

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF THE ACCURACY OF )  
KENTUCKY POWER COMPANY'S FUEL ) CASE NO. 2016-00073  
ADJUSTMENT CLAUSE FILINGS )

ORDER

The Commission, on its own motion, hereby opens this case to conduct an investigation of the accuracy of documents filed by Kentucky Power Company ("Kentucky Power") in support of its Fuel Adjustment Clause ("FAC") as authorized by 807 KAR 5:056.

For many years, Kentucky Power has had an FAC set forth in a tariff which authorizes it to charge or credit its customers on a monthly basis certain fuel costs not being recovered through base electric rates. In support of its FAC, Kentucky Power files monthly with the Commission certain documents and schedules containing back-up information on the generation levels and fuel consumed at each generating unit. This back-up information includes, but is not limited to, purchases and inventory levels, the name of the supplier, the quantity of fuel purchased, the price for the fuel, and the price for the transportation. One of the schedules filed monthly is titled "Analysis of Coal Purchases," and it contains details of each coal purchase, including the state and coal district from which the coal is mined.

According to the Analysis of Coal Purchases filed by Kentucky Power, all of the coal that it purchased each month since February 2013 was mined in Kentucky, from

District 08, which is Eastern Kentucky. However, a review of a Kentucky Power response to a request for information (“data response”) filed in the record of Case No. 2015-00232<sup>1</sup> indicates that from November 2014 through April 2015, approximately 90 percent of the coal purchased by Kentucky Power was mined in West Virginia, not in Kentucky.

Based on a review of the FAC documents and schedules filed by Kentucky Power, and being otherwise sufficiently advised, the Commission finds that an investigation is necessary and appropriate to review the accuracy of all FAC documents and schedules filed monthly by Kentucky Power since February 2013. Kentucky Power’s monthly FAC documents and schedules, and its data response discussed above, will be incorporated into the record of this case by reference only.

The Commission further finds that, within 20 days of the date of this Order, Kentucky Power should file written testimony of one or more witnesses addressing the apparent conflict in its FAC filings as discussed above. That testimony must include at a minimum the following issues: 1) a detailed discussion of the reasons why Kentucky Power’s monthly Analysis of Coal Purchases lists all coal as being mined in Kentucky, while the data response having been filed in Case No. 2015-00232 lists approximately 90 percent of coal purchased as being mined in West Virginia; 2) a discussion of any changes or corrections needed to the FAC documents and schedules previously filed by Kentucky Power, along with copies of the changed or corrected FAC documents and schedules;

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<sup>1</sup> Case No. 2015-00232, *An Examination of the Application of the Fuel Adjustment Clause of Kentucky Power Company from November 1, 2014 Through April 30, 2015* (filed Aug. 28, 2015), Kentucky Power’s response to Staff’s First Request for Information, Item 8.

3) a list of the name, title, and description of duties of each individual who supplied, prepared, or reviewed any of the information, data, or statistics included in the FAC documents and schedules filed monthly by Kentucky Power since February 2013; 4) a detailed description of the internal review process utilized prior to the filing of Kentucky Power's monthly FAC documents and schedules to verify their accuracy, and the name, title, and scope of responsibility of each individual reviewing the FAC documents and schedules; and 5) a detailed description of the review taken since the date of this Order to verify the accuracy of the FAC documents and schedules filed monthly by Kentucky Power since February 2013. Upon the filing of Kentucky Power's testimony, a procedural schedule will be established for processing this case.

As 807 KAR 5:001, Section 8, permits the Commission to direct the use of electronic filing procedures for proceedings which we initiate on our own motion, we find that electronic filing procedures should be used. Kentucky Power will be made a party to this case, and Kentucky Power should follow the procedures set forth in 807 KAR 5:001, Section 8, when filing any document or paper in this matter. Pursuant to 807 KAR 5:001, Section 8, unless a party granted leave to intervene states its objection to the use of electronic filing procedures in a motion for intervention, the party should be deemed to have consented to the use of electronic filing procedures and the service of all papers, including Orders of the Commission, by electronic means, and the party should file with the Commission, within seven days of the date of an Order of the Commission's granting the intervention, a written statement that certifies that the party, or the party's authorized agent, possesses the facilities to receive electronic

transmissions and sets forth the electronic mail address to which all electronic notices and messages related to the proceeding should be served. A person who submits a motion to intervene after March 4, 2016, and upon a showing of good cause is granted full intervention, should accept and abide by the existing procedural schedule.

IT IS THEREFORE ORDERED that:

1. This investigation is opened to review the accuracy of all FAC documents and schedules filed monthly by Kentucky Power since February 2013.

2. All FAC documents and schedules filed monthly by Kentucky Power since February 2013 and its data response discussed in the findings above shall be incorporated by reference only into the record of this case.

3. Kentucky Power is made a party to this case and, pursuant to 807 KAR 5:001, Section 8(9), within seven days of entry of this Order, Kentucky Power shall file a written statement, with a copy to parties of record, that:

a. Certifies that it, or its authorized agent, possesses the facilities to receive electronic transmissions; and

b. Sets forth the electronic mail address to which all electronic notices and messages related to this proceeding should be served.

4. Within 20 days of the date of this Order, Kentucky Power shall file direct testimony, in verified prepared form, addressing at a minimum all of the issues discussed in the findings above.

5. Requests for intervention shall be filed no later than March 4, 2016. Any person who submits a motion to intervene after March 4, 2016, and upon a showing of

good cause is granted full intervention, shall accept and abide by the existing procedural schedule.

6. Unless a party granted leave to intervene states its objection to the use of electronic filing procedures in a motion for intervention, the party shall:

a. Be deemed to have consented to the use of electronic filing procedures and the service of all papers, including Orders of the Commission, by electronic means; and

b. Within seven days of the date of a Commission Order granting its intervention, file with the Commission a written statement that:

(1) Certifies that it, or its authorized agent, possesses the facilities to receive electronic transmissions; and

(2) Sets forth the electronic mail address to which all electronic notices and messages related to this proceeding should be served.

7. If a party objects to the use of electronic filing procedures and the Commission determines that good cause exists to excuse that party from the use of electronic filing procedures, service of documents on that party and by that party shall be made in accordance with 807 KAR 5:001, Section 4(8).

8. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

By the Commission

ENTERED  
**FEB 11 2016**  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
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Executive Director

Case No. 2016-00073

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