

TARIFF S. S. C.
(System Sales Clause)

APPLICABLE.

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., S.G.S., M.G.S., M.G.S.-T.O.D., L.G.S., Q.P., C.I.P.-T.O.D., C.S.-I.R.P., M.W., O.L., and S.L.

RATE.

- 1. When the monthly net revenues from system sales are above or below the monthly base net revenues from system sales, as provided in paragraph 3 below, an additional credit or charge equal to the product of the KWHs and a system sales adjustment factor (A) shall be made, where "A", calculated to the nearest 0.0001 mill per kilowatt-hour, is defined as set forth below.

Up to and including \$30,000,000 of Net System Sales Revenue for any period beginning April 1 through March 31 of the following year.

$$\text{System Sales Adjustment Factor (A)} = (.7 [T_m - T_b]) / S_m$$

After \$30,000,000 of Net System Sales Revenue for any period beginning April 1 through March 31 of the following year.

$$\text{System Sales Adjustment Factor (A)} = (.6 [T_m - T_b]) / S_m$$

In the above formulas "T" is Kentucky Power Company's (KPCo) monthly net revenues from system sales in the current (m) and base (b) periods, and "S" is the KWH sales in the current (m) period, all defined below.

- 2. The net revenue from American Electric Power (AEP) System deliveries to non-associated companies that are shared by AEP Member Companies, including KPCo, in proportion to their Member Load Ratio and as reported in the Federal Energy Regulatory Commission's Uniform System of Accounts under Account 447, Sales for Resale, shall consist of and be derived as follows:

- a. KPCo's Member Load Ratio share of total revenues from system sales as recorded in Account 447, less b. and c. below.
- b. KPCo's Member Load Ratio share of total out-of-pocket costs incurred in supplying the power and energy for the deliveries in a. above.

The out-of-pocket costs include all operating, maintenance, tax, transmission losses and other expenses that would not have been incurred if the power and energy had not been supplied for such deliveries, including demand and energy charges for power and energy supplied by Third Parties.

- c. KPCo's environmental costs allocated to non-associated utilities in the Company's Environmental Surcharge Report.

CANCELLED
JUN 29 2010
KENTUCKY PUBLIC
SERVICE COMMISSION

(Cont'd on Sheet No. 19-2)

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
3/30/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)
By _____ **NTUCKY**
Executive Director

DATE OF ISSUE March 20, 2006 DATE EFFECTIVE Service rendered on and after March 30, 2006

ISSUED BY E.K. Wagner DIRECTOR OF REGULATORY SERVICE By _____ NTUCKY
NAME TITLE

Issued by authority of an Order of the Public Service Commission in Case No. 2005-00341 dated March 14, 2006

**TARIFF S. S. C. (Cont'd.)
 (System Sales Clause)**

3. The base monthly net revenues from system sales are as follows:

<u>Billing Month</u>	<u>Base Net Revenues from System Sales (Total Company Basis)</u>
January	\$ 2,661,693
February	2,236,268
March	1,732,591
April	2,706,860
May	2,365,563
June	3,101,556
July	2,658,364
August	1,660,434
September	1,497,772
October	950,190
November	1,258,779
December	<u>2,025,256</u>
	<u>\$ 24,855,326</u>

4. Sales (S) shall be equated to the sum of (a) generation (including energy produced by generating plant during the construction period), (b) purchase, and (c) interchange-in, less (d) energy associated with pumped storage operations, less (e) inter-system sales and less (f) total system losses.
5. The system sales adjustment factor shall be based upon estimated monthly revenues and costs for system sales, subject to subsequent adjustment upon final determination of actual revenues and costs.
6. The monthly System Sales Clause shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustments, which shall include data, and information as may be required by the Commission.
7. Copies of all documents required to be filed with the Commission under this regulation shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.

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 SERVICE COMMISSION

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ISSUED BY E.K. Wagner E.K. WAGNER DIRECTOR OF REGULATORY SERVICES [Signature] KENTUCKY
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 Executive Director

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