COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION OF THE APPLICATION OF THE FUEL ADJUSTMENT CLAUSE OF KENTUCKY POWER COMPANY FROM NOVEMBER 1, 2022 THROUGH OCTOBER 31, 2024.	)))))	CASE NO. 2025-00338

O R D E R

Pursuant to 807 KAR 5:056, the Commission, on December 19, 2025, established this case to review and evaluate the operation of the Fuel Adjustment Clause (FAC) of Kentucky Power Company (Kentucky Power) for the period of November 1, 2022, through October 31, 2024, and to determine the amount of fuel costs that should be included in its base rates.[1] In addition, Kentucky Industrial Utility Customers, Inc. (KIUC)[2] and the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General)[3] were granted intervention in this proceeding.

In establishing this review, the Commission ordered Kentucky Power to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. The Commission investigated Kentucky Power's efforts to mitigate high fuel or purchased power costs and planned or forced outages, among other practices and processes.

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[1] Opening Order (Ky. PSC Dec. 29, 2025).

[2] Order (Ky. PSC Feb. 4, 2026).

[3] Order (Ky. PSC Jan. 29, 2026).

On January 23, 2026, Kentucky Power submitted direct testimony and responses to Commission Staff's First Request for Information (Staff's First Request).[4] Subsequently, Kentucky Power filed responses to two additional requests for information from Commission Staff.[5] Kentucky Power responded to one request for information from the Attorney General.[6] Neither KIUC nor the Attorney General filed direct testimony in this case. On June 1, 2026, Kentucky Power, the Attorney General, and KIUC filed a joint motion to approve a settlement agreement and a request to submit the matter for decision on the record.[7]

LEGAL STANDARD

The FAC is a regulatory mechanism that permits jurisdictional utilities to regularly adjust the per unit price of electricity to reflect fluctuations in the cost of fuel, or purchased power, used to supply that electricity as established by 807 KAR 5:056. The statutory foundations for the regulation are KRS 278.480, which gives the Commission exclusive jurisdiction over the regulation of rates and services of utilities, and KRS 278.030(1), which grants the PSC the authority to set rates that are fair, just and reasonable. The Commission's right to conduct six-month and two-year reviews of a utility's FAC is established in 807 KAR 5:056, Section 3. Every two years the Commission shall conduct

[4] Kentucky Power's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Jan. 23, 2026).

[5] Kentucky Power's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Feb. 20, 2026); Kentucky Power's Response to Commission Staff's Third Request for Information (Staff's Third Request) (filed Mar. 20, 2026).

[6] Kentucky Power's Response to the Attorney General's First Request for Information (filed Feb. 20, 2026).

[7] Joint Motion to Approve Settlement Agreement and Request to Submit Matter for Decision on the Record (filed June 1, 2026).

a formal review and evaluate past operations of the clause, disallow improper expenses and, to the extent appropriate, reestablish the baseline fuel clause charge.

BACKGROUND

In the prior two-year FAC review proceeding, Case No. 2023-00008, KIUC and the Attorney General were granted intervention[8] and on November 14, 2024, Kentucky Power, KIUC, and the Attorney General filed a proposed Settlement Agreement and a Joint Motion to Approve a Settlement Agreement by December 15, 2024.[9] The Settlement Agreement in Case No. 2023-00008 provided that a total settlement amount credit to Kentucky Power customers in the total amount of $16,900,000 would be credited to customers in the first four months of 2025 and the first four months of 2026.[10] The Commission, by Order, approved the Case No. 2023-00008 Settlement Agreement, and its subsequent revision, on December 13, 2024, and December 22, 2025, respectively.[11]

DISCUSSION AND FINDINGS

Settlement Agreement

As part of the Case No. 2023-00008 Settlement Agreement, KIUC and the Attorney General agreed to intervene in this proceeding, support this settlement agreement as the

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[8] Case No. 2023-00008, *An Electronic Examination of the Application of the Fuel Adjustment Clause of Kentucky Power Company from November 1, 2020 through October 31, 2022* (Ky. PSC Sept. 6, 2023), Opening Order.

[9] Case No. 2023-00008, *An Electronic Examination of the Application of the Fuel Adjustment Clause of Kentucky Power Company from November 1, 2020 through October 31, 2022* (filed Nov. 14, 2024), Joint Motion to Approve Settlement Agreement.

[10] Case No. 2023-00008, Nov. 14, 2024 Joint Motion to Approve Settlement Agreement.

[11] Case No. 2023-00008, *An Electronic Examination of the Application of the Fuel Adjustment Clause of Kentucky Power Company from November 1, 2020 through October 31, 2022* (Ky. PSC Dec. 13, 2024), Order; and Case No. 2023-00008, *An Electronic Examination of the Application of the Fuel Adjustment Clause of Kentucky Power Company from November 1, 2020 through October 31, 2022* (Ky. PSC Dec. 22, 2025), Order.

reasonable resolution of all issues, and not advocate for adjustments to Kentucky Power's FAC rates during the two-year review period.[12] On June 1, 2026, Kentucky Power, KIUC, and the Attorney General jointly submitted a motion to approve the settlement agreement.[13] The motion requested that the Commission find the following: Kentucky Power's proposed base fuel rate is reasonable and approved; Kentucky Power's charges and credits billed through the FAC during the review period at issue are reasonable and approved; Kentucky Power's fuel procurement practices during the review period at issue were reasonable and prudent; and Kentucky Power operated its generating units prudently during the review period.[14] Upon review of Kentucky Power's monthly FAC Form A Filings, the Commission finds that Kentucky Power has complied with the Commission's December 13, 2024 final Order in Case No. 2023-00008[15] by providing monthly updates of the status of the total $16,900,000 amount credited to customers in its monthly FAC filings.[16] In addition, upon review of the Monthly peaking unit equivalent

[12] Case No. 2023-00008, Nov. 14, 2024 Joint Motion to Approve Settlement Agreement at 4.

[13] Settlement Agreement (filed June 1, 2026).

[14] Settlement Agreement at 3. An additional item in the Settlement Agreement was that "[s]tarting with FAC-eligible costs incurred on the first day of the first billing month after the date of the Commission's issuance of a final order approving this Settlement Agreement without modification and until the Company's next base rate case, Kentucky Power will use a startup cost component of the PUE calculation for each future 6 month FAC review period equal to $4.62/MWh": Settlement Agreement at 7. The Joint Settlement was approved in Case No. 2023-00008, (Ky PSC Dec 13, 2024), Order at 2.

[15] Case No. 2023-00008, Dec. 13, 2024, final Order at 16

[16] Kentucky Power's FAC Form A, expense month January 2025 (filed. Feb 18, 2025); Kentucky Power's FAC Form A, expense month February 2025 (filed. Mar. 21, 2025); Kentucky Power's FAC Form A, expense month March 2025 (filed. Apr. 21, 2025); Kentucky Power's FAC Form A, expense month April 2025 (filed. May 28, 2025); Kentucky Power's FAC Form A, expense month January 2026 (filed. Feb. 24, 2026); Kentucky Power's FAC Form A, expense month February 2026 (filed. Mar. 16, 2026); Kentucky Power's FAC Form A, expense month March 2026 (filed. Apr. 20, 2026); and Kentucky Power's FAC Form A, expense month April 2026 (filed. May 22, 2026). Kentucky Power's Generator FAC form A filings are located on the Kentucky Public Service Commission's website at https://psc.ky.gov/Home/Library?type=FAC.

(PUE) filings, the Commission finds that Kentucky Power's PUE analysis was calculated correctly.[17]

Base Fuel Cost

Kentucky Power proposed that the current base fuel cost remains unchanged at the cost of $0.03380 per kWh,[18] retaining the current base month of January 2022.[19] Kentucky Power examined the historical fuel costs during the review period and projected fuel costs for the years of 2026, 2027, and 2028 and found the current base fuel cost to be an appropriate approximation of the fuel costs the utility may expect moving forward.[20] Kentucky Power further stated that due to how close the projected fuel costs are from the current base fuel costs that it would not be worthwhile to propose a change to the base fuel costs based on the evidence presented in the record.[21]

When establishing the appropriate level of base fuel cost to be included in Kentucky Power's rates, the Commission must determine whether the proposed base period cost per kWh is representative of the level of fuel cost currently being experienced by Kentucky Power. An analysis of Kentucky Power's monthly FAC filings shows that the total fuel cost for the two-year review period ranged from a low of $0.00724 per kWh in

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[17] See Kentucky Power's Response to Staff's First Request For Information Item 49 Attachments 1-24 (filed Jan 23, 2026).

[18] The Direct Testimony of Lerah M. Kahn (Kahn Testimony) at6.

[19] Kentucky Power last made a change to the fuel cost included in base rates in Case No. 2023-00008, Dec. 13, 2024 Order.

[20] Kahn Testimony at 7-8.

[21] Kahn Testimony at 7-8.

January 2023[22] to a high of $0.07725 per kWh in December 2022.[23] The two-year average fuel rate was $0.03747 per kWh and is $0.00367 per kWh less than the current base fuel rate. The current base fuel amount of $0.03380 per kWh falls between the lowest and highest monthly fuel costs for the period under review. Based upon its review, the Commission finds that Kentucky Power's proposal to maintain its current base fuel cost of $0.03380 per kWh should be approved.

Included in the two-year FAC review cases, the Commission conducts a six-month review of the last six months of the period under review, to examine the calculation or application of Kentucky Power's FAC charges and fuel procurement practices. Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that during the period under review, Kentucky Power has complied with the provisions of 807 KAR 5:056. The Commission further finds no evidence of improper calculation or application of Kentucky Power's FAC charges or improper fuel procurement practices for the last six months of the period under review from May 1, 2024, to October 31, 2024.

[22] Kentucky Power's FAC Form A, expense month January 2023 (filed. Feb. 20, 2023). Kentucky Power's Generator FAC form A filings are located on the Kentucky Public Service Commission's website at https://psc.ky.gov/Home/Library?type=FAC.

[23] Kentucky Power's FAC Form A, expense month December 2022 (filed. Jan. 23, 2023). Kentucky Power's Generator FAC form A filings are located on the Kentucky Public Service Commission's website at https://psc.ky.gov/Home/Library?type=FAC.

Motion for Confidential Treatment

On January 23, 2026, Kentucky Power filed a motion seeking confidential treatment pursuant to 807 KAR 5:001, Section 13(2), and KRS 61.878(1)(c)(1) for identified portions of seven separate attachments.[24]

Kentucky Power asserted that the identified portions of Attachment 2 to KPSC 1-4 contain key pricing and business terms provided by third parties in response to written solicitations.[25] Kentucky Power argued that public disclosure of this information would have “a chilling effect” on the willingness of future bidders to submit coal-supply solicitations.[26] Kentucky Power requested confidential treatment for the redacted portions of Attachment 2 to KPSC 1-4 for a period of five years.[27]

Kentucky Power also requested confidential treatment to identified portions of Attachment 1 and Attachment 2 to KPSC 1-32, which it stated contains forecasts of its undivided share of the coal to be consumed in 2026 and 2027 as well as the cost at the Mitchell Generating Station and Big Sandy Unit 1.[28] Kentucky Power argued that the forecasts constitute competitively-sensitive proprietary information used in the pricing of its products.[29] Kentucky Power claimed that if this information was known to the public, it will be harmed by competitors and suppliers in future competitive bidding processes,

[24] Kentucky Power’s Motion for Confidential Treatment (Motion for Confidential Treatment) (filed Jan. 23, 2026) at 1.

[25] Motion for Confidential Treatment at 2.

[26] Motion for Confidential Treatment at 3.

[27] Motion for Confidential Treatment at 8.

[28] Motion for Confidential Treatment at 3.

[29] Motion for Confidential Treatment at 3.

which could lead to higher costs for its customers.[30] As a result, Kentucky Power requested that the redacted portions of the two attachments receive confidential treatment until January 1, 2028.[31]

Next, Kentucky Power requested that identified portions of Attachment 1 to KPSC 1-33, which includes its revenue forecasts, receive confidential treatment until January 1, 2028.[32] Kentucky Power provided that if the revenue forecasts were disclosed along with the forecasted sales, individuals could “reverse-engineer” its price forecasts, which could harm it in future bidding processes and result in higher prices for its customers.[33]

Kentucky Power also requested confidential treatment to identified portions of Attachment 1 to KPSC 1-34, which contains detailed information relating to the specific timing of planned maintenance outages for its generation units.[34] Kentucky Power argued that this information, if disclosed to the public, would indicate its position in the market, whether it would be energy short or long, and result in it paying higher prices to procure energy.[35] Kentucky Power requested this information receive confidential treatment until January 1, 2028.[36]

Lastly, Kentucky Power requested confidential treatment to Attachments 1 and 2 to KPSC 1-46, which contain unit-specific information relating to the operation of the

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[30] Motion for Confidential Treatment at 3-4.

[31] Motion for Confidential Treatment at 8.

[32] Motion for Confidential Treatment at 4, 8.

[33] Motion for Confidential Treatment at 4.

[34] Motion for Confidential Treatment at 5.

[35] Motion for Confidential Treatment at 5.

[36] Motion for Confidential Treatment at 8.

Company's generating units, their costs, and the strategy for bidding the units into the PJM market.[37] Kentucky Power argued that public disclosure of this information would provide highly sensitive date about the unique operation, costs, and performance of its generating units, as well placing it at a competitive disadvantage when buying and selling in the wholesale market.[38] Kentucky Power requested that the attachments receive confidential treatment for a period of five years.[39]

Having considered the motion and the material at issue, the Commission finds that Kentucky Power's motion for confidential treatment should be granted. If publicly disclosed, the information may unfairly disadvantage Kentucky Power in the marketplace. The information provided is generally recognized as confidential or proprietary; it therefore meets the criteria for confidential treatment and should be exempted from public disclosure pursuant to 807 KAR 5:001, Section 13, and KRS 61.878(1)(c)(1) for the periods as requested by Kentucky Power.

IT IS THEREFORE ORDERED that:

1. The motion to approve a settlement agreement is granted.

2. The charges and credits applied by Kentucky Power through the FAC for the period from November 1, 2022, through October 21, 2024, are approved.

3. Kentucky Power's continued use of the existing base fuel cost of $0.03380 per kWh is approved.

4. Kentucky Power's motion for confidential treatment is granted.

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[37] Motion for Confidential Treatment at 6.

[38] Motion for Confidential Treatment at 6.

[39] Motion for Confidential Treatment at 7.

5. Attachment 2 to KPSC 1-4 and Attachments 1 and 2 to KPSC 1-46 are granted confidential treatment by this Order and shall not be placed in the public record or made available for public inspection for five years or until further order of this Commission.

6. Attachments 1 and 2 to KPSC 1-32, Attachment 1to KPSC 1-33, and Attachment 1 to KPSC 1-34 granted confidential treatment by this Order shall not be placed in the public record or made available for public inspection until January 1, 2028.

7. Use of the designated material granted confidential treatment by this Order in any Commission proceeding shall comply with 807 KAR 5:001, Section 13(9).

8. If the designated material granted confidential treatment by this Order becomes publicly available or no longer qualifies for confidential treatment, Kentucky Power shall inform the Commission and file with the Commission an unredacted copy of the designated material.

9. If a nonparty to this proceeding requests to inspect the material granted confidential treatment by this Order and the period during which the material has been granted confidential treatment has not expired, Kentucky Power shall have 20 days from receipt of written notice of the request to demonstrate that the material still falls within the exclusions from disclosure requirements established in KRS 61.878. If Kentucky Power is unable to make such demonstration, the requested material shall be made available for inspection. Otherwise, the Commission shall deny the request for inspection.

10. The Commission shall not make the requested material available for inspection for 30 days from the date of service of an Order finding that the material no

longer qualifies for confidential treatment in order to allow Kentucky Power to seek a remedy afforded by law.

11. This case is closed and removed from the Commission’s docket.

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Entered on this 18th day of August, 2026.

PUBLIC SERVICE COMMISSION

Angie Hatton
Chair

Mary Pat Regan
Vice Chair

Andrew W. Wood
Commissioner

Barry L. Mayfield
Commissioner

ATTEST:

Justin McNeil
Executive Director

Service List for Case 2025-00338

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

* 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

* 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

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

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

* Denotes served by Email

* 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

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