



**Kentucky Power Company**

**REQUEST**

Refer to the direct Testimony of Ranie K Wohnhas ("Wohnhas Testimony"), page 8, line 15. Confirm that paper copies of fuel contracts are no longer included with the monthly fuel adjustment clause ("FAC") backup file, but are filed separately via e-mail each month.

**RESPONSE**

Confirmed.

**WITNESS:** Ranie K Wohnhas

**Kentucky Power Company**

**REQUEST**

Refer to the Wohnhas Testimony, page 22, lines 8-16, which discusses errors found by Kentucky Power in the FAC back-up filings made between January 2012, and January 2013. Provide the corrected pages for the 13 month period.

**RESPONSE**

Please see [KPCO\\_R\\_PSC\\_1\\_2\\_Attachment1.pdf](#) for the response.

**WITNESS:** Ranie K Wohnhas

## **Kentucky Power Company**

### **REQUEST**

Refer to the Wohnhas Testimony, Exhibit RKW-4.

- a. Refer to pages 15-20 of 80. These pages reference Kentucky coal district numbers, 3,4, and 12. State whether these references are accurate. If they are accurate, state the location of these coal districts within the Commonwealth. If the pages contain errors, provide corrected pages.
- b. Refer to page 49 of 80. Explain why the amount of tons purchased for the last supplier listed is a negative number.
- c. Refer to pages 1-80 of 80. Throughout the exhibit, coal purchases from certain suppliers are allocated 50 percent to Kentucky District No. 6 and 50 percent to a West Virginia district. For example, on page 1 of 80, coal purchased under the Beech Fork Processing contract was equally divided between Kentucky District No. 6 and West Virginia District No. 12. Explain why a 50/50 allocation is made rather than using actual tons purchased from each district.

### **RESPONSE**

- a. The district codes were correct; the state shown for those lines should have been West Virginia. Please see [KPCO\\_R\\_PSC\\_1\\_3\\_Attachment1.pdf](#) for the revised schedules.

The change from Kentucky to West Virginia for the state associated with districts 3, 4, and 12 on pages 15-20 of 80 (February 2014 and March 2014) necessitated the re-computation of the month-by-month summary of the percentage of coal purchased by Kentucky Power from each state during the period of 2012 through 2015 (Exhibit RKW-6 to Wohnhas Testimony). Please see [KPCO\\_R\\_PSC\\_1\\_3 Exhibit RKW-6 revised\\_Attachment3.pdf](#) for the revised schedule. The same adjustment was also made to, the table in Wohnhas Testimony (pg. 27). Please see [KPCO\\_R\\_PSC\\_1\\_3\\_Attachment4.pdf](#) for the revised table.

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During the course of making these corrections, Kentucky Power identified a further required modification. On page 27 of 80 (June 2014) the spot market purchase of 24,059.79 tons of coal for Big Sandy from West Virginia should have listed district 12 instead of district 06. Please see revised schedule KPCO\_R\_PSC\_1\_3\_Attachment2.pdf. for the corrected page.

- b. The referenced tons reflect shipments that were unloaded at the end of December 2014. They were originally entered by the plant on Koch contract 03-30-14-005. After closing the books in December 2014 Kentucky Power received an invoice from Koch showing these shipments were for contract 03-30-14-018. In January 2015 business these tons were deleted from contract 03-30-14-005 and added to contract 03-30-14-018. This adjustment resulted in the negative tonnage on the January 2015 filing.
- c. It typically is not possible to specify the actual tons produced from each state when coal is supplied from multiple mines located in more than one state in connection with a single contract or transaction.

To meet the agreed coal quality specifications, coal suppliers typically blend coal. The blended coal may originate from a single mine or from different mines. When the final deliveries are made to the plant, the supplier does not identify the percentage of delivered coal originating from multiple mine locations.

The sources of the coal blended to meet the quality specifications may be from the same state or from different states (typically Kentucky and West Virginia). If all of the mines used to supply coal for a particular contract are located in the same state, that state is used to report the coal source. If the coal comes from operations in multiple states, the Company typically lacks the details required to calculate the state of origin percentages with precision. In such instances, Kentucky Power first attempts, based upon all available information from the supplier, to estimate the percentages by state of origin. Where that is not possible with reasonable certainty, coal tonnages are allocated evenly among the mine source states permitted under the contract.

Kentucky Power lacked sufficient information to permit it to estimate with reasonable certainty the percentage of coal produced from Kentucky and West Virginia sources in connection with Beech Fork Processing contract 03-30-08-901 reported on page 1 of 80 of RKW-4. The Company thus evenly allocated the tonnage under that contract between Kentucky and West Virginia.

**WITNESS:** Ranie K Wohnhas

## **Kentucky Power Company**

### **REQUEST**

Prior to this proceeding, Kentucky Power used District No.8 (for eastern Kentucky) and District No. 9 (for western Kentucky) to identify Kentucky coal districts in its FAC back-up filings.

- a. Explain why Kentucky District No. 6 is now being used, and the location of this district within the Commonwealth.
- b. Provide a map showing the current Mine Safety and Health Administration ("MSHA") coal districts.
- c. State when the district numbers were last updated by MSHA. If Kentucky Power did not begin using the new coal district numbering when the change was made, explain why it did not.

### **RESPONSE**

- a. District No. 6 is the MSHA district for eastern Kentucky.

The previously used district No. 8 was a CSX coal rate district that is specific to the Big Sandy Coal Rate District. As part of the internal review, KYPCo determined that the use of the MSHA district codes was a more meaningful representation of the coal district and updated schedules accordingly. Please see [KPCO\\_R\\_PSC\\_1\\_4\\_Attachment1.pdf](#) for the location of this MSHA district in the Commonwealth.

- b. Please see [KPCO\\_R\\_PSC\\_1\\_4\\_Attachment1.pdf](#) for a detailed view of the MSHA coal districts in Kentucky. Also, see [KPCO\\_R\\_PSC\\_1\\_4\\_Attachment2.pdf](#) for a nationwide map of MSHA coal districts.
- c. Kentucky Power is not aware of any changes to MSHA coal district numbering. Going forward Kentucky Power will monitor and reflect in its filings any changes to the MSHA district numbering protocol.

**WITNESS:** Ranie K Wohnhas