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August 22, 2005

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**HAND DELIVERED**

Beth O' Donnell  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

RECEIVED

AUG 22 2005

PUBLIC SERVICE  
COMMISSION

**RE: P.S.C. Case No. 2005-00240**

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and five copies of Kentucky Power Company's Responses to the Data Requests set out in the Commission's August 10, 2005 Order.

Please do not hesitate to contact me if you have any questions.

Sincerely yours,

STITES & HARBISON, PLLC

  
Mark R. Overstreet

KE057:KE181:12935:1:FRANKFORT

COMMONWEALTH OF KENTUCKY  
BEFORE THE  
PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

AUG 22 2005

PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF

AN EXAMINATION BY THE PUBLIC )  
SERVICE COMMISSION OF THE APPLICATION )  
OF THE FUEL ADJUSTMENT CLAUSE OF ) CASE NO. 2005-00240  
KENTUCKY POWER COMPANY FROM )  
NOVEMBER 1, 2004 THROUGH APRIL 30, 2005 )

KENTUCKY POWER COMPANY

RESPONSES TO COMMISSION STAFF'S  
SECOND SET OF DATA REQUESTS

August 22, 2005



## Kentucky Power

### REQUEST

Refer to AEP/Kentucky Power's Response to the Commission's Order of July 7, 2005, Item 6 at 2. As of April 30, 2005, AEP/Kentucky Power has received 67,184 tons of coal under the Argus Energy (amended and restated Pevler Coal Sales Company, Inc.) contract, which provides for deliveries of 300,000 tons of coal per year. State how much coal AEP/Kentucky Power expects to receive during 2005 under this contract. State whether AEP/Kentucky Power expects shipment of the entire 300,000 tons due in 2006.

### RESPONSE

Through June 2005, Kentucky Power has received 138,949 tons pursuant to the Argus Energy contract. Kentucky Power expects Argus Energy to fulfill the contractual obligation by delivering the entire 300,000 tons due in 2005 as well as in 2006.

WITNESS: Stephen D Baker



## Kentucky Power

### REQUEST

Refer to AEP/Kentucky Power's Response to the Commission's Order of July 7, 2005, Item 7. Provide the specific coal costs of AEP/Kentucky Power and of the Utilities upon which AEP/Kentucky Power bases its comparison for the period under review.

### RESPONSE

Please refer to Supplemental Attachment Item No. 2. This printout is produced using the Platt's COALdat service that utilizes FERC Form 423 filings. For the time period November 1, 2004 through March 31, 2005, Kentucky Power's coal purchases on a cents per million Btu basis were the second lowest of the four reporting utilities.

WITNESS: Stephen D Baker

# Transactions Analyzer:1 - Views Page

11/15/2005 - 09:50:57

Comments: Shipment Date = Between 2004-11, 2005-03

Plant Operator = East Kentucky Power Coop, Inc., Kentucky Power Co., Kentucky Utilities Co., Louisville Gas & Electric Co.  
 (Date Range: 2004-11 to 2005-03)

Plant Operator	Total Tons (000s)	Tons w/Del. Price (000s)	FOB \$/Ton	T&H \$/Ton	Other \$/Ton	Del \$/Ton	Del \$/mmBtu	Btu/Lb	LbSO2/mmBtu	% Sulf	% Ash
East Kentucky Power Coop.	1,812.68	1,812.68	38.72	4.96	0.32	43.85	181.92	12,053	2.41	1.45	11.83
Kentucky Power Co.	1,090.10	1,090.10	41.09	2.14	0.00	43.48	181.41	11,982	1.60	0.95	10.99
Kentucky Utilities Co.	3,297.36	3,297.36	36.63	6.53	0.38	43.30	181.42	11,932	2.13	1.27	10.43
Louisville Gas & Electric	3,137.37	3,137.37	24.28	4.64	0.00	29.13	127.27	11,446	5.56	3.18	11.38





## Kentucky Power

### REQUEST

Refer to AEP/Kentucky Power's Response to the Commission's Order of July 7, 2005, Item 8. State whether AEP/Kentucky Power expects the percentage of coal deliveries to its Big Sandy Station by rail to continue to increase. If yes, state the level (in terms of a percentage of total coal delivered to Big Sandy) that AEP/Kentucky Power expects rail deliveries to finally reach and the date when such level will be reached. Explain why rail deliveries are unlikely to increase to this level.

### RESPONSE

Kentucky Power manages its coal supplies and transportation costs with the intent of providing a reliable supply of coal at the lowest reasonable cost. The mode of transportation used is a function of current market conditions; therefore KPCo has no specific rail target. By December 31, 2005, Kentucky Power expects rail deliveries to reach approximately 25% of total coal deliveries to the Big Sandy plant.

WITNESS: Stephen D Baker



## Kentucky Power

### REQUEST

Refer to AEP/Kentucky Power's Response to the Commission's Order of July 7, 2005, Item 9. The coal inventory level at Big Sandy was 18 days supply as of April 30, 2005.

a. AEP/Kentucky Power's February FAC Backup Report shows a 28.2 day supply as of February 28, 2005. Explain why the inventory level declined from 28.2 days as of the end of February to 18 days as of April 30, 2005.

b. Provide the inventory level as of the most recent date available.

### RESPONSE

a. The coal industry has experienced a number of widely publicized situations that have impacted current coal deliveries and will most likely extend into 2006. Some of these events include: reductions in and delays in "new" mine operating permits, increased export tonnages, supplier shutdowns and bankruptcies, and both eastern and western rail transportation capacity shortfalls, more restrictive truck haulage regulations, as well as increases in truck hauling costs.

Specifically, Eastern Consolidated has experienced delays in opening its new operations and continues to be unable to meet their scheduled deliveries, which were to begin in March 2005. They are projecting deliveries beginning in October 2005 concurrent with the completion of an associated preparation plant. Kentucky Power continues to closely monitor their efforts.

b. As of August 14, 2005, the coal inventory level at Big Sandy is at 19 days supply. The continuing lower inventory levels can be attributed to the Miners' vacation in July and higher-than-anticipated burns due to the unusually warm weather.

WITNESS: Stephen D Baker



## Kentucky Power

### REQUEST

In its response to Item 17(b) of the Commission's Order of July 7, 2005, AEP/Kentucky Power states that a response is not applicable. During the period under review AEP/Kentucky Power issued two written coal solicitations, but purchased no coal as a result of the solicitations. Provide the number of vendors to which the solicitation was sent and the number of vendors that responded.

### RESPONSE

One of the two written coal solicitations made on behalf of the AEP System during the review period was for higher sulfur (2.6% - 7%) coal, which Kentucky Power does not utilize at the Big Sandy plant. This solicitation was sent to 39 vendors, with 7 vendors responding. The second solicitation sent was for lower sulfur (1.2% - 1.6%) coals and was sent to 60 vendors, with a total of 23 vendors responding.

WITNESS: Stephen D Baker