

Kentucky Power Company

REQUEST

List each oral coal-supply solicitation issued during the period from November 1, 2013, through April 30, 2014.

- 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. For each lowest-cost bid not selected, explain why the bid was not selected.)

RESPONSE

Kentucky Power issued two oral coal supply solicitations during the period from November 1, 2013 to April 30, 2014.

a.

	Oral Solicitation #1	Oral Solicitation #2
Date of Solicitation	March 10, 2014	April 11, 2014
Quantities Solicited	200,000 Tons	150,000 Tons
Description of Quality of Coal Solicited	NYMEX Quality	NYMEX Quality
Time Period Requested for Deliveries	July 1, 2014 to December 31, 2014	May 1, 2014 – September 30, 2014
Generating Unit(s) Intended	Mitchell	Big Sandy
Why Solicitation Was Not Written	Due to the low volume of coal being requested and the low price of NYMEX quality coal at the time.	After the winter, there was an immediate need for coal at Big Sandy. Rail was unavailable at the time, so all suppliers who were known to have crushed coal deliverable by truck were solicited.

b. Please see Attachments 1 & 2 for all vendors solicited and documentation that ranks proposals. Confidential treatment is being sought for portions of Attachments 1 & 2.

WITNESS: Charles F West

**AEP - 2014 tons
 CAPP PHONE SOLICITATION 03-10-2014**

Company	Shipping Location	Total Tons	Term	Coal Price	Barge/Rail Rate	BTU	SO2	Ash %	Del \$/MMBtu
Maple Coal Sales	KR 74.6	30,000	7/1/2014 - 12/31/2014	\$60.00	\$6.97	12,000	1.60	12.50%	\$2.90
Mercuria*	OR 300-316	300,000	7/1/2014 - 12/31/2014	\$61.65	\$5.64	12,000	1.67	13.50%	\$2.92
River Trading	KR 69.1	45,000	7/1/2014 - 12/31/2014	\$60.25	\$6.97	12,000	1.80	13.00%	\$2.92
SM&J		186,000	7/1/2014 - 12/31/2014	\$62.00	\$5.64	12,000	1.67	12.00%	\$2.93
Patriot Coal Sales	KR 73.3	480,000	7/1/2014 - 12/31/2014	\$61.25	\$6.97	12,000	1.60	13.50%	\$2.95
Central	OR 300-316	148,500	7/1/2014 - 12/31/2014	\$63.50	\$5.64	12,000	1.67	13.50%	\$2.99
Argus / Pevler	BS 7.7	270,000	04/1/2014 - 12/31/2014	\$66.00	\$5.64	12,000	1.60	10.50%	\$3.09
Trafigura			04/1/2014 - 06/30/14						
Alpha Coal Sales									
Peerless									

Maple Coal Sales made an offer at a lower cost than the winning offer. This coal was no longer available for purchase at the time of awarding bids.

** Winning Offer*

**KPCO - BIG SANDY - 2014 tons
 NYMEX TRUCK DELIVERED PHONE SOLICITATION**

Company	Tons	Term	Coal Price	Delivery Method	Additional Delivery Fee	BTU	SO2	Ash %	Del \$/MMBtu
Beechfork Processing*	132,000	May-Sept	\$ 66.00	truck	\$ -	12,000	1.60	10.50%	\$ 2.750
SM&J*	150,000	May-Sept	\$ 67.00	truck	\$ -	12,000	1.67	10.50%	\$ 2.792
Rhino	0	May-Sept	\$ -			12,000	1.67	13.50%	\$ -

*Winning Offer