COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF ) CASE NO. 2012-00320
THE FUEL ADJUSTMENT CLAUSE OF )
KENTUCKY UTILITIES COMPANY FROM )
NOVEMBER 1, 2011 THROUGH APRIL 30, 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 October 11, 2012 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- 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 October 11, 2012.

A copy of this Notice, the certification of the digital video record, and hearing log have been served by first class mail 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/2012-00318-thru-00342/2012-00318-thru-00342_11Oct12_Inter.asx. Parties wishing an annotated digital video recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.
Done at Frankfort, Kentucky, this 22nd day of October 2012.

Linda Faulkner
Director, Filings Division
Public Service Commission of Kentucky
Lonnie E Bellar  
VP - State Regulation  
Kentucky Utilities Company  
220 W Main Street  
P. O. Box 32010  
Louisville, KY 40232-2010
COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF
THE FUEL ADJUSTMENT CLAUSE OF
KENTUCKY UTILITIES COMPANY FROM
NOVEMBER 1, 2011 THROUGH APRIL 30, 2012

CERTIFICATE

I, Kathy Gillum, hereby certify that:

1. The attached DVD contains a digital recording of the hearing conducted in the above-styled proceeding on October 11, 2012. Hearing Log and Witness List are included with the recording on October 11, 2012.

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 October 11, 2012 and the time at which each occurred.

Given this 22nd day of October, 2012.

Kathy Gillum, Notary Public
State at Large

My commission expires: Sept 3, 2013
Case History Log Report

Case Title: Fuel Adjustment Clause (Multi-Cases)
Case Type: Fuel Adjustment Clause

Date: 10/11/2012
Location: Default Location
Judge: David Armstrong, Jim Gardner, Linda Breathitt
Clerk: Kathy Gillum

Event Time   Log Event
10:01:04 AM  Case Started
10:01:38 AM  Camera Lock Activated (Camera: 2)
10:01:45 AM  Preliminary Remarks
              Note: Kathy Gillum
              Vice Chair Gardner announced that the Chairman is unable to attend the hearing, but would be reviewing the record before a decision is rendered.

10:03:13 AM  Camera Lock Mode Deactivated
10:03:13 AM  Normal Mode Activated
10:03:13 AM  Camera Lock Deactivated
10:02:07 AM  CASE NO. 2012-00318 (Ky Power)
              Note: Kathy Gillum

10:03:22 AM  Public Notice
              Note: Kathy Gillum
              Public Notice was given Oct 8th

10:03:33 AM  Public Comment
              Note: Kathy Gillum
              No persons present for public comment.

10:03:42 AM  Examination by Mark Overstreet (Ky Power)
              Note: Kathy Gillum
              Qualification of witness Kimberly Chilcote by Mark Overstreet. Witness has modification to No. 8. Witness states it has incorrect date. Should be 2011 instead of 2010. Witness adopts pre-filed Responses to Data Requests with the correction. Qualification of witness Lila Munsey by Mark Overstreet. Witness adopts pre-filed Responses to Data Requests. Qualification of witness, Aaron Sink by Mark Overstreet. Witness adopts pre-filed Responses to Data Requests.
10:06:28 AM Examination by Jeb Pinney (PSC)
   Note: Kathy Gillum

Questions regarding D.R. Item 3 regarding hedging activities.
(Chilcote) Questions regarding Item 4 pertaining to capacity
decline. (Sink and Chilcote) Questions regarding Item 7 regarding
extended outages. (Sink) Questions regarding reserve shutdown.
(Sink) Questions regarding how determined which unit would be
shut down during reserve shutdown. (Sink) Questions regarding
Item 8 and Item 11. (Chilcote) Questions regarding current
inventory. (Chilcote) Questions regarding Item 9 regarding fuel
costs. (Chilcote)

10:08:50 AM Camera Lock Activated (Camera: 8)
10:08:51 AM Camera Lock Mode Deactivated
10:08:51 AM Normal Mode Activated
10:08:51 AM Camera Lock Deactivated
10:11:26 AM Camera Lock Activated (Camera: 8)
10:11:31 AM Camera Lock Mode Deactivated
10:11:31 AM Normal Mode Activated
10:11:31 AM Camera Lock Deactivated
10:12:42 AM Camera Lock Activated (Camera: 8)
10:12:46 AM Camera Lock Mode Deactivated
10:12:46 AM Normal Mode Activated
10:12:46 AM Camera Lock Deactivated
10:15:30 AM Data Request (PSC)
   Note: Kathy Gillum

Data Request: Provide an analysis which compares Ky Power's
fuel cost with other companies which use a comparable quality of
fuel.

10:16:05 AM Data Request (PSC)
   Note: Kathy Gillum
10:16:56 AM Camera Lock Activated (Camera: 8)
10:16:37 AM Vice Chair Gardner
   Note: Kathy Gillum
10:17:20 AM Camera Lock Mode Deactivated
10:17:20 AM Normal Mode Activated
10:17:20 AM Camera Lock Deactivated
10:17:32 AM Mark Overstreet (Ky Power)
   Note: Kathy Gillum

Mr. Overstreet asked if it was 10 business days for Data Request
Responses. Answer was yes.

10:18:02 AM Case Adjourned (Case 2012-00318)
   Note: Kathy Gillum
10:18:17 AM Case No. 2012-00319
   Note: Kathy Gillum

Case No. 2012-00318 hearing adjourned.

Counsel: Roger Cowden  Witnesses: Ernie Huff, Ann Wood, Craig
Johnson and Julie Tucker. Witnesses sworn together. PSC
Counsel: Jeb Pinney.

10:19:18 AM Public Notice
   Note: Kathy Gillum
10:20:39 AM Camera Lock Activated (Camera: 8)
10:20:50 AM Camera Lock Mode Deactivated
10:20:50 AM Normal Mode Activated
10:20:50 AM Camera Lock Deactivated

Public Notice was given and filed with PSC September 28th
10:20:01 AM  Examination by Roger Cowden (EKPC)
            Note: Kathy Gillum
Qualification of witnesses Ann Wood, Ernest Huff, Craig Johnson and Julie Tucker by Roger Cowden. Witnesses adopt pre-filed testimony and Responses to Data Requests.

10:19:20 AM  Public Comment
            Note: Kathy Gillum
No persons present for Public Comment.

10:21:39 AM  Examination by Jeb Pinney (PSC)
            Note: Kathy Gillum
Questions regarding increase in natural gas purchases. (Huff) Questions regarding switching from gas to coal. (Huff) Questions regarding Item 3 regarding fixed price. (Huff) Questions regarding the differences in the fixed price and market price. (Huff) Questions regarding Item 4 regarding negative capacity factor of Dell. (Tucker) Questions regarding Item 7. (Johnson) Questions regarding outages. (Johnson) Questions regarding Item 9 regarding fuel costs comparison. (Huff)

10:26:12 AM  Camera Lock Activated (Camera: 8)
10:26:26 AM  Camera Lock Mode Deactivated
10:26:26 AM  Normal Mode Activated
10:26:26 AM  Camera Lock Deactivated
10:28:58 AM  Data Request (PSC)
            Note: Kathy Gillum
Data Request: Provide the source of the information used in the comparison of fuel costs.

10:29:11 AM  Examination by Jeb Pinney continues
            Note: Kathy Gillum
Questions regarding testing. (Huff) Questions regarding Item 14 (c).

10:30:33 AM  Data Request (PSC)
            Note: Kathy Gillum
Data Request: Provide a copy of the Bankruptcy Plan.

10:30:50 AM  Examination by Jeb Pinney (PSC)
            Note: Kathy Gillum
Questions regarding Item 15 regarding tracked changes in the document filed.

10:32:15 AM  Roger Cowden (EKPC)
            Note: Kathy Gillum
Mr. Cowden stated that the whole policy was new. It was done in accordance to best practices. (Wood answered also)

10:32:56 AM  Examination by Jeb Pinney (PSC) continues
            Note: Kathy Gillum
Questions regarding Item 20 pertaining to cost per ton. (Huff) Questions regarding coal availability. (Huff) Questions regarding Item 26(a) regarding tire derived fuel. (Huff) (Johnson also responded) Questions regarding percentage of tire made from petroleum (Johnson). Questions regarding long term supply (Huff). Questions regarding Item 26G. (Huff) Questions regarding Item 26(h). (Huff) Questions regarding permits for tire -derived fuel. (Johnson)

10:38:52 AM  Data Request (PSC)
            Note: Kathy Gillum
Data Request: Provide a list of Permits that EKPC has regarding tire derived fuel, and also if EKPC is in compliance with those permits.

10:39:08 AM  Examination by Jeb Pinney (PSC) continues
            Note: Kathy Gillum
Questions regarding Item 26(c). (Wood) Wood refers to PSC Case 2001-053 and KRS 154.27

10:42:06 AM  Roger Cowden (EKPC)
            Note: Kathy Gillum
Mr. Cowden proposes that Response to 26(c) that the first sentence be amended. Tires contain 30 percent fossil fuel.
Roger Cowden (EKPC)
Note: Kathy Gillum
Mr. Cowden states they could submit a post hearing brief with respect to recovery of the costs. Brief due in 14 days.

Commissioner Breathitt
Note: Kathy Gillum
Commissioner Breathitt asked, "How did the burn go when burning the TDF". (Huff)

Examination by Jeb Pinney (PSC) continues
Note: Kathy Gillum
Questions regarding burning alternative fuels. (Huff) Questions regarding Oct 3rd letter from EPA. (Wood)

Camera Lock Activated (Camera: 8)

Camera Lock Mode Deactivated

Normal Mode Activated

Camera Lock Deactivated

Vice Chair Gardner
Note: Kathy Gillum
Questions regarding Item 2 pertaining to spot purchases. (Huff) Questions regarding Item 5 regarding peaking or emergency. (Tucker) Questions regarding Item 24 regarding efficiency. (Johnson)

Case Adjourned (Case No. 2012-00319)
Note: Kathy Gillum
Case No. 2012-00319 hearing adjourned.

Camera Lock Activated (Camera: 8)

Camera Lock Mode Deactivated

Normal Mode Activated

Camera Lock Deactivated

CASE NOS. 2012-00320 and 2012-00321 (KU and LG&E)
Note: Kathy Gillum
Counsel: Allyson Sturgeon Witnesses: Robert Conroy, Mike Dotson, Charles Schram and David Tummonds.

Public Notice
Note: Kathy Gillum
Allyson Sturgeon states they are in compliance, and requests Commission rule on Motion to Deviate.

Jeb Pinney (PSC)
Note: Kathy Gillum
Mr. Pinney states that substantial compliance is sufficient.

Vice Chair Gardner
Note: Kathy Gillum
Vice Chair states that the Commission Sustains Motion.

Outstanding Motions
Note: Kathy Gillum
No Outstanding Motions

Camera Lock Activated (Camera: 8)

Camera Lock Mode Deactivated

Normal Mode Activated

Camera Lock Deactivated

Examination by Allyson Sturgeon (KU and LG&E)
Note: Kathy Gillum
Qualification of witnesses by Allyson Sturgeon. Witnesses: Mike Dotson, Charles Schram, Robert Conroy, David Tummonds. Witnesses adopt pre-filed Responses to Data Requests.
10:57:17 AM Camera Lock Activated (Camera: 8)
10:58:26 AM Camera Lock Mode Deactivated
10:58:26 AM Normal Mode Activated
10:58:26 AM Camera Lock Deactivated
10:56:15 AM Examination by Jeb Pinney (PSC)
   Note: Kathy Gillum
   Questions regarding Item 6 regarding sales to MISO. (Conroy)
   Questions regarding Item 7. (Tummonds) Questions regarding Patty's Run 13 gas-line outages. (Tummonds) Questions regarding Item 8 pertaining to tonnage contract. (Dotson) Questions regarding shortages. (Dotson) Questions regarding tonnage requirements. (Dotson) Questions regarding Item 11(d). (Tummonds)

11:05:44 AM Vice Chair Gardner
   Note: Kathy Gillum
   Questions regarding outages. (Tummonds) (Schram also responding)

11:06:20 AM Examination by Jeb Pinney (PSC) continues
   Note: Kathy Gillum
   Questions regarding Item 19 pertaining to bids. (Dotson)
   Questions regarding Item 4 regarding capacity factor of Brown Station. (Schram)

11:09:40 AM Commissioner Breathitt
   Note: Kathy Gillum
   Commissioner Breathitt asked, Which units burn gas? (Schram)
   Questions regarding peaking units. (Schram)

11:11:17 AM Vice Chair Gardner
   Note: Kathy Gillum
   Questions regarding Item 2 pertaining to purchasing gas. (Conroy) Conroy states that the purchasing is for generating not distribution.

11:25:40 AM Camera Lock Activated (Camera: 8)
11:16:03 AM Examination by Jeb Pinney (PSC)
   Note: Kathy Gillum
   Questions regarding Item 7 regarding scheduled maintenance during heating season. (Tummonds). Questions regarding page 9 regarding Green River Unit. (Tummonds) Questions regarding life of the unit. (Tummonds and Schram) Questions regarding outages doubling from schedule. (Tummonds) Questions regarding Item 4. (Dotson) Questions regarding Item 7. (Tummonds) (Schram also responding) Questions regarding Item 7. (Tummonds) Questions regarding Item 8 regarding Alliance Coal Contract. (Dotson) Questions regarding Item 26. (Conroy)

11:26:38 AM Camera Lock Mode Deactivated
11:26:39 AM Normal Mode Activated
11:26:39 AM Camera Lock Deactivated
11:26:39 AM Camera Lock Activated (Camera: 8)
11:26:41 AM Camera Lock Mode Deactivated
11:26:41 AM Normal Mode Activated
11:26:41 AM Camera Lock Deactivated
11:26:44 AM Commissioner Breathitt
   Note: Kathy Gillum
   Questions regarding winter projections. (Schram) Witness states projections point to more normal weather for the winter.

11:29:53 AM Camera Lock Activated (Camera: 8)
11:30:45 AM Camera Lock Mode Deactivated
11:30:45 AM Normal Mode Activated
Questions regarding Item 26. (Conroy) Questions regarding demand for high sulfur coal. (Dotson) Questions regarding coal prices dropping. (Dotson) Questions regarding the differences in lower Appal. coal and higher Appal. Coal. (Dotson) Questions regarding capacity factor. (Schram) Questions regarding maintenance and unit efficiency. (Tummonds)

Data Request (PSC)
Note: Kathy Gillum

Vice Chair Gardner - Data Request: Generation Efficiency Updates Provide in 10 days.

Commissioner Breathitt asked why is high sulfur coal the more attractive option. (Dotson) Questions regarding the emissions.

Cases Adjourned (Cases 2012-00320 & 2012-00321)
Note: Kathy Gillum

Case Nos. 2012-00320 and 2012-00321 hearing adjourned.


Public Notice has been given and filed Oct 8th.

No persons present for Public Comment.

Mr. D'Ascenzo states that Duke filed some D.R. Responses under seal (Confidential) which have not been addressed to date.
11:47:43 AM Examination by Rocco D'Ascenzo (Duke)
   Note: Kathy Gillum
   Witnesses sworn together. Witness: Elliott Batson correction DR 1, table, first line item, should be contract purchase not spot purchase; Item 8, page 5, line G, should be 180,559 tons. Witness adopts pre-filed Responses to Data Requests with corrections. Witness: Lisa Steinkuhl. Adopts Responses to Data Requests. Witness: John Swez, witness corrects Item 7, page 1, should be Jan not Nov. Witness adopts pre-filed Responses to Data Requests with correction.

11:51:30 AM Examination by Jeb Pinney (PSC)
   Note: Kathy Gillum
   Question regarding effect of EPA court ruling on Duke. (Batson) Questions regarding Item 7 regarding scheduled outages and controlled outages. (Swez) Questions regarding page 5 regarding work performed during the outage. (Swez) Questions regarding Item 8, page 2, paragraph (h). (Batson) Questions regarding pages 3 and 4. (Batson) Questions regarding Item 11, page 2 regarding low inventory. (Batson) Questions regarding Item 17. (Swez)

11:58:15 AM Commissioner Breathitt
   Note: Kathy Gillum
12:00:08 PM Vice Chair Gardner
   Note: Kathy Gillum
   Question regarding high sulfur v. low sulfur coal. (Batson)

12:04:46 PM Case Adjourned (Case No. 2012-00322)
   Note: Kathy Gillum
   Case No. 2012-00322 hearing adjourned.

12:04:57 PM CASE NO. 2012-00323 (Big Rivers)
   Note: Kathy Gillum
   Counsel, Tyson Kymuf. Witnesses: Lawrence Baronowsky, Ralph Ashworth, Michael Mottox and Mark McAdams.

12:05:51 PM Public Notice
   Note: Kathy Gillum
   Notice was given and filed Oct. 4th

12:06:03 PM Outstanding Motions
   Note: Kathy Gillum
   No outstanding motions.

12:06:27 PM Public Comment
   Note: Kathy Gillum
   No persons present for Public Comment

12:08:14 PM Camera Lock Activated (Camera: 8)

12:06:39 PM Examination by Tyson Kamuf (Big Rivers)
   Note: Kathy Gillum
   Witnesses sworn together. Qualification of witnesses by Tyson Kamuf. Witnesses: Mark McAdams, Michael Mattox, Ralph Ashworth, and Lawrence Baronowsky. Witnesses adopt pre-filed Responses to Data Requests

12:09:07 PM Camera Lock Mode Deactivated

12:09:07 PM Normal Mode Activated

12:09:07 PM Camera Lock Deactivated

12:09:08 PM Examination by Jeb Pinney (PSC)
   Note: Kathy Gillum
   Effect on BREC from EPA ruling. Questions regarding force majeure (Mattox) Questions regarding Item 7, page 4 regarding a 10 day outage during heating season. (Baronowsky) Questions regarding page 7 regarding Coleman I. (Baronowsky) Questions regarding Item 8(G) regarding tonnage. (McAdams) Questions regarding (H) regarding the calculations. (McAdams) Questions regarding page 16, Item (H) pertaining to the Armstrong Contract. (McAdams) Questions regarding Item 11(c). (McAdams) Questions regarding Item 15. (Mottox)
12:19:49 PM Data Request (PSC)  
Note: Kathy Gillum  
Data Request: Provide copies of the policies (all 3) that show tracked changes within 10 days.

12:20:05 PM Examination by Jeb Pinney (PSC) continues  
Note: Kathy Gillum  
Questions regarding Item 18 regarding deferred maintenance. (Baronowsky)

12:21:19 PM Data Request (PSC)  
Note: Kathy Gillum  
Data Request: Provide the amount spent for maintenance and what used for.

12:21:42 PM Data Request (PSC)  
Note: Kathy Gillum  
Data Request: Provide the amount of spending for 2012.

12:22:27 PM Examination by Jeb Pinney (PSC) continues  
Note: Kathy Gillum  
Questions regarding cost reduction measures. (Baronowsky) Questions regarding deferring units to Henderson. (Baronowsky) Questions regarding Item 19(h). (McAdams)

12:26:26 PM Data Request (PSC)  
Note: Kathy Gillum  
Data Request: Provide information regarding software limitation, whether a one time occurrence or not.

12:26:38 PM Commissioner Breathitt  
Note: Kathy Gillum  
Questions regarding weather forecasts. (Mattox) Questions regarding weather and coal stockpiles. (McAdams) Questions regarding deferred maintenance. (Baronowsky) (Ralph Ashworth explains the deferred maintenance expense)

12:32:47 PM Camera Lock Activated (Camera: 8)
12:33:12 PM Camera Lock Mode Deactivated
12:33:12 PM Normal Mode Activated
12:33:12 PM Camera Lock Deactivated
12:33:37 PM Camera Lock Activated (Camera: 8)
12:33:52 PM Camera Lock Mode Deactivated
12:33:52 PM Normal Mode Activated
12:33:52 PM Camera Lock Deactivated
12:34:03 PM Camera Lock Activated (Camera: 8)
12:34:43 PM Camera Lock Mode Deactivated
12:34:43 PM Normal Mode Activated
12:34:43 PM Camera Lock Deactivated
12:34:52 PM Vice Chair Gardner  
Note: Kathy Gillum  
Questions regarding Item 6, page 31, regarding sales to electric utilities. (Ashworth) Questions regarding whether all of the generation is put into MISO (Mattox). Questions regarding contracts in relation to MISO. (Mattox) Questions regarding Illinois Basin (McAdams).

12:38:32 PM Case Adjourned (Case No. 2012-00323)  
Note: Kathy Gillum  
Case No. 2012-00323 was adjourned.
12:39:03 PM Case Recessed
2:45:02 PM Case Stopped