

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)	
APPLICATION OF THE FUEL)	
ADJUSTMENT CLAUSE OF AMERICAN)	CASE NO.
ELECTRIC POWER COMPANY FROM)	2005-00494
MAY 1, 2005 TO OCTOBER 31, 2005)	

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission, on December 27, 2005, established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of American Electric Power Company ("AEP") for the 6 months ended October 31, 2005.

As part of this review, AEP, pursuant to Commission Order, submitted certain information concerning its compliance with Administrative Regulation 807 KAR 5:056 and, on February 23, 2006, filed supplemental information in response to a Commission Staff data request. A public hearing was held on March 16, 2006. At the hearing, AEP provided proof of publication of the notice of the hearing for 16 of the 18 publications in which it intended to provide notice. Two publications failed to publish the notice. On its own motion, the Commission continued the hearing to allow AEP additional time to provide the proper notice. Cross-examination of AEP's witnesses was permitted with AEP's agreement that it would submit itself to further examination at a later date after proper notice was provided. On April 13, 2006, a second hearing was held for public comment and, if necessary, to present AEP's witness for further questioning. There

was no public comment or further questions of AEP's witness and the hearing was concluded.

The Commission has previously established AEP's base fuel cost at 16.51 mills per kWh.¹ A review of AEP's monthly fuel clause filings shows that the actual fuel cost incurred for the 6-month period under review ranged from a low of 19.51 mills in June 2005 to a high of 20.56 mills in August 2005, with a six-month average of 20.04 mills.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds no evidence of improper calculation or application of AEP's FAC charges or improper fuel procurement practices.

IT IS THEREFORE ORDERED that the charges and credits billed by AEP through its FAC for the period May 1, 2005 to October 31, 2005 are approved.

Done at Frankfort, Kentucky, this 26th day of April, 2006.

By the Commission

ATTEST:



Executive Director

¹ Case No. 2004-00463, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of American Electric Power Company from November 1, 2002 to October 31, 2004, Order dated June 23, 2005.