



**KENTUCKY  
POWER**

A unit of American Electric Power

Kentucky Power  
101A Enterprise Drive  
P O Box 5190  
Frankfort, KY 40602-5190  
KentuckyPower.com

**HAND DELIVERED**

June 26, 2015

**RECEIVED**

**JUN 26 2015**

**PUBLIC SERVICE  
COMMISSION**

Jeff R. Derouen, Executive Director  
Public Service Commission  
P. O. Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40602

**Attention: Daryl Newby**

RE: Big Sandy Retirement Rider

Dear Mr. Newby,

In accordance with the Commission's Order Dated June 22, 2015 in Case No. 2014-00396, Kentucky Power hereby files its Big Sandy Retirement Rider calculation.

Kentucky Power has included the calculation and supporting documentation of the Big Sandy Retirement Rider that will be billed for service rendered on and after June 30, 2015.

If there are any questions please contact me at 502-696-7010.

Sincerely,

John A. Rogness III  
Director, Regulatory Services

Attachments

**KENTUCKY POWER COMPANY**

**Big Sandy Retirement Rider**

**Summary**

**As of June 30, 2015**

Residential B.S.R.R. Adjustment Factor	=	$\frac{\$6,979,645}{\$232,101,696}$	=	3.0071%
All Other Classes B.S.R.R. Adjustment Factor	=	$\frac{\$9,743,851}{\$195,197,785}$	=	4.9918%

Effective Date for Billing July 2015

Submitted by:

  
(Signature)

Title:

Director, Regulatory Services

Date Submitted:

June 26, 2015

## KENTUCKY POWER COMPANY

## Big Sandy Retirement Rider

As of June 30, 2015

Residential Adjustment Factor

$$\text{A. Base Annual Residential Allocation} = \frac{\$16,723,495}{\$556,124,527} \times \frac{\$232,101,696}{\$556,124,527} * = \$ 6,979,645$$

$$\text{B. Adjustment Factor} = \frac{\text{NRA (from A above)}}{\text{Residential Retail Revenue}} = \frac{\$6,979,645}{\$232,101,696} = \underline{\underline{3.0071\%}}$$

All Other Adjustment Factor

$$\text{C. Base Annual All Other Allocation} = \frac{\$16,723,495}{\$556,124,527} \times \frac{\$324,022,831}{\$556,124,527} * = \$ 9,743,851$$

$$\text{D. Adjustment Factor} = \frac{\text{NOA (from A above)}}{\text{All Other Classes, Non-Fuel Retail Revenue}} = \frac{\$9,743,851}{\$195,197,785} = \underline{\underline{4.9918\%}}$$

WACC 10.1280%  
 Monthly 0.8440%  
 Monthly Payment \$1,413,412  
 Annual Payment \$16,960,949  
 Retail Juris Demand Factor 0.986  
 Retail Revenue Requirement \$16,723,495

YEAR 1 - Initial BSRR Factor

Recovery of Regulatory Asset Balance

Line	Month	Additions	Carrying Charges	Actual Revenue	Levelized Payment	Calculated Change in RA	Month End Reg Asset Balance	ADIT on RA	ADIT Balance	Balance of Components Subject to WACC
	June-15						207,727,914		(72,704,770)	135,023,144
1	July-15		1,139,595		1,413,412	(273,817)	207,454,097	95,836	(72,608,934)	134,845,163
2	August-15		1,138,093		1,413,412	(275,319)	207,178,777	96,362	(72,512,572)	134,666,205
3	September-15		1,136,583		1,413,412	(276,830)	206,901,948	96,890	(72,415,682)	134,486,266
4	October-15		1,135,064		1,413,412	(278,348)	206,623,599	97,422	(72,318,260)	134,305,340
5	November-15		1,133,537		1,413,412	(279,875)	206,343,724	97,956	(72,220,303)	134,123,421
6	December-15		1,132,002		1,413,412	(281,411)	206,062,313	98,494	(72,121,810)	133,940,504
7	January-16		1,130,458		1,413,412	(282,955)	205,779,359	99,034	(72,022,776)	133,756,583
8	February-16		1,128,906		1,413,412	(284,507)	205,494,852	99,577	(71,923,198)	133,571,654
9	March-16		1,127,345		1,413,412	(286,068)	205,208,784	100,124	(71,823,075)	133,385,710
10	April-16		1,125,775		1,413,412	(287,637)	204,921,147	100,673	(71,722,402)	133,198,746
11	May-16		1,124,197		1,413,412	(289,215)	204,631,933	101,225	(71,621,176)	133,010,756
12	June-16		1,122,611		1,413,412	(290,802)	204,341,131	101,781	(71,519,396)	132,821,735
13	July-16		1,121,015		1,413,412	(292,397)	204,048,734	102,339	(71,417,057)	132,631,677
14	August-16		1,119,411		1,413,412	(294,001)	203,754,733	102,900	(71,314,157)	132,440,576
15	September-16		1,117,798		1,413,412	(295,614)	203,459,119	103,465	(71,210,692)	132,248,427

Monthly WACC Calculation

WACC 10.1280%  
 Monthly 0.8440%  
 Monthly Payment 1,413,412

Exhibit 7

Recovery of Estimated June 30, 2015 Reg Asset Balance

Year	Additions	Carrying Charges	Levelized Payment	Calculated Change in RA	Estimated June 30, 2015 Reg Asset Balance	ADIT on RA	ADIT Balance	Balance of Components Subject to WACC
					\$207,727,914		(\$72,704,770)	\$135,023,144
1		\$13,574,166	\$16,960,949	(\$3,386,783)	\$204,341,131	\$1,185,374	(\$71,519,396)	\$132,821,735
2		\$13,344,355	\$16,960,949	(\$3,616,593)	\$200,724,538	\$1,265,808	(\$70,253,588)	\$130,470,949
3		\$13,098,951	\$16,960,949	(\$3,861,998)	\$196,862,540	\$1,351,699	(\$68,901,889)	\$127,960,651
4		\$12,836,895	\$16,960,949	(\$4,124,054)	\$192,738,486	\$1,443,419	(\$67,458,470)	\$125,280,016
5		\$12,557,056	\$16,960,949	(\$4,403,892)	\$188,334,594	\$1,541,362	(\$65,917,108)	\$122,417,486
6		\$12,258,230	\$16,960,949	(\$4,702,719)	\$183,631,875	\$1,645,952	(\$64,271,156)	\$119,360,719
7		\$11,939,126	\$16,960,949	(\$5,021,822)	\$178,610,052	\$1,757,638	(\$62,513,518)	\$116,096,534
8		\$11,598,370	\$16,960,949	(\$5,362,579)	\$173,247,474	\$1,876,903	(\$60,636,616)	\$112,610,858
9		\$11,234,491	\$16,960,949	(\$5,726,457)	\$167,521,016	\$2,004,260	(\$58,632,356)	\$108,888,661
10		\$10,845,922	\$16,960,949	(\$6,115,027)	\$161,405,990	\$2,140,259	(\$56,492,096)	\$104,913,893
11		\$10,430,986	\$16,960,949	(\$6,529,963)	\$154,876,027	\$2,285,487	(\$54,206,609)	\$100,669,417
12		\$9,987,894	\$16,960,949	(\$6,973,054)	\$147,902,973	\$2,440,569	(\$51,766,040)	\$96,136,932
13		\$9,514,737	\$16,960,949	(\$7,446,212)	\$140,456,761	\$2,606,174	(\$49,159,866)	\$91,296,895
14		\$9,009,473	\$16,960,949	(\$7,951,475)	\$132,505,286	\$2,783,015	(\$46,376,850)	\$86,128,436
15		\$8,469,925	\$16,960,949	(\$8,491,024)	\$124,014,263	\$2,971,853	(\$43,404,992)	\$80,609,271
16		\$7,893,766	\$16,960,949	(\$9,067,133)	\$114,947,080	\$3,173,514	(\$40,231,478)	\$74,715,602
17		\$7,278,511	\$16,960,949	(\$9,682,438)	\$105,264,642	\$3,388,853	(\$36,842,625)	\$68,422,017
18		\$6,621,508	\$16,960,949	(\$10,339,441)	\$94,925,201	\$3,618,804	(\$33,223,820)	\$61,701,381
19		\$5,919,524	\$16,960,949	(\$11,041,025)	\$83,884,176	\$3,864,359	(\$29,359,462)	\$54,524,714
20		\$5,170,734	\$16,960,949	(\$11,790,215)	\$72,093,961	\$4,126,575	(\$25,232,886)	\$46,861,075
21		\$4,370,707	\$16,960,949	(\$12,590,242)	\$59,503,719	\$4,406,585	(\$20,826,302)	\$38,677,418
22		\$3,516,395	\$16,960,949	(\$13,444,554)	\$46,059,166	\$4,705,594	(\$16,120,708)	\$29,938,458
23		\$2,604,113	\$16,960,949	(\$14,356,836)	\$31,702,330	\$5,024,893	(\$11,095,815)	\$20,606,514
24		\$1,629,928	\$16,960,949	(\$15,331,021)	\$16,371,309	\$5,365,857	(\$5,729,958)	\$10,641,351
25		\$589,640	\$16,960,949	(\$16,371,309)	(\$0)	\$5,729,958	(\$0)	(\$0)
Total		\$216,295,801	\$424,023,715	(\$207,727,914)		\$72,704,770		