

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE APPLICATION OF THE)	
FUEL ADJUSTMENT CLAUSE OF AMERICAN)	CASE NO. 96-520-B
ELECTRIC POWER COMPANY FROM)	
MAY 1, 1997 TO OCTOBER 31, 1997)	

O R D E R

Pursuant to Commission Regulation 807 KAR 5:056, the Commission on December 11, 1997 established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of American Electric Power Company ("AEP") for the 6 months ended October 31, 1997.

As part of this review, AEP, pursuant to Commission Order, submitted certain information concerning its compliance with Commission Regulation 807 KAR 5:056. A public hearing was held on February 19, 1998.

The Commission has previously established AEP's base fuel cost of 11.45 mills per Kwh.¹ A review of AEP's monthly fuel clause filings shows that the actual fuel cost incurred for the 6-month period under review ranged from a low of 10.29 mills in August 1997 to a high of 11.17 mills in September 1997, with a 6-month average of 10.76 mills.

¹ Case No. 94-460, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Kentucky Power Company from November 1, 1992 to October 31, 1994, Order dated April 5, 1995.

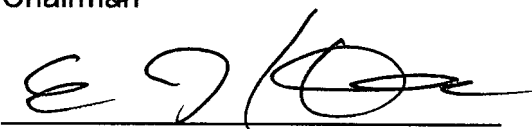
The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds no evidence of improper calculation or application of AEP's FAC charge or improper fuel procurement practices.

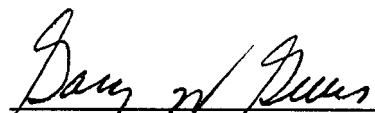
IT IS THEREFORE ORDERED that the charges and credits billed by AEP through its FAC for the period May 1, 1997 to October 31, 1997 are approved.

Done at Frankfort, Kentucky, this 10th day of September, 1998.

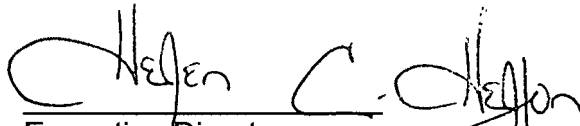
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director