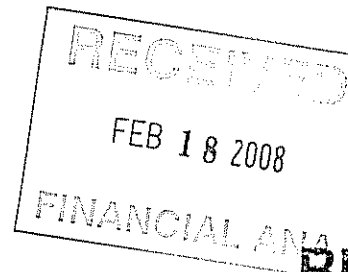




**KENTUCKY  
POWER**

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

**RECEIVED**

**FEB 18 2008**

**PUBLIC SERVICE  
COMMISSION**

Elizabeth O'Donnell, Executive Director  
Public Service Commission  
**Attn: Daryl Newby**  
P. O. Box 615  
Frankfort, KY 40602

18 February 2008

Dear Ms. O'Donnell and Mr. Newby:

Attached are Kentucky Power Company's fuel adjustment clause schedules with supporting sales and fuel cost schedules. These calculations are based on an estimated January 2008 fuel costs with an adjustment reflecting actual December 2007 fuel costs

The fuel adjustment clause factor of \$0.00146/kwh will be applied to our March 2008 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

Also, we are attaching the system sales clause schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated January 2008 net revenue with an adjustment reflecting the true-up of December 2007 net revenue. Pursuant to the Settlement Agreement and the Commission's March 14th Order in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2007 through March 31, 2008 shall be based on 70/30 percent sharing basis. If and when the Company surpasses the off-system sales margin of \$30M, the customer sharing mechanism shall be on a 60/40 basis. The System Sales Clause Schedule, page 1 of 2, shows the net revenue level for January 2008 was \$5,144,466 in excess of the \$30M, therefore, for March 2008 billing, the sharing mechanism was calculated using a 60/40 basis on \$5,144,466.

The net system sales clause factor of \$(0.0019622)/kwh (a credit) will be applied to our March 2008 billing.

All billings during March 2008 will show a combined factor of \$(0.0005022)/kwh (a credit).

If you have any questions, please advise.

Sincerely,

Errol K. Wagner  
Director of Regulatory Services

Attachments

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

**Month Ended:**                      January 2008

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0 00146
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>(\$0.0019622)</u>
3 Total Adjustment Clause Factors		<u><u>(\$0.0005022)</u></u>

Effective Date for Billing March 2008

Submitted by:   
(Signature)

Title: Director of Regulatory Services


Date Submitted: February 18, 2008

**KENTUCKY POWER COMPANY**  
**FUEL ADJUSTMENT CLAUSE SCHEDULE**

**Month Ended:            January 2008**

Fuel Fm (Fuel Cost Schedule)	<u>\$17,233,773</u>		
Sales Sm (Sales Schedule)	759,166,000	( + )	0.02270
Fuel (Fb)	<u>\$13,933,754</u>		
Sales (Sb)	655,865,000	( - )	<u>0.02124</u>
			<u>0.00146</u>
			(\$/KWH)

Effective Date for Billing March 2008

Submitted by:   
(Signature)

Title: Director of Regulatory Services

Date Submitted: February 18, 2008

## KENTUCKY POWER COMPANY

## FUEL COST SCHEDULE

Month Ended: January 2008

A.	Company Generation		
	Coal Burned	(+)	\$14,817,873
	Oil Burned	(+)	12,682
	Gas Burned	(+)	0
	Fuel (jointly owned plant)	(+)	0
	Fuel (assigned cost during F. O )	(+)	0
	Fuel (substitute for F. O )	(-)	
	Sub Total		<u>14,830,555</u>
B.	Purchases		
	Net Energy Cost - Economy Purchases	(+)	0
	Identifiable Fuel Cost - Other Purchases	(+)	12,369,962 *
	Identifiable Fuel Cost (substitute for F. O )	(-)	0
	Sub Total		<u>12,369,962</u>
C.	Inter-System Sales Fuel Costs		<u>10,505,796</u> *
	Sub Total		<u>10,505,796</u>
D.	Total Fuel Cost (A + B - C)		<u>\$16,694,721</u>
E.	Adjustment indicating the difference in actual fuel cost for the month of <u>          Dec 2007          </u> and the estimated cost originally reported <u>                  \$13,640,963                  </u> - <u>                  \$13,156,408                  </u> = <u>(actual)</u> <u>(est)</u> <u>                  484,555                  </u>		
F.	Total Company Over or (Under) Recovery from Page 4, Line 12		<u>(54,497)</u>
G.	Grand Total Fuel Cost (D + E - F)		<u>\$17,233,773</u>

\* Estimated - based on actual Kentucky generation unit costs in

January 2008	<u>\$14,830,555</u>		
	717,631,000	0.02067	/KWH

**KENTUCKY POWER COMPANY****SALES SCHEDULE****Month Ended:** January 2008

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	717,631,000
Purchases Including Interchange In	(+)	<u>598,450,000</u>
Sub Total		1,316,081,000
B. Pumped Storage Energy	(+)	0
Inter-System Sales Including Interchange Out	(+)	508,263,000
System Losses	(+)	<u>48,652,000</u> *
Sub Total		<u>556,915,000</u>
Total Sales (A - B)		<u><u>759,166,000</u></u>

\* Does not include 633,255 KWH of company usage.

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

**Month Ended:            January 2008**

<u>Line</u> <u>No</u>			
1	FAC Rate Billed	( + )	(0.00033)
2	Retail KWH Billed at Above Rate	( x )	<u>733,279,192</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>(241,982)</u>
4	KWH Used to Determine Last FAC Rate Billed	( + )	578,309,000
5	Non-Jurisdictional KWH Included in L4	( - )	<u>7,775,800</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>570,533,200</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		(188,276)
8	Over or (Under) Recovery (L3 - L7)		(53,706)
9	Total Sales (Page 3)	( + )	759,166,000
10	Kentucky Jurisdictional Sales	( / )	<u>748,142,200</u>
11	Ratio of Total Sales to KY. Jurisdictional Sales (L9 / L10)		1.01473
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>(54,497)</u></u>

## KENTUCKY POWER COMPANY

FINAL  
FUEL COST SCHEDULE

Month Ended: Dec 2007

A. Company Generation			
Coal Burned	( + )	\$17,150,694	
Oil Burned	( + )	385,014	
Gas Burned	( + )	0	
Fuel (jointly owned plant)	( + )	0	
Fuel (assigned cost during F. O. )			
( 0 KWH X \$0.000000 )	( + )	0	
Fuel (substitute for F. O. )	( - )	<u>0</u>	
Sub-total		<u>17,535,708</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	( + )	0	
Identifiable Fuel Cost - Other Purchases	( + )	4,232,150	(1)
Identifiable Fuel Cost (substitute for F. O. )			
( 0 KWH X \$0.000000 )	( - )	<u>0</u>	
Sub-total		<u>4,232,150</u>	
C. Inter-System Sales Fuel Costs		<u>8,126,895</u>	(1)
Total Fuel Cost (A + B - C)		<u><u>\$13,640,963</u></u>	

( 1 ) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No 2000-495-B.

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE SCHEDULE**  
Case No. 9061 and  
Stipulation and Settlement Agreement in Case No. 2005-00341  
January 2008

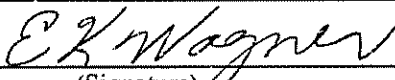
Line No.	Month Ended:			YTD System Sales Profit
1	Current Month (Tm) Net Revenue Level @ 70%	( + )		Feb-07 2,911,080
2	Current Month (Tm) Net Revenue Level @ 60%	( + )	5,144,466	Mar-07 4,277,970
3	Current Month (Tm) Net Revenue Level (Ln 1 + Ln 2)		5,144,466	Apr-07 3,765,051
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	( - )	2,661,693	May-07 2,954,780
5	Increase/(Decrease) of System Sales Net Revenue (Ln 3 - Ln 4)		2,482,773	Jun-07 5,653,449
6	Customer 70% Sharing <sup>1/</sup>	( x )	n/a	Jul-07 6,014,017
7	Customer 60% Sharing <sup>1/</sup>	( x )	0.60	Aug-07 5,448,132
8	Customer Share of Increase/(Decrease) in System Sales Net Revenue		1,489,664	Sep-07 5,647,635
9	Current Month (Sm) Sales Level (Page 3 of 5)	( / )	759,166,000	Oct-07 3,631,657
10	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)		<u>(0.0019622)</u>	Nov-07 4,111,374
				Dec-07 2,933,668
				Jan-08 5,144,466
				<b>Total 52,493,279</b> <sup>1/</sup>

\* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month

Effective Date for Billing:

March 2008

Submitted by:

  
(E. K. Wagner)

Title:

Director of Regulatory Services

Date Submitted:

February 18, 2008

<sup>1/</sup>Up to and including \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 70% After \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 60%



**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE NET REVENUE**

Line No.		Month Ended: January 2008		TOTAL
		CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	
1	Sales For Resale Revenues	\$14,094,444	\$21,941	\$14,116,385
2	Interchange-Delivered Revenues	-0-	-0-	-0-
3	Total System Sales Revenues	14,094,444	21,941	14,116,385
4	Sales For Resale Expenses	\$8,737,288	\$59,056	\$8,796,344
5	Interchange-Delivered Expenses	-0-	-0-	-0-
6	Non-Associated Utilities Monthly Environmental Costs*	175,575	0	175,575
7	Total System Sales Expenses	8,912,863	59,056	8,971,919
8	Total System Sales Net Revenues	<u>\$5,181,581</u>	<u>(\$37,115)</u>	<u>\$5,144,466</u>

\*Source:

ES Form 1.0, Line 3

ES Form 3.3, Line 4

Non-Associated Environmental Costs



**KENTUCKY  
POWER**

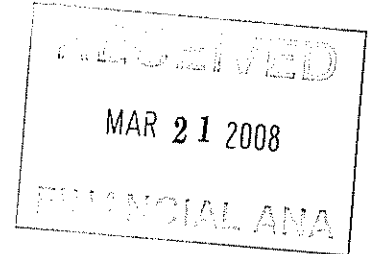
A unit of American Electric Power

RECEIVED

Kentucky Power  
P.O. Box 615  
101A Enterprise Drive  
Frankfort, KY 40602  
www.kyenergy.com  
PUBLIC SERVICE  
COMMISSION

Stephanie L. Stumbo, Executive Director  
Public Service Commission  
Attn: Daryl Newby  
P. O. Box 615  
Frankfort, KY 40602

20 March 2008



Dear Ms. Stumbo and Mr. Newby:

Attached are Kentucky Power Company's fuel adjustment clause schedules with supporting sales and fuel cost schedules. These calculations are based on an estimated February 2008 fuel costs with an adjustment reflecting actual January 2008 fuel costs.

The fuel adjustment clause factor of \$0.00130/kwh will be applied to our April 2008 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

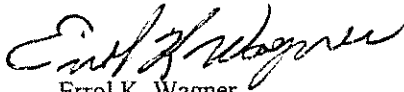
Also, we are attaching the system sales clause schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated February 2008 net revenue with an adjustment reflecting the true-up of January 2008 net revenue. Pursuant to the Settlement Agreement and the Commission's March 14th Order in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2008 through March 31, 2009 shall be based on 70/30 percent sharing basis. If and when the Company surpasses the off-system sales margin of \$30M, the customer sharing mechanism shall be on a 60/40 basis. The System Sales Clause Schedule, page 1 of 2, shows the net revenue level to be applied to our April 2008 billing is in the amount of \$4,273,413 calculated at the 70/30 percent sharing mechanism.

The net system sales clause factor of \$(0.0021916)/kwh (a credit) will be applied to our April 2008 billing.

All billings during April 2008 will show a combined factor of \$(0.0008916)/kwh (a credit).

If you have any questions, please advise.

Sincerely,

  
Errol K. Wagner  
Director of Regulatory Services

Attachments

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

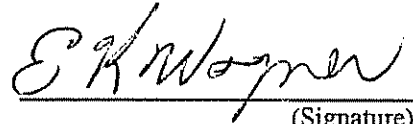
**Month Ended:** February 2008

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0.00130
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>-0.0021916</u>
3 Total Adjustment Clause Factors		<u><u>-\$0.0008916</u></u>

Effective Date for Billing

April 2008

Submitted by:

  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

March 20, 2008

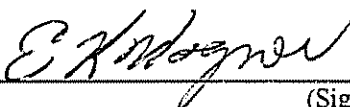
**KENTUCKY POWER COMPANY**

**FUEL ADJUSTMENT CLAUSE SCHEDULE**

**Month Ended: February 2008**

Fuel Fm (Fuel Cost Schedule)	<u>\$14,665,666</u>		
Sales Sm (Sales Schedule)	650,662,000	( + )	0.02254
Fuel (Fb)	<u>\$13,933,754</u>		
Sales (Sb)	655,865,000	( - )	<u>0.02124</u>
			<u>0.00130</u>
			(\$/KWH)

Effective Date for Billing April 2008

Submitted by:   
(Signature)

Title: Director of Regulatory Services

Date Submitted: March 20, 2008

## KENTUCKY POWER COMPANY

## FUEL COST SCHEDULE

Month Ended: February 2008

A. Company Generation			
Coal Burned	(+)	\$10,803,238	
Oil Burned	(+)	444,290	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O. )	(+)	0	
Fuel (substitute for F. O. )	(-)		
Sub Total			<u>11,247,528</u>
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	13,495,849	*
Identifiable Fuel Cost (substitute for F. O. )	(-)	0	
Sub Total			<u>13,495,849</u>
C. Inter-System Sales Fuel Costs			<u>9,373,359</u> *
Sub Total			<u>9,373,359</u>
D. Total Fuel Cost (A + B - C)			<u>\$15,370,018</u>
E. Adjustment indicating the difference in actual fuel cost for the month of _____ Month 2008 and the estimated cost originally reported.			
		<u>\$15,983,793</u> ✓	-
	(actual)		<u>\$16,694,721</u>
			(est.)
			= <u>(710,928)</u>
F. Total Company Over or (Under) Recovery from Page 4, Line 12			<u>(6,576)</u>
G. Grand Total Fuel Cost (D + E - F)			<u>\$14,665,666</u>

\* Estimated - based on actual Kentucky generation unit costs in  
February 2008

\$11,247,528  
504,430,000

0.02230 /KWH

**KENTUCKY POWER COMPANY****SALES SCHEDULE****Month Ended:** February 2008

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	504,430,000
Purchases Including Interchange In	(+)	<u>605,195,000</u>
Sub Total		1,109,625,000
 B. Pumped Storage Energy	 (+)	 0
Inter-System Sales Including Interchange Out	(+)	420,330,000
System Losses	(+)	<u>38,633,000</u> *
Sub Total		<u>458,963,000</u>
Total Sales (A - B)		<u><u>650,662,000</u></u>

\* Does not include 580,654 KWH of company usage

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

**Month Ended: February 2008**

<u>Line</u> <u>No.</u>			
1	FAC Rate Billed	( + )	(0.00009)
2	Retail KWH Billed at Above Rate	( x )	<u>697,050,333</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>(62,735)</u>
4	KWH Used to Determine Last FAC Rate Billed	( + )	634,751,000
5	Non-Jurisdictional KWH Included in L4	( - )	<u>9,667,300</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>625,083,700</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		(56,258)
8	Over or (Under) Recovery (L3 - L7)		(6,477)
9	Total Sales (Page 3)	( + )	650,662,000
10	Kentucky Jurisdictional Sales	( / )	<u>640,860,500</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (L9 / L10)		1.01529
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>(6,576)</u></u>

## KENTUCKY POWER COMPANY

FINAL  
FUEL COST SCHEDULE

Month Ended: Month 2008

A. Company Generation			
Coal Burned	(+)	\$20,100,172	
Oil Burned	(+)	27,411	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O. )			
( KWH X )	(+)	0	
Fuel (substitute for F O )	(-)	<u>0</u>	
Sub-total		<u>20,127,583</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	4,846,278	(1)
Identifiable Fuel Cost (substitute for F. O. )			
( KWH X )	(-)	<u>0</u>	
Sub-total		<u>4,846,278</u>	
C. Inter-System Sales Fuel Costs		<u>8,990,068</u>	(1)
Total Fuel Cost (A + B - C)		<u><u>\$15,983,793</u></u>	

( 1 ) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No. 2000-495-B



**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE SCHEDULE**  
**Case No. 9061 and**  
**Stipulation and Settlement Agreement in Case No. 2005-00341**  
**February 2008**

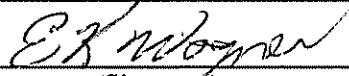
Line No.	Month Ended:			YTD System Sales Profit
1	Current Month (Tm) Net Revenue Level @ 70%	( + )	4,273,413	Feb-08
2	Current Month (Tm) Net Revenue Level @ 60%	( + )	n/a	Mar-08
3	Current Month (Tm) Net Revenue Level (Ln 1 + Ln 2)			Apr-08
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	( - )	2,236,268	May-08
5	Increase/(Decrease) of System Sales Net Revenue (Ln 3 - Ln 4)		2,037,145	Jun-08
6	Customer 70% Sharing <sup>1/</sup>	( x )	70%	Jul-08
7	Customer 60% Sharing <sup>1/</sup>	( x )	n/a	Aug-08
8	Customer Share of Increase/(Decrease) in System Sales Net Revenue		1,426,002	Sep-08
9	Current Month (Sm) Sales Level (Page 3 of 5)	( / )	650,662,000	Oct-08
				Nov-08
				Dec-08
				Jan-09
				<b>Total</b>
				4,273,413 <sup>1/</sup>
10	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)		<u>-0.0021916</u>	*

\* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month.

Effective Date for Billing:

April 2008

Submitted by:

  
 (Signature)

Title:

Director of Regulatory Services

Date Submitted:

March 20, 2008

<sup>1/</sup>Up to and including \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 70%. After \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 60%.

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE NET REVENUE**

Line No.	Month Ended: February 2008		TOTAL
	CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	
1	\$10,974,875	(\$21,553)	\$10,953,322
2	-0-	-0-	-0-
3	10,974,875	(21,553)	10,953,322
4	\$6,876,072	(\$238,900)	\$6,637,172
5	-0-	-0-	-0-
6	42,737	0	42,737
7	6,918,809	(238,900)	6,679,909
8	<u>\$4,056,066</u>	<u>\$217,347</u>	<u>\$4,273,413</u>

\*Source:

ES Form 1.0, Line 3

ES Form 3.3, Line 4

Non-Associated Environmental Costs

FIA



**RECEIVED**  
APR 21 2008  
**FINANCIAL ANA**

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

Stephanie L. Stumbo, Executive Director  
Public Service Commission  
Attn: Daryl Newby  
P. O. Box 615  
Frankfort, KY 40602

**RECEIVED**  
APR 18 2008  
PUBLIC SERVICE  
COMMISSION

18 April 2008

Dear Ms. Stumbo and Mr. Newby:

Attached are Kentucky Power Company's fuel adjustment clause schedules with supporting sales and fuel cost schedules. These calculations are based on an estimated March 2008 fuel costs with an adjustment reflecting actual February 2008 fuel costs.

The fuel adjustment clause factor of \$(0.00047)/kwh (a credit) will be applied to our May 2008 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

Also, we are attaching the system sales clause schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated March 2008 net revenue with an adjustment reflecting the true-up of February 2008 net revenue. Pursuant to the Settlement Agreement and the Commission's March 14th Order in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2008 through March 31, 2009 shall be based on 70/30 percent sharing basis. If and when the Company surpasses the off-system sales margin of \$30M, the customer sharing mechanism shall be on a 60/40 basis. The System Sales Clause Schedule, page 1 of 2, shows the net revenue level to be applied to our May 2008 billing is in the amount of \$3,075,288 calculated at the 70/30 percent sharing mechanism.

The net system sales clause factor of \$(0.0015062)/kwh (a credit) will be applied to our May 2008 billing.

All billings during May 2008 will show a combined factor of \$(0.0019762)/kwh (a credit).

If you have any questions, please advise

Sincerely,

Errol K. Wagner  
Director of Regulatory Services

Attachments

**KENTUCKY POWER COMPANY**

**SUMMARY OF ADJUSTMENT CLAUSES**

**Month Ended: March 2008**

- 1 Fuel Adjustment Clause Factor (Page 1 of 5) (+) -\$0.00047
- 2 System Sales Clause Factor (Page 1 of 2) (+) -.0015062
- 3 Total Adjustment Clause Factors -\$0.0019762

Effective Date for Billing

May 2008

Submitted by:

*E. H. Wagner*  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

April 18, 2008

**KENTUCKY POWER COMPANY**  
**FUEL ADJUSTMENT CLAUSE SCHEDULE**

**Month Ended:        March 2008**

Fuel Fm (Fuel Cost Schedule)	\$12,960,506		
Sales Sm (Sales Schedule)	<u>624,013,000</u>	( + )	0.02077
Fuel (Fb)	\$13,933,754		
Sales (Sb)	<u>655,865,000</u>	( - )	<u>0.02124</u>
			<u>(0.00047)</u>
			(\$/KWH)

Effective Date for Billing May 2008

Submitted by:   
(Signature)

Title: Director of Regulatory Services

Date Submitted: April 18, 2008

## KENTUCKY POWER COMPANY

## FUEL COST SCHEDULE

Month Ended: March 2008

A.	Company Generation			
	Coal Burned	(+)	\$16,120,998	
	Oil Burned	(+)	6,746	
	Gas Burned	(+)	0	
	Fuel (jointly owned plant)	(+)	0	
	Fuel (assigned cost during F. O. )	(+)	0	
	Fuel (substitute for F. O. )	(-)		
	Sub Total		<u>16,127,744</u>	
B.	Purchases			
	Net Energy Cost - Economy Purchases	(+)	0	
	Identifiable Fuel Cost - Other Purchases	(+)	8,076,505	*
	Identifiable Fuel Cost (substitute for F. O. )	(-)	0	
	Sub Total		<u>8,076,505</u>	
C.	Inter-System Sales Fuel Costs		<u>10,059,982</u>	*
	Sub Total		<u>10,059,982</u>	
D.	Total Fuel Cost (A + B - C)		<u><u>\$14,144,267</u></u>	
E.	Adjustment indicating the difference in actual fuel cost for the month of <u>February 2008</u> and the estimated cost originally reported <u>\$14,058,372</u> - <u>\$15,370,018</u> = <u>(1,311,646)</u> (actual) (est)			
F.	Total Company Over or (Under) Recovery from Page 4, Line 12		<u>(127,885)</u>	
G.	Grand Total Fuel Cost (D + E - F)		<u><u>\$12,960,506</u></u>	

\* Estimated - based on actual Kentucky generation unit costs in  
March 2008

<u>\$16,127,744</u>		
748,157,000	0.02156	/KWH

**KENTUCKY POWER COMPANY****SALES SCHEDULE****Month E March 2008**

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	748,157,000
Purchases Including Interchange Ir	(+)	<u>374,606,000</u>
Sub Total		<u>1,122,763,000</u>
B. Pumped Storage Energy	(+)	0
Inter-System Sales Including Inter	(+)	466,604,000
System Losses	(+)	<u>32,146,000</u> *
Sub Total		<u>498,750,000</u>
Total Sales (A - B)		<u><u>624,013,000</u></u>

\*Does not include 576,732 kWh of Company usage.

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

**March 2008**

Line No			
1	FAC Rate Billed	( + )	0.00146
2	Retail KWH Billed at Above Rate	( x )	<u>661,819,555</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>966,257</u>
4	KWH Used to Determine Last FAC Rate Billed	( + )	759,166,000
5	Non-Jurisdictional KWH Included in L4	( - )	<u>11,023,800</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>748,142,200</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		1,092,288
8	Over or (Under) Recovery (L3 - L7)		(126,031)
9	Total Sales (Page 3)	( + )	624,013,000
10	Kentucky Jurisdictional Sales	( / )	<u>614,968,100</u>
11	Ratio of Total Sales to KY. Jurisdictional Sales (L9 / L10)		1.01471
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>(127,885)</u></u>



## KENTUCKY POWER COMPANY

FINAL  
FUEL COST SCHEDULE

Month Ended: February 2008

A. Company Generation			
Coal Burned	(+)	\$15,828,905	
Oil Burned	(+)	531,725	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O. )			
( 124,586,000 KWH X \$0.015829 )	(+)	1,972,072	
Fuel (substitute for F. O. )	(-)	<u>0</u>	
Sub-total		<u>18,332,702</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	4,487,528	(1)
Identifiable Fuel Cost (substitute for F. O. )			
( 124,586,000 KWH X \$0.015829 )	(-)	<u>1,972,072</u>	
Sub-total		<u>2,515,456</u>	
C. Inter-System Sales Fuel Costs			
		<u>6,789,786</u>	(1)
Total Fuel Cost (A + B - C)		<u><u>\$14,058,372</u></u>	

( 1 ) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No. 2000-495-B.

**KENTUCKY POWER COMPANY  
SYSTEM SALES CLAUSE SCHEDULE**

Case No. 9061 and

Stipulation and Settlement Agreement in Case No. 2005-00341

March 2008

Line No.	Month Ended:		
1	Current Month (Tm) Net Revenue Level @ 70%	(+)	<u>3,075,288</u>
2	Current Month (Tm) Net Revenue Level @ 60%	(+)	
3	Current Month (Tm) Net Revenue Level (Ln 1 + Ln 2)		3,075,288
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	(-)	<u>1,732,591</u>
5	Increase/(Decrease) of System Sales Net Revenue (Ln 3 - Ln 4)		1,342,697
6	Customer 70% Sharing <sup>1/</sup>	(x)	70%
7	Customer 60% Sharing <sup>1/</sup>	(x)	
8	Customer Share of Increase/(Decrease) in System Sales Net Revenue		939,888
9	Current Month (Sm) Sales Level (Pg 3 of 5)	(/)	<u>624,013,000</u>
10	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)		<u><u>-0015062</u></u> *

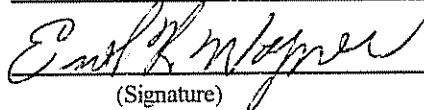
YTD System Sales Profit	
Feb-08	4,273,413
Mar-08	3,075,288
Apr-08	
Apr-08	
May-08	
Jun-08	
Jul-08	
Aug-08	
Sep-08	
Oct-08	
Nov-08	
Dec-08	
Jan-09	
<b>Total</b>	<b>7,348,701</b> <sup>1/</sup>

\* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month.

Effective Date for Billing:

May 2008

Submitted by:

  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

April 18, 2008

<sup>1/</sup> Up to and including \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 70%.  
After \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 60%

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE NET REVENUE**

Month Ended:            **March 2008**

Line No.		<u>CURRENT MONTH</u>	<u>PRIOR MO. TRUE-UP ADJUSTMENT</u>	<u>TOTAL</u>
1	Sales For Resale Revenues	\$10,796,726	(\$56,244)	\$10,740,482
2	Interchange-Delivered Revenues	-0-	-0-	-0-
3	Total System Sales Revenues	10,796,726	(56,244)	10,740,482
4	Sales For Resale Expenses	\$7,518,132	\$104,078	\$7,622,210
5	Interchange-Delivered Expenses	-0-	-0-	-0-
6	Non-Associated Utilities Monthly Environmental Costs*	<u>42,984</u>	<u>0</u>	<u>42,984</u>
7	Total System Sales Expenses	7,561,116	104,078	7,665,194
8	Total System Sales Net Revenues	<u>\$3,235,610</u>	<u>(\$160,322)</u>	<u>\$3,075,288</u>

\*Source:

ES Form 1.0, Line 3

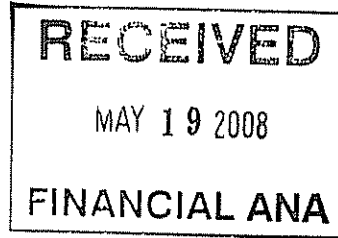
ES Form 3.3, Line 4

Non-Associated Environmental Costs



**KENTUCKY  
POWER**

A unit of American Electric Power



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

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**MAY 19 2008**

**PUBLIC SERVICE  
COMMISSION**

Stephanie L. Stumbo, Executive Director  
Public Service Commission  
**Attn: Daryl Newby**  
P. O. Box 615  
Frankfort, KY 40602

19 May 2008

Dear Ms. Stumbo and Mr. Newby:

Attached are Kentucky Power Company's fuel adjustment clause schedules with supporting sales and fuel cost schedules. These calculations are based on an estimated April 2008 fuel costs with an adjustment reflecting actual March 2008 fuel costs.

The fuel adjustment clause factor of \$0.00719/kwh will be applied to our June 2008 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

As discussed in the April 4, 2008 conference, KPCo undercollected \$5,715,451 as a result of using the new higher base fuel cost in calculating the FAC factors for billings rendered in January and February 2008. Pursuant to the Commission's memo dated May 1, 2008, Kentucky Power Company will show, as a separate line item on Page 2 of 5 of the fuel schedules, an adjustment of \$2,857,725.50 to reflect the allocation of the under-collection evenly over the billing months of June and July 2008.

Also, we are attaching the system sales clause schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated April 2008 net revenue with an adjustment reflecting the true-up of March 2008 net revenue. Pursuant to the Settlement Agreement and the Commission's March 14th Order in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2008 through March 31, 2009 shall be based on 70/30 percent sharing basis. If and when the Company surpasses the off-system sales margin of \$30M, the customer sharing mechanism shall be on a 60/40 basis. The System Sales Clause Schedule, page 1 of 2, shows the net revenue level to be applied to our June 2008 billing is in the amount of \$3,283,321 calculated at the 70/30 percent sharing mechanism.

The net system sales clause factor of \$(0.0007707)/kwh (a credit) will be applied to our June 2008 billing.

All billings during June 2008 will show a combined factor of \$0.0064193/kwh.

If you have any questions, please advise.

Sincerely,

Errol K. Wagner  
Director of Regulatory Services

Attachments

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

**Month Ended:** April 2008

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0.00719
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>-\$0.0007707</u>
3 Total Adjustment Clause Factors		<u><u>\$0.0064193</u></u>

Effective Date for Billing June 2008

Submitted by:   
(Signature)

Title: Director of Regulatory Services

Date Submitted: May 19, 2008

**KENTUCKY POWER COMPANY**  
**FUEL ADJUSTMENT CLAUSE SCHEDULE**

**Month Ended:** April 2008

Fuel Fm (Fuel Cost Schedule)	\$14,885,914		
Sales Sm (Sales Schedule)	<u>523,554,000</u>	( + )	0.02843
Fuel (Fb)	\$13,933,754		
Sales (Sb)	<u>655,865,000</u>	( - )	0.02124
			<u>0.00719</u>
			(\$/KWH)

Effective Date for Billing June 2008

Submitted by:   
(Signature)

Title: Director of Regulatory Services

Date Submitted: May 19, 2008

## KENTUCKY POWER COMPANY

## FUEL COST SCHEDULE

Month Ended: April 2008

A. Company Generation			
Coal Burned	(+)	\$12,849,202	
Oil Burned	(+)	21,465	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O. )	(+)	0	
Fuel (substitute for F. O. )	(-)	0	
Sub Total		<u>12,870,667</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	9,865,899	*
Identifiable Fuel Cost (substitute for F. O. )	(-)	0	
Sub Total		<u>9,865,899</u>	
C. Inter-System Sales Fuel Costs		<u>11,011,741</u>	*
Sub Total		<u>11,011,741</u>	
D. Total Fuel Cost (A + B - C)		<u><u>\$11,724,825</u></u>	
E. Adjustment indicating the difference in actual fuel cost for the month of <u>March 2008</u> and the estimated cost originally reported. <u>\$14,364,633</u> - <u>\$14,144,267</u> = <u>220,366</u> (actual) (est)			
F. Total Company Over or (Under) Recovery from Page 4, Line 12		<u>(82,998)</u>	
G. Grand Total Fuel Cost (D + E - F)		<u><u>\$12,028,189</u></u>	
H. Additional Over/(Under) Recovery re: Rollin of New Base Fuel Costs for Bills Rendered on or after December 31, 2007 <sup>1/</sup>		<u>(\$2,857,725)</u>	
I. Adjusted Grand Total Fuel Costs (G-H)		<u><u>\$14,885,914</u></u>	

\* Estimated - based on actual Kentucky generation unit costs in month of:

April 2008	<u>\$12,870,667</u>		
	601,202,000	0.02141	/KWH

<sup>1/</sup> Per Kentucky PSC Memorandum Dated May 1, 2008

**KENTUCKY POWER COMPANY**

**SALES SCHEDULE**

April 2008

		<u>Kilowatt-Hours</u>
A.	Generation (Net)	(+ ) 601,202,000
	Purchases Including Interchange In	(+ ) <u>460,808,000</u>
	Sub Total	<u>1,062,010,000</u>
B	Pumped Storage Energy	(+ ) 0
	Inter-System Sales Including Interchange Out	(+ ) 514,327,000
	System Losses	(+ ) <u>24,129,000</u> *
	Sub Total	<u>538,456,000</u>
	Total Sales (A - B)	<u><u>523,554,000</u></u>

\* Does not include 401,902 kWh of Company usage



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

April 2008

Line No			
1	FAC Rate Billed	( + )	0.00130
2	Retail KWH Billed at Above Rate	( x )	<u>577,860,865</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>751,219</u>
4	KWH Used to Determine Last FAC Rate Billed	( + )	650,662,000
5	Non-Jurisdictional KWH Included in L4	( - )	<u>9,801,500</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>640,860,500</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		833,119
8	Over or (Under) Recovery (L3 - L7)		(81,900)
9	Total Sales (Page 3)	( + )	523,554,000
10	Kentucky Jurisdictional Sales	( / )	<u>516,627,600</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (L9 / L10)		1.01341
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>(82,998)</u></u>

## KENTUCKY POWER COMPANY

FINAL  
FUEL COST SCHEDULE

Month Ended: March 2008

A. Company Generation			
Coal Burned	(+)	\$20,040,124	
Oil Burned	(+)	227,669	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O )			
( 0 KWH X \$0 000000 )	(+)	0	
Fuel (substitute for F. O.)	(-)	<u>0</u>	
Sub-total		<u>20,267,793</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	3,649,503	(1)
Identifiable Fuel Cost (substitute for F. O )			
( 0 KWH X \$0 000000 )	(-)	<u>0</u>	
Sub-total		<u>3,649,503</u>	
C Inter-System Sales Fuel Costs		<u>9,552,663</u>	(1)
Total Fuel Cost (A + B - C)		<u><u>\$14,364,633</u></u>	

( 1 ) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No 2000-495-B.

**KENTUCKY POWER COMPANY  
SYSTEM SALES CLAUSE SCHEDULE**

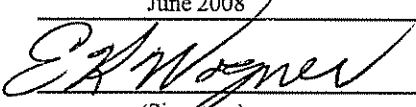
Case No. 9061 and  
Stipulation and Settlement Agreement in Case No. 2005-00341  
Month Ended: April 2008

YTD System Sales Profit	
Feb-08	4,273,413
Mar-08	3,075,288
Apr-08	3,283,321
Apr-08	
May-08	
Jun-08	
Jul-08	
Aug-08	
Sep-08	
Oct-08	
Nov-08	
Dec-08	
Jan-09	
<b>Total</b>	<b>10,632,022</b> <sup>1/</sup>

Line No.	Month Ended:		
1	Current Month (Tm) Net Revenue Level @ 70%	(+) 3,283,321	
2	Current Month (Tm) Net Revenue Level @ 60%	(+) _____	
3	Current Month (Tm) Net Revenue Level (Ln 1 + Ln 2)	3,283,321	
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	(-) 2,706,860	
5	Increase/(Decrease) of System Sales Net Revenue (Ln 3 - Ln 4)	576,461	
6	Customer 70% Sharing <sup>1/</sup>	(x) 70%	
7	Customer 60% Sharing <sup>1/</sup>	(x) n/a	
8	Customer Share of Increase/(Decrease) in System Sales Net Revenue	403,523	
9	Current Month (Sm) Sales Level (Pg 3 of 5)	(/) 523,554,000	
10	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)	(\$0.0007707) *	

\* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month.

Effective Date for Billing: June 2008

Submitted by:   
(Signature)

Title: Director of Regulatory Services

Date Submitted: May 19, 2008

<sup>1/</sup>Up to and including \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 70%. After \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 60%.

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE NET REVENUE**

Month Ended:            April 2008

Line No.	CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	TOTAL
1	\$10,421,752	(\$12,841)	\$10,408,911
2	-0-	-0-	-0-
3	10,421,752	(12,841)	10,408,911
4	\$6,806,760	\$77,361	\$6,884,121
5	-0-	-0-	-0-
6	241,469	0	241,469
7	7,048,229	77,361	7,125,590
8	<u>\$3,373,523</u>	<u>(\$90,202)</u>	<u>\$3,283,321</u>

\*Source:

ES Form 1 0, Line 3

ES Form 3 3, Line 4

Non-Associated Environmental Costs



**KENTUCKY  
POWER**

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

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**JUN 17 2008**

**PUBLIC SERVICE  
COMMISSION**

Stephanie L. Stumbo, Executive Director  
Public Service Commission  
**Attn: Daryl Newby**  
P. O. Box 615  
Frankfort, KY 40602

17 June 2008

Dear Ms. Stumbo and Mr. Newby:

Attached are Kentucky Power Company's fuel adjustment clause schedules with supporting sales and fuel cost schedules. These calculations are based on an estimated May 2008 fuel costs with an adjustment reflecting actual April 2008 fuel costs.

The fuel adjustment clause factor of \$0.01302/kwh will be applied to our July 2008 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

As discussed at the April 4, 2008 conference, KPCo undercollected \$5,715,451 as a result of using the new higher base fuel cost in calculating the FAC factors for billings rendered in January and February 2008. Pursuant to the Commission's memo dated May 1, 2008, Kentucky Power Company will show, as a separate line item on Page 2 of 5 of the fuel schedules, an adjustment of \$2,857,725.50 to reflect the allocation of the under-collection evenly over the billing months of June and July 2008.

Pursuant to the Commission's Order dated June 12, 2008 in Case No. 2007-00522 approving the Company's request to begin recovery of the Net Transmission Marginal Line Loss costs associated with Accounts 4470207 and 4470208, the attached Page 2 of 5, Section B, has been revised to reflect a new line item entitled Net Transmission Marginal Line Loss. In addition, the Commission's Order granted the Company's request to recover the under-collection of the Net Transmission Marginal Line Loss incurred for the five month period June 2007 through October 2007. Pursuant to the June 12, 2008 Order, the Company will reflect an adjustment of \$1,057,548.02 evenly over the billing months of July through November 2008 to reflect the costs associated with Accts. 4470207 and 4470208 (please see attached Page 2 of 5, Section I).

Page 2  
Ms. Stumbo and Mr. Newby  
17 June 2008

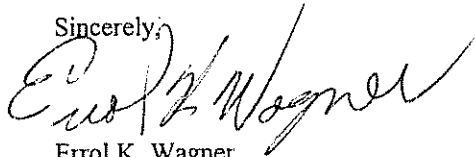
Also, we are attaching the system sales clause schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated May 2008 net revenue with an adjustment reflecting the true-up of April 2008 net revenue. Pursuant to the Settlement Agreement and the Commission's March 14th Order in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2008 through March 31, 2009 shall be based on 70/30 percent sharing basis. If and when the Company surpasses the off-system sales margin of \$30M, the customer sharing mechanism shall be on a 60/40 basis. The System Sales Clause Schedule, page 1 of 2, shows the net revenue level to be applied to our July 2008 billing is in the amount of \$3,636,818 calculated at the 70/30 percent sharing mechanism.

The net system sales clause factor of \$(0.0017078)/kwh (a credit) will be applied to our July 2008 billing.

All billings during July 2008 will show a combined factor of \$0.0113122/kwh.

If you have any questions, please advise.

Sincerely,

A handwritten signature in black ink, appearing to read "Errol K. Wagner". The signature is fluid and cursive, written over the printed name.

Errol K. Wagner  
Director of Regulatory Services

Attachments

**KENTUCKY POWER COMPANY**

**SUMMARY OF ADJUSTMENT CLAUSES**

**Month Ended:** May 2008

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0.01302
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>-\$0.0017078</u>
3 Total Adjustment Clause Factors		<u><u>\$0.0113122</u></u>

Effective Date for Billing

July 2008

Submitted by:

  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:


June 17, 2008

**KENTUCKY POWER COMPANY**  
**FUEL ADJUSTMENT CLAUSE SCHEDULE**

**Month Ended:            May 2008**

Fuel Fm (Fuel Cost Schedule)	<u>\$17,851,308</u>		
Sales Sm (Sales Schedule)	521,072,000	( + )	0.03426
Fuel (Fb)	<u>\$13,933,754</u>		
Sales (Sb)	655,865,000	( - )	<u>0.02124</u>
			<u>0.01302</u>
			(\$/KWH)

Effective Date for Billing July 2008

Submitted by:   
(Signature)

Title: Director of Regulatory Services

Date Submitted: June 17, 2008



**KENTUCKY POWER COMPANY**  
**FUEL COST SCHEDULE**  
**Month Ended: May 2008**

A	Company Generation				
	Coal Burned	(+)	\$2,729,036		
	Oil Burned	(+)	92,231		
	Gas Burned	(+)	0		
	Fuel (jointly owned plant)	(+)	0		
	Fuel (assigned cost during F. O )	(+)	0		
	Fuel (substitute for F. O )	(-)	0		
	Sub Total				<u>2,821,267</u>
B	Purchases				
	Net Transmission Marginal Line Loss				
	(Accounts 4470207 and 4470208)	(+)	773,177		
	Net Energy Cost - Economy Purchases	(+)	18,668,039		
	Identifiable Fuel Cost - Other Purchases	(+)	0	*	
	Identifiable Fuel Cost (substitute for F. O. )	(-)	0		
	Sub Total				<u>19,441,216</u>
C	Inter-System Sales Fuel Costs		7,945,410	*	
	Sub Total		7,945,410		
D	Total Fuel Cost (A + B - C)				<u><u>\$14,317,073</u></u>
E	Adjustment indicating the difference in actual fuel cost				
	for the month of <u>April 2008</u> and the estimated cost				
	originally reported <u>\$11,387,848</u> - <u>\$11,724,825</u> =				<u>(336,977)</u>
	(actual) (est)				
F	Total Company Over or (Under) Recovery from Page 4, Line 12				<u>44,061</u>
G	Grand Total Fuel Cost (D + E - F)				\$13,936,035
H	Additional Over/(Under) Recovery re: Rollin of				
	New Base Fuel Costs for Bills Rendered on or after				
	December 31, 2007 <sup>1/</sup>				(\$2,857,725) <sup>1/</sup>
I	Net Transmission Marginal Line Adjustment				<u>\$1,057,548.02</u> **
j	Adjusted Grand Total Fuel Cost				<u><u>\$17,851,308</u></u>

\* Estimated - based on actual Kentucky generation unit costs in  
May 2008 \$2,821,267 \$0.02494 /KWH  
113,120,000

\*\*Above charge is one fifth of the Net Transmission Marginal Line Loss Adjustment associated with Accts 4470207 and 4470208 for the months June 2007 thru October 2007, pursuant to PSC Order in Case No. 2007-00522 dated June 12, 2008

<sup>1/</sup> Per Kentucky PSC Memorandum Dated May 1, 2008

**KENTUCKY POWER COMPANY****SALES SCHEDULE****Month Ended:** May 2008

		<u>Kilowatt-Hours</u>
A	Generation (Net)	(+)
		113,120,000
	Purchases Including Interchange In	(+)
		<u>748,518,000</u>
	Sub Total	861,638,000
B	Pumped Storage Energy	(+)
		0
	Inter-System Sales Including Interchange Out	(+)
		318,581,000
	System Losses	(+)
		<u>21,985,000</u> *
	Sub Total	<u>340,566,000</u>
	Total Sales (A - B)	<u><u>521,072,000</u></u>

\* Does not include 361,973 KWH of company usage

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

**Month Ended:            May 2008**

<u>Line No</u>			
1	FAC Rate Billed	( + )	(0.00047)
2	Retail KWH Billed at Above Rate	( x )	<u>522,436,415</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>(245,545)</u>
4	KWH Used to Determine Last FAC Rate Billed	( + )	624,013.000
5	Non-Jurisdictional KWH Included in L4	( - )	<u>9,044.900</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>614,968,100</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		(289,035)
8	Over or (Under) Recovery (L3 - L7)		43,490
9	Total Sales (Page 3)	( + )	521,072.000
10	Kentucky Jurisdictional Sales	( / )	<u>514,311,400</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (L9 / L10)		1.01314
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>44,061</u></u>

## KENTUCKY POWER COMPANY

FINAL  
FUEL COST SCHEDULE

Month Ended: April 2008

A Company Generation			
Coal Burned	( + )	\$17,560,701	
Oil Burned	( + )	108,071	
Gas Burned	( + )	0	
Fuel (jointly owned plant)	( + )	0	
Fuel (assigned cost during F. O. )			
( KWH X )	( + )	0	
Fuel (substitute for F. O. )	( - )	<u>0</u>	
Sub-total		<u>17,668,772</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	( + )	0	
Identifiable Fuel Cost - Other Purchases	( + )	4,262,108	(1)
Identifiable Fuel Cost (substitute for F. O. )			
( KWH X )	( - )	<u>0</u>	
Sub-total		<u>4,262,108</u>	
C Inter-System Sales Fuel Costs		<u>10,543,032</u>	(1)
Total Fuel Cost (A + B - C)		<u><u>\$11,387,848</u></u>	

( 1 ) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No 2000-495-B

**KENTUCKY POWER COMPANY  
SYSTEM SALES CLAUSE SCHEDULE**

**Case No. 9061 and  
Stipulation and Settlement Agreement in Case No. 2005-00341  
May 2008**

Line No.	Month Ended:			YTD System Sales Profit
1	Current Month (Tm) Net Revenue Level @ 70%	( + )	3,636,818	Feb-08
2	Current Month (Tm) Net Revenue Level @ 60%	( + )	n/a	Mar-08
3	Current Month (Tm) Net Revenue Level (Ln 1 + Ln 2)		3,636,818	Apr-08
				May-08
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	( - )	2,365,563	Jun-08
				Jul-08
5	Increase/(Decrease) of System Sales Net Revenue (Ln 3 - Ln 4)		1,271,255	Aug-08
				Sep-08
6	Customer 70% Sharing <sup>1/</sup>	( x )	70%	Oct-08
7	Customer 60% Sharing <sup>1/</sup>	( x )	n/a	Nov-08
				Dec-08
8	Customer Share of Increase/(Decrease) in System Sales Net Revenue		889,879	Jan-09
9	Current Month (Sm) Sales Level (Page 3 of 5)	( / )	521,072,000	Total
				14,268,840 <sup>1/</sup>
10	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)		(0.0017078)	*

\* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month

Effective Date for Billing:

July 2008

Submitted by:

  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

June 17, 2008

<sup>1/</sup>Up to and including \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 70% After \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 60%

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE NET REVENUE**

Line No		Month Ended: May 2008		TOTAL
		CURRENT MONTH	PRIOR MO TRUE-UP ADJUSTMENT	
1	Sales For Resale Revenues	\$12,488,403	(\$26,318)	\$12,462,085
2	Interchange-Delivered Revenues	-0-	-0-	-0-
3	Total System Sales Revenues	12,488,403	(26,318)	12,462,085
4	Sales For Resale Expenses	\$8,161,274	\$112,133	\$8,273,407
5	Interchange-Delivered Expenses	-0-	-0-	-0-
6	Non-Associated Utilities Monthly Environmental Costs*	551,860	0	551,860
7	Total System Sales Expenses	8,713,134	112,133	8,825,267
8	Total System Sales Net Revenues	<u>\$3,775,269</u>	<u>(\$138,451)</u>	<u>\$3,636,818</u>

\*Source:

ES Form 1.0, Line 3

ES Form 3.3, Line 4

Non-Associated Environmental Costs



**KENTUCKY  
POWER**

A unit of American Electric Power

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JUL 18 2008

PUBLIC SERVICE  
COMMISSION

*Newby*

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

Stephanie L. Stumbo, Executive Director  
Public Service Commission  
**Attn: Daryl Newby**  
P. O. Box 615  
Frankfort, KY 40602

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JUL 21 2008

FINANCIAL ANA

18 July 2008

Dear Ms. Stumbo and Mr. Newby:

Attached are Kentucky Power Company's fuel adjustment clause schedules with supporting sales and fuel cost schedules. These calculations are based on an estimated June 2008 fuel costs with an adjustment reflecting actual May 2008 fuel costs.

The fuel adjustment clause factor of \$0.00686/kwh will be applied to our August 2008 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

Pursuant to the Commission's Order dated June 12, 2008 in Case No. 2007-00522, Page 2 of 5, Section B reflects the recovery of the Net Transmission Marginal Line Loss costs associated with Accounts 4470207 and 4470208. During the hearing in Case No. 2007-00522, the Company failed to recognize that the Total Fuel Costs, Page 5 of 5, should reflect the Net Transmission Marginal Line Loss. Therefore, Page 5 of 5, Section E, reflects the prior month's Net Transmission Marginal Line Loss. The Total Fuel Costs, Section F is used on Page 2 of 5, Section E and is a comparison of actual fuel costs including Net Transmission Marginal Line Loss versus the estimated fuel costs including the Net Transmission Marginal Line Loss.

The Commission's June 12th Order also granted the Company's request to recover the under-collection of the Net Transmission Marginal Line Loss incurred for the five month period June 2007 through October 2007. Pursuant to the June 12, 2008 Order, the Company will reflect an adjustment of \$1,057,548.02 evenly over the billing months of July through November 2008 to reflect the costs associated with Accts. 4470207 and 4470208 (please see attached Page 2 of 5, Section H).

Page 2  
Ms. Stumbo and Mr. Newby  
18 July 2008

Also attached is the system sales clause schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated June 2008 net revenue with an adjustment reflecting the true-up of May 2008 net revenue. Pursuant to the Settlement Agreement in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2008 through March 31, 2009 shall be based on 70/30 percent sharing basis. If and when the Company surpasses the off-system sales margin of \$30M, the customer sharing mechanism shall be on a 60/40 basis. The System Sales Clause Schedule, page 1 of 2, shows the net revenue level to be applied to our August 2008 billing is in the amount of \$5,385,019 calculated at the 70/30 percent sharing mechanism.

The net system sales clause factor of \$(0.0028133)/kwh (a credit) will be applied to our August 2008 billing.

All billings during August 2008 will show a combined factor of \$0.0040467/kwh.

If you have any questions, please advise.

Sincerely,



Errol K. Wagner  
Director of Regulatory Services

Attachments



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

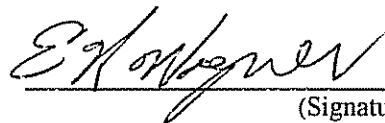
**Month Ended:** June 2008

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0.00686
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>-\$0.0028133</u>
3 Total Adjustment Clause Factors		<u><u>\$0.0040467</u></u>

Effective Date for Billing

August 2008

Submitted by:

  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

July 18, 2008

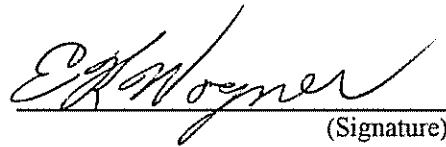
**KENTUCKY POWER COMPANY**  
**FUEL ADJUSTMENT CLAUSE SCHEDULE**

**Month Ended:            June 2008**

Fuel Fm (Fuel Cost Schedule)	<u>\$15,967,029</u>		
Sales Sm (Sales Schedule)	568,162,000	( + )	0.02810
Fuel (Fb)	<u>\$13,933,754</u>		
Sales (Sb)	655,865,000	( - )	<u>0.02124</u>
			<u>0.00686</u>
			(\$/KWH)

Effective Date for Billing August 2008

Submitted by:

  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

July 18, 2008

**KENTUCKY POWER COMPANY  
FUEL COST SCHEDULE**

Month Ended: **June 2008**

A.	Company Generation		
	Coal Burned	(+)	\$9,241,715
	Oil Burned	(+)	1,940,314
	Gas Burned	(+)	0
	Fuel (jointly owned plant)	(+)	0
	Fuel (assigned cost during F. O. )	(+)	0
	Fuel (substitute for F. O. )	(-)	0
	Sub Total		11,182,029
B.	Purchases		
	Net Transmission Marginal Line Loss (Accounts 4470207 and 4470208)	(+)	1,745,078
	Net Energy Cost - Economy Purchases	(+)	0
	Identifiable Fuel Cost - Other Purchases	(+)	15,486,170 *
	Identifiable Fuel Cost (substitute for F. O. )	(-)	0
	Sub Total		17,231,248
C.	Inter-System Sales Fuel Costs		10,639,387 *
	Sub Total		10,639,387
D.	Total Fuel Cost (A + B - C)		\$17,773,890
E.	Adjustment indicating the difference in actual fuel cost for the month of <u>May 2008</u> and the estimated cost originally reported <u>\$11,634,744</u> - <u>\$14,317,073</u> = <u>(2,682,329)</u> <span style="margin-left: 100px;">(actual)</span> <span style="margin-left: 100px;">(est.)</span>		
F.	Total Company Over or (Under) Recovery from Page 4, Line 12		182,080
G.	Grand Total Fuel Cost (D + E - F)		\$14,909,481
H.	** Net Transmission Marginal Line Loss Adjustn		\$1,057,548.02 **
I.	Adjusted Grand Total Fuel Cost		\$15,967,029

\* Estimated - based on actual Kentucky generation unit costs in  
June 2008 \$11,182,029  
411,785,000 = 0.02716 /KWH

\*\* Above charge is one fifth of the Net Transmission Marginal Line Loss  
Adjustment associated with Acct 4470207 and 4470208 for the months June 2007  
October 2007, pursuant to PSC Order in Case Nos. 2007-00522  
dated June 12, 2008

## KENTUCKY POWER COMPANY

## SALES SCHEDULE

Month Ended: June 2008

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	411,785,000
Purchases Including Interchange In	(+)	<u>570,183,000</u>
Sub Total		981,968,000
 B. Pumped Storage Energy	 (+)	 0
Inter-System Sales Including Interchange Out	(+)	391,730,000
System Losses	(+)	<u>22,076,000</u> *
Sub Total		<u>413,806,000</u>
Total Sales (A - B)		<u><u>568,162,000</u></u>

\* Does not include 352,551 KWH of company usage.

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

**Month Ended:            June 2008**

<u>Line</u> <u>No</u>			
1	FAC Rate Billed	( + )	0.00719
2	Retail KWH Billed at Above Rate	( x )	<u>541,602,203</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>3,894,120</u>
4	KWH Used to Determine Last FAC Rate Billed	( + )	523,554,000
5	Non-Jurisdictional KWH Included in L4	( - )	<u>6,926,500</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>516,627,500</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		3,714,552
8	Over or (Under) Recovery (L3 - L7)		179,568
9	Total Sales (Page 3)	( + )	568,162,000
10	Kentucky Jurisdictional Sales	( / )	<u>560,321,800</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (L9 / L10)		1.01399
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>182,080</u></u>

## KENTUCKY POWER COMPANY

FINAL  
FUEL COST SCHEDULE

Month Ended: May 2008

A. Company Generation			
Coal Burned	(+)	\$7,511,952	
Oil Burned	(+)	181,849	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O )			
( KWH X )	(+)	0	
Fuel (substitute for F. O )	(-)	0	
		<u>7,693,801</u>	
Sub-total		<u>7,693,801</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	8,436,628	(1)
Identifiable Fuel Cost (substitute for F. O )			
( KWH X )	(-)	0	
		<u>8,436,628</u>	
Sub-total		<u>8,436,628</u>	
C. Inter-System Sales Fuel Costs		<u>5,268,862</u>	(1)
D. Sub Total Fuel Cost (A + B - C)		<u>10,861,567</u>	
E. Net Transmission Marginal Line Loss for month of <u>May 2008</u>		<u>773,177</u>	
F. Total Fuel Costs (D + E)		<u><u>\$11,634,744</u></u>	

( 1 ) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No. 2000-495-B.

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE SCHEDULE**  
Case No. 9061 and  
Stipulation and Settlement Agreement in Case No. 2005-00341  
June 2008

**Line  
No.**

**Month Ended:**

1	Current Month (Tm) Net Revenue Level @ 70%	( + )	5,385,019
2	Current Month (Tm) Net Revenue Level @ 60%	( + )	n/a
3	Current Month (Tm) Net Revenue Level (Ln 1 + Ln 2)		<u>5,385,019</u>
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	( - )	<u>3,101,556</u>
5	Increase/(Decrease) of System Sales Net Revenue (Ln 3 - Ln 4)		2,283,463
6	Customer 70% Sharing <sup>1/</sup>	( x )	70%
7	Customer 60% Sharing <sup>1/</sup>	( x )	<u>n/a</u>
8	Customer Share of Increase/(Decrease) in System Sales Net Revenue		1,598,424
9	Current Month (Sm) Sales Level (Page 3 of 5)	( / )	<u>568,162,000</u>
10	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)		<u>(0.0028133) *</u>

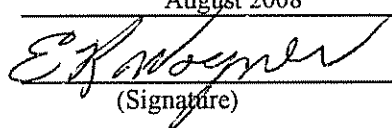
YTD System Sales Profit	
Feb-08	4,273,413
Mar-08	3,075,288
Apr-08	3,283,321
May-08	3,636,818
Jun-08	5,385,019
Jul-08	
Aug-08	
Sep-08	
Oct-08	
Nov-08	
Dec-08	
Jan-09	
<b>Total</b>	<b>19,653,859 <sup>1/</sup></b>

\* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month

Effective Date for Billing:

August 2008

Submitted by:

  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

July 18, 2008

<sup>1/</sup>Up to and including \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 70%. After \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 60%.

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE NET REVENUE**

Line No	Month Ended: June 2008		TOTAL
	CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	
1	\$15,524,059	\$18,563	\$15,542,622
2	-0-	-0-	-0-
3	15,524,059	18,563	15,542,622
4	\$9,622,162	(\$3,470)	\$9,618,692
5	-0-	-0-	-0-
6	538,911	0	538,911
7	10,161,073	(3,470)	10,157,603
8	<u>\$5,362,986</u>	<u>\$22,033</u>	<u>\$5,385,019</u>

\*Source:

ES Form 1.0, Line 3

ES Form 3.3, Line 4

Non-Associated Environmental Costs





**KENTUCKY  
POWER**

A unit of American Electric Power

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

Stephanie L. Stumbo, Executive Director  
Public Service Commission  
**Attn: Daryl Newby**  
P. O. Box 615  
Frankfort, KY 40602

RECEIVED

AUG 18 2008

PUBLIC SERVICE  
COMMISSION

18 August 2008

Dear Ms. Stumbo and Mr. Newby:

Attached are Kentucky Power Company's fuel adjustment clause schedules with supporting sales and fuel cost schedules. These calculations are based on an estimated July 2008 fuel costs with an adjustment reflecting actual June 2008 fuel costs.

The fuel adjustment clause factor of \$0.00486/kwh will be applied to our September 2008 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

Pursuant to the Commission's Order dated June 12, 2008 in Case No. 2007-00522, the Company received authority to recover the Net Transmission Marginal Line Loss costs associated with Accounts 4470207 and 4470208. The Company has revised the FAC Schedule Page 2 of 5, Fuel Cost Schedule, to show the current month Net Transmission Line Loss on Line H. The prior month's Net Transmission Line Loss will continue to be shown on Page 5 of 5, Final Total Fuel Costs, Line E.

The Commission's June 12th Order also granted the Company's request to recover the under-collection of the Net Transmission Marginal Line Loss incurred for the five month period June 2007 through October 2007. Pursuant to the June 12, 2008 Order, the Company will reflect an adjustment of \$1,057,548.02 evenly over the billing months of July through November 2008 to reflect the costs associated with Accts. 4470207 and 4470208 (please see attached Page 2 of 5, Section I).

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AUG 19 2008  
FINANCIAL ANA

Page 2

Ms. Stumbo and Mr. Newby

18 August 2008

Also attached is the system sales clause schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated July 2008 net revenue with an adjustment reflecting the true-up of June 2008 net revenue. Pursuant to the Settlement Agreement in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2008 through March 31, 2009 shall be based on 70/30 percent sharing basis. If and when the Company surpasses the off-system sales margin of \$30M, the customer sharing mechanism shall be on a 60/40 basis. The System Sales Clause Schedule, page 1 of 2, shows the net revenue level to be applied to our September 2008 billing is in the amount of \$7,763,492 calculated at the 70/30 percent sharing mechanism.

The net system sales clause factor of  $\$(0.0060450)/\text{kwh}$  (a credit) will be applied to our September 2008 billing.

All billings during September 2008 will show a combined factor of  $\$(0.0011850)/\text{kwh}$  (a credit).

If you have any questions, please advise.

Sincerely,



Errol K. Wagner  
Director of Regulatory Services

Attachments

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

**Month Ended:** July 2008

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0.00486
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>(\$0.0060450)</u>
3 Total Adjustment Clause Factors		<u><u>(\$0.0011850)</u></u>

Effective Date for Billing

September 2008

Submitted by:

  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:


August 18, 2008

**KENTUCKY POWER COMPANY**  
**FUEL ADJUSTMENT CLAUSE SCHEDULE**

**Month Ended: July 2008**

Fuel Fm (Fuel Cost Schedule)	<u>\$15,430,062</u>		
Sales Sm (Sales Schedule)	591,162,000	( + )	0.02610
Fuel (Fb)	<u>\$13,933,754</u>		
Sales (Sb)	655,865,000	( - )	<u>0.02124</u>
			<u>0.00486</u>
(\$/KWH)			

Effective Date for Billing September 2008

Submitted by:   
(Signature)

Title: Director of Regulatory Services

Date Submitted: August 18, 2008

**KENTUCKY POWER COMPANY  
FUEL COST SCHEDULE**

Month Ended: July 2008

A.	Company Generation		
	Coal Burned	(+)	\$14,475,827
	Oil Burned	(+)	321,784
	Gas Burned	(+)	0
	Fuel (jointly owned plant)	(+)	0
	Fuel (assigned cost during F. O.)	(+)	0
	Fuel (substitute for F. O.)	(-)	0
	Sub Total		14,797,611
B.	Purchases		
	Net Energy Cost - Economy Purchases	(+)	0
	Identifiable Fuel Cost - Other Purchases	(+)	13,854,275 *
	Identifiable Fuel Cost (substitute for F. O.)	(-)	0
	Sub Total		13,854,275
C.	Inter-System Sales Fuel Costs		13,772,126 *
	Sub Total		13,772,126
D.	Total Fuel Cost (A + B - C)		\$14,879,760
E.	Adjustment indicating the difference in actual fuel cost for the month of <u>June 2008</u> and the estimated cost originally reported. <u>\$14,393,549</u> - <u>\$16,028,812</u> = <u>(1,635,263)</u> <span style="margin-left: 100px;">(actual)</span> <span style="margin-left: 100px;">(est)</span>		
F.	Total Company Over or (Under) Recovery from Page 4, Line 12		771,107
G.	Grand Total Fuel Cost (D + E - F)		12,473,390
H.	Net Transmission Marginal Line Loss for month of July 2008 (Accounts 4470207 and 4470208)		1,899,124
I.	** Net Transmission Marginal Line Loss Adjustment		1,057,548.02 **
J.	ADJUSTED GRAND TOTAL FUEL COSTS (G+H+I)		\$15,430,062

\* Estimated - based on actual Kentucky generation unit costs in  
July 2008 \$14,797,611  
610,361,000 = 0.02424 /KWH

\*\* Above charge is one fifth of the Net Transmission Marginal Line Loss  
Adjustment associated with Acct 4470207 and 4470208 for the months June 2007  
October 2007, pursuant to PSC Order in Case Nos. 2007-00522  
dated June 12, 2008

**KENTUCKY POWER COMPANY**

**SALES SCHEDULE**

**Month Ended:** July 2008

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	610,361,000
Purchases Including Interchange In	(+)	<u>571,546,000</u>
Sub Total		1,181,907,000
B. Pumped Storage Energy	(+)	0
Inter-System Sales Including Interchange Out	(+)	568,157,000
System Losses	(+)	<u>22,588,000</u> *
Sub Total		<u>590,745,000</u>
Total Sales (A - B)		<u><u>591,162,000</u></u>

\* Does not include 329,176 KWH of company usage.

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

**Month Ended:**                      July 2008

<u>Line</u> <u>No</u>			
1	FAC Rate Billed	( + )	0.01302
2	Retail KWH Billed at Above Rate	( x )	<u>572,676,438</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>7,456,247</u>
4	KWH Used to Determine Last FAC Rate Billed	( + )	521,072,000
5	Non-Jurisdictional KWH Included in L4	( - )	<u>6,760,600</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>514,311,400</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		6,696,334
8	Over or (Under) Recovery (L3 - L7)		759,913
9	Total Sales (Page 3)	( + )	591,162,000
10	Kentucky Jurisdictional Sales	( / )	<u>582,579,300</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (L9 / L10)		1.01473
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>771,107</u></u>

## KENTUCKY POWER COMPANY

FINAL  
FUEL COST SCHEDULE

Month Ended: June 2008

A. Company Generation			
Coal Burned	(+)	\$13,540,878	
Oil Burned	(+)	2,036,748	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O. )			
( 116,081,000 KWH X \$0 021142 )	(+)	2,454,185	
Fuel (substitute for F. O. )	(-)	<u>0</u>	
Sub Total		<u>18,031,811</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	6,582,163	(1)
Identifiable Fuel Cost (substitute for F. O. )			
( 116,081,000 KWH X \$0 021142 )	(-)	<u>2,454,185</u>	
Sub Total		<u>4,127,978</u>	
C. Inter-System Sales Fuel Costs		<u>7,766,240</u>	(1)
D. Sub Total Fuel Cost (A+ B - C)		\$14,393,549	
E. Net Transmission Marginal Line Loss June 2008		<u>1,745,078</u>	
F. GRAND TOTAL FUEL COSTS (D + E)		<u><u>\$16,138,627</u></u>	

( 1 ) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No 2000-495-B



**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE SCHEDULE**  
Case No. 9061 and  
Stipulation and Settlement Agreement in Case No. 2005-00341  
July 2008

Line No.	Month Ended:			<b>YTD System Sales Profit</b>	
1	Current Month (Tm) Net Revenue Level @ 70%	( + )	7,763,492	Feb-08	4,273,413
2	Current Month (Tm) Net Revenue Level @ 60%	( + )	n/a	Mar-08	3,075,288
3	Current Month (Tm) Net Revenue Level (Ln 1 + Ln 2)		<u>7,763,492</u>	Apr-08	3,283,321
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	( - )	<u>2,658,364</u>	May-08	3,636,818
5	Increase/(Decrease) of System Sales Net Revenue (Ln 3 - Ln 4)		5,105,128	Jun-08	5,385,019
6	Customer 70% Sharing <sup>1/</sup>	( x )	70%	Jul-08	7,763,492
7	Customer 60% Sharing <sup>1/</sup>	( x )	<u>n/a</u>	Aug-08	
8	Customer Share of Increase/(Decrease) in System Sales Net Revenue		3,573,590	Sep-08	
9	Current Month (Sm) Sales Level (Page 3 of 5)	( / )	<u>591,162,000</u>	Oct-08	
				Nov-08	
				Dec-08	
				Jan-09	
				<b>Total</b>	<b>27,417,351</b> <sup>1/</sup>
10	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)		<u><u>(0.0060450)</u></u>		

\* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month

Effective Date for Billing:

September 2008

Submitted by:

E. R. Wagner  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

August 18, 2008

<sup>1/</sup>Up to and including \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 70%. After \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 60%.

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE NET REVENUE**

Line No.		Month Ended: July 2008		TOTAL
		CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	
1	Sales For Resale Revenues	\$19,843,971	(\$91,693)	\$19,752,278
2	Interchange-Delivered Revenues	-0-	-0-	-0-
3	Total System Sales Revenues	19,843,971	(91,693)	19,752,278
4	Sales For Resale Expenses	\$11,141,065	\$460,028	\$11,601,093
5	Interchange-Delivered Expenses	-0-	-0-	-0-
6	Non-Associated Utilities Monthly Environmental Costs*	387,693	0	387,693
7	Total System Sales Expenses	11,528,758	460,028	11,988,786
8	Total System Sales Net Revenues	<u>\$8,315,213</u>	<u>(\$551,721)</u>	<u>\$7,763,492</u>

\*Source:

ES Form 1.0, Line 3

ES Form 3.3, Line 4

Non-Associated Environmental Costs



**KENTUCKY  
POWER**

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SEP 17 2008

**PUBLIC SERVICE  
COMMISSION**

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

Stephanie L. Stumbo, Executive Director  
Public Service Commission  
**Attn: Daryl Newby**  
P. O. Box 615  
Frankfort, KY 40602

17 September 2008

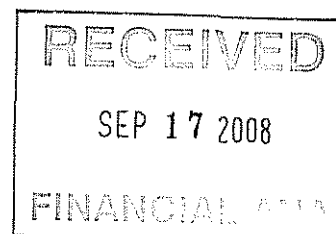
Dear Ms. Stumbo and Mr. Newby:

Attached are Kentucky Power Company's fuel adjustment clause schedules with supporting sales and fuel cost schedules. These calculations are based on an estimated August 2008 fuel costs with an adjustment reflecting actual July 2008 fuel costs.

The fuel adjustment clause factor of \$0.01978/kwh will be applied to our October 2008 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

Pursuant to the Commission's June 12, 2008 Order in Case No. 2007-00522, the Company was granted the authority to recover the under-collection of the Net Transmission Marginal Line Loss incurred for the five month period June 2007 through October 2007. Pursuant to the June 12, 2008 Order, the Company will reflect an adjustment of \$1,057,548.02 evenly over the billing months of July through November 2008 to reflect the costs associated with Accts. 4470207 and 4470208 (please see attached Page 2 of 5, Section I).

Pursuant to the Commission's August 19, 2008 Order in Case No. 2007-00276, the Company was granted the authority to make an adjustment to correct for the meter discrepancies that occurred between Kentucky Power and its sister companies. The adjustment results in an increase to the fuel adjustment costs of \$9,965 (shown on attached FAC Page 2 of 5, Section J); a decrease of \$119,038 in the level of system sales profits credited to our customers (shown on SSC Page 2 of 2, Line 9); and a decrease in the environmental surcharge revenue requirement of \$195,078 which was shown in the Company's Environmental Surcharge calculations filed with the Commission on September 16, 2008. The overall net effect is a benefit of \$66,075 to Kentucky Power's customers.



Page 2  
Ms. Stumbo and Mr. Newby  
17 September 2008

Also attached is the system sales clause schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated August 2008 net revenue with an adjustment reflecting the true-up of July 2008 net revenue. Pursuant to the Settlement Agreement in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2008 through March 31, 2009 shall be based on 70/30 percent sharing basis. If and when the Company surpasses the off-system sales margin of \$30M, the customer sharing mechanism shall be on a 60/40 basis. The attached System Sales Clause Schedule, page 1 of 2, shows the net revenue level to be applied to our October 2008 billing is in the amount of \$6,557,531. As the table indicates, the YTD system sales profit total exceeded the \$30M benchmark. Therefore, the sharing mechanism for October billing is calculated on a 70/30 basis for \$3,974,882 and on a 60/40 basis for \$2,582,649.


Additionally, as stated earlier in this memo, pursuant to the Commission's August 19, 2008 Order in Case No. 2007-00276, the Company was granted authority to reflect an adjustment in the System Sales Clause for the meter discrepancies that occurred between Kentucky Power and its sister companies. Page 2 of 2, Line 9 shows the \$119,038 credit to the system sales calculations.

The net system sales clause factor of \$(0.0053428)/kwh (a credit) will be applied to our October 2008 billing.

All billings during October 2008 will show a combined factor of \$0.0144372/kwh.

If you have any questions, please contact me at 502/696-7010.

Sincerely,

  
Errol K. Wagner  
Director of Regulatory Services

Attachments

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


**Month Ended:** August 2008

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0.01978
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>-\$0.0053428</u>
3 Total Adjustment Clause Factors		<u><u>\$0.0144372</u></u>

Effective Date for Billing

October 2008

Submitted by:

  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

September 17, 2008

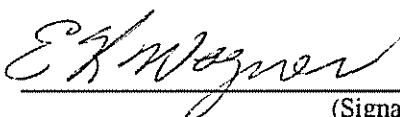
**KENTUCKY POWER COMPANY**

**FUEL ADJUSTMENT CLAUSE SCHEDULE**

**Month Ended: August 2008**

Fuel Fm (Fuel Cost Schedule)	<u>\$24,038,623</u>		
Sales Sm (Sales Schedule)	586,047,000	( + )	0.04102
Fuel (Fb)	<u>\$13,933,754</u>		
Sales (Sb)	655,865,000	( - )	<u>0.02124</u>
			<u>0.01978</u>
			(\$/KWH)

Effective Date for Billing October 2008

Submitted by:   
(Signature)

Title: Director of Regulatory Services

Date Submitted: September 17, 2008

**KENTUCKY POWER COMPANY  
FUEL COST SCHEDULE**

Month Ended: **August 2008**

A.	Company Generation			
	Coal Burned	(+)	\$16,363,028	
	Oil Burned	(+)	465,473	
	Gas Burned	(+)	0	
	Fuel (jointly owned plant)	(+)	0	
	Fuel (assigned cost during F. O.)	(+)	0	
	Fuel (substitute for F. O.)	(-)	0	
	Sub Total		16,828,501	
B.	Purchases			
	Net Energy Cost - Economy Purchases	(+)	0	
	Identifiable Fuel Cost - Other Purchases	(+)	22,175,491	*
	Identifiable Fuel Cost (substitute for F. O.)	(-)	0	
	Sub Total		22,175,491	
C.	Inter-System Sales Fuel Costs		16,699,831	*
	Sub Total		16,699,831	
D.	Total Fuel Cost (A + B - C)		\$22,304,161	
E.	Adjustment indicating the difference in actual fuel cost for the month of <u>July 2008</u> and the estimated cost originally reported <u>\$14,570,748</u> - <u>\$14,879,760</u> = <u>(309,012)</u> <span style="margin-left: 100px;">(actual) <span style="margin-left: 100px;">(est.)</span></span>			
F.	Total Company Over or (Under) Recovery from Page 4, Line 12		174,331	
G.	Grand Sub-Total Fuel Cost (D + E - F)		\$21,820,818	
H.	Net Transmission Marginal Line Loss for month of August 2008 (Accounts 4470207 and 4470208)		1,150,292	
I.	** Net Transmission Marginal Line Loss Adjustment		1,057,548 02	**
J.	*** Adjustment for Meter Inaccuracies		9,965	***
J.	ADJUSTED GRAND TOTAL FUEL COSTS (G+H+I+J)		\$24,038,623	

\* Estimated - based on actual Kentucky generation unit costs in  
August 2008  $\frac{\$16,828,501}{460,032,000} = 0.03658$  /KWH

\*\* *Above charge is one fifth of the Net Transmission Marginal Line Loss Adjustment associated with Acct 4470207 and 4470208 for the months June 2007 October 2007, pursuant to PSC Order in Case Nos 2007-00522 dated June 12, 2008*

\*\*\* *One month adjustment for meter discrepancies between KPCo and its sister companies pursuant to PSC Order dated August 19, 2008 in Case No. 2007-00276*

## KENTUCKY POWER COMPANY

## SALES SCHEDULE

Month Ended: August 2008

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	460,032,000
Purchases Including Interchange In	(+)	<u>606,219,000</u>
Sub Total		1,066,251,000
 B. Pumped Storage Energy	(+)	0
Inter-System Sales Including Interchange Out	(+)	456,529,000
System Losses	(+)	<u>23,675,000</u> *
Sub Total		<u>480,204,000</u>
Total Sales (A - B)		<u><u>586,047,000</u></u>

\* Does not include 305,293 KWH of company usage.



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

**Month Ended:**            August 2008

Line No			
1	FAC Rate Billed	( + )	0 00686
2	Retail KWH Billed at Above Rate	( x )	<u>585,382,228</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>4,015,722</u>
4	KWH Used to Determine Last FAC Rate Billed	( + )	568,162,000
5	Non-Jurisdictional KWH Included in L4	( - )	<u>7,840,200</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>560,321,800</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		3,843,808
8	Over or (Under) Recovery (L3 - L7)		171,914
9	Total Sales (Page 3)	( + )	586,047,000
10	Kentucky Jurisdictional Sales	( / )	<u>577,921,700</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (L9 / L10)		1 01406
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>174,331</u></u>

## KENTUCKY POWER COMPANY

FINAL  
FUEL COST SCHEDULE

Month Ended: July 2008

A. Company Generation			
Coal Burned	(+)	\$20,265,701	
Oil Burned	(+)	340,973	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O. )			
( 26,896,000 KWH X \$0.019237 )	(+)	517,398	
Fuel (substitute for F. O. )	(-)	<u>0</u>	
Sub-total		<u>21,124,072</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	4,608,959	(1)
Identifiable Fuel Cost (substitute for F. O. )			
( 26,896,000 KWH X \$0.019237 )	(-)	<u>517,398</u>	
Sub-total		<u>4,091,561</u>	
C. Inter-System Sales Fuel Costs		<u>10,644,885</u>	(1)
D. Sub-Total Fuel Cost (A+ B - C)		14,570,748	
E. Net Transmission Marginal Line Loss July 2008		<u>1,899,124</u>	
F. GRAND TOTAL FUEL COSTS (D + E)		<u><u>\$16,469,872</u></u>	

( 1 ) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No. 2000-495-B.

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE SCHEDULE**  
**Case No. 9061 and**  
**Stipulation and Settlement Agreement in Case No. 2005-00341**  
**August 2008**

Line No.	Month Ended:			YTD System Sales Profit		
1	Current Month (Tm) Net Revenue Level @ 70%	( + )	3,974,882	39.38%	Feb-08	4,273,413
2	Current Month (Tm) Net Revenue Level @ 60%	( + )	2,582,649	60.62%	Mar-08	3,075,288
3	Current Month (Tm) Net Revenue Level (Ln 1 + Ln 2)		6,557,531	100.00%	Apr-08	3,283,321
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	( - )	1,660,434		May-08	3,636,818
5	Increase/(Decrease) of System Sales Net Revenue (Ln 3 - Ln 4)		4,897,097		Jun-08	5,385,019
6	Customer 70% Sharing <sup>1/</sup> (4,897,097 x 39.38% x 70%)	( x )	1,349,934		Jul-08	7,763,492
7	Customer 60% Sharing <sup>1/</sup> (4,897,097 x 60.62% x 60%)	( x )	1,781,172		Aug-08	6,557,531
8	Customer Share of Increase/(Decrease) in System Sales Net Revenue		3,131,106		Sep-08	
9	Current Month (Sm) Sales Level (Page 3 of 5)	( / )	586,047,000		Oct-08	
					Nov-08	
					Dec-08	
					Jan-09	
					Total	33,974,882 <sup>1/</sup>
10	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)		<u>(0.0053428)</u>	*		

\* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month

Effective Date for Billing:

October 2008

Submitted by:

  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

September 17, 2008

<sup>1/</sup>Up to and including \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 70%. After \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 60%

## KENTUCKY POWER COMPANY

## SYSTEM SALES CLAUSE NET REVENUE

Line No.		Month Ended: August 2008		TOTAL
		CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	
1	Sales For Resale Revenues	\$16,135,663	\$35,539	\$16,171,202
2	Interchange-Delivered Revenues	-0-	-0-	-0-
3	Total System Sales Revenues	16,135,663	35,539	16,171,202
4	Sales For Resale Expenses	\$9,080,953	\$21,015	\$9,101,968
5	Interchange-Delivered Expenses	-0-	-0-	-0-
6	Non-Associated Utilities Monthly Environmental Costs *	392,665	0	392,665
7	Total System Sales Expenses	9,473,618	21,015	9,494,633
8	Total System Sales Net Revenues (L3 - L7)	\$6,662,045	\$14,524	\$6,676,569
9	Adjustment for Meter Discrepancies **	(119,038)	0	(119,038) **
10	Adjusted Total System Sales Net Revenue (Ln L - Ln 9)	\$6,543,007	\$14,524	\$6,557,531

\*Source:

ES Form 1.0, Line 3

ES Form 3.3, Line 4

Non-Associated Environmental Costs

\*\* One month adjustment for meter discrepancies between KPCo and its sister companies, pursuant to PSC Order dated August 19, 2008 in Case No. 2007-00276



**KENTUCKY  
POWER**

A unit of American Electric Power

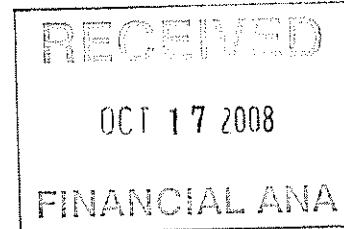
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OCT 17 2008

PUBLIC SERVICE  
COMMISSION

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

Stephanie L. Stumbo, Executive Director  
Public Service Commission  
**Attn: Daryl Newby**  
P. O. Box 615  
Frankfort, KY 40602



17 October 2008

Dear Ms. Stumbo and Mr. Newby:

Attached are Kentucky Power Company's fuel adjustment clause schedules with supporting sales and fuel cost schedules. These calculations are based on an estimated September 2008 fuel costs with an adjustment reflecting actual August 2008 fuel costs.

The fuel adjustment clause factor of \$0.01581/kwh will be applied to our November 2008 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

Pursuant to the Commission's June 12, 2008 Order in Case No. 2007-00522, the Company was granted the authority to recover the under-collection of the Net Transmission Marginal Line Loss incurred for the five month period June 2007 through October 2007. Pursuant to the June 12, 2008 Order, the Company will reflect an adjustment of \$1,057,548.02 evenly over the billing months of July through November 2008 to reflect the costs associated with Accts. 4470207 and 4470208 (please see attached Page 2 of 5, Section I).

Also attached is the system sales clause schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated September 2008 net revenue with an adjustment reflecting the true-up of August 2008 net revenue. Pursuant to the Settlement Agreement in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2008 through March 31, 2009 shall be based on 70/30 percent sharing basis. If and when the Company

Page 2  
Ms. Stumbo and Mr. Newby  
17 October 2008

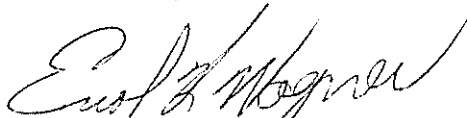
surpasses the off-system sales margin of \$30M, the customer sharing mechanism shall be on a 60/40 basis. The attached System Sales Clause Schedule, page 1 of 2, shows the net revenue level to be applied to our November 2008 billing is in the amount of \$3,697,501. As the table indicates, the YTD system sales profit total has exceeded the \$30M benchmark. Therefore, the sharing mechanism for November billing is calculated on a 60/40 basis.

The net system sales clause factor of \$(0.0024514)/kwh (a credit) will be applied to our November 2008 billing.

All billings during November 2008 will show a combined factor of \$0.0133586/kwh.

If you have any questions, please contact me at 502/696-7010.

Sincerely,

A handwritten signature in cursive script, appearing to read "Errol K. Wagner".

Errol K. Wagner  
Director of Regulatory Services

Attachments

**KENTUCKY POWER COMPANY**

**SUMMARY OF ADJUSTMENT CLAUSES**

**Month Ended:** September 2008

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0.01581
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>(\$0.0024514)</u>
3 Total Adjustment Clause Factors		<u><u>\$0.0133586</u></u>

Effective Date for Billing

November 2008

Submitted by:

  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

October 17, 2008

**KENTUCKY POWER COMPANY**  
**FUEL ADJUSTMENT CLAUSE SCHEDULE**

**Month Ended: September 2008**

Fuel Fm (Fuel Cost Schedule)	<u>\$19,946,353</u>		
Sales Sm (Sales Schedule)	538,404,000	( + )	\$0.03705
Fuel (Fb)	<u>\$13,933,754</u>		
Sales (Sb)	655,865,000	( - )	<u>\$0.02124</u>
			<u><u>\$0.01581</u></u>
			(\$/KWH)

Effective Date for Billing November 2008

Submitted by:

  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

October 17, 2008



**KENTUCKY POWER COMPANY  
FUEL COST SCHEDULE**

Month Ended:      September 2008

A	Company Generation		
	Coal Burned	(+)	\$21,664,515
	Oil Burned	(+)	198,265
	Gas Burned	(+)	0
	Fuel (jointly owned plant)	(+)	0
	Fuel (assigned cost during F O )	(+)	0
	Fuel (substitute for F O )	(-)	0
	Sub Total		21,862,780
B	Purchases		
	Net Energy Cost - Economy Purchases	(+)	0
	Identifiable Fuel Cost - Other Purchases	(+)	18,513,099 *
	Identifiable Fuel Cost (substitute for F O )	(-)	0
	Sub Total		18,513,099
C	Inter-System Sales Fuel Costs		18,742,085 *
	Sub Total		18,742,085
D	Total Fuel Cost (A + B - C)		21,633,794
E.	Adjustment indicating the difference in actual fuel cost for the month of <u>August 2008</u> and the estimated cost originally reported. <u>\$18,618,824</u> - <u>\$22,304,161</u> = <u>(3,685,337)</u>		
	(actual)	(est )	
F.	Total Company Over or (Under) Recovery from Page 4, Line 12		(8,355)
G	Grand Total Fuel Cost (D + E - F)		17,956,812
H	Net Transmission Marginal Line Loss for month of      September 2008 (Accounts 4470207 and 4470208)		931,993
I.	** Net Transmission Marginal Line Loss Adjustment		1,057,548.02 **
J.	ADJUSTED GRAND TOTAL FUEL COSTS (G+H+I)		\$19,946,353

\* Estimated - based on actual Kentucky generation unit costs in September 2008  
\$21,862,780  
565,153,000 =                      0.03868 /KWH

\*\* Above charge is one fifth of the Net Transmission Marginal Line Loss Adjustment associated with Acct 4470207 and 4470208 for the months June 2007 October 2007, pursuant to PSC Order in Case Nos 2007-00522 dated June 12, 2008

## KENTUCKY POWER COMPANY

## SALES SCHEDULE

Month Ended: September 2008

		<u>Kilowatt-Hours</u>
A	Generation (Net)	(+ ) 565,153,000
	Purchases Including Interchange In	(+ ) <u>478,622,000</u>
	Sub Total	1,043,775,000
B	Pumped Storage Energy	(+ ) 0
	Inter-System Sales Including Interchange Out	(+ ) 484,542,000
	System Losses	(+ ) <u>20,829,000</u> *
	Sub Total	<u>505,371,000</u>
	 Total Sales (A - B)	 <u><u>538,404,000</u></u>

\* Does not include 344,203 KWH of company usage

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

**Month Ended:            September 2008**

Line No.			
1	FAC Rate Billed	( + )	0.00486
2	Retail KWH Billed at Above Rate	( x )	<u>580,882,413</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>\$2,823,089</u>
4	KWH Used to Determine Last FAC Rate Billed	( + )	591,162,000
5	Non-Jurisdictional KWH Included in L4	( - )	<u>8,582,700</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>582,579,300</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		\$2,831,335
8	Over or (Under) Recovery (L3 - L7)		(\$8,246)
9	Total Sales (Page 3)	( + )	538,404,000
10	Kentucky Jurisdictional Sales	( / )	<u>531,405,900</u>
11	Ratio of Total Sales to KY. Jurisdictional Sales (L9 / L10)		1.01317
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>(\$8,355)</u></u>

## KENTUCKY POWER COMPANY

FINAL  
FUEL COST SCHEDULE

Month Ended: August 2008

A. Company Generation			
Coal Burned	(+)	\$22,277,379	
Oil Burned	(+)	504,448	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O. )			
( 0 KWH X \$0 000000 )	(+)	0	
Fuel (substitute for F. O. )	(-)	<u>0</u>	
Sub-total		<u>22,781,827</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	5,117,910	(1)
Identifiable Fuel Cost (substitute for F. O. )			
( 0 KWH X \$0 000000 )	(-)	<u>0</u>	
Sub-total		<u>5,117,910</u>	
C Inter-System Sales Fuel Costs		<u>9,280,913</u>	(1)
D. Sub-Total Fuel Cost (A+ B - C)		18,618,824	
E. Net Transmission Marginal Line Loss August 2008		<u>1,150,292</u>	
F. GRAND TOTAL FUEL COSTS (D + E)		<u><u>\$19,769,116</u></u>	

( 1 ) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No. 2000-495-B

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE SCHEDULE**  
**Case No. 9061 and**  
**Stipulation and Settlement Agreement in Case No. 2005-00341**  
**September 2008**

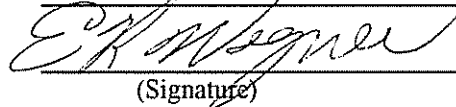
Line No.	Month Ended:			YTD System Sales Profit	
1	Current Month (Tm) Net Revenue Level @ 70%	( + )	n/a	Feb-08	\$4,273,413
2	Current Month (Tm) Net Revenue Level @ 60%	( + )	\$3,697,501	Mar-08	3,075,288
3	Current Month (Tm) Net Revenue Level (Ln 1 + Ln 2)		3,697,501	Apr-08	3,283,321
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	( - )	1,497,772	May-08	3,636,818
5	Increase/(Decrease) of System Sales Net Revenue (Ln 3 - Ln 4)		2,199,729	Jun-08	5,385,019
6	Customer 70% Sharing <sup>1/</sup>	( x )	n/a	Jul-08	7,763,492
7	Customer 60% Sharing <sup>1/</sup>	( x )	60%	Aug-08	6,557,531
8	Customer Share of Increase/(Decrease) in System Sales Net Revenue		\$1,319,837	Sep-08	3,697,501
9	Current Month (Sm) Sales Level (Page 3 of 5)	( / )	538,404,000	Oct-08	0
10	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)		<u>(\$0.0024514)</u>	Nov-08	0
				Dec-08	0
				Jan-09	0
				Total	\$37,672,383 <sup>1/</sup>

\* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month

Effective Date for Billing:

November 2008

Submitted by:

  
 (Signature)

Title:

Director of Regulatory Services

Date Submitted:

October 17, 2008

<sup>1/</sup>Up to and including \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 70%. After \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 60%.

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE NET REVENUE**

Line No.		Month Ended: September 2008		TOTAL
		CURRENT MONTH	PRIOR MO TRUE-UP ADJUSTMENT	
1	Sales For Resale Revenues	\$12,756,827	(\$31,138)	\$12,725,689
2	Interchange-Delivered Revenues	-0-	-0-	-0-
3	Total System Sales Revenues	12,756,827	(31,138)	12,725,689
4	Sales For Resale Expenses	8,490,410	217,886	8,708,296
5	Interchange-Delivered Expenses	-0-	-0-	-0-
6	Non-Associated Utilities Monthly Environmental Costs*	319,892	0	319,892
7	Total System Sales Expenses	8,810,302	217,886	9,028,188
8	Total System Sales Net Revenues	<u>\$3,946,525</u>	<u>(\$249,024)</u>	<u>\$3,697,501</u>

\*Source:

ES Form 1.0, Line 3

ES Form 3.3, Line 4

Non-Associated Environmental Costs



Kentucky Power  
PO Box 5190  
101A Enterprise Drive  
Frankfort, KY 40602  
KentuckyPower.com

Stephanie L. Stumbo, Executive Director  
Public Service Commission

✓  
**Attn: Daryl Newby**  
P. O. Box 615  
Frankfort, KY 40602

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COMMISSION

14 November 2008

Dear Ms. Stumbo and Mr. Newby:

Attached are Kentucky Power Company's fuel adjustment clause schedules with supporting sales and fuel cost schedules. These calculations are based on an estimated October 2008 fuel costs with an adjustment reflecting actual September 2008 fuel costs.

The fuel adjustment clause factor of \$0.01757/kwh will be applied to our December 2008 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

Also attached are the system sales clause schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated October 2008 net revenue with an adjustment reflecting the true-up of September 2008 net revenue. Pursuant to the Settlement Agreement in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2008 through March 31, 2009 shall be based on 70/30 percent sharing basis. If and when the Company surpasses the off-system sales margin of \$30M, the customer sharing mechanism shall be on a 60/40 basis. The attached System Sales Clause Schedule, page 1 of 2, shows the net

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Ms. Stephanie L. Stumbo and Mr. Daryl Newby

Page 2

14 November 2008

revenue level to be applied to our December 2008 billing is in the amount of \$1,602,812. As the table indicates, the YTD system sales profit total has exceeded the \$30M benchmark. Therefore, the sharing mechanism for December billing is calculated on a 60/40 basis.

The net system sales clause factor of \$(0.0007034)/kwh (a credit) will be applied to our December 2008 billing.

All billings during December 2008 will show a combined factor of \$0.0168666/kwh.

If you have any questions, please contact me at 502/696-7010.

Sincerely,

A handwritten signature in black ink that reads "Errol K. Wagner". The signature is written in a cursive style with a large, sweeping initial "E".

Errol K. Wagner

Director of Regulatory Services

Attachments



**KENTUCKY POWER COMPANY**

**SUMMARY OF ADJUSTMENT CLAUSES**

**Month Ended:** OCTOBER 2008

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0.01757
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>(\$0.0007034)</u>
3 Total Adjustment Clause Factors		<u><u>\$0.0168666</u></u>

Effective Date for Billing DECEMBER 2008

Submitted by:

  
\_\_\_\_\_  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:


NOVEMBER 14, 2008

KENTUCKY POWER COMPANY  
FUEL ADJUSTMENT CLAUSE SCHEDULE

Month Ended: OCTOBER 2008

Fuel Fm (Fuel Cost Schedule)	<u>\$21,606,348</u>		
Sales Sm (Sales Schedule)	556,713,000	( + )	\$0.03881
Fuel (Fb)	<u>\$13,933,754</u>		
Sales (Sb)	655,865,000	( - )	<u>\$0.02124</u>
			<u><u>\$0.01757</u></u>
			(\$/KWH)

Effective Date for Billing DECEMBER 2008

Submitted by:   
(Signature)

Title: Director of Regulatory Services

Date Submitted: NOVEMBER 14, 2008

**KENTUCKY POWER COMPANY  
FUEL COST SCHEDULE**

Month Ended    OCTOBER 2008

A	Company Generation		
	Coal Burned	(+)	\$17,052,948
	Oil Burned	(+)	196,829
	Gas Burned	(+)	0
	Fuel (jointly owned plant)	(+)	0
	Fuel (assigned cost during F. O )	(+)	0
	Fuel (substitute for F. O )	(-)	0
	Sub Total		<u>17,249,777</u>
B	Purchases		
	Net Energy Cost - Economy Purchases	(+)	0
	Identifiable Fuel Cost - Other Purchases	(+)	18,966,544 *
	Identifiable Fuel Cost (substitute for F. O )	(-)	0
	Sub Total		<u>18,966,544</u>
C	Inter-System Sales Fuel Costs		<u>13,220,924</u> *
	Sub Total		<u>13,220,924</u>
D	Total Fuel Cost (A + B - C)		<u>22,995,397</u>
E	Adjustment indicating the difference in actual fuel cost for the month of <u>SEPTEMBER 2008</u> and the estimated cost originally reported	=	<u>(3,085,138)</u>
	<u>\$18,548,656</u> (actual)	-	<u>\$21,633,794</u> (est )
F	Total Company Over or (Under) Recovery from Page 4, Line 12		<u>(968,158)</u>
G	Grand Total Fuel Cost (D + E - F)		\$20,878,417
H	Net Transmission Marginal Line Loss for month of <u>OCTOBER 2008</u> (Accounts 4470207 and 4470208)		\$727,931
I	ADJUSTED GRAND TOTAL FUEL COSTS (G+H)		<u>\$21,606,348</u>
*	Estimated - based on actual Kentucky generation unit costs in <u>OCTOBER 2008</u>		
	<u>\$17,249,777</u>	=	0.03986 /KWH
	432,728,000		

**KENTUCKY POWER COMPANY****SALES SCHEDULE****Month Ended:           OCTOBER 2008**

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	432,728,000
Purchases Including Interchange In	(+)	<u>475,829,000</u>
Sub Total		908,557,000
B. Pumped Storage Energy	(+)	0
Inter-System Sales Including Interchange Out	(+)	331,684,000
System Losses	(+)	<u>20,160,000</u> *
Sub Total		<u>351,844,000</u>
Total Sales (A - B)		<u><u>556,713,000</u></u>

\* Does not include 319,034 KWH of company usage.

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

**Month Ended:        OCTOBER 2008**

<u>Line</u> <u>No</u>			
1	FAC Rate Billed	( + )	0 01978
2	Retail KWH Billed at Above Rate	( x )	<u>529,593,999</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>\$10,475,369</u>
4	KWH Used to Determine Last FAC Rate Billed	( + )	586,047,000
5	Non-Jurisdictional KWH Included in L4	( - )	<u>8,125,300</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>577,921,700</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		\$11,431,291
8	Over or (Under) Recovery (L3 - L7)		(\$955,922)
9	Total Sales (Page 3)	( + )	556,713,000
10	Kentucky Jurisdictional Sales	( / )	<u>549,674,800</u>
11	Ratio of Total Sales to KY. Jurisdictional Sales (L9 / L10)		1 01280
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>(\$968,158)</u></u>

## KENTUCKY POWER COMPANY

FINAL  
FUEL COST SCHEDULE

Month Ended: SEPTEMBER 2008

A. Company Generation			
Coal Burned	( + )	\$27,073,180	
Oil Burned	( + )	227,689	
Gas Burned	( + )	0	
Fuel (jointly owned plant)	( + )	0	
Fuel (assigned cost during F. O. )			
( 0 KWH X \$0.000000 )	( + )	0	
Fuel (substitute for F. O. )	( - )	<u>0</u>	
Sub-total		<u>27,300,869</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	( + )	0	
Identifiable Fuel Cost - Other Purchases	( + )	3,025,262	(1)
Identifiable Fuel Cost (substitute for F. O. )			
( 0 KWH X \$0.000000 )	( - )	<u>0</u>	
Sub-total		<u>3,025,262</u>	
C. Inter-System Sales Fuel Costs		<u>11,777,475</u>	(1)
D. Sub-Total Fuel Cost (A+ B - C)		18,548,656	
E. Net Transmission Marginal Line Loss	SEPTEMBER 2008	<u>931,993</u>	
F. GRAND TOTAL FUEL COSTS (D + E)		<u><u>\$19,480,649</u></u>	

( 1 ) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No. 2000-495-B.

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE SCHEDULE**  
Case No. 9061 and  
Stipulation and Settlement Agreement in Case No. 2005-00341  
OCTOBER 2008

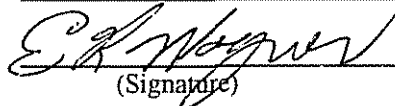
Line No.	Month Ended:			YTD System Sales Profit
1	Current Month (Tm) Net Revenue Level @ 70%	( + )	n/a	Feb-08 4,273,413
2	Current Month (Tm) Net Revenue Level @ 60%	( + )	<u>\$1,602,812</u>	Mar-08 3,075,288
3	Current Month (Tm) Net Revenue Level (Ln 1 + Ln 2)			Apr-08 3,283,321
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	( - )	<u>950,190</u>	May-08 3,636,818
5	Increase/(Decrease) of System Sales Net Revenue (Ln 3 - Ln 4)		652,622	Jun-08 5,385,019
6	Customer 70% Sharing <sup>1/</sup>	( x )	n/a	Jul-08 7,763,492
7	Customer 60% Sharing <sup>1/</sup>	( x )	<u>60%</u>	Aug-08 6,557,531
8	Customer Share of Increase/(Decrease) in System Sales Net Revenue		\$391,573	Sep-08 3,697,501
9	Current Month (Sm) Sales Level (Page 3 of 5)	( / )	<u>556,713,000</u>	Oct-08 1,602,812
10	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)		<u>(\$0.0007034)</u>	Nov-08
				Dec-08
				Jan-09
				Total 39,275,195 <sup>1/</sup>

\* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month

Effective Date for Billing:

DECEMBER 2008

Submitted by:

  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

NOVEMBER 14, 2008

<sup>1/</sup>Up to and including \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 70% After \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 60%

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE NET REVENUE**

Line No.		Month Ended:      OCTOBER 2008		TOTAL
		CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	
1	Sales For Resale Revenues	\$8,890,807	\$53,864	\$8,944,671
2	Interchange-Delivered Revenues	-0-	-0-	-0-
3	Total System Sales Revenues	8,890,807	53,864	8,944,671
4	Sales For Resale Expenses	\$6,545,531	\$624,874	\$7,170,405
5	Interchange-Delivered Expenses	-0-	-0-	-0-
6	Non-Associated Utilities Monthly Environmental Costs*	171,454	0	171,454
7	Total System Sales Expenses	6,716,985	624,874	7,341,859
8	Total System Sales Net Revenues	<u>\$2,173,822</u>	<u>(\$571,010)</u>	<u>\$1,602,812</u>

\*Source:

ES Form 1 0, Line 3

ES Form 3 3, Line 4

Non-Associated Environmental Costs





**KENTUCKY  
POWER**

A unit of American Electric Power

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**PUBLIC SERVICE  
COMMISSION**

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

Stephanie L. Stumbo, Executive Director  
Public Service Commission  
**Attn: Daryl Newby**  
P. O. Box 615  
Frankfort, KY 40602

19 December 2008

Dear Ms. Stumbo and Mr. Newby:

Attached are Kentucky Power Company's fuel adjustment clause schedules with supporting sales and fuel cost schedules. These calculations are based on an estimated November 2008 fuel costs with an adjustment reflecting actual October 2008 fuel costs.

The fuel adjustment clause factor of \$0.01192/kwh will be applied to our January 2009 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

Also attached are the system sales clause schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated November 2008 net revenue with an adjustment reflecting the true-up of October 2008 net revenue. Pursuant to the Settlement Agreement in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2008 through March 31, 2009 shall be based on 70/30 percent sharing basis. If and when the Company surpasses the off-system sales margin of \$30M, the customer sharing mechanism shall be on a 60/40 basis. The attached System Sales Clause Schedule, page 1 of 2, shows the net revenue level to be applied to our January 2009 billing is in the amount of \$563,591. As the table indicates, the YTD system sales profit total has exceeded the \$30M benchmark. Therefore, the sharing mechanism for January billing is calculated on a 60/40 basis.

The net system sales clause factor of \$0.0006543/kwh will be applied to our January 2009 billing.

All billings during January 2009 will show a combined factor of \$0.0125743/kwh.

If you have any questions, please contact me at 502/696-7010.

Sincerely,

Errol K. Wagner  
Director of Regulatory Services

Attachments

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

**Month Ended:**                      NOVEMBER 2008

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0.01192
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>\$0.0006543</u>
3 Total Adjustment Clause Factors		<u><u>\$0.0125743</u></u>

Effective Date for Billing

JANUARY 2009

Submitted by:

  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

DECEMBER 19, 2008

**KENTUCKY POWER COMPANY**  
**FUEL ADJUSTMENT CLAUSE SCHEDULE**

**Month Ended:    NOVEMBER 2008**

Fuel Fm (Fuel Cost Schedule)	<u>\$21,140,584</u>		
Sales Sm (Sales Schedule)	637,522,000	( + )	\$0.03316
Fuel (Fb)	<u>\$13,933,754</u>		
Sales (Sb)	655,865,000	( - )	<u>\$0.02124</u>
			<u><u>\$0.01192</u></u>

(\$/KWH)

Effective Date for Billing JANUARY 2009

Submitted by:   
(Signature)

Title: Director of Regulatory Services

Date Submitted: DECEMBER 19, 2008

**KENTUCKY POWER COMPANY  
FUEL COST SCHEDULE**

**Month Ended: NOVEMBER 2008**

A	Company Generation		
	Coal Burned	(+)	\$14,383,406
	Oil Burned	(+)	173,624
	Gas Burned	(+)	0
	Fuel (jointly owned plant)	(+)	0
	Fuel (assigned cost during F. O. )	(+)	0
	Fuel (substitute for F. O. )	(-)	0
	Sub Total		<u>14,557,030</u>
B	Purchases		
	Net Energy Cost - Economy Purchases	(+)	0
	Identifiable Fuel Cost - Other Purchases	(+)	16,628,777 *
	Identifiable Fuel Cost (substitute for F. O. )	(-)	0
	Sub Total		<u>16,628,777</u>
C	Inter-System Sales Fuel Costs		<u>6,192,405</u> *
	Sub Total		<u>6,192,405</u>
D	Total Fuel Cost (A + B - C)		<u><u>24,993,402</u></u>
E	Adjustment indicating the difference in actual fuel cost for the month of <u>OCTOBER 2008</u> and the estimated cost originally reported. <u>\$19,036,295</u> - <u>\$22,995,397</u> = <u>(3,959,102)</u> <span style="margin-left: 100px;">(actual)</span> <span style="margin-left: 100px;">(est.)</span>		
F	Total Company Over or (Under) Recovery from Page 4, Line 12		<u>470,455</u>
G	Grand Total Fuel Cost (D + E - F)		\$20,563,845
H	Net Transmission Marginal Line Loss for month of <u>NOVEMBER 2008</u> (Accounts 4470207 and 4470208)		\$576,739
I	ADJUSTED GRAND TOTAL FUEL COSTS (G+H)		<u><u>\$21,140,584</u></u>

\* Estimated - based on actual Kentucky generation unit costs in  
NOVEMBER 2008 \$14,557,030  
384,078,000 = 0.03790 /KWH

## KENTUCKY POWER COMPANY

## SALES SCHEDULE

Month Ended: NOVEMBER 2008

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	384,078,000
Purchases Including Interchange In	(+)	<u>438,754,000</u>
Sub Total		822,832,000
B. Pumped Storage Energy	(+)	0
Inter-System Sales Including Interchange Out	(+)	163,388,000
System Losses	(+)	<u>21,922,000</u> *
Sub Total		<u>185,310,000</u>
Total Sales (A - B)		<u><u>637,522,000</u></u>

\* Does not include 406,691 KWH of company usage

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

Month Ended:      NOVEMBER 2008

<u>Line No</u>			
1	FAC Rate Billed	( + )	0.01581
2	Retail KWH Billed at Above Rate	( x )	<u>560,775,891</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>\$8,865,867</u>
4	KWH Used to Determine Last FAC Rate Billed	( + )	538,404,000
5	Non-Jurisdictional KWH Included in L4	( - )	<u>6,998,100</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>531,405,900</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		\$8,401,527
8	Over or (Under) Recovery (L3 - L7)		\$464,340
9	Total Sales (Page 3)	( + )	637,522,000
10	Kentucky Jurisdictional Sales	( / )	<u>629,235,900</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (L9 / L10)		1.01317
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>\$470,455</u></u>

## KENTUCKY POWER COMPANY

FINAL  
FUEL COST SCHEDULE

Month Ended: OCTOBER 2008

A. Company Generation			
Coal Burned	(+)	\$23,047,853	
Oil Burned	(+)	227,691	
Gas Burned	(+)	0	
Fuel (jointly owned plant)	(+)	0	
Fuel (assigned cost during F. O.)			
( 0 KWH X \$0.000000 )	(+)	0	
Fuel (substitute for F. O.)	(-)	<u>0</u>	
Sub-total		<u>23,275,544</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	(+)	0	
Identifiable Fuel Cost - Other Purchases	(+)	3,397,758	(1)
Identifiable Fuel Cost (substitute for F. O.)			
( 0 KWH X \$0.000000 )	(-)	<u>0</u>	
Sub-total		<u>3,397,758</u>	
C. Inter-System Sales Fuel Costs		<u>7,637,007</u>	(1)
D. Sub-Total Fuel Cost (A+ B - C)		19,036,295	
E. Net Transmission Marginal Line Loss	OCTOBER 2008	<u>727,931</u>	
F. GRAND TOTAL FUEL COSTS (D + E)		<u><u>\$19,764,226</u></u>	

( 1 ) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No 2000-495-B.

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE SCHEDULE**  
Case No. 9061 and  
**Stipulation and Settlement Agreement in Case No. 2005-00341**  
NOVEMBER 2008

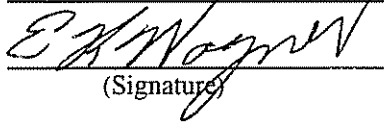
Line No.	Month Ended:			YTD System Sales Profit
1	Current Month (Tm) Net Revenue Level @ 70%	( + )	n/a	Feb-08 4,273,413
2	Current Month (Tm) Net Revenue Level @ 60%	( + )	<u>\$563,591</u>	Mar-08 3,075,288
3	Current Month (Tm) Net Revenue Level (Ln 1 + Ln 2)			Apr-08 3,283,321
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	( - )	<u>1,258,779</u>	May-08 3,636,818
5	Increase/(Decrease) of System Sales Net Revenue (Ln 3 - Ln 4)		(695,188)	Jun-08 5,385,019
6	Customer 70% Sharing <sup>1/</sup>	( x )	n/a	Jul-08 7,763,492
7	Customer 60% Sharing <sup>1/</sup>	( x )	<u>60%</u>	Aug-08 6,557,531
8	Customer Share of Increase/(Decrease) in System Sales Net Revenue		(\$417,113)	Sep-08 3,697,501
9	Current Month (Sm) Sales Level (Page 3 of 5)	( / )	<u>637,522,000</u>	Oct-08 1,602,812
10	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)		<u>\$0.0006543</u>	Nov-08 563,591
				Dec-08
				Jan-09
				Total 39,838,786 <sup>1/</sup>

\* This factor is a credit to the customer when current month net revenue levels exceed the base month; and a charge when the current month net revenues levels are below the base month

Effective Date for Billing:

JANUARY 2009

Submitted by:

  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

DECEMBER 19, 2008

<sup>1/</sup>Up to and including \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 70% After \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 60%



## KENTUCKY POWER COMPANY

## SYSTEM SALES CLAUSE NET REVENUE

Line No		Month Ended: NOVEMBER 2008		TOTAL
		CURRENT MONTH	PRIOR MO. TRUE-UP ADJUSTMENT	
1	Sales For Resale Revenues	\$5,992,169	(\$1,576)	\$5,990,593
2	Interchange-Delivered Revenues	-0-	-0-	-0-
3	Total System Sales Revenues	5,992,169	(1,576)	5,990,593
4	Sales For Resale Expenses	\$5,302,260	\$101,678	\$5,403,938
5	Interchange-Delivered Expenses	-0-	-0-	-0-
6	Non-Associated Utilities Monthly Environmental Costs*	23,064	0	23,064
7	Total System Sales Expenses	5,325,324	101,678	5,427,002
8	Total System Sales Net Revenues	<u>\$666,845</u>	<u>(\$103,254)</u>	<u>\$563,591</u>

\*Source:

ES Form 1.0, Line 3

ES Form 3.3, Line 4

Non-Associated Environmental Costs



**KENTUCKY  
POWER**

A unit of American Electric Power

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

RECEIVED

JAN 20 2009

PUBLIC SERVICE  
COMMISSION

Jeff R. Derouen, Executive Director  
Public Service Commission

**Attn: Daryl Newby**  
P. O. Box 615  
Frankfort, KY 40602

19 January 2009

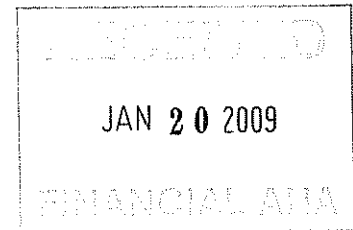
Gentlemen:

Attached are Kentucky Power Company's fuel adjustment clause schedules with supporting sales and fuel cost schedules. These calculations are based on an estimated December 2008 fuel costs with an adjustment reflecting actual November 2008 fuel costs.

The fuel adjustment clause factor of \$0.00424/kwh will be applied to our February 2009 billing. Pursuant to the Commission's Order dated October 3, 2002 in Case No. 2000-495B, page 5 reflects the peaking unit equivalent approach used to calculate the level of non-economy purchased power costs to flow through the fuel adjustment clause.

Pursuant to the Commission's January 8, 2009 Order in Case No. 2008-00283, the Company was granted the authority to recover the under-collection of the Net Transmission Marginal Line Losses incurred for the six month period November 2007 through April 2008. Pursuant to the January 8<sup>th</sup> Order, the Company will reflect an adjustment of \$981,697 evenly over the billing months of February through July 2009 to reflect the costs associated with Accounts 4470207 and 4470208 (please see attached Page 2 of 5, Section I).

Also attached are the system sales clause schedule with a supporting net revenue schedule calculated pursuant to the Commission's March 14, 2006 Order in Case No. 2005-00341. These calculations are based on an estimated December 2008 net revenue with an adjustment reflecting the true-up of November 2008 net revenue. Pursuant to the Settlement Agreement in Case No. 2005-00341 and the Company's System Sales Clause Tariff, net system sales revenue up to and including \$30M for the billing period April 1, 2008 through March 31, 2009 shall be based on 70/30 percent sharing basis. If and when the Company surpasses the off-system sales margin of \$30M, the customer sharing



Page 2  
Messrs. Derouen and Newby  
19 January 2009

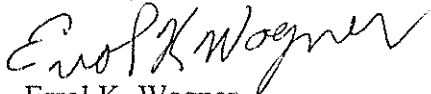
mechanism shall be on a 60/40 basis. The attached System Sales Clause Schedule, page 1 of 2, shows the net revenue level to be applied to our February 2009 billing is in the amount of \$369,904. As the table indicates, the YTD system sales profit total has exceeded the \$30M benchmark. Therefore, the sharing mechanism for February billing is calculated on a 60/40 basis.

The net system sales clause factor of \$0.0014128/kwh will be applied to our February 2009 billing.

All billings during February 2009 will show a combined factor of \$0.0056528/kwh.

If you have any questions, please contact me at 502/696-7010.

Sincerely,



Errol K. Wagner  
Director of Regulatory Services

Attachments

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

**Month Ended:** December 2008

1 Fuel Adjustment Clause Factor (Page 1 of 5)	(+)	\$0 00424
2 System Sales Clause Factor (Page 1 of 2)	(+)	<u>\$0.0014128</u>
3 Total Adjustment Clause Factors		<u><u>\$0.0056528</u></u>

Effective Date for Billing

February 2009

Submitted by:

*E K Wagner*  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

January 19, 2009

**KENTUCKY POWER COMPANY**  
**FUEL ADJUSTMENT CLAUSE SCHEDULE**

**Month Ended:** December 2008

Fuel Fm (Fuel Cost Schedule)	<u>\$17,915,317</u>		
Sales Sm (Sales Schedule)	703,013,000	( + )	\$0.02548
Fuel (Fb)	<u>\$13,933,754</u>		
Sales (Sb)	655,865,000	( - )	<u>\$0.02124</u>
			<u><u>\$0.00424</u></u>
			(\$/KWH)

Effective Date for Billing February 2009

Submitted by:   
(Signature)

Title: Director of Regulatory Services

Date Submitted: January 19, 2009

**KENTUCKY POWER COMPANY  
FUEL COST SCHEDULE**

Month Ended: **December 2008**

A.	Company Generation			
	Coal Burned	(+)	\$15,010,192	
	Oil Burned	(+)	288,524	
	Gas Burned	(+)	0	
	Fuel (jointly owned plant)	(+)	0	
	Fuel (assigned cost during F O )	(+)	0	
	Fuel (substitute for F O )	(-)	0	
	Sub Total		15,298,716	
B.	Purchases			
	Net Energy Cost - Economy Purchases	(+)	0	
	Identifiable Fuel Cost - Other Purchases	(+)	14,712,339	*
	Identifiable Fuel Cost (substitute for F O )	(-)	0	
	Sub Total		14,712,339	
C.	Inter-System Sales Fuel Costs		6,475,126	*
	Sub Total		6,475,126	
D.	Total Fuel Cost (A + B - C)		23,535,929	
E.	Adjustment indicating the difference in actual fuel cost for the month of <u>November 2008</u> and the estimated cost originally reported.			
	<u>\$20,633,021</u>	-	<u>\$24,993,402</u>	=
	(actual)		(est.)	
			(4,360,381)	
F.	Total Company Over or (Under) Recovery from Page 4, Line 12		2,799,694	
G.	Grand Total Fuel Cost (D + E - F)		\$16,375,854	
H.	Net Transmission Marginal Line Loss for month of <u>December 2008</u> (Accounts 4470207 and 4470208)		\$557,766	
I.	Net Transmission Marginal Line Loss Adjustment **		\$981,697	**
J.	ADJUSTED GRAND TOTAL FUEL COSTS (G+H+I)		\$17,915,317	

\* Estimated - based on actual Kentucky generation unit costs in December 2008  

$$\frac{\$15,298,716}{472,505,000} = 0.03238 \text{ /KWH}$$

\*\* Above charge is one sixth of the Net Transmission Marginal Line Loss Adjustment associated with Accounts 4470207 and 4470208 for the months November 2007 through April 2008 pursuant to PSC Order in Case No. 2008-00283 dated January 8, 2009

**KENTUCKY POWER COMPANY****SALES SCHEDULE****Month Ended:** December 2008

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	472,505,000
Purchases Including Interchange In	(+)	<u>454,365,000</u>
Sub Total		926,870,000
 B. Pumped Storage Energy	 (+)	 0
Inter-System Sales Including Interchange Out	(+)	199,973,000
System Losses	(+)	<u>23,884,000</u> *
Sub Total		<u>223,857,000</u>
Total Sales (A - B)		<u><u>703,013,000</u></u>

\* Does not include 547,086 KWH of company usage.

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

**Month Ended: December 2008**

<u>Line</u> <u>No</u>			
1	FAC Rate Billed	( + )	0.01757
2	Retail KWH Billed at Above Rate	( x )	<u>706,827,666</u>
3	FAC Revenue/(Refund) (L1 * L2)		<u>\$12,418,962</u>
4	KWH Used to Determine Last FAC Rate Billed	( + )	556,713,000.00000
5	Non-Jurisdictional KWH Included in L4	( - )	<u>7,038,200</u>
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)		<u>549,674,800</u>
7	Recoverable FAC Revenue/(Refund) (L1 * L6)		\$9,657,786
8	Over or (Under) Recovery (L3 - L7)		\$2,761,176
9	Total Sales (Page 3)	( + )	703,013,000
10	Kentucky Jurisdictional Sales	( / )	<u>693,343,100</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (L9 / L10)		1.01395
12	Total Company Over or (Under) Recovery (L8 * L11)		<u><u>\$2,799,694</u></u>



## KENTUCKY POWER COMPANY

FINAL  
FUEL COST SCHEDULE

Month Ended: November 2008

A. Company Generation			
Coal Burned	( + )	\$20,466,355	
Oil Burned	( + )	202,545	
Gas Burned	( + )	0	
Fuel (jointly owned plant)	( + )	0	
Fuel (assigned cost during F. O. )			
( 0 KWH X \$0 000000 )	( + )	0	
Fuel (substitute for F. O. )	( - )	<u>0</u>	
Sub-total		<u>20,668,900</u>	
B. Purchases			
Net Energy Cost - Economy Purchases	( + )	0	
Identifiable Fuel Cost - Other Purchases	( + )	4,910,380	(1)
Identifiable Fuel Cost (substitute for F. O. )			
( 0 KWH X \$0 000000 )	( - )	<u>0</u>	
Sub-total		<u>4,910,380</u>	
C. Inter-System Sales Fuel Costs		<u>4,946,259</u>	(1)
D. Sub-Total Fuel Cost (A+ B - C)		20,633,021	
E. Net Transmission Marginal Line Loss November 2008		<u>576,739</u>	
F. GRAND TOTAL FUEL COSTS (D + E)		<u><u>\$21,209,760</u></u>	

( 1 ) Includes total Energy Costs of non-economy purchase per KPSC Order dated October 3, 2002 in Case No. 2000-495-B

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE SCHEDULE**  
Case No. 9061 and  
Stipulation and Settlement Agreement in Case No. 2005-00341  
December 2008

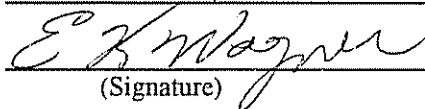
Line No.	Month Ended:			YTD System Sales Profit
1	Current Month (Tm) Net Revenue Level @ 70%	( + )	n/a	Feb-08 4,273,413
2	Current Month (Tm) Net Revenue Level @ 60%	( + )	<u>\$369,904</u>	Mar-08 3,075,288
3	Current Month (Tm) Net Revenue Level (Ln 1 + Ln 2)			Apr-08 3,283,321
				May-08 3,636,818
4	Base Month (Tb) Tariff 19-2 Net Revenue Level	( - )	<u>2,025,256</u>	Jun-08 5,385,019
				Jul-08 7,763,492
5	Increase/(Decrease) of System Sales Net Revenue (Ln 3 - Ln 4)		(1,655,352)	Aug-08 6,557,531
				Sep-08 3,697,501
6	Customer 70% Sharing <sup>1/</sup>	( x )	n/a	Oct-08 1,602,812
7	Customer 60% Sharing <sup>1/</sup>	( x )	<u>60%</u>	Nov-08 563,591
				Dec-08 369,904
8	Customer Share of Increase/(Decrease) in System Sales Net Revenue		(\$993,211)	Jan-09
9	Current Month (Sm) Sales Level (Page 3 of 5)	( / )	<u>703,013,000</u>	Total 40,208,690 <sup>1/</sup>
10	System Sales Clause Factor - \$/Kwh (Ln 8 / Ln 9)		<u><u>\$0.0014128</u></u>	*

\* This factor is a credit to the customer when current month net revenue levels exceed the base month, and a charge when the current month net revenues levels are below the base month

Effective Date for Billing:

February 2009

Submitted by:

  
(E. K. Wagner)  
(Signature)

Title:

Director of Regulatory Services

Date Submitted:

January 19, 2009

<sup>1/</sup>Up to and including \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 70% After \$30M for any period beginning April 1 through March 31 of the following year sharing will be at 60%

**KENTUCKY POWER COMPANY**  
**SYSTEM SALES CLAUSE NET REVENUE**

<u>Line No.</u>	Month Ended: December 2008		<u>TOTAL</u>	
	<u>CURRENT MONTH</u>	<u>PRIOR MO. TRUE-UP ADJUSTMENT</u>		
1	Sales For Resale Revenues	\$5,953,045	(\$13,892)	\$5,939,153
2	Interchange-Delivered Revenues	-0-	-0-	-0-
3	Total System Sales Revenues	5,953,045	(13,892)	5,939,153
4	Sales For Resale Expenses	\$5,360,431	(\$31,153)	\$5,329,278
5	Interchange-Delivered Expenses	-0-	-0-	-0-
6	Non-Associated Utilities Monthly Environmental Costs*	239,971	0	239,971
7	Total System Sales Expenses	5,600,402	(31,153)	5,569,249
8	Total System Sales Net Revenues	<u>\$352,643</u>	<u>\$17,261</u>	<u>\$369,904</u>

\*Source:

ES Form 1.0, Line 3

ES Form 3.3, Line 4

Non-Associated Environmental Costs