

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION BY THE	)	
PUBLIC SERVICE COMMISSION OF THE	)	
ENVIRONMENTAL SURCHARGE MECHANISM	)	CASE NO.
OF KENTUCKY POWER COMPANY FOR THE	)	2025-00267
TWO-YEAR BILLING PERIOD ENDING JUNE 30,	)	
2025	)	

ORDER

On May 27, 1997, the Commission approved Kentucky Power Company's (Kentucky Power) environmental surcharge application and established a surcharge mechanism.¹ On July 15, 2021, the Commission approved Kentucky Power's most recent environmental compliance plan.² Pursuant to KRS 278.183(3), at six-month intervals, the Commission must review the past operations of the environmental surcharge, disallow any surcharge amounts found not to be just and reasonable, and reconcile past surcharges with actual costs recoverable pursuant to KRS 278.183(1). At two-year intervals, the Commission must review and evaluate the past operations of the environmental surcharge, disallow improper expenses and, to the extent appropriate,

¹ Case No. 1996-00489, *Application of Kentucky Power Company d/b/a American Electric Power to Assess a Surcharge Under KRS 278.183 to Recover Costs of Compliance with the Clean Air Act and Those Environmental Requirements Which Apply to Coal Combustion Wastes and By-Products* (Ky. PSC May 27, 1997).

² Case No. 2021-00004, *Electronic Application of Kentucky Power Company for Approval of a Certificate of Public Convenience and Necessity for Environmental Project Construction at the Mitchell Generating Station, an Amended Environmental Compliance Plan, and Revised Environmental Surcharge Tariff Sheets* (Ky. PSC July 15, 2021).

incorporate surcharge amounts found just and reasonable into the existing base rates of the utility.

On its own motion, the Commission initiates the two-year review of Kentucky Power's environmental surcharge for the billing periods ending June 30, 2025.

To facilitate this review, a procedural schedule is set forth in Appendix A to this Order. In accordance with that schedule, Kentucky Power is to file prepared direct testimony in support of the reasonableness of the application of its environmental surcharge mechanism during the periods under review.

In addition, Kentucky Power is to file its responses to the information requested in Appendix B to this Order and shall respond to any future requests for information propounded by Commission Staff by the date or dates set forth on any such requests.

Additionally, any hearing scheduled in this matter shall be held on the designated day or days and continued until called from the bench by the presiding officer. Pursuant to 807 KAR 5:001, Section 2, if the hearing is not concluded on the designated day, the hearing may be continued upon verbal announcement by the presiding officer. A verbal announcement made by the presiding officer shall be proper notice of the continued hearing. Hearings are held at the offices of the Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky. Witnesses who sponsor schedules, testimony, or responses to requests for information are expected to participate in person at a hearing.

IT IS THEREFORE ORDERED that:

1. This proceeding is initiated to review Kentucky Power's environmental surcharge for the billing period set forth in this Order.

2. The procedural schedule set forth in Appendix A to this Order shall be followed.

3. On or before the date set forth in the procedural schedule, Kentucky Power shall file its responses to the information requested in Appendix B attached to this Order.

4. Kentucky Power shall respond to any additional requests for information propounded by Commission Staff as provided in those requests.

5. Unless otherwise ordered by the Commission, the procedures set forth in 807 KAR 5:001, Section 8, related to the service and electronic filing of papers shall be followed in this proceeding.

6. Any party filing a paper with the Commission shall file an electronic copy in accordance with the electronic filing procedures set forth in 807 KAR 5:001, Section 8. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085³ regarding filings with the Commission.

7. If a party objects to the use of electronic filing procedures and the Commission determines that good cause exists to excuse that party from the use of electronic filing procedures, service of documents on that party and by that party shall be made in accordance with 807 KAR 5:001, Section 4(8).

8. Pursuant to 807 KAR 5:001, Section 8(9), within seven days of the date of service of this Order, Kentucky Power shall file a written statement that it waives any right

³ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

to service of Commission Orders by United States mail and that it or its authorized agent possesses the facilities to receive electronic submissions.

9. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding, which is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Therefore, any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented, or the issues and facts the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of utility service consumed by the movant or a general statement regarding the potential impact of possible modification of rates will not be deemed sufficient to establish a special interest.

10. Any motion to intervene filed after the dates established in the procedural schedule shall show a basis for intervention and good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

11. Unless a party granted leave to intervene states its objection to the use of electronic filing procedures in a motion for intervention, the party shall:

a. Be deemed to have consented to the use of electronic filing procedures and the service of all papers, including Orders of the Commission, by electronic means; and

b. Within seven days of the date of service of an Order of the Commission granting its intervention, file with the Commission a written statement that:

i. It, or its authorized agent, possesses the facilities to receive electronic transmissions; and

ii. Sets forth the electronic mail address to which all electronic notices and messages related to this proceeding shall be served.

12. Kentucky Power shall, by the date set forth in Appendix A, file its prepared direct testimony in support of the reasonableness of the application of its environmental surcharge mechanism during the period under review and on a proposal to roll its environmental surcharge into existing base rates.

13. Within seven days of the Commission's granting intervention to a party, Kentucky Power shall provide the party with a copy of its monthly environmental surcharge reports as filed with the Commission for the review period.

14. Kentucky Power's monthly environmental surcharge reports and supporting data for the review period set forth in this Order shall be incorporated by reference into the record of this case.

15. The Commission does not look favorably upon motions for continuance. Accordingly, motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

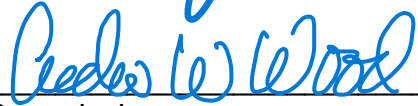
16. The Commission does not look favorably upon motions to substitute witnesses or excuse witnesses from testifying at Commission hearings. Accordingly, motions to substitute witnesses or excuse a witness from testifying at a Commission

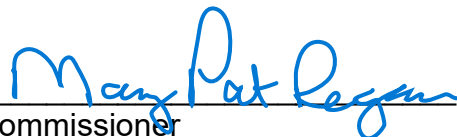
hearing or from testifying in person at a Commission hearing shall be made in writing at least 14 days prior to the hearing and will be granted only upon a showing of good cause.

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PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:

 RP
Executive Director



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2025-00267 DATED SEP 23 2025

Kentucky Power shall file its prepared direct testimony and responses to the information requested in Appendix B no later than 10/15/2025

A person interested in becoming a party to this proceeding shall file a motion to intervene with the Commission pursuant to 807 KAR 5:001, Section 4(11), no later than..... 10/22/2025

All additional requests for information to Kentucky Power shall be filed no later than 11/05/2025

Kentucky Power shall file responses to additional requests for information no later than..... 11/20/2025

Intervenor testimony, if any, in verified prepared form shall be filed no later than 12/08/2025

All requests for information to Intervenors shall be filed no later than 12/22/2025

Intervenors shall file responses to requests for information no later than..... 01/08/2026

Last day for Kentucky Power or Intervenors to request a hearing or submit this case for a decision based on the record..... 01/23/2026

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00267 DATED SEP 23 2025

Kentucky Power Company (Kentucky Power), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on October 15, 2025. The Commission directs Kentucky Power to the Commission's July 22, 2021, Order in Case No. 2020-00085⁴ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kentucky Power shall make timely amendment to any prior response if Kentucky Power obtains information that indicates the response was incorrect or incomplete when

⁴ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Kentucky Power fails or refuses to furnish all or part of the requested information, Kentucky Power shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Kentucky Power shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Prepare a summary schedule showing the calculation of $E(m)$ and the surcharge factor for the expense months under review. ES Form 1.00 and 1.10 can be used as a model for this summary. Include the two expense months subsequent to the review period that is the subject of this proceeding in order to show the over- and under-recovery adjustments for the months included for of the period under review. Include a calculation of any additional over- or under-recovery amount Kentucky Power believes needs to be recognized for the two-year review. Provide the schedule and all supporting calculations and documentation in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

2. The net gain or loss from sulfur dioxide and nitrogen oxide emission allowance sales is reported on ES Form 3.00, Calculation of Current Period Revenue Requirement, Third Component and Second Component. For the last six expense months of the two-year period under review, provide an explanation of how the gain or loss reported in the expense month was calculated and describe the transaction(s) that was the source of the gain or loss.

3. Refer to ES Form 3.13 and 3.10, Mitchell Environmental Costs for each of the last six expense months of the two-year period under review. Explain the reason(s) for any change in the expense levels from month to month if that change is greater than plus or minus 10 percent for each of the following operating and maintenance costs listed:

- a. Line 22 Monthly Disposal (5010000)
- b. Line 24 Monthly Urea Expense (5020002)
- c. Line 25 Monthly Trona Expense (5020003)
- d. Line 26 Monthly Lime Stone Expense (5020004)
- e. Line 27 Monthly Polymer Expense (5020005)
- f. Line 28 Monthly Lime Hydrate Expense (5020007)
- g. Line 29 Monthly WV Air Emission Fee
- h. Line 35 Monthly FGD Maintenance Expense
- i. Line 36 Monthly Non-FGD Maintenance Expense

4. Refer to ES Form 3.11, 3.12, and 3.40 for last six expense months of the two-year period under review covered by the billing periods under review.

a. For the last six expense months in the two-year review period, provide the calculation that supports the total cost of allowances consumed that is then carried to ES Form 3.13 and 3.10.

b. Provide an explanation and the reasons for any fluctuations greater than plus or minus 10 percent in the monthly average cost of allowances determined in 4a.

5. Provide the average residential customer's monthly usage as of April 30, 2025. Based on this usage amount, provide the dollar impact any over- or under-recovery will have on the average residential customer's bill for the recovery periods. Provide the schedule and all supporting calculations and documentation in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

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