

The Generation Rider factors shall be modified annually using the following formula:

For all tariff classes without demand billing:

$$kWh \text{ Factor} = \frac{GR(E) \times (BE \text{ Class} / BE \text{ Total}) + GR(D) \times (CP \text{ Class} / CP \text{ Total})}{BE \text{ Class}}$$

$$kW \text{ Factor} = 0$$

For all tariff classes with demand billing:

$$kWh \text{ Factor} = \frac{GR(E) \times (BE \text{ Class} / BE \text{ Total})}{BE \text{ Class}}$$

$$kW \text{ Factor} = \frac{GR(D) \times (CP \text{ Class} / CP \text{ Total})}{BD \text{ Class}}$$

Where:

- “GR(D)” is the actual annual retail GR demand-related costs.
- “GR(E) is the actual annual retail GR energy-related costs.
- “BE Class” is the forecasted annual retail jurisdictional billing kWh for each tariff class for the current year.
- “BD Class” is the forecasted annual retail jurisdictional billing kW for each applicable tariff class for the current year.
- “CP Class” is the coincident peak demand for each tariff class estimated as follows:

Tariff Class	BEClass	CP/kWh Ratio	CPClass
R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., and R.S.-T.O.D. 2, R.S.D.		0.022274%	
S.G.S.-T.O.D.		0.017461%	
M.G.S.-T.O.D.		0.017461%	
G.S.		0.017461%	
L.G.S., L.G.S.-T.O.D.		0.015157%	
L.G.S.-L.M.-T.O.D.		0.015157%	
I.G.S. and C.S.-I.R.P.		0.011787%	
M.W.		0.011468%	
O.L.		0.003614%	
S.L.		0.003595%	
- “BE Total” is the sum of the BE Class for all tariff classes.
- “CP Total” is the sum of the CP Class for all tariff classes.
- The factors as computed above are calculated to allow the recovery of Uncollectible Accounts Expense of 0.28% and the KPSC Maintenance Fee of 0.1595% and other similar revenue based taxes or assessments occasioned by the Generation Rider revenues.
- The annual GR factors shall be filed with the Commission by February 15 of each year based on prior calendar year, with rates to begin with the April billing period, 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.
- Copies of all documents required to be filed with the Commission shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.

Tariff E.S. (Environmental Surcharge)			
Rate			
[...]			

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

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, and Generation Rider.

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	\$ 3,022,4183,431,790
February	2,558,3323,493,649
March	2,621,6113,165,974
April	2,519,8283,567,100
May	2,514,2843,262,891
June	2,644,9742,825,006
July	2,594,5632,815,870
August	2,741,0972,808,114
September	2,508,9952,667,203
October	2,376,6393,372,548
November	2,423,9923,258,712
December	\$ 2,597,7393,306,420
	\$ 31,124,47237,975,278

[...]

3. Current Period Revenue Requirement, CRR

[...]

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, and the 2021 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 53-9219.82 authorized in Case No. 2025-002572623-00159. 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, and the 2021 Plan.

The Rate of Return for Kentucky Power is 9.6510.0% rate of return on equity as authorized by the Commission in its Order Dated January 19, 2024XXXX XX, XXXX, Case No. 2025-002572623-00159.

[...]

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 SO2 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 SO2 allowances
 - costs associated with the consumption of NOx allowances
 - return on NOx 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.
 - Monthly expense associated with ARO (Asset Retirement Obligations) depreciation and accretion.
 - Monthly expense to amortize the \$1,446,998.35 regulatory asset for prudently incurred ELG (Effluent Limitation Guidelines) project costs over a two-year period to begin with July 2022 billing and conclude with June 2024 billing.

Decommissioning Rider (D.R.)			
Rate			
[...]			

5. The Revenues to which the residential Decommissioning Rider factor are applied is the sum of the customer’s Service Charge, Energy Charge(s), Demand Charge (if applicable), Fuel Adjustment Clause, System Sales Clause, Demand-Side Management Adjustment Clause, Federal Tax Cut, Residential Energy Assistance, and Purchase Power Adjustment, and Generation Rider.

The Revenues to which the all other customer Decommissioning Rider 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, and Generation Rider.

Securitized Surcharge Rider (S.S.R.)			
Rate			
[...]			
5.	The Residential PBR Allocation (y) shall be recovered from residential customers through application of the Residential S.S.R. Adjustment Factor to all charges on each residential customers bill for electric service, except for environmental surcharge (ES) and Decommissioning Rider (DR) charges, nonrecurring charges, and pass through charges as discussed and defined in the financing order in Case No. 2023-00159. The charges to which the Residential S.S.R. Adjustment Factor currently applies, based on that definition, are the sum of the customer’s Service Charge, Demand 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, and Generation Rider.		
6.	The Non-Residential PBR Allocation (y) shall be recovered through application of the Non-Residential S.S.R. Adjustment Factor to all charges on each non-residential retail electric customers bill for electric service, except for charges for base fuel costs and fuel cost adjustments, and environmental surcharge (ES) and Decommissioning Rider (DR) charges, nonrecurring charges, and pass through charges as discussed and defined in the financing order in Case No. 2023-00159. The charges to which the Non-Residential S.S.R. Adjustment Factor currently applies, based on that definition, are 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, and Generation Rider.		

Federal Tax Cut Tariff (F.T.C.)			
Rate			

1. Pursuant to the final order of the Kentucky Public Service Commission in Case No. 2023-00159, Kentucky Power Company is to credit to retail ratepayers the approved annual amount of excess accumulated deferred federal income taxes (ADIT) beginning January 16, 2024.
2. The Company shall amortize the calendar year retail Generation and Distribution related Protected Excess ADIT of \$1,410,7301,969,034 to support the rate credits provided to customers through this tariff.
3. Subject to Commission approval of the Company’s application for a financing order authorizing the Company to securitize the Rockport Deferral Regulatory Asset, Tariff P.P.A. Under-Recovery Regulatory Asset, and Storm Expense Deferral Regulatory Assets identified in the Company’s Application in 2023-00159 (collectively, the “Non-Decommissioning Rider Regulatory Assets”), and subject to the Company’s issuance of securitized bonds that include the Non-Decommissioning Rider Regulatory Assets, the Company shall provide customers with the ADIT benefit related to Non-Decommissioning Rider Regulatory Assets (defined as the Rockport Deferral Regulatory Asset, Tariff P.P.A. Under-Recovery Regulatory Asset, and Storm Expense Deferral Regulatory Assets) approved for securitization through this tariff, at its Commission-approved WACC. The ADIT benefit described in this paragraph will be annually trued-up to address over/(under) recovery pursuant to the procedure described in paragraph 78 of this tariff.
4. Upon receipt of a Private Letter Ruling from the IRS affirming the Company’s analysis that excluding its NOLC adjustment from rates would constitute a normalization violation, recovery of the NOLC regulatory asset established in accordance with the Commission’s January 19, 2024 Order in Case No. 2023-00159 over a three-year period starting XXXX XX, XXXX.

EFFECT ON PROPOSED CHANGE IN CUSTOMER RATES

If approved as filed, the Company’s proposed changes to its rates will result in a proposed annual increase in electric revenues for Kentucky Power of approximately 14.62%. Changes in associated rates for affected customer classes are listed in the tables below. Kentucky Power is also proposing changes in the text of some of its rate schedules and other tariff provisions, including its terms and conditions for electric service as detailed above.

The estimated amount of annual change for each electric customer class is as follows:

Electric Rate Class	Annual Average Usage (kWh)	Annual \$ Increase	Annual % Increase
Residential Service			
Residential Service	14,502	\$42,620,555	14.9%
Residential Load Management Time-of-Day	20,137	\$50,796	12.4%
Residential Service Time-of-Day	24,717	\$3,548	12.5%
Experimental Residential Service Time-of-Day	N/A	N/A	N/A
Residential Demand-Meter Electric Service	N/A	N/A	N/A
General Service			
General Service	20,430	\$14,071,301	13.8%
Recreational Lighting Service	14,602	\$31,424	13.8%
Load Management TOD	24,183	\$31,610	13.3%
Unmetered Service	2,878	\$64,676	11.4%
Small General Service TOD	14,971	\$168,828	13.3%
Medium General Service TOD	51,068	\$137,987	12.6%
Large General Service	840,827	\$9,594,587	14.4%
L.G.S. Load Management TOD	175,791	\$17,412	13.8%
Large General Service TOD	1,171,730	\$118,781	10.2%
Industrial Service			
Industrial General Service	38,871,022	\$27,281,453	15.0%
All Other			
Municipal Waterworks	228,962	\$32,722	13.5%
Outdoor Lighting	670	\$1,110,573	11.9%
Street Lighting	654	\$225,075	11.8%
Pole Attachments	N/A	N/A	N/A
COGEN/SPP	N/A	N/A	N/A
NMS	N/A	N/A	N/A
NMS II - Residential	N/A	N/A	N/A
NMS II – Non-Residential	N/A	N/A	N/A

The average monthly usage and the amount of the proposed increase in the monthly bill for the average customer in each electric customer class is as follows:

Electric Rate Class	Monthly Average Usage (kWh)	Current Monthly Average Bill \$	Proposed Monthly Average Bill \$	Monthly % Increase*	Monthly % Increase
Residential Service					
Residential Service	1,208	\$183.37	\$210.67	\$27.30	14.9%
Residential Load Management Time-of-Day	1,678	\$244.98	\$275.43	\$30.45	12.4%
Residential Service Time-of-Day	2,060	\$296.69	\$333.65	\$36.96	12.5%
Experimental Residential Service Time-of-Day	N/A	N/A	N/A	N/A	N/A
Residential Demand-Meter Electric Service	N/A	N/A	N/A	N/A	N/A
General Service					
General Service	1,702	\$291.90	\$332.08	\$40.17	13.8%
Recreational Lighting Service	1,217	\$213.70	\$243.12	\$29.42	13.8%
Load Management TOD	2,015	\$318.44	\$360.92	\$42.49	13.3%
Unmetered Service	240	\$51.79	\$57.72	\$5.93	11.4%
Small General Service TOD	1,248	\$216.73	\$245.50	\$28.77	13.3%
Medium General Service TOD	4,256	\$640.79	\$721.77	\$80.98	12.6%
Large General Service	70,069	\$10,089.50	\$11,545.87	\$1,456.37	14.4%
L.G.S. Load Management TOD	14,649	\$2,107.29	\$2,397.50	\$290.20	13.8%
Large General Service TOD	97,644	\$13,818.84	\$15,232.90	\$1,414.06	10.2%
Industrial Service					
Industrial General Service	3,239,252	\$257,116.06	\$295,649.19	\$38,533.13	15.0%

All Other					
Municipal Waterworks	19,080	\$2,529.29	\$2,870.14	\$340.85	13.5%
Outdoor Lighting	56	\$16.88	\$18.89	\$2.01	11.9%
Street Lighting	54	\$13.25	\$14.81	\$1.56	11.8%
Pole Attachments	N/A	N/A	N/A	N/A	N/A
COGEN/SPP	N/A	N/A	N/A	N/A	N/A
NMS	N/A	N/A	N/A	N/A	N/A
NMS II - Residential	N/A	N/A	N/A	N/A	N/A
NMS II – Non-Residential	N/A	N/A	N/A	N/A	N/A

* Monthly increase may not sum to the difference between Current Monthly Average Bill and Proposed Monthly Average Bill due to rounding.

Kentucky Power’s application is available for examination, during normal business hours, at Kentucky Power’s offices located at 1645 Winchester Avenue, Ashland, Kentucky 41101; 12333 Kevin Avenue, Ashland, Kentucky; 1400 E. Main Street, Hazard, Kentucky; and 3249 N. Mayo Trail, Pikeville, Kentucky; or by visiting the Company’s website: www.kentuckypower.com.

The Company’s application is also available for examination between the hours of 8:00 a.m. to 4:30 p.m., Monday through Friday, at the Public Service Commission’s offices located at 211 Sower Boulevard, Frankfort, Kentucky and may be found on the Commission’s Web site at http://psc.ky.gov at Case No. 2025-00257.

Written comments on Kentucky Power’s application and the proposed rates may be submitted to the Public Service Commission by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602-0615, or via the Commission’s website: http://psc.ky.gov. All comments should reference Case No. 2025-00257.

The Company is not proposing to modify other rates and charges not included in this notice. The rates contained in this notice are the rates proposed by Kentucky Power. The Public Service Commission may order rates to be charged that differ from the proposed rates contained in this Notice. Such action by the Commission may result in rates for customers other than the rates contained in this notice.

Any person may submit a timely written request for intervention in Case No. 2025-00257. The motion shall be submitted to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602-0615, and shall establish the grounds for the request, including the status and interest of the party. If the Commission does not receive a written request for intervention within thirty (30) days of the initial publication of this Notice, the Commission may take final action on the application.