

Kentucky Power Company

REQUEST

For the period from May 1, 2015, through October 31, 2015, list each vendor from whom coal was purchased and the quantities and the nature of each purchase (i.e., spot or contract). For the period under review in total, provide the percentage of purchases that were spot versus contract. For contract purchases, state whether the contract has been filed with the Commission. If no, explain why it has not been filed .

RESPONSE

Please see KPCO_R_PSC_1_1_Attachment1.pdf to this response for a listing of each vendor from which coal was purchased, the quantities, the nature of each coal purchase, and the percentage of purchases that were spot versus contract during the period from May 1, 2015 to October 31, 2015. Contracts for all contract purchases have been filed with the Commission.

March 3, 2016 Supplemental Response

During the course of the in-depth review of Kentucky Power's FAC back-up procedures initiated by the Commission's February 11, 2016 Order in Case No. 2016-00073, the Company found that it had inadvertently omitted submitting certain contracts. There were three purchase orders under which Kentucky Power Company purchased coal during the period that had not been submitted.

The inadvertently omitted contracts were filed with the Commission on March 2, 2016.

Alpha Coal Sales.,LLC	07-00-13-002
EDF Trading North America, LLC	03-00-14-027
KOCH Carbon, LLC	03-00-14-029

The contract assignment sheet for the Alpha Coal Sales contract was filed on March 3, 2016.

KPSC Case No. 2016-00001
Commission Staff's First Set of Data Requests
Order Dated February 5, 2016
Item No. 1
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Supplemental Response filed March 3, 2016

The identification of spot market purchase contracts to be filed with the Commission is a manual process. When the Fuel Procurement Group agrees to terms with a spot market supplier, it prepares and executes a contract for execution by the counterparty. Once the contract has been executed on behalf of Kentucky Power, the Fuel Contract Administration Group enters the key contract terms into the ComTrac database. Because the contract terms are entered into ComTrac, the Fuel Accounting Group can access the spot market purchase information for inclusion in the Analyses of Coal and Oil Purchases.

While the terms of spot market agreements are entered into ComTrac once the agreement is executed on behalf of Kentucky Power, the agreement is not uploaded to the Contracts Online system until later. The Fuel Cost Recovery Group's exclusive reliance on Contracts Online system to identify the Kentucky Power fuel contracts for filing resulted in a failure to identify all Kentucky Power spot market purchase agreements for filing with the Commission.

This process and, in particular, the lack of a process to cross-check the identified contracts with information available in ComTrac, as well with information available from personnel in the Fuel Procurement, Fuel Accounting, and Fuel Contract Administration Groups, led to the error.

WITNESS: Charles F West

Kentucky Power Company

REQUEST

State whether all long-term fuel contracts related to commodity and/or transportation have been filed with the Commission. If any contracts have not been filed, explain why they have not been filed and provide a copy

RESPONSE

All long-term fuel contracts related to commodity and/or transportation have been filed with the Commission.

March 3, 2016 Supplemental Response

During the course of an in-depth review of Kentucky Power's FAC back-up procedures, the Company found that it had inadvertently omitted submitting certain contracts. There were two long-term fuel contracts which had also been identified in the March 3, 2016 Supplemental Response to Item No. 1 purchase orders under which Kentucky Power Company purchased coal during the period that had not been submitted.

The inadvertently omitted contracts were filed on March 2, 2016:

Alpha Coal Sales.,LLC	07-00-13-002
KOCH Carbon, LLC	03-00-14-029

The contract assignment sheet for the Alpha Coal Sales contract was filed on March 3, 2016.

Please see the Company's March 3, 2016 supplemental response to KPSC 1-1 for the explanation of the failure to file the agreements previously.

WITNESS: Charles F West