

**TARIFF E.S. (Cont'd)**  
**(Environmental Surcharge)**

**RATE (Cont'd)**

OE <sub>KP(C)</sub>	=	Monthly Pollution Control Operating Expenses for Mitchell.
RB <sub>IM(C)</sub>	=	Environmental Compliance Rate Base for Rockport.
ROR <sub>IM(C)</sub>	=	Annual Rate of Return on Rockport Rate Base; Annual Rate divided by 12 to restate to a Monthly Rate of Return.
OE <sub>IM(C)</sub>	=	Monthly Pollution Control Operating Expenses for Rockport.
AS	=	Net proceeds from the sale of Title IV and CSAPR SO <sub>2</sub> emission allowances, ERCs, and NOx emission allowances, reflected in the month of receipt.

“KP(C)” identifies components from Mitchell Units – Current Period, and “IM(C)” identifies components from the Indiana Michigan Power Company’s Rockport Units – Current Period.

The Environmental Compliance Rate Base for both Kentucky Power and Rockport reflects the current cost associated with the 1997 Plan, the 2003 Plan, the 2005 Plan, the 2007 Plan, the 2015 Plan, the 2017 Plan, and the 2019 Plan. The Operating Expenses for both Kentucky Power and Rockport reflects the current operating expenses associated with the 1997 Plan, the 2003 Plan, the 2005 Plan, the 2007 Plan, the 2015 Plan, the 2017 Plan, and the 2019 Plan.

The Rate of Return for Kentucky Power is 9.10% rate of return on equity as authorized by the Commission in its Order Dated January 13, 2021, Case No. 2020-00174.

The Rate of Return for Rockport should reflect the requirements of the Rockport Unit Power Agreement.

Net Proceeds from the sale of emission allowances and ERCs that reflect net gains will be a reduction to the Current Period Revenue Requirement, while net losses will be an increase.

The Current Period Revenue Requirement will reflect the balances and expenses as of the Expense Month of the filing.

**CANCELLED**

September 28, 2021

**KENTUCKY PUBLIC  
SERVICE COMMISSION**

(Cont'd on Sheet No. 29-4)

DATE OF ISSUE: April 9, 2021  
DATE EFFECTIVE: Service Rendered On And After January 14, 2021  
ISSUED BY: /s/ Brian K. West  
TITLE: Vice President, Regulatory & Finance  
By Authority of Orders of the Public Service Commission  
In Case No. 2020-00174 dated January 13, 2021; January 15, 2021; February 22, 2021, and March 17, 2021

**KENTUCKY  
PUBLIC SERVICE COMMISSION**

**Linda C. Bridwell**  
Executive Director



**EFFECTIVE  
1/14/2021**  
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

**TARIFF E.S. (Cont'd)**  
**(Environmental Surcharge)**

**RATE (Cont'd)**

6. Environmental costs "E" shall be the Company's costs of compliance with the Clean Air Act and those environmental requirements that apply to coal combustion wastes and by-products, as follows:

Total Company:

- return on Title IV and CSAPR SO<sub>2</sub> allowance inventory T
- over/under recovery balances between the actual costs incurred less the amount collected through the environmental surcharge
- costs associated with any Commission's consultant approved by the Commission
- costs associated with the consumption of Title IV and CSAPR SO<sub>2</sub> allowances
- costs associated with the consumption of NO<sub>x</sub> allowances
- return on NO<sub>x</sub> allowance inventory
- costs associated with maintaining approved pollution control equipment including material and contract labor (excluding plant labor)
- costs associated with consumables used in conjunction with approved environmental projects.
- return on inventories of consumables used in conjunction with approved environmental projects.



(Cont'd on Sheet No. 29-6)

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**TARIFF E.S. (Cont'd)**  
**(Environmental Surcharge)**

**RATE (Cont'd)**

The Company's share of costs associated with the following environmental equipment at the Rockport Plant:

- Continuous Emissions Monitors
- Air Emission Fees
- Costs Associated with the Rockport Unit Power Agreement
- Activated Carbon Injection
- Mercury Monitoring
- Precipitator Modifications
- Dry Sorbent Injection
- Coal Combustion Waste Landfill
- Low NOx burners, over Fire Air Landfill
- Selective Catalytic Reduction Technology

The Company's share of costs associated with the following environmental equipment at the Mitchell Plant:

- Mitchell Unit Nos 1 and 2 Water Injection, Low NO<sub>x</sub> burners, Low NO<sub>x</sub> burner Modification, SCR, FGD, Landfill, Coal Blending Facilities and SO<sub>3</sub> Mitigation
- Mitchell Plant Common CEMS, Replace Burner Barrier Valves and Gypsum Material Handling Facilities
- Air Emission Fees
- Precipitator Modifications and Upgrades
- Coal Combustion Waste Landfill
- Bottom Ash and Fly Ash Handling
- Mercury Monitoring (MATS)
- Dry Fly Ash Handling Conversion



(Cont'd on Sheet No. 29-7)

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