

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-C  
POWER COMPANY FROM NOVEMBER 1, 1993 )  
TO APRIL 30, 1994 )

O R D E R

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

1. Kentucky Power Company ("Kentucky Power") shall appear at the Commission's offices in Frankfort, Kentucky, on August 30, 1994 at 9:00 a.m., Eastern Daylight Time, to submit itself to examination on the application of its fuel adjustment clause from November 1, 1993 to April 30, 1994.


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 August 12, 1994, file with the Commission an original and 6 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 1st day of August, 1994.

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-C DATED August 1, 1994

1. Provide the following information on coal supply solicitations issued during the six-month review period:

a. A listing of all written solicitations for coal supply. This should include, for each solicitation, 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 identified in response to part (a) above, the number of vendors to which the solicitation was sent, the number of vendors which responded, the bid tabulation sheet or corresponding document which ranked the proposals (identifying all vendors which made offers), the vendor selected, and a brief discussion of the reasons for selecting that particular vendor.

c. A listing of any verbal solicitations for coal supply. This should include, for each such solicitation, a brief explanation of 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.

d. For each solicitation identified in response to part (c) above, the vendors contacted, the tabulation sheet, or other

document, which ranked the proposals (this should identify all vendors which made offers), the vendor selected, and a brief discussion of the reasons for selecting that particular vendor.

2. Provide the following information for the six-month review period on coal supply vendors:

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

b. The number of solicitations issued to each vendor identified in response to part (a) 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 regarding coal burn, coal purchases, and generation levels:

a. For each station, or unit, for which a separate coal pile 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 in response to part (a) above, contract deliveries in tons, estimated KWH generation if coal burn were 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 November 1, 1993 to April 30, 1994. Include the

electric company's name, MW and purpose; for example, peaking, emergency, etc. for (a) purchase and (b) sales.

5. Provide a monthly billing summary for sales to all electric companies for the period November 1, 1993 to April 30, 1994.

6. Provide a copy of Kentucky Power's scheduled, actual, and forced outages for the 6-month period November 1, 1993 to April 30, 1994.

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 since the inception of the contract;
- h. percent of annual requirements received;
- i. base price;
- j. total amount of price escalations to date;
- 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) how many utilities are included in the comparison.

(3) the geographical region in which these utilities are located.

(4) the utilities which are included in this comparison.

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. State Kentucky Power's coal inventory level in tons and in number of days supply as of April 30, 1994.

b. Describe the criteria used to determine days supply.

c. State how Kentucky Power's coal inventory as of April 30, 1994 compares 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) State whether Kentucky Power expects 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. State whether Kentucky Power has audited any of its coal contracts during the period under review.

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 which Kentucky Power took as a result of the audit.

12. a. State whether Kentucky Power has 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. State whether Kentucky Power is 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 Kentucky Power.

- (4) List the issues present.
- (5) State its current status.
- (6) provide a copy of the complaint or other legal pleading which initiated the litigation.