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COMMISSION

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

September 17, 2013

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 August 2013 fuel costs with an adjustment reflecting actual July 2013 fuel costs.

The fuel adjustment clause factor of (\$0.00042)/kWh (credit) will be applied to the October 2013 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 Order dated June 28, 2010, in Case No. 2009-00459. The net system sales factor of \$0.0009925/kWh will also be applied to the October 2013 billing.

The October 2013 billing will use the combined factor of \$0.0005725/kWh for all usage billed.

If you have any questions, please contact me at 502-696-7010.

Sincerely,

Lila P. Munsey  
Manager, Regulatory Services

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**  
**SUMMARY OF ADJUSTMENT CLAUSES**

**Month Ended: August 2013**

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	(\$0.00042)
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>\$0.0009925</u>
3 Total Adjustment Clause Factors		<u><u>\$0.0005725</u></u>

Effective Date for Billing

September 27, 2013

Submitted by:

*Lila P. Mursey*  
(Signature)

Title:

Manager, Regulatory Services

Date Submitted:

September 17, 2013

KENTUCKY POWER COMPANY

FUEL ADJUSTMENT CLAUSE SCHEDULE

	Month Ended:	August 2013		
Fuel Fm (Fuel Cost Schedule)		<u>\$15,170,229</u>		
Sales Sm (Sales Schedule)		542,214,000	(+)	0.02798
Fuel (Fb)		<u>\$16,138,627</u>		
Sales (Sb)		568,162,000	(-)	<u>0.02840</u> *
				<u>(0.00042)</u> (\$/KWH)

Effective Date for Billing September 27, 2013

Submitted by: Lila P. Mursey  
(Signature)

Title: Manager, Regulatory Services

Date Submitted: September 17, 2013

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

**KENTUCKY POWER COMPANY**

**FUEL COST SCHEDULE**

Month Ended: August 2013

A. Company Generation			
Coal Burned	(+)	\$4,054,076	
Oil Burned	(+)	16,356	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O.)	(+)	0	
Fuel (substitute for F. O.)	(-)		
Sub Total		<u>4,070,432</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	30,934,761	*
Identifiable Fuel Cost (substitute for F. O.)	(-)	0	
Sub Total		<u>30,934,761</u>	
C. Inter-System Sales Fuel Costs		<u>14,108,237</u>	*
Sub Total		14,108,237	
D. Total Fuel Cost (A + B - C)		<u><u>\$20,896,956</u></u>	
E. Adjustment indicating the difference in actual fuel cost for the month of <u>July 2013</u> and the estimated cost originally reported.			
		<u>\$14,933,792</u>	-
		(actual)	
		<u>\$21,112,129</u>	-
		(estimated)	
	=		<u>(6,178,337)</u>
F. Total Company Over or (Under) Recovery from Page 4, Line 12		<u>30,037</u>	
G. Grand Total Fuel Cost (D + E - F)		<u>\$14,688,583</u>	
H. Net Transmission Marginal Line Loss for month of <u>August 2013</u> (Accounts 4470207 and 447208)			481,646
I. ADJUSTED GRAND TOTAL FUEL COSTS (G + H)		<u><u>\$15,170,229</u></u>	

\* Estimated - based on actual Kentucky generation unit costs in August 2013

<u>\$4,070,432</u>		
108,582,000	0.03749	/KWH

**KENTUCKY POWER COMPANY**

**SALES SCHEDULE**

**Month Ended: August 2013**

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	108,582,000
Purchases Including Interchange In	(+)	<u>825,147,000</u>
Sub Total		933,729,000
 B. Pumped Storage Energy	 (+)	 0
Inter-System Sales Including Interchange Out	(+)	376,320,000
System Losses	(+)	<u>15,195,000</u> *
Sub Total		<u>391,515,000</u>
Total Sales (A - B)		<u><u>542,214,000</u></u>

\* Does not include 251,000 KWH of company usage.

**KENTUCKY POWER COMPANY**  
**OVER OR (UNDER) RECOVERY SCHEDULE**

Month Ended: **August 2013**

Line No.			
1	FAC Rate Billed	(+)	0.00385
2	Retail KWH Billed at Above Rate	(x)	<u>523,524,618</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>2,015,570</u>
4	KWH Used to Determine Last FAC Rate Billed	(+)	523,223,000
5	Non-Jurisdictional KWH Included in L4	(-)	<u>7,389,100</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>515,833,900</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		1,985,961
8	Over or (Under) Recovery (L3 - L7)		29,609
9	Total Sales (Page 3)	(+)	542,214,000
10	Kentucky Jurisdictional Sales	(/)	<u>534,481,900</u>
11	Ratio of Total Sales to KY. Jurisdictional Sales (L9 / L10)		1.01447
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>30,037</u></u>

**KENTUCKY POWER COMPANY**

**FINAL  
 FUEL COST SCHEDULE**

Month Ended: July 2013

A. Company Generation			
Coal Burned	(+)	\$10,765,661	
Oil Burned	(+)	331,090	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O.)			
( 323,767,000 KWH X \$0.023329 )	(+)	7,553,160	
Fuel (substitute for F. O.)	(-)	<u>0</u>	
Sub-total			<u>18,649,911</u>
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	8,629,834	(1)
Identifiable Fuel Cost (substitute for F. O.)			
( 323,767,000 KWH X \$0.023329 )	(-)	<u>7,553,160</u>	
Sub-total			<u>1,076,674</u>
C. Inter-System Sales Fuel Costs			<u>4,792,793</u> (1)
D. SUB-TOTAL FUEL COST (A + B - C)			<u>\$14,933,792</u>
E. Net Transmission Marginal Line Loss for month		<u>July 2013</u>	874,317
F. GRAND TOTAL FUEL COSTS (D + E)			<u><u>\$15,808,109</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 Agreement in Case No. 2009-00459**

**Month Ended: August 2013**

**Line  
 No.**

1	Current Month (Tm) Net Revenue Level	(+)	1,239,726
2	Base Month (Tb) Net Revenue Level (Tariff Sheet No. 19-2, Case No. 2009-00459)	(-)	<u>2,136,652</u>
3	Increase/(Decrease) of System Sales Net Revenue		(896,926)
4	Customer 60% Sharing	(x)	<u>60%</u>
5	Customer Share of Increase/(Decrease) in System Sales Net Revenue		(538,156)
6	Current Month (Sm) Sales Level (Page 3 of 5)	(/)	<u>542,214,000</u>
7	System Sales Clause Factor - \$/Kwh (Ln 5 / Ln 6)		<u><u>0.0009925</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.

Effective Date for Billing:

September 27, 2013

Submitted by:

*Lila P. Munnsey*  
 (Signature)

Title:

Manager, Regulatory Services

Date Submitted:

September 17, 2013

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE NET REVENUE**

**Month Ended: August 2013**

Line No.		CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	TOTAL
1	Sales For Resale Revenues	\$8,280,312	\$17,745	\$8,298,057
2	Interchange-Delivered Revenues	-0-	-0-	-0-
3	Total System Sales Revenues	8,280,312	17,745	8,298,057
4	Sales For Resale Expenses	\$7,086,134	\$164,519	\$7,250,653
5	Interchange-Delivered Expenses	-0-	-0-	-0-
6	Non-Associated Utilities Monthly Environmental Costs*	(192,322)	0	(192,322)
7	Total System Sales Expenses	6,893,812	164,519	7,058,331
8	Total System Sales Net Revenues	<u>\$1,386,500</u>	<u>(\$146,774)</u>	<u>\$1,239,726</u>

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