

**VERIFICATION**

The undersigned, Clinton M. Stutler, being duly sworn, deposes and says he is the Fuel Buyer Principal for American Electric Power, that he has personal knowledge of the matters set forth in the forgoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

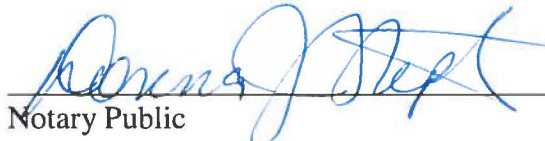


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Clinton M. Stutler

State of Ohio                    )  
  )  
County of Franklin            )

Case No. 2018-00018

Subscribed and sworn before me, a Notary Public, by Clinton M. Stutler this  
4th day of April, 2018.

  
\_\_\_\_\_  
Notary Public

My Commission Expires January 4, 2019



**Donna J. Stephens**  
Notary Public, State of Ohio  
My Commission Expires 01-04-2019

**KPSC Case No. 2018-00018**  
**Commission Staff's Second Set of Data Requests**  
**Dated March 28, 2018**

**DATA REQUEST**

2-001                      Refer to the response to Commission Staff's first request for information ("Staff's first request"), Item 1. This response shows that during the period under review, Kentucky Power took more deliveries under spot purchases, than long-term contracts. Explain how Kentucky Power determines the percentages of spot versus contract coal it procures.

**RESPONSE**

Kentucky Power, like all American Electric Power Company Inc. operating companies, does not have guidelines requiring specific percentages of spot purchases and contract purchases. Kentucky Power's procurement strategy includes layering supply agreements, both spot and contract, into the existing portfolio, which gradually increases the committed position to align with expected consumption.

Spot purchases provide an opportunity to make purchases when advantageous market conditions exist, which provides cost savings for customers. In the current coal market where excess capacity exists, utilizing spot contracts, which provide the flexibility to obtain coal supply at market prices, are essentially the same as utilizing long-term contracts with frequent re-openers to reset the price to market, without committing to the coal volume.

In addition, volatility in the demand for coal-fired generation continues in the marketplace. Exceptionally low gas prices, coupled with the increased use of renewable generation sources, has made it increasingly difficult to manage coal inventories that, in some cases, would increase beyond the pile's capacity without intervention. By increasing the use of spot purchases, coal inventories are more easily manageable.

Witness:                  Clinton M. Stutler

**KPSC Case No. 2018-00018**  
**Commission Staff's Second Set of Data Requests**  
**Dated March 28, 2018**

**DATA REQUEST**

2-002                      Refer to the response to Staff's first request, Item 2. This response shows that for the two Alpha Coal Sales contracts, and the Consolidation Coal Company contract, that more tons were received in the review period than the tonnage requirement. Explain if these excess tons are carryover tonnage that is being made up, or if the contracts are ahead of schedule.

**RESPONSE**

Kentucky Power received coal under both the Alpha Coal Sales and Consolidation Coal Company contracts at greater than the ratable contract requirement to better match the burn rate at the plant during the review period.

Kentucky Power received less than its ratable contract rate of coal shipments in the first four months of 2017 under the Consolidation Coal contract. The higher Consolidation Coal Company shipment rates during the review period thus also enabled the Company to better align shipments in 2017 with its ratable contract requirements for that year.

Witness:                  Clinton M. Stutler

**KPSC Case No. 2018-00018**  
**Commission Staff's Second Set of Data Requests**  
**Dated March 28, 2018**

**DATA REQUEST**

2-003                      Refer to the response to Staff's first request, Item 16. For the months of May, September, and October 2017, explain what caused the variances between the capacity factors for Mitchell units 1 and 2.

**RESPONSE**

Mitchell Unit 1 and Mitchell Unit 2 outages during May, September, and October 2017 principally account for the variances in capacity factors for the two units. Please see the Company's response to Staff's first set of requests, Item 15, Attachment KPSC\_1\_15\_Attachment\_1.pdf for a list of generating unit Plant outages during the May 2017 – October 2017 period.

Witness:              Russel W. Gwin