



**KENTUCKY
POWER**

A unit of American Electric Power

Hand

FA

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

HAND DELIVERED

February 20, 2017

Chris Whelan
Public Service Commission of Kentucky
P. O. Box 615
211 Sower Boulevard
Frankfort, KY 40602-0615

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PUBLIC SERVICE
COMMISSION

RE: The Standard Fuel Adjustment Clause

Dear Ms. Whelan,

Kentucky Power Company's Fuel Adjustment Clause Schedules with supporting sales and fuel cost schedules for the March 2017 billing month are attached. These calculations are based on estimated January 2017 fuel costs with an adjustment reflecting actual December 2016 fuel costs.

Also attached is the System Sales Clause Schedule with a supporting net revenue schedule calculated pursuant to the Commission's Order dated June 22, 2015, in Case No. 2014-00396.

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

Sincerely,

John A. Rogness III
Director, Regulatory Services

Attachments

KENTUCKY POWER COMPANY
SUMMARY OF ADJUSTMENT CLAUSES

Month Ended: January 2017

| | | |
|---|-----|---------------------------|
| 1 Fuel Adjustment Clause Factor (Page 1 of 5) | (+) | \$0.00093 |
| 2 System Sales Clause Factor (Page 1 of 2) | (+) | <u>\$0.0025266</u> |
| 3 Total Adjustment Clause Factors | | <u><u>\$0.0034566</u></u> |

Effective Month for Billing

March 2017

Submitted by:



(Signature)

Title:

Director, Regulatory Services

Date Submitted:

February 20, 2017

KENTUCKY POWER COMPANY
FUEL ADJUSTMENT CLAUSE SCHEDULE

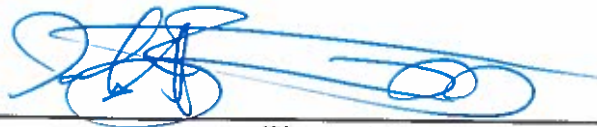
Month Ended: **January 2017**

| | | | |
|------------------------------|---------------------|-----|-------------------------|
| Fuel Fm (Fuel Cost Schedule) | <u>\$15,471,284</u> | | |
| Sales Sm (Sales Schedule) | 548,930,000 | (+) | 0.02818 |
| Fuel (Fb) | <u>\$12,504,307</u> | | |
| Sales (Sb) | 458,919,000 | (-) | <u>0.02725 *</u> |
| | | | <u>0.00093 (\$/KWH)</u> |

Effective Month for Billing

March 2017

Submitted by:



(Signature)

Title:

Director, Regulatory Services

Date Submitted:

February 20, 2017

**Pursuant to PSC Order dated August 11, 2015 in Case No. 2014-00450*

KENTUCKY POWER COMPANY
ESTIMATED FUEL COST SCHEDULE

Month Ended: **January 2017**

| | | | | |
|----|--|-----|---------------------|---|
| A. | Company Generation | | | |
| | Coal Burned | (+) | \$5,123,275 | |
| | Oil Burned | (+) | 183,357 | |
| | Gas Burned | (+) | 1,486,872 | |
| | Fuel (jointly owned plant) | (+) | 0 | |
| | Fuel (assigned cost during F. O.) | (+) | 0 | |
| | Fuel (substitute for F. O.) | (-) | 0 | |
| | Sub Total | | 6,793,505 | |
| B. | Purchases | | | |
| | Net Energy Cost - Economy Purchases | (+) | 0 | |
| | Identifiable Fuel Cost - Other Purchases | (+) | 10,104,479 | |
| | Identifiable Fuel Cost (substitute for F. O.) | (-) | 0 | |
| | Sub Total | | 10,104,479 | |
| C. | Inter-System Sales Fuel Costs | | 1,626,412 | |
| | Sub Total | | 1,626,412 | |
| D. | Total Fuel Cost (A + B - C) | | \$15,271,572 | |
| E. | Adjustment indicating the difference in actual fuel cost for the month of <u>December 2016</u> and the estimated cost originally reported. | | | |
| | <u>\$15,563,212</u> | - | <u>\$15,708,342</u> | = |
| | (actual) | | (estimated) | |
| | | | (145,130) | |
| F. | Total Company Over or (Under) Recovery from Page 4, Line 12 | | 282,132 | |
| G. | Grand Total Fuel Cost (D + E - F) | | \$14,844,310 | |
| H. | Net Transmission Marginal Line Loss for month of <u>January 2017</u> (Accounts 4470207, 447208, 5550326, and 5550327) | | 626,974 | |
| I. | ADJUSTED GRAND TOTAL FUEL COSTS (G + H) | | \$15,471,284 | |

KENTUCKY POWER COMPANY

SALES SCHEDULE

Month Ended: January 2017

| | | <u>Kilowatt-Hours</u> |
|--|-----|---------------------------|
| A. Generation (Net) | (+) | 253,570,000 |
| Purchases Including Interchange In | (+) | <u>372,623,000</u> |
| Sub Total | | 626,193,000 |
| | | |
| B. Pumped Storage Energy | (+) | 0 |
| Inter-System Sales Including Interchange Out | (+) | 47,812,000 |
| System Losses | (+) | <u>29,451,000</u> * |
| Sub Total | | <u>77,263,000</u> |
| | | |
| Total Sales (A - B) | | <u><u>548,930,000</u></u> |

* Does not include 515,000 KWH of company usage.

KENTUCKY POWER COMPANY
OVER OR (UNDER) RECOVERY SCHEDULE

Month Ended: January 2017

| <u>Line</u> <u>No.</u> | | | |
|---------------------------|---|-------|-----------------------|
| 1 | FAC Rate Billed | (+) | 0.00236 |
| 2 | Retail KWH Billed at Above Rate | (x) | <u>577,279,581</u> |
| 3 | FAC Revenue/(Refund) (L1 * L2) | | <u>1,362,380</u> |
| 4 | KWH Used to Determine Last FAC Rate Billed | (+) | 465,829,000 |
| 5 | Non-Jurisdictional KWH Included in L4 | (-) | <u>6,382,412</u> |
| 6 | Kentucky Jurisdictional KWH Included in L4 (L4 - L5) | | <u>459,446,588</u> |
| 7 | Recoverable FAC Revenue/(Refund) (L1 * L6) | | 1,084,294 |
| 8 | Over or (Under) Recovery (L3 - L7) | | 278,086 |
| 9 | Total Sales (Page 3) | (+) | 548,930,000 |
| 10 | Kentucky Jurisdictional Sales | (/) | <u>541,060,089</u> |
| 11 | Ratio of Total Sales to KY. Jurisdictional Sales (L9 / L10) | | 1.01455 |
| 12 | Total Company Over or (Under) Recovery (L8 * L11) | | <u><u>282,132</u></u> |

KENTUCKY POWER COMPANY

FINAL
FUEL COST SCHEDULE

Month Ended: December 2016

| | | | |
|--|-----------|----------------------|----------------------------|
| A. Company Generation | | | |
| Coal Burned | | (+) | \$9,692,450 |
| Oil Burned | | (+) | 72,036 |
| Gas Burned | | (+) | 1,672,421 |
| Fuel (jointly owned plant) | | (+) | 0 |
| Fuel (assigned cost during F. O.) | | | |
| (33,615,062 KWH X \$0.023418) | | (+) | 787,198 |
| Fuel (substitute for F. O.) | | (-) | <u>0</u> |
| | Sub-total | | <u>12,224,104</u> |
| B. Purchases | | | |
| Net Energy Cost - Economy Purchases | | (+) | 0 |
| Identifiable Fuel Cost - Other Purchases | | (+) | 7,852,995 |
| Identifiable Fuel Cost (substitute for F. O.) | | | |
| (33,615,062 KWH X \$0.028111) | | (-) | 944,953 |
| Purchase Adjustment for Peaking Unit Equivalent | | (-) | 2,640 (1) |
| | Sub-total | | <u>6,905,402</u> |
| C. Inter-System Sales Fuel Costs | | | <u>3,566,294</u> |
| D. SUB-TOTAL FUEL COST (A + B - C) | | | <u>\$15,563,212</u> |
| E. Net Transmission Marginal Line Loss for month | | <u>December 2016</u> | 872,311 |
| F. GRAND TOTAL FUEL COSTS (D + E) | | | <u><u>\$16,435,523</u></u> |

(1) As calculated in accordance with KPSC Order dated October 3, 2002 in Case No. 2000-495-B.

**KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE SCHEDULE
Case No. 9061 and
Settlement Agreements in Case Nos. 2009-00459 and 2014-00396**

Month Ended: January 2017

**Line
No.**

| | | | |
|---|---|-------|--------------------|
| 1 | Current Month (Tm) Net Revenue Level | (+) | (197,660) |
| 2 | Base Month (Tb) Net Revenue Level (Tariff Sheet No. 19-2, Case No. 2014-00396) | (-) | <u>1,651,587</u> |
| 3 | Increase/(Decrease) of System Sales Net Revenue | | (1,849,247) |
| 4 | Customer 75% Sharing | (x) | <u>75%</u> |
| 5 | Customer Share of Increase/(Decrease) in System Sales Net Revenue | | (1,386,936) |
| 6 | Current Month (Sm) Sales Level (Page 3 of 5) | (/) | <u>548,930,000</u> |
| 7 | System Sales Clause Factor - \$/Kwh (Ln 5 / Ln 6) | | 0.0025266 * |

* 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 Month for Billing:

March 2017

Submitted by:


(Signature)

Title:

Director, Regulatory Services

Date Submitted:

February 20, 2017

KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE NET REVENUE

Month Ended: January 2017

| <u>Line No.</u> | <u>CURRENT MONTH</u> | <u>PRIOR MO. TRUE-UP ADJUSTMENT</u> | <u>TOTAL</u> | |
|---------------------|--|---|--------------------|--------------------|
| 1 | Sales For Resale Revenues | \$2,071,204 | (\$443,807) | \$1,627,397 |
| 2 | Interchange-Delivered Revenues | -0- | -0- | -0- |
| 3 | Total System Sales Revenues | 2,071,204 | (443,807) | 1,627,397 |
| 4 | Sales For Resale Expenses | \$1,687,565 | \$12,041 | \$1,699,606 |
| 5 | Interchange-Delivered Expenses | -0- | -0- | -0- |
| 6 | Non-Associated Utilities Monthly Environmental Costs* | 125,452 | 0 | 125,452 |
| 7 | Total System Sales Expenses | 1,813,017 | 12,041 | 1,825,058 |
| 8 | Total System Sales Net Revenues | <u>\$258,188</u> | <u>(\$455,848)</u> | <u>(\$197,660)</u> |

*Source:

ES Form 1.0, Line 3

ES Form 3.3, Line 4

Non-Associated Environmental Costs