

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Examination Of The Application Of)
The Fuel Adjustment Clause Of Kentucky)
Power Company From November 1, 2015) Case No. 2016-00230
Through April 30, 2016)

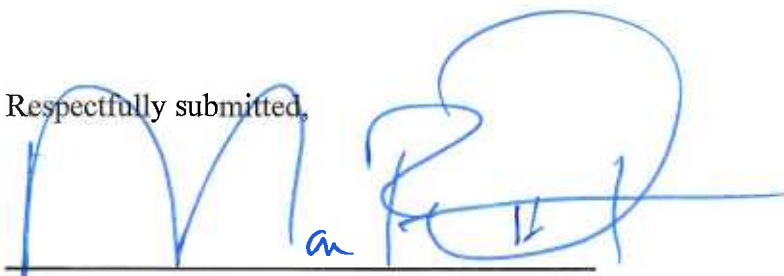
Kentucky Power Company's Comments On November 18, 2016
Informal Conference Memorandum

Kentucky Power offers the clarification below in response to Staff's Informal Conference Memorandum dated November 18, 2016. The clarification below supplements the Company's discussion at the November 16, 2016 informal conference (and the informal conference memorandum's summary of the discussion) of the manner in which PJM dispatches Kentucky Power's units:

Kentucky Power offers all of its available units into the PJM day-ahead market; PJM selects and awards the expected hourly dispatch of these units for the next day. During the next day, in the real time market, any unit or units selected by PJM to start or ramp up due to the loss of another unit would be an economic decision made by PJM based upon the least cost of all units with remaining available generation, subject to transmission constraints. This process is occurring simultaneously with PJM managing the real time dispatch of all the units to satisfy the minute-by-minute load changes across PJM.

The unit or units selected by PJM could be any combination of PJM units with remaining available generation, or no units if the PJM load is also dropping at the time of the outage. Consequently, when a Company unit is forced out in real time, the Company purchases energy from the market at the prevailing market price to substitute for the generation of that unit that was committed in the day ahead market. The purchased energy represents the least cost option available to the Company.

Respectfully submitted,



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