

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	)	CASE NO. 98-562-A
ADJUSTMENT CLAUSE OF AMERICAN	)	
ELECTRIC POWER COMPANY FROM	)	
NOVEMBER 1, 1998 TO APRIL 30, 1999	)	

O R D E R

Pursuant to Commission Regulation 807 KAR 5:056, Section 1(11), IT IS
HEREBY ORDERED that:

1. American Electric Power Company (AEP) shall appear at the Commission s offices in Frankfort, Kentucky, on August 19, 1999 at 9:00 a.m., Eastern Daylight Time, to submit itself to examination on the application of its fuel adjustment clause (FAC) from November 1, 1998 to April 30, 1999. Neither opening statements nor witnesses summaries of prefiled testimony will be permitted.

2. AEP 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. AEP shall, on or before July 16, 1999, file with the Commission an original and 4 copies of the information requested in Appendix A, attached hereto and incorporated herein. Each copy shall be place 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. AEP 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.

4. Any party who wishes to file testimony in this proceeding or to request information from AEP may petition the Commission for a procedural schedule.

5. All documents which AEP filed with the Commission pursuant to Administrative Regulation 807 KAR 5:056, Section 1(7) and 1(9), during the period under review are incorporated by reference into the record of this proceeding.

6. The record of Case No. 98-562¹ is incorporated by reference into the record of this proceeding.

Done at Frankfort, Kentucky, this 23rd day of June, 1999.

By the Commission

ATTEST:

Executive Director

¹ Case No. 98-562, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of American Electric Power Company From November 1, 1996 to October 31, 1998.

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 98-562-A DATED JUNE 23, 1999

1. List each written coal supply solicitation issued during the period from November 1, 1998 to April 30, 1999.

a. For each solicitation, provide the date of the solicitation, the type of solicitation (contract or spot), the quantities solicited, a general description of the quality of coal solicited, the time period over which deliveries were requested, and the generating unit(s) for which the coal was intended.

b. For each solicitation, state the number of vendors to whom the solicitation was sent, the number of vendors who responded, and the selected vendor. Provide the bid tabulation sheet or corresponding document that ranked the proposals. (This document should identify all vendors who made offers.) State the reasons for each selection.

2. List each oral coal supply solicitation issued during the period from November 1, 1998 to April 30, 1999.

a. For each solicitation, state why the solicitation was not written, the date(s) of the solicitation, the quantities solicited, a general description of the quality of coal solicited, the time period over which deliveries were requested, and the generating unit(s) for which the coal was intended.

b. For each solicitation, identify all vendors solicited and the vendor selected. Provide the tabulation sheet or other document that ranks the proposals.

(This document should identify all vendors who made offers.) State the reasons for each selection.

3. For the period from November 1, 1998 to April 30, 1999, list each vendor from whom coal was purchased and the quantities and nature of each purchase (e.g., spot or contract).

4. For each generating station or unit for which a separate coal pile is maintained, state for the period from November 1, 1988 to April 30, 1999 the actual amount of coal burned in tons, actual amount of coal deliveries in tons, total KWH generated, and actual capacity factor at which the plant operated.

5. List all power commitments for AEP from November 1, 1998 to April 30, 1999 for (a) purchases and (b) sales. This list shall identify the electric utility, the amount of commitment in MW and the purpose of the commitment (e.g., peaking, emergency).

6. Provide a monthly billing summary for sales to all electric utilities for the period from November 1, 1998 to April 30, 1999.

7. List AEP s scheduled, actual, and forced outages between November 1, 1998 and April 30, 1999.

8. List all existing fuel contracts categorized as long-term (i.e., more than one year in length). Provide the following information for each contract:

- a. Supplier s name and address;
- b. Name and location of production facility;
- c. Date when contract executed;
- d. Duration of contract;

- e. Date(s) of each contract revision, modification or amendment;
 - f. Annual tonnage requirements;
 - g. Actual annual tonnage received since the contract's inception;
 - h. Percent of annual requirements received during the contract's term;
 - i. Base price;
 - j. Total amount of price escalations to date;
 - k. Current price paid for coal under the contract (i + j).
9. a. Does AEP regularly compare the price of its coal purchases with those paid by other electric utilities?
- b. If yes, state:
- (1) How AEP's prices compare with those of other utilities for the period under review.
 - (2) The utilities which are included in this comparison and their location.
10. What percentage of AEP's coal, as of the date of this Order, is delivered by:
- a. rail?
 - b. truck?
11. a. State AEP's coal inventory level in tons and in number of days supply as of April 30, 1999.
- b. Describe the criteria used to determine number of days' supply.
 - c. Compare AEP's coal inventory as of April 30, 1999 to its inventory target for that date.

d. If actual coal inventory exceeds inventory target by 10 days supply, state the reasons for excessive inventory.

e. (1) Does AEP 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.

12. a. Has AEP audited any of its coal contracts during the period from November 1, 1998 to April 30, 1999?

b. If yes, for each audited contract:

(1) Identify the contract.

(2) Identify the auditor.

(3) State the results of the audit.

(4) Describe the actions that AEP took as a result of the audit.

13. a. Has AEP received any customer complaints regarding its fuel adjustment clause during the period from November 1, 1998 to April 30, 1999?

b. If yes, for each complaint, state:

(1) The nature of the complaint.

(2) AEP's response.

14. a. Is AEP currently involved in any litigation with its current or former coal suppliers?

b. If yes, for each litigation:

(1) Identify the coal supplier.

(2) Identify the coal contract involved.

- (3) State the potential liability or recovery to AEP.
- (4) List the issues presented.
- (5) Provide a copy of the complaint or other legal pleading which initiated the litigation, if not previously filed with the Commission.

c. State the current status of all litigation with coal suppliers.

15. a. During the period from November 1, 1998 to April 30, 1999, have there been any changes to AEP's written policies and procedures regarding its fuel procurement?

b. If yes,

- (1) What were these changes?
- (2) Provide these written policies and procedures as changed.
- (3) When were these changes made?
- (4) Why were they made?

16. a. Is AEP aware of any violations of its policies and procedures regarding fuel procurement that occurred prior to or during the period from November 1, 1998 to April 30, 1999?

b. If yes, for each violation:

- (1) Describe the violation.
- (2) Describe the action(s) that AEP took upon discovering the violation.
- (3) Identify the person(s) who committed the violation.

17. Identify all changes in the organizational structure and personnel of the departments or divisions that are responsible for AEP's fuel procurement activities which occurred during the period from November 1, 1998 to April 30, 1999.

18. a. Identify all changes that AEP has made during the period under review to its maintenance and operation practices and which affect fuel usage at AEP's generation facilities.

b. Describe the impact of these changes on AEP's fuel usage.

19. Provide the line loss percentage for each intersystem sale for the period November 1, 1998 to April 30, 1999.

20. a. Does AEP purchase any coal on behalf of a power marketer to whom it is selling power?

b. If yes, provide details of each transaction.

21. a. During the period under review, did AEP amend its Open Access Transmission Tariff on file with the Federal Energy Regulatory Commission?

b. If yes, describe the amendments and provide the revised tariff sheets.