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August 20, 2004

**RECEIVED**

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AUG 20 2004

PUBLIC SERVICE  
COMMISSION

**HAND DELIVERED**

Beth O' Donnell  
Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

**RE: P.S.C. Case No. 2004-00211 (Kentucky Power Company)**

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and five copies of Kentucky Power Company's responses to the Commission Staff's Data Requests dated August 6, 2004.

Sincerely yours,

STITES & HARBISON, PLLC

  
Mark R. Overstreet

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**RECEIVED**

**COMMONWEALTH OF KENTUCKY**

**AUG 20 2004**

**BEFORE THE**

**PUBLIC SERVICE  
COMMISSION**

**PUBLIC SERVICE COMMISSION OF KENTUCKY**

**IN THE MATTER OF**

**AN EXAMINATION BY THE PUBLIC )  
SERVICE COMMISSION OF THE APPLICATION )  
OF THE FUEL ADJUSTMENT CLAUSE OF ) CASE NO. 2004-00211  
AMERICAN ELECTRIC POWER COMPANY )  
FROM NOVEMBER 1, 2003 THROUGH )  
APRIL 30, 2004 )**

**KENTUCKY POWER COMPANY**

**RESPONSES TO COMMISSION SECOND SET DATA REQUESTS**

**August 20, 2004**



**Kentucky Power  
d/b/a  
American Electric Power**

**REQUEST**

Refer to Item 6 of the response to the Commission's June 23, 2004 Order. AEP/Kentucky Power's long-term contract with Beech Fork Processing is schedule to expire in December 2004. Does AEP/Kentucky Power plan to replace the tonnage that will be lost with contract coal or spot coal? Explain the reasons for AEP/Kentucky Power's choice of coal.

**RESPONSE**

KPCo has not yet determined whether the expiring Beech Fork long-term agreement deliveries will be replaced with contract or spot purchases. KPCo's general coal purchasing strategy is based on continuous market monitoring and evaluation along with periodic competitive bids. As KPCo's uncommitted needs for coal during an upcoming period are estimated, coal producers are contacted through the solicitation process and given the parameters for the amount and quality of coal that is sought. From bid results and/or existing opportunities, if reasonable, KPCo then makes its selection of the coals needed to meet its requirements based primarily on price and coal quality considerations.

**WITNESS:** Stephen D Baker



**Kentucky Power  
d/b/a  
American Electric Power**

**REQUEST**

Refer to Item 12 of the response to the June 23, 2004 Order. Concerning the litigation with AEI Coal Sales Company, Inc., state whether approval by the bankruptcy court has been received to date and, if not, whether AEP/Kentucky Power has been given a date by which a decision is to be rendered.

**RESPONSE**

As of the date of this filing, a final order from the bankruptcy court has not yet been received nor is KPCo aware of any objections to the motions to approve the settlement. If objections to the motions to approve the settlement are not received by August 25, 2004, the Court will enter an order approving the settlement.

**WITNESS:** Stephen D Baker



**Kentucky Power**  
**d/b/a**  
**American Electric Power**

**REQUEST**

Refer to Item 13 of the response to the June 23, 2004 Order, which states that "AEP is in the process of revising its Coal Procurement Policy." Explain whether the decision to revise the policy is due to recent personnel changes in the area responsible for coal procurement, or if the policy is being changed for other reasons.

**RESPONSE**

Although the Coal Procurement Policy has been recently revised to primarily reflect the changes in roles and responsibilities associated with the recent reorganization of the Fuels, Emissions, and Logistics group, the overall intent and goals of the policy remain the same.

**WITNESS:** Stephen D Baker





**Kentucky Power**  
**d/b/a**  
**American Electric Power**

**REQUEST**

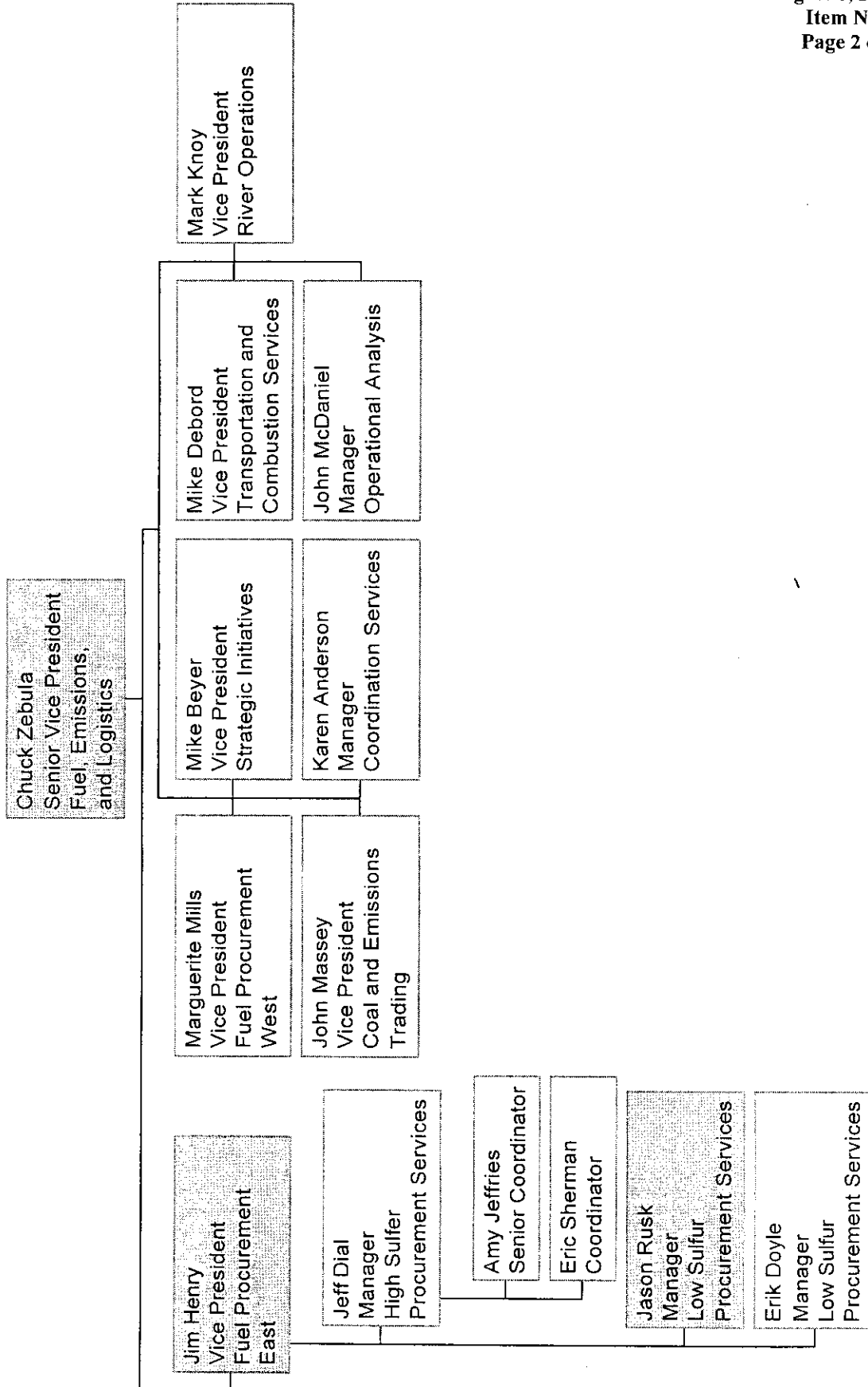
Refer to Item 15 of the response to the June 23, 2004, which states "J.D. Henry's former supervisor, K. J. McGowan, Vice President-Energy Trading, is no longer employed by AEP." Explain whether AEP/Kentucky anticipates filling Mr. McGowan's position, or whether the organizational structure of the area responsible for fuel procurement could change as a result of the revisions to the coal procurement policy referred to in Item 3 of this request.

**RESPONSE**

As a result of the reorganization of the Fuel, Emissions, and Logistics group, the single position previously held by K. J. McGowan has been split into two procurement responsibilities covering the eastern and western coal supply markets. The Coal Procurement Policy's revisions primarily reflect the changes in roles and responsibilities associated with the reorganization. Please refer to Attachment A that provides an organization chart that illustrates Kentucky Power's coal procurement responsibility within the reorganized Fuel, Emissions, and Logistics group. During the review period from November 1, 2003 through April 30, 2004, Amy Jeffries was directly responsible for Kentucky Power's coal procurement. Subsequent to the review period, that responsibility has been assigned to Jason Rusk. Rusk reports to J. D. Henry who was appointed Vice President – Fuel Procurement East.

**WITNESS:** Stephen D Baker

Fuel, Emissions, & Logistics Management - Kentucky Power Coal Procurement Responsibility





**Kentucky Power  
d/b/a  
American Electric Power**

**REQUEST**

Refer to Item 18 of the response to the June 23, 2004 Order, which states that AEP/Kentucky Power received notice from Pevler Coal Company stating its inability to deliver contract base quantities for March through June 2004 and thereafter. Since the contract runs through December 2005, explain whether AEP/Kentucky Power will pursue legal or other remedies to address Pevler Coal Company's non-delivery.

**RESPONSE**

The parties are currently involved in ongoing discussions to resolve Pevler's non-delivery.

**WITNESS:** Stephen D Baker