

## **Kentucky Power Company**

**REQUEST:**

List AEP's scheduled, actual, and forced outages between November 1, 2005 and April 30, 2006.

**RESPONSE:**

Please refer to the attached document.

**WITNESS:** Lowell D Ellis

APPENDIX C

Company Name: Kentucky Power Company  
 Station Name - Unit Number: Big Sandy Unit 1  
 For the Months of November 1, 2005 to April 30, 2006

MONTH	MAINTENANCE				HOURS OF DURATION			REASON FOR DEVIATIONS FROM SCHEDULED MAINTANANCE OR REASON FOR FORCED OUTAGE, AS APPROPRIATE
	Scheduled		Actual <sup>1/</sup>		Scheduled	Forced	Actual	
	From	To	From	To				
Nov-04								
Dec-04			12/16/05	12/17/05		28.7		Time to repair waterwall tube leak
	12/17/05	12/17/05	12/17/05	12/17/05	9.8		9.8	Reserve shutdown, unit not needed for system load
Jan-05			01/08/06	01/08/06		1.5		Unit tripped while running simulated turbine trip tests
Feb-05			02/09/06	02/12/06		68.6		Time to repair Primary Superheat tube leak
	02/12/06	02/12/06	02/12/06	02/12/06	8.0		8.0	Reserve shutdown, unit not needed for system load
Mar-05								
Apr-05								

KPSC Case No. 2006-00262  
 Commission Staff Data Request  
 Order Dated July 6, 2006

APPENDIX C

Company Name: Kentucky Power Company  
 Station Name - Unit Number: Big Sandy Unit 2  
 For the Months of November 1, 2005 to April 30, 2006

MONTH	MAINTENANCE				HOURS OF DURATION			REASON FOR DEVIATIONS FROM SCHEDULED MAINTANANCE OR REASON FOR FORCED OUTAGE, AS APPROPRIATE
	Scheduled		Actual <sup>1/</sup>		Scheduled	Forced	Actual	
	From	To	From	To				
Nov-05			11/24/04	11/27/04		85.1		Time to repair tube leak first reheat tube leaks and collateral heat recovery area tube leaks.
	11/27/05	11/29/05	11/27/05	11/29/05	36.4		36.4	Reserve Shutdown, unit not needed for system load
Dec-05								
Jan-06								
Feb-06								
Mar-06								
Apr-06			04/04/06	04/05/06		12.3		PA fan motor failure
			04/09/06	04/09/06		9.0		Boiler Feed Pump Turbine stop valve closed during testing of valve - faulty servo
			04/19/06	04/20/06		32.7		Water Chemistry Problems - faulty valve allowed impure water into condensate system
	04/20/06	04/21/06	04/20/06	04/21/06	6.3		6.3	Reserve Shutdown, unit not needed for system load
			04/21/06	04/23/06		31.1		#24 Pulverizer and cable tray fire
	04/29/06	05/21/06	04/29/06	05/22/06	47.05*		47.05*	Planned Outage - Turbine and Boiler work (*Hours listed only reflect hours in this period)

KPSC Case No. 2006-00262  
 Commission Staff Data Request  
 Order Dated July 6, 2006



## Kentucky Power Company

### REQUEST:

List all existing fuel contracts categorized as long-term (i.e., more than 1 year in length).  
Provide the following information for each contract:

- a. Suppliers name and address.
- b. Name and location of production facility.
- c. Date when contract executed.
- d. Duration of contract.
- e. Dates(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 divided by j).

### RESPONSE:

The above-requested information is provided for the time period of November 1, 2005 through April 30, 2006.

#### Argus Energy, LLC

- a. Argus Energy LLC, P.O. Box 416, Kenova, WV 25530
- b. Beech Fork Processing and Czar Coal Corp. Mines, Martin and Johnson Counties, KY;  
Kiah Creek Mine, Wayne County, WV.
- c. Not executed – outstanding details still being resolved.
- d. January 1, 2004 - December 31, 2006
- e. Amendment 2005-1 dated April 11, 2005
- f. 480,000 tons
- g&h. 

<u>Year</u>	<u>Tons Received*</u>	<u>Percent of Annual Requirements</u>
2004	445,405	93%
2005	475,288	99%
2006	154,194	96%
- i. \$34.35 FOB Big Sandy Plant in 2005; \$34.95 FOB Big Sandy Plant in 2006
- j. None
- k. \$34.35 FOB Big Sandy Plant in 2005; \$34.95 FOB Big Sandy Plant in 2006

## Kentucky Power Company

### RESPONSE, continued

#### Argus Energy, LLC (amended and restated Pevler Coal Sales Company, Inc.)

- a. Argus Energy LLC, P.O. Box 416, Kenova, WV 25530
- b. Kiah Creek Mine, Wayne and Mingo Counties, WV
- c. March 31, 2005
- d. January 1, 2005 – December 31, 2006
- e. None
- f. 300,000 tons per year
- g&h. 

<u>Year</u>	<u>Tons Received*</u>	<u>Percent of Annual Requirements</u>
2005	307,154	100%
2006	97,279	97%
- i. \$56.00 FOB Plant Truck in 2005; \$49.00 FOB Truck in 2006
- j. None
- k. \$56.00 FOB Plant Truck in 2005; \$49.00 FOB Truck in 2006

#### COALSALES, LLC

- a. COALSALES, LLC, 701 Market Street, Saint Louis, Missouri 63101
- b. Big Mountain, Wells, Rocklick, Colony Bay, Harris, Robin Hood, Cook Mountain, Bandmill, Jupiter, Elk Run, Stirrat, Omar, Snap Creek, Fork Creek, ELE, Independence, Arch, and Vandalia Mine all in WV; Rob Fork in KY
- c. December 15, 2004
- d. January 1, 2005 - December 31, 2007
- e. Amendment 2005-1 dated June 29, 2005  
Amendment 2005-2 dated December 28, 2005
- f. 500,000 tons in 2005; 1,000,000 per year in 2006 and 2007
- g&h. 

<u>Year</u>	<u>Tons Received</u>	<u>Percent of Annual Requirements</u>
2005	483,410	97%
2006	318,332	95%
- i. \$46.25 FOB Railcar in 2005; \$45.00 FOB Railcar in 2006 & 2007
- j. None
- k. \$46.25 FOB Railcar in 2005; \$45.00 FOB Railcar in 2006 & 2007

## Kentucky Power Company

### RESPONSE, continued

#### Eastern Consolidated Energy, Inc.

- a. Eastern Consolidated Energy, Inc., 9900 W. Sample Rd., Suite 300, Coral Springs, FL. 33065
- b. Warfield Mine – Pondcreek and Coalburg seams, Martin County, KY; Moon and Terryville Mines – Van Lear, Mudseam, Hazzard, and Broas seams, Lawrence and Morgan counties, WV
- c. September 25, 2004
- d. October 1, 2004 – February 29, 2009
- e. Amendment 2006-1 dated March 8, 2006  
Amendment 2006-2 dated April 6, 2006
- f. 240,000 tons through February 2006; thereafter 480,000 tons
- g&h. 

<u>Year</u>	<u>Tons Received</u>	<u>Percent of Annual Requirements</u>
2004	0	100%
2005	806	<1%
2006	5,531	5%
- i. \$51.00 FOB Plant Truck
- j. None
- k. \$51.00 FOB Plant Truck

\* includes deliveries to synfuel processing.

WITNESS: Stephen D Baker





## Kentucky Power Company

### REQUEST:

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 review period.
- (2) The utilities that are included in this comparison and their location.

### RESPONSE:

- a. Kentucky Power Company compares its delivered coal costs with those of other Kentucky jurisdictional utilities included in the Commission's semiannual fuel review cases. This analysis is conducted based on Platt's COALdat service which utilizes FERC Form 423 filings.
- b.
  - (1) For the time period November 2005 through February 2006, Kentucky Power's costs for tons purchased on a cents per million Btu basis were the third lowest of the four reporting utilities. Due to the lag in regulatory reporting, March and April 2006 data are not yet available.
  - (2) Louisville Gas & Electric, East Kentucky Power Coop, Kentucky Utilities, and Kentucky Power all operate in the State of Kentucky.

WITNESS: Stephen D Baker



## Kentucky Power Company

### REQUEST:

State the percentage of AEP's coal, as of the date of this Order, that is delivered by:

- a. rail
- b. truck
- c. barge

### RESPONSE:

- a.&b. From January 1, 2006 through July 1, 2006, 38% of Kentucky Power's coal was delivered by rail and 62% was delivered by truck. Kentucky Power is not capable of accepting barge deliveries.

WITNESS: Stephen D Baker



## Kentucky Power Company

### REQUEST:

- a. State AEP's coal inventory level in tons and in number of days' supply as of April 30, 2006.
- b. Describe the criteria used to determine number of days' supply.
- c. Compare AEP's coal inventory as of April 30, 2006 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.

### RESPONSE:

- a. As of April 30, 2006, Kentucky Power's actual coal inventory level was 291,076 tons, or 36 days of supply.
- b. Days' supply is determined by dividing the amount of tons in storage by the historical/forecasted two to three month "normal" operation burn rate (tons per day).  
  
*Example:* 
$$\frac{291,076 \text{ tons in storage as of 4/30/06}}{8,000 \text{ (historical/projected burn rate - tons/day)}} = 36 \text{ days}$$
- c. Kentucky Power Company's coal inventory was one day above it's target.
- d. Not applicable
- e. Currently there are no significant changes expected in the coal inventory target within the next 12 months.

WITNESS: Stephen D Baker



## Kentucky Power Company

### REQUEST:

- a. Has AEP audited any of its coal contracts during the period from November 1, 2005 to April 30, 2006?
- 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.

### RESPONSE:

- a. No
- b. Not applicable

WITNESS: Stephen D Baker





## Kentucky Power Company

### REQUEST:

- a. Has AEP received any customer complaints regarding its fuel adjustment clause during the period from November 1, 2005 through April 30, 2006?
- b. If yes, for each complaint, state:
  - (1) The nature of the complaint.
  - (2) AEP's response

### RESPONSE:

- a. Kentucky Power Company did not receive any customer complaints regarding the fuel adjustment clause during the period November 1, 2005 through April 30, 2006.
- b. Not applicable.

**WITNESS:** Errol K. Wagner



## Kentucky Power Company

### REQUEST:

- 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 that initiated the litigation. If a copy has been previously been filed with the Commission, provide the date on which was filed.
- c. State the current status of all litigation with coal suppliers.

### RESPONSE:

- a. No.
- b.&c. Not applicable

WITNESS: Stephen D Baker



## Kentucky Power Company

### REQUEST:

- a. During the period from November 1, 2005 through April 30, 2006 have there been any changes to AEP's written policies and procedures regarding its fuel procurement?
- b. If yes,
  - (1) Describe the changes.
  - (2) Provide these written policies and procedures as changed.
  - (3) State the date(s) the changes were made.
  - (4) Explain why the changes were made.

### RESPONSE:

- a. There have been no changes to AEP's Coal Procurement Policy – September 2004 Revision which was filed with the Commission in February 2005.
- b. Not applicable

**WITNESS:** Stephen D Baker



**Kentucky Power [REDACTED] Company**

**REQUEST:**

- a. Is AEP aware of any violations of its policies and p[REDACTED]cedures regarding fue  
that occurred prior to or during the period from N[REDACTED]ember 1, 2005 through  
2006?
- b. If yes, for each violation:
- (1) Describe the violation.
- (2) Describe the action(s) that AEP took upon dis[REDACTED]vering the violation.
- (3) Identify the person(s) who committed the viol[REDACTED]ion.

**RESPONSE:**

- a. No
- b. Not applicable

**WITNESS:** Stephen D Baker





## **Kentucky Power Company**

### **REQUEST:**

Identify all changes that occurred during the period from November 1, 2005 through April 30, 2006, in the organizational structure and personnel of the departments or divisions that are responsible for AEP's fuel procurement activities.

### **RESPONSE:**

Those personnel directly responsible for Kentucky Power's fuel procurement activities have not changed during the review period.

**WITNESS:** Stephen D Baker



## **Kentucky Power Company**

### **REQUEST:**

- a. Identify all changes that AEP has made during the period under review to its maintenance and operation practices that also affect fuel usage at AEP's generation facilities.
- b. Describe the impact of these changes on AEP's fuel usage.

### **RESPONSE:**

There have not been any changes in the maintenance and operations practices at Big Sandy Plant during the period in question that significantly affected fuel usage.

**WITNESS:** Lowell D Ellis



## Kentucky Power Company

### REQUEST:

List each written coal supply solicitation issued during the period from November 1, 2005 through April 30, 2006.

- 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.

### RESPONSE:

- a. There was one written coal solicitation for the AEP System issued during the period from November 1, 2005 through April 30, 2006. The solicitation was issued March 3, 2006 for high sulfur coal (SO<sub>2</sub> lbs./MMBtu values ranging from 2.5 to 7.0 maximum) with deliveries commencing as early as 2008. Kentucky Power Company ("KPCo") did not purchase any coal from the bids received as a result of this solicitation.
- b. Not applicable

WITNESS: Stephen D Baker



## Kentucky Power Company

### REQUEST:

List each oral coal supply solicitation issued during the period from November 1, 2005 to April 30, 2006.

- 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.

### RESPONSE:

There were no oral solicitations.

**WITNESS:** Stephen D Baker





## Kentucky Power Company

### REQUEST:

- a. List all intersystem sales during the period under review in which AEP used a third party's transmission system.
- b. For each sale listed above:
  - (1) Describe how AEP addressed for fuel adjustment clause reporting purposes the cost of fuel expended to cover any line losses incurred to transmit its power across the third party's transmission system.
  - (2) State the line loss factor used for each transaction and describe how such line loss factor was determined.

### RESPONSE:

On October 1, 2004, the AEP East System, including Kentucky Power, became a member of the PJM Regional Transmission Organization (RTO) and all intersystem sales transactions are now effected through the RTO's OASIS and based on the provisions of the Operating Agreement of the PJM Interconnection, LLC. The transmission line loss factors through PJM are now financially settled (with the exception of two grandfathered agreements covered below), rather than in kind. Thus, there are no additional physical resources of AEP, including Kentucky Power, allocated to cover transmission losses.

The financially settled transmission losses are based, hourly, on the day-ahead PJM load-weighted-average Locational Marginal Pricing (LMP) times the day-ahead cleared MWh schedule times the FERC-approved, for PJM, loss factor of 3% on-peak (defined as the Monday-Friday, 7:00 am to 11:00 pm time period), and of 2.5% off-peak (defined as all other hours), and are balanced on real-time through the same calculations but based on schedule deviations from the day-ahead and on the real-time PJM load-weighted-average LMP.

The two exceptions - - both grandfathered transactions that predate the AEP System OATT - - are the Rockport #2 unit power sale to Carolina Power & Light, which does not affect Kentucky Power, and the long-term capacity sale to North Carolina Electric Membership Cooperative whereby the 3.3% loss factor approved by the FERC for AEP still prevails. If any Kentucky Power resources were allocated for that transaction, fuel costs associated with the loss factor as well as the scheduled MWh delivery, are deducted from the Company's calculation of the jurisdictional fuel adjustment clause.

The handling of line losses beyond the PJM footprint continues to be covered in separate transactions between the transmission provider and the power purchaser.

**WITNESS:** Errol K. Wagner



## **Kentucky Power Company**

**REQUEST:**

Describe each change that AEP made during the period under review to its methodology for calculating intersystem sales line losses.

**RESPONSE:**

There are no changes to report that occurred during the period under review. The current procedures in the handling of line losses for intersystem sales have been in effect since October 1, 2004. Please see response to Question No. 19.

**WITNESS:** Errol K Wagner