

**Tariff E.S.**  
**(Environmental Surcharge)**

**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., M.W., O.L., and S.L.

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**Rate**

The environmental surcharge shall provide for monthly adjustments based on a percent of revenues, equal to the difference between the environmental compliance costs in the base period as provided in Paragraph 2 below and in the current period as provided in Paragraph 3 below.

The retail share of the revenue requirement will be allocated between residential and non-residential retail customers based upon their respective total revenues during the previous calendar year. The Environmental Surcharge will be implemented as a percentage of total revenues for the residential class and as a percentage of non-fuel revenues for all other customers.

The revenues to which the residential Environmental Surcharge factor are applied is the sum of the customer’s Service Charge, Energy Charge(s), Fuel Adjustment Clause, System Sales Clause, Demand-Side Management Adjustment Clause, Federal Tax Cut, Residential Energy Assistance, and Purchase Power Adjustment.

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The revenues to which the all other customer Environmental Surcharge factor are applied is the sum of the customer’s Service Charge, Demand Charge, Energy Charge(s) less Base Fuel, Minimum Charge, Reactive Charge, System Sales Clause, Demand-Side Management Adjustment Clause, Federal Tax Cut, Kentucky Economic Development Surcharge, and Purchase Power Adjustment.

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1. Monthly Environmental Surcharge Gross Revenue Requirement, E(m)

Where:	E(m)	=	CRR-BRR
	CRR	=	Current Period Revenue Requirement for the Expense Month.
	BRR	=	Base Period Revenue Requirement.

2. Base Period Revenue Requirement, BRR

BRR = The Following Monthly Amounts:

Billing Month		Base Net Environmental Costs
January	\$	3,022,418
February		2,558,332
March		2,621,611
April		2,519,828
May		2,514,284
June		2,644,974
July		2,594,563
August		2,741,097
September		2,508,995
October		2,376,639
November		2,423,992
December	\$	<u>2,597,739</u>
	\$	31,124,472



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In accordance with the Stipulation and Settlement Agreement approved by the Commission by its Order dated October 7, 2013 in Case No. 2012-00578, the Mitchell FGD and all related associated costs are not included in base rates, the Base Revenue Requirement but will be included in the Current Period Revenue Requirement. The Mitchell FGD will be included from Base Rates at least until June 30, 2020.

*Continued on Sheet 32-2*

DATE OF ISSUE: February 8, 2024  
DATE EFFECTIVE: Services Rendered On And After January 16, 2024  
ISSUED BY: /s/ Brian K. West  
TITLE: Vice President, Regulatory & Finance  
By Authority of an Order of the Public Service Commission  
In Case No.: 2023-00159 Dated January 19, 2024

**KENTUCKY PUBLIC SERVICE COMMISSION**

**Linda C. Bridwell**  
Executive Director



**EFFECTIVE**  
**1/16/2024**  
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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**Tariff E.S. Continued  
 (Environmental Surcharge)**

1. Current Period Revenue Requirement, CRR  
 $CRR = [((RB_{KP(e)}) (ROR_{KP(e)}) / 12) + OE_{KP(e)} - AS]$

Where:

- $RB_{KP(e)}$  = Environmental Compliance Rate Base for Mitchell.
- $ROR_{KP(e)}$  = Annual Rate of Return on Mitchell Environmental Compliance Rate Base;  
 Annual Rate divided by 12 to restate to a Monthly Rate of Return.
- $OE_{KP(e)}$  = Monthly Pollution Control Operating Expenses for Mitchell.
- AS = Net proceeds from the sale of Title IV and CSAPR SO 2 emission allowances, ERCs,  
 and NOx emission allowances, reflected in the month of receipt.

“KP(C)” identifies components from Mitchell Units – Current Period.

The Environmental Compliance Rate Base for Kentucky Power reflects the current cost associated with the 1997 Plan, the 2003 Plan, the 2005 Plan, the 2007 Plan, the 2015 Plan, the 2017 Plan, the 2019 Plan, the 2021 Plan, and the 2025 Plan. The Environmental Compliance Rate Base for Kentucky Power should also include construction work in progress until assets are placed in service and cash working capital allowance based on the net operations and maintenance expense lead days of 53.92 authorized in Case No. 2023-00159. The Operating Expenses for Kentucky Power 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, the 2019 Plan, the 2021 Plan, and the 2025 Plan.

The Rate of Return for Kentucky Power is 9.65% rate of return on equity as authorized by the Commission in its Order Dated January 19, 2024, Case No. 2023-00159.

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.



*Continued on Sheet 32-3*

DATE OF ISSUE: January 19, 2026  
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 ISSUED BY: /s/ Tanner S. Wolfram  
 TITLE: Director, Regulatory Services  
By Authority of an Order of the Public Service Commission  
In Case No.: 2025-00175 Dated December 30, 2025



**Tariff E.S. Continued  
 (Environmental Surcharge)**

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4. Revenue Allocation

$$\text{Residential Allocation RA(m)} = \frac{\text{KY Residential Retail Revenue RR(b)}}{\text{KY Retail Revenue R(b)}}$$

$$\text{All Other Allocation OA(m)} = \frac{\text{KY All Other Classes Retail Revenue OR(b)}}{\text{KY Retail Revenue R(b)}}$$

Where:

- (m) = the expense month.
- (b) = the most recent calendar year revenues

5. Environmental Surcharge Factor

$$\text{Residential Monthly Environmental Surcharge Factor} = \frac{\text{Net KY Retail E(m)} * \text{RA(m)}}{\text{KY RR(m)}}$$

$$\text{All Other Monthly Environmental Surcharge Factor} = \frac{\text{Net KY Retail E(m)} * \text{AO(m)}}{\text{KY OR(m)- KY OF(m)}}$$

Where:

Net KY Retail E(m) = Monthly E(m) allocated to Kentucky Retail Customers, net of Over/(Under) Recovery Adjustment; Allocation based on Percentage of Kentucky Retail Revenues to Total Company Revenues in the Expense Month.

(For purposes of this formula, Total Company Revenues do not include Non-Physical Revenues.)

- RR(m) = Average Kentucky Residential Retail Revenues for the Preceding Twelve Month Period
- OR(m) = Average Kentucky All Other Classes Retail Revenues for the Preceding Twelve Month Period
- OF(m) = Average Kentucky All Other Classes Fuel Revenues for the Preceding Twelve Month Period.



Continued on Sheet 32-4

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In Case No.: 2023-00159 Dated January 19, 2024



**CANCELLED**

KENTUCKY POWER COMPANY

P.S.C. KY. NO. 13 1<sup>st</sup> REVISED SHEET NO. 32-4

CANCELLING P.S.C. KY. NO. 13 ORIGINAL SHEET NO. 32-4

~~March 1, 2026~~

**KENTUCKY PUBLIC  
SERVICE COMMISSION**

**Tariff E.S. Continued  
(Environmental Surcharge)**

2. 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
- 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.
- return on environmental compliance rate base including construction work in progress.
- return on the ELG regulatory asset for costs borne by Wheeling Power through December 31, 2025.
- monthly expense to amortize the ELG regulatory asset for costs borne by Wheeling Power to begin with XXXX XXXX and conclude with December 2040 billing.

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
- Wastewater Ponds (for the Mitchell CCR compliance project) with depreciation expense calculated using a 20 percent depreciation rate approved by the Commission's July 15, 2021 and May 3, 2022 Orders in Case No. 2021-00004 until December 2025 expense month (billed February 2026), thereafter with an annual depreciation expense that is 1/15th of the net plant approved by the Commission's December 30, 2025 Order in Case No. 2025-00175. The calculated depreciation rate used by Kentucky Power will divide the annual depreciation expense by the original cost of plant transferred.
- Water Biological Treatment System with Ultrafiltration (for the ELG compliance project) with an annual depreciation expense that is 1/15th of the net plant transferred to Kentucky Power. The calculated depreciation rate used by Kentucky Power will divide the annual depreciation expense by the original cost of plant transferred.

3. The monthly environmental surcharge shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all necessary supporting data to justify the amount of the adjustments which shall include data and information as may be required by the Commission.

DATE OF ISSUE: January 19, 2026  
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ISSUED BY: /s/ Tanner S. Wolfram  
TITLE: Director, Regulatory Services  
By Authority of an Order of the Public Service Commission  
In Case No.: 2025-00175 Dated December 30, 2025

**KENTUCKY  
PUBLIC SERVICE COMMISSION**

**Linda C. Bridwell**  
Executive Director



**EFFECTIVE  
1/1/2026**

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)