

**DECOMMISSIONING RIDER
(D.R.)**

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. 2012-00578 and the Stipulation and Settlement Agreement dated July 2, 2013 as filed and approved by the Commission, Kentucky Power Company is to recover from retail ratepayers the coal-related retirement costs of Big Sandy Unit 1, the retirement costs of Big Sandy Unit 2 and other site-related retirement costs that will not continue in use on a levelized basis, including a weighted average cost of capital (WACC) as set in the Company's most recent Rate Case carrying cost over a 25 year period beginning with the date rates became effective in Case No. 2014-00396. The term "Retirement Costs" are defined as and shall include the net book value, materials and supplies that cannot be used economically at other plants owned by Kentucky Power, and removal costs and salvage credits, net of related ADIT. Related ADIT shall include the tax benefits from tax abandonment losses.
2. The allocation of the actual revenue requirement (ARR) between residential and all other customers shall be based upon their respective contribution to total retail revenues for the most recent twelve month period, ending June 30 according to the following formula:

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

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

Where:

(y) = the expense year;

(b) = Most recent available twelve month period ended June 30.

3. The Residential D.R. Adjustment shall provide for annual adjustments based on a percent of total revenues, according to the following formula:

$$\text{Residential D.R. Adjustment Factor} = \frac{\text{Net Annual Residential Allocation NRA}(y)}{\text{Residential Retail Revenue RR}(b)}$$

Where:

CANCELLED
Net Annual Residential Allocation NRA(b)

January 14, 2021
Residential Retail Revenue RR(b)

**KENTUCKY PUBLIC
SERVICE COMMISSION**

(Cont'd on Sheet No. 38-2)

- = Annual Residential Allocation RA(y), net of Over/ (Under) Recovery Adjustment;
- = Annual Retail Revenue for all KY residential classes for the year (b).

DATE OF ISSUE: February 7, 2018

DATE EFFECTIVE: Service Rendered On And After January 19, 2018

ISSUED BY: /s/ Ranie K. Wohnhas

TITLE: Managing Director, Regulatory & Finance

By Authority Of an Order of the Public Service Commission

In Case No. 2017-00179 Dated January 18, 2018

**KENTUCKY
PUBLIC SERVICE COMMISSION**

Gwen R. Pinson
Executive Director

Gwen R. Pinson

**EFFECTIVE
1/19/2018**
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

DECOMMISSIONING RIDER (CONT'D)

RATE. (Cont'd)

- 4. The All Other Classes D.R. Adjustment shall provide for annual adjustments based on a percent of non-fuel revenues, according to the following formula:

$$\text{All Other Classes D.R. Adjustment Factor} = \frac{\text{Net Annual All Other Allocation NOA (y)}}{\text{All Other Classes Non-Fuel Retail Revenue ONR(b)}}$$

Where:

$$\text{Net Annual All Other Allocation NOA(y)} = \text{Annual All Other Allocation OA(y), net of Over/ (Under) Recovery Adjustment;}$$

$$\text{All Other Classes Non-Fuel Retail Revenue ONR(b)} = \text{Annual Non-Fuel Retail Revenue for all classes other than residential for the year (b).}$$

- 5. The revenues to which the residential Decommissioning Rider 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, Capacity Charge, and Purchase Power Adjustment.

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, Capacity Charge, and Purchase Power Adjustment.

- 6. The annual Decommissioning Rider adjustments shall be filed with the Commission no later than August 15th of each year before it is scheduled to go into effect on Cycle 1 of the October billing cycle, along with all the necessary supporting data to justify the amount of the adjustments, which shall include data, and information as may be required by the Commission.
- 7. 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 KRS61.870 to 61.884.

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DATE OF ISSUE: August 26, 2019
 DATE EFFECTIVE: Service Rendered On And After September 27, 2019
 ISSUED BY: /s/ Brian K. West
 TITLE: Director, Regulatory Services
By Authority Of an Order of the Public Service Commission
In Case No. XXXX-XXXXX Dated XXXX XX, XXXX

