

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF KENTUCKY) CASE NO. 2013-00325
POWER COMPANY FOR THE TWO YEAR)
BILLING PERIOD ENDING JUNE 30, 2013)

DIRECT TESTIMONY
OF
LILA P. MUNSEY

FILED ON BEHALF OF KENTUCKY POWER COMPANY

November 1, 2013

**DIRECT TESTIMONY OF
LILA P. MUNSEY, ON BEHALF OF
KENTUCKY POWER COMPANY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TITLE.**

2 A. My name is Lila P. Munsey. I am Manager of Regulatory Services for Kentucky Power
3 Company (“Kentucky Power, KPCo or Company”) and my business address is 101 A
4 Enterprise Drive, Frankfort, Kentucky 40601.

II. BACKGROUND

5 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
6 **BACKGROUND.**

7 A. I received a Bachelor of Science in Civil Engineering degree from Purdue University,
8 West Lafayette, Indiana, in May 1978 and began my career with Appalachian Power
9 Company (“APCo”) as a Civil Engineer in the Hydroelectric Department. In August
10 1983, I was promoted to the position of Cost Allocation Analyst for APCo where I
11 conducted numerous studies to support retail rate filings and regulatory interactions
12 with the West Virginia and Virginia regulatory commissions. In November 1985, I was
13 transferred to the Rate Department of American Electric Power Service Corporation.
14 (“AEPSC”), in Columbus, Ohio, as an Associate Rate Analyst where I developed and
15 supported operating company retail rate filings within AEP’s seven eastern states. I
16 was promoted to Rate Analyst in November 1989 where I developed, supported, and
17 testified in retail filings concerning cost-of-service issues.

1 In January 1998, I moved to the newly-formed transmission pricing group as a
2 Transmission Contracts & Regulatory Specialist for AEP. In this capacity, I prepared
3 AEP's Federal Energy Regulatory Commission ("FERC") transmission rate filings,
4 including transmission cost-of-service studies, rate design, and tariff development in
5 support of the Regional Transmission Organization (RTO) developmental filings and
6 negotiations for the Alliance TransCo and ultimately AEP's entrance into PJM's RTO
7 on October 1, 2004. I also prepared long-term reservation contracts with other utilities,
8 developed a contract management tracking system, provided expertise on AEP's Open
9 Access Transmission Tariff and tariff revisions as necessary, and developed the
10 merger-related FERC filings required for AEP's merger of the operating companies in
11 the seven eastern states with those in the four western states previously known as
12 Central & Southwest (CSW). In June of 2000, I was promoted to Senior Regulatory
13 Consultant in the Transmission and Interconnections Department, which became part of
14 the Regulated Tariffs Department in 2005. In September 2010, I transferred from
15 AEPSC to Kentucky Power where I assumed my current responsibilities and position.

16 **Q. WHAT ARE YOUR PRINCIPAL AREAS OF RESPONSIBILITY WITH**
17 **KPCO?**

18 A. I manage Regulatory Services, which has the responsibility for rate and regulatory
19 matters affecting Kentucky Power. This includes the preparation and coordination of
20 the Company's exhibits and testimony in rate cases and any other formal filings before
21 state and federal regulatory bodies. Another responsibility is assuring the proper
22 application of the Company's rates to all classifications of business.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY**
2 **COMMISSIONS?**

3 A. Yes. I provided written and oral testified concerning certain environmental surcharge
4 matters in Case No. 2011-00401, which involved an application by Kentucky Power to
5 retrofit Big Sandy Unit 2 with a DFGD Scrubber. Also since joining Kentucky Power,
6 I testified in connection with Commission reviews of the Company's Fuel Adjustment
7 Clause and Environmental Surcharge filings. Prior to joining the Company I testified
8 before this Commission in Case No. 91-066, a regulatory proceeding involving the
9 adjustment in electric base rates for KPCo. I have also presented testimony for
10 Wheeling Power Company before the West Virginia Public Service Commission and
11 for Appalachian Power Company before the Commonwealth of Virginia State
12 Corporation Commission.

13 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

14 A. Yes. I am sponsoring Exhibit LPM-1, which was prepared at my direction.

III. PURPOSE OF YOUR TESTIMONY

15 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

16 A. The purpose of my testimony is to first support the Company's request to credit a total
17 net over-collection of environmental costs during the expense months of July 2011
18 through April 2013 in the amount of \$9,008. Next, I support the Company's request to
19 include the SO₂ and NO_x Year End Consumption Adjustments and gains on sales of
20 allowances that were not initially included in the monthly filings. Last, my testimony
21 supports the Company's monthly environmental surcharge filings and demonstrates the

1 reasonableness of the application of the Company's monthly environmental surcharge
2 during the two-year billing period ended June 30, 2013.

3 **Q. HOW DID THE COMPANY DISCOVER THE OVER COLLECTION OF**
4 **TOTAL NET ENVIRONMENTAL COSTS OF \$9,008?**

5 A. AEP Service Corporation, on behalf of the AEP East Operating Companies, APCo,
6 KPCo, I&M, and OPCo, incurs PJM credits and charges for energy and ancillary
7 service. AEP allocates PJM ancillary services, i.e. congestion, marginal transmission
8 losses and credits, and FTR revenues, based on the amount of energy assigned on an
9 hourly basis from the AEP East Generating facilities. These assignments are either to
10 Internal Load, "LSE", or Off-System Sales, "OSS". The AEP East Operating
11 Companies, including Kentucky Power, record their Member Load Ratio share per the
12 East Interconnection Agreement for LSE or OSS PJM charges and credits.

13 During AEP's August 2013 review of PJM allocations to the operating
14 companies, it was discovered that certain PJM ancillary services were not being
15 allocated to the correct FERC 447 revenue subaccounts. AEP notified Kentucky Power
16 of the misallocation, and the Company began a month-by-month review of its monthly
17 environmental filings for the two-year period under review in Case No. 2013-00325.

18 **Q. WHAT CREATED THE MISALLOCATION AND HAS IT BEEN**
19 **CORRECTED?**

20 A. In July 2011, AEP changed energy cost reconstruction systems from ECR to Power
21 Tracker. It was determined that the interface from Power Tracker to AEP's PJM
22 allocation system, "nMarket" did not properly allocate costs in comparison to the
23 energy assigned. The mapping issue in nMarket caused additional PJM ancillary

1 service congestion costs, marginal transmission losses and credits, and FTR revenues to
2 be incorrectly assigned to the LSE versus OSS for the period of July 2011 through June
3 2013. During the review, the determination was that the actual assignment of energy in
4 Power Tracker was allocated correctly. AEP corrected the allocation issue in nMarket
5 for July 2013 going forward.

6 **Q. HAS THE COMPANY MADE AN ACCOUNTING ENTRY TO CORRECT THE**
7 **PJM ANCILLARY SERVICES MISALLOCATION?**

8 A. Yes. The Company made the entries to correct the PJM ancillary services
9 misallocation in September 2013.

10 **Q. PLEASE IDENTIFY THE AMOUNTS THAT WERE MISALLOCATED AND**
11 **THE ACCOUNTS AFFECTED?**

12 A. The misallocation occurred in the last 22 expense months within the two-year period of
13 this review, July 2011 through April 2013, and the 2 months following the test period.
14 The summary of the amounts and accounts affected by the misallocations is as follows:

- 15 • \$641,266.19 for PJM Congestion was reclassified to FERC Account 4470126
16 from FERC Account 4470093.
- 17 • (\$162,347.90) for PJM FTR Revenue was reclassified to FERC Account
18 4470100 from FERC Account 4470101.
- 19 • (\$242,244.12) for PJM Marginal Transmission Line Loss Credit was
20 reclassified to FERC Account 4470206 from FERC Account 4470208.
- 21 • \$977,918.15 for PJM Marginal Transmission Line Losses was reclassified to
22 FERC Account 4470209 from FERC Account 4470207.

1 The impact to Kentucky Power is \$1,214,592.32 of net PJM ancillary services costs for
2 congestion, marginal transmission losses and credits, and FTR revenues that should
3 have been assigned to OSS instead of LSE.

4 **Q. HOW DO THESE ACCOUNT RECLASSIFICATIONS AFFECT THE**
5 **ENVIRONMENTAL SURCHARGE?**

6 A. The misallocation of the ancillary services to the LSE instead of the OSS created a
7 lower Kentucky Retail Revenue percentage and an equally higher Non-Associated
8 Utilities Revenue percentage. When ES Form 3.30 lines 1 and 4 are corrected and line
9 1 is carried forward to ES Form 1.00 line 4, the current Kentucky Retail Revenue
10 percentage is multiplied times the monthly Environmental Expense to be recovered
11 (Line 3) to determine the expense attributed to Kentucky Retail customers. Adjusted
12 by any over- or under-recovery calculated on ES Form 3.30 from the 2 months prior
13 filing, the sum is divided by the current Kentucky Retail Revenue to calculate the
14 Environmental Surcharge Rate.

15 **Q. HAS THE COMPANY RE-CALCULATED ITS ENVIRONMENTAL**
16 **SURCHARGE FILINGS WITH THESE CORRECTIONS?**

17 A. Yes. Pages 1 and 2 of the 5-page summary attached as Exhibit LPM-1 shows the
18 revision by month. Please also see the Company's response to the Staff's First Set of
19 Data Requests Item No. 1. Attachment 1 to that response, which contains a summary
20 as well as the amended ES Form 1.00 and ES Form 3.30, which provides the monthly
21 differences resulting from the proposed revisions to the calculation.

1 **Q. WHAT IS THE RESULT?**

2 A. The net impact of these revisions during the two-year period under review in this case
3 is an over-collection of \$9,008 to be refunded to customers.

4 **Q. IS THE MISALLOCATION CONFINED TO THE REVIEW PERIOD OF THIS**
5 **CASE?**

6 A. No. The misallocation runs from the expense months of July 2011 through June 2013,
7 whereas this review period ends with the expense month of April 2013.

8 **Q. WHAT DOES THE COMPANY PROPOSE BE DONE FOR THOSE TWO**
9 **REMAINING MONTHS OF MISALLOCATION?**

10 A. Because only two months or \$2,427 are beyond the test period that should be returned
11 to customers, the Company proposes that amount be included in this review period
12 adjustment. This would make the total adjustment \$11,435 (\$9,008 plus \$2,427) that
13 would be refunded to customers.

14 **Q. HOW DOES KENTUCKY POWER PROPOSE TO ADDRESS THIS**
15 **OVER-COLLECTION?**

16 A. Kentucky Power proposes a one-time adjustment to the Company's first monthly
17 environmental surcharge filing following the Commission's Order in this proceeding.

18 **Q. DOES THE COMPANY HAVE ANY ADDITIONAL ADJUSTMENTS?**

19 A. Yes. In reviewing the 2-year period monthly environmental filings, it was discovered
20 that some consumption adjustments, gains on emission allowance sales, and EPA
21 Allowance Auction gains for SO₂ and NO_x allowances were not being included in the
22 monthly filings.

1 **Q. PLEASE EXPLAIN THE CONSUMPTION ADJUSTMENTS.**

2 A. In 2010, the Clean Air Interstate Rule (CAIR) took effect. This new ruling affected the
3 consumption rate of SO₂ allowances. All SO₂ allowances with a vintage year of 2009
4 or prior are consumed on a one ton to one allowance ratio, whereas allowances for the
5 vintage years 2010-2015 are consumed two allowances for every ton of SO₂ emitted.
6 This created two separate allowance pools with different average unit costs. At the end
7 of each December, AEP executes the Interim Allowance Agreement (IAA) settlement
8 which modifies the number of allowances, and the values in each pool for the calendar
9 year just completed. In the January following each December settlement an adjustment
10 is made to the allowance cost based upon the new average unit cost. These
11 adjustments are properly recoverable and should have been included in the month they
12 were incurred.

13 **Q. WHAT IS THE AMOUNT OF THESE SO₂ CONSUMPTION ADJUSTMENTS?**

14 A. The environmental surcharge forms contain the numbers in question on ES Form 3.11
15 labeled "SO₂ Emissions Allowance Adjustment", under either Additions or
16 Withdrawals; however, the Company failed to bring this line item forward to be
17 included in ES Form 3.10 Line 18. Further any gains that should have been flowed
18 back to the customers on ES Form 3.00 in Section 2 were omitted. For the four
19 expense months of January and February, 2012 and 2013 the SO₂ consumption that was
20 not included on ES Form 3.10 Line 18, but was included on ES Form 3.11, Column 3,
21 Additions – SO₂ Emissions Allowance Adjustment, was \$4,069,093 as shown below.

Month & Year	ES Form 3.11 Column 3 Consumption Additions SO₂ Emissions Allowance Adjustment
January 2012	(\$3,402,998)
February 2012	(\$2,819)
January 2013	(\$662,319)
February 2013	(\$957)
Total	(\$4,069,093)

1 **Q. IS THERE ALSO AN ADJUSTMENT FOR ANNUAL NO_x ALLOWANCES?**

2 **A.** Yes. AEP is required to submit Annual NO_x allowances to the EPA within 60 days
3 after year end to meet our previous years' consumption obligation. AEP estimates
4 KPCo's obligations each month, however, actual emissions can vary. Normally, we
5 will see adjustments to the previous year's emissions in January and February. These
6 adjustments include true ups from estimate to actual emissions and restatements of
7 plant emissions. Also, In October 2007, AEP entered into a New Source Review
8 Consent Decree which included provisions for the surrendering of emission allowances
9 should certain criteria be met. There were two months during this 2-year review period
10 in which there was a consumption adjustment related to these emission allowances.
11 Similar to the SO₂ adjustment mentioned above, the Company failed to bring these line
12 items forward to be included in ES Form 3.13 Line 8.

13 **Q. WHAT IS THE ADJUSTMENT AMOUNT FOR NO_x THAT WAS NOT**
14 **INCLUDED IN THE MONTHLY FILINGS?**

15 **A.** The adjustments which were not included in ES Form 3.13 Line 8, but were included
16 on ES Form 3.12B, Column 3, Additions – NO_x Emissions Allowance Adjustment that
17 should have been included was \$4,161 as shown below.

Month & Year	ES Form 3.12B Column 3 Consumption Additions NOx Emissions Allowance Adjustment
January 2012	(\$1,905)
February 2012	(\$635)
April 2012	\$2,222
January 2013	(\$13)
February 2013	(\$13)
March 2013	\$4,505
Total	\$4,161

1 **Q. PLEASE EXPLAIN THE GAIN OF EMISSION ALLOWANCE SALES**
2 **ADJUSTMENT.**

3 A. AEP, at times, sells emission allowances to third parties. When sold, the inventory in
4 FERC account 158 is reduced for the cost of allowances sold based on the inventory's
5 average cost per unit of the vintage year sold. The sales proceeds and cost of
6 allowances sold are netted with any brokerage fees to calculate the gain or loss. The
7 compliance allowance activity is recorded in FERC accounts 411.8 or 411.9, Gain
8 (Loss) on Disposition of Allowances. These gains are properly refundable and should
9 have been included in the month they were received.

10 **Q. PLEASE EXPLAIN THE ALLOWANCE AUCTION GAINS ADJUSTMENT.**

11 A. The Annual EPA Allowance Auction is used to promote a market for the buying and
12 selling of SO₂ allowances. The EPA sets aside 2.8% of each company's allocated
13 allowances and each March, the EPA liquidates these allowances and remits the
14 proceeds to each of the participating companies. Proceeds are recorded as a gain
15 directly to account 4118002. These gains are properly refundable and should have been
16 included in the month they were received.

1 **Q. WHAT ADJUSTMENT IS REQUIRED FOR SO₂ AND NO_x GAINS?**

2 A. The following table shows the Allowance Gains during the review period that should
3 have been included in the monthly filings.

Month & Year	Allowance Description	Account	SO ₂ & NO _x Emissions Allowance Adjustment
March 2012	Title IV SO ₂	4118002	\$405
November 2012	Seasonal NO _x	4118003	\$14,958
January 2013	Annual NO _x	4118004	\$29,944
February 2013	Annual NO _x	4118004	\$25,466
March 2013	Title IV SO ₂	4118002	\$164
Total			\$70,927

4 **Q. WHAT IS THE TOTAL IMPACT OF THE CONSUMPTION AND GAIN ON**
5 **ALLOWANCE SALES ADJUSTMENTS?**

6 A. The net impact of these adjustments is \$3,527,908 that was under collected from
7 customers. Please see the Company's response to Staff's First Set of Data Requests
8 Item No. 1 which provides the monthly calculations and amounts including proper
9 adjustments to cash working capital.

10 **Q. WHAT IS THE TOTAL IMPACT OF ALL OF THE ADJUSTMENTS THE**
11 **COMPANY HAS PROPOSED?**

12 A. The total net impact is \$3,516,473 that was under collected from customers as shown
13 on Exhibit LPM – 1 page 5 of 5.

14 **Q. HOW DOES KENTUCKY POWER PROPOSE TO ADDRESS THIS**
15 **OVER-COLLECTION?**

16 A. Kentucky Power proposes a one-time adjustment to the Company's first monthly
17 environmental surcharge filing following the Commission's Order in this proceeding.

18 **Q. WHAT IS THE BASIS FOR THIS RECOMMENDATION?**

1 A. This method has been recently approved by this Commission in previous environmental
2 filings in Case Nos. 2012-00273, 2012-00504, and 2013-00141.

3 **Q. HAS THE COMPANY RESPONDED TO THE COMMISSION STAFF'S**
4 **ELEVEN DATA REQUESTS, INCLUDING SUB-PARTS, PROPOUNDED IN**
5 **APPENDIX B OF THE SEPTEMBER 11, 2013, ORDER IN THIS CASE?**

6 A. Yes, the responses are being filed in addition to my filed testimony.

7 **Q. WHAT IS THE EFFECT ON AN AVERAGE RESIDENTIAL CUSTOMER?**

8 A. Compiling the total residential energy used in kWh for the 2-year period and dividing
9 that by the total number of customers for that same period, the average residential
10 usage was found to be 1,349 kWh per month. When that average is billed out on both

11 the current rate and the revised environmental rate, including the adjustment, there is a
12 \$8.52 or 6.66% one-time increase in the average customer's bill. The response to
13 Commission Staff's First Set of Data Requests Item No. 10, Attachment 1, pages 1 and
14 2 show that calculation.

15 **Q. AS ADJUSTED, WERE THE RATES CHARGED THROUGH THE**
16 **ENVIRONMENTAL SURCHARGE DURING THE REVIEW PERIOD FAIR,**
17 **JUST AND REASONABLE?**

18 A. Yes. With the proposed adjustment, the Company's customers will have paid through
19 the review period ended June 30, 2013, for the expense months ended April 30, 2013,
20 the full costs that are recoverable through the environmental surcharge, but no more.

V. CONCLUSION

1 **Q. WHAT ACTION IS THE COMPANY REQUESTING THE COMMISSION**
2 **TAKE IN THIS PROCEEDING?**

3 A. Kentucky Power Company respectfully requests the Commission issue an Order
4 permitting the Company to credit the total over-collection of environmental costs due to
5 the reclassification in the amount of \$9,008 (plus the 2 additional months outside the
6 review period of \$2,427 for a total to be refunded of \$11,435). Kentucky Power also
7 respectfully requests the Commission permit the Company to collect the total under-
8 collection of \$3,527,908 due to the consumption and gain on allowance sales
9 adjustments for a net under collection of \$3,516,473.

10 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

11 A. Yes.

KENTUCKY POWER COMPANY
ENVIRONMENTAL SURCHARGE REPORT
CALCULATION OF E(m) and SURCHARGE FACTOR

As Originally Filed, Revised in Case
Nos. 2012-00604 or 2013-00141
CALCULATION OF E(m)

PJM LSE-OSS Reclassification July 2011 - April 2013

	May 2011	June 2011	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	January 2012	February 2012	March 2012	April 2012
LINE 1	\$5,653,443	\$5,467,944	\$4,319,397	\$3,871,782	\$3,485,386	\$3,814,158	\$3,654,543	\$4,809,453	\$3,284,764	\$3,444,998	\$3,223,502	\$3,026,068
LINE 2	\$3,922,590	\$3,627,274	\$3,805,325	\$4,088,830	\$3,740,010	\$3,260,302	\$2,785,040	\$4,074,321	\$3,991,163	\$3,590,810	\$3,651,374	\$3,647,040
LINE 3	\$1,730,853	\$1,840,670	\$514,072	(\$217,048)	(\$254,624)	\$553,856	\$668,503	\$735,132	(\$706,399)	(\$145,812)	(\$427,872)	(\$620,972)
LINE 4	77.6%	72.7%	68.3%	76.2%	79.7%	78.0%	83.3%	83.0%	88.6%	88.9%	90.6%	80.4%
LINE 5A	\$1,343,142	\$1,338,167	\$351,111	(\$165,390)	(\$202,935)	\$432,008	\$723,463	\$610,180	(\$625,869)	(\$129,627)	(\$387,652)	(\$499,261)
LINE 5B	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$629,557)	\$0
LINE 5B	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LINE 5B	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LINE 6	\$179,377	\$7,110	(\$235,309)	(\$197,864)	\$5,290	(\$27,561)	\$15,676	(\$122,928)	(\$105,459)	(\$74,511)	(\$211,240)	(\$17,621)
LINE 7	\$1,522,519	\$1,345,277	\$115,802	(\$363,274)	(\$197,645)	\$404,447	\$739,139	\$487,232	(\$731,328)	(\$204,138)	(\$1,228,449)	(\$516,882)
LINE 8	\$1,522,519	\$1,345,277	\$115,802	(\$363,274)	(\$197,645)	\$404,447	\$739,139	\$487,232	(\$731,328)	(\$204,138)	(\$1,228,449)	(\$516,882)
LINE 9	\$40,424,987	\$46,953,714	\$46,534,433	\$47,519,210	\$44,097,032	\$38,287,502	\$42,852,396	\$50,620,415	\$55,884,283	\$48,360,835	\$44,915,695	\$35,695,838
LINE 10	3.7663%	2.8651%	0.2489%	-0.7645%	-0.4482%	1.0563%	1.7248%	0.9625%	-1.3086%	-0.4221%	-2.7350%	-1.4480%

As Revised in Case No. 2013-00325
CALCULATION OF E(m)

	May 2011	June 2011	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	January 2012	February 2012	March 2012	April 2012
LINE 11	\$5,653,443	\$5,467,944	\$4,319,397	\$3,871,782	\$3,485,386	\$3,814,158	\$3,654,543	\$4,809,453	\$3,284,764	\$3,444,998	\$3,223,502	\$3,026,068
LINE 12	\$3,922,590	\$3,627,274	\$3,805,325	\$4,088,830	\$3,740,010	\$3,260,302	\$2,785,040	\$4,074,321	\$3,991,163	\$3,590,810	\$3,651,374	\$3,647,040
LINE 13	\$1,730,853	\$1,840,670	\$514,072	(\$217,048)	(\$254,624)	\$553,856	\$668,503	\$735,132	(\$706,399)	(\$145,812)	(\$427,872)	(\$620,972)
LINE 14	77.6%	72.7%	68.5%	76.3%	79.7%	78.0%	83.3%	83.1%	88.6%	89.0%	90.6%	80.4%
LINE 15	\$1,343,142	\$1,338,167	\$352,139	(\$165,607)	(\$202,935)	\$432,008	\$723,463	\$610,895	(\$625,869)	(\$129,773)	(\$387,652)	(\$499,261)
LINE 5B	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$629,557)	\$0
LINE 5B	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LINE 5B	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LINE 16	\$179,377	\$7,110	(\$235,309)	(\$197,864)	\$5,290	(\$27,561)	\$15,676	(\$122,928)	(\$105,459)	(\$74,511)	(\$211,240)	(\$17,621)
LINE 17	\$1,522,519	\$1,345,277	\$116,830	(\$363,491)	(\$197,645)	\$404,447	\$739,139	\$487,967	(\$731,328)	(\$204,284)	(\$1,228,449)	(\$516,882)
LINE 18	\$1,522,519	\$1,345,277	\$116,830	(\$363,491)	(\$197,645)	\$404,447	\$739,139	\$487,967	(\$731,328)	(\$204,284)	(\$1,228,449)	(\$516,882)
LINE 19	\$40,424,987	\$46,953,714	\$46,534,433	\$47,519,210	\$44,097,032	\$38,287,502	\$42,852,396	\$50,620,415	\$55,884,283	\$48,360,835	\$44,915,695	\$35,695,838
LINE 20	3.7663%	2.8651%	0.2511%	-0.7649%	-0.4482%	1.0563%	1.7248%	0.9640%	-1.3086%	-0.4224%	-2.7350%	-1.4480%
LINE 21	\$0	\$0	\$1,028	(\$217)	\$0	\$0	\$0	\$735	\$0	(\$146)	\$0	\$0

Environmental Surcharge Clause Adjustment
Case No. 2011-00031, dated April 16, 2012
Environmental Surcharge Clause Adjustment
Case No. 2012-00273, dated December 12, 2012
Environmental Surcharge Clause Adjustment
Case No. 2012-00504, dated May 13, 2013
(Over)/Under Recovery Adjustment from
ES FORM 3.30
Net KY Retail E(m) (LINE 15 + LINE 16)
SURCHARGE FACTOR
Net KY Retail E(m) (Line 17)
KY Retail R(m) from ES FORM 3.30
Environmental Surcharge Factor for Expense Month
(Line 18 / LINE 19)
Difference (Line 18 - Line 8)

KENTUCKY POWER COMPANY
ENVIRONMENTAL SURCHARGE REPORT
CALCULATION OF E(m) and SURCHARGE FACTOR

As Originally Filed, Revised in Case
Nos. 2012-00504 or 2013-00141
CALCULATION OF E(m)
E(m) = CRR - BRR

PJM LSE-OSS Reclassification July 2011 - April 2013

LINE	DESCRIPTION	May 2012	June 2012	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013	Review Period Total (Over) / Under Recovery in Test Period
LINE 1	CRR from ES FORM 3.00	\$2,391,424	\$2,892,566	\$3,327,923	\$3,236,799	\$2,324,588	\$2,316,161	\$2,344,576	\$2,918,789	\$3,129,219	\$3,543,964	\$3,855,290	\$3,567,081	
LINE 2	Brr from ES FORM 1.10	\$3,922,590	\$3,627,274	\$3,805,325	\$4,088,830	\$3,740,010	\$3,260,302	\$3,786,040	\$4,074,321	\$3,991,163	\$3,590,810	\$3,651,374	\$3,647,040	
LINE 3	E(m) (LINE 1 - LINE 2)	(\$1,531,166)	(\$744,708)	(\$477,402)	(\$852,031)	(\$1,415,422)	(\$944,141)	(\$441,464)	(\$1,155,532)	(\$861,944)	(\$46,846)	\$203,906	(\$79,959)	
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	86.0%	81.8%	72.7%	76.0%	83.6%	81.3%	86.1%	82.1%	79.5%	84.7%	79.3%	82.6%	
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	(\$1,316,903)	(\$609,171)	(\$347,071)	(\$647,544)	(\$1,183,293)	(\$767,587)	(\$380,100)	(\$948,692)	(\$685,245)	(\$39,679)	\$181,697	(\$66,046)	
LINE 5B	Environmental Surcharge Clause Adjustment Case No. 2011-00031, dated April 16, 2012	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
LINE 5B	Environmental Surcharge Clause Adjustment Case No. 2012-00273, dated December 12, 2012	\$0	\$0	\$0	\$0	\$0	\$0	(\$452,811)	\$0	\$0	\$0	\$0	\$0	
LINE 5B	Environmental Surcharge Clause Adjustment Case No. 2012-00504, dated May 13, 2013	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	(\$224,683)	\$42,619	\$240,902	\$169,488	\$75,457	(\$103,039)	(\$117,808)	\$257,480	\$237,751	\$263,437	(\$7,291)	\$39,254	
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$1,541,486)	(\$565,552)	(\$106,169)	(\$478,056)	(\$1,107,836)	(\$870,626)	(\$950,719)	(\$691,212)	(\$447,514)	\$223,758	\$154,406	(\$731,084)	(\$5,740,390)
LINE 8	Net KY Retail E(m) (Line 7)													
LINE 9	KY Retail R(m) from ES FORM 3.30	\$34,553,138	\$38,175,818	\$42,364,193	\$41,135,196	\$40,601,205	\$37,287,076	\$38,818,782	\$45,052,309	\$47,675,964	\$52,588,752	\$44,820,096	\$45,281,359	\$1,050,460,248
LINE 10	Environmental Surcharge Factor for Expense Month (Line 6 / LINE 9)	-4.612%	-1.4841%	-0.2508%	-1.1622%	-2.7285%	-2.3343%	-2.4491%	-1.5542%	-0.9387%	0.4255%	0.3445%	-1.6152%	
LINE 11	CRR from ES FORM 3.00	\$2,391,424	\$2,892,566	\$3,327,923	\$3,236,799	\$2,324,588	\$2,316,161	\$2,344,576	\$2,918,789	\$3,129,219	\$3,543,964	\$3,855,290	\$3,567,081	
LINE 12	Brr from ES FORM 1.10	\$3,922,590	\$3,627,274	\$3,805,325	\$4,088,830	\$3,740,010	\$3,260,302	\$3,786,040	\$4,074,321	\$3,991,163	\$3,590,810	\$3,651,374	\$3,647,040	
LINE 13	E(m) (LINE 11 - LINE 12)	(\$1,531,166)	(\$744,708)	(\$477,402)	(\$852,031)	(\$1,415,422)	(\$944,141)	(\$441,464)	(\$1,155,532)	(\$861,944)	(\$46,846)	\$203,906	(\$79,959)	
LINE 14	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	86.0%	81.8%	72.8%	76.1%	83.8%	81.5%	88.2%	82.3%	79.6%	84.7%	79.3%	82.6%	
LINE 15	KY Retail E(m) (LINE 13 * LINE 14)	(\$1,316,803)	(\$609,916)	(\$347,549)	(\$648,396)	(\$1,186,123)	(\$766,475)	(\$380,542)	(\$951,003)	(\$666,107)	(\$39,679)	\$181,697	(\$66,046)	
LINE 5B	Environmental Surcharge Clause Adjustment Case No. 2011-00031, dated April 16, 2012	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
LINE 5B	Environmental Surcharge Clause Adjustment Case No. 2012-00273, dated December 12, 2012	\$0	\$0	\$0	\$0	\$0	\$0	(\$452,811)	\$0	\$0	\$0	\$0	\$0	
LINE 5B	Environmental Surcharge Clause Adjustment Case No. 2012-00504, dated May 13, 2013	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
LINE 16	(Over)/Under Recovery Adjustment from ES FORM 3.30	(\$224,683)	\$42,619	\$240,902	\$169,488	\$75,457	(\$103,039)	(\$117,808)	\$257,480	\$237,751	\$263,437	(\$7,291)	\$39,254	
LINE 17	Net KY Retail E(m) (LINE 15 + LINE 16)	(\$1,541,486)	(\$567,297)	(\$106,647)	(\$478,908)	(\$1,110,666)	(\$872,514)	(\$951,161)	(\$693,523)	(\$448,376)	\$223,758	\$154,406	(\$731,084)	(\$5,749,398)
LINE 18	Net KY Retail E(m) (Line 17)													
LINE 19	KY Retail R(m) from ES FORM 3.30	\$34,553,138	\$38,175,818	\$42,364,193	\$41,135,196	\$40,601,205	\$37,287,076	\$38,818,782	\$45,052,309	\$47,675,964	\$52,588,752	\$44,820,096	\$45,281,359	\$1,050,460,248
LINE 20	Environmental Surcharge Factor for Expense Month (Line 18 / LINE 19)	-4.4612%	-1.4860%	-0.2517%	-1.1642%	-2.7355%	-2.3394%	-2.4503%	-1.5394%	-0.9405%	0.4255%	0.3445%	-1.6152%	
LINE 21	Difference (Line 18 - Line B)	\$0	(\$745)	(\$478)	(\$652)	(\$2,830)	(\$1,868)	(\$442)	(\$2,311)	(\$652)	\$0	\$0	\$0	(\$9,008)
													Total Over Collection	(\$9,008)
													Total Over Collection	(\$9,008)

KENTUCKY POWER COMPANY
ENVIRONMENTAL SURCHARGE REPORT
CALCULATION OF E(m) and SURCHARGE FACTOR

As Originally Filed, Revised in Case
Nos. 2012-00504 or 2013-00141

CALCULATION OF E(m)
E(m) = CRR - BRR

PJM LSE-OSS Reclassification with Additional Consumption and Allowance Gain Adjustments (January 2012 - April 2013)

	May 2011	June 2011	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	January 2012	February 2012	March 2012	April 2012
LINE 1												
LINE 2												
LINE 3												
LINE 4												
LINE 5A												
LINE 5B												
LINE 5B												
LINE 5B												
LINE 6												
LINE 7												
LINE 8												
LINE 9												
LINE 10												

As Revised in Case No. 2013-00325

CALCULATION OF E(m)
E(m) = CRR - BRR

	May 2011	June 2011	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	January 2012	February 2012	March 2012	April 2012
LINE 11												
LINE 12												
LINE 13												
LINE 14												
LINE 15												
LINE 5B												
LINE 5B												
LINE 5B												
LINE 16												
LINE 17												
LINE 18												
LINE 19												
LINE 20												
LINE 21												

CRR from ES FORM 3.00
Brr from ES FORM 1.10
E(m) (LINE 1 - LINE 2)
Kentucky Retail Jurisdictional Allocation Factor,
from ES FORM 3.30, Schedule of Revenues, LINE 1
KY Retail E(m) (LINE 3 * LINE 4)
Environmental Surcharge Clause Adjustment
Case No. 2011-00031, dated April 15, 2012
Environmental Surcharge Clause Adjustment
Case No. 2012-00273, dated December 12, 2012
Environmental Surcharge Clause Adjustment
Case No. 2012-00504, dated May 13, 2013
(Over)/Under Recovery Adjustment from
ES FORM 3.30
Net KY Retail E(m) (LINE 5 + LINE 6)
SURCHARGE FACTOR
Net KY Retail E(m) (Line 7)
KY Retail R(m) from ES FORM 3.30
Environmental Surcharge Factor for Expense Month
(Line 18 / LINE 19)
Difference (Line 18 - Line 8)

