

Better Business Bureau Serving Central and Eastern Kentucky
1390 Olivia Lane Suite 100
Lexington, KY 40511
Tel: 859-259-1008 Fax: 859-259-1639



DEC 11 2014

December 4, 2014

Ms. Judy K. Rosquist
American Electric Power
101A Enterprise Dr
Frankfort, KY 40601-8585

RE: Case # 90073909: David M Damron

BBB offers you the opportunity to preserve consumer goodwill by addressing the issues presented in the complaint on the reverse side.

BBB takes no position as to the validity of the complaint. Our goal is to help you and the consumer resolve this issue in a mutually satisfactory manner.

In the interest of time and good customer relations, please provide BBB with written verification of your position in this matter by **December 14, 2014**. Your prompt response greatly enhances the chances for a successful resolution.

Please understand that the consumer's complaint and your response may be publicly posted on the BBB Web site. Please do not include any information that personally identifies your customer. The BBB may edit the complaint or your response to remove personally identifiable information or inappropriate language.

We encourage you to use our ONLINE COMPLAINT system to respond to this complaint. The following URL (website address) below will take you directly to this complaint and you will be able to enter your response directly on our website:

<http://bluegrass.app.bbb.org/complaint/view/90073909/b/e0065f>

If you are unable to respond using the Internet, then please respond in writing to the address above.

We look forward to your prompt attention to this matter.

Sincerely,

Will Yost
859 519-4716
willbbb@lexbbb.com
Dispute Resolution Specialist
BBB Complaint Department

Better Business Bureau Serving Central and Eastern Kentucky

COMPLAINT ACTIVITY REPORT Case # 90073909

Consumer Info: Damron, David M
13831 Grapevine Rd
Phyllis, KY 41554-8503
- 606 637-6107

Business Info: American Electric Power
502 696-7011

Consumer's Original Complaint :

I am getting charged random numbers for what is listed on my bills as Fuel adjustments and assets transfer rider. I have ask several associates for the company what these are and none tell me the same thing. Many times I have heard this is the customer having to pay for a fine AEP is getting for not doing what is required of them in some way, but still haven't been told the whole details. For example, I got charged \$15.34 fuel adjustment @ 00:85200 per kwh this month and \$31.72 Asset Transfer Rider @ 17.3725% this month on a total KWH usage of 1,801. Last month I was charged \$8.53 fuel adjustment @ 0.0072500 per kwh, while being charged \$19.62 asset transfer rider @ 16.2781 per kwh.

Product_Or_Service: power

Consumer's Desired Resolution:

DesiredSettlementID: Other (requires explanation)I want this stopped. I cannot afford paying explained in detail to where I can understand it. I looked all over the company website and cannot find any good explanation of this either. If they cannot explain it, so we can understand it, then they should not be allowed to charge it and change the charges so randomly.

BBB Processing

12/02/2014	web BBB	Case Received by BBB
12/03/2014	will BBB	Case Reviewed by BBB
12/03/2014	Otto EMAIL	Send Acknowledgement to Consumer
12/03/2014	Otto BBB	Notify Business of Dispute

**KENTUCKY
POWER**
a part of American Electric Power

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

December 16, 2014

Will Yost
1390 Olivia Lane Suite 100
Lexington, KY 40511

RE: Case # 90073939

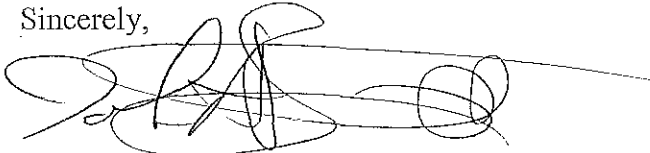
Mr. Yost,

Please find below Kentucky Power's response to the above mentioned complaint filed with your office.

Customer Service Representative for the Pikeville District contacted Mr. Damron and provided information in regards to customer's concerns. Mr. Damron also requested a written response to his concerns. Please find enclosed letter mailed to the customer on December 16, 2014.

Should you require additional information, please contact me at 502-696-7010.

Sincerely,



John A Rogness III
Director Regulatory Services.

Enclosure

David M Damron
13831 Grapevine Rd
Phyllis, KY 41554-8503

Dec. 16, 2014

RE: Account #039-677-993-0

Dear Mr. Damron,

As a follow up to our phone conversation on December 16, 2014, please find below an explanation for the Asset Transfer Rider and the Fuel Adjustment Clause per your request.

What is the Asset Transfer Rider (ATR)?

The ATR is for service rendered on or after January 1, 2014. Upon approval from the Kentucky Public Service Commission (KPSC) in its Order dated October 7, 2013, Kentucky Power (KPCo) implemented this (ATR), to recover a portion of the costs associated with its newly acquired 50% ownership of the Mitchell Plant.

The ATR is based on a percentage of revenues and calculated on a monthly basis. The KPSC has authorized the Company to collect approximately \$1.5 million from residential customers each month. In addition, each month's calculation includes an adjustment for any under or over recovery of the ATR from two months prior.

What is the Fuel Adjustment Clause (FAC)?

The FAC is a charge/credit authorized by the KPSC that allows KPCo to recover the actual cost of fuel (coal or natural gas) used to generate or purchase electricity. Kentucky Power does not make a profit on its fuel costs as it simply recovers dollar for dollar the costs of purchasing fuel to power its plants. The charge will vary monthly due to the changes in the price of fuel or transportation.

Why has the FAC increased recently?

One of the reasons for the increase, the AEP East System Power Pool (pool), an agreement to purchase or to sell energy between KPCo and its sister companies, was terminated as of January 1, 2014. In 2013, Kentucky Power received approximately half of the electricity required to meet its retail customers' needs from this pool; this energy was the least expensive that was available to Kentucky Power's customers. Beginning in January 2014, this inexpensive energy was no longer available; thus, electricity generated at Kentucky Power's generating plants is now the least expensive energy available to KPCo customers. Even though the fuel costs associated with the energy generated at Kentucky Power's generating plants is usually less expensive than the energy available from the market, this generation is still more expensive than the energy that had been previously obtained from the pool.

Upon receipt of this letter, if you have any questions, or if you would like to discuss this matter further, you may contact me at (606) 437-3109.

Sincerely,

Linda Bevins
Customer Services Representative



Better Business Bureau Serving Central and Eastern Kentucky
1390 Olivia Lane Suite 100
Lexington, KY 40511
Tel: 859-259-1008 Fax: 859-259-1639

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REC'D

December 23, 2014

Ms. Judy K. Rosquist
American Electric Power
101A Enterprise Dr
Frankfort, KY 40601-8585

RE: Case # 90073909: David M Damron

Thank you for your cooperation in responding to the above consumer's complaint. Following our usual procedure, we notified the consumer of your response and requested notification of whether or not it was satisfactorily resolved. The consumer has notified our office they are satisfied. Therefore, we have closed the complaint.

Again, thank you

Sincerely,

Will Yost
859 519-4716
willbbb@lexbbb.com
Dispute Resolution Specialist
BBB Complaint Department