

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 1 Operation 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 1 Operation Rider calculation.

Kentucky Power has included the calculation and supporting documentation of the Big Sandy 1 Operation 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 1 Operation Rider
For Year Ended June 30, 2015

1	Actual BS1OR Costs 12-Months Ended 6/30/16 from BS1OR Form 4.0	-
2	Actual Revenue Collected 12-Months Ended 7/31/16 from BS1OR Form 5.0	-
3	(Over) / Under Recovery (Line 1 - Line 2)	-
4	Going Level Revenue Requirement from BS1OR Form 3.0	18,245,413
5	Plus / (Minus) the Over / Under Recovery (Line 3)	-
6	Proposed BS1OR Revenue Requirement (Line 4 + Line 5)	18,245,413
	a.) Demand	\$9,195,617
	b.) Energy	\$9,049,796
		<u>\$18,245,413</u>

<u>Class</u>	<u>\$/ kWh Rate</u>	<u>\$/ kW Rate</u>
RES	\$0.00330	-
SGS	\$0.00272	-
MGS	\$0.00141	0.34000
Non Demand MGS Sec ¹	\$0.00283	-
LGS	\$0.00139	0.45000
LGS LMTOD	\$0.00276	-
IGS (QP / CIP-TOD)	\$0.00139	0.55000
MW	\$0.00248	-
OL	\$0.00147	-
SL	\$0.00147	-

Kentucky Power Company
Big Sandy 1 Operation Rider Rate Design

	<u>Demand</u>	<u>Energy</u>	<u>Total</u>
KY Retail Jurisdiction			
Revenue Requirement	\$9,195,617	\$9,049,796	\$18,245,413
(Over)/Under Recovery	\$0	\$0	\$0
Total Revenue Requirement	\$9,195,617	\$9,049,796	\$18,245,413

<u>Class</u> (1)	<u>Historic Period</u> <u>Billing</u> <u>Energy</u> (2)	<u>Historic Period</u> <u>Billing</u> <u>Demand</u> (3)	<u>Test Year</u> <u>CP / kWh</u> <u>Ratio</u> (4)	<u>CP</u> <u>Demand</u> <u>Allocation</u> <u>Factor</u> (5) = (2) x (4)	<u>Allocated</u> <u>Demand</u> <u>Related</u> <u>Costs</u> (6) on (5)	<u>Allocated</u> <u>Energy</u> <u>Related</u> <u>Costs</u> (7) on (2)	<u>\$ / kW</u> <u>Rate</u> (8) = (6) / (3)	<u>\$ / kWh</u> <u>Rate</u> (9) = (7) / (2)	<u>Revenue</u> <u>Verification</u> (10)	<u>Difference</u> (11) = (10) - (6) - (7)
RES	2,260,149,747		0.0236060%	533,531	\$4,315,832	\$3,150,586	\$ -	\$0.00330	\$7,458,494	-\$7,924
SGS	142,560,729		0.0163937%	23,371	189,052	198,726	\$ -	\$0.00272	387,765	-\$13
MGS	507,158,704	2,119,598	0.0177002%	89,768	726,150	706,965	\$ 0.34	\$0.00141 ²	1,435,757	\$2,642
Non Demand MGS Sec ¹	6,484,718		0.0177002%	1,148	9,286	9,040	\$ -	\$0.00283	18,352	\$26
LGS	705,405,060	2,169,269	0.0169381%	119,482	966,512	983,315	\$ 0.45	\$0.00139	1,956,684	\$6,857
LGS LMTOD	1,959,939		0.0169381%	332	2,686	2,732	\$ -	\$0.00276	5,409	-\$9
IGS (QP / CIP-TOD)	2,818,677,591	5,429,712	0.0130626%	368,193	2,978,382	3,929,159	\$ 0.55	\$0.00139	6,904,303	-\$3,238
MW	3,864,039		0.0134057%	518	4,190	5,386	\$ -	\$0.00248	9,583	\$7
OL	37,640,598		0.0009431%	355	2,872	52,470	\$ -	\$0.00147	55,332	-\$10
SL	8,190,082		0.0009890%	81	655	11,417	\$ -	\$0.00147	12,039	-\$33
Total	6,492,091,207	9,718,579		1,136,779	\$9,195,617	\$9,049,796			\$18,243,719	(\$1,694)

Notes:

¹ Non Demand MGS Sec includes MGS RL, MGS LMTOD and MGS TOD

² Revised after Revenue Verification

Estimated Going Level Operating Expenses 7/1/2016 - 6/30/2017

Kentucky Power Company

<u>Description</u>	<u>Totals</u>
Operating Expenses:	
Demand Related O&M	9,150,077
Energy Related O&M (excluding fuel) Includes PJM Charges and Credits	9,004,978
Depreciation on Gas Plant in Service	-
Property Tax	-
Kentucky Air Emission Fee	-
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Sub Total Operating Expenses	\$ 18,155,055
gross up factor from settlement exhibit 2	1.004977
Total Operating Expenses	\$ 18,245,413
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Net Gas Plant in Service	\$ -
Pre Tax WACC from settlement exhibit 2	10.128%
Total Return	\$ -
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Total BS1OR Going Level Revenue Requirement	\$ 18,245,413
Demand-Related	\$ 9,195,617
Energy-Related	9,049,796

Actual Operating Expenses 12-Months Ended 6/30/16

Kentucky Power Company

<u>Description</u>	<u>Totals</u>
Operating Expenses:	
Demand Related O&M	-
Energy Related O&M (excluding fuel) Includes PJM	
Charges and Credits	-
Depreciation on Gas Plant in Service	-
Property Tax	-
Kentucky Air Emission Fee	-
	<hr/>
Sub Total Operating Expenses	\$ -
gross up factor from settlement exhibit 2	1.004977
Total Operating Expenses	<hr/> \$ - <hr/>
Net Gas Plant in Service	\$ -
Pre Tax WACC from settlement exhibit 2	10.128%
Total Return	<hr/> \$ - <hr/>
Total BS1OR Going Level Revenue Requirement	\$ -

Kentucky Power Company
Big Sandy 1 Operation Rider Revenue Collected
12-Months Ended 6/30/16 from BS1OR

<u>Tariff Class</u>	<u>Total</u>
R.S.	-
S.G.S and S.G.S-T.O.D.	-
M.G.S.	-
M.G.S. Recreational Lighting, M.G.S.-L.M.T.O.D., and M.G.S.-T.O.D.	-
L.G.S. and L.G.S.-T.O.D.	-
L.G.S.-L.M.-T.O.D.	-
I.G.S. and C.S.-I.R.P.	-
M.W.	-
O.L.	-
S.L.	-
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Total	-
Total Revenue Collected	-