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PUBLIC SERVICE
COMMISSION

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

HAND DELIVERED

December 13, 2013

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

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 October 2013 the required backup information for the fuel adjustment clause applied to customers' bills in the month of December 2013.

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,

Lila P. Munsey
Manager, Regulatory Services

Attachment

bcc: James Sorrels – Columbus
Brian Elswick– Columbus
Deborah Snyder – Columbus
Brian Lysiak – Columbus
John Lowry – Columbus
Megan Pratt- Columbus
Doreen Hohl - Columbus

KENTUCKY POWER COMPANY
 BIG SANDY PLANT
 OCTOBER 2013

COAL INVENTORY SCHEDULE

		<u>Tons</u>	<u>Amount</u>	<u>Per Unit</u>
Beginning Inventory		645,958.34	\$51,643,385.56	\$79.9485
Purchases		51,997.02	\$4,229,677.44	\$81.3446
Adjustments	1	0.00	\$0.00	\$0.0000
Sub-Total		697,955.36	\$55,873,063.00	\$80.0525
Less Coal Burned	2	3,904.00	\$312,524.91	\$80.0525
Ending Inventory		694,051.36	\$55,560,538.09	\$80.0525

1 Coal Pile Survey Adjustment

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

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

OIL INVENTORY SCHEDULE

	<u>Gallons</u>		<u>Amount</u>		<u>Per Unit</u>
Beginning Inventory	283,290.90	\$	864,253.93		\$3.0508
Purchases	0.00	\$	-	\$	-
Adjustments	0.00		0.00		\$0.0000
Sub-Total	283,290.90	\$	864,253.93		\$3.0508
Less Disposed					
Generation	3,971.40	\$	12,115.81		\$3.0508
Chemical Cleaning/Other	0.00		0.00		\$0.0000
Ending Inventory	279,319.50	\$	852,138.12		\$3.0508

Explain any adjustments fully. Use additional sheets if necessary.

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

KENTUCKY POWER COMPANY																	
ANALYSIS OF COAL PURCHASES																	
OCTOBER 2013																	
P	P																
B	O																
D	C																
U	N																
(b)	(c)																
Station and Supplier (a)	ST (d)	District (e)	Tons (g)	BTU Per LB (h)	No. MMBTU Per Ton (i)	Price Per Ton (j)	FOB Mine Cents Per MMBTU (k)	Per Ton (l)	Trans Cost Cents Per MMBTU (m)	Per Ton (n)	Delivered Cost Cents Per MMBTU (o)	% SO ₂ (p)	Ash (q)	% HO ₂ (r)			
BIG SANDY PLANT																	
Long Term Contracts:																	
P	03-30-08-901	A	T	KY	08		8,295.79	12,050	24.10	77.28	320.66	0.00	77.28	320.66	0.96	10.66	7.54
P	03-30-10-900	A	T	KY	08		21,109.92	11,929	23.86	78.29	328.12	0.00	78.29	328.12	0.80	11.73	6.78
P	03-30-10-901	A	T	KY	08		10,206.75	12,049	24.10	78.61	326.18	0.00	78.61	326.18	0.90	8.68	8.59
P	03-30-12-900	A	T	KY	08		12,384.56	12,214	24.43	73.02	298.89	0.00	73.02	298.89	0.85	12.91	5.51
							51,997.02	12,038	24.08	76.94	319.52	4.41	81.35	337.83	0.86	11.16	7.01
TOTAL SYSTEM WEIGHTED AVERAGE																	
							51,997.02	12,038	24.08	76.94	319.52	4.41	81.35	337.83	0.86	11.16	7.01
ANALYSIS OF OIL PURCHASES																	
B	O																
D	C																
U	N																
(b)	(c)																
Supplier (a)	M (d)	Station Name (e)	Gal or Cu. Ft. Purchased (f)	BTU per Unit (g)	Delivered Cost Per Gal (h)	Cents Per MMBTU (i)	% SO ₂ (j)										
P	406288	Big Sandy	0.00	0	0.0000	0.00	0.36										

**KENTUCKY POWER COMPANY
POWER TRANSACTION SCHEDULE
October 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 CHARGE	DEMAND	OTHER CHARGES	TOTAL CHARGES
		(\$)	(\$)	(\$)	(\$)
HR-F	2,720	66,841.89	0.00	0.00	66,841.89
HR-NF	884	29,342.46	0.00	0.00	29,342.46
SPOT MARKET ENERGY - BAL	24,865	855,936.30	0.00	0.00	855,936.30
SPOT MARKET ENERGY - DA	70	1,888.47	0.00	0.00	1,888.47
	29,289 ⁽¹⁾	972,711.95	0.00	0.00	972,711.95
AEP POOL PRIMARY PURCHASES:	306,432	7,832,401.92	0.00	1,208,691.01	9,041,092.93
INTERRUPTIBLE BUY/THROUGH (AEP AFF. COS.)	0	0.00	0.00	0.00	0.00
BOOKOUTS/OPTIONS:	24,919	0.00	0.00	933,603.28	933,603.28
TOTALS:	360,640	8,805,113.87	0.00	2,142,294.29	10,947,408.16

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

<u>MWH</u>	<u>Total Energy Charges</u>
29,289	839,322.41
5,476	133,389.54
34,765	972,711.95
<u>34,765</u>	<u>972,711.95</u>
	7,832,401.92
	0.00
	<u>8,805,113.87</u>

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: OCTOBER 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	382	242	6,112	0	6,668	12,780	
BKSYSEXCESS	54	27	1,281	0	1,240	2,521	
HR-NF	1,798	657	19,646	0	41,069	60,716	
MO-F	7,765	6,074	147,154	0	166,097	313,252	
POT MARKET ENERGY - BAL	6,847	2,584	66,357	0	158,802	225,159	
POT MARKET ENERGY - DA	123,677	51,837	1,539,222	0	3,032,041	4,571,263	
YR-F	2,806	2,429	59,342	0	51,186	110,528	
	143,330	63,851	1,833,656.48 ⁽¹⁾	0.00	3,462,561.37	5,296,217.85	
AEP POOL SALES (PRIMARY/ECONOMY)	0	0	0.00	0.00	0.00	0.00	
INTERRUPTIBLE BUY/THROUGH (AEP AFF. CO./KY EL. STEEL)	0	0	0.00	0.00	0.00	0.00	
BOOKOUTS/OPTIONS:	24,413	0	0.00	0.00	1,360,442.90	1,360,442.90	
TOTALS:	167,742	63,851	1,833,656.48	0.00	4,823,004.27	6,656,660.75	
KPCo's other costs incurred, (other than fuel from Account 151):						148,901.38	
KPCo's MLR share of AEP energy cost less the actual energy costs incurred by KPCo:						2,933,708.49	
KPCo's MLR share of the difference (Total AEP energy charges - Total AEP energy costs):						379,951.54	
Total (Other Charges):						<u>3,462,561.41</u>	
⁽¹⁾ Includes (\$5,459) adjustment for chemicals carried over to Other Charges.							
SUPPLIED BY KPCo SOURCES - FUEL CHARGE (Page 3)						1,833,656.48	
Add: ALLOCATED TO SYSTEM SALES (PAGE 2)						839,322.41	
Less: FUEL ALLOCATED TO SYSTEM SALES						839,322.35	
INTER-SYSTEM SALES - FUEL COSTS (PAGE 4)						<u>0.06</u>	
						<u>1,833,656.55</u>	

FINAL SCHEDULE OCTOBER 2013 COSTS - ACTUAL

KENTUCKY POWER COMPANY
 FUEL COST SCHEDULE
 MONTH ENDED: OCTOBER 2013

(A) COMPANY GENERATION	BIG SANDY (PLANT)	ROCKPORT UNIT #1	ROCKPORT UNIT #2	FUEL AMOUNTS (\$)
COAL BURNED	312,524.91	2,215,815.53	3,250,896.70	5,779,237.14
OIL BURNED	12,115.81	65,850.32	19,111.16	97,077.28
GAS BURNED				-----
FUEL (JOINTLY OWNED PLANT)				-----
FUEL (ASSIGNED COST DURING F.O.) (306,432 x 25.560)				7,832,401.92
FUEL (SUBSTITUTE FOR F.O.)				-----
SUB-TOTAL				13,708,716.34
(B) PURCHASES				
NET ENERGY COST - ECONOMY PURCHASES				0.00
⁽¹⁾ IDENTIFIABLE FUEL COST - OTHER PURCHASES				8,805,113.87
IDENTIFIABLE FUEL COST (SUBSTITUTE FOR F.O.) (306,432 x 25.560)				7,832,401.92
SUB-TOTAL				972,711.95
(C) INTER-SYSTEM SALES				
⁽¹⁾ FUEL COSTS				1,833,656.48
TOTAL FUEL COSTS (A + B - C)				12,847,771.81
F.O. = FORCED OUTAGE				
DETAILS:				
<u>FUEL (ASSIGNED COST DURING F.O.)</u>				
QUANTITY OF SUBSTITUTE ENERGY GIVEN AN ASSIGNED COST (Kwh):				306,432,000
AT THE BIG SANDY FUEL RATE OF:	19.400	MILLS/KWH	\$	5,944,780.80
<u>IDENTIFIABLE FUEL COST (SUBSTITUTE FOR F.O.)</u>				
<u>PURCHASES SUBSTITUTED FOR F.O.:</u>				
PRIMARY ENERGY (AEP POOL) 306,432,000	KWH	25.560	MILLS/KWH	\$ 7,832,401.92
CASH PURCHASES FROM NON-AFFILIATED COS.	KWH		MILLS/KWH	\$ 0.00
TOTAL PURCHASES (IDENTIFIABLE FUEL COST) (SUBSTITUTE FOR F.O.):	Kwh	25.560	MILLS/KWH	\$ 7,832,401.92

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

APPENDIX A

KENTUCKY POWER COMPANY BIG SANDY - TOTAL PLANT OCTOBER 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)	169.4
	c. Net Demonstrated Capability (MW)	1,078.0
	d. Net Capability Factor (%)	2.1
2.	Heat Rate:	
	a. Btu's Consumed (MMBTU)	90.2
	b. Gross Generation (MWH)	18,372
	c. Net Generation (MWH)	16,734
	d. Heat Rate (L2a divided by L2c) (BTU/KWH)	5,387
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)	1.8
	b. Net Generation - FAC Basis (Cents/KWH)	1.9
5.	Inventory Analysis:	
	a. Number of Days Supply based on actual burn at the station	234.9

APPENDIX A

KENTUCKY POWER COMPANY BIG SANDY - UNIT 1 OCTOBER 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)	169.4	
	c. Net Demonstrated Capability (MW)	278.0	
	d. Net Capability Factor (%)	8.1	
2.	Heat Rate:		
	a. Btu's Consumed (MMBTU)	90.0	
	b. Gross Generation (MWH)	18,372	
	c. Net Generation (MWH)	16,734	
	d. Heat Rate (L2a divided by L2c) (BTU/KWH)	5,376	
3.	Operating Availability:		
	a. Hours Unit Operated	98.8	
	b. Hours Available	98.8	
	c. Hours During the Period	744.0	
	d. Availability Factor (L3b divided by L3c) (%)	13.3	
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
 OCTOBER 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)	0.0	
	c. Net Demonstrated Capability (MW)	800.0	
	d. Net Capability Factor (%)	0.0	
2.	Heat Rate:		
	a. Btu's Consumed (MMBTU)	0.2	
	b. Gross Generation (MWH)	0	
	c. Net Generation (MWH)	0	
	d. Heat Rate (L2a divided by L2c) (BTU/KWH)	0	
3.	Operating Availability:		
	a. Hours Unit Operated	0.0	
	b. Hours Available	0.0	
	c. Hours During the Period	744.0	
	d. Availability Factor (L3b divided by L3c) (%)	0.0	
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