

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE APPLICATION OF THE)
FUEL ADJUSTMENT CLAUSE OF KENTUCKY) CASE NO. 92-492-B
POWER COMPANY FROM MAY 1, 1993 TO)
OCTOBER 31, 1993)

O R D E R

Pursuant to Commission Regulation 807 KAR 5:056, Section 1(12), IT IS HEREBY ORDERED that:

1. Kentucky Power Company ("Kentucky Power") shall appear at the Commission's offices in Frankfort, Kentucky, on February 17, 1994 at 9:00 a.m., Eastern Standard Time, to submit itself to examination on the application of its fuel adjustment clause from May 1, 1993 to October 31, 1993.

2. Kentucky Power shall notify its customers in writing of the date, time, place, and purpose of the hearing or shall publish such notice in accordance with 807 KAR 5:011, Section 8(5).

3. Kentucky Power shall, on or before January 21, 1994, file with the Commission an original and 10 copies of the information requested in Appendix A, attached hereto and incorporated herein. Each copy shall be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed; for example, Item 1(a), Sheet 2 of 6. Kentucky Power shall furnish with each response the name of the witness who will be available at the public hearing to respond to

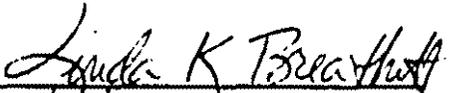
questions concerning each area of information requested. Careful attention shall be given to copied material to ensure its legibility.

Done at Frankfort, Kentucky, this 27th day of December, 1993.

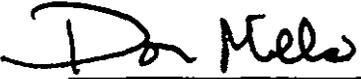
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-492-B DATED December 27, 1993.

1. Provide the following information for the six-month review period:

a. A listing of all written solicitations for coal supply. For each solicitation, provide its date, type (contract or spot), quantities, a general description of the quality of coal sought, the period over which deliveries were requested, and the generating unit(s) for which the coal was intended.

b. For each solicitation identified in response to part (a) above, the number of vendors to which it was sent, the number of vendors which responded, the bid tabulation sheet, or corresponding document, which ranked the proposals (identifying all vendors which made proposals), the vendor selected, and a brief explanation for the selection.

c. A listing of any verbal solicitations for coal supply. For each such solicitation, explain why the solicitation was not written and provide its date(s), quantities, a general description of the quality of coal sought, the time period over which deliveries were requested, and the generating unit(s) for which the coal was intended.

d. For each solicitation identified in response to part (c) above, the vendors contacted, the tabulation sheet, or other document, which ranked the proposals (identifying all vendors which

made proposals), the vendor selected, and a brief explanation for the selection.

2. Provide the following information for the six-month review period:

a. List each vendor from which coal was purchased and the quantities purchased, identified as either spot or contract purchases.

b. The number of solicitations issued to each vendor above, identified as contract or spot solicitations, and the number of proposals made by each vendor in response to the solicitations.

3. Provide the following information for the six-month review period:

a. For each station or unit for which a separate coal inventory is maintained, the actual coal burn in tons, actual coal deliveries in tons, total KWH generated, and actual capacity factor at which the plant operated.

b. For the stations or units identified above, contract deliveries in tons, estimated KWH generation if coal burned was equal to contract deliveries, and estimated capacity factor at this estimated generation level.

4. Provide a list of all firm power commitments for Kentucky Power from May 1, 1993 to October 31, 1993. Include the utility's name, size of commitment and purpose; for example, peaking, emergency, etc. for (a) purchase and (b) sales.

5. Provide a monthly billing summary for sales to all electric utilities for the period May 1, 1993 to October 31, 1993.

6. Provide a copy of Kentucky Power's scheduled, actual, and forced outages for the 6-month period May 1, 1993 to October 31, 1993.

7. Provide an updated list of all existing fuel contracts categorized as long-term (i.e., more than 1 year in length) and include the following information for each:

- a. name and address of supplier;
- b. name and location of production facility;
- c. date contract signed;
- d. duration of contract;
- e. date(s) of each contract revision, modification or amendment;
- f. annual tonnage requirements;
- g. actual annual tonnage received pursuant to the contract;
- h. percent of annual requirements received;
- i. base price;
- j. total amount of price escalations to date; and
- k. current price paid for coal under the contract (i + j).

8. a. State whether Kentucky Power regularly performs any type of coal price comparison with other electric utilities on coal purchases.

b. If yes, state:

- (1) how Kentucky Power compares with others.

(2) the utilities which are included in this comparison and the geographical region of each.

9. State the percentage of Kentucky Power's coal, as of the date of this order, which is delivered by:

- a. rail
- b. truck

10. a. What was Kentucky Power's actual coal inventory in tons and in number of days' supply as of November 1, 1993.

b. Describe the criteria used to determine days' supply.

c. What was Kentucky Power's coal inventory target for November 1, 1993?

d. If actual coal inventory exceeded the inventory target by 10 or more days' supply, state the reasons for the excess.

e. (1) Does Kentucky Power expect any significant changes in its current coal inventory target within the next 12 months?

(2) If yes, state the expected change and the reasons for this change.

11. a. Has Kentucky Power audited any of its coal contracts during the period under review?

- b. If yes, for each:
 - (1) identify the contract.
 - (2) identify the auditor.

(3) state the results of the audit.

(4) describe the actions which Kentucky Power took as a result of the audit.

12. a. Has Kentucky Power received any customer complaints regarding its fuel adjustment clause during the period under review?

b. If yes, for each complaint, state:

(1) the nature of the complaint.

(2) Kentucky Power's response.

13. a. Is Kentucky Power currently involved in any litigation with its current or former coal suppliers?

b. If yes, for each case:

(1) provide a copy of the complaint or other legal pleading which initiated the litigation.

(2) identify the coal supplier.

(3) identify the coal contract involved.

(4) state the amount of recovery sought by each party.

(5) list the issues being litigated.

(6) state its current status.