



**KENTUCKY
POWER**

A unit of American Electric Power
HAND DELIVERED

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

February 14, 2014

Jeff R. Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
P. O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED
FEB 14 2014
PUBLIC SERVICE
COMMISSION

Attention: Chris Whelan

RE: THE STANDARD FUEL ADJUSTMENT CLAUSE BACKUP FILING

Dear Ms. Whelan:

In compliance with the Commission's Order dated November 25, 1981 in Case No. 8058-A, Kentucky Power is forwarding herewith for the month of December 2013 the required backup information for the fuel adjustment clause applied to customers' bills in the month of February 2014.

Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495-B, the Company began using the peaking unit equivalent approach to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause in the actual fuel costs. These fuel costs are documented on the attached Power Transaction Schedule.

1. Fuel Inventory Schedule – Coal
2. Fuel Inventory Schedule – Oil
3. Fuel Purchase Schedule – Coal
4. Fuel Purchase Schedule – Oil
5. Power Transaction Schedule
6. Copies of new fuel contracts or price change notices
7. Unit Performance Data

Should you have any questions, please call me at (502) 696-7010.

Sincerely,

Ranie K. Wohnhas
Managing Director, Regulatory & Finance

Attachment

RECEIVED
FEB 14 2014
FINANCIAL ANA

KENTUCKY POWER COMPANY
BIG SANDY PLANT
DECEMBER 2013

COAL INVENTORY SCHEDULE

		<u>Tons</u>	<u>Amount</u>	<u>Per Unit</u>
Beginning Inventory		762,784.03	\$61,032,022.28	\$80.0122
Purchases		82,005.75	\$6,402,902.72	\$78.0787
Adjustments	1	78,584.00	\$1.00	\$0.0000
Sub-Total		923,373.78	\$67,434,926.00	\$73.0310
Less Coal Burned	2	161,856.00	\$12,920,074.88	\$79.8245
Ending Inventory		761,517.78	\$54,514,851.12	\$71.5871

1 Coal Pile Survey Adjustment

2 Includes 0 tons and \$0 of fuel used in power conversion transaction.

**KENTUCKY POWER COMPANY
 BIG SANDY PLANT
 DECEMBER 2013**

OIL INVENTORY SCHEDULE

	<u>Gallons</u>		<u>Amount</u>	<u>Per Unit</u>
Beginning Inventory	235,634.40	\$	726,815.21	\$3.0845
Purchases	240,257.00	\$	724,102.57	\$3.0139
Adjustments	0.00		0.00	\$0.0000
Sub-Total	475,891.40	\$	1,450,917.78	\$3.0488
Less Disposed				
Generation	99,935.10	\$	304,686.35	\$3.0488
Chemical Cleaning/Other	0.00		0.00	\$0.0000
Ending Inventory	375,956.30	\$	1,146,231.43	\$3.0488

Explain any adjustments fully. Use additional sheets if necessary.

Includes 0 tons and \$0 of fuel used in power conversion transaction.

**KENTUCKY POWER COMPANY
POWER TRANSACTION SCHEDULE
December 2013**

TRANSACTION TYPES *

F	FIRM
LT CAPACITY	LONG TERM CAPACITY
AEP-E DYNAMIC	EAST-WEST TRANSFER (SIA POOL)
AEP-E DYNAMIC	EAST-WEST TRANSFER (SIA FIRM)
AEP-E STATIC	EAST-WEST TRANSFER (SIA NON-FIRM)
SPOT MARKET ENERGY - DA	PJM MARKET SPOT ENERGY - DAY AHEAD
SPOT MARKET ENERGY - BAL	PJM MARKET SPOT ENERGY - BALANCING
CMP-UPR	COMPANY UNIT POWER
NF	NON-FIRM
BKSYSEXCESS	BUCKEYE EXCESS POWER
BKSYSPLUS	BUCKEYE SYSTEM PLUS POWER

OTHER

HR	HOURLY
DY	DAILY
WK	WEEKLY
MO	MONTHLY
YR	YEAR

* Due to voluminous transactions, they are aggregated by type rather than by interconnected utility.

PURCHASES

BILLING COMPONENTS

TRANSACTION TYPE	MWH	FUEL	DEMAND	OTHER	TOTAL
		CHARGE		CHARGES	CHARGES
		(\$)	(\$)	(\$)	(\$)
HR-F	1,931	41,379.31	0.00	0.00	41,379.31
HR-NF	139	4,493.40	0.00	0.00	4,493.40
SPOT MARKET ENERGY - BAL	29,376	1,070,508.80	0.00	0.00	1,070,508.80
SPOT MARKET ENERGY - DA	1	28.40	0.00	0.00	28.40
	31,447 ⁽¹⁾	1,116,409.91	0.00	0.00	1,116,409.91
AEP POOL PRIMARY PURCHASES:	272,738	5,986,721.54	0.00	925,257.33	6,911,978.87
INTERRUPTIBLE BUY/THROUGH (AEP AFF. COS.)	0	0.00	0.00	0.00	0.00
BOOKOUTS/OPTIONS:	26,859	0.00	0.00	1,115,012.16	1,115,012.16
TOTALS:	331,044	7,103,131.45	0.00	2,040,269.49	9,143,400.94

⁽¹⁾ ALLOCATED TO SYSTEM SALES:
 ALLOCATED TO INTERNAL CUSTOMERS:

<u>MWH</u>	<u>Total Energy Charges</u>
31,447	1,090,814.21
1,245	25,595.70
<u>32,692</u>	<u>1,116,409.91</u>
0	0.00
<u>32,692</u>	<u>1,116,409.91</u>
	<u>5,986,721.54</u>
	<u>0.00</u>
	<u>7,103,131.45</u>

LESS: PJM IMPLICIT CONGESTION INCLUDED IN THE INTERNAL CUSTOMER'S FIGURE:
 NET INCLUDABLE ENERGY CHARGES:

Add: AEP POOL PRIMARY PURCHASES FUEL CHARGE (PAGE 2)
 Less: BOOKOUTS/OPTIONS FUEL CHARGE (PAGE 2)
 PURCHASES - IDENTIFIABLE FUEL COST - OTHER PURCHASES (Page 4)

KENTUCKY POWER COMPANY
 POWER TRANSACTION SCHEDULE
 MONTH ENDED: DECEMBER 2013

SALES TRANSACTION TYPE	KPCO MLR SHARE OF DELIVERED MWH	BILLING COMPONENTS					TOTAL CHARGES (\$)
		SUPPLIED BY KPCO SOURCES			DEMAND (\$)	OTHER CHARGES (\$)	
		MWH	FUEL CHARGE (\$)				
AEP-E DYNAMIC	258	393	13,113	0	(5,501)	7,611	
BKSYSEXCESS	2,924	3,725	192,032	0	(52,059)	139,973	
HR-NF	1,588	2,083	94,907	0	(39,055)	55,852	
MO-F	14,769	21,387	628,493	0	(60,873)	567,620	
POT MARKET ENERGY - BAL	9,596	13,470	577,930	0	(220,229)	357,701	
POT MARKET ENERGY - DA	204,030	252,118	11,193,527	0	(2,910,347)	8,283,180	
YR-F	2,818	3,910	106,862	0	4,198	111,059	
	235,983	297,087	12,676,955.30 ⁽¹⁾	0.00	(3,153,958.66)	9,522,996.64	
AEP POOL SALES (PRIMARY/ECONOMY)	0	54	1,654.53	0.00	140.59	1,795.13	
INTERRUPTIBLE BUY/THROUGH (AEP AFF. CO./KY EL. STEEL)	0	114	2,927.17	0.00	0.00	2,927.17	
BOOKOUTS/OPTIONS:	26,700	0	0.00	0.00	1,496,855.64	1,496,855.64	
TOTALS:	262,683	297,254	12,681,537.00	0.00	(1,656,962.43)	11,024,574.57	
KPCo's other costs incurred, (other than fuel from Account 151):						996,641.54	
KPCo's MLR share of AEP energy cost less the actual energy costs incurred by KPCo:						(5,707,819.46)	
KPCo's MLR share of the difference (Total AEP energy charges - Total AEP energy costs):						1,557,219.27	
Total (Other Charges):						(3,153,958.65)	
SUPPLIED BY KPCo SOURCES - FUEL CHARGE (Page 3)						12,681,537.00	
Add: ALLOCATED TO SYSTEM SALES (PAGE 2)						1,090,814.21	
Less: FUEL ALLOCATED TO SYSTEM SALES						1,090,814.20	
INTER-SYSTEM SALES - FUEL COSTS (PAGE 4)						0.01	
						12,681,537.01	

⁽¹⁾ Includes (\$129,908) adjustment for chemicals carried over to Other Charges.

FINAL SCHEDULE DECEMBER 2013 COSTS - ACTUAL

KENTUCKY POWER COMPANY
 FUEL COST SCHEDULE
 MONTH ENDED: DECEMBER 2013

(A) COMPANY GENERATION	BIG SANDY (PLANT)	ROCKPORT UNIT #1	ROCKPORT UNIT #2	FUEL AMOUNTS (\$)
COAL BURNED	12,920,073.88	3,479,775.13	3,388,622.88	19,788,471.90
OIL BURNED	304,686.35	17,888.44	8,305.02	330,879.81
GAS BURNED				-----
FUEL (JOINTLY OWNED PLANT)				-----
FUEL (ASSIGNED COST DURING F.O.) (272,738 x 21.950)	5986599.1			5,986,599.10
FUEL (SUBSTITUTE FOR F.O.)				-----
SUB-TOTAL				26,105,950.80

(B) PURCHASES

NET ENERGY COST - ECONOMY PURCHASES				0.00
(1) IDENTIFIABLE FUEL COST - OTHER PURCHASES				7,103,131.45
IDENTIFIABLE FUEL COST (SUBSTITUTE FOR F.O.) (272,738 x 21.950)				5,986,599.10
SUB-TOTAL				1,116,532.35

(C) INTER-SYSTEM SALES

(1) FUEL COSTS				12,681,537.00
TOTAL FUEL COSTS (A + B - C)				14,540,946.15

F.O. = FORCED OUTAGE

DETAILS:

FUEL (ASSIGNED COST DURING F.O.)

QUANTITY OF SUBSTITUTE ENERGY GIVEN AN ASSIGNED COST (Kwh):				272,738,000
AT THE BIG SANDY FUEL RATE OF:	34.821	MILLS/KWH	\$	9,496,976.40

IDENTIFIABLE FUEL COST (SUBSTITUTE FOR F.O.)
 PURCHASES SUBSTITUTED FOR F.O.:

PRIMARY ENERGY (AEP POOL)	272,738,000	KWH	21.950	MILLS/KWH	\$	5,986,599.10
CASH PURCHASES FROM NON-AFFILIATED COS.		KWH		MILLS/KWH	\$	0.00
TOTAL PURCHASES (IDENTIFIABLE FUEL COST) (SUBSTITUTE FOR F.O.):		Kwh	21.950	MILLS/KWH	\$	5,986,599.10

(1) INCLUDES TOTAL ENERGY COSTS OF NON-ECONOMY PURCHASES AS PER KPSC ORDER OF OCTOBER 3, 2002 IN CASE NO. 2000-00495-B.

AMERICAN ELECTRIC POWER SERVICE CORPORATION
 FUEL AND ENERGY SYSTEM PRACTICES
 AMERICAN ELECTRIC POWER
 MONTHLY PURCHASE SUMMARY REPORT FOR
 (Year:2013 Month:12 Cycle:Actual) East Purchase Power Report for Book Name: Actual December 2013

NERC Id	Transaction Class	TOTAL		ALLOCATED			FIRM		
		MWH	ENERGY COST	MWH	ENERGY COST	FUEL COST	MWH	ENERGY COST	FUEL COST
LGE	HR-NF	13	489.34	13	489.34	489.34	-	-	-
MISO	HR-NF	30	1,204.68	30	1,204.68	1,204.68	-	-	-
NPC12	HR-NF	-	-	-	-	-	-	-	-
OVPS	OVPS	-	-	-	-	-	-	-	-
TVAM	HR-F	1,931	41,379.31	1,063	24,759.13	24,759.13	868	16,620.18	16,620.18
TVAM	HR-NF	96	2,799.38	96	2,799.38	2,799.38	(0)	-	-
PJM	SPOT MARKET ENERGY - BAL	29,376	1,070,508.80	29,000	1,061,533.28	1,061,533.28	377	8,975.52	8,975.52
PJM	SPOT MARKET ENERGY - DA	1	28.40	1	28.40	28.40	-	-	-
Total		31,447	1,116,409.91	30,202	1,090,814.20	1,090,814.20	1,245	25,595.71	25,595.71

APPENDIX A

KENTUCKY POWER COMPANY BIG SANDY - TOTAL PLANT DECEMBER 2013

<u>Line No.</u>	<u>Item Description</u>		
1.	Unit Performance:		
	a. Capacity (name plate rating) (MW)	1,096.8	
	b. Capacity (average load) (MW)	762.6	
	c. Net Demonstrated Capability (MW)	1,078.0	
	d. Net Capability Factor (%)	47.4	
2.	Heat Rate:		
	a. Btu's Consumed (MMBTU)	1,903.0	
	b. Gross Generation (MWH)	399,445	
	c. Net Generation (MWH)	379,794	
	d. Heat Rate (L2a divided by L2c) (BTU/KWH)	9,706	
3.	Operating Availability:		
	a. Hours Unit Operated		Reported on Unit Basis Only
	b. Hours Available		Reported on Unit Basis Only
	c. Hours During the Period		Reported on Unit Basis Only
	d. Availability Factor (%)		Reported on Unit Basis Only
4.	Cost per KWH:		
	a. Gross Generation - FAC Basis (Cents/KWH)	3.3	
	b. Net Generation - FAC Basis (Cents/KWH)	3.5	
5.	Inventory Analysis:		
	a. Number of Days Supply based on actual burn at the station	256.0	

APPENDIX A

**KENTUCKY POWER COMPANY
 BIG SANDY - UNIT 1
 DECEMBER 2013**

<u>Line No.</u>	<u>Item Description</u>	
1.	Unit Performance:	
	a. Capacity (name plate rating) (MW)	280.5
	b. Capacity (average load) (MW)	167.7
	c. Net Demonstrated Capability (MW)	278.0
	d. Net Capability Factor (%)	60.3
2.	Heat Rate:	
	a. Btu's Consumed (MMBTU)	529.2
	b. Gross Generation (MWH)	130,090
	c. Net Generation (MWH)	124,779
	d. Heat Rate (L2a divided by L2c) (BTU/KWH)	9,743
3.	Operating Availability:	
	a. Hours Unit Operated	744.0
	b. Hours Available	744.0
	c. Hours During the Period	744.0
	d. Availability Factor (L3b divided by L3c) (%)	100.0
4.	Cost per KWH:	
	a. Gross Generation - FAC Basis (Cents/KWH)	Reported on total plant basis only
	b. Net Generation - FAC Basis (Cents/KWH)	Reported on total plant basis only
5.	Inventory Analysis:	
	a. Number of Days Supply based on actual burn at the station	Reported on total plant basis only

APPENDIX A

**KENTUCKY POWER COMPANY
 BIG SANDY - UNIT 2
 DECEMBER 2013**

<u>Line No.</u>	<u>Item Description</u>		
1.	Unit Performance:		
	a. Capacity (name plate rating) (MW)	816.3	
	b. Capacity (average load) (MW)	594.9	
	c. Net Demonstrated Capability (MW)	800.0	
	d. Net Capability Factor (%)	42.9	
2.	Heat Rate:		
	a. Btu's Consumed (MMBTU)	1,373.8	
	b. Gross Generation (MWH)	269,355	
	c. Net Generation (MWH)	255,015	
	d. Heat Rate (L2a divided by L2c) (BTU/KWH)	9,689	
3.	Operating Availability:		
	a. Hours Unit Operated	428.7	
	b. Hours Available	428.7	
	c. Hours During the Period	744.0	
	d. Availability Factor (L3b divided by L3c) (%)	57.6	
4.	Cost per KWH:		
	a. Gross Generation - FAC Basis (Cents/KWH)		Reported on total plant basis only
	b. Net Generation - FAC Basis (Cents/KWH)		Reported on total plant basis only
5.	Inventory Analysis:		
	a. Number of Days Supply based on actual burn at the station		Reported on total plant basis only

