COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

AN EXAMINATION OF THE APPLICATION OF THE FUEL ADJUSTMENT CLAUSE OF KENTUCKY POWER COMPANY FROM NOVEMBER 1, 2012 THROUGH APRIL 30, 2013

))) CASE NO. 2013-00261)

KENTUCKY POWER COMPANY RESPONSE TO COMMISSION STAFF'S OCTOBER 16, 2013 POST HEARING DATA REQUEST

October 22, 2013

VERIFICATION

The undersigned, Ranie K. Wohnhas, being duly sworn, deposes and says he is the Managing Director Regulatory and Finance for Kentucky Power, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge, and belief

Ranie K. Wohnhas

COMMONWEALTH OF KENTUCKY

COUNTY OF FRANKLIN

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) Case No. 2013-00261

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Ranie K. Wohnhas, this the 12 day of October 2013.

Degues, Allay. Notary Public

My Commission Expires:

Kentucky Power Company

REQUEST

Please refer to pages 3 and 4 of the "LSE/OSS Allocation Analysis" provided to Staff at the October 7, 2013 Informal Conference with Staff. Does the Company agree that KRS 278.225 prohibits the Company from recovering any misallocated charges otherwise recoverable through Tariff S.S.C. more than two years after the service is rendered?

RESPONSE

Yes, with two clarifications. First, PJM expenses incurred in one month are applied to bills rendered two month later. For example, the September 2011 PJM expenses would have been applied to bills rendered in November 2011. Since the Company bills on a cycle basis, the service rendered is split between the first and second subsequent month following the expense month. Continuing with our example above, September 2011 PJM expenses will be split between service rendered in October and November 2011 due to cycle billing.

Second, upon discovering the misallocation the Company elected to inform the Commission of the issue and to await its Order in this proceeding in lieu of immediately billing customers the additional PJM expenses. Because the Company otherwise could have billed the Company's customers no later than September 27, 2013, the date the Company filed its motion for an informal conference addressing this matter, the Company requests that the Commission treat the Company's bills recovering the misallocated PJM expenses relating to off-system sales as having begun being rendered for purposes of KRS 278.225 on September 27, 2013.

Assuming the Commission accepts the Company's request that its bills issued to recover the misallocated PJM off-system sales expenses be treated as having been rendered beginning on September 27, 2013, the misallocated PJM expenses to be recovered through Tariff S.S.C. would be those expenses incurred from July 2011 through June 2013. Cycle 1 for the billing month of September 2011 was August 29th, thus it would have started the cycle of using July 2011 PJM expenses and all expenses on the "LSE/OSS Allocation Analysis" still to be recovered through the OSS (\$413,441.63) would fall within the time limitation of KRS 278.225.

WITNESS: Ranie K Wohnhas