

Matthew G. Bevin  
Governor

Charles G. Snavely  
Secretary  
Energy and Environment Cabinet



Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

Michael J. Schmitt  
Chairman

Robert Cicero  
Vice Chairman

Talina R. Mathews  
Commissioner

January 10, 2018

**PARTIES OF RECORD**

Re: Case No. 2017-00179

Attached is a copy of a memorandum, which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum, please do so within five days of receipt of this letter.

If you have any questions, please contact Nancy Vinsel, Commission Staff Attorney, at 502-782-2582.

Sincerely,

A handwritten signature in blue ink that reads "Gwen R. Pinson".

Gwen R. Pinson  
Executive Director

NJV/ph

Attachments

## INTRA-AGENCY MEMORANDUM

### KENTUCKY PUBLIC SERVICE COMMISSION

**TO:** Case File No. 2017-00179

**FROM:** Nancy J. Vinsel, Staff Attorney

**DATE:** January 9, 2018

**RE:** Informal Conference of January 8, 2018

Pursuant to an Order issued on December 13, 2017, an informal conference ("IC") was conducted on January 8, 2018. The IC was held at the request of Kentucky Power Company ("Kentucky Power") to discuss proposed new and modified forms Kentucky Power will file to implement the non-unanimous settlement agreement. An attendance sheet is attached to this memo.

On January 3, 2018, Kentucky Power filed copies of the proposed sample forms for the parties to review prior to the IC. The forms contained amounts that were included for demonstrative purposes only.

At the IC, Kentucky Power provided an overview of new and modified forms that implement the non-unanimous settlement agreement provisions regarding the Environmental Surcharge, Fuel Adjustment Clause, Systems Sales Clause, the Purchase Power Adjustment, and a sample tariff. Kentucky Power explained that it utilized the 21 percent federal corporate tax rate in the gross up factor, with the caveat that, because the tax reduction was implemented three weeks ago, Kentucky Power is analyzing the impact of the tax code revisions. Kentucky Power further explained that, in the future, it would adjust the gross up factor to reflect the Commission decision when it is rendered in a pending case that is investigating the effect of the federal tax reduction on utility rates, and after further review of the tax code revisions by Kentucky Power.

After Commission Staff ("Staff") questioned grossing up Rockport Unit Power Agreement Cost of Capital, Kentucky Power will file a future response confirming whether it is proposing to gross up the Rockport debt.

In response to questions from the Attorney General regarding the addition of monthly Federal Energy Regulatory Commission ("FERC") account detail being added to the System Sales Clause reporting, Kentucky Power confirmed that it would note on the forms if any FERC accounts were omitted in the future.

In response to questioning, Kentucky Power confirmed that the Purchase Power Adjustment and the Systems Sales Clause forms would both be filed on an annual basis in August, with application for October billing.

The tariff forms are being consolidated from the previous format, where each page was a separate Word document, into fewer Word documents. In response to questioning from Staff, Kentucky Power will use electronic signatures for tariffs, in place of only typing in the signatory's name.

There being no further discussion, the IC was then adjourned.

Attachment

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY )  
POWER COMPANY FOR (1) A GENERAL )  
ADJUSTMENT OF ITS RATES FOR ELECTRIC )  
SERVICE; (2) AN ORDER APPROVING ITS )  
2017 ENVIRONMENTAL COMPLIANCE PLAN; ) CASE NO.  
(3) AN ORDER APPROVING ITS TARIFFS AND ) 2017-00179  
RIDERS; (4) AN ORDER APPROVING )  
ACCOUNTING PRACTICES TO ESTABLISH )  
REGULATORY ASSETS AND LIABILITIES; )  
AND (5) AN ORDER GRANTING ALL OTHER )  
REQUIRED APPROVALS AND RELIEF )

January 8, 20178

Please sign in:

NAME	REPRESENTING
<u>Mary Whitaker</u>	<u>PSC</u>
<u>Ron Handziak</u>	<u>PSC</u>
<u>Liz Stefanski</u>	<u>PSC</u>
<u>Jim Luvers</u>	<u>PSC</u>
<u>MaryBeth Purvis</u>	<u>PSC</u>
<u>Amy Elliott</u>	<u>KPCO</u>
<u>Mark R. Overstreet</u>	<u>STITES &amp; HARRISON REG. KY. P. Co.</u>
<u>Steve Sharp</u>	<u>KPCO</u>
<u>Kent Chandler</u>	<u>KYOAG</u>
<u>Justin McNeil</u>	<u>KYOAG</u>

NAME

REPRESENTING

Matthew Baer

PSC - FA

Larry Cook

AG : telephonic

Jody Kyler Cohn

KIUC : =

Alex Vaughan

KPCO : =

Todd Osterloh

Kauc " "

Quang D Nguyen

PSC

**KENTUCKY POWER COMPANY**  
**SUMMARY OF ADJUSTMENT CLAUSES**

**Month Ended:   X**

**SAMPLE ONLY**

- |   |     |                             |
|---|-----|-----------------------------|
| 1 Fuel Adjustment Clause Factor (Page 1 of 5) | (+) | (\$0.00420)                 |
| 2 System Sales Clause Factor (Page 1 of 2)    | (+) | <u>\$0.0004264</u>          |
| 3 Total Adjustment Clause Factors             |     | <u><u>(\$0.0037736)</u></u> |

Effective Month for Billing SAMPLE ONLY

Submitted by: (Signature)

Title: SAMPLE ONLY

Date Submitted: SAMPLE ONLY





## KENTUCKY POWER COMPANY

## ESTIMATED FUEL COST SCHEDULE

Month Ended: X

## SAMPLE ONLY

A.	Company Generation			
	Coal Burned	(+)	\$7,555,555	
	Oil Burned	(+)	44,444	
	Gas Burned	(+)	2,111,111	
	Fuel (jointly owned plant)	(+)	0	
	Fuel (assigned cost during F. O. )	(+)	0	
	Fuel (substitute for F. O. )	(-)	0	
	Sub Total		<u>9,711,110</u>	
B.	Purchases			
	Net Energy Cost - Economy Purchases	(+)	0	
	Identifiable Fuel Cost - Other Purchases	(+)	4,121,212	
	Identifiable Fuel Cost (substitute for F. O. )	(-)	0	
	Sub Total		<u>4,121,212</u>	
C.	Inter-System Sales Fuel Costs		<u>2,222,222</u>	
	Sub Total		<u>2,222,222</u>	
D.	Total Fuel Cost (A + B - C)		<u>\$11,610,100</u>	
E.	Adjustment indicating the difference in actual fuel cost for the month of <u>SAMPLE ONLY</u> and the estimated cost originally reported. <u>\$10,000,000</u> - <u>\$11,111,111</u> = <u>(1,111,111)</u> (actual) (estimated)			
F.	Total Company Over or (Under) Recovery from Page 4, Line 12		<u>(425)</u>	
G.	Grand Total Fuel Cost (D + E - F)		<u>\$10,499,414</u>	
H.	Fuel-Related PJM Billing Line Items <u>SAMPLE ONLY</u>		<u>444,444</u>	
I.	ADJUSTED GRAND TOTAL FUEL COSTS (G + H)		<u>\$10,943,858</u>	

## KENTUCKY POWER COMPANY

## SALES SCHEDULE

Month Ended: X

SAMPLE ONLY

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	444,444,444
Purchases Including Interchange In	(+)	<u>161,616,161</u>
Sub Total		606,060,605
 B. Pumped Storage Energy	 (+)	 0
Inter-System Sales Including Interchange Out	(+)	111,111,111
System Losses	(+)	<u>20,202,020</u> *
Sub Total		<u>131,313,131</u>
Total Sales (A - B)		<u><u>474,747,474</u></u>

\* Does not include 312,000 KWH of company usage.

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

Month Ended:                    **X**

**SAMPLE ONLY**

Line No.			
1	FAC Rate Billed	(+)	0.00099
2	Retail KWH Billed at Above Rate	(x)	<u>411,111,111</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>407,000</u>
4	KWH Used to Determine Last FAC Rate Billed	(+)	417,090,000
5	Non-Jurisdictional KWH Included in L4	(-)	<u>5,555,555</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>411,534,445</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		407,419
8	Over or (Under) Recovery (L3 - L7)		(419)
9	Total Sales (Page 3)	(+)	474,747,474
10	Kentucky Jurisdictional Sales	(/)	<u>468,177,173</u>
11	Ratio of Total Sales to KY. Jurisdictional Sales (L9 / L10)		1.01403
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>(425)</u></u>

## KENTUCKY POWER COMPANY

FINAL  
FUEL COST SCHEDULE

Month Ended: SAMPLE ONLY

A. Company Generation					
Coal Burned				(+)	\$7,999,999
Oil Burned				(+)	111,111
Gas Burned				(+)	3,333,333
Fuel (jointly owned plant)				(+)	0
Fuel (assigned cost during F. O.)				(+)	36,296
( 1,555,555	KWH X	\$0.023333 )		(-)	<u>0</u>
Fuel (substitute for F. O.)					
	Sub-total				<u>11,480,739</u>
B. Purchases					
Net Energy Cost - Economy Purchases				(+)	0
Identifiable Fuel Cost - Other Purchases				(+)	5,601,349
Identifiable Fuel Cost (substitute for F. O.)				(-)	43,209
( 1,555,555	KWH X	\$0.027777 )		(-)	111 (1)
Purchase Adjustment for Peaking Unit Equivalent					
	Sub-total				<u>5,558,029</u>
C. Inter-System Sales Fuel Costs					<u>6,334,474</u>
D. SUB-TOTAL FUEL COST (A + B - C)					<u>\$10,704,294</u>
E. Fuel-Related PJM Billing Line Items				SAMPLE ONLY	<u>455,555</u>
F. GRAND TOTAL FUEL COSTS (D + E)					<u><u>\$11,159,849</u></u>

( 1 ) As calculated in accordance with KPSC Order dated October 3, 2002 in Case No. 2000-495-B.

KENTUCKY POWER COMPANY

Environmental Surcharge

Summary

Month Ended: SAMPLE ONLY

Residential Environmental Surcharge Factor =  $\frac{X}{X}$  = X

All Other Classes Environmental Surcharge =  $\frac{X}{X}$  = X

Effective Date for Billing X

Submitted by: \_\_\_\_\_  
(Signature)

Title: X

Date Submitted: X

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CALCULATION OF E(m) and SURCHARGE FACTOR  
 SAMPLE ONLY

CALCULATION OF E(m)			
E(m) = CRR - BRR			
LINE 1	CRR from ES FORM 3.00	X	
LINE 2	BRR from ES FORM 1.10	X	
LINE 3	Mitchell FGD Expenses (E.S. Form 3.13, Line 33)	X	
LINE 4	E(m) (LINE 1 - LINE 2 + LINE 3)	X	
LINE 5	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	X	
LINE 6	KY Retail E(m) (LINE 4 * LINE 5)	X	
LINE 7	Under/ (Over) Collection, ES Form 3.30	X	
LINE 8	Net KY Retail E(m) (Line 6 + Line 7)	X	
	<u>SURCHARGE FACTORS</u>	<u>Residential</u>	<u>All Other Classifications</u>
LINE 9	Allocation Factors, % of revenue during previous Calendar Year	X	X
LINE 10	Current Month's Allocation E(m) (Line 8* Line 9)	X	X
LINE 11	Kentucky Residential Revenues/All Other Non-Fuel Revenues	X	X
LINE 12	Surcharge Factors (Line 10/Line 11)	X	X

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 BASE PERIOD REVENUE REQUIREMENT  
 SAMPLE ONLY

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	X
FEBRUARY	X
MARCH	X
APRIL	X
MAY	X
JUNE	X
JULY	X
AUGUST	X
SEPTEMBER	X
OCTOBER	X
NOVEMBER	X
DECEMBER	X
TOTAL	X



KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT  
 SO2 EMISSIONS ALLOWANCE INVENTORY

SAMPLE ONLY

	(1) Total Allowance Inventory (Quantity)	(2) Total Allowance Inventory (Dollar Value)	(3) Current Allowance Inventory (Quantity)	(4) Current Allowance Inventory (Dollar Value)	(5) Average Cost per Allowance (Current Allowances)
MONTHLY BEGINNING INVENTORY	X	X	X	X	X
Additions -					
EPA Allowances	X	X	X	X	X
Gavin Reallocation	X	X	X	X	X
P & E Transfers In	X	X	X	X	X
Intercompany Purchases	X	X	X	X	X
Other (List)	X	X	X	X	X
SO2 Emissions Allowance Adjustment	X	X	X	X	X
Withdrawals -	X	X	X	X	X
P & E Transfers Out	X	X	X	X	X
Intercompany Sales	X	X	X	X	X
Off - System Sales	X	X	X	X	X
Surrenders- Consent Decree	X	X	X	X	X
Consumption Adjustment (RP & ML)	X	X	X	X	X
Consumption Adjustment (BS)	X	X	X	X	X
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	X	X	X	X	X
SO2 Emissions Allowances Consumed By Mitchell and Rockport	X	X	X	X	X*
SO2 Emissions Allowances Consumed By Big Sandy	X	X	X	X	X**
ENDING INVENTORY - Record Balance on ES FORM 3.13, Line 21	X	X	X	X	X***

\* Includes only Mitchell and Rockport allowance consumption.

\*\* Big Sandy consumption is recovered through BS1OR and not included in E(m).

\*\*\* Inventory represents entire Kentucky Power SO2 allowance inventory.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT  
 CSAPR SO2 EMISSIONS ALLOWANCE INVENTORY

SAMPLE ONLY

	(1)	(2)	(3)	(4)	(5)
	Total Allowance Inventory (Quantity)	Total Allowance Inventory (Dollar Value)	Current Allowance Inventory (Quantity)	Current Allowance Inventory (Dollar Value)	Average Cost per Allowance (Current Allowances)
MONTHLY BEGINNING INVENTORY	X	X	X	X	X
Additions -					
EPA Allowances	X	X	X	X	X
Gavin Reallocation	X	X	X	X	X
P & E Transfers In	X	X	X	X	X
Intercompany Purchases	X	X	X	X	X
Other (List)	X	X	X	X	X
SO2 Emissions Allowance Adjustment	X	X	X	X	X
Withdrawals -					
P & E Transfers Out	X	X	X	X	X
Intercompany Sales	X	X	X	X	X
Off - System Sales	X	X	X	X	X
Consumption Adjustment (RP & ML)	X	X	X	X	X
Consumption Adjustment (BS)	X	X	X	X	X
CSAPR SO2 Emissions Allowances Consumed in Current Month At Rockport and Mitchell Plants	X	X	X	X	X *
CSAPR SO2 Emissions Allowances Consumed in Current Month at Big Sandy Plant	X	X	X	X	X **
ENDING INVENTORY - Record Balance on ES FORM 3.13, Line 22	X	X	X	X	X ***
	X	X	X	X	X
	X	X	X	X	X

\* Includes only Mitchell and Rockport allowance

\*\* Big Sandy consumption is recovered through BS1OR and not included in E(m).

\*\*\* Inventory represents entire Kentucky Power SO2 allowance inventory.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT  
 CSAPR Annual NOx EMISSIONS ALLOWANCE INVENTORY  
 SAMPLE ONLY

	(1) Total Allowance Inventory (Quantity)	(2) Total Allowance Inventory (Dollar Value)	(3) Current Allowance Inventory (Quantity)	(4) Current Allowance Inventory (Dollar Value)	(5) Average Cost per Allowance (Current Allowances)
MONTHLY BEGINNING INVENTORY	X	X	X	X	X
Additions -					
EPA Allowances	X	X	X	X	X
P&E Transfers In	X	X	X	X	X
Intercompany Purchases	X	X	X	X	X
Other (List)	X	X	X	X	X
Withdrawals -					
P & E Transfers Out	X	X	X	X	X
Intercompany Sales	X	X	X	X	X
Off - System Sales	X	X	X	X	X
Prior Period Consumption Adjustment	X	X	X	X	X
NOx Consumed By Kentucky Power --Mitchell and Rockport Plants	X	X	X	X	X*
NOx Consumed By Kentucky Power--Big Sandy Plant	X	X	X	X	X**
ENDING INVENTORY - Record Balance on ES FORM 3.13, Line 23	X	X	X	X	X***

\* Includes only Mitchell and Rockport allowance consumption.

\*\* Big Sandy consumption is recovered through BS10R and not included in E(m).

\*\*\* Inventory represents entire Kentucky Power ANNX allowance inventory.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT  
 CSAPR Seasonal NOx EMISSIONS ALLOWANCE INVENTORY  
 SAMPLE ONLY

	(1) Total Allowance Inventory (Quantity)	(2) Total Allowance Inventory (Dollar Value)	(3) Current Allowance Inventory (Quantity)	(4) Current Allowance Inventory (Dollar Value)	(5) Average Cost per Allowance (Current Allowances)
MONTHLY BEGINNING INVENTORY	X	X	X	X	X
Additions -					
EPA Allowances	X	X	X	X	X
P&E Transfers In	X	X	X	X	X
Intercompany Purchases	X	X	X	X	X
External Purchases	X	X	X	X	X
Other (List)					
NOx Emissions Allowance					
Adjustment	X	X	X	X	X
Withdrawals -	X	X	X	X	X
P & E Transfers Out	X	X	X	X	X
Intercompany Sales	X	X	X	X	X
External Sales	X	X	X	X	X
Consumption Adjustments	X	X	X	X	X
NOx Consumed By Kentucky Power --Rockport and Mitchell Plants only	X	X	X	X	X*
NOx Consumed by Kentucky Power--Big Sandy Plant	X	X	X	X	X**
ENDING INVENTORY - Record Balance on ES FORM 3.13, Line 24	X	X	X	X	X***

\* Includes only Mitchell and Rockport allowance consumption.

\*\* Big Sandy consumption is recovered through BS1OR and not included in E(m).

\*\*\* Inventory represents entire Kentucky Power ANNX allowance inventory.

Kentucky Power Company  
 Mitchell Environmental Costs  
 SAMPLE ONLY

Ln. No.	Cost Component	Non-FGD Costs	FGD Costs	Total Costs
1	Utility Plant at Original Cost	X	X	X
2	Less Accumulated Depreciation	X	X	X
3	Less Accumulated Deferred Income Tax	X	X	X
4	Net Utility Plant	X	X	X
5	*SO2 Emission Allowance Inventory	X	X	X
6	*CSAPR SO2 Emission Allowance Inventory	X	X	X
7	*CSAPR NOx Emission Allowance Inventory	X	X	X
8	*CSAPR AN Emission Allowance Inventory	X	X	X
9	Limestone Inventory (1540006)	X	X	X
10	Urea Inventory (1540012)	X	X	X
11	Urea-In Transit-Inventory (1540023)	X	X	X
12	Cash Working Capital Allowance	X	X	X
13	<b>Total Rate Base</b>	X	X	X
14	Weighted Average Cost of Capital			
15	Monthly Weighted Avg. Cost of Capital			
16	<b>Total Monthly Return on Rate Base</b>	0.66%	0.66%	0.66%
17	Monthly Disposal (5010000)	X	X	X
18	Monthly Fly Ash Sales (5010012)	X	X	X
19	Monthly Urea Expense (5020002)	X	X	X
20	Monthly Trona Expense (5020003)	X	X	X
21	Monthly Lime Stone Expense (5020004)	X	X	X
22	Monthly Polymer Expense (5020005)*	X	X	X
23	Monthly Lime Hydrate Expense (5020007)	X	X	X
24	Monthly WV Air Emission Fee	X	X	X
25	SO2 Consumption **	X	X	X
26	CSAPR SO2 Consumption **	X	X	X
27	CSAPR Annual NOx Consumption	X	X	X
28	CSAPR Seasonal NOx consumption	X	X	X
29	<b>Monthly Operation Costs</b>	\$ -	\$ -	\$ -
30	Monthly FGD Maintenance Expense	X	X	X
31	Monthly Non-FGD Maintenance Expense	X	X	X
32	<b>Monthly Maintenance Expense</b>	X	X	X
33	Monthly Depreciation Expense	X	X	X
34	Monthly Catalyst Amortization Expense	X	X	X
35	Monthly Property Tax	X	X	X
36	<b>Monthly Other Expenses</b>	X	X	X
37	<b>Total Monthly Operation, Maintenance, and Other Expenses</b>	X	X	X
38	O & M for corresponding month of test year	X	X	X
39	Difference in Test Year Month O & M & Current Month O & M	X	\$ -	X
40	Up for Uncollectible Expense and KPSC Maintenance Fee (Ln 39 * .005425)	0.005425	X	X
41	<b>Total Revenue Requirement</b>	X	X	X

\* Inventory Includes Total Kentucky Power allowances inventory.

\*\* Includes Consumption for Rockport and Mitchell plants only.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT  
 MITCHELL PLANT COST OF CAPITAL

SAMPLE ONLY

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF	WACC (PRE-TAX)
		<b>As of 2/28/2017</b>						
1	L/T DEBT	\$648,913,758	53.45%	4.36%		2.33%	1.005425	2.3426%
2	S/T DEBT	\$0	1.00%	1.25%		0.01%	1.005425	0.0101%
3	ACCTS REC							
3	FINANCING	\$46,105,009	3.87%	1.95%		0.08%	1.005425	0.0804%
4	C EQUITY	\$496,766,726	41.68%	<b>9.75%</b>		4.06%	<b>1.352116</b>	5.4896%
5	TOTAL	<b>\$1,191,785,493</b>	<b>100.00%</b>			<b>6.48%</b>		<b>7.9227%</b>

		<u>Debt</u>	<u>Equity</u>
6	Operating Revenues	100.0000	100.0000
7	Less Uncollectible Accounts Expense	0.3400	0.3400
8	KPSC Maintenance Assessment Fee	0.1996	0.1996
9	Income Before Income Taxes	99.4604	99.4604
10	Less State Income Taxes (Ln 9 x 5.8742)		5.8425
11	Income Before Federal Income Taxes		93.6179
12	Less Federal Income Taxes (Ln 11*21%)		19.6598
13	Operating Income Percentage		73.9581
14	Gross Up Factor (100.00/Ln 13)	1.005425	1.3521

**Kentucky Power Company  
Rockport Environmental Costs  
SAMPLE ONLY**

Ln. No.	Cost Component		Total Costs
1	Utility Plant at Original Cost		X
2	Less Accumulated Depreciation		X
3	Less Accumulated Deferred Income Tax		X
4	Net Utility Plant		X
5	Sodium Bicarbonate Inventory (1540029)		X
6	Activated Carbon Inventory (1540025)		X
7	Anhydrous Ammonia Inventory (1540028)		X
8	Cash Working Capital Allowance		X
9	<b>Total Rate Base</b>		X
10	Weighted Average Cost of Capital	X	
11	Monthly Weighted Avg. Cost of Capital		X
12	Monthly Return on Rate Base		X
13	Monthly Sodium Bicarbonate (5020028)		X
14	Monthly Brominated Activated Carbon (5020008)		X
	Monthly Anhydrous Ammonia (5020013)		X
15	Monthly IN Air Emission Fee		X
16	Property Tax		X
17	<b>Total Monthly Operation Costs</b>		X
18	Monthly Maintenance Expense		X
19	<b>Total Monthly Maintenance Expense</b>		X
20	Monthly Depreciation Expense		X
21	<b>Total Monthly Other Expenses</b>		X
22	<b>Total Monthly Operation, Maintenance, and Other Expenses</b>		X
23	O & M for corresponding month of test year		X
24	Difference in Base Level O & M & Current Month O & M		X
25	Debt Gross-up (Ln 24 * .005425)	0.005425	X
26	<b>Total Revenue Requirement</b>		X
27	<b>KPCo Share of Environmental Revenue Requirement</b>	15%	X

\*

\*Indiana does not currently assess property taxes on environmental controls.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT  
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

SAMPLE ONLY

LINE NO.	Component	Balances  As of xxxxxxx	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF	WACC (PRE - TAX)
1	L/T DEBT	X	X	X		X		X
2	S/T DEBT	X	X	X		X		X
3	CAPITALIZATION							
4	OFFSETS	X	X	X		X		X
5	DEBT	X	X	X		X		X
5	C EQUITY	X	X	12.1600%	1/	X	X	2/ X
6	TOTAL	X	X			X		X
		=====	=====			=====		=====
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement  2/ Gross Revenue Conversion Factor (GRCF) Calculation:  7 OPERATING REVENUE 8 LESS: INDIANA ADJUSTED GROSS INCOME 9 (LINE 1 X .065) 10 INCOME BEFORE FED INC TAX 11 LESS: FEDERAL INCOME TAX 12 (LINE 4 X .21) 13 OPERATING INCOME PERCENTAGE 14 GROSS REVENUE CONVERSION 15 FACTOR (100% / LINE 13)							X	
							X	
							X	
							X	
							X	
							X	
							X	

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 7.

**Kentucky Power Company**  
**SAMPLE ONLY**

Plant	Description	Total In Service Cost	Accumulated Depreciation
Mitchell	FGD	X	X
Mitchell	Mitchell Units 1 and 2 Water Injection	X	X
Mitchell	Low NOX Burners	X	X
Mitchell	Low NOX Burner Modification.	X	X
Mitchell	SCR	X	X
Mitchell	Landfill	X	X
Mitchell	Coal Blending Facilities	X	X
Mitchell	SO3 Mitigation	X	X
Mitchell	Mitchell Plant Common CEMS	X	X
Mitchell	Replace Burner Barrier Valves	X	X
Mitchell	Gypsum Material Handling Facilities	X	X
Mitchell	Precipitator Modifications - Mitchell Plant Units 1 and 2	X	X
Mitchell	Bottom Ash and Fly Ash Handling - Mitchell Plant Units 1 and 2	X	X
Mitchell	Mercury Monitoring (MATS) - Mitchell Plant Units 1 and 2	X	X
Mitchell	Dry Fly Ash Handling Conversion - Mitchell Plant Units 1 and 2	X	X
Mitchell	Coal Combustion Waste Landfill - Mitchell Plant Units 1 and 2	X	X
Mitchell	Electrostatic Precipitator Upgrade - Mitchell Plant Unit 2	X	X
Mitchell	<b>Non-FGD Total</b>	X	X
Rockport	Precipitator Modifications - Rockport Plant Units 1 & 2	X	X
Rockport	*Activated Carbon Injection (ACI) and Mercury Monitoring - Rockport	X	X
Rockport	*Dry Sorbent Injection - Rockport Plant Units 1 and 2	X	X
Rockport	Coal Combustion Waste Landfill Upgrade To Accept Type 1 Ash --	X	X
Rockport	Continuous Emission Monitors (CEMS) - Rockport Plant	X	X
Rockport	Rockport Units 1 and 2 Low NOX Burners	X	X
Rockport	Over Fire Air	X	X
Rockport	Landfill	X	X
Rockport	<b>Total</b>	X	X

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT  
 CURRENT PERIOD REVENUE REQUIREMENT  
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,  
 and (OVER)/UNDER RECOVERY ADJUSTMENT

SAMPLE ONLY

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	X	X
2	FERC Wholesale Revenues	X	X
3	Associated Utilities Revenues	X	X
4	Non-Assoc. Utilities Revenues	X	X
5	Total Revenues for Surcharges Purposes	X	X
6	Non-Physical Revenues for Month	X	
7	Total Revenues for Month	X	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Line 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	
1	Surcharge Amount To Be Collected (Line 8 of Form 1 from two months prior)	X
2	Actual Billed Environmental Surcharge Revenues	X
3	(Over) / Under Recovery (1) - (2) = (3)	X

The (Over)/Under Recovery amount is to be recorded on ES FORM 1.00, LINE 7.

**Kentucky Power Company  
Total Billed Revenues  
As Used in Calculation of ES Form 3.30  
Calendar Year 201x**

<u>Line No.</u>	<u>Revenue Category</u> (1)	<u>Total</u> (2)	<u>Percentage of</u> <u>Total</u> (3)	<u>Residential/ All Other Classes to be used in 201x</u> (4)
1	Residential	X	X	X
2	All Other Classes	X	X	X
3	Total Retail Revenues	X	X	X
4	FERC Wholesale Revenues	X	X	
5	Associated Utilities Revenues	X	X	
6	Non Associated Utilities Revenues	X	X	
7	Non-Physical Sales	X	X	
8	Total Revenues	X		

KENTUCKY POWER COMPANY  
Environmental Surcharge  
Billed Revenues

Month	Residential Revenues	Residential Big Sandy Retirement Revenues	Residential Environmental Surcharge Revenues	Residential PPA Revenues	Residential ATR Revenues	Residential, Non-Percentage of Revenue Rider Revenues
(1)	(2)	(3)	(4)	(5)	(6)	(7) (2)-(3)-(4)-(5)-(6)
X	X	X	X	X	X	X
X	X	X	X	X	X	X
X	X	X	X	X	X	X
X	X	X	X	X	X	X
X	X	X	X	X	X	X
X	X	X	X	X	X	X
X	X	X	X	X	X	X
X	X	X	X	X	X	X
X	X	X	X	X	X	X
X	X	X	X	X	X	X
X	X	X	X	X	X	X
X	X	X	X	X	X	X
X	X	X	X	X	X	X
X	X	X	X	X	X	X
X	X	X	X	X	X	X
Average Monthly Residential Revenues for 12-Month Period ended with most Recent Expense Month						X

Non-Residential, Non-Fuel Revenues								
Month	Non-Residential Revenues	Base Rate Fuel Revenue	Fuel Adjustment Clause Revenue	Non-Residential Big Sandy Retirement Revenues	ATR	Non-Residential Environmental Surcharge Revenues	Non-Residential PPA Revenues	Non-Residential, Non-Percentage of Revenue Rider Total Revenues
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) (2)-(3)-(4)-(5)-(6)-(7)
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
Average Monthly Non-Residential Revenues for 12-Month Period ended with most Recent Expense Month								X

Kentucky Power Company  
Environmental Surcharge  
Cash Working Capital Calculation  
SAMPLE ONLY

ES 3.33

		<u>Rockport</u>	<u>Mitchell Non-FGD</u>	<u>Mitchell FGD</u>
1	May 2017	X	X	X
2	April 2017	X	X	X
3	March 2017	X	X	X
4	February 2017	X	X	X
5	January 2017	X	X	X
6	December 2016	X	X	X
7	November 2016	X	X	X
8	October 2016	X	X	X
9	September 2016	X	X	X
10	August 2016	X	X	X
11	July 2016	X	X	X
12	June 2016	X	X	X
	1/8 of 12-Month Total	X	X	X

---

---

Kentucky Power Company  
System Sales Clause  
X Month Period Ended XXX  
SAMPLE ONLY

1	SSC Base Net Revenue	\$	7,163,948
2	Actual Net SSC Margins - X months ended - Form 2.0	\$	8,213,321
3	(Increase)/Decrease of System Sales Net Revenue (Ln 1 - Ln 2)	\$	(1,049,373)
4	Customer Rate (Credit)/Charge - 75% Customer Sharing (Ln 3 * 75%)	\$	(787,030)
5	Actual Prior Period Amount Collected/(Credited)	\$	100,000
6	Prior Period Amount to be Collected/(Credited)	\$	90,000
7	Total OSS Amount to be Charged/(Credited) (Ln 4 - Ln 5 + Ln 6)	\$	(797,030)
8	Total Period Sales (kWh)		5,555,555,555
9	SSC kWh Factor (Line 7/Line 8)	\$	(0.0001435)

Kentucky Power Company  
 System Sales Clause  
 KY Retail Jurisdiction  
 SAMPLE ONLY

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
OSS Margin Base Credit*	\$ 596,996	\$ 596,996	\$ 596,996	\$ 596,996	\$ 596,996	\$ 596,996	\$ 596,996	\$ 596,996	\$ 596,996	\$ 596,996	\$ 596,996	\$ 596,996	\$ 7,163,948
Actual OSS Margins - Form 3.0 (Illustrative)	\$ 1,900,000	\$ 1,250,000	\$ 425,000	\$ 60,000	\$ 125,000	\$ 1,650,000	\$ 1,700,000	\$ 2,250,000	\$ 1,000,000	\$ 212,000	\$ 303,000	\$ 1,000,000	\$ 11,875,000
Non-Associated Utilities (OSS) Environmental Costs **	\$ 82,775	\$ 137,966	\$ 463,137	\$ 584,493	\$ 534,162	\$ 152,359	\$ 218,632	\$ 808,243	\$ 390,807	\$ 125,452	\$ 76,628	\$ 87,025	\$ 3,661,679
													\$ 8,213,321

\* The monthly base credit is the annual base amount divided by 12. These monthly base amounts will be used in any calculation that does not include a full 12-month period.

\*\* ES Form

Account	Acct Name	January	February	March	April	May	June	July	August	September	October	November	December	Total
4470001	Sales for Resale - Assoc Cos													
4470006	Sales for Resale-Bookout Sales													
4470010	Sales for Resale-Bookout Purch													
4470028	Sale/Resale - NA - Fuel Rev													
4470066	Power Trading Transmission Expense - NonAssociated													
4470081	Financial Spark Gas - Realized													
4470082	Financial Electric Realized													
4470089	PJM Energy Sales Margin													
4470098	PJM Oper. Reserve Rev-OSS													
4470099	Capacity Cr. Net Sales													
4470100	PJM FTR Revenue-OSS													
4470106	PJM Pt2Pt Trans.Purch-NonAff.													
4470107	PJM NITS Purch-NonAff.													
4470109	PJM FTR Revenue-Spec													
4470110	PJM TO Admin. Exp.-NonAff.													
4470112	Non-Trading Bookout Sales-OSS													
4470115	PJM Meter Corrections-OSS													
4470124	PJM Incremental Spot-OSS													
4470126	PJM Incremental Imp Cong-OSS													
4470131	Non-Trading Bookout Purch-OSS													
4470143	Financial Hedge Realized													
4470151	Trading Auction Sales Affil													
4470168	Interest Rate Swaps-Power													
4470170	Non-ECR Auction Sales-OSS													
4470174	PJM Whise FTR Rev - OSS													
4470204	PJM Spinning-Credit													
4470206	PJM Trans loss credits-OSS													
4470209	PJM Transm loss charges-OSS													
4470214	PJM 30m Suppl Reserve CR OSS													
4470215	PJM 30m Suppl Reserve CH OSS													
4470220	PJM Regulation - OSS													
4470221	PJM Spinning Reserve - OSS													
4470222	PJM Reactive - OSS													
5550039	PJM Inadvertent Mtr Res-OSS													
5550088	Normal Capacity Purchases													
5550099	PJM Purchases-non-ECR-Auction													
5550100	Capacity Purchases-Auction													
5550107	Capacity purchases - Trading													
5570007	Other Power Ex- Wholesale RECS													
5614000	PJM Admin-SSCR&DS-OSS													
5618000	PJM Admin-RP&SDS-OSS													
5757000	PJM Admin-MAM&SC- OSS													
XXXXXX	Additional accounts may be added													

Total (Sum of Revenues and Expenses)  
Total -Signed Reversed for Form 2.0)

**Kentucky Power Company**  
**Purchase Power Adjustment**  
**XXXXX-Month Period ended XXXX**  
**SAMPLE ONLY**

<u>Line</u>		
(1)	Actual Non-Rockport PPA Costs X-Months Ended xxx - Form 3.0	79,835,179
(2)	Non-Rockport PPA Base Rate Amount - Form 5.0 (Based on No. of Months)	78,737,938
(3)	Non-Rockport Current Period Revenue Requirement (Line 1 - Line 2)	1,097,240
(4)	Increase in Rockport Collection - Reduction of Amount of Rockport Base Rate Deferral (2020 - Dec 8, 2022)*	
(5)	Rockport Fixed Cost Savings (Dec 9, 2022+)	(11,111,111)
(6)	Subtotal (Line 3 + Line 4 + Line 5)	(10,013,871)
(7)	Gross-Up (Line 6 X .005425)	(543,252)
(8)	Rockport Deferral Amount to be Recovered through the PPA (Dec 9, 2022 - Dec 8, 2027)	13,834,418
(9)	Estimated Rockport Offset Amount (2023)	821,670
(10)	Rockport Offset True-Up (2024)	(164,334)
(11)	PPA Revenue Requirement before Prior Period Over/Under (Line 6 + Line 7 + Line 8 + Line 9 + Line 10)	3,934,631
(12)	Actual PPA Revenue Collected For X-Months Ended xxxxxx from PPA Form 4.0	7,777,777
(13)	Prior Period PPA Revenue Target - Previous PPA Update Filing	8,888,888
(14)	Going Level PPA Revenue Requirement (Line 11 - Line 12 + Line 13)	<u>5,045,742</u>

a.) Demand	\$4,660,892
b.) Energy	<u>\$384,850</u>
	\$5,045,742

\* \$5 million in 2020, \$10 million in 2021 and 2022

Kentucky Power Company  
Purchase Power Adjustment Rate Design

PPA - Form 2.0

	Demand	Energy	Total
KY Retail Jurisdiction Revenue Requirement	\$4,660,892	\$384,850	\$5,045,742

<u>Class</u> (1)	Historic Period Billing Energy (2)	Historic Period Billing Demand (3)	Test Year CP / kWh Ratio (4)	CP Demand Allocation Factor (5) = (2) x (4)	Allocated Demand Related Costs on (5) (6)	Allocated Energy Related Costs on (2) (7)	\$ / kW Rate (8) = (6) / (3)	\$ / kWh Rate (9) = (7) / (2)	Revenue Verification (10)	Difference (11) = (10) - (6) - (7)
RES	2,042,413,442		0.0240909%	492,036	\$2,295,119	\$141,285	\$ -	\$0.00119	\$2,430,472	-\$5,932
GS (SGS/MGS)	592,644,207		0.0196551%	116,485	543,348	40,996	\$ -	\$0.00099	586,718	\$2,374
LGS	630,280,009	1,933,460	0.0170480%	107,450	501,204	43,600	\$ 0.26	\$0.00007	546,819	\$2,015
LGS LMTOD	1,930,735		0.0170480%	329	1,535	134	\$ -	\$0.00086	1,660	-\$9
IGS	2,242,555,474	3,501,814	0.0126039%	282,649	1,318,426	155,130	\$ 0.37	\$0.00007	1,452,650	-\$20,906
MW	1,992,095		0.0135480%	270	1,259	138	\$ -	\$0.00070	1,394	-\$3
OL	43,044,440		0.0000000%	0	0	2,978	\$ -	\$0.00007	3,013	\$35
SL	8,517,885		0.0000000%	0	0	589	\$ -	\$0.00007	596	\$7
<b>Total</b>	<b>5,563,378,287</b>	<b>5,435,274</b>		<b>999,219</b>	<b>\$4,660,891</b>	<b>\$384,850</b>			<b>\$5,023,323</b>	<b>(\$22,418)</b>

Kentucky Power Company  
PPA Costs  
Actual Operating Expenses for the XX Month period ended XXXX  
SAMPLE ONLY

Account	Description	Actual Period Total	Classification	Allocation	Retail Total
4561005	PJM Point to Point Trans Svc	(\$111,111)	Demand	1.00	\$ (111,111)
4561002	RTO Formation Cost Recovery	(\$222,222)	Demand	1.00	\$ (222,222)
4561035-LSE	PJM Affiliated Trans NITS Cost	\$44,444,444	Demand	1.00	\$ 44,444,444
4561036-LSE	PJM Affiliated Trans TO Cost	\$555,555	Energy	1.00	\$ 555,555
4561060-LSE	Affil PJM Trans Enhancmnt Cost	\$777,777	Demand	1.00	\$ 777,777
5650012	PJM Trans Enhancement Charge	\$5,555,555	Demand	1.00	\$ 5,555,555
5650016	PJM NITS Expense - Affiliated	\$18,888,888	Demand	1.00	\$ 18,888,888
5650019	Affil PJM Trans Enhncement Exp	\$4,444,444	Demand	1.00	\$ 4,444,444
<b>PJM LSE OATT</b>		<b>\$74,333,330</b>			<b>\$ 74,333,330</b>
<b>PJM LSE OATT Base Amount</b>					<b>\$ 74,038,517</b>
<b>Incremental PJM LSE OATT</b>					<b>\$ 294,813</b>
<b>80% of Incremental PJM LSE OATT</b>					<b>\$ 235,850</b>
<b>PJM LSE OATT To be included in PPA</b>					<b>\$ 74,274,367</b>
Purchase Power Limitation (including forced outage limitation) - Acct 555	\$	5,555,555	Energy	1.00	\$ 5,555,556
CS IRP Credits - Acct 44X	\$	77,777	Demand	1.00	\$ 77,777
Incidental Gas Sales - 5010040	\$	(22,222)	Energy	0.986	\$ (21,911)
FERC vs KY Retail ROE Delta Return Calculation		(\$50,611)	Demand	1	(\$50,611)
<b>Total PPA Costs</b>					<b>\$79,835,179</b>

	\$	%
Total Demand	\$ 73,745,978	0.924
Total Energy	\$ 6,089,200	0.076

Kentucky Power Company  
 PPA Revenue Collected  
 XX-Month Period ended XXX

<u>Line</u>	<u>Tariff Class</u>	<u>Total for Over/Under</u>
(1)	RES	-
(2)	GS (Includes SGS-TOD and MGS-TOD)	-
(3)	LGS	-
(4)	LGS LMTOD	-
(5)	IGS	-
(6)	MW	-
(7)	OL	-
(8)	SL	-
(9)	Total	-
(10)	Total Revenue Collected	-

PPA Rider Base Rate Amounts  
 12 Months Ended February 28, 2017  
 KPCo KY Retail Jurisdiction

PPA - Form 5.0

Line	Account	Description	Adjusted Test Year Total	Classification
(1)	4561005	PJM Point to Point Trans Svc	(\$535,143)	Demand
(2)	4561002	RTO Formation Cost Recovery	\$196,296	Demand
(3)	4561035	PJM Affiliated Trans NITS Cost	\$45,453,207	Demand
(4)	4561036	PJM Affiliated Trans TO Cost	\$566,356	Energy
(5)	4561060	Affil PJM Trans Enhancmnt Cost	\$788,524	Demand
(6)	5650012	PJM Trans Enhancement Charge	\$5,035,193	Demand
(7)	5650016	PJM NITS Expense - Affiliated	\$18,568,254	Demand
(8)	5650019	Affil PJM Trans Enhncement Exp	\$3,965,830	Demand
(9)	PJM LSE OATT Base Amount		\$74,038,517	
(10)	Purchase Power Limitation Base Amount - Acct 555		\$ 4,671,377	Energy
(11)	CS IRP Credits Base Amount - Acct 44X		\$ 42,026	Demand
(12)	Incidental Gas Sales Base Amount - 5010040		\$ (13,982)	Energy
(13)	<b>Total PPA Base Amount</b>		<b>\$78,737,938</b>	
(14)	Monthly PPA Base Amount to be used for Periods less than 12 months (Line 13/12)		<b>\$6,561,494.84</b>	

FERC vs KY Retail ROE Delta Return Calculation

			<u>Source</u>
a	TO Transmission Rate Base	\$ 319,471,085	2018 OATT TCOS
b	KY Juris Retail Demand Factor	0.985	2017-00179 Section V, Allocation Factor
c = a*b	KY Retail TO Trans Rate Base	\$ 314,679,018	calculation
d	Base Rate KY Retail Trans Rate Base	\$ 266,193,975	2017-00179 Class Cost of Service
e = c-d	Difference	\$ 48,485,043	calculation
f	TO WACC @ 11.49 ROE	7.55%	2018 OATT TCOS
g	TO WACC @ 9.75 ROE	6.78%	2018 OATT TCOS
h = f-g	Difference	0.77%	calculation
j = e*h	TO Return Delta	\$ 371,431	calculation
k	GRCF	1.6351	2018 OATT TCOS
l = j*k	<b>2018 Tariff PPA Revenue Credit</b>	<b>\$ 607,326</b>	calculation
m	Monthly Amount to be used for Periods less than 12 months (Line 11/12)	<b><u><u>\$50,611</u></u></b>	

WACC 9.11%  
 Monthly 0.7592%  
 Monthly Payment \$1,152,868  
 Retail Revenue Requirement \$13,834,418

Line	Month	Additions	Levelized Payment	Calculated Change in RA	Month End Reg Asset Balance Excl. CC	ADIT on RA	ADIT Balance	Balance of Components Subject to WACC	Carrying Charges on Principal net of ADIT only	Carrying Charges on Total Reg Asset net of ADIT	Month End Reg Asset Balance
1	January-18	1,250,000		1,250,000	1,250,000	(437,500)	(437,500)	812,500	-		1,250,000
2	February-18	1,250,000		1,250,000	2,500,000	(437,500)	(875,000)	1,625,000	6,168		2,506,168
3	March-18	1,250,000		1,250,000	3,750,000	(437,500)	(1,312,500)	2,437,500	12,336		3,768,505
4	April-18	1,250,000		1,250,000	5,000,000	(437,500)	(1,750,000)	3,250,000	18,505		5,037,009
5	May-18	1,250,000		1,250,000	6,250,000	(437,500)	(2,187,500)	4,062,500	24,673		6,311,682
6	June-18	1,250,000		1,250,000	7,500,000	(437,500)	(2,625,000)	4,875,000	30,841		7,592,523
7	July-18	1,250,000		1,250,000	8,750,000	(437,500)	(3,062,500)	5,687,500	37,009		8,879,533
8	August-18	1,250,000		1,250,000	10,000,000	(437,500)	(3,500,000)	6,500,000	43,178		10,172,710
9	September-18	1,250,000		1,250,000	11,250,000	(437,500)	(3,937,500)	7,312,500	49,346		11,472,056
10	October-18	1,250,000		1,250,000	12,500,000	(437,500)	(4,375,000)	8,125,000	55,514		12,777,570
11	November-18	1,250,000		1,250,000	13,750,000	(437,500)	(4,812,500)	8,937,500	61,682		14,089,253
12	December-18	1,250,000		1,250,000	15,000,000	(437,500)	(5,250,000)	9,750,000	67,851		15,407,103
13	January-19	1,250,000		1,250,000	16,250,000	(437,500)	(5,687,500)	10,562,500	74,019		16,731,122
14	February-19	1,250,000		1,250,000	17,500,000	(437,500)	(6,125,000)	11,375,000	80,187		18,061,309
15	March-19	1,250,000		1,250,000	18,750,000	(437,500)	(6,562,500)	12,187,500	86,355		19,397,664
16	April-19	1,250,000		1,250,000	20,000,000	(437,500)	(7,000,000)	13,000,000	92,523		20,740,188
17	May-19	1,250,000		1,250,000	21,250,000	(437,500)	(7,437,500)	13,812,500	98,692		22,088,879
18	June-19	1,250,000		1,250,000	22,500,000	(437,500)	(7,875,000)	14,625,000	104,860		23,443,739
19	July-19	1,250,000		1,250,000	23,750,000	(437,500)	(8,312,500)	15,437,500	111,028		24,804,767
20	August-19	1,250,000		1,250,000	25,000,000	(437,500)	(8,750,000)	16,250,000	117,196		26,171,964
21	September-19	1,250,000		1,250,000	26,250,000	(437,500)	(9,187,500)	17,062,500	123,365		27,545,328
22	October-19	1,250,000		1,250,000	27,500,000	(437,500)	(9,625,000)	17,875,000	129,533		28,924,861
23	November-19	1,250,000		1,250,000	28,750,000	(437,500)	(10,062,500)	18,687,500	135,701		30,310,562
24	December-19	1,250,000		1,250,000	30,000,000	(437,500)	(10,500,000)	19,500,000	141,869		31,702,431
25	January-20	833,333		833,333	30,833,333	(291,667)	(10,791,667)	20,041,667	148,038		32,683,802
26	February-20	833,333		833,333	31,666,667	(291,667)	(11,083,333)	20,583,333	152,150		33,669,285
27	March-20	833,333		833,333	32,500,000	(291,667)	(11,375,000)	21,125,000	156,262		34,658,880
28	April-20	833,333		833,333	33,333,333	(291,667)	(11,666,667)	21,666,667	160,374		35,652,588
29	May-20	833,333		833,333	34,166,667	(291,667)	(11,958,333)	22,208,333	164,486		36,650,407
30	June-20	833,333		833,333	35,000,000	(291,667)	(12,250,000)	22,750,000	168,598		37,652,339
31	July-20	833,333		833,333	35,833,333	(291,667)	(12,541,667)	23,291,667	172,710		38,658,382
32	August-20	833,333		833,333	36,666,667	(291,667)	(12,833,333)	23,833,333	176,823		39,668,538
33	September-20	833,333		833,333	37,500,000	(291,667)	(13,125,000)	24,375,000	180,935		40,682,806
34	October-20	833,333		833,333	38,333,333	(291,667)	(13,416,667)	24,916,667	185,047		41,701,186
35	November-20	833,333		833,333	39,166,667	(291,667)	(13,708,333)	25,458,333	189,159		42,723,679
36	December-20	833,333		833,333	40,000,000	(291,667)	(14,000,000)	26,000,000	193,271		43,750,283
37	January-21	416,667		416,667	40,416,667	(145,833)	(14,145,833)	26,270,833	197,383		44,364,333
38	February-21	416,667		416,667	40,833,333	(145,833)	(14,291,667)	26,541,667	199,439		44,980,439
39	March-21	416,667		416,667	41,250,000	(145,833)	(14,437,500)	26,812,500	201,495		45,598,602
40	April-21	416,667		416,667	41,666,667	(145,833)	(14,583,333)	27,083,333	203,552		46,218,820
41	May-21	416,667		416,667	42,083,333	(145,833)	(14,729,167)	27,354,167	205,608		46,841,094
42	June-21	416,667		416,667	42,500,000	(145,833)	(14,875,000)	27,625,000	207,664		47,465,424
43	July-21	416,667		416,667	42,916,667	(145,833)	(15,020,833)	27,895,833	209,720		48,091,811
44	August-21	416,667		416,667	43,333,333	(145,833)	(15,166,667)	28,166,667	211,776		48,720,253
45	September-21	416,667		416,667	43,750,000	(145,833)	(15,312,500)	28,437,500	213,832		49,350,752
46	October-21	416,667		416,667	44,166,667	(145,833)	(15,458,333)	28,708,333	215,888		49,983,307
47	November-21	416,667		416,667	44,583,333	(145,833)	(15,604,167)	28,979,167	217,944		50,617,918
48	December-21	416,667		416,667	45,000,000	(145,833)	(15,750,000)	29,250,000	220,000		51,254,584
49	January-22	444,126		444,126	45,444,126	(155,444)	(15,905,444)	29,538,682	222,056		51,920,767
50	February-22	444,126		444,126	45,888,252	(155,444)	(16,060,888)	29,827,364	224,248		52,589,141
51	March-22	444,126		444,126	46,332,378	(155,444)	(16,216,332)	30,116,046	226,439		53,259,706
52	April-22	444,126		444,126	46,776,504	(155,444)	(16,371,776)	30,404,728	228,631		53,932,463
53	May-22	444,126		444,126	47,220,630	(155,444)	(16,527,221)	30,693,410	230,823		54,607,412
54	June-22	444,126		444,126	47,664,756	(155,444)	(16,682,665)	30,982,092	233,014		55,284,552
55	July-22	444,126		444,126	48,108,882	(155,444)	(16,838,109)	31,270,774	235,206		55,963,884
56	August-22	444,126		444,126	48,553,009	(155,444)	(16,993,553)	31,559,456	237,397		56,645,407
57	September-22	444,126		444,126	48,997,135	(155,444)	(17,148,997)	31,848,138	239,589		57,329,122
58	October-22	444,126		444,126	49,441,261	(155,444)	(17,304,441)	32,136,819	241,780		58,015,029
59	November-22	444,126		444,126	49,885,387	(155,444)	(17,459,885)	32,425,501	243,972		58,703,127
59	Dec 1 - Dec 8, 2022	114,613		114,613	50,000,000	(40,115)	(17,500,000)	32,500,000	63,526		58,881,266
60	Dec 9 - Dec 31, 2022		855,354	(855,354)		216,398	(17,283,602)	40,975,391		233,081	58,258,993
61	January-23		1,152,868	(1,152,868)		291,667	(16,991,935)	40,425,261		311,072	57,417,197
62	February-23		1,152,868	(1,152,868)		291,667	(16,700,269)	39,870,955		306,895	56,571,224
63	March-23		1,152,868	(1,152,868)		291,667	(16,408,602)	39,312,440		302,687	55,721,042
64	April-23		1,152,868	(1,152,868)		291,667	(16,116,935)	38,749,686		298,447	54,866,621
65	May-23		1,152,868	(1,152,868)		291,667	(15,825,269)	38,182,659		294,175	54,007,928
66	June-23		1,152,868	(1,152,868)		291,667	(15,533,602)	37,611,328		289,870	53,144,930

WACC 9.11%  
 Monthly 0.7592%  
 Monthly Payment \$1,152,868  
 Retail Revenue Requirement \$13,834,418

Line	Month	Additions	Levelized Payment	Calculated Change in RA	Month End Reg Asset Balance Excl.		ADIT on RA	ADIT Balance	Balance of Components Subject to WACC	Carrying Charges on Principal net of ADIT only	Carrying Charges on Total Reg Asset net of ADIT	Month End Reg Asset Balance
					CC							
67	July-23		1,152,868	(1,152,868)			291,667	(15,241,935)	37,035,659		285,533	52,277,594
68	August-23		1,152,868	(1,152,868)			291,667	(14,950,269)	36,455,620		281,162	51,405,888
69	September-23		1,152,868	(1,152,868)			291,667	(14,658,602)	35,871,177		276,759	50,529,779
70	October-23		1,152,868	(1,152,868)			291,667	(14,366,935)	35,282,298		272,322	49,649,233
71	November-23		1,152,868	(1,152,868)			291,667	(14,075,269)	34,688,948		267,851	48,764,216
72	December-23		1,152,868	(1,152,868)			291,667	(13,783,602)	34,091,093		263,347	47,874,695
73	January-24		1,152,868	(1,152,868)			291,667	(13,491,935)	33,488,700		258,808	46,980,635
74	February-24		1,152,868	(1,152,868)			291,667	(13,200,269)	32,881,733		254,235	46,082,002
75	March-24		1,152,868	(1,152,868)			291,667	(12,908,602)	32,270,159		249,627	45,178,761
76	April-24		1,152,868	(1,152,868)			291,667	(12,616,935)	31,653,942		244,984	44,270,877
77	May-24		1,152,868	(1,152,868)			291,667	(12,325,269)	31,033,046		240,306	43,358,315
78	June-24		1,152,868	(1,152,868)			291,667	(12,033,602)	30,407,438		235,593	42,441,040
79	July-24		1,152,868	(1,152,868)			291,667	(11,741,935)	29,777,079		230,843	41,519,015
80	August-24		1,152,868	(1,152,868)			291,667	(11,450,269)	29,141,935		226,058	40,592,204
81	September-24		1,152,868	(1,152,868)			291,667	(11,158,602)	28,501,970		221,236	39,660,572
82	October-24		1,152,868	(1,152,868)			291,667	(10,866,935)	27,857,146		216,377	38,724,081
83	November-24		1,152,868	(1,152,868)			291,667	(10,575,269)	27,207,426		211,482	37,782,695
84	December-24		1,152,868	(1,152,868)			291,667	(10,283,602)	26,552,775		206,550	36,836,377
85	January-25		1,152,868	(1,152,868)			291,667	(9,991,935)	25,893,153		201,580	35,885,088
86	February-25		1,152,868	(1,152,868)			291,667	(9,700,269)	25,228,524		196,572	34,928,793
87	March-25		1,152,868	(1,152,868)			291,667	(9,408,602)	24,558,849		191,527	33,967,451
88	April-25		1,152,868	(1,152,868)			291,667	(9,116,935)	23,884,090		186,443	33,001,025
89	May-25		1,152,868	(1,152,868)			291,667	(8,825,269)	23,204,208		181,320	32,029,477
90	June-25		1,152,868	(1,152,868)			291,667	(8,533,602)	22,519,166		176,159	31,052,768
91	July-25		1,152,868	(1,152,868)			291,667	(8,241,935)	21,828,922		170,958	30,070,858
92	August-25		1,152,868	(1,152,868)			291,667	(7,950,269)	21,133,439		165,718	29,083,707
93	September-25		1,152,868	(1,152,868)			291,667	(7,658,602)	20,432,675		160,438	28,091,277
94	October-25		1,152,868	(1,152,868)			291,667	(7,366,935)	19,726,592		155,118	27,093,527
95	November-25		1,152,868	(1,152,868)			291,667	(7,075,269)	19,015,148		149,758	26,090,417
96	December-25		1,152,868	(1,152,868)			291,667	(6,783,602)	18,298,303		144,357	25,081,905
97	January-26		1,152,868	(1,152,868)			291,667	(6,491,935)	17,576,016		138,915	24,067,952
98	February-26		1,152,868	(1,152,868)			291,667	(6,200,269)	16,848,246		133,431	23,048,515
99	March-26		1,152,868	(1,152,868)			291,667	(5,908,602)	16,114,951		127,906	22,023,553
100	April-26		1,152,868	(1,152,868)			291,667	(5,616,935)	15,376,089		122,339	20,993,024
101	May-26		1,152,868	(1,152,868)			291,667	(5,325,269)	14,631,617		116,730	19,956,886
102	June-26		1,152,868	(1,152,868)			291,667	(5,033,602)	13,881,494		111,078	18,915,096
103	July-26		1,152,868	(1,152,868)			291,667	(4,741,935)	13,125,676		105,384	17,867,612
104	August-26		1,152,868	(1,152,868)			291,667	(4,450,269)	12,364,121		99,646	16,814,389
105	September-26		1,152,868	(1,152,868)			291,667	(4,158,602)	11,596,783		93,864	15,755,386
106	October-26		1,152,868	(1,152,868)			291,667	(3,866,935)	10,823,621		88,039	14,690,556
107	November-26		1,152,868	(1,152,868)			291,667	(3,575,269)	10,044,589		82,169	13,619,858
108	December-26		1,152,868	(1,152,868)			291,667	(3,283,602)	9,259,642		76,255	12,543,245
109	January-27		1,152,868	(1,152,868)			291,667	(2,991,935)	8,468,737		70,296	11,460,673
110	February-27		1,152,868	(1,152,868)			291,667	(2,700,269)	7,671,827		64,292	10,372,096
111	March-27		1,152,868	(1,152,868)			291,667	(2,408,602)	6,868,868		58,242	9,277,470
112	April-27		1,152,868	(1,152,868)			291,667	(2,116,935)	6,059,813		52,146	8,176,748
113	May-27		1,152,868	(1,152,868)			291,667	(1,825,269)	5,244,615		46,004	7,069,884
114	June-27		1,152,868	(1,152,868)			291,667	(1,533,602)	4,423,229		39,815	5,956,831
115	July-27		1,152,868	(1,152,868)			291,667	(1,241,935)	3,595,607		33,580	4,837,543
116	August-27		1,152,868	(1,152,868)			291,667	(950,269)	2,761,702		27,297	3,711,971
117	September-27		1,152,868	(1,152,868)			291,667	(658,602)	1,921,467		20,966	2,580,069
118	October-27		1,152,868	(1,152,868)			291,667	(366,935)	1,074,853		14,587	1,441,788
119	November-27		1,152,868	(1,152,868)			291,667	(75,269)	221,811		8,160	297,080
120	Dec 1 - Dec 8, 2027		297,514	(297,514)			75,269	(0)	0		435	0
Totals		50,000,000	69,172,089	(19,172,089)			(0)			8,881,266	10,290,823	

Kentucky Power Company  
 Exhibit 2 - Rockport  
 SAMPLE ONLY

(1) Rockport Fixed Cost Savings

Amount of Rockport Fixed Cost in Base Rates \$ 11,111,111

(2) 2023 Rockport Offset Calculation

	<u>Calculation</u>	<u>Rockport Offset</u>		<u>Source</u>
		<u>Estimated</u>	<u>Actual</u>	
a	12 Month Net GAAP Income	\$ 97,000,000	\$ 97,100,000	Q4 2023 Per Books as Reported SEC Kentucky Power Company
b	13 Month Average Common Equity	\$ 1,000,000,000	\$ 1,000,000,000	Q4 2023 Per Books as Reported SEC Kentucky Power Company
c = a/b	Return on Common Equity	9.70%	9.71%	Calculation
d	Kentucky Power Allowed Retail ROE	9.75%	9.75%	Commission Order
	If D < C, Stop			
	If D > C, Continue to Part e			
e = (b*d)-a	Net GAAP Income Increase Required to Earn Allowed Retail ROE	\$ 500,000	\$ 400,000	Calculation
f	Gross Revenue Conversion Factor	1.64334	1.64334	Commission Order, or as updated in a future Commission proceeding
g = e*f	Rockport Offset	\$ 821,670	\$ 657,336	Calculation
= g	<u>Amount to Be Recovered Through Tariff PPA</u>	<u>\$ 821,670</u>		

(3) 2024 Rockport Offset True-up (Actual - Estimate)

\$ (164,334)

Class Billing Determinants  
XXXXX-Month Period ended XXXX

Workpaper

Tariff Summary For Review Period

Billing Energy

Class  
(1)

RES	2,042,413,442
GS (SGS/MGS)	592,644,207
LGS	630,280,009
LGS LMTOD	1,930,735
IGS	2,242,555,474
MW	1,992,095
OL	43,044,440
SL	8,517,885
Total	5,563,378,287

KENTUCKY POWER COMPANY  
Gross Revenue Conversion

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF	WACC (PRE-TAX)
		<b>As of 2/28/2017*</b>						
1	L/T DEBT	\$648,913,758	53.45%	4.36%		2.33%	1.005425	2.3426%
2	S/T DEBT	\$0	1.00%	1.25%		0.01%	1.005425	0.0101%
3	ACC'TS REC FINANCING	\$46,105,009	3.87%	1.95%		0.08%	1.005425	0.0804%
4	C EQUITY	\$496,766,726	41.68%	<b>9.75%</b> **		4.06%	<b>1.352116</b>	5.4896%
5	TOTAL	<b>\$1,191,785,493</b>	<b>100.00%</b>					<b>7.9227%</b>

6	Operating Revenues	<u>Debt</u> 100.0000	<u>Equity</u> 100.0000
7	Less Uncollectible Accounts Expense	0.3400	0.3400
8	KPSC Maintenance Assessment Fee	0.1996	0.1996
9	Income Before Income Taxes	99.4604	99.4604
10	Less State Income Taxes (Ln 9 x 5.8742)		5.8425
11	Income Before Federal Income Taxes		93.6179
12	Less Federal Income Taxes (Ln 11*21%)		19.6598
13	Operating Income Percentage		73.9581
14	Gross Up Factor (100.00/Ln 13)	1.005425	1.3521

**TARIFF R.S.**  
**(Residential Service)**

**AVAILABILITY OF SERVICE.**

Available for full domestic electric service through 1 (one) meter to individual residential customers including rural residential customers engaged principally in agricultural pursuits.

**RATE.** (Tariff Codes 015, 017, 022)

Service Charge..... \$ 14.00 per month  
Energy Charge: ..... 10.265¢ per KWH

**MINIMUM CHARGE.**

This tariff is subject to a minimum monthly charge equal to the Service Charge.

**ADJUSTMENT CLAUSES.**

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Fuel Adjustment Clause	Sheet No. 5
System Sales Clause	Sheet No. 19
Franchise Tariff	Sheet No. 20
Demand-Side Management Adjustment Clause	Sheet No. 22
Kentucky Economic Development Surcharge	Sheet No. 24
Home Energy Assistance Program	Sheet No. 25
Capacity Charge	Sheet No. 28
Environmental Surcharge	Sheet No. 29
School Tax	Sheet No. 33
Purchase Power Adjustment	Sheet No. 35
Decommissioning Rider	Sheet No. 38

**DELAYED PAYMENT CHARGE.**

Bills under this tariff are due and payable within fifteen (15) days of the mailing date. On all accounts not paid in full by the next billing date, an additional charge of 5% of the unpaid portion will be made.

**VOLUNTEER FIRE DEPARTMENTS** (Tariff Code 024)

Volunteer Fire Departments may qualify pursuant to KRS 278.172 for this tariff but will be required to provide a completed Form 990 and update it annually.

(Cont'd on Sheet No. 6-2)

DATE OF ISSUE: \_\_\_\_\_

DATE EFFECTIVE: Service Rendered On And After January 19, 2017

ISSUED BY: Ranie K. Wohnhas

TITLE: Managing Director, Regulatory & Finance

By Authority Of an Order of the Public Service Commission

In Case No. 2017-00179 Dated XXXXXX

\*William H May, III  
Hurt, Deckard & May  
The Equus Building  
127 West Main Street  
Lexington, KENTUCKY 40507

\*James W Gardner  
Sturgill, Turner, Barker & Moloney, PLLC  
333 West Vine Street  
Suite 1400  
Lexington, KENTUCKY 40507

\*Kentucky Power Company  
Kentucky Power Company  
855 Central Avenue, Suite 200  
Ashland, KY 41101

\*Barry Alan Naum  
Spilman Thomas & Battle, PLLC  
1100 Brent Creek Blvd., Suite 101  
Mechanicsburg, PENNSYLVANIA 17050

\*Jody M Kyler Cohn  
Boehm, Kurtz & Lowry  
36 East Seventh Street  
Suite 1510  
Cincinnati, OHIO 45202

\*Kenneth J Gish, Jr.  
Stites & Harbison  
250 West Main Street, Suite 2300  
Lexington, KENTUCKY 40507

\*Carrie M Harris  
Spilman Thomas & Battle, PLLC  
1100 Brent Creek Blvd., Suite 101  
Mechanicsburg, PENNSYLVANIA 17050

\*Janice Theriot  
Zielke Law Firm PLLC  
1250 Meidinger Tower  
462 South Fourth Avenue  
Louisville, KENTUCKY 40202

\*Katie M Glass  
Stites & Harbison  
421 West Main Street  
P. O. Box 634  
Frankfort, KENTUCKY 40602-0634

\*Don C Parker  
Spilman Thomas & Battle, PLLC  
300 Kanawha Blvd, East  
Charleston, WEST VIRGINIA 25301

\*Justin M. McNeil  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

\*Larry Cook  
Assistant Attorney General  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

\*Elizabeth Sekula  
American Electric Power Service Corporation  
1 Riverside Plaza, 29th Floor  
Post Office Box 16631  
Columbus, OHIO 43216

\*Honorable Kurt J Boehm  
Attorney at Law  
Boehm, Kurtz & Lowry  
36 East Seventh Street  
Suite 1510  
Cincinnati, OHIO 45202

\*Laurence J Zielke  
Zielke Law Firm PLLC  
1250 Meidinger Tower  
462 South Fourth Avenue  
Louisville, KENTUCKY 40202

\*Gregorgy T Dutton  
Frost Brown Todd, LLC  
400 West Market Street  
32nd Floor  
Louisville, KENTUCKY 40202-3363

\*Kent Chandler  
Assistant Attorney General  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

\*Mark E Heath  
Spilman Thomas & Battle, PLLC  
300 Kanawha Blvd, East  
Charleston, WEST VIRGINIA 25301

\*Hector Garcia  
American Electric Power Service Corporation  
1 Riverside Plaza, 29th Floor  
Post Office Box 16631  
Columbus, OHIO 43216

\*Kentucky Power Company  
855 Central Avenue, Suite 200  
Ashland, KY 41101

\*Honorable Michael L Kurtz  
Attorney at Law  
Boehm, Kurtz & Lowry  
36 East Seventh Street  
Suite 1510  
Cincinnati, OHIO 45202

\*Honorable Matthew R Malone  
Attorney at Law  
Hurt, Deckard & May  
The Equus Building  
127 West Main Street  
Lexington, KENTUCKY 40507

\*Honorable Mark R Overstreet  
Attorney at Law  
Stites & Harbison  
421 West Main Street  
P. O. Box 634  
Frankfort, KENTUCKY 40602-0634

\*Morgain Sprague  
Kentucky League of Cities  
101 East Vine Street  
Suite 800  
Lexington, KENTUCKY 40507

\*Rebecca W Goodman  
Assistant Attorney General  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

\*Ranie Wohnhas  
Managing Director  
Kentucky Power Company  
855 Central Avenue Suite 200  
Ashland, KENTUCKY 41101

\*M. Todd Osterloh  
Sturgill, Turner, Barker & Moloney, PLLC  
333 West Vine Street  
Suite 1400  
Lexington, KENTUCKY 40507