



**KENTUCKY
POWER**

A unit of American Electric Power

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

HAND DELIVERED

March 21, 2014

RECEIVED

MAR 24 2014

PUBLIC SERVICE
COMMISSION

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 February 2014 fuel costs with an adjustment reflecting actual January 2014 fuel costs.

The fuel adjustment clause factor of .00865/kWh will be applied to the April 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 April 2014 billing.

The April 2014 billing will use the combined factor of \$.00865/kWh for all usage billed.

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

Sincerely,

Ranie K. Wohnhas
Managing Director, Regulatory & Finance

Attachments

bcc: (via email – all w/attachment)
Brian Elswick, Columbus
Brian Hamborg, Columbus

Ellen McAninch, Columbus

O. J. Sever, Jr., Columbus
Steve M. Trammell, Tulsa
KPCo Regulatory File Book
Deborah Snyder, Columbus
John Lowry, Columbus

Jeff Brubaker, Columbus
Brian Lysiak, Columbus

KENTUCKY POWER COMPANY

FUEL ADJUSTMENT CLAUSE SCHEDULE

Month Ended: February 2014

Fuel Fm (Fuel Cost Schedule)	<u>\$23,228,140</u>		
Sales Sm (Sales Schedule)	626,869,000	(+)	0.03705
Fuel (Fb)	<u>\$16,138,627</u>		
Sales (Sb)	568,162,000	(-)	<u>0.02840 *</u>
			<u>0.00865 (\$/KWH)</u>

Effective Date for Billing

March 31, 2014

Submitted by:


(Signature)

Title:

Managing Director, Regulatory and Finance

Date Submitted:

March 21, 2014

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

KENTUCKY POWER COMPANY

FUEL COST SCHEDULE

Month Ended: February 2014

A. Company Generation				
Coal Burned	(+)	\$26,180,925		
Oil Burned	(+)	271,204		
Gas Burned	(+)	0		
Fuel (jointly owned plant)	(+)	0		
Fuel (assigned cost during F. O.)	(+)	0		
Fuel (substitute for F. O.)	(-)			
Sub Total				<u>26,452,129</u>
B. Purchases				
Net Energy Cost - Economy Purchases	(+)	0		
Identifiable Fuel Cost - Other Purchases	(+)	7,571,725		*
Identifiable Fuel Cost (substitute for F. O.)	(-)	0		
Sub Total				<u>7,571,725</u>
C. Inter-System Sales Fuel Costs				
Sub Total				<u>14,366,919</u> *
D. Total Fuel Cost (A + B - C)				<u>\$19,656,935</u>
E. Adjustment indicating the difference in actual fuel cost for the month of <u>January 2014</u> and the estimated cost originally reported.				
		<u>\$26,043,135</u>	-	<u>\$24,279,776</u>
		(actual)		(estimated)
			=	<u>1,763,359</u>
F. Total Company Over or (Under) Recovery from Page 4, Line 12				<u>(115,609)</u>
G. Grand Total Fuel Cost (D + E - F)				<u>\$21,535,903</u>
H. Net Transmission Marginal Line Loss for month of <u>February 2014</u> (Accounts 4470207 and 447208)				1,692,237
I. ADJUSTED GRAND TOTAL FUEL COSTS (G + H)				<u>\$23,228,140</u>

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

	<u>\$26,452,129</u>		
	881,910,000	0.02999	/KWH

KENTUCKY POWER COMPANY

SALES SCHEDULE

Month Ended: February 2014

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	881,910,000
Purchases Including Interchange In	(+)	<u>252,475,000</u>
Sub Total		1,134,385,000
 B. Pumped Storage Energy	(+)	0
Inter-System Sales Including Interchange Out	(+)	479,057,000
System Losses	(+)	<u>28,459,000</u> *
Sub Total		<u>507,516,000</u>
Total Sales (A - B)		<u><u>626,869,000</u></u>

* Does not include 552,000 KWH of company usage.

KENTUCKY POWER COMPANY
OVER OR (UNDER) RECOVERY SCHEDULE

Month Ended: February 2014

Line No.			
1	FAC Rate Billed	(+)	(0.00177)
2	Retail KWH Billed at Above Rate	(x)	<u>689,583,205</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>(1,220,562)</u>
4	KWH Used to Determine Last FAC Rate Billed	(+)	634,238,000
5	Non-Jurisdictional KWH Included in L4	(-)	<u>9,017,200</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>625,220,800</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		(1,106,641)
8	Over or (Under) Recovery (L3 - L7)		(113,921)
9	Total Sales (Page 3)	(+)	626,869,000
10	Kentucky Jurisdictional Sales	(/)	<u>617,712,500</u>
11	Ratio of Total Sales to KY. Jurisdictional Sales (L9 / L10)		1.01482
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>(115,609)</u></u>

KENTUCKY POWER COMPANY

FINAL
 FUEL COST SCHEDULE

Month Ended: January 2014

A. Company Generation			
Coal Burned	(+)	\$35,155,432	
Oil Burned	(+)	1,107,811	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O.)			
(2,144,000 KWH X \$0.031908)	(+)	68,411	
Fuel (substitute for F. O.)	(-)	<u>0</u>	
	Sub-total		<u>36,331,653</u>
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	7,100,285	(1)
Identifiable Fuel Cost (substitute for F. O.)			
(2,144,000 KWH X \$0.034137)	(-)	<u>73,190</u>	
	Sub-total		<u>7,027,095</u>
C. Inter-System Sales Fuel Costs			<u>17,315,613</u> (1)
D. SUB-TOTAL FUEL COST (A + B - C)			<u>\$26,043,135</u>
E. Net Transmission Marginal Line Loss for month		<u>January 2014</u>	4,390,859
F. GRAND TOTAL FUEL COSTS (D + E)			<u><u>\$30,433,994</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: February 2014

Line
No.

1	Current Month (Tm) Net Revenue Level	(+)	11,561,261
2	Base Month (Tb) Net Revenue Level (Tariff Sheet No. 19-2, Case No. 2009-00459)	(-)	<u>335,167</u>
3	Increase/(Decrease) of System Sales Net Revenue		11,226,094
4	Customer 60% Sharing	(x)	<u>60%</u>
5	Customer Share of Increase/(Decrease) in System Sales Net Revenue		6,735,656
6	Current Month (Sm) Sales Level (Page 3 of 5)	(/)	<u>626,869,000</u>
7	As Calculated System Sales Clause Factor - \$/Kwh (Ln 5 / Ln 6)		(0.0107449) *
8	System Sales Clause Factor		<u><u>.0000000</u></u> **

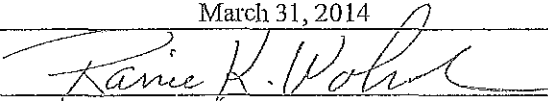
* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month.

**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:

March 31, 2014

Submitted by:


(Signature)

Title:

Managing Director, Regulatory and Finance

Date Submitted:

March 21, 2014

KENTUCKY POWER COMPANY
SYSTEM SALES CLAUSE NET REVENUE

Month Ended: February 2014

Line No.	CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	TOTAL
1 Sales For Resale Revenues	\$26,588,562	\$17,996	\$26,606,558
2 Interchange-Delivered Revenues	-0-	-0-	-0-
3 Total System Sales Revenues	26,588,562	17,996	26,606,558
4 Sales For Resale Expenses	\$15,594,293	(\$280,587)	\$15,313,706
5 Interchange-Delivered Expenses	-0-	-0-	-0-
6 Non-Associated Utilities Monthly Environmental Costs*	(268,409)	0	(268,409)
7 Total System Sales Expenses	15,325,884	(280,587)	15,045,297
8 Total System Sales Net Revenues	<u>\$11,262,678</u>	<u>\$298,583</u>	<u>\$11,561,261</u>

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