

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	)	CASE NO.
SERVICE; (2) APPROVAL OF TARIFFS AND	)	2025-00257
RIDERS; (3) APPROVAL OF CERTAIN	)	
REGULATORY AND ACCOUNTING	)	
TREATMENTS; AND (4) ALL OTHER REQUIRED	)	
APPROVALS AND RELIEF	)	

ORDER

On March 20, 2026, Kentucky Power Company (Kentucky Power) filed a motion, pursuant to KRS 278.400, requesting reconsideration and clarification of the Order entered February 28, 2026, regarding (1) vegetation management expense classification and amortization; (2) an adjustment to “Other” compensation; (3) an adjustment to incentive compensation tied to reliability; (4) an adjustment rejecting Kentucky Power’s proposed transmission expense adjustment; (5) rate case expense; and (6) costs that may be included in the Generation Rider. Kentucky Solar Industries Association, Inc. (KYSEIA) filed a response in support of Kentucky Power’s motion for rehearing. The Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General); Kentucky Industrial Utility Customers (KIUC); SWVA Kentucky, LLC (SWVA); and Appalachian Citizens Law Center, Kentuckians for the Commonwealth, Kentucky Solar Energy Society, and Mountain Association (collectively, Joint Intervenors) filed no response to Kentucky Power’s motion for rehearing.

## LEGAL STANDARD

KRS 278.400, which establishes the standard of review for motions for rehearing, limits rehearing to new evidence not readily discoverable at the time of the original hearings, to correct any material errors or omissions, or to correct findings that are unreasonable or unlawful.<sup>1</sup> A Commission order is deemed unreasonable only when “the evidence presented leaves no room for difference of opinion among reasonable minds.”<sup>2</sup> An order can only be unlawful if it violates a state or federal statute or constitutional provision.<sup>3</sup>

By limiting rehearing to correct material errors or omissions, and findings that are unreasonable or unlawful, or to weigh new evidence not readily discoverable at the time of the original hearings, KRS 278.400 is intended to provide closure to Commission proceedings. Rehearing does not present parties with the opportunity to relitigate a matter fully addressed in the original Order.

## MOTION

Kentucky Power argued that the Commission’s final Order was unreasonable and unlawful because it produces confiscatory rates due to an inability to earn the approved return on equity.<sup>4</sup> Kentucky Power requested rehearing or clarification regarding six issues discussed in more detail below. However, Kentucky Power proposed to

---

<sup>1</sup> See KRS 278.400, KRS 278.440, KRS 278.430.

<sup>2</sup> *Energy Regulatory Comm’n v. Kentucky Power Co.*, 605 S.W.2d 46 (Ky. App. 1980).

<sup>3</sup> *Public Service Comm’n v. Conway*, 324 S.W.3d 373, 377 (Ky. 2010); *Public Service Comm’n v. Jackson County Rural Elec. Coop. Corp.*, 50 S.W.3d 764, 766 (Ky. App. 2000); *National Southwire Aluminum Co. v. Big Rivers Elec. Corp.*, 785 S.W.2d 503, 509 (Ky. App. 1990).

<sup>4</sup> Kentucky Power’s Motion for Rehearing of February 28, 2026 Order (Motion) (filed Mar. 20, 2026) at 9-10, citing *Kentucky Power Co. v. Energy Regulatory Commission of Kentucky*, 623 S.W.2d 904 (Ky. 1981); *South Central Bell Telephone Co. v. Utility Regulatory Com’n*, 637 S.W.2d 649 (Ky. 1982).

temporarily increase deferred tax liability (DTL) credits to cover the net effect of any reversals.

### Vegetation Management

In its final Order, the Commission (1) required that Kentucky Power classify expenditures for its Trees Outside the Right-of-Way (TOR) program from capital costs to operation and maintenance (O&M) expense;<sup>5</sup> (2) allowed recovery of past TOR expenditures as a deferral without carrying costs;<sup>6</sup> (3) reduced the requested TOR budget from a proposed \$18 million for 2026 to approximately \$7.2 million based on the average annual program expenditures;<sup>7</sup> (4) approved the Trees Inside the Right-of-Way (TIR) program budget amount as proposed;<sup>8</sup> and (5) denied creation of a regulatory asset for future TIR and TOR expenditures as proposed in Kentucky Power's Settlement Agreement.<sup>9</sup>

Kentucky Power asked the Commission to reconsider reclassification of the TOR capital expenditures to O&M expense, arguing that the Commission should include them in capital expenditures because it "unequivocally benefits customers."<sup>10</sup> Kentucky Power asserted that reclassification reduces reliability by limiting incremental TOR expenditures and raises rates by recovering the expense in one year versus recovering the costs over

---

<sup>5</sup> Order (Ky. PSC Feb. 28, 2026) at 38-40, citing *Pacific Gas and Electric Company*, 189 FERC P 61021, 2024 WL 4778014 (Oct. 8, 2024).

<sup>6</sup> Order (Ky. PSC Feb. 28, 2026) at 42.

<sup>7</sup> Order (Ky. PSC Feb. 28, 2026) at 46.

<sup>8</sup> Order (Ky. PSC Feb. 28, 2026) at 98.

<sup>9</sup> Order (Ky. PSC Feb. 28, 2026) at 94-98.

<sup>10</sup> Motion at 12.

a 30-year period.<sup>11</sup> While Kentucky Power acknowledged the FERC ruling to which the Commission cited in the final Order, Kentucky Power argued that the Commission has plenary ratemaking authority and may choose to ignore the FERC ruling regarding the classification of vegetation management expenditures as expenses.<sup>12</sup>

In the alternative, Kentucky Power requested rehearing on several additional vegetation management issues in the event that the Commission does not change its position on TOR capitalization. First, Kentucky Power sought to include \$17 million in TOR expenditures made between the end of the test year and the issuance of the final Order in the deferred TOR recovery allowed in the final Order.<sup>13</sup> Kentucky Power argued that not knowing the Commission would order the classification of such expenditures as expense, Kentucky Power continued its historical practice of capitalizing those expenditures.<sup>14</sup> Kentucky Power also asked for immediate regulatory asset treatment for this amount, at least pending a final order on rehearing, so it is not required to immediately expense those costs in Kentucky Power's first quarter 2026 financial statements.<sup>15</sup> Kentucky Power also provided a summary of the reclassification adjustment that potentially raised a slight discrepancy between the net plant balance as of the end of the test year and the calculation of that balance used in the final Order.<sup>16</sup>

---

<sup>11</sup> Motion at 13.

<sup>12</sup> Motion at 14.

<sup>13</sup> Motion at 16.

<sup>14</sup> Motion at 15.

<sup>15</sup> Motion at 15-16.

<sup>16</sup> See Motion at Exhibit 1.

Second, Kentucky Power challenged the decision to disallow carrying costs on the deferred past TOR expenditures, arguing that it constitutes an unlawful taking without just compensation in violation of Section 13 of the Kentucky Constitution and the Takings Clause of the Fifth Amendment to the United States Constitution.<sup>17</sup> Lastly, Kentucky Power sought clarification regarding whether capitalized TIR expenditures should remain capitalized or instead be included in O&M expense.<sup>18</sup>

In the event that the Commission does not grant rehearing on the classification of TOR expenditures as expense, Kentucky Power asserted that when indicating that the costs should be classified as expense that the final Order referred to FERC Account 571 (Transmission) and should have referred to FERC Account 593 (Distribution), because the costs were distribution not transmission costs. Kentucky Power requested rehearing or clarification indicating that the final Order intended to reference FERC Account 593.<sup>19</sup>

#### Compensation Expense

The Commission found that a \$7,319,257 revenue requirement reduction was warranted based on the gross-up of \$7,286,925 in “Other” compensation to its employees during the test year.<sup>20</sup> Commission Staff asked Kentucky Power to specify what “Other” compensation included, and while Kentucky Power confidentially filed a breakdown by executive employee and employee class, it did not provide any explanation for what

---

<sup>17</sup> Motion at 17.

<sup>18</sup> Motion at 18.

<sup>19</sup> Motion at 18.

<sup>20</sup> Order (Ky. PSC Feb. 28, 2026) at 63.

“Other” compensation included.<sup>21</sup> Kentucky Power requested rehearing on this adjustment, asserting that “Other” compensation included paid vacation time, holiday time, sick time, personal days off, and FMLA-related time, and arguing that the Commission’s denial of these compensation components constitutes a radical and unreasonable departure from the Commission’s past administrative practice regarding these items.<sup>22</sup>

The Commission also adjusted Kentucky Power’s revenue requirement to exclude \$2,168,551 in incentive compensation tied to meeting certain reliability metrics.<sup>23</sup> Kentucky Power sought rehearing of that adjustment on the basis that “the Commission’s reliance on vague and undefined thresholds for demonstrating customer benefits to deny all of the Company’s incentive compensation expense is unreasonable.”<sup>24</sup> Kentucky Power also argued that the final Order’s reliance on reliability metrics to deny incentive compensation runs counter to the Commission’s treatment in the final Order of Kentucky Power’s TOR program.<sup>25</sup>

### Transmission Expense

Kentucky Power stated in direct testimony that its “FERC-approved Open Access Transmission Tariff (OATT) includes rates and billing units that are different in 2025 than they were in 2024, and as a result, the test-year FERC-approved PJM LSE OATT

---

<sup>21</sup> Kentucky Power’s Response to Commission Staff’s First Request for Information (Staff’s First request) (filed Sept. 12, 2025), Item 41(f).

<sup>22</sup> Motion at 20-21.

<sup>23</sup> Order (Ky. PSC Feb. 28, 2026) at 62-63.

<sup>24</sup> Motion at 25.

<sup>25</sup> Motion at 25.

expense must be revised to account for these differences.”<sup>26</sup> Kentucky Power asserted that “[t]his adjustment increases the Kentucky retail jurisdiction base rate cost-of-service by \$9,981,873 for a total adjusted test-year PJM LSE OATT expense level of \$152,262,631.” The Commission denied Kentucky Power’s PJM LSE OATT expense adjustment for the reasons discussed in the final Order.<sup>27</sup>

Kentucky Power argued that the Commission’s denial of the proposed LSE OATT expense adjustment has the effect of arbitrarily using the Company’s actual, calendar year 2025 expenses as a benchmark to set prospective base rates. Kentucky Power asserted that the Commission’s Order unreasonably makes unsupported assumptions that its LSE OATT costs will remain the same as or decrease from the test-year expenses without support. Kentucky Power claimed that in fact the 2026 LSE OATT costs increased over the 2025 costs such that the amount currently approved by the Commission to be recovered through base rates (the test-year amount) is already estimated to result in a deficiency of approximately \$11 million. Kentucky Power argued that this fact rebuts the Commission’s suppositions underpinning the denial and stated that it could provide evidentiary support on this issue if rehearing is granted.<sup>28</sup>

Kentucky Power also argued that the Commission’s denial of its proposed LSE OATT expense adjustment “unreasonably denies, or traps, recovery of actual transmission costs deemed reasonable and recoverable by the Federal Energy Regulatory Commission (‘FERC’),” which Kentucky Power alleges has exclusive

---

<sup>26</sup> Spaeth Direct Testimony at 26.

<sup>27</sup> See Order (Ky. PSC Feb. 28, 2026) at 74-87.

<sup>28</sup> Motion at 26.

jurisdiction over those costs.<sup>29</sup> Kentucky Power asserted that the Franklin Circuit Court “struck down the very same practice by the Commission in Kentucky Power’s last base rate case.”<sup>30</sup> Kentucky Power stated that “[w]hatever the Commission’s reasoning for the denial, FERC still maintains exclusive jurisdiction over these costs, and the Commission cannot take any action that has the effect of preventing Kentucky Power from recovering them.”<sup>31</sup>

### Rate Case Expense

Kentucky Power sought rehearing on the amount of its recoverable rate case expense, asking to increase its annual amortization of rate case expense by \$62,427 as compared to the annual amortization included in the final Order. Kentucky Power asserted that the amortization of rate case expense included in the final Order was based on actual rate case expenses filed on February 2, 2026, which were Kentucky Power’s most recently filed rate case expenses at the time of the final Order but did not include certain invoices from December 2025, January 2026, or February 2026. Thus, Kentucky Power asserted that the amortization of rate case expense included in rates did not include all of its reasonably incurred rate case expense.<sup>32</sup>

### Generation Rider

Kentucky Power’s application only included costs related to Mitchell Generating Station (Mitchell) plant in service balances in the Generation Rider, but the Settlement

---

<sup>29</sup> Motion at 27.

<sup>30</sup> Motion at 27.

<sup>31</sup> Motion at 27.

<sup>32</sup> Motion at 28-30.



Agreement added costs associated with the Big Sandy Generating Station (Big Sandy) plant in service balances to the rider. Kentucky Power asked the Commission to clarify and confirm that costs associated with Big Sandy plant balances were approved for inclusion in the Generation Rider, as it indicated that aspect of the Settlement Agreement was not modified by the final Order.<sup>33</sup>

## DISCUSSION AND FINDINGS

### Vegetation Management

Kentucky Power appears to have conceded that the Commission has the authority to require the classification of the TOR expenditures as O&M expense,<sup>34</sup> with Kentucky Power's argument focusing instead on providing reasoning for why the Commission should not classify the TOR expenditures as expense, and on arguments in the alternative regarding changes that should be made if the Commission does not grant rehearing on the classification of TOR expenditures as expense. Additionally, Kentucky Power's arguments in the alternative raise some questions regarding the revenue requirement effect of the classification that merit further consideration by the Commission, and contemplation of those issues may justify additional findings regarding the classification of TOR expenditures as expense. Thus, having reviewed the record and being otherwise sufficiently advised, the Commission finds that Kentucky Power's request for rehearing regarding the classification of TOR expenditures, including its requests in the alternative, should be granted in order to obtain additional information before rendering a decision on the issues. However, the Commission notes that the granting of the request for

---

<sup>33</sup> Motion at 29-30.

<sup>34</sup> Kentucky Power correctly noted that the Commission intended to order reclassification to FERC Account 593 (Distribution) instead of FERC Account 571 (Transmission). Motion at 11, footnote 35.

reconsideration for the purpose of gathering additional information should not be construed as making a finding on the merits of the rehearing motion as it merely allows for further proceedings to investigate the allegations.

In granting Kentucky Power's request for rehearing regarding the classification of the TOR expenditures for the purpose of obtaining additional information, the Commission is conscious of Kentucky Power's request for an immediate decision regarding the status of the \$17 million in TOR expenditures allegedly incurred between the end of the test year and the final Order. Thus, to the extent that the grant of rehearing on the classification of TOR expenditures does not resolve the issue, the Commission finds that Kentucky Power should be authorized to record a regulatory asset pending the final decision on this rehearing for TOR expenditures from the end of the test year of May 31, 2025, until the final Order was issued on February 28, 2026. However, as with the granting of rehearing, the Commission notes the decision allowing those amounts to be recorded as a regulatory asset, to the extent necessary to avoid immediate expensing of the full amounts, should not be construed as a decision on the merits of whether the Commission will ultimately allow their recovery.

#### Transmission Expense

The Commission disagrees with Kentucky Power that the issue raised by the denial of Kentucky Power's PJM LSE OATT expense adjustment in this case is the same as that raised in Kentucky Power's previous rate case. In that case, the adjustment was not based on specific evidence that the proposed PJM LSE OATT expense adjustment was inaccurate, and no issue was raised regarding the potential inconsistent treatment of PJM LSE OATT expenses as compared to transmission revenue from those same

charges.<sup>35</sup> Conversely, as noted in the final Order, there were questions regarding inconsistent treatment of expense and revenue amounts in this case, and there is evidence in this case that reflected that Kentucky Power's PJM LSE OATT expense in 2025 was lower than its expense in the test year of 12 months ending May 31, 2025, and significantly lower than Kentucky Power's projected increase in the 2025 PJM LSE OATT expense.<sup>36</sup> While the Supremacy Clause of the United States Constitution may bind a state commission to FERC's finding that a rate is reasonable,<sup>37</sup> the Commission is not aware of any case that would require a state commission to accept a utility's projection of the effect of that FERC rate on a utility's expenses if such projection is not supported by the evidence.

However, Kentucky Power also asserts that it has additional evidence, specifically including either alleged or projected costs related to its 2026 PJM LSE OATT expenses, which allegedly further supports its proposed PJM LSE OATT expense adjustment. As referenced in the final Order, there are questions regarding the extent to which it is appropriate to rely on such information given Kentucky Power's previous reliance on the

---

<sup>35</sup> See Order, *Ky. Power Co. v. Pub. Serv. Comm'n*, No. 24-CI-00160 (Franklin Cir. Ct. Jan. 22, 2025), at 10 ("The findings that Kentucky Power failed to address concerns regarding its Transmission Expense and the assertion that the proposed Transmission Expense adjustment is unreasonable were not supported by specific findings of evidentiary fact or substantial evidence of record. The findings regarding the adjustment appear to be based on the claim that Kentucky Power failed to show it took steps to address its transmission expense, which the Commission directed Kentucky Power to do as a condition of continuing to recover such costs through Tariff P.P.A."); see also Case No. 2023-00159, *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* (Ky. PSC Jan. 19, 2024), Order at 35-39 (justifying the adjustment based on Kentucky Power's failure to address the allocation at the FERC level, which the Commission believed was unreasonable).

<sup>36</sup> See Order (Ky. PSC Feb. 28, 2026) at 74-87.

<sup>37</sup> See *Transource Pennsylvania, LLC v. DeFrank*, 156 F.4th 351, 377 (3rd Cir. 2025)("[T]he Supreme Court has consistently found 'the States' attempts to second-guess the reasonableness' of FERC tariffs preempted pursuant to the filed-rate doctrine.").

2025 expense and its choice to use a historical test period.<sup>38</sup> However, to ensure that there is an opportunity for potentially relevant evidence to be presented and considered, the Commission finds that Kentucky Power's request for rehearing regarding transmission expense should be granted in order to obtain additional information before rendering a decision on the issues. Kentucky Power should again take note, as above, that such a grant of rehearing should not be construed as making a finding on the merits of the rehearing motion.

In granting rehearing on this issue, the Commission also notes that Kentucky Power's transmission revenue, which it did not propose to adjust from test year amounts, is related to its PJM LSE OATT expense as discussed in the final Order. Further, the Commission's decision not to adjust transmission revenue in the final Order was based in part on the decision rejecting Kentucky Power's proposed PJM LSE OATT expense adjustment.<sup>39</sup> Thus, in granting rehearing to obtain additional information regarding the PJM LSE OATT expense adjustment, the Commission finds that it is also necessary to consider the prospect of a transmission revenue adjustment and any other potentially interconnected transmission adjustments, and therefore, the Commission notes that the grant of rehearing on the transmission expense issue to obtain additional information should also be construed as reopening such interconnected issues discussed in the final Order.

---

<sup>38</sup> See Order (Ky. PSC Feb. 28, 2026) at 83-84.

<sup>39</sup> See Order (Ky. PSC Feb. 28, 2026) at 87 ("Finally, as noted above, the Commission is rejecting Kentucky Power's proposed pro forma adjustment to the LSE OATT expense for the reasons discussed above, which reduces the risk of inconsistent adjustments of related items. Thus, the Commission will not make any adjustment to Kentucky Power's transmission revenue in this case despite the concerns expressed above.").

### “Other” Compensation and Incentive Compensation Tied to Reliability

The Commission finds additional information is necessary to make a final determination regarding Kentucky Power’s request for rehearing regarding the adjustment to “Other” compensation and incentive compensation tied to reliability. Thus, having reviewed the record and being otherwise sufficiently advised, the Commission finds that Kentucky Power’s request for rehearing regarding “Other” compensation and incentive compensation tied to reliability should be granted in order to obtain additional information before rendering a decision on the issues, but as above, such a grant of rehearing should not be construed as making a finding on the merits of the rehearing motion.

### Rate Case Expense

The Commission finds that rehearing should be granted with regards to rate case expenses for December 2025 through February 2026, as recovery for these expenses was omitted from the final Order. However, the Commission finds that it makes sense to allow additional time for the examination of the support for the additional rate case expenses, which were not filed until March 20, 2026. Thus, having reviewed the record and being otherwise sufficiently advised, the Commission finds that Kentucky Power’s request for rehearing regarding rate case expense should be granted in order to obtain additional information before rendering a decision on the issues, but as above, such a grant of rehearing should not be construed as making a finding on the merits of the rehearing motion.

## Generation Rider

The Commission acknowledges there was some ambiguity in the final Order regarding whether costs associated Kentucky Power's Big Sandy Generating Station were approved to be included in the Generation Rider. Specifically, the final Order noted that Kentucky Power's Application proposed the Generation Rider to segregate costs associated with Mitchell plant in service balances from base rates to facilitate potential later securitization of those costs. The final Order also noted that the Settlement Agreement proposed to include some costs associated with plant in service balances for Big Sandy in the Generation Rider.<sup>40</sup> The final Order also noted the positions taken by other parties in post-hearing briefs, including Joint Intervenors' argument that "the rider reduces the ability of the Commission and ratepayers to scrutinize costs, potentially removing the incentive for Kentucky Power to operate more efficiently because future costs could be added without a formal rate case."<sup>41</sup> Finally, the final Order noted Kentucky Power's responses to intervenors' briefing, including its argument, in response to Joint Intervenors, that the Generation Rider actually gives the Commission greater ability to scrutinize generation costs, because all costs will be included in the proposed annual review filing, whereas generation costs (other than those recovered through the environmental surcharge) are generally only scrutinized by the Commission in rate cases or CPCN filings.<sup>42</sup> However, in approving the Generation Rider, the final Order referenced

---

<sup>40</sup> Order (Ky. PSC Feb. 28, 2026) at 159-164.

<sup>41</sup> Order (Ky. PSC Feb. 28, 2026) at 166.

<sup>42</sup> Order (Ky. PSC Feb. 28, 2026) at 167.

the inclusion of Mitchell plant balances but did not specifically address the difference between the Application and the Settlement Agreement, stating:

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that Tariff G.R. should be approved with an ROE of 9.65 discussed in the ROE section above. Its purpose is to keep the Mitchell plant balances separate from base rates to allow flexibility depending on how those balances are affected by potential securitization legislation. Tariff G.R. does not increase cost to ratepayers—it simply separates the Mitchell Plant balances from base rates to simplify securitization if applicable. . . .<sup>43</sup>

Thus, the Commission finds that clarification is necessary to more clearly address this issue and explain the basis for the Commission's decision.

The Commission cannot confirm that the final Order intended to authorize costs associated with Big Sandy plant balances to be included in the Generation Rider as requested by Kentucky Power. While the issue of inclusion of Big Sandy plant balances in the Generation Rider may have been unclear in the final Order, the intent of the final Order was only to authorize the inclusion of Mitchell plant balances in the Generation Rider. The Commission was deliberate in its discussion of the finding quoted above that only references those balances. As noted in the final Order, the primary reason that Kentucky Power gave for proposing the Generation Rider was to segregate the costs or revenue requirement effects of Mitchell plant balances from base rates.<sup>44</sup> Kentucky Power explained that segregation of the Mitchell balances was intended to facilitate securitization because, assuming proposed legislation allowing the securitization of Mitchell plant was passed, Kentucky Power would simply be able to eliminate the rider

---

<sup>43</sup> Order (Ky. PSC Feb. 28, 2026) at 167-168.

<sup>44</sup> See Order (Ky. PSC Feb. 28, 2026) at 159-164.

and begin recovering the costs, presumably at a discounted rate, through a securitization surcharge without having to have a base rate case to remove those costs from base rates.<sup>45</sup>

Kentucky Power's primary stated purpose for the Generation Rider would not apply to the costs or revenue requirement effects of the Big Sandy plant balances, because Kentucky Power had not articulate plans to securitize those plant balances and because Kentucky Power did not even propose to remove all costs associated with Big Sandy plant balances from base rates. Further, the testimony accompanying the Settlement Agreement, which was presented just before the hearing in this case, was limited to mentioning Big Sandy's inclusion in the Generation Rider without giving any reasons for this change.<sup>46</sup> Similarly, Kentucky Power's rehearing motion does not express any reason for the change. Finally, while Kentucky Power did offer an alternative basis for the rider in post-hearing briefs, the Commission generally agrees with Joint Intervenors' assertions in post-hearing briefing that the rider eliminates an incentive for cost savings by allowing near immediate recovery with a true-up and offers less scrutiny of costs. Less scrutiny of the costs occurs primarily because while there is an annual review, resources allowing for the type of reviews that occur in major rate cases are finite such that intervenors do not generally participate and the Commission's review may be more limited. Thus, the Commission finds that the evidence presented in this case does not support allowing costs associated with Big Sandy plant balances to be recovered through

---

<sup>45</sup> See Order (Ky. PSC Feb. 28, 2026) at 159-164.

<sup>46</sup> Settlement Testimony of Tanner S. Wolfram (filed Jan. 9, 2026) at S11-S12.



the Generation Rider as proposed in the Settlement Agreement.<sup>47</sup> For these reasons, Kentucky Powers' request for clarification to include Big Sandy costs in the Generation Rider is denied.

IT IS THEREFORE ORDERED that:

1. Kentucky Power's motion for rehearing is granted, in part, and denied, in part.

2. Rehearing is granted regarding the reclassification of vegetation management expenditures, the adjustment to "Other" compensation, the adjustment to incentive compensation tied to reliability, the transmission expense adjustment, and rate case expenses in order to obtain additional information before rendering a decision on the issues as discussed above.

3. The record in this case shall be reopened, limited to the issues noted herein.

4. Kentucky Power may record a regulatory asset pending the final decision on this rehearing for TOR expenditures from the end of the test year of May 31, 2025, through the final Order was issued on February 28, 2026.

5. Big Sandy plant balances and the associated cost recovery as proposed in the Settlement Agreement are not approved to be included in the Generation Rider.

6. The procedural schedule attached as an Appendix to this Order is established for processing of rehearing and shall be followed.

---

<sup>47</sup> The Commission notes that legislation being discussed by the General Assembly that would have allowed securitization of the Mitchell plant balances has not yet been passed. If no avenue for securitization ultimately arises, it will be appropriate in the future to review whether costs associated with Mitchell plant balances should continue to be recovered through the rider.

7. Kentucky Power shall respond to all requests for information propounded by Commission Staff, whether identified on the procedural schedule or otherwise, as provided in those requests.

8. The remainder of the February 28, 2026 Order not in conflict with this Order remains in effect.

9. This case is reopened and returned to the Commission's docket.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Entered on this 9th day of April, 2026.

PUBLIC SERVICE COMMISSION

signed  
in  
my  
presence

Angie Hatton

Angie Hatton  
Chairman

Mary Pat Regan

Mary Pat Regan  
Commissioner

Andrew W. Wood

Andrew W. Wood  
Commissioner

ATTEST:

Linda C. Bridwell

Linda C. Bridwell, PE  
Executive Director

AP

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2025-00257 DATED APR 09 2026

All initial requests for information  
to Kentucky Power shall be filed no later than.....04/24/2026

Kentucky Power shall file responses to initial requests  
for information no later than .....05/08/2026

All supplemental request for information to Kentucky Power  
shall be filed no later than.....05/22/2026

Kentucky Power shall file responses to supplemental requests  
for information no later than.....06/05/2026

## Service List for 2025-00257

\* Angela M Goad  
Assistant Attorney General  
Office of the Attorney General Office of Rate Intervention  
700 Capitol Avenue  
Suite 20  
Frankfort, KY 40601-8204

\* Ashley Wilmes  
Kentucky Resources Council, Inc.  
Post Office Box 1070  
Frankfort, KY 40602

\* Byron Gary  
Kentucky Resources Council, Inc.  
Post Office Box 1070  
Frankfort, KY 40602

\* Honorable David Edward Spenard  
Strobo Barkley PLLC  
239 South 5th Street  
Ste 917  
Louisville, KY 40202

\* Tom Fitzgerald  
Kentucky Resources Council, Inc.  
Post Office Box 1070  
Frankfort, KY 40602

\* Hector Garcia  
Kentucky Power Company  
1645 Winchester Avenue  
Ashland, KY 41101

\* Harlee P. Havens  
Stites & Harbison  
250 West Main Street, Suite 2300  
Lexington, KY 40507

\* Jody Kyler Cohn  
Boehm, Kurtz & Lowry  
425 Walnut Street  
Suite 2400  
Cincinnati, OH 45202

\* Denotes served by Email

\* Jennifer L. Parrish  
Kentucky Power Company  
1645 Winchester Avenue  
Ashland, KY 41101

\* Jeffery D. Newcomb  
Kentucky Power Company  
1645 Winchester Avenue  
Ashland, KY 41101

\* John Horne  
Office of the Attorney General Office of Rate Intervention  
700 Capitol Avenue  
Suite 20  
Frankfort, KY 40601-8204

\* Kentucky Power Company  
1645 Winchester Avenue  
Ashland, KY 41101

\* Kenneth J Gish, Jr.  
Stites & Harbison  
250 West Main Street, Suite 2300  
Lexington, KY 40507

\* Katie M Glass  
Stites & Harbison  
421 West Main Street  
P. O. Box 634  
Frankfort, KY 40602-0634

\* Honorable Kimberly S McCann  
Attorney at Law  
VanAntwerp Attorneys, LLP  
1544 Winchester Avenue, 5th Floor  
P. O. Box 1111  
Ashland, KY 41105-1111

\* Lawrence W Cook  
Assistant Attorney General  
Office of the Attorney General Office of Rate Intervention  
700 Capitol Avenue  
Suite 20  
Frankfort, KY 40601-8204

\* Matt Partymiller  
President  
Kentucky Solar Industries Association  
1038 Brentwood Court  
Suite B  
Lexington, KY 40511

\* Michael West  
Office of the Attorney General Office of Rate Intervention  
700 Capitol Avenue  
Suite 20  
Frankfort, KY 40601-8204

\* Michael J. Schuler  
American Electric Power Service Corporation  
1 Riverside Plaza, 29th Floor  
Post Office Box 16631  
Columbus, OH 43216

\* Honorable Michael L Kurtz  
Attorney at Law  
Boehm, Kurtz & Lowry  
425 Walnut Street  
Suite 2400  
Cincinnati, OH 45202

\* Randal A. Strobo  
Strobo Barkley PLLC  
239 South 5th Street  
Ste 917  
Louisville, KY 40202

\* Toland Lacy  
Office of the Attorney General  
700 Capital Avenue  
Frankfort, KY 40601

\* Tanner Wolfram  
American Electric Power Service Corporation  
1 Riverside Plaza, 29th Floor  
Post Office Box 16631  
Columbus, OH 43216

\* W. Mitchell Hall, Jr.  
VanAntwerp Attorneys, LLP  
1544 Winchester Avenue, 5th Floor  
P. O. Box 1111  
Ashland, KY 41105-1111