

WHAT'S ON MY BILL?

An explanation of line items on Kentucky Power bills as authorized by the
Kentucky Public Service Commission

- **Fuel Adjustment Clause (FAC) – Fuel Adj.**
The FAC is a charge or credit for the actual cost of coal or natural gas used to generate or purchase electricity. Kentucky Power does not make a profit on fuel costs. The company simply recovers dollar for dollar the costs of purchasing fuel to power its plants. The charge or credit varies monthly with the price of fuel.
- **Demand side management (DSM) – DSM Adj.**
The DSM rider recovers costs of PSC-approved energy efficiency programs. This surcharge varies by customer class. In 2018, there is only one residential program (Targeted Energy Efficiency) to aid low-income customers. Residential customers will see a credit on their bill this year. There are no commercial programs offered in 2018. However, there is a line item for commercial customers to recover 2017 program costs.
- **Home Energy Assistance Program (HEAP) – Residential HEAP**
Kentucky Power partners with Community Action Kentucky to administer the Home Energy Assistance Program to support customers who need assistance paying their energy bills. HEAP collects \$0.30 a month from residential customers. Kentucky Power matches it dollar for dollar to generate about \$980,000 a year. HEAP supplements the federal Low-Income Energy Assistance Program (LIHEAP) to help more people.
- **Kentucky Economic Development Surcharge (KEDS)**
KEDS collects \$1.00 a month from every commercial and industrial account to help fund economic development projects and programs. Kentucky Power matches all funds collected from customers to generate approximately \$750,000 a year to invest in eastern Kentucky. The residential charge was discontinued in 2018.
- **Capacity Charge (CC)**
This charge recovers costs associated with power purchased from the Rockport Plant in Indiana. Kentucky Power purchases 393 megawatts of coal-generated electricity from Rockport to serve Kentucky customers.
- **Decommissioning Rider**
The decommissioning rider recovers all remaining costs and expenses associated with the closure of Big Sandy Unit 2 and the retirement of coal-related assets from Big Sandy Unit 1.
- **Environmental Surcharge (ES) – Environmental Adj.**
The environmental surcharge recovers specific costs associated with projects necessary to comply with environmental regulations mandated by the Environmental Protection Agency (EPA).
- **Purchased Power Adjustment (PPA)**
The PPA is a charge or credit to recover transmission costs associated with purchased power. This rate will be set at \$0.00 until the October 2018 billing. After October 2018, the PPA will adjust once a year.
- **Renewable Pricing Option Rider**
This voluntary program allows customers to purchase Renewable Energy Credits instead of fossil-generated energy. Each customer may purchase blocks of solar, wind, hydro, or other renewable energy. One block equals 100 kilowatt hours. Customers also may work out a written agreement with Kentucky Power to receive electricity generated from renewable energy resources direct from the renewable energy provider.



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