

Andy Beshear  
Governor

John Lyons  
Secretary  
Energy and Environment Cabinet



Commonwealth of Kentucky  
**Public Service Commission**  
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Frankfort, Kentucky 40601-8294  
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psc.ky.gov

Angie Hatton  
Chair

Mary Pat Regan  
Commissioner

Andrew W. Wood  
Commissioner

May 18, 2026

## PARTIES OF RECORD

Re: Case No. 2025-00257

Notice is given to all parties that the attached Kentucky Power Company Informal Conference Memorandum, attendance list and Power Point presentation have been filed into the record of this proceeding.

If you have any comments you would like to make regarding the contents of the document, please do so within five days of receipt of this letter. If you have any questions, please contact Jason Colyer, Staff Attorney III, at [Jason.Colyer@ky.gov](mailto:Jason.Colyer@ky.gov).

Sincerely,

  
Linda C. Bridwell, PE  
Executive Director

Attachment

**INTRA-AGENCY MEMORANDUM  
KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Chair Angie Hatton, Commissioner Andrew Wood, Commissioner Mary Pat Regan

**FROM:** Jason Colyer, Staff Attorney

**DATE:** April 1, 2026

**RE:** April 1, 2026 Informal Conference

*Case No. 2025-00257, 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 Certain Regulatory and Accounting Treatments; and (4) All Other Required Approvals and Relief*

Pursuant to Order issued on March 27, 2026, an informal conference was conducted on April 1, 2026. Attached is a copy of the attendance roster and Kentucky Power's PowerPoint presentation.

The informal conference was requested by Kentucky Power to discuss the issues presented in Kentucky Power's Motion for Rehearing filed on March 20, 2026. Kentucky Power explained that rehearing of the Commission's February 28, 2026 final Order is necessary to maintain the financial health of the company, continue to improve reliability for customers, and balance bill impacts.

Kentucky Power representatives discussed the Company's position on Vegetation Management, Compensation Expense, Transmission Expense, and Rate Case Expense, and provided clarification on the Generation Rider. Additionally, Kentucky Power representatives discussed a spreadsheet containing Kentucky Power's revenue requirement summary for its vegetation management programs. Intervenor counsel was permitted to ask questions.

There being no further discussion, the informal conference was then adjourned.

cc: Parties of Record

Kentucky Power Company

2025-00257

# REHEARING INFORMAL CONFERENCE

2025-00257 REHEARING ITEMS

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1. Vegetation Management
2. Compensation Expense
3. Transmission Expense
4. Rate Case Expense
5. Clarification of Generation Rider

## SUMMARY

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### **Settlement Position**

- Already had many concessions, including the use of deferred tax liabilities to minimize impact.
- Produced lower customer bill impacts than any party's litigation position.

### **Proposed Customer Impact**

- Kentucky Power is proposing to use deferred tax liabilities to offset rehearing items.
- No net impact to customers.

### **Reasons for Rehearing Request**

- Seek clarification on the Order's intention, maintain financial health of the company, continue to improve reliability for customers, and balance bill impacts.

## VEGETATION MANAGEMENT EXPENSE

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### Items for Reconsideration/Clarification

- Reclassification of TOR from capital to expense.
  - Sets the Company's budget for TOR at \$7.2 million per year;
  - We have already released 110 contract employees;
  - Limits our ability to address our leading cause of outages;
  - More expensive for customers in the short-term; and
  - With no WACC carrying costs on the regulatory asset, negatively impacts Company's financial condition.
- Order appears to also apply to capital TIR investment, which was not accounted for in base rates.
- Because the Order did not address the recoverability of ~\$17 million capital vegetation management investments made from the end of the test-year until the Order date, the Company could incur a \$17 million write-off in Q1 2026.

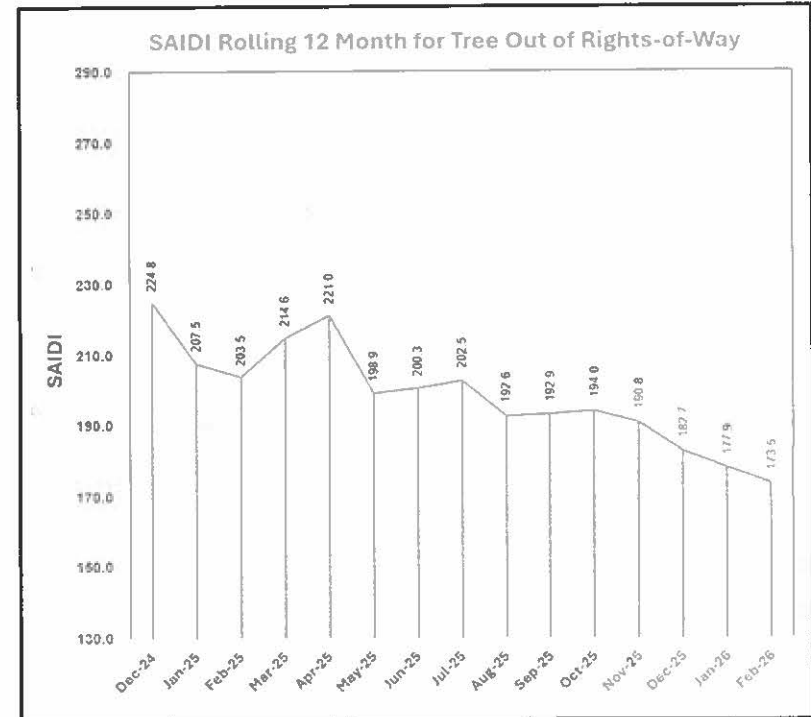
## VEGETATION MANAGEMENT EXPENSE

### Option 1- Maintain current ratemaking treatment (Company's preferred option)

- Lower immediate impact to customers, especially given the Settlement that removed the proforma \$18 million.
- Kentucky Power will continue to be able make significant investments to address its leading cause of outages.

### Option 2- Treat vegetation management as expense

- Additional modifications needed under this option:
  - If the order meant to treat all vegetation management as expense, need an increase to base rates for TIR. If not, requesting clarification that TIR excluded;
  - Requesting WACC return on the regulatory asset (Company will have to finance the regulatory asset for 30 years); and
  - Need deferral authority of capital investments made from June 1, 2025, through February 28, 2026; (addition to regulatory asset to be recovered in a future proceeding).
    - Potential \$17 million write-off if deferral is not authorized.
- Total revenue requirement increase: \$6.3 million (See Rehearing Exhibit).



## OTHER REHEARING ITEMS

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### **Compensation**

Two categories of compensation charges on rehearing:

1. Standard labor costs—coded as “other” on payroll forms and primarily includes standard payroll costs like vacation, holiday, and sick pay.
2. Incentive compensation—ensures employees receive market level compensation packages.
  - Company had already removed the portion of incentive compensation tied to financial metrics.
  - Order removes compensation tied to non-financial metrics like reliability.

### **Transmission Expense**

2026 transmission expense already expected to be \$11 million over approved amount.

### **Rate Case Expense**

Change needed for timing difference in when expenses were incurred and when they were received.

### **Generation Rider Clarification**

Clarification needed to ensure proper accounting treatment of Big Sandy related costs.

# PSC INFORMAL CONFERENCE SIGN IN SHEET

CASE #: 2025-00257 Kentucky Power

LOCATION: 211 Sower Blvd Frankfort KY- Viewing Room 1

DATE: Wednesday, April 1, 2026

| NAME            | COMPANY                        |
|-----------------|--------------------------------|
| Tanner Wolffram | Kentucky Power                 |
| Mike Schwab     | Kentucky Power                 |
| MIKE KURTZ      | KIUC                           |
| Daniel Hinton   | PSC staff                      |
| Harue Harons    | Kentucky Power                 |
| Amy Elliott     | Kentucky Power                 |
| Katie Glass     | Stites & Harrison for KY Power |
| JASON COLYER    | PSC Farhad Shahidi             |
| Kala Means      | PSC                            |
| William Pearce  | PSC                            |
| Kayleigh Biley  | PSC                            |
| Bentley Jarboe  | PSC                            |
| Connor Hancy    | PSC                            |
| Ken Gish        | Stites & Harrison for KPCO     |
| Ben Ballamy     | PSC                            |

|                 |                  |
|-----------------|------------------|
| Mary Whitaker   | PSC              |
| Jeff Abshire    | PSC              |
| Noah Abner      | PSC              |
| Peter Bostrom   | PSC              |
| Moriah Tussey   | PSC              |
| Brian Thomas    | PSC              |
| Ryan Mattingly  | PSC              |
| Adam McCune     | PSC              |
| Jenni Parrish   | Kentucky Power   |
| Jody Cohn       | KIUC             |
| Toland Lacy     | Attorney General |
| Michelle Ross   | Kentucky Power   |
| Randy Strobo    | KYSEIA           |
| Michael West    | Attorney General |
| David Spenard   | KYSEIA           |
| Heather Whitney | Kentucky Power   |

## Service List for 2025-00257

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