



**KENTUCKY
POWER**

A unit of American Electric Power

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FEB 18 2009

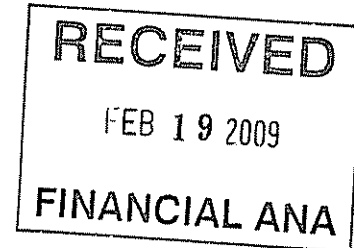
**PUBLIC SERVICE
COMMISSION**

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

Jeff R. Derouen, Executive Director
Public Service Commission
Attn: Daryl Newby
P. O. Box 615
Frankfort, KY 40602

J
19 February 2009
DNW

Gentlemen:



Attached are Kentucky Power Company's fuel adjustment clause schedules with supporting sales and fuel cost schedules. These calculations are based on an estimated January 2009 fuel costs with an adjustment reflecting actual December 2008 fuel costs.

The fuel adjustment clause factor of \$0.00414/kwh will be applied to our March 2009 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

Pursuant to the Commission's January 8, 2009 Order in Case No. 2008-00283, the Company was granted the authority to recover the under-collection of the Net Transmission Marginal Line Losses incurred for the six month period November 2007 through April 2008. Pursuant to the January 8th Order, the Company will reflect an adjustment of \$981,697 evenly over the billing months of February through July 2009 to reflect the costs associated with Accounts 4470207 and 4470208 (please see attached Page 2 of 5, Section D).

Also attached are the system sales clause schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated January 2009 net revenue with an adjustment reflecting the true-up of December 2008 net revenue. Pursuant to the Settlement Agreement in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2008 through March 31, 2009 shall be based on 70/30 percent sharing basis. If and when the Company surpasses the off-system sales margin of \$30M, the customer sharing mechanism

Page 2
Messrs. Derouen and Newby
18 February 2009

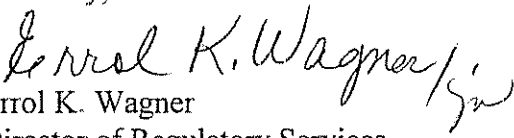
shall be on a 60/40 basis. The attached System Sales Clause Schedule, page 1 of 2, shows the net revenue level to be applied to our March 2009 billing is in the amount of \$1,559,042. As the table indicates, the YTD system sales profit total has exceeded the \$30M benchmark. Therefore, the sharing mechanism for March billing is calculated on a 60/40 basis.

The net system sales clause factor of \$0.0008602/kwh will be applied to our March 2009 billing.

All billings during March 2009 will show a combined factor of \$0.0050002/kwh.

If you have any questions, please contact me at 502/696-7010.

Sincerely,


Errol K. Wagner
Director of Regulatory Services

Attachments

KENTUCKY POWER COMPANY
SUMMARY OF ADJUSTMENT CLAUSES

Month Ended: January 2009

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0.00414
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>\$0.0008602</u>
3 Total Adjustment Clause Factors		<u><u>\$0.0050002</u></u>

Effective Date for Billing

March 2009

Submitted by:

Emel K. Wagner
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

February 18, 2009

KENTUCKY POWER COMPANY
FUEL ADJUSTMENT CLAUSE SCHEDULE

Month Ended: January 2009

Fuel Fm (Fuel Cost Schedule)	<u>\$19,517,723</u>		
Sales Sm (Sales Schedule)	769,140,000	(+)	0.02538
Fuel (Fb)	<u>\$13,933,754</u>		
Sales (Sb)	655,865,000	(-)	<u>0.02124</u>
			<u><u>0.00414</u></u>
			(\$/KWH)

Effective Date for Billing March 2009

Submitted by: *Emel K. Wagner*
(Signature)

Title: Director of Regulatory Services

Date Submitted: February 18, 2009

**KENTUCKY POWER COMPANY
FUEL COST SCHEDULE**

Month Ended: **January 2009**

A.	Company Generation			
	Coal Burned	(+)	\$18,623,840	
	Oil Burned	(+)	92,774	
	Gas Burned	(+)	0	
	Fuel (jointly owned plant)	(+)	0	
	Fuel (assigned cost during F O)	(+)	0	
	Fuel (substitute for F O)	(-)	0	
	Sub Total		18,716,614	
B.	Purchases			
	Net Energy Cost - Economy Purchases	(+)	0	
	Identifiable Fuel Cost - Other Purchases	(+)	11,982,996	*
	Identifiable Fuel Cost (substitute for F O)	(-)	0	
	Sub Total		11,982,996	
C.	Inter-System Sales Fuel Costs		7,021,231	*
	Sub Total		7,021,231	
D.	Total Fuel Cost (A + B - C)		\$23,678,379	
E.	Adjustment indicating the difference in actual fuel cost for the month of <u>December 2008</u> and the estimated cost originally reported		(4,390,384)	
	<u>\$19,145,545</u> (actual)	-	<u>\$23,535,929</u> (est.)	=
F.	Total Company Over or (Under) Recovery from Page 4, Line 12		1,437,905	
G.	Grand Total Fuel Cost (D + E - F)		\$17,850,090	
H.	Net Transmission Marginal Line Loss for month of January 2009 (Accounts 4470207 and 4470208)		\$685,936	
I.	** Net Transmission Marginal Line Loss Adjustment		\$981,697	**
J.	ADJUSTED GRAND TOTAL FUEL COSTS (G+H)		\$19,517,723	

* Estimated - based on actual Kentucky generation unit costs in
January 2009 \$18,716,614
628,407,000 = 0.02978 /KWH

** Above charge is one sixth of the Net Transmission Marginal Line Loss
Adjustment associated with Accts 4470207 and 4470208 for the months November 2007
through April 2008, pursuant to PSC Order in Case Nos 2008-00283
dated January 8, 2009

KENTUCKY POWER COMPANY**SALES SCHEDULE**

Month Ended: January 2009

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	628,407,000
Purchases Including Interchange In	(+)	<u>402,384,000</u>
Sub Total		1,030,791,000
B. Pumped Storage Energy	(+)	0
Inter-System Sales Including Interchange Out	(+)	235,770,000
System Losses	(+)	<u>25,881,000</u> *
Sub Total		<u>261,651,000</u>
Total Sales (A - B)		<u><u>769,140,000</u></u>

* Does not include 544,536 KWH of company usage

KENTUCKY POWER COMPANY
OVER OR (UNDER) RECOVERY SCHEDULE

Month Ended: January 2009

Line No			
1	FAC Rate Billed	(+)	0 01192
2	Retail KWH Billed at Above Rate	(x)	<u>748,138,982</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>8,917,817</u>
4	KWH Used to Determine Last FAC Rate Billed	(+)	637,522,000
5	Non-Jurisdictional KWH Included in L4	(-)	<u>8,286,100</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>629,235,900</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		7,500,492
8	Over or (Under) Recovery (L3 - L7)		1,417,325
9	Total Sales (Page 3)	(+)	769,140,000
10	Kentucky Jurisdictional Sales	(/)	<u>758,128,700</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (L9 / L10)		1 01452
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>1,437,905</u></u>

KENTUCKY POWER COMPANY

FINAL
FUEL COST SCHEDULE

Month Ended: December 2008

A. Company Generation			
Coal Burned	(+)	\$21,309,126	
Oil Burned	(+)	307,058	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O.)			
(0 KWH X \$0 000000)	(+)	0	
Fuel (substitute for F. O.)	(-)	<u>0</u>	
Sub-total		<u>21,616,184</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	5,128,184	(1)
Identifiable Fuel Cost (substitute for F. O.)			
(0 KWH X \$0 000000)	(-)	<u>0</u>	
Sub-total		<u>5,128,184</u>	
C. Inter-System Sales Fuel Costs		<u>7,598,823</u>	(1)
D. Sub-Total Fuel Cost (A+ B - C)		\$19,145,545	
E. Net Transmission Marginal Line Loss December 2008		<u>557,766</u>	
F. GRAND TOTAL FUEL COSTS (D + E)		<u><u>\$19,703,311</u></u>	

(1) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No 2000-495-B.

**KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE SCHEDULE**

* REVISED 3/19/2009 *
CHART ONLY

Case No. 9061 and

Stipulation and Settlement Agreement in Case No. 2005-00341

January 2009

Line No.	Month Ended:			YTD System Sales Profit	
1	Current Month (Tm) Net Revenue Level @ 70%	(+)	n/a	Feb-08	4,273,413
2	Current Month (Tm) Net Revenue Level @ 60%	(+)	<u>1,559,042</u>	Mar-08	3,075,288
3	Current Month (Tm) Net Revenue Level (Ln 1 + Ln 2)		<u>1,559,042</u>	Apr-08	3,283,321
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	(-)	<u>2,661,693</u>	May-08	3,636,818
5	Increase/(Decrease) of System Sales Net Revenue (Ln 3 - Ln 4)		(1,102,651)	Jun-08	5,385,019
6	Customer 70% Sharing ^{1/}	(x)	n/a	Jul-08	7,763,492
7	Customer 60% Sharing ^{1/}	(x)	<u>60%</u>	Aug-08	6,557,531
8	Customer Share of Increase/(Decrease) in System Sales Net Revenue		(661,591)	Sep-08	3,697,501
9	Current Month (Sm) Sales Level (Page 3 of 5)	(/)	<u>769,140,000</u>	Oct-08	1,602,812
				Nov-08	563,591
				Dec-08	369,904
				Jan-09	1,559,042
				Total	41,767,732 ^{1/}
10	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)		<u>0.0008602</u>		

* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month

Effective Date for Billing:

March 2009

Submitted by:


(Signature)

Title:

Director of Regulatory Services

Date Submitted:

February 18, 2009

^{1/}Up to and including \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 70%. After \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 60%.

KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE NET REVENUE

Line No.		Month Ended: January 2009		TOTAL
		CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	
1	Sales For Resale Revenues	\$6,947,141	\$18,852	\$6,965,993
2	Interchange-Delivered Revenues	-0-	-0-	-0-
3	Total System Sales Revenues	6,947,141	18,852	6,965,993
4	Sales For Resale Expenses	\$5,169,650	\$100,302	\$5,269,952
5	Interchange-Delivered Expenses	-0-	-0-	-0-
6	Non-Associated Utilities Monthly Environmental Costs*	136,999	0	136,999
7	Total System Sales Expenses	5,306,649	100,302	5,406,951
8	Total System Sales Net Revenues	<u>\$1,640,492</u>	<u>(\$81,450)</u>	<u>\$1,559,042</u>

*Source:

ES Form 1 0, Line 3

ES Form 3 3, Line 4

Non-Associated Environmental Costs



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MAR 20 2009

**PUBLIC SERVICE
COMMISSION**

Jeff R. Derouen, Executive Director
Public Service Commission
Attn: Daryl Newby
P. O. Box 615
Frankfort, KY 40602

20 March 2009

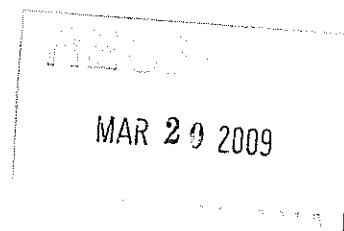
Gentlemen:

Attached are Kentucky Power Company's fuel adjustment clause schedules with supporting sales and fuel cost schedules. These calculations are based on an estimated February 2009 fuel costs with an adjustment reflecting actual January 2009 fuel costs.

The fuel adjustment clause factor of \$0.00945/kwh will be applied to our April 2009 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

Pursuant to the Commission's January 8, 2009 Order in Case No. 2008-00283, the Company was granted the authority to recover the under-collection of the Net Transmission Marginal Line Losses incurred for the six month period November 2007 through April 2008. Pursuant to the January 8th Order, the Company will reflect an adjustment of \$981,697 evenly over the billing months of February through July 2009 to reflect the costs associated with Accounts 4470207 and 4470208 (please see attached Page 2 of 5, Section I).

Also attached are the system sales clause schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated February 2009 net revenue with an adjustment reflecting the true-up of January 2009 net revenue. Pursuant to the Settlement Agreement in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2009 through March 31, 2010 shall be based on 70/30 percent sharing basis. If and when the Company surpasses the off-system sales margin of \$30M, the customer sharing mechanism shall be on a 60/40 basis.



Page 2
Messrs. Derouen and Newby
20 March 2009

The attached System Sales Clause Schedule, page 1 of 2, shows the net revenue level to be applied to our April 2009 billing is in the amount of \$1,405,018. As the table indicates, the YTD system sales profit total has not exceeded the \$30M benchmark. Therefore, the sharing mechanism for April 2009 billing is calculated on a 70/30 basis.

The net system sales clause factor of \$0.0009171/kwh will be applied to our April 2009 billing.

All billings during April 2009 will show a combined factor of \$0.0103671/kwh.

If you have any questions, please contact me at 502/696-7010.

Sincerely,



Errol K. Wagner
Director of Regulatory Services

Attachments

KENTUCKY POWER COMPANY
SUMMARY OF ADJUSTMENT CLAUSES

Month Ended: FEBRUARY 2009

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0.00945
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>\$0.0009171</u>
3 Total Adjustment Clause Factors		<u><u>\$0.0103671</u></u>

Effective Date for Billing

APRIL 2009

Submitted by:


(Signature)

Title:

Director of Regulatory Services

Date Submitted:

MARCH 20, 2009

KENTUCKY POWER COMPANY
FUEL ADJUSTMENT CLAUSE SCHEDULE

Month Ended: FEBRUARY 2009

Fuel Fm (Fuel Cost Schedule)	<u>\$19,475,274</u>		
Sales Sm (Sales Schedule)	634,479,000	(+)	\$0.03069
Fuel (Fb)	<u>\$13,933,754</u>		
Sales (Sb)	655,865,000	(-)	<u>\$0.02124</u>
			<u><u>\$0.00945</u></u>
			(\$/KWH)

Effective Date for Billing APRIL 2009

Submitted by: 
(Signature)

Title: Director of Regulatory Services

Date Submitted: MARCH 20, 2009

**KENTUCKY POWER COMPANY
FUEL COST SCHEDULE**

Month Ended: **FEBRUARY 2009**

A.	Company Generation			
	Coal Burned	(+)	\$15,470,105	
	Oil Burned	(+)	290,658	
	Gas Burned	(+)	0	
	Fuel (jointly owned plant)	(+)	0	
	Fuel (assigned cost during F. O.)	(+)	0	
	Fuel (substitute for F. O.)	(-)	0	
	Sub Total		<u>15,760,763</u>	
B.	Purchases			
	Net Energy Cost - Economy Purchases	(+)	0	
	Identifiable Fuel Cost - Other Purchases	(+)	10,891,287	*
	Identifiable Fuel Cost (substitute for F. O.)	(-)	0	
	Sub Total		<u>10,891,287</u>	
C.	Inter-System Sales Fuel Costs		<u>7,365,798</u>	*
	Sub Total		<u>7,365,798</u>	
D.	Total Fuel Cost (A + B - C)		<u><u>19,286,252</u></u>	
E.	Adjustment indicating the difference in actual fuel cost for the month of <u>JANUARY 2009</u> and the estimated cost originally reported.			
			<u>\$22,463,461</u>	-
			<u>\$23,678,379</u>	=
			(actual)	
			(est.)	
				<u>(1,214,918)</u>
F.	Total Company Over or (Under) Recovery from Page 4, Line 12		<u>138,351</u>	
G.	Grand Total Fuel Cost (D + E - F)		\$17,932,983	
H.	Net Transmission Marginal Line Loss for month of <u>FEBRUARY 2009</u> (Accounts 4470207 and 4470208)		\$560,594	
I.	Net Transmission Marginal Line Loss Adjustment **		\$981,697	**
J.	ADJUSTED GRAND TOTAL FUEL COSTS (G+H+I)		<u><u>\$19,475,274</u></u>	

* Estimated - based on actual Kentucky generation unit costs in
FEBRUARY 2009 \$15,760,763

535,188,000 = 0.02945 /KWH

** Above charge is one sixth of the Net Transmission Marginal Line Loss Adjustment associated
with Accounts 4470207 and 4470208 for the months November 2007 through April 2008
pursuant to PSC Order in Case No. 2008-00283 dated January 8, 2009

KENTUCKY POWER COMPANY

SALES SCHEDULE

Month Ended: FEBRUARY 200

		<u>Kilowatt-Hours</u>
A	Generation (Net)	(+)
		535,188,000
	Purchases Including Interchange In	(+)
		<u>369,823,000</u>
	Sub Total	905,011,000
B	Pumped Storage Energy	(+)
		0
	Inter-System Sales Including Interchange Out	(+)
		250,112,000
	System Losses	(+)
		<u>20,420,000</u> *
	Sub Total	<u>270,532,000</u>
	Total Sales (A - B)	<u><u>634,479,000</u></u>

* Does not include 699,708 KWH of company usage.

KENTUCKY POWER COMPANY
OVER OR (UNDER) RECOVERY SCHEDULE

Month Ended: FEBRUARY 2009

Line No.			
1	FAC Rate Billed	(+)	0.00424
2	Retail KWH Billed at Above Rate	(x)	<u>725,532,757</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>\$3,076,259</u>
4	KWH Used to Determine Last FAC Rate Billed	(+)	703,013,000
5	Non-Jurisdictional KWH Included in L4	(-)	<u>9,669,900</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>693,343,100</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		\$2,939,775
8	Over or (Under) Recovery (L3 - L7)		\$136,484
9	Total Sales (Page 3)	(+)	634,479,000
10	Kentucky Jurisdictional Sales	(/)	<u>625,908,000</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (L9 / L10)		1.01368
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>\$138,351</u></u>

KENTUCKY POWER COMPANY

FINAL
FUEL COST SCHEDULE

Month Ended: JANUARY 2009

A. Company Generation			
Coal Burned	(+)	\$24,236,156	
Oil Burned	(+)	147,332	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O.)			
(0 KWH X \$0 000000)	(+)	0	
Fuel (substitute for F. O.)	(-)	<u>0</u>	
Sub-total		<u>24,383,488</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	4,763,190	(1)
Identifiable Fuel Cost (substitute for F. O.)			
(0 KWH X \$0 000000)	(-)	<u>0</u>	
Sub-total		<u>4,763,190</u>	
C Inter-System Sales Fuel Costs		<u>6,683,217</u>	(1)
D Sub-Total Fuel Cost (A+ B - C)		22,463,461	
E Net Transmission Marginal Line Loss JAN 2009		<u>685,936</u>	
F GRAND TOTAL FUEL COSTS (D + E)		<u><u>\$23,149,397</u></u>	

(1) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No. 2000-495-B

KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE SCHEDULE
Case No. 9061 and
Stipulation and Settlement Agreement in Case No. 2005-00341
FEBRUARY 2009

**Line
No.**

Month Ended:

1	Current Month (Tm) Net Revenue Level @ 70%	(+)	\$1,405,018	
2	Current Month (Tm) Net Revenue Level @ 60%	(+)		
3	Current Month (Tm) Net Revenue Level (Ln 1 + Ln 2)		<u>1,405,018</u>	
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	(-)	<u>2,236,268</u>	
5	Increase/(Decrease) of System Sales Net Revenue (Ln 3 - Ln 4)		(831,250)	
6	Customer 70% Sharing ^{1/}	(x)	70%	
7	Customer 60% Sharing ^{1/}	(x)	<u>n/a</u>	
8	Customer Share of Increase/(Decrease) in System Sales Net Revenue		(\$581,875)	
9	Current Month (Sm) Sales Level (Page 3 of 5)	(/)	<u>634,479,000</u>	
10	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)		<u>\$0.0009171</u>	*


YTD System Sales Profit	
Feb-09	1,405,018
Mar-09	
Apr-09	
May-09	
Jun-09	
Jul-09	
Aug-09	
Sep-09	
Oct-09	
Nov-09	
Dec-09	
Jan-10	
Total	1,405,018 ^{1/}

* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month

Effective Date for Billing:

APRIL 2009

Submitted by:


(Signature)

Title:

Director of Regulatory Services

Date Submitted:

MARCH 20, 2009

^{1/}Up to and including \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 70%. After \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 60%.

KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE NET REVENUE

Line No.		Month Ended: FEBRUARY 2009		TOTAL
		CURRENT MONTH	PRIOR MO TRUE-UP ADJUSTMENT	
1	Sales For Resale Revenues	\$5,558,117	\$14,081	\$5,572,198
2	Interchange-Delivered Revenues	-0-	-0-	-0-
3	Total System Sales Revenues	5,558,117	14,081	5,572,198
4	Sales For Resale Expenses	\$4,052,124	\$54,956	\$4,107,080
5	Interchange-Delivered Expenses	-0-	-0-	-0-
6	Non-Associated Utilities Monthly Environmental Costs*	60,100	0	60,100
7	Total System Sales Expenses	4,112,224	54,956	4,167,180
8	Total System Sales Net Revenues	<u>\$1,445,893</u>	<u>(\$40,875)</u>	<u>\$1,405,018</u>

*Source:

ES Form 1 0, Line 3

ES Form 3 3, Line 4

Non-Associated Environmental Costs



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
P O Box 5190
101A Enterprise Drive
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KentuckyPower.com

RECEIVED

APR 17 2009

**PUBLIC SERVICE
COMMISSION**

Jeff R. Derouen, Executive Director
Public Service Commission
Attn: Daryl Newby
P. O. Box 615
Frankfort, KY 40602

17 April 2009

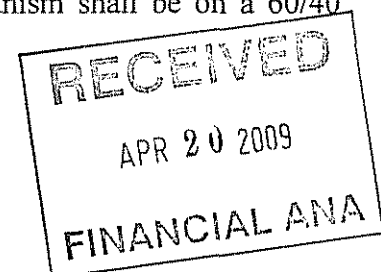
Gentlemen:

Attached is Kentucky Power Company's Fuel Adjustment Clause Schedule with supporting sales and fuel cost schedules. These calculations are based on an estimated March 2009 fuel costs with an adjustment reflecting actual February 2009 fuel costs.

The fuel adjustment clause factor of \$0.00725/kwh will be applied to our May 2009 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

Pursuant to the Commission's January 8, 2009 Order in Case No. 2008-00283, the Company was granted the authority to recover the under-collection of the Net Transmission Marginal Line Losses incurred for the six month period November 2007 through April 2008. Pursuant to the January 8th Order, the Company will reflect an adjustment of \$981,697 evenly over the billing months of February through July 2009 to reflect the costs associated with Accounts 4470207 and 4470208 (please see attached Page 2 of 5, Section I).

Also attached is the System Sales Clause Schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated March 2009 net revenue with an adjustment reflecting the true-up of February 2009 net revenue. Pursuant to the Settlement Agreement in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2009 through March 31, 2010 shall be based on 70/30 percent sharing basis. If and when the Company surpasses the off-system sales margin of \$30M, the customer sharing mechanism shall be on a 60/40 basis.



Page 2
Messrs. Derouen and Newby
17 April 2009

The attached System Sales Clause Schedule, page 1 of 2, shows the net revenue level to be applied to our May 2009 billing is in the amount of \$1,328,862. As the table indicates, the YTD system sales profit total has not exceeded the \$30M benchmark. Therefore, the sharing mechanism for May 2009 billing is calculated on a 70/30 basis.

The net system sales clause factor of \$0.0004598/kwh will be applied to our May 2009 billing.

All billings during May 2009 will show a combined factor of \$0.0077098/kwh.

If you have any questions, please contact me at 502/696-7010.

Sincerely,



Errol K. Wagner
Director of Regulatory Services

Attachments

KENTUCKY POWER COMPANY
SUMMARY OF ADJUSTMENT CLAUSES

Month Ended: March 2009

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0 00725
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>\$0.0004598</u>
3 Total Adjustment Clause Factors		<u><u>\$0.0077098</u></u>

Effective Date for Billing

May 2009

Submitted by:


(Signature)

Title:

Director of Regulatory Services

Date Submitted:


April 17, 2009

KENTUCKY POWER COMPANY
FUEL ADJUSTMENT CLAUSE SCHEDULE

Month Ended: March 2009

Fuel Fm (Fuel Cost Schedule)	<u>\$17,515,169</u>		
Sales Sm (Sales Schedule)	614,688,000	(+)	\$0.02849
Fuel (Fb)	<u>\$13,933,754</u>		
Sales (Sb)	655,865,000	(-)	<u>\$0.02124</u>
			<u><u>\$0.00725</u></u>
			(\$/KWH)

Effective Date for Billing May 2009

Submitted by: 
(Signature)

Title: Director of Regulatory Services

Date Submitted: April 17, 2009

**KENTUCKY POWER COMPANY
FUEL COST SCHEDULE**

Month Ended: March 2009

A	Company Generation		
	Coal Burned	(+)	\$16,267,263
	Oil Burned	(+)	99,447
	Gas Burned	(+)	0
	Fuel (jointly owned plant)	(+)	0
	Fuel (assigned cost during F. O.)	(+)	0
	Fuel (substitute for F O)	(-)	0
	Sub Total		16,366,710
B	Purchases		
	Net Energy Cost - Economy Purchases	(+)	0
	Identifiable Fuel Cost - Other Purchases	(+)	11,021,527 *
	Identifiable Fuel Cost (substitute for F O)	(-)	0
	Sub Total		11,021,527
C	Inter-System Sales Fuel Costs		10,509,862 *
	Sub Total		10,509,862
D.	Total Fuel Cost (A + B - C)		16,878,375
E.	Adjustment indicating the difference in actual fuel cost for the month of <u>February 2009</u> and the estimated cost originally reported		
	<u>\$17,851,616</u>	-	<u>\$19,286,252</u>
	(actual)		(est)
		=	(1,434,636)
F.	Total Company Over or (Under) Recovery from Page 4, Line 12		(454,378)
G	Grand Total Fuel Cost (D + E - F)		\$15,898,117
H	Net Transmission Marginal Line Loss for month of March 2009 (Accounts 4470207 and 4470208)		\$635,355
I.	Net Transmission Marginal Line Loss Adjustment **		\$981,697 **
J	ADJUSTED GRAND TOTAL FUEL COSTS (G+H+I)		\$17,515,169

* Estimated - based on actual Kentucky generation unit costs in
March 2009

$$\frac{\$16,366,710}{612,194,000} = 0.02673 \text{ /KWH}$$

** Above charge is one sixth of the Net Transmission Marginal Line Loss Adjustment associated with Accounts 4470207 and 4470208 for the months November 2007 through April 2008 pursuant to PSC Order in Case No. 2008-00283 dated January 8, 2009

KENTUCKY POWER COMPANY

SALES SCHEDULE

Month Ended: March 2009

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	612,194,000
Purchases Including Interchange In	(+)	<u>412,328,000</u>
Sub Total		1,024,522,000
 B. Pumped Storage Energy	 (+)	 0
Inter-System Sales Including Interchange Out	(+)	393,186,000
System Losses	(+)	<u>16,648,000</u> *
Sub Total		<u>409,834,000</u>
Total Sales (A - B)		<u><u>614,688,000</u></u>

* Does not include 436,156 KWH of company usage

KENTUCKY POWER COMPANY
OVER OR (UNDER) RECOVERY SCHEDULE

Month Ended: March 2009

Line No			
1	FAC Rate Billed	(+)	0 00414
2	Retail KWH Billed at Above Rate	(x)	<u>649,755,278</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>\$2,689,987</u>
4	KWH Used to Determine Last FAC Rate Billed	(+)	769,140,000
5	Non-Jurisdictional KWH Included in L4	(-)	<u>11,011,300</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>758,128,700</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		\$3,138,653
8	Over or (Under) Recovery (L3 - L7)		(\$448,666)
9	Total Sales (Page 3)	(+)	614,688,000
10	Kentucky Jurisdictional Sales	(/)	<u>606,958,900</u>
11	Ratio of Total Sales to KY. Jurisdictional Sales (L9 / L10)		1 01273
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>(\$454,378)</u></u>

KENTUCKY POWER COMPANY

FINAL
FUEL COST SCHEDULE

Month Ended: February 2009

A	Company Generation				
	Coal Burned	(+)	\$20,970,944		
	Oil Burned	(+)	307,611		
	Gas Burned	(+)	0		
	Fuel (jointly owned plant)	(+)	0		
	Fuel (assigned cost during F. O.)				
	(0 KWH X \$0 000000)	(+)	0		
	Fuel (substitute for F. O.)	(-)	<u>0</u>		
	Sub-total		<u>21,278,555</u>		
B	Purchases				
	Net Energy Cost - Economy Purchases	(+)	0		
	Identifiable Fuel Cost - Other Purchases	(+)	2,109,308	(1)	
	Identifiable Fuel Cost (substitute for F. O.)				
	(0 KWH X \$0 000000)	(-)	<u>0</u>		
	Sub-total		<u>2,109,308</u>		
C	Inter-System Sales Fuel Costs		<u>5,536,247</u>	(1)	
D	Sub-Total Fuel Cost (A+ B - C)		17,851,616		
E	Net Transmission Marginal Line Loss February 2009		<u>560,594</u>		
F	GRAND TOTAL FUEL COSTS (D + E)		<u><u>\$18,412,210</u></u>		

(1) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No 2000-495-B.

KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE SCHEDULE
Case No. 9061 and
Stipulation and Settlement Agreement in Case No. 2005-00341
March 2009


Line No.	Month Ended:			YTD System Sales Profit	
1	Current Month (Tm) Net Revenue Level @ 70%	(+)		Feb-09	\$1,405,018
2	Current Month (Tm) Net Revenue Level @ 60%	(+)	<u>\$1,328,862</u>	Mar-09	1,328,862
3	Current Month (Tm) Net Revenue Level (Ln 1 + Ln 2)			Apr-09	
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	(-)	<u>1,732,591</u>	May-09	
5	Increase/(Decrease) of System Sales Net Revenue (Ln 3 - Ln 4)		(403,729)	Jun-09	
6	Customer 70% Sharing ^{1/}	(x)	70%	Jul-09	
7	Customer 60% Sharing ^{1/}	(x)	<u>n/a</u>	Aug-09	
8	Customer Share of Increase/(Decrease) in System Sales Net Revenue		(\$282,610)	Sep-09	
9	Current Month (Sm) Sales Level (Page 3 of 5)	(/)	<u>614,688,000</u>	Oct-09	
10	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)		<u>\$0.0004598</u>	Nov-09	
				Dec-09	
				Jan-10	
				Total	\$2,733,880 ^{1/}

* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month.

Effective Date for Billing:

May 2009

Submitted by:


(E. J. Wagner)
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

April 17, 2009

^{1/}Up to and including \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 70%. After \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 60%

KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE NET REVENUE

Line No		Month Ended: March 2009		TOTAL
		CURRENT MONTH	PRIOR MO TRUE-UP ADJUSTMENT	
1	Sales For Resale Revenues	\$5,650,175	\$20,750	\$5,670,925
2	Interchange-Delivered Revenues	-0-	-0-	-0-
3	Total System Sales Revenues	5,650,175	20,750	5,670,925
4	Sales For Resale Expenses	\$4,505,299	(\$241,127)	\$4,264,172
5	Interchange-Delivered Expenses	-0-	-0-	-0-
6	Non-Associated Utilities Monthly Environmental Costs*	77,891	0	77,891
7	Total System Sales Expenses	4,583,190	(241,127)	4,342,063
8	Total System Sales Net Revenues	\$1,066,985	\$261,877	\$1,328,862

*Source:

ES Form 1.0, Line 3

ES Form 3.3, Line 4

Non-Associated Environmental Costs

Page 2
Messrs. Derouen and Newby
19 May 2009

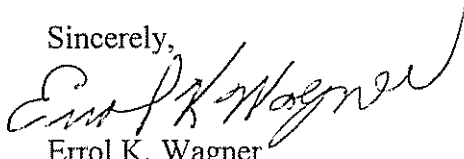
The attached System Sales Clause Schedule, page 1 of 2, shows the net revenue level to be applied to our June 2009 billing is in the amount of \$797,692. As the table indicates, the YTD system sales profit total has not exceeded the \$30M benchmark. Therefore, the sharing mechanism for June 2009 billing is calculated on a 70/30 basis.

The net system sales clause factor of \$0.0025431/kwh will be applied to our June 2009 billing.

All billings during June 2009 will show a combined factor of \$0.0105231/kwh.

If you have any questions, please contact me at 502/696-7010.

Sincerely,

A handwritten signature in cursive script, appearing to read "Errol K. Wagner".

Errol K. Wagner
Director of Regulatory Services

Attachments

KENTUCKY POWER COMPANY
SUMMARY OF ADJUSTMENT CLAUSES

Month Ended: APRIL 2009

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0.00798
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>\$0.0025431</u>
3 Total Adjustment Clause Factors		<u><u>\$0.0105231</u></u>

Effective Date for Billing

JUNE 2009

Submitted by:


(Signature)

Title:

Director of Regulatory Services

Date Submitted:

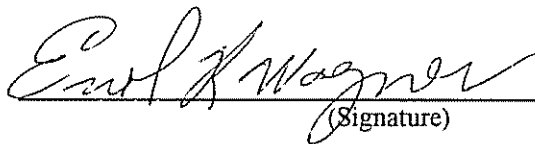
MAY 19, 2009

KENTUCKY POWER COMPANY
FUEL ADJUSTMENT CLAUSE SCHEDULE

Month Ended: APRIL 2009

Fuel Fm (Fuel Cost Schedule)	<u>\$15,357,750</u>		
Sales Sm (Sales Schedule)	525,508,000	(+)	\$0.02922
Fuel (Fb)	<u>\$13,933,754</u>		
Sales (Sb)	655,865,000	(-)	<u>\$0.02124</u>
			<u><u>\$0.00798</u></u>
			(\$/KWH)

Effective Date for Billing JUNE 2009

Submitted by: 
(Signature)

Title: Director of Regulatory Services

Date Submitted: MAY 19, 2009

KENTUCKY POWER COMPANY
FUEL COST SCHEDULE
Month Ended: **APRIL 2009**

A.	Company Generation			
	Coal Burned	(+)	\$15,681,930	
	Oil Burned	(+)	89,400	
	Gas Burned	(+)	0	
	Fuel (jointly owned plant)	(+)	0	
	Fuel (assigned cost during F O)	(+)	0	
	Fuel (substitute for F. O .)	(-)	0	
	Sub Total		<u>15,771,330</u>	
B.	Purchases			
	Net Energy Cost - Economy Purchases	(+)	0	
	Identifiable Fuel Cost - Other Purchases	(+)	10,778,735	*
	Identifiable Fuel Cost (substitute for F. O .)	(-)	0	
	Sub Total		<u>10,778,735</u>	
C.	Inter-System Sales Fuel Costs		<u>12,217,680</u>	*
	Sub Total		<u>12,217,680</u>	
D.	Total Fuel Cost (A + B - C)		<u><u>14,332,385</u></u>	
E.	Adjustment indicating the difference in actual fuel cost for the month of <u>MARCH 2009</u> and the estimated cost originally reported.			
			<u>\$15,819,156</u> - <u>\$16,878,375</u>	=
		(actual)	(est)	<u>(1,059,219)</u>
F.	Total Company Over or (Under) Recovery from Page 4, Line 12		<u>(532,578)</u>	
G.	Grand Total Fuel Cost (D + E - F)		\$13,805,744	
H.	Net Transmission Marginal Line Loss for month of <u>APRIL 2009</u> (Accounts 4470207 and 4470208)		\$570,309	
I.	Net Transmission Marginal Line Loss Adjustment **		\$981,697	**
J.	ADJUSTED GRAND TOTAL FUEL COSTS (G+H+I)		<u><u>\$15,357,750</u></u>	

* Estimated - based on actual Kentucky generation unit costs in
APRIL 2009 \$15,771,330
593,205,000 = 0.02659 /KWH

** Above charge is one sixth of the Net Transmission Marginal Line Loss Adjustment associated with Accounts 4470207 and 4470208 for the months November 2007 through April 2008 pursuant to PSC Order in Case No. 2008-00283 dated January 8, 2009

KENTUCKY POWER COMPANY

SALES SCHEDULE

Month Ended: APRIL 2009

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	593,205,000
Purchases Including Interchange In	(+)	<u>405,368,000</u>
Sub Total		998,573,000
B. Pumped Storage Energy	(+)	0
Inter-System Sales Including Interchange Out	(+)	459,484,000
System Losses	(+)	<u>13,581,000</u> *
Sub Total		<u>473,065,000</u>
Total Sales (A - B)		<u><u>525,508,000</u></u>

* Does not include 391,617 KWH of company usage.

KENTUCKY POWER COMPANY
OVER OR (UNDER) RECOVERY SCHEDULE

Month Ended: APRIL 2009

Line No.			
1	FAC Rate Billed	(+)	0 00945
2	Retail KWH Billed at Above Rate	(x)	<u>570,265,297</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>\$5,389,007</u>
4	KWH Used to Determine Last FAC Rate Billed	(+)	634,479,000
5	Non-Jurisdictional KWH Included in L4	(-)	<u>8,562,000</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>625,917,000</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		\$5,914,916
8	Over or (Under) Recovery (L3 - L7)		(\$525,909)
9	Total Sales (Page 3)	(+)	525,508,000
10	Kentucky Jurisdictional Sales	(/)	<u>518,926,700</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (L9 / L10)		1 01268
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>(\$532,578)</u></u>

KENTUCKY POWER COMPANY

FINAL
FUEL COST SCHEDULE

Month Ended: MARCH 2009

A. Company Generation			
Coal Burned	(+)	\$21,139,182	
Oil Burned	(+)	114,783	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O.)			
(0 KWH X \$0 000000)	(+)	0	
Fuel (substitute for F. O.)	(-)	<u>0</u>	
Sub-total		<u>21,253,965</u>	
B Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	3,532,526	(1)
Identifiable Fuel Cost (substitute for F. O.)			
(0 KWH X \$0 000000)	(-)	<u>0</u>	
Sub-total		<u>3,532,526</u>	
C Inter-System Sales Fuel Costs		<u>9,189,914</u>	(1)
D TOTAL FUEL COST (A + B - C)		15,596,577	
(a) Out of Period Adjustment for January 2009		<u>222,579</u>	
(b) REVISED TOTAL FUEL COST (A+ B - C + D)a))		15,819,156	
E. Net Transmission Marginal Line Loss MARCH 2009		<u>635,355</u>	
F. GRAND TOTAL FUEL COSTS (D(b) + E)		<u><u>\$16,454,511</u></u>	

(1) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No 2000-495-B.

KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE SCHEDULE
Case No. 9061 and
Stipulation and Settlement Agreement in Case No. 2005-00341
APRIL 2009

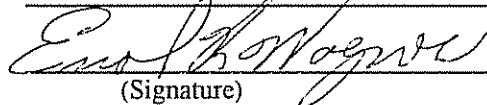
Line No.	Month Ended:		YTD System Sales Profit
1	Current Month (Tm) Net Revenue Level @ 70%	(+) <u>\$797,692</u>	Feb-09 \$1,405,018
2	Current Month (Tm) Net Revenue Level @ 60%	(+) <u>n/a</u>	Mar-09 1,328,862
3	Current Month (Tm) Net Revenue Level (Ln 1 + Ln 2)		Apr-09 797,692
			May-09
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	(-) <u>2,706,860</u>	Jun-09
			Jul-09
5	Increase/(Decrease) of System Sales Net Revenue (Ln 3 - Ln 4)	(1,909,168)	Aug-09
			Sep-09
6	Customer 70% Sharing ^{1/}	(x) 70%	Oct-09
7	Customer 60% Sharing ^{1/}	(x) <u>n/a</u>	Nov-09
			Dec-09
8	Customer Share of Increase/(Decrease) in System Sales Net Revenue	(\$1,336,418)	Jan-10
9	Current Month (Sm) Sales Level (Page 3 of 5)	(/) <u>525,508,000</u>	Total \$3,531,572 ^{1/}
10	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)	<u>\$0.0025431</u> *	

* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month

Effective Date for Billing:

JUNE 2009

Submitted by:


(Signature)

Title:

Director of Regulatory Services

Date Submitted:

MAY 19, 2009

^{1/}Up to and including \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 70%. After \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 60%.

KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE NET REVENUE

Line No.		Month Ended: APRIL 2009		TOTAL
		CURRENT MONTH	PRIOR MO TRUE-UP ADJUSTMENT	
1	Sales For Resale Revenues	\$5,036,704	\$1,692	\$5,038,396
2	Interchange-Delivered Revenues	-0-	-0-	-0-
3	Total System Sales Revenues	5,036,704	1,692	5,038,396
4	Sales For Resale Expenses	\$4,091,737	\$205	\$4,091,942
5	Interchange-Delivered Expenses	-0-	-0-	-0-
6	Non-Associated Utilities Monthly Environmental Costs*	148,762	0	148,762
7	Total System Sales Expenses	4,240,499	205	4,240,704
8	Total System Sales Net Revenues	<u>\$796,205</u>	<u>\$1,487</u>	<u>\$797,692</u>

*Source:

ES Form 1.0, Line 3

ES Form 3.3, Line 4

Non-Associated Environmental Costs