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January 31, 2013

PARTIES OF RECORD

RE: Informal Conference for
Case No. 2012-00504

Enclosed please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding the contents of the memorandum should be submitted to the Commission within seven days of receipt of this letter. Any questions regarding this memorandum should be directed to Ron Handziak of the Commission Staff at 502-782-2652.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

Attachments

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Main Case File - Case No. 2012-00504

FROM: Ronald Handziak, Team Leader

DATE: January 31, 2013

RE: Informal Conference of January 16, 2013

Pursuant to the Commission's November 30, 2012 Order, on January 16, 2013, representatives of Kentucky Power Company ("Kentucky Power") and Commission Staff ("Staff") met at the Commission's offices to discuss Kentucky Power's testimony and responses to the first round of data requests in the current examination of the company's environmental surcharge mechanism. A list of attendees is attached.

Commission Staff asked a few clarifying questions related to information included in Kentucky Power's response to the data request. Attached is information which Kentucky Power provided at the informal conference supporting their response to item one of the data request. Kentucky Power agreed to provide additional information in response to Staff's questions about information contained in the responses to the data requests.

There being no other questions, the meeting adjourned.

Attachments

KENTUCKY POWER COMPANY
ENVIRONMENTAL SURCHARGE REPORT
CALCULATION OF E(m) and SURCHARGE FACTOR

As Originally Filed		May 2011 through October 2011						Total Over / Under Recovery
<u>CALCULATION OF E(m)</u> E(m) = CRR - BRR		May 2011	June 2011	July 2011	August 2011	September 2011	October 2011	
LINE 1	CRR from ES FORM 3.00	\$5,705,345	\$5,508,388	\$4,372,798	\$4,236,648	\$4,019,669	\$3,806,605	
LINE 2	Brr from ES FORM 1.10	\$3,922,590	\$3,627,274	\$3,805,325	\$4,088,830	\$3,740,010	\$3,260,302	
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,782,755	\$1,881,114	\$567,473	\$147,818	\$279,659	\$546,303	
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	77.6%	72.7%	68.3%	76.2%	79.7%	78.0%	
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	\$1,383,418	\$1,367,570	\$387,584	\$112,638	\$222,889	\$426,116	
LINE 5B	Environmental Surcharge Clause Adjustment Case No. 2009-00038, dated May 14, 2008	\$0	\$0	\$0	\$0	\$0	\$0	
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	\$179,377	\$7,110	(\$235,309)	(\$197,884)	\$5,290	(\$27,561)	
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,562,795	\$1,374,680	\$152,275	(\$85,246)	\$228,179	\$398,555	
<u>SURCHARGE FACTOR</u>								
LINE 8	Net KY Retail E(m) (Line 7)	\$1,562,795	\$1,374,680	\$152,275	(\$85,246)	\$228,179	\$398,555	
LINE 9	KY Retail R(m) from ES FORM 3.30	\$40,424,987	\$46,953,714	\$46,534,433	\$47,519,210	\$44,097,032	\$38,287,502	
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.8659%	2.9277%	0.3272%	-0.1794%	0.5174%	1.0410%	
As Revised for Removing Expenses								
<u>CALCULATION OF E(m)</u> E(m) = CRR - BRR		May 2011	June 2011	July 2011	August 2011	September 2011	October 2011	
LINE 11	CRR from ES FORM 3.00	\$5,685,857	\$5,500,590	\$4,353,306	\$4,221,055	\$4,007,971	\$3,791,291	
LINE 12	Brr from ES FORM 1.10	\$3,922,590	\$3,627,274	\$3,805,325	\$4,088,830	\$3,740,010	\$3,260,302	
LINE 13	E(m) (LINE 11 - LINE 12)	\$1,763,267	\$1,873,316	\$547,981	\$132,225	\$267,961	\$530,989	
LINE 14	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	77.6%	72.7%	68.3%	76.2%	79.7%	78.0%	
LINE 15	KY Retail E(m) (LINE 13 * LINE 14)	\$1,368,295	\$1,361,901	\$374,271	\$100,756	\$213,566	\$414,171	
LINE 15B	Environmental Surcharge Clause Adjustment Case No. 2009-00038, dated May 14, 2008	\$0	\$0	\$0	\$0	\$0	\$0	
LINE 16	(Over)/Under Recovery Adjustment from ES FORM 3.30	\$179,377	\$7,110	(\$235,309)	(\$197,884)	\$5,290	(\$27,561)	
LINE 17	Net KY Retail E(m) (LINE 15 + LINE 16)	\$1,547,672	\$1,369,011	\$138,962	(\$97,128)	\$218,856	\$386,610	
<u>SURCHARGE FACTOR</u>								
LINE 18	Net KY Retail E(m) (Line 17)	\$1,547,672	\$1,369,011	\$138,962	(\$97,128)	\$218,856	\$386,610	
LINE 19	KY Retail R(m) from ES FORM 3.30	\$40,424,987	\$46,953,714	\$46,534,433	\$47,519,210	\$44,097,032	\$38,287,502	
LINE 20	Environmental Surcharge Factor for Expense Month (Line 18 / LINE 19)	3.8285%	2.9157%	0.2986%	-0.2044%	0.4963%	1.0098%	
LINE 21	Difference (Line 18 - Line 8)	\$(15,123.00)	\$ (5,669.00)	\$(13,313.00)	\$ (11,882.00)	\$ (9,323.00)	\$ (11,945.00)	\$ (67,255.00)
							Total Over Collected	\$ (67,255.00)

KENTUCKY POWER COMPANY
ENVIRONMENTAL SURCHARGE REPORT
CALCULATION OF E(m) and SURCHARGE FACTOR

As Revised for Removing Expenses		May 2011 through October 2011						Total Over / Under Recovery
<u>CALCULATION OF E(m)</u> E(m) = CRR - BRR		May 2011	June 2011	July 2011	August 2011	September 2011	October 2011	
LINE 1	CRR from ES FORM 3.00	\$5,685,857	\$5,500,590	\$4,353,306	\$4,221,055	\$4,007,971	\$3,791,291	
LINE 2	Brr from ES FORM 1.10	\$3,922,590	\$3,627,274	\$3,805,325	\$4,088,830	\$3,740,010	\$3,260,302	
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,763,267	\$1,873,316	\$547,981	\$132,225	\$267,961	\$530,989	
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	77.6%	72.7%	68.3%	76.2%	79.7%	78.0%	
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	\$1,368,295	\$1,361,901	\$374,271	\$100,756	\$213,566	\$414,171	
LINE 5B	Environmental Surcharge Clause Adjustment Case No. 2009-00038, dated May 14, 2008	\$0	\$0	\$0	\$0	\$0	\$0	
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	\$179,377	\$7,110	(\$235,309)	(\$197,884)	\$5,290	(\$27,561)	
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,547,672	\$1,369,011	\$138,962	(\$97,128)	\$218,856	\$386,610	
<u>SURCHARGE FACTOR</u>								
LINE 8	Net KY Retail E(m) (Line 7)	\$1,547,672	\$1,369,011	\$138,962	(\$97,128)	\$218,856	\$386,610	
LINE 9	KY Retail R(m) from ES FORM 3.30	\$40,424,987	\$46,953,714	\$46,534,433	\$47,519,210	\$44,097,032	\$38,287,502	
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.8285%	2.9157%	0.2986%	-0.2044%	0.4963%	1.0098%	
As Revised for Capacity Adjustment								
<u>CALCULATION OF E(m)</u> E(m) = CRR - BRR		May 2011	June 2011	July 2011	August 2011	September 2011	October 2011	
LINE 11	CRR from ES FORM 3.00	\$5,629,560	\$5,442,788	\$4,293,304	\$3,847,820	\$3,461,766	\$3,791,291	
LINE 12	Brr from ES FORM 1.10	\$3,922,590	\$3,627,274	\$3,805,325	\$4,088,830	\$3,740,010	\$3,260,302	
LINE 13	E(m) (LINE 11 - LINE 12)	\$1,706,970	\$1,815,514	\$487,979	(\$241,010)	(\$278,244)	\$530,989	
LINE 14	Kentucky Retail Junsdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	77.6%	72.7%	68.3%	76.2%	79.7%	78.0%	
LINE 15	KY Retail E(m) (LINE 13 * LINE 14)	\$1,324,609	\$1,319,879	\$333,290	(\$183,649)	(\$221,759)	\$414,171	
LINE 15B	Environmental Surcharge Clause Adjustment Case No. 2009-00038, dated May 14, 2008	\$0	\$0	\$0	\$0	\$0	\$0	
LINE 16	(Over)/Under Recovery Adjustment from ES FORM 3.30	\$179,377	\$7,110	(\$235,309)	(\$197,884)	\$5,290	(\$27,561)	
LINE 17	Net KY Retail E(m) (LINE 15 + LINE 16)	\$1,503,986	\$1,326,989	\$97,981	(\$381,533)	(\$216,469)	\$386,610	
<u>SURCHARGE FACTOR</u>								
LINE 18	Net KY Retail E(m) (Line 17)	\$1,503,986	\$1,326,989	\$97,981	(\$381,533)	(\$216,469)	\$386,610	
LINE 19	KY Retail R(m) from ES FORM 3.30	\$40,424,987	\$46,953,714	\$46,534,433	\$47,519,210	\$44,097,032	\$38,287,502	
LINE 20	Environmental Surcharge Factor for Expense Month (Line 18 / LINE 19)	3.7204%	2.8262%	0.2106%	-0.8029%	-0.4909%	1.0098%	
LINE 21	Difference (Line 18 - Line 8)	\$(43,686.00)	\$(42,022.00)	\$(40,981.00)	\$(284,405.00)	\$(435,325.00)	\$ -	\$ (846,419.00)
							Total Over Collected	\$ (846,419.00)

KENTUCKY POWER COMPANY
ENVIRONMENTAL SURCHARGE REPORT
CALCULATION OF E(m) and SURCHARGE FACTOR

As Revised for Capacity Adjustment		May 2011 through October 2011						Total Over / Under Recovery
<u>CALCULATION OF E(m)</u> E(m) = CRR - BRR		May 2011	June 2011	July 2011	August 2011	September 2011	October 2011	
LINE 1	CRR from ES FORM 3.00	\$5,629,560	\$5,442,788	\$4,293,304	\$3,847,820	\$3,461,766	\$3,791,291	
LINE 2	Brr from ES FORM 1.10	\$3,922,590	\$3,627,274	\$3,805,325	\$4,088,830	\$3,740,010	\$3,260,302	
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,706,970	\$1,815,514	\$487,979	(\$241,010)	(\$278,244)	\$530,989	
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	77.6%	72.7%	68.3%	76.2%	79.7%	78.0%	
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	\$1,324,609	\$1,319,879	\$333,290	(\$183,649)	(\$221,759)	\$414,171	
LINE 5B	Environmental Surcharge Clause Adjustment Case No. 2009-00038, dated May 14, 2008	\$0	\$0	\$0	\$0	\$0	\$0	
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	\$179,377	\$7,110	(\$235,309)	(\$197,884)	\$5,290	(\$27,561)	
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,503,986	\$1,326,989	\$97,981	(\$381,533)	(\$216,469)	\$386,610	
<u>SURCHARGE FACTOR</u>								
LINE 8	Net KY Retail E(m) (Line 7)	\$1,503,986	\$1,326,989	\$97,981	(\$381,533)	(\$216,469)	\$386,610	
LINE 9	KY Retail R(m) from ES FORM 3.30	\$40,424,987	\$46,953,714	\$46,534,433	\$47,519,210	\$44,097,032	\$38,287,502	
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.7204%	2.8262%	0.2106%	-0.8029%	-0.4909%	1.0098%	
As Revised for Cash Working Capital								
<u>CALCULATION OF E(m)</u> E(m) = CRR - BRR		May 2011	June 2011	July 2011	August 2011	September 2011	October 2011	
LINE 11	CRR from ES FORM 3.00	\$5,653,443	\$5,467,944	\$4,319,397	\$3,871,782	\$3,485,386	\$3,814,158	
LINE 12	Brr from ES FORM 1.10	\$3,922,590	\$3,627,274	\$3,805,325	\$4,088,830	\$3,740,010	\$3,260,302	
LINE 13	E(m) (LINE 11 - LINE 12)	\$1,730,853	\$1,840,670	\$514,072	(\$217,048)	(\$254,624)	\$553,856	
LINE 14	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	77.6%	72.7%	68.3%	76.2%	79.7%	78.0%	
LINE 15	KY Retail E(m) (LINE 13 * LINE 14)	\$1,343,142	\$1,338,167	\$351,111	(\$165,390)	(\$202,934)	\$432,008	
LINE 15B	Environmental Surcharge Clause Adjustment Case No. 2009-00038, dated May 14, 2008	\$0	\$0	\$0	\$0	\$0	\$0	
LINE 16	(Over)/Under Recovery Adjustment from ES FORM 3.30	\$179,377	\$7,110	(\$235,309)	(\$197,884)	\$5,290	(\$27,561)	
LINE 17	Net KY Retail E(m) (LINE 15 + LINE 16)	\$1,522,519	\$1,345,277	\$115,802	(\$363,274)	(\$197,644)	\$404,447	
<u>SURCHARGE FACTOR</u>								
LINE 18	Net KY Retail E(m) (Line 17)	\$1,522,519	\$1,345,277	\$115,802	(\$363,274)	(\$197,644)	\$404,447	
LINE 19	KY Retail R(m) from ES FORM 3.30	\$40,424,987	\$46,953,714	\$46,534,433	\$47,519,210	\$44,097,032	\$38,287,502	
LINE 20	Environmental Surcharge Factor for Expense Month (Line 18 / LINE 19)	3.7663%	2.8651%	0.2489%	-0.7645%	-0.4482%	1.0563%	
LINE 21	Difference (Line 18 - Line 8)	\$ 18,533.00	\$ 18,288.00	\$ 17,821.00	\$ 18,259.00	\$ 18,825.00	\$ 17,837.00	\$ 109,563.00
							Total Over Collected	\$ 109,563.00