

VERIFICATION

STATE OF OHIO)
) **SS:**
COUNTY OF HAMILTON)

The undersigned, Lisa D. Steinkuhl, Rates & Regulatory Strategy Manager, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of her knowledge, information and belief.

Lisa D. Steinkuhl
Lisa D. Steinkuhl, Affiant

Subscribed and sworn to before me by Lisa D. Steinkuhl on this 21st day of August, 2015.

ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2019

Adele M. Frisch
NOTARY PUBLIC

My Commission Expires: 1/5/2019

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**Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015**

STAFF-DR-01-001

REQUEST:

For the period from November 1, 2014, through April 30, 2015, list each vendor from whom coal was purchased and the quantities and the nature of each purchase (e.g., spot or contract). For the period under review in total, provide the percentage of purchases that were spot versus contract. For contract purchases, state whether the contract has been filed with the Commission. If no, explain why it has not been filed.

RESPONSE:

For the period under review November 1, 2014 through April 30, 2015 please see STAFF-DR-01-001 Attachment.

PERSON RESPONSIBLE: Brett Phipps

Duke Energy Kentucky

<u>Vendor</u>	<u>Purchase Tonnage</u>	<u>Purchase Type</u>	<u>Contract #</u>	<u>Filed with Commission</u>	<u>If no, Explain why</u>
Armstrong Coal Company	50,475	Contract	30019	8/28/2015 ^(a)	
Foresight Coal Sales, LLC	79,299	Contract	28584	10/11/2013	
New Future Mine	27,447	Spot			*
River View	397,189	Contract	28376	1/2/2013	
River View	44,742	Contract	28376TR	1/28/2015	
River View	155,965	Contract	30243	1/13/2015	
River View	46,028	Spot			*
Trafigura	47,409	Spot			*
Trafigura	42,987	Contract	29924	1/28/2015	
Tunnel Ridge, LLC	75,173	Spot			*
Tunnel Ridge Mine	1,850	Spot			*
Vitol, Inc.	76,727	Spot			*
White Oak Mine #1	78,840	Spot			*
	<u>1,124,131</u>				
	68.56%	Contract			
	31.44%	Spot			

* Spot Contracts are not filed with the Commission

^(a) See Staff-DR-01-025.

**Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015**

STAFF-DR-01-002

REQUEST:

For the period from November 1, 2014, through April 30, 2015, list each vendor from whom natural gas was purchased for generation and the quantities and the nature of each purchase (e.g., spot or contract). For contract purchases, state whether the contract has been filed with the Commission. If no, explain why it has not been filed.

RESPONSE:

Counterpart/Vendor	Trade Date	Start Date	End Date	Qty	# of Days	Total	Spot / Contract
Total for November 2014						0	
Total for December 2014						0	
SEQUENT ENERGY	01/07/2015	01/07/2015	01/07/2015	9,555	1	9,555	Spot
DTE Energy Trading E	01/07/2015	01/07/2015	01/07/2015	10,000	1	10,000	Spot
DTE Energy Trading E	01/07/2015	01/07/2015	01/07/2015	10,000	1	10,000	Spot
SEQUENT ENERGY (*)	01/07/2015	01/08/2015	01/08/2015	10,000	1	10,000	Spot
SEQUENT ENERGY	01/13/2015	01/13/2015	01/13/2015	10,000	1	10,000	Spot
Total For January 2015						49,555	
Twin Eagle G	02/18/2015	02/18/2015	02/18/2015	25,000	1	25,000	Spot
SEQUENT ENERGY	02/18/2015	02/19/2015	02/19/2015	25,000	1	25,000	Spot
SEQUENT ENERGY	02/18/2015	02/19/2015	02/19/2015	10,000	1	10,000	Spot
SEQUENT ENERGY	02/19/2015	02/20/2015	02/20/2015	10,000	1	10,000	Spot
Twin Eagle G	02/19/2015	02/20/2015	02/20/2015	15,000	1	15,000	Spot
Twin Eagle G	02/19/2015	02/19/2015	02/19/2015	15,000	1	15,000	Spot
SEQUENT ENERGY	02/22/2015	02/22/2015	02/22/2015	10,000	1	10,000	Spot
SEQUENT ENERGY	02/23/2015	02/23/2015	02/23/2015	40,000	1	40,000	Spot
SEQUENT ENERGY	02/23/2015	02/23/2015	02/23/2015	10,000	1	10,000	Spot
SEQUENT ENERGY	02/23/2015	02/24/2015	02/24/2015	25,000	1	25,000	Spot
SEQUENT ENERGY	02/26/2015	02/26/2015	02/26/2015	10,000	1	10,000	Spot
SEQUENT ENERGY	02/26/2015	02/27/2015	02/27/2015	10,000	1	10,000	Spot
Total for February 2015						205,000	
SEQUENT ENERGY	03/04/2015	03/05/2015	03/05/2015	10,000	1	10,000	Spot
SEQUENT ENERGY	03/04/2015	03/05/2015	03/05/2015	5,000	1	5,000	Spot
DTE Energy Trading E	03/04/2015	03/05/2015	03/05/2015	8,897	1	8,897	Spot
SEQUENT ENERGY (*)	03/05/2015	03/05/2015	03/05/2015	15,000	1	15,000	Spot
Total for March 2015						38,897	
Total for April 2015						0	

(*) Portions of these purchases were sold and not included in the FAC.

PERSON RESPONSIBLE: Brett Phipps

**Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015**

STAFF-DR-01-003

REQUEST:

State whether Duke Kentucky engages in hedging activities for its coal or natural gas purchases used for generation. If yes, describe the hedging activities in detail.

RESPONSE:

Coal:

Duke Energy Kentucky does not engage in financial hedging transactions with respect to coal purchases. Duke Energy Kentucky contracts for physical deliveries of coal through fixed term coal transactions within a balanced portfolio of purchases. The Company also maintains a portfolio with multiple suppliers to mitigate potential supply interruption risk.

Natural Gas:

To date, Duke Energy Kentucky has not engaged in any forward natural gas price hedging activities. Duke Energy Kentucky engages in the physical procurement of physical natural gas to support its gas generation.

PERSON RESPONSIBLE: Brett Phipps

Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015

STAFF-DR-01-004

REQUEST:

For each generation station or unit for which a separate coal pile is maintained, state, for the period from November 1, 2014, through April 30, 2015, the actual amount of coal burned in tons, the actual amount of coal deliveries in tons, the total kWh generated, and the actual capacity factor at which the plant operated.

RESPONSE:

Plant	Coal Burn (Tons) ⁽¹⁾	Coal Receipts (Tons) ⁽²⁾	Net MWH	Capacity Factor (Net MWH) / period hrs x MW rating)
East Bend	851,714	939,266	1,841,463	79.7%
Miami Fort 6	224,749	184,863	501,927	70.9%

⁽¹⁾ Duke Energy Kentucky's ownership share

⁽²⁾ 100% of coal received at the station

PERSON RESPONSIBLE: Lisa Steinkuhl

**Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015**

STAFF-DR-01-005

REQUEST:

List all firm power commitments for Duke Kentucky from November 1, 2014, through April 30, 2015, for (a) purchases and (b) sales. This list shall identify the electric utility, the amount of commitment in MW, and the purpose of the commitment (e.g., peaking, emergency).

RESPONSE:

Duke Energy Kentucky had no firm power commitments during this period.

PERSON RESPONSIBLE: John Swez

**Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015**

STAFF-DR-01-006

REQUEST:

Provide a monthly billing summary of sales to all electric utilities for the period of November 1, 2014, through April 30, 2015.

RESPONSE:

See attachment STAFF-DR-01-006.

PERSON RESPONSIBLE: Lisa Steinkuhl

DUKE ENERGY KENTUCKY
 POWER TRANSACTION SCHEDULE

Supplier/Buyer		Transaction Type	kWh	Charges (\$)			
				Demand	Fuel	Other	Total
Month Ended November 30, 2014							
PJM Interconnection, LLC	Econ Sales	36,744,010		878,853	327,472	1,206,325	
	Total Sales	<u>36,744,010</u>	<u>0</u>	<u>878,853</u>	<u>327,472</u>	<u>1,206,325</u>	
Month Ended December 31, 2014							
PJM Interconnection, LLC	Econ Sales	17,478,800		405,172	60,622	465,794	
	Total Sales	<u>17,478,800</u>	<u>0</u>	<u>405,172</u>	<u>60,622</u>	<u>465,794</u>	
Month Ended January 31, 2015							
PJM Interconnection, LLC	Econ Sales	112,446,720		2,830,194	644,395	3,474,589	
	Total Sales	<u>112,446,720</u>	<u>0</u>	<u>2,830,194</u>	<u>644,395</u>	<u>3,474,589</u>	
Month Ended February 28, 2015							
PJM Interconnection, LLC	Econ Sales	87,353,300		2,737,877	2,537,754	5,275,631	
	Total Sales	<u>87,353,300</u>	<u>0</u>	<u>2,737,877</u>	<u>2,537,754</u>	<u>5,275,631</u>	
Month Ended March 31, 2015							
PJM Interconnection, LLC	Econ Sales	74,044,990		1,839,628	436,567	2,276,195	
	Total Sales	<u>74,044,990</u>	<u>0</u>	<u>1,839,628</u>	<u>436,567</u>	<u>2,276,195</u>	
Month Ended April 30, 2015							
PJM Interconnection, LLC	Econ Sales	153,658,290		3,980,225	384,071	4,364,296	
	Total Sales	<u>153,658,290</u>	<u>0</u>	<u>3,980,225</u>	<u>384,071</u>	<u>4,364,296</u>	

Legend

Econ Sales - Economy Sales

**Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015**

STAFF-DR-01-007

REQUEST:

List Duke Kentucky's scheduled, actual, and forced outages from November 1, 2014, through April 30, 2015.

RESPONSE:

Please see Staff-DR-01-007 Attachment.

PERSON RESPONSIBLE: John Swez

UnitName	EventType	Month	Scheduled Hours	Forced Hours	Actual Hours	EventStart	EventEnd	Event Description
East Bend 2	MO	Dec-14	111.43		111.43	12/26/14 23:23	12/31/14 14:49	SECONDARY AIR HEATER WASH
East Bend 2	U1	Feb-15		62.75		2/9/15 11:48	2/12/15 2:33	Condenser Tube Leak
East Bend 2	PO	Mar-15	219.75		219.75	3/20/15 20:15	3/30/15 0:00	Planned spring outage
East Bend 2	PE	Mar-15	106.98		106.98	3/30/15 0:00	4/3/15 10:59	Planned outage extension
East Bend 2	U1	Apr-15		69.28		4/6/15 4:31	4/9/15 1:48	Economizer Tube Leak
Miami Fort 6	U1	Nov-14		1.47		11/29/14 3:05	11/29/14 4:33	TRIPPED WHEN CHANGING TO MAIN EXCITER
Miami Fort 6	U1	Feb-15		80.47		2/21/15 10:07	2/24/15 18:35	WATERWALL TUBE LEAK
Miami Fort 6	U1	Mar-15		74.03		3/5/15 2:57	3/8/15 5:59	TUBE LEAK
Miami Fort 6	U1	Mar-15		78.47		3/8/15 13:40	3/11/15 20:08	6-1 ID FAN DUCT ISSUE
Miami Fort 6	U1	Mar-15		102.17		3/20/15 15:31	3/24/15 21:41	TUBE LEAK
Miami Fort 6	U1	Mar-15		48.92		3/25/15 2:11	3/27/15 3:06	TUBE LEAK
Miami Fort 6	U1	Mar-15		44.10		3/27/15 9:44	3/29/15 5:50	TUBE LEAK
Miami Fort 6	U1	Apr-15		35.10		4/16/15 15:06	4/18/15 2:12	Waterwall Tube Leak
Woodsdale CT1	MO	Dec-14	6.03		6.03	12/2/14 7:00	12/2/14 13:02	Maint outage to calibrate NG flowmeter.
Woodsdale CT2	MO	Dec-14	6.03		6.03	12/2/14 7:00	12/2/14 13:02	Maint outage to calibrate NG flowmeter.
Woodsdale CT2	SF	Feb-15		0.28		2/19/15 6:18	2/19/15 6:35	Main Gas Valve Tripped
Woodsdale CT2	SF	Feb-15		0.28		2/19/15 16:34	2/19/15 16:51	Brush Lift off device failed to disengage.
Woodsdale CT2	U1	Mar-15		426.92		3/2/15 12:05	3/20/15 8:00	Metering/Relay problem
Woodsdale CT3	MO	Dec-14	4.00		4.00	12/3/14 7:00	12/3/14 11:00	Maint outage to calibrate NG flowmeter.
Woodsdale CT3	SF	Feb-15		0.30		2/24/15 5:53	2/24/15 6:11	Main Gas Valve stopped mid-travel.
Woodsdale CT4	MO	Dec-14	4.00		4.00	12/3/14 7:00	12/3/14 11:00	Maint outage to calibrate NG flowmeter.
Woodsdale CT5	MO	Dec-14	1.67		1.67	12/3/14 11:00	12/3/14 12:40	Maint outage to calibrate NG flowmeter.
Woodsdale CT5	MO	Dec-14	54.02		54.02	12/15/14 8:00	12/17/14 14:01	Replaced EHC Valve with upgraded valve.
Woodsdale CT6	MO	Dec-14	1.67		1.67	12/3/14 11:00	12/3/14 12:40	Maint outage to calibrate NG flowmeter.

REQUEST:

List all existing fuel contracts categorized as long-term (i.e., one year or more in length).

Provide the following information for each contract:

- a. Supplier's name and address;
- b. Name and location of production facility;
- c. Date when contract was executed;
- d. Duration of contract;
- e. Date(s) of each contract revision, modification, or amendment;
- f. Annual tonnage requirements;
- g. Actual annual tonnage received since the contract's inception;
- h. Percent of annual requirements received during the contract's term;
- i. Base price in dollars per ton;
- j. Total amount of price escalations to date in dollars per ton; and
- k. Current price paid for coal under the contract in dollars per ton (i + j)

RESPONSE:

- a. **Alliance River View (28376)**
1717 South Boulder Ave., Suite 400
Tulsa, OK 74119
- b. River View, KY
- c. February 14, 2013

- d. December 31, 2015
- e. N/A
- f. 2013 = 400,000; 2014 = 600,000 ; 2015 = 400,000
- g. 2013 = 349,392; 2014 = 584,666.10 ; 2015 YTD = 192,039
- h. 2013 = 87.3%; 2014 = 97% ; 2015 YTD = 144%
- i. 2013 = \$43.25; 2014 = \$46.50 ; 2015 = \$48.00
- j. None
- k. 2013 = \$43.25; 2014 = \$46.50 ; 2015 = \$48.00

a. **Alliance River View (28376TR)**
 1717 South Boulder Ave., Suite 400
 Tulsa, OK 74119

- b. Tunnel Ridge, KY
- c. January 1, 2015
- d. December 31, 2015
- e. Amendment 1 – January 26, 2015
- f. 2015 = 200,000
- g. 2015 YTD = 53,182
- h. 2015 YTD = 80%
- i. 2015 = \$51.00
- j. None
- k. 2015 = \$51.00

- a. **Alliance River View (30243)**
1717 South Boulder Ave., Suite 400
Tulsa, OK 74119
- b. Seabree, KY
- c. January 1, 2015
- d. December 31, 2015
- e. N/A
- f. 2015 = 500,000
- g. 2015 YTD = 167,088
- h. 2015 YTD = 100%
- i. 2015 = \$48
- j. None
- k. 2015 = \$48

- a. **Foresight Coal Sales, LLC (28584)**
One Metropolitan Square
211 North Broadway, Suite 2600
St. Louis, MO 63102
- b. Hillsboro, IL
- c. September 10, 2013
- d. January 31, 2015
- e. N/A
- f. 2014 = 200,000
- g. 2014 = 200,994; 2015= 3,278
- h. 2014 = 100% ; 2015 = 100%
- i. 2014 = \$37; 2015 = \$37

- j. None
- k. 2014 = \$37
- a. **Armstrong Energy Inc. (30019)**
7733 Forsyth Boulevard
Suite 1625
St. Louis, MO 63105
- b. Centertown, KY
- c. January 1, 2015
- d. December 31, 2015
- e. N/A
- f. 2015 = 250,000
- g. 2015 YTD = 65,065
- h. 2015 YTD = 78%
- i. 2015 = \$45
- j. None
- k. 2015 = \$45
- a. **Trafigura (29924)**
One Stamford Plaza
263 Tresser Boulevard 16th Floor
Stamford, CT 06901
- b. River View, KY
- c. January 1, 2015
- d. December 31, 2015
- e. N/A
- f. 2015 = 200,000
- g. 2015 YTD = 50,829

- h. 2015 YTD = 25%
- i. 2015 = \$45.65
- j. None
- k. 2015 = \$45.65

Natural Gas

There are no long term contracts with suppliers that source and deliver gas to Company plants. The only long-term contracts that extend past one year are contracts with pipelines for transportation service.

PERSON RESPONSIBLE: Brett Phipps

Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015

STAFF-DR-01-009

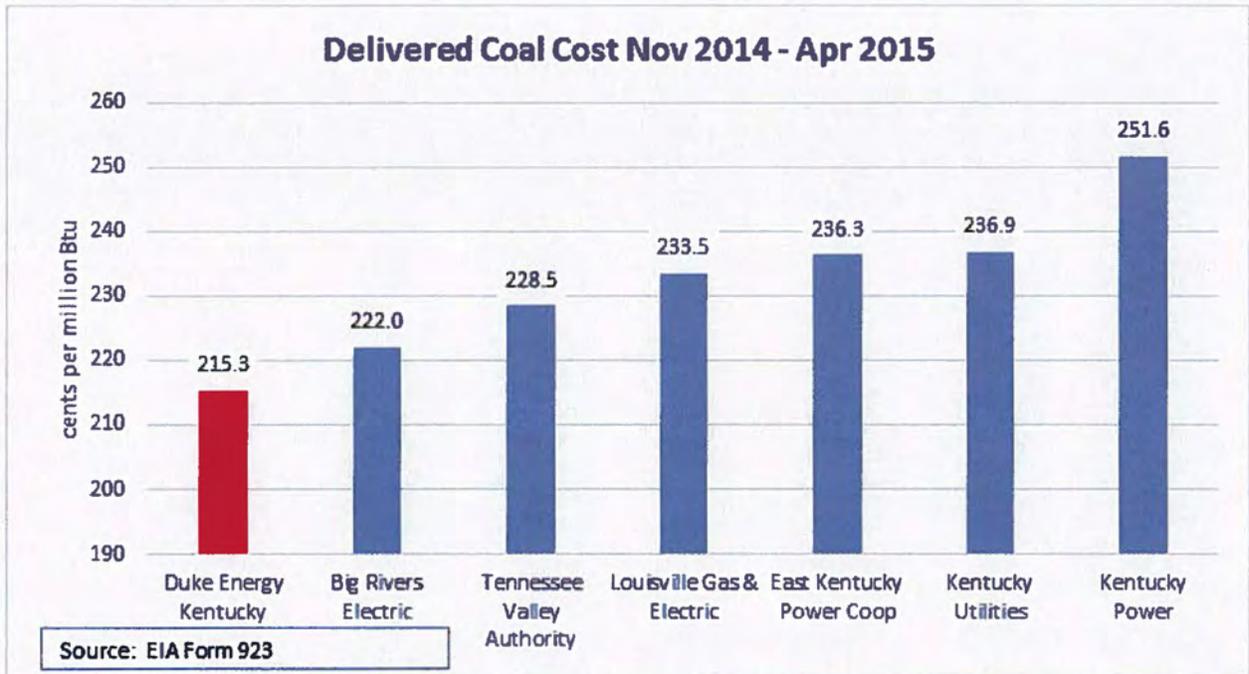
REQUEST:

- a. State whether Duke Kentucky regularly compares the price of its coal purchases to those paid by other electric utilities.
- b. If yes, state:
 1. How Duke Kentucky's prices compare with those of other utilities for the review period. Include all prices used in the comparison in cents per MMbtu.
 2. The utilities that are included in this comparison and their locations.

RESPONSE:

- a. Duke Energy Kentucky compares its delivered coal prices to those paid by other major Kentucky electric utilities for their plants located in Kentucky as noted in Case Nos. 2013-00265, 2013-00448, 2014-00229, and 2014-00454. Please see STAFF-DR-01-009 Attachment, derived from EIA 923 data for this review period.
- b. See STAFF-DR-01-009 Attachment.

PERSON RESPONSIBLE: Brett Phipps



Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015

STAFF-DR-01-010

REQUEST:

State the percentage of Duke Kentucky's coal, as the date of this Order, that is delivered by:

- a. Rail;
- b. Truck; or
- c. Barge.

RESPONSE:

Please reference Duke Energy Kentucky Case Nos. 2013-00265, 2013-00448, and 2014-00229 for the dates of November 1, 2012 – April 30, 2014. For this review period of November 1, 2014 – April 30, 2015, below are the percentages based on delivery methods to Duke Energy Kentucky.

	Rail % (a)	Truck % (b)	Barge % (c)
East Bend	0	0	100
Miami Fort 6	0	0	100

PERSON RESPONSIBLE: Brett Phipps

REQUEST:

- a. State Duke Kentucky's coal inventory level in tons and in number of days' supply as of April 30, 2015. Provide this information by generating station and in the aggregate.
- b. Describe the criteria used to determine number of day's supply.
- c. Compare Duke Kentucky's coal inventory as of April 30, 2015, to its inventory target for that date for each plant and for total inventory.
- d. If actual coal inventory exceeds inventory target by ten day's supply, state the reasons for excessive inventory.
- e. (1) State whether Duke Kentucky expects any significant changes in its current coal inventory target within the next 12 months.
(2) If yes, state the expected change and the reasons for this change.

RESPONSE:

Duke Energy Kentucky's total aggregate inventory across the system as of April 30, 2015 was 273,760 tons, or 34 days.

EAST BEND:

- a. As of April 30, 2015, total station inventory at East Bend was 257,787 tons or 39.66 days.

- b. The number of day's supply is computed by dividing an ending daily coal inventory figure stated in tons by the Full Load Burn per day figure of 6,500 tons.
- c. Inventory target is approximately 40 days compared to actual days inventory on April 30, 2015 of 39.66 days.
- d. N/A
- e. 1. No
2. N/A

MIAMI FORT #6:

- a. As of April 30, 2015, total Station inventory at Miami Fort #6 was 15,973 tons or 10.18 days.
- b. The number of day's supply is computed by dividing an ending daily coal inventory figure stated in tons by the Full Load Burn per day figure of 1,500 tons.
- c. Inventory target is approximately 40 days compared to the 10.18 days inventory the station had as of April 30, 2015.
- d. N/A
- e. 1. Yes.
2. Duke Energy Kentucky drew down inventories with the expected retirement of Miami Fort #6 in May 2015.

PERSON RESPONSIBLE: Brett Phipps

Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015

STAFF-DR-01-012

REQUEST:

- a. State whether Duke Kentucky has audited any of its coal contracts during the period from November 1, 2014, through April 30, 2015.
- b. If yes, for each audited contract:
 1. Identify the contract;
 2. Identify the auditor;
 3. State the results of the audit; and
 4. Describe the actions that Duke Kentucky took as a result of the audit.

RESPONSE:

East Bend:

- a. Duke Energy Kentucky has not audited any of its coal contracts during the period from November 1, 2014 through April 30, 2015.
- b. N/A

Miami Fort #6

- a. Duke Energy Kentucky has not audited any of its coal contracts during the period from November 1, 2014 through April 30, 2015.
- b. N/A

PERSON RESPONSIBLE: Brett Phipps

**Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015**

STAFF-DR-01-013

REQUEST:

- a. State whether Duke Kentucky has received any customer complaints regarding its FAC during the period from November 1, 2014, through April 30, 2015.
- b. If yes, for each complaint, state:
 1. The nature of the complaint; and
 2. Duke Kentucky's response.

RESPONSE:

Duke Energy Kentucky has not received any customer complaints regarding its FAC during the period from November 1, 2014 through April 30, 2015.

PERSON RESPONSIBLE: Lisa Steinkuhl

**Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015**

STAFF-DR-01-014

REQUEST:

- a. State whether Duke Kentucky is currently involved in any litigation with its current or former coal suppliers.
- b. If yes, for each litigation:
 1. Identify the coal supplier;
 2. Identify the coal contract involved;
 3. State the potential liability or recovery to Duke Kentucky;
 4. List the issues presented; and
 5. Provide a copy of the complaint or other legal pleading that initiated the litigation and any answers or counterclaims. If a copy has previously been filed with the Commission, provide the date on which it was filed and the case in which it was filed.
- c. State the current status of all litigation with coal suppliers.

RESPONSE:

East Bend and Miami Fort 6:

Please reference Duke Energy Kentucky Case Nos. 2013-00265, 2013-00448, and 2014-00229 for the dates of November 1, 2012 – April 30, 2014. For this review period of November 1, 2014 – April 30, 2015, Duke Energy Kentucky is not currently involved in any litigation with its current or former coal suppliers.

PERSON RESPONSIBLE: Brett Phipps

**Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015**

STAFF-DR-01-015

REQUEST:

- a. During the period from November 1, 2014, through April 30, 2015, have there been any changes to Duke Kentucky's written policies and procedures regarding its fuel procurement?
- b. If yes:
 1. Describe the changes;
 2. Provide the written policies and procedures as changed;
 3. State the date(s) the changes were made; and
 4. Explain why the changes were made.
- c. If no, provide the date Duke Kentucky's current fuel procurement policies and procedures were last changed, when they were last provided to the Commission, and identify the proceeding in which they were provided.

RESPONSE:

Coal

- a. Duke Energy Kentucky fuel procurement policies or procedures have not been changed during the period from November 1, 2014 through April 30, 2015.
- b. N/A
- c. The procurement policy was last updated on 12/01/10. The updated fuel policy was provided to the Commission in Case No. 2011-249 in September 2011 in Staff-DR-01-015.

Natural Gas

- a. Duke Energy Kentucky fuel procurement policies or procedures have not been changed during the period from November 1, 2014 through April 30, 2015.
- b. N/A
- c. The procurement policy was last updated February 2012. The updated fuel policy was provided to the Commission in Case No. 2011-486 in February 2012.

PERSON RESPONSIBLE: Brett Phipps

REQUEST:

- a. State whether Duke Kentucky is aware of any violations of its policies and procedures regarding fuel procurement that occurred prior to or during the period from November 1, 2014, through April 30, 2015.
- b. If yes, for each violation:
 1. Describe the violation;
 2. Describe the action(s) that Duke Kentucky took upon discovering the violation; and
 3. Identify the person(s) who committed the violation.

RESPONSE:

EAST BEND:

- a. Duke Energy Kentucky is not aware of any violations of its policies and procedures.
- b. N/A

MIAMI FORT #6:

- a. Duke Energy Kentucky is not aware of any violations of its policies and procedures.
- b. N/A

PERSON RESPONSIBLE: Brett Phipps

**Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015**

STAFF-DR-01-017

REQUEST:

Identify and explain the reasons for all changes in the organizational structure and personnel of the departments or divisions that are responsible for Duke Kentucky's fuel procurement activities that occurred during the period from November 1, 2014, through April 30, 2015.

RESPONSE:

Please reference Duke Energy Kentucky Case Nos. 2013-00265, 2013-00448, and 2014-00229 for the dates of November 1, 2012 – April 30, 2014. For this review period of November 1, 2014 – April 30, 2015 there was one organizational change for personnel of the departments or divisions that are responsible for Duke Energy Kentucky's fuel procurement activities. Barbara Coppola assumed transportation management duties for Duke Energy Carolina's and Duke Energy Florida in addition to her previous responsibilities of Duke Energy Kentucky and Duke Energy Indiana.

PERSON RESPONSIBLE: Brett Phipps

REQUEST:

- a. Identify all changes that Duke Kentucky has made during the period under review to its maintenance and operation practices that also affect fuel usage at Duke Kentucky's generation facilities.
- b. Describe the impact of these changes on Duke Kentucky's fuel usage.

RESPONSE:

- a. Starting in the summer of 2014, an analysis was completed and the decision was made to operate Miami Fort 6 at a reduced main steam pressure. Due to the unit approaching the end of its useful life, it was experiencing frequent boiler wall tube leaks when operating at full pressure operation. Once reduced pressure operation began, a significant reduction in boiler tube leaks occurred. The reduced pressure operation resulted in the unit operating with an approximate 27 MW planned derate. However, the unit's EFOR has dropped significantly. Consequently, the reduction in pressure appears to have allowed more energy to be generated, reduced maintenance expenses for repairs to critical boiler components, reduced unit downtime, and improved cyclic operation of equipment. The Company's strategy has had the overall effect of a more predictable base load operation. Miami Fort 6 discontinued operations as planned effective June 1, 2015.

- b. The major impact on this change is to the unit's capability. The impact to the unit's individual heat rate is minimal.

PERSON RESPONSIBLE: John Swez

STAFF-DR-01-019

REQUEST:

List each written coal supply solicitation issued during the period from November 1, 2014, through April 30, 2015.

- a. For each solicitation, provide the date of the solicitation, the type of solicitation (contract or spot), the quantities solicited, a general description of the quality of coal solicited, the time period over which deliveries were requested, and the generating unit(s) for which the coal was intended.
- b. For each solicitation, state the number of vendors to whom the solicitation was sent, the number of vendors who responded, and the selected vendor. Provide the bid tabulation sheet or corresponding document that ranked the proposals. (This document should identify all vendors who made offers.) State the reasons for each selection. For each lowest-cost bid not selected, explain why the bid was not selected.

RESPONSE:

For this review period of November 1, 2014 through April 30, 2015 there were no written coal supply solicitations issued.

PERSON RESPONSIBLE: Brett Phipps

**Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015**

**PUBLIC STAFF-DR-01-020
(As to Attachment only)**

REQUEST:

List each oral coal supply solicitation issued during the period from November 1, 2014, through April 30, 2015.

- a. For each solicitation, state why the solicitation was not written, the date(s) of the solicitation, the quantities solicited, a general description of the quality of coal solicited, the time period over which deliveries were requested, and the generating unit(s) for which the coal was intended.
- b. For each solicitation, identify all vendors solicited and the vendor selected. Provide the tabulation sheet or other document that ranked the proposals. (This document should identify all vendors who made offers.) State the reasons for each selection. For each lowest-cost bid not selected, explain why the bid was not selected.

RESPONSE:

**CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment
Only)**

This response has been filed with the Commission under a Petition for Confidential Treatment.

- a. Duke Energy Kentucky had an oral coal solicitation in mid February 2015.
This was the only oral coal solicitation during the review period.

- b. The solicitation was sent to 8 coal producers and sellers. See STAFF-DR-01-020 Confidential Attachment for a summary of all offers for the period 2014 - 2015, filed with the Commission under a Petition for Confidential Treatment. The only coal purchased from the solicitation was for Miami Fort 6 to be supplied as inventory replenishment prior to Miami Fort 6's planned retirement.

PERSON RESPONSIBLE: Brett Phipps

CONFIDENTIAL TREATMENT
HAS BEEN REQUESTED FOR
STAFF-DR-01-020 ATTACHMENT

Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015

STAFF-DR-01-021

REQUEST:

- a. List all intersystem sales during the period under review in which Duke Kentucky used a third party's transmission system.
- b. For each sale listed above:
 1. Describe how Duke Kentucky addressed, for FAC reporting purposes, the cost of fuel expended to cover any line losses incurred to transmit its power across the third party's transmission system; and
 2. State the line loss factor used for each transaction and describe how that line loss factor was determined.

RESPONSE:

- a. Duke Energy Kentucky sells 100% of its generation to PJM Interconnection, L.L.C. These sales are made at the generating station; consequently, no third party transmission was used.
- b. Not Applicable

PERSON RESPONSIBLE: Lisa Steinkuhl / John Swez

**Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015**

STAFF-DR-01-022

REQUEST:

- a. Describe the effect on the FAC calculation of line losses related to intersystem sales when not using a third party's transmission system.
- b. Describe each change that Duke Kentucky made to its methodology for calculating intersystem sales line losses during the period under review.

RESPONSE:

- a. Not applicable. See response to Staff-DR-01-021.
- b. Not applicable. See response to Staff-DR-01-021.

PERSON RESPONSIBLE: Lisa Steinkuhl / John Swez

**Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015**

STAFF-DR-01-023

REQUEST:

State whether, during the period under review, Duke Kentucky has solicited bids for coal with the restriction that it was not mined through strip mining or mountaintop removal. If yes, explain the reasons for the restriction on the solicitation, the quantity in tons and price per ton of the coal purchased as a result of this solicitation, and the difference between the price of this coal and the price it could have obtained for the coal if the solicitation had not been restricted.

RESPONSE:

EAST BEND & MIAMI FORT #6:

Please reference Duke Energy Kentucky Case Nos. 2013-00265, 2013-00448, and 2014-00229 for the dates of November 1, 2012 – April 30, 2014. For this review period of November 1, 2014 – April 30, 2015, Duke Energy Kentucky did not solicit bids with a restriction to exclude bids mined through strip mining or mountain top removal.

PERSON RESPONSIBLE: Brett Phipps

**Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015**

STAFF-DR-01-024

REQUEST:

Provide a detailed discussion of any specific generation efficiency improvements Duke Kentucky has undertaken during the period under review.

RESPONSE:

Duke Energy Kentucky made no major specific generation efficiency improvements during the period under review.

PERSON RESPONSIBLE: John Swez

**Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015**

STAFF-DR-01-025

REQUEST:

State whether all long-term fuel contracts related to commodity and/or transportation have been filed with the Commission. If any contracts have not been filed, explain why they have not been filed and provide a copy.

RESPONSE:

See Attachment STAFF-DR-01-025 for the contract inadvertently not previously filed with the Commission. All other contracts are on file.

PERSON RESPONSIBLE: Brett Phipps

TRANSACTION APPROVAL REQUEST

Date:	October 27, 2014	Exp. Close Date:	October 28, 2014
Originator:	Shawn Shultz	R&C M:	L. F. Camp
Counterparty:	Armstrong Coal Company, Inc	Region:	ILB
Deal Type:	1 year purchase as a result of the April 2014 RFP	Deal Size:	\$11,250,000
Term:	The Term for this Transaction is January 1, 2015 to December 31, 2015.	DEK Purchase Order Number:	

DOA Approval: DOA Requires Approval and Signature of the Director of Coal

Summary: Purchased 250,000 tons for 2015 for East Bend as a result of the Duke April 2014 RFP.

Rationale: Regulated Fuels evaluated this purchase against CAPP, Illinois Basin, NAPP, PRB, and Utah coal supply proposals in response to the Request for Coal Supply Proposals ("RFP") issued by Duke Energy Kentucky in April 2014. We recommend the purchase of the Armstrong Coal Company, Inc. coal for the following reasons:

- 1) The coal was the lowest-cost evaluated coal received in the RFP that meets the quality requirements of East Bend; whereas, the lowest-cost second (Trafigura-Highlands) and third lowest-cost (Alliance-Sebree) evaluated coal was also purchased.
- 2) The station has not utilized this coal before and test burn language has been included.
- 3) Duke Energy Kentucky is 81% physically hedged for 2015 with this purchase.

Delivery Method: River Barge

Delivery Point: FOB Barge MP 76.6 Green River

Coal Quality: 2.90% Sulfur, 11500 btu

Contract Price: \$45.00 per ton

Quantity: 250,000 tons

Term: January 1, 2015 through December 31, 2015

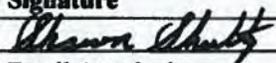
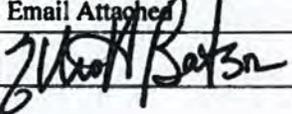
Legal Review: Legal has prepared the agreement (attached email from Tim Lowe)

Credit & Risk

Management Review: Credit and Risk Management have reviewed and approved the transaction.

Recommendation: Fuels and Systems Optimization recommends proceeding with this transaction.

Approvals:

Position	Name	Signature	Date
Fuel Originator	Shawn Shultz		10/27/14
Legal	Tim Lowe	Email Attached	9/29/14
Credit & Risk	Christina D'Abreo	Email Attached	10/21/14
Director, Coal	M. E. Batson		10/27/14

The purchases of coal represented by this confirmation are subject to the terms and conditions attached hereto including Exhibit 1 (Transportation Specifications)	
TRADE DATE	2-Jul-14 Result of April 2014 RFP
COMMODITY	11,500 btu Result of April 2014 RFP

SELLER DATA

SELLER	Armstrong Coal Company, Inc.	CONTRACT COMPLIANCE FAX #	
ADDRESS	7733 Forsyth Blvd., Ste 1625	PRODUCER	Armstrong Coal Company, Inc.
CITY/ST./ZIP	St. Louis, MO 63125	ADDRESS	
TRADER	Adam Anderson	CITY/ST./ZIP	Kentucky
SELLER TRADE ID:		COUNTY	Ohio and Muhlenberg
PHONE #	314 422-4150	COAL PRODUCING DIST. (In. CAPP/NAPP)	ILB

Seller Approved By: *Mark D. Wilson*

SEAM(S)	Kentucky #9		
	Standard	Rejection Limit	
BTU MIN.	11,500 Btu	<11,200 Reject	RIVER/MILEPOST Green River MP 76.6
SULFUR % MAX.	2.9%	>3.2% Reject	DELIVERY POINT FOB Barge
SO2/MMBTU	5.00	>5.50 Reject	Shipping Location
VOLATILE % MIN.	37.00%	<32.00% Reject	SATURDAY LOADING (YES/NO) Yes
ASH % Max.	10%	>12% Reject	SUNDAY LOADING (YES/NO) Yes
GRIND (HARDGROVE INDEX)-MIN.	>57	<45 Reject	TIPPLE
MOISTURE % MAX.	12.0%	>14.0%	Comments: *This Confirmation is subject to early termination pursuant to the provisions of Exhibit 1 attached hereto, which is hereby incorporated as part of this Confirmation and shall prevail in the event of an inconsistency with the provisions of this Confirmation.
SIZE (Inches)			
Fines			
AST-Reducing			
Chlorine ppm	180 ppm	>750 ppm	

Price & Volume

DELIVERY PERIOD	Volume / Month	FOB Barge Price
January 1, 2015 through December 31, 2015	250,000 annual tons total or approximately 20,833/month	\$45.00/ton

Seller Comments

BUYER'S USE ONLY

BUYER	Duke Energy Kentucky Inc.	PRODUCER ABBR:	
DATE	7/2/2014	FOB BARGE PRICE	
STATION		FREIGHT RATE	
PURCHASE ORDER #			

BUYER ADDRESS: 528 South Church Street, EC02F
Charlotte, NC 28201

DUKE Energy Approved By: *John A. Barton 10/27/14*

Personal or sensitive information was discovered in this filing. At the filer's request "attachment to question 25" page 3 of 9 has been removed . A redacted version of the filing has been filed by the original filer on October 1, 2015. The redacted replacement pages can be accessed here:

<http://psc.ky.gov/pscecf/2015-00236/debbie.gates@duke-energy.com/10012015090434/Case No 2015-00236 STAFF-DR-01-025.pdf>

ldm 10/1/2015

regulations and orders issued by the United States Secretary of Labor under any of the foregoing; and (g) all amendments of the foregoing that may be made from time to time.

14. **No Assignment.** Unless this Agreement expressly provides otherwise, neither party shall assign, delegate or subcontract all or any portion of this Agreement without the prior written consent of the other party other than to affiliates or for purposes of financing. Any attempted assignment, delegation or subcontracting without the other party's prior written consent shall be ineffective and void but only if such prior written consent is required under the provisions of this Section 14.

15. **Independent Contractor.** Seller is an independent contractor for all purposes, and in no event shall Seller be deemed to be an agent, partner or joint venturer of the Buyer.

16. **Remedies.** The remedies in this Agreement are cumulative and in addition to all rights and remedies at law and in equity. The parties may exercise their rights and remedies in any order or combination they choose. No delay in exercising or failure to exercise a right of remedy shall impair that or any other right or remedy or be construed as a waiver of any default.

17. **Notices.** All notices and written requests under this Agreement shall be sent by first class mail, e-mail (return receipt requested) or facsimile (with transmission confirmed) to the following addresses:

If to Buyer:

Elliott Batson
Coal Mail Code: EC02F
Duke Energy
526 South Church Street
Charlotte, NC 28202
(FAX)
elliott.batson@duke-energy.com

If to Seller:

Adam Anderson, Director, Sales/Marketing
Armstrong Coal Company, Inc.
7733 Forsyth Boulevard - Suite 1625
St. Louis, MO 63105
314-721-8211 (FAX)
aanderson@armstrongcoal.com

Jacquelyn A. Jones
Sr. Vice President and General Counsel
Armstrong Energy, Inc.
7733 Forsyth Boulevard, Suite 1625
Saint Louis, MO 63105
314-721-8211 (FAX)
jjones@armstrongcoal.com

18. **Entire Agreement.** This Agreement contains the entire agreement of the parties relating to the subject matter and supersedes all prior and contemporaneous agreements, understandings, usages of trade and courses of dealing, whether written or oral. This Agreement may only be modified by a written agreement, signed by both parties, expressly modifying this Agreement. No verbal agreements or exchange of letters shall modify or amend this agreement.

19. **Liability Limitation.** NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS, OR BUSINESS INTERRUPTION DAMAGES, WHETHER BY STATUTE, IN TORT OR IN CONTRACT, UNDER THIS AGREEMENT, ANY INDEMNITY PROVISION OR OTHERWISE.

20. **No Precedent.** The terms and conditions set forth in this Agreement are for the purpose of this Agreement and the Transaction contemplated herein only and will not set or be construed or deemed to set a precedent for any future purchase and sales agreement, if any, that may be entered into between Buyer and Seller.

Form # 45027 (06/10 cec)

Agreed To By:

Duke Energy Kentucky, Inc.

By:

Elliott Batson

Title:

Director Coal

Date:

10/23/14

Armstrong Coal Company, Inc.

By:

Mark D. Wilson

Title: President and CCO

Date: October 13, 2014

EXHIBIT 1

Test Burn. Buyer, in its sole discretion, shall require a test burn of the coal set forth herein ("Coal") as a standalone burn and/or a blend with other coals to determine if such Coal is acceptable for use or causes operational or handling difficulties at one or more of Buyer's destination Station(s). This test burn shall be completed within sixty (60) days of unloading the test coal at the Station. If, within this sixty (60) day period, Buyer determines, in its sole discretion reasonably exercised, that the test burn proves the Coal set forth herein causes adverse plant performance or operational difficulties including, but not limited to: boiler slagging, boiler fouling, boiler tube leaks, forced outages, corrosion, unusual wear to equipment or tubing, receiving and/or handling difficulties in which Buyer is unable to unload to dispense the Coal as required by station personnel, Buyer shall give Seller notice of such plant performance or operational difficulties and Buyer shall have the right to suspend all further deliveries of Coal by giving notice thereof to Seller. Promptly after such notice is delivered, the parties shall meet and attempt in good faith to reach a mutually agreeable solution to resolve such issues. If the parties are unable to reach a mutually agreeable solution within sixty (60) days after delivery of Buyer's notice to Seller, then Buyer may terminate all or a portion of this Confirmation and the associated tons of Coal by providing written notice thereof to Seller or assign all or a portion of this Confirmation and associated tons of Coal to any affiliate or subsidiary of Buyer. Buyer shall document such difficulties that are believed to be caused by Seller's Coal and shall make such documentation available to Seller for review in a timely manner. If Buyer determines that it must terminate the entire Confirmation and provides notice thereof, then after the effective date of any such termination notice by Buyer, neither party shall have any further obligation to the other party hereunder except for (a) Buyer's obligation to pay for any Coal delivered and received, or any shipments of Coal that are in transit to Buyer (provided that such coal is not above or below, as applicable, any of the rejection limits) prior to the effective date of such termination and (b) each party's obligation to remit or credit any coal quality price adjustments for Coal delivered and received or any shipments of Coal that are in transit to Buyer (provided that such Coal is

If, within the initial sixty (60) day period, Buyer determines, in its sole discretion reasonably exercised, that the test burn for the Coal is successful and does not cause adverse plant performance or operational difficulties as outlined above, this Confirmation shall remain in effect and shall be fully enforceable in accordance with its terms.

ADDENDUM 1

DUKE ENERGY KENTUCKY, INC.

Weighing; Sampling; and Analysis. Shipments shall be weighed at Seller's expense as determined by a certified batch weigh system for rail loadings or by draft surveys for barge loadings at the Delivery Point.

Seller shall sample, via a mechanical sampler, at its expense at the Delivery Point. Seller shall select an independent sampling laboratory, reasonably acceptable to Buyer, to analyze all samples collected hereunder. Seller shall pay all sampling costs incurred hereunder. Sampling shall be carried out following the ASTM standard, as set forth in ASTM standard D2234 (Type I, condition A or B, systematic spacing). Analysis is to be done in accordance with applicable ASTM standards. Such analysis shall be final and binding and shall govern for payment.

Seller shall make available sample splits and a report of each sample's quality for Buyer upon request. Buyer, at its expense, may make arrangements to pick up samples. Seller shall retain, for a period of 60 days from the loading date, sample splits taken in accordance with the provisions of this Agreement for use by Seller and the independent laboratory specified below.

In the event of a disagreement over coal analysis and upon Buyer and Seller selecting a mutually agreed upon independent laboratory, Seller shall provide sample splits to the independent laboratory for analysis. Such analysis shall be accepted as the quality of coal received. The cost of the independent analysis shall be equally shared between Buyer and Seller; however, the cost of the independent analysis shall be paid by Buyer if the results of such analysis and Seller's analysis are within applicable ASTM standards for repeatability and reproducibility, or in the absence of ASTM standards, mutually agreeable coal industry standards. If Seller's results are not so confirmed, then the laboratory's results shall be accepted as the quality and characteristics of the coal.

THIS GUARANTY AGREEMENT (this "Guaranty"), dated as of October 13, 2014, is issued and delivered by Armstrong Energy, Inc., a Delaware corporation (the "Guarantor"), for the account of Armstrong Coal Company, Inc., a Delaware corporation (the "Obligor"), and for the benefit of [enter corporate legal name], a [state] [form of entity] (the "Beneficiary").

Background Statement

WHEREAS, the Beneficiary and Obligor entered into that certain Coal Supply Agreement (the "Agreement"); and

WHEREAS, Beneficiary has required that the Guarantor deliver to the Beneficiary this Guaranty as an inducement to enter into the Agreement.

Agreement

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the Guarantor hereby agrees as follows:

1. Guaranty: Limitation of Liability. Subject to any rights, setoffs, counterclaims and any other defenses that the Guarantor expressly reserves to itself under this Guaranty, the Guarantor absolutely and unconditionally guarantees the timely payment of the Obligor's payment obligations under the Agreement (the "Guaranteed Obligations"); provided, however, that the Guarantor's aggregate liability hereunder shall not exceed Two Million U. S. Dollars (U.S. \$2,000,000).

Subject to the other terms of this Guaranty, the liability of the Guarantor under this Guaranty is limited to payments expressly required to be made under the Agreement, and except as specifically provided therein, the Guarantor shall not be liable for or required to pay any consequential or indirect loss (including but not limited to loss of profits), exemplary damages, punitive damages, special damages, or any other damages or costs.

2. Effect of Amendments. The Guarantor agrees that the Beneficiary and the Obligor may modify, amend and supplement the Agreement and that the Beneficiary may delay or extend the date on which any payment must be made pursuant to the Agreement or delay or extend the date on which any act must be performed by the Obligor thereunder, all without notice to or further assent by the Guarantor, who shall remain bound by this Guaranty, notwithstanding any such act by the Beneficiary.

3. Waiver of Rights. The Guarantor expressly waives (i) protest and (ii) notice of acceptance of this Guaranty by the Beneficiary.

4. Reservation of Defenses. Without limiting the Guarantor's own defenses and rights hereunder, the Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses that the Obligor may have to payment of all or any portion of the Guaranteed Obligations except

defenses arising from the bankruptcy, insolvency, dissolution or liquidation of the Obligor and other defenses expressly waived in this Guaranty.

5. Settlements Conditional. This guaranty shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any monies paid to the Beneficiary in reduction of the indebtedness of the Obligor under the Agreement have to be repaid by the Beneficiary by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force, and the liability of the Guarantor under this Guaranty shall be computed as if such monies had never been paid to the Beneficiary

6. Notice. The Beneficiary will provide written notice to the Guarantor if the Obligor defaults under the Agreement.

7. Primary Liability of the Guarantor. The Guarantor agrees that the Beneficiary may enforce this Guaranty without the necessity at any time of resorting to or exhausting any other security or collateral. This is a continuing Guaranty of payment and not merely of collection.

8. Representations and Warranties. The Guarantor represents and warrants to the Beneficiary as of the date hereof that:

- a. The Guarantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has full power and legal right to execute and deliver this Guaranty and to perform the provisions of this Guaranty on its part to be performed;
- b. The execution, delivery and performance of this Guaranty by the Guarantor have been and remain duly authorized by all necessary corporate action and do not contravene any provision of its certificate of incorporation or by-laws or any law, regulation or contractual restriction binding on it or its assets;
- c. All consents, authorizations, approvals, registrations and declarations required for the due execution, delivery and performance of this Guaranty have been obtained from or, as the case may be, filed with the relevant governmental authorities having jurisdiction and remain in full force and effect, and all conditions thereof have been duly complied with and no other action by, and no notice to or filing with, any governmental authority having jurisdiction is required for such

execution, delivery or performance; and

- d. This Guaranty constitutes the legal, valid and binding obligation of the Guarantor enforceable against it in accordance with its terms, except as enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights or by general equity principles.

9. Nature of Guaranty. The Guarantor hereby agrees that its obligations hereunder shall be unconditional irrespective of the impossibility or illegality of performance by the Obligor under the Agreement; the absence of any action to enforce the Agreement; any waiver or consent by Beneficiary concerning any provisions of the Agreement; the rendering of any judgment against the Obligor or any action to enforce the same; any failure by Beneficiary to take any steps necessary to preserve its rights to any security or collateral for the Guaranteed Obligations; the release of all or any portion of any collateral by Beneficiary; or any failure by Beneficiary to perfect or to keep perfected its security interest or lien in any portion of any collateral.

10. Subrogation. The Guarantor will not exercise any rights that it may acquire by way of subrogation until all Guaranteed Obligations shall have been paid in full. Subject to the foregoing, upon payment of all such Guaranteed Obligations, the Guarantor shall be subrogated to the rights of Beneficiary against the Obligor, and Beneficiary agrees to take at the Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation.

11. Term of Guaranty. This Guaranty shall remain in full force and effect until the earlier of (i) such time as all the Guaranteed Obligations have been discharged, and (ii) December 31, 2015 (the "Expiration Date"); provided however, the Guarantor will remain liable hereunder for Guaranteed Obligations that were outstanding prior to the Expiration Date.

12. Governing Law. This Guaranty shall be governed by and construed in accordance with the internal laws of the State of New York, including Section 5-1401 of the General Obligations Law of the State of New York but without giving effect to principles of conflicts of law.

13. Expenses. The Guarantor agrees to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of the Beneficiary's counsel) relating to the enforcement of the Beneficiary's rights hereunder in the event the Guarantor disputes its obligations under this Guaranty and it is finally determined (whether through settlement, arbitration or adjudication, including the exhaustion of all permitted appeals),

that the Beneficiary is entitled to receive payment of a portion of or all of such disputed amounts.

14. Waiver of Jury Trial. The Guarantor and the Beneficiary, through acceptance of this Guaranty, waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guaranty.

15. Entire Agreement; Amendments. This Guaranty integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. This Guaranty may only be amended or modified by an instrument in writing signed by each of the Guarantor and the Beneficiary.

16. Headings. The headings of the various Sections of this Guaranty are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

17. No Third-Party Beneficiary. This Guaranty is given by the Guarantor solely for the benefit of the Beneficiary, and is not to be relied upon by any other person or entity.

18. Assignment. Neither the Guarantor nor the Beneficiary may assign its rights or obligations under this Guaranty without the prior written consent of the other, which consent may not be unreasonably withheld or delayed.

Any purported assignment in violation of this Section 18 shall be void and without effect.

19. Notices. Any communication, demand or notice to be given hereunder will be duly given when delivered in writing or sent by facsimile to the Guarantor or to the Beneficiary, as applicable, at its address as indicated below:

If to the Guarantor, at:

Armstrong Energy, Inc.
7733 Forsyth Boulevard, Suite 1625
Saint Louis, MO 63105
Attention: Martin D. Wilson
Facsimile: (314) 721-8211

If to the Beneficiary, at:

[Beneficiary]
Attn: Chief Risk Officer
Mail code DEC 40C
550 South Tryon St,
Charlotte, NC 28202

or such other address as the Guarantor or the Beneficiary shall from time to time specify. Notice shall be deemed given (a) when received, as evidenced by signed receipt, if sent by hand delivery, overnight courier or registered mail or (b) when received, as evidenced by transmission confirmation report, if sent by facsimile and received on or before 4 pm local time of recipient, or (c) the next business day, as evidenced by transmission confirmation report, if sent by

facsimile and received after 4 pm local time of recipient.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the day and year first above written.

Armstrong Energy, Inc.

By: Martin D. Wilson
Name: Martin D. Wilson
Title: President

**Duke Energy Kentucky
Case No. 2015-00236
Staff First Set Data Requests
Date Received: August 14, 2015**

STAFF-DR-01-026

REQUEST:

By month, for the period of November 1, 2014, through April 30, 2015, provide the amount of power purchases in excess of Duke Kentucky's highest-cost generating unit available to be dispatched to serve native load during the reporting expense month that was included in Duke Kentucky's FAC calculation.

RESPONSE:

There were no instances during the period November 1, 2014 through April 30, 2015 where Duke Energy Kentucky purchased power at a cost greater than Duke Energy Kentucky's highest cost generating unit available to be dispatched to serve native load.

PERSON RESPONSIBLE: Lisa Steinkuhl