

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF )  
THE FUEL ADJUSTMENT CLAUSE OF )  
KENTUCKY POWER COMPANY FROM ) CASE NO. 2012-00550  
NOVEMBER 1, 2010 THROUGH OCTOBER 31, )  
2012 )

NOTICE OF FILING

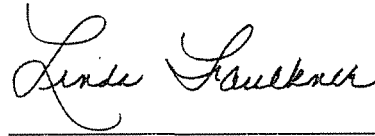
Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on April 9, 2013 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on April 9, 2013 in this proceeding;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on April 9, 2013

A copy of this Notice, the certification of the digital video record, hearing log, and exhibits have been electronically served upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at: [http://psc.ky.gov/av\\_broadcast/2012-00550-thru-00574/2012-00550-thru-00574\\_09Apr13\\_Inter.aspx](http://psc.ky.gov/av_broadcast/2012-00550-thru-00574/2012-00550-thru-00574_09Apr13_Inter.aspx). Parties wishing an

annotated digital video recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 18<sup>th</sup> day of April 2013.

A handwritten signature in cursive script that reads "Linda Faulkner".

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Linda Faulkner  
Director, Filings Division  
Public Service Commission of Kentucky

Honorable Mark R Overstreet  
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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF THE )  
FUEL ADJUSTMENT CLAUSE OF KENTUCKY ) CASE NO.  
POWER COMPANY FROM NOVEMBER 1, 2010 ) 2012-00550  
THROUGH OCTOBER 31, 2012 )

CERTIFICATE

I, Melinda Ernst, hereby certify that:

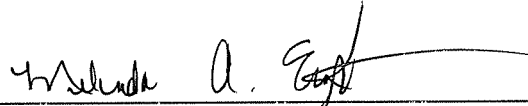
1. The attached DVD contains a digital recording of the hearing conducted in the above-styled proceeding on **April 9, 2013**. Hearing Log, Exhibit List, and Witness List are included with the recording on **April 9, 2013**.

2. I am responsible for the preparation of the digital recording;

3. The digital recording accurately and correctly depicts the hearing;

4. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the hearing of **April 9, 2013** and the time at which each occurred.

Given this 11 day of April, 2013.

  
\_\_\_\_\_  
Melinda Ernst, Notary Public  
State at Large

My commission expires: 2/14/2016.



Date:	Type:	Location:	Department:
4/9/2013	Fuel Adjustment Clause	Public Service Commission	Hearing Room 1 (HR 1)

Judge: David Armstrong; Linda Breathitt; Jim Gardner  
 Witness: Aaron Sink, KY Power, 2012-00550; Ann Wood, EKPC, 2012-00551; Charles Schram, KU, 2012-00552; Charles Schramm, LG&E, 2012-00553; Christopher Bradley, Big Rivers, 2012-00555; Craig Johnson, EKPC, 2012-00551; David Tummonds, KU, 2012--00552; David Tummonds, LG&E, 2012-00553; Elliott Batson Jr., Duke Energy KY, 2012-00554; Ernest Huff, EKPC, 2012-00551; John Swez, Duke Energy KY, 2012-00554; Julia Tucker, EKPC, 2012-00551; Kimberly Chilcote, KY Power, 2012-00550; Lawrence Baronowsky, Big Rivers, 2012-00555; Lila Munsey, KY Power, 2012-00550; Lindsay Barron, Big Rivers, 2012-00555; Lisa Steinkuhl, Duke Energy KY, 2012-00554; Mark McAdams, Big Rivers, 2012-00555; Mike Dotson, KU, 2012-00552; Mike Dotson, LG&E, 2012-00553; Nicholas Castlen, Big Rivers, 2012-00555; Robert Conroy, KU, 2012-00552; Robert Conroy, LG&E, 2012-00553  
 Clerk: Melinda Ernst

Event Time	Log Event	
10:04:37 AM	Session Started	
10:05:21 AM	Chairman Armstrong Note: Ernst, Melinda	Preliminary remarks and introductions of Chairman Armstrong, Vice Chairman Gardner, and Commissioner Breathitt.
10:05:42 AM	CASE NO. 2012-00554 DUKE ENERGY KENTUCKY Note: Ernst, Melinda	Counsel: David Samford, Goss Samford PLLC, for Duke Energy Kentucky Witnesses: Elliott Batson, Jr., Lisa Steinkuhl, John Swez Witnesses sworn by Chairman Armstrong.
10:06:26 AM	Camera Lock Deactivated	
10:07:46 AM	David Samford, Duke Energy Note: Ernst, Melinda	Witness Elliott Batson Jr. verified his testimony with one correction. Witnesses Lisa Steinkuhl and John Swez verified their testimony.
10:10:12 AM	Chairman Armstrong Note: Ernst, Melinda	Opened the floor for public comments. None taken.
10:10:35 AM	Jeb Pinney, PSC Note: Ernst, Melinda	Questioned witnesses regarding testimony provided in data request responses to the PSC. Specifically witnesses were questioned regarding a projected decline in projected fuel costs. In addition witnesses were questioned about certain coal contracts and bid tabulation sheets.
10:23:29 AM	Vice Chairman Gardner Note: Ernst, Melinda	Questioned witnesses regarding compliance with the MATS rule.
10:24:57 AM	John Swez, Duke Energy Note: Ernst, Melinda	Responded to Vice Chairman Gardner's questions regarding the MATS rule.
10:25:56 AM	Post Hearing Data Request 1 Note: Ernst, Melinda	Vice Chairman Gardner requested information regarding the future of the Miami Fort 6 facility and whether it will be retrofitted or scrubbed.
10:26:40 AM	Elliott Batson, Duke Energy Note: Ernst, Melinda	Provided additional information in respond to Vice Chairman Gardner's questions regarding Duke's compliance with the MATS rule.
10:28:21 AM	Vice Chairman Gardner Note: Ernst, Melinda	Further questioned witnesses regarding the reduction in demand for fuel.

10:29:28 AM	John Swez, Duke Energy Note: Ernst, Melinda	Responded to Vice Chairman Gardner's questions regarding peak demand. Mr. Swez stated forecasts are for the peak load to grow over the next few years.
10:31:11 AM	Lisa Steinkuhl, Duke Energy Note: Ernst, Melinda	Further added to Mr. Swez's response regarding Duke Energy's calculations.
10:32:45 AM	Vice Chairman Gardner Note: Ernst, Melinda	Questioned Mr. Batson regarding the locations referred to in the data request.
10:34:46 AM	Commissioner Breathitt Note: Ernst, Melinda	Questioned witnesses regarding trends in coal versus natural gas. Are prices increasing, decreasing, or the same as the prior two years?
10:35:31 AM	John Swez, Duke Kentucky Note: Ernst, Melinda	Responded to Commissioner Breathitt's questions. Duke has seen historically low natural gas prices in specific regions. It is not the same for coal prices.
10:38:12 AM	CASE NO. 2012-00554 Duke Energy Note: Ernst, Melinda	There being no further questions or comments, the hearing was adjourned. A response to the Post Hearing Data Request is due within five days.
10:38:50 AM	CASE NO. 2012-00550 KENTUCKY POWER COMPANY Note: Ernst, Melinda	The hearing notice in this case was not published in a timely manner. Kentucky Power will take actions to complete the hearing notice through the local newspaper or through video in an effort to provide the public an opportunity to comment on this case. PSC staff will work with Kentucky Power staff to facilitate this process.
	Note: Ernst, Melinda	Counsel: Mark Overstreet, Stites & Harbison, PLLC, Kentucky Power Company. Witnesses: Lila Munsey, Kimberly Chilcote, Aaron Sink. Witnesses sworn by Chairman Armstrong.
10:41:16 AM	Mark Overstreet, Kentucky Power Note: Ernst, Melinda	Witnesses verified their sworn testimony. Kimberly Chilcote verified her testimony. Lila Munsey, Kentucky Power, verified her testimony with two corrections. Aaron Sink verified his testimony with a correction in Kentucky Power Company's Confidential Supplemental Response. Mr. Overstreet added that a copy of the corrected schedule had been provided to Mr. Pinney. He distributed a copy of the corrected schedule to Commissioners.
10:41:18 AM	Exhibit 1, Confidential Note: Ernst, Melinda	Kentucky Power Company Supplemental Response filed April 9, 2013.
10:46:38 AM	Chairman Armstrong Note: Ernst, Melinda	Opened the floor for public comments. None taken.
10:47:38 AM	Jeb Pinney, PSC Note: Ernst, Melinda	Questioned witnesses regarding Kentucky Power's responses to data requests.
10:51:52 AM	Post Hearing Data Request 2 Note: Ernst, Melinda	Chairman Armstrong. In reference to the response to Item 5 of the February 12, 2013 information request, Kentucky Power was requested to explain the 75 percent increase in projected tons of coal consumed from 2013 to 2014.
10:52:33 AM	Jeb Pinney, PSC Note: Ernst, Melinda	Questioned witnesses regarding which Big Sandy units will be retired and when they are scheduled to be retired.

10:53:10 AM	Aaron Sink, Kentucky Power Note: Ernst, Melinda	Responded to Mr. Pinney's questions.
10:53:46 AM	Vice Chairman Gardner Note: Ernst, Melinda	Questioned witnesses regarding Big Sandy 1 and if scrubbing was an option.
10:54:26 AM	Aaron Sink, Kentucky Power Note: Ernst, Melinda	Responded to Vice Chairman Gardner's questions.
10:55:00 AM	Jeb Pinney, PSC Note: Ernst, Melinda	Questioned witnesses regarding the difference between a reserved shutdown and a forced outage.
10:55:47 AM	Aaron Sink, Kentucky Power Note: Ernst, Melinda	Responded to Mr. Pinney's questions.
10:57:02 AM	Jeb Pinney, PSC Note: Ernst, Melinda	Questioned witnesses regarding tons received in 2012 and fuel costs comparisons to other utilities.
11:01:10 AM	Kimberly Chilcote, Kentucky Power Note: Ernst, Melinda	Responded to Mr. Pinney's questions regarding the responsibilities of companies with whom Kentucky Power contracts.
11:02:21 AM	Vice Chairman Gardner Note: Ernst, Melinda	Questioned regarding agreements and payments to other companies providing fuel to Kentucky Power.
11:03:49 AM	Kimberly Chilcote, Kentucky Power Note: Ernst, Melinda	Responded to Vice Chairman Gardner's questions.
11:04:46 AM	Post Hearing Data Request 3 Note: Ernst, Melinda	Vice Chairman Gardner. Questioned Kentucky Power on how the settlement with the Trinity bankruptcy was calculated into the fuel adjustment clause.
11:05:15 AM	Vice Chairman Gardner Note: Ernst, Melinda  Note: Ernst, Melinda	Questioned Mr. Sink regarding the average capacity factor of the Big Sandy units. Questioned Ms. Munsey regarding reasons for fluctuations in fuel demand.
11:08:32 AM	Post Hearing Data Request 4 Note: Ernst, Melinda	Vice Chairman Gardner. Kentucky Power was asked to explain why the capacity factor for Big Sandy was so low.
11:08:51 AM	Jeb Pinney, PSC Note: Ernst, Melinda	Questioned witnesses if coal contracts filed in Virginia were public information.
11:09:30 AM	Kimberly Chilcote, Kentucky Power Note: Ernst, Melinda	Responded that no, the contracts with Virginia are not open for public review.
11:10:27 AM	Mark Overstreet, Kentucky Power Note: Ernst, Melinda	Clarified testimony provided by the witnesses.
11:11:25 AM	CASE NO. 2012-00550 Note: Ernst, Melinda	There being no further questions or comments, the hearing was adjourned. Responses to Post Hearing Data Requests should be submitted within five days.
11:11:56 AM	CASE NO. 2012-00551 EAST KENTUCKY POWER COOPERATIVE Note: Ernst, Melinda  Note: Ernst, Melinda	Counsel: Mark David Goss, Goss & Samford, PLLC, East Kentucky Power. Witnesses: Ernest Huff, Julia Tucker, Ann Wood, Craig Johnson. Witnesses verified their testimony. Witnesses sworn by Chairman Armstrong.
11:12:34 AM	Chairman Armstrong Note: Ernst, Melinda	Opened the floor for public comments. None taken.

11:16:41 AM	Jeb Pinney, PSC Note: Ernst, Melinda	Questioned witnesses regarding how fuel procurement practices will change with EKPC's membership in PJM. He further questioned witnesses regarding outages at certain coal and methane gas units.
11:19:08 AM	Julia Tucker, EKPC Note: Ernst, Melinda	Responded to Mr. Pinney's questions regarding coal and methane gas units.
11:20:08 AM	Jeb Pinney, PSC Note: Ernst, Melinda	Questioned witnesses regarding the planned maintenance schedule and explain the figures included in EKPC's data response.
11:21:14 AM	Julie Tucker, EKPC Note: Ernst, Melinda	Responded to Mr. Pinney's questions.
11:22:51 AM	Jeb Pinney, PSC Note: Ernst, Melinda	Continued questioning EKPC witnesses regarding scheduled and unscheduled outages in 2012.
11:30:31 AM	Vice Chairman Gardner Note: Ernst, Melinda	Questioned witnesses regarding their participation in PJM.
11:31:12 AM	Ernest Huff, EKPC Note: Ernst, Melinda	Responded to Vice Chairman's Gardner's questions regarding the price of natural gas as compared to the price of coal.
11:32:29 AM	Vice Chairman Gardner Note: Ernst, Melinda	Questioned witnesses regarding the fuel demand and hedging. He also asked questions regarding the Spurlock facility.
11:35:16 AM	Commissioner Breathitt Note: Ernst, Melinda	Questioned witnesses regarding the use of methane gas and landfill gas operations.
11:37:33 AM	Craig Johnson, EKPC Note: Ernst, Melinda	Explained how methane gas is captured and converted to power.
11:39:07 AM	Jeb Pinney, PSC Note: Ernst, Melinda	Requested further clarification on the power supplied by EKPC.
11:40:30 AM	CASE NO. 2012-00551 EAST KENTUCKY POWER COOPERATIVE Note: Ernst, Melinda	There being no further questions or comments, the hearing was adjourned.
11:40:57 AM	CASE NO. 2012-00552 KU; 2012-00553 LG&E Note: Ernst, Melinda  Note: Ernst, Melinda	Counsel: Allyson Sturgeon Witnesses: Mike Dotson, Robert Conroy, Charles Schram, David Tummonds. Witness Mike Dotson, Charles R. Schramm, and David Tummonds verified their testimony. Witness Robert Conroy verified his testimony with corrections. Witnesses sworn by Chairman Armstrong.
11:45:38 AM	Jeb Pinney, PSC Note: Ernst, Melinda	Questioned witnesses regarding KU and LG&E's average monthly prices for purchases of coal during the review period. He further questioned witnesses regarding specific outages that occurred during the review period. He questioned witnesses regarding mutual coal contracts and inventory levels in generating stations.
11:50:02 AM	Witnesses, KU/LG&E Note: Ernst, Melinda	Mike Dotson, David Tummonds, Robert Conroy, and Charles Schramm responded to questions by Mr. Pinney.
11:53:17 AM	Jeb Pinney, PSC Note: Ernst, Melinda  Note: Ernst, Melinda	Further questioned witnesses regarding specific outages outlined in their testimony. Questioned witnesses regarding Kentucky Utilities Company and increases in losses included in the provided testimony.



11:57:57 AM	Post Hearing Data Request 5 Note: Ernst, Melinda	Jeb Pinney. Stated that the Kentucky Utilities Company Ghent Unit 4 was offline at the end fo the review period. He requested a response to when it was brought back online.
11:58:18 AM	Jeb Pinney, PSC Note: Ernst, Melinda	Questioned witnesses regarding LG&E's testimony on forced and unforced outages. He also questioned how LG&E will reduced coal deliveries with the shutdown of facilities.
12:00:55 PM	Vice Chairman Gardner Note: Ernst, Melinda	Questioned Mr. Dotson regarding LG&E's contracts for coal.
12:01:53 PM	Mike Dotson, KU/LG&E Note: Ernst, Melinda	Responded that these contracts were older and contracted when pricing was much lower that current pricing.
12:03:00 PM	Vice Chairman Gardner Note: Ernst, Melinda	Questioned witnesses regarding the fuel capacity of coal plants.
12:03:49 PM	Charles Schram, KU/LG&E Note: Ernst, Melinda	Responded that pricing indicated in testimony is normal for each facility.
12:04:33 PM	Vice Chairman Gardner Note: Ernst, Melinda	Continued questioning witnesses.
12:05:12 PM	Commissioner Breathitt Note: Ernst, Melinda	Requested information regarding the Cave Run facilities.
12:06:52 PM	CASE NO. 2012-00552 KU/CASE NO. 2012-00553 LG&E Note: Ernst, Melinda	There being no further questions or comments, the hearing was adjourned. Responses to Post Hearing Data Requests should be submitted within by Wednesday, April 17.
12:17:10 PM	CASE NO. 2012-00555, BIG RIVERS ELECTRIC CORPORATION Note: Ernst, Melinda  Note: Ernst, Melinda	Counsel: Tyson Kamuf, Attorney, Big Rivers Electric Corporation. Witnesses: Lindsay Barron, Mark McAdams, Nicholas Castlen, Lawrence Baronowsky, Christopher Bradley. Witness Mark McAdams verified his testimony with three corrections. Witnesses Lawrence Baronowsky, Lindsay Barron, Christopher Bradley, and Nicholas Castlen verified their testimony. Witnesses were sworn by Chairman Armstrong.
12:22:18 PM	Chairman Armstrong Note: Ernst, Melinda	Opened the floor for public comments. None taken.
12:22:36 PM	Jeb Pinney, PSC Note: Ernst, Melinda	Questioned witnesses regarding Big Rivers responses to PSC data requests. His questions included reasons for barge versus truck delivery, coal inventory levels, pet coke purchases, and deferred maintainance.
12:24:48 PM	Mark McAdams, Big Rivers Note: Ernst, Melinda	Responded to Mr. Pinney's questions regarding barge versus truck delivery and pet coke purchases.
12:32:25 PM	Jeb Pinney, PSC Note: Ernst, Melinda	Questioned witnesses regarding deferred maintenance and increased outages.
12:33:03 PM	Lawrence Baronowsky Note: Ernst, Melinda	Responded that Big Rivers believes that deferred maintenance has no effect on increased outages. He elaborated that deferred maintenance cannot continue. Big Rivers will need to make adjustments to provide the needed maintenance in house.
12:34:43 PM	Vice Chairman Gardner Note: Ernst, Melinda	Questioned Mark McAdams regarding the number of days supplied and duration in days provided in Big Rivers testimony.

12:36:00 PM	Nicholas Castlen, Mark McAdams Big Rivers	
	Note: Ernst, Melinda	Responded regarding the duration of days and number of outages.
12:37:17 PM	Post Hearing Data Request 7	
	Note: Ernst, Melinda	Vice Chairman Gardner. In reference to the response to Item 21 at the February 13, 2013 information request, Big Rivers was asked to explain what is meant by "Duration (in Days)" in the table at the top of page 2 of 3.
12:38:27 PM	Vice Chairman Gardner	
	Note: Ernst, Melinda	Further questioned witnesses regarding the cost of natural gas and lower power prices in the off-system sales market.
12:40:43 PM	CASE NO. 2012-00555 BIG RIVER ELECTRIC	
	Note: Ernst, Melinda	There being no further questions or comments, the hearing was adjourned. A response to the Post Hearing Data Request is due within seven days.
12:42:29 PM	Session Paused	
12:42:31 PM	Session Resumed	
12:42:43 PM	Session Ended	



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**Name:**

**Description:**

Kentucky Power Exhibit 1  
(Confidential Materials)

# **Kentucky Power EXHIBIT 1**

**(CONFIDENTIAL)**

Maintained in the Confidential File Materials at the PSC