

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. 2000-495-A
ELECTRIC POWER COMPANY FROM)	
NOVEMBER 1, 2000 TO APRIL 30, 2001)	

O R D E R

Pursuant to Commission Regulation 807 KAR 5:056, the Commission on June 11, 2001 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 April 30, 2001.

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 September 4, 2001.

The Commission has previously established AEP's base fuel cost at 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 10.17 mills in November 2000 to a high of 10.71 mills in January 2001, with a 6-month average of 10.47 mills.

¹ Case No. 2000-495, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of American Electric Power Company from November 1, 1998 to October 31, 2000, Order dated March 15, 2001.

During the course of this proceeding, AEP acknowledged that it overstated its fuel costs for the months of November 2000 and March 2001 by \$231,056 by failing to properly report purchases made during periods of forced outages. AEP corrected these errors by making an adjustment to reduce fuel costs by \$231,056 in its August 2001 FAC report filed with the Commission.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that, other than the incorrect reporting of fuel costs in the months of November 2000 and March 2001 that were subsequently identified and corrected as described in the preceding paragraph, there is no evidence of improper calculation or application of AEP's FAC charges or improper fuel procurement practices.

IT IS THEREFORE ORDERED that the charges and credits billed by AEP through its FAC for the period November 1, 2000 to April 30, 2001 are approved.

Done at Frankfort, Kentucky, this 5th day of November, 2001.

By the Commission

ATTEST:


Executive Director