not apply to: (1) make-ready notices pursuant to Section 4 of 807 KAR 5:015; (2) routine maintenance by Company; or (3) a replacement or change made by Company in response to an emergency. In such event, Operator shall at its expense relocate, rearrange or modify its Attachments at the time specified by Company. If Operator fails to do so, or if any such emergency makes notice impractical, Company shall perform such relocation or rearrangement and Operator shall reimburse Company for the reasonable cost thereof.

Any additional guying or anchors required by reason of the Attachments of Operator shall be provided at the expense of Operator and shall meet the requirements of all applicable codes or regulations and Company's generally applicable guying standards.

11. Self-Help Remedy
If Company is unable to meet the timelines in 807 KAR 5:015 for completing a survey or completing make-ready work above the Communications Space, and if Company lacks good and sufficient cause to deviate from such timelines, Operator may perform such work at its own expense using an Approved Contractor. Operator shall refer to Company's Pole Attachment Policy on Company's website for a list of Approved Contractors for specified purposes. Self-help is not available for pole replacements or for surveys or make-ready related to ducts. Operator shall provide written notice to Company at least one (1) week prior to performing surveys or make-ready above the Communications Space. Operator shall notify Company immediately if a survey or make-ready causes any property damage or an outage that is reasonably likely to interrupt Company's services.

Continued on Sheet 12-6 T

Tariff P.A. Continued
(Pole Attachments)

T

12. One-Touch Make-Ready
For Attachments to Distribution Poles that require only "simple make-ready," as that term is defined in 807 KAR 5:015, Operator may elect to proceed with the one-touch make-ready (OTMR) process established in this Section 12, as opposed to the standard process set forth in Section 6 of this Tariff. To elect OTMR, Operator must clearly indicate in its application that it is electing the OTMR process. Operator shall not combine requests for "simple make-ready" and "complex make-ready," as those terms are defined in 807 KAR 5:015, within an OTMR application. Operator's OTMR application shall identify the "simple make-ready" that it intends to perform.

Company shall, within ten (10) days of receipt, determine whether Operator's OTMR application is complete. Upon receipt of a complete OTMR application, Company shall review such application on the merits within the timelines established by 807 KAR 5:015. If Company denies an OTMR application on the merits, Company will provide Operator with an explanation of its denial, along with information and documentation supporting Company's decision.

Operator shall be responsible for all surveys required as part of the OTMR process. Any survey performed under the OTMR process shall be conducted by an Approved Contractor. Operator shall provide Company, as well as any third parties with attachments on Distribution Poles subject to an OTMR application, at least five (5) days' advance written notice of any field inspection, and such notice shall: provide the date, time and location of the field inspection; and state the name of the Approved Contractor that will be performing the field inspection. Operator shall allow Company and affected third parties to be present for any field inspection it performs under the OTMR process.

If Operator's OTMR application is approved, Operator may, after providing fifteen (15) days' advance written notice to Company and affected third parties, proceed with the make-ready. Operator's notice shall: provide the date, time and location of the make-ready; describe the make-ready involved; and identify the contractor that will be performing the make-ready. Operator shall allow Company and affected third parties to be present during the make-ready. Operator shall complete all make-ready within thirty (30) days of the date on which Company approved Operator's OTMR application (or within seventy-five (75) days in the case of a Larger Order), or Operator's OTMR application will be deemed closed.

If Company or Operator determine at any time that make-ready does not qualify as "simple make-ready," Operator shall halt all make-ready on the impacted Distribution Poles. The make-ready on the impacted Distribution Poles shall thereafter be subject to the requirements of Section 6 of this Tariff. Operator shall notify Company and affected third parties within fifteen (15) days of completion of the make-ready identified in the OTMR application.

13. Pole Inspection
Company may make periodic inspections, as conditions may warrant, for the purpose of determining compliance with the provisions of this Tariff. Company reserves the right to inspect each new or proposed installation of Operator on Company's Facilities. In addition, Company's right to make any inspections and any inspection made pursuant to such right shall not relieve Operator of any responsibility, obligation or liability assumed under this Tariff.

14. Transfer of Attachments to New Poles
Operator shall transfer its Attachments within sixty (60) days of receiving notice from Company (Transfer Period). If Operator fails to transfer its Attachments within the Transfer Period, Company may transfer the Attachments at Operator's sole risk and expense. Company may transfer Operator's Attachments prior to the expiration of the Transfer Period if an expedited transfer is necessary for safety or reliability purposes.

Continued on Sheet 12-7

T

Tariff P.A. Continued
(Pole Attachments)

T

15. Attachment Inventory

Owner may conduct a complete field inventory for the purpose of verifying the number and location of Operator's Attachments on Company Facilities. Company shall provide Operator with at least thirty (30) days' prior notice of a field inventory, and Operator shall advise Company whether Operator desires to participate in the field inventory not less than fifteen (15) days prior to the scheduled date of such inventory. Operator shall reimburse Company for the costs Company incurs in performing the field inventory, regardless of whether Operator elects to participate in the inventory; provided, however, Company may not charge Operator for more than one (1) field inventory within a five (5) year period. If Company inspects the Attachments of more than one Operator during a field inventory, then each Operator whose Attachments were inspected by Company during the field inventory shall share pro rata in the costs of such inventory. Upon request, Company shall furnish a summary report for the field inventory within a reasonable time after its completion.

If a field inventory reveals that the number of Operator's Attachments exceeds the number of Attachments shown in Company's existing records, the excess number of Attachments shall be presumed to be unauthorized attachments and handled in accordance with Section 16.

16. Unauthorized Attachments

If Operator makes an Attachment that requires approval by, or advance notice to, Company under this Tariff, and if Operator fails to comply with such approval or notice requirements, then Operator's Attachment shall be deemed an unauthorized attachment. Unless Operator can demonstrate to Company's reasonable satisfaction that an unauthorized attachment was made more recently, unauthorized attachments are presumed to have existed on Company Facilities for two (2) years. Operator shall be liable for all charges and fees that would have been due under the Tariff for this time period. In addition to charges and fees applicable to the period of unauthorized attachment, Operator shall pay a penalty in the amount of: (1) $25 for each unauthorized attachment within the Communications Space on a Distribution Pole; (2) $500 for each unauthorized attachment above the Communications Space on a Distribution Pole; and (3) $500 for each unauthorized attachment within a duct. Operator shall submit an application for approval of any unauthorized attachment within sixty (60) days of the Attachment's discovery. If Operator fails to submit the required application or to comply with Company's application process, Company may remove the unauthorized attachment at Operator's sole risk and expense.

17. Abandonment by Operator

Operator may at any time abandon the use of a Company Facility hereunder by removing therefrom all of its Attachments and by giving written notice thereof, on a form provided by Company, and no Facility shall be considered abandoned until such notice is received. If notice has been given that Attachment(s) have been removed, but the Attachments are later discovered not to have been removed, then such Attachments shall be deemed unauthorized attachments and handled in accordance with Section 16 of this Tariff.

18. Indemnity

Operator hereby agrees to indemnify, hold harmless, and defend Company from and against any and all loss, damage, cost or expense which Company may suffer or for which Company may be held liable because of interruption of Operator's service to its subscribers, or by reason of bodily injury, including death, to any person, or damage to or destruction of any property, including loss of use thereof, arising out of or in any manner connected with the attachment, operation, and maintenance of the Attachments and other facilities of Operator on the Facilities of Company under this Tariff, or to any such act or omission of Operator's respective representatives, employees, agents or contractors.

19. Limitation of Liability

IN NO EVENT SHALL COMPANY OR ANY OF ITS REPRESENTATIVES BE LIABLE UNDER THIS TARIFF TO OPERATOR FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR ENHANCED DAMAGES, LOST PROFITS OR REVENUES OR DIMINUTION IN VALUE, ARISING OUT OF, OR RELATING TO, OR IN CONNECTION WITH THIS TARIFF, REGARDLESS OF (A) WHETHER SUCH DAMAGES WERE FORESEEABLE; (B) WHETHER OR NOT COMPANY WAS ADVISED OF THE OSSIBILITY OF SUCH DAMAGES OR (C) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT OR OTHERWISE) UPSON WHICH THE CLAIM IS BASED. THE LIMITATIONS SET FORTH IN THIS SECTION 19 SHALL NOT APPLY TO DAMAGES OR LIABILITY ARISING FROM THE GROSSLY NEGLIGENT ACTS OR OMISSIONS OR WILLFUL MISCONDUCT OF COMPANY IN PERFORMING ITS OBLIGATIONS UNDER THIS TARIFF.

Continued on Sheet 12-8

T

Tariff P.A. Continued
(Pole Attachments)

T

20. Insurance
Operator agrees to obtain and maintain at all times policies of insurance as follows:

(a) Comprehensive bodily injury liability insurance in an amount not less than $5,000,000 for any one occurrence.
(b) Comprehensive property damage liability insurance in an amount not less than $5,000,000 for any one occurrence.
(c) Contractual liability insurance in an amount not less than the foregoing minimums to cover the liability assumed by the Operator under the agreement or indemnity set forth above.

Prior to making Attachments to Company's Facilities, Operator shall furnish to Company two copies of a certificate, from an insurance carrier licensed to do business in Kentucky, stating that policies of insurance have been issued by it to Operator providing for the insurance listed above and that such policies are in force. Such certificate shall state that the insurance carrier will give Company thirty (30) days' prior written notice of any cancellation of or material change in such policies.

21. Performance Assurance
Operator shall furnish Performance Assurance in the following amounts to guarantee the payment of any sums which may become due for attachment charges, inspections, or work performed by Company under this Tariff, including the removal of Attachments upon termination of any license hereunder:

Number of Attachments	Amount per Attachment	Maximum Total
1-7,500	$20	$150,000
7,501-15,000	$10	$225,000
15,001+	$5	$1,000,000

The above-stated amounts are incremental. By way of example, 10,000 Attachments would require Performance Assurance in the amount of $175,000 ($20 per Attachment for the first 7,500 Attachments; $10 per Attachment for the next 2,500 Attachments); 20,000 Attachments would require Performance Assurance in the amount of $250,000 ($20 per Attachment for the first 7,500 Attachments; $10 per Attachment the next 7,500 Attachments; and $5 per Attachment for the last 5,000 Attachments).
The amount of the Performance Assurance shall be calculated by Company annually based on Operator's then-existing number of Attachments. Operator shall provide the Performance Assurance within thirty (30) days of its request by Company.
If Operator proposes to attach a Wireless Facilities to Company Facilities, Operator shall post Performance Assurance in the amount of $1,500 for each Company Facility to which a Wireless Facility is attached. The amount of the Performance Assurance shall not be reduced upon completion of installation or other event.

In the event the Operator provides Performance Assurance in the form of a surety bond or letter of credit, each bond or letter of credit shall contain the provision that it shall not be terminated prior to six (6) months after Company's receipt of written notice of the desire of the bonding or insurance company, or bank, to terminate such bond or letter of credit. Company may waive this requirement if an acceptable replacement is received before the six (6) months has ended. Upon termination of such surety bond or letter of credit, Company shall request Operator to immediately remove its Attachments and all other equipment from Company Facilities. If Operator should fail to complete the removal of all of its Attachments from Company Facilities within sixty (60) days after receipt of such request, then Company may remove Operator's Attachments at Operator's expense and without liability for any damage to Operator's Attachments.

Each surety bond shall be issued by an entity having a minimum A.M. Best rating of A- and/or letter of credit shall be issued by an entity having a minimum Credit Rating of A- by S& P or A3 by Moody's at the time of issuance and at all times the relevant instrument is outstanding.

Continued on Sheet 12-9

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Tariff P.A. Continued
(Pole Attachments)

T

22. Easements
Operator shall secure any right, license or permit from any governmental body, authority or other person or persons which may be required for the construction or maintenance of Attachments of Operator. Company does not convey nor guarantee any easements, rights-of-way or franchises for the construction and maintenance of said Attachments. Operator hereby agrees to indemnify and save harmless Company from any and all claims, including the expenses incurred by Company to defend itself against such claims, resulting from or arising out of the failure of Operator to secure such right, license, permit or easement for the construction or maintenance of said Attachments on Company's poles.

23. Charges and Fees
Operator agrees to pay Company an annual charge per Attachment as set forth in Section 3 of this Tariff in advance, and such other charges as may be provided for herein, for the use of each of Company Facility, any portion of which is occupied by, or reserved at Operator's request for, the Attachments of Operator.

Operator agrees to reimburse Company for all reasonable non-recurring expenses caused by or attributable to Operator's initial Attachments including without limitation the amounts set forth herein before and the expenses of Company in examining poles used but not owned by Company to which Operator proposes to make Attachments.

24. Fees for Additional Attachments
For Attachments made to Company Facilities between billing dates, Operator shall be billed a prorated amount of the annual charge effective on the date of attachment in on the Operator's next bill. Company will not reimburse Operator for, or otherwise prorate Operator's next bill for, any Attachments removed from Company Facilities between billing dates.

25. Payment
Payment of amounts due hereunder is due on the dates or at the times indicated with respect to each such payment. In the event the time for any payment is not specified, such payment shall be due thirty (30) days from the date of the invoice therefor. all amounts not so paid shall accrue interest at a monthly simple interest rate of 1.5% . Where the provisions of the Tariff require any payment by Operator to the Company other than for attachment charges, Company may, at its option, require that the estimated amount thereof be paid in advance of permission to use any pole or the performance by company of any work. In such a case, Company may, in its sole discretion, invoice any deficiency or refund any excess to Operator after the current amount of such payment has been determined.

26. Default or Non-Compliance
If Operator fails to comply with any of the provisions of this Tariff or defaults in the performance of any of its obligations under this Tariff and fails within sixty (60) days, after written notice from Company to correct such default or non-compliance, Company may, in addition to all other remedies under this Tariff, take any one or more of the following actions: terminate the specific permit or permits covering the Company Facilities to which such default or non-compliance is applicable; remove, relocate or rearrange Attachments of Operator to which such default or non-compliance relates, all at Operator's expense; decline to permit additional Attachments hereunder until such default is cured; or in the event of any failure to pay any of the charges, fees or amounts provided in this Tariff or any other substantial default, or of repeated defaults, terminate Operator's right of attachment. Where applicable, Company's written notice of default or non-compliance shall inform Operator of Company's right to remove, relocate or rearrange Attachments of Operator, in the event Operator fails to cure its default or non-compliance within the aforementioned 60-day period. Operator shall remove all Attachments where Company has terminated the right of attachment herein within sixty (60) days of Company providing notice of termination. If Operator fails to remove such Attachments within sixty (60) days, then Company may remove such Attachments at Operator's expense. Company shall have no obligation to store or recover any value for such removed Attachments.

No liability shall be incurred by Company because of any or all such actions except for Company's gross negligence or willful misconduct in any relocation or removal of such equipment. The remedies provided herein are cumulative and in addition to any other remedies available to Company.

Continued on Sheet 12-10 T

Tariff P.A. Continued
(Pole Attachments)

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27. Notices
Any notice required by this Tariff shall be deemed properly given if sent to Company's or Operator's authorized representative using any of the following methods: (1) overnight delivery by nationally recognized courier; (2) certified U.S. mail, return receipt requested, postage prepaid; (3) electronically via telecopier or electronic mail; or (4) sent in the manner expressly required herein or by Company's standards. Operators shall, within thirty (30) days of the effective date of this Tariff, or if service is taken for the first time following the effective date of this Tariff, prior to submitting any applications for Attachments, provide Company with the following information for each of their authorized representatives: name, title, mailing address and electronic mailing address. The designation of an authorized representative, as well as the contact information for an existing authorized representative, may be changed at any time by similar notice. Operators are required to maintain current contact information with Company for each of their authorized representatives.

28. Prior Agreements
This Tariff, as of the effective date, terminates, supersedes and replaces any previous agreement or license affecting Company's Facilities and Operator's Attachments covered herein.

29. Assignment
This Tariff shall be binding upon and inure to the benefits of the parties hereto, their respective successors and/or assigns, but Operator shall not assign, transfer or sublet any of the rights hereby granted without the prior written consent of Company, which shall not be unreasonably withheld, and any such purported assignment, transfer or subletting without such consent shall be void.

30. Performance Waiver
Neither party shall be considered in default in the performance of its obligations herein, or any of them, to the extent that performance is delayed or prevented due to causes beyond the control of said party, including but not limited to, Acts of God or the public enemy, war, revolution, civil commotion, blockade or embargo, acts of government, any law, order, proclamation, regulation, ordinance, demand, or requirement of any government, fires, explosions, cyclones, floods, unavoidable casualties, quarantine, restrictions, strikes, labor disputes, lock-outs, and other causes beyond the reasonable control of either of the parties.

31. Preservation of Remedies
No delay or omission in the exercise of any power or remedy herein provided or otherwise available to the Company shall impair or affect its right thereafter to exercise the same.

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Tariff T.S.
(Temporary Service)

Availability of Service
Where capacity is available, Company will install service for temporary lighting and power service to customers who have demonstrated to the Company's satisfaction that the requested temporary service will be temporary in nature. Residential customers will be supplied with 100 amp single phase service. All other customer classes will be supplied at voltage levels applicable to the class of business.

Rate *(Tariff Code 019)*
Temporary service will be supplied under any published tariff applicable to the class of business of the Customer, when the Company has available unsold capacity of lines, transforming and generating equipment, with an additional charge of the total cost of installation, connection, disconnection and removal of service.

Charges
The same minimum charge as provided for in any applicable tariff shall be applicable to such temporary service and for not less than one full monthly minimum.

Customer's requesting temporary service will be charged a minimum temporary service installation charge, payable in advance, based on the Company's actual cost of installation, connection, disconnection, and removal of the required facilities to provide temporary service.

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Terms of Service
Temporary Service will be in effect for a period of 180 days from the date of installation. The Company may grant extensions based on customer's demonstration of continued need for temporary service.

The Company may discontinue temporary service at the end of the 180 days, or at the end of any extended period of time after the initial 180 days.

Special Terms and Conditions
A deposit equal to the full estimated amount of the bill and/or construction costs under this tariff may be required. This tariff is not available to customers permanently located, whose energy requirements are of a seasonal nature. See Terms and Conditions of Service.

Tariff U.D.C.
(Underground Differential Cost Schedule)

Underground Service Plan for Residential Subdivisions and Residential Service Laterals

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Applicable
To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., R.S.-T.O.D. 2, and R.S.D.

Rate

PRIMARY AND SECONDARY DISTRIBUTION SYSTEM

Charge: **$ 65.29** per foot of lot width (average x number of lots) when Company performs trenching, conduit installation, and backfilling to Company specifications.

Charge: **$ 31.95** per foot of lot width (average x number of lots) when Customer performs trenching, conduit installation, and backfilling to Company specifications.

SERVICE LATERALS

FROM OVERHEAD FACILITIES

Charge: **$ 29.67** per foot of trench length from Overhead Facilities when Company performs trenching, conduit installation, and backfilling to Company

Charge: **$ 11.04** per foot of trench length from Overhead Facilities when Customer performs trenching, conduit installation, and backfilling to Company

FROM UNDERGROUND FACILITIES

Charge: **$ 23.83** per foot of trench length from Underground Facilities when Company performs trenching, conduit installation, and backfilling to Company

Charge: **$ 5.70** per foot of trench length from Underground Facilities when Customer performs trenching, conduit installation, and backfilling to Company

REPLACEMENT OF USEFUL OVERHEAD SERVICE DROP

Charge: **$ 200.00** for each removal in addition to any underground differential costs.

Rider A.F.S.
(Alternate Feed Service Rider)

Availability of Service

Standard Alternate Feed Service (AFS) is a premium service providing a redundant distribution service provided through a redundant distribution line and distribution station transformer, with automatic or manual switch-over and recovery, which provides increased reliability for distribution service. Rider AFS applies to those customers requesting new or upgraded AFS after the effective date of this rider. Rider AFS also applies to existing customers that desire to maintain redundant service when the Company must make expenditures in order to continue providing such service.

Rider AFS is available to customers who request a primary voltage alternate feed and who normally take service under Tariffs M.G.S.-TOD, L.G.S., L.G.S.-TOD, I.G.S., or M.W. for their basic service requirements, provided that the Company has adequate capacity in existing distribution facilities, as determined by the Company, or if changes can be made to make capacity available. AFS provided under this rider may not be available at all times, including emergency situations.

System Impact Study Charge

The Company shall charge the customer for the actual cost incurred by the Company to conduct a system impact study for each site reviewed. The study will consist of, but is not limited to, the following: (1) identification of customer load requirements, (2) identification of the potential facilities needed to provide the AFS, (3) determination of the impact of AFS loading on all electrical facilities under review, (4) evaluation of the impact of the AFS on system protection and coordination issues including the review of the transfer switch, (5) evaluation of the impact of the AFS request on system reliability indices and power quality, (6) development of cost estimates for any required system improvements or enhancements required by the AFS, and (7) documentation of the results of the study. The Company will provide to the customer an estimate of charges for this study.

Equipment and Installation Charge

The customer shall pay, in advance of construction, a nonrefundable amount for all equipment and installation costs for all dedicated and/or local facilities provided by the Company required to furnish either a new or upgraded AFS. The payment shall be grossed-up for federal and state taxes, assessment fees and gross receipts taxes. The customer will not acquire any title in said facilities by reason of such payment. The equipment and installation charge shall be determined by the Company and shall include, but not be limited to, the following: (1) all costs associated with the AFS dedicated and/or local facilities provided by the Company and (2) any costs or modifications to the customer's basic service facilities.

The customer is responsible for all costs associated with providing and maintaining phone service for use with metering to notify the Company of a transfer of service to the AFS or return to basic service.

Transfer Switch Provision

In the event the customer receives basic service at primary voltage, the customer shall install, own, maintain, test, inspect, operate and replace the transfer switch. Customer-owned switches are required to be at primary voltage and must meet the Company's engineering, operational and maintenance specifications. The Company reserves the right to inspect the customer-owned switches periodically and to disconnect the AFS for adverse impacts on reliability or safety.

Existing AFS customers, who receive basic service at primary voltage and are served via a Company-owned transfer switch and control module, may elect for the Company to continue ownership of the transfer switch. When the Company-owned transfer switch and/or control module requires replacement, and the customer desires to continue the AFS, the customer shall pay the Company the total cost to replace such equipment which shall be grossed up for federal and state taxes, assessment fees and gross receipts taxes. In addition, the customer shall pay a monthly rate of $15.75 for the Company to annually test the transfer switch / control module and the customer shall reimburse the Company for the actual costs involved in maintaining the Company-owned transfer switch and control module.

Continued on Sheet 15-2

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Rider A.F.S. Continued (Alternate Feed Service Rider) T

Transfer Switch Provision Continued

In the event a customer receives basic service at secondary voltage and requests AFS, the Company will provide the AFS at primary voltage. The Company will install, own, maintain, test, inspect and operate the transfer switch and control module. The customer shall pay the Company a nonrefundable amount for all costs associated with the transfer switch installation. The payment shall be grossed-up for federal and state taxes, assessment fees and gross receipts taxes. In addition, the customer is required to pay the monthly rate for testing and ongoing maintenance costs defined above. When the Company-owned transfer switch and/or control module requires replacement, and the customer desires to continue the AFS, customer shall pay the Company the total cost to replace such equipment which shall be grossed up for federal and state taxes, assessment fees and gross receipts taxes.

After a transfer of service to the AFS, a customer utilizing a manual or semi-automatic transfer switch shall return to the basic service within one (1) week or as mutually agreed to by the Company and customer. In the event system constraints require a transfer to be expedited, the Company will endeavor to provide as much advance notice as possible to the customer. However, the customer shall accomplish the transfer back to the basic service within ten minutes if notified by the Company of system constraints. In the event the customer fails to return to basic service within 12 hours, or as mutually agreed to by the Company and customer, or within ten minutes of notification of system constraints, the Company reserves the right to immediately disconnect the customer's load from the AFS source. If the customer does not return to the basic service as agreed to, or as requested by the Company, the Company may also provide 30 days' notice to terminate the AFS agreement with the customer.

The customer shall make a request to the Company for approval three days in advance for any planned switching.

Monthly AFS Capacity Reservation Demand Charge
Monthly AFS charges will be in addition to all monthly basic service charges paid by the customer under the applicable tariff.

The Monthly AFS Capacity Reservation Demand Charge for the reservation of distribution station and primary lines is $6.38 per kW.

AFS Capacity Reservation
The customer shall reserve a specific amount of AFS capacity equal to, or less than, the customer's average maximum requirements, but in no event shall the customer's AFS capacity reservation under this rider exceed the capacity reservation for the customer's basic service under the appropriate tariff. The Company shall not be required to supply AFS capacity in excess of that reserved except by mutual agreement.

If the customer plans to increase the AFS demand at anytime in the future, the customer shall promptly notify the Company of such additional demand requirements. The customer's AFS capacity reservation and billing will be adjusted accordingly. The customer will pay the Company the actual costs of any and all additional dedicated and/or local facilities required to provide AFS in advance of construction and pursuant to an AFS construction agreement. If customer exceeds the agreed upon AFS capacity reservation, the Company reserves the right to disconnect the AFS. If the customer's AFS metered demand exceeds the agreed upon AFS capacity reservation, which jeopardizes company facilities or the electrical service to other customers, the Company reserves the right to disconnect the AFS immediately. If the Company agrees to allow the customer to continue AFS, the customer will be required to sign a new AFS agreement reflecting the new AFS capacity reservation. In addition, the customer will promptly notify Kentucky Power regarding any reduction in the AFS capacity reservation.

The customer may reserve partial-load AFS capacity, which shall be less than the customer's full requirements for basic service subject to the conditions in this provision. Prior to the customer receiving partial-load AFS capacity, the customer shall be required to demonstrate or provide evidence to the Company that they have installed demand-controlling equipment that is capable of curtailing load when a switch has been made from the basic service to the AFS. The Company reserves the right to test and verify the customer's ability to curtail load to meet the agreed upon partial-load AFS capacity reservation.

Continued on Sheet 15-3 T

Rider A.F.S. Continued
(Alternate Feed Service Rider)

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Determination of Billing Demand

Full-Load Requirement:
For customers requesting AFS equal to their load requirement for basic service, the AFS billing demand shall be taken each month as the single-highest 15-minute integrated peak as registered during the month by a demand meter or indicator, but the monthly AFS billing demand so established shall in no event be less than the greater of (a) the customer's AFS capacity reservation, or (b) the customer's highest previously established monthly billing demand on the AFS during the past 11 months, or (c) the customer's basic service capacity reservation, or (d) the customer's highest previously established monthly billing demand on the basic service during the past 11 months.

Partial-Load Requirement:
For customers requesting partial-load AFS capacity reservation that is less than the customer's full requirements for basic service, the AFS billing demand shall be taken each month as the single-highest 15-minute integrated peak on the AFS as registered during the month by a demand meter or indicator, but the monthly AFS billing demand so established shall in no event be less than the greater of (a) the customer's AFS capacity reservation, or (b) the customer's highest previously established monthly metered demand on the partial-load AFS during the past 11 months.

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Terms of Contract

The AFS agreement under this rider will be made for a period of not less than one year and shall remain in effect thereafter until either party shall give at least six months' written notice to the other of the intention to discontinue service under the terms of this rider.

Disconnection of AFS under this rider due to reliability or safety concerns associated with customer-owned transfer switches will not relieve the customer of payments required hereunder for the duration of the agreement term.

Special Terms and Conditions

This rider is subject to the Company's Terms and Conditions of Service.

Upon receipt of a request from the customer for non-standard AFS (AFS which includes unique service characteristics different from standard AFS), the Company will provide the customer with a written estimate of all costs, including system impact study costs, and any applicable unique terms and conditions of service related to the provision of the non-standard AFS. An AFS agreement will be filed with the Commission under the 30-day filing procedures. The AFS agreement shall provide full disclosure of all rates, terms and conditions of service under this rider, and any and all agreements related thereto.

The Company will have sole responsibility for determining the basic service circuit and the AFS circuit.

The Company assumes no liability should the AFS circuit, transfer switch, or other equipment required to provide AFS fail to operate as designed, is unsatisfactory, or is not available for any reason.

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Rider R.P.O.
(Renewable Power Option Rider)

Availability of Service
Available to customers taking metered service under the Company's R.S., R.S.D. , R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, G.S., S.G.S.-T.O.D., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., I.G.S., C.S.-I.R.P., and M.W. tariffs. D

Participation in this program under Option A may be limited by the ability of the Company to procure renewable energy certificates (RECs) from Renewable Resources. If the total of all kWh under contract under this Rider equals or exceeds the Company's ability to procure RECs, the Company may suspend the availability of this Rider to new participants.

Customers who wish to directly purchase the electrical output and all associated environmental attributes from a renewable energy generator may contract bilaterally with the Company under Option B. Option B is available to customers taking metered service under the Company's I.G.S., and C.S.-I.R.P. tariffs, or multiple L.G.S. tariff accounts with common ownership under a single parent company that can aggregate multiple accounts to exceed 1000 kW of peak demand.

Conditions of Service
Customers who wish to support the development of electricity generated by Renewable Resources may under Option A contract to purchase each month a specific number of fixed kWh blocks, or choose to cover all of their monthly usage.

Renewable Resources shall be defined as Wind, Solar Photovoltaic, Biomass Co-Firing of Agricultural crops and all energy crops, Hydro (as certified by the Low Impact Hydro Institute), Incremental Improvements in Large Scale Hydro, Coal Mine Methane, Landfill Gas, Biogas Digesters, Biomass Co-Firing of All Woody Waste including mill residue, but excluding painted or treated lumber. All REC's purchased under Option A of this tariff shall be retained or retired by the Company on behalf of customers.

Rates

Option A
In addition to the monthly charges determined according to the Company's tariff under which the customer takes metered service, the customer shall also pay the following rate for the REC option of their choosing. The charge will be applied to the customer's bill as a separate line item.

The Company will provide customers at least 30-days' advance notice of any change in the Rate. At such time, the customer may modify or cancel their automatic monthly purchase agreement. Any cancellation will be effective at the end of the current billing period when notice is provided.

	Block Purchase Charge ($ per 100 kWh block)	All Usage Purchase Charge per kWh consumed	
A1. Solar RECs	$0.50/month	$0.005	RR
A2. Wind RECs	$0.50/month	$0.005	RR
A3. Hydro & Other RECs	$0.50/month	$0.005	II

Option B
Charges for service under option B of this Tariff will be set forth in the written agreement between the Company and the Customer and will reflect a combination of the firm service rates otherwise available to the Customer and the cost of the renewable energy resource being directly contracted for by the Customer.

Continued on Sheet 16-2 T

Rider R.P.O. Continued
(Renewable Power Option Rider)

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Term
This is a voluntary program.

Under Option A Customers may participate through a one-time purchase, or establish an automatic monthly purchase agreement. Any payments under this program are nonrefundable. Customers participating under Option A may terminate service under this Rider by notifying the Company with at least thirty (30) days prior notice.

Under Option B, the term of the agreement will be determined in the written agreement between the Company and the Customer.

Special Terms and Conditions
This Rider is subject to the Company's Terms and Conditions of Service and all provisions of the tariff under which the customer takes service, including all payment provisions. The Company may deny or terminate service under this Rider to customers who are delinquent in payment to the Company.

Funds collected under this Renewable Power Option Rider will be used solely to purchase RECs for the program.

Tariff N.U.G.
(Non-Utility Generator)

Availability of Service
This tariff is unavailable to new participants. This tariff is applicable to customers with generation facilities which have a total design capacity of over 1,000 kW that intends to schedule, deliver and sell the net electric output of the facility at wholesale, and who require Station Power service from the Company. N D |

Service to any load that is electrically isolated from the Customer's generator shall be separately metered and provided in accordance with the generally available demand-metered tariff appropriate for such service to the Customer.

This tariff is not available for standby, backup, maintenance, or supplemental service for wholesale or retail loads served by Customer's generator.

Definitions

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Station Power - The electrical energy and capacity supplied to the customer to serve the auxiliary loads at the Customer's generation facilities, usually when the Customer's generator is not operating. Station Power does not include Startup Power. T

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Station Power Service
Customers requiring Station Power shall take service under the generally available demand-metered tariff appropriate for the Customer's Station Power requirements. |

Station Contract Capacity – The Customer shall contract for a definite amount of electrical capacity in kW sufficient to meet the maximum Station Power requirements that the Company is expected to supply under the generally available demand-metered tariff appropriate for the customer.

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Transmission Service |

Transmission Provider - The entity providing transmission service to customers in the Company's service territory. Such entity may be the Company or a regional transmission entity.

Prior to taking service under this tariff, the Customer must have a fully executed Interconnection and Operation Agreement with the Company and/or the Transmission Provider or an unexecuted agreement filed with the Federal Energy Regulatory Commission under applicable procedures.

Transmission Congestion is the condition that exists when market participants seek to dispatch in a pattern that would result in power flows that cannot be physically accommodated by the system. D |

Term of Contract
Contracts under this tariff will be made for an initial period of not less than one year and shall remain in effect thereafter until either party shall give at least 6 months' written notice to the other of the intention to terminate the contract. The Company reserves the right to require initial contracts for periods greater than one year.

A new initial contract period will not be required for existing customers who change their contract requirements after the original initial period unless new or additional facilities are required.

The Company may not be required to supply capacity in excess of that contracted for except by mutual agreement. Contracts will be made in multiples of 100 kW.

Continued on Sheet 17-2 T

Tariff N.U.G. Continued
(Non-Utility Generator)

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Special Terms and Conditions
This tariff is subject to the Company's Terms and Conditions of Service.

This tariff shall not obligate the Company to purchase or pay for any capacity or energy produced by the Customer's generator.

Customers desiring to provide Station Power from other generation facilities, owned by the same individual business entity that are not located on the site of the customer's generator (remote self-supply), shall take service under the terms and conditions contained within the applicable Open Access Transmission Tariff as filed with and accepted by the Federal Energy Regulatory Commission. D

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Tariff N.M.S.
(Net Metering Service)

Availability of Service
Net Metering is available to eligible customer-generators in the Company's service territory, upon request, and on a first-come, first-served basis up to a cumulative capacity of one percent (1%) of the Company's single hour peak load in Kentucky during the previous year. If the cumulative generating capacity of net metering systems reaches 1% of the Company's single hour peak load during the previous year, upon Commission approval, the Company's obligation to offer net metering to a new customer-generator may be limited. An eligible customer- generator shall mean a retail electric customer of the Company with a generating facility that:

(1) Generates electricity using solar energy, wind energy, biomass or biogas energy, or hydro energy;
(2) Has a rated capacity of not greater than forty-five (45) kilowatts;
(3) Is located on the customer's premises;
(4) Is owned and operated by the customer;
(5) Is connected in parallel with the Company's electric distribution system; and
(6) Has the primary purpose of supplying all or part of the customer's own electricity requirements.

At its sole discretion, the Company may provide Net Metering to other customer-generators not meeting all the conditions listed above on a case-by-case basis.

Eligible electric generating facilities in service before May 15, 2021 shall be entitled to continue to take service under this tariff, as it may be amended from time to time by the Commission, until the earlier of: (i) May 14, 2046; or (ii) the date the customer's modification of the eligible electric generating facility results in a material increase in the eligible electric generating facility's capacity.

The term "Customer" hereinafter shall refer to any customer requesting or receiving Net Metering services under this tariff.

Metering
Net energy metering shall be accomplished using a standard kilowatt-hour meter capable of measuring the flow of electricity in two (2) directions. If the existing electrical meter installed at the customer's facility is not capable of measuring the flow of electricity in two directions, the Company will provide the customer with the appropriate metering at no additional cost to the customer. If the customer requests any additional meter or meters or if distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the customer's expense.

Billing/Monthly Charges
Monthly charges for energy, and demand where applicable, to serve the customer's net or total load shall be determined according to the Company's standard service tariff under which the customer would otherwise be served, absent the customer's electric generating facility. Energy charges under the customer's standard tariff shall be applied to the customer's net energy for the billing period to the extent that the net energy exceeds zero. If the customer's net energy is zero or negative during the billing period, the customer shall pay only the non- energy charge portions of the standard tariff bill. If the customer's net energy is negative during a billing period, the customer shall be credited in the next billing period for the kWh difference. If time-of-day metering is used, energy flows in both directions shall be netted and accounted for at the specific time-of-use in accordance with the provisions of the customer's standard tariff and this Net Metering Service Tariff. When the customer elects to no longer take service under this Net Metering Service Tariff, any unused credit shall revert to the Company. Excess electricity credits are not transferable between customers or locations.

Continued on Sheet 18-2 T

Tariff N.M.S. Continued
(Net Metering Service)

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Application and Approval Process
The Customer shall submit an Application for Interconnection and Net Metering (“Application”) and receive approval from the Company prior to connecting the generator facility to the Company’s system.

Applications will be submitted by the Customer and reviewed and processed by the Company according to either Level 1 or Level 2 processes defined below.

The Company may reject an Application for violations of any code, standard, or regulation related to reliability or safety; however, the Company will work with the Customer to resolve those issues to the extent practicable.

Customers may contact the Company to check on the status of an Application or with questions prior to submitting an Application. Company contact information can be found on Kentucky Power Company’s Application Form or on the Company’s website.

Level 1 and Level 2 Definitions

Level 1
A Level 1 Application shall be used if the generating facility is inverter-based and is certified by a nationally recognized testing laboratory to meet the requirements of Underwriters Laboratories Standard 1741 “Inverters, Converters, Controllers and Interconnection System Equipment for Use With Distributed Energy Resources” (UL 1741).

The Company will approve the Level 1 Application if the generating facility also meets all of the following conditions:

(1) For interconnection to a radial distribution circuit, the aggregated generation on the circuit, including the proposed generating facility, will not exceed 15% of the Line Section’s most recent annual one hour peak load. A line section is the smallest part of the primary distribution system the generating facility could remain connected to after operation of any sectionalizing devices.
(2) If the proposed generating facility is to be interconnected on a single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed generating facility, will not exceed the smaller of 20 kVA or the nameplate rating of the transformer.
(3) If the proposed generating facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20% of the nameplate rating of the service transformer.
(4) If the generating facility is to be connected to three-phase, three wire primary Company distribution lines, the generator shall appear as a phase-to-phase connection at the primary Company distribution line.
(5) If the generating facility is to be connected to three-phase, four wire primary Company distribution lines, the generator shall appear to the primary Company distribution line as an effectively grounded source.
(6) The interconnection will not be on an area or spot network.
(7) The Company does not identify any violations of any applicable provisions of IEEE 1547, “Standard for Interconnecting Distributed Resources with Electric Power Systems.”
(8) No construction of facilities by the Company on its own system will be required to accommodate the generating facility.

If the generating facility does not meet all of the above listed criteria, the Company, in its sole discretion, may either: 1) approve the generating facility under the Level 1 Application if the Company determines that the generating facility can be safely and reliably connected to the Company’s system; or 2) deny the Application as submitted under the Level 1 Application.

The Company shall notify the customer within 20 business days whether the Application is approved or denied, based on the criteria provided in this section.

Continued on Sheet 18-3

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Tariff N.M.S. Continued
(Net Metering Service)

T

Level 1 Continued
If the Application lacks complete information, the Company shall notify the customer that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the time to process the Application.

When approved, the Company will indicate by signing the approval line on the Level 1 Application Form and returning it to the customer. The approval will be subject to successful completion of an initial installation inspection and witness test if required by the Company. The Company's approval section of the Application will indicate if an inspection and witness test are required. If so, the customer shall notify the Company within 3 business days of completion of the generating facility installation and schedule an inspection and witness test with the Company to occur within 10 business days of completion of the generator facility installation or as otherwise agreed to by the Company and the customer. The customer may not operate the generating facility until successful completion of such inspection and witness test, unless the Company expressly permits operational testing not to exceed two hours. If the installation fails the inspection or witness test due to noncompliance with any provision in the Application and Company approval, the customer shall not operate the generating facility until any and all noncompliance is corrected and re-inspected by the Company.

If the Application is denied, the Company will supply the customer with reasons for denial. The customer may resubmit under Level 2 if appropriate.

Level 2
A Level 2 Application is required under any of the following:

(1) The generating facility is not inverter based;
(2) The generating facility uses equipment that is not certified by a nationally recognized testing laboratory to meet the requirements of UL 1741; or
(3) The generating facility does not meet one or more of the additional conditions under Level 1.

The Company will approve the Level 2 Application if the generating facility meets the Company's technical interconnection requirements, which are based on IEEE 1547. The Company shall make its technical interconnection requirements available online and upon request.

The Company will process the Level 2 Application within 30 business days of receipt of a complete Application. Within that time the Company will respond in one of the following ways:

(1) The Application is approved and the Company will provide the customer with an Interconnection Agreement to sign.
(2) If construction or other changes to the Company's distribution system are required, the cost will be the responsibility of the customer. The Company will give notice to the customer and offer to meet to discuss estimated costs and construction timeframe. Should the customer agree to pay for costs and proceed, the Company will provide the customer with an Interconnection Agreement to sign within a reasonable time.
(3) The Application is denied. The Company will supply the customer with reasons for denial and offer to meet to discuss possible changes that would result in Company approval. Customer may resubmit Application with changes.

If the Application lacks complete information, the Company shall notify the customer that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the 30-business-day target to process the Application.

The Interconnection Agreement will contain all the terms and conditions for interconnection consistent with those specified in this tariff, inspection and witness test requirements, description of and cost of construction or other changes to the Company's distribution system required to accommodate the generating facility, and detailed documentation of the generating facilities which may include single line diagrams, relay settings, and a description of operation.

The customer may not operate the generating facility until an Interconnection Agreement is signed by the customer and Company and all necessary conditions stipulated in the agreement are met.

Continued on Sheet 18-4 T

Tariff N.M.S. Continued
(Net Metering Service)

T

Application, Inspection and Processing Fees
No application fee or other review, study, or inspection or witness test fees will be charged by the company for Level I application.

The Company will require each customer to submit with each Level 2 Application a non-refundable application, inspection and processing fee of $50. In the event the Company determines an impact study is necessary with respect to a Level 2 Application, the customer shall be responsible for any reasonable costs up to $1,000 for the initial impact study. The Company shall provide documentation of the actual cost of the impact study. Any other studies requested by the customer shall be at the customer's sole expense.

Terms and Conditions for Interconnection
To interconnect to the Company's distribution system, the customer's generating facility shall comply with the following terms and conditions:

(1) The Company shall provide the customer net metering services, without charge for standard metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. If the customer requests any additional meter or meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the customer's expense.

(2) The customer shall install, operate, and maintain, at customer's sole cost and expense, any control, protective, or other equipment on the customer's system required by the Company's technical interconnection requirements based on IEEE 1547, the NEC, accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient and reliable operation of the generating facility in parallel with Company's electric system. Customer shall bear full responsibility for the installation, maintenance and safe operation of the generating facility. Upon reasonable request from the Company, the customer shall demonstrate generating facility compliance.

(3) The generating facility shall comply with, and the customer shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by IEEE and accredited testing laboratories such as Underwriters Laboratories; (b) the NEC as may be revised from time to time; (c) Company's rules, regulations, and Company's Terms and Conditions of Service as contained in Company's Retail Electric Tariff as may be revised from time to time with the approval of the Kentucky Public Service Commission (Commission); (d) the rules and regulations of the Commission, as such rules and regulations may be revised from time to time by the Commission; and (e) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. Where required by law, customer shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.

(4) Any changes or additions to the Company's system required to accommodate the generating facility shall be considered excess facilities. Customer shall agree to pay Company for actual costs incurred for all such excess facilities prior to construction.

(5) Customer shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics or otherwise interfere with the operation of Company's electric system. At all times when the generating facility is being operated in parallel with Company's electric system, customer shall so operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Company to any of its other customers or to any electric system interconnected with Company's electric system. Customer shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, Company's ability to meet its primary responsibility of furnishing reasonably adequate service to its customers.

Continued on Sheet 18-5 T

Tariff N.M.S. Continued
(Net Metering Service)

T

Terms and Conditions for Interconnection Continued

(6) Customer shall be responsible for protecting, at customer's sole cost and expense, the generating facility from any condition or disturbance on Company's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges, except that the Company shall be responsible for repair of damage caused to the generating facility resulting solely from the negligence or willful misconduct on the part of the Company.

(7) After initial installation, Company shall have the right to inspect and/or witness commissioning tests, as specified in the Level 1 or Level 2 Application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to customer, Company shall have access at reasonable times to the generating facility to perform reasonable on- site inspections to verify that the installation, maintenance, and operation of the generating facility comply with the requirements of this tariff.

(8) For Level 1 and 2 generating facilities, where required by the Company, an eligible customer shall furnish and install on customer's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the customer's energy generating equipment from Company's electric service under the full rated conditions of the customer's generating facility. The external disconnect switch (EDS) shall be located adjacent to Company's meters or the location of the EDS shall be noted by placing a sticker on the meter, and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly adjacent to the meter, the customer shall be responsible for ensuring that the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to Company personnel at all times. The Company may waive the requirement for an EDS for a generating facility at its sole discretion, and on a case-by-case basis, upon review of the generating facility operating parameters and if permitted under the Company's safety and operating protocols.

The Company shall establish a training protocol for line workers on the location and use of the EDS, and shall require that the EDS be used when appropriate, and that the switch be turned back on once the disconnection is no longer necessary.

(9) Company shall have the right and authority at Company's sole discretion to isolate the generating facility or require the customer to discontinue operation of the generating facility if Company believes that: (a) continued interconnection and parallel operation of the generating facility with Company's electric system creates or contributes (or may create or contribute) to a system emergency on either Company's or customer's electric system; (b) the generating facility is not in compliance with the requirements of this tariff, and the noncompliance adversely affects the safety, reliability, or power quality of Company's electric system; or (c) the generating facility interferes with the operation of Company's electric system. In non-emergency situations, Company shall give customer notice of noncompliance including a description of the specific noncompliance condition and allow customer a reasonable time to cure the noncompliance prior to isolating the generating facilities. In emergency situations, when the Company is unable to immediately isolate or cause the customer to isolate only the generating facility, the Company may isolate the customer's entire facility.

(10) Customer shall agree that, without the prior written permission from Company, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection and Net Metering" which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components that meet UL 1741 certification requirements for Level 1 facilities and not resulting in increases in generating facility capacity is allowed without approval.

Continued on Sheet 18-6 T

Tariff N.M.S. Continued
(Net Metering Service)

T

Terms and Conditions for Interconnection Continued

(11) To the extent permitted by law, the customer shall protect, indemnify, and hold harmless the Company and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorneys fees, for or on account of any injury or death of persons or damage to property caused by the customer or the customer's employees, agents, representatives and contractors in tampering with, repairing, maintaining, or operating the customer's generating facility or any related equipment or any facilities owned by the Company except where such injury, death or damage was caused or contributed to by the fault or negligence of the Company or its employees, agents, representatives, or contractors.

The liability of the Company to the customer for injury to person and property shall be governed by the tariff(s) for the class of service under which the customer is taking service.

(12) The customer shall maintain general liability insurance coverage (through a standard homeowner's, commercial, or other policy) for both Level 1 and Level 2 generating facilities. Customer shall, upon request, provide Company with proof of such insurance at the time that application is made for net metering.

(13) By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Company does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, controls, and protective relays and equipment.

(14) A customer's generating facility is transferable to other persons or service locations only after notification to the Company has been made and verification that the installation is in compliance with this tariff. Upon written notification that an approved generating facility is being transferred to another person, customer, or location, the Company will verify that the installation is in compliance with this tariff and provide written notification to the customer(s) within 20 business days. If the installation is no longer in compliance with this tariff, the Company will notify the customer in writing and list what must be done to place the facility in compliance.

(15) The customer shall retain any and all Renewable Energy Credits (RECs) that may be generated by their generating facility.

Term of Contract
Any contract required under this tariff shall become effective when executed by both parties and shall continue in effect until terminated. The contract may be terminated as follows: (a) Customer may terminate the contract at any time by giving the Company at least sixty (60) days' written notice; (b) Company may terminate upon failure by the customer to continue ongoing operation of the generating facility; (c) either party may terminate by giving the other party at least thirty (30) days prior written notice that the other party is in default of any of the terms and conditions of the contract or the rules or any rate schedule, tariff, regulation, contract, or policy of the Company, so long as the notice specifies the basis for termination and there is opportunity to cure the default; (d) the Company may terminate by giving the customer at least thirty (30) days notice in the event that there is a material change in an applicable law, regulation or statute affecting this Agreement or which renders the system out of compliance with the new law or statute.

Special Terms and Conditions
This tariff is subject to the Company's Terms and Conditions of Service and all provisions of the standard service tariff under which the customer takes service. This tariff is also subject to the applicable provisions of the Company's Technical Requirements for Interconnection.

Continued on Sheet 18-7

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Tariff N.M.S. Continued
(Net Metering Service) T

Application For Interconnection And Net Metering – Level 1

Use this Application only for: 1.) a generating facility that is inverter based and certified by a nationally recognized testing laboratory to meet the requirements of UL 1741, 2.) less than or equal to 45 kW generation capacity and 3.) connecting to Kentucky Power distribution system.

Submit this Application to:

D.G. Coordinator
American Electric Power
1 Riverside Plaza
Columbus, Ohio 43215-2373
614-716-4020 Office / 614-716-1414 Fax
dgcoordinator@aep.com

(Contact person listed is subject to change. Please visit our website for up-to date information http://www.kentucky power.com)

Applicant

Name:

Mailing Address:

City: State: Zip:

Phone: ( ) Phone: ( )

E-mail address:

Service Location

Name:

Street Address:

City: State: Zip: Electric Service

Account Number

Provide names and contact information for other contractors, installers, or engineering firms involved in the design and installation of the generating facilities:

Alternate Contacts

Name	Company	Telephone/Email

Continued on Sheet 18-8 T

Tariff N.M.S. Continued
(Net Metering Service)

T

APPLICATION FOR INTERCONNECTION AND NET METERING, LEVEL 1 – CONTINUED

Equipment Qualifications

Energy Source: ( ) Solar ( ) Wind ( ) Hydro ( ) Biogas ( ) Biomass

Inverter Manufacturer: Model:

Inverter Power Rating: Voltage Rating:

Power Rating of Energy Source (i.e., solar panels, wind turbine):

Battery Storage: ( ) Yes ( ) No If Yes, Battery Power Rating:

Attach documentation showing that inverter is certified by a nationally recognized testing laboratory to meet the requirements of UL 1741.

Attach site drawing or sketch showing locations of Kentucky Power Company meter, energy source, accessible disconnect switch and inverter.

Attach single line drawing showing all electrical equipment from the metering location to the energy source including switches, fuses, breakers, panels, transformers, inverters, energy source, wire size, equipment ratings, and transformer connections.

Expected Start-up Date: ________________________

Continued on Sheet 18-9

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Tariff N.M.S. Continued
(Net Metering Service)

TERMS AND CONDITIONS FOR LEVEL 1:

1 Kentucky Power Company (Company) shall provide customer net metering services, without charge for standard metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. If the customer requests any additional meter or meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the customer's expense.

2 Customer shall install, operate, and maintain, at customer's sole cost and expense, any control, protective, or other equipment on the customer's system required by the Company's technical interconnection requirements based on IEEE 1547, the NEC, accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient, and reliable operation of the generating facility in parallel with Company's electric system. Customer shall bear full responsibility for the installation, maintenance, and safe operation of the generating facility. Upon reasonable request from the Company, customer shall demonstrate generating facility compliance.

3 The generating facility shall comply with, and the customer shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by the Institute of Electrical and Electronics Engineers (IEEE) and accredited testing laboratories such as Underwriters Laboratories (UL); (b) the National Electrical Code (NEC) as may be revised from time to time; (c) Company's rules, regulations, and Company's Terms and Conditions of Service as contained in Company's Retail Electric Tariff as may be revised from time to time with the approval of the Kentucky Public Service Commission (Commission); (d) the rules and regulations of the Commission, as such rules and regulations may be revised from time to time by the Commission; and (e) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. Where required by law, customer shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.

4 Any changes or additions to the Company's system required to accommodate the generating facility shall be considered excess facilities. Customer shall agree to pay Company for actual costs incurred for all such excess facilities prior to construction.

5 Customer shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics, or otherwise interfere with the operation of Company's electric system. At all times when the generating facility is being operated in parallel with Company's electric system, customer shall so operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Company to any of its other customers or to any electric system interconnected with Company's electric system. Customer shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, Company's ability to meet its primary responsibility of furnishing reasonably adequate service to its customers.

6 Customer shall be responsible for protecting, at customer's sole cost and expense, the generating facility from any condition or disturbance on Company's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges, except that the Company shall be responsible for repair of damage caused to the generating facility resulting solely from the negligence or willful misconduct on the part of the Company.

Continued on Sheet 18-10

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Tariff N.M.S. Continued
(Net Metering Service)

T

TERMS AND CONDITIONS FOR LEVEL 1, continued

7 After initial installation, Company shall have the right to inspect and/or witness commissioning tests, as specified in the Level 1 or Level 2 Application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to customer, Company shall have access at reasonable times to the generating facility to perform reasonable on- site inspections to verify that the installation, maintenance and operation of the generating facility comply with the requirements of this tariff.

8 For Level 1 generating facilities, where required by the Company, an eligible customer shall furnish and install on customer's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the customer's energy generating equipment from Company's electric service under the full rated conditions of the customer's generating facility. The external disconnect switch (EDS) shall be located adjacent to Company's meters or the location of the EDS shall be noted by placing a sticker on the meter, and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly adjacent to the meter, the customer shall be responsible for ensuring the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to Company personnel at all times. The Company may waive the requirement for an EDS for a generating facility at its sole discretion, and on a case-by-case basis, upon review of the generating facility operating parameters and if permitted under the Company's safety and operating protocols.

The Company shall establish a training protocol for line workers on the location and use of the EDS, and shall require that the EDS be used when appropriate, and that the switch be turned back on once the disconnection is no longer necessary.

9 Company shall have the right and authority at Company's sole discretion to isolate the generating facility or require the customer to discontinue operation of the generating facility if Company believes that: (a) continued interconnection and parallel operation of the generating facility with Company's electric system creates or contributes (or may create or contribute) to a system emergency on either Company's or customer's electric system; (b) the generating facility is not in compliance with the requirements of this tariff, and the noncompliance adversely affects the safety, reliability or power quality of Company's electric system; or (c) the generating facility interferes with the operation of Company's electric system. In non-emergency situations, Company shall give customer notice of noncompliance including a description of the specific noncompliance condition and allow customer a reasonable time to cure the noncompliance prior to isolating the generating facilities. In emergency situations, when the Company is unable to immediately isolate or cause the customer to isolate only the generating facility, the Company may isolate the customer's entire facility.

10 Customer shall agree that, without the prior written permission from Company, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection and Net Metering" which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components that meet UL 1741 certification requirements for Level 1 facilities and not resulting in increases in generating facility capacity is allowed without approval.

Continued on Sheet 18-11 T

Tariff N.M.S. Continued
(Net Metering Service)

T

TERMS AND CONDITIONS FOR LEVEL 1, continued

11 To the extent permitted by law, the customer shall protect, indemnify, and hold harmless the Company and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorneys fees, for or on account of any injury or death of persons or damage to property caused by the customer or the customer's employees, agents, representatives and contractors in tampering with, repairing, maintaining or operating the customer's generating facility or any related equipment or any facilities owned by the Company except where such injury, death or damage was caused or contributed to by the fault or negligence of the Company or its employees, agents, representatives, or contractors.

The liability of the Company to the customer for injury to person and property shall be governed by the tariff(s) for the class of service under which the customer is taking service.

12 The Customer shall maintain general liability insurance coverage (through a standard homeowner's, commercial, or other policy) for Level 1 generating facilities. Customer shall, upon request, provide Company with proof of such insurance at the time that application is made for net metering.

13 By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Company does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, controls, and protective relays and equipment.

14 Customer's generating facility is transferable to other persons or service locations only after notification to the Company has been made and verification that the installation is in compliance with this tariff. Upon written notification that an approved generating facility is being transferred to another person, customer, or location, the Company will verify that the installation is in compliance with this tariff and provide written notification to the Customer(s) within 20 business days. If the installation is no longer in compliance with this tariff, the Company will notify the customer in writing and list what must be done to place the facility in compliance.

15 The customer shall retain any and all Renewable Energy Credits (RECs) that may be generated by their generating facility.

Continued on Sheet 18-12 T

Tariff N.M.S. Continued
(Net Metering Service)

T

TERMS AND CONDITIONS FOR LEVEL 1, continued

Effective Term and Termination Rights

This Agreement becomes effective when executed by both parties and shall continue in effect until terminated. This Agreement may be terminated as follows: (a) Customer may terminate this Agreement at any time by giving the Company at least sixty (60) days' written notice; (b) Company may terminate upon failure by the Customer to continue ongoing operation of the generating facility; (c) either party may terminate by giving the other party at least thirty (30) days prior written notice that the other party is in default of any of the terms and conditions of the Agreement or the Rules or any rate schedule, tariff, regulation, contract, or policy of the Company, so long as the notice specifies the basis for termination and there is opportunity to cure the default; (d) the Company may terminate by giving the Customer at least thirty (30) days notice in the event that there is a material change in an applicable law, regulation or statute affecting this Agreement or which renders the system out of compliance with the new law or statute. I hereby certify that, to the best of my knowledge, all of the information provided in this Application is true, and I agree to abide by all the Terms and Conditions included in this Application for Interconnection and Net Metering and Company's Net Metering Tariff.

Customer Signature: ____ Date: ____

COMPANY APPROVAL SECTION

When signed below by a Company representative, Application for Interconnection and Net Metering is approved subject to the provisions contained in this Application and as indicated below.

Company inspection and witness test: ( ) Required ( ) Waived

If Company inspection and witness test is required, Customer shall notify the Company within three (3) business days of completion of the generating facility installation and schedule an inspection and witness test with the Company to occur within ten (10) business days of completion of the generating facility installation or as otherwise agreed to by the Company and the Customer. Unless indicated below, the Customer may not operate the generating facility until such inspection and witness test is successfully completed. Additionally, the Customer may not operate the generating facility until all other terms and conditions in the Application have been met.
Call: _______________________ to schedule an inspection and witness test.

Pre-Inspection operational testing not to exceed two (2) hours: ( ) Allowed ( ) Not Allowed

If Company inspection and witness test is waived, operation of the generating facility may begin when installation is complete, and all other terms and conditions in the Application have been met.

Additions, Changes, or Clarifications to Application Information: ( ) None ( ) As specified here:

____

Approved by: ____________________________ **Date**:__________________________________

Printed Name: ____________________________**Title:** __________________________________

Continued on Sheet 18-13

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Tariff N.M.S. Continued
(Net Metering Service)

T

Application for Interconnection and Net Metering – Level 2

Use this Application form for connecting to the Kentucky Power distribution system and: 1.) the generating facility is not inverter based or is not certified by a nationally recognized testing laboratory to meet the requirements of UL 1741 or 2.) does not meet any of the additional conditions under a Level 1 Application (inverter based and less than or equal to 45kW generation).

Submit this Application (along with the application fee of $100) to:

D.G. Coordinator
American Electric Power
1 Riverside Plaza
Columbus, Ohio 43215-2373
614-716-4020 Office / 614-716-1414 Fax
dgcoordinator@aep.com

(Contact person listed is subject to change. Please visit our website for up-to date information http://www.kentucky power.com)

Applicant

Name:

Mailing Address:

City: State: Zip:

Phone: ( ) Phone: ( )

E-mail address:

Service Location

Name:

Street Address:

City: State: Zip

Electric Service Account Number

Provide names and contact information for other contractors, installers, or engineering firms involved in the design and installation of the generating facilities:

Alternate Contacts

Name	Company	Telephone/Email

Continued on Sheet 18-14

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Tariff N.M.S. Continued
(Net Metering Service)

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APPPLICATION FOR INTERCONNECTION AND NET METERING, LEVEL 2 - CONTINUED

Equipment Qualifications

Total Generating Capacity (kW) of the Generating Facility: ______________________________

Type of Generator: ( ) Inverter-Based ( ) Synchronous ( ) Induction

Energy Source: ( ) Solar ( ) Wind ( ) Hydro ( ) Biogas ( ) Biomass

Attach documentation showing that inverter is certified by a nationally recognizes testing laboratory to meet the requirements of UL 1741.

Attach site drawing or sketch showing locations of Kentucky Power Company meter, energy source, accessible disconnect switch and inverter.

Attach single line drawing showing all electrical equipment from the metering location to the energy source including switches, fuses, breakers, panels, transformers, inverters, energy source, wire size, equipment ratings, and transformer connections.

Expected Start-up Date: ______________________

Continued on Sheet 18-15 T

Tariff N.M.S. Continued
(Net Metering Service)

T

Interconnection Agreement – Level 2

This Interconnection Agreement (Agreement) is made and entered into this ______ day of ___, 20__ _, by and between Kentucky Power Company (Company), and ____________________________________ (Customer). Company and Customer are hereinafter sometimes referred to individually as “Party” or collectively as “Parties”

Witnesseth:

Whereas, Customer is installing, or has installed, generating equipment, controls, and protective relays and equipment (Generating Facility) used to interconnect and operate in parallel with Company’s electric system, which Generating Facility is more fully described in Exhibit A, attached hereto and incorporated herein by this Agreement, and as follows:

Location: ____

Generator Size and Type: ____

Now, Therefore, in consideration thereof, Customer and Company agree as follows:

Company agrees to allow Customer to interconnect and operate the generating Facility in parallel with the Company’s electric system and Customer agrees to abide by Company’s Net Metering Tariff and all Terms and Conditions listed in this Agreement including any additional conditions listed in Exhibit A.

Continued on Sheet 18-16 T

Tariff N.M.S. Continued
(Net Metering Service)

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TERMS AND CONDITIONS FOR LEVEL 2:

To interconnect to the Kentucky Power Company (Company) distribution system, the customer's generating facility shall comply with the following terms and conditions:

1. Company shall provide customer net metering services, without charge for standard metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. If the customer requests any additional meter/meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the customer's expense.

2. Customer shall install, operate, and maintain, at customer's sole cost and expense, any control, protective, or other equipment on the customer's system required by the Company's technical interconnection requirements based on IEEE 1547, the NEC, accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient, and reliable operation of the generating facility in parallel with Company's electric system. Customer shall bear full responsibility for the installation, maintenance, and safe operation of the generating facility. Upon reasonable request from the Company, customer shall demonstrate generating facility compliance.

3. The generating facility shall comply with, and the customer shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by the Institute of Electrical and Electronics Engineers (IEEE) and accredited testing laboratories such as Underwriters Laboratories (UL); (b) the National Electrical Code (NEC) as may be revised from time to time; (c) Company's rules, regulations, and Company's Terms and Conditions of Service as contained in Company's Retail Electric Tariff as may be revised from time to time with the approval of the Kentucky Public Service Commission (Commission); (d) the rules and regulations of the Commission, as such rules and regulations may be revised from time to time by the Commission; and (e) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. Where required by law, customer shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.

4. Any changes or additions to the Company's system required to accommodate the generating facility shall be considered excess facilities. Customer shall agree to pay Company for actual costs incurred for all such excess facilities prior to construction.

5. Customer shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics, or otherwise interfere with the operation of Company's electric system. At all times when the generating facility is being operated in parallel with Company's electric system, customer shall so operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Company to any of its other customers or to any electric system interconnected with Company's electric system. Customer shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, Company's ability to meet its primary responsibility of furnishing reasonably adequate service to its customers.

Continued on Sheet 18-17 T

Tariff N.M.S. Continued
(Net Metering Service)

T

TERMS AND CONDITIONS FOR LEVEL 2, continued

6. Customer shall be responsible for protecting, at Customer's sole cost and expense, the generating facility from any condition or disturbance on Company's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges, except that the Company shall be responsible for repair of damage caused to the generating facility resulting solely from the negligence or willful misconduct on the part of the Company.

7. After initial installation, Company shall have the right to inspect and/or witness commissioning tests, as specified in the Level 1 or Level 2 Application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to customer, Company shall have access at reasonable times to the generating facility to perform reasonable on- site inspections to verify that the installation, maintenance and operation of the generating facility comply with the requirements of this tariff.

8. For Level 2 generating facilities, where required by the Company, an eligible customer shall furnish and install on customer's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the customer's energy generating equipment from Company's electric service under the full rated conditions of the customer's generating facility. The external disconnect switch (EDS) shall be located adjacent to Company's meters or the location of the EDS shall be noted by placing a sticker on the meter, and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly adjacent to the meter, the customer shall be responsible for ensuring the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to Company personnel at all times. The Company may waive the requirement for an EDS for a generating facility at its sole discretion, and on a case-by-case basis, upon review of the generating facility operating parameters and if permitted under the Company's safety and operating protocols.

   The Company shall establish a training protocol for line workers on the location and use of the EDS, and shall require that the EDS be used when appropriate, and that the switch be turned back on once the disconnection is no longer necessary.

9. Company shall have the right and authority at Company's sole discretion to isolate the generating facility or require the customer to discontinue operation of the generating facility if Company believes that: (a) continued interconnection and parallel operation of the generating facility with Company's electric system creates or contributes (or may create or contribute) to a system emergency on either Company's or customer's electric system; (b) the generating facility is not in compliance with the requirements of this tariff, and the noncompliance adversely affects the safety, reliability or power quality of Company's electric system; or (c) the generating facility interferes with the operation of Company's electric system. In non-emergency situations, Company shall give customer notice of noncompliance including a description of the specific noncompliance condition and allow customer a reasonable time to cure the noncompliance prior to isolating the generating facilities. In emergency situations, when the Company is unable to immediately isolate or cause the customer to isolate only the generating facility, the Company may isolate the customer's entire facility.

Continued on Sheet 18-18 T

Tariff N.M.S. Continued
(Net Metering Service)

T

TERMS AND CONDITIONS FOR LEVEL 2, continued

10. Customer shall agree that, without the prior written permission from Company, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection and Net Metering" which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components not resulting in increases in generating facility capacity is allowed without approval.

11. To the extent permitted by law, the customer shall protect, indemnify, and hold harmless the Company and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorneys fees, for or on account of any injury or death of persons or damage to property caused by the customer or the customer's employees, agents, representatives and contractors in tampering with, repairing, maintaining or operating the customer's generating facility or any related equipment or any facilities owned by the Company except where such injury, death or damage was caused or contributed to by the fault or negligence of the Company or its employees, agents, representatives, or contractors.

    The liability of the Company to the customer for injury to person and property shall be governed by the tariff(s) for the class of service under which the customer is taking service.

12. The customer shall maintain general liability insurance coverage (through a standard homeowner's, commercial, or other policy). Customer shall provide Company with proof of such insurance at the time that application is made for net metering.

13. By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Company does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, controls, and protective relays and equipment.

14. Customer's generating facility is transferable to other persons or service locations only after notification to the Company has been made and verification that the installation is in compliance with this tariff. Upon written notification that an approved generating facility is being transferred to another person, customer, or location, the Company will verify that the installation is in compliance with this tariff and provide written notification to the customer(s) within 20 business days. If the installation is no longer in compliance with this tariff, the Company will notify the customer in writing and list what must be done to place the facility in compliance.

15. The customer shall retain any and all Renewable Energy Credits (RECs) that may be generated by their generating facility.

Continued on Sheet 18-19

T

Tariff N.M.S. Continued
(Net Metering Service)

T

TERMS AND CONDITIONS FOR LEVEL 2, continued

Effective Term and Termination Rights

This Agreement becomes effective when executed by both parties and shall continue in effect until terminated. This Agreement may be terminated as follows: (a) Customer may terminate this Agreement at any time by giving the Company at least sixty (60) days' written notice; (b) Company may terminate upon failure by the Customer to continue ongoing operation of the generating facility; (c) either party may terminate by giving the other party at least thirty (30) days prior written notice that the other party is in default of any of the terms and conditions of the Agreement or the Rules or any rate schedule, tariff, regulation, contract, or policy of the Company, so long as the notice specifies the basis for termination and there is opportunity to cure the default; (d) the Company may terminate by giving the Customer at least thirty (30) days notice in the event that there is a material change in an applicable law, regulation or statute affecting this Agreement or which renders the system out of compliance with the new law or statute.

IN WITNESS WHEREOF, the Parties have executed this Agreement, effective as of the date first above written.

Customer Signature: ______________________ **Date:** ______________________
Printed Name: ______________________ **Title:** ______________________

Company Signature: ______________________ **Date:** ______________________
Printed Name: ______________________ **Title:** ______________________

Continued on Sheet 18-20 T

Tariff N.M.S. Continued
(Net Metering Service) T

Interconnection Agreement – Level 2
Exhibit A

- Exhibit A will contain additional detailed information about the Generating Facility such as a single line diagram, relay settings, and a description of operation.

- When construction of the Company's facilities is required, Exhibit A will also contain a description and associated cost.

- Exhibit A will also specify requirements for a Company inspection and witness test and when limited operation for testing or full operation may begin.

D

Tariff N.M.S. II
(Net Metering Service II)

Availability of Service

Net Metering is available to eligible customer-generators in the Company's service territory, upon request, and on a first-come, first-served basis up to a cumulative capacity of one percent (1%) of the Company's single hour peak load in Kentucky during the previous year. If the cumulative generating capacity of net metering systems reaches 1% of the Company's single hour peak load during the previous year, upon Commission approval, the Company's obligation to offer net metering to a new customer-generator may be limited. An eligible customer- generator shall mean a retail electric customer of the Company with a generating facility that:

(1) Generates electricity using solar energy, wind energy, biomass or biogas energy, or hydro energy;
(2) Has a rated capacity of not greater than forty-five (45) kilowatts;
(3) Is located on the customer's premises;
(4) Is owned and operated by the customer;
(5) Is connected in parallel with the Company's electric distribution system; and
(6) Has the primary purpose of supplying all or part of the customer's own electricity requirements.

At its sole discretion, the Company may provide Net Metering to other customer-generators not meeting all the conditions listed above on a case-by-case basis.

Eligible generating facilities may take service, for a period of 25 years after the eligible generating facility is first placed in service, under the two-part rate structure and netting periods of this tariff in effect at the time the eligible electric generating facility is first placed in service.

Customers served under this optional offering will not be eligible for the Company's Equal Payment Plan (Budget) or Average Monthly Payment Plan (AMP).

The term "Customer" hereinafter shall refer to any customer requesting or receiving Net Metering services under this tariff.

Metering

Net energy metering shall be accomplished using a time of use ("TOU") kilowatt-hour meter capable of measuring the flow of electricity in two (2) directions. If the existing electrical meter installed at the customer's facility is not capable of measuring the flow of electricity in two directions, the Company will provide the customer with the appropriate metering at no additional cost to the customer. If the customer requests any additional meter or meters or if distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the customer's expense.

Billing Charges

All net billing kWh and kW in each netting period, accumulated for the billing period, shall be charged at the rates applicable under the Company's standard service tariff under which the customer would otherwise be served, absent the customer's electric generating facility.

Energy charges under the customer's standard tariff shall be applied to the customer's net energy for the billing period to the extent that the net energy exceeds zero. If the customer's net energy is zero or negative during the billing period, the customer shall pay only the non- energy charge portions of the standard tariff bill.

All excess customer generation, (net negative energy or "NNE"), accumulated for the billing period, shall be credited at the avoided cost rate of 0.09746 $/kWh for Residential service and 0.09657 $/kWh for non-residential service each billing period.

Bill credits to customers for NNE at the avoided cost rate each billing period is a purchased power expense and shall be recovered from all customers through the Company's Purchased Power Adjustment Rider. If the NNE credit exceeds the customer's billed energy charges, along with any riders that are based on a per kWh charge, during the billing period, the amount in excess will be carried over for use in subsequent billing periods.

Continued on Sheet 19-2 T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

Application and Approval Process
The Customer shall submit an Application for Interconnection and Net Metering ("Application") and receive approval from the Company prior to connecting the generator facility to the Company's system.

Applications will be submitted by the Customer and reviewed and processed by the Company according to either Level 1 or Level 2 processes defined below.

The Company may reject an Application for violations of any code, standard, or regulation related to reliability or safety; however, the Company will work with the Customer to resolve those issues to the extent practicable.

Customers may contact the Company to check on the status of an Application or with questions prior to submitting an Application. Company contact information can be found on Kentucky Power Company's Application Form or on the Company's website.

Level 1 and Level 2 Definitions

Level 1
A Level 1 Application shall be used if the generating facility is inverter-based and is certified by a nationally recognized testing laboratory to meet the requirements of Underwriters Laboratories Standard 1741 "Inverters, Converters, Controllers and Interconnection System Equipment for Use With Distributed Energy Resources" (UL 1741).

The Company will approve the Level 1 Application if the generating facility also meets all of the following conditions:

(1) For interconnection to a radial distribution circuit, the aggregated generation on the circuit, including the proposed generating facility, will not exceed 15% of the Line Section's most recent annual one hour peak load. A line section is the smallest part of the primary distribution system the generating facility could remain connected to after operation of any sectionalizing devices.
(2) If the proposed generating facility is to be interconnected on a single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed generating facility, will not exceed the smaller of 20 kVA or the nameplate rating of the transformer.
(3) If the proposed generating facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20% of the nameplate rating of the service transformer.
(4) If the generating facility is to be connected to three-phase, three wire primary Company distribution lines, the generator shall appear as a phase-to-phase connection at the primary Company distribution line.
(5) If the generating facility is to be connected to three-phase, four wire primary Company distribution lines, the generator shall appear to the primary Company distribution line as an effectively grounded source.
(6) The interconnection will not be on an area or spot network.
(7) The Company does not identify any violations of any applicable provisions of IEEE 1547, "Standard for Interconnecting Distributed Resources with Electric Power Systems."
(8) No construction of facilities by the Company on its own system will be required to accommodate the generating facility.

If the generating facility does not meet all of the above listed criteria, the Company, in its sole discretion, may either: 1) approve the generating facility under the Level 1 Application if the Company determines that the generating facility can be safely and reliably connected to the Company's system; or 2) deny the Application as submitted under the Level 1 Application.

The Company shall notify the customer within 20 business days whether the Application is approved or denied, based on the criteria provided in this section.

Continued on Sheet 19-3 T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

Level 1 Continued
If the Application lacks complete information, the Company shall notify the customer that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the time to process the Application.

When approved, the Company will indicate by signing the approval line on the Level 1 Application Form and returning it to the customer. The approval will be subject to successful completion of an initial installation inspection and witness test if required by the Company. The Company's approval section of the Application will indicate if an inspection and witness test are required. If so, the customer shall notify the Company within 3 business days of completion of the generating facility installation and schedule an inspection and witness test with the Company to occur within 10 business days of completion of the generator facility installation or as otherwise agreed to by the Company and the customer. The customer may not operate the generating facility until successful completion of such inspection and witness test, unless the Company expressly permits operational testing not to exceed two hours. If the installation fails the inspection or witness test due to noncompliance with any provision in the Application and Company approval, the customer shall not operate the generating facility until any and all noncompliance is corrected and re-inspected by the Company.

If the Application is denied, the Company will supply the customer with reasons for denial. The customer may resubmit under Level 2 if appropriate.

Level 2
A Level 2 Application is required under any of the following:

(1) The generating facility is not inverter based;
(2) The generating facility uses equipment that is not certified by a nationally recognized testing laboratory to meet the requirements of UL 1741; or
(3) The generating facility does not meet one or more of the additional conditions under Level 1.

The Company will approve the Level 2 Application if the generating facility meets the Company's technical interconnection requirements, which are based on IEEE 1547. The Company shall make its technical interconnection requirements available online and upon request.

The Company will process the Level 2 Application within 30 business days of receipt of a complete Application. Within that time the Company will respond in one of the following ways:

(1) The Application is approved and the Company will provide the customer with an Interconnection Agreement to sign.
(2) If construction or other changes to the Company's distribution system are required, the cost will be the responsibility of the customer. The Company will give notice to the customer and offer to meet to discuss estimated costs and construction timeframe. Should the customer agree to pay for costs and proceed, the Company will provide the customer with an Interconnection Agreement to sign within a reasonable time.
(3) The Application is denied. The Company will supply the customer with reasons for denial and offer to meet to discuss possible changes that would result in Company approval. Customer may resubmit Application with changes.

If the Application lacks complete information, the Company shall notify the customer that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the 30-business-day target to process the Application.

Continued on Sheet 19-4

T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

Level 2 Continued
The Interconnection Agreement will contain all the terms and conditions for interconnection consistent with those specified in this tariff, inspection and witness test requirements, description of and cost of construction or other changes to the Company's distribution system required to accommodate the generating facility, and detailed documentation of the generating facilities which may include single line diagrams, relay settings, and a description of operation.

The customer may not operate the generating facility until an Interconnection Agreement is signed by the customer and Company and all necessary conditions stipulated in the agreement are met.

Application, Inspection and Processing Fees
No application fee or other review, study, or inspection or witness test fees will be charged by the Company for Level 1 applications.

The Company will require each customer to submit with each Level 2 Application a non-refundable application, inspection and processing fee of $100. In the event the Company determines an impact study is necessary with respect to a Level 2 Application, the customer shall be responsible for any reasonable costs up to $1,000 for the initial impact study. The Company shall provide documentation of the actual cost of the impact study. Any other studies requested by the customer shall be at the customer's sole expense.

Terms and Conditions for Interconnection
To interconnect to the Company's distribution system, the customer's generating facility shall comply with the following terms and conditions:

(1) The Company shall provide the customer net metering services, without charge for standard TOU metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. If the customer requests any additional meter or meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the customer's expense.

(2) The customer shall install, operate, and maintain, at customer's sole cost and expense, any control, protective, or other equipment on the customer's system required by the Company's technical interconnection requirements based on IEEE 1547, the NEC, accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient and reliable operation of the generating facility in parallel with Company's electric system. Customer shall bear full responsibility for the installation, maintenance and safe operation of the generating facility. Upon reasonable request from the Company, the customer shall demonstrate generating facility compliance.

(3) The generating facility shall comply with, and the customer shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by IEEE and accredited testing laboratories such as Underwriters Laboratories; (b) the NEC as may be revised from time to time; (c) Company's rules, regulations, and Company's Terms and Conditions of Service as contained in Company's Retail Electric Tariff as may be revised from time to time with the approval of the Kentucky Public Service Commission (Commission); (d) the rules and regulations of the Commission, as such rules and regulations may be revised from time to time by the Commission; and (e) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. Where required by law, customer shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.

(4) Any changes or additions to the Company's system required to accommodate the generating facility shall be considered excess facilities. Customer shall agree to pay Company for actual costs incurred for all such excess facilities prior to construction.

Continued on Sheet 19-5 T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

Terms and Conditions for Interconnection Continued

(5) Customer shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics or otherwise interfere with the operation of Company's electric system. At all times when the generating facility is being operated in parallel with Company's electric system, customer shall so operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Company to any of its other customers or to any electric system interconnected with Company's electric system. Customer shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, Company's ability to meet its primary responsibility of furnishing reasonably adequate service to its customers.

(6) Customer shall be responsible for protecting, at customer's sole cost and expense, the generating facility from any condition or disturbance on Company's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges, except that the Company shall be responsible for repair of damage caused to the generating facility resulting solely from the negligence or willful misconduct on the part of the Company.

(7) After initial installation, Company shall have the right to inspect and/or witness commissioning tests, as specified in the Level 1 or Level 2 Application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to customer, Company shall have access at reasonable times to the generating facility to perform reasonable on- site inspections to verify that the installation, maintenance, and operation of the generating facility comply with the requirements of this tariff.

(8) For Level 1 and 2 generating facilities, where required by the Company, an eligible customer shall furnish and install on customer's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the customer's energy generating equipment from Company's electric service under the full rated conditions of the customer's generating facility. The external disconnect switch (EDS) shall be located adjacent to Company's meters or the location of the EDS shall be noted by placing a sticker on the meter, and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly adjacent to the meter, the customer shall be responsible for ensuring that the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to Company personnel at all times. The Company may waive the requirement for an EDS for a generating facility at its sole discretion, and on a case-by-case basis, upon review of the generating facility operating parameters and if permitted under the Company's safety and operating protocols.

The Company shall establish a training protocol for line workers on the location and use of the EDS, and shall require that the EDS be used when appropriate, and that the switch be turned back on once the disconnection is no longer necessary.

(9) Company shall have the right and authority at Company's sole discretion to isolate the generating facility or require the customer to discontinue operation of the generating facility if Company believes that: (a) continued interconnection and parallel operation of the generating facility with Company's electric system creates or contributes (or may create or contribute) to a system emergency on either Company's or customer's electric system; (b) the generating facility is not in compliance with the requirements of this tariff, and the noncompliance adversely affects the safety, reliability, or power quality of Company's electric system; or (c) the generating facility interferes with the operation of Company's electric system. In non-emergency situations, Company shall give customer notice of noncompliance including a description of the specific noncompliance condition and allow customer a reasonable time to cure the noncompliance prior to isolating the generating facilities. In emergency situations, when the Company is unable to immediately isolate or cause the customer to isolate only the generating facility, the Company may isolate the customer's entire facility.

Continued on Sheet 19-6 T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

Terms and Conditions for Interconnection Continued

(10) Customer shall agree that, without the prior written permission from Company, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection and Net Metering" which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components that meet UL 1741 certification requirements for Level 1 facilities and not resulting in increases in generating facility capacity are allowed without approval.

(11) To the extent permitted by law, the customer shall protect, indemnify, and hold harmless the Company and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorneys fees, for or on account of any injury or death of persons or damage to property caused by the customer or the customer's employees, agents, representatives and contractors in tampering with, repairing, maintaining, or operating the customer's generating facility or any related equipment or any facilities owned by the Company except where such injury, death or damage was caused or contributed to by the fault or negligence of the Company or its employees, agents, representatives, or contractors.

The liability of the Company to the customer for injury to person and property shall be governed by the tariff(s) for the class of service under which the customer is taking service.

(12) The customer shall maintain general liability insurance coverage (through a standard homeowner's, commercial, or other policy) for both Level 1 and Level 2 generating facilities. Customer shall, upon request, provide Company with proof of such insurance at the time that application is made for net metering.

(13) By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Company does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, controls, and protective relays and equipment.

(14) A customer's generating facility is transferable to other persons or service locations only after notification to the Company has been made and verification that the installation is in compliance with this tariff. Upon written notification that an approved generating facility is being transferred to another person, customer, or location, the Company will verify that the installation is in compliance with this tariff and provide written notification to the customer(s) within 20 business days. If the installation is no longer in compliance with this tariff, the Company will notify the customer in writing and list what must be done to place the facility in compliance.

(15) The customer shall retain any and all Renewable Energy Credits (RECs) that may be generated by their generating facility.

Term of Contract

Any contract required under this tariff shall become effective when executed by both parties and shall continue in effect until terminated. The contract may be terminated as follows: (a) Customer may terminate the contract at any time by giving the Company at least sixty (60) days' written notice; (b) Company may terminate upon failure by the customer to continue ongoing operation of the generating facility; (c) either party may terminate by giving the other party at least thirty (30) days prior written notice that the other party is in default of any of the terms and conditions of the contract or the rules or any rate schedule, tariff, regulation, contract, or policy of the Company, so long as the notice specifies the basis for termination and there is opportunity to cure the default; (d) the Company may terminate by giving the customer at least thirty (30) days notice in the event that there is a material change in an applicable law, regulation or statute affecting this Agreement or which renders the system out of compliance with the new law or statute.

Special Terms and Conditions

This tariff is subject to the Company's Terms and Conditions of Service and all provisions of the standard service tariff under which the customer takes service. This tariff is also subject to the applicable provisions of the Company's Technical Requirements for Interconnection.

Continued on Sheet 19-7 T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

Application For Interconnection And Net Metering – Level 1

Use this Application only for: 1.) a generating facility that is inverter based and certified by a nationally recognized testing laboratory to meet the requirements of UL 1741, 2.) less than or equal to 45 kW generation capacity, and 3.) connecting to Kentucky Power distribution system.

Submit this Application to:

D.G. Coordinator American Electric Power
1 Riverside Plaza
Columbus, OH 43215-2373
614-716-4020 Office / 614-716-1414 Fax
dgcoodinator@aep.com

(Contact person listed is subject to change. Please visit our website for up-to-date information http://www.kentuckypower.com)

Applicant

Name: ______________________________

Mailing Address: ______________________________

City: ______________ State: ______________ Zip: ______________

Phone: ( ) Phone: ( )

E-mail address: ______________________________

Service Location

Name: ______________________________

Street Address: ______________________________

City: ______________ State: ______________ Zip: ______________

Electric Service Account Number ______________________________

Provide names and contact information for other contractors, installers, or engineering firms involved in the design and installation of the generating facilities:

Alternate Contacts

Name	Company	Telephone/Email

Continued on Sheet 19-8 T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

APPLICATION FOR INTERCONNECTION AND NET METERING, LEVEL 1 – CONTINUED

Equipment Qualifications

Energy Source: ( ) Solar ( ) Wind ( ) Hydro ( ) Biogas ( ) Biomass

Inverter Manufacturer: Model:

Inverter Power Rating: Voltage Rating:

Power Rating of Energy Source (i.e., solar panels, wind turbine):

Battery Storage: ( ) Yes ( ) No If Yes, Battery Power Rating:

Attach documentation showing that inverter is certified by a nationally recognized testing laboratory to meet the requirements of UL 1741.

Attach site drawing or sketch showing locations of Kentucky Power Company meter, energy source, accessible disconnect switch and inverter.

Attach single line drawing showing all electrical equipment from the metering location to the energy source including switches, fuses, breakers, panels, transformers, inverters, energy source, wire size, equipment ratings, and transformer connections.

Expected Start-up Date:________________________

Continued on Sheet 19-9 T

DATE OF ISSUE: XXXX XX, XXXX
DATE EFFECTIVE: January 15, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

Tariff N.M.S. II Continued
(Net Metering Service II)

T

TERMS AND CONDITIONS FOR LEVEL 1:

1 The Company shall provide customer net metering services, without charge for standard metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. If the customer requests any additional meter or meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the customer's expense.

2 Customer shall install, operate, and maintain, at customer's sole cost and expense, any control, protective, or other equipment on the customer's system required by the Company's technical interconnection requirements based on IEEE 1547, the NEC, accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient, and reliable operation of the generating facility in parallel with Company's electric system. Customer shall bear full responsibility for the installation, maintenance, and safe operation of the generating facility. Upon reasonable request from the Company, customer shall demonstrate generating facility compliance.

3 The generating facility shall comply with, and the customer shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by the Institute of Electrical and Electronics Engineers (IEEE) and accredited testing laboratories such as Underwriters Laboratories (UL); (b) the National Electrical Code (NEC) as may be revised from time to time; (c) Company's rules, regulations, and Company's Terms and Conditions of Service as contained in Company's Retail Electric Tariff as may be revised from time to time with the approval of the Kentucky Public Service Commission (Commission); (d) the rules and regulations of the Commission, as such rules and regulations may be revised from time to time by the Commission; and (e) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. Where required by law, customer shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.

4 Any changes or additions to the Company's system required to accommodate the generating facility shall be considered excess facilities. Customer shall agree to pay Company for actual costs incurred for all such excess facilities prior to construction.

5 Customer shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics, or otherwise interfere with the operation of Company's electric system. At all times when the generating facility is being operated in parallel with Company's electric system, customer shall so operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Company to any of its other customers or to any electric system interconnected with Company's electric system. Customer shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, Company's ability to meet its primary responsibility of furnishing reasonably adequate service to its customers.

6 Customer shall be responsible for protecting, at customer's sole cost and expense, the generating facility from any condition or disturbance on Company's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges, except that the Company shall be responsible for repair of damage caused to the generating facility resulting solely from the negligence or willful misconduct on the part of the Company.

Continued on Sheet 19-10 T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

TERMS AND CONDITIONS FOR LEVEL 1, continued

7 After initial installation, Company shall have the right to inspect and/or witness commissioning tests, as specified in the Level 1 or Level 2 Application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to customer, Company shall have access at reasonable times to the generating facility to perform reasonable on- site inspections to verify that the installation, maintenance and operation of the generating facility comply with the requirements of this tariff.

8 For Level 1 generating facilities, where required by the Company, an eligible customer shall furnish and install on customer's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the customer's energy generating equipment from Company's electric service under the full rated conditions of the customer's generating facility. The external disconnect switch (EDS) shall be located adjacent to Company's meters or the location of the EDS shall be noted by placing a sticker on the meter, and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly adjacent to the meter, the customer shall be responsible for ensuring the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to Company personnel at all times. The Company may waive the requirement for an EDS for a generating facility at its sole discretion, and on a case-by-case basis, upon review of the generating facility operating parameters and if permitted under the Company's safety and operating protocols.

The Company shall establish a training protocol for line workers on the location and use of the EDS, and shall require that the EDS be used when appropriate, and that the switch be turned back on once the disconnection is no longer necessary.

9 Company shall have the right and authority at Company's sole discretion to isolate the generating facility or require the customer to discontinue operation of the generating facility if Company believes that: (a) continued interconnection and parallel operation of the generating facility with Company's electric system creates or contributes (or may create or contribute) to a system emergency on either Company's or customer's electric system; (b) the generating facility is not in compliance with the requirements of this tariff, and the noncompliance adversely affects the safety, reliability or power quality of Company's electric system; or (c) the generating facility interferes with the operation of Company's electric system. In non-emergency situations, Company shall give customer notice of noncompliance including a description of the specific noncompliance condition and allow customer a reasonable time to cure the noncompliance prior to isolating the generating facilities. In emergency situations, when the Company is unable to immediately isolate or cause the customer to isolate only the generating facility, the Company may isolate the customer's entire facility.

10 Customer shall agree that, without the prior written permission from Company, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection and Net Metering" which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components that meet UL 1741 certification requirements for Level 1 facilities and not resulting in increases in generating facility capacity are allowed without approval.

Continued on Sheet 19-11 T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

TERMS AND CONDITIONS FOR LEVEL 1, continued

11 To the extent permitted by law, the customer shall protect, indemnify, and hold harmless the Company and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorneys fees, for or on account of any injury or death of persons or damage to property caused by the customer or the customer's employees, agents, representatives and contractors in tampering with, repairing, maintaining or operating the customer's generating facility or any related equipment or any facilities owned by the Company except where such injury, death or damage was caused or contributed to by the fault or negligence of the Company or its employees, agents, representatives, or contractors.

The liability of the Company to the customer for injury to person and property shall be governed by the tariff(s) for the class of service under which the customer is taking service.

12 The Customer shall maintain general liability insurance coverage (through a standard homeowner's, commercial, or other policy) for Level 1 generating facilities. Customer shall, upon request, provide Company with proof of such insurance at the time that application is made for net metering.

13 By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Company does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, controls, and protective relays and equipment.

14 Customer's generating facility is transferable to other persons or service locations only after notification to the Company has been made and verification that the installation is in compliance with this tariff. Upon written notification that an approved generating facility is being transferred to another person, customer, or location, the Company will verify that the installation is in compliance with this tariff and provide written notification to the Customer(s) within 20 business days. If the installation is no longer in compliance with this tariff, the Company will notify the customer in writing and list what must be done to place the facility in compliance.

15 The customer shall retain any and all Renewable Energy Credits ("RECs") that may be generated by their generating facility.

Continued on Sheet 19-12 T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

TERMS AND CONDITIONS FOR LEVEL 1, continued

Effective Term and Termination Rights

This Agreement becomes effective when executed by both parties and shall continue in effect until terminated. This Agreement may be terminated as follows: (a) Customer may terminate this Agreement at any time by giving the Company at least sixty (60) days' written notice; (b) Company may terminate upon failure by the Customer to continue ongoing operation of the generating facility; (c) either party may terminate by giving the other party at least thirty (30) days prior written notice that the other party is in default of any of the terms and conditions of the Agreement or the Rules or any rate schedule, tariff, regulation, contract, or policy of the Company, so long as the notice specifies the basis for termination and there is opportunity to cure the default; (d) the Company may terminate by giving the Customer at least thirty (30) days notice in the event that there is a material change in an applicable law, regulation or statute affecting this Agreement or which renders the system out of compliance with the new law or statute. I hereby certify that, to the best of my knowledge, all of the information provided in this Application is true, and I agree to abide by all the Terms and Conditions included in this Application for Interconnection and Net Metering and Company's Net Metering Tariff.

Customer Signature:____________________ **Date:**________________

COMPANY APPROVAL SECTION

When signed below by a Company representative, Application for Interconnection and Net Metering is approved subject to the provisions contained in this Application and as indicated below.

Company inspection and witness test: ( ) Required ( ) Waived

If Company inspection and witness test is required, Customer shall notify the Company within three (3) business days of completion of the generating facility installation and schedule an inspection and witness test with the Company to occur within ten (10) business days of completion of the generating facility installation or as otherwise agreed to by the Company and the Customer. Unless indicated below, the Customer may not operate the generating facility until such inspection and witness test is successfully completed. Additionally, the Customer may not operate the generating facility until all other terms and conditions in the Application have been met.
Call: to schedule an inspection and witness test.

Pre-Inspection operational testing not to exceed two (2) hours: ( ) Allowed ( ) Not Allowed

If Company inspection and witness test is waived, operation of the generating facility may begin when installation is complete, and all other terms and conditions in the Application have been met.

Additions, Changes, or Clarifications to Application Information: ( ) None ( ) As specified here:

____

Approved by:____________________ **Date**:________________

Printed Name:____________________ **Title:**________________

Continued on Sheet 19-13 T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

Application for Interconnection and Net Metering – Level 2

Use this Application form for connecting to the Kentucky Power distribution system and: 1.) the generating facility is not inverter based or is not certified by a nationally recognized testing laboratory to meet the requirements of UL 1741 or 2.) does not meet any of the additional conditions under a Level 1 Application (inverter based and less than or equal to 45kW generation).

Submit this Application (along with the application fee of $100) to:

D.G. Coordinator
American Electric Power
1 Riverside Plaza
Columbus, Ohio 43215-2373
614-716-4020 Office / 614-716-1414 Fax
dgcoordinator@aep.com

(Contact person listed is subject to change. Please visit our website for up-to date information http://www.kentucky power.com)

Applicant

Name:

Mailing Address:

City: State: Zip:

Phone: ( ) Phone: ( )

E-mail address:

Service Location

Name:

Street Address:

City: State: Zip:

Electric Service Account Number

Provide names and contact information for other contractors, installers, or engineering firms involved in the design and installation of the generating facilities:

Alternate Contacts

Name	Company	Telephone/Email

Continued on Sheet 19-14

T

Tariff N.M.S. II Continued T
(Net Metering Service II)

APPLICATION FOR INTERCONNECTION AND NET METERING,
LEVEL 2 - CONTINUED

Equipment Qualifications

Total Generating Capacity (kW) of the Generating Facility:

Type of Generator: ( ) Inverter-Based ( ) Synchronous ( ) Induction

Energy Source: ( ) Solar ( ) Wind ( ) Hydro ( ) Biogas ( ) Biomass

Attach documentation showing that inverter is certified by a nationally recognizes testing laboratory to meet the requirements of UL 1741.

Attach site drawing or sketch showing locations of Kentucky Power Company meter, energy source, accessible disconnect switch and inverter.

Attach single line drawing showing all electrical equipment from the metering location to the energy source including switches, fuses, breakers, panels, transformers, inverters, energy source, wire size, equipment ratings, and transformer connections.

Expected Start-up Date:______________________________________

Continued on Sheet 19-15 T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

Interconnection Agreement – Level 2

This Interconnection Agreement (Agreement) is made and entered into this ______ day of ___, 20__, by and between Kentucky Power Company (Company), and ________________________________ (Customer). Company and Customer are hereinafter sometimes referred to individually as "Party" or collectively as "Parties"

Witnesseth:

Whereas, Customer is installing, or has installed, generating equipment, controls, and protective relays and equipment (Generating Facility) used to interconnect and operate in parallel with Company's electric system, which Generating Facility is more fully described in Exhibit A, attached hereto and incorporated herein by this Agreement, and as follows:

Location:____

Generator Size and Type:____

Now, therefore, in consideration thereof, Customer and Company agree as follows:

Company agrees to allow Customer to interconnect and operate the generating Facility in parallel with the Company's electric system and Customer agrees to abide by Company's Net Metering Tariff and all Terms and Conditions listed in this Agreement including any additional conditions listed in Exhibit A.

Continued on Sheet 19-16 T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

TERMS AND CONDITIONS FOR LEVEL 2:

To interconnect to the Kentucky Power Company (Company) distribution system, the customer's generating facility shall comply with the following terms and conditions:

1. Company shall provide customer net metering services, without charge for standard metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. If the customer requests any additional meter/meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the customer's expense.

2. Customer shall install, operate, and maintain, at customer's sole cost and expense, any control, protective, or other equipment on the customer's system required by the Company's technical interconnection requirements based on IEEE 1547, the NEC, accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient, and reliable operation of the generating facility in parallel with Company's electric system. Customer shall bear full responsibility for the installation, maintenance, and safe operation of the generating facility. Upon reasonable request from the Company, customer shall demonstrate generating facility compliance.

3. The generating facility shall comply with, and the customer shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by the Institute of Electrical and Electronics Engineers (IEEE) and accredited testing laboratories such as Underwriters Laboratories (UL); (b) the National Electrical Code (NEC) as may be revised from time to time; (c) Company's rules, regulations, and Company's Terms and Conditions of Service as contained in Company's Retail Electric Tariff as may be revised from time to time with the approval of the Kentucky Public Service Commission (Commission); (d) the rules and regulations of the Commission, as such rules and regulations may be revised from time to time by the Commission; and (e) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. Where required by law, customer shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.

4. Any changes or additions to the Company's system required to accommodate the generating facility shall be considered excess facilities. Customer shall agree to pay Company for actual costs incurred for all such excess facilities prior to construction.

5. Customer shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics, or otherwise interfere with the operation of Company's electric system. At all times when the generating facility is being operated in parallel with Company's electric system, customer shall so operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Company to any of its other customers or to any electric system interconnected with Company's electric system. Customer shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, Company's ability to meet its primary responsibility of furnishing reasonably adequate service to its customers.

Continued on Sheet 19-17 T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

TERMS AND CONDITIONS FOR LEVEL 2, continued

6. Customer shall be responsible for protecting, at Customer's sole cost and expense, the generating facility from any condition or disturbance on Company's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges, except that the Company shall be responsible for repair of damage caused to the generating facility resulting solely from the negligence or willful misconduct on the part of the Company.

7. After initial installation, Company shall have the right to inspect and/or witness commissioning tests, as specified in the Level 1 or Level 2 Application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to customer, Company shall have access at reasonable times to the generating facility to perform reasonable on- site inspections to verify that the installation, maintenance and operation of the generating facility comply with the requirements of this tariff.

8. For Level 2 generating facilities, where required by the Company, an eligible customer shall furnish and install on customer's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the customer's energy generating equipment from Company's electric service under the full rated conditions of the customer's generating facility. The external disconnect switch (EDS) shall be located adjacent to Company's meters or the location of the EDS shall be noted by placing a sticker on the meter, and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly adjacent to the meter, the customer shall be responsible for ensuring the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to Company personnel at all times. The Company may waive the requirement for an EDS for a generating facility at its sole discretion, and on a case-by-case basis, upon review of the generating facility operating parameters and if permitted under the Company's safety and operating protocols.

   The Company shall establish a training protocol for line workers on the location and use of the EDS, and shall require that the EDS
   be used when appropriate, and that the switch be turned back on once the disconnection is no longer necessary.

9. Company shall have the right and authority at Company's sole discretion to isolate the generating facility or require the customer to discontinue operation of the generating facility if Company believes that: (a) continued interconnection and parallel operation of the generating facility with Company's electric system creates or contributes (or may create or contribute) to a system emergency on either Company's or customer's electric system; (b) the generating facility is not in compliance with the requirements of this tariff, and the noncompliance adversely affects the safety, reliability or power quality of Company's electric system; or (c) the generating facility interferes with the operation of Company's electric system. In non-emergency situations, Company shall give customer notice of noncompliance including a description of the specific noncompliance condition and allow customer a reasonable time to cure the noncompliance prior to isolating the generating facilities. In emergency situations, when the Company is unable to immediately isolate or cause the customer to isolate only the generating facility, the Company may isolate the customer's entire facility.

Continued on Sheet 19-18 T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

TERMS AND CONDITIONS FOR LEVEL 2, continued

10. Customer shall agree that, without the prior written permission from Company, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection and Net Metering" which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components not resulting in increases in generating facility capacity are allowed without approval.

11. To the extent permitted by law, the customer shall protect, indemnify, and hold harmless the Company and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorneys fees, for or on account of any injury or death of persons or damage to property caused by the customer or the customer's employees, agents, representatives and contractors in tampering with, repairing, maintaining or operating the customer's generating facility or any related equipment or any facilities owned by the Company except where such injury, death or damage was caused or contributed to by the fault or negligence of the Company or its employees, agents, representatives, or contractors.

    The liability of the Company to the customer for injury to person and property shall be governed by the tariff(s) for the class of service under which the customer is taking service.

12. The customer shall maintain general liability insurance coverage (through a standard homeowner's, commercial, or other policy). Customer shall provide Company with proof of such insurance at the time that application is made for net metering.

13. By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Company does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, controls, and protective relays and equipment.

14. Customer's generating facility is transferable to other persons or service locations only after notification to the Company has been made and verification that the installation is in compliance with this tariff. Upon written notification that an approved generating facility is being transferred to another person, customer, or location, the Company will verify that the installation is in compliance with this tariff and provide written notification to the customer(s) within 20 business days. If the installation is no longer in compliance with this tariff, the Company will notify the customer in writing and list what must be done to place the facility in compliance.

15. The customer shall retain any and all Renewable Energy Credits (RECs) that may be generated by their generating facility.

Continued on Sheet 19-19

T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

TERMS AND CONDITIONS FOR LEVEL 2, continued

Effective Term and Termination Rights

This Agreement becomes effective when executed by both parties and shall continue in effect until terminated. This Agreement may be terminated as follows: (a) Customer may terminate this Agreement at any time by giving the Company at least sixty (60) days' written notice; (b) Company may terminate upon failure by the Customer to continue ongoing operation of the generating facility; (c) either party may terminate by giving the other party at least thirty (30) days prior written notice that the other party is in default of any of the terms and conditions of the Agreement or the Rules or any rate schedule, tariff, regulation, contract, or policy of the Company, so long as the notice specifies the basis for termination and there is opportunity to cure the default; (d) the Company may terminate by giving the Customer at least thirty (30) days notice in the event that there is a material change in an applicable law, regulation or statute affecting this Agreement or which renders the system out of compliance with the new law or statute.

IN WITNESS WHEREOF, the Parties have executed this Agreement, effective as of the date first above written.

Customer Signature: ______________________ **Date:** __________

Printed Name: ______________________ **Title:** __________

Company Signature: ______________________ **Date:** __________

Printed Name: ______________________ **Title:** __________

Continued on Sheet 19-20 T

Tariff N.M.S. II Continued
(Net Metering Service II)

T

Interconnection Agreement – Level 2
Exhibit A

- Exhibit A will contain additional detailed information about the Generating Facility such as a single line diagram, relay settings, and a description of operation.

- When construction of the Company's facilities is required, Exhibit A will also contain a description and associated cost.

- Exhibit A will also specify requirements for a Company inspection and witness test and when limited operation for testing or full operation may begin.

D

Tariff COGEN/SPP I
(Cogeneration and/or Small Power Production--100 KW or Less)

Availability of Service

This tariff is available to customers with cogeneration and/or small power production (COGEN/SPP) facilities which qualify under Section 210 of the Public Utility Regulatory Policies Act of 1978, and which have a net power production capacity of 100 KW or less. Such facilities shall be designed to operate properly in parallel with the Company's system without adversely affecting the operation of equipment and services of the Company and its customers, and without presenting safety hazards to the Company and customer personnel.

The customer has the following options under this tariff, which will affect the determination of energy and capacity and the monthly metering charges:

Option 1 - The customer does not sell any energy or capacity to the Company, and purchases from the Company its net load requirements, as determined by appropriate meters located at one delivery point.

Option 2 - The customer sells to the Company the energy and average on-peak capacity produced by the customer's qualifying COGEN/SPP facilities in excess of the customer's total load, and purchases from the Company its net load requirements, as determined by appropriate meters located at one delivery point.

Option 3 - The customer sells to the Company the total energy and average on-peak capacity produced by the customer's qualifying COGEN/SPP facilities, while simultaneously purchasing from the Company its total load requirements, as determined by appropriate meters located at one delivery point.

Monthly Charges for Delivery from the Company to the Customer

Such charges for energy, and demand where applicable, to serve the customer's net or total load shall be determined according to the tariff appropriate for the customer, except that Option 1 and Option 2 customers with cogeneration and/or small power production facilities having a total design capacity of more than 10 KW shall be served under demand-metered tariffs, and except that the monthly billing demand under such tariffs shall be the highest determined for the current and previous two billing periods. The above three-month billing demand provision shall not apply under Option 3.

Additional Charges

There shall be additional charges to cover the cost of special metering, safety equipment and other local facilities installed by the Company due to COGEN/SPP facilities, as follows:

Monthly Metering Charge

The additional monthly charge for special metering facilities shall be as follows:

Option 1 - Not Applicable

Option 2 & 3 - Where meters are used to measure the excess or total energy and average on-peak capacity purchased by the Company:

	Single Phase	Polyphase
Standard Measurement	$9.25	$12.10
T.O.D. Measurement	$9.85	$12.40

Continued on Sheet 20-2 T

Tariff COGEN/SPP I Continued T
(Cogeneration and/or Small Power Production--100 KW or Less)

Additional Charges Continued T

Under Option 3, when metering voltage for COGEN/SPP facilities is the same as the Company's delivery voltage, the customer shall, at his option, either route the COGEN/SPP totalized output leads through the metering point, or make available at the metering point for the use of the Company and, as specified by the Company, metering current leads which will enable the Company to measure adequately the total electrical energy and average capacity produced by the qualifying COGEN/SPP facilities, as well as to measure the electrical energy consumption and capacity requirements of the customer's total load. When metering voltage for COGEN/SPP facilities is different from the Company's delivery voltage, metering requirements and charges shall be determined specifically for each use.

Local Facilities Charge
Additional charges to cover "interconnection costs" incurred by the Company shall be determined by the Company for each case and collected from the customer. For Options 2 and 3, the cost of metering facilities shall be covered by the Monthly Metering Charge and shall not be included in the Local Facilities Charge. The customer shall make a one-time payment for the Local Facilities Charge at the time of installation of the required additional facilities, or, at his option, up to 12 consecutive equal monthly payments reflecting an annual interest charge as determined by the Company, but not to exceed the cost of the Company's most recent issue of long-term debt. If the customer elects the installment payment option, the Company may require a reasonable security deposit.

Monthly Credits or Payments for Energy and Capacity Deliveries

Energy Credit
The following credits or payments from the Company to the customer shall apply for the electrical energy delivered to the Company:

Standard Meter – All KWH	Variable LMP at time of delivery ¢ KWH
T.O.D. Meter	
On-Peak KWH	Variable LMP at time of delivery ¢ KWH
Off-Peak KWH	Variable LMP at time of delivery ¢ KWH

Capacity Credit
If the customer contracts to deliver or produce a specified excess or total average capacity during the monthly billing period (monthly contract capacity), or a specified excess or total average capacity during the on-peak monthly billing period (on-peak contract capacity), then the following capacity credits or payment from the Company to the customer shall apply:

If standard energy meters are used,

DN

A. 2023/2024 $3.48 kW/month
2024/2025 $3.72 kW/month
2025/2026 $3.25 kW/month, times the lowest of:

1. monthly contract capacity, or
2. current month metered average capacity, i.e., KWH delivered to the Company or produced by COGEN/SPP facilities divided by 730, or
3. lowest average capacity metered during the previous two months if less than monthly contract capacity.

Continued on Sheet 20-3 T

Tariff COGEN/SPP I Continued
(Cogeneration and/or Small Power Production--100 KW or Less)

T

Monthly Credits or Payments for Energy and Capacity Deliveries Continued T

If T.O.D. energy meters are used,

B. 2023/2024 $8.36 kW/month DN
2024/2025 $8.92 kW/month
2025/2026 $7.79 kW/month, times the lowest of:

1. on-peak contract capacity, or
2. current month on-peak metered average capacity, i.e., on-peak KWH delivered to the Company or produced by COGEN/SPP facilities divided by 305 or
3. lowest on-peak average capacity metered during the previous two months, if less than on-peak contract capacity.

The above energy and capacity credit rates are subject to revisions from time to time as approved by the Commission.

On-Peak and Off-Peak Periods
The on-peak period shall be defined as starting at 7:00A.M. and ending at 9:00 P.M., local time, Monday through Friday.

The off-peak period shall be defined as starting at 9:00 P.M. and ending at 7:00A.M. local time, Monday through Friday, and all hours of Saturday and Sunday.

Charges for Cancellation or Non Performance Contract
If the customer should, for a period in excess of six months, discontinue or substantially reduce for any reason the operation of cogeneration and/or small power production facilities which were the basis for the monthly contract capacity or the on-peak contract capacity, the customer shall be liable to the Company for an amount equal to the total difference between the actual payments for capacity paid to the customer and the payments for capacity that would have been paid to the customer pursuant to this Tariff COGEN/SPP I or any successor tariff. The Company shall be entitled to interest on such amount at the rate of the Company's most recent issue of long-term debt at the effective date of the contract.

Term of Contract
Contracts under this tariff shall be made for a term not less than five (5) years. A Qualifying Facility can request that avoided cost rates be set on an "as available" basis or when a legally enforceable obligation is established.

Tariff COGEN/SPP II
(Cogeneration and/or Small Power Production--Over 100 KW)

Availability of Service
This tariff is available to customers with cogeneration and/or small power production (COGEN/SPP) facilities which qualify under Section 210 of the Public Utility Regulatory Policies Act of 1978, and which have a net power production capacity of over 100 KW. In addition, cogeneration facilities must have a net power production capacity at or below 20,000 KW, and small power production facilities must have a net power production capacity at or below 5,000 KW. Such facilities shall be designed to operate properly in parallel with the Company's system without adversely affecting the operation of equipment and services of the Company and its customers, and without presenting safety hazards to the Company and customer personnel.

The customer has the following options under this tariff, which will affect the determination of energy and capacity and the monthly metering charges:

Option 1 - The customer does not sell any energy or capacity to the Company, and purchases from the Company its net load requirements, as determined by appropriate meters located at one delivery point.

Option 2 - The customer sells to the Company the energy and average on-peak capacity produced by the customer's qualifying COGEN/SPP facilities in excess of the customer's total load, and purchases from the Company its net load requirements, as determined by appropriate meters located at one delivery point.

Option 3 - The customer sells to the Company the total energy and average on-peak capacity produced by the customer's qualifying COGEN/SPP facilities, while simultaneously purchasing from the Company its total load requirements, as determined by appropriate meters located at one delivery point.

Monthly Charges for Delivery from the Company to the Customer
Such charges for energy, and demand where applicable, to serve the customer's net or total load shall be determined according to the tariff appropriate for the customer, except that Option 1 and Option 2 customers shall be served under demand-metered tariffs, and except that the monthly billing demand under such tariffs shall be the highest determined for the current and previous two billing periods. The above three-month billing demand provision shall not apply under Option 3.

Additional Charges
There shall be additional charges to cover the cost of special metering, safety equipment and other local facilities installed by the Company due to COGEN/SPP facilities, as follows:

Monthly Metering Charge
The additional monthly charge for special metering facilities shall be as follows:

Option 1 - Not Applicable

Option 2 & 3 - Where meters are used to measure the excess or total energy and average on peak capacity purchased by the Company:

	Single Phase	Polyphase
Standard Measurement	$9.25	$12.10
T.O.D. Measurement	$9.85	$12.40

Continued on Sheet 21-2 T

DATE OF ISSUE: XXXX XX, XXXX
DATE EFFECTIVE: January 15, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

Tariff COGEN/SPP II Continued T
(Cogeneration and/or Small Power Production-- Over 100 KW)

Additional Charges Continued T

Under Option 3, when metering voltage for COGEN/SPP facilities is the same as the Company's delivery voltage, the customer shall, at his option, either route the COGEN/SPP totalized output leads through the metering point, or make available at the metering point for the use of the Company and, as specified by the Company, metering current leads which will enable the Company to measure adequately the total electrical energy and average capacity produced by the qualifying COGEN/SPP facilities, as well as to measure the electrical energy consumption and capacity requirements of the customer's total load. When metering voltage for COGEN/SPP facilities is different from the Company's delivery voltage, metering requirements and charges shall be determined specifically for each case.

Local Facilities Charge
Additional charges to cover "interconnection costs" incurred by the Company shall be determined by the Company for each case and collected from the customer. For Options 2 and 3, the cost of metering facilities shall be covered by the Monthly Metering Charge and shall not be included in the Local Facilities Charge. The customer shall make a one-time payment for the Local Facilities Charge at the time of installation of the required additional facilities, or, at his option, up to 12 consecutive equal monthly payments reflecting an annual interest charge as determined by the Company, but not to exceed the cost of the Company's most recent issue of long-term debt. If the customer elects the installment payment option, the Company may require a reasonable security deposit.

Monthly Credits or Payments for Energy and Capacity Deliveries

Energy Credit
The following credits or payments from the Company to the customer shall apply for the electrical energy delivered to the Company:

Standard Meter – All KWH	Variable LMP at time of delivery ¢ KWH
T.O.D. Meter	
On-Peak KWH	Variable LMP at time of delivery ¢ KWH
Off-Peak KWH	Variable LMP at time of delivery ¢ KWH

Capacity Credit
If the customer contracts to deliver or produce a specified excess or total average capacity during the monthly billing period (monthly contract capacity), or a specified excess or total average capacity during the on-peak monthly billing period (on-peak contract capacity), then the following capacity credits or payment from the Company to the customer shall apply:

If standard energy meters are used,

A. 2023/2024 $3.48 kW/month DN
2024/2025 $3.72 kW/month
2025/2026 $3.25 kW/month, times the lowest of:

1. monthly contract capacity, or
2. current month metered average capacity, i.e., KWH delivered to the Company or produced by COGEN/SPP facilities divided by 730,or
3. lowest average capacity metered during the previous two months if less than monthly contract capacity.

Continued on Sheet 21-3 T

Tariff COGEN/SPP II Continued (Cogeneration and/or Small Power Production-- Over 100 KW) T

Monthly Credits or Payments for Energy and Capacity Deliveries Continued T

If T.O.D. energy meters are used,

B.	2023/2024	$8.36	kW/month	DN
	2024/2025	$8.92	kW/month	
	2025/2026	$7.79	kW/month, times the lowest of:	

1. on-peak contract capacity, or
2. current month on-peak metered average capacity, i.e., on-peak KWH delivered to the Company or produced by COGEN/SPP facilities divided by 305, or
3. lowest on-peak average capacity metered during the previous two months, if less than on-peak contract capacity.

The above energy and capacity credit rates are subject to revisions from time to time as approved by the Commission.

On-Peak and Off-Peak Periods
The on-peak period shall be defined as starting at 7:00 A.M. and ending at 9:00 P.M., local time, Monday through Friday.

The off-peak period shall be defined as starting at 9:00 P.M. and ending at 7:00 A.M., local time, Monday through Friday, and all hours of Saturday and Sunday.

Charges for Cancellation or Non Performance Contract
If the customer should, for a period in excess of six months, discontinue or substantially reduce for any reason the operation of cogeneration and/or small power production facilities which were the basis for the monthly contract capacity or the on-peak contract capacity, the customer shall be liable to the Company for an amount equal to the total difference between the actual payments for capacity paid to the customer and the payments for capacity that would have been paid to the customer pursuant to this Tariff COGEN/ SPP II or any successor tariff. The Company shall be entitled to interest on such amount at the rate of the Company's most recent issue of long-term debt at the effective date of the contract.

Term of Contract
Contracts under this tariff shall be made for a term not less than five (5) years. A Qualifying Facility can request that avoided cost rates be set on an "as available" basis or when a legally enforceable obligation is established.

Tariff C.S.-I.R.P.
(Contract Service – Interruptible Power)

Availability of Service
Available for service to customers who contract for service under the Company's Industrial General Service (I.G.S.) tariff. The Company reserves the right to limit the total contract capacity for all customers served under this Tariff to 75,000 kW.

Loads of new customers locating within the Company's service area or load expansions by existing customers may be offered interruptible service as part of an economic development incentive. Such interruptible service shall not be counted toward the limitation on total interruptible power contract capacity, as specified above, and will not result in a change to the limitation on total interruptible power contract capacity.

Conditions of Service
The Company will offer eligible customers the option to receive interruptible power service. This interruptible service will be consistent with PJM's Load Management Resource Product – Capacity Performance Demand Response requirement, hereafter referred to as the "PJM Demand Response Program", subject to any limitations on the availability of that Program by PJM. To be eligible for the credit, customers must be able to provide interruptible load (not including behind the meter diesel generation) of at least one (1) MW at a single site and commit to a minimum four (4) year contract term. The contract shall provide that 90 days prior to each contract anniversary date, the customer shall re-nominate the amount of interruptible load for the upcoming contract year, except that the cumulative reductions over the life of the contract shall not exceed 20% of the original interruptible load nominated under the contract. If no re-nomination is received at least 90 days prior to the contract anniversary date, the prior year's interruptible load shall apply for the forthcoming contract year.

Upon receipt of a request from the Customer for interruptible service, the Company will provide the Customer with a written addendum containing the rates and related terms and conditions of service under which such service will be provided by the Company. If the parties reach an agreement based upon the offer provided to the Customer by the Company, such written contract will be filed with the Commission. The contract shall provide full disclosure of all rates, terms and conditions of service under this Tariff, and any and all agreements related thereto, subject to the designation of the terms and conditions of the contract as confidential, as set forth herein.

The Customer shall provide reasonable evidence to the Company that the Customer's electric service can be interrupted in accordance with the provisions of the written agreement including, but not limited to, the specific steps to be taken and equipment to be curtailed upon a request for interruption.

The Customer shall contract for capacity sufficient to meet average maximum interruptible power requirements, but in no event will the interruptible amount contracted for be less than 1,000 KW at any delivery point.

The Company reserves the right to test and verify the customer's ability to curtail. Any such test or verification may require actual physical interruption or curtailment, to the extent such testing or interruption is required under PJM's Demand Response Program.

NO RESPONSIBILITY OR LIABILITY OF ANY KIND SHALL ATTACH TO OR BE INCURRED BY THE COMPANY FOR, OR ON ACCOUNT OF, ANY LOSS, COST, EXPENSE, OR DAMAGE CAUSED BY OR RESULTING FROM, EITHER DIRECTLY OR INDIRECTLY, ANY CURTAILMENT OF SERVICE UNDER THE PROVISIONS OF THIS SCHEDULE.

Except as otherwise provided in the written agreement, the Company's Terms and Conditions of Service shall apply to service under this tariff.

Continued on Sheet 22-2 T

Tariff C.S.-I.R.P. Continued T
(Contract Service – Interruptible Power) T

Rate
Credits under this tariff of $3.68/kW/month will be provided for interruptible load that qualifies under PJM's Demand Response Program rules as capacity for the purpose of the Company's Fixed Resource Requirement (FRR) obligation.

Tariff	Tariff Type	Tariff Code Description	Tariff Description
321	IR	CS-IRP SEC	IRP-IGS SECONDARY
330	IR	CS-IRP PR	IRP-IGS PRIMARY
331	IR	CS-IRP ST	IRP-IGS SUBTRANSMISSION
332	IR	CS-IRP TR	IRP-IGS TRANSMISSION

Charges for service under this Tariff will be set forth in the written agreement between the Company and the Customer and will reflect the firm service rates otherwise available to the Customer.

Adjustment Clauses
The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Kentucky Economic Development Surcharge	Sheet No. 27	T
Demand-Side Management Adjustment Clause	Sheet No. 28	
System Sales Clause	Sheet No. 29	
Fuel Adjustment Clause	Sheet No. 30	
Purchase Power Adjustment	Sheet No. 31	
Environmental Surcharge	Sheet No. 32	D
Decommissioning Rider	Sheet No. 33	
Distribution Reliability Rider	Sheet No. 34	N
Securitization Financing Rider	Sheet No. 35	N
Federal Tax Change Tariff	Sheet No. 36	
City's Franchise Fee	Sheet No. 37	
School Tax	Sheet No. 38	

D

Confidentiality
All terms and conditions of any written contract under this Tariff shall be protected from disclosure as confidential, proprietary trade secrets, if either the Customer or the Company requests a Commission determination of confidentiality pursuant to 807 KAR 5:001 Section 7 and the request is granted.

Special Terms and Conditions
Except as otherwise provided in the written agreement, this Tariff is subject to the Company's Terms and Conditions of Service.

A Customer's plant is considered as one or more buildings, which are served by a single electrical distribution system provided and operated by the Customer. When the size of the Customer's load necessitates the delivery of energy to the Customer's plant over more than one circuit, the Company may elect to connect its circuits to different points on the Customer's system irrespective of contrary provisions in Terms and Conditions of Service.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP II or by special agreement with the Company.

D

Rider D.R.S.
(Demand Response Service)

Availability of Service

Available for Demand Response Service ("DRS") to customers that take firm service from the Company under a standard demand-metered rate schedule and that have the ability to curtail load under the provisions of this Schedule. Each customer electing service under this Schedule shall contract, via a Contract Addendum, for a definite amount of firm and interruptible capacity agreed to by the Company and the customer. The interruptible capacity amount shall not exceed the Customer's average on-peak demand for the past 12 months. The Company reserves the right to limit the aggregate amount of interruptible capacity contracted for under this Schedule. The Company will take Customer DRS requests in the order received. Customers taking service under this Schedule shall not participate in any PJM demand response program for Capacity.

Conditions of Service

1. The Company, in its sole discretion, reserves the right to call for curtailments of the Customer's interruptible load at any time. Such interruptions shall be designated as "Discretionary Interruptions" and shall not exceed sixty (60) hours of interruption during any Interruption Year. The "Interruption Year" shall be defined as the consecutive twelve (12) month period commencing on June 1 and ending on May 31. Should this Schedule become effective on a date other than June 1, the period from the effective date of this Schedule until the next May 31 after such effective date shall be referred to as the "Initial Partial Interruption Year." In any Initial Partial Interruption Year, Discretionary Interruptions shall not exceed a number of hours equal to the product of the number of full calendar months during the Initial Partial Interruption Year and the annual interruption hours divided by 12.

2. The monthly Interruptible Demand Credit Rate shall be $5.50/kW-month, credited to participating Customers' bills for standard tariff service.

3. The Company will endeavor to provide the Customer with as much advance notice as possible of a Discretionary Interruption. The Company shall provide notice at least 90 minutes prior to the commencement of a Discretionary Interruption. Such notice shall include both the start and end time of the Discretionary Interruption. For any Discretionary Interruption, the Customer shall be permitted to choose not to interrupt and to continue to operate during the event, provided that the Customer pays the DRS Event Failure Charge. Discretionary Interruptions shall begin and end on the clock hour.

4. Discretionary Interruption events shall be three (3) consecutive hours and there shall not be more than six (6) hours of Discretionary Interruption per day.

5. The Company will inform the Customer regarding the communication process for notices to curtail. The Customer is ultimately responsible for receiving and acting upon a curtailment notification from the Company.

6. The minimum interruptible capacity contracted for under this Schedule will be 500 kW. Customers with multiple electric service accounts at a single location may aggregate those individual accounts to meet the 500 kW minimum interruptible capacity requirement under this Schedule; however, the interruptible capacity committed for each individual account shall not be less than 100 kW.

7. All Customer meter data required under this Schedule shall be determined from 15- or 30-minute integrated metering, as applicable based on the Customer's rate schedule, with remote interrogation capability and demand recording equipment. Such metering equipment shall be owned, installed, operated, and maintained by the Company.

8. **NO RESPONSIBILITY OR LIABILITY OF ANY KIND SHALL ATTACH TO OR BE INCURRED BY THE COMPANY FOR, OR ON ACCOUNT OF, ANY LOSS, COST, EXPENSE, OR DAMAGE CAUSED BY OR RESULTING FROM, EITHER DIRECTLY OR INDIRECTLY, ANY CURTAILMENT OF SERVICE UNDER THE PROVISIONS OF THIS SCHEDULE.**

Continued on Sheet 23-2

T

Rider D.R.S. Continued
(Demand Response Service)

T

Interruptible Capacity Reservation
The Customer shall have established a total Capacity Reservation under its Contract for Service under the applicable demand-metered rate schedule. In a Contract Addendum, the Customer shall designate a set amount of kW of that total Capacity Reservation as the Firm Service Capacity Reservation, which is not subject to interruption under this Schedule. The Interruptible Capacity Reservation shall be the Customer's average on-peak demand over the past 12 months in excess of the Firm Service Capacity Reservation.

The Interruptible Capacity Reservation is subject to annual review and adjustment by the Company and the Customer.

Monthly Interruptible Demand Credit
The monthly Interruptible Demand Credit shall be equal to the product of Demand Credit per kW-month and the Customer's Interruptible Capacity Reservation kW.

Interruption Event Compliance
A Customer will be determined to have failed a DRS interruption event if the Customer has not achieved at least ninety (90) percent of their agreed upon interruptible capacity reservation during the duration of a DRS event.

DRS Event Failure
A Customer that fails one or more DRS interruption events shall repay a portion of the Customer's total annual DRS Interruptible Demand Credit per the following table:

Number of Failures	Penalty Payment %
Failure 1	5%
Failure 2	10%
Failure 3	10%
Failure 4	15%
Failure 5	15%
Failure 6	20%
Failure 7	25%
Totals	100%

The DRS Event Failure Charge equals the Customer's Interruptible Capacity Reservation kW, times the DRS Interruptible Demand Credit Rate, times 12, times the corresponding DRS Event Failure Charge Penalty Payment % set forth in the table above. Under no circumstance will a Customer be charged for DRS interruption event failures in an amount greater than the annual amount of DRS Interruptible Demand Credits the Customer would have or has received in an Interruption Year.

Settlement
The net amount of the monthly Interruptible Demand Credit and any DRS Event Failure Charge will be included in the Customer's monthly bill for electric service under its demand-metered rate schedule.

Term
A Contract Addendum term under this Schedule shall be at least one (1) Interruption Year and shall continue for each subsequent Interruption Year until either party provides written notice no later than April 2 of its intention to discontinue service effective June 1 under the terms of this Schedule. Any participating Customer must participate for at least one full Interruption Year, therefore a Customer that begins service under this rider during the Initial Partial Interruption Year must then also participate in the subsequent full Interruption Year.

D

Tariff V.C.S.
(Voluntary Curtailment Service)

This Rider provides the Customer with the opportunity to reduce their cost of electric service by curtailing usage during Voluntary Curtailment Events requested by the Company. Upon each event, the Customer shall have the option, but not the obligation, to curtail usage at their premises and be compensated by the Company as provided below.

Availability of Service
The initial term of this tariff is two (2) years beginning January 28, 2022. Eligible customers must have a curtailable usage of not less than 1,000 kW at the metering point for a single account for electric service, have accounts that are current, and maintain satisfactory credit criteria as defined under the Company's Terms and Conditions under Deposits, Section D. All provisions of the applicable standard tariff for electric service will apply except as modified herein. Customers participating in a third-party demand response program and customers receiving service under special contracts, including COGEN/SPP contracts, are not eligible to participate under this Rider. Customers in this program are also subject to curtailments due to system emergencies in the same manner as all other firm service customers.

Monthly Charges and Credits
Customer's net monthly bill for service provided under this Rider will be calculated in accordance with the Company's applicable rate schedule, with the exception that the Voluntary Curtailment Credit will be applied as a line item on the Customer's bill.

The Voluntary Curtailment Event Hours and the Voluntary Curtailment Price will be quoted to the Customer by no later than 5:00 p.m. ET of the day prior to the Event Day.

The Voluntary Curtailment Price will be based upon the Day-Ahead Market price of energy at the time of the Voluntary Curtailment Event, as determined in the Company's sole judgment, but not less than $100 per MWh. The AEPKY_RESID_AGG LMP shall be used to develop the Voluntary Curtailment Price.

Conditions of Service

1. The Company reserves the right to request a Voluntary Curtailment Event at any time at the Company's sole discretion. The Company will call no more than two (2) Voluntary Curtailment Events per day. The Events must be separated by at least one (1) non-event hour.
2. Customers must request enrollment in the program thirty (30) days before participating in a Voluntary Curtailment Event. A fully executed contract is required before a customer may participate in a Voluntary Curtailment Event.
3. The Company shall notify the Customer of a Voluntary Curtailment Event by e-mail, text or automated phone message. The Customer shall designate their representative(s) to receive said notifications.
4. No responsibility or liability of any kind shall attach to or be incurred by the Company or the AEP System for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any curtailment of service under the provisions of this Rider.
5. The Customer shall not receive credit for any curtailment periods in which the Customer's usage is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions or any event other than the Customer's normal operating conditions.
6. The Customer's participation in any Company capacity-based demand response program takes priority over this program. No credit shall be given under this program for hours that a customer is responsible for curtailing under another program. An interval meter is required for service under this Rider. The incremental cost of any special metering, communications or control equipment required for service under this Rider beyond that normally provided shall be borne by the Customer.

Continued on Sheet 24-2 T

Tariff V.C.S. Continued
(Voluntary Curtailment Service)

T

Curtailed Demand
For each Voluntary Curtailment Event, Curtailed Demand shall be defined as the difference between the Customer's Average On-Peak Demand and the maximum sixty (60)-minute integrated demand in kW during the Voluntary Curtailment Event. The Curtailed Demand so computed will not be less than zero (0).

The Company shall determine the Customer's Average On-Peak Demand in kW specified in a contract or contract addendum for service under this Rider. The Customer's Average On-Peak Demand will be reviewed annually. Annual, seasonal or monthly Average On-Peak Demands may be established based upon Customer's historic usage patterns. For the purpose of determining the Average On-Peak Demand, the on-peak period is defined as 7:00 a.m.to 11:00 p.m. ET for all weekdays, Monday through Friday.

Voluntary Curtailment Credit
For each Voluntary Curtailment Event, the Event Credit shall be the product of the Curtailed Demand, the number of Voluntary Curtailment Event Hours and the Voluntary Curtailment Price.

The Voluntary Curtailment Credit will be the sum of the Event Credits for the calendar month.

The Voluntary Curtailment Credit will be applied to the Customer's bill within forty-five (45) days after the end of the month in which the Voluntary Curtailment Event occurred.

The Voluntary Curtailment Credit applied to the Customer's bill for service will be recorded in the Federal Energy Regulatory Commission's Uniform System of Accounts under Account 555, Purchased Power, and will be recorded in a subaccount so that the separate identity of this amount is preserved.

Non-Compliance Provision
There are no charges for non-compliance with a Voluntary Curtailment Event.

Term
Contracts under this Rider shall be made for an initial period of one (1) year and shall remain in effect thereafter until either party provides to the other at least thirty (30) days written notice of its intention to discontinue service under this Rider.

Tariff E.D.R.
(Economic Development Rider)

Availability of Service

To encourage economic development in the Company's service territory, limited-term reductions in billing demand charges described herein are offered to qualifying new and existing retail customers who make application for service under this Rider.

Service under this Economic Development Rider (EDR) is intended for specific types of commercial and industrial customers whose operations, by their nature, will promote sustained economic development based on plant and facilities investment and job creation. Availability is limited to customers on a first-come, first-served basis until such time as a total of 250 MW of new load has been added to Kentucky Power's system under the EDR. The EDR is available to commercial and industrial customers served under Tariffs L.G.S. and I.G.S. who meet the following requirements:

(1) A new customer must have at least a monthly maximum billing demand of 500 kW. An existing customer must increase its monthly maximum billing demand by at least 500 kW over the current Base Maximum Billing Demand in order to receive the Incremental Billing Demand Discount (IBDD).

(2) A new customer, or the business expansion by an existing customer, will receive a Supplemental Billing Demand Discount (SBDD) for creating and sustaining at least 25 new permanent full time jobs over the contract term at the service location. The Company reserves the right to verify job counts. Failure to demonstrate the creation of new employment positions or to maintain the employment during the contract term will result in the termination of the supplemental discount.

(3) The customer must demonstrate to the Company's satisfaction that, absent the availability of this EDR, the qualifying new or increased electrical demand would be located outside of the Company's service territory or would not be placed in service.

Terms and Conditions

(1) The Company will offer the EDR to qualifying customers with new or increased load when the Company has sufficient generating capacity available. When sufficient generating capacity is not available, the Company will procure the additional capacity on the customer's behalf. The cost of capacity procured on behalf of the customer shall reduce on a dollar-for-dollar basis the customer's IBDD and SBDD. Such reduction shall be capped so that the customer's maximum demand charge shall be the non- discounted tariff demand charge. The reduction will be applied in reverse chronological order beginning with the most recent customer to receive discounted service under this tariff. The last customer to sign up for the EDR tariff would be the first customer responsible for paying the cost of incremental capacity purchases. In any year during the discount period in which the customer pays the full tariff demand charge for all twelve months, the Company will reduce the term of the contract by one year.

(2) The new or increased load cannot accelerate the Company's plans for additional generating capacity during the period for which the customer receives a demand discount. Customers receiving Temporary Service are not eligible for this EDR.

(3) To receive service under this EDR, the customer shall make written application to the Company with sufficient information contained therein to determine the customer's eligibility for service. At a minimum, such information must include:

a. A description and good faith estimate of the new or increased load to be served during each year of the contract,
b. The number of new employees or jobs that will be added as a result of the new load,
c. A description of the anticipated capital investment,
d. A description of all other federal, state or local economic development tax incentives, grants, or any other incentives or assistance associated with the new or expanded project, and
e. A statement that without the EDR discount, the customer would locate elsewhere or would choose not to expand within Kentucky Power's service territory.

Continued on Sheet 25-2 T

Tariff E.D.R. Continued
(Economic Development Rider)

T

Terms and Conditions Continued

(4) For new and existing customers, billing demands for which reductions will be applicable under this EDR shall be for service at a new service location or expanded production at an existing facility and not merely the result of a change of ownership. Relocation of the delivery point of the Company's service, moving existing equipment from another Company-served location or load transfers from another Company-served location do not qualify as a new service location. Relocating existing facilities from within the Company's service territory shall not disqualify the customer from the IBDD as long as the new relocated facility exceeds the Base Maximum Billing Demand of the previous facility by the minimum required amount.

(5) For existing customers, billing demands for which deductions will be applicable under this EDR shall be the result of an increase in business activity and not merely the result of resumption of normal operations following a force majeure, strike, equipment failure, renovation or refurbishment, or other such abnormal operating condition. In the event that such an occurrence has taken place prior to the date of the application by the customer for service under this EDR, the monthly Base Maximum Billing Demand shall be adjusted as appropriate for this analysis to eliminate the effects of such occurrence.

(6) Service under the EDR will be offered under the applicable Tariff L.G.S. or I.G.S. schedule. An EDR will be filed as a Special Contract and must be approved by the Kentucky Public Service Commission before it can be implemented. The total contract period is equal to twice the number of years for which the customer receives a demand discount. The special contract term will be for two (2), four (4) six (6), eight (8), or ten (10) years only.

(7) The IBDD and the SBDD, if applicable, begin when the customer's new or expanded operations are billed for service under this Rider. Temporary jobs created during the construction of new facilities or the expansion phase of existing operations are not eligible to be counted as permanent jobs for the purposes of this EDR.

(8) If construction of new or expanded local distribution and/or transmission related facilities by the Company is required in order to provide the additional service, the customer may be required to make a contribution-in-aid of construction (CIAC) for the installed cost of such facilities pursuant to the provisions of the Company's Terms and Conditions of Service. The total cost of the CIAC, including gross-up by the effect of applicable taxes, will be recovered over the life of the EDR contract period, with no less than 80% recovered during the period for which the customer receives a demand discount. If the customer breaches the terms of the contract or ends the contract prematurely, any unpaid contribution-in-aid of construction must be paid to the Company, and any EDR discounts provided to the customer must be repaid to the Company. CIAC payment provided under this Rider supersedes other payment provisions only in the Company's Terms and Conditions Sheet 2-5 Section 9.

(9) The L.G.S., and I.G.S. tariffs each contain a monthly minimum billing demand charge provision. The minimum demand charge provision is waived for EDR customers for up to 36 months depending upon the length of the contract. The provision is waived for the first 36 months of a 10 year contract, the first 24 months of an 8 year contract and the first 12 months of a 6 year contract. If during the special contract discount period, the customer's monthly demand falls below the minimum billing demand level for four (4) consecutive months or six (6) months total in a contract year, then the EDR discount will not be applied and the appropriate tariff minimum billing demand charge provision will be in force until the customer achieves the minimum billing demand level. Applicable EDR discounts will be applied to the qualifying incremental maximum billing demand only and will appear as a separate line item on the customer's bill.

Continued on Sheet 25-3

T

Tariff E.D.R. Continued
(Economic Development Rider)

T

Determination of Monthly Qualifying Incremental Billing Demand

For the purposes of this Rider, the monthly qualifying incremental billing demand will be calculated in the following manner:

Where the new qualifying incremental demand resides in new facilities (or separate facilities for existing customers), those facilities may be metered on a separate meter according to Tariffs L.G.S., I.G.S., for the current billing period and the incremental billing demand will be calculated based upon that facility's meter readings.

Where the new qualifying incremental demand resides in a customer's existing facility with sufficient service and metering capability to accommodate the business expansion, the qualifying incremental billing demand is equal to demand in excess of the Base Maximum Billing Demand. The Base Maximum Billing Demand for each billing month will be calculated by the Company as the average of the previous three years, corresponding month maximum billing demands, subject to Terms and Conditions Items (3) and (4), and will be agreed to by the customer in advance.

Determination of Incremental Billing Demand Discount

Customers meeting all Availability of Service and Terms and Conditions above may contract for service for a period of up to ten (10) years, with a commensurate discount period of up to five (5) years. The qualifying incremental billing demand charge shall be reduced by 50%, 40%, 30%, 20%, 10% in the order of the Customer's choosing at the time of the contract filing. A sample illustration of an (IBDD) for a ten (10) year contract follows:

(a) For the twelve consecutive monthly billings of the first contract year, the qualifying incremental billing demand charge shall be reduced by 50% from the applicable tariff L.G.S. or I.G.S., demand charge;

(b) For the twelve consecutive monthly billings of the second contract year, the qualifying incremental billing demand charge shall be reduced by 40% from the applicable tariff L.G.S. or I.G.S., demand charge;

(c) For the twelve consecutive monthly billings of the third contract year, the qualifying incremental billing demand charge shall be reduced by 30% from the applicable tariff L.G.S. or I.G.S., demand charge;

(d) For the twelve consecutive monthly billings of the fourth contract year, the qualifying incremental billing demand charge shall be reduced by 20% from the applicable tariff L.G.S. or I.G.S., demand charge, but shall not be less than the applicable tariff rate schedule minimum billing demand;

(e) For the twelve consecutive monthly billings of the fifth contract year, the qualifying incremental billing demand charge shall be reduced by 10% from the applicable tariff L.G.S. or I.G.S., demand charge, but shall not be less than the applicable tariff rate schedule minimum billing demand; and

(f) All subsequent monthly billings shall be at the full charges stated in the applicable tariff rate schedule for contract years six (6) through ten (10).

The starting point for the IBDD is dependent upon the length of contract: i.e., an eight (8) year contract will have four (4) years of discount and a maximum annual IBDD of 40% in one year. Similarly, a six (6) year contract will have three (3) years of discount and a maximum annual IBDD of 30% in one year.

Continued on Sheet 25-4 T

Tariff E.D.R. Continued
(Economic Development Rider)

T

Determination of Supplemental Billing Demand Discount

At the Company's discretion, a (SBDD) which is applicable to the monthly incremental billing demand charge is available to customers meeting all Availability of Service and Terms and Conditions above, and that create at least twenty five (25) new permanent job opportunities in the facility and that maintain those job opportunities in each discount year. The amount of additional discount is determined by the actual number of jobs maintained in each year. The order in which the SBDD is applied will follow the same order selected by the Customer for the IBDD contract. A sample illustration of the SBDD for a ten (10) year contract follows:

(a) For the twelve consecutive monthly billings of the first contract year, the qualifying incremental billing demand charge shall be reduced an additional 5% for an increase of at least 50 jobs or 2.5% for an increase of at least 25 jobs;

(b) For the twelve consecutive monthly billings of the second contract year, the qualifying incremental billing demand charge shall be reduced an additional 4.5% for an increase of at least 50 jobs or 2.0% for an increase of at least 25 jobs;

(c) For the twelve consecutive monthly billings of the third contract year, the qualifying incremental billing demand charge shall be reduced an additional 4% for an increase of at least 50 jobs or 1. 5% for an increase of at least 25 jobs;

(d) For the twelve consecutive monthly billings of the fourth contract year, the qualifying incremental billing demand charge shall be reduced an additional 3.5% for an increase of at least 50 jobs or 1. 0% for an increase of at least 25 jobs;

(e) For the twelve consecutive monthly billings of the fifth contract year, the qualifying incremental billing demand charge shall be reduced an additional 3% for an increase of at least 50 jobs or 0.5% for an increase of at least 25 jobs; and

(f) All subsequent monthly billings shall be at the full charges stated in the applicable tariff rate schedule for contract years six (6) through ten (10)

The length of the SBDD shall be identical to the length of the IBDD. The starting point for the discount will be commensurate with the contract length, i.e., an eight (8) year contract will have four (4) years of discount with a maximum SBDD of either 4.5% or 2.0% as appropriate during one year of the contract.

The appropriate discount(s) shall be applicable over a period of up to 60 consecutive billing months as selected by the Customer in 12-month increments at the time of the contract.

Terms of Contract

A contract or agreement addendum for service under this Rider, in addition to service under Tariffs L.G.S. or I.G.S., shall be executed by the Customer and the Company for the time period which includes the start-up period and the multi-year period during which a Total Demand Charge discount is in effect and an equal multi-year period during which the customer agrees to pay the full rates in the applicable Tariff rate schedule.

At a minimum, the contract or agreement addendum shall specify the Base Maximum Billing Demand, the anticipated annual total qualifying demand, the Adjustment Factor and related provisions to be applicable under this Rider, and the effective date for the contract addendum.

The customer may discontinue service under this Rider before the end of the contract or agreement addendum only by reimbursing the Company for any and all demand reductions received under this Rider when billed at the applicable tariff schedule rate.

Special Terms and Conditions

Except as otherwise provided in this Rider, written agreements shall remain subject to all of the provisions of the applicable tariffs. This Rider is subject to the Company's Terms and Conditions of Service.

D

Tariff R.E.A.
(Residential Energy Assistance)

Proceeds of the charge and a Company contribution that equals two times the amount collected from the per meter charge will be used to provide financial assistance to eligible residential customers' electric bills during peak heating months (January through April). T |

Applicable
To Tariffs R.S., R.S.D., R.S.-L.M.-T.O.D., R.S.-T.O.D., R.S.-T.O.D.2

Rate
$0.40 per month per residential account. I

Programs
Participation in the programs below will be determined by the residential customer's local community action agency in accordance with guidelines approved by the Commission and the availability of funds. Customer participation is limited to one program each calendar year.

Home Energy Assistance in Reduced Temperatures (HEART)
Participating low-income residential customers, whose primary source of heat is electric, are eligible to receive an electric bill credit of $115.00 a month for bills rendered in January through April.

Participating low-income residential customers, whose primary source of heat is non-electric, are eligible to receive an electric bill credit of $58.00 a month for bills rendered in January through April.

Temporary Heating Assistance in Winter (THAW)
Participating residential customers, who are experiencing temporary economic hardships, are eligible to receive electric bill credits totaling no more than $175.00 for bills rendered in January through April in any single calendar year.

Tariff K.E.D.S.
(Kentucky Economic Development Surcharge)

Proceeds of the surcharge and matching Company contributions will be used to fund economic development programs and activities as determined by the Company within the 20 counties comprising Kentucky Power's certified territory.

Applicable
To Tariffs G.S, S.G.S. – T.O.D., M.G.S. – T.O.D., L.G.S., L.G.S. – T.O.D., I.G.S., C.S. – I.R.P., M.W. D

Rate
$1.00 per month per commercial account.

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

Applicable
To Tariffs R.S., R.S.D., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D. 2, G.S., S.G.S.-T.O.D., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., I.G.S., C.S.-I.R.P., and M.W., D

Rate

1. The Demand-Side Management (DSM) clause shall provide for periodic adjustment per KWH of sales equal to the DSM costs per KWH by customer sector according to the following formula:

$$\text{(c) Adjustment Factor} = \frac{DSM}{S(c)}$$

   Where DSM is the cost by customer sector of demand-side management programs, net lost revenues, incentives, and any over/under recovery balances; (c) is customer sector; and S is the adjusted KWH sales by customer sector.

2. Demand-Side Management (DSM) costs shall be the most recent forecasted cost plus any over/under recovery balances recorded at the end of the previous period.

   a. Program costs are any costs the Company incurred associated with demand-side management which were approved by the Kentucky Power Company DSM Collaborative. Examples of costs to be included are contract services, allowances, promotion, expenses, evaluation, lease expense, etc. by customer sector.

   b. Net lost revenues are the calculated net lost revenues by customer sector resulting from the implementation of the DSM programs.

   c. Incentives are a shared-savings incentive plan consisting of one of the following elements: The efficiency incentive, which is defined as 15 percent of the estimated net savings associated with the programs. Estimated net savings are calculated based on the California Standard Practice Manual's definition of the Total Resources Cost (TRC) test, or the maximizing incentive which is defined as 5 percent of actual program expenditures if program savings cannot be measured.

   d. Over/ Under recovery balances are the total of the differences between the following:

      i. the actual program costs incurred versus the program costs recovered through DSM adjustment clause, and

      ii. the calculated net lost revenues realized versus the net lost revenues recovered through the DSM adjustment clause, and

      iii. the calculated incentive to be recovered versus the incentive recovered through the DSM adjustment clause.

3. Sales (S) shall be the total ultimate KWH sales by customer sector less non-metered, opt-out and lost revenue impact KWHs by customer sector.

4. The provisions of the Demand-Side Management Adjustment Clause will be effective for the period ending December 31, 2023.

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.

Continued on Sheet 28-2 T

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

Rate Continued T

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)	$479,489	$181,893	0
S(c)	1,943,627,965	1,448,924,338	0
Adjustment Factor	$0.000247	$0.000126	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 T

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

Program: TEE – Targeted Energy Efficiency

Availability of Service
Available on a voluntary basis to individual residential customers receiving retail electric service from the Company, who have primary electric heat and use an average of 700 kWh per month. Residential customers without primary electric heating may also be eligible for limited efficiency measures if they have electric water heating and use an average of 700 kWh per month from November through March. To qualify, the household's income cannot exceed the designated poverty guidelines as administered by the local community action agency.

Program Description
The Kentucky Power Targeted Energy Efficiency Program (TEE) provides weatherization and energy efficiency services to qualifying residential customers who need help reducing their energy bills. The Company provides funding for this program through the Kentucky Community Action network of not-for-profit community action agencies. The program funding and service is supplemental to the Weatherization Assistance Programs offered by the local community action agency. This program provides energy saving improvements to an existing home. Program services include residential energy audits, the installation of home weatherization/energy conservation items and customer education on home energy efficiency. The home weatherization/energy conservation measures may include, but not limited to:

- High efficiency lighting
- Domestic hot water pipe insulation
- Water heater insulation wrap (electric DHW only)
- Low flow showerhead
- Low flow faucet aerator
- Air and duct sealing (electric heat only)
- Insulation (electric heat only)
- Efficient windows and doors
- Air source heat pump

Rate
No rate applies for this program.

Equipment
The Kentucky Community Action network of not-for-profit community action agencies will furnish and install, in the customer's presence, the equipment as provided by this program.

Tariff S.S.C.
(System Sales Clause)

Applicable
To Tariffs R.S., R.S.D., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, G.S., S.G.S.-T.O.D., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., I.G.S., C.S.- I.R.P., M.W., O.L. and S.L. D

Rate

1. When the annual net revenues from system sales are above or below the annual base net revenues from system sales, as provided in paragraph 2 below, an additional credit or charge equal to the product of the KWHs and a system sales adjustment factor (A) shall be made, where “A”, calculated to the nearest 0.0001 mill per kilowatt-hour, is defined as set forth below.

   Annual System Sales Adjustment Factor (A) = (1.0 [Ta –Tb+U/a])/Sa

   In the above formula “T” is Kentucky Power Company’s (KPCo) annual net revenues from system sales in the current annual (a), base (b) periods, and “S” is the KWH sales in the current annual (a) period, all defined below. “U/a” represents any under-or-over recovery from the prior period.

   The applicable rate for service rendered on and after September 28, 2021, calculated in accordance with the above formula, is $(.00066) per kWh.

2. The net revenue from KPCo’s sales to non-associated companies as reported in the FERC Energy Regulatory Commission’s Uniform System of Accounts under Account 447, Sales for Resale, shall consist of and be derived as follows:

   a. KPCo’s total revenues from system sales as recorded in Account 447, less b. and c. below.

   b. KPCo’s total out-of-pocket costs incurred in supplying the power and energy for the sales in a. above.

      The out-of-pocket costs include all operating, maintenance, tax, transmission losses and other expenses that would not have been incurred if the power and energy had not been supplied for such sales, including demand and energy charges for power and energy supplied by Third Parties.

   c. KPCo’s environmental costs allocated to non-associated utilities in the Company’s Environmental Surcharge Report.

3. The base annual net revenues from system sales are: $ 1,935,350 R

4. Sales (S) shall be equated to the sum of (a) generation (including energy produced by generating plant during the construction period), (b) purchase, and (c) interchange-in, less (d) energy associated with pumped storage operations, less (e) inter-system sales and less (f) total system losses.

5. The system sales adjustment factor shall be based upon actual annual revenues and costs for system sales, subject to subsequent adjustment upon final determination of actual revenues and costs.

6. The annual System Sales Clause shall be filed with the Commission no later than August 15th of each year before it is scheduled to go into effect on Cycle 1 of the October billing cycle. The Company shall update the Annual System Sales Adjustment Factor for the period ending June 30, 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.

7. 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. D

Tariff F.A.C.
(Fuel Adjustment Clause)

Applicable
To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., R.S.-T.O.D. 2, R.S.D., G.S., S.G.S.-T.O.D., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., I.G.S., C.S.-I.R.P., M.W., O.L., and S.L. D

Rate

1. The fuel clause shall provide for periodic adjustment per kWh of sales equal to the difference between the fuel costs per kWh of sales in the base period and in the current period according to the following formula:

$$\text{Adjustment Factor} = \frac{F(m)}{S(m)} - \frac{F(b)}{S(b)}$$

   Where F is the expense of fossil fuel in the base (b) and current (m) periods; and S is sales in the base (b) and current (m) periods, all as defined below:

2. F(b)/S(b) shall be so determined that on the effective date of the Commission's approval of the utility's application of the formula, the resultant adjustment will be equal to zero (0).

3. Fuel costs (F) shall be the most recent actual monthly cost of:

   a. Fossil fuel consumed in the utility's own plants, and the utility's share of fossil and nuclear fuel consumed in jointly owned or leased plants, plus the cost of fuel which would have been used in plants suffering forced generation or transmission outages, but less the cost of the fuel related substitute generation, plus

   b. The actual identifiable fossil and nuclear fuel costs [if not known--the month used to calculate fuel (F), shall be deemed to be the same as the actual unit cost of the Company generation in the month said calculations are made. When actual costs become known, the difference, if any, between fuel costs (F) as calculated using such actual unit costs and the fuel costs (F) used in that month shall be accounted for in the current month's calculation of fuel costs (F)] associated with energy purchased for reasons other than identified in paragraph (c) below, but excluding the cost of fuel related to purchases to substitute the forced outages, plus

   c. The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein may be such costs as the charges for economy energy purchases, the charges as a result of scheduled outage, and other charges for energy being purchased by the Company to substitute for its own higher cost of energy; and less

   d. The cost of fossil fuel recovered through intersystem sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.

   e. The fuel-related costs charged to the Company by PJM Interconnection LLC those costs identified in the following Billing Line Items, as may be amended from time to time by PJM Interconnection LLC: Billing Line Items 1210, 2210, 1215, 1218, 2217, 2218, 1230, 1250, 1260, 2260, 1370, 2370, 1375, 2375, 1400, 1410, 1420, 1430, 1478, 1340, 2340, 1460, 1350, 2350, 1360, 2360, 1470, 1377, 2377, 1480, 1378, 2378, 1490, 1500, 2420, 2220, 1200, 1205, 1220, 1225, 2500, 2510, 1930, 2211, 2215, 2415 and 2930.

   f. All fuel costs shall be based on weighted average inventory costing.

   g. All Commission approved financial power hedging program-related contract settlements, and related contract costs. N

Continued on Sheet 30-2 T

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Tariff F.A.C. Continued
(Fuel Adjustment Clause)

T

Rate Continued

T

4. Forced outages are all nonscheduled losses of generation or transmission which require substitute power for a continuous period in excess of six (6) hours. Where forced outages are not as a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection or acts of the public enemy, then the utility may, upon proper showing, with the approval of the Commission, include the fuel costs of substitute energy in the adjustment. Until such approval is obtained, in making the calculations of fuel costs (F) in subsection (3)(a) and (b) above, the forced outage costs to be subtracted shall be no less than the fuel cost related to the lost generation.

5. Sales (S) shall be all kWh's sold, excluding intersystem sales. If, for any reason billed system sales cannot be coordinated with the fuel costs for the billing period, sales may be equated to: (i) generation, plus (ii) purchases, plus (iii) interchange in, less (iv) energy associated with pumped storage operations, less (v) intersystem sales referred to in subsection (3)(d) above, less (vi) total system losses. Utility used energy shall not be excluded in the determination of sales (S).

6. The cost of fossil fuel shall only include the cost of the fuel itself and necessary charges for transportation of the fuel from the point of acquisition to the unloading point, as listed in Account 151 of FERC Uniform System of Accounts for Public Utilities and Licensees, less any cash or other discounts.

7. At the time the fuel clause is initially filed, the utility shall submit copies of each fossil fuel purchase contract not otherwise on file with the Commission and all other agreements, options, amendments, modifications, and similar documents related to the procurement of fuel supply or purchased power. Any changes in the contracts or other documents, including price escalations, and any new agreements entered into after the initial submission, shall be submitted at the time they are entered into. If fuel is purchased from utility-owned or controlled sources, or the contract contains a price escalation clause, those facts shall be noted and the utility shall explain and justify them in writing. Fuel charges, which are unreasonable, shall be disallowed and may result in the suspension of the fuel adjustment clause based on the severity of the utility's unreasonable fuel charges and any history of unreasonable fuel charges. The Commission on its own motion may investigate any aspect of fuel purchasing activities covered by 807 KAR 5:056 (Fuel Adjustment Clause).

8. The monthly fuel adjustment shall be filed with the Commission no later than ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustment.

9. Copies of all documents required to be filed with the Commission under 807 KAR 5:056 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.

10. At six (6) month intervals, the Commission shall conduct a formal review and may conduct public hearings on a utility's past fuel adjustments. The Commission shall order a utility to charge off and amortize, by means of a temporary decrease of rates, any adjustments the Commission finds unjustified due to improper calculation or application of the charge or improper fuel procurement practice.

11. Every two (2) years following the initial effective date of each utility's fuel clause, the Commission shall conduct a formal review and evaluate past operations of the clause, disallow improper expenses, and to the extent appropriate, reestablish the fuel clause charge in accordance with Section 1 (2) of 807 KAR 5:056.

12. The Commission may conduct a public hearing if the Commission finds that a hearing is necessary for the protection of a substantial interest or is in the public interest.

13. Resulting cost per kilowatt-hour in February 2020 to be used as the base cost in Standard Fuel Adjustment Clause is:

Fuel	February 2020	÷	$12,810,858	=	$0.02612/kWh
Sales	February 2020		490,482,730		

This, as used in the Fuel Adjustment Clause, is 2.612¢ per kilowatt-hour.

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Tariff P.P.A.
(Purchase Power Adjustment)

Applicable
To Tariffs R.S., R.S.D., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, G.S., S.G.S.-T.O.D., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., I.G.S., C.S. – I.R.P., M.W., O.L. and S.L. D

Rate
The annual purchase power adjustment factor will be computed using the following formula:

1. Annual Purchase Power Net Costs (PPANC)

PPANC = N+CSIRP+RKP+RP-BPP D

Where:

BPP = The annual amount of purchase power costs included in base rates, $6,554,678. R

a. N = The annual cost of power purchased by the Company through new Purchase Power Agreements and purchased power expense from avoided cost payments to net metering customers under tariff N.M.S.II above or below the $1,269,331 included in BPP. All new purchase power agreements shall be approved by the Commission to the extent required by KRS 278.300. NT
b. CSIRP = The net annual cost of any credits provided to customers under Tariff C.S.-I.R.P., Tariff D.R.S., Tariff V.C.S. and special contracts for interruptible service above or below the $1,165,983 included in BPP. I
c. RKP = Rockport related items includable in Tariff PPA pursuant to the Commission approved Settlement agreement in Case No. 2017-00179: DT
    1. Rockport deferral amount to be recovered;
    2. Rockport offset estimate and true-up.
    3. Final (over)/under recovery associated with tariff CC following its expiration
d. RP = The cost of fuel related to substitute generation less the cost of fuel which would have been used in plants suffering forced generation or transmission outages above or below the $4,119,364 included in BPP. I

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Tariff P.P.A. Continued
(Purchase Power Adjustment)

T

Rates

Tariff Class	$/kWh	$/kW
R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., and R.S.-T.O.D. 2, R.S.D.	$0.00353	--
S.G.S.-T.O.D.	$0.00288	--
M.G.S.-T.O.D.	$0.00288	--
G.S.	$0.00288	--
L.G.S., L.G.S.-T.O.D.	$0.00014	$0.82
L.G.S.-L.M.-T.O.D.	$0.00265	--
I.G.S. and C.S.-I.R.P.	$0.00014	$1.04
M.W.	$0.00199	--
O.L.	$0.00051	--
S.L.	$0.00051	--

The kWh factor as calculated above will be applied to all billing kilowatt-hours for those tariff classes listed above. The kW factor as calculated above will be applied to all on-peak and minimum billing demand kW for the LGS, LGS-T.O.D, IGS, and CS-I.R.P. tariff classes.

The Purchase Power Adjustment factors shall be modified annually using the following formula:

The Purchase Power Adjustment factors shall be determined as follows:

For all tariff classes without demand billing:

$$\text{kWh Factor} = \frac{PPA(E) \times (BE_{Class} / BE_{Total}) + PPA(D) \times (CP_{Class} / CP_{Total})}{BE_{Class}}$$

$$\text{kW Factor} = 0$$

For all tariff classes with demand billing:

$$\text{kWh Factor} = \frac{PPA(E) \times (BE_{Class} / BE_{Total})}{BE_{Class}}$$

$$\text{kW Factor} = \frac{PPA(D) \times (CP_{Class} / CP_{Total})}{BE_{Class}}$$

Continued on Sheet 31-3

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Tariff P.P.A. Continued
(Purchase Power Adjustment) T

Rates Continued T

Where:

1. "PPA(D)" is the actual annual retail PPA demand-related costs, plus any prior review period (over)/under recovery.

2. "PPA(E) is the actual annual retail PPA energy-related costs, plus any prior review period (over)/under recovery.

3. "BE $_{Class}$" is the historic annual retail jurisdictional billing kWh for each tariff class for the current year.

4. "BD $_{Class}$" is the historic annual retail jurisdictional billing kW for each applicable tariff class for the current year.

5. "CP $_{Class}$" is the coincident peak demand for each tariff class estimated as follows:

Tariff Class	BE_{Class}	CP/kWh Ratio	CP_{Class}	
R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., and R.S.-T.O.D. 2, R.S.D.		0.022970%		R
S.G.S.-T.O.D.		0.018187%		
M.G.S.-T.O.D.		0.018187%		
G.S.		0.018187%		
L.G.S., L.G.S.-T.O.D.		0.016146%		
L.G.S.-L.M.-T.O.D.		0.016146%		
I.G.S. and C.S.-I.R.P.		0.011832%		
M.W.		0.012350%		
O.L.		0.005294%		I
S.L.		0.005375%		I

6. "BE $_{Total}$" is the sum of the BE Class for all tariff classes.

7. "CP $_{Total}$" is the sum of the CP Class for all tariff classes.

8. The factors as computed above are calculated to allow the recovery of Uncollectible Accounts Expense of 0.40% and the KPSC Maintenance Fee of 0.1493% and other similar revenue based taxes or assessments occasioned by the Purchase Power Adjustment Rider revenues. R R

9. The annual PPA factors shall be filed with the Commission by August 15 of each year, with rates to begin with the October billing period, along with all necessary supporting data to justify the amount of the adjustments, which shall include data and information as may be required by the Commission.

   Copies of all documents required to be filed with the Commission 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.

Tariff E.S.
(Environmental Surcharge)

Applicable
To Tariffs R.S., R.S.D., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D. 2, G.S., S.G.S.-T.O.D., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., I.G.S., C.S.- I.R.P., M.W., O.L., and S.L. D

Rate
The environmental surcharge shall provide for monthly adjustments based on a percent of revenues, equal to the difference between the environmental compliance costs in the base period as provided in Paragraph 2 below and in the current period as provided in Paragraph 3 below.

The retail share of the revenue requirement will be allocated between residential and non-residential retail customers based upon their respective total revenues during the previous calendar year. The Environmental Surcharge will be implemented as a percentage of total revenues for the residential class and as a percentage of non-fuel revenues for all other customers.

The revenues to which the residential Environmental Surcharge factor are applied is the sum of the customer's Service Charge, Energy Charge(s), Fuel Adjustment Clause, System Sales Clause, Demand-Side Management Adjustment Clause, Federal Tax Change, Residential Energy Assistance, Purchase Power Adjustment, and Distribution Reliability Rider. TDN

The revenues to which the all other customer Environmental Surcharge factor are applied is the sum of the customer's Service Charge, Demand Charge, Energy Charge(s) less Base Fuel, Minimum Charge, Reactive Charge, System Sales Clause, Demand-Side Management Adjustment Clause, Federal Tax Change, Kentucky Economic Development Surcharge, Purchase Power Adjustment, and Distribution Reliability Rider. TD N

1. Monthly Environmental Surcharge Gross Revenue Requirement, E(m)

Where:	E(m)	=	CRR-BRR
	CRR	=	Current Period Revenue Requirement for the Expense Month.
	BRR	=	Base Period Revenue Requirement.

2. Base Period Revenue Requirement, BRR

BRR = The Following Monthly Amounts:

Billing Month		Base Net Environmental Costs
January	$	3,022,418
February		2,558,332
March		2,621,611
April		2,519,828
May		2,514,284
June		2,644,974
July		2,594,563
August		2,741,097
September		2,508,995
October		2,376,639
November		2,423,992
December	$	2,597,739
	$	31,124,472

R

In accordance with the Stipulation and Settlement Agreement approved by the Commission by its Order dated October 7, 2013 in Case No. 2012-00578, the Mitchell FGD and all related associated costs are not included in base rates or the Base Revenue Requirement but will be included in the Current Period Revenue Requirement. The Mitchell FGD will be excluded from Base Rates at least until June 30, 2020. T

Continued on Sheet 32-2

Tariff E.S. Continued
(Environmental Surcharge) T

3. Current Period Revenue Requirement, CRR
$CRR=[((RB_{KP(c)})(ROR_{KP(c)})/12) + OE_{KP(c)} - AS]$ D

Where:

$RB_{KP(c)}$ = Environmental Compliance Rate Base for Mitchell.

$ROR_{KP(c)}$ = Annual Rate of Return on Mitchell Environmental Compliance Rate Base; Annual Rate divided by 12 to restate to a Monthly Rate of Return.

$OE_{KP(c)}$ = Monthly Pollution Control Operating Expenses for Mitchell.

D

AS = Net proceeds from the sale of Title IV and CSAPR SO 2 emission allowances, ERCs, and NOx emission allowances, reflected in the month of receipt.

"KP(C)" identifies components from Mitchell Units – Current Period. D

The Environmental Compliance Rate Base for Kentucky Power reflects the current cost associated with the 1997 Plan, the 2003 Plan, the 2005 Plan, the 2007 Plan, the 2015 Plan, the 2017 Plan, the 2019 Plan, and the 2021 Plan. The Environmental Compliance Rate Base for Kentucky Power should also include construction work in progress until assets are placed in service. The Operating Expenses for Kentucky Power reflects the current operating expenses associated with the 1997 Plan, the 2003 Plan, the 2005 Plan, the 2007 Plan, the 2015 Plan, the 2017 Plan, the 2019 Plan, and the 2021 Plan. D D

The Rate of Return for Kentucky Power is 9.65% rate of return on equity as authorized by the Commission in its Order Dated XXXX XX, 20XX, Case No. 2023-00159. I D

Net Proceeds from the sale of emission allowances and ERCs that reflect net gains will be a reduction to the Current Period Revenue Requirement, while net losses will be an increase.

The Current Period Revenue Requirement will reflect the balances and expenses as of the Expense Month of the filing.

Continued on Sheet 32-3 T

DATE OF ISSUE: XXXX XX, XXXX
DATE EFFECTIVE: January 15, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

Tariff E.S. Continued
(Environmental Surcharge)

T

4. Revenue Allocation

Residential Allocation RA(m) = $\frac{\text{KY Residential Retail Revenue RR(b)}}{\text{KY Retail Revenue R(b)}}$

All Other Allocation OA(m) = $\frac{\text{KY All Other Classes Retail Revenue OR(b)}}{\text{KY Retail Revenue R(b)}}$

Where:

(m) = the expense month.
(b) = the most recent calendar year revenues

5. Environmental Surcharge Factor

Residential Monthly Environmental Surcharge Factor $\frac{\text{Net KY Retail E(m)} \;\;*\;\; \text{RA(m)}}{\text{KY RR(m)}}$

All Other Monthly Environmental Surcharge Factor $\frac{\text{Net KY Retail E(m)} \;\;*\;\; \text{AO(m)}}{\text{KY OR(m)- KY OF(m)}}$

Where:

Net KY Retail E(m) = Monthly E(m) allocated to Kentucky Retail Customers, net of Over/(Under) Recovery Adjustment; Allocation based on Percentage of Kentucky Retail Revenues to Total Company Revenues in the Expense Month.

(For purposes of this formula, Total Company Revenues do not include Non-Physical Revenues.)

RR(m) = Average Kentucky Residential Retail Revenues for the Preceding Twelve Month Period

OR(m) = Average Kentucky All Other Classes Retail Revenues for the Preceding Twelve Month Period

OF(m) = Average Kentucky All Other Classes Fuel Revenues for the Preceding Twelve Month Period.

Continued on Sheet 32-4 T

Tariff E.S. Continued
(Environmental Surcharge)

T

6. Environmental costs "E" shall be the Company's costs of compliance with the Clean Air Act and those environmental requirements that apply to coal combustion wastes and by-products, as follows:

Total Company:

- return on Title IV and CSAPR SO_2 allowance inventory
- over/under recovery balances between the actual costs incurred less the amount collected through the environmental surcharge
- costs associated with any Commission's consultant approved by the Commission
- costs associated with the consumption of Title IV and CSAPR SO_2 allowances
- costs associated with the consumption of NO_x allowances
- return on NO_x allowance inventory
- costs associated with maintaining approved pollution control equipment including material and contract labor (excluding plant labor)
- costs associated with consumables used in conjunction with approved environmental projects.
- return on inventories of consumables used in conjunction with approved environmental projects.
- return on environmental compliance rate base including construction work in progress.
- Monthly expense to amortize the $1,446,998.35 regulatory asset for prudently incurred ELG (Effluent Limitation Guidelines) project costs over a two-year period to begin with July 2022 billing and conclude with June 2024 billing.

D

The Company's share of costs associated with the following environmental equipment at the Mitchell Plant:

- Mitchell Unit Nos 1 and 2 Water Injection, Low NO_x burners, Low NO_x burner Modification, SCR, FGD, Landfill, Coal Blending Facilities and SO_3 Mitigation
- Mitchell Plant Common CEMS, Replace Burner Barrier Valves and Gypsum Material Handling Facilities
- Air Emission Fees
- Precipitator Modifications and Upgrades
- Coal Combustion Waste Landfill
- Bottom Ash and Fly Ash Handling
- Mercury Monitoring (MATS)
- Dry Fly Ash Handling Conversion
- Wastewater Ponds (for the Mitchell CCR compliance project) with depreciation expense calculated using a 20 percent depreciation rate approved by the Commission's July 15, 2021 and May 3, 2022 Orders in Case No. 2021-00004.

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

D

Decommissioning Rider
(D.R.)

Applicable
To Tariffs R.S., R.S.D., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, G.S., S.G.S.-T.O.D., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., I.G.S., C.S.- I.R.P., M.W., O.L., and S.L.. D

Rate

1. Pursuant to the final order of the Kentucky Public Service Commission in Case No. 2012-00578 and the Stipulation and Settlement Agreement dated July 2, 2013 as filed and approved by the Commission, Kentucky Power Company is to recover from retail ratepayers the coal-related retirement costs of Big Sandy Unit 1, the retirement costs of Big Sandy Unit 2 and other site-related retirement costs that will not continue in use on a levelized basis, including a weighted average cost of capital (WACC) as set in the Company's most recent Rate Case carrying cost over a 25 year period beginning with the date rates became effective in Case No. 2014-00396. The term "Retirement Costs" are defined as and shall include the net book value, materials and supplies that cannot be used economically at other plants owned by Kentucky Power, and removal costs and salvage credits, net of related ADIT. Related ADIT shall include the tax benefits from tax abandonment losses.

   The applicable rates for service rendered on and after September 28, 2022 to be applied to the revenues described in paragraph 5 of this tariff are:

   $$\text{Residential Adjustment Factor} = \frac{\$12{,}203{,}475}{\$260{,}106{,}760} = 4.6917\%$$

   $$\text{All Other Classes Adjustment Factor} = \frac{\$14{,}511{,}306}{\$183{,}145{,}514} = 7.9234\%$$

2. The allocation of the actual revenue requirement (ARR) between residential and all other customers shall be based upon their respective contribution to total retail revenues for the most recent twelve month period, ending June 30 according to the following formula:

   $$\text{Residential Allocation RA(y)} = \text{ARR(y)} \times \frac{\text{KY Residential Retail Revenue RR(b)}}{\text{KY Retail Revenue R(b)}}$$

   $$\text{All Other Allocation OA(y)} = \text{ARR(y)} \times \frac{\text{KY All Other Classes Retail Revenue OR(b)}}{\text{KY Retail Revenue R(b)}}$$

   Where:

   (y) = the expense year;
   (b) = Most recent available twelve month period ended June 30.

Continued on Sheet 33-2 T

Decommissioning Rider Continued

T

3. The Residential D.R. Adjustment shall provide for annual adjustments based on a percent of total revenues, according to the following formula:

$$\text{Residential D.R. Adjustment Factor} = \frac{\text{Net Annual Residential Allocation NRA(y)}}{\text{Residential Retail Revenue RR(b)}}$$

Where:

Net Annual Residential Allocation NRA(b)	=	Annual Residential Allocation RA(y), net of Over/(Under) Recovery Adjustment;
Residential Retail Revenue RR(b)	=	Annual Retail Revenue for all KY residential classes for the year (b).

4. The All Other Classes D.R. Adjustment shall provide for annual adjustments based on a percent of non-fuel revenues, according to the following formula:

$$\text{All Other Classes D.R. Adjustment Factor} = \frac{\text{Net Annual All Other Allocation NOA(y)}}{\text{All Other Classes Non-Fuel Retail Revenue ONR(b)}}$$

Where:

Net Annual All Other Allocation NOA(y)	=	Annual All Other Allocation OA(y), net of Over/(Under) Recovery Adjustment;
All Other Classes Non-Fuel Retail Revenue ONR(b)	=	Annual Non-Fuel Retail Revenue for all classes other than residential for the year (b).

5. The Revenues to which the residential Decommissioning Rider factor are applied is the sum of the customer's Service Charge, Energy Charge(s), Fuel Adjustment Clause, System Sales Clause, Demand-Side Management Adjustment Clause, Federal Tax Change, Residential Energy Assistance, Purchase Power Adjustment, and Distribution Reliability Rider. TDN

   The Revenues to which the all other customer Decommissioning Rider factor are applied is the sum of the customer's Service Charge, Demand Charge, Energy Charge(s) less Base Fuel, Minimum Charge, Reactive Charge, System Sales Clause, Demand-Side Management Adjustment Clause, Federal Tax Change, Kentucky Economic Development Surcharge, Purchase Power Adjustment, and Distribution Reliability Rider. T DN

6. The annual Decommissioning Rider adjustments shall be filed with the Commission no later than August 15th of each year before it is scheduled to go into effect on Cycle 1 of the October billing cycle, 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.

7. Copies of all documents required to be filed with the Commission 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.

N

Distribution Reliability Rider
(D.R.R.)

Applicable
To Tariffs R.S., R.S.D., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, G.S. Secondary and Primary, S.G.S.-T.O.D., M.G.S.-T.O.D., L.G.S. Secondary and Primary, L.G.S.-T.O.D. Secondary and Primary, I.G.S. Secondary and Primary, C.S. – I.R.P. Secondary and Primary, and M.W.

Rate
The Distribution Reliability Rider will apply to all customers served at secondary and primary voltages excluding customers receiving service under Tariffs O.L. and S.L. The Annual Distribution Reliability Net Costs to be recovered through this rider will be capped at 1% of the prior year's total retail revenue. The Annual Distribution Reliability Net Costs to be recovered through this rider will be calculated on a per bill basis using the following formula:

1. Annual Distribution Reliability Net Costs (ADRNC)

   ADRNC = ERW + ATL + DACRR + ANDSS + ARSHR + Rollover

   Where:

   a. ERW = targeted widening of primary distribution circuits.

   b. ATL = the cost of constructing primary lines to tie two circuits together to permit electrical load to be transferred.

   c. DACRR = the costs of installing automation equipment to allow for the isolation of a fault and reconfiguration of the circuit to close other devices to re-energize the non-impacted areas of original circuit impacted by the initial fault and the recloser devices upgrade from three-phase to single-phase to allow for future DACR implementation, closure via electronics, event recordings and power quality investigations, and more precise coordination with other devices.

   d. ANDSS = the costs of new distribution substations in remote areas with associated transmission lines in and out to reduce the number of radial distribution circuits and reduce outage times.

   e. ARSHR = the costs of targeted facilities projects to renew and improve cable, conductor, hardware, and equipment to reduce feeder-level outages.

   f. Rollover = Unspent ADRNC amounts from prior years.

   g. Subparts a through f include the capital expenditure and operations and maintenance to support that capital to enhance customer reliability.

2. Pursuant to the final order of the Kentucky Public Service Commission in Case No. 2021-00159 dated ________ as filed and approved by the Commission, Kentucky Power Company is to recover from its retail customers the costs associated with the Distribution Reliability Work Plan including vegetation management and other targeted investments to maintain and improve reliability.

3. The allocation of the ADRNC between residential and all other customers shall be based upon their respective contribution to total non-fuel retail revenues for the most recent twelve-month period, ending December 31 according to the following formula:

Continued on Sheet 34-2

N

Distribution Reliability Rider Continued
(D.R.R.)

$$\text{Residential Allocation(y)} = \frac{\text{KY Residential Retail Revenue RR(b)}}{\text{KY Retail Revenue R(b)}}$$

$$\text{All Other Classes Allocation(y)} = \frac{\text{KY All Other Classes Non-Fuel Retail Revenue OR(b)}}{\text{KY Retail Revenue R(b)}}$$

Where:

(y)	=	the expense year;
(b)	=	most recent available twelve month period ended December 31;
RR	=	$XXX;
OR	=	$XXX; and
R	=	$XXX.

4. The rate will be calculated according to the following formula:

$$\text{Residential Factor} = \frac{\text{Residential Allocation x ADRNC}}{\text{Number of Residential Bills}}$$

$$\text{All Other Classes Factor} = \frac{\text{All Other Classes Allocation x ADRNC}}{\text{Number of All Other Classes Bills}}$$

5. The applicable rates for service rendered on and after _________, calculated in accordance with the above, is:

$$\text{Residential Factor} = \frac{\$XXX}{XXX} = \$X\text{/bill}$$

$$\text{All Other Classes Factor} = \frac{\$XXX}{XXX} = \$X\text{/bill}$$

All Other Classes excludes Tariffs O.L. and S.L. and all customers receiving service at subtransmission and transmission voltage levels.

6. Beginning in 2024, the Company will file its annual DRR Work Plan for review, and for approval if material modifications are proposed, by the Commission by September 1 of the year preceding the start of the proposed DRR Work Plan. The September 1 filing also will include a progress update on current-year DRR projects

7. The annual Distribution Reliability Rider adjustments shall be filed with the Commission no later than February 15th of each year before it is scheduled to go into effect Cycle 1 of April billing, 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. The filing also will include a summary of DRR projects completed in the previous year (beginning with the February 15, 2025 filing) and a progress update on current-year projects.

8. Copies of all documents required to be filed with the Commission 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.

Securitization Financing Rider
(S.F.R.)

N

Applicable
To Tariffs R.S., R.S.D., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, G.S., S.G.S.-T.O.D., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., I.G.S., C.S.- I.R.P., M.W., O.L., and S.L..

Rate

1. Pursuant to the final order of the Kentucky Public Service Commission in Case No. 2023-00159, Kentucky Power Company is to recover from retail ratepayers the costs approved for securitization by the Commission.

   This rider is designed to recover from customers the amounts necessary to service, repay and administer customer-backed bonds associated with the approved securitized costs pursuant to the terms of the financing order of the Kentucky Public Service Commission in Case No. 202#-#####.

   This rider shall remain in effect until the complete repayment and retirement of any customer-backed bonds, or refunding bonds, associated with the approved securitized costs. This schedule is irrevocable and nonbypassable for the full term during which it applies.

   The applicable rates for service rendered on and after XXXXXXXXX ##, 202# to be applied to the revenues described in paragraph 5 of this tariff are:

$$\text{Residential Adjustment Factor} = \frac{\$X}{\$X} = X.X\%$$

$$\text{All Other Classes Adjustment Factor} = \frac{\$X}{\$X} = X.X\%$$

2. The allocation of the actual revenue requirement (ARR) between residential and all other customers shall be based upon their respective contribution to total retail revenues for the most recent twelve-month period ending December 31 or June 30, according to the following formula:

$$\text{Residential Allocation RA(y)} = \text{ARR(y)} \times \frac{\text{KY Residential Retail Revenue RR(b)}}{\text{KY Retail Revenue R(b)}}$$

$$\text{All Other Allocation OA(y)} = \text{ARR(y)} \times \frac{\text{KY All Other Classes Retail Revenue OR(b)}}{\text{KY Retail Revenue R(b)}}$$

   Where:

   (y) = the expense year;
   (b) = Most recent available twelve month period ended December 31 or June 30.

Continued on Sheet 35-2

DATE OF ISSUE: XXXX XX, XXXX
DATE EFFECTIVE: January 15, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

Securitization Financing Rider Continued
(S.F.R.)

N

3. The Residential S.F.R. Adjustment shall provide for annual adjustments based on a percent of total revenues, according to the following formula:

$$\text{Residential S.F.R. Adjustment Factor} = \frac{\text{Net Annual Residential Allocation NRA(y)}}{\text{Residential Retail Revenue RR(b)}}$$

Where:

Net Annual Residential Allocation NRA(y)	=	Annual Residential Allocation RA(y), net of Over/(Under) Recovery Adjustment;
Residential Retail Revenue RR(b)	=	Annual Retail Revenue for all KY residential classes for the year (b).

4. The All Other Classes S.F.R. Adjustment shall provide for annual adjustments based on a percent of non-fuel revenues, according to the following formula:

$$\text{All Other Classes S.F.R. Adjustment Factor} = \frac{\text{Net Annual All Other Allocation NOA(y)}}{\text{All Other Classes Non-Fuel Retail Revenue ONR(b)}}$$

Where:

Net Annual All Other Allocation NOA(y)	=	Annual All Other Allocation OA(y), net of Over/(Under) Recovery Adjustment;
All Other Classes Non-Fuel Retail Revenue ONR(b)	=	Annual Non-Fuel Retail Revenue for all classes other than residential for the year (b).

5. The Revenues to which the residential Securitization Financing Rider factor are applied is the sum of the customer's Service Charge, Demand Charge, Energy Charge(s), Fuel Adjustment Clause, System Sales Clause, Demand-Side Management Adjustment Clause, Federal Tax Change, Residential Energy Assistance, Purchase Power Adjustment and Distribution Reliability Rider.

   The Revenues to which the all other customer Securitization Financing Rider factor are applied is the sum of the customer's Service Charge, Demand Charge, Energy Charge(s) less Base Fuel, Minimum Charge, Reactive Charge, System Sales Clause, Demand-Side Management Adjustment Clause, Federal Tax Change, Kentucky Economic Development Surcharge, Purchase Power Adjustment and Distribution Reliability Rider.

6. The initial Securitization Financing Rider rates shall be file on the day following the pricing of the bonds and shall become effective the first billing cycle following the closing of the bonds. All subsequent Rider rate adjustments shall be semi-annual (every six months).

   The semi-annual Securitization Financing Rider adjustments shall be filed with the Commission no later than February 15 and August 15th of each year before it is scheduled to go into effect on Cycle 1 of the April and October billing cycles, respectively, 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.

   Interim Securitization Financing Rider adjustments may be filed with the Commission outside of the standard semi-annual timeframe in order to correct for over- or under-collection to be submitted no later than 10 days before the rate is to be effective.

   Quarterly true-ups will begin 12 months prior to the scheduled final payment date for the latest maturing tranche of securitized bonds of a particular series

7. Copies of all documents required to be filed with the Commission 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.

Federal Tax Change Tariff (F.T.C.) T

Applicable
To Tariffs R.S., R.S.D., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, G.S., S.G.S.-T.O.D., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., I.G.S., C.S.- I.R.P., M.W., O.L., and S.L. D

Rate

1. Pursuant to the final order of the Kentucky Public Service Commission in Case No. 2023-00159, Kentucky Power Company is to credit to retail ratepayers the approved annual amount of excess accumulated deferred federal income taxes (ADIT) beginning January XX, 2024. T D

2. The Company shall amortize the calendar year retail Generation and Distribution related Protected Excess ADIT of $1,678,164 to support the rate credits provided to customers through this tariff. D D

3. Subject to Commission approval of the Company's application for a financing order authorizing the Company to securitize the Rockport Deferral Regulatory Asset, Tariff P.P.A. Under-Recovery Regulatory Asset, and Storm Expense Deferral Regulatory Assets identified in the Company's Application in 2023-00159 (collectively, the "Non-Decommissioning Rider Regulatory Assets"), and subject to the Company's issuance of securitized bonds that include the Non-Decommissioning Rider Regulatory Assets, the Company shall provide customers with the ADIT benefit related to Non-Decommissioning Rider Regulatory Assets approved for securitization through this tariff, at its Commission-approved WACC. The ADIT benefit described in this paragraph will be annually trued-up to address over/(under) recovery pursuant to the procedure described in paragraph 7 of this tariff. N

4. The Company shall include a final reconciliation of the retail Generation and Distribution related Unprotected Excess ADIT as part of the over or under-recovery computation in the October 2024 Federal Tax Change Tariff adjustment filing.

5. The applicable rates on a kWh basis are as follows: T D

Residential ($/kWh)	All Other ($/kWh)
$(0.00062)	$(0.00043)

DNN
D

6. The allocation of the Annual Revenue Requirement (ARR) which consists of the retail Generation and Distribution related Protected Excess ADIT, the ADIT benefits related to the securitized Non-Decommissioning Rider Regulatory Assets and any over or under-recovery based upon actual information for prior periods between residential and all other customers shall be based upon their respective contribution to total retail revenues, according to the following formula: TN

$$\text{Residential Allocation } RA(y) = AC(y) \times \frac{\text{KY Residential Retail Revenue RR}}{\text{KY Retail Revenue R}}$$

$$\text{All Other Allocation } OA(y) = AC(y) \times \frac{\text{KY All Other Classes Retail Revenue OR}}{\text{KY Retail Revenue R}}$$

Where:
(y) = the credit year;
RR = $301,523,011; I
OR = $392,479,515; and I
R = $694,002,526. I

7. The annual Federal Tax Change Tariff adjustments shall be filed with the Commission no later than October 15th of each year before it is scheduled to go into effect on Cycle 1 of the December billing cycle, 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. N

8. Copies of all documents required to be filed with the Commission 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.

DATE OF ISSUE: XXXX XX, XXXX
DATE EFFECTIVE: January 15, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated XXXX XX, XXXX

Tariff C.F.F. T
(City's Franchise Fee) T

Availability of Service

Where a city or town within Kentucky Power's service territory requires the Company to pay a percentage of revenues from certain customer classifications collected within such city or town for the right to erect the Company's poles, conductors, or other apparatus along, over, under, or across such city's or town's streets, alleys, or public grounds, the Company shall increase the rates and charges to such customer classifications within such city or town by a like percentage. The aforesaid charge shall be separately stated and identified on each affected customer's bill.

U.G.R.T.
(Utility Gross Receipts Tax)
(School Tax)

Applicable
To all Tariff Schedules.

Rate
This tariff schedule is applied as a rate increase pursuant to KRS 160.617 to all other tariff schedules for the recovery by the utility of the utility gross receipts license tax imposed by the applicable school district pursuant to KRS 160.613 with respect to the customer's bill. The current utility gross receipts license tax for school imposed by a school district may not exceed 3%. The utility gross receipts license tax shall appear on the customer's bill as a separate line item.

K.S.T.
(Kentucky Sales Tax)

Applicable
To all Tariff Schedules.

Rate
This tariff schedule is applied as a rate increase to all other applicable tariff schedules for the recovery by the utility pursuant to KRS 139.210 of the Kentucky Sales Tax imposed by KRS 139.200 for all customers not exempted by KRS 139.470(7). For any other exempt customers, an exemption certification must be received and on file with the Company. The Kentucky Sales Tax rate is currently imposed by the Commonwealth of Kentucky at the rate of 6%. The Kentucky Sales Tax shall appear on the customer's bill as a separate line item.

Sales of electricity under Tariff R.S. are exempt from sales tax only if the service is to the customer's place of domicile as defined by KRS 139.470(7)(b). Kentucky Power may retroactively charge a customer, under the parameters of KRS 278.225, for all applicable sales tax the Department of Revenue determines is due for service that is not exempt. It is the customer's responsibility to file all necessary documentation, including Form 51A380 (1-23), when notified by the Company, establishing the customer's place of domicile. In such a case, any exemption will become effective with the customer's first full billing cycle after the customer's delivery of a properly executed Form 51A380 (1-23).

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00159 DATED JAN 19 2024

Line		AG-KIUC	Settlement	Ammended Settlement
1	**Company's Filed Position**	**93.936**	**93.936**	**93.936**
2	Rate Base			
3	Adjust NOL ADIT	(3.464)	(3.464)	(3.464)
4	Adjust Deficient NOL ADIT	(0.860)	(0.860)	(0.860)
5	Subtract Regulatory Asset ADIT to be Securitized	(3.132)	-	-
6	Update Cash Working Capital to Reflect Sale of Receivables	(6.728)	(6.728)	(6.728)
7	Remove Prepaid Pension and Prepaid OPEB from Rate Base, Net of ADIT	(3.429)	(2.709)	(2.709)
8	Remove Accounts Payables Balances from CWIP in Rate Base	(0.822)	(0.822)	(0.822)
9	Remove Accounts Payable Balances from Prepayments in Rate Base	(0.006)	(0.006)	(0.006)
10	Normalize CAMT and Include DTA in Rate Base		0.064	0.064
11	Operating Expenses			
12	Correction of Error in Payroll Expense Identified by the Company	(0.285)	(0.285)	(0.285)
13	Exclude Incentive Compensation Expense Tied to Financial Performance	(4.358)	(4.358)	(4.358)
14	Exclude SERP Expense	(0.147)	(0.147)	(0.147)
15	Exclude 401(k) Matching Expense for Employees Who Also Participate in Pension Plan	(1.787)	(1.787)	(1.787)
16	Adjust Property Tax Expense	(2.228)	(1.114)	(1.114)
17	Exclude Amortization of Cost of Removal ADIT Regulatory Asset	(1.677)	-	-
18	Remove Amortization of Prior Non F.A.C. Eligible Fuel Costs	(1.347)	(1.347)	(1.347)
19	Exclude Amortization of Asset Deficient Federal NOL ADIT	(0.292)	(0.292)	(0.292)
20	Increase Interest Expense To Reflect Sale of Receivables	1.675	3.073	3.073
21	Remove Pension & OPEB Credit to Expense		3.072	3.072
22	Include 3 Year Amortization of Non-FAC Storm Elliott Expense		-	-
23	Adjust Tax Expense for Interest Sync due to Changes in Rate Base		0.609	0.609
24	PJM LSE OATT - Test year amount only			(14.215)
25	AEPSC Incentive Compensation above 1.0 Target			(0.194)
26	Rate Case Expense to Actual			(0.064)
27	Cost of Capital			
28	Reallocate the Mitchell Coal Stock Adjustment Proportionately Across Capital Structure	(0.843)	(0.868)	(0.868)
29	Reduce Return on Equity from 9.9%	(1.686)	(1.302)	(1.302)
30	Remove remarketing costs from long-term debt			(0.161)
				-
31	Total Adjustments to KPCo Base Rate Request	(31.415)	(19.270)	(33.904)
32	**Total Base Rate Increase**	**62.521**	**74.666**	**60.032**

Uncontested and Accepted Adjustments

No.	
1	Adjustment to Remove Rockport Capacity Charge Revenues
2	Remove Tariff D.R. Revenues and Expenses
3	Remove Mitchell FGD Operating Expenses
4	Remove Mitchell Plant FGD and Consumable Inventory from Rate Base
5	Removal of Mitchell FGD Environmental Surcharge Rider Revenues
6	Synchronize Fuel Expense
7	Reset OSS Margin Baseline to Test Year
8	Reset OSS Margin Baseline to Remove Rockport
9	Remove Tariff P.P.A. Revenues and Non-Transmission Expenses Recovered Through Tariff P.P.A
10	Remove Tariff D.S.M.C. Revenues and Expenses
11	Remove Tariff R.E.A. Revenues and Expenses
12	Remove Tariff K.E.D.S. Revenues and Expenses
13	Customer Annualization Adjustment
14	Weather Normalization Revenue Adjustment
15	Adjust Interest on Customer Deposits
16	Normalization of Storm Damage Expense
17	Amortization of Big Sandy Unit 1 Operations Rider Deferral
19	Eliminate Miscellaneous Expense
20	Annualization of Lease Expense
24	Amortization of NERC Compliance and Cybersecurity Cost Deferral
25	Remove Severance Expense
26	Normalize Bad Debt Expense
29	KPCo Overtime Related to Employee Merit Increases Adjustment
32	KPCo Social Security Tax Base Adjustment
33	Eliminate Non-Recoverable Business Expenses
34	Annualization of Depreciation Expense (Excluding ARO Depreciation) at Existing Rates
35	Annualization of ARO Depreciation Expense
36	Annualization of ARO Accretion Expense
37	KPSC Maintenance Assessment
38	AFUDC Offset Adjustment
40	Remove Big Sandy Unit 2 from Capitalization
41	Adjustment to Recognize Accrued Surcharge Revenue Differences
42	Book to Bill
43	Adjust Vegetation Management Tree Trimming
44	Adjustment to Remove Joint Use Pole Rental Revenue and Expense Related to a Prior Period
45	Remove Non-Ongoing Expense Related to the COVID-19 Pandemic
46	Remove Insurance Proceeds Related to a Prior Period
47	Remove Rockport UPA Non-Fuel Expense, Net of Deferral
48	Amortization of Deferred Plant Maintenance Costs
50	To remove an Out-of-Period Sales and Use Tax Audit Adjustment
51	To remove an Out-of-Period State Business & Occupation Tax Adjustment
52	Remove Federal Income Tax Rider Revenues
53	Remove NERC Compliance and Cybersecurity Investment from Rate Base and Capitalization
56	Replacement Capacity Adjustment
57	Normalize Non-F.A.C Eligible Purchased Power Expense
59	Remove Certain Regulatory Asset Amortizations Not Recovered Through Base Rates
60	Remove Rockport Deferral from Capitalization
62	Remove Federal Income Tax Rider Expenses

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00159 DATED JAN 19 2024

The following rates and charges are prescribed for the customers in the area served by Kentucky Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

Tariff R.S.
Residential Service

Service Charge per month	$ 20.00
Energy Charge per kWh	$ 0.11284
Storage Water Heating Provision per kWh	$ 0.08549
Load Management Water Heating Provision per kWh	$ 0.08549

Tariff R.S. – L.M. – T.O.D.
Residential Service Load Management Time of Day

Service Charge per month	$ 23.00
Separate Meter Provision per month	$ 4.30
Energy Charge per kWh:	
All kWh used during on-peak billing period	$ 0.14873
All kWh used during off-peak billing period	$ 0.08549

Tariff R.S. – T.O.D.
Residential Service Time of Day

Service Charge per month	$ 23.00
Energy Charge per kWh:	
All kWh used during on-peak billing period	$ 0.14873
All kWh used during off-peak billing period	$ 0.08549

Tariff R.S. – T.O.D. 2
Experimental Residential Service Time of Day 2

Service Charge per month	$ 23.00
Energy Charge per kWh:	
All kWh used during summer on-peak billing period	$ 0.15987
All kWh used during winter on-peak billing period	$ 0.11831
All kWh used during off-peak billing period	$ 0.10757

Tariff R.S.D

Residential Demand-Metered Electric Service

Service Charge per month	$ 23.00
Energy Charge per kWh:	
All kWh used during on-peak billing period	$ 0.09070
All kWh used during off-peak billing period	$ 0.08549
Demand Charge per kW	$ 4.53

Tariff G.S.
General Service

Secondary Service:

Service Charge per month	$ 28.00
Energy Charge per kWh:	
First 4,450 kWh per month	$ 0.12292
Over 4,450 kWh per month	$ 0.10813
Demand Charge per kW greater than 10 kW	$ 8.36

Primary Service:

Service Charge per month	$ 120.00
Energy Charge per kWh:	
First 4,450 kWh per month	$ 0.10790
Over 4,450 kWh per month	$ 0.09533
Demand Charge per kW greater than 10 kW	$ 7.56

Subtransmission Service:

Service Charge per month	$ 460.00
Energy Charge per kWh:	
First 4,450 kWh per month	$ 0.09763
Over 4,450 kWh per month	$ 0.08629
Demand Charge per kW greater than 10 kW	$ 5.84

Tariff G.S.
General Service
Recreational Lighting Service Provision

Service Charge per month	$ 28.00
Energy Charge per kWh	$ 0.13247

Tariff G.S.
General Service
Load Management Time-of-Day Provision

Service Charge per month	$ 28.00
Energy Charge per kWh:	
All kWh used during on-peak billing period	$ 0.18443
All kWh used during off-peak billing period	$ 0.08501

Tariff G.S.
General Service

Optional Unmetered Service Provision

Service Charge per month	$ 15.00
Energy Charge per kWh:	
First 4,450 kWh per month	$ 0.12292
Over 4,450 kWh per month	$ 0.10813

Tariff S.G.S. – T.O.D.
Small General Service Time of Day Service

Service Charge per month	$ 28.00
Energy Charge per kWh:	
All kWh used during summer on-peak billing period	$ 0.19417
All kWh used during winter on-peak billing period	$ 0.13693
All kWh used during off-peak billing period	$ 0.12266

Tariff M.G.S. – T.O.D.
Medium General Service Time-of-Day

Service Charge per month	$ 28.00
Energy Charge per kWh:	
All kWh used during on-peak billing period	$ 0.18443
All kWh used during off-peak billing period	$ 0.08501

Tariff L.G.S.
Large General Service

Secondary Service Voltage:

Service Charge per month	$ 97.00
Energy Charge per kWh	$ 0.08198
Demand Charge per kW	$ 13.84
Excess Reactive Charge per KVA	$ 3.46

Primary Service Voltage:

Service Charge per month	$ 145.00
Energy Charge per kWh	$ 0.07352
Demand Charge per kW	$ 12.23
Excess Reactive Charge per KVA	$ 3.46

Subtransmission Service Voltage:

Service Charge per month	$ 750.00
Energy Charge per kWh	$ 0.05524
Demand Charge per kW	$ 8.46
Excess Reactive Charge per KVA	$ 3.46

Transmission Service Voltage:

Service Charge per month	$ 750.00
Energy Charge per kWh	$ 0.05430
Demand Charge per kW	$ 8.28
Excess Reactive Charge per KVA	$ 3.46

Tariff L.G.S.
Large General Service
Load Management Time-of-Day Provision

Service Charge per month	$97.00
Energy Charge per kWh:	
All kWh used during on-peak billing period	$ 0.15932
All kWh used during off-peak billing period	$ 0.08639

Tariff L.G.S. – T.O.D.
Large General Service
Large General Service Time-Of-Day

Secondary Service Voltage:

Service Charge per month	$ 97.00
Energy Charge:	
On-peak energy charge per kWh	$ 0.12648
Off-peak energy charge per kWh	$ 0.06138
Demand Charge per kW	$ 9.33
Excess Reactive Charge per KVA	$ 3.46

Primary Service Voltage:

Service Charge per month	$ 145.00
Energy Charge:	
On-peak energy charge per kWh	$ 0.12052
Off-peak energy charge per kWh	$ 0.05966
Demand Charge per kW	$ 7.91
Excess Reactive Charge per KVA	$ 3.46

Subtransmission Service Voltage:

Service Charge per month	$ 750.00
Energy Charge:	
On-peak energy charge per kWh	$ 0.11878
Off-peak energy charge per kWh	$ 0.05916
Demand Charge per kW	$ 4.39
Excess Reactive Charge per KVA	$ 3.46

Transmission Service Voltage:

Service Charge per month	$ 750.00
Energy Charge:	
On-peak energy charge per kWh	$ 0.11731
Off-peak energy charge per kWh	$ 0.05874
Demand Charge per kW	$ 4.32
Excess Reactive Charge per KVA	$ 3.46

Tariff I.G.S.
Industrial General Service

Secondary Service Voltage:

Service Charge per month	$ 276.00

Energy Charge per kWh	$ 0.03156
Demand Charge per kW:	
Of monthly on-peak billing demand	$ 26.99
Of monthly off-peak billing demand	$ 1.84

<u>Primary Service Voltage:</u>

Service Charge per month	$ 276.00
Energy Charge per kWh	$ 0.03007
Demand Charge per kW:	
Of monthly on-peak billing demand	$ 24.94
Of monthly off-peak billing demand	$ 1.78

<u>Subtransmission Service Voltage:</u>

Service Charge per month	$ 794.00
Energy Charge per kWh	$ 0.02964
Demand Charge per kW:	
Of monthly on-peak billing demand	$ 17.36
Of monthly off-peak billing demand	$ 1.75

<u>Transmission Service Voltage:</u>

Service Charge per month	$ 1,353.00
Energy Charge per kWh	$ 0.02927
Demand Charge per kW:	
Of monthly on-peak billing demand	$ 17.00
Of monthly off-peak billing demand	$ 1.73

<u>All Service Voltages:</u>
Reactive demand charge for each kilovar of maximum leading or lagging reactive demand in excess of 50 percent of the kW of monthly metered demand is $0.69 per KVAR.

<u>Minimum Demand Charge:</u>
The minimum demand charge shall be equal to the minimum billing demand times the following minimum demand rates per kW:

Secondary	$ 25.68
Primary	$ 23.68
Subtransmission	$ 16.12
Transmission	$ 15.77

<u>Tariff M.W.</u>
<u>Municipal Waterworks</u>

Service Charge per month	$ 25.00
Energy Charge – All kWh used per month	$ 0.11073 per kWh

Subject to a minimum monthly charge equal to the sum of the service charge plus $9.55 per kW as determined from customer’s total connected load.

<u>Tariff O.L.</u>
<u>Outdoor Lighting</u>

Overhead Lighting Service

High Pressure Sodium:	
100 Watts (9,500 Lumens)	$ 10.75
150 Watts (16,000 Lumens)	$ 11.69
200 Watts (22,000 Lumens)	$ 14.17
250 Watts (28,000 Lumens)	$ 20.19
400 Watts (50,000 Lumens)	$ 22.38
Mercury Vapor per Lamp:	
175 Watts (7,000 Lumens)	$ 13.07
400 Watts (20,000 Lumens)	$ 22.49
Lighting Emitting Diode (LED):	
6,000 – 10,000 Lumens	$ 7.49

Post-Top Lighting Service

High Pressure Sodium:	
100 Watts (9,500 Lumens)	$ 18.58
150 Watts (16,000 Lumens)	$ 29.23
250 Watts Shoebox (19,000 Lumens)	$ 34.02
400 Watts Shoebox (40,000 Lumens)	$ 44.66
Mercury Vapor:	
175 Watts (7,000 Lumens)	$ 14.99
LED:	
6,000 – 10,000 Lumens	$ 21.56

Flood Lighting Service

High Pressure Sodium:	
200 Watts (22,000 Lumens)	$ 16.27
400 Watts (50,000 Lumens)	$ 23.76
Metal Halide:	
250 Watts (20,500 Lumens)	$ 19.74
400 Watts (36,000 Lumens)	$ 24.87
1,000 Watts (110,000 Lumens)	$ 45.27
250 Watts Mongoose (20,500 Lumens)	$ 25.75
400 Watts Mongoose (36,000 Lumens)	$ 31.43
LED:	
17,500 – 22,500 Lumens	$ 28.00
42,500 – 47,500 Lumens	$ 34.40

LED Lamp Conversion Charge per month for 84 months:	$ 3.33

Facilities Charge:	
Wood Pole	$ 4.08
Overhead Wire Span not over 150 feet	$ 2.26
Underground Wire Lateral not over 50 feet	$ 7.66

Per Lamp plus $0.02612 x kWh in Sheet No. 10-4 in Company's tariff

Flexible Lighting Option:

Maintenance Charge per Lamp per month	$ 0.80
Non-Fuel Charge	$ 0.08561 per kWh
Base Fuel Charge	$ 0.02612 per kWh

<u>Tariff S.L.</u>
<u>Street Lighting</u>
<u>Overhead Service on Existing Distribution Poles</u>

High Pressure Sodium:

100 Watts (9,500 Lumens)	$ 8.64
150 Watts (16,000 Lumens)	$ 9.49
200 Watts (22,000 Lumens)	$ 11.24
400 Watts (50,000 Lumens)	14.76

LED:

8,000 – 11,000 Lumens	$ 9.89
10,000 – 14,000 Lumens	$ 12.70
24,000 – 30,000 Lumens	$ 15.14
Post Top 6,000 – 10,000 Lumens	$ 10.27
Post Top 8,000 – 12,000 Lumens	$ 22.78
Flood 17,500 – 22,500 Lumens	$ 16.67

<u>Service on New Wood Distribution Poles</u>

High Pressure Sodium:

100 Watts (9,500 Lumens)	$ 13.51
150 Watts (16,000 Lumens)	$ 14.47
200 Watts (22,000 Lumens)	$ 16.23
400 Watts (50,000 Lumens)	$ 20.83

LED:

8,000 – 11,000 Lumens	$ 16.30
10,000 – 14,000 Lumens	$ 19.12
24,000 – 30,000 Lumens	$ 21.57
Post Top 6,000 – 10,000 Lumens	$ 16.68
Post Top 8,000 – 12,000 Lumens	$ 29.20
Flood 17,500 – 22,500 Lumens	$ 23.10

<u>Services on New Metal or Concrete Poles</u>

High Pressure Sodium:

100 Watts (9,500 Lumens)	$ 28.15
150 Watts (16,000 Lumens)	$ 29.17
200 Watts (22,000 Lumens)	$ 30.93
400 Watts (50,000 Lumens)	$ 34.45

LED:

8,000 – 11,000 Lumens	$ 28.49
10,000 – 14,000 Lumens	$ 30.40
24,000 – 30,000 Lumens	$ 31.90
Post Top 6,000 – 10,000 Lumens	$ 29.34

Post Top 8,000 – 12,000 Lumens	$ 41.70
Flood 17,500 – 22,500 Lumens	$ 33.39

LED Lamp Conversion Charge per lamp replaced per month for 84 months:	$ 2.18

Flexible Lighting Option:

Monthly Levelized Fixed Cost Rate	1.04%
Maintenance Charge per Lamp per month	$ 2.52
Non-Fuel Charge	$ 0.05192 per kWh
Base Fuel Charge	$ 0.02612 per kWh

Per Lamp plus $0.02612 x kWh in Sheet No. 11-3 in Company's tariff

Rider R.P.O
Renewable Power Option Rider

A1 Solar RECs:

Block Purchase Charge (per 100 kWh block)	$ 0.50 per month
All Usage Purchase Charge	$ 0.005 per kWh

A2 Wind RECs:

Block Purchase Charge (per 100 kWh block)	$ 0.50 per month
All Usage Purchase Charge	$ 0.005 per kWh

A3 Hydro & Other RECs:

Block Purchase Charge (per 100 kWh block)	$ 0.50 per month
All Usage Purchase Charge	$ 0.005 per kWh

Tariff COGEN/SPP I
Cogeneration and/or Small Power Production - 100 kW or less

Monthly Meter Charges:

Single Phase:

Standard Measurement	$ 9.25
T.O.D. Measurement	$ 9.85

Polyphase:

Standard Measurement	$ 12.10
T.O.D. Measurement	$ 12.40

Energy Credit per kWh:	Variable LMP at time of delivery

Capacity Credit per kW per month:

Standard Meters

2023/2024	$ 3.48
2024/2025	$ 3.72
2025/2026	$ 3.25

T.O.D. Meters

2023/2024	$ 8.36
2024/2025	$ 8.92
2025/2026	$ 7.79

Tariff COGEN/SPP II

Cogeneration and/or Small Power Production – Over 100 kW

Monthly Meter Charges:

Single Phase:

Standard Measurement	$ 9.25
T.O.D. Measurement	$ 9.85

Polyphase:

Standard Measurement	$ 12.10
T.O.D. Measurement	$ 12.40

Energy Credit per kWh: Variable LMP at time of delivery

Capacity Credit per kW per month:

Standard Meters

2023/2024	$ 3.48
2024/2025	$ 3.72
2025/2026	$ 3.25

T.O.D. Meters

2023/2024	$ 8.36
2024/2025	$ 8.92
2025/2026	$ 7.79

Tariff R.E.A

Residential Energy Assistance

Rate per month per residential account: $ 0.40

Tariff F.T.C.

Federal Tax Cut

Residential	$(0.00062) per kWh
All Other	$(0.00043) per kWh

Tariff K.E.D.S. Kentucky Economic Development Surcharge

Rate per month per commercial account $1.00

*Angela M Goad
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Ashley Wilmes
Kentucky Resources Council, Inc.
Post Office Box 1070
Frankfort, KENTUCKY 40602

*Byron Gary
Kentucky Resources Council, Inc.
Post Office Box 1070
Frankfort, KENTUCKY 40602

*Carrie H Grundmann
Spilman Thomas & Battle, PLLC
110 Oakwood Drive, Suite 500
Winston-Salem, NORTH CAROLINA 27103

*Christen M Blend
American Electric Power Service Corporation
1 Riverside Plaza, 29th Floor
Post Office Box 16631
Columbus, OHIO 43216

*Cassandra McCrae
Earthjustice
1617 JFK Boulevard, Suite 1675
Philadelphia, PENNSYLVANIA 19103

*Thomas J FitzGerald
Counsel & Director
Kentucky Resources Council, Inc.
Post Office Box 1070
Frankfort, KENTUCKY 40602

*Hector Garcia Santana
American Electric Power Service Corporation
1 Riverside Plaza, 29th Floor
Post Office Box 16631
Columbus, OHIO 43216

*Hema Lochan
Earthjustice
48 Wall Street, 15th Floor
New York, NEW YORK 10005

*Joseph Fichera
Senior Managing Director & CEO
Saber Partners, LLC
260 Madison Avenue 8th Floor
New York, NEW YORK 10016

*Jody M Kyler Cohn
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*John Horne
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Kentucky Power Company
1645 Winchester Avenue
Ashland, KY 41101

*Kentucky Power Company
Kentucky Power Company
1645 Winchester Avenue
Ashland, KY 41101

*Kenneth J Gish, Jr.
Stites & Harbison
250 West Main Street, Suite 2300
Lexington, KENTUCKY 40507

*Katie M Glass
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KENTUCKY 40602-0634

*Honorable Kimberly S McCann
Attorney at Law
VanAntwerp Attorneys, LLP
1544 Winchester Avenue, 5th Floor
P. O. Box 1111
Ashland, KENTUCKY 41105-1111

*Lawrence W Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Michael West
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Honorable Michael L Kurtz
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Megan W Mullins
Spilman Thomas & Battle, PLLC
300 Kanawha Blvd, East
Charleston, WEST VIRGINIA 25301

*Steven W Lee
Spilman Thomas & Battle, PLLC
1100 Brent Creek Blvd., Suite 101
Mechanicsburg, PENNSYLVANIA 17050

*Thomas Cmar
Earthjustice
6608 Wooster Pike
Cincinnati, OHIO 45227

*Tanner Wolffram
American Electric Power Service Corporation
1 Riverside Plaza, 29th Floor
Post Office Box 16631
Columbus, OHIO 43216

*W. Mitchell Hall, Jr.
VanAntwerp Attorneys, LLP
1544 Winchester Avenue, 5th Floor
P. O. Box 1111
Ashland, KENTUCKY 41105-1111