

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF	)	
THE FUEL ADJUSTMENT CLAUSE OF	)	CASE NO.
KENTUCKY UTILITIES COMPANY FROM MAY 1,	)	2016-00003
2015 THROUGH OCTOBER 31, 2015	)	

COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION  
TO KENTUCKY UTILITIES COMPANY

Kentucky Utilities Company ("KU"), pursuant to 807 KAR 5:001, is to file with the Commission an original in paper medium and an electronic version of the following information. The information requested herein is due within ten days of the date of this request. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

KU shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which KU fails or

refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, KU shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. In its monthly fuel adjustment clause ("FAC") backup files, KU provides an analysis of coal purchases that includes a state and coal district number for the source of the coal.

a. Confirm that KU is using District No. 8 (for eastern Kentucky) and District No. 9 (for western Kentucky) when identifying Kentucky coal districts in its FAC backup filings.

b. State whether the state and coal district numbers are those utilized by the Mine Safety and Health Administration. If not, state the entity that designates the coal district numbers utilized by KU in its FAC backup filings.

c. For the entity identified in part b. above, provide a map showing the current coal districts.

d. Provide the date of the last change made by the entity identified in part b. above to the coal district numbering. If KU did not begin using the new coal district numbering when the change was made, explain why.

e. Explain the input and review process for the state and coal district numbers provided in the monthly analysis of coal purchase schedule and how KU ensures that the information is accurate.

2. Refer to KU's response to the Commission's February 5, 2016 Request for Information, Item 25. The question should have asked whether all fuel contracts related to commodity and/or transportation had been filed with the Commission instead of specifying long-term contracts. State whether all contracts have been filed.

3. Refer to KU's response to the Commission Staff's Second Request for Information ("Staff's Second Request"), Item 1.

a. Refer to the response to Item 1.a. Explain how the existence of the rail car lease agreements impact the analysis of coal bids received by KU (i.e., do the agreements make transportation costs cheaper from certain coal suppliers?).

b. Refer to the response to Item 1.e. It appears KU may have misunderstood the question. Explain the advantages of leasing/owning rail cars versus not leasing/owning rail cars.

4. Refer to KU's response to the Staff's Second Request, Item 2.

a. Explain how KU decided on the methodology used for calculating its highest-cost unit.

b. For each month of the review period, provide the \$/MWh that was calculated as the highest-cost unit.

- c. For each month of the review period, provide the natural gas price used in the calculation of the highest-cost unit.
- d. State the origin of the natural gas price provided in part c. above.
- e. State whether the Haefling unit operated during the review period.



James W. Gardner  
Acting Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40601

DATED **MAR 18 2016**

cc: Parties of Record

\*Honorable Allyson K Sturgeon  
Senior Corporate Attorney  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, KENTUCKY 40202

\*Ed Staton  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, KENTUCKY 40202

\*Rick E Lovekamp  
Manager - Regulatory Affairs  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, KENTUCKY 40202

\*Robert Conroy  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, KENTUCKY 40202

\*Kentucky Utilities Company  
220 W. Main Street  
P. O. Box 32010  
Louisville, KY 40232-2010