

**FEDERAL TAX CUT TARIFF
(F.T.C.)**

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., C.S. Coal, M.W., O.L., and S.L..

RATE.

1. Pursuant to the final order of the Kentucky Public Service Commission in Case No. 2018-00035 and the Stipulation and Settlement Agreement dated April 25, 2018 as filed and approved by the Commission, Kentucky Power Company is to credit to retail ratepayers the approved annual amount of excess accumulated deferred federal income taxes (ADIT) beginning July 1, 2018 and continue to do so until the Company’s base rates are re-set in a future base rate proceeding.

2. The Annual Total Rate Credit Amount (AC) was calculated as follows:

AC = the sum of (1/18th of estimated retail Generation and Distribution related Unprotected Excess ADIT) + calendar year estimated retail Generation and Distribution related ARAM of Protected Excess ADIT.

3. The allocation of the actual Annual Tax Credit Amount between residential and all other customers shall be based upon their respective contribution to total retail revenues, according to the following formula:

$$\text{Residential Allocation RA}(y) = AC(y) \times \frac{\text{KY Residential Retail Revenue RR}}{\text{KY Retail Revenue R}}$$

$$\text{All Other Allocation OA}(y) = AC(y) \times \frac{\text{KY All Other Classes Retail Revenue OR}}{\text{KY Retail Revenue R}}$$

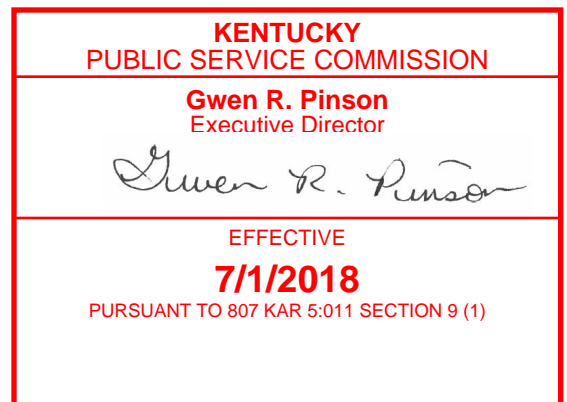
Where:

(y) = the credit year;
RR = \$236,006,728;
OR = \$316,554,577; and
R = \$552,561,305.

4. The Residential Allocation and All Other Allocation shall be credited to customers on a kWh basis as follows:

	<u>Residential</u> (\$/kWh)	<u>All Other</u> (\$/kWh)
July – December 2018	\$0.004803	\$0.003188
January – March and December 2019	\$0.003593	\$0.001604
April – November 2019	\$0.001000	\$0.001604
January – March and December 2020*	\$0.003686	\$0.001635
April – November 2020*	\$0.001000	\$0.001635

* And continuing thereafter for the applicable months until the Company’s rates are changed as part of a base rate proceeding, but not to exceed a period longer than 18 years total from January 1, 2018.



DATE OF ISSUE: July 18, 2018
DATE EFFECTIVE: Bills Rendered On And After July 1, 2018
ISSUED BY: /s/ Ranie Wohnhas
TITLE: Managing Director, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No. 2018-00035 Dated June 28, 2018