

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF THE)	
FUEL ADJUSTMENT CLAUSE OF KENTUCKY)	CASE NO. 2008-00518
POWER COMPANY FROM NOVEMBER 1, 2006)	
THROUGH OCTOBER 31, 2008)	

O R D E R

Pursuant to 807 KAR 5:056, the Commission established this case on January 23, 2009 to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of Kentucky Power Company ("Kentucky Power") for the two-year period ended October 31, 2008 and to determine the amount of fuel cost that should be transferred (rolled-in) to its base rates to re-establish its FAC charge.

In establishing this review, the Commission ordered Kentucky Power to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. Kentucky Power submitted this information on February 11, 2009. A public hearing was held on March 17, 2009. On March 23, 2009, Kentucky Power filed post-hearing data responses to questions asked at the hearing. There are no intervenors in this case.

Kentucky Power proposed that the month of June 2008 be used by the Commission as the base period (test month) for the purpose of arriving at the base fuel cost and the kWh sales components of its FAC. It further proposed that its base fuel cost be changed to 28.40 mills per kWh, the fuel cost for the proposed base period. Kentucky Power's current base fuel cost is 21.24 mills per kWh.

In establishing the appropriate level of base fuel cost to be included in Kentucky Power's rates, the Commission must determine whether the proposed base period cost

per kWh is representative of the level of fuel cost currently being experienced by Kentucky Power. The Commission's review of generation mix, generation unit outages, and generation unit availability discloses that the month of June 2008 is a reasonably representative generation month for Kentucky Power. The analysis of Kentucky Power's monthly fuel clause filings showed that the actual fuel cost incurred for the two-year review period ranged from a low of 18.58 mills per kWh in December 2006 to a high of 41.02 mills per kWh in August 2008, with an average cost for the period of 24.42 mills per kWh. Based upon this review, the Commission finds that Kentucky Power has complied with 807 KAR 5:056 and that the proposed base-period fuel cost of 28.40 mills per kWh should be approved.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. Kentucky Power has complied with the provisions of 807 KAR 5:056.
2. The test month of June 2008 should be used as Kentucky Power's base period for this review.
3. Kentucky Power's proposed base-period fuel cost of 28.40 mills per kWh should be approved.
4. The establishment of a base fuel cost of 28.40 mills per kWh requires a transfer (roll-in) of 7.16 mills per kWh from the FAC rate to Kentucky Power's base rates and can best be accomplished by a uniform increase in all energy rates.
5. The rates in the Appendix to this Order are designed to reflect the transfer (roll-in) to base rates of the differential between the old base fuel cost of 21.24 mills and the new base fuel cost of 28.40 mills per kWh.

6. The rates in the Appendix to this Order are fair, just and reasonable and should be approved effective with Kentucky Power's first billing cycle for July 2009.

7. Beginning with its first billing cycle for July 2009, Kentucky Power should use an FAC rate based on a base fuel cost of 28.40 mills per kWh.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Kentucky Power through the FAC for the period November 1, 2006 to October 31, 2008 are approved.

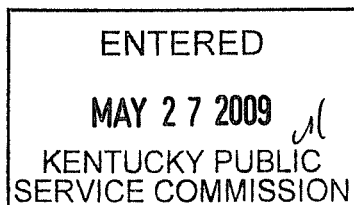
2. Kentucky Power's proposed base fuel cost of 28.40 mills per kWh is approved.

3. The rates in the Appendix to this Order are approved effective with Kentucky Power's first billing cycle for July 2009.

4. Beginning with its first billing cycle for July 2009, Kentucky Power shall use an FAC rate based on a base fuel cost of 28.40 mills per kWh.

5. Within 20 days of the date of this Order, Kentucky Power shall file with the Commission its revised tariff sheets setting out the rates approved herein.

By the Commission



Vice Chairman Gardner abstains.

ATTEST:

for 
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00518 DATED **MAY 27 2009**

The following rates and charges are prescribed for the customers in the area served by Kentucky Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

TARIFF R.S.
RESIDENTIAL SERVICE

Energy Charge:
All kWh per month per kWh \$.07191

TARIFF R.S.
RESIDENTIAL SERVICE
STORAGE WATER HEATING PROVISION

Tariff Code:
012 per kWh \$.03853
013 per kWh \$.03853
014 per kWh \$.03853

TARIFF R.S.
RESIDENTIAL SERVICE
LOAD MANAGEMENT WATER HEATING PROVISION

Tariff Code:
011 per kWh \$.03853

TARIFF R.S.-L.M.-T.O.D.
RESIDENTIAL SERVICE LOAD MANAGEMENT TIME OF DAY

Energy Charge:
All kWh used during on-peak billing period \$.11366
All kWh used during off-peak billing period \$.03853

TARIFF R.S.-T.O.D.
RESIDENTIAL SERVICE TIME OF DAY

Energy Charge:	
All kWh used during on-peak billing period	\$.11366
All kWh used during off-peak billing period	\$.03853

S.G.S.
SMALL GENERAL SERVICE

Energy Charge: (Tariff Code 211, 212)	
First 500 kWh per month	\$.10013
All over 500 kWh per month	\$.05994

S.G.S.
SMALL GENERAL SERVICE

Energy Charge: (Tariff Code 225, 226)	
All kWh used during on-peak billing period	\$.13416
All kWh used during off-peak billing period	\$.03853

S.G.S.
SMALL GENERAL SERVICE
OPTIONAL UNMETERED SERVICE PROVISION

Energy Charge: (Tariff Code 204 (Mtrd), 213 (Umr))	
First 500 kWh per month	\$.10013
All over 500 kWh per month	\$.05994

M.G.S.
MEDIUM GENERAL SERVICE

Energy Charge:	
Secondary Service Voltage: (Tariff Code 215, 216, 218)	
kWh equal to 200 times kW of monthly billing demand	\$.08177
kWh in excess of 200 times kW of monthly billing demand	\$.07015
Primary Service Voltage: (Tariff Code 217, 220)	
kWh equal to 200 times kW of monthly billing demand	\$.07507
kWh in excess of 200 times kW of monthly billing demand	\$.06715
Subtransmission Service Voltage: (Tariff Code 236)	
kWh equal to 200 times kW of monthly billing demand	\$.06933
kWh in excess of 200 times kW of monthly billing demand	\$.06510

M.G.S.
MEDIUM GENERAL SERVICE
RECREATIONAL LIGHTING SERVICE PROVISION

Energy Charge per kWh: (Tariff Code 214) \$.07708

M.G.S.
LOAD MANAGEMENT TIME-OF-DAY PROVISION

Energy Charge: (Tariff Code 223, 224)
All kWh used during on-peak billing period \$.12580
All kWh used during off-peak billing period \$.03970

EXPERIMENTAL TARIFF M.G.S.-T.O.D.
MEDIUM GENERAL SERVICE TIME-OF-DAY PROVISION

Energy Charge: (Tariff Code 229, 230)
All kWh used during on-peak billing period \$.12580
All kWh used during off-peak billing period \$.03970

L.G.S.
LARGE GENERAL SERVICE

Energy Charge per kWh:
Secondary Service Voltage (Tariff Code 240, 242) \$.06309
Primary Service Voltage (Tariff Code 244, 246) \$.05604
Subtransmission Service Voltage (Tariff Code 248) \$.04539
Transmission Service Voltage (Tariff Code 250) \$.04154

L.G.S.
LARGE GENERAL SERVICE
LOAD MANAGEMENT TIME-OF-DAY PROVISION

Energy Charge per kWh: (Tariff Code 251)
All kWh used during on-peak billing period \$.10781
All kWh used during off-peak billing period \$.03942

TARIFF Q.P.
QUANTITY POWER

Energy Charge per kWh:
Secondary Service Voltage (Tariff Code 356) \$.03285
Primary Service Voltage (Tariff Code 358) \$.03233
Subtransmission Service Voltage (Tariff Code 359) \$.03201
Transmission Service Voltage (Tariff Code 360) \$.03176

TARIFF C.I.P.-T.O.D.
COMMERCIAL AND INDUSTRIAL POWER-T.O.D.

Energy Charge per kWh:	
Primary Service Voltage (Tariff Code 370)	\$.02874
Subtransmission Service Voltage (Tariff Code 371)	\$.02849
Transmission Service Voltage (Tariff Code 372)	\$.02829

TARIFF M.W.
MUNICIPAL WATERWORKS

Energy Charge per kWh (Tariff Code 540)	\$.06866
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TARIFF O.L.
OUTDOOR LIGHTING

OVERHEAD LIGHTING SERVICE

High Pressure Sodium per Lamp:	
100 Watts (9,500 Lumens) (Tariff Code 094)	\$ 7.18
150 Watts (16,000 Lumens) (Tariff Code 113)	\$ 8.20
200 Watts (22,000 Lumens) (Tariff Code 097)	\$ 10.05
400 Watts (50,000 Lumens) (Tariff Code 098)	\$ 16.33
Mercury Vapor per Lamp:	
175 Watts (7,000 Lumens) (Tariff Code 093)	\$ 7.81
400 Watts (20,000 Lumens) (Tariff Code 095)	\$ 13.48

POST-TOP LIGHTING SERVICE

High Pressure Sodium per Lamp:	
100 Watts (9,500 Lumens) (Tariff Code 111)	\$ 10.53
150 Watts (16,000 Lumens) (Tariff Code 122)	\$ 17.15
Mercury Vapor per Lamp:	
175 Watts (7,000 Lumens) (Tariff Code 099)	\$ 8.96

FLOOD LIGHTING SERVICE

High Pressure Sodium per Lamp:	
200 Watts (22,000 Lumens) (Tariff Code 107)	\$ 11.30
400 Watts (50,000 Lumens) (Tariff Code 109)	\$ 16.08
Metal Halide	
250 Watts (20,500 Lumens) (Tariff Code 110)	\$ 17.34
400 Watts (36,000 Lumens) (Tariff Code 116)	\$ 22.93
1,000 Watts (110,000 Lumens) (Tariff Code 131)	\$ 49.70

TARIFF S.L.
STREET LIGHTING

Rate per Lamp (Tariff Code 528):

Overhead Service on Existing Distribution Poles

High Pressure Sodium

100 Watts (9,500 Lumens)	\$ 5.93
150 Watts (16,000 Lumens)	\$ 6.85
200 Watts (22,000 Lumens)	\$ 8.65
400 Watts (50,000 Lumens)	\$ 12.88

Service on New Wood Distribution Poles

High Pressure Sodium

100 Watts (9,500 Lumens)	\$ 9.23
150 Watts (16,000 Lumens)	\$ 10.20
200 Watts (22,000 Lumens)	\$ 11.90
400 Watts (50,000 Lumens)	\$ 16.13

Service on New Metal or Concrete Poles

High Pressure Sodium

100 Watts (9,500 Lumens)	\$ 15.13
150 Watts (16,000 Lumens)	\$ 15.90
200 Watts (22,000 Lumens)	\$ 20.20
400 Watts (50,000 Lumens)	\$ 21.98

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