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FEB 17 2006

**PUBLIC SERVICE  
COMMISSION**

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February 17, 2006

**HAND DELIVERED**

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Ms. Beth O'Donnell  
Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

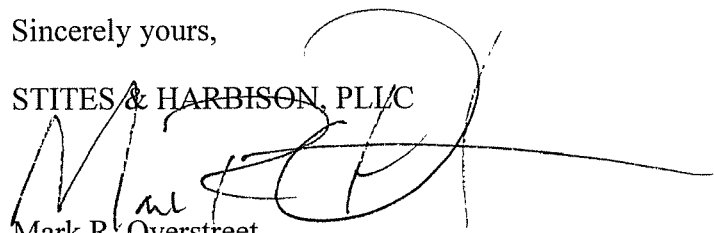
**Re: P.S.C. Case No. 2005-00341**

Dear Ms. O'Donnell:

Enclosed please find and accept for filing Kentucky Power Company's revised tariffs, proof of revenue and Responses to Hearing Data Requests. Copies are being served on all parties of record with a copy of this letter.

Sincerely yours,

STITES & HARBISON, PLLC

  
Mark R. Overstreet

cc: Elizabeth E. Blackford  
Michael L. Kurtz  
Joe F. Childers  
Gardner F. Gillespie  
Frank F. Chuppe, Jr

KE057:KE180:13677.1:FRANKFORT

**BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION**

**RECEIVED**

FEB 17 2006

PUBLIC SERVICE  
COMMISSION

**IN THE MATTER OF:**

**GENERAL ADJUSTMENT OF ELECTRIC )  
RATES OF KENTUCKY POWER COMPANY )   CASE NO. 2005 -00341**

**KENTUCKY POWER COMPANY  
RESPONSES TO FEBRUARY 7, 2006  
HEARING DATA REQUESTS**

**February 17, 2006**



**Kentucky Power Company**

**REQUEST**

Provide a copy of the Company's tariffs as revised to produce the increase in revenues agreed to in the settlement agreement.

**RESPONSE**

Attached are the Company's tariffs with rates that produce the agreed to revenue increase.

**WITNESS:** Errol K Wagner

**P.S.C. ELECTRIC NO. 8  
CANCELS P.S.C. ELECTRIC NO. 7**

(T)

**Cancels and Supersedes all Previous Schedules**

**KENTUCKY POWER COMPANY**

**SCHEDULE OF TARIFFS,  
TERMS AND CONDITIONS OF SERVICE  
GOVERNING  
SALE OF ELECTRICITY**

**In the Kentucky territory served  
By Kentucky Power Company  
As stated on Sheet No. 1**

**Issued by  
Errol K. Wagner, Director Regulatory Services  
Frankfort, Kentucky**

**Issued: February 17, 2006**

**Effective: March 30, 2006**

(T)

<u>TITLE</u>	<u>INDEX</u>	<u>SHEET NO</u>
Terms and Conditions of Service		2-1 thru 2-13
Capacity and Energy Control Program		3-1- thru 3-10
Standard Nominal Voltages		4-1
Tariff F.A.C.	Fuel Adjustment Clause	5-1 Thru 5-2
Tariff R.S.	Residential Service	6-1 thru 6-3
Tariff R.S.-L.M.-T.O.D.	Residential Load Management-Time-of-Day	6-4 thru 6-5
Tariff R.S.-T.O.D.	Residential Time-of-Day	6-6 thru 6-7
Tariff S.G.S.	Small General Service	7-1 thru 7-2
Tariff M.G.S.	Medium General Service	8-1 thru 8-3
Tariff M.G.S.-T.O.D.	Medium General Service – Time-of-Day	8-4 thru 8-5
Tariff L.G.S.	Large General Service	9-1 thru 9-3
Tariff Q.P.	Quantity Power	10-1 thru 10-3
Tariff C.I.P-T.O.D.	Commercial and Industrial Power-Time-of-Day	11-1 thru 11-3
Tariff C.S.-I.R.P.	Contract Service-Interruptible Power	12-1 thru 12-3
Tariff M.W.	Municipal Waterworks	13-1 thru 13-2
Tariff O.L.	Outdoor Lighting	14-1 thru 14-3
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Tariff C.A.T.V.	Cable Television Pole Attachment	16-1 thru 16-5
Tariff COGEN/SPP I	Cogeneration and/or Small Power Production – 100 KW or Less	17-1 thru 17-3
Tariff COGEN/SPP II	Cogeneration and/or Small Power Production – Over 100 KW	18-1 thru 18-3
Tariff S.S.C.	System Sales Clause	19-1 thru 19-2
Tariff F.T.	Franchise Tariff	20-1
Tariff T.S.	Temporary Service	21-1
D.S.M.C.	Demand-Side Management Adjustment Clause	22-1 thru 22-2

(Cont'd on Sheet No. 1-2)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
 NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March 2006

KENTUCKY POWER COMPANY

Original Sheet No. 1-2  
Canceling Sheet No. 1-2

P.S.C. ELECTRIC NO. 8

**INDEX (Cont'd)**

<b>Tariff N.M.S.C.</b>	<b>Net Merger Savings Credit</b>	<b>23-1</b>
<b>Tariff E.C.S.</b>	<b>Emergency Curtailable Service Rider</b>	<b>24-1 thru 24-3</b>
<b>Tariff P.C.S.</b>	<b>Price Curtailable Service Rider</b>	<b>25-1 thru 25-3</b>
<b>Tariff N.U.G.</b>	<b>Non-Utility Generator</b>	<b>26-1 thru 26-3</b>
<b>Tariff N.M.S.</b>	<b>Net Metering Services</b>	<b>27-1 thru 27-6</b>
<b>Tariff C.C.</b>	<b>Capacity Charge</b>	<b>28-1</b>
<b>Tariff E.S.</b>	<b>Environmental Surcharge</b>	<b>29-1 thru 29-5</b>

(N)

**THE ABOVE TARIFFS ARE APPLICABLE TO THE ENTIRE TERRITORY  
SERVED BY KENTUCKY POWER COMPANY AS ON FILE WITH THE PUBLIC SERVICE COMMISSION  
AT BOYD, BREATHITT, CARTER, CLAY, ELLIOTT, FLOYD, GREENUP, JOHNSON, KNOTT, LAWRENCE, LESLIE,  
LETCHER, LEWIS, MAGOFFIN, MARTIN, MORGAN, OWSLEY, PERRY, PIKE AND ROWAN COUNTIES.**

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**TERMS AND CONDITIONS OF SERVICE**

1. **APPLICATION.**

A copy of the tariffs and standard terms and conditions under which service is to be rendered to the Customer will be furnished upon request at the Company's office and the Customer shall elect upon which tariff applicable to his service his application shall be based.

If the Company requires a written agreement from a Customer before service will be commenced, a copy of the agreement will be furnished to the Customer upon request. (T)

When the Customer desires delivery of energy at more than one point, a separate agreement may be required for each separate point of delivery. Service delivered at each point of delivery will be billed separately under the applicable tariff.

2. **INSPECTION.**

The Customer is responsible for the proper installation and maintenance of the customers' wiring and electrical equipment and the customer shall at all times be responsible for the character and condition thereof. The Company has no obligation to undertake inspection thereof and in no event shall be responsible therefore. However, the Company may refuse to connect to the customer's system if such connection is deemed unsafe by the Company. (T)

Where a Customer's premises are located in a municipality or other governmental subdivision where inspection laws or ordinances are in effect, the Company may withhold furnishing service to new installations until the Company has received evidence that the inspection laws or ordinances have been complied with.

Where a Customer's premises are located outside of an area where inspection service is in effect, the Company may require the delivery by the Customer to the Company of an agreement duly signed by the owner and/or tenant of the premises authorizing the connection to the wiring system of the Customer and assuming responsibility therefore. No responsibility shall attach to the Company because of any waiver of this requirement.

3. **SERVICE CONNECTIONS.**

Service connections will be provided in accordance with 807 KAR 5:041, Section 10.

The Customer should in all cases consult the Company before the Customer's premises are wired to determine the location of Company's point of service connection.

The Company will, when requested to furnish service, designate the location of its service connection. The Customer's wiring must, except for those cases listed below, be brought outside the building wall nearest the Company's service wires so as to be readily accessible thereto. When service is from an overhead system, the Customer's wiring must extend at least 18 inches beyond the building. Where Customers install service entrance facilities which have capacity and layout specified by the Company and/or install and use certain equipment specified by the Company, the Company may supply or offer to own certain facilities on the Customer's side of the point where the service wires attach to the building.

All inside wiring must be grounded in accordance with the requirements of the National Electrical Code or the requirements of any local inspection service authorized by a state or local authority.

When a Customer desires that energy be delivered at a point or in a manner other than that designated by the Company, the Customer shall pay the additional cost of same.

(Cont'd on Sheet No. 2-2)

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**TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**4. DEPOSITS.**

Prior to providing service or at any time thereafter, the Company may require a cash deposit or other guaranty to secure payment of bills except for customer's qualifying for service reconnection pursuant to 807 KAR 5:006, Section 15, Winter Hardship Reconnection. Service may be refused or discontinued for failure to pay the requested deposit. Upon request from a residential customer the deposit will be returned after 18 months if the customer has established a satisfactory payment record; but commercial deposits will be retained during the entire time that the account remains active. (T)

**A. Interest**

Interest will be paid on all sums held on deposit at the rate indicated in KRS 278.460. The interest will be applied by the Company as a credit to the Customer's bill or will be paid to the Customer on an annual basis. If the deposit is refunded or credited to the Customer's bill prior to the deposit anniversary date, interest will be paid or credited to the Customer's bill on a pro-rated basis.

The Company will not pay interest on deposits after discontinuance of service to the Customer. Retention of any deposit or guaranty by the Company prior to final settlement is not a payment or partial payment of any bill for service. The Company shall have a reasonable time in which to obtain a final reading and to ascertain that the obligations of the Customer have been fully performed before being required to return any deposits.

**B. Criteria for Waiver of Deposit Requirement**

The Company may waive any deposit requirement based upon the following criteria, which shall be considered by the Company cumulatively.

1. Satisfactory payment history.
2. Statement from another utility showing satisfactory payment history.
3. Another customer with satisfactory payment history is willing to sign as a guarantor for an amount equal to the required deposit.
4. Providing evidence of other collateral acceptable to Company, such as Surety Bond.
5. Checkless Payment Plan (CPP) (T)

**C. Method of Determination**

**1. Calculated Deposits**

- a. Deposit amounts paid by residential customers shall not exceed a calculated amount based upon actual usage data of the Customer at the same or similar premises for the most recent 12-month period, if such information is available. If the actual usage data is not available, the deposit amount shall be based on the average bills of similar customers and premises in the customer class. The deposit shall not exceed 2/12 of the Customer's actual or estimated annual bill. (T)
- b. Deposit amounts paid by commercial customers shall not exceed a calculated amount based upon actual usage data of the customer at the same or similar premises for the most recent 12-month period, if such information is available. If the actual usage data is not available, the deposit amount shall be based on the typical bills of similar customers and premises in the customer class. The deposit shall not exceed 2/12 of the customer's actual or estimated annual bill. (T)

(Cont'd on Sheet No. 2-3)

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**TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**4. DEPOSITS. (Cont'd.)**

**D. Additional Deposit Requirement**

If a deposit has been waived or returned and the Customer fails to maintain a satisfactory payment record, the Customer may be required to pay a deposit. Factors to be considered when evaluating if a Customer fails to maintain a satisfactory payment record include, but are not limited to; integrity of past payments (returned checks), account credit activity, age of arrearage and frequency of late payments, all during a six month period. The Customer will receive a message on the bill informing the Customer that if the account is not current by the specified date listed on the bill a deposit will be applied to the account the next time the account is billed. If a change in usage or classification of service has occurred, the Customer may be required to pay an additional deposit up to 2/12 of the annual usage.

**E. Recalculation of Customers Deposit**

When a deposit is held longer than 18 months, the Customer may request that the deposit be recalculated based on the Customer's actual usage. If the amount of deposit on the account differs from the recalculated amount by more than \$10.00 for a residential Customer or 10 percent for a non-residential Customer, the Company may collect any underpayment and shall refund any overpayment by check or credit to the Customer's bill. No refund will be made if the Customer's bill is delinquent at the time of the recalculation.

**5. PAYMENTS.**

Bills will be rendered by the Company to the Customer monthly or in accordance with the tariff selected applicable to the Customer's service.

**A. Equal Payment Plan**

Residential Customers have the option of paying a fixed amount each month under the Company's Equal Payment Plan. The monthly payment amount will be based on one-twelfth of the Customers' estimated annual usage. The payment amount is subject to periodic review and adjustment during the budget year to more accurately reflect actual usage. The normal plan period is 12 months, which may commence in any month.

In the last month of the plan, if the actual usage during the plan period exceeds the amount billed, the Customer will be billed for the balance due. If an overpayment exists, the amount of overpayment will either be refunded to the Customer or credited to the last bill of the period. If a Customer discontinues service with the Company under the Equal Payment Plan, any amounts not yet paid shall become payable immediately.

If a Customer fails to pay bills as rendered under the Equal Payment Plan, the Company reserves the right to revoke the plan, restore the Customer to regular billing, require immediate payment of any deficiency, and require a cash deposit or other guaranty to secure payment of bills. (T)

**B. Average Monthly Payment Plan (AMP)**

The Average Monthly Payment Plan (AMP Plan) is available to the following applicable tariffs; R.S.; R.S.-L.M-T.O.D.; R.S.-T.O.D., and S.G.S. When mutually agreeable the AMP Plan may be offered by the Company to Customers serviced under other tariffs. (N)

The AMP Plan is designed to allow the Customer to pay an average amount each month based upon the actual billed amounts during the past twelve (12) months. The average payment amount is based upon the current month's total bill plus the eleven (11) preceding months. That result is divided by the total billing days associated with the billings to determine a per day average. The daily average amount is multiplied by thirty (30) to determine the current month's payment under the AMP Plan. At the next billing period, the oldest month's billing history is removed, the current month's billing is added and the total is again divided by the total billing days associated with the billings to determine a per day average. Again the daily average amount is multiplied by thirty (30) to find the new average payment amount. The average monthly payment amount is calculated each and every month in this manner. (N)

(Cont'd on Sheet No. 2-4)

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**TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**B. Average Monthly Payment Plan (AMP) (Cont'd)**

(N)

The difference between the actual billings and the AMP Plan billings will be carried in a deferred balance. Both the debit and credit differences will accumulate in the deferred balance for the duration of the AMP Plan year, which is twelve consecutive billings months. At the end of the AMP Plan year (anniversary month), the current month's billing plus the eleven (11) preceding month's billing is summed and divided by the total billing days associated with the billings to determine a per day average. That result is multiplied by thirty (30) to calculate the AMP Plan's monthly payment amount. In addition, the net accumulated deferred balance is divided by 12. This result is added or subtracted to the calculated average payment amount starting with the next billing of the new AMP plan year and will be used in the average payment amount calculation for the remaining AMP plan year. Settlement occurs only when participation in the AMP Plan is terminated. This happens if any account is final billed, if the customer requests termination, or at the Company's discretion when the customer fails to make two or more consecutive monthly payments on an account by the due date. The deferred balance (debit or credit) is then applied to the billing now due.

In such instances where sufficient billing history is not available, an AMP Plan may be established by using the actual billing history available throughout the first AMP Plan year.

(N)

**C. All Payments**

All bills are payable at the business offices or authorized collection agencies of the Company within the time limits specified in the tariff. Failure to receive a bill will not entitle a Customer to any discount or to the remission of any charges for non-payment within the time specified. The word "month" as used herein and in the tariffs is hereby defined to be the elapsed time between 2 successive meter readings approximately 30 days apart.

In the event of the stoppage of or the failure of any meter to register the full amount of energy consumed, the Customer will be billed for the period based on an estimated consumption of energy in a similar period of like use.

The tariffs of the Company are net if the account of the Customer is paid within the time limit specified in the tariff applicable to the Customer's service. To discourage delinquency and encourage prompt payment within the specified time limit, certain tariffs contain a delayed payment charge, which may be added in accordance with the tariff under which service is provided. Any one delayed payment charge billed against the Customer for non-payment of bill or any one forfeited discount applied against the Customer for non-payment of bill may be remitted, provided the Customer's previous accounts are paid in full and provided no delayed payment charge or forfeited discount has been remitted under this clause during the preceding 6 months.

**6. UNDERGROUND SERVICE.**

When a real estate developer desires an underground distribution system within the property which he is developing or when a Customer desires an underground service, the real estate developer or the Customer, as the case may be, shall pay the Company the difference between the anticipated cost of the underground facilities so requested and the cost of the overhead facilities which would ordinarily be installed in accordance with 807 KAR 5:041, Section 21, and the Company's underground service plan as filed with the Public Service Commission. Upon receipt of payment, the Company will install the underground facilities and will own, operate and maintain the same.

**7. COMPANY'S LIABILITY.**

The Company will use reasonable diligence in furnishing a regular and uninterrupted supply of energy, but does not guarantee uninterrupted service. The Company shall not be liable for damages in case such supply should be interrupted or fail by reason of an event of Force Majeure. Force Majeure consists of an event or circumstance which prevents Company from providing service, which event or circumstance was not anticipated, which is not in the reasonable control of, or the result of negligence of, the Company, and which, by the exercise of due diligence, Company is unable to overcome or avoid or causes to be avoided. Force Majeure events includes act of God, the public enemy, accidents, labor disputes, orders or acts of civil or military authority, breakdowns or injury to the machinery, transmission lines, distribution lines or other facilities of the Company, or extraordinary repairs.

(T)

(Cont'd on Sheet 2-5)

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**TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**7. COMPANY'S LIABILITY (Cont'd)**

Unless otherwise provided in a contract between Company and Customer, the point at which service is delivered by Company to Customer, to be known as "delivery point," shall be the point at which the Customer's facilities are connected to the Company's facilities. The Company shall not be liable for any loss, injury, or damage resulting from the Customer's use of their equipment or occasioned by the energy furnished by the Company beyond the delivery point.

The Customer shall provide and maintain suitable protective devices on their equipment to prevent any loss, injury or damage that might result from single phasing conditions or any other fluctuation or irregularity in the supply of energy. The Company shall not be liable for any loss, injury or damage resulting from a single phasing condition or any other fluctuation or irregularity in the supply of energy which could have been prevented by the use of such protective devices.

The Company will provide and maintain the necessary line or service connections, transformers (when same are required by conditions of contract between the parties thereto), meters and other apparatus, which may be required for the proper measurement of and protection to its service. All such apparatus shall be and remain the property of the Company.

**8. CUSTOMER'S LIABILITY.**

In the event of loss or injury to the property of the Company through misuse by, or the negligence of, the Customer or the employees of the same, the cost of the necessary repairs or replacement thereof shall be paid to the Company by the Customer.

Customers will be responsible for tampering with, interfering with, or breaking of seals of meters, or other equipment of the Company installed on the Customer's premises. The Customer hereby agrees that no one except the employees of the Company shall be allowed to make any internal or external adjustments of any meter or any other piece of apparatus, which shall be the property of the Company.

The Company shall have the right at all reasonable hours to enter the premises of the Customer for the purpose of installing, reading, removing, testing, replacing or otherwise disposing of its apparatus and property, and the right of entire removal of the Company's property in the event of the termination of the contract for any cause.

**9. EXTENSION OF SERVICE.**

The electric facilities of the Company shall be extended or expanded to supply electric service to all residential Customers and small commercial Customers which require single phase line where the installed transformer capacity does not exceed 25 KVA in accordance with 807 KAR 5:041, Section 11.

The electric facilities of the Company shall be extended or expanded to supply electric service to Customer's other than those named in the above paragraph when the estimated revenue is sufficient to justify the estimated cost of making such extensions or expansions as set forth below.

For service to be delivered to Commercial, Industrial, Mining and multiple housing project Customers up to and including estimated demands of 500 KW requiring new facilities, the Company will: (a) where the estimated revenue for one year exceeds the estimated installed cost of new local facilities required, provide such new facilities at no cost to the Customer; (b) where the estimated revenue for one year is less than the installed cost of new local facilities required, the Customer will be required to pay a contribution in aid of construction equal to the difference between the installed cost of the new facilities required to serve the load and the estimated revenue for one year; (c) if the Company has reason to question the financial stability of the Customer and/or the life of the operation is uncertain or temporary in nature, such as construction projects, oil and gas well drilling, sawmills and mining operations, the Customer shall pay a contribution in aid of construction, consisting of the estimated labor cost to install and remove the facilities required plus the cost of unsalvageable material, before the facilities are installed.

(Cont'd on Sheet No. 2-6)

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**TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**9. EXTENSION OF SERVICE (Cont'd)**

For service to be delivered to Customers with demand levels higher than those specified above, the annual cost to serve the Customer's requirements shall be compared with the estimated revenue for one year to determine if a contribution in aid of construction, and/or a special minimum and/or other arrangement may be necessary. The annual cost to serve shall be the sum of the following components:

1. The annual fixed costs of the generation, transmission and distribution facilities related to the Customer's requirements. These fixed costs will be calculated at 21.95% of the value to be based on the year-end embedded investment depreciated in all similar facilities of the Company.
2. The annual energy costs based on the latest available production costs related to the Customer's estimated annual energy use requirements.
3. The annual fixed costs of the new local facilities necessary to provide the service requested calculated at 21.95% of the installed cost of such facilities.

If the estimated revenue for one year is greater than the cost to serve as described herein, the Company may provide any new local facilities required at no cost to the Customer. If the estimated revenue for one year is less than the cost to serve as described herein, the Company will require the Customer to pay a contribution in aid of construction equal to the difference between the annual cost to serve as calculated and the estimated revenue for one year divided by 21.95%, but in no case to exceed the installed cost of the new facilities required. If, however, the annual cost to serve excluding the cost of new facilities paid for by the Customer, exceeds the estimated revenue for one year, the Company, will, in addition to a contribution in aid of construction, require a special minimum or other arrangement to compensate the Company for such deficiency in revenue. (T)

Except where service is rendered in accordance with 807 KAR 5:041, Section 11, as described herein, the Company may require the Customer to execute an Advance and Refund Agreement where the Company reasonably questions the longevity of the service or the estimated energy use and demand requirements provided by the Customer. Under the Advance and Refund Agreement, the Customer shall pay the Company the estimated total installed cost of the required new facilities which advance could be refunded over a five-year period under certain conditions. Over the five year period the Customer's electric bill would be credited each month up to the amount of 1/60th of the total amount advanced. Such credit shall be applied only to that portion of the Customer's bill, which exceeds a specified minimum. The specified minimum before refund shall be established as the greater of: (1) the minimum as described under the applicable tariff or (2) the amount representing 1/12th of the calculated annual cost to serve as described herein. In the event the Customer's monthly bill in any month does not exceed such minimum by an amount equal to 1/60th of the amount advanced, the difference between 1/60th of the amount advanced and the amount, if any, actually credited to the Customer's bill shall be designated as "accrued credit" and applied to future monthly bills over the balance of the 5 year period as credit where such monthly bills exceed the established minimum by more than 1/60th of the amount advanced. (T)

**10. EXTENSION OF SERVICE TO MOBILE HOME.**

The electrical facilities of the Company will be extended or expanded to supply electric service to mobile homes in accordance with 807 KAR 5:041, Section 12.

**11. LOCATION AND MAINTENANCE OF COMPANY'S EQUIPMENT.**

The Company shall have the right to construct its poles, lines and circuits on the property, and to place its transformers and other apparatus on the property or within the building of the Customer, at a point or points convenient for such purposes, as required to serve such Customer, and the Customer shall provide suitable space for the installation of necessary measuring instruments so that the latter may be protected from injury by the elements or through the negligence or deliberate acts of the Customer or of any employee of the same.

(Cont'd on Sheet No. 2-7)

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**TERMS AND CONDITIONS OF SERVICE (Cont'd)**

12. **BILLING FORM.**

Pursuant to 807 KAR 5:006, Section 6(3) copies of the billing forms used by the Company are shown on Sheet Nos. 2-11, 2-12 and 2-13.

13. **RATE SCHEDULE SELECTION.**

The Company will explain to the Customer, at the beginning of service or upon request the Company's rates available to the Customer. Company will assist Customer in the selection of the rate schedule best adapted to Customer's service requirements, provided, however, that Company does not assume responsibility for the selection or that Customer will at all times be served under the most favorable rate schedule.

Customer may change their initial rate schedule selection to another applicable rate schedule at any time by either written notice to Company and/or by executing a new contract for the rate schedule selected, provided that the application of such subsequent selection shall continue for 12 months before any other selection may be made. In no case will the Company refund any monetary difference between the rate schedule under which service was billed in prior periods and the newly selected rate schedule.

14. **MONITORING USAGE.**

At least once annually the Company will monitor the usage of each customer according to the following procedure:

1. The Customer's monthly usage will be compared with the usage of the corresponding period of the previous year.
2. If the monthly usage for the two periods are substantially the same or if any difference is known to be attributed to unique circumstances, such as unusual weather conditions, common to all customers, no further review will be made.
3. If the monthly usage is not substantially the same and cannot be attributed to a readily identified common cause, the Company will compare the Customer's monthly usage records for the 12-month period with the monthly usage for the same months of the preceding year.
4. If the cause for the usage deviation cannot be determined from analysis of the Customer's meter reading and billing records, the Company will contact the Customer to determine whether there have been changes that explain the increased or decreased usage.
5. Where the deviation is not otherwise explained, the Company will test the Customer's meter to determine whether it shows an average error greater than 2 percent fast or slow.
6. The Company will notify the customers of the investigation, its findings, and any refunds or back billing in accordance with 807 KAR 5:006, Section 10(4) and (5).

In addition to the annual monitoring, the Company will immediately investigate usage deviations brought to its attention as a result of its on-going meter reading, billing processes, or customer inquiry.

(Cont'd on Sheet No. 2-8)

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**TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**15. USE OF ENERGY BY CUSTOMER**

The tariffs for electric energy given herein are classified by the character of use of such energy and are not available for service except as provided herein.

Upon the expiration of an electric service contract, if required by the terms of the tariff, the Customer may elect to renew the contract upon the same or another tariff published by the Company available to the Customer and applicable to the Customer's requirements, except that in no case shall the Company be required to maintain transmission, switching or transformation equipment different from or in addition to that generally furnished to other Customers receiving electrical supply under the terms of the tariff elected by the Customer. (T)

The service connections, transformers, meters and appliances supplied by the Company for each Customer have a definite capacity and no additions to the equipment, or load connected thereto, will be allowed except by consent of the Company.

The Customer shall install only motors, apparatus or appliances which are suitable for operation with the character of the service supplied by the Company, and which shall not be detrimental to same, and the electric energy must not be used in such a manner as to cause unprovided for voltage fluctuations or disturbances in the Company's transmission or distribution system. The Company shall be the sole judge as to the suitability of apparatus or appliances, and also as to whether the operation of such apparatus or appliances is or will be detrimental to its general service.

No attachment of any kind whatsoever may be made to the Company's lines, poles, cross arms, structures or other facilities without the express written consent of the Company.

All apparatus used by the Customer shall be of such type as to secure the highest practicable commercial efficiency, power factor and the proper balancing of phases. Motors which are frequently started or motors arranged for automatic control must be of a type to give maximum starting torque with minimum current flow, and must be of a type, and equipped with controlling devices, approved by the Company. The Customer agrees to notify the Company of any increase or decrease in his connected load.

The Company will not supply service to Customers who have other sources of electrical energy supply except under tariffs, which specifically provide for same.

The Customer shall not be permitted to operate generating equipment in parallel with the Company's service except with express written consent of the Company. (T)

Resale of energy will be permitted only with express written consent by the Company.

**16. RESIDENTIAL SERVICE.**

Individual residences shall be served individually with single-phase service under the applicable residential service tariff. Customer may not take service for 2 or more separate residences through a single point of delivery under any tariff. Exclusions may be allowed pursuant to 807 KAR 5:046 (Prohibition of master metering).

The residential service tariff shall cease to apply to that portion of a residence which becomes regularly used for business, professional, institutional or gainful purposes, which requires three phase service or which requires service to motors in excess of 10 HP each. Under these circumstances, Customer shall have the choice of: (1) separating the wiring so that the residential portion of the premises is served through a separate meter under the residential service tariff and the other uses as enumerated above are served through a separate meter or meters under the applicable general service tariff; or (2) taking the entire service under the applicable general service tariff.

Detached building or buildings, actually appurtenant to the residence, such as a garage, stable or barn, may be served by an extension of the Customer's residence wiring through the residence meter and under the applicable residential service tariff.

(Cont'd on Sheet No. 2-9)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

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**TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**17. DENIAL OR DISCONTINUANCE OF SERVICE.**

The Company reserves the right to refuse to serve any applicant for service or to discontinue to serve any Customer if the applicant or Customer is indebted to the Company for any service theretofore rendered at any location; provided however, the Customer shall be notified in writing in accordance with 807 KAR 5:006, Section 14, before disconnection of service.

The Company reserves the right to discontinue to serve any Customer for failure to provide and maintain adequate security for the payment of bills as requested by the Company, for failure to comply with these terms and conditions or to prevent fraud upon the Company.

Any discontinuance of service shall not terminate the contract for electric service between the Company and the Customer nor shall it abrogate any minimum charge, which may be effective.

**18. EMPLOYEES' DISCOUNT.**

Regular employees who have been in the Company's employ for 6 months or more may, at the discretion of the Company, receive a reduction in their residence electric bills for the premises occupied by the employee.

**19. SPECIAL CHARGES.**

**A. Reconnection and Disconnect Charges**

In cases where the Company has discontinued service as herein provided for, the Company reserves the right to assess a reconnection charge pursuant to 807 KAR 5:006, Section 8 (3)(b), payable in advance, in accordance with the following schedule. However, those Customers qualifying for Winter Hardship Reconnection under 807 KAR 5:006 Section 15 shall be exempt from the reconnect charges.

- |   |                    |         |       |
|---|--------------------|---------|-------|
| 1. Reconnect for nonpayment during regular hours.....   | \$9.00             | \$12.94 | ( I ) |
| 2. Reconnect for nonpayment when work continues into overtime<br>at the end of the day (No "Call Out" required).....  | <del>\$12.00</del> | \$17.26 | ( I ) |
| 3. Reconnect for nonpayment when a "Call Out" is required<br>(A "Call Out" is when an employee must be called in to work<br>on an overtime basis to make the reconnect trip)..... | <del>\$25.00</del> | \$35.95 | ( I ) |
| 4. Reconnect for nonpayment when double time is required<br>(Sunday and Holiday).....   | <del>\$31.00</del> | \$44.58 | ( I ) |
| 5. Termination or field trip.....   | \$ 6.00            | \$ 8.63 | ( I ) |

The reconnection charge for all Customers where service has been disconnected for fraudulent use of electricity will be the actual cost of the reconnection.

(Cont'd on Sheet No. 2-10)

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**TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**19. SPECIAL CHARGES (Cont'd).**

**B. Returned Check Charge**

In cases where a customer pays by check, which is later returned as unpaid by the bank for any reason, the Customer will be charged a fee of ~~\$5.00~~ \$7.00 to cover the handling costs.

(I)

**C. Meter Test Charge**

Where test of a meter is made upon written request of the Customer pursuant to 807 KAR 5:006, Section 18, the Customer will be charged ~~\$10.00~~ \$14.38 if such test shows that the meter was not more than two percent (2%) fast.

(I)

**D. Work Performed on Company's Facilities at Customer's Request**

Whenever, at the request and for the benefit of the Customer, work is performed on the Company's facilities, including the relocation, or replacement of the Company's facilities, the Customer shall pay to the Company in advance of the Company undertaking the work the estimated total cost of such work. This cost shall be itemized by major categories and shall include the Company's overheads and shall be credited with the net value of any salvageable material. The actual cost for the work performed shall be calculated at the completion of the work and the appropriate charge or refund will be made to the Customer.

Reasonable notice of not less than three working days shall be given to the Company for all requested work except for the covering of the Company's lines. Notice of any request for the Company to cover its lines shall be given at least two days in advance. The Company will endeavor to comply with all timely requests, but work may be delayed because of demands on the Company's personnel and equipment.

If the cost, as calculated above, is \$500 or less for covering the Company's distribution facilities no charge will be imposed. All costs in excess of \$500 for covering the Company's distribution facilities, shall be paid by the Customer, in advance of the Company undertaking the work. The actual cost for the work performed shall be calculated at the completion of the work and the appropriate charge or refund will be made to the customer.

(T)

(Cont'd on Sheet No. 2-11)



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**TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**Residential and Small Commercial Bill Form**

 <p><b>A unit of American Electric Power</b></p> <p>Send Inquiries To:          PO BOX 24401          CANTON, OH 44701-4401          039-999-999-9-9 CYC 19</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="font-size: small;">Total Amount Due</td> <td style="text-align: right;">\$ XXXXX</td> </tr> <tr> <td style="font-size: small;">Due Date June 10; Add \$XXX After June 24</td> <td></td> </tr> <tr> <td style="font-size: small;">Amount Enclosed</td> <td style="border: 1px solid black; width: 100px; height: 20px;"></td> </tr> </table> <p style="text-align: center; font-size: small;">Make Check Payable and Send To:          039-999-999-9-9 CYC 19          KENTUCKY POWER COMPANY          P.O. BOX 24417          CANTON OHIO 44701-4417</p>	Total Amount Due	\$ XXXXX	Due Date June 10; Add \$XXX After June 24		Amount Enclosed																			
Total Amount Due	\$ XXXXX																								
Due Date June 10; Add \$XXX After June 24																									
Amount Enclosed																									
<p>KPCO Consumer          123 ANY ADDRESS          AEP CITY, KY 99999-9999</p>	<p>00000649000000649000000000000399999999922021403018103805</p>																								
Please tear on dotted line and return top portion with your payment																									
<p><b>SERVICE AT:</b></p> <p>KPCO Consumer          123 ANY ADDRESS          AEP CITY, KY 99999-9999</p>	<p style="font-size: x-small;">Questions About Bill          or Service, Call:</p> <p>1-800-572-1113          Pay by Phone          1-877-366-6280</p>																								
<p style="font-size: x-small;">Account Number          039-999-999-9-9</p> <p style="font-size: x-small;">Bill Date 05/25/05          Page 1 of 1 1010</p>																									
<p><b>PREVIOUS CHARGES</b></p> <p>Total Amount Due at Last Billing          Payment 05/05/05 - Thank You          Previous Balance</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"><b>Account Balance</b></td> <td style="width: 50%;"><b>Amount Due</b></td> </tr> <tr> <td>\$ XXX.XX</td> <td></td> </tr> <tr> <td style="text-align: right;">XXX.XX CR</td> <td></td> </tr> <tr> <td style="border-top: 1px solid black;">\$ XXX.XX</td> <td style="border-top: 1px solid black;">\$ XXX.XX</td> </tr> </table>	<b>Account Balance</b>	<b>Amount Due</b>	\$ XXX.XX		XXX.XX CR		\$ XXX.XX	\$ XXX.XX																
<b>Account Balance</b>	<b>Amount Due</b>																								
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<p><b>CURRENT KPCO CHARGES (1-800-572-1113):</b>          05/25/05 Tariff 015 - RESIDENTIAL SERVICE</p> <p>Rate Billing \$ XX.XX          Fuel Adj @ 0.0XXXXXX Per KWH X.XX          DSM Adj @ 0.0XXXXXX Per KWH XX.XX          Residential HEAP @ \$0.10 X.XX          Net Mergar Cr @ 0.0XXXXXX Per KWH X.XX          Capacity Charge @ 0.0XXXXXX Per KWH X.XX          Environmental Adj X.XXXXXXX% X.XX          School Tax X.XX</p> <p style="text-align: right;"><b>Current Electric Due</b></p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-top: 1px solid black;">\$ XXX.XX</td> <td style="width: 50%; border-top: 1px solid black;">\$ XXX.XX</td> </tr> </table>	\$ XXX.XX	\$ XXX.XX																						
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<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="font-size: x-small;">Total Amount Due</td> <td style="text-align: right; font-size: x-small;">\$ XXXXX</td> </tr> <tr> <td style="font-size: x-small;">Due Date June 10; Add \$XXX After June 24</td> <td></td> </tr> </table>		Total Amount Due	\$ XXXXX	Due Date June 10; Add \$XXX After June 24																					
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Due Date June 10; Add \$XXX After June 24																									
Average energy cost per KWH = \$X.XX																									
<p><b>USAGE:</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Meter Number</th> <th colspan="3">Service Period</th> <th colspan="3">Meter Reading</th> <th rowspan="2">Multiplier</th> <th rowspan="2">Metered Usage</th> </tr> <tr> <th>From</th> <th>To</th> <th>Prev</th> <th>CD</th> <th>Prvs</th> <th>CD</th> </tr> </thead> <tbody> <tr> <td>99999999</td> <td>4/26/2005</td> <td>5/25/2005</td> <td>78755</td> <td>A</td> <td>77501</td> <td>A</td> <td>1.0000</td> <td>746 KWH</td> </tr> </tbody> </table> <p>CD - Read Code: A= Actual Reading      29 Billing Days      Next Reading Date 05/24/05</p>		Meter Number	Service Period			Meter Reading			Multiplier	Metered Usage	From	To	Prev	CD	Prvs	CD	99999999	4/26/2005	5/25/2005	78755	A	77501	A	1.0000	746 KWH
Meter Number	Service Period			Meter Reading			Multiplier	Metered Usage																	
	From	To	Prev	CD	Prvs	CD																			
99999999	4/26/2005	5/25/2005	78755	A	77501	A	1.0000	746 KWH																	
<p><b>KPCO MESSAGES:</b></p> <p>You may view detail rate information online at <a href="http://www.aepcustomer.com/tariffs/default.htm">http://www.aepcustomer.com/tariffs/default.htm</a>.</p> <p>Visit us at <a href="http://www.KentuckyPower.com">www.KentuckyPower.com</a></p>																									
 <p style="font-size: x-small;">A unit of American Electric Power</p> <p style="font-size: x-small;">Rates Available on Request      See other side for</p>																									

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(Cont'd on Sheet No. 2-12)

DATE OF ISSUE February 17, 2006      DATE EFFECTIVE Bills rendered on and after March 30, 2006

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KENTUCKY POWER COMPANY

Original Sheet No. 2-12  
 Canceling \_\_\_\_\_ Sheet No. 2-12

P.S.C. ELECTRIC NO. 8

**TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**Large Commercial and Industrial Bill Form – Page 1**

<b>AEP KENTUCKY POWER</b> A unit of American Electric Power		Total Amount Due \$ XXXXX Due Date June 18 Add XXXXX After This Date	
Send Inquiries To: PO BOX 24401 CANTON, OH 44701-4401 039-899-999-9-9 CYC 01		Amount Enclosed <input type="text"/>	
KPCO Consumer 123 ANY ADDRESS AEP CITY, KY 99999-9999		Make Check Payable and Send To: 039-899-999-9-9 CYC 01 KENTUCKY POWER COMPANY P.O. BOX 24417 CANTON OHIO 44701-4417	
00000649000006490000000000039999999922021403018103805			
Please tear on dotted line and return top portion with your payment			
SERVICE AT: KPCO Consumer 123 ANY ADDRESS AEP CITY, KY 99999-9999		Questions About Bill or Service, Call 1-800-572-1119 Pay by Phone 1-877-306-8280	
		Account Number 039-899-999-9-9	
PREVIOUS CHARGES		Bill Date 05/31/05 Page 1 of 2 010	
Total Amount Due at Last Billing		Account Balance	Amount Due
Payment 05/17/05 - Thank You		\$ XXXX.XX	
Previous Balance		\$ XXXX.XX CR	\$ XXXX.XX
CURRENT KPCO CHARGES (1-888-710-4237):			
04/29/04 Tariff 240 - LARGE GENERAL SERVICE			
Rate Billing		\$ XXXX.XX	
Fuel Adj @ 0.0XXXXXX Per KWH		XXX.XX	
Net Merger Cr @ 0.0XXXXXX Per KWH		XX.XX	
Capacity Charge @ 0.0XXXXXX Per KWH		XX.XX	
Environmental Adj XXXXXXXX%		XX.XX	
School Tax		XX.XX	
State Sales Tax		XX.XX	
Current Electric Due		\$ XXXX.XX	\$ XXXX.XX
		Total Amount Due \$ XXXXX Due June 18 Add XXXXX After This Date	
Average energy cost per KWH = \$x.xx			
USAGE:			
	Service Period		Meter Reading
Meter Number	From	To	CD Pres CD Multiplier Metered Usage
99999999	4/29/2005	5/31/2005	XXXXX A XXXXX A XXX.XXXX XXXXX KWH
99999999	4/29/2005	5/31/2005	XXXXX A XXXXX A XXX.XXXX XXX.XX KW
99999999	4/29/2005	05/31/05	XXXXX A XXXXX A XXX.XXXX XXXXX KVARH
CD - Read Code: A= Actual Reading		32 Billing Days	Next Reading Date 08/29/05
<b>AEP KENTUCKY POWER</b> A unit of American Electric Power		Rates Available on Request	See other side for Important Information

(Cont'd on Sheet No. 2-13)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

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KENTUCKY POWER COMPANY

Original Sheet No. 2-13  
 Canceling \_\_\_\_\_ Sheet No. 2-13

P.S.C. ELECTRIC NO. 8

**TERMS AND CONDITIONS OF SERVICE (Cont'd)**

**Large Commercial and Industrial Bill Form – Page 2**

 A unit of American Electric Power													
Send Inquiries To: PO BOX 24401 CANTON, OH 44701-4401 039-999-999-9-9 CYC 01													
SERVICE AT: KPCO CONSUMER: 123 ANY ADDRESS AEP CITY, KY 00999-9999	Questions About Bill or Service Call: 800-672-1133 Pay by Phone: 1-877-300-6280												
Account Number <b>039-999-999-9-9</b>													
Bill Date 05/31/05 Page 2 of 2													
Please return the payment stub on Page 1 with your payment.													
<b>ADJUSTED USAGE</b>													
Metered Usage	<table border="1"> <tr> <th>Power Factor</th> <th>Comp Meter</th> </tr> <tr> <td>Constant</td> <td>Multiplier</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td>XXXXX KWH</td> </tr> <tr> <td></td> <td>XXX.XX KW</td> </tr> <tr> <td></td> <td>XXXXX KVARH</td> </tr> </table>	Power Factor	Comp Meter	Constant	Multiplier				XXXXX KWH		XXX.XX KW		XXXXX KVARH
Power Factor	Comp Meter												
Constant	Multiplier												
	XXXXX KWH												
	XXX.XX KW												
	XXXXX KVARH												
Contract Capacity = XXX.X	High Prev Demand = On-Pk Off-Pk												
KPCO MESSAGES: You may view detail rate information online at <a href="http://www.aepcustomer.com/tariffs/default.htm">http://www.aepcustomer.com/tariffs/default.htm</a> . Visit us at <a href="http://www.KentuckyPower.com">www.KentuckyPower.com</a>													
 A unit of American Electric Power													
Rates Available on Request	See other side for important information												

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**CAPACITY AND ENERGY CONTROL PROGRAM**

The Company's Capacity and Energy Control Program consists of:

- I. Procedures During Abnormal System Frequency
- II. Capacity Deficiency Program
- III. Energy Emergency Control Program

A copy of the Company's Emergency Operating Plan was filed with the Kentucky Public Service Commission on October 22, 2004 in Administrative Case No. 353 in compliance with the Commission's Order dated January 20, 1995.

**I. PROCEDURES DURING ABNORMAL SYSTEM FREQUENCY**

**A. INTRODUCTION**

Precautionary procedures are required to meet emergency conditions such as system separation and operation at subnormal frequency. In addition, the coordination of these emergency procedures with neighboring companies is essential. The AEP program, which is in accordance with ECAR Document 3, is noted below.

**B. PROCEDURES AEP/PJM**

1. From 59.8 – 60.2 Hz to the extent practicable utilize all operating and emergency reserves. The manner of utilization of these reserves will depend greatly on the behavior of the System during the emergency. For rapid frequency decline, only that capacity on-line and automatically responsive to frequency (spinning reserve), and such items as interconnection assistance and load reductions by automatic means are of assistance in arresting the decline in frequency.

If the frequency decline is gradual, the Generation/Production Optimization Group, particularly in the deficient area, should invoke non-automatic procedures involving operating and emergency reserves. These efforts should continue until the frequency decline is arrested or until automatic load-shedding devices operate at subnormal frequencies.

2. At 59.75 Hz
  - a. Suspend Automatic Generation Control (AGC)
  - b. Notify Interruptible Customers to drop load
3. At 59.5 Hz automatically shed 5% of System internal load, excluding interruptibles, by relay action. (25 cycle, .42 sec. delay)
4. At 59.4 Hz automatically shed an additional 5% of System internal load, excluding interruptibles, by relay action. (25 cycle, .42 sec. delay)
5. At 59.3 Hz automatically shed an additional 5% of System internal load, excluding interruptibles, by relay action. (25 cycle, .42 sec. delay)
6. At 59.1 Hz automatically shed an additional 5% of System internal load, excluding interruptibles, by relay action. (25 cycle, .42 sec. delay)
7. At 59.0 Hz automatically shed an additional 5% of System internal load, excluding interruptibles, by relay action. (25 cycle, .42 sec. delay)
8. At 58.9 Hz automatically shed an additional 5% of System internal load, excluding interruptibles, by relay action. (25 cycle, .42 sec. delay)
9. At 58.2 Hz automatically trip the D.C. Cook Nuclear Units 1 and 2.
10. At 58.0 Hz or at generator minimum turbine off-frequency value, isolate generating unit without time delay.

If at any time in the above procedure the decline in area frequency is arrested below 59.0 Hz, that part of the System in the low frequency area should shed an additional 10% of its initial load. If, after five minutes, this action has not returned the area frequency to 59.0 Hz or above, that part of the System shall shed an additional 10% of its remaining load and continue to repeat in five-minute intervals until 59.0 Hz is reached. These steps must be completed within the time constraints imposed upon the operation of generating units.

(Cont'd on Sheet No. 3-2)

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CAPACITY AND ENERGY CONTROL PROGRAM (Cont'd)

**II. CAPACITY DEFICIENCY PROGRAM**

**A. PURPOSE**

To provide a plan for full utilization of emergency capacity resources and for orderly reduction in the aggregate customer demand on the American Electric Power AEPEast/PJM System in the event of a capacity deficiency.

(T)

**B. CRITERIA**

The goals of AEP are to safely and reliably operate the interconnected network in order to avoid widespread system outages as a consequence of a major disturbance. Precautionary procedures including maintaining Daily Operating Reserves, as specified in ECAR document 2 and PJM Manual M13, will assist in avoiding serious emergency conditions such as system separation and operation at abnormal frequency. However, adequate Daily Operating Reserves cannot always be maintained, so the use of additional emergency measures may be required. A Capacity Deficiency is a shortage of generation versus load and can be caused by generating unit outages and/or extreme internal load requirements.

(T)

**C. AEP EAST/PJM PROCEDURES**

(note: the following section contains excerpts from PJM Manual – M13)

OVERVIEW

PJM is responsible for determining and declaring that an Emergency is expected to exist, exists, or has ceased to exist in any part of the PJM RTO or in any other Control Area that is interconnected directly or indirectly with the PJM RTO. PJM directs the operations of the PJM Members as necessary to manage, allocate, or alleviate an emergency.

(T)

- *PJM RTO Reserve Deficiencies* — If PJM determines that PJM-scheduled resources available for an Operating Day in combination with Capacity Resources operating on a self-scheduled basis are not sufficient to maintain appropriate reserve levels for the PJM RTO, PJM performs the following actions:
- Recalls energy from Capacity Resources that otherwise deliver to loads outside the Control Area and dispatches that energy to serve load in the Control Area.
- Purchases capacity or energy from resources outside the Control Area. PJM uses its best efforts to purchase capacity or energy at the lowest prices available at the time such capacity or energy is needed. The price of any such capacity or energy is not considered in determining Locational Marginal Prices in the PJM Energy Market. The cost of capacity or energy is allocated among the Market Buyers as described in the PJM Manual for Operating Agreement Accounting (M-28)

The AEP System Control Center will be referred to as SCC and the AEP Production Optimization Group will be referred to as POG.

CAPACITY SHORTAGES

PJM is responsible for monitoring the operation of the PJM RTO, for declaring the existence of an Emergency, and for directing the operations of the PJM Member as necessary to manage, alleviate, or end an Emergency. PJM also is responsible for transferring energy on the PJM Members behalf to meet an Emergency. PJM is also responsible for agreements with other Control Areas interconnected with the PJM RTO for the mutual provision of service to meet an Emergency.

Exhibit 1 illustrates that there are three general levels of emergency actions for capacity shortages:

- alerts
- warnings
- actions

ALERTS

The intent of the alerts is to keep all affected system personnel aware of the forecast and/or actual status of the PJM RTO. All alerts and cancellation thereof are broadcast on the "ALL-CALL" system and posted to selected PJM web sites to assure that all members receive the same information.

Alerts are issued in advance of a scheduled load period to allow sufficient time for members to prepare for anticipated initial capacity shortages.

(Cont'd on Sheet 3-3)

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**CAPACITY AND ENERGY CONTROL PROGRAM (Cont'd)**

**AEP East/PJM Procedures (cont'd)**

**Alerts(Cont'd)**

**Maximum Emergency Generation Alert**

The purpose of the Maximum Emergency Generation Alert is to provide an early alert that system conditions may require the use of the PJM emergency procedures. It is implemented when Maximum Emergency Generation is called into the operating capacity.

**Primary Reserve Alert**

The purpose of the Primary Reserve Alert is to alert members of the anticipated shortage of operating reserve capacity for a future critical period. It is implemented when estimated operating reserve capacity is less than the forecast primary reserve requirement.

**Voltage Reduction Alert**

The purpose of the Voltage Reduction Alert is to alert members that a voltage reduction may be required during a future critical period. It is implemented when the estimated operating reserve capacity is less than the forecast spinning reserve requirement.

**Voluntary Customer Load Curtailment Alert**

The purpose of the Voluntary Customer Load Curtailment Alert is to alert members of the probable future need to implement a voluntary customer load curtailment. It is implemented whenever the estimated operating reserve capacity indicates a probable future need for voluntary customer load curtailment.

**Warnings**

Warnings are issued during present operations to inform members of actual capacity shortages or contingencies that may jeopardize the reliable operation of the PJM RTO. The intent of warnings is to keep all affected system personnel aware of the forecast and/or actual status of the PJM RTO. All warnings and cancellations are broadcasted on the "ALL-CALL" system and posted to selected PJM web sites to assure that all members receive the same information.

**Primary Reserve Warning**

The purpose of the Primary Reserve Warning is to warn members that the available primary reserve is less than required and present operations are becoming critical. It is implemented when available primary reserve capacity is less than the primary reserve requirement, but greater than the spinning reserve requirement, after all available secondary reserve capacity (except restricted maximum emergency capacity) is brought to a primary reserve status and emergency operating capacity is scheduled from adjacent systems.

**Voltage Reduction Warning & Reduction of Non-Critical Plant Load**

The purpose of the Voltage Reduction Warning & Reduction of Non-Critical Plant Load is to warn members that the available spinning reserve is less than the Spinning Reserve Requirement and that present operations have deteriorated such that a voltage reduction may be required. It is implemented when the available spinning reserve capacity is less than the spinning reserve requirement, after all available secondary and primary reserve capacity (except restricted maximum emergency capacity) is brought to a spinning reserve status and emergency operating capacity is scheduled from adjacent systems.

**Manual Load Dump Warning**

The purpose of the Manual Load Dump Warning is to warn members of the increasingly critical condition of present operations that may require manually dumping load. It is issued when available primary reserve capacity is less than the largest operating generator or the loss of a transmission facility jeopardizes reliable operations after all other possible measures are taken to increase reserve. The amount of load and the location of areas(s) are specified.

**Actions**

The PJM RTO is normally loaded according to bid prices; however, during periods of reserve deficiencies, other measures must be taken to maintain system reliability. These measures involve:

- Loading generation that is restricted for reasons other than cost
- Recalling non-capacity backed off-system sales
- Purchasing emergency energy from participants / surrounding pools
- Load relief measures

(Cont'd on Sheet No. 3-4)

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**CAPACITY AND ENERGY CONTROL PROGRAM (Cont'd)**

**AEP East/PJM Procedures (Cont'd)**

**Actions (Cont'd)**

The procedures to be used under these circumstances are described in the general order in which they are applied. Due to system conditions and the time required to obtain results, PJM dispatcher may find it necessary to vary the order of application to achieve the best overall system reliability. Issuance and cancellation of emergency procedures are broadcast over the "ALL-CALL" and posted to selected PJM web sites. Only affected systems take action. PJM dispatcher broadcasts the current and projected PJM RTO status periodically using the "ALL-CALL" during the extent of the implementation of the emergency procedures.

**Maximum Emergency Generation**

The purpose of the Maximum Emergency Generation is to increase the PJM RTO generation above the maximum economic level. It is implemented whenever generation is needed that is greater than the highest incremental cost level.

**Load Management Curtailments (ALM)**

**Steps 1 and 2 (PJM Control)**

The purpose of the Load Management Curtailments, Steps 1 and 2, is to provide additional load relief by using PJM controllable load management programs. Steps 1 and 2 are differentiated only by the expected time to implement. Load relief is required after initiating Maximum Emergency Generation.

**Step 1: Short Time Frame to Implement (1 Hour or Less)**

- PJM dispatcher requests members to implement Load Management Curtailment, Step 1.

**Step 2: Long Time Frame To Implement (Greater Than 1 Hour)**

- PJM dispatcher requests members to implement Load Management Curtailment, Step 2.

**Steps 3 and 4 (SCC Control)**

The purpose of the Local Control Center Programs of Load Management Curtailments, Steps 3 and 4, is to provide additional load relief by requesting use of Local Control Center load management programs.

**Load Reduction Program**

The purpose of the Load Reduction Action is to request end-use customers to reduce load during emergency conditions.

**Voltage Reduction**

The purpose of Voltage Reduction during capacity deficient conditions is to reduce load to provide a sufficient amount of reserve to maintain tie flow schedules and preserve limited energy sources. A curtailment of non-essential building load is implemented prior to or at this same time as a Voltage Reduction Action. It is implemented when load relief is still needed to maintain tie schedules.

**Note:** Voltage reductions can also be implemented to increase transmission system voltage.

**Note:** Curtailment of non-essential building load may be implemented prior to, but not later than, the same time as a voltage reduction.

**Curtailment of Non-Essential Building Load**

The purpose of the Curtailment of Non-Essential Building Load is to provide additional load relief, to be expedited prior to, but no later than the same time as a voltage reduction.

(Cont'd on sheet No. 3-5)

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**CAPACITY AND ENERGY CONTROL PROGRAM (Cont'd)**

**AEP East/PJM Procedures (cont'd)**

**Actions**

**Voluntary Customer Load Curtailment**

The purpose of the Voluntary Customer Load Curtailment (VCLC) is to provide further load relief. It is implemented when the estimated peak load minus the relief expected from curtailment of non-essential building load and a 2.5% - 5% voltage reduction is greater than operating capacity.

PJM/SCC – Public Appeal to conserve electricity usage

**Manual Load Dump**

The purpose of the Manual Load Dump is to provide load relief when all other possible means of supplying internal PJM RTO load have been used to prevent a catastrophe within the PJM RTO or to maintain tie schedules so as not to jeopardize the reliability of the other interconnected regions. It is implemented when the PJM RTO cannot provide adequate capacity to meet the PJM RTO's load or critically overloaded transmission lines or equipment cannot be relieved in any other way and/or low frequency operation occurs in the PJM RTO, parts of the PJM RTO, or PJM RTO and adjacent Control Areas that may be separated as an island.

**Addendum to Manual Load Dump Procedures**

AEP understands that PJM intends to implement these curtailment protocols consistent with the agreements that PJM entered into in Kentucky and Virginia, in Stipulations approved by the Kentucky Public Service Commission and Virginia State Corporation Commission (with modifications) in Case No. 2002-00475 and Case No. PUE-2000-00550, respectively.

**Capacity Deficiency Summary**

A summary of the emergency alerts, warning and actions, together with the typical sequence and the method of communication, are presented in the following Table III-2 on Tariff Sheet No. 3-6.

(Cont'd on Sheet No. 3-6)

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CAPACITY AND ENERGY CONTROL PROGRAM (Cont'd)					
		Communications	Description		
Alert	Maximum Emergency Generation	PJM-POG via All-Call PJM-SCC via All-Call SCC-TDC	SCC/POG review scheduled or actual maintenance affecting capacity or critical transmission to determine if it can be deferred or cancelled	EEA 1	
	Primary Reserve	PJM-POG via All-Call PJM-SCC via All-Call SCC-TDC	(Same as above)		
	Voltage Reduction	PJM-SCC via All-Call SCC-TDC	SCC/TDC to identify stations for Voltage Reduction		
	Voluntary Customer Load Curtailment	PJM-POG via All-Call PJM-SCC via All-Call	Not Applicable		
Warning	Primary Reserve	PJM-POG via All-Call PJM-SCC via All-Call SCC-TDC	SCC/POG ensure that all deferrable maintenance or testing affecting capacity or critical transmission is halted.		
	Voltage Reduction & Reduction of Non-Critical Plant Load	PJM-POG via All-Call PJM-SCC via All-Call SCC-TDC	SCC to inform TDC to man Voltage Reduction Stations & prepare for Voltage Reduction	POG to reduce plant load. (See Table III-4)	
	Manual Load Dump	PJM-SCC via All-Call SCC - POG-Environmental Services SCC-TDC-DDC	Lifting of Environmental Restrictions ( See Table III-5)	Manual & Automatic Load Shedding	
		Make preparations for a Public Appeal if one becomes necessary.	a. Obtain permission to exceed opacity limits b. Obtain permission to exceed heat input limits c. Obtain permission to exceed river temperature limits	SCC/TDC will review local computer procedures and man manual load shedding stations	
Action	Maximum Emergency Generation	PJM-POG via All-Call PJM-SCC via All-Call	Supplemental Oil & Gas Firing; Operate Generator Peakers; Emergency Hydro; Extra Load Capability	See Table III-3	
	Load Management Curtailment (ALM)	PJM-SCC via All-Call SCC - POG	Step 3 - 1267 Mws - 1 hr, 249 Mws - 2 hr	EEA 2 (DOE Report)	
	Load Reduction Program	PJM-SCC via All-Call	Not Applicable		
	Voltage Reduction	PJM-SCC via All-Call SCC -TDC & SCC - POG	Initiate Voltage Reduction - AEP/PJM - 64 Mws		
	Curtailment of Non-Essential Building Load	PJM-POG via All-Call PJM-SCC via All-Call SCC- Building Services	Initiate curtailment of AEP building load - 4.4 Mws	Issued approx. same time as Voltage Reduction	
	Voluntary Customer Load Curtailment	PJM-POG via All-Call PJM-SCC via All-Call	Not Applicable	EEA 3 (DOE Report)	
	Public Appeal (may be issued at any stage of the Action items)	SCC - Corporate Communications		a. Radio and TV alert to general public	2% of AEP Internal Load
		SCC - Customer Services SCC - POG		b. Call to Industrial and Commercial Customers	1276 Mws - 1 hr + 320 Mws - 2 hr
		SCC - TDC		c. Municipal and REMC Customers	7% of Cust. Load
	Manual Load Dump	PJM-SCC via All-Call SCC-POG-Environmental Services SCC-TDC-DDC	PJM Allocation based on deficient zones		
		a. Lift Environmental Restrictions on units	(regains curtailed generation)		
		b. Selected distribution customers (manual load curtailment)	Execute MLD		

(Cont'd on Sheet 3-7)

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**CAPACITY AND ENERGY CONTROL PROGRAM (Cont'd)**

**Energy Emergency Alert Levels (reference NERC Appendix 5C)**

1. Alert 1 - All available resources in use.

Circumstances:

- Control Area, Reserve Sharing Group, or Load Serving Entity foresees or is experiencing conditions where all available resources are committed to meet firm load, firm transactions, and reserve commitments, and is concerned about sustaining its required Operating Reserves, and
- Non-firm wholesale energy sales (other than those that are recallable to meet reserve requirements) have been curtailed.

2. Alert 2 - Load management procedures in effect.

Circumstances:

- Control Area, Reserve Sharing Group, or Load Serving Entity is no longer able to provide its customers' expected energy requirements, and is designated an Energy Deficient Entity.
- Energy Deficient Entity foresees or has implemented procedures up to, but excluding, interruption of firm load commitments. When time permits, these procedures may include, but are not limited to:
  - Voltage reduction
  - Public appeals to reduce demand
  - Interruption of non-firm end use loads in accordance with applicable contracts, for emergency, not economic reasons
  - Demand-side management
  - Utility load conservation measures
- During Alert 2, The Reliability Coordinators, Control Areas, and Energy Deficient Entities have the following responsibilities:
  - 2.1 Notifying other Control Areas and Market Participants.
  - 2.2 Declaration Period. The Energy Deficient Entity shall update the Reliability Coordinator of the situation at a minimum of every hour until the Alert 2 is terminated.
  - 2.3 Share information on resource availability.
  - 2.4 Evaluating and mitigating transmission limitations.
    - 2.4.1 Notification of ATC adjustments.
    - 2.4.2 Availability of generation redispatch options.
    - 2.4.3 Evaluating impact of current Transmission Loading Relief events.
    - 2.4.4 Initiating inquiries on reevaluating Operating Security Limits.
  - 2.5 Coordination of emergency responses. The Reliability Coordinator shall communicate and coordinate the implementation of emergency operating responses.
  - 2.6 Energy Deficient Entity actions. Before declaring an Alert 3, the Energy Deficient Entity must make use of available resources. This includes but is not limited to:
    - 2.6.1 All available generation units are on line. All generation capable of being on line in the time frame of the emergency is on line including quick-start and peaking units, regardless of cost.
    - 2.6.2 Purchases made regardless of cost. All firm and non-firm purchases have been made, regardless of cost.

(Cont'd on Sheet No. 3-8)

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**CAPACITY AND ENERGY CONTROL PROGRAM (Cont'd)****Energy Emergency Alert Levels (reference NERC Appendix 5C) (Cont'd)**

- 2.6.3 Non-firm sales recalled and contractually interruptible loads and DSM curtailed. All non-firm sales have been recalled, contractually interruptible retail loads curtailed, and Demand-side Management activated within provisions of the agreements.
- 2.6.4 Operating Reserves. Operating reserves are being utilized such that the Energy Deficient Entity is carrying reserves below the required minimum or has initiated emergency assistance through its operating reserve sharing program.
3. **Alert 3** - Firm load interruption imminent or in progress.
- Circumstances:
- Control Area or Load Serving Entity foresees or has implemented firm load obligation interruption. The available energy to the Energy Deficient Entity, as determined from Alert 2, is only accessible with actions taken to increase transmission transfer capabilities.
- 3.1 Continue actions from Alert 2.
- 3.2 Declaration Period. The Energy Deficient Entity shall update the Reliability Coordinator of the situation at a minimum of every hour until the Alert 3 is terminated.
- 3.3 Use of Transmission short-time limits.
- 3.4 Reevaluating and revising Operating Security Limits.
- 3.4.1 Energy Deficient Entity obligations. The deficient Control Area or Load Serving Entity must agree that, upon notification from its Reliability Coordinator of the situation, it will immediately take whatever actions are necessary to mitigate any undue risk to the Interconnection. These actions may include load shedding.
- 3.4.2 Mitigation of cascading failures. The Reliability Coordinator shall use his best efforts to ensure that revising Operating Security Limits would not result in any cascading failures within the Interconnection.
- 3.5 Returning to pre-emergency Operating Security Limits. Whenever energy is made available to an Energy Deficient Entity such that the transmission systems can be returned to their pre-emergency Operating Security Limits, the Energy Deficient Entity shall notify its respective Reliability Coordinator and downgrade the Alert.
- 3.5.1 Notification of other parties.
- 3.6 Reporting. Any time an Alert 3 is declared, the Energy Deficient Entity shall complete the report listed in NERC Appendix 9B, Section C and submit this report to its respective Reliability Coordinator within two business days of downgrading or termination of the Alert. Upon receiving the report, the Reliability Coordinator shall review it for completeness and immediately forward it to the NERC staff for posting on the NERC web site. The Reliability Coordinator shall present this report to the Reliability Coordinator Working Group at its next scheduled meeting.
4. **Alert 0** - Termination. When the Energy Deficient Entity believes it will be able to supply its customers' energy requirements, it shall request of his Reliability Coordinator that the EEA be terminated.
- 4.1 Notification.

(Cont'd on Sheet 3-9)

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**CAPACITY AND ENERGY CONTROL PROGRAM (Cont'd)**

**III. ENERGY EMERGENCY CONTROL PROGRAM**

**A. INTRODUCTION**

The purpose of this plan is to provide for the reduction of the consumption of electric energy on the American Electric Power Company System in the event of a fuel shortage, such as might result from a general strike, or severe weather. (T)

**B. PROCEDURES**

In the event of a potential severe coal shortage, such as one resulting from a general coal strike, the following steps will be implemented. These steps will be carried out to the extent permitted by contractual commitments or by order of the regulatory authorities having jurisdiction.

A. To be initiated when system fuel supplies are decreased to 70% of target days' operation of coal-fired generation and a continued downward trend in coal stocks is anticipated: (T)

1. Optimize the use of non-coal-fired generation to the extent possible.
2. For individual plants under 50% of minimum target days' supply, review the prudence of modifying economic dispatching procedures to conserve coal. (T)
3. If necessary discontinue all economy sales to neighboring utilities.
4. Curtail the use of energy in company offices, plants, etc., over and above the reductions already achieved by current in-house conservation measures.

B. To be initiated when system fuel supplies are decreased to 60% of target days' operation of coal-fired generation and a continued downward trend in coal stocks is anticipated: (T)

1. Substitute the use of oil for coal, as permitted by plant design, oil storage facilities, and oil availability.
2. Discontinue all economy and short-term sales to neighboring utilities.
3. Limit emergency deliveries to neighboring utilities to situations where regular customers of such utilities would otherwise be dropped or where the receiving utility agrees to return like quantities of energy within 14 days.
4. Curtail electric energy consumption by customers on Interruptible contracts to a maximum of 132 hours of use at contract demand per week.
5. Purchase energy from neighboring systems to the extent practicable.
6. Purchase energy from industrial customers with generation facilities to the extent practicable.
7. Through the use of news media and direct consumer contact, appeal to all customers (retail as well as wholesale) to reduce their nonessential use of electric energy as much as possible, in any case by at least 25%.
8. Reduce voltage around the clock to the extent feasible.
9. The Company will advise customers of the nature of the mandatory program to be introduced in C below, through direct contact and mass media, and establish an effective means of answering specific customer inquiries concerning the impact of the mandatory program on electricity availability.

(Cont'd on Sheet No. 3-10)

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**CAPACITY AND ENERGY CONTROL PROGRAM(Cont'd)**

**III. ENERGY EMERGENCY CONTROL PROGRAM(Cont'd)**

**B. PROCEDURES (Cont'd)**

C. To be initiated -- in the order indicated below -- when system fuel supplies are decreased to 50% of target days' operation of coal-fired plants and a continued downward trend in coal stocks is anticipated: (T)

1. Discontinue emergency deliveries to neighboring utilities unless the receiving utility agrees to return like quantities of energy within seven days.
2. Request all customers, retail as well as wholesale, to reduce their nonessential use of electric energy by 100%.
3. Request, through mass communication media, curtailment by all other customers a minimum of 15% of their electric use. These uses include lighting, air-conditioning, heating, manufacturing processes, cooking, refrigeration, clothes washing and drying and any other loads that can be curtailed.
4. All customers will be advised of the mandatory program specified below in D.

D. To be initiated when system fuel supplies are decreased to 40% of target days' operation of coal-fired generation and a continued downward trend in coal stocks is anticipated: (T)

1. Implement procedures for curtailment of service to all customers to a minimum service level that is not greater than that required for protection of human life and safety, protection of physical plant facilities and employees' security. This step asks for curtailment of the maximum load possible without endangering life, safety and physical facilities. (T)
2. All customers will be advised of the mandatory program specified below in E.

E. To be initiated when system fuel supplies are decreased to 30% of target days' operation of coal-fired generation and a continued downward trend in coal stocks is anticipated: (T)

Implement procedures for interruption of selected distribution circuits on a rotational basis, while minimizing -- to the extent practicable -- interruption to facilities that are essential to the public health and safety. (T)

F. The Energy Emergency Control Program will be terminated when:

1. The AEP System's remaining days of operation of coal-fired generation is at least 40% of normal target days' operation, and
2. Coal deliveries have been resumed, and
3. There is reasonable assurance that the AEP System's coal stocks are being restored to adequate levels.

With regard to mandatory curtailments identified in Items C, D, and E above, the Company proposes to monitor compliance after the fact. A customer exceeding his electric allotment would be warned to curtail his usage or face, upon continuing noncompliance and upon one day's actual written notice, disconnection of electric service for the duration of the energy emergency.

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**STANDARD NOMINAL VOLTAGES**

The voltage available to any individual customer shall depend upon the voltage of the Company's lines serving the area in which customer is provided service.

Electric service provided under the Company's rate schedules will be 60 hertz alternating current delivered from various load centers at nominal voltages and phases as available in a given location as follows:

**SECONDARY DISTRIBUTION VOLTAGES**

**Residential Service**

Single phase 120/240 volts three wire or 120/208 volts three wire on network system.

**General Service - All Except Residential**

Single-phase 120/240 volts three wire or 120/208 volts three wire on network system. Three-phase 120/208 volts four wire on network system, 120/240 volts four wire, 240 volts three wire, 480 volts three wire and 277/480 volts four wire.

**PRIMARY DISTRIBUTION VOLTAGES**

The Company's primary distribution voltage levels at load centers are 2,400; 4,160Y; 7,200; 12,470Y, 19,900 and 34,500

(T)

**SUBTRANSMISSION LINE VOLTAGES**

The Company's sub transmission voltage levels are 19,900; 34,500; 46,000; and 69,000.

**TRANSMISSION LINE VOLTAGES**

The Company's transmission voltage levels are 138,000; 161,000; 345,000; and 765,000.

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**FUEL ADJUSTMENT CLAUSE**

**APPLICABLE.**

To Tariffs R.S., R.S.-L.M.-T.O.D. R.S.-T.O.D., S.G.S., M.G.S., M.G.S.-T.O.D., L.G.S., Q.P., C.I.P.-T.O.D., C.S.-I.R.P., M.W., O.L., and S.L.

**RATE.**

1. The fuel clause shall provide for periodic adjustment per kwh of sales equal to the difference between the fuel costs per kwh of sales in the base period and in the current period according to the following formula:

$$\text{Adjustment Factor} = \frac{F(m)}{S(m)} - \frac{F(b)}{S(b)}$$

Where F is the expense of fossil fuel in the base (b) and current (m) periods; and S is sales in the base (b) and current (m) periods, all as defined below:

2. F(b)/S(b) shall be so determined that on the effective date of the Commission's approval of the utility's application of the formula, the resultant adjustment will be equal to zero (0).
3. Fuel costs (F) shall be the most recent actual monthly cost of:
  - a. Fossil fuel consumed in the utility's own plants, and the utility's share of fossil and nuclear fuel consumed in jointly owned or leased plants, plus the cost of fuel which would have been used in plants suffering forced generation or transmission outages, but less the cost of the fuel related substitute generation, plus
  - b. The actual identifiable fossil and nuclear fuel costs [if not known--the month used to calculate fuel (F), shall be deemed to be the same as the actual unit cost of the Company generation in the month said calculations are made. When actual costs become known, the difference, if any, between fuel costs (F) as calculated using such actual unit costs and the fuel costs (F) used in that month shall be accounted for in the current month's calculation of fuel costs (F)] associated with energy purchased for reasons other than identified in paragraph (c) below, but excluding the cost of fuel related to purchases to substitute the forced outages, plus
  - c. The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein may be such costs as the charges for economy energy purchases and the charges as a result of scheduled outage, all such kinds of energy being purchased by the Company to substitute for its own higher cost energy; and less
  - d. The cost of fossil fuel recovered through intersystem sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.
  - e. All fuel costs shall be based on weighted average inventory costing.
4. Forced outages are all nonscheduled losses of generation or transmission which require substitute power for a continuous period in excess of six (6) hours. Where forced outages are not as a result of faulty equipment, faulty manufacturer, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection or acts of the public enemy, then the utility may, upon proper showing, with the approval of the Commission, include the fuel costs of substitute energy in the adjustment. Until such approval is obtained, in making the calculations of fuel costs (F) in subsection (3)(a) and (b) above, the forced outage costs to be subtracted shall be no less than the fuel cost related to the lost generation.

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**FUEL ADJUSTMENT CLAUSE (Cont'd)**

5. Sales (S) shall be all kwh's sold, excluding intersystem sales. Where, for any reason billed system sales cannot be coordinated with the fuel costs for the billing period, sales may be equated to the sum of (i) generation, (ii) purchases, (iii) interchange in, less (iv) energy associated with pumped storage operations, less (v) intersystem sales referred to in subsection (3)(d) above, less (vi) total system loss. Utility used energy shall not be excluded in the determination of sales (S).
6. The cost of fossil fuel shall include no items other than the invoice price of fuel less any cash or other discounts. The invoice price of fuel includes the cost of the fuel itself and necessary charges for transportation of the fuel from the point of acquisition to the unloading point, as listed in Account 151 of FERC Uniform System of Accounts or Public Utilities and Licensees.
7. At the time the fuel clause is initially filed, the utility shall submit copies of each fossil fuel purchase contract not otherwise on file with the Commission and all other agreements, options or similar such documents, and all amendments and modifications thereof related to the procurement of fuel supply and purchased power. Incorporation by reference is permissible. Any changes in the documents, including price escalations, or any new agreements entered into after the initial submission, shall be submitted at the time they are entered into. Where fuel is purchased from utility-owned or controlled sources, or the contract contains a price escalation clause, those facts shall be noted and the utility shall explain and justify them in writing. Fuel charges, which are unreasonable, shall be disallowed and may result in the suspension of the fuel adjustment clause. The Commission on its own motion may investigate any aspect of fuel purchasing activities covered by this regulation.
8. Any tariff filing which contains a fuel clause shall conform that clause with this regulation within three (3) months of the effective date of this regulation. The tariff filing shall contain a description of the fuel clause with detailed cost support.
9. The monthly fuel adjustment shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustments, which shall include data, and information as may be required by the Commission.
10. Copies of all documents required to be filed with the Commission under this regulation shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS61.870 to 61.884.
11. At six (6) month intervals, the Commission will conduct public hearings on a utility's past fuel adjustments. The Commission will order a utility to charge off and amortize, by means of a temporary decrease of rates, any adjustment it finds unjustified due to improper calculation or application of the charges or improper fuel procurement practice.
12. Every two (2) years following the initial effective date of each utility fuel clause, the Commission in a public hearing will review and evaluate past operations of the clause, disallow improper expenses, and to the extent appropriate, reestablish the fuel clause charge in accordance with Subsection 2.
13. Resulting cost per kilowatt-hour in September 2004 to be used as the base cost in Standard Fuel Adjustment Clause is:

$$\frac{\text{Fuel September 2004} = \$ 8,703,098}{\text{Sales September 2004} = 527,226,000} = \$0.01651/\text{KWH}$$

This, as used in the Fuel Adjustment Clause, is 1.651 cents per kilowatt-hour.

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**TARIFF R.S.  
(Residential Service)**

**AVAILABILITY OF SERVICE.**

Available for full domestic electric service through 1 meter to individual residential customers including rural residential customers engaged principally in agricultural pursuits.

**RATE.** (Tariff Codes 015, 017, 022)

Service Charge.....	\$4.25	\$5.86 per month	( I )
Energy Charge: .....	6.002¢	per KWH	( I )
First 500 KWH per month.....	\$5.498¢	per KWH	( T )
Over 500 KWH per month.....	\$4.766¢	per KWH	( T )

**MINIMUM CHARGE.**

This tariff is subject to a minimum monthly charge equal to the Service Charge.

**FUEL ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a Fuel Adjustment Factor per KWH calculated in compliance with the Fuel Adjustment Clause contained in Sheet Nos. 5-1 and 5-2 of this Tariff Schedule.

**SYSTEM SALES CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a System Sales Factor per KWH calculated in compliance with the System Sales Clause contained in Sheet Nos. 19-1 and 19-2 of this Tariff Schedule.

**DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased by an Experimental Demand-Side Management Adjustment Clause Factor per KWH calculated in compliance with the Demand-Side Management Adjustment Clause contained in Sheet Nos. 22-1 and 22-2 of this Tariff Schedule.

**ENVIRONMENTAL SURCHARGE.**

Bills computed according to the rates set forth herein will be increased or decreased by an Environmental Surcharge adjustment based on a percent of revenue in compliance with the Environmental Surcharge contained in Sheet Nos. 29-1 through 29-5 of the Tariff Schedule.

**NET MERGER SAVINGS CREDIT.**

Bills computed according to the rates set forth herein will be decreased by a Net Merger Savings Credit Factor per KWH calculated in compliance with the Net Merger Savings Credit contained in Sheet No. 23-1 of this Tariff Schedule.

**CAPACITY CHARGE**

Bills computed according to the rates set forth herein will be increased by a Capacity Charge Factor per KWH calculated in compliance with the Capacity Charge Tariff contained in Sheet No. 28-1 of this Tariff Schedule.

**HOME ENERGY ASSISTANCE PROGRAM (HEAP) CHARGE**

Applicable to all residential customers. Bills computed according to the rates set forth herein shall be increased by a HEAP charge of 10¢ per meter per month and shall be shown on the residential customers bill as a separate line item. The Home Energy Assistance Program charge will be applied to all residential electric bills rendered during the billing cycles commencing April 2006 and continue until otherwise directed by the Public Service Commission. The Company will match the residential contributions to the HEAP program for a period of two years effective April 1, 2006 through March 31, 2008.

**DELAYED PAYMENT CHARGE.**

Bills under this tariff are due and payable within fifteen (15) days of the mailing date. On all accounts not paid in full by the next billing date, an additional charge of 5% of the unpaid portion will be made.

(Cont'd On Sheet 6-2)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E. K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

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**TARIFF R.S. (Cont'd)**  
**(Residential Service)**

**STORAGE WATER HEATING PROVISION.**

This provision is withdrawn except for the present installations of current customers receiving service hereunder at premises served prior to April 1, 1997.

If the customer installs a Company approved storage water heating system which consumes electrical energy only during off-peak hours as specified by the Company and stores hot water for use during on-peak hours, the following shall apply:

Tariff Code

- 012 (a) For Minimum Capacity of 80 gallons, the last 300 KWH of use in any month shall be billed at ~~2.396¢~~ 2.664¢ per KWH.
- 013 (b) For Minimum Capacity of 100 gallons, the last 400 KWH of use in any month shall be billed at ~~2.396¢~~ 2.664¢ per KWH.
- 014 (c) For Minimum Capacity of 120 gallons or greater, the last 500 KWH of use in any month shall be billed at ~~2.396¢~~ 2.664¢ per KWH.

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These provisions, however, shall in no event apply to the first 200 KWH used in any month, which shall be billed in accordance with the "Monthly Rate" as set forth above.

For purpose of this provision, the on-peak billing period is defined as 7:00A.M. to 9:00P.M. for all weekdays, Monday through Friday. The off-peak billing period is defined as 9:00PM to 7:00AM for all weekdays and all hours of Saturday and Sunday.

The Company reserves the right to inspect at all reasonable times the storage water heating system and devices which qualify the residence for service under the storage water heater provision, and to ascertain by any reasonable means that the time-differentiated load characteristics of such devices meet the Company's specifications. If the Company finds that in its sole judgment the availability conditions of this provision are being violated, it may discontinue billing the Customer under this provision and commence billing under the standard monthly rate.

( T )

This provision is subject to the Service Charge, the Fuel Adjustment Clause, the System Sales Clause, the Demand-Side Management Clause, the Environmental Surcharge, the Net Merger Savings Credit, the Capacity Charge and the Residential HEAP Charge factors as stated in the above monthly rate.

( T )

**LOAD MANAGEMENT WATER-HEATING PROVISION.** (Tariff Code 011)

For residential customers who install a Company-approved load management water-heating system which consumes electrical energy primarily during off-peak hours specified by the Company and stores hot water for use during on-peak hours, of minimum capacity of 80 gallons, the last 250 KWH of use in any month shall be billed at ~~2.396¢~~ 2.664¢ per KWH.

( I )

This provision, however, shall in no event apply to the first 200 KWH used in any month, which shall be billed in accordance with the "Monthly Rate" as set forth above.

For the purpose of this provision, the on-peak billing period is defined as 7:00 A.M. to 9:00 P.M. for all weekdays, Monday through Friday. The off-peak billing period is defined as 9:00 P.M. to 7:00 A.M. for all weekdays and all hours of Saturday and Sunday.

The Company reserves the right to inspect at all reasonable times the load management water-heating system(s) and devices which qualify the residence for service under the Load Management Water-Heating Provision. If the Company finds that, in its sole judgment, the availability conditions of this provision are being violated, it may discontinue billing the Customer under this provision and commence billing under the standard monthly rate.

This provision is subject to the Service Charge, the Fuel Adjustment Clause, the System Sales Clause, the Demand-Side Management Clause, the Environmental Surcharge, the Net Merger Savings Credit, the Capacity Charge and the Residential HEAP Charge factors as stated in the above monthly rate.

( T )

**SPECIAL TERMS AND CONDITIONS.**

This tariff is subject to the Company's Terms and Conditions of Service.

This service is available to rural domestic customers engaged principally in agricultural pursuits where service is taken through one meter for residential purposes as well as for the usual farm uses outside the home, but it is not extended to operations of a commercial nature or operations such as processing, preparing or distributing products not raised or produced on the farm, unless such operation is incidental to the usual residential and farm uses.

(Cont'd. On Sheet 6-3)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E. K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

**TARIFF R.S.(Cont'd)**  
**(Residential Service)**

**SPECIAL TERMS AND CONDITIONS. (Cont'd)**

This tariff is available for single-phase service only. Where 3-phase power service is required and/or where motors or heating equipment are used for commercial or industrial purposes, another applicable tariff will apply to such service.

The Company shall have the option of reading meters monthly or bimonthly and rendering bills accordingly. When bills are rendered bimonthly, the minimum charge and the quantity of KWH in each block of the rates shall be multiplied by two.

Pursuant to 807 KAR 5:041, Section 11, paragraph (5), of Public Service Commission Regulations, the Company will make an extension of ~~2500~~-1,000 feet or less to its existing distribution line without charge for a prospective permanent residential customer served under this R.S. Tariff.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP I or by special agreement.

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DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March, 2006

**TARIFF R.S. - L.M. - T.O.D.**  
**(Residential Service Load Management Time-of-Day)**

**AVAILABILITY OF SERVICE.**

Available to customers eligible for Tariff R.S. (Residential Service) who use energy storage devices with time-differentiated load characteristics approved by the Company which consume electrical energy only during off-peak hours specified by the Company and store energy for use during on-peak hours.

Households eligible to be served under this tariff shall be metered through one single-phase multiple-register meter capable of measuring electrical energy consumption during the on-peak and off-peak billing periods.

**RATE.** (Tariff Codes 028, 029, 030, 031, 032, 033, 034, 035)

Service Charge.....	\$ 6.75	\$8.36 per month	( I )
Energy Charge:			
All KWH used during on-peak billing period.....	7.830¢	10.177¢ per KWH	( I )
All KWH used during off-peak billing period.....	2.396¢	2.664¢ per KWH	( I )

For the purpose of this tariff, the on-peak billing period is defined as 7:00 A.M. to 9:00 P.M. for all weekdays, Monday through Friday. The off-peak period is defined as 9:00 P.M. to 7:00 A.M. for all weekdays and all hours of Saturday and Sunday.

**CONSERVATION AND LOAD MANAGEMENT CREDIT.**

For the combination of an approved electric thermal storage space heating system and water heater, both of which are designed to consume electrical energy only between the hours of 9:00P.M. and 7:00A.M. for all days of the week, each residence will be credited 0.745¢ per KWH for all energy used during the off-peak billing period, for a total of 60 monthly billing periods following the installation and use of these devices in such residence.

**MINIMUM CHARGE.**

This tariff is subject to a minimum monthly charge equal to the Service Charge.

**FUEL ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a Fuel Adjustment Factor per KWH calculated in compliance with the Fuel Adjustment Clause contained in Sheet Nos. 5-1 and 5-2 of this Tariff Schedule.

**SYSTEM SALES CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a System Sales Factor per KWH calculated in compliance with the System Sales Clause contained in Sheet Nos. 19-1 and 19-2 of this Tariff Schedule.

**DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a Demand-Side Management Adjustment Clause Factor per KWH calculated in compliance with the Demand-Side Management Adjustment Clause contained in Sheet Nos. 22-1 and 22-2 of this Tariff Schedule.

**ENVIRONMENTAL SURCHARGE.**

Bills computed according to the rates set forth herein will be increased by an Environmental Surcharge adjustment based on a percent of revenue in compliance with the Environmental Surcharge contained in Sheet Nos. 29-1 through 29-5 of this Tariff Schedule.

(Cont'd On Sheet No. 6-5)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

**TARIFF R.S.-L.M.-T.O.D. (Cont'd)**  
**(Residential Service Load Management Time-of-Day)**

**NET MERGER SAVINGS CREDIT.**

Bills computed according to the rates set forth herein will be decreased by a Net Merger Savings Credit Factor per KWH calculated in compliance with the Net Merger Savings Credit contained in Sheet No. 23-1 of this Tariff Schedule.

**CAPACITY CHARGE**

Bills computed according to the rates set forth herein will be increased by a Capacity Charge Factor per KWH calculated in compliance with the Capacity Charge Tariff contained in Sheet No. 28-1 of this Tariff Schedule.

**HOME ENERGY ASSISTANCE PROGRAM (HEAP) CHARGE**

Applicable to all residential customers. Bills computed according to the rates set forth herein shall be increased by a HEAP charge of 10¢ per meter per month and shall be shown on the residential customers bill as a separate line item. The Home Energy Assistance Program charge will be applied to all residential electric bills rendered during the billing cycles commencing April 2006 and continue until otherwise directed by the Public Service Commission. The Company will match the residential contributions to the HEAP program for a period of two years effective April 1, 2006 through March 31, 2008.

**DELAYED PAYMENT CHARGE.**

Bills under this tariff are due and payable within fifteen (15) days of the mailing date. On all accounts not paid in full by the next billing date, an additional charge of 5% of the unpaid portion will be made.

**SEPARATE METERING PROVISION.**

Customers who use electric thermal storage space heating and water heaters which consume energy only during off-peak hours specified by the Company, or other automatically controlled load management devices such as space and/or water heating equipment that use energy only during off-peak hours specified by the Company, shall have the option of having these approved load management devices separately metered. The service charge for the separate meter shall be \$3.00 per month.

**SPECIAL TERMS AND CONDITIONS.**

This tariff is subject to the Company's Terms and Conditions of Service.

The Company reserves the right to inspect at all reasonable times the energy storage and load management devices which qualify the residence for service and for conservation and load management credits under this tariff, and to ascertain by any reasonable means that the time-differentiated load characteristics of such devices meet the Company's specifications. If the Company finds, that in its sole judgment, the availability conditions of this tariff are being violated, it may discontinue billing the Customer under this tariff and commence billing under the appropriate Residential Service Tariff.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP I or by special agreement with the Company.

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DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

**TARIFF R.S. - T.O.D.**  
**(Residential Service Time-of-Day)**

**AVAILABILITY OF SERVICE.**

Available for residential electric service through one single-phase multiple-register meter capable of measuring electrical energy consumption during the on-peak and off-peak billing periods to individual residential customers, including residential customers engaged principally in agricultural pursuits. Availability is limited to the first 1,000 customers applying for service under this tariff.

**RATE.** (Tariff Codes 036 and 037)

Service Charge.....	\$ 6-75	8.36 per month	(I)
Energy Charge:			(I)
All KWH used during on-peak billing period.....	7-830	10.177¢ per KWH	(I)
All KWH used during off-peak billing period.....	<del>2-396¢</del>	2.664¢ per KWH	(I)

For the purpose of this tariff, the on-peak billing period is defined as 7:00A.M. to 9:00P.M. for all weekdays, Monday through Friday. The off-peak period is defined as 9:00P.M. to 7:00A.M. for all weekdays and all hours of Saturday and Sunday.

**MINIMUM CHARGE.**

This tariff is subject to a minimum monthly charge equal to the Service Charge.

**FUEL ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a Fuel Adjustment Factor per KWH calculated in compliance with the Fuel Adjustment Clause contained in Sheet Nos. 5-1 and 5-2 of this Tariff Schedule.

**SYSTEM SALES CLAUSE.**

Bill computed according to the rates set forth herein will be increased or decreased by a System Sales Factor per KWH calculated in compliance with the System Sales Clause contained in Sheet Nos. 19-1 and 19-2 of this Tariff Schedule.

**DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by an Demand-Side Management Adjustment Clause Factor per KWH calculated in compliance with the Demand-Side Management Adjustment Clause contained in Sheet Nos. 22-1 and 22-2 of this Tariff Schedule.

**ENVIRONMENTAL SURCHARGE.**

Bills computed according to the rates set forth herein will be increased or decreased by an Environmental Surcharge Adjustment based on a percent of revenue in compliance with the Environmental Surcharge contained in Sheet Nos. 29-1 through 29-5 of this Tariff Schedule.

**NET MERGER SAVINGS CREDIT.**

Bills computed according to the rates set forth herein will be decreased by a Net Merger Savings Credit Factor per KWH calculated in compliance with the Net Merger Savings Credit contained in Sheet No. 23-1 of this Tariff Schedule.

**CAPACITY CHARGE**

Bills computed according to the rates set forth herein will be increased by a Capacity Charge Factor per KWH calculated in compliance with the Capacity Charge Tariff contained in Sheet No. 28-1 of this Tariff Schedule.

**HOME ENERGY ASSISTANCE PROGRAM (HEAP) CHARGE**

Applicable to all residential customers. Bills computed according to the rates set forth herein shall be increased by a HEAP charge of 10¢ per meter per month and shall be shown on the residential customers bill as a separate line item. The Home Energy Assistance Program charge will be applied to all residential electric bills rendered during the billing cycles commencing April 2006 and continue until otherwise directed by the Public Service Commission. The Company will match the residential contributions to the HEAP program for a period of two years effective April 1, 2006 through March 31, 2008.

(Cont'd on Sheet No. 6-7)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an order of the Public Service Commission in Case No.2005-00341 dated March , 2006

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**TARIFF R.S. - T.O.D. (Cont'd)**  
**(Residential Service Time-of-Day)**

**DELAYED PAYMENT CHARGE.**

Bills under this tariff are due and payable within fifteen (15) days of the mailing date. On all accounts not paid in full by the next billing date, an additional charge of 5% of the unpaid portion will be made.

**SPECIAL TERMS AND CONDITIONS.**

This tariff is subject to the Company's Terms and Conditions of Service.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP I or by special agreement with the Company.

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006



KENTUCKY POWER COMPANY

Original Sheet No. 7-1  
Canceling \_\_\_\_\_ Sheet No. 7-1

PSC ELECTRIC NO. 8

**TARIFF S.G.S.  
(Small General Service)**

**AVAILABILITY OF SERVICE.**

Available for general service to customers with average monthly demands less than 10 KW and maximum monthly demands of less than 15 KW (excluding the demand served by the Load Management Time-of-Day provisions).

(T)

**RATE.** (Tariff Code 211, 212)

Service Charge.....	\$ 9.85	\$11.50 per month
Energy Charge:		
First 500 KWH per month.....	6.758¢	8.824¢ per KWH
All Over 500 KWH per month.....	4.114¢	4.805¢ per KWH

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**MINIMUM CHARGE.**

This tariff is subject to a minimum monthly charge equal to the Service Charge.

**FUEL ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a Fuel Adjustment Factor per KWH calculated in compliance with the Fuel Adjustment Clause contained in Sheet Nos. 5-1 and 5-2 of this Tariff Schedule.

**SYSTEM SALES CLAUSE.**

Bills computed according to the rate set forth herein will be increased or decreased by a System Sales Factor per KWH calculated in compliance with the System Sales Clause contained in Sheet Nos. 19-1 and 19-2 of this Tariff Schedule.

**DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by an Demand-Side Management Adjustment Clause Factor per KWH calculated in compliance with the Demand-Side Management Adjustment Clause contained in Sheet Nos. 22-1 and 22-2 of this Tariff Schedule, unless the customer is an industrial who has elected to opt-out in accordance with the terms pursuant to the Commission's Order in Case No. 95-427.

**ENVIRONMENTAL SURCHARGE.**

Bills computed according to the rates set forth herein will be increased or decreased by an Environmental Surcharge adjustment based on a percent of revenue in compliance with the Environmental Surcharge contained in Sheet Nos. 29-1 through 29-5 of this Tariff Schedule.

**NET MERGER SAVINGS CREDIT.**

Bills computed according to the rates set forth herein will be decreased by a Net Merger Savings Credit Factor per KWH calculated in compliance with the Net Merger Savings Credit contained in Sheet No. 23-1 of this Tariff Schedule.

(T)

**CAPACITY CHARGE.**

Bills computed according to the rate set forth herein will be increased by a Capacity Charge Factor per KWH calculated in compliance with the Capacity Charge Tariff contained in Sheet No. 28-1 of this Tariff Schedule.

**DELAYED PAYMENT CHARGE.**

This tariff is net if account is paid in full within 15 days of date of bill. On all accounts not so paid, an additional charge of 5% of the unpaid balance will be made.

(Cont'd on Sheet 7-2)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER	DIRECTOR OF REGULATORY SERVICES	FRANKFORT KENTUCKY
NAME	TITLE	ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

**TARIFF S.G.S. (Cont'd.)  
(Small General Service)**

**LOAD MANAGEMENT TIME-OF-DAY PROVISION.**

Available to customers who use energy storage devices with time-differentiated load characteristics approved by the Company which consume electrical energy only during off-peak hours specified by the Company and store energy for use during on-peak hours, and who desire to receive service under this provision for their total requirements.

Customers who desire to separately wire their load management load to a time-of-day meter and their general-use load to a standard meter shall receive service for both under the appropriate provision of this tariff.

**RATE.** (Tariff Code 225, 226)

Service Charge.....\$15.10 per month  
Energy Charge:  
All KWH used during on-peak billing period..... ~~9.533¢~~ 12.227¢ per KWH  
All KWH used during off-peak billing period ..... ~~2.505¢~~ 2.664¢ per KWH

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For the purpose of this tariff, the on-peak billing period is defined as 7:00 A.M. to 9:00 P.M. for all weekdays, Monday through Friday. The off-peak billing period is defined as 9:00 P.M. to 7:00 A.M. for all weekdays and all hours of Saturday and Sunday.

**TERM OF CONTRACT.**

The Company shall have the right to require contracts for periods of one year or longer.

**OPTIONAL UNMETERED SERVICE PROVISION.**

Available to customers who qualify for Tariff SGS and use the Company's service for commercial purposes consisting of small fixed electric loads such as traffic signals and signboards which can be served by a standard service drop from the Company's existing secondary distribution system. This service will be furnished at the option of the Company.

Each separate service delivery point shall be considered a contract location and shall be separately billed under the service contract. In the event one Customer has several accounts for like service, the Company may meter one account to determine the appropriate kilowatt-hour usage applicable for each of the accounts.

The Customer shall furnish switching equipment satisfactory to the Company. The Customer shall notify the Company in advance of every change in connected load, and the Company reserves the right to inspect the customer's equipment at any time to verify the actual load. In the event of the customer's failure to notify the Company of an increase in load, the Company reserves the right to refuse to serve the contract location thereafter under this provision, and shall be entitled to bill the customer retroactively on the basis of the increased load for the full period such load was connected or the earliest date allowed by Kentucky statute whichever is applicable.

Calculated energy use per month shall be equal to the contract capacity specified at the contract location times the number of days in the billing period times the specified hours of operation. Such calculated energy shall then be billed at the following rates:

**RATE.** (Tariff Code 204 (Mtrd), 213 (Umr))

Customer Charge.....\$ 7.00 \$7.50 per month  
Energy Charge:  
First 500 KWH per month..... ~~6.758¢~~ 8.824¢ per KWH  
All Over 500 KWH per month..... ~~4.114¢~~ 4.805¢ per KWH

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**SPECIAL TERMS AND CONDITIONS.**

This tariff is subject to the Company's Terms and Conditions of Service.

Customer with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP I or by special agreement with the Company.

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E. K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

**TARIFF M.G.S.**  
**(Medium General Service)**

**AVAILABILITY OF SERVICE.**

Available for general service to customers with average monthly demands greater than 10 KW or maximum monthly demands greater than 15 KW, but not more than 100 KW (excluding the demand served by the Load Management Time-of-Day provision). (T)

Existing customers not meeting the above criteria will be permitted to continue service under present conditions only for continuous service at the premises occupied on or prior to December 5, 1984.

**RATE.**

Tariff Code	Secondary		Service Voltage Primary		Subtransmission		
	215, 216, 218		217, 220		236		
Service Charge per Month	<del>\$ 10.80</del> \$13.50		<del>\$16.20</del> \$21.00		<del>\$119.00</del> \$153.00		(I)
Demand Charge per KW	<del>\$ 1.16</del> \$1.31		<del>\$ 1.16</del> \$1.28		<del>\$ 1.16</del> \$1.25		(I)
Energy Charge:							
KWH equal to 200 times KW of monthly billing demand	<del>5.736¢</del> 6.988¢		<del>5.179¢</del> 6.318¢		<del>4.703¢</del> 5.744¢		(I)
KWH in excess of 200 times KW of monthly billing demand	<del>4.768¢</del> 5.826¢		<del>4.521¢</del> 5.526¢		<del>4.251¢</del> 5.321¢		(I)

**RECREATIONAL LIGHTING SERVICE PROVISION.**

Available for service to customers with demands of 5 KW or greater and who own and maintain outdoor lighting facilities and associated equipment utilized at baseball diamonds, football stadiums, parks and other similar recreational areas. This service is available only during the hours between sunset and sunrise. Daytime use of energy under this rate is strictly forbidden except for the sole purpose of testing and maintaining the lighting system. All Terms and Conditions of Service applicable to Tariff M.G.S. customers will also apply to recreational lighting customers except for the Availability of Service.

**RATE.** (Tariff Code 214)

Service Charge .....	<del>\$10.80</del> \$13.50 per month	(I)
Energy Charge .....	<del>5.754¢</del> 6.519¢ per KWH	(I)

**MINIMUM CHARGE.**

This tariff is subject to a minimum charge equal to the sum of the service charge plus the demand charge multiplied by 6 KW. (T)

The minimum monthly charge for industrial and coal mining customers contracting for 3-phase service after October 1, 1959 shall be \$4.82 \$5.46 per KW of monthly billing demand, subject to adjustment as determined under the fuel adjustment clause, system sales clause, demand-side management clause, the environmental surcharge, the net merger savings credit, the capacity charges, plus the service charge. (I)

**FUEL ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a Fuel Adjustment Factor per KWH calculated in compliance with the Fuel Adjustment Clause contained in Sheet Nos. 5-1 and 5-2 of this Tariff Schedule.

**SYSTEM SALES CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a System Sales Factor per KWH calculated in compliance with the System Sales Clause contained in Sheet Nos. 19-1 and 19-2 of this Tariff Schedule.

**DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a Demand-Side Management Adjustment Clause Factor per KWH calculated in compliance with the Demand-Side Management Adjustment Clause contained in Sheet Nos. 22-1 and 22-2 of this Tariff Schedule, unless the customer is an industrial who has elected to opt-out in accordance with the terms pursuant to the Commission's Order in Case No. 95-427.

(Cont'd. On Sheet No. 8-2)

DATE OF ISSUE February 17, 2006 DATE OF EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR REGULATORY AFFAIRS FRANKFORT, KENTUCKY  
 NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

**TARIFF M.G.S. (Cont'd.)  
(Medium General Service)**

**ENVIRONMENTAL SURCHARGE.**

Bills computed according to the rates set forth herein will be increased or decreased by an Environmental Surcharge Adjustment based on a percent of revenue in compliance with the Environmental Surcharge contained in Sheet Nos. 29-1 through 29-5 of this Tariff Schedule.

**NET MERGER SAVINGS CREDIT.**

Bills computed according to the rates set forth herein will be decreased by a Net Merger Savings Credit Factor per KWH calculated in compliance with the Net Merger Savings Credit contained in Sheet No. 23-1 of this Tariff Schedule.

**CAPACITY CHARGE.**

Bills computed according to the rate set forth herein will be increased by a Capacity Charge Factor per KWH calculated in compliance with the Capacity Charge Tariff contained in Sheet No. 28-1 of this Tariff Schedule.

**DELAYED PAYMENT CHARGE.**

This tariff is net if account is paid in full within 15 days of date of bill. On all accounts not so paid, an additional charge of 5% of the unpaid balance will be made.

**METERED VOLTAGE.**

The rates set forth in this tariff are based upon the delivery and measurements of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses or the application of multipliers to the metered quantities. In such cases, the metered KWH and KW values will be adjusted for billing purposes. If the Company elects to adjust KWH and KW based on multipliers, the adjustment shall be in accordance with the following:

- (1) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.
- (2) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

**MONTHLY BILLING DEMAND.**

Energy supplied hereunder will be delivered through not more than one single phase and/or polyphase meter. Customer's demand will be taken monthly to be the highest registration of a 15-minute integrating demand meter or indicator, or the highest registration of a thermal type demand meter. The minimum monthly billing demand shall not be less than (a) the minimum billing demand of 6 KW, or (b) 60% of the greater of (1) the customer's contract capacity in excess of 100 KW or (2) the customer's highest previously established monthly billing demand during the past 11 months in excess of 100 KW.

**LOAD MANAGEMENT TIME-OF-DAY PROVISION.** (Tariff Codes 223, 224)

Available to customers who use energy storage devices with time-differentiated load characteristics approved by the Company which consume electrical energy only during off-peak hours specified by the Company and store energy for use during on-peak hours, and who desire to receive service under this provision for their total requirements.

Customers who desire to separately wire their load management load to a time-of-day meter and their general-use load to a standard meter shall receive service for both under the appropriate provision of this tariff.

(Cont'd. On Sheet 8-3)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

(T)

**TARIFF M.G.S (Cont'd)  
(Medium General Service)**

**RATE.**

Service Charge .....	\$ 3.00 per month	
Energy Charge:		
All KWH used during on-peak billing period .....	<del>8.60¢</del> 11.391¢ per KWH	( I )
All KWH used during off-peak billing period .....	<del>3.059¢</del> 2.781¢ per KWH	( D )

For the purpose of this tariff, the on-peak billing period is defined as 7:00 A.M. to 9:00 P.M. for all weekdays, Monday through Friday. The off-peak billing period is defined as 9:00 P.M. to 7:00 A.M. for all weekdays and all hours of Saturday and Sunday.

**TERM OF CONTRACT.**

Contracts under this tariff will be required of customers with normal maximum demands of ~~400~~ 500 KW or greater. Contracts under this tariff will be made for an initial period of not less than 1 year and shall remain in effect thereafter until either party shall give at least 6 months' written notice to the other of the intention to terminate the contract. The Company will have the right to make contracts for periods of longer than 1 year and to require contracts for Customers with normal maximum demands of less than ~~400~~ 500 KW.

**SPECIAL TERMS AND CONDITIONS.**

This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is also available to Customers having other source of energy supply but who desire to purchase standby or back-up electric service from the Company. Where such conditions exist the Customer shall contract for the maximum demand in KW which the Company might be required to furnish, but no less than 10 KW. The Company shall not be obligated to supply demands in excess of that contracted for. Where service is supplied under the provisions of this paragraph, the billing demand each month shall be the highest determined for the current and previous two billing periods, and the minimum charge shall be as set forth under paragraph "Minimum Charge" above.

This tariff is available for resale service to mining and industrial customers who furnish service to customer-owned camps or villages where living quarters are rented to employees and where the Customer purchases power at a single point of both their power and camp requirements.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP I or II or by special agreement with the Company.

(Cont'd on Sheet 8-4)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

KENTUCKY POWER COMPANY

Original Sheet No. 8-4  
Canceling \_\_\_\_\_ Sheet No. 8-4

P.S.C. ELECTRIC NO. 8

**TARIFF M.G.S.-T.O.D.**  
**(Medium General Service Time-of-Day)**

**AVAILABILITY OF SERVICE.**

Available for general service to customers with normal maximum demands greater than 10 KW but not more than 100 KW. Availability is limited to the first 500 customers applying for service under this tariff.

**RATE.** (Tariff Code 229, 230)

Service Charge .....	\$ 11.60	\$14.30 per month	(I)
Energy Charge:			(I)
All KWH used during on-peak billing period .....	8.60¢	11.391¢ per KWH	(I)
All KWH used during off-peak billing period .....	3.059¢	2.781¢ per KWH	(I)

For the purpose of this tariff, the on-peak billing period is defined as 7:00 A.M. to 9:00 P.M. for all weekdays, Monday through Friday. The off-peak billing period is defined as 9:00 P.M. to 7:00 A.M. for all weekdays and all hours of Saturday and Sunday.

**MINIMUM CHARGE.**

This tariff is subject to a minimum monthly charge equal to the Service Charge.

**FUEL ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a Fuel Adjustment Factor per KWH calculated in compliance with the Fuel Adjustment Clause contained in Sheet Nos. 5-1 and 5-2 of this Tariff Schedule.

**SYSTEM SALES CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a System Sales Factor per KWH calculated in compliance with the System Sales Clause contained in Sheet Nos. 19-1 and 19-2 of this Tariff Schedule.

**DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased by a Demand-Side Management Adjustment Clause Factor per KWH calculated in compliance with the Demand-Side Management Adjustment Clause contained in Sheet Nos. 22-1 and 22-2 of this Tariff Schedule, unless the customer is an industrial who has elected to opt-out in accordance with the terms pursuant to the Commission's Order in Case No. 95-427.

**ENVIRONMENTAL SURCHARGE.**

Bills computed according to the rates set forth herein will be increased or decreased by an Environmental Surcharge Adjustment based on a percent of revenue in compliance with the Environmental Surcharge contained in Sheet Nos. 29-1 through 29-5 of this Tariff Schedule.

**NET MERGER SAVINGS CREDIT.**

Bills computed according to the rates set forth herein will be decreased by a Net Merger Savings Credit Factor per KWH calculated in compliance with the Net Merger Savings Credit contained in Sheet No. 23-1 of this Tariff Schedule.

**CAPACITY CHARGE**

Bills computed according to the rates set forth herein will be increased by a Capacity Charge Factor per KWH calculated in compliance with the Capacity Charge Tariff contained in Sheet No. 28-1 of this Tariff Schedule.

(Cont'd on Sheet 8-5)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

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Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

KENTUCKY POWER COMPANY

Original Sheet No. 8-5  
Canceling \_\_\_\_\_ Sheet No. 8-5

P.S.C. ELECTRIC NO. 8

**TARIFF M.G.S.-T.O.D. (Cont'd)**  
**(Medium General Service Time-of-Day)**

**DELAYED PAYMENT CHARGE.**

This tariff is net if account is paid in full within 15 days of date of bill. On all accounts not so paid, an additional charge of 5% of the unpaid balance will be made.

**SPECIAL TERMS AND CONDITIONS.**

This tariff is subject to the Company's Terms and Conditions of Service

Customers with PURPA Section 210 qualifying cogeneration and/or small power productions facilities shall take service under Tariff COGEN/SPP I or by special agreement with the Company.

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service commission I Case No. 2005-00341 dated March , 2006

**TARIFF L.G.S.  
 (Large General Service)**

**AVAILABILITY OF SERVICE.**

Available for general service to customers with normal maximum demands greater than 100 KW but not more than 1,000 KW (excluding the demand served by the Load Management Time-of-Day provision).

Existing customers not meeting the above criteria will be permitted to continue service under present conditions only for continuous service at the premises occupied on or prior to December 5, 1984.

**RATE.**

Tariff Code	Service Voltage			
	Secondary	Primary	Subtransmission	Transmission
Service Charge per Month	240, 242 \$ 85.00	244, 246 \$127.50	248 \$535.50	250 \$535.50
Demand Charge per KW	<del>\$ 2.97</del> \$3.45	<del>\$ 2.97</del> \$3.36	<del>\$ 2.97</del> \$3.30	\$3.24
Excess Reactive Charge per KVA	\$ 2.97	\$ 2.97	\$ 2.97	\$2.97
Energy Charge per KWH	<del>4.078¢</del> 5.120¢	<del>3.419¢</del> 4.415¢	<del>2.890¢</del> 3.350¢	2.965¢

( I )  
 ( I )

**MINIMUM CHARGE.**

Bills computed under the above rate are subject to a monthly minimum charge comprised of the sum of the service charge and the minimum demand charge. The minimum demand charge is the product of the demand charge per KW and the monthly billing demand.

( T )

**FUEL ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a Fuel Adjustment Factor per KWH calculated in compliance with the Fuel Adjustment Clause contained in Sheet Nos. 5-1 and 5-2 of this Tariff Schedule.

**SYSTEM SALES CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a System Sales Factor per KWH calculated in compliance with the System Sales Clause contained in Sheet Nos. 19-1 and 19-2 of this Tariff Schedule.

**DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by an Demand-Side Management Adjustment Clause Factor per KWH calculated in compliance with the Demand-Side Management Adjustment Clause contained in Sheet Nos. 22-1 and 22-2 of this Tariff Schedule, unless the customer is an industrial who has elected to opt-out in accordance with the terms pursuant to the Commission's Order in Case No. 95-427.

**ENVIRONMENTAL SURCHARGE.**

Bills computed according to the rates set forth herein will be increased or decreased by an Environmental Surcharge Adjustment based on a percent of revenue in compliance with the Environmental Surcharge contained in Sheet Nos. 29-1 through 29-5 of this Tariff Schedule.

**NET MERGER SAVINGS CREDIT.**

Bills computed according to the rates set forth herein will be decreased by a Net Merger Savings Credit Factor per KWH calculated in compliance with the Net Merger Savings Credit contained in Sheet No. 23-1 of this Tariff Schedule.

**CAPACITY CHARGE.**

Bills computed according to the rates set forth herein will be increased by a Capacity Charge Factor per KWH calculated in compliance with the Capacity Charge Tariff contained in Sheet No. 28-1 of this Tariff Schedule.

( T )

(Cont'd. On Sheet No. 9-2)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

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**TARIFF L.G.S. (Cont'd.)  
(Large General Service)**

**DELAYED PAYMENT CHARGE.**

This tariff is net if account is paid in full within 15 days of date of bill. On all accounts not so paid, an additional charge of 5% of the unpaid balance will be made.

**METERED VOLTAGE.**

The rates set forth in this tariff are based upon the delivery and measurement of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses or the application of multipliers to the metered quantities. In such cases, the metered KWH and KW values will be adjusted for billing purposes. If the Company elects to adjust KWH and KW based on multipliers, the adjustment shall be in accordance with the following:

- (1) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.
- (2) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

**MONTHLY BILLING DEMAND.**

Billing demand in KW shall be taken each month as the highest 15-minute integrated peak in kilowatts as registered during the month by a 15-minute integrating demand meter or indicator, or at the Company's option as the highest registration of a thermal type demand meter or indicator. The monthly billing demand so established shall in no event be less than 60% of the greater of (a) the customer's contract capacity or (b) the customer's highest previously established monthly billing demand during the past 11 months.

**DETERMINATION OF EXCESS KILOVOLT-AMPERE (KVA) DEMAND**

The maximum KVA demand shall be determined by the use of a multiplier equal to the reciprocal of the average power factor recorded during the billing month, leading or lagging, applied to the metered demand. The excess KVA demand, if any, shall be the amount by which the maximum KVA demand established during the billing period exceeds 115% of the kilowatts of metered demand.

**LOAD MANAGEMENT TIME-OF-DAY PROVISION.**

Available to customers who use energy storage devices with time-differentiated load characteristics approved by the Company which consume electrical energy only during off-peak hours specified by the Company and store energy for use during on-peak hours, and who desire to receive service under this provision for their total requirements.

Customers who desire to separately wire their load management load to a time-of-day meter and their general-use load to a standard meter shall receive service for both under the appropriate provision of this tariff.

**RATE.** (Tariff Code 251)

Service Charge .....	\$81.80	per month
Energy Charge:		
All KWH used during on-peak billing period .....	<del>7.226¢</del>	9.592¢ per KWH
All KWH used during off-peak billing period .....	<del>2.414¢</del>	2.753¢ per KWH

For the purpose of this tariff, the on-peak billing period is defined as 7:00 A.M. to 9:00 P.M. for all weekdays, Monday through Friday. The off-peak billing period is defined as 9:00 P.M. to 7:00 A.M. for all weekdays and all hours of Saturday and Sunday.

(Cont'd. On Sheet No. 9-3)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

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**TARIFF L.G.S. (Cont'd)**  
**(Large General Service)**

**TERM OF CONTRACT.**

Contracts under this tariff will be made for customers requiring a normal maximum monthly demand between 500 KW and 1,000 KW and be made for an initial period of not less than 1 year and shall remain in effect thereafter until either party shall give at least 6 months written notice to the other of the intention to terminate the contract. The Company reserves the right to require initial contracts or periods greater than 1 year. For customers with demands less than 500 KW, a contract may, at the Company's option, be required. (T)

Where new Company facilities are required, the Company reserves the right to require initial contracts for periods greater than one year for all customers served under this tariff.

A new initial contract period will not be required for existing customers who change their contract requirements after the original initial period unless new or additional facilities are required.

**CONTRACT CAPACITY.**

The Customer shall set forth the amount of capacity contracted for (the "contract capacity") in an amount up to 1,000 KW. Contracts will be made in multiples of 25 KW. The Company is not required to supply capacity in excess of such contract capacity except with express written consent of the Company. (T)

**SPECIAL TERMS AND CONDITIONS.**

This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is also available to Customers having other sources of energy supply but who desire to purchase standby or back-up electric service from the Company. Where such conditions exist the customer shall contract for the maximum amount of demand in KW, which the Company might be required to furnish, but not less than 100 KW nor more than 1,000 KW. The Company shall not be obligated to supply demands in excess of the contract capacity. Where service is supplied under the provisions of this paragraph, the billing demand each month shall be the highest determined for the current and previous two billings periods, and the minimum charge shall be as set forth under paragraph "Minimum Charge" above. (T)

This tariff is available for resale service to mining and industrial customers who furnish service to customer-owned camps or villages where living quarters are rented to employees and where the customer purchases power at a single point for both his power and camp requirements.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP I or II or by special agreement with the Company.

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**TARIFF Q.P.**  
**(Quantity Power)**

**AVAILABILITY OF SERVICE**

Available for commercial and industrial customers with demands less than 7,500 KW. Customers shall contract for a definite amount of electrical capacity in kilowatts, which shall be sufficient to meet normal maximum requirements, but in no case shall the contract capacity be less than 1,000 KW.

**RATE**

	Secondary	Primary	Service Voltage Subtransmission	Transmission	
Tariff Code	356	358	359	360	
Service Charge per month	\$ 276.00	\$ 276.00	\$ 662.00	\$1,353.00	
Demand Charge per KW					
Of monthly on-peak billing demand	\$13.28	<del>\$ 9.29</del> \$11.53	<del>\$ 8.51</del> \$8.81	<del>\$ 7.88</del> \$7.47	(I)(D)
Of monthly off-peak excess billing demand	\$4.79	<del>\$ 0.90</del> \$3.31	<del>\$ 0.86</del> \$0.88	<del>\$ 0.85</del> \$0.77	(I)(D)
Energy Charge per KWH	2.096¢	<del>1.726¢</del> 2.044¢	<del>1.677¢</del> 2.012¢	<del>1.661¢</del> 1.987¢	(I)

Reactive Demand Charge for each kilovar of maximum leading or lagging reactive demand in excess of 50 percent of the KW of monthly metered demand .....\$ ~~0.57~~ \$0.67/KVAR (I)

**MINIMUM CHARGE**

This tariff is subject to a minimum charge equal to the Service Charge plus the Demand Charge per KW multiplied by the billing demand.

**FUEL ADJUSTMENT CLAUSE**

Bills computed according to the rates set forth herein will be increased or decreased by a Fuel Adjustment Factor per KWH calculated in compliance with the Fuel Adjustment Clause contained in Sheet Nos. 5-1 and 5-2 of this Tariff Schedule.

**SYSTEM SALES CLAUSE**

Bills computed according to the rates set forth herein will be increased or decreased by a System Sales Factor per KWH calculated in compliance with the System Sales Clause contained in Sheet Nos. 19-1 and 19-2 of this Tariff Schedule.

**DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE**

Bills computed according to the rates set forth herein will be increased or decreased by a Demand-Side Management Adjustment Clause Factor per KWH calculated in compliance with the Demand-Side Management Adjustment Clause contained in Sheet Nos. 22-1 and 22-2 of this Tariff Schedule, unless the customer is an industrial who has elected to opt-out in accordance with the terms pursuant to the Commission's Order in Case No. 95-427.

**ENVIRONMENTAL SURCHARGE**

Bills computed according to the rates set forth herein will be increased or decreased by an Surcharge Adjustment based on a percent of revenue in compliance with the Surcharge contained in Sheet Nos. 29-1 through 29-5 of this Tariff Schedule.

**NET MERGER SAVINGS CREDIT**

Bills computed according to the rates set forth herein will be decreased by a Net Merger Savings Credit Factor per KWH calculated in compliance with the Net Merger Savings Credit contained in Sheet No. 23-1 of this Tariff Schedule.

**CAPACITY CHARGE**

Bills computed according to the rates set forth herein will be increased by a Capacity Charge Factor per KWH calculated in compliance with the Capacity Charge Tariff contained in Sheet No. 28-1 of this Tariff Schedule. (T)

(Cont'd. On Sheet No. 10-2)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

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**TARIFF Q.P. (Cont'd.)  
(Quantity Power)**

**DELAYED PAYMENT CHARGE.**

This tariff is net if account is paid in full within 15 days of date of bill. On all accounts not so paid, an additional charge of 5% of the unpaid balance will be made.

**METERED VOLTAGE.**

The rates set forth in this tariff are based upon the delivery and measurement of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses or the application of multipliers to the metered quantities. In such cases, the metered KWH and KVA values will be adjusted for billing purposes. If the Company elects to adjust KWH and KW based on multipliers, the adjustment shall be in accordance with the following:

- (1) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.
- (2) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

**MONTHLY BILLING DEMAND.**

The on-peak billing demand in KW shall be taken each month as the single highest 15-minute integrated peak in KW as registered during the month by a demand meter or indicator, or, at the Company's option, as the highest registration of a thermal type demand meter or indicator, but the monthly on-peak billing demand so established shall in no event be less than 60% of the greater of (a) the Customer's contract capacity set forth on the contract for electric service or (b) the customer's highest previously established monthly billing demand during the past 11 months.

Off-peak excess billing demand in any month shall be the amount of KW by which the off-peak billing demand exceeds the on-peak billing demand for the month.

The reactive demand in KVARs shall be taken each month as the highest single 15-minute integrated peak in KVARs as registered during the month by a demand meter or indicator, or, at the Company's option, as the highest registration of a thermal type demand meter or indicator.

For the purpose of this provision, the on-peak billing period is defined as 7:00 A.M. to 9:00 P.M., Monday through Friday. The off-peak billing period is defined as 9:00 P.M. to 7:00 A.M. for all weekdays and all hours of Saturday and Sunday.

**TERM OF CONTRACT.**

Contracts under this tariff will be made for an initial period of not less than two years and shall remain in effect thereafter until either party shall give at least 12 months' written notice to the other of the intention to terminate the contract. The Company reserves the right to require initial contracts for periods greater than two years.

A new initial contract period will not be required for existing customers who change their contract requirements after the original initial period unless new or additional facilities are required.

(Cont'd on Sheet No. 10-3)

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**TARIFF Q.P. (Cont'd)**  
**(Quantity Power)**

**CONTRACT CAPACITY**

The Customer shall set forth the amount of capacity contracted for ("the contract capacity") in an amount equal to or greater than 1,000 KW but less than 7,500 KW; in multiples of 100 KW. The Company is not required to supply capacity in excess of such contract capacity except with express written consent of the Company.

(T)

**SPECIAL TERMS AND CONDITIONS.**

This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is available for resale service to mining and industrial Customer who furnish service to Customer-owned camps or villages where living quarters are rented to employees and where the Customer purchases power at a single point for both the power and camp requirements.

(T)

This tariff is also available to Customer having other sources of energy supply, but who desire to purchase standby or back-up electric s service from the Company. Where such conditions exist the Customer shall contract for the maximum amount of demand in KW which the Company might be required to furnish, but not less than 1,000 KW nor more than 7,500 KW. The Company shall not be obligated to supply demands in excess of that contracted capacity. Where service is supplied under the provisions of this paragraph, the billing demand each month shall be the highest determined for the current and previous two billing periods, and the minimum charge shall be as set forth under paragraph ""Minimum Charge" above.

(T)

A Customer's plant is considered as one or more buildings, which are served by a single electrical distribution system provided and operated by the Customer. When the size of the Customer's load necessitates the delivery of energy to the Customer's plant over more than one circuit, the Company may elect to connect its circuits to different points on the Customer's system irrespective of contrary provisions in Terms and Conditions of Service.

Customer with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP II or by special agreement with the Company.

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**TARIFF C.I.P. - T.O.D.**  
**(Commercial and Industrial Power - Time-of-Day)**

**AVAILABILITY OF SERVICE.**

Available for commercial and industrial KWHs with normal maximum demands of 7,500 KW and above. KWHs shall contract for a definite amount of electrical capacity in kilowatts which shall be sufficient to meet normal maximum requirements, but in no case shall the capacity contracted for be less than 7,500 KW.

**RATE.**

	<u>Service Voltage</u>		
	<u>Primary</u>	<u>Subtransmission</u>	<u>Transmission</u>
Tariff Code	370	371	372
Service Charge per Month	\$ 276.00	\$ 662.00	\$ 1,353.00
Demand Charge per KW			
On-peak	<del>\$ 8.60</del> \$13.79	<del>\$ 7.89</del> \$10.83	<del>\$ 7.34</del> \$9.35
Off-peak	<del>\$ 2.02</del> \$3.68	<del>\$ 1.23</del> \$ 0.98	<del>\$ 1.05</del> \$0.84
Energy Charge per KWH	<del>1.726¢</del> \$1.685¢	<del>1.677¢</del> 1.660¢	<del>1.661¢</del> 1.640¢

Reactive Demand Charge for each kilovar of maximum leading or lagging reactive demand in excess of 50 percent of the KW of monthly metered demand ..... \$ ~~0.60~~ \$0.67/KVAR

For the purpose of this tariff, the on-peak billing period is defined as 7:00 AM to 9:00 PM for all weekdays, Monday through Friday. The off-peak billing period is defined as 9:00 PM to 7:00 AM for all weekdays and all hours of Saturday and Sunday.

**MINIMUM DEMAND CHARGE.**

The minimum demand charge shall be equal to the minimum billing demand times the following minimum demand rates:

<u>Primary</u>	<u>Subtransmission</u>	<u>Transmission</u>
<del>\$9.89/KW</del> \$14.79/KW	<del>\$ 8.99/KW</del> \$11.80/KW	<del>\$ 8.32/KW</del> \$10.32/KW

The minimum demand shall be the greater of 60% of the contract capacity set forth on the contract for electric service or 60% of the highest billing demand, on-peak or off-peak, recorded during the previous eleven months.

**MINIMUM CHARGE.**

This tariff is subject to a minimum charge equal to the Service Charge plus the Minimum Demand Charge.

**FUEL ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a Fuel Adjustment Factor per KWH calculated in compliance with the Fuel Adjustment Clause contained in Sheet Nos. 5-1 and 5-2 of this Tariff Schedule.

**SYSTEM SALES CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a System Sales Factor per KWH calculated in compliance with the System Sales Clause contained in Sheet Nos. 19-1 and 19-2 of this Tariff Schedule.

**DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or by a Demand-Side Management Adjustment Clause Factor per KWH calculated in compliance with the Demand-Side Management Adjustment Clause contained in Sheet Nos. 22-1 and 22-2 of this Tariff Schedule, unless the KWH is an industrial who has elected to opt-out in accordance with the terms pursuant to the Commission's Order in Case No. 95-427.

(Cont'd. On Sheet No. 11-2)

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**TARIFF C.I.P. - T.O.D. (Cont'd.)**  
**(Commercial and Industrial Power - Time-of-Day)**

**ENVIRONMENTAL SURCHARGE.**

Bills computed according to the rates set forth herein will be increased or decreased by an Environmental Surcharge adjustment based on a percent of revenue in compliance with the Environmental Surcharge contained in Sheet Nos. 29-1 through 29-5 of this Tariff Schedule.

**NET MERGER SAVINGS CREDIT.**

Bills computed according to the rates set forth herein will be decreased by a Net Merger Savings Credit Factor per KWH calculated in compliance with the Net Merger Savings Credit contained in Sheet No. 23-1 of this Tariff Schedule.

**CAPACITY CHARGE.**

Bills computed according to the rates set forth herein will be increased by a Capacity Charge Factor per KWH calculated in compliance with the Capacity Charge Tariff contained in Sheet No. 28-1 of this Tariff Schedule.

**DELAYED PAYMENT CHARGE.**

This tariff is net if account is paid in full within 15 days of date of bill. On all accounts not so paid, an additional charge of 5% of the unpaid balance will be made.

**METERED VOLTAGE.**

The rates set forth in this tariff are based upon the delivery and measurement of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses or the application of multipliers to the metered quantities. In such cases, the metered KWH and KVA values will be adjusted for billing purposes. If the Company elects to adjust KWH and KW based on multipliers, the adjustment shall be in accordance with the following:

- (1) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.
- (2) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

**MONTHLY BILLING DEMAND.**

The monthly on-peak and off-peak billing demands in KW shall be taken each month as the highest single 15-minute integrated peak in KW as registered by a demand meter during the on-peak and off-peak billing periods, respectively.

The reactive demand in KVARs shall be taken each month as the highest single 15-minute integrated peak in KVAR's as registered during the month by the demand meter or indicator, or, at the Company's option, as the highest registration of a thermal type demand meter or indicator.

(Cont'd on Sheet 11-3)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E. K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

(T)

**TARIFF C.I.P. – T.O.D. (Cont'd)**  
**(Commercial and Industrial Power – Time-of-Day)**

**TERM OF CONTRACT.**

Contracts under this tariff will be made for an initial period of not less than two years and shall remain in effect thereafter until either party shall give at least 12 months' written notice to the other of the intention to terminate the contract. The Company reserves the right to require initial contracts for periods greater than two years.

A new initial contract period will not be required for existing customers who change their contract requirements after the original initial period unless new or additional facilities are required.

**CONTRACT CAPACITY.**

The Customer shall set forth the amount of capacity contracted for (the "contract capacity") in an amount equal to or greater than 7,500 KW, in multiples of 100KW. The Company is not required to supply capacity in excess of such contract capacity except with express written consent of the Company.

**SPECIAL TERMS AND CONDITIONS.**

This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is also available to customers having other sources of energy supply, but who desire to purchase standby or back-up electric service from the Company. Where such conditions exist the customer shall contract for the maximum amount of demand in KW which the Company might be required to furnish, but not less than 7,500 KW. The Company shall not be obligated to supply demands in excess of the contract for capacity. Where service is supplied under the provisions of this paragraph, the billing demand each month shall be the highest determined for the current and previous two billing periods, and the minimum charge shall be as set forth under paragraph "Minimum Charge" above.

A customer's plant is considered as one or more buildings, which are served by a single electrical distribution system provided and operated by customer. When the size of the customer's load necessitates the delivery of energy to the customer's plant over more than one circuit, the Company may elect to connect its circuits to different points on the customer's system irrespective of contrary provisions in Terms and Conditions of Service.

This tariff is available for resale service to mining and industrial customers who furnish service to customer-owned camps or villages where living quarters are rented to employees and where the customer purchases power at a single point for both his power and camp requirements.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP II or by special agreement with the Company.

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006



**TARIFF C.S.-I.R.P.  
(Contract Service - Interruptible Power)**

**AVAILABILITY OF SERVICE.**

Available for service to customers operating at subtransmission voltage or higher who contract for service under one of the Company's interruptible service options. The Company reserves the right to limit the total contract capacity for all customers served under this Tariff to 60,000 kW.

Loads of new customers locating within the Company's service area or load expansions by existing customers may be offered interruptible service as part of an economic development incentive. Such interruptible service shall not be counted toward the limitation on total interruptible power contract capacity, as specified above, and will not result in a change to the limitation on total interruptible power contract capacity.

**CONDITIONS OF SERVICE.**

The Company will offer eligible customers the option to receive service from a menu of interruptible power options pursuant to a contract agreed to by the Company and the Customer.

Upon receipt of a request from the Customer for interruptible service, the Company will provide the Customer with a written offer containing the rates and related terms and conditions of service under which such service will be provided by the Company. If the parties reach an agreement based upon the offer provided to the Customer by the Company, such written contract will be filed with the Commission. The contract shall provide full disclosure of all rates, terms and conditions of service under this Tariff, and any and all agreements related thereto, subject to the designation of the terms and conditions of the contract as confidential, as set forth herein.

The Customer shall provide reasonable evidence to the Company that the Customer's electric service can be interrupted in accordance with the provisions of the written agreement including, but not limited to, the specific steps to be taken and equipment to be curtailed upon a request for interruption.

The Customer shall contract for capacity sufficient to meet normal maximum interruptible power requirements, but in no event will the interruptible amount contracted for be less than 5,000 kW at any delivery point.

**RATE.** (Tariff Code 321)

Charges for service under this Tariff will be set forth in the written agreement between the Company and the Customer and will reflect a difference from the firm service rates otherwise available to the Customer.

**FUEL ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a Fuel Adjustment Factor per KWH calculated in compliance with the Fuel Adjustment Clause contained in Sheet Nos. 5-1 and 5-2 of this Tariff Schedule.

**SYSTEM SALES CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a System Sales Factor per KWH calculated in compliance with the System Sales Clause contained in Sheet Nos. 19-1 and 19-2 of this Tariff Schedule.

(Cont'd. On Sheet No. 12-2)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

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**TARIFF C.S.-I.R.P.  
(Contract Service - Interruptible Power) (Cont'd.)**

**DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by an Demand-Side Management Adjustment Clause Factor per KWH calculated in compliance with the Demand-Side Management Adjustment Clause contained in Sheet Nos. 22-1 and 22-2 of this Tariff Schedule, unless the Customer is an industrial who has elected to opt-out in accordance with the terms pursuant to the Commission's Order in Case No. 95-427.

**ENVIRONMENTAL SURCHARGE.**

Bills computed according to the rates set forth herein will be increased or decreased by an Environmental Surcharge Adjustment based on a percent of revenue in compliance with the Environmental Surcharge contained in Sheet Nos. 29-1 through 29-5 of this Tariff Schedule.

**NET MERGER SAVINGS CREDIT**

Bills computed according to the rates set forth herein will be decreased by a Net Merger Savings Credit Factor per KWH calculated in compliance with the Net Merger Savings Credit contained in Sheet No. 23-1 of this Tariff Schedule.

**CAPACITY CHARGE.**

Bills computed according to the rate set forth herein will be increased by a Capacity Charge Factor per KWH calculated in compliance with the Capacity Charge Tariff contained in Sheet No. 28-1 of this Tariff Schedule.

**DELAYED PAYMENT CHARGE.**

This tariff is net if account is paid in full within 15 days of date of bill. On all accounts not so paid, an additional charge of 5% of the unpaid balance will be made.

**TERM OF CONTRACT**

The length of the agreement and the terms and conditions of service will be stated in the agreement between the Company and the Customer.

**CONFIDENTIALITY**

All terms and conditions of any written contract under this Tariff shall be protected from disclosure as confidential, proprietary trade secrets, if either the Customer or the Company requests a Commission determination of confidentiality pursuant to 807KAR 5:001, Section 7 and the request is granted.

(Cont'd. On Sheet No. 12-3)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

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NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

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**TARIFF C.S.-I.R.P.**  
**(Contract Service - Interruptible Power) (Cont'd.)**

**SPECIAL TERMS AND CONDITIONS**

Except as otherwise provided in the written agreement, this Tariff is subject to the Company's Terms and Conditions of Service.

A Customer's plant is considered as one or more buildings, which are served by a single electrical distribution system provided and operated by the Customer. When the size of the Customer's load necessitates the delivery of energy to the Customer's plant over more than one circuit, the Company may elect to connect its circuits to different points on the Customer's system irrespective of contrary provisions in Terms and Conditions of Service.

This tariff is also available to Customers having other sources of energy supply, but who desire to purchase standby or back-up electric service from the Company. Where such conditions exist, the Customer shall contract for the maximum amount of demand in KW, which the Company might be required to furnish, but not less than 5,000 KW.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP II or by special agreement with the Company.

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

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Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

**TARIFF M.W.**  
**(Municipal Waterworks)**

**AVAILABILITY OF SERVICE.**

Available only to incorporated cities and towns and authorized water districts and to utility companies operating under the jurisdiction of Public Service Commission of Kentucky for the supply of electric energy to waterworks systems and sewage disposal systems served under this tariff on September 1, 1982, and only for continuous service at the premises occupied by the Customer on this date. If service hereunder is discontinued, it shall not again be available.

Customer shall contract with the Company for a reservation in capacity in kilovolt-amperes sufficient to meet with the maximum load, which the Company may be required to furnish.

**RATE.** (Tariff Code 540)

Service Charge .....	\$22.90	per month
Energy Charge:		
All KWH Used Per Month .....	<del>4.658¢</del> 5.677¢	per KWH

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**MINIMUM CHARGE.**

This tariff is subject to a minimum monthly charge equal to the sum of the service charge plus ~~\$2.05~~ \$3.65 per KVA as determined from customer's total connected load. The minimum monthly charge shall be subject to adjustments as determined under the Fuel Adjustment Clause.

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**FUEL ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a Fuel Adjustment Factor per KWH calculated in compliance with the Fuel Adjustment Clause contained in Sheet Nos. 5-1 and 5-2 of this Tariff Schedule.

**SYSTEM SALES CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a System Sales Factor per KWH calculated in compliance with the System Sales Clause contained in Sheet Nos. 19-1 and 19-2 of this Tariff Schedule.

**DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by an Demand-Side Management Adjustment Clause Factor per KWH calculated in compliance with the Demand-Side Management Adjustment Clause contained in Sheet Nos. 22-1 and 22-2 of this Tariff Schedule, unless the customer is an industrial who has elected to opt-out in accordance with the terms pursuant to the Commission's Order in Case No. 95-427.

**ENVIRONMENTAL SURCHARGE.**

Bills computed according to the rates set forth herein will be increased or decreased by an Environmental Surcharge Adjustment based on a percent of revenue in compliance with the Environmental Surcharge contained in Sheet Nos. 29-1 through 29-5 of this Tariff Schedule.

**NET MERGER SAVINGS CREDIT.**

Bills computed according to the rates set forth herein will be decreased by a Net Merger Savings Credit Factor per KWH calculated in compliance with the Net Merger Savings Credit contained in Sheet No. 23-1 of this Tariff Schedule.

**CAPACITY CHARGE.**

Bills computed according to the rates set forth herein will be increased by a Capacity Charge Factor per KWH calculated in compliance with the Capacity Charge Tariff contained in Sheet No. 28-1 of this Tariff Schedule.

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(Cont'd On Sheet No. 13-2)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
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Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

**TARIFF M.W. (Cont'd)**  
**(Municipal Waterworks)**

**PAYMENT.**

Bills will be rendered monthly and will be due and payable on or before the 15th day from the date bills are mailed.

**TERM OF CONTRACT.**

Contracts under this tariff will be made for not less than 1 year with self-renewal provisions for successive periods of 1 year each until either party shall give at least 60 days' written notice to the other of the intention to discontinue at the end of any yearly period. The Company will have the right to require contracts for periods of longer than 1 year.

**SPECIAL TERMS AND CONDITIONS.**

This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is not available to customers having other sources of energy supply.

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**TARIFF O.L.  
 (Outdoor Lighting)**

**AVAILABILITY OF SERVICE.**

Available for outdoor lighting to individual customers in locations where municipal street lighting is not applicable.

**RATE.**

**A. OVERHEAD LIGHTING SERVICE**

Tariff  
Code

	1.	High Pressure Sodium			
094		100 watts ( 9,500 Lumens) .....	\$	<del>5.22</del>	\$6.70 per lamp
113		150 watts ( 16,000 Lumens) .....	\$	<del>6.18</del>	\$7.50 per lamp
097		200 watts ( 22,000 Lumens) .....	\$	<del>7.89</del>	\$9.05 per lamp
098		400 watts ( 50,000 Lumens) .....	\$	<del>12.75</del>	\$14.35 per lamp
	2.	Mercury Vapor			
093*		175 watts ( 7,000 Lumens) .....	\$	<del>5.36</del>	\$6.95 per lamp
095*		400 watts ( 20,000 Lumens) .....	\$	<del>8.95</del>	\$11.60 per lamp

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Company will provide lamp, photo-electric relay control equipment, luminaries and upsweep arm not over six feet in length, and will mount same on an existing pole carrying secondary circuits.

**B. POST-TOP LIGHTING SERVICE**

Tariff  
Code

	1.	High Pressure Sodium			
111		100 watts (9,500 Lumens) .....	\$	<del>3.99</del>	\$10.05 per lamp
122		150 Watts (16,000 Lumens) .....	\$	<del>44.69</del>	\$16.45 per lamp
	2.	Mercury Vapor			
099*		175 watts (7,000 Lumens).....	\$	<del>6.24</del>	\$8.10 per lamp

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Company will provide lamp, photo-electric relay control equipment, luminaries, post, and installation including underground wiring for a distance of thirty feet from the Company's existing secondary circuits.

**C. FLOOD LIGHTING SERVICE**

Tariff  
Code

	1.	High Pressure Sodium			
107		200 watts (22,000 Lumens) .....	\$	<del>9.17</del>	\$10.30 per lamp
109		400 watts (50,000 Lumens).....	\$	<del>12.61</del>	\$14.10 per lamp
	2.	Metal Halide			
110		250 watts (20,500 Lumens) .....	\$	<del>14.37</del>	\$16.15 per lamp
116		400 watts (36,000 Lumens) .....	\$	<del>18.81</del>	\$21.05 per lamp
131		1000 watts (110,000 Lumens) .....	\$	<del>40.37</del>	\$45.20 per lamp

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Company will provide lamp, photoelectric relay control equipment, luminaries, mounting bracket, and mount same on an existing pole carrying secondary circuits.

\*These lamps are not available for new installations.

(Cont'd. on Sheet No. 14-2)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
 NAME TITLE ADDRESS

Issued by authority of an Order from the Public Service Commission in Case No. 2005-00341 dated March , 2006

**TARIFF O.L. (Cont'd.)  
 (Outdoor Lighting)**

**RATE. (Cont'd.)**

When new or additional facilities, other than those specified in Paragraphs A, B, and C, are to be installed by the Company, the customer in addition to the monthly charges, shall pay in advance the installation cost (labor and material) of such additional facilities extending from the nearest or most suitable pole of the Company to the point designated by the customer for the installation of said lamp, except that customer may, for the following facilities only, elect, in lieu of such payment of the installation cost to pay:

Wood pole.....	\$1.80	\$2.30 per month
Overhead wire span not over 150 feet.....	\$1.00	\$1.30 per month
Underground wire lateral not over 50 feet .....	\$5.35	

(Price includes pole riser and connections)

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**FUEL ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a Fuel Adjustment Factor per KWH calculated in compliance with the Fuel Adjustment Clause contained in Sheet Nos. 5-1 and 5-2 of this Tariff Schedule. The monthly kilowatt-hours for Fuel Adjustment Clause and the System Sales Clause computations are as follows:

	<u>METAL HALIDE</u>			<u>MERCURY VAPOR</u>		<u>HIGH PRESSURE SODIUM</u>			
	250 WATTS	400 WATTS	1000 WATTS	175 WATTS	400 WATTS	100 WATTS	150 WATTS	200 WATTS	400 WATTS
JAN	127	199	477	91	199	51	74	106	210
FEB	106	167	400	76	167	43	62	89	176
MAR	106	167	400	76	167	43	62	89	176
APR	90	142	340	65	142	36	53	76	150
MAY	81	127	304	58	127	32	47	68	134
JUNE	72	114	272	52	114	29	42	61	120
JULY	77	121	291	55	121	31	45	65	128
AUG	88	138	331	63	138	35	51	74	146
SEPT	96	152	363	69	152	39	57	81	160
OCT	113	178	427	81	178	45	66	95	188
NOV	119	188	449	86	188	48	70	100	198
DEC	129	203	486	92	203	52	75	108	214
TOTAL	1204	1896	4540	864	1896	484	704	1012	2000

**SYSTEM SALES CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a System Sales Factor per KWH calculated in compliance with the System Sales Clause contained in Sheet Nos. 19-1 and 19-2 of this Tariff Schedule.

**ENVIRONMENTAL SURCHARGE.**

Bills computed according to the rates set forth herein will be increased or decreased by an Environmental Surcharge Adjustment based on a percent of revenue in compliance with the Environmental Surcharge contained in Sheet Nos. 29-1 through 29-5 of this Tariff Schedule.

**NET MERGER SAVINGS CREDIT.**

Bills computed according to the rates set forth herein will be decreased by a Net Merger Savings Credit Factor per KWH calculated in compliance with the Net Merger Savings Credit contained in Sheet No. 23-1 of this Tariff Schedule.

(Cont'd. On Sheet No. 14-3)

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ISSUED BY E. K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
 NAME TITLE ADDRESS

KENTUCKY POWER COMPANY

Original Sheet No. 14-3  
Canceling \_\_\_\_\_ Sheet No. 14-3

P.S.C. ELECTRIC NO. 8

**TARIFF O.L. (Cont'd.)  
(Outdoor Lighting)**

**CAPACITY CHARGE.**

Bills computed according to the rates set forth herein will be increased by a Capacity Charge Factor per KWH calculated in compliance with the Capacity Charge Tariff contained in Sheet No. 28-1 of this Tariff Schedule.

**DELAYED PAYMENT CHARGE.**

A delayed payment charge on residential customer accounts will be applied pursuant to the delayed payment charge on Tariff R.S. On all accounts other than residential not paid in full within 15 days of date of bill an additional charge of 5% of the unpaid portion will be made.

**HOURS OF LIGHTING.**

All lamps shall burn from one-half hour after sunset until one-half hour before sunrise every night and all night, burning approximately 4,000 hours per annum.

**OWNERSHIP OF FACILITIES.**

All facilities necessary for service including fixtures, controls, poles, transformers, secondaries, lamps and other appurtenances shall be owned and maintained by the Company. All service and necessary maintenance will be performed only during the regular scheduled working hours of the Company.

The Company shall be allowed 3 working days after notification by the customer to replace all burned-out lamps.

**TERM OF INITIAL SERVICE.**

Term of initial service shall be required for an initial period of one year.

**SPECIAL TERMS AND CONDITIONS.**

This tariff is subject to the Company's Terms and Conditions of Service.

The Company shall have the option of rendering monthly or bimonthly bills.

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DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR REGULATORY SERVICES FRANKFORT, KENTUCKY  
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Issued by authority of an Order of the Public Service Commission in Case No.2005-00341 dated March , 2006



**TARIFF S.L.  
 (Street Lighting)**

**AVAILABILITY OF SERVICE.**

Available for lighting service for all the lighting of public streets, public highways and other public outdoor areas in municipalities, counties, and other governmental subdivisions where such service can be supplied from the existing general distribution systems.

**RATE.** (Tariff Code 528)

A. Overhead Service on Existing Distribution Poles

1. High Pressure Sodium				
100 watts ( 9,500 lumens).....	\$	<del>4.56</del>	\$5.45	per lamp (I)
150 watts (16,000 lumens).....	\$	<del>5.10</del>	\$6.15	per lamp (I)
200 watts (22,000 lumens).....	\$	<del>5.93</del>	\$7.65	per lamp (I)
400 watts (50,000 lumens).....	\$	<del>8.22</del>	\$10.90	per lamp (I)

B. Service on New Wood Distribution Poles

1. High Pressure Sodium				
100 watts ( 9,500 lumens).....	\$	<del>7.19</del>	\$8.75	per lamp (I)
150 watts (16,000 lumens).....	\$	<del>7.85</del>	\$9.50	per lamp (I)
200 watts (22,000 lumens).....	\$	<del>9.17</del>	\$10.90	per lamp (I)
400 watts (50,000 lumens).....	\$	<del>11.47</del>	\$14.15	per lamp (I)

C. Service on New Metal or Concrete Poles

1. High Pressure Sodium				
100 watts ( 9,500 lumens).....	\$	<del>14.63</del>	\$14.65	per lamp (I)
150 watts (16,000 lumens).....	\$	15.20		per lamp
200 watts (22,000 lumens).....	\$	19.20		per lamp
400 watts (50,000 lumens).....	\$	<del>20.02</del>	\$20.00	per lamp (D)

Lumen rating is based on manufacturer's rated lumen output for new lamps.

**FUEL ADJUSTMENT CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a Fuel Adjustment Factor per KWH calculated in compliance with the Fuel Adjustment Clause contained in Sheet Nos. 5-1 and 5-2 of this Tariff Schedule. The monthly kilowatt-hours for Fuel Adjustment Clause and the System Sales Clause computations are as follows:

(Cont'd. On Sheet No. 15-2)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

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**TARIFF S.L. (Cont'd.)**  
**(Street Lighting)**

**FUEL ADJUSTMENT CLAUSE. (Cont'd.)**

<u>MONTH</u>	<u>HIGH PRESSURE SODIUM</u>			
	<u>100 WATTS</u>	<u>150 WATTS</u>	<u>200 WATTS</u>	<u>400 WATTS</u>
JAN	51	74	106	210
FEB	43	62	89	176
MAR	43	62	89	176
APR	36	53	76	150
MAY	32	47	68	134
JUNE	29	42	61	120
JULY	31	45	65	128
AUG	35	51	74	146
SEPT	39	57	81	160
OCT	45	66	95	188
NOV	48	70	100	198
DEC	<u>52</u>	<u>75</u>	<u>108</u>	<u>214</u>
TOTAL	484	704	1012	2000

**SYSTEM SALES CLAUSE.**

Bills computed according to the rates set forth herein will be increased or decreased by a System Sales Factor per KWH calculated in compliance with the System Sales Clause contained in Sheet Nos. 19-1 and 19-2 of this Tariff Schedule.

**ENVIRONMENTAL SURCHARGE.**

Bills computed according to the rates set forth herein will be increased or decreased by an Environmental Surcharge Adjustment based on a percent of revenue in compliance with the Environmental Surcharge contained in Sheet Nos. 29-1 through 29-5 of this Tariff Schedule.

**NET MERGER SAVINGS CREDIT.**

Bills computed according to the rates set forth herein will be decreased by a Net Merger Savings Credit Factor per KWH calculated in compliance with the Net Merger Savings Credit contained in Sheet No. 23-1 of this Tariff Schedule.

**CAPACITY CHARGE.**

Bills computed according to the rate set forth herein will be increased by a Capacity Charge Factor per KWH calculated in compliance with the Capacity Charge Tariff contained in Sheet No. 28-1 of this Tariff Schedule.

**SPECIAL FACILITIES.**

When a customer requests street lighting service which requires special poles or fixtures, underground street lighting, or a line extension of more than one span of approximately 150 feet, the customer will be required to pay, in advance, an aid-to-construction in the amount of the installed cost of such special facilities.

(Cont'd On Sheet No. 15-3)

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Issued by authority of an Order of the Public Service Commission in Case No.2005-00341 dated March , 2006

KENTUCKY POWER COMPANY

Original Sheet No. 15-3  
Canceling \_\_\_\_\_ Sheet No. 15-3

P.S.C. ELECTRIC NO. 8

**TARIFF S.L. (Cont'd.)  
(Street Lighting)**

**PAYMENT.**

Bills are due and payable within ten (10) days of the mailing date.

**HOURS OF LIGHTING.**

All lamps shall burn from one-half hour after sunset until one-half hour before sunrise every night and all night, burning approximately 4,000 hours per annum.

**TERM OF CONTRACT.**

Contracts under this tariff will ordinarily be made for an initial term of one year with self-renewal provisions for successive periods of one year each until either party shall give at least 60 days' notice to the other of the intention to discontinue at the end of the initial term or any yearly period. The Company may have the right to require contracts for periods of longer than one year if new or additional facilities are required.

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

**TARIFF C. A. T. V.**  
**(Cable Television Pole Attachment)**

**AVAILABILITY OF SERVICE.**

Available to operators of cable television systems (Operators) furnishing cable television service in the operating area of Kentucky Power Company (Company) for attachments of aerial cables, wires and associated appliances (attachments) to certain distribution poles of Kentucky Power Company.

**RATES.**

Charge for attachments on a two-user pole ..... \$ ~~4.97~~ \$ 7.21 per pole/year  
 Charge for attachments on a three-user pole ..... \$ ~~5.53~~ \$ 4.47 per pole/year

(I)  
 (D)

The above rate was calculated in accordance with the following formula:

$$\begin{matrix} \text{Weighted Average} & & \text{Usage} & & \text{Carrying} & & \\ \text{Bare Pole Cost} & \times & \text{Factor} & \times & \text{Charge} & = & \text{Rate Per Pole} \end{matrix}$$

**DELAYED PAYMENT CHARGE.**

This Tariff is net if account is paid in full within 15 days of date of bill. On all accounts not so paid an additional charge of 5% of the unpaid balance will be made.

**POLE SUBJECT TO ATTACHMENT.**

When an Operator proposes to furnish cable television service within the Company's operating area and desires to make attachments on certain distribution poles of Company, Operator shall make written application, on a form furnished by Company, to install attachments specifying the location of each pole in question, the character of its proposed attachments and the amount and location of space desired, and any other information necessary to calculate the transverse and vertical load placed upon the pole as a result of the proposed attachment and any other facilities attached to the pole. Within twenty-one (21) days after receipt of the application, Company shall notify Operator whether and to what extent any special conditions will be required to permit the use by Operator of each such pole. Operator shall reimburse Company for any expenses incurred in reviewing such written applications for attachment. Operator shall have a non-exclusive right to use such poles of Company as may be used or reserved for use by Operator and any other poles of Company when brought hereunder in accordance with the procedure hereinafter provided. Company shall have the right to grant, by contract or otherwise to others rights or privileges to use any poles of the Company and Company shall have the right to continue and extend any such rights or privileges heretofore granted. All poles shall be and remain the property of Company regardless of any payment by Operator toward their cost and Operator shall, except for the rights provided hereunder, acquire no right, title or interest in or to any such pole.

**STANDARDS FOR INSTALLATION.**

All attachments and associated equipment of Operator (including without limitation, power supplies) shall be installed in a manner satisfactory to Company and so as not to interfere with the present or any future use which Company may desire to make of the poles covered by this Tariff. All such attachments and equipment shall be installed and at all times maintained by Operator so as to comply at least with the minimum requirements of the National Electrical Safety Code and any other applicable regulations or codes promulgated by state, local or other governmental authority having jurisdiction there over. Power supply apparatus having as its largest dimension more than sixteen inches must be placed on a separate pole to be installed by Operator. Operator shall take necessary precautions by the installation of protective equipment or other means, to protect all persons and property of all kinds against injury or damage occurring by reason of Operator's attachments.

(Cont'd. On Sheet No. 16-2)

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Issued by authority of an Order of the Public Service Commission in Case No.2005-00341 dated March , 2006

**TARIFF C.A.T.V. (Cont'd.)  
(Cable Television Pole Attachment)**

**POLE INSTALLATION OR REPLACEMENT; REARRANGEMENTS; GUYING.**

In any case Operator proposes to install attachments on a pole to be erected by Company in a new location, and to provide adequate space or strength to accommodate such attachments (either at the request of Operator to comply with the aforesaid codes and regulations) such pole must, in Company's judgment, be taller and/or stronger than would be necessary to accommodate the facilities of Company and of other persons who have previously indicated that they desire to make attachments on such pole or with whom Company has an agreement providing for joint or share ownership of poles, the cost of such extra height and/or strength shall be paid to Company by Operator. Such cost shall be the difference between the cost in place of the new pole and the current cost in place of a pole considered by Company to be adequate for the facilities of Company and the attachments of such other persons.

Where in Company's judgment a new pole must be erected to replace an existing pole solely to adequately provide for Operator's proposed attachments, Operator agrees to pay Company for the entire cost of the new pole necessary to accommodate the existing facilities on the pole and Operator's proposed attachments, plus the cost of removal of the in-place pole, minus the salvage value, if any, of the removed pole. Title to the new pole shall remain with the Company. Operator shall also pay to Company and to any other owner of existing attachments on the pole the cost of removing each of their respective facilities or attachments from the existing pole and reestablishing the same or like facilities or attachments on the newly-installed pole.

If Operator's desired attachments can be accommodated on existing poles of Company by rearranging facilities of Company thereon of any other person, or if because of Operator's proposed attachments it is necessary for Company to rearrange its facilities on any pole not owned by it, then in any such case, Operator shall reimburse Company and any such other person for the respective expense incurred in making such rearrangement.

If because of the requirements of its business, Company proposed to replace an existing pole on which Operator has any attachment, or Company proposed to change the arrangements of its facilities on any such pole in such manner as to necessitate a rearrangement of Operator's attachment, or if as a result of any inspection of Operator's attachments Company determines that any such attachments are not in accordance with applicable codes or the provisions of this Tariff or are otherwise hazards Company shall give Operator not less than 48 hours notice of such proposed replacement or change, or any such violation or hazard, unless an emergency requires a shorter period. In such event, Operator shall at its expense relocate, rearrange or modify its attachments at the time specified by Company. If Operator fails to do so, or if any such emergency makes notice impractical, Company shall perform such relocation or rearrangement and Operator shall reimburse Company for the reasonable cost thereof.

Any additional guying or anchors required by reason of the attachments of Operator shall be provided at the expense of Operator and shall meet the requirements of all applicable codes or regulations and Company's generally applicable guying standards.

**POLE INSPECTION.**

Company reserves the right to inspect each new or proposed installation of Operator on Company's poles. In addition, Company may make periodic inspections, as conditions may warrant, for the purpose of determining compliance with the provisions of this Tariff. Company's right to make any inspections and any inspection made pursuant to such right shall not relieve Operator of any responsibility, obligation or liability assumed under this Tariff.

(Cont'd. On Sheet No. 16-3)

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**TARIFF C.A.T.V. (Cont'd.)  
(Cable Television Pole Attachment)**

**UNAUTHORIZED ATTACHMENTS.**

Operator shall make no attachment to or other use of any pole of Company or any facilities of Company thereon, except as authorized. Should such unauthorized attachment or use be made, Operator shall pay to the Company on demand two times the charges and fees, including but not limited to, any payable under the headings "RATES" and "POLE INSTALLATION OR REPLACEMENT; REARRANGEMENTS; GUYING" that would have been payable had such attachment been made on the date following the date of the last previous inspection required to be made by Company under applicable regulations of the Kentucky Public Service Commission.

**ABANDONMENT BY OPERATOR.**

Operator may at any time abandon the use of a pole hereunder by removing therefrom all of its attachments and by giving written notice thereof, on a form provided by the Company, and no pole shall be considered abandoned until such notice is received.

**INDEMNITY.**

Operator hereby agrees to indemnify, hold harmless, and defend Company from and against any and all loss, damage, cost or expense which Company may suffer or for which Company may be held liable because of interruption of Operator's service to its subscribers or because of interference with television reception of said subscribers or others, or by reason of bodily injury, including death, to any person, or damage to or destruction of any property, including loss of use thereof, arising out of or in any manner connected with the attachment, operation, and maintenance of the facilities of Operator on the poles of Company under this Tariff, when due to any act, omission or negligence of Operator, or to any such act, omission or negligence of Operator's respective representatives, employees, agents or contractors.

**INSURANCE.**

Operator agrees to obtain and maintain at all times policies of insurance as follows:

- (a) Comprehensive bodily injury liability insurance in an amount not less than \$1,000,000 for any one occurrence
- (b) Comprehensive property damage liability insurance in an amount not less than \$500,000 for any one occurrence.
- (c) Contractual liability insurance in an amount not less than the foregoing minimums to cover the liability assumed by the Operator under the agreement or indemnity set forth above.

Prior to making attachments at Company's poles, Operator shall furnish to Company two copies of a certificate, from an insurance carrier licensed to do business in Kentucky, stating that policies of insurance have been issued by it to Operator providing for the insurance listed above and that such policies are in force. Such certificate shall state that the insurance carrier will give Company fifteen (15) days' prior written notice of any cancellation of or material change in such policies.

**EASEMENTS.**

Operator shall secure any right, license or permit from any governmental body, authority or other person or persons which may be required for the construction or maintenance of attachments of Operator. Company does not convey nor guarantee any easements, rights-of-way or franchises for the construction and maintenance of said attachments. Operator hereby agrees to indemnify and save harmless Company from any and all claims, including the expenses incurred by Company to defend itself against such claims, resulting from or arising out of the failure of Operator to secure such right, license, permit or easement for the construction or maintenance of said attachments on Company's poles.

(Cont'd. On Sheet 16-4)

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**TARIFF C.A.T.V. (Cont'd.)  
(Cable Television Pole Attachment)**

**CHARGES AND FEES.**

Operator agrees to pay Company in advance, semi-annually, charges to be computed as set forth in Tariff, and such other charges as may be provided for herein, for the use of each of Company's poles, any portion of which is occupied by, or reserved at Operator's request for the attachments of Operator.

Operator agrees to reimburse Company for all reasonable non-recurring expenses caused by or attributable to Operator's initial attachments including without limitation the amounts set forth herein before and the expenses of Company in examining poles used but not owned by Company to which Operator proposes to make attachments.

**FEES FOR ADDITIONAL ATTACHMENTS OR REMOVALS.**

For attachments made or removed which are reported to the Company between billing dates, Operator shall be billed or credited a prorated amount of the annual charge effective with the date of attachment or removal on the Operator's next bill.

**ADVANCE BILLING**

Payment of amounts due hereunder are due on the dates or at the times indicated with respect to each such payment. In the event the time for any payment is not specified, such payment shall be due fifteen (15) days from the date of the invoice therefore. In all amounts not so paid an addition charge of five percent (5%) will be assessed. Where the provisions of the Tariff require any payment by Operator to the Company other than for attachment charges, Company may, at its option, require that the estimated amount thereof be paid in advance of permission to use any pole or the performance by company of any work. In such a case, Company shall invoice any deficiency or refund any excess to Operator after the current amount of such payment has been determined.

**DEFAULT OR NON-COMPLIANCE**

If Operator fails to comply with any of the provisions of this Tariff or defaults in the performance of any of its obligations under this Tariff and fails within thirty (30) days, after written notice from Company to correct such default or non-compliance, Company may, as its option forthwith take any one or more of the following actions: terminate the specific permit or permits covering the poles to which such default or non-compliance is applicable; remove, relocate or rearrange attachments of Operator to which such default or non-compliance relates, all at Operator's expense; decline to permit additional attachments hereunder until such default is cured; or in the event of any failure to pay any of the charges, fees or amounts provided in this Tariff or any other substantial default, or of repeated defaults terminate Operator's right of attachment. No liability shall be incurred by Company because of any or all such actions except for negligent destruction by the Company of CATV equipment in any relocation or removal of such equipment. The remedies provided herein are cumulative and in addition to any other remedies available to Company.

**PRIOR AGREEMENTS.**

This Tariff terminates and supersedes any previous agreement, license or joint use affecting Company's poles and Operator's attachments covered herein.

(Cont'd on Sheet No. 16-5)

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**TARIFF C. A. T. V. (Cont'd)**  
**(Cable Television Pole Attachment)**

**ASSIGNMENT**

This Tariff shall be binding upon and inure to the benefits of the parties hereto, their respective successors and/or assigns, but Operator shall not assign, transfer or sublet any of the rights hereby granted without the prior written consent of the Company, which shall not be unreasonably withheld, and any such purported assignment, transfer or subletting without such consent shall be void.

**PERFORMANCE WAIVER.**

Neither party shall be considered in default in the performance of its obligations herein, or any of them, to the extent that performance is delayed or prevented due to causes beyond the control of said party, including but not limited to, Acts of God or the public enemy, war, revolution, civil commotion, blockade or embargo, acts of government, any law, order, proclamation, regulation, ordinance, demand, or requirement of any government, fires, explosions, cyclones, floods, unavoidable casualties, quarantine, restrictions, strikes, labor disputes, lock-outs, and other causes beyond the reasonable control of either of the parties.

**PRESERVATION OF REMEDIES.**

No delay or omission in the exercise of any power or remedy herein provided or otherwise available to the Company shall impair or affect its right thereafter to exercise the same.

**HEADINGS.**

Headings used in this Tariff are inserted only for the convenience of the parties and shall not affect the interpretation or construction of this Tariff.

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**TARIFF COGEN/SPP I**  
**(Cogeneration and/or Small Power Production—100 KW or Less)**

**AVAILABILITY OF SERVICE.**

This tariff is available to customers with cogeneration and/or small power production (COGEN/SPP) facilities which qualify under Section 210 of the Public Utility Regulatory Policies Act of 1978, and which have a total design capacity of 100 KW or less. Such facilities shall be designed to operate properly in parallel with the Company's system without adversely affecting the operation of equipment and services of the Company and its customers, and without presenting safety hazards to the Company and customer personnel.

The customer has the following options under this tariff, which will affect the determination of energy and capacity and the monthly metering charges:

- Option 1 - The customer does not sell any energy or capacity to the Company, and purchases from the Company its net load requirements, as determined by appropriate meters located at one delivery point.
- Option 2 - The customer sells to the Company the energy and average on-peak capacity produced by the customer's qualifying COGEN/SPP facilities in excess of the customer's total load, and purchases from the Company its net load requirements, as determined by appropriate meters located at one delivery point.
- Option 3 - The customer sells to the Company the total energy and average on-peak capacity produced by the customer's qualifying COGEN/SPP facilities, while simultaneously purchasing from the Company its total load requirements, as determined by appropriate meters located at one delivery point.

**MONTHLY CHARGES FOR DELIVERY FROM THE COMPANY TO THE CUSTOMER.**

Such charges for energy, and demand where applicable, to serve the customer's net or total load shall be determined according to the tariff appropriate for the customer, except that Option 1 and Option 2 customers with cogeneration and/or small power production facilities having a total design capacity of more than 10 KW shall be served under demand-metered tariffs, and except that the monthly billing demand under such tariffs shall be the highest determined for the current and previous two billing periods. The above three-month billing demand provision shall not apply under Option 3.

**ADDITIONAL CHARGES.**

There shall be additional charges to cover the cost of special metering, safety equipment and other local facilities installed by the Company due to COGEN/SPP facilities, as follows:

**Monthly Metering Charge**

The additional monthly charge for special metering facilities shall be as follows:

- Option 1 - Where the customer does not sell electricity to the Company, a detent shall be used on the energy meter to prevent reverse rotation. The cost of such meter alteration shall be paid by the customer as part of the Local Facilities Charge.
- Options 2 & 3 - Where meters are used to measure the excess or total energy and average on-peak capacity purchased by the Company:

	<u>Single Phase</u>	<u>Polyphase</u>
Standard Measurement	<del>\$5.90</del> \$6.75	<del>\$11.20</del> \$8.45
T.O.D. Measurement	<del>\$15.00</del> \$7.55	<del>\$20.25</del> \$8.85

(I) (D)

(D) (D)

(Cont'd. On Sheet No. 17-2)

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**TARIFF COGEN/SPP I (Cont'd.)**  
**(Cogeneration and/or Small Power Production--100 KW or Less)**

**ADDITIONAL CHARGES. (Cont'd.)**

**Monthly Metering Charge. (Cont'd.)**

Under Option 3, when metering voltage for COGEN/SPP facilities is the same as the Company's delivery voltage, the customer shall, at his option, either route the COGEN/SPP totalized output leads through the metering point, or make available at the metering point for the use of the Company and, as specified by the Company, metering current leads which will enable the Company to measure adequately the total electrical energy and average capacity produced by the qualifying COGEN/SPP facilities, as well as to measure the electrical energy consumption and capacity requirements of the customer's total load. When metering voltage for COGEN/SPP facilities is different from the Company's delivery voltage, metering requirements and charges shall be determined specifically for each use.

**Local Facilities Charge**

Additional charges to cover "interconnection costs" incurred by the Company shall be determined by the Company for each case and collected from the customer. For Options 2 and 3, the cost of metering facilities shall be covered by the Monthly Metering Charge and shall not be included in the Local Facilities Charge. The customer shall make a one-time payment for the Local Facilities Charge at the time of installation of the required additional facilities, or, at his option, up to 12 consecutive equal monthly payments reflecting an annual interest charge as determined by the Company, but not to exceed the cost of the Company's most recent issue of long-term debt. If the customer elects the installment payment option, the Company may require a reasonable security deposit.

**MONTHLY CREDITS OR PAYMENTS FOR ENERGY AND CAPACITY DELIVERIES.**

**Energy Credit**

The following credits or payments from the Company to the customer shall apply for the electrical energy delivered to the Company:

Standard Meter - All KWH .....	1.57 ¢/KWH 2.81 ¢	(I)
T.O.D. Meter		
On-Peak KWH .....	1.72 ¢/ KWH 3.54 ¢	(I)
Off-Peak KWH .....	1.45 ¢/KWH 2.29 ¢	(I)

**Capacity Credit**

If the customer contracts to deliver or produce a specified excess or total average capacity during the monthly billing period (monthly contract capacity), or a specified excess or total average capacity during the on-peak monthly billing period (on-peak contract capacity), then the following capacity credits or payment from the Company to the customer shall apply:

If standard energy meters are used,

- A. ~~\$0.95~~ \$0.72/ KW/month, times the lowest of: (D)
- (1) monthly contract capacity, or
  - (2) current month metered average capacity, i.e., KWH delivered to the Company or produced by COGEN/SPP facilities divided by 730, or
  - (3) lowest average capacity metered during the previous two months if less than monthly contract capacity.

(Cont'd. On Sheet 17-3)

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**TARIFF COGEN/SPP I (Cont'd.)  
(Cogeneration and/or Small Power Production—100 KW or Less)**

**MONTHLY CREDITS OR PAYMENTS FOR ENERGY AND CAPACITY DELIVERIES. (Cont'd.)**

**Capacity Credit (Cont'd.)**

If T.O.D. energy meters are used,

B. ~~\$2.10~~ \$1.73/KW/month, times the lowest of:

- (1) on-peak contract capacity, or
- (2) current month on-peak metered average capacity, i.e., on-peak KWH delivered to the Company or produced by COGEN/SPP facilities divided by 327, or
- (3) lowest on-peak average capacity metered during the previous two months, if less than on-peak contract capacity.

(D)

The above energy and capacity credit rates are subject to revisions from time to time as approved by the Commission.

**ON-PEAK AND OFF-PEAK PERIODS.**

The on-peak period shall be defined as starting at 7:00A.M. and ending at 9:00 P.M., local time, Monday through Friday.

The off-peak period shall be defined as starting at 9:00 P.M. and ending at 7:00A.M., local time, Monday through Friday, and all hours of Saturday and Sunday.

**CHARGES FOR CANCELLATION OR NON PERFORMANCE CONTRACT.**

If the customer should, for a period in excess of six months, discontinue or substantially reduce for any reason the operation of cogeneration and/or small power production facilities which were the basis for the monthly contract capacity or the on-peak contract capacity, the customer shall be liable to the Company for an amount equal to the total difference between the actual payments for capacity paid to the customer and the payments for capacity that would have been paid to the customer pursuant to this Tariff COGEN/SPP I or any successor tariff. The Company shall be entitled to interest on such amount at the rate of the Company's most recent issue of long-term debt at the effective date of the contract.

**TERM OF CONTRACT.**

Contracts under this tariff shall be made for a period not less than one year.

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

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Issued by authority of an Order of the Public Service Commission in Case No. 2005- 00341 dated March , 2006

**TARIFF COGEN/SPP II**  
**(Cogeneration and/or Small Power Production—Over 100 KW)**

**AVAILABILITY OF SERVICE.**

This tariff is available to customers with cogeneration and/or small power production (COGEN/SPP) facilities which qualify under Section 210 of the Public Utility Regulatory Policies Act of 1978, and which have a total design capacity of over 100 KW. Such facilities shall be designed to operate properly in parallel with the Company's system without adversely affecting the operation of equipment and services of the Company and its customers, and without presenting safety hazards to the Company and customer personnel.

The customer has the following options under this tariff, which will affect the determination of energy and capacity and the monthly metering charges:

- Option 1 - The customer does not sell any energy or capacity to the Company, and purchases from the Company its net load requirements, as determined by appropriate meters located at one delivery point.
- Option 2 - The customer sells to the Company the energy and average on-peak capacity produced by the customer's qualifying COGEN/SPP facilities in excess of the customer's total load, and purchases from the Company its net load requirements, as determined by appropriate meters located at one delivery point.
- Option 3 - The customer sells to the Company the total energy and average on-peak capacity produced by the customer's qualifying COGEN/SPP facilities, while simultaneously purchasing from the Company its total load requirements, as determined by appropriate meters located at one delivery point.

**MONTHLY CHARGES FOR DELIVERY FROM THE COMPANY TO THE CUSTOMER.**

Such charges for energy, and demand where applicable, to serve the customer's net or total load shall be determined according to the tariff appropriate for the customer, except that Option 1 and Option 2 customers shall be served under demand-metered tariffs, and except that the monthly billing demand under such tariffs shall be the highest determined for the current and previous two billing periods. The above three-month billing demand provision shall not apply under Option 3.

**ADDITIONAL CHARGES.**

There shall be additional charges to cover the cost of special metering, safety equipment and other local facilities installed by the Company due to COGEN/SPP facilities, as follows:

Monthly Metering Charge

The additional monthly charge for special metering facilities shall be as follows:

- Option 1 - Where the customer does not sell electricity to the Company, a detent shall be used on the energy meter to prevent reverse rotation. The cost of such meter alteration shall be paid by the customer as part of the Local Facilities Charge.
- Options 2 & 3- Where meters are used to measure the excess or total energy and average on peak capacity purchased by the Company:

	<u>Single Phase</u>	<u>Polyphase</u>
Standard Measurement	<del>\$5.90</del> \$6.75	<del>\$11.20</del> \$8.45
T.O.D. Measurement	<del>\$15.00</del> \$7.55	<del>\$20.25</del> \$8.85

(I) (D)  
 (D) (D)

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**TARIFF COGEN/SPP II (Cont'd.)**

**(Cogeneration and/or Small Power Production--Over 100 KW)**

**ADDITIONAL CHARGES. (Cont'd.)**

**Monthly Metering Charge (Cont'd)**

Under Option 3, when metering voltage for COGEN/SPP facilities is the same as the Company's delivery voltage, the customer shall, at his option, either route the COGEN/SPP totalized output leads through the metering point, or make available at the metering point for the use of the Company and, as specified by the Company, metering current leads which will enable the Company to measure adequately the total electrical energy and average capacity produced by the qualifying COGEN/SPP facilities, as well as to measure the electrical energy consumption and capacity requirements of the customer's total load. When metering voltage for COGEN/SPP facilities is different from the Company's delivery voltage, metering requirements and charges shall be determined specifically for each case.

**Local Facilities Charge**

Additional charges to cover "interconnection costs" incurred by the Company shall be determined by the Company for each case and collected from the customer. For Options 2 and 3, the cost of metering facilities shall be covered by the Monthly Metering Charge and shall not be included in the Local Facilities Charge. The customer shall make a one-time payment for the Local Facilities Charge at the time of installation of the required additional facilities, or, at his option, up to 12 consecutive equal monthly payments reflecting an annual interest charge as determined by the Company, but not to exceed the cost of the Company's most recent issue of long-term debt. If the customer elects the installment payment option, the Company may require a reasonable security deposit.

**MONTHLY CREDITS OR PAYMENTS FOR ENERGY AND CAPACITY DELIVERIES.**

**Energy Credit**

The following credits or payments from the Company to the customer shall apply for the electrical energy delivered to the Company:

Standard Meter - All KWH .....	<del>1.57</del> ¢/KWH	\$2.81	(I)
T.O.D. Meter			
On-Peak KWH .....	<del>1.72</del> ¢/KWH	3.54¢	(I)
Off-Peak KWH .....	<del>1.45</del> ¢/KWH	2.29¢	(I)

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**TARIFF COGEN/SPP II (Cont'd.)**  
**(Cogeneration and/or Small Power Production—Over 100 KW)**

**MONTHLY CREDITS OR PAYMENTS FOR ENERGY AND CAPACITY DELIVERIES. (Cont'd.)**

**Capacity Credit**

If the customer contracts to deliver or produce a specified excess or total average capacity during the monthly billing period (monthly contract capacity), or a specified excess or total average capacity during the on-peak monthly billing period (on-peak contract capacity), then the following capacity credits or payment from the Company to the customer shall apply:

If standard energy meters are used,

A. ~~\$0.95/~~ \$0.72/KW/month, times the lowest of:

- (1) monthly contract capacity, or
- (2) current month metered average capacity, i.e., KWH delivered to the Company or produced by COGEN/SPP facilities divided by 730, or
- (3) lowest average capacity metered during the previous two months if less than monthly contract capacity.

If T.O.D. energy meters are used,

B. ~~\$2.10~~ \$1.73/KW/month, times the lowest of:

- (1) on-peak contract capacity, or
- (2) current month on-peak metered average capacity, i.e., on-peak KWH delivered to the Company or produced by COGEN/SPP facilities divided by 327, or
- (3) lowest on-peak average capacity metered during the previous two months, if less than on-peak contract capacity.

The above energy and capacity credit rates are subject to revisions from time to time as approved by the Commission.

**ON-PEAK AND OFF-PEAK PERIODS.**

The on-peak period shall be defined as starting at 7:00 A.M. and ending at 9:00 P.M., local time, Monday through Friday.

The off-peak period shall be defined as starting at 9:00 P.M. and ending at 7:00 A.M., local time, Monday through Friday, and all hours of Saturday and Sunday.

**CHARGES FOR CANCELLATION OR NON PERFORMANCE CONTRACT.**

If the customer should, for a period in excess of six months, discontinue or substantially reduce for any reason the operation of cogeneration and/or small power production facilities which were the basis for the monthly contract capacity or the on-peak contract capacity, the customer shall be liable to the Company for an amount equal to the total difference between the actual payments for capacity paid to the customer and the payments for capacity that would have been paid to the customer pursuant to this Tariff COGEN/SPP II or any successor tariff. The Company shall be entitled to interest on such amount at the rate of the Company's most recent issue of long-term debt at the effective date of the contract.

**TERM OF CONTRACT.**

Contracts under this tariff shall be made for a period not less than one year.

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

**TARIFF S. S. C.**  
**(System Sales Clause)**

**APPLICABLE.**

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., S.G.S., M.G.S., M.G.S.-T.O.D., L.G.S., Q.P., C.I.P.-T.O.D., C.S.-I.R.P., M.W., O.L., and S.L.

**RATE.**

1. When the monthly net revenues from system sales are above or below the monthly base net revenues from system sales, as provided in paragraph 3 below, an additional credit or charge equal to the product of the KWHs and a system sales adjustment factor (A) shall be made, where "A", calculated to the nearest 0.0001 mill per kilowatt-hour, is defined as set forth below.

Up to and including \$30,000,000 of Net System Sales Revenue for any period beginning April 1 through March 31 of the following year. (T)

$$\text{System Sales Adjustment Factor (A)} = (.7 [T_m - T_b]) / S_m \quad (T)$$

After \$30,000,000 of Net System Sales Revenue for any period beginning April 1 through March 31 of the following year. (T)

$$\text{System Sales Adjustment Factor (A)} = (.6 [T_m - T_b]) / S_m \quad (T)$$

In the above formulas "T" is Kentucky Power Company's (KPCo) monthly net revenues from system sales in the current (m) and base (b) periods, and "S" is the KWH sales in the current (m) period, all defined below.

2. The net revenue from American Electric Power (AEP) System deliveries to non-associated companies that are shared by AEP Member Companies, including KPCo, in proportion to their Member Load Ratio and as reported in the Federal Energy Regulatory Commission's Uniform System of Accounts under Account 447, Sales for Resale, shall consist of and be derived as follows:

- a. KPCo's Member Load Ratio share of total revenues from system sales as recorded in Account 447, less b. and c. below.
- b. KPCo's Member Load Ratio share of total out-of-pocket costs incurred in supplying the power and energy for the deliveries in a. above.

The out-of-pocket costs include all operating, maintenance, tax, transmission losses and other expenses that would not have been incurred if the power and energy had not been supplied for such deliveries, including demand and energy charges for power and energy supplied by Third Parties.

- c. KPCo's environmental costs allocated to non-associated utilities in the Company's Environmental Surcharge Report.

(Cont'd on Sheet No. 19-2)

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**TARIFF S. S. C. (Cont'd.)**  
**(System Sales Clause)**

3. The base monthly net revenues from system sales are as follows:

<u>Billing Month</u>	<u>Base Net Revenues from System Sales (Total Company Basis)</u>	
January	\$ <del>895,960</del>	\$2,661,693
February	<del>767,802</del>	\$2,236,268
March	<del>893,126</del>	\$1,732,591
April	<del>1,036,738</del>	\$2,706,860
May	<del>1,085,852</del>	\$2,365,563
June	<del>1,324,166</del>	\$3,101,556
July	<del>1,027,403</del>	\$2,658,364
August	<del>1,154,184</del>	\$1,660,434
September	<del>912,736</del>	\$1,497,772
October	<del>731,014</del>	\$ 950,190
November	<del>624,320</del>	\$1,258,779
December	<del>862,035</del>	<u>\$2,025,256</u>
		<u>\$24,855,326</u>

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4. Sales (S) shall be equated to the sum of (a) generation (including energy produced by generating plant during the construction period), (b) purchase, and (c) interchange-in, less (d) energy associated with pumped storage operations, less (e) inter-system sales and less (f) total system losses.
5. The system sales adjustment factor shall be based upon estimated monthly revenues and costs for system sales, subject to subsequent adjustment upon final determination of actual revenues and costs.
6. The monthly System Sales Clause shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustments, which shall include data, and information as may be required by the Commission.
7. Copies of all documents required to be filed with the Commission under this regulation shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.

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KENTUCKY POWER COMPANY

Original Sheet No. 20-1  
Canceling \_\_\_\_\_ Sheet No. 20-1

P.S.C. ELECTRIC NO. 8

**Tariff F.T.  
(Franchise Tariff)**

**AVAILABILITY OF SERVICE**

Where a city or town within the territory of Kentucky Power (Company) requires the Company to pay a percentage of revenues from certain customer classifications collected within such city or town of the right to erect the Company's poles, conductors, or other apparatus along, over, under, or across such city's or town's streets, alleys, or public grounds, the Company shall increase the rates and charges to such customer classifications within such city or town by a like percentage. The aforesaid charge shall be separately stated and identified on each affected customer's bill.

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KENTUCKY POWER COMPANY

Original Sheet No. 21-1  
Canceling \_\_\_\_\_ Sheet No. 21-1

P.S.C. ELECTRIC NO. 8

**TARIFF T. S.  
(Temporary Service)**

**AVAILABILITY OF SERVICE.**

Available for temporary lighting and power service where capacity is available.

**RATE.**

Temporary service will be supplied under any published tariff applicable to the class of business of the Customer, when the Company has available unsold capacity of lines, transforming and generating equipment, with an additional charge of the total cost of connection and disconnection.

**MINIMUM CHARGE.**

The same minimum charge as provided for in any applicable tariff, shall be applicable to such temporary service and for not less than one full monthly minimum.

**TERM.**

Variable.

**SPECIAL TERMS AND CONDITIONS.**

A deposit equal to the full estimated amount of the bill and/or construction costs under this tariff may be required.

This tariff is not available to customers permanently located, whose energy requirements are of a seasonal nature.

See Terms and Conditions of Service.

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Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

**DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE  
(Tariff D.S.M.C.)**

**APPLICABLE.**

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., S.G.S., M.G.S., M.G.S.-T.O.D., L.G.S., Q.P., C.I.P.-T.O.D., C.S.-I.R.P., and M.W.

**RATE.**

1. The Demand-Side Management (DSM) clause shall provide for periodic adjustment per KWH of sales equal to the DSM costs per KWH by customer sector according to the following formula:

$$\text{Adjustment Factor} = \frac{\text{DSM (c)}}{\text{S(c)}}$$

Where DSM is the cost by customer sector of demand-side management programs, net lost revenues, incentives, and any over/under recovery balances; (c) is customer sector; and S is the adjusted KWH sales by customer sector.

2. Demand-Side Management (DSM) costs shall be the most recent forecasted cost plus any over/under recovery balances recorded at the end of the previous period.
- a. Program costs are any costs the Company incurred associated with demand-side management which were approved by the Kentucky Power Company DSM Collaborative. Examples of costs to be included are contract services, allowances, promotion, expenses, evaluation, lease expense, etc. by customer sector.
  - b. Net lost revenues are the calculated net lost revenues by customer sector resulting from the implementation of the DSM programs.
  - c. Incentives are a shared-savings incentive plan consisting of one of the following elements: The efficiency incentive, which is defined as 15 percent of the estimated net savings associated with the programs. Estimated net savings are calculated based on the California Standard Practice Manual's definition of the Total Resources Cost (TRC) test, or the maximizing incentive which is defined as 5 percent of actual program expenditures if program savings cannot be measured.
  - d. Over/ Under recovery balances are the total of the differences between the following:
    - (i) the actual program costs incurred versus the program costs recovered through DSM adjustment clause, and
    - (ii) the calculated net lost revenues realized versus the net lost revenues recovered through the DSM adjustment clause, and
    - (iii) the calculated incentive to be recovered versus the incentive recovered through the DSM adjustment clause.
3. Sales (S) shall be the total ultimate KWH sales by customer sector less non-metered, opt-out and lost revenue impact KWHs by customer sector.
4. The provisions of the Demand-Side Management Adjustment Clause will be effective for the period ending December 31, 2005.

(Cont'd. On Sheet No. 22-2)

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**DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE (Cont'd.)**  
**(Tariff D.S.M.C.)**

**RATE. (Cont'd.)**

5. The DSM adjustment shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustments, which shall include data, and information as may be required by the Commission.
6. Copies of all documents required to be filed with the Commission under this regulation shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.
7. The resulting range for each customer sector per KWH during the three-year Experimental Demand-Side Management Plan is as follows:

<u>CUSTOMER SECTOR</u>			
	<u>RESIDENTIAL</u> (\$ Per Kwh)	<u>COMMERCIAL**</u> (\$ Per KWH)	<u>INDUSTRIAL*</u> (\$ Per KWH)
Floor Factor =	0.000320	-0-	- 0 -
Ceiling Factor =	0.000624	-0-	- 0 -

8. The DSM Adjustment Clause factor (\$ Per KWH) for each customer sector which fall within the range defined in Item 7 above is as follows:

	<u>CUSTOMER SECTOR</u>		
	<u>RESIDENTIAL</u>	<u>COMMERCIAL **</u>	<u>INDUSTRIAL*</u>
<u>DSM (c)</u>	<u>306,288</u>	-0-	- 0 -
S (c)	649,080,700	-0-	- 0 -
Adjustment Factor \$	0.000472	-0-	- 0 -

\*The Industrial Sector has been discontinued pursuant to the Commission's Order dated September 28, 1999.

\*\* The Commercial Sector has been discontinued pursuant to the Commission's Order dated November 21, 2005

(T)

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Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

**NET MERGER SAVINGS CREDIT (N.M.S.C.)**

**APPLICABLE.**

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., S.G.S., M.G.S., M.G.S.-T.O.D., L.G.S., Q.P., C.I.P.-T.O.D., C.S.- I.R.P., M.W., O.L., and S.L.

**RATE.**

The Net Merger Savings Credit shall provide for a monthly adjustment to base rates on a rate per KWH of monthly consumption. The Net Merger Savings Credit shall be calculated according to the following formula:

$$\text{Net Merger Savings Credit} = \text{M.S.F.} + \text{B.A.F.}$$

Where:

(M.S.F.) Is the Merger Savings Factor per KWH which is based on the total Company net savings that are to be distributed to the Company's Kentucky retail jurisdictional customers in each 12-month period.

	Net Savings to be Distributed	Merger Savings Factor (M.S.F.)	Balancing Adjustment Factor (B.A.F.)
Year 1*	\$ 1,463,815	.021¢ per KWH	0 ¢
Year 2	2,553,660	.037¢ per KWH	.0007¢ per KWH
Year 3	3,184,645	.045¢ per KWH	.0009¢ per KWH
Year 4	3,695,003	.051¢ per KWH	.0018¢ per KWH
Year 5	4,037,167	.055¢ per KWH	.0030¢ per KWH
Year 6	4,299,432	.057¢ per KWH	.0025¢ per KWH
Year 7	4,504,920	.059¢ per KWH	
Year 8	4,626,369	.059¢ per KWH	
Year 9	5,242,785	.066¢ per KWH	

\*The Net Merger Savings Credit will begin in the first full billing month available following thirty days from the consummation of the merger and will continue until the effective date of a Commission order changing the Company's base rates after Year 8 of this tariff.

(B.A.F.) Is the Balancing Adjustment Factor per KWH for the second through the twelfth months of the current distribution year, which reconciles any over-, or under-distribution of the net savings from prior periods. The B.A.F. will be determined by dividing the difference between amounts which were expected to be distributed and the amounts actually distributed from the application of the Net Merger Savings Credit from the previous year by the expected Kentucky retail jurisdictional KWH. The final B.A.F. will be applied to customer billings in the second month following the effective date of a Commission order changing the Company's base rates after Year 8 of this tariff.

**TERMS OF DISTRIBUTION.**

1. The total distribution to the Company's customers will, in no case, be less than the sum of the amounts shown for the first eight years above.
2. On or before the 21st of the first month of each distribution year following Year 1, the Company will file with the Commission a status report of the Net Merger Savings Credit. Such report shall include a statement showing the amounts, which were expected to be distributed, and the amounts actually distributed in previous periods, along with a calculation of the B.A.F., which will be implemented with customer billings in the second month of that distribution year to reconcile any previous over-or under-distributions.
3. The Net Merger Savings Credit shall be applied to the customer's bill following the rates and charges for electric service, but before application of the school tax, the franchise fee, sales tax or similar items.

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**RIDER E.C.S.**  
**(Emergency Curtailable Service Rider)**

**AVAILABILITY OF SERVICE.**

Available for Emergency Curtailable Service (ECS) to customers normally taking firm service under Tariffs Q.P. and C.I.P.-T.O.D. for their total capacity requirements from the Company. The Customer must have an on-peak curtailable demand not less than 1MW and will be compensated for kWh curtailed under the provisions of this Rider.

**CONDITIONS OF SERVICE.**

1. The Company reserves the right to curtail service to the Customer's ECS load when, in the sole judgment of the Company, an emergency condition exists on the American Electric Power (AEP) System. The Company shall determine that an emergency condition exists if curtailment of load served under this Rider is necessary in order to maintain service to the Company's other firm service customers according to the AEP System Emergency Operating Plan for generation capacity deficiencies.
2. The Company will endeavor to provide as much advance notice as possible of curtailments under this Rider including an estimate of the duration of such curtailments. However, the Customer's ECS load shall be curtailed within 30 minutes if so requested
3. In no event shall the Customer be subject to curtailment under the provisions of this Rider for more than 50 hours during any season. For purposes of this Rider, seasons are defined as follows:

Winter	December, January and February
Summer	June, July and August

No curtailments under this Rider shall occur in the remaining months, with the exception of test curtailments as specified under Item 6 below.

4. The Company and the Customer shall mutually agree upon the method which the Company shall use to notify the Customer of a curtailment under the provisions of this Rider. The method shall specify the means of communicating such curtailment (e.g., telephone, pager) and shall designate the Customer's representatives to receive said notification. The Customer is ultimately responsible for receiving and acting upon a curtailment notification from the Company.
5. No responsibility or liability of any kind shall attach to or be incurred by the Company or the AEP System for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any curtailment of service under the provisions of this Rider.
6. The Company reserves the right to test and verify the Customer's ability to curtail. Such test will be limited to one Curtailment per contract term. Any failure of the customer to comply with a request to curtail load will entitle the Company to call for one additional test. The Company agrees to notify the Customer as to the month in which the test will take place, and will consider avoiding tests on days which may cause a unique hardship to the Customer's overall operation. There shall be no credits for test curtailments nor charge for failure to curtail during a test.
7. The Company reserves the right to discontinue service to the Customer under this Rider if the Customer fails to curtail under any circumstances twice during a 12-month period as requested by the Company.
8. The Customer shall not receive credit for any curtailment periods in which the Customer's curtailable load is already down for an extended period due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, or any event other than the customer's normal operating conditions.

(Continued on Sheet No. 24-2)

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**RIDER E.C.S. (Cont'd)**  
**(Emergency Curtailable Service Rider)**

**ECS CURTAILMENT OPTION.**

The Customer shall select one of the following ECS Curtailment Options under this Rider:

	<u>Credit</u>	<u>Maximum Duration</u>
Option A	35 ¢/KWH	4 hours
Option B	50 ¢/KWH	8 hours

The ECS Curtailment Option Credit shall be applicable to the KWH curtailed under this Rider. The Maximum Duration is the maximum number of hours per curtailment event for which load may be curtailed under the provisions of this Rider. The Company, to the extent practical, will endeavor to minimize the curtailment duration. However, the Customer shall receive a minimum of 2 hours credit per curtailment event

**ECS CONTRACT CAPACITY.**

Each Customer shall have an ECS Contract Capacity to be considered as emergency curtailable capacity under this Rider. The Customer shall specify the Non-ECS Demand, which shall be the demand at or below which the Customer will remain during curtailment periods. The ECS Contract Capacity shall be the difference between the Customer's typical on-peak demand and the Customer's specified Non-ECS Demand. The Company shall determine the Customer's typical on-peak demand, as agreed upon by the Company and the Customer. For the purpose of this Rider, the on-peak billing period is defined as 7:00 a.m. to 11:00 p.m., local time, for all weekdays, Monday through Friday.

The Customer may modify the amount of ECS Contract Capacity and/or the choice of Option no more than once prior to each season. Modifications must be received by the Company in writing no later than 30 days prior to the beginning of the season.

**CURTAILED DEMAND.**

For each curtailment period, Curtailed Demand shall be defined as the difference between the Customer's typical on-peak demand and the maximum 15-minute integrated demand during that curtailment period.

**ECS ENERGY.**

Period ECS Energy shall be defined as the product of the Curtailed Demand and the number of hours for each curtailment period. ECS Energy shall be equal to the sum of all Period ECS Energy for the calendar month.

**MONTHLY CREDIT.**

The Monthly Credit shall be equal to the product of the ECS Energy and the applicable Curtailment Option Credit less any charges computed for failure to curtail. The Monthly Credit will be provided to the Customer by check within 30 days after the end of the month in which the curtailment occurred. This amount will be recorded in the Federal Energy Regulatory Commission's Uniform System of Accounts under Account 555, Purchased Power, and will be recorded in a sub account so that the separate identify of this cost is preserved.

(Cont'd on Sheet No. 24-3)

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**RIDER E.C.S. (Cont'd)**  
**(Emergency Curtailable Service Rider)**

**FAILURE TO CURTAIL.**

If the Customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Demand shall be the difference between the maximum 15-minute integrated demand during the curtailment period and the Non-ECS Demand. Noncompliance Energy shall be the Noncompliance Demand multiplied by the number of hours for the curtailment period. For customers with kVa demands, Noncompliance Energy shall be multiplied by the Customer's average monthly power factor. Noncompliance Energy shall be billed at a rate equal to 50% of the Customer's selected ECS Curtailment Option Credit.

**TERM.**

Contracts under this Rider shall be made for an initial period of 1 season and shall remain in effect thereafter until either party provides to the other at least 30 days' written notice prior to the start of the next season of its intention to discontinue service under the terms of this Rider.

**SPECIAL TERMS AND CONDITIONS.**

Individual Customer information, including, but not limited to, ECS Contract Capacity and ECS Curtailment Option, shall remain confidential.

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**RIDER P.C.S.**  
**(Price Curtailable Service Rider)**

**AVAILABILITY OF SERVICE.**

Available for Price Curtailable Service (PCS) to customers normally taking firm service under Tariffs Q.P. and C.I.P.-T.O.D. for their total capacity requirements from the Company. The Customer must have an on-peak curtailable demand not less than 1 MW and will be compensated for kWh curtailed under the provisions of this Rider.

**CONDITIONS OF SERVICE.**

1. The Company reserves the right to curtail service to the Customer's PCS load at the Company's sole discretion.
2. The Company will endeavor to provide as much advance notice as possible of curtailments under this Rider including an estimate of the duration of such curtailments. However, the Customer's PCS load shall be curtailed within 1 hour if so requested.
3. For purposes of this Rider, seasons are defined as follows:

Winter	December, January and February
Spring	March, April and May
Summer	June, July and August
Fall	September, October and November
4. The Company and the Customer shall mutually agree upon the method which the Company shall use to notify the Customer of a curtailment under the provisions of this Rider. The method shall specify the means of communicating such curtailment (e.g., telephone, pager) and shall designate the Customer's representatives to receive said notification. The Customer is ultimately responsible for receiving and acting upon a curtailment notification from the Company.
5. No responsibility or liability of any kind shall attach to or be incurred by the Company or the AEP System for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any curtailment of service under the provisions of this Rider.
6. The Company reserves the right to test and verify the Customer's ability to curtail. Such test will be limited to one curtailment per contract term. Any failure of the customer to comply with a request to curtail load will entitle the Company to call for one additional test. The Company agrees to notify the Customer as to the month in which the test will take place, and will consider avoiding tests on days, which may cause a unique hardship to the Customer's overall operation. There shall be no credits for test curtailments nor charge for failure to curtail during a test.
7. The Company reserves the right to discontinue service to the Customer under this Rider if the Customer fails to curtail under any circumstances twice during a 12-month period as requested by the Company.
8. The Customer shall not receive credit for any curtailment periods in which the Customer's curtailable load is already down for an extended period due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, or any event other than the customer's normal operating conditions.

(Continued on Sheet No. 25-2)

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**RIDER P.C.S. (Cont'd)**  
**(Price Curtailable Service Rider)**

**PCS CURTAILMENT OPTION.**

The Customer shall select one of the following Maximum Duration Options under this Rider:

	<u>Maximum Duration</u>
Option A	4 hours
Option B	8 hours
Option C	16 hours

The Maximum Duration is the maximum number of hours per curtailment event for which load may be curtailed under the provisions of this Rider. The Customer shall receive a minimum of 2 hours credit per curtailment event.

The Customer shall specify the Maximum Number of Days during the season that the Customer may be requested to curtail. The Customer shall also specify the Minimum Price at which the customer would be willing to curtail. The Company, at its discretion will determine whether the Customer shall be curtailed give the Customer's specified PSC curtailment options.

**PCS CONTRACT CAPACITY.**

Each Customer shall have an PCS Contract Capacity to be considered as price curtailable capacity under this Rider. The Customer shall specify the Non-PCS Demand, which shall be the demand at or below which the Customer will remain during curtailment periods. The PCS Contract Capacity shall be the difference between the Customer's typical on-peak demand and the Customer's specified Non-PCS Demand. The Company shall determine the Customer's typical on-peak demand, as agreed upon by the Company and the Customer. For the purpose of this Rider, the on-peak billing period is defined as 7:00 a.m. to 11:00 p.m., local time, for all weekdays, Monday through Friday.

The Customer may modify the amount of PCS Contract Capacity and/or the choice of Option no more than once prior to each season. Modifications must be received by the Company in writing no later than 30 days prior to the beginning of the season.

**CURTAILED DEMAND.**

For each curtailment period, Curtailed Demand shall be defined as the difference between the Customer's typical on-peak demand and the maximum 15-minute integrated demand during that curtailment period.

**CURTAILMENT CREDIT**

Period PCS Energy shall be defined as the product of the Curtailed Demand and the number of hours for each curtailment period. The Curtailment credit shall be equal to the product of the Period PCS Energy and the greater of the following: (a) 80% of the daily price index for Into Cinergy On-Peak for the date of curtailments stated in Power Markets Week's Daily Price Report, (b) the Minimum Price as specified by the Customer or (c) 3.5 cents/kWh.

**MONTHLY CREDIT.**

The Monthly Credit shall be equal to the product of the PCS Energy and the applicable Curtailment Option Credit less any charges computed for failure to curtail. The Monthly Credit will be provided to the Customer by check within 30 days after the end of the month in which the curtailment occurred. This amount will be recorded in the Federal Energy Regulatory Commission's Uniform System of Accounts under Account 555, Purchased Power, and will be recorded in a subaccount so that the separate identify of this cost is preserved.

(Cont'd on Sheet No. 25-3)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY AFFAIRS FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

**RIDER P.C.S. (Cont'd)**  
**(Price Curtailable Service Rider)**

**FAILURE TO CURTAIL.**

If the Customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Demand shall be the difference between the maximum 15-minute integrated demand during the curtailment period and the Non-PCS Demand. Noncompliance Energy shall be the Noncompliance Demand multiplied by the number of hours for the curtailment period. Noncompliance Energy shall be billed at a rate equal to the applicable Curtailment Credit for the curtailment period during which the Customer failed to fully comply.

**TERM.**

Contracts under this Rider may be made for an initial period of 1 season and shall remain in effect thereafter until either party provides to the other at least 30 days' written notice prior to the start of the next season of its intention to discontinue service under the terms of this Rider.

**SPECIAL TERMS AND CONDITIONS.**

Individual Customer information, including, but not limited to, PCS Contract Capacity and PCS Curtailment Options, shall remain confidential.

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**TARIFF N.U.G.**  
**(Non-Utility Generator)**

**AVAILABILITY OF SERVICE.**

This tariff is applicable to customers with generation facilities which have a total design capacity of over 1,000 kW that intend to schedule, deliver and sell the net electric output of the facility at wholesale, and who require Commissioning Power, Startup Power and/or Station Power service from the Company.

Service to any load that is electrically isolated from the Customer's generator shall be separately metered and provided in accordance with the generally available demand-metered tariff appropriate for such service to the Customer.

This tariff is not available for standby, backup, maintenance, or supplemental service for wholesale or retail loads served by customer's generator.

**DEFINITIONS.**

1. **Commissioning Power** - The electrical energy and capacity supplied to the customer prior to the commercial operation of the customer's generator, including initial construction and testing phases.
2. **Station Power** - The electrical energy and capacity supplied to the customer to serve the auxiliary loads at the customer's generation facilities, usually when the customer's generator is not operating. Station Power does not include Startup Power.
3. **Startup Power** - The electrical energy and capacity supplied to the customer following a planned or forced outage of the customer's generator for the purpose of returning the customer's generator to synchronous operation.

**COMMISSIONING POWER SERVICE.**

Customers requiring Commissioning Power shall take service under Tariff T.S. or by special agreement with the Company.

The Customer shall coordinate its construction and testing with the Company to ensure that the customer's operations do not cause any undue interference with the Company's obligations to provide service to its other customers or impose a burden on the Company's system or any system interconnected with the Company.

**STATION POWER SERVICE.**

Customers requiring Station Power shall take service under the generally available demand-metered tariff appropriate for the customer's Station Power requirements.

**Station Contract Capacity** - The Customer shall contract for a definite amount of electrical capacity in kW sufficient to meet the maximum Station Power requirements that the Company is expected to supply under the generally available demand-metered tariff appropriate for the customer.

**STARTUP POWER SERVICE.**

Customers requiring Startup Power have the option of contracting for such service under the terms of this tariff or under the generally available demand-metered tariff appropriate for the customer's Startup Power requirements.

**Startup Contract Capacity** - The Customer shall contract for a definite amount of electrical capacity in kW sufficient to meet the maximum Startup Power requirements that the Company is expected to supply.

**Startup Duration** - The Customer shall contract for a definite number of hours sufficient to meet the maximum period of time for which the Company is expected to supply Startup Power.

**Startup Frequency** - The Customer shall contract for a definite number of startup events sufficient to meet the maximum number of times per year that the Company is expected to supply Startup Power.

**Other Startup Characteristics** - The customer shall provide to the Company other information regarding the customer's Startup Power requirements, including, but not limited to, anticipated time-of-use and seasonal characteristics.

**Notification Requirement** - Whenever Startup Power is needed, the Customer shall provide advance notice to the Company.

(Cont'd. on Sheet No. 26-2)

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**TARIFF N.U.G. (Cont'd)**  
**(Non-Utility Generator)**

**STARTUP POWER SERVICE. (cont'd)**

Upon receipt of a request from the Customer for Startup Power Service under the terms of this tariff, the Company will provide the Customer a written offer containing the Notification Requirement, generation rates (including demand and energy charges) and related terms and conditions of service under which service will be provided by the Company. Such offer shall be based upon the Startup Contract Capacity, Startup Duration, Startup Frequency, and Other Startup Characteristics as specified by the customer. In no event shall the generation rates be less than the sum of the Tariff C.I.P.-T.O.D. Energy Charge, the Fuel Adjustment Clause, the System Sales clause, the Experimental Demand-Side Management Adjustment Clause, the Net Merger Savings Credit, Environmental Surcharge and the Capacity Charge.

(T)

If the parties reach an agreement based upon the offer provided to the customer by the Company, a contract shall be executed that provides full disclosure of all rates, terms and conditions of service under this tariff, and any and all agreements related thereto.

**Monthly Transmission and Distribution Rates**

Tariff Code	Service Voltage	
	<u>Subtransmission</u> 392	<u>Transmission</u> 393
Reservation Charge per kW	\$ <del>3.25</del> \$4.16	\$ <del>2.28</del> \$2.31
Reactive Demand Charge for each kiloVAR of maximum leading or lagging reactive demand in excess of 50% of the KW of monthly metered demand...	\$ 0.60 0.67 per KVAR	

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(I)

**Delayed Payment Charge**

This Tariff is net if account is paid in full within 15 days of date of bill. On all accounts not so paid, an additional charge of 5% of the unpaid balance will be made.

**Monthly Billing Demand**

The monthly billing demand in kW shall be taken each month as the highest single 15-minute integrated peak in kW as registered by a demand meter or indicator, less the Station Contract Capacity. The monthly billing demand so established shall in no event be less than the greater of (a) the Startup Contract Capacity or b) the customer's highest previously established monthly billing demand during the past 11 months.

**Monthly Billing Energy**

Interval billing energy shall be measured each 15-minute interval of the month as the total KWH registered by an energy meter or meters less the quotient of the Station Contract Capacity and four (4). In no event shall the interval billing energy be less than zero (0). Monthly billing energy shall be the sum of the interval billing energy for all intervals of the billing month.

(Cont'd on Sheet 26-3)

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**TARIFF N.U.G. (Cont'd)**  
**(Non-Utility Generator)**

**TRANSMISSION SERVICE.**

**Transmission Provider** – The entity providing transmission service to customers in the Company's service territory. Such entity may be the Company or a regional transmission entity.

Prior to taking service under this tariff, the Customer must have a fully executed Interconnection and Operation Agreement with the Company and/or the Transmission Provider or an unexecuted agreement filed with the Federal Energy Regulatory Commission under applicable procedures.

Should the Transmission Provider implement charges for Transmission Congestion, the Company shall provide 30 days written notice to the customer. Upon the expiration of such notice period, should the customer's use of Startup Power result in any charges for Transmission Congestion from the Transmission Provider, such charges, including any applicable taxes or assessments, shall be paid by or passed through to the customer without markup. Transmission Congestion is the condition that exists when market participants seek to dispatch in a pattern that would result in power flows that cannot be physically accommodated by the system.

**TERM OF CONTRACT.**

Contracts under this tariff will be made for an initial period of not less than one year and shall remain in effect thereafter until either party shall give at least 6 months' written notice to the other of the intention to terminate the contract. The Company reserves the right to require initial contracts for periods greater than one year.

A new initial contract period will not be required for existing customers who change their contract requirements after the original initial period unless new or additional facilities are required.

The Company may not be required to supply capacity in excess of that contracted for except by mutual agreement. Contracts will be made in multiples of 100 kW.

**SPECIAL TERMS AND CONDITIONS.**

This tariff is subject to the Company's Terms and Conditions of Service.

This tariff shall not obligate the Company to purchase or pay for any capacity or energy produced by the Customer's generator.

Customers desiring to provide Startup and Station Power from commonly owned generation facilities that are not located on the site of the customer's generator (remote self-supply), shall take service under the terms and conditions contained within the applicable Open Access Transmission Tariff as filed with and accepted by the Federal Energy Regulatory Commission.

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**Tariff N.M.S. (Net Metering Service)**

**AVAILABILITY OF SERVICE.**

Available to customers who own and operate an eligible electric generating facility designed to operate in parallel with the Company's system. Customers served under this tariff must also take service from the Company under the applicable standard service tariff. The total rated generating capacity of all customers served under this tariff shall be limited to one tenth of one percent (0.1%) of the Company's single hour peak load during the previous year.

**CONDITIONS OF SERVICE.**

1. For the purposes of this tariff, an eligible customer-generator's electric generating facility must comply with all of the following requirements:
  - a. generates electricity using only solar energy;
  - b. has a rated capacity of not more than fifteen (15) kilowatts;
  - c. is owned and operated by the customer and is located on the customer's premises;
  - d. is intended for the primary purpose of supplying all or part of the customer's own electricity requirements; and
  - e. is designed and installed to operate in parallel with the Company's electric distribution system without adversely affecting the operation of equipment and service of the Company and its customers and without presenting safety hazards to Company and customer personnel.
2. A Customer seeking to interconnect an eligible electric generating facility to the Company's system must submit to the Company's designated personnel a completed Interconnection Application, and a one-line diagram showing the configuration of the proposed net metering facility. The Company will provide copies of all applicable forms upon request.
3. An Interconnection Agreement between the Company and the eligible customer-generator must be executed before the net metering facility may be interconnected with the Company's system.
4. All generator equipment and installations must comply with the Company's Technical Requirements. All generator equipment shall be installed in accordance with the manufacturer's specifications as well as all applicable provisions of the National Electrical Code and state and local codes. All generator equipment and installations shall comply with all applicable safety, performance and power quality standards established by the National Electrical Code, the Institute of Electrical and Electronic Engineers and accredited testing laboratories.
5. The Customer shall provide the Company proof of qualified installation of the net metering facility. Certification by a licensed electrician shall constitute acceptable proof.
6. The Customer shall install, operate, and maintain the electric generating facility in accordance with the manufacturer's suggested practices for safe, efficient, and reliable operation in parallel with the Company's system.

(Cont'd on Sheet 27-2)

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**Tariff N.M.S. (Net Metering Service) (Cont'd)**

7. The Customer must provide a visibly open, lockable, manual disconnect switch, which is accessible by the Company and is clearly labeled.
8. The Company may, at its own discretion, isolate any electric generating facility if the Company has reason to believe that continued interconnection with the electric generating facility creates or contributes to a system emergency.
9. The Company may perform reasonable on-site inspections to verify the proper installation and continuing safe operation of the net metering facility and the interconnection facilities, at reasonable times and upon reasonable advance notice to the net metering customer.
10. A customer operating an electric generating facility shall maintain homeowners, commercial or other insurance providing coverage in the amount of at least one hundred thousand dollars (\$100,000) for the liability of the insured against losses or damages arising from the use of the customer's electric generating facility. The customer must submit evidence of such insurance to the Company with the Interconnection Application. The Company's receipt of evidence of liability insurance does not imply an endorsement of the terms and conditions of the coverage.
11. An eligible customer-generator installation is transferable to other persons or service locations only upon notification to the Company and verification that the installation is in compliance with all applicable safety and power quality standards. All other conditions of service apply.

**METERING.**

Net energy metering shall be accomplished using a standard kilowatt-hour meter capable of measuring the flow of electricity in two (2) directions. If the existing electrical meter installed at the customer's facility is not capable of measuring the flow of electricity in two directions, the customer shall be responsible for all expenses for the purchase and installation of an appropriate meter or meters with such capability. In the case where two meters are used, the reading of the meter measuring the flow of energy from the customer to the Company shall be subtracted from the reading of the meter measuring the flow of energy from the Company to the customer to obtain a measurement of net kWh for billing purposes.

**MONTHLY CHARGES.**

Monthly charges for energy, and demand where applicable, to serve the customer's net or total load shall be determined according to the Company's standard service tariff under which the customer would otherwise be served, absent the customer's electric generating facility. Energy charges under the customer's standard tariff shall be applied to the customer's net energy for the billing period to the extent that the net energy exceeds zero. If the customer's net energy is zero or negative during the billing period, the customer shall pay only the non-energy charge portions of the standard tariff bill. If the customer's net energy is negative during a billing period, the customer shall be credited in the next billing period for the kWh difference. If time-of-day metering is used, energy flows in both directions shall be netted and accounted for at the specific time-of-use in accordance with the provisions of the customer's standard tariff and this Net Metering Service Tariff. When the customer elects to no longer take service under this Net Metering Service Tariff, any unused credit shall revert to the Company. Excess electricity credits are not transferable between customers or locations.

(Cont'd on Sheet 27-3)

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**Tariff N.M.S. (Net Metering Service) (Cont'd )**

**OTHER CHARGES.**

The customer is responsible for all equipment and installation costs of the electric generating facility.

As specified in the Interconnection Application, the customer must pay a non-refundable application fee of \$50. This fee includes the cost of inspection of the customer's electric generating facility if the Company deems such inspection necessary.

Should the Company determine that an interconnection study is required, the Company will advise the customer of the estimated additional cost of performing such study. Upon payment by the customer of the estimated study costs, the Company will proceed with the interconnection study to determine if installation of the customer's electric generating facility will have significant impact on the Company's system.

Should construction or upgrades of the Company's system be required in order to interconnect the customer's electric generating facility, additional charges to cover costs incurred by the Company shall be determined by the Company and paid by the customer.

The customer shall pay any additional charges, as determined by the Company, for equipment, labor, metering, testing or inspections requested by the customer.

**TERM OF CONTRACT.**

Any contract required under this tariff shall be the same as that required under the customer's applicable standard service tariff.

**SPECIAL TERMS AND CONDITIONS.**

This tariff is subject to the Company's Terms and Conditions of Service and all provisions of the standard service tariff under which the customer takes service.

**TECHNICAL REQUIREMENTS.**

The technical requirements for interconnection of Net Metering Installations to the Company Distribution System are as follows: Interconnection enables the Net Metering Installation to operate in parallel with the Company Distribution System. An Interconnection Application Screening and Interconnection Study, as described in Company's Interconnection Procedures, are used to determine the impact of the Net Metering Installation on the Company Distribution System beyond the Point of Common Coupling.

The standard, IEEE 1547, "Standard for Interconnecting Distributed Resources with Electric Power Systems", contains the majority of the technical requirements necessary for interconnection. IEEE 1547 is limited to an aggregate capacity of 10 MVA or less interconnected at typical primary and/or secondary voltages. IEEE 1547 does not address planning, designing, operating, or maintaining the utility's distribution system and it does not identify or address all of the potential system impact the proposed Net Metering Installation may create beyond the Point of Common Coupling. Due to the limitations of IEEE 1547, additional technical requirements are contained herein.

(Cont'd on Sheet 27-4)

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**Tariff N.M.S. (Net Metering Service) (Cont'd)**

**TECHNICAL REQUIREMENTS. (Cont'd)**

These Technical Requirements are supplementary to and do not intentionally conflict with or supersede applicable laws, ordinances, rules or regulations established by Federal, State and other governmental bodies. The Customer is responsible for conforming to all applicable laws, ordinances, rules or regulations established by Federal, State and other governmental bodies. Additional requirements for interconnection may be imposed by the Transmission System Operator to address Transmission System operating issues related to the proposed Net Metering Installation. Additional requirements may also be necessary to comply with the requirements of other approved tariffs associated with the Company or other third parties providing services.

To assure that the safety, reliability and power quality of the Distribution system is not degraded by the interconnection of the Net Metering Installation:

- 1) The Net Metering Installation shall comply with the Technical Requirements stated herein.
- 2) Any Distribution System modifications and/or modifications to the Net Metering Installation identified by the Interconnection Study, as described in the Interconnection Procedures, shall be completed.
- 3) The Net Metering Installation shall be operated and maintained as agreed upon by the parties.

The Net Metering Installation shall comply with the requirements specified in IEEE 1547, "Standard for Interconnecting Distributed Resources with Electric Power Systems" and the other technical requirements stated herein.

IEEE publications are available from the Institute of Electrical and Electronics Engineers, 443 Hoes Lane, P.O. Box 1331, Piscataway, NJ 08855-1331 (<http://standards.ieee.org/>).

**EQUIPMENT DESIGN REQUIREMENTS**

Data for all major equipment proposed by the Customer to satisfy the Technical Requirements must be submitted for review and approval by the Company with the completed Interconnection Application. To facilitate review and approval, the Company will maintain a list of Pre-certified Equipment. The Company's List of Pre-certified Equipment is available upon request and contains Pre-certified Equipment types, makes and models of manufactured generating equipment and interconnection system components. This listing is based upon equipment certified by recognized national testing laboratories as suitable for interconnection with a distribution system based upon compliance with IEEE Standard 1547. Suitability for interconnection does not imply that Pre-certified Equipment may be interconnected without a study to determine system impact.

The use of equipment that is not Pre-certified may delay the Company's review and approval of the Customer's design. All interconnection equipment must be approved by the Company prior to being connected to the Company's Distribution System and before parallel operation is allowed.

The interconnection system hardware and software design requirements in the Technical Requirements are intended to assure protection of the Company's Distribution System. Any additional hardware and software necessary to protect equipment at the generation facility is solely the responsibility of the Customer to determine, design, and apply.

(Cont'd on Sheet 27-5)

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**Tariff N.M.S. (Net Metering Service) (Cont'd)**

**TECHNICAL REQUIREMENTS. (Cont'd)**

**ISOLATING DEVICE**

A group-operated isolating device must be located at the Point of Common Coupling. The isolating device must be accessible to the Company's personnel at all times and be suitable for use by the Company as a protective tagging location. The isolating device shall have a visible open gap when in the open position and be capable of being locked in the open position. The isolating device must comply with the applicable current standard that specifies the requirements for circuit breakers, reclosers and interrupting switches.

**VOLTAGE UNBALANCE**

Voltage unbalance is the maximum phase deviation from average as specified in ANSI C84.1.

The Customer is responsible for operating the proposed Net Metering Installation such that the voltage unbalance attributable to the Net Metering Installation shall not exceed 2.5% at the Point of Common Coupling.

**INSTALLATION, MAINTENANCE AND TESTING**

The Company reserves the right to witness Compliance Testing at the time of installation and maintenance testing of the interconnection system for compliance with the requirements of IEEE 1547.

The Customer is responsible for the periodic scheduled maintenance on the Net Metering Installation's interconnection system (relays, interrupting devices, control schemes, and batteries that involve the protection of the Company's Distribution System). A periodic maintenance program is to be established in accordance with the requirements of IEEE 1547. The Company may examine copies of the periodic test reports or inspection logs associated with the periodic maintenance program. Upon request Company shall be informed of the next scheduled maintenance and be able to witness the maintenance performed and any associated testing. For each test, a record shall be kept indicating the results of the tests made and the "as found" and "as left" calibration values. Visually setting, without verification, a calibration dial or tap is not considered an adequate calibration check.

The Company reserves the right, at the Company's initial expense, to install special test equipment as may be required to perform a disturbance analysis and monitor the operation and control of the Net Metering Installation to evaluate the quality of power produced by the Net Metering Installation.

(Cont'd on Sheet 27-6)

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KENTUCKY POWER COMPANY

ORIGINAL SHEET NO. 27-6  
Canceling SHEET NO. 27-6

P.S.C. ELECTRIC NO. 8



A unit of American Electric Power

**APPLICATION FOR NET METERING  
INTERCONNECTION WITH THE  
Kentucky Power Company  
DISTRIBUTION SYSTEM**

Customer's Name: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Telephone Number(s): \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Service Location Address: \_\_\_\_\_

Information Prepared and Submitted By: \_\_\_\_\_

*(Name, Address, and E-Mail Address)*

Expected Energizing and Start-up Date: \_\_\_\_\_

**SOLAR GENERATOR'S INVERTER DATA**

Manufacturer and Model: \_\_\_\_\_

Kilowatt Rating: \_\_\_\_\_ (95° F at location)      Kilovolt-Ampere Rating: \_\_\_\_\_ (95° F at location)

Voltage Rating: \_\_\_\_\_ Ampere Rating: \_\_\_\_\_

Have all necessary government permits and approvals been obtained for the project prior to this application? \_\_\_\_ Yes

Attach the following: One-line electrical diagram; layout sketch showing the physical location of the lockable, visible disconnect switch; and inverter specifications showing manufacturer test results documenting conformance with Company's technical requirements.

Attach application filing fee: \$50 (Check is payable to Kentucky Power Company. Send application and fee to: Kentucky Power Company, Attention: Manager of Customer Services, 12333 Kevin Avenue, Ashland, KY 41102)

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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ISSUED BY E. K. WAGNER      DIRECTOR REGULATORY SERVICES      FRANKFORT, KENTUCKY  
NAME      TITLE      ADDRESS

Issued pursuant to an Order by the Public Service Commission in Case No. 2005-00341 dated March , 2006

**TARIFF C.C.**  
**(Capacity Charge)**

**AVAILABILITY OF SERVICE.**

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., S.G.S., M.G.S., M.G.S.-T.O.D., L.G.S., Q.P., C.I.P.-T.O.D., C.S.-I.R.P., M.W., O.L. and S.L.

**RATE.**

	<u>Service Tariff</u>	
	<u>All Other</u>	<u>C.I.P.-T.O.D.</u>
Energy Charge per KWH per month	\$0.000824	\$0.000508

**RATE CALCULATION.**

1. Pursuant to the final order of the Kentucky Public Service Commission in Case No. 2004-00420 and the Settlement and Stipulation Agreement dated October 20, 2004 as filed and approved by the Commission, Kentucky Power Company is to recover from retail ratepayers the supplemental annual payments tied to the 18-year extension of the Rockport Unit Power Agreement (USPA). Kentucky Power will apply surcharges designed to enable recovery from each tariff class of customers, an annual supplemental payment of \$5.1 million annually in Years 2005 through 2009, and then increases to \$6.2 million annually in Years 2010 through 2021, and then decreases to \$5,792,329 in Year 2022.
2. Kentucky Power will be entitled to receive these annual supplemental payments in addition to the base retail rates established by the Commission. The costs associated with the underlying Rockport Unit 1 and 2 UPSA will continue to be included in base rates.
3. The increased annual revenues will be generated by two different KWH rates, one for CIP-TOD tariff customers and one for All Other tariff customers.
4. The allocation of the additional revenues to be collected from the CIP-TOD tariff customers and All Other tariff customers will be based upon the total annual revenue of each of the two-customer classes. Once the additional revenues have been allocated between the two customer classes based upon total annual Kentucky retail revenue, the additional revenue will be collected within the two customer classes (CIP-TOD and All Other tariffs) on a KWH basis. The KWH rate to be applied to each of these two customer class groups shall be sufficient to generate that portion of the total increase in annual revenues equal to the percentage of total annual revenues produced by each of the two customer class groups (CIP-TOD and All Other tariffs).
5. The Stipulation and Settlement Agreement is made upon the express agreement by the Parties that the receipt by Kentucky Power of the additional revenues called for by Section III(1)(a) and III(1)(b) shall be accorded the ratemaking treatment set out in Section III. In any proceeding affecting the rates of Kentucky Power during the extension of the UPSA under this Stipulation and Settlement Agreement, the provisions of Section III are an express exception to Section VI(4) of the Stipulation and Settlement Agreement.
6. The Capacity Charge factors will be applied to bills monthly and will be shown on the Customer's bill as a separate line item.

(N)

(N)

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**ENVIRONMENTAL SURCHARGE (E.S.)**

**APPLICABLE.**

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., S.G.S., M.G.S., M.G.S.-T.O.D., L.G.S., Q.P., C.I.P.-T.O.D., C.S.-I.R.P., M.W., O.L., and S.L.

**RATE.**

1. The environmental surcharge shall provide for monthly adjustments based on a percent of revenues equal to the difference between the environmental compliance costs in the base period as provided in Paragraph 6 below and in the current period according to the following formula:

$$\text{Monthly Environmental Surcharge Factor} = \frac{\text{Net KY Retail E(m)}}{\text{KY Retail R(m)}}$$

Where:

Net KY Retail E(m) = Monthly E(m) allocated to Kentucky Retail Customers, net of Over/(Under) Recovery Adjustment; Allocation based on Percentage of Kentucky Retail Revenues to Total Company Revenues in the Expense Month.

(For purposes of this formula, Total Company Revenues do not include Non-Physical Revenues.)

KY Retail R(m) = Kentucky Retail Revenues for the Expense Month.

2. Monthly Environmental Surcharge Gross Revenue Requirement, E(m)

$$E(m) = \text{CRR} - \text{BRR}$$

Where:

CRR = Current Period Revenue Requirement for the Expense Month.

BRR = Base Period Revenue Requirement.

3. Base Period Revenue Requirement, BRR

Where:

$$\text{BRR} = ((\text{RB}_{\text{KP(B)}})(\text{ROR}_{\text{KP(B)}})/12) + \text{OE}_{\text{KP(B)}} + (((\text{RB}_{\text{IM(B)}})(\text{ROR}_{\text{IM(B)}})/12) + \text{OE}_{\text{IM(B)}})(.15)$$

RB<sub>KP(B)</sub> = Environmental Compliance Rate Base for Big Sandy

ROR<sub>KP(B)</sub> = Annual Rate of Return on Big Sandy Rate Base;  
Annual Rate divided by 12 to restate to a Monthly Rate of Return.

OE<sub>KP(B)</sub> = Monthly Pollution Control Operating Expenses for Big Sandy.

RB<sub>IM(B)</sub> = Environmental compliance Rate Base for Rockport

ROR<sub>IM(B)</sub> = Annual Rate of Return on Rockport Rate Base;  
Annual Rate divided by 12 to restate to a Monthly Rate of Return.

OE<sub>IM(B)</sub> = Monthly Pollution Control Operating Expenses for Rockport.

"KP(B)" identifies components from the Big Sandy Units – Base Period, and "IM(B)" identifies components from the Indiana Michigan Power Company's Rockport Units – Base Period.

The Rate Base for both Kentucky Power and Rockport should reflect the account balances as of June 30, 2005. The Operating Expense amounts should reflect the June 30, 2005 expense. The amounts reflect retirements or replacements resulting from the 1997 Plan, the 2003 Plan and the 2005 Plan.

(Continued on Sheet 29-2)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No.2005-00341 dated March , 2006

**ENVIRONMENTAL SURCHARGE (E.S.) (Cont'd)**

**RATE (Cont'd)**

The Rate of Return for Kentucky Power is a weighted average cost of capital calculation, reflecting the cost of debt as of June 30, 2005 and the rate of return on common equity authorized in Case No. 2005-00068. The Kentucky Power component in the Base Period Revenue Requirement is a result of the adoption of the Commission's Order in Case No. 2005-00341. As Kentucky Power's last general rate case had been settled, Kentucky Power proposed and the Commission accepted the use of the rate of return on common equity established in Case No. 2005-00068.

(T)

The Rate of Return for Rockport should reflect the requirements of the Rockport Unit Power Agreement.

The Base Period Revenue Requirement will remain fixed until either a) a 2-year review case results in the roll-in of the surcharge into existing base rates, or b) further retirements or replacements of pollution control utility plant occur due to the installation of new pollution control utility plant associated with the approved compliance plan.

4. Current Period Revenue Requirement, CRR

$$CRR = [((RB_{KP(C)}) (ROR_{KP(C)}) / 12) + OE_{KP(C)} + (((RB_{IM(C)}) (ROR_{IM(C)}) / 12) + OE_{IM(C)}) (.15) - AS]$$

(T)

Where:

- RB<sub>KP(C)</sub> = Environmental Compliance Rate Base for Big Sandy.
- ROR<sub>KP(C)</sub> = Annual Rate of Return on Big Sandy Rate Base;  
Annual Rate divided by 12 to restate to a Monthly Rate of Return.
- OE<sub>KP(C)</sub> = Monthly Pollution Control Operating Expenses for Big Sandy.
- RB<sub>IM(C)</sub> = Environmental Compliance Rate Base for Rockport.
- ROR<sub>IM(C)</sub> = Annual Rate of Return on Rockport Rate Base;  
Annual Rate divided by 12 to restate to a Monthly Rate of Return.
- OE<sub>IM(C)</sub> = Monthly Pollution Control Operating Expenses for Rockport.
- AS = Net proceeds from the sale of SO<sub>2</sub> emission allowances, ERCs, and NO<sub>x</sub> emission allowances, reflected in the month of receipt. The SO<sub>2</sub> allowance sales can be from either EPA Auctions or the AEP Interim Allowance Agreement Allocations.

"KP(C)" identifies components from the Big Sandy Units – Current Period, and "IM(C)" identifies components from the Indiana Michigan Power Company's Rockport Units – Current Period.

The Rate Base for both Kentucky Power and Rockport should reflect the current costs associated with the 1997 Plan and the 2003 Plan. The Rate Base for Kentucky Power should also include a cash working capital allowance based on the 1/8 formula approach, due to the inclusion of Kentucky Power's accounts receivable financing in the capital structure and weighted average cost of capital. The Operating Expenses for both Kentucky Power and Rockport should reflect the current operating expenses associated with the 1997 Plan, the 2003 Plan and the 2005 Plan.

(T)

The Rate of Return for Kentucky Power is the weighted average cost of capital as authorized by the Commission in Case No. 2005-00341.

(T)

(Cont'd on Sheet 29-3)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E.K.WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

**ENVIRONMENTAL SURCHARGE (E.S.) (Cont'd)**

**RATE (Cont'd)**

The Rate of Return for Rockport should reflect the requirements of the Rockport Unit Power Agreement.

Net Proceeds from the sale of emission allowances and ERCs that reflect net gains will be a reduction to the Current Period Revenue Requirement, while net losses will be an increase.

The Current Period Revenue Requirement will reflect the balances and expenses as of the Expense Month of the filing.

5. Environmental costs "E" shall be the Company's costs of compliance with the Clean Air Act and those environmental requirements that apply to coal combustion wastes and by-products, as follows:

- (a) cost associated with Continuous Emission Monitors (CEMS)
- (b) costs associated with the terms of the Rockport Unit Power Agreement
- (c) the Company's share of the pool capacity costs associated with Gavin scrubber(s)
- (d) return on SO<sub>2</sub> allowance inventory
- (e) costs associated with air emission fees
- (f) over/under recovery balances between the actual costs incurred less the amount collected through the environmental surcharge
- (g) costs associated with any Commission's consultant approved by the Commission
- (h) costs associated with Low Nitrogen Oxide (NO<sub>x</sub>) burners at the Big Sandy Generating Plant
- (i) costs associated with the consumption of SO<sub>2</sub> allowances
- (j) costs associated with the Selective Catalytic Reduction (SCR) at the Big Sandy Generating Plant
- (k) costs associated with the upgrade of the precipitator at the Big Sandy Generating Plant
- (l) costs associated with the over-fire air with water injection at the Big Sandy Generating Plant
- (m) costs associated with the consumption of NO<sub>x</sub> allowances
- (n) return on NO<sub>x</sub> allowance inventory
- (o) 25% of the costs associated with the Reverse Osmosis Water System (the amount is subject to adjustment at subsequent 6 month surcharge reviews based on the documented utilization of the RO Water System by the SCR)
- (p) costs associated with operating approved pollution control equipment

(Cont'd on Sheet 29-4)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E. K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an order of the Public Service Commission in Case No. 2005-00341 dated March , 2006



**ENVIRONMENTAL SURCHARGE (E.S.) (Cont'd)**

- (q) costs associated with maintaining approved pollution control equipment including material and contract labor (excluding plant labor)
- (r) the Company's share of the pool Capacity costs associated with the following:
- Amos Unit No. 3 CEMS, Low NO<sub>x</sub> Burners and SCR
  - Cardinal Unit No 1 CEMS, Low NO<sub>x</sub> Burners and SCR
  - Gavin Plant SCR and SCR Catalyst Replacement
  - Gavin Unit No 1 and 2 Low NO<sub>x</sub> Burners
  - Kammer Unit Nos 1,2 and 3 CEMS, Over Fire Air and Duct Modification
  - Mitchell Unit Nos 1 and 2 Water Injection, Low NO<sub>x</sub> burners and Low NO<sub>x</sub> burner Modification
  - Mitchell Plant Common CEMS, Replace Burner Barrier Valves
  - Muskingum River Unit No 1 Low NO<sub>x</sub> Ductwork, Over Fire Air , Over Fire Air Modification, Water Injection and Water Injection Modification
  - Muskingum River Unit No 2 Low NO<sub>x</sub> Ductwork, Over Fire Air, Over Fire Air Modification and Water Injection
  - Muskingum River Unit No 3 Over Fire Air, Over Fire Air Modification with NO<sub>x</sub> Instrumentation
  - Muskingum River Unit No 4 Over Fire Air with Modification
  - Muskingum River Unit No 5 Low NO<sub>x</sub> Burner with Modification and Weld Overlays and an SCR
  - Muskingum River Common CEMS
  - Phillip Sporn Unit No 2 Low NO<sub>x</sub> Burners with Modifications
  - Phillip Sporn Unit No 4 and 5 Low NO<sub>x</sub> Burners and Modulating Injection Air system with Modifications
  - Phillip Sporn Common CEMS and SO<sub>2</sub> injection system
  - Rockport Unit No 1 and 2 Low NO<sub>x</sub> Burners

(Cont'd on Sheet 29-5)

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E. K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

**ENVIRONMENTAL SURCHARGE (E.S.) (Cont'd)**

- Tanners Creek Unit No 1 Low NO<sub>x</sub> Burners, with Modifications and Low NO<sub>x</sub> Burners Leg Replacement
- Tanners Creek Unit No 2 and 3 Low NO<sub>x</sub> Burners with Modifications
- Tanners Creek Unit No 4 Over Fire Air, Low NO<sub>x</sub> Burners and ESP Controls Upgrade
- Tanners Creek Common CEMS
- Title V Air Emission Fees at Amos, Cardinal, Gavin, Kammer, Mitchell, Muskingum River, Phillip Sporn, Rockport and Tanners Creek plants.

6. The base monthly net cost from environmental compliance is as follows:

<u>Billing Month</u>	<u>Base Net Environmental Costs</u>
JANUARY	\$2,531,784
FEBRUARY	3,003,995
MARCH	2,845,066
APRIL	2,095,535
MAY	1,514,859
JUNE	1,913,578
JULY	2,818,212
AUGUST	2,342,883
SEPTEMBER	2,852,305
OCTOBER	2,181,975
NOVEMBER	2,598,522
DECEMBER	1,407,969
	<u>\$ 28,106,683</u>

7. The monthly environmental surcharge shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all necessary supporting data to justify the amount of the adjustments which shall include data and information as may be required by the Commission.

DATE OF ISSUE February 17, 2006 DATE EFFECTIVE Bills rendered on and after March 30, 2006

ISSUED BY E. K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
NAME TITLE ADDRESS

Issued by authority of an order of the Public Service Commission in Case No. 2005-00341 dated March , 2006

(N)  
|  
(N)



**Kentucky Power Company**

**REQUEST**

Provide the calculation which demonstrates that the proposed new rates produce the agreed to settlement revenue increase (proof of revenues).

**RESPONSE**

Attached is a copy of the Company's calculations demonstrating the proposed new rates produce the agreed to settlement revenue increase.

**WITNESS:** David M Roush

KENTUCKY POWER BILLING ANALYSIS  
TEST YEAR ENDED JUNE 30, 2005  
REVENUE SUMMARY SHEET  
SETTLEMENT

KPSC Case No. 2005-00341  
February 7, 2006 Hearing Request  
Item No.2  
Page 2 of 27

<u>Tariff</u>	<u>Current Revenue</u>	<u>Settlement Revenue Increase</u>	<u>Settlement Revenue Target</u>	<u>Verification Difference</u>	<u>Settlement Revenue Achieved</u>
RS Total	\$129,841,719				\$148,955,964
RSLMTOD Total	\$248,246				\$286,429
Residential Total	\$130,089,965	\$19,157,568	\$149,247,533	\$5,141	\$149,242,392
OL Total	\$4,776,969	\$703,476	\$5,480,445	(\$1)	\$5,480,446
SGS Metered Total	\$6,052,186				\$7,008,979
SGS TOD (225)	\$2,889				\$3,091
SGS NM Total	\$341,635				\$386,684
SGS Total	\$6,396,711	\$942,005	\$7,338,716	(\$60,038)	\$7,398,754
MGS Sec to SGS	\$3,097,473				\$2,968,892
MGS Sec to MGS Sec	\$35,224,220				\$40,351,711
MGS Sec Total	\$38,321,693				\$43,320,603
MGS RL (214)	\$69,164				\$75,251
MGSLMTOD (223)	\$82,840				\$89,455
MGSTOD (229)	\$118,975				\$132,726
MGS Pri Total	\$1,182,800				\$1,369,094
MGS Sub (236)	\$274,368				\$325,115
MGS Total	\$40,049,840	\$5,322,899	\$45,372,739	\$60,496	\$45,312,243
LGS Sec Total	\$29,480,791				\$34,858,759
LGSLMTOD (251)	\$146,108				\$172,693
LGS Pri Total	\$6,732,294				\$7,625,100
LGS Sub (248)	\$5,280,071				\$5,689,945
LGS Total	\$41,639,263	\$6,707,264	\$48,346,527	\$31	\$48,346,496
QP Pri Total	\$9,209,020				\$10,574,190
QP Sub (359)	\$28,719,777				\$30,028,158
QP Tran (360)	\$1,094,580				\$1,090,557
QP Total	\$39,023,377	\$2,669,597	\$41,692,974	\$69	\$41,692,905
CIP Sub (371)	\$64,892,679				\$69,709,638
CIP Tran (372)	\$9,291,975				\$9,726,283
CIP Total	\$74,184,654	\$5,251,405	\$79,436,059	\$138	\$79,435,921
SL (528)	\$815,872	\$120,149	\$936,021	\$6	\$936,015
MW (540)	\$367,037	\$53,750	\$420,787	\$25	\$420,762
Total	\$337,343,688	\$40,928,113	\$378,271,801	\$5,868	\$378,265,933

KENTUCKY POWER BILLING ANALYSIS  
TEST YEAR ENDED JUNE 30, 2005  
SETTLEMENT SUMMARY

<u>Tariff</u>	<u>Total Current Revenue</u>	<u>Total Proposed Revenue</u>	<u>Difference</u>	<u>% Difference</u>
RS Total	\$129,841,719	\$148,955,964	\$19,114,245	14.72%
RSLMTOD Total	\$248,246	\$286,429	\$38,183	15.38%
OL Total	\$4,776,969	\$5,480,446	\$703,477	14.73%
SGS Metered Total	\$6,052,186	\$7,008,979	\$956,793	15.81%
SGS from MGS	\$3,097,473	\$2,968,892	(\$128,581)	-4.15%
Subtotal Proposed SGS	\$9,149,659	\$9,977,871	\$828,212	9.05%
SGS TOD (225)	\$2,889	\$3,091	\$202	6.99%
SGS NM Total	\$341,635	\$386,684	\$45,049	13.19%
MGS RL (214)	\$69,164	\$75,251	\$6,087	8.80%
MGS -> MGS	\$35,224,220	\$40,351,711	\$5,127,491	14.56%
MGSLMTOD (223)	\$82,840	\$89,455	\$6,614	7.98%
MGSTOD (229)	\$118,975	\$132,726	\$13,751	11.56%
MGS Pri Total	\$1,182,800	\$1,369,094	\$186,294	15.75%
MGS Sub (236)	\$274,368	\$325,115	\$50,747	18.50%
LGS Sec Total	\$29,480,791	\$34,858,759	\$5,377,968	18.24%
LGSLMTOD (251)	\$146,108	\$172,693	\$26,585	18.20%
LGS Pri Total	\$6,732,294	\$7,625,100	\$892,806	13.26%
LGS Sub (248)	\$5,280,071	\$5,689,945	\$409,873	7.76%
QP Pri Total	\$9,209,020	\$10,574,190	\$1,365,171	14.82%
QP Sub (359)	\$28,719,777	\$30,028,158	\$1,308,380	4.56%
QP Tran (360)	\$1,094,580	\$1,090,557	(\$4,024)	-0.37%
CIP Sub (371)	\$64,892,679	\$69,709,638	\$4,816,958	7.42%
CIP Tran (372)	\$9,291,975	\$9,726,283	\$434,308	4.67%
SL (528)	\$815,872	\$936,015	\$120,143	14.73%
MW (540)	\$367,037	\$420,762	\$53,724	14.64%
Total	\$337,343,688	\$378,265,933	\$40,922,245	12.13%

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

RESIDENTIAL SERVICE (011, 012, 013, 014, 015, 017, 022, 054)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
<u>Billing kWh</u>						
First 500 kWh	714,122,566	\$0.05047	\$36,041,765.91	714,122,566	\$0.06002	\$42,861,636.41
Over 500 kWh	1,623,264,596	\$0.04315	\$70,043,867.32	1,623,264,596	\$0.06002	\$97,428,341.05
Storage Water Heating	451,141	\$0.01945	\$8,774.69	451,141	\$0.02664	\$12,018.40
Metered kWh	2,337,838,303			2,337,838,303		
Customer Charge	1,720,788	\$4.25	\$7,313,349.00	1,720,788	\$5.86	\$10,083,817.68
Number of Customers	1,729,728			1,729,728		
Employee Discount			(\$58,194.41)			(\$40,996.00)
Fuel		\$0.0039159	\$9,154,796.84		(\$0.0005941)	(\$1,388,853.91)
Environmental Surcharge			\$7,337,359.25			\$0.00
Total			\$129,841,718.60			\$148,955,963.63

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

RESIDENTIAL LOAD MANAGEMENT TIME-OF-DAY SERVICE (028, 030, 032, 034)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
<u>Billing kWh</u>						
On-peak kWh	1,602,966	\$0.07379	\$118,282.86	1,602,966	\$0.10177	\$163,133.85
Off-peak kWh	4,063,552	\$0.01945	\$79,036.09	4,063,552	\$0.02664	\$108,253.03
Metered kWh	5,666,518			5,666,518		
C&LM Credit	0	-\$0.00745	\$0.00	0	-\$0.00745	\$0.00
Customer Charge	2,373	\$6.75	\$16,017.75	2,373	\$8.36	\$19,838.28
Number of Customers	2,376			2,376		
Employee Discount			(\$1,152.03)			(\$1,430.00)
Fuel		\$0.0039159	\$22,189.65		(\$0.0005941)	(\$3,366.34)
Environmental Surcharge			\$13,871.86			\$0.00
Total			\$248,246.18			\$286,428.81



KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

OUTDOOR LIGHTING (093, 094, 095, 097, 098, 099, 107, 109, 110, 111, 113, 116, 122, 131)

	Current Billing Units	Current Rate	Current Revenue	Proposed Billing Units	Proposed Rate	Proposed Revenue
<u>Overhead Lighting Service</u>						
High Pressure Sodium						
100 watts, 9,500 Lumens (094)	307,920	\$5.04	\$1,551,917	307,920	\$6.70	\$2,063,064
150 watts, 16,000 Lumens (113)	203,304	\$5.92	\$1,203,560	203,304	\$7.50	\$1,524,780
200 watts, 22,000 Lumens (097)	26,856	\$7.51	\$201,689	26,856	\$9.05	\$243,047
400 watts, 50,000 Lumens (098)	1,668	\$12.00	\$20,016	1,668	\$14.35	\$23,936
Mercury Vapor						
175 watts, 7,000 Lumens (093)	31,692	\$5.04	\$159,728	31,692	\$6.95	\$220,259
400 watts, 20,000 Lumens (095)	2,184	\$8.24	\$17,996	2,184	\$11.60	\$25,334
<u>Post Top Lighting Service</u>						
High Pressure Sodium						
100 watts, 9,500 Lumens (111)	9,924	\$8.81	\$87,430	9,924	\$10.05	\$99,736
150 watts, 16,000 Lumens (122)	528	\$14.43	\$7,619	528	\$16.45	\$8,666
Mercury Vapor						
175 watts, 7,000 Lumens (099)	192	\$5.92	\$1,137	192	\$8.10	\$1,555
<u>Flood Lighting Service</u>						
High Pressure Sodium						
200 watts, 22,000 Lumens (107)	21,096	\$8.79	\$185,434	21,096	\$10.30	\$217,289
400 watts, 50,000 Lumens (109)	45,084	\$11.86	\$534,696	45,084	\$14.10	\$635,684
Metal Halide						
250 watts, 20,500 Lumens (110)	1,092	\$13.92	\$15,201	1,092	\$16.15	\$17,636
400 watts, 36,000 Lumens (116)	9,660	\$18.10	\$174,846	9,660	\$21.05	\$203,343
1000 watts, 110,000 Lumens (131)	1,152	\$38.66	\$44,536	1,152	\$45.20	\$52,070
Metered kWh	41,336,355			41,336,355		
Facilities Charge						
Pole	44,904	\$1.80	\$80,827	44,904	\$2.30	\$103,279
Span	47,172	\$1.00	\$47,172	47,172	\$1.30	\$61,324
Lateral	744	\$5.35	\$3,980	744	\$5.35	\$3,980
Fuel		\$0.0039159	\$161,870		(\$0.0005941)	(\$24,557)
Environmental Surcharge			\$277,316			\$0
Total			\$4,776,969			\$5,480,446

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005  
 SMALL GENERAL SERVICE (211, 212)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
<u>Billing kWh</u>						
First 500 kWh	36,604,547	\$0.06307	\$2,308,648.78	36,604,547	\$0.08824	\$3,229,985.23
Over 500 kWh	30,479,826	\$0.03663	\$1,116,476.03	30,479,826	\$0.04805	\$1,464,555.64
Metered kWh	67,084,373			67,084,373		
Customer Charge	204,721	\$9.85	\$2,016,501.85	204,721	\$11.50	\$2,354,291.50
Number of Customers	205,416			205,416		
Fuel		\$0.0039159	\$262,697.30		(\$0.0005941)	(\$39,853.22)
Environmental Surcharge			\$347,862.52			\$0.00
Total			\$6,052,186.47			\$7,008,979.14

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

SMALL GENERAL SERVICE - TIME-OF-DAY (225)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
<u>Billing kWh</u>						
On-Peak	12,369	\$0.09082	\$1,123.35	12,369	\$0.12227	\$1,512.36
Off-Peak	19,148	\$0.02054	\$393.30	19,148	\$0.02664	\$510.10
Metered kWh	31,517			31,517		
Customer Charge	72.000	\$15.10	\$1,087.20	72	\$15.10	\$1,087.20
Number of Customers	72			72		
Fuel		\$0.0039159	\$123.42		(\$0.0005941)	(\$18.72)
Environmental Surcharge			\$161.67			\$0.00
Total			\$2,888.94			\$3,090.94

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

SMALL GENERAL SERVICE - NON METERED (204, 213)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
<u>Billing kWh</u>						
First 500 kWh	2,402,700	\$0.06307	\$151,538.29	2,402,700	\$0.08824	\$212,014.25
Over 500 kWh	1,092,480	\$0.03663	\$40,017.54	1,092,480	\$0.04805	\$52,493.66
Metered kWh	3,495,180		\$0.00	3,495,180		
Customer Charge	16,567	\$7.00	\$115,969.00	16,567	\$7.50	\$124,252.50
Number of Customers	13,044			13,044		
Fuel		\$0.0039159	\$13,686.86		(\$0.0005941)	(\$2,076.40)
Environmental Surcharge			\$20,423.63			\$0.00
Total			\$341,635.32			\$386,684.01

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

MEDIUM GENERAL SERVICE - RECREATIONAL LIGHTING (214)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
All kWh	981,039	\$0.05303	\$52,024.50	981,039	\$0.06519	\$63,953.93
Metered kWh	981,039			981,039		
Customer Charge	880	\$10.80	\$9,504.00	880	\$13.50	\$11,880.00
Number of Customers	828			828		
Fuel		\$0.0039159	\$3,841.67		(\$0.0005941)	(\$582.81)
Environmental Surcharge			\$3,794.29			\$0.00
Total			\$69,164.46			\$75,251.12

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

MEDIUM GENERAL SERVICE - SECONDARY (215, 216, 218) REMAINING MGS-SEC

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
<u>Billing kWh</u>						
First 200 kWh per kW	378,515,486	\$0.05285	\$20,004,543.44	378,526,439	\$0.06988	\$26,451,427.56
Over 200 kWh per kW	168,881,326	\$0.04317	\$7,290,606.84	168,886,507	\$0.05826	\$9,839,327.90
Minimum kWh	119,017			102,884		
Metered kWh	547,515,829			547,515,830		
<u>Billing kW</u>						
Standard	2,323,381	\$1.16	\$2,695,121.96	2,325,939	\$1.31	\$3,046,980.09
Mining Minimum	4,700	\$4.82	\$22,654.00	3,840	\$5.46	\$20,966.40
Customer Charge	97,650	\$10.80	\$1,054,620.00	97,650	\$13.50	\$1,318,275.00
Number of Customers	97,880			97,880		
Fuel		\$0.0039159	\$2,144,030.31		(\$0.0005941)	(\$325,266.08)
Subtotal			\$33,211,576.55			\$40,351,710.87
Environmental Surcharge			\$2,012,643.60			\$0.00
Total			\$35,224,220.15			\$40,351,710.87

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

MEDIUM GENERAL SERVICE - SECONDARY (215, 216, 218) MIGRATING TO SGS

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
<u>Billing kWh</u>						
First 500 kWh				14,553,857	\$0.08824	\$1,284,232.34
Over 500 kWh				26,678,118	\$0.04805	\$1,281,883.57
Metered kWh				41,231,975		
Customer Charge				37,154	\$11.50	\$427,271.00
Number of Customers				37,300		
First 200 kWh per kW	31,114,413	\$0.05285	\$1,644,396.73			
Over 200 kWh per kW	10,117,562	\$0.04317	\$436,775.15			
Minimum kWh	0					
Metered kWh	41,231,975					
<u>Billing kW</u>						
Standard	238,442	\$1.16	\$276,592.72			
Mining Minimum	0	\$4.82	\$0.00			
Customer Charge	37,154	\$10.80	\$401,263.20			
Number of Customers	37,300					
Fuel		\$0.0039159	\$161,461.28		(\$0.0005941)	(\$24,494.93)
Subtotal			\$2,920,489.07			\$2,968,891.98
Environmental Surcharge			\$176,983.58			\$0.00
Total			\$3,097,472.65			\$2,968,891.98

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

MEDIUM GENERAL SERVICE LOAD MANAGEMENT TIME-OF-DAY (223)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
<u>Billing kWh</u>						
On-peak kWh	509,032	\$0.08155	\$41,511.56	509,032	\$0.11391	\$57,983.84
Off-peak kWh	1,093,594	\$0.02608	\$28,520.93	1,093,594	\$0.02781	\$30,412.85
Metered kWh	1,602,626			1,602,626		
Customer Charge	670	\$3.00	\$2,010.00	670	\$3.00	\$2,010.00
Number of Customers	672			672		
Fuel		\$0.0039159	\$6,275.76		(\$0.0005941)	(\$952.08)
Environmental Surcharge			\$4,521.85			\$0.00
Total			\$82,840.10			\$89,454.60



KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

MEDIUM GENERAL SERVICE TIME-OF-DAY (229)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
<u>Billing kWh</u>						
On-peak kWh	768,184	\$0.08155	\$62,645.41	768,184	\$0.11391	\$87,503.84
Off-peak kWh	1,204,434	\$0.02608	\$31,411.64	1,204,434	\$0.02781	\$33,495.31
Metered kWh	1,972,619			1,972,619		
Customer Charge	901.993	\$11.60	\$10,463.12	902	\$14.30	\$12,898.50
Number of Customers	900			900		
Fuel		\$0.0039159	\$7,724.63		(\$0.0005941)	(\$1,171.89)
Environmental Surcharge			\$6,730.00			\$0.00
Total			\$118,974.79			\$132,725.76

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

MEDIUM GENERAL SERVICE - PRIMARY (217, 220)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
<u>Billing kWh</u>						
First 200 kWh per kW	13,855,780	\$0.04728	\$655,101.28	14,136,074	\$0.06318	\$893,117.16
Over 200 kWh per kW	6,468,066	\$0.04070	\$263,250.29	6,073,390	\$0.05526	\$335,615.53
Minimum kWh	97,971			212,353		
Metered kWh	20,421,817			20,421,817		
<u>Billing kW</u>						
Standard	66,405	\$1.16	\$77,029.80	68,856	\$1.28	\$88,135.68
Mining Minimum	4,812	\$4.82	\$23,193.84	7,791	\$5.46	\$42,538.86
Customer Charge	1,039	\$16.20	\$16,831.80	1,039	\$21.00	\$21,819.00
Number of Customers	1,044			1,044		
Fuel		\$0.0039159	\$79,970.28		(\$0.0005941)	(\$12,132.11)
Environmental Surcharge			\$67,422.47			\$0.00
Total			\$1,182,799.76			\$1,369,094.11

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

MEDIUM GENERAL SERVICE - SUBTRANSMISSION (236)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
<u>Billing kWh</u>						
First 200 kWh per kW	3,039,121	\$0.04252	\$129,223.42	2,684,041	\$0.05744	\$154,171.32
Over 200 kWh per kW	1,116,681	\$0.03900	\$43,550.56	1,357,286	\$0.05321	\$72,221.19
Minimum kWh	128,086			242,561		
Metered kWh	4,283,888			4,283,888		
<u>Billing kW</u>						
Standard	14,759	\$1.16	\$17,120.44	13,003	\$1.25	\$16,253.75
Mining Minimum	4,570	\$4.82	\$22,027.40	8,845	\$5.46	\$48,293.70
Customer Charge	240	\$119.00	\$28,560.00	240	\$153.00	\$36,720.00
Number of Customers	240			240		
Fuel		\$0.0039159	\$16,775.38		(\$0.0005941)	(\$2,544.96)
Environmental Surcharge			\$17,110.61			\$0.00
Total			\$274,367.81			\$325,115.00

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

LARGE GENERAL SERVICE - SECONDARY (240, 242)

	Current Billing Units	Current Rate	Current Revenue	Proposed Billing Units	Proposed Rate	Proposed Revenue
Billing kWh	545,794,014	\$0.03627	\$19,795,948.89	563,128,318	\$0.05120	\$28,832,169.88
Metered kWh	563,128,318			563,128,318		
Billing Demand	1,713,341	\$2.97	\$5,088,622.77	1,614,764	\$3.45	\$5,570,935.80
Billing Reactive				27,887	\$2.97	\$82,824.39
Customer Charge	8,322	\$85.00	\$707,370.00	8,322	\$85.00	\$707,370.00
Number of Customers	8,328			8,328		
Fuel		\$0.0039159	\$2,205,167.63		(\$0.0005941)	(\$334,541.09)
Environmental Surcharge			\$1,683,681.30			\$0.00
Total			\$29,480,790.59			\$34,858,758.99

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

LARGE GENERAL SERVICE LOAD MANAGEMENT TIME-OF-DAY (251)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
<u>Billing kWh</u>						
On-peak kWh	1,236,929	\$0.06775	\$83,801.94	1,236,929	\$0.09592	\$118,646.23
Off-peak kWh	1,742,226	\$0.01963	\$34,199.90	1,742,226	\$0.02753	\$47,963.48
Metered kWh	2,979,155			2,979,155		
Customer Charge	96	\$81.80	\$7,852.80	96	\$81.80	\$7,852.80
Number of Customers	96			96		
Fuel		\$0.0039159	\$11,666.14		(\$0.0005941)	(\$1,769.84)
Environmental Surcharge			\$8,586.82			\$0.00
Total			\$146,107.60			\$172,692.67

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

LARGE GENERAL SERVICE - PRIMARY (244, 246)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
Billing kWh	128,864,399	\$0.02968	\$3,824,695.36	124,772,297	\$0.04415	\$5,508,696.91
Metered kWh	124,741,547			124,741,547		
Compensated kWh	124,772,297			124,772,297		
Billing Demand	631,445	\$2.97	\$1,875,391.65	532,087	\$3.36	\$1,787,812.32
Billing Reactive				82,141	\$2.97	\$243,958.77
Customer Charge	1,245	\$127.50	\$158,737.50	1,245	\$127.50	\$158,737.50
Number of Customers	1,248			1,248		
Fuel		\$0.0039159	\$488,478.40		(\$0.0005941)	(\$74,105.97)
Environmental Surcharge			\$384,990.80			\$0.00
Total			\$6,732,293.72			\$7,625,099.53

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

LARGE GENERAL SERVICE - SUBTRANSMISSION (248)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
Billing kWh	114,248,096	\$0.02439	\$2,786,511.06	116,269,405	\$0.03350	\$3,895,025.07
Metered kWh	116,269,405			116,269,405		
Billing Demand	457,965	\$2.97	\$1,360,156.05	416,124	\$3.30	\$1,373,209.20
Billing Reactive				35,609	\$2.97	\$105,758.73
Customer Charge	719	\$535.50	\$385,024.50	719	\$535.50	\$385,024.50
Number of Customers	720			720		
Fuel		\$0.0039159	\$455,302.14		(\$0.0005941)	(\$69,072.88)
Environmental Surcharge			\$293,077.38			\$0.00
Total			\$5,280,071.13			\$5,689,944.62

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

QUANTITY POWER - PRIMARY (357, 358)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
Billing kWh	225,424,236	\$0.01275	\$2,874,159.01	225,424,236	\$0.02044	\$4,607,671.38
Metered kWh	225,424,236			225,424,236		
<u>Billing kW</u>						
On-Peak	517,778	\$9.29	\$4,810,157.62	517,778	\$11.53	\$5,969,980.34
Off-Peak Excess	2,854	\$0.90	\$2,568.60	2,854	\$3.31	\$9,446.74
Equipment Credit	6,735	-\$0.51	(\$3,434.85)	6,735	-\$0.51	(\$3,434.85)
Billing KVAR	43,209	\$0.57	\$24,629.13	43,209	\$0.67	\$28,950.03
Customer Charge	346	\$276.00	\$95,496.00	346	\$276.00	\$95,496.00
Number of Customers	348			348		
Fuel		\$0.0039159	\$882,744.15		(\$0.0005941)	(\$133,919.16)
Environmental Surcharge			\$522,699.98			\$0.00
Total			\$9,209,019.64			\$10,574,190.49



KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

QUANTITY POWER - SUBTRANSMISSION (359)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
Billing kWh	708,227,374	\$0.01226	\$8,682,867.61	708,227,374	\$0.02012	\$14,249,534.76
Metered kWh	708,227,374			708,227,374		
<u>Billing kW</u>						
On-Peak	1,757,249	\$8.51	\$14,954,188.99	1,757,249	\$8.81	\$15,481,363.69
Off-Peak Excess	9,791	\$0.86	\$8,420.26	9,791	\$0.88	\$8,616.08
Billing KVAR	427,412	\$0.57	\$243,624.84	427,412	\$0.67	\$286,366.04
Customer Charge	639	\$662.00	\$423,018.00	639	\$662.00	\$423,018.00
Number of Customers	636			636		
Fuel		\$0.0039159	\$2,773,364.49		(\$0.0005941)	(\$420,740.97)
Environmental Surcharge			\$1,634,293.06			\$0.00
Total			\$28,719,777.24			\$30,028,157.61

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

QUANTITY POWER - TRANSMISSION (360)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
Billing kWh	26,576,043	\$0.01210	\$321,570.12	26,576,043	\$0.01987	\$528,065.97
Metered kWh	26,576,043			26,576,043		
<u>Billing kW</u>						
On-Peak	72,166	\$7.88	\$568,668.08	72,166	\$7.47	\$539,080.02
Off-Peak Excess	2,324	\$0.85	\$1,975.40	2,324	\$0.77	\$1,789.48
Billing KVAR	7,369	\$0.57	\$4,200.33	7,369	\$0.67	\$4,937.23
Customer Charge	24	\$1,353.00	\$32,472.00	24	\$1,353.00	\$32,472.00
Number of Customers	24			24		
Fuel		\$0.0039159	\$104,069.76		(\$0.0005941)	(\$15,788.19)
Environmental Surcharge			\$61,624.41			\$0.00
Total			\$1,094,580.10			\$1,090,556.51

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

COMMERCIAL AND INDUSTRIAL POWER TIME-OF-DAY - SUBTRANSMISSION (371)

	Current Billing Units	Current Rate	Current Revenue	Proposed Billing Units	Proposed Rate	Proposed Revenue
Billing kWh	1,935,314,378	\$0.01226	\$23,726,954.27	1,935,314,378	\$0.01660	\$32,126,218.67
Metered kWh	1,935,314,378			1,935,314,378		
<u>Billing kW</u>						
On-Peak	3,187,134	\$7.89	\$25,146,487.26	3,187,134	\$10.83	\$34,516,661.22
Off-Peak	3,177,830	\$1.23	\$3,908,730.90	3,177,830	\$0.98	\$3,114,273.40
Minimum	77,268	\$8.99	\$694,639.32	77,268	\$11.80	\$911,762.40
Billing KVAR	153,824	\$0.60	\$92,294.40	153,824	\$0.67	\$103,062.08
Customer Charge	132	\$662.00	\$87,384.00	132	\$662.00	\$87,384.00
Number of Customers	132			132		
Fuel		\$0.0039159	\$7,578,543.79		(\$0.0005941)	(\$1,149,724.05)
Environmental Surcharge			\$3,657,645.29			\$0.00
Total			\$64,892,679.23			\$69,709,637.72

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

COMMERCIAL AND INDUSTRIAL POWER TIME-OF-DAY - TRANSMISSION (372)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
Billing kWh	246,085,254	\$0.01210	\$2,977,631.57	246,085,254	\$0.01640	\$4,035,798.17
Metered kWh	246,085,254			246,085,254		
<u>Billing kW</u>						
On-Peak	494,853	\$7.34	\$3,632,221.02	494,853	\$9.35	\$4,626,875.55
Off-Peak	545,714	\$1.05	\$572,999.70	545,714	\$0.84	\$458,399.76
Minimum	65,467	\$8.32	\$544,685.44	65,467	\$10.32	\$675,619.44
Billing KVAR	40,411	\$0.60	\$24,246.60	40,411	\$0.67	\$27,075.37
Customer Charge	36	\$1,353.00	\$48,708.00	36	\$1,353.00	\$48,708.00
Number of Customers *	36			36		
Fuel		\$0.0039159	\$963,651.12		(\$0.0005941)	(\$146,193.37)
Environmental Surcharge			\$527,831.65			\$0.00
Total			\$9,291,975.11			\$9,726,282.91

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

STREET LIGHTING (528)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
<b>OH Service on Distribution Poles</b>						
100 watts, 9,500 Lumens	92,328	\$4.38	\$404,397	92,328	\$5.45	\$503,187.60
150 watts, 16,000 Lumens	672	\$4.84	\$3,252	672	\$6.15	\$4,132.80
200 watts, 22,000 Lumens	26,424	\$5.55	\$146,653	26,424	\$7.65	\$202,143.60
400 watts, 50,000 Lumens	6,348	\$7.47	\$47,420	6,348	\$10.90	\$69,193.20
<b>Service on New Wood Distribution Poles</b>						
100 watts, 9,500 Lumens	5,508	\$7.01	\$38,611	5,508	\$8.75	\$48,195.00
150 watts, 16,000 Lumens	168	\$7.59	\$1,275	168	\$9.50	\$1,596.00
200 watts, 22,000 Lumens	5,484	\$8.79	\$48,204	5,484	\$10.90	\$59,775.60
400 watts, 50,000 Lumens	1,476	\$10.72	\$15,823	1,476	\$14.15	\$20,885.40
<b>Service on New Metal or Concrete Poles</b>						
100 watts, 9,500 Lumens	-	\$14.45	\$0	-	\$14.65	\$0.00
150 watts, 16,000 Lumens	-	\$14.94	\$0	-	\$15.20	\$0.00
200 watts, 22,000 Lumens	768	\$18.82	\$14,454	768	\$19.20	\$14,745.60
400 watts, 50,000 Lumens	852	\$19.27	\$16,418	852	\$20.00	\$17,040.00
Metered kWh	8,214,856					
Fuel		\$0.0039159	\$32,169		(\$0.0005941)	(\$4,880)
Environmental Surcharge			\$47,196			\$0.00
<b>Total</b>			<b>\$815,872</b>			<b>\$936,015</b>

KENTUCKY POWER BILLING ANALYSIS  
 SETTLEMENT  
 TEST YEAR ENDED JUNE 30, 2005

MUNICIPAL WATERWORKS (540)

	<u>Current Billing Units</u>	<u>Current Rate</u>	<u>Current Revenue</u>	<u>Proposed Billing Units</u>	<u>Proposed Rate</u>	<u>Proposed Revenue</u>
All kWh	7,196,781	\$0.04207	\$302,768.58	7,196,781	\$0.05677	\$408,561.26
Minimum kWh	80,682			80,682		
Metered kWh	7,277,463			7,277,463		
Minimum kW	2,946	\$3.05	\$8,985.30	2,946	\$3.65	\$10,752.90
Customer Charge	252	\$22.90	\$5,770.80	252	\$22.90	\$5,770.80
Number of Customers	252			252		
Fuel		\$0.0039159	\$28,497.99		(\$0.0005941)	(\$4,323.37)
Environmental Surcharge			\$21,014.83			\$0.00
Total			\$367,037.50			\$420,761.59



**Kentucky Power Company**

**REQUEST**

Calculate by tariff class the change in any subsidy resulting from the proposed revenue distribution.

**RESPONSE**

Attached is a copy of the Company's calculation of the allocation of revenues under current rates and the proposed rates. Columns 3 and 8 demonstrate the rate of return by tariff both under current and proposed rates. Columns 4 and 9 demonstrate the rate of return index for both the current and the proposed rates. The index is calculated by dividing the tariff's rate of return by the Company's over all average rate of return times one hundred (i.e RS:  $0.92 / 4.25 \times 100 = 22$ ). The goal over time is to move the tariffs with an index below 100 closer to 100 while at the same time moving the tariffs with an index above 100 also closer to 100. In reviewing the attachment, the proposed increase accomplishes that goal.

**WITNESS:** Errol K Wagner



**Kentucky Power Company  
Compliance Revenue Allocation  
Twelve Months Ended June 30, 2005**

<b>Current Class</b> (1)	<b>Current Revenue</b> (2)	<b>Current ROR %</b> (3)	<b>Current ROR Index</b> (4)	<b>Proposed Increase</b> (5)	<b>Proposed Increase %</b> (6)	<b>Proposed Revenue</b> (7)	<b>Proposed ROR %</b> (8)	<b>Proposed ROR Index</b> (9)
RS	130,089,965	0.92	22	19,157,568	14.73	149,247,533	3.61	50
SGS	6,396,711	8.77	206	942,005	14.73	7,338,716	12.82	179
MGS	40,049,839	11.01	259	5,322,900	13.29	45,372,739	14.94	209
LGS	41,639,263	7.22	170	6,707,264	16.11	48,346,527	11.50	161
QP	39,023,377	7.62	179	2,669,597	6.84	41,692,974	9.77	136
CIP-TOD	74,184,655	6.46	152	5,251,404	7.08	79,436,059	8.85	124
MW	367,037	8.82	208	53,750	14.64	420,787	13.00	182
OL	4,776,969	2.61	61	703,476	14.73	5,480,445	5.07	71
SL	815,872	10.65	251	120,149	14.73	936,021	13.98	195
<b>Total</b>	<b>337,343,688</b>	<b>4.25</b>	<b>100</b>	<b>40,928,113</b>	<b>12.13</b>	<b>378,271,801</b>	<b>7.16</b>	<b>100</b>



**Kentucky Power Company**

**REQUEST**

Provide by tariff the proposed change in the average customer's monthly bill under the proposed rates.

**RESPONSE**

Attached by tariff is the proposed change in the average customer's monthly bill under the proposed rates.

**WITNESS:** Errol K Wagner

**Kentucky Power Company**  
**Twelve Months Ended June 30, 2005**  
**Summary of Typical Electric Bills for Inclusion in the**  
**Application For General Adjustments (Pg. 5) to PSC**

Tariff Class	kWh	Number of Customers	Current Revenue	Proposed Revenue	Average Consumption		Present Revenue	Proposed Revenue	Revenue Change	Percent Change
					KWH	KW				
Residential	2,343,504,821	1,732,104	\$130,089,965	\$149,247,533	1,353		\$75.11	\$86.17	\$11.06	14.73%
SGS	70,611,070	218,532	\$6,396,711	\$7,338,716	323		\$29.27	\$33.58	\$4.31	14.73%
MGS	618,009,794	138,864	\$40,049,839	\$45,372,739	4,450	19	\$288.41	\$326.74	\$38.33	13.29%
LGS	807,118,425	10,392	\$41,639,263	\$48,346,527	77,667	272	\$4,006.86	\$4,652.28 *	\$645.42	16.11%
MW	7,277,463	252	\$367,037	\$420,787	28,879		\$1,456.50	\$1,669.79	\$213.29	14.64%
Total Commercial	1,503,016,752	368,040	\$88,452,850	\$101,478,769	4,084		\$240.33	\$275.72 *	\$35.39	14.72%
QP	960,227,653	1,008	\$39,023,377	\$41,692,974	952,607	2,343	\$38,713.67	\$41,362.08	\$2,648.41	6.84%
CIP-TOD	2,181,399,632	168	\$74,184,655	\$79,436,059	12,984,522	22,766	\$441,575.33	\$472,833.69 *	\$31,258.36	7.08%
Total Industrial	3,141,627,285	1,176	\$113,208,032	\$121,129,033	2,671,452		\$96,265.33	\$103,000.88	\$6,735.55	7.00%
OL	41,336,355	574,752	\$4,776,969	\$5,480,445	72		\$8.31	\$9.53 *	\$1.22	14.67%
SL	8,214,856	660	\$815,872	\$936,021	12,447		\$1,236.17	\$1,418.21	\$182.04	14.73%
Total Lighting	49,551,211	575,412	\$5,592,841	\$6,416,466	86		\$9.72	\$11.15	\$1.43	14.73%
Total Kentucky	7,037,700,069	2,676,732	\$337,343,688	\$378,271,801	2,629		\$126.03	\$141.32	\$15.29	12.13%

Note: Demand data from picture tariff annualized billing determinants.

\* Adjusted so that values add across.



**Kentucky Power Company**

**REQUEST**

Please provide further information on how the PJM-RTO Economic Load Response Program will operate.

**RESPONSE**

Please see the attached copy of the PJM's Load Response Programs- Business Rules (Pages 2-17) and the PJM's Economic Load Response Program Tariff (Pages 19-36).

**WITNESS:** David M Roush



## PJM Load Response Programs – Business Rules

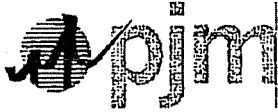
*Revision #4: Revised November 4, 2005*

### Program Summary

- (1) The PJM Emergency Load Response Program will enable participants that reduce load during emergency conditions to receive payment for those reductions.
- (2) The PJM Economic Load Response Program is designed to provide an incentive to customers or curtailment service providers to enhance the ability and opportunity for customers to reduce consumption when PJM LMP prices are high.
  - ❖ The **Day Ahead Option of the Program** will provide a mechanism by which any qualified market participant may offer customers the opportunity to reduce the load they draw from the PJM system in advance of real time operations and receive payments based on day ahead time LMP for the reductions.
  - ❖ The **Real Time Option of the Program** will provide a mechanism by which any qualified market participant may offer customers the opportunity to commit to a reduction of the load they draw from the PJM system during times of high prices and receive payments based on real time LMP for the reductions.

### PJM Membership

- (3) PJM Membership is required for participation in the PJM Load Response Programs. A special category of PJM membership is offered for participation in the Emergency Load Response Program, while full PJM membership is required for participation in the Economic Load Response Program. Special membership provisions have been established for certain program participants of the Economic Load Response program as detailed in Business Rule #6.
- (4) If an organization is NOT a PJM member and would like to participate in the Emergency Load Response Program, that organization needs to apply for SPECIAL PJM membership for the purpose of participating in the Emergency Load Response Program.
- (5) If an organization acquired special PJM membership for the 2001 Emergency Load Response Program and would like to participate in the Emergency Load Response Program, that organization needs to re-apply for special PJM membership for the purpose of participating in the Emergency Load Response Program.
- (6) If an organization is NOT a PJM member and would like to participate in the Economic Load Response Program, that organization needs to apply for PJM membership. Special membership provisions have been established for certain program participants. For special members, the \$1500 application fee and liability for Member defaults are waived, along with the following modifications:
  - ❖ Special members shall pay an annual membership fee of \$500 plus 10% of each payment owed by PJM for a load reduction event up to a total of \$5,000 in a



## PJM Load Response Programs – Business Rules

**Revision #4: Revised November 4, 2005**

calendar year. Special members whose contribution toward the annual membership fee equal \$5,000 under this program shall nonetheless retain the status of special members and may not convert to full membership in the same year.

- ❖ Special members are limited to participating in the PJM markets as Market Sellers, which means that they are qualified only for the Economic Load Response Program – Real Time;
- ❖ Voting Privileges and sector designation are waived
- ❖ Thirty day notice for waiting period is waived.
- ❖ No PJM-supported user group is permitted.
- ❖ Effective on the start of any calendar year, a special member may convert a pre-existing special membership to a full membership subject to all PJM rules governing membership, including regular application and membership fee requirements.

### **Acquiring/Updating an eSuite Account**

- (7) Registration for the PJM Load Response Programs will be accomplished via the Load Response Program application under eCapacity in eSuites.
- (8) In order to register end-use customers for the program, once PJM membership has been obtained, new members will need to acquire an eSuites account.
- (9) Existing eSuites users may utilize their current account for the purposes of the Program and do not need to acquire a new account. However, current eSuite users must update their existing account information to designate that they need access to the Load Response Application.
- (10) When acquiring and/or modifying an eSuite account, all Participants must designate that they need access to the Load Response Application.
- (11) Participants must complete an "Authorization to Use PJM Internet Business Tools" form and designate the company's CAM manager for the Load Response Program application on the authorization form
- (12) The company's CAM manager will receive access and can give access rights to the Load Response Program application to other users in the company.
- (13) A current eSuite user may also use the "User Change Form" in eSuite to add access to the Load Response Program application.
- (14) If a new participant, the new CAM manager will receive email from PJM that approves access, and provides a userid and password





## PJM Load Response Programs – Business Rules

*Revision #4: Revised November 4, 2005*

### Registering Participants

- (15) Once PJM Membership and an eSuites account has been obtained and/or modified, Program Participants may register end use customers for participation in the program.
- (16) Program Participant registers for the PJM Load Response Programs via the Load Response Application under eCapacity in PJM eSuites.
- (17) In order to register end use customers for the PJM Load Response programs, the following Customer Information needs to be provided for each end use customer:
  - ❖ End-use customer name
  - ❖ Indicate if participating in an ALM program
  - ❖ ALM Provider
  - ❖ Customer's energy supplier
  - ❖ Program Option
  - ❖ EDC Account Number
  - ❖ Pricing Zone (Transmission Zone or Aggregate)
  - ❖ Retail Rate
  - ❖ Loss Factor
- (18) In order to register end use customers for the PJM Load Response programs, the following Operational Information needs to be provided for each end use customer:
  - ❖ KW quantity to be reduced
  - ❖ Availability of the demand resource during non-summer months (October 1 through May 31).
  - ❖ Locational Marginal Price (LMP), in \$/MW, at which the load shall be reduced in the Economic Load Response Program and/or the Minimum Dispatch Price, in \$/MW, at which the load shall be reduced in the Emergency Load Response Program.
  - ❖ Load Reduction Method
  - ❖ Time, in minutes, to reduce
  - ❖ Metering Requirements
  - ❖ Indicate if a Weather Sensitivity Adjustment (WSA) will be applied
  - ❖ Weather Station
  - ❖ Type of Back Up Generation
  - ❖ KW quantity of Backup Generation to be reduced
  - ❖ Locational Marginal Price (LMP), \$/MW at which Back up Generation to be reduced



## PJM Load Response Programs – Business Rules

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- ❖ Fuel type of Back up Generator
  - ❖ Indicate if a load reduction may be dispatchable in real time operations
  - ❖ Shut Down Costs for Period 1, April 1 - Sept 30
  - ❖ Shut Down Cost for Period 2, October 1 - March 30
  - ❖ Minimum Down Time, in hours
- (19) End-use customers may not be registered simultaneously in the Economic Load Response Program and the Emergency Load Response Program.
  - (20) End-use customers may switch programs upon one day notice if it has participated in the same load response program for 15 consecutive days.
  - (21) Program Participant intending to run distributed generating units in support of local load must represent in writing to PJM that it holds all applicable environmental and use permits for running those generators. Continuing participation in this program will be deemed as a continuing representation by the owner that each time its distributed generating unit is run in accordance with this program, it is being run in compliance with all applicable permits, including any emissions, run-time limit or other constraint on plant operations that may be imposed by such permits.
  - (22) PJM will confirm with the appropriate LSE, EDC and ALM Provider whether the load reduction is under other contractual obligations. (The EDC and LSE have ten (10) business days to respond or PJM assumes acceptance.)
  - (23) Other contractual obligations may not preclude participation in the program, but may require special consideration by PJM such that appropriate settlements are made within the confines of the existing contract.
  - (24) PJM will confirm with the customer's LSE whether the customer is served under Day Ahead or Real Time LMP-based contract for energy delivery PJM will further verify the nature of the Program Participants LMP-based contract.
  - (25) For purposes of the PJM Load Response program, an LMP-based contract is defined as one by which an end-use customer has agreed to pay its Load Serving Entity (LSE) for the physical delivery of energy according to the hourly value of the Locational Marginal Price (LMP) as calculated by PJM. The bus, zone, aggregate, etc at which the LMP forms the basis for the contract is immaterial. The LMP on which the contract is based can be either day-ahead or real time, and is assumed to be some multiple of the actual, calculated LMP.
  - (26) End-use Customers that have LMP-based contracts under which they have agreed to pay their LSE for the physical delivery of energy according to the hourly value of the real-time LMP as calculated by PJM may participate in the real time market as provided for under the Real Time Operations section below.



## PJM Load Response Programs – Business Rules

*Revision #4: Revised November 4, 2005*

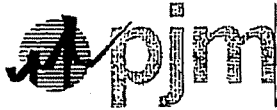
- (27) PJM will verify the transmission and generation (retail rate) charges with the appropriate EDC/LSE
- (28) PJM will verify whether or not a Program Participant is an ALM customer. PJM will further verify the nature of the Program Participants ALM contract.
- (29) PJM will inform the Program Participant of the acceptance into the program.
- (30) PJM will notify the appropriate LSE and EDC of the participant's acceptance into the program.

### **Acquiring an eMKT Account**

- (31) Participants in the PJM Economic Load Response Program have the option to submit Load Response Bids in the Day Ahead Market. Load Response Bids are submitted via the PJM eMKT website. Once PJM membership has been obtained and end-use customers are registered for the program, participants will need to acquire an eMKT account.
- (32) Existing eMKT users may utilize their current account for the purposes of the Program and do not need to register for a new account.

### **Emergency Operations**

- (33) Participants in the Emergency Load Response Program may reduce load upon notification from PJM. Notification shall be posted on the PJM web site and eData, as well as distributed via the majordomo email list.
- (34) The PJM Dispatcher issues Maximum Emergency Generation.
- (35) The PJM Dispatcher notifies PJM OI Management, PJM OI public information personnel, and Local Control Center dispatchers.
- (36) The PJM Dispatcher indicates the need for emergency energy and contacts its neighboring control areas.
- (37) The PJM Dispatcher recalls off-system sales that are recallable (network resources).
- (38) The PJM Dispatcher begins to load Maximum Emergency Generation, and begins to purchase emergency energy from PJM Members and from neighboring control areas based on economics and availability.
- (39) The PJM Dispatcher continues with the remaining emergency procedure steps (including Load Management Curtailments, Steps 1-4 and then Load Reduction Action) as stated in the PJM Manual for Emergency Operations, and cancels them in reverse order when appropriate.



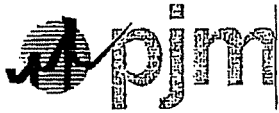
## PJM Load Response Programs – Business Rules

*Revision #4: Revised November 4, 2005*

- (40) The PJM OI dispatcher cancels the load reduction request and then cancels Maximum Emergency Generation, when appropriate. The minimum duration of a load reduction request is two hours although the reduction request may be extended if necessary.

### Day Ahead Operations

- (41) Participants, except end-use customers that have LMP-based contracts under which they have agreed to pay their LSE for the physical delivery of energy according to the hourly value of the real-time LMP as calculated by PJM, have the option to participate in the Day Ahead market. Participants in the Economic Load Response Program may submit a bid to reduce the load they draw from the PJM system in advance of real time operations. In the Day Ahead market, the participant may submit a Load Response Bid on behalf of a Demand Resource ("Load") for a specific KW curtailment (in minimum increments of .1 MW or 100 KW).
- (42) End-use customers that have LMP-based contracts under which they have agreed to pay their LSE for the physical delivery of energy according to the hourly value of the real-time LMP as calculated by PJM, do not have the option to participate in the Day Ahead market.
- (43) Each Market Participant's profile (which is defined by PJM) shall specify the transmission zones or aggregates for which that Participant is eligible to submit load response bids.
- (44) Load Response Bids are assumed to include losses (transmission zone losses and share of 500 kV losses).
- (45) Load Response Bids shall specify for each Demand Resource ("Load"):
- ❖ KW quantity to be reduced
  - ❖ Location (transmission zone or aggregate)
  - ❖ Price, in \$/MW, at which the load shall be curtailed
- (46) The Load Response Bid could also include for each Demand Resource ("Load"):
- ❖ Shut down costs, for each period
  - ❖ Minimum down times for which the load reduction must be committed
- (47) Shutdown costs and minimum down times are optional, and will default to zero (0) if not submitted.
- (48) Shutdown cost will be expressed in dollars, and represents the fixed cost associated with committing a load response resource.
- (49) Shutdown costs will be changeable only every six months, corresponding to the six-month periods during which price-based start-up costs may be changed for generators.
- (50) The six month periods for shutdown costs are defined as follows: Period 1 is defined as April 1 - September 30 and Period 2 is defined as October 1 - March 30.



## PJM Load Response Programs – Business Rules

**Revision #4: Revised November 4, 2005**

- (51) Minimum down time will be expressed as a number of hours, and represents the minimum number of contiguous hours for which a load response bid must be committed in the Day-Ahead market.
- (52) If a Program Participant submits no day-ahead bid information, then a zero KW quantity is assumed.
- (53) The list of transmission zones and aggregates which Load Response Bids are accepted is defined by PJM.
- (54) All Day Ahead Load Response Bids will be submitted to the eMKT website by 1200 each day.
- (55) The Day Ahead Market closes at 1600 each day, and cleared Load Response Bids will be posted to eMKT.

### Real Time Operations

- (56) Participants including end-use customers that have LMP-based contracts under which they have agreed to pay their LSE for the physical delivery of energy according to the hourly value of the real-time LMP as calculated by PJM, have the option to participate in the Real Time market. Participants in the Economic Load Response Program may choose to commit to a reduction of the load they draw from the PJM system during times of high prices. The participants in the Program are responsible for determining the conditions under which load reductions will actually take place and implementing the reductions should those conditions arise.
- (57) End-use customers that have LMP-based contracts under which they have agreed to pay their LSE for the physical delivery of energy according to the hourly value of the real-time LMP as calculated by PJM, have the option to participate in the Real Time market under the following circumstances. The end-use customer or its representative (LSE/CSP) shall provide PJM with a "strike" price for the end-use customer's zonal LMP at which the end-use customer will reduce load, as well as any shutdown costs and opportunity costs and costs associated with the minimum number of contiguous hours for which the load reduction must be committed.
- (58) In cases where the zonal real time LMP reaches the "strike" price and the load response is dispatched by PJM, PJM shall pay such end-use customer the difference between the actual savings achieved based on zonal LMP and the total value of the end use customer's load response bid, if savings achieved by the end-use customer are less than the total value of the load response bid. For purposes of this provision, the load response bid will be the sum of the "strike" price times the MW of reduction achieved during each hour of the time period the reduction was dispatched by PJM or minimum down-time whichever is greater, plus submitted shutdown costs.



## PJM Load Response Programs – Business Rules

**Revision #4: Revised November 4, 2005**

- (59) Each program participant is responsible for maintaining the load reduction information associated with each end use customer signed up for the program via the Load Response Program Application under eCapacity in eSuites.
- (60) At the time of registration, each program participant shall specify for each Demand Resource ("Load") the following operational information :
- ❖ KW quantity to be reduced.
  - ❖ Locational Marginal Price (LMP), in \$/MW, at which the load shall be reduced ("strike" price)
  - ❖ Pricing Zone (transmission zone or aggregate)
  - ❖ Load Reduction Method
  - ❖ Time, in minutes, to reduce
  - ❖ Indicate if a load reduction may be dispatchable in real time operations
  - ❖ Indicate if the participant is an LMP-based customer
  - ❖ Shut Down Costs for Period 1, April 1 - Sept 30
  - ❖ Shut Down Cost for Period 2, October 1 - March 30
  - ❖ Minimum Down Time, in hrs
- (61) If a participant is not accepted in the Day Ahead Market and indicates that it wishes to be dispatchable in real time, the PJM dispatcher will use operational information provided during registration to dispatch the unit in real time.
- (62) Participants shall send an email to PJM concurrent with or up to one hour immediately prior to beginning the reduction at [loadresponse@pjm.com](mailto:loadresponse@pjm.com).
- (63) Load reductions due to this program will not be eligible to set real time price on the PJM system unless metered directly by PJM.
- (64) Participants shall send an email to PJM concurrent with or up to one hour immediately prior to the end of their load reduction at [loadresponse@pjm.com](mailto:loadresponse@pjm.com). Alternatively, participants may indicate the length of their reduction within the email specifying the beginning of their reduction.

### Metered Data

- (65) For load reduction that is not metered directly by PJM participants are responsible for forwarding the appropriate meter data (as defined in the Program Documentation) to PJM within 60 days of the reduction. This data shall be forwarded to the following address in either CSV or Excel format: [loadresponse@pjm.com](mailto:loadresponse@pjm.com).
- (66) If the meter data files are not received within 60 days, no payment for participation is provided.



## PJM Load Response Programs – Business Rules

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- (67) Meter data must be provided for the hour prior to the reduction, as well as every hour during the reduction.
- (68) Meter data will be forwarded to the EDC and LSE upon receipt, and these parties will then have ten (10) business days to provide feedback to PJM.
- (69) All load reduction data are subject to PJM Market Monitoring Unit audit.

### **Customer Baseline Load (CBL)**

- (70) For those Participants in the PJM Economic Load Response program that wish to measure load reductions by comparing metered load against an estimate of what metered load would have been absent the reduction, a Customer Baseline Load (CBL) shall be calculated.
- (71) The methodologies for calculating the Customer Baseline Load and the Weather Sensitivity Adjustment can be found in the PJM Economic Load Response Program Documents.
- (72) A Customer Baseline Load cannot be calculated for the PJM Emergency Load Response Program
- (73) A Customer Baseline Load is calculated for two timeframes: an Average Day CBL for Weekdays and the Average Day CBL for Weekends/Holidays.
- (74) At the time it enters the Load Response Program, the end-use customer or its representative (LSE/CSP), shall specify whether it desires to apply a Weather Sensitivity Adjustment (WSA) for the summer period (May-October, inclusive) or the winter period (November-April) or both.
- (75) The election to apply the WSA may be changed only annually.
- (76) The WSA shall increase or decrease the CBL. The WSA shall be calculated for interval-metered end-use customers using a simplified methodology, including a regression analysis and analysis method, as defined in the Program Documentation. This simplified methodology only will be applicable for reductions in the real time Economic Program during the summer months when the hourly temperature at the nearest major airport equals or exceeds 85 degrees during each hour of the load reduction event and the WSA would make more than a five percent difference in the CBL that is calculated.
- (77) The WSA, expressed in percentage terms, shall be applied to each hour of the CBL during the event period in order to establish a weather-adjusted CBL.
- (78) For end-use customers without interval data from the previous summer that select the regression analysis, the WSA shall initially be set at 100%. After one month of actual program response, a regression analysis shall be performed and the WSA shall be adjusted.



## PJM Load Response Programs – Business Rules

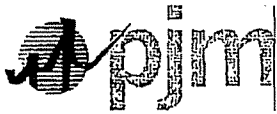
**Revision #4: Revised November 4, 2005**

- (79) In no event shall application of the WSA produce a weather-adjusted CBL that exceeds the end-use customer's historical, seasonal, on-peak non-coincident peak load.
- (80) Case-by-case suggestions for alternative WSA methods or adjustments to the end-use customer's historical, seasonal, on-peak non-coincident peak load may be approved by PJM for use in the Economic Load Response Program if negotiated in good faith and agreed to by all appropriate parties.
- (81) Participants are responsible for forwarding the appropriate CBL data (as defined in the Program Documentation) to PJM within 60 days of the reduction. This data shall be forwarded to the following address in either CSV or Excel format: [loadresponse@pjm.com](mailto:loadresponse@pjm.com).
- (82) If the CBL data files are not received within 60 days, no payment for participation is provided.
- (83) CBL data must be provided for each contiguous hour during which load reduction was accomplished.
- (84) PJM will forward Customer Baseline (CBL) and Weather-Sensitive Adjustment (WSA) calculations to the appropriate EDC and LSE for optional review.
- (85) EDC and LSE will provide feedback to PJM within ten (10) business days of receipt of data.
- (86) The end-use customer shall inform PJM directly or inform its CSP/LSE, who shall inform PJM, of any significant change to the end-use customer's operations that increases or decreases the end-use customer's CBL.
- (87) A significant incremental change is defined as any operational or physical change to the end-use customer's facilities that will adjust more than half the hours in the end-use customer's CBL by at least 20% for more than twenty consecutive days. PJM may require and approve such adjustments to the CBL as are necessary to reflect the significant incremental change.
- (88) All CBL data are subject to PJM Market Monitoring Unit audit.

### Settlements Data Requirements

- (89) Data required for emergency load response settlements :
  - Real time LMP values by Zone or aggregate (including nodal) (PNODE)
  - Actual Metered Reduction (Hourly MW) by Market Participant and by Zone or aggregate (including nodal) (PNODE)
  - Actual Load (Hourly MW) by Market Participant and by Zone or aggregate (including nodal) (PNODE)
  - Market Participant acting as CSP (ParticipantName)
- (90) Data required for day-ahead economic load response settlements :





## PJM Load Response Programs – Business Rules

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- Day-ahead LMP values by Zone or aggregate (including nodal) (PNODE)
  - Day-ahead load response scheduled MW quantities by Market Participant and by Zone or aggregate (including nodal) (PNODE)
  - Real Time LMP values by Zone or aggregate (including nodal) (PNODE)
  - Actual Metered Reduction (Hourly MW) by Market Participant and by Zone (PNODE)
  - Actual Load (Hourly MW) by Market Participant and by Zone (PNODE)
  - Load Serving Entity (LSEOrgId)
  - Market Participant acting as CSP (ParticipantName)
  - Loss Factor
  - Retail Rate (G & T)
- (91) Data required for real time economic load response settlements:
- Real time LMP values by Zone or aggregate (including nodal) (PNODE)
  - Actual Metered Reduction (Hourly MW) by Market Participant and by Zone or aggregate (including nodal) (PNODE)
  - Actual Load (Hourly MW) by Market Participant and by Zone or aggregate (including nodal) (PNODE)
  - CBL (Hourly MW)
  - Load Serving Entity (LSEOrgId)
  - Market Participant acting as CSP (ParticipantName)
  - Loss Factor
  - Retail Rate (G & T)
- (92) There are two Operating Reserve calculations, which require the following information:
- Day Ahead Operating Reserves
    - ShutDown Costs submitted biannually
  - Balancing Operating Reserves
    - ShutDown Costs submitted biannually



## PJM Load Response Programs – Business Rules

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### **Emergency Settlement**

- (93) Payment for reducing load is based on the actual MWh relief provided plus the adjustment for losses.
- (94) The minimum duration of a load reduction request is two hours although the reduction request may be extended if necessary.
- (95) The magnitude of relief provided could be less than, equal to, or greater than the MW amount declared on the Emergency Load Response Program Registration form.
- (96) PJM pays the higher of the appropriate zonal or aggregate (including nodal) Locational Marginal Price (LMP) or \$500/MWh to the PJM Member that nominates the load. Payment will be equal to the measured reduction adjusted for losses times the higher of the appropriate zonal Locational Marginal Price (LMP) or \$500/MWh.
- (97) The measured reduction can be either measured output of backup generation or the difference between the measured load the hour before the reduction and each hour during the reduction.
- (98) During emergency conditions, costs for emergency purchases in excess of the LMP are allocated among PJM Market Buyers in proportion to their increase in net purchases from the PJM energy market during the hour in the real time market compared to the day-ahead market. Consistent with this pricing methodology, all charges under this program are allocated to purchasers of energy, in proportion to their increase in net purchases from the PJM energy market during the hour from day-ahead to real time.

### **Day-ahead Economic Load Response Settlement**

- (99) Day-ahead settlement is based on day-ahead hourly LMPs
- (100) Reimbursement for reducing load is based on the reductions of MWh committed in the Day-Ahead Market.
- (101) An end-use customer or its representative (LSE/CSP) that submits a load reduction bid in the Day-Ahead Market that is accepted by PJM when the day ahead LMP is greater than or equal to \$75 MWh, will be paid by PJM the day ahead LMP
- (102) An end-use customer or its representative (LSE/CSP) that submits a load reduction bid day ahead that is accepted by PJM when the day ahead LMP is less than \$75 MWh will be paid by PJM the day ahead LMP less an amount equal to the applicable generation and transmission charges.
- (103) The applicable generation and transmission charge is the charge the participant would have otherwise paid the LSE absent the load reduction.
- (104) EDCs functioning as LSEs may use the average shopping credit for generation and transmission for a rate class.



## PJM Load Response Programs – Business Rules

**Revision #4: Revised November 4, 2005**

- (105) Total payments to end-use customers or their representatives (LSEs/CSPs) for accepted day-ahead load response bids will not be less than the total value of the load response bid, including any submitted shut down cost. Any shortfall will be made up through normal, day-ahead operating reserves.
- (106) In all cases, the applicable zonal or aggregate (including nodal) LMP is used as appropriate for the individual end-use customer.
- (107) Payments under the Economic Load Response Program will be made by PJM to the end-use customer or its representative (LSE/CSP).
- (108) In the event the CSP or LSE is the party to be paid but is not the load reducer, the portion of the payment that will be transferred from the LSE/CSP to the end-use customer that actually reduced load is outside the scope of this program, and must be arranged between the LSE/CSP and the end-use customer.
- (109) If the day-ahead LMP is less than \$75/MWh PJM, shall recover day-ahead LMP less an amount equal to applicable generation and transmission charges from the LSE that otherwise would have the load that was reduced.
- (110) If the day-ahead LMP is greater than or equal to \$75/MWh, PJM shall recover an amount equal to applicable generation and transmission charges from all LSEs in the zone of the load reduction. PJM shall recover the remaining amount, LMP less an amount equal to the generation and transmission charges, from the LSE that otherwise would have the load that was reduced.
- (111) If the total amount of recoverable charges reflecting the generation and transmission charges for the entire program exceeds \$17.5 million in a year, thereafter participants will receive LMP less an amount equal to the applicable generation and transmission charges regardless of the level of LMP.
- (112) End-use customers or their representatives (LSEs/CSPs) that have load reductions committed in the day-ahead market that cannot demonstrate hourly performance in real time equal to at least that of the day-ahead commitment will be charged real time LMP for the amount of the shortfall, plus any associated balancing operating reserve charges. LSEs that otherwise would have load that was reduced shall receive any associated operating reserve credits plus, if real-time LMP is higher than day-ahead LMP during the shortfall, the difference between day-ahead and real-time LMP times the shortfall.
- (113) End-use customer or their representatives (LSEs/EDCs) that have load reductions committed in the day-ahead market and have hourly performance in real-time greater than that of the day ahead commitment will be credited for the additional load response according to the Real-time Economic Load Settlement Process.
- (114) PJM Market Settlements produces bill and sends to Program Participant for payment as per rules defined in the Program Documentation.



## PJM Load Response Programs – Business Rules

*Revision #4: Revised November 4, 2005*

### **Real Time Economic Load Response Settlement**

- (115) Real time settlement is based on real-time hourly integrated LMP.
- (116) Reimbursement for reducing load is based on the actual MWh relief provided in excess of committed day-ahead load reductions plus the adjustment for losses if any.
- (117) If the real time LMP is greater than or equal to \$75/MWh, the end-use customer (or its representative (LSE/CSP)) that curtails load in real-time will be paid the real time LMP.
- (118) If the real time LMP is less than \$75/MWh, the end-use customer (or its representative (LSE/CSP)) that curtails load in real-time will be paid by PJM the real time LMP less an amount equal to the applicable generation and transmission charges.
- (119) The applicable generation and transmission charge is the charge the end-use customer would have otherwise paid the LSE absent the load reduction.
- (120) EDCs functioning as LSEs may use the average shopping credit for generation and transmission for a rate class
- (121) In cases where the load response is dispatched by PJM, or the "strike" price of end-use customer with an LMP based contract is reached and such load response is dispatched by PJM, payment will not be less than the total value of the load response bid, including any submitted shutdown cost. Any shortfall will be made up through normal, balancing operating reserves.
- (122) In all cases, the applicable zonal or aggregate (including nodal) LMP is used as appropriate for the individual end-use customer.
- (123) An end-use customer or its representative (LSE/CSP) will accumulate credits for energy reductions in those hours when the energy delivered to the end-use customer is less than the end-use customer's CBL at the corresponding hourly rate.
- (124) In the event the end-use customer's hourly energy consumption is greater than the CBL, then the end-use customer or its representative (LSE/CSP) will accumulate debits at the corresponding hourly rate for the amount the end-use customer's hourly energy consumption is greater than the CBL.
- (125) In no event will the end-use customer's (or its representative's) credit be reduced below zero on a daily basis.
- (126) Payments under the Economic Load Response Program will be made by PJM to the end-use customer or its representative (LSE/CSP).
- (127) In the event the CSP or LSE is the party to be paid but is not the load reducer, the portion of the payment that will be transferred from the LSE/CSP to the end-use customer that actually reduced load is outside the scope of this program, and must be arranged between the LSE/CSP and the end-use customer.



## PJM Load Response Programs – Business Rules

### *Revision #4: Revised November 4, 2005*

- (128) If the real-time LMP is less than \$75/MWh, PJM shall recover real-time LMP less an amount equal to applicable generation and transmission charges from the LSE that otherwise would have the load that was reduced.
- (129) If the day-ahead LMP is greater than or equal to \$75/MWh, PJM shall recover an amount equal to applicable generation and transmission charges from all LSEs in the zone of the load reduction. PJM shall recover the remaining amount, LMP less an amount equal to the generation and transmission charges, from the LSE that otherwise would have the load that was reduced.
- (130) If the total amount of recoverable charges reflecting generation and transmission charges for the entire program exceeds \$17.5 million in a year, thereafter participants will receive LMP less an amount equal to the applicable generation and transmission charges regardless of the level of LMP.
- (131) PJM Market Settlements produces bill and sends to Program Participant for payment as per rules defined in the Program Documentation.

### **Active Load Management Participation**

- (132) An ALM customer may participate in either PJM Load Response program during ALM events as long as the customer's ALM contract explicitly excludes payment or credit for energy not consumed during ALM events.
- (133) If the LSE that submitted the customer for ALM credit indicates that the customer is not eligible for simultaneous credit under either PJM Load Response program and ALM is called for concurrent with either PJM Load Response program, then payments will be made to the end-use customer or representative according to either PJM Load Response program only for the time during which ALM obligations were not in effect.
- (134) Any response in excess of the contracted ALM amount will be compensated under either PJM Load Response program for the entire duration of response

### **Reporting**

- (135) PJM Capacity Adequacy will add back actual load reductions from the Emergency Load Response Program for the purpose of peak load calculations for capacity. Reductions under the Economic Load Response Program will not be added back.
- (136) PJM will submit to FERC any required reports on behalf of the Load Response Program Participants.
- (137) PJM will post any FERC required reports and program related documentation on the PJM web site.
- (138) PJM will prepare an annual status report of the program.



## PJM Load Response Programs – Business Rules

*Revision #4: Revised November 4, 2005*

- (139) PJM will submit annual status report to the PJM Board of Managers, the Members Committee, the Reliability Committee, the Energy Market Committee, and the Operating Committee for review. PJM will file two reports evaluating the effectiveness of the program, one on May 31, 2003 and one on October 31, 2004.

## **Tariff Revisions**

K:\PJM\tarrevs\031502 Tariff Revisions.doc

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# **PJM Economic Load Response Program**

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## **INTRODUCTION**

### **PJM Load Response Program**

This program is designed to provide an incentive to end-use customers or curtailment service providers to enhance the ability and opportunity for reduction of consumption when PJM Locational Marginal Prices ("LMP") prices are high. The program purposefully incorporates incentives that are greater than strict economics would provide for the same curtailment. This departure from economics is justified to overcome initial barriers to end-use customer load response. This program is not intended to be a permanent fix to the lack of load response seen in the PJM markets today. The designers of this program contemplate that when the existing market barriers are removed and end-use customers are better able to respond to real time prices, the need for this program and others like it will disappear. Until that happens, however, programs like this are necessary for fully functioning markets.

#### **Economic Load Response Program - Real Time**

This option will provide a mechanism by which any qualified Load Serving Entity ("LSE") or Curtailment Service Provider ("CSP") may offer end-use customers the opportunity to, or end-use customers that are PJM members independently may choose to, reduce load they draw from the PJM system during times of high prices and receive payments based on real time LMP for the reductions.

The program will be effective June 1, 2002, and will remain in effect until December 1, 2004. At that time, the program will be terminated unless it is extended by a two-thirds sector vote of the Members Committee.

#### **Economic Load Response Program - Day Ahead**

This option will provide a mechanism by which qualified LSEs or CSPs may offer end-use customers that are PJM members the opportunity to, or end-use customers independently may choose to, commit to a reduction of load they draw from the PJM system in advance of real time operations and receive payments based on day-ahead LMP for the reductions.

The program will be effective June 1, 2002, and will remain in effect until December 1, 2004. At that time, the program will be terminated unless it is extended by a two-thirds sector vote from the Members Committee.

This program is not intended to be a replacement for Active Load Management ("ALM"), but rather an additional means by which distributed generation resources and end-use customers capable of reducing load can participate in PJM operations and markets.

The program is applicable to both the PJM and PJM West control areas.

\* For the purposes of the Economic Load Response Program LMP refers to the hourly integrated LMP.

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## **ECONOMIC LOAD RESPONSE PROGRAM – REAL TIME**

### **EFFECTIVE PERIOD OF PROGRAM**

The program will be effective June 1, 2002, and will remain in effect until December 1, 2004. At that time, the program will be terminated unless it is extended by a two-thirds sector vote of the Members Committee.

### **PARTICIPANT QUALIFICATIONS**

Two primary types of distributed resources are candidates to participate in the PJM Economic Load Response Program:

◆ **On-Site Generators**

These generators can be either synchronized or non-synchronized to the grid. Exports to the grid by local generators will be eligible for compensation under this program only if allowed under any applicable interconnection agreements and PJM Open Access Transmission Tariff provisions.

◆ **Load Reduction**

A participant that has the ability to reduce a measurable and verifiable portion of its load as metered on an Electric Distribution Company ("EDC") account basis.

The Economic Load Response Program is intended to encourage broad participation in economic load reductions by any hourly-metered curtailable loads. PJM membership is required to participate, although any existing PJM Member may act as an agent for non-members in which case the agent will be the CSP for the non-member. A CSP may act on behalf of PJM Members, non-members or itself (if a PJM member and end-use customer). All payments are made to the PJM Member. Participants must become signatories to the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. ("PJM Operating Agreement"), as described in the *PJM Manual for Administrative Services for the Operating Agreement of the PJM Interconnection, L.L.C.*

End-use customers that are on LMP-based contracts with their energy suppliers are ineligible to participate in this program.

To participate in the program, the participant must also meet the metering requirements as described in the next section.

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## METERING REQUIREMENTS

Except for participants in the non-hourly metered customer pilot program, the Load Response Program end-use customers must have metering equipment that provides integrated hourly kWh values on an EDC account basis, for market settlement purposes, that either meets the EDC requirements for accuracy or has a maximum error of two percent over the full range of the meter (including potential transformers and current transformers). The installed meter must be one of the following:

- ◆ EDC-owned hourly meter,
- ◆ End-use customer-owned meter including one provided by an independent metering service provider or acquired from the CSP or LSE, approved by PJM, that is read electronically by PJM, or
- ◆ End-use customer-owned meter including one provided by an independent metering service provider or acquired from the CSP or LSE, approved by PJM, that is read by the end-use customer (or the CSP/LSE), the readings from which are forwarded to PJM.

Nothing here changes the existence of one recognized meter by the state commissions as the official billing meter for recording consumption.

Note that various Internet applications now exist for transmission of real time metered data. Use of these applications is acceptable provided that PJM receives metered load reductions in a timely, reliable manner.

The metering requirements can be met using either of the following methods:

- ◆ Metering that is capable of recording integrated hourly values for generation running to serve local load (net of that used by the generators).
- ◆ Metered load on an EDC account basis, comparing actual metered load to a Customer Baseline Load ("CBL") calculated as described below.

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## **CUSTOMER BASELINE LOAD (CBL)**

For those program end-use customers that wish to measure load reductions by comparing metered load against an estimate of what metered load would have been absent the reduction, a CBL must be calculated. The CBL is calculated using the following methodologies:

### **The Average Day CBL**

#### **Average Day CBL formula for weekdays**

**Step 1. Establish the CBL Basis: A set of days that will serve as representative of end-use customer's typical usage.**

The Weekday *CBL Basis Window* is comprised of the 10 most recent days, beginning with the day two days prior to the event day for which the CBL is being calculated, excluding the following day-types

1. NERC holidays
2. Weekend days
3. Event days, which are defined as days on which:
  - PJM declared a curtailment event for which the end-use customer was eligible, or
  - the end-use customer actually reduced load and its measured reduction was submitted to PJM for compensation.
4. Any day which the day's average daily event period usage is less than 75% of the average event period usage level.

To define the days that comprise the weekday CBL Basis Window:

Begin with the 10-day period defined by the weekday that is two days prior to the event through the weekday that is eleven days prior to the event day. This creates a 10-day window.

Eliminate any holidays, and replace them with days beginning with the 12<sup>th</sup> weekday day prior to the event day continuing until a non-holiday is encountered. This results in a 10-day window.

Eliminate any event days, replacing them with subsequent prior days, picking up with the first day not yet included in the window after completing the holiday replacement requirement.

The final **weekday CBL Window** must contain 10 weekdays.

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**Step 2. Establish the CBL Basis. Identify the five days from the 10-day weekday CBL Basis Window to be used to develop CBL values for each hour of the event.**

For each of the 10 days in the weekday CBL Basis Window, create the *average daily event period usage* for that day, which is defined as the simple average of the participant's actual usage over the hours in the day that define the event for which the weekday CBL is being developed.

Create the *average event period usage level* for the 10 days in the weekday CBL Basis Window, which is defined as the simple average of the 10 average daily event period usage values.

Eliminate low usage days. For any day in the 10-day window for which the day's average daily event period usage is less than 75% of the average event period usage level, eliminate that day, then repeat Step 1 and 2 to replace the eliminated days and to create a new 10-day weekday CBL Basis Window.

Order the 10 days in the weekday CBL Basis Window according to their average daily event period usage level, and eliminate the five days with the lowest average daily event period usage.

The remaining five days constitute the weekday CBL Basis.

For each hour of the event, the weekday CBL is the average of the usage in that hour in the five days that comprise the weekday CBL Basis.

**Average Day CBL formula for weekends and NERC holidays**

**Step 1. Establish the CBL Weekend/Holiday Basis Window**

The weekend/holiday CBL Basis Window is comprised of the most recent three like (Saturday or Sunday) weekend days. There are no exclusions for holidays or event days.

**Step 2. Establish the Weekend/Holiday CBL Basis.**

Calculate the average daily event period usage value for each of the three days in the weekend/holiday CBL Basis Window.

Order the three days according to their average daily event period usage level.

Eliminate the day with the lowest average value

The weekend/holiday CBL Basis contains 2 days.

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### **Step 3. Calculate Weekend Average Day CBL values for the event.**

For each hour of the event, the CBL value is the average of usage in that hour in the two days that comprise the weekend/holiday CBL Basis.

### **Significant Load Change Notification**

The end-use customer shall inform PJM directly or inform its CSP/LSE, who shall inform PJM, of any significant change to the end-use customer's operations that increases or decreases the end-use customer's CBL. A significant incremental change is defined as any operational or physical change to the end-use customer's facilities that will adjust more than half the hours in the end-use customer's CBL by at least 20% for more than twenty consecutive days. PJM may require and approve such adjustments to the CBL as are necessary to reflect the significant incremental change.

### **Alternate Methods**

PJM may consider a metering basis other than those described above if the method accurately represents an end-use customer's normal load profile during the event. Suggestions for alternative methods by which load reductions may be measured may be approved by PJM for use in this program if negotiated in good faith and agreed to by all appropriate parties, including the EDC, LSE, the end-use customer, and CSP. PJM will consider such suggestions on a case-by-case basis and intends to study alternative measurement methods during the life of the program and report the results. Metered load reductions will be adjusted up to consider transmission and distribution losses as submitted by the CSP and verified by PJM with the EDC.

## **WEATHER-SENSITIVE ADJUSTMENT ("WSA")**

- At the time it enters the Load Response Program, the end-use customer or its representative (LSE/CSP), shall specify whether it desires to apply the WSA for the summer period (May-October, inclusive) or the winter period (November-April) or both. The election to apply the WSA may be changed only annually.
- The WSA shall increase or decrease the CBL. The WSA shall be calculated as follows for interval-metered end-use customers:

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Step 1: Perform a regression analysis in Excel using the slope & intercept functions between the end-use customer's on-peak (8 AM to 8 PM), non-holiday, weekday hourly loads and the temperature-humidity index ("THI") on a seasonal basis for the period the WSA is being applied.

PJM will post on the PJM website a spreadsheet of the THI values for all relevant weather stations located within PJM.

The regression analysis will produce a slope ( $m$ ), expressed in kW/THI, and an intercept ( $b$ ), expressed in kW, that describes the sensitivity of the end-use customer's load to weather.

Step 2: Determine the average THI for the on-peak hours for the five days used in the weekday CBL calculation.

Step 3: Determine the average THI for the on-peak hours of the event day:

Step 4: Calculate the WSA based on the following formula:

$$WSA = [(m \times THI_{EVENT DAY}) + b] / [(m \times THI_{CBL DAYS}) + b]$$

- The WSA, expressed in percentage terms, shall be applied to each hour of the CBL during the event period in order to establish a weather-adjusted CBL.
- For end-use customers without interval data from the previous summer, the WSA shall initially be set at 100%. After one month of actual program response, a regression analysis shall be performed and the WSA shall be adjusted in accordance with Steps 1-4, above.
- In no event shall application of the WSA produce a weather-adjusted CBL that exceeds the end-use customer's historical, seasonal, on-peak non-coincident peak load.
- Case-by-case suggestions for alternative WSA methods or adjustments to the end-use customer's historical, seasonal, on-peak non-coincident peak load may be approved by PJM for use in this Economic Load Response Program if negotiated in good faith and agreed to by all appropriate parties.

## REGISTRATION

End-use customers or their representatives (LSEs/CSPs) must complete the PJM Economic Load Response Program Registration Form that is posted on the PJM web site ([www.pjm.com](http://www.pjm.com)). The following general steps will be followed:

1. The end-use customer or its representative (LSE/CSP) completes the PJM Economic Load Response Program registration form located on the PJM web site. In the event an LSE or CSP completes the form, a separate registration form must be submitted for each end-use customer the LSE/CSP represents that actually can reduce load.

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2. PJM reviews the application and ensures that the qualifications for participation in the program are met, including verifying that the appropriate metering exists. PJM also confirms with the appropriate EDC and LSE whether the load that might be reduced is under other contractual obligation. Other such obligations may not preclude participation in the program, but may require special consideration by PJM such that appropriate settlements are made within the confines of the existing contract. PJM will verify the transmission and generation<sup>1</sup> charges with the appropriate EDC/LSE. The EDC and LSE have ten (10) business days to respond or PJM assumes acceptance.
3. PJM informs the end-use customer or its representative (LSE/CSP) of acceptance into the program and notifies the appropriate LSE and EDC of the participant's acceptance into the program.
4. Any end-use customer intending to run distributed generating units in support of local load for the purpose of participating in this program must submit to PJM the applicable environmental permits for running those generators. In the event no environmental permitting has been obtained, written justification for the lack of permits must be provided to PJM.
5. End-use customers may not be registered simultaneously in the Economic Load Response Program and the Emergency Load Response Program. End-use customers, however, may switch programs upon one day notice if it has participated in the same load response program for 15 consecutive days.

## **REAL TIME OPERATIONS**

The Economic Load Response Program is not based on the declaration of emergency conditions in PJM, but rather on the economic decisions of the PJM market participants. That is, the participants in the program are responsible for determining the conditions under which load reductions will actually take place and implementing the reductions should those conditions arise. The prime indicator of such conditions is assumed to be the LMP of energy on the PJM system.

<sup>1</sup> EDCs functioning as LSEs may use the average shopping credit for generation and transmission for a rate class.

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In order to maintain adequate system control, PJM operators will be required to know the amount of load expected to be reduced at varying price levels. These amounts may change on a daily basis. An end-use customer or its representative (LSE/CSP) is therefore responsible for maintaining the load reduction information associated with the end-use customer signed up for the program, including the amount and the price at which load might be reduced. The Load Response Program Registration/Update web site shall be used for this purpose. PJM will utilize the data that has been submitted via this site to compile daily aggregate load reductions on a zonal basis for use in operations.

End-use customers participating in the Economic Load Response Program may choose to reduce load whenever their zonal LMP dictates that it is economically beneficial for them to do so or may choose to be dispatched by PJM. The end-use customer or its representative (LSE/CSP) shall send an email to PJM (address to be supplied upon registration) concurrent with or up to one hour immediately prior to beginning the reduction. Load reductions under this program will not be eligible to set real time price on the PJM system unless metered directly by PJM. End-use customers or their representatives (LSE/CSP) shall send an email to PJM (address to be supplied upon registration) concurrent with or up to one hour immediately prior to the end of their load reduction.

## **VERIFICATION**

For load reduction that is not metered directly by PJM (i.e. – is collected by the EDC), data is to be submitted to PJM within 60 days of the event. If the data is not received within 60 days, no payment for participation is provided. Meter readings must be provided for each hour during which load reduction was accomplished.

These data files are to be communicated to PJM either via the Load Response Program web site or email. Files that are emailed must be in the PJM-approved file format. PJM will forward directly metered data to the appropriate EDC and LSE immediately following an event for optional review. PJM will forward CBL and WSA calculations to the appropriate EDC and LSE immediately following an event for optional review. Data files submitted after-the-fact will be forwarded to the EDC and LSE upon receipt. The LSE and/or EDC have ten (10) business days after receiving the data to provide feedback to PJM. All load reduction data is subject to audit by PJM.

## **PJM MARKET MONITORING**

PJM may investigate participant behavior and claims under this program and may take actions as described under the PJM Market Monitoring Plan.

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Third Revised Sheet No. 256V  
Superceding Second Revised Sheet No. 256V



## MARKET SETTLEMENTS

Reimbursement for reducing load is based on the actual kWh relief provided in excess of committed day-ahead load reductions plus the adjustment for losses. If the real time LMP is less than \$75/MWh, the end-use customer (or its representative (LSE/CSP)) that curtails load in real-time will be paid by PJM the real time LMP less an amount equal to the applicable generation and transmission<sup>2</sup> charges. If the real time LMP is greater than or equal to \$75/MWh, an end-use customer (or its representative (LSE/CSP)) that curtails load in real-time will be paid the real time LMP. In cases where the load response is dispatched by PJM, payment will not be less than the total value of the load response bid, including any submitted start-up cost. Any shortfall will be made up through normal, real time operating reserves. In all cases, the applicable zonal or aggregate LMP is used as appropriate for the individual end-use customer. The applicable generation and transmission<sup>2</sup> charge is the charge the end-use customer would have otherwise paid the LSE absent the load reduction.

An end-use customer or its representative (LSE/CSP) will accumulate credits for energy reductions in those hours when the energy delivered to the end-use customer is less than the end-use customer's CBL at the corresponding hourly rate. In the event the end-use customer's hourly energy consumption is greater than then the CBL, the end-use customer or its representative (LSE/CSP) will accumulate debits at the corresponding hourly rate for the amount the end-use customer's hourly energy consumption is greater than the CBL. However, in no event will the end-use customer's (or its representative's) credit be reduced below zero on a daily basis.

Payments under the Economic Load Response Program will be made by PJM to the end-use customer or its representative (LSE/CSP). In the event the CSP or LSE is the party to be paid but is not the load reducer, the portion of the payment that will be transferred from the LSE/CSP to the end-use customer that actually reduced load is outside the scope of this program, and must be arranged between the LSE/CSP and the end-use customer.

<sup>2</sup> EDCs functioning as LSEs may use the average shopping credit for generation and transmission for a rate class.

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PJM shall recover LMP less an amount equal to applicable generation and transmission charges from the LSE that otherwise would have the load that was reduced. The amount equal to the generation and transmission charges, if any, will be recovered from all load within the zone in which the load that was reduced is located. If an LSE has a full requirements and/or load-following contracts for generation supply, the obligation to pay LMP less the amount equal to the applicable generation and transmission charges flows to the generation supplier. If the total amount of recoverable charges reflecting generation and transmission charges for the entire program exceeds \$17.5 million in a year, thereafter participants will receive LMP less an amount equal to the applicable generation and transmission charges regardless of the level of LMP.

An ALM customer may participate in the Economic Load Response program during ALM events as long as the customer's ALM contract explicitly excludes payment or credit for energy not consumed during ALM events. If the LSE that submitted the customer for ALM credit indicates that the customer is not eligible for simultaneous credit under the Economic Load Response program and ALM is called for concurrent with the Economic Load Response program, then payments will be made to the end-use customer or representative according to the Economic Load Response program only for the time during which ALM obligations were not in effect. Any response in excess of the contracted ALM amount will be compensated under the Economic Load Response program for the entire duration of response.

Program credits will appear on the PJM Member's monthly bill, as described in the *PJM Manual for Operating Agreement Accounting* and the *PJM Manual for Billing*.

## REPORTING

PJM will submit any required reports to FERC on behalf of the Economic Load Response Program participants. PJM will also post this document, as well as any other program-related documentation on the PJM web site.

PJM will also report the names of those end-use customers who indicated that distributed generation would be run in support of the load reduction program to the EPA, together with the permitting information that was supplied upon registration.

On an annual basis, PJM will prepare a report that summarizes the status of the program and will submit it to the PJM Board of Managers, the Members Committee, the Reliability Committee, the Energy Market Committee, and the Operating Committee for review.

PJM will prepare any reports by state and by zone as may be required, subject to confidentiality requirements.

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## **ECONOMIC LOAD RESPONSE PROGRAM - DAY AHEAD**

### **EFFECTIVE PERIOD OF PROGRAM**

Same as real time.

### **PARTICIPANT QUALIFICATIONS**

Same as real time.

### **METERING REQUIREMENTS**

Same as real time.

### **CUSTOMER BASELINE LOAD (CBL)**

Same as real time.

### **WEATHER-SENSITIVE ADJUSTMENT ("WSA")**

Same as real time.

### **REGISTRATION**

Same as real time.

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## **DAY AHEAD OPERATIONS**

PJM will accept demand reduction bids from an end-use customer or its representative (LSE/CSP) for a specific MW curtailment (in minimum increments of .1 MW). The demand reduction bid will include the day-ahead LMP above which the end-use customer would not consume, and could also include a start-up cost and/or a minimum number of contiguous hours for which the load reduction must be committed.

The objective function for day ahead commitment software will be to eliminate demand reduction bids from day-ahead bid load when the total bid production cost over the 24-hour dispatch day will be reduced compared to serving that load, including consideration of paying the demand reduction bid for the length of the minimum commitment time as well as any start-up cost. Thus, curtailments will not be scheduled unless they reduce total day-ahead production costs.

Demand reduction bids can set day-ahead LMP just as a comparably bid generator.

## **VERIFICATION**

Same as real time.

## **PJM MARKET MONITORING**

Same as real time.

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## MARKET SETTLEMENTS

Reimbursement for reducing load is based on the reductions of kWh committed in the Day Ahead Market. An end-use customer or its representative (LSE/CSP) that submits a load reduction bid day ahead that is accepted by PJM when the day ahead LMP is less than \$75 MWh will be paid by PJM the day ahead LMP less an amount equal to the applicable generation and transmission<sup>3</sup> charges. An end-use customer or its representative (LSE/CSP) that submits a load reduction bid day ahead that is accepted by PJM when the day ahead LMP is greater than or equal to \$75 MWh, will be paid by PJM the day ahead LMP. Total payments to end-use customers or their representatives (LSEs/CSPs) for accepted day-ahead load response bids will not be less than the total value of the load response bid, including any submitted start-up cost. Any shortfall will be made up through normal, day-ahead operating reserves. In all cases, the applicable zonal or aggregate LMP is used as appropriate for the individual end-use customer. The applicable generation and transmission<sup>3</sup> charge is the charge the participant would have otherwise paid the LSE absent the load reduction.

Payments under the Economic Load Response Program will be made by PJM to the end-use customer or its representative (LSE/CSP). In the event the CSP or LSE is the party to be paid but is not the load reducer, the portion of the payment that will be transferred from the LSE/CSP to the end-use customer that actually reduced load is outside the scope of this program, and must be arranged between the LSE/CSP and the end-use customer.

PJM shall recover LMP less an amount equal to applicable generation and transmission charges from the LSE that otherwise would have the load that was reduced. The amount equal to the generation and transmission charges, if any, will be recovered from all load within the zone in which the load that reduced is located. If an LSE has a full requirements and/or load-following contracts for generation supply, the obligation to pay LMP less the amount equal to the applicable generation and transmission charges flows to the generation supplier. If the total amount of recoverable charges reflecting the generation and transmission charges for the entire program exceeds \$17.5 million in a year, thereafter participants will receive LMP less an amount equal to the applicable generation and transmission charges regardless of the level of LMP.

<sup>3</sup> EDCs functioning as LSEs may use the average shopping credit for generation and transmission for a rate class.

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An ALM customer may participate in the Economic Load Response program during ALM events as long as the customer's ALM contract explicitly excludes payment or credit for energy not consumed during ALM events. If the LSE that submitted the customer for ALM credit indicates that the customer is not eligible for simultaneous credit under the Economic Load Response program and ALM is called for concurrent with the Economic Load Response program, then payments will be made to the end-use customer or representative according to the Economic Load Response program only for the time during which ALM obligations were not in effect. Any response in excess of the contracted ALM amount will be compensated under the Economic Load Response program for the entire duration of response.

Program credits will appear on the PJM Member's monthly bill, as described in the *PJM Manual for Operating Agreement Accounting* and the *PJM Manual for Billing*.

## **NON-PERFORMANCE**

End-use customers or their representatives (LSEs/CSPs) that have load reductions committed in the day-ahead market that cannot demonstrate hourly performance in real time equal to at least that of the day-ahead commitment will be charged the higher of day-ahead or real time LMP for the amount of the shortfall, plus any associated day-ahead operating reserve credits. Any extra funds collected by PJM as a result of this charge will serve to reduce the overall day-ahead operating reserves charge for that hour.

## **REPORTING**

Same as real time.

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## **NON-HOURLY METERED CUSTOMER PILOT**

PJM also will consider LSE/CSP sponsored pilots for customers without hourly metering for participation in a pilot program for up to two years per end-use customer or the end date of the applicable program, whichever comes first, provided the end-use customers or their representatives (LSEs/CSPs) propose an alternate method for measuring hourly load reductions. Proposed methods shall be reviewed with the affected LSE(s). Alternate measurement mechanisms will be approved by PJM on a case-by-case basis. Participation in the non-hourly metered customer pilot will be limited to 25MW aggregate load reduction over the PJM region and the Economic Load Response Program and the Emergency Load Response Program, and with the sole exception of the requirement for hourly metering, will be subject to the same rules and procedures as the Emergency Load Response Program or Economic Load Response Program (real-time and day-ahead options), whichever is applicable. Following the two-year pilot period, each alternate method must be approved through the normal PJM stakeholder process in order to continue to be used.

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**Kentucky Power Company**

**REQUEST**

During the hearing the Company was asked to provide a date for the Commission to issue an order that would permit the Company time to place the new rates into effect by the March 30, 2006 date. The Company responded that two days prior to March 30, 2006 would be sufficient. Do you have further information concerning this response?

**RESPONSE**

Yes. After further review, the Company requests that the Commission issue its ruling fifteen days prior to the proposed effective date. What was overlooked in the response at the hearing was that the effective date of the Company's proposed tariffs also affects the Company's monthly environmental and system sales filings. Pursuant to KRS 278.183 (3) and 807 KAR 5:056(9), the Company is required to make these monthly filings with the Commission ten days prior to the date they are billed to the customers. The Company requests that the Commission's order in this proceeding be issued on or about March 15, 2006 to meet the required March 20, 2006 filing date of the environmental and system sales surcharge filings. If the Commission is unable to issue its ruling by March 15, 2006 the Company requests that the Commission waive the ten day filing requirement.

**WITNESS:** Errol K Wagner



**Kentucky Power Company**

**REQUEST**

During the hearing the Commission inquired concerning Kentucky Power's recent efforts to improve reliability. Is there evidence in this case addressing this matter?

**RESPONSE**

Yes. Mr. Phillips testified at page 11, Table 4 that the Company has increased its vegetation management operation and maintenance expense spending between years 2000 to 2004 by approximately 75% (\$3.96 Million/\$6.98 Million).

**WITNESS:** Errol K. Wagner