WHAT'S ON MY BILL?

An Explanation of line items on Kentucky Power bills as authorized by the Kentucky Public Service Commission

Fuel Adjustment Clause (FAC) – The FAC is a charge or credit for the actual cost of coal or natural gas used to generate or purchase electricity. Kentucky Power does not make a profit on fuel costs. The FAC simply recovers the dollar-for-dollar costs of purchasing fuel to power its plants. The charge or credit varies monthly with the price of fuel.

Federal Tax Cut (FTC) – The FTC mechanism provides customers with the Accumulated Deferred Income Tax (ADIT) benefit related to the non-Decommissioning Rider regulatory assets included in securitization and the protected ADIT associated with the reduction in maximum federal corporate tax rate from 35% to 21% as set forth in the 2017 Tax Cuts and Jobs Act.

Demand Side Management (DSM) – DSM recovers cost of PSC-approved energy efficiency programs. This surcharge varies by customer class. Currently, Kentucky Power has three active programs: Targeted Energy Efficiency (TEE) to aid low-income residential customers, Home Energy Improvement Program (HEIP) to provide zero cost home energy audits to customers and recommendations on how to make the residence more efficient, and Commercial Energy Solutions Program (CESP) to provide energy audits and rebates to commercial customers. More information on these programs can be found here: Save Money

Residential Energy Assistance (REA) – Kentucky Power partners with Community Action Kentucky to administer the REA programs to support customers who need assistance paying their energy bills. REA collects $0.40 per month from each residential customer. Kentucky Power matches, 2-to-1, all funds collected from customers. These funds support two programs: HEART (Home Energy Assistance in Reduced Temperatures) and THAW (Temporary Heating Assistance in Winter).

Kentucky Economic Development Surcharge (KEDS) – KEDS collects $1.00 per month from every commercial and industrial customer to help fund economic development projects and programs. Kentucky Power matches all funds collected from customers dollar-for-dollar.

Purchased Power Adjustment (PPA) – The PPA is a charge or credit to recover certain purchase power costs (not recovered through the FAC), credits paid to interruptible customers, and net gains or losses on incident sales of gas (subject to a cap).

Decommissioning Rider (DR) – This rider recovers certain asset retirement obligations (not recovered through the Securitized Surcharge Rider) associated with the closure of Big Sandy Generating Station, Unit 2 and the retirement of coal-related assets from Big Sandy Generating Station, Unit 1.

Environmental Surcharge (ES) – The ES recovers specific costs associated with projects necessary to comply with the Federal Clean Air Act and federal, state, and local environmental requirements.

Generation Rider (GR) – This rider recovers the non-environmental plant balances and associated expenses for the Mitchell Plant. The GR was designed to support Kentucky Power's ongoing efforts to pursue securitization legislation. The GR does not increase costs to customers – it simply separates the Mitchell Plant from base rates to promote a smooth transition to securitization if applicable.

Deferred Tax Liability Rider (DTL) – Kentucky Power designed the DTL Rider to temporarily lower rates for customers. This rider provides tax revenue credits to customers for the first year (March 2026 through February 2027) following its most recent base rate case, in an effort to reduce bill impacts.

Renewable Pricing Option Rider (RPO) – This voluntary program allows customers to purchase Renewable Energy Credits instead of fossil-generated energy. Each customer may purchase blocks of solar, wind, hydro, or other renewable energy. One block equals 100 kilowatt hours. Customers also may work out a written agreement with Kentucky Power to receive electricity generated from renewable energy resources direct from the provider.

Securitized Surcharge Rider (SSR) – Kentucky Power works to reduce the impact on our customers as our costs of doing business continue to rise. One way we're doing that is through securitization – a financial tool that helps lower costs and keep bills more manageable. Securitization allows us to finance certain expenses, such as those from storms, at lower interest rates. Accordingly, while the SSR reflects a charge, this is good news for customers as it represents an overall cost savings (estimated $90 million over 20 years).