

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



HAND DELIVERED

February 18, 2014

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

Attention: Chris Whelan

RE: The Standard Fuel Adjustment Clause

Dear Ms. Whelan,

Kentucky Power Company's Fuel Adjustment Clause Schedules with supporting sales and fuel cost schedules are attached. These calculations are based on estimated January 2014 fuel costs with an adjustment reflecting actual December 2013 fuel costs.

The fuel adjustment clause factor of (\$0.00197)/kWh (credit) will be applied to the March 2014 billing. In accordance with the Commission's Order dated October 3, 2002, in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

Also attached is the System Sales Clause Schedule with a supporting net revenue schedule calculated pursuant to the Commission's Orders dated June 28, 2010, in Case No. 2009-00459. In accordance with the Commission's Order dated October 7, 2013 in Case No. 2012-00578, the net system sales factor of \$0.0000000/kWh will also be applied to the March 2014 billing.

The March 2014 billing will use the combined factor of \$(0.00197)/kWh (credit) for all usage billed.

If you have any questions, please contact me at 502-696-7004.

Sincerely,

Ranie K. Wornhas
Managing Director, Regulatory & Finance

Attachments

RECEIVED

FEB 18 2014

PUBLIC SERVICE
COMMISSION

RECEIVED

FEB 19 2014

FINANCIAL ANA

KENTUCKY POWER COMPANY
SUMMARY OF ADJUSTMENT CLAUSES

Month Ended: January 2014

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	(\$0.00197)
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>.0000000</u>
3 Total Adjustment Clause Factors		<u><u>(\$0.0019700)</u></u>

Effective Date for Billing

February 28, 2014

Submitted by:


(Signature)

Title:

Managing Director, Regulatory and Finance

Date Submitted:

February 18, 2014

KENTUCKY POWER COMPANY

FUEL ADJUSTMENT CLAUSE SCHEDULE

	Month Ended:	January 2014		
Fuel Fm (Fuel Cost Schedule)	<u>\$19,958,870</u>			
Sales Sm (Sales Schedule)	<u>755,082,000</u>	(+)		0.02643
Fuel (Fb)	<u>\$16,138,627</u>			
Sales (Sb)	<u>568,162,000</u>	(-)		<u>0.02840 *</u>
				<u>(0.00197) (\$/KWH)</u>

Effective Date for Billing

February 28, 2014

Submitted by:


(Signature)

Title:

Managing Director, Regulatory and Finance

Date Submitted:

February 18, 2014

*Pursuant to PSC Order dated June 5, 2013 in Case No. 2012-00550

KENTUCKY POWER COMPANY

FUEL COST SCHEDULE

Month Ended: **January 2014**

A. Company Generation			
Coal Burned	(+)	\$28,827,383	
Oil Burned	(+)	1,080,903	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O.)	(+)	0	
Fuel (substitute for F. O.)	(-)		
Sub Total		<u>29,908,286</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	11,370,936	*
Identifiable Fuel Cost (substitute for F. O.)	(-)	<u>0</u>	
Sub Total		<u>11,370,936</u>	
C. Inter-System Sales Fuel Costs		<u>16,999,446</u>	*
Sub Total		<u>16,999,446</u>	
D. Total Fuel Cost (A + B - C)		<u><u>\$24,279,776</u></u>	
E. Adjustment indicating the difference in actual fuel cost for the month of <u>December 2013</u> and the estimated cost originally reported.			
		<u>\$14,540,946</u>	-
		(actual)	
		<u>\$22,939,296</u>	-
		(estimated)	
	=	<u>(8,398,350)</u>	
F. Total Company Over or (Under) Recovery from Page 4, Line 12		<u>313,415</u>	
G. Grand Total Fuel Cost (D + E - F)		<u>\$15,568,011</u>	
H. Net Transmission Marginal Line Loss for month of <u>January 2014</u> (Accounts 4470207 and 447208)		<u>4,390,859</u>	
I. ADJUSTED GRAND TOTAL FUEL COSTS (G + H)		<u><u>\$19,958,870</u></u>	

* Estimated - based on Kentucky generation unit costs in
 January 2014

<u>\$29,908,286</u>		
970,180,000	0.03083	/KWH

Page 3 of 5

KENTUCKY POWER COMPANY

SALES SCHEDULE

Month Ended: January 2014

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	970,180,000
Purchases Including Interchange In	(+)	<u>368,827,000</u>
Sub Total		1,339,007,000
B. Pumped Storage Energy	(+)	0
Inter-System Sales Including Interchange Out	(+)	551,393,000
System Losses	(+)	<u>32,532,000</u> *
Sub Total		<u>583,925,000</u>
Total Sales (A - B)		<u><u>755,082,000</u></u>

* Does not include 564,000 KWH of company usage.

KENTUCKY POWER COMPANY
OVER OR (UNDER) RECOVERY SCHEDULE

Month Ended: **January 2014**

Line No.			
1	FAC Rate Billed	(+)	0.00213
2	Retail KWH Billed at Above Rate	(x)	<u>716,275,476</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>1,525,667</u>
4	KWH Used to Determine Last FAC Rate Billed	(+)	579,155,000
5	Non-Jurisdictional KWH Included in L4	(-)	<u>7,869,700</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>571,285,300</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		1,216,838
8	Over or (Under) Recovery (L3 - L7)		308,829
9	Total Sales (Page 3)	(+)	755,082,000
10	Kentucky Jurisdictional Sales	(/)	<u>744,034,900</u>
11	Ratio of Total Sales to KY. Jurisdictional Sales (L9 / L10)		1.01485
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>313,415</u></u>

KENTUCKY POWER COMPANY

**FINAL
 FUEL COST SCHEDULE**

Month Ended: December 2013

A. Company Generation			
Coal Burned	(+)	\$19,788,472	
Oil Burned	(+)	330,880	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O.)			
(272,738,000 KWH X \$0.021950)	(+)	5,986,599	
Fuel (substitute for F. O.)	(-)	<u>0</u>	
	Sub-total		<u>26,105,951</u>
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	7,103,131	(1)
Identifiable Fuel Cost (substitute for F. O.)			
(272,738,000 KWH X \$0.021950)	(-)	<u>5,986,599</u>	
	Sub-total		<u>1,116,532</u>
C. Inter-System Sales Fuel Costs			<u>12,681,537</u> (1)
D. SUB-TOTAL FUEL COST (A + B - C)			<u>\$14,540,946</u>
E. Net Transmission Marginal Line Loss for month	<u>December 2013</u>		685,698
F. GRAND TOTAL FUEL COSTS (D + E)			<u><u>\$15,226,644</u></u>

(1) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No. 2000-495-B.

**KENTUCKY POWER COMPANY
 SYSTEM SALES CLAUSE SCHEDULE
 Case No. 9061 and
 Settlement Agreements in Case Nos. 2009-00459 and 2012-00578**

Month Ended: January 2014

**Line
 No.**

1	Current Month (Tm) Net Revenue Level	(+)	18,376,806	
2	Base Month (Tb) Net Revenue Level (Tariff Sheet No. 19-2, Case No. 2009-00459)	(-)	<u>528,886</u>	
3	Increase/(Decrease) of System Sales Net Revenue		17,847,920	
4	Customer 60% Sharing	(x)	<u>60%</u>	
5	Customer Share of Increase/(Decrease) in System Sales Net Revenue		10,708,752	
6	Current Month (Sm) Sales Level (Page 3 of 5)	(/)	<u>755,082,000</u>	
7	As Calculated System Sales Clause Factor - \$/Kwh (Ln 5 / Ln 6)		(0.0141822)	*
8	System Sales Clause Factor		<u>.0000000</u>	**

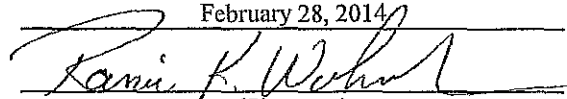
* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month.

**In accordance with the Stipulation and Settlement Agreement modified and approved by the Commission in Order Dated October 7, 2013 in Case No. 2012-000578.

Effective Date for Billing:

February 28, 2014

Submitted by:


 (Signature)

Title:

Managing Director, Regulatory and Finance

Date Submitted:

February 18, 2014

KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE NET REVENUE

Month Ended: January 2014

Line No.		CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	TOTAL
1	Sales For Resale Revenues	\$37,402,005	\$11,547	\$37,413,552
2	Interchange-Delivered Revenues	-0-	-0-	-0-
3	Total System Sales Revenues	37,402,005	11,547	37,413,552
4	Sales For Resale Expenses	\$19,422,523	\$32,602	\$19,455,125
5	Interchange-Delivered Expenses	-0-	-0-	-0-
6	Non-Associated Utilities Monthly Environmental Costs*	(418,379)	0	(418,379)
7	Total System Sales Expenses	19,004,144	32,602	19,036,746
8	Total System Sales Net Revenues	<u>\$18,397,861</u>	<u>(\$21,055)</u>	<u>\$18,376,806</u>

*Source:

ES Form 1.0, Line 3
 ES Form 3.3, Line 4
 Non-Associated Environmental Costs