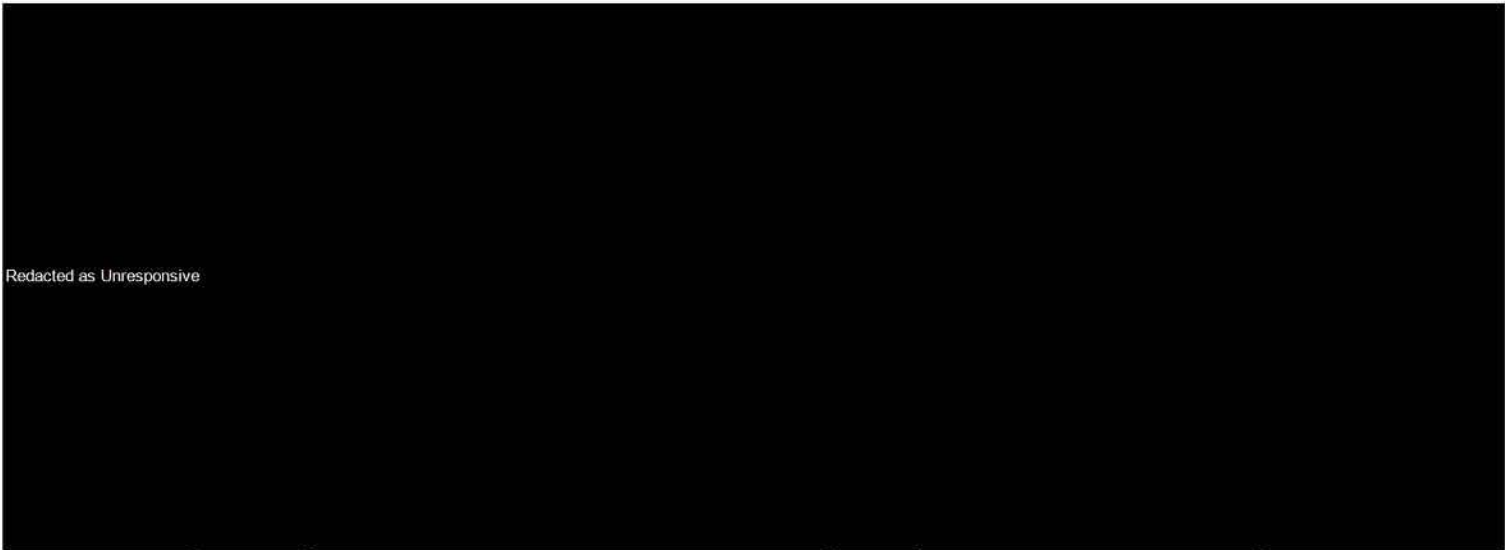


Attachment to Response to KIUC-1 Question No. 40

Page 1 of 608

Sinclair

From: Hudson, Rusty(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=ADMINISTRATIVE/CN=HUDSONR)
To: Barnett, Bob; Billiter, Delbert; Brunner, Bob; Byrd, Larry; Carr, Sam; Crutcher, Tom; Faulkner, Danny; Fraley, Jeffrey; Freibert, Charlie; Harrison, Timothy; Hudson, Rusty; Joyce, Jeff; Kirkland, Mike; Kremer, Dan; Mulvihill, Jennifer; Pfeiffer, Caryl; Phillips, Steven; Schetzel, Doug; Sinclair, David; Straight, Scott; Troost, Tom; Tummonds, David; Turner, Steven
CC:
BCC:
Subject: COO Key Metrics through October (without Transmission)
Sent: 11/21/2014 11:53:09 AM -0500 (EST)
Attachments: COOKeyMetrics1014.ppt;



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**LKE Operations
Key Metrics Review
Presented in November 2014;
With Results Through October 2014**



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PPL companies

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PPL companies

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PPL companies

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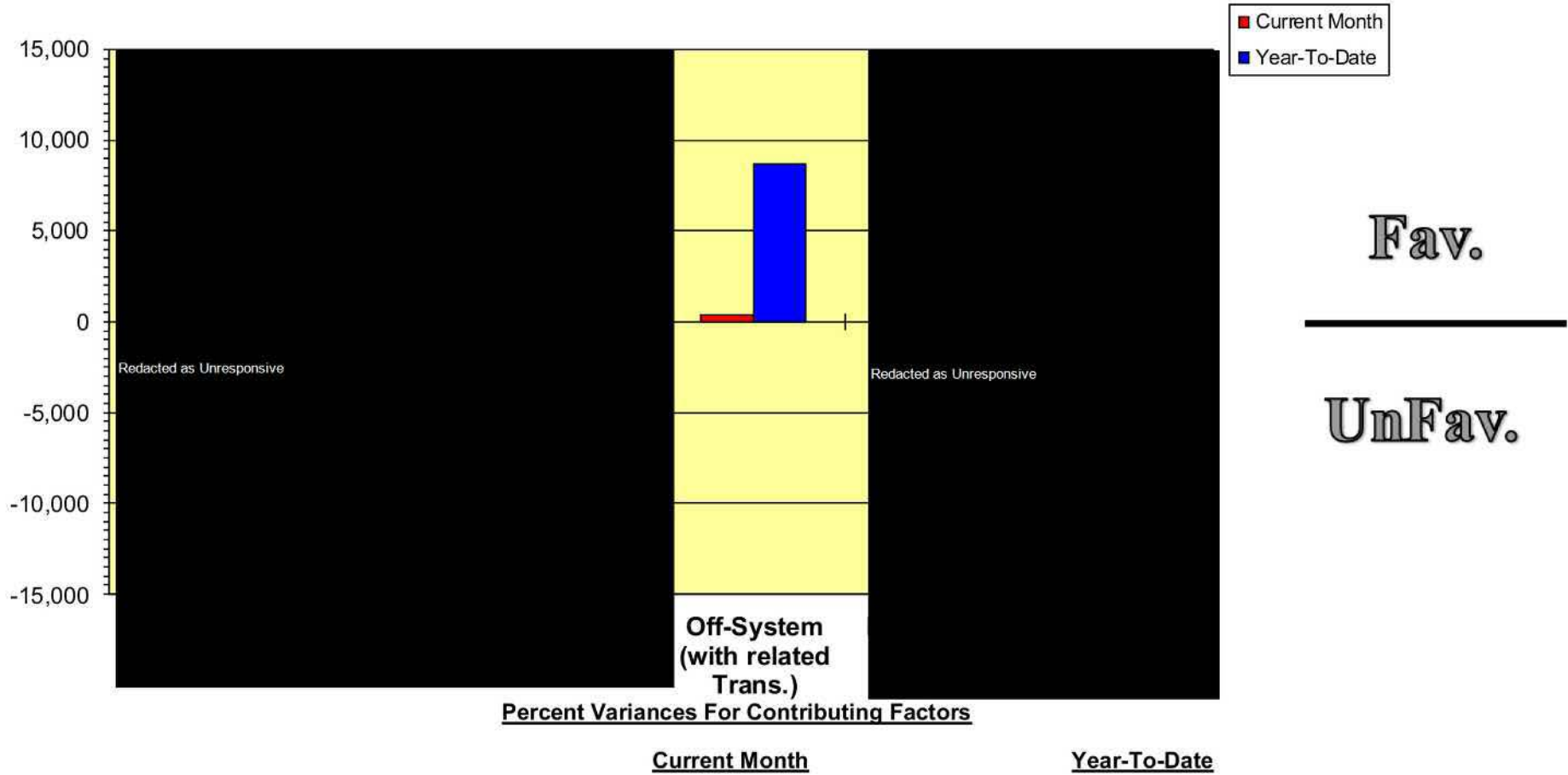
Utility Gross Margin October 2014

Attachment to Response to KPLC Question No 40
Internal GMA Reporting
Page 18 of 608

PPL companies

Electric Gross Margin Variance to Budget (\$000's)

Sinclair



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OSS Volumes	N/A	+78%
OSS Effective Sales Price (5x16)	N/A	+71%

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Off-system Sales 2014 October Actual vs. Budget KPI Summary

<u>LG&E/KU</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Volume Sales (GWh)			
5x16	29	0	29
7x8	3	0	3
2x16	5	1	4
Effective Sales Price			
5x16	\$41.91	\$0.00	\$41.91
7x8	\$47.30	\$0.00	\$47.30
2x16	\$34.22	\$34.83	(\$0.61)
Cost of Supply			
5x16	\$31.59	\$0.00	(\$31.59)
7x8	\$28.56	\$0.00	(\$28.56)
2x16	\$26.94	\$29.35	\$2.41



Effective Sales Price = Revenue – Transmission Exp. – RTO Exp. / Volume
 Cost of Supply = Cost of Gen. + Outage Purchases + Consumable Exp. / Volume

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October 10, 2014

31

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PPL companies

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PPL companies

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PPL companies

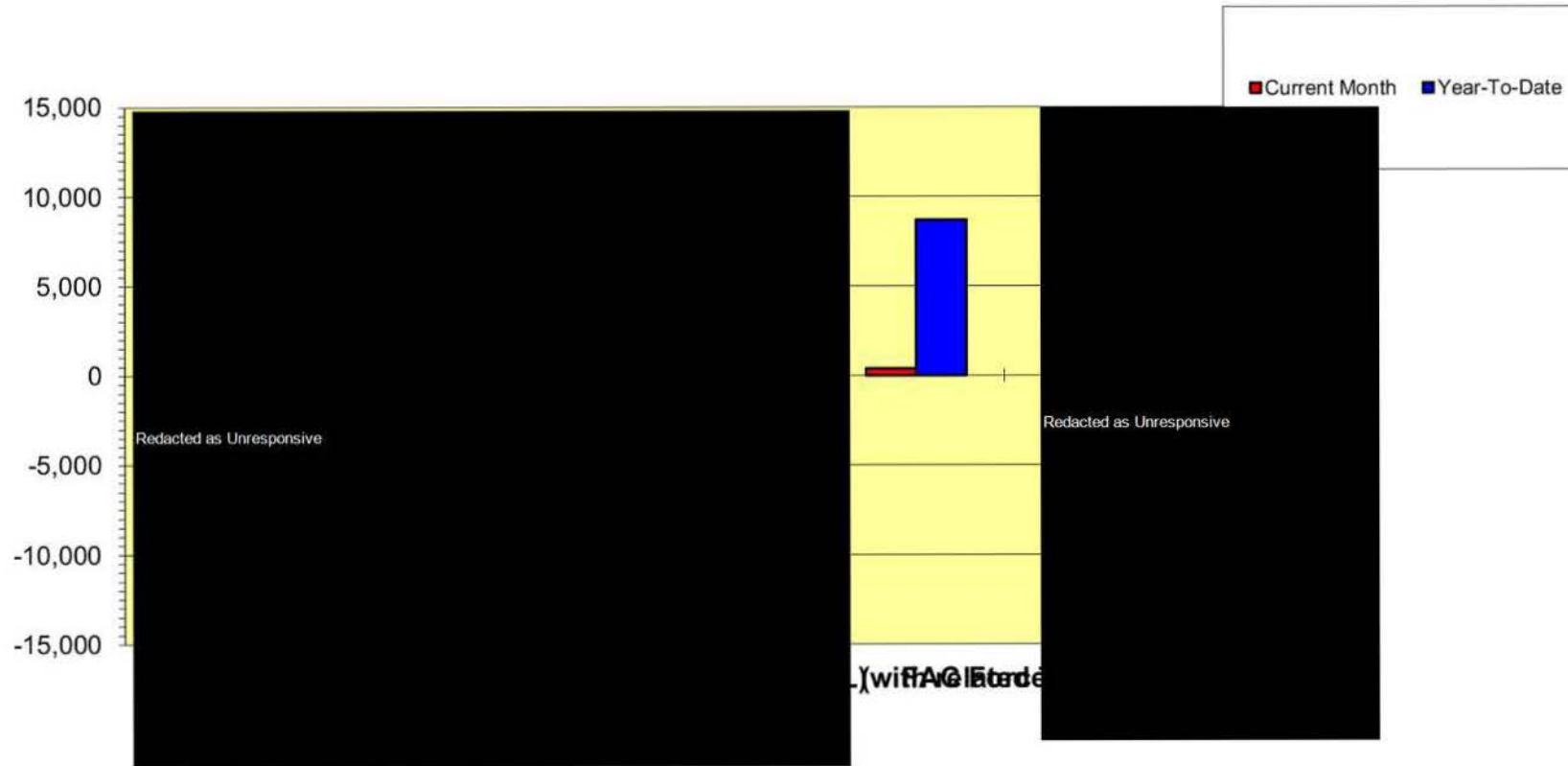
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Unresponsive

Electric Gross Margin Variance to Budget (\$000's)



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	F
1	Off-System (with related Trans.)
2	389
3	8,687

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Produced as Native

Original File Name: 15-Worksheet.xls

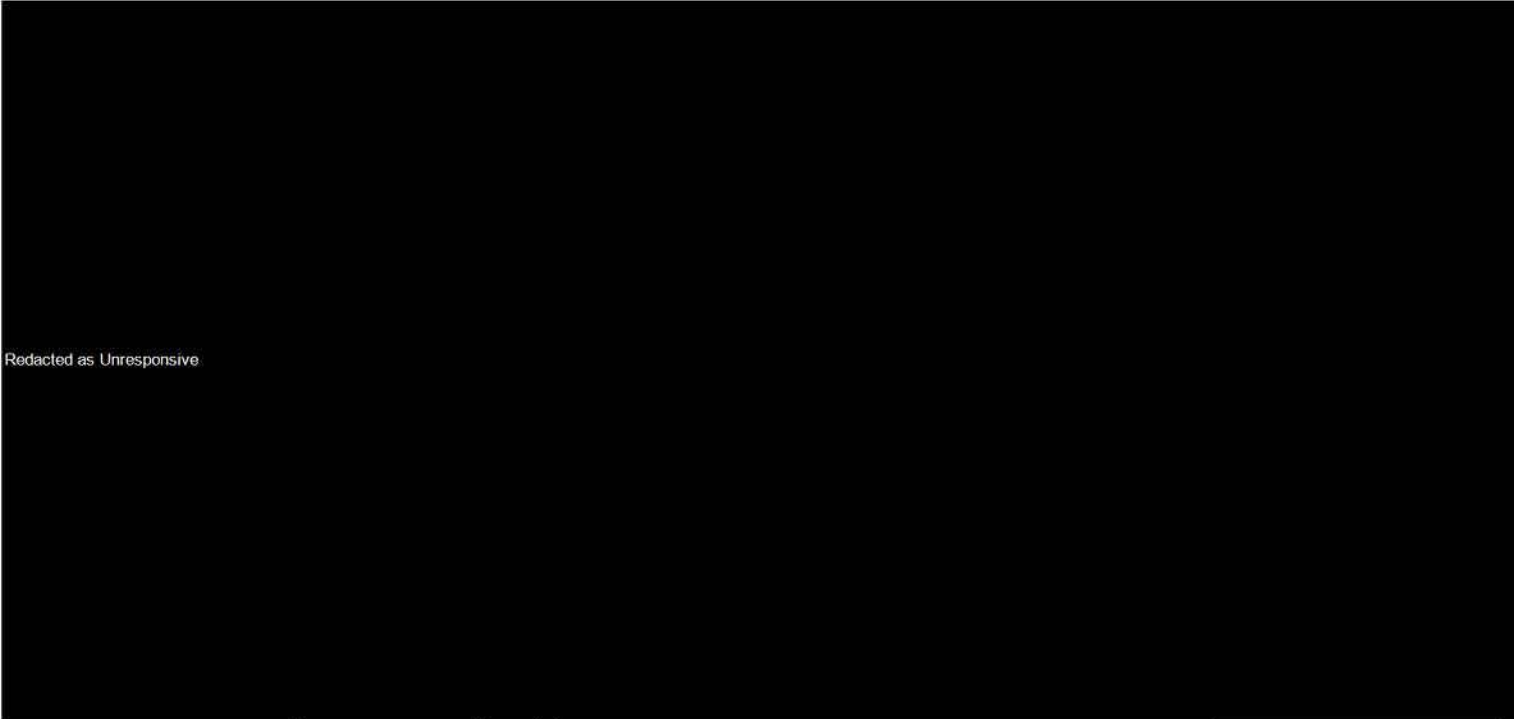
Stored File Name: Exchange00003542.xls

Attachment to Response to KIUC-1 Question No. 40

From: Hudson, Rusty(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=ADMINISTRATIVE/CN=Hudson, Rusty)
To: Barnett, Bob; Billiter, Delbert; Brunner, Bob; Byrd, Larry; Carr, Sam; Crutcher, Tom; Faulkner, Danny; Foley, Jeffrey; Freibert, Charlie; Harrison, Timothy; Hudson, Rusty; Joyce, Jeff; Kirkland, Mike; Kremer, Dan; Mulvihill, Jennifer; Pfeiffer, Caryl; Phillips, Steven; Schetzel, Doug; Sinclair, David; Straight, Scott; Troost, Tom; Tummonds, David; Turner, Steven
CC:
BCC:
Subject: COO Key Metrics through September, 2014 (without transmission)
Sent: 10/20/2014 02:58:16 PM -0400 (EDT)
Attachments: COO Key Metrics 0914.ppt;

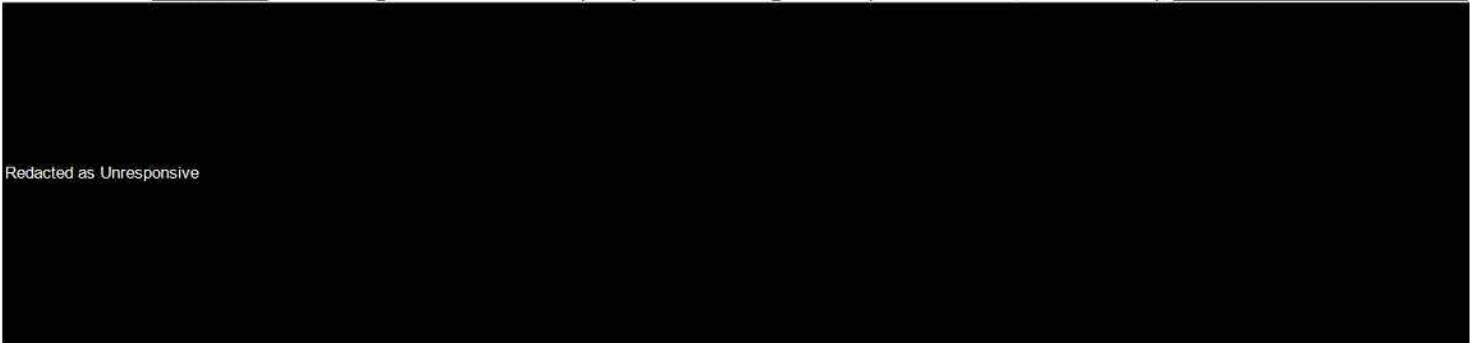
Page 54 of 608

Sinclair



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Redacted as Unresponsive OSS margins are Redacted as Unresponsive above budget YTD Redacted as Unresponsive \$8.3m OSS), Redacted as Unresponsive



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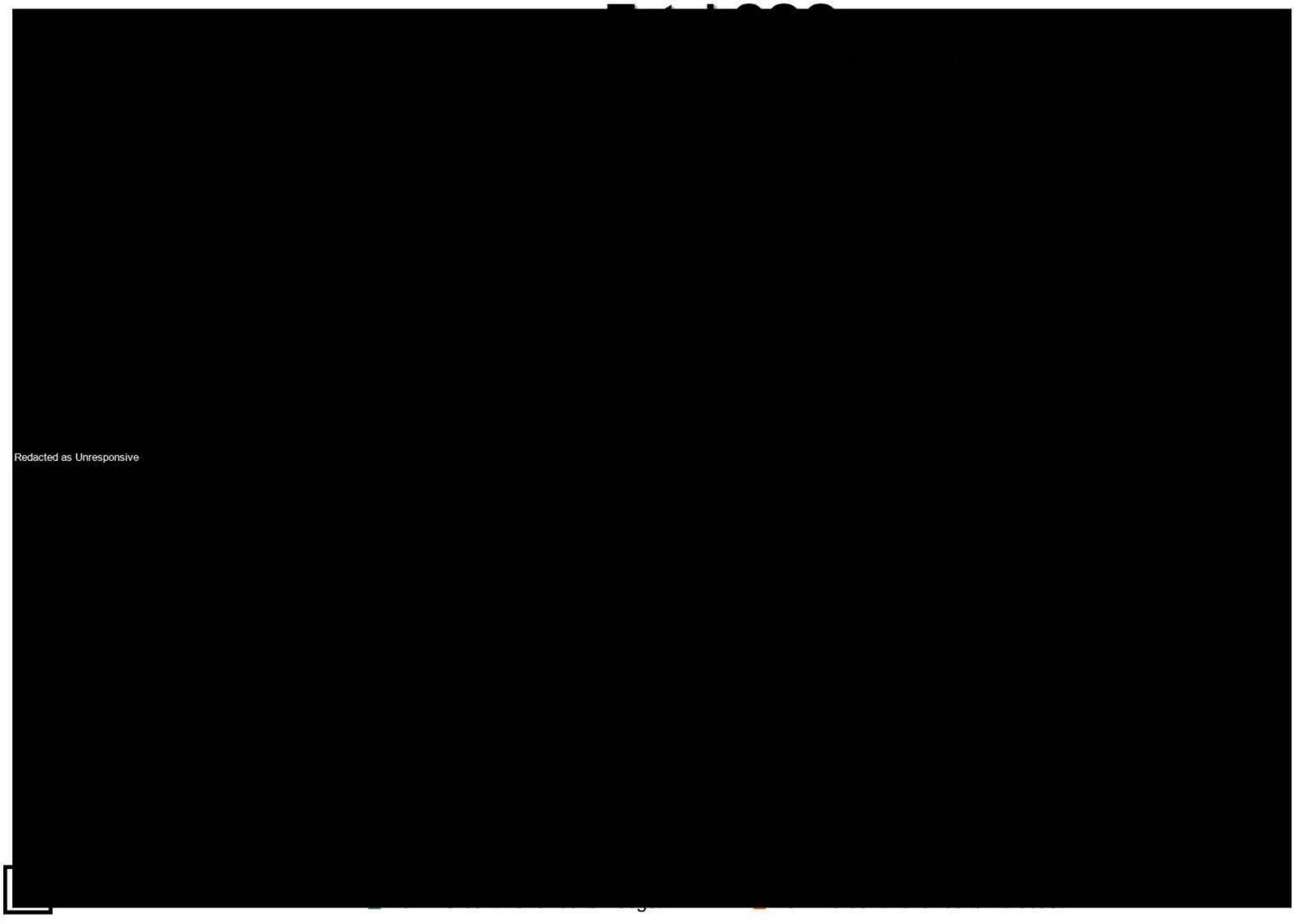
**LKE Operations
Key Metrics Review
Presented in October 2014;
With Results Through September 2014**

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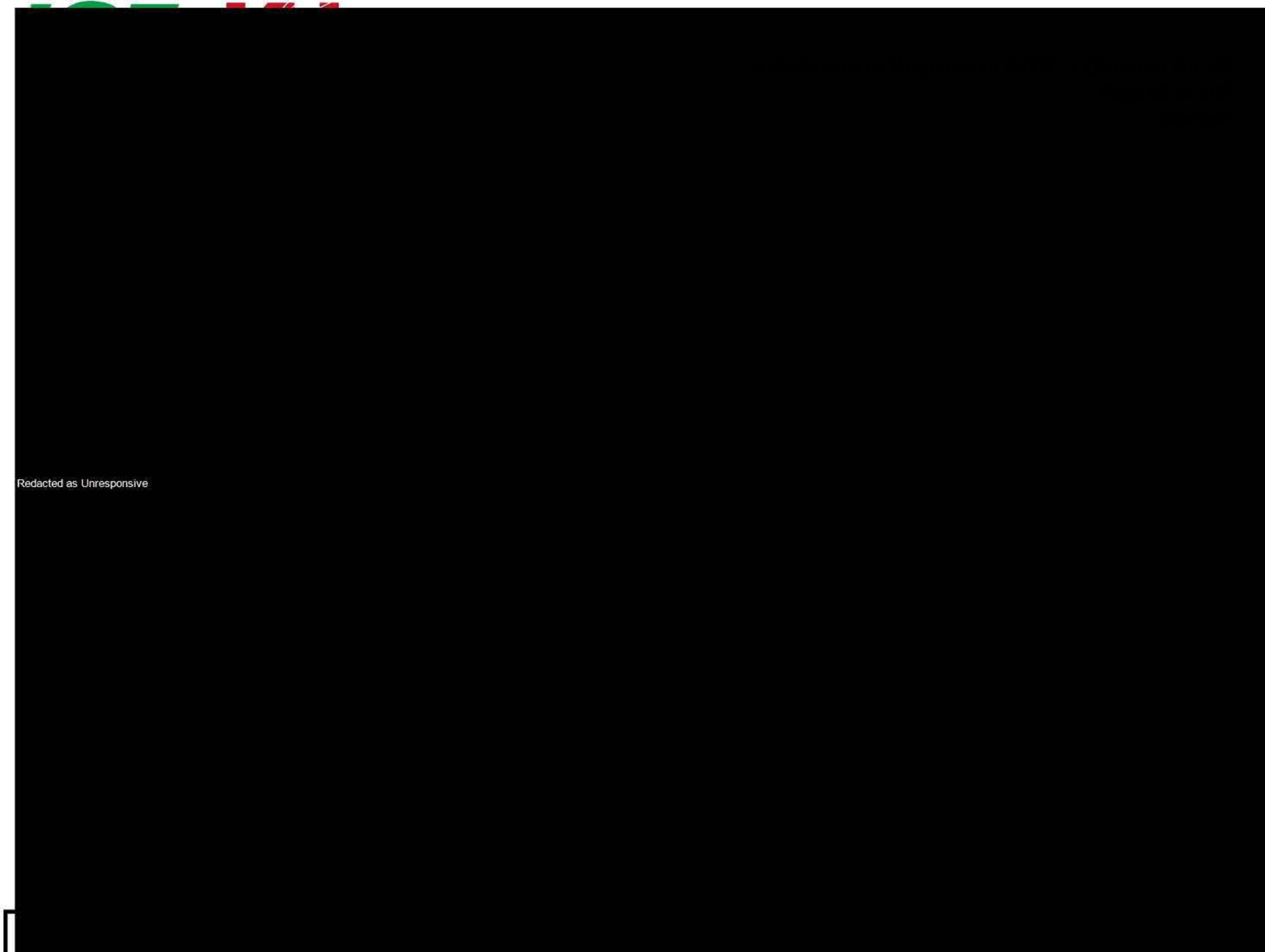
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PPL companies

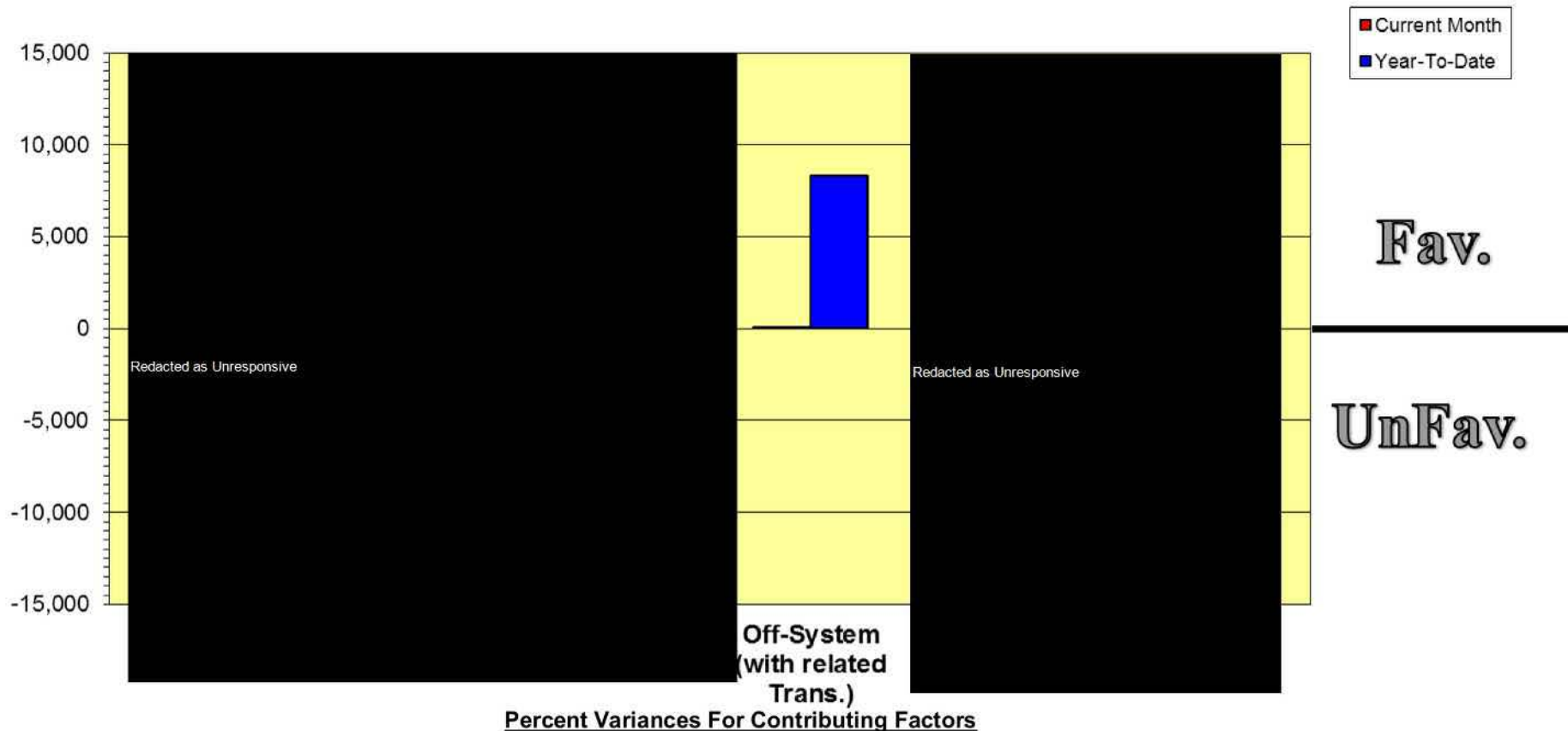
Utility Gross Margin September 2014

Attachment to Response to KPHC Question No 49
Internal GAAP Reporting

Page 72 of 608

Electric Gross Margin Variance to Budget (\$000's)

Sinclair



Current Month

Year-To-Date

Redacted as Unresponsive

OSS Volumes	+34%	+63%
OSS Effective Sales Price (5x16)	+4%	+78%

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Off-system Sales 2014 September Actual vs. Budget KPI Summary

LG&E/KU

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Volume Sales (GWh)			
5x16	35	21	14
7x8	1	0	1
2x16	8	12	(4)
Effective Sales Price			
5x16	\$38.08	\$36.54	\$1.54
7x8	\$35.56	\$0.00	\$35.56
2x16	\$41.24	\$37.47	\$3.77
Cost of Supply			
5x16	\$31.95	\$29.57	(\$2.38)
7x8	\$27.88	\$0.00	(\$27.88)
2x16	\$31.13	\$28.52	(\$2.61)

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Sept 9, 2014

33



PPL companies

M

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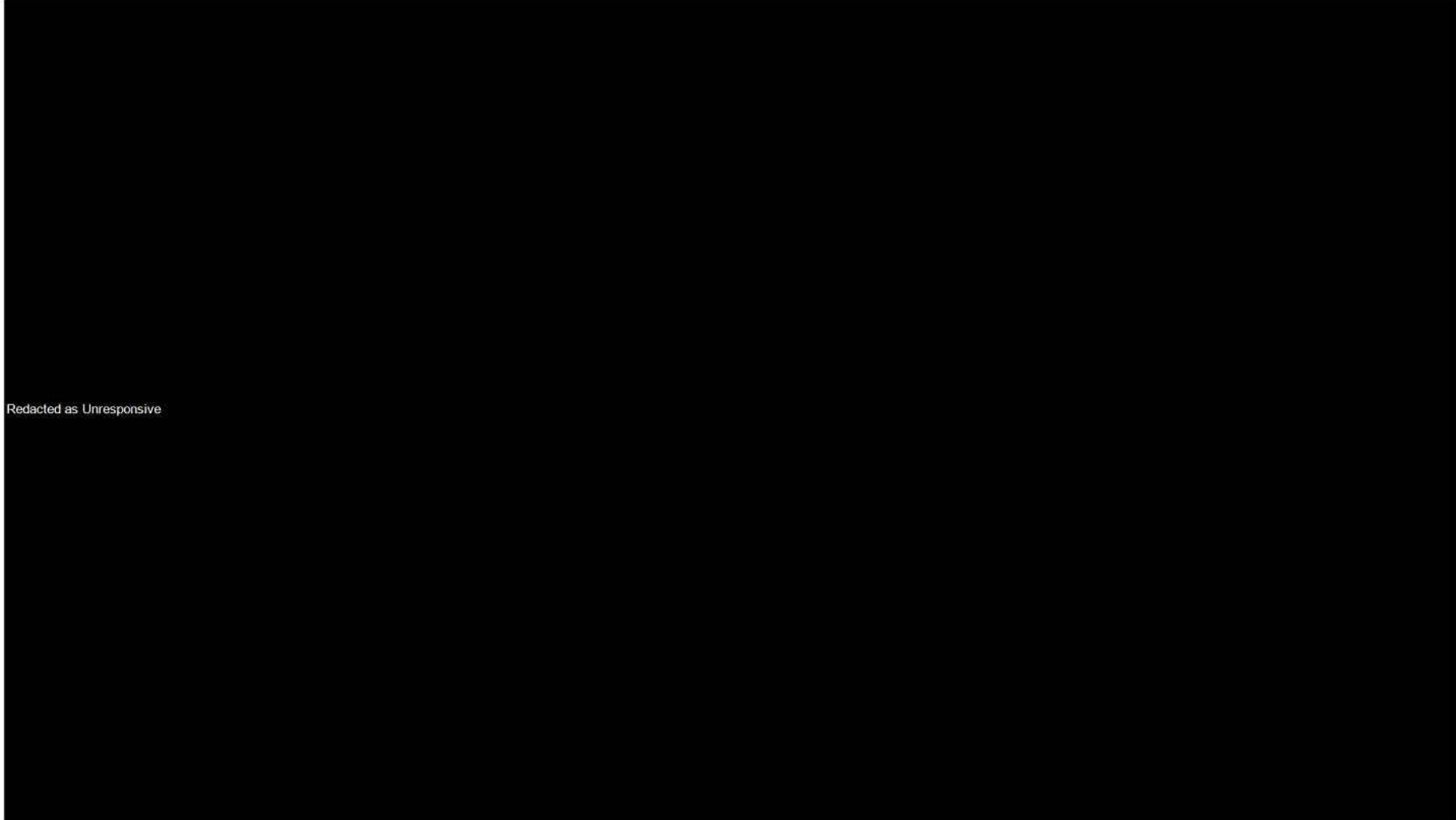
PPL companies

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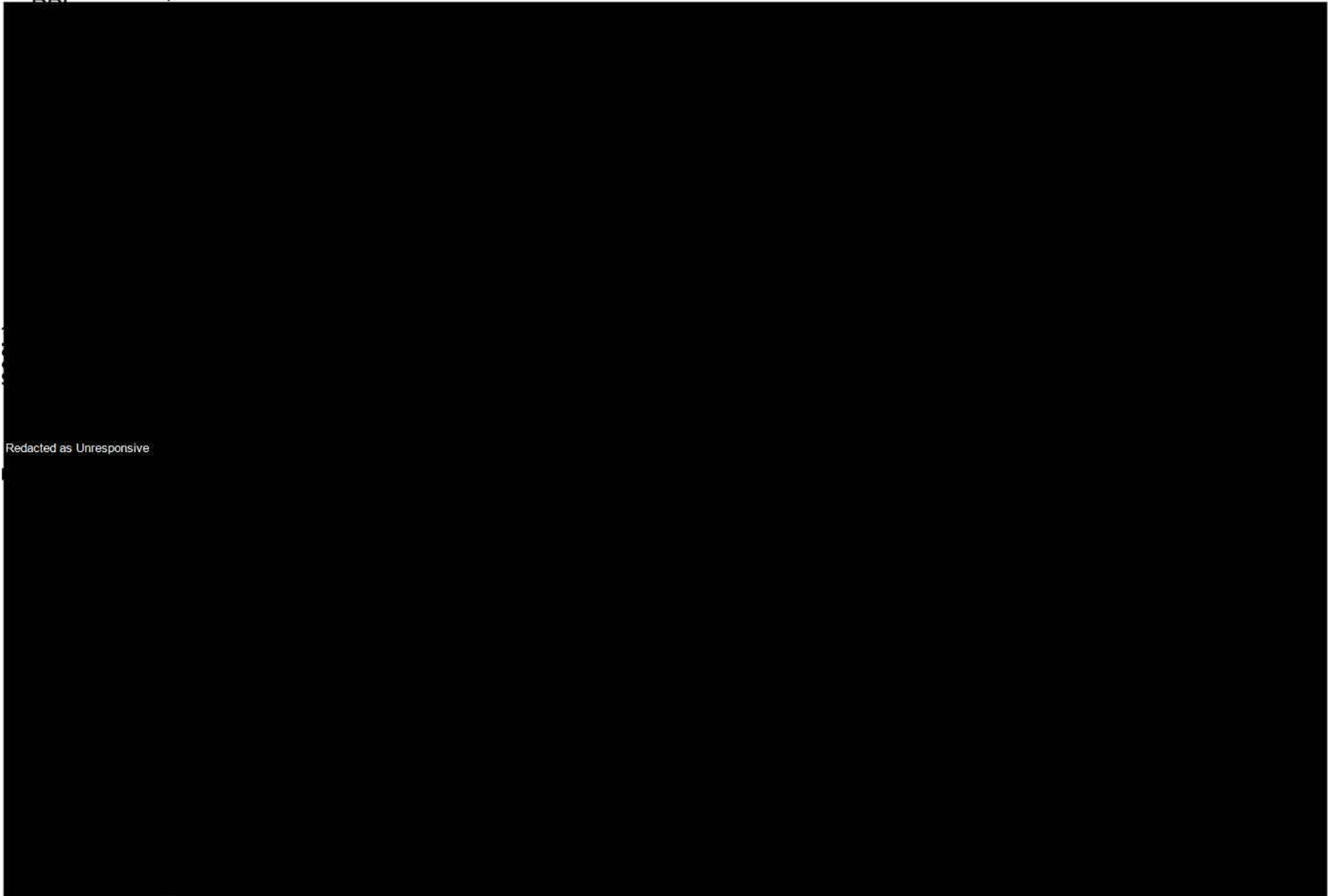
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PPL companies



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Redacted as Unresponsive

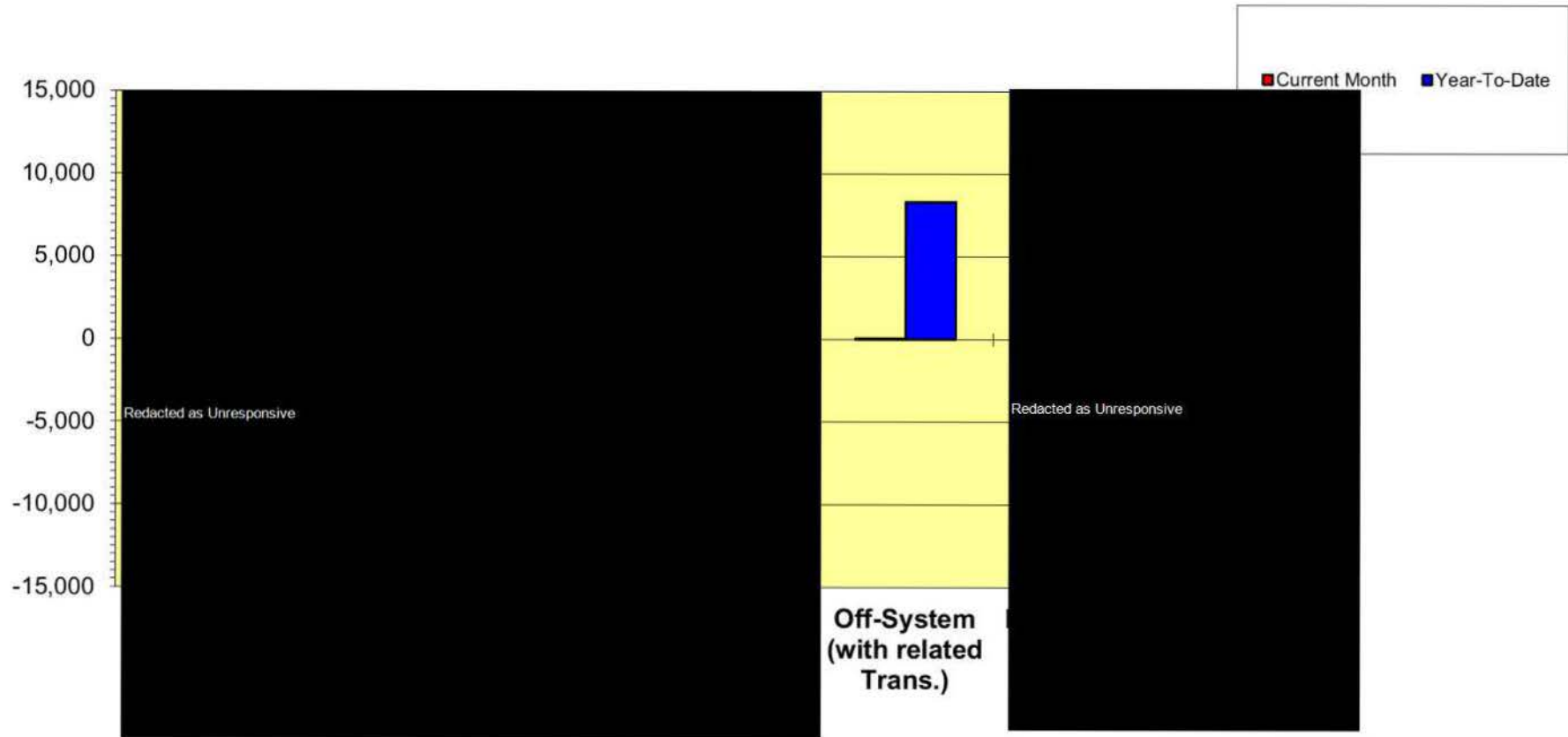
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Electric Gross Margin Variance to Budget (\$000's)



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	F
1	Off-System (with related Trans.)
2	51
3	8,298

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Produced as Native

Original File Name: 16-Worksheet.xls

Stored File Name: Exchange00005752.xls

From: Sinclair, David(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=TRADERS/CN=SINCLAIR/D)
To: Blake, Kent; Thompson, Paul
CC:
BCC:
Subject: FW: Follow-up from December OSS Forecast Meeting
Sent: 01/07/2015 05:07:01 PM -0500 (EST)
Attachments:

Kent and Paul,

I want to make you aware of some early year risk to the 2015 BP related to OSS margin. As I'm sure you know, gas prices (and thus power prices) have softened since the plan was developed. The analysis below shows that at current forward prices, our OSS margin for Jan/Feb will be \$1.5 million lower than plan. Since these 2 months make up most (\$2.1 million) of the year's budgeted margin of \$2.9 million, these two months are critical.

As of today, we have not seen any scarcity pricing in the market. The highest LMP we've seen today is \$41. I think the industry is likely better prepared for cold weather this year.

Thanks
David

From: Wilson, Stuart
 Sent: Wednesday, January 07, 2015 1:04 PM
 To: Spaulding, Jeffrey; Brunner, Bob; Martin, Charlie; Schrader, Duane; Schram, Chuck; Sebourn, Michael; Sinclair, David
 Cc: McKinney, Adam
 Subject: Follow-up from December OSS Forecast Meeting

All,

At our last forecast review meeting, we were asked to (a) estimate the impact of March price levels (gas and electricity) on January and February OSS margins and (b) summarize the accounting treatment for CR7 test energy. Adam and Mike turned the first request around quickly; I'm just wrapping up the second request...

If Jan/Feb prices are consistent with current price levels for March, plan OSS margin for Jan/Feb decreases by \$1.5 million.

The decrease is fairly evenly split between Jan and Feb.

OSSMgn (\$000)					
Year	Month	PType	2015 Plan	Adj Jan/Feb Prices	Delta
2015	January	O	\$209	\$28	-\$181
		P	\$413	\$78	-\$335
		W	\$327	\$81	-\$245
	February	O	\$114	\$27	-\$87
		P	\$715	\$221	-\$494
		W	\$301	\$96	-\$205
Grand Total			\$2,140	\$624	-\$1,516

March forward prices from mid-December were ~20+% lower than plan prices for Jan/Feb.

	Jan-15/Feb-15 Plan Pricing	Mar-2015 Forward Pricing ¹	Delta
Peak (\$/MWh)	\$69.78	\$49.73	-29%
Off-Peak (\$/MWh)	\$46.55	\$35.69	-23%
Weekend (\$/MWh)	\$52.13	\$41.65	-20%
Henry Hub NG (\$/MMBtu)	\$4.62	\$3.73	-19%

1) March prices are forward prices quoted over 12/1/2014-12/16/2014.

Note: Today, March forward electricity prices are an additional 5-10% lower than the prices used in this sensitivity; gas prices are an additional 17% lower.

Accounting for CR7 Test Energy

The accounting treatment for CR7 test energy varies depending on whether the test energy is assigned (by AFB) to native load or OSS:

1. Test energy is assigned to native load.
 - a. CR7 fuel, regardless of cost, is recovered through FAC.
2. Test energy is assigned to OSS.
 - a. OSS margin, positive or negative, is assigned to capital project.

Stuart

OSSMgn (\$000)					
Year	Month	PType	2015 Plan	Adj Jan/Feb Prices	Delta
2015	January	O	\$209	\$28	-\$181
		P	\$413	\$78	-\$335
		W	\$327	\$81	-\$245
	February	O	\$114	\$27	-\$87
		P	\$715	\$221	-\$494
		W	\$301	\$96	-\$205
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Weekend (\$/MWh)	\$52.13	\$41.65	-20%
Henry Hub NG (\$/MMBtu)	\$4.62	\$3.73	-19%

1) March prices are forward prices quoted over 12/1/2014-12/16/2014.

From: Foxworthy, Carol(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=WALLACEC)
To: 'Larry Feltner (lfeltner@theprimegroupllc.com)'; 'Jeff Wernert (jwernert@theprimegroupllc.com)'
CC: Conroy, Robert; 'Marty Blake'; Leichty, Doug
BCC:
Subject: OSS report
Sent: 10/14/2014 04:15:50 PM -0400 (EDT)
Attachments: OSS and InterCompany Sales.xlsx; OSS Energy Reallocation 2014.xls;

Sinclair

Larry, as we just discussed, attached is the OSS report for the forecast period for KU and LG&E. I built the report two ways – one of which ties total OSS to the income statements in Doug’s Schedule C-D files with a corresponding plug to generation and purchased power expense. The alternative uses only the forecast OSS sales and costs to determine the margin – however, this method will not tie back to OSS sales revenues on the income statement. I am also attaching the supporting OSS sales schedule I used to develop the reports.

I will send you the KU revenue file shortly, and will finalize the late payment charges by allocating the total forecast amount to the rate schedules and revenue accounts based on 12 month ending August 2014 actual data (previously sent to you).

Carol Foxworthy

LG&E-KU

State Regulation and Rates

502-627-2527

502-627-3213 (fax)

From: Foxworthy, Carol(O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=WALLACEC)
To: Conroy, Robert
CC:
BCC:
Subject: RE: Missing Data
Sent: 10/14/2014 02:11:29 PM -0400 (EDT)
Attachments:

OSS Margins:

	LG&E	KU
--	------	----

Base Period	\$ 6,021,440.34	\$ 656,721.61
-------------	-----------------	---------------

Forecast

Period	\$ 2,734,644.90	\$ 523,555.00
--------	-----------------	---------------

Spreadsheet is in Rate Case 2014/Billing Determinants
 OSS and InterCompany Sales.xlsx, OSS Margin Summary tab

[Carol Foxworthy](#)

[LG&E-KU](#)

[State Regulation and Rates](#)

[502-627-2527](#)

[502-627-3213 \(fax\)](#)

From: Conroy, Robert
 Sent: Tuesday, October 14, 2014 2:05 PM
 To: Foxworthy, Carol
 Cc: Leichty, Doug; McGee, Dawn
 Subject: RE: Missing Data
 It should be listed at the bottom with the Misc. revenues in the same manner as prior cases.

Robert M. Conroy

Director, Rates

LG&E and KU Services Company

(502) 627-3324 (phone)

(502) 627-3213 (fax)

(502) 741-4322 (mobile)

robert.conroy@lge-ku.com

From: Foxworthy, Carol
 Sent: Tuesday, October 14, 2014 2:04 PM
 To: Conroy, Robert
 Cc: Leichty, Doug; McGee, Dawn
 Subject: RE: Missing Data
 Yes, the forecast includes LPC but LPC does not have a separate sheet in the tariff so I did not include it on M2.3. I can add it if needed.

[Carol Foxworthy](#)

[LG&E-KU](#)

[State Regulation and Rates](#)

[502-627-2527](#)

[502-627-3213 \(fax\)](#)

From: Conroy, Robert
 Sent: Tuesday, October 14, 2014 1:38 PM
 To: Foxworthy, Carol
 Cc: Leichty, Doug; McGee, Dawn
 Subject: RE: Missing Data
 Does the forecast have LPC charges? It does not show on your billing determinants schedule M2.3.

Robert M. Conroy

Director, Rates

LG&E and KU Services Company

(502) 627-3324 (phone)

(502) 627-3213 (fax)

(502) 741-4322 (mobile)

robert.conroy@lge-ku.com

From: Foxworthy, Carol
 Sent: Tuesday, October 14, 2014 1:31 PM
 To: Conroy, Robert; 'Marty Blake'; McGee, Dawn; Leichty, Doug
 Cc: 'Jeffrey (work) Wernert'; 'Larry (work) Feltner'
 Subject: RE: Missing Data
 Please note – the line in the table below "Forfeited Discounts" should be labeled "Forfeited Refundable Advances" -- sorry for the confusion

[Carol Foxworthy](#)

[LG&E-KU](#)

[State Regulation and Rates](#)

[502-627-2527](#)

[502-627-3213 \(fax\)](#)

From: Foxworthy, Carol
 Sent: Tuesday, October 14, 2014 1:08 PM
 To: Conroy, Robert; 'Marty Blake'; McGee, Dawn; Leichty, Doug
 Cc: 'Jeffrey (work) Wernert'; 'Larry (work) Feltner'
 Subject: RE: Missing Data
 Attached are Late Payment Charges for the 12 months ending August for each company, by rate schedule. Note that these are the only miscellaneous revenues available at

this level of detail.

The table below summarizes Other Miscellaneous Revenue for the forecast period, allocated based on 12 months ending August 2014.

KU	Total	Ky	LG&E
Cable TV Attachment Charges	454001 \$ 1,372,061.20	\$ 1,301,912.36	946,650.00
Returned Payment Charges	456007	\$ 142,290.76	616,230.52
Meter Test Charges	451004 \$ 5,037.58	\$ 5,007.08	2,336.94
Disconnect/Reconnect Service Charge	451001	\$ 2,027,537.11	2,206,342.04
Meter Pulse Charge	456028 \$ 7,736.68	\$ 7,736.68	19,552.23
Meter Data Processing Charge	456028 \$ 3,621.51	\$ 3,621.51	6,690.38
Excess Facilities		\$ 19,416.69	150,618.14
Forfeited Discounts		\$ 139,837.83	-

based on actuals of \$0 for 12 ME 8-31-14

Carol Foxworthy

LG&E-KU

State Regulation and Rates

502-627-2527

502-627-3213 (fax)

From: Conroy, Robert

Sent: Monday, October 13, 2014 1:19 PM

To: 'Marty Blake'; Foxworthy, Carol; McGee, Dawn; Leichthy, Doug

Cc: Jeffrey (work) Wernert; Larry (work) Feltner

Subject: RE: Missing Data

All,

My understanding was that the below list which was originally sent from Larry on Wednesday October 8th was being provided last week.

I will schedule a quick call this afternoon for a status update.

Robert M. Conroy

Director, Rates

LG&E and KU Services Company

(502) 627-3324 (phone)

(502) 627-3213 (fax)

(502) 741-4322 (mobile)

robert.conroy@lge-ku.com

From: Marty Blake [<mailto:marty.blake.prime@gmail.com>]

Sent: Monday, October 13, 2014 1:11 PM

To: Conroy, Robert

Cc: Jeffrey (work) Wernert; Larry (work) Feltner

Subject: Missing Data

Robert, I am getting very concerned about being able to provide a electric and gas cost of service models and proposed rates by the current deadline of October 24. We are missing the following data for LG&E gas and electric:

Plant

Accumulated Depreciation

CWIP by function

Depreciation expense

Customer advances

Accumulated deferred income taxes

FAS 109 Deferred income taxes

Asset retirement obligations

Materials and supplies

prepayments

regulatory credits

accretion

property taxes

income taxes

miscellaneous revenue broken down by rate schedule where applicable

Billing and revenue reconciliation (forecasted) LG&E and KU electric (we have gas billing units)

Any estimates for miscellaneous charges that are going to be changed

cost of capital for calculating certain miscellaneous charges

Any deferred debits or service pension cost

Electric specific

Off-system sales revenue

Off-system sales margin report used to allocate off-system sales revenue

Gas Specific

gas stored underground

Storage model output

We can get a lot of this information for KU from the jurisdictional split model that Doug performs and will let you know if anything is missing for KU.

How is this information available for KU but not for LGE?

Marty Blake

The Prime Group LLC

502-425-7882

From: Wilson, Stuart(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=WILSONST)
To: Spaulding, Jeffrey; Brunner, Bob; Martin, Charlie; Schrader, Duane; Schram, Chuck; Sebourn, Michael; Sinclair, David
CC: McKinney, Adam
BCC:
Subject: Follow-up from December OSS Forecast Meeting
Sent: 01/07/2015 01:03:43 PM -0500 (EST)
Attachments:

All,

At our last forecast review meeting, we were asked to (a) estimate the impact of March price levels (gas and electricity) on January and February OSS margins and (b) summarize the accounting treatment for CR7 test energy. Adam and Mike turned the first request around quickly; I'm just wrapping up the second request...

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The decrease is fairly evenly split between Jan and Feb.

OSSMgn (\$000)					
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Note: Today, March forward electricity prices are an additional 5-10% lower than the prices used in this sensitivity; gas prices are an additional 17% lower.

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The accounting treatment for CR7 test energy varies depending on whether the test energy is assigned (by AFB) to native load or OSS:

1. Test energy is assigned to native load.
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Stuart

OSSMgn (\$000)					
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Weekend (\$/MWh)	\$52.13	\$41.65	-20%
Henry Hub NG (\$/MMBtu)	\$4.62	\$3.73	-19%

1) March prices are forward prices quoted over 12/1/2014-12/16/2014.

Attachment to Response to KIUC-1 Question No. 40

Page 128 of 608

From: Spaulding, Jeffrey(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=SPAULDIJ)
To: Brunner, Bob; Martin, Charlie; Schrader, Duane; Schram, Chuck; Sebourn, Michael; Sinclair, David; Wilson, Stuart
CC:
BCC:
Subject: December OSS forecast for 2015
Sent: 12/15/2014 10:52:09 AM -0500 (EST)
Attachments: December 2014 OSS Forecast.pptx;

We have an OSS forecast meeting on Wednesday to review 2015. The attachment has the full year forecast view with current prices compared to plan, the highlights are:

- Forward market prices are mixed with lower peak prices offset by higher weekends
 - Based on market prices the full year forecast is ~\$100 thousand under Plan
- Jan-Feb has the majority of OSS margin for 2015 (~70%)
- Weekends are ~30% of 2015's margin
 - Weekend maintenance outages will add some risk to 2015

If there are any questions prior to Wednesday's meeting please let me know.

Jeff



PPL companies

2015 OSS Forecast

December 17, 2014



2015 OSS margin forecast

- The 2015 Plan is \$3 million (slide 3).
 - *~70% of 2015 margin is in Jan-Feb.*
 - *~30% of margin is during weekends.*
 - With unit maintenance mostly on weekends there will be some pressure on unit performance.
- Current market prices are mixed between lower peak and higher weekends (slide 4).
- The full year forecast using market prices is \$2.9 million, ~\$100 thousand lower than plan (slide 5).
- How strongly prices materialize depends on weather, gas demand and production.

January and February have the majority of 2015 OSS

Attachment to Response to KUC-1 Question No. 40

Page 131 of 608

Sinclair

margin (~70%)

<i>OSS Margin (\$000)</i>	2015 Plan
Jan	948
Feb	1,131
March thru Dec	890
Budget	2,969
Variance	0

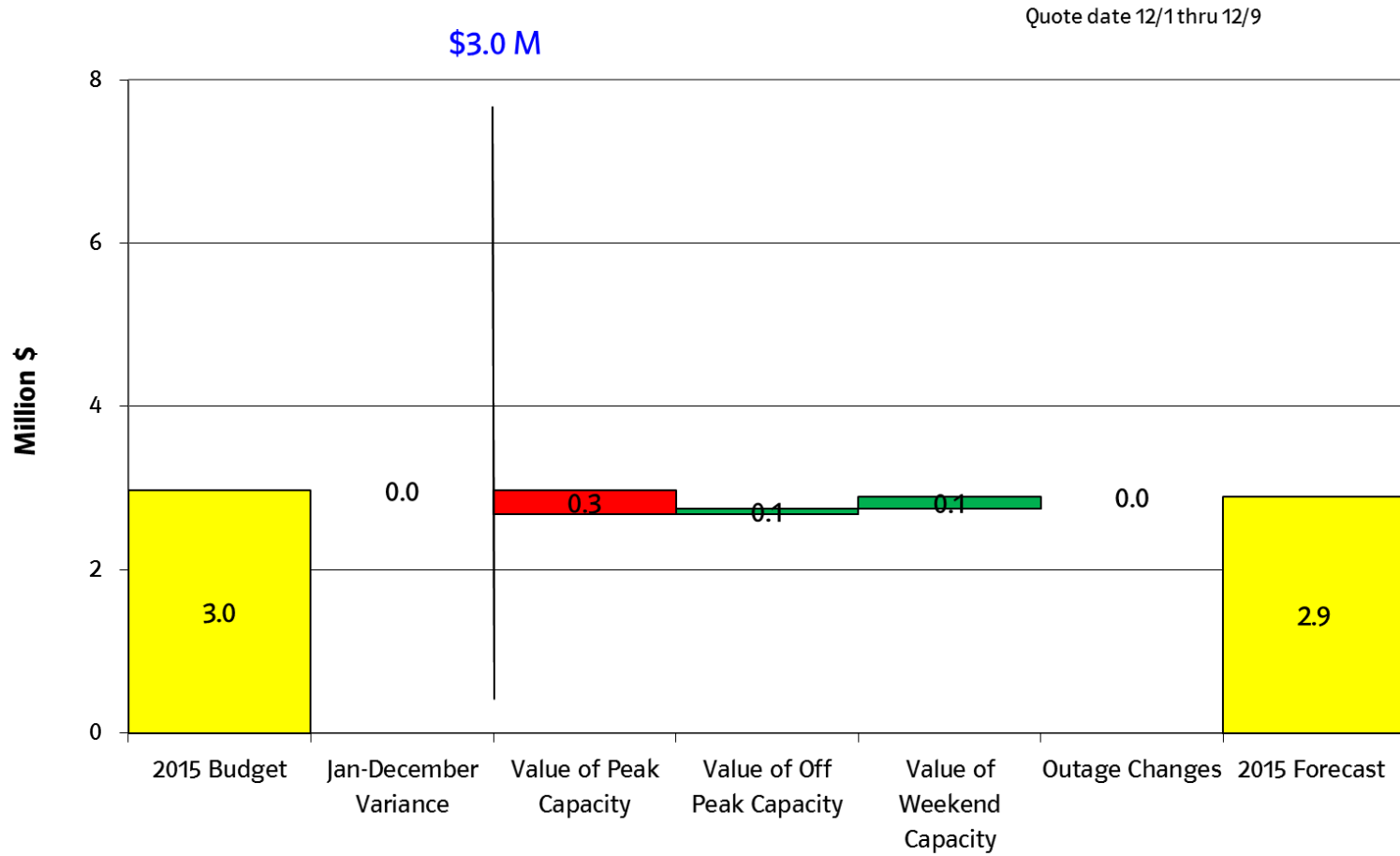
South Import market prices are mixed with lower peak and higher weekends

	Market			Plan			Difference		
	<u>P</u>	<u>O</u>	<u>W</u>	<u>P</u>	<u>O</u>	<u>W</u>	<u>P</u>	<u>O</u>	<u>W</u>
Jan-15	61	46	51	65	44	49	-4	2	2
Feb-15	56	42	45	59	40	43	-3	2	2
Mar-15	46	33	39	48	33	38	-2	1	1
Apr-15	40	27	33	39	28	34	1	-1	-1
May-15	40	23	33	40	22	32	0	1	0
Jun-15	43	21	37	44	21	36	-1	0	1
Jul-15	56	23	42	59	24	41	-4	-1	1
Aug-15	46	24	35	53	24	35	-6	0	0
Sep-15	36	22	32	36	21	30	0	1	2
Oct-15	35	24	29	34	24	29	1	0	0
Nov-15	36	27	30	35	26	29	1	1	1
Dec-15	39	29	34	42	28	33	-2	1	1

Monthly margin detail with forward prices and plan volume

OSS Margin (\$000)	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>2014</u>
Actual/Forecast	954	1,103	106	10	263	151	126	11	67	7	31	63	2,891
<i>Peak</i>	351	613	46	7	227	50	65	4	51	6	25	50	1,496
<i>Off-Peak</i>	238	139	8	0	0	0	0	0	0	0	2	-1	386
<i>Weekend</i>	364	351	52	3	35	101	61	7	16	1	4	14	1,009
Budget	948	1,131	109	9	247	142	147	29	57	5	25	120	2,969
<i>Peak</i>	413	716	56	6	229	55	98	22	50	4	21	117	1,786
<i>Off-Peak</i>	209	114	6	0	-11	0	0	0	-1	0	2	-3	315
<i>Weekend</i>	326	302	48	3	28	87	50	7	8	1	3	6	868
Variance	6	-28	-4	1	16	9	-22	-18	10	2	6	-57	-78
<i>Peak</i>	-62	-102	-10	1	-1	-5	-33	-18	1	2	4	-67	-290
<i>Off-Peak</i>	29	25	2	0	11	0	0	0	1	0	1	2	71
<i>Weekend</i>	38	49	4	-1	7	14	11	0	8	0	1	8	141

2015 peak type variance to plan with current market prices



From: Spaulding, Jeffrey(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=SPAULDIJ)
To: Brunner, Bob; Martin, Charlie; Schrader, Duane; Schram, Chuck; Sebourn, Michael; Sinclair, David; Wilson, Stuart
CC:
BCC:
Subject: November OSS Forecast
Sent: 11/13/2014 07:13:17 AM -0500 (EST)
Attachments: November 2014 OSS Forecast.pptx;

There is little full year difference using either December market prices or December's 2015 Plan, with both forecast views at ~\$11.4 million. We have a forecast meeting scheduled for 11/19, however if everyone is comfortable with the data we can cancel November's review and reconvene in December to begin the 2015 sessions. Please let me know if the November review is needed.

Thanks,
Jeff



PPL companies

OSS Forecast

November 19, 2014



November OSS margin forecast

- The full year forecast with December at 2015 Plan is \$11.4 million (slide 4).
- The full year forecast using market prices is \$11.3 million, \$9.2 million better than plan (slide 5).
 - *October and November adding ~\$600 thousand above budget.*
 - *December with market prices and planned volume slightly lower than 2015 Plan (-\$60 thousand).*
- How strongly prices materialize depends on weather, gas demand and production.

December market prices have gained ~\$6/MWh from last month

2014 Plan Price Curve				Forward Price Curve			Price Change		
\$/MWh	P	O	W	P	O	W	P	O	W
Dec	39	28	34	53	39	46	14	11	12

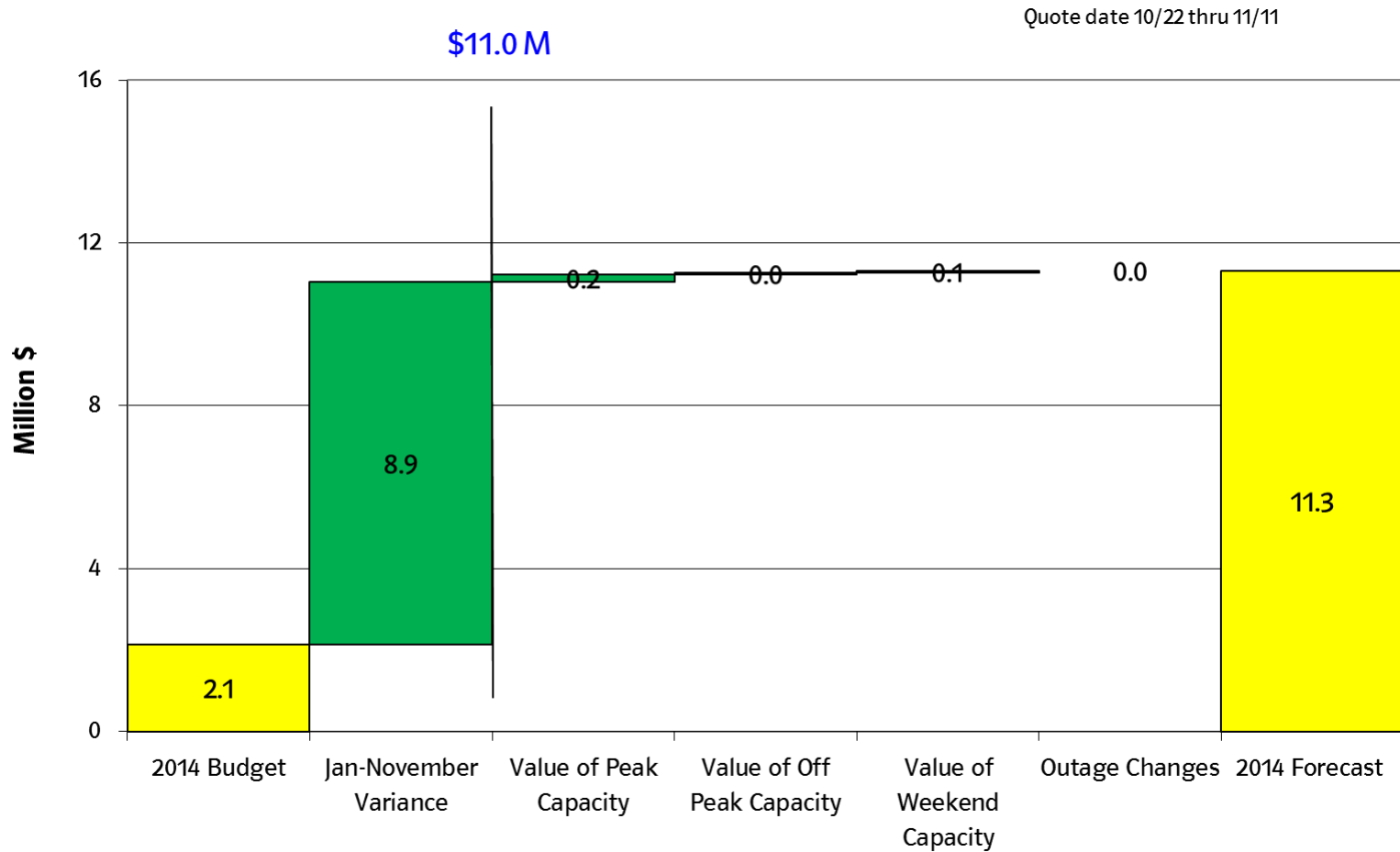
November's view is ~\$189 k higher vs. last month with October/November actual offsetting December's higher target

<i>OSS Margin (\$000)</i>	Nov forecast
Jan-November	10,936
Dec at 2015 plan	446
Full Year forecast	11,382
Budget	2,139
Variance	9,243

Monthly margin detail with forward prices and plan volume

OSS Margin (\$000)	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>2014</u>
Actual/Forecast	4,891	1,558	1,546	3	955	583	132	342	309	393	224	384	11,320
<i>Peak</i>	3,575	1,292	959	3	916	469	74	117	218	303	136	254	8,316
<i>Off-Peak</i>	1,195	75	261	0	5	12	0	16	6	53	39	43	1,704
<i>Weekend</i>	121	191	326	0	34	102	58	208	84	37	50	87	1,300
Budget	582	132	7	0	711	167	117	46	258	4	11	103	2,139
<i>Peak</i>	256	32	6	0	470	49	54	10	148	0	3	70	1,098
<i>Off-Peak</i>	98	27	0	0	8	2	0	0	0	0	8	9	152
<i>Weekend</i>	228	74	2	0	232	116	63	36	110	4	1	24	889
Variance	4,309	1,427	1,539	3	244	416	14	296	51	389	213	280	9,181
<i>Peak</i>	3,318	1,260	953	3	446	420	20	108	70	303	133	183	7,218
<i>Off-Peak</i>	1,097	48	261	0	-3	10	-1	16	6	53	31	34	1,553
<i>Weekend</i>	-107	118	324	0	-198	-14	-5	172	-26	33	50	63	410

2014 peak type variance to plan with current market prices



From: Spaulding, Jeffrey(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=SPAULDIJ)
To: Brunner, Bob; Martin, Charlie; Schrader, Duane; Schram, Chuck; Sebourn, Michael; Sinclair, David; Wilson, Stuart
CC:
BCC:
Subject: October 2014 OSS Forecast
Sent: 10/15/2014 02:47:42 PM -0400 (EDT)
Attachments: October 2014 OSS Forecast.pptx;

Attached is October's OSS forecast. We have an issue to discuss; finance has used some OSS data (revenue, fuel and purchase cost) from the 2015 Plan for the balance of this year. This has created a data mismatch in the tool used by finance (Power Plant) as the other costs of sales (RTO and transmission) are input by the budgeting group and that data is from the 2014 Plan. We have three options to move forward:

- Try to change the finance data back to the 2014 Plan, which is unlikely.
- Provide the 2015 RTO and transmission cost data to budgeting to align with revenue for the remaining two months of this year. This is the preferable option.
- Leave the data as is, which leads to an even higher Q4 forecast, since the lower expenses from 2014 increase the Q4 forecast

Although the second option increases the forecast to a level above the 2014 Plan, with current market prices it may be achievable.

Our forecast review meeting is next Thursday, if there are any questions prior to then please let me know.

Jeff



PPL companies

OSS Forecast

October 23, 2014



October OSS margin forecast

- We have a forecast difference with the finance group
 - *2015 data for 2014 Q4 revenue was used by Finance*
 - Expenses (RTO, transmission) are still based on 2014 Plan
 - Options include revising the Energy Supply forecast with 2015 Q4 expense to better align with revenue (See slide 3).
- December's forecast increased \$230 thousand.
- There are three scenarios for the full year forecast:
 - *\$10.7 million - November and December at 2014 budget.*
 - *\$10.9 million - November and December market prices (slide 7).*
 - *\$10.9 million – November and December at 2015 Plan (slide 6).*
- How strongly prices materialize depends on weather, gas demand and production.

The finance forecast used 2015 Plan revenue and fuel cost while the RTO and XM costs are 2014 Plans

2014 BP	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>4th Quarter</u>
Rev	28	88	788	903
Expense	24	77	685	785
Margin	4	11	103	119
2015 BP	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	
Rev	454	189	1,714	2,357
Expense	380	164	1,379	1,923
Margin	74	25	334	433
Hybrid finance forecast	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	
2015 Rev - (fuel + purchase)	129	42	556	727
2014 other (RTO, Tran)	2	9	109	121
Margin	127	33	446	606

To align with current forecast, 2015 Plan data should be provided to Fin. Planning

Forecast:

	<u>Actual/Forecast</u>					
	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	<u>Total</u>
Volume (MWhs)						
5X16	0	0	0	772	22,523	23,295
7X8	0	0	0	1,769	9,132	10,901
2X16	0	0	0	2,407	7,475	9,882
	0	0	0	4,948	39,130	44,078
Revenue	\$ -	\$ -	\$ -	\$ 189	\$ 1,714	\$ 1,902
MTM Value of Trans						
Fuel	-	-	-	147	1,158	1,305
OSS (Revenue - Expense)	\$ -	\$ -	\$ -	\$ 42	\$ 556	598
ECR Surcharge (-)	-	-	-	-	-	-
RTO OSS Expense (-)	-	-	-	6	95	101
Generation for Losses (-)	-	-	-	-	-	-
OSS Margin before Transmission Expense						\$ 497
Intercompany Transmission Expense (-)	-	-	-	12	127	138
Combined OSS after Transmission Expense	\$ 342	\$ 309	\$ 262	\$ 25	\$ 334	\$ 10,941

December market prices are mostly unchanged from last month

2014 Plan Price Curve				Forward Price Curve			Price Change		
<i>\$/MWh</i>	P	O	W	P	O	W	P	O	W
Nov	38	28	30	39	29	31	1	1	1
Dec	39	28	34	47	33	40	8	5	6

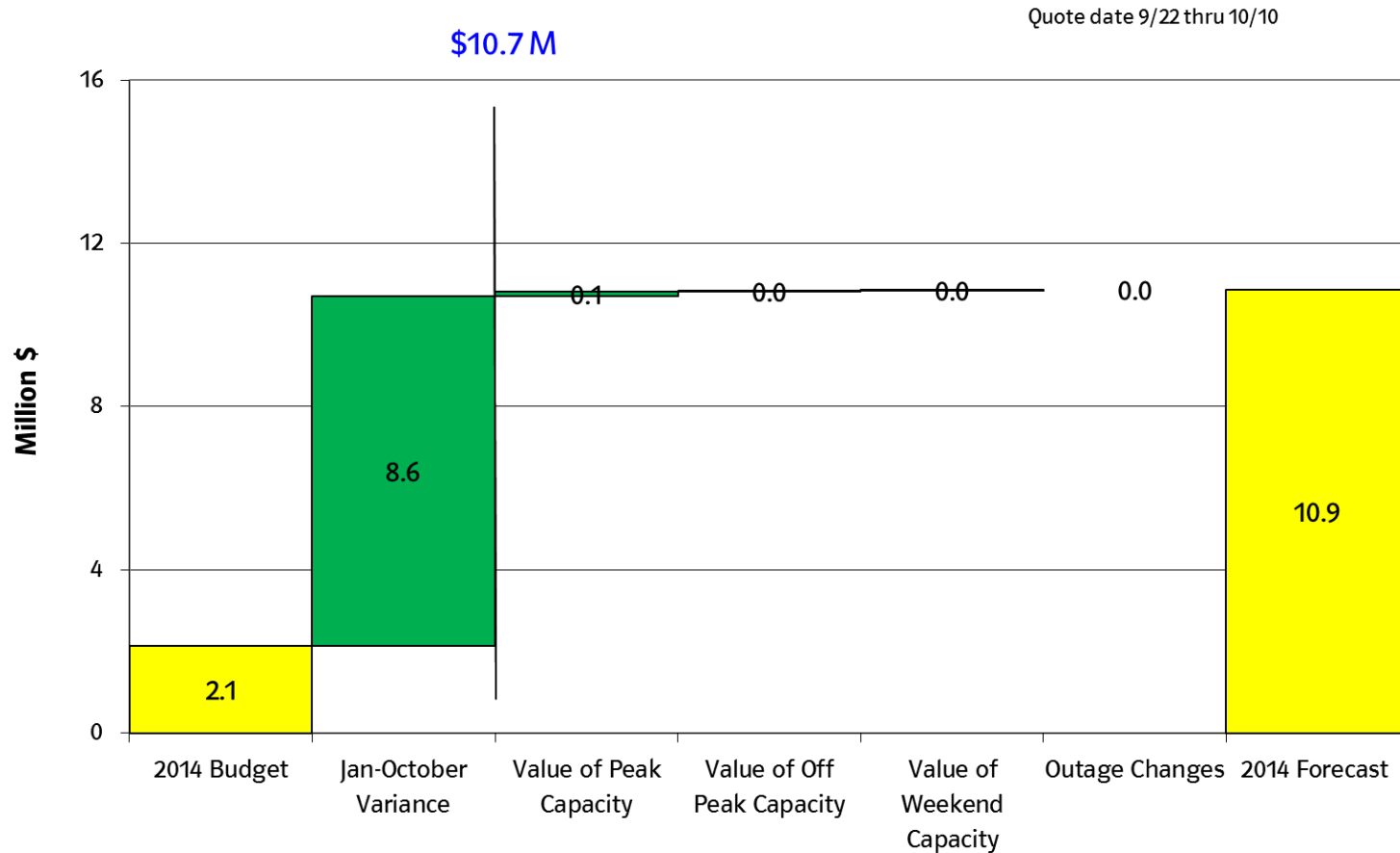
October's view is ~\$550 k more than last month, due to better October actual and higher Nov/Dec

<i>OSS Margin (\$000)</i>	Oct forecast
Jan-October	10,581
Nov – Dec at 2015 plan	359
Full Year forecast	10,940
Budget	2,139
Variance	8,801

Monthly margin detail with forward prices and plan volume

OSS Margin (\$000)	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>2014</u>
Actual/Forecast	4,891	1,558	1,546	3	955	583	132	342	309	262	15	263	10,859
<i>Peak</i>	3,575	1,292	959	3	916	469	74	117	218	210	3	182	8,019
<i>Off-Peak</i>	1,195	75	261	0	5	12	0	16	6	10	10	25	1,616
<i>Weekend</i>	121	191	326	0	34	102	58	208	84	42	1	56	1,224
Budget	582	132	7	0	711	167	117	46	258	4	11	103	2,139
<i>Peak</i>	256	32	6	0	470	49	54	10	148	0	3	70	1,098
<i>Off-Peak</i>	98	27	0	0	8	2	0	0	0	0	8	9	152
<i>Weekend</i>	228	74	2	0	232	116	63	36	110	4	1	24	889
Variance	4,309	1,427	1,539	3	244	416	14	296	51	258	3	160	8,720
<i>Peak</i>	3,318	1,260	953	3	446	420	20	108	70	210	0	112	6,921
<i>Off-Peak</i>	1,097	48	261	0	-3	10	-1	16	6	10	3	16	1,464
<i>Weekend</i>	-107	118	324	0	-198	-14	-5	172	-26	38	0	32	334

2014 peak type variance to plan with current market prices



Attachment to Response to KIUC-1 Question No. 40

Page 151 of 608

Sinclair

From: Hudson, Rusty(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=ADMINISTRATIVE/CN=HUDSONR)
To: Allen, Lisa; Brown, Roxane; Cuzick, Fred; Davis, Angela; Dowd, Deborah; Dunlap, Carroll; Emery, Susan; Harder, Tim; Hargrove, Jerry; Haycox, Michael; Hudson, Rusty; Jones, Rebecca; Keemer, Gabriela; King, Chelsey; Kuhl, Megan; Laster, Sandra; Mabry, William; Madison, Clyde; McDonald, Pam; McRae, Callie; Meuter, Fred; Miller, Jon; Mooney, Mike (BOC 3); Moss, Marisa; Neal, Susan; O'Brien, Rob; Pence, Mark; Raque, Gary; Reeves, Stephen; Shultz, Cathy; Shultz, Jennifer; Singleton, Janna; Smith, Helen; Violette, Kelsie; Welsh, Elaine; Yeary, William
CC:
BCC:
Subject: COO Key Metrics through November
Sent: 12/17/2014 09:53:08 AM -0500 (EST)
Attachments: COOKeyMetrics1114.ppt;

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- Off-System margins are \$8.9m above budget, with volumes 85% above budget, and 5X16 effective sales price 69% above budget.

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**LKE Operations
Key Metrics Review
Presented in December 2014;
With Results Through November 2014**

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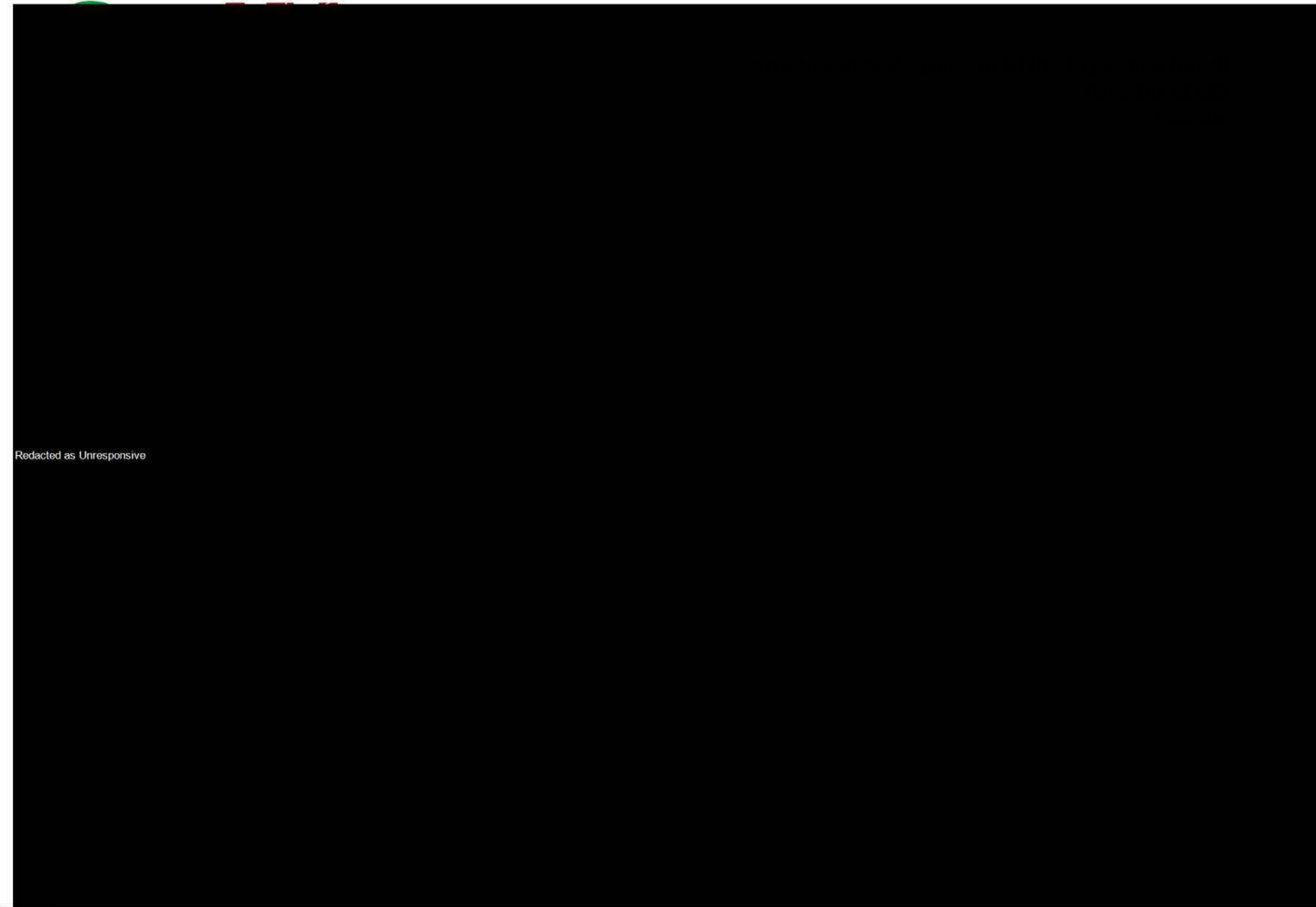
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PPL companies

Utility Gross Margin November 2014

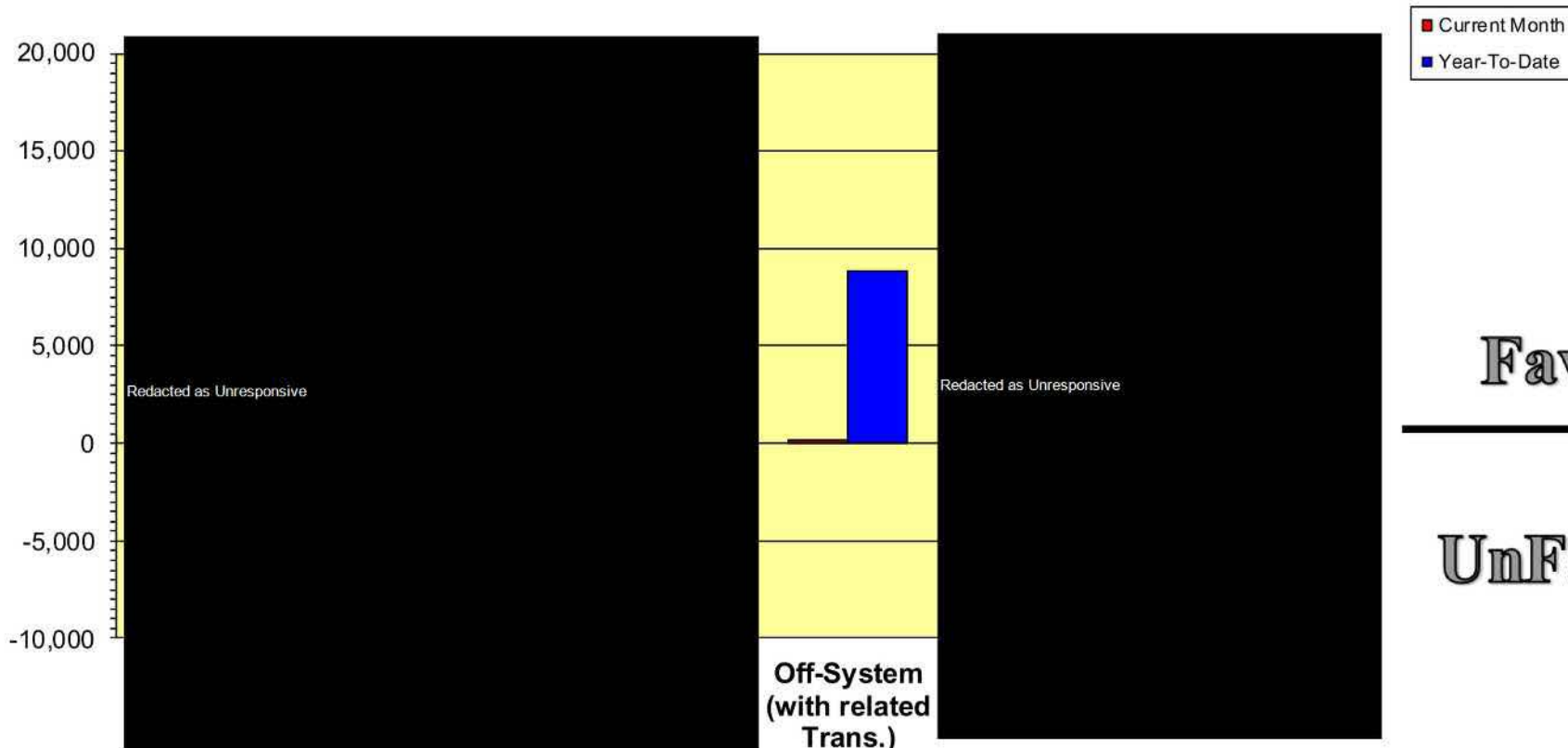
Attachment to Response to KPHC Question No 49

Internal GMM Reporting

Page 168 of 608

Electric Gross Margin Variance to Budget (\$000's)

Sinclair



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Percent Variances For Contributing Factors

Current Month

Year-To-Date

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OSS Volumes

+871%

+85%

OSS Effective Sales Price (5x16)

+8%

+69%

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M



Off-system Sales 2014 November Actual vs. Budget KPI Summary

<u>LG&E/KU</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Volume Sales (GWh)			
5x16	12	0	12
7x8	4	2	2
2x16	7	0	7
Effective Sales Price			
5x16	\$40.13	\$37.02	\$3.11
7x8	\$54.71	\$32.51	\$22.20
2x16	\$40.43	\$32.51	\$7.92
Cost of Supply			
5x16	\$34.32	\$29.55	(\$4.77)
7x8	\$39.64	\$28.12	(\$11.52)
2x16	\$32.20	\$29.26	(\$2.94)



Effective Sales Price = Revenue – Transmission Exp. – RTO Exp. / Volume
 Cost of Supply = Cost of Gen. + Outage Purchases + Consumable Exp. / Volume

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PPL companies



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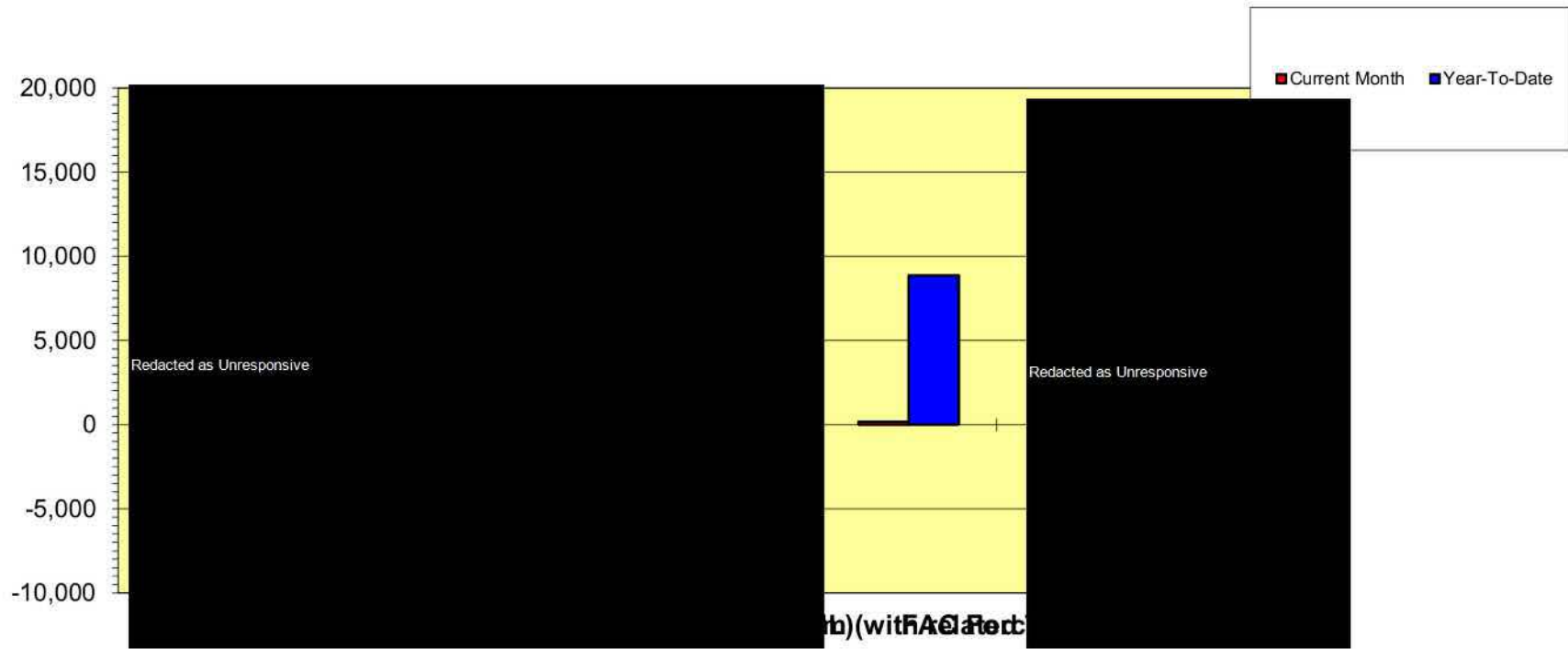
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M

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Electric Gross Margin Variance to Budget (\$000's)



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	F
1	Off-System (with related Trans.)
2	178
3	8,865

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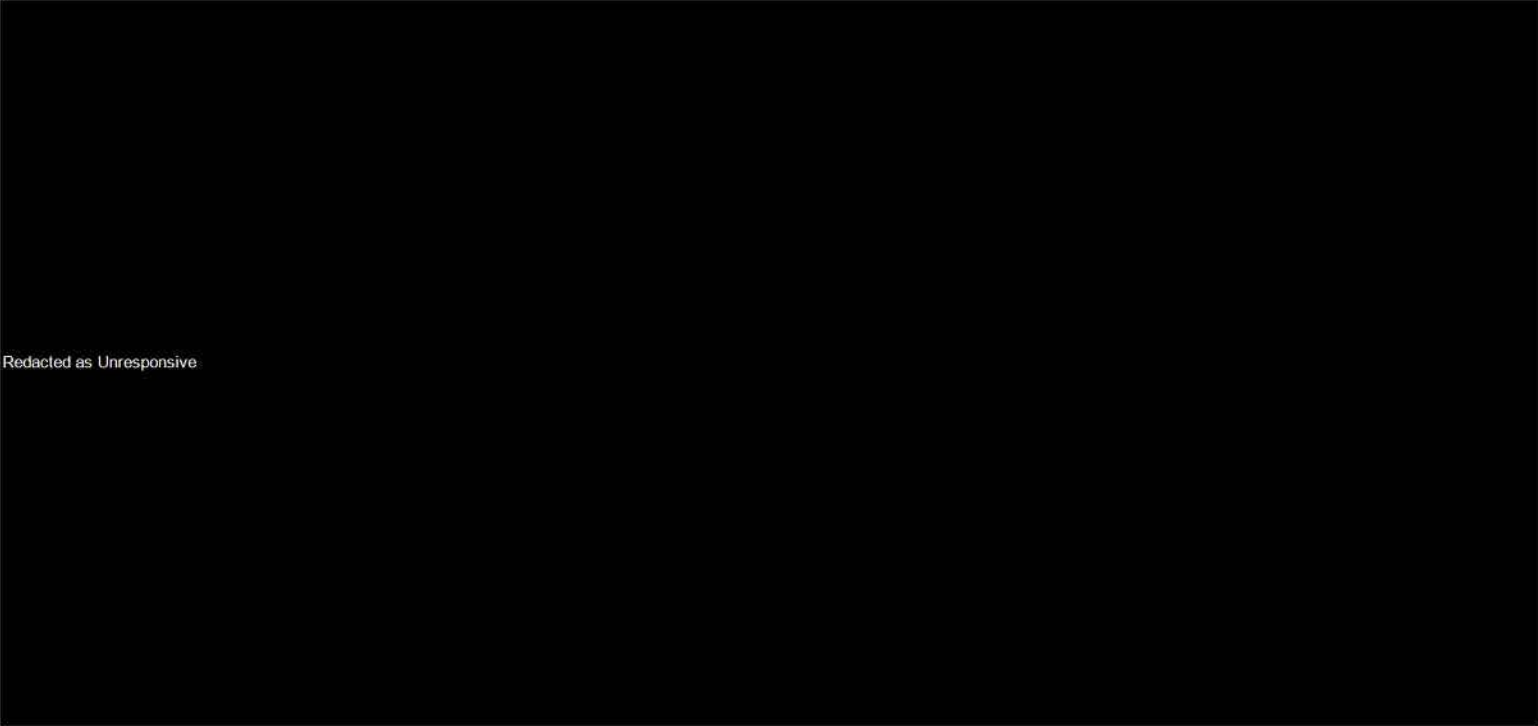
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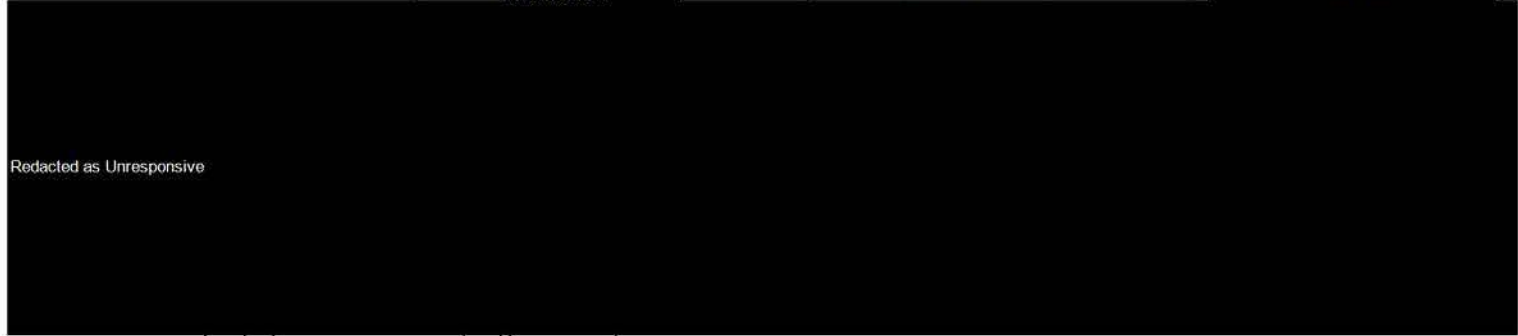
Attachment to Response to KIUC-1 Question No. 40

From: Hudson, Rusty(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=ADMINISTRATIVE/CN=Page 208 of 608
To: Allen, Lisa; Bivens, Stacia; Brown, Roxane; Cuzick, Fred; Dowd, Deborah; Dunlap, Carroll; Emery, Susan; Harder, Tim; Hargrove, Jerry; Haycox, Michael; Hudson, Rusty; Jones, Rebecca; King, Chelsey; Laster, Sandra; Madison, Clyde; McDonald, Pam; McRae, Callie; Miller, Jon; Mooney, Mike (BOC 3); Moss, Marisa; Neal, Susan; O'Brien, Rob; Pence, Mark; Raque, Gary; Reeves, Stephen; Shultz, Jennifer; Singleton, Janna; Welsh, Elaine; Yeary, William
CC:
BCC:
Subject: COO Key Metrics through September, 2014
Sent: 10/20/2014 02:58:39 PM -0400 (EDT)
Attachments: COO Key Metrics 0914.ppt;



Redacted as Unresponsive

Redacted as Unresponsive OSS margins are Redacted as Unresponsive above budget YTD Redacted as Unresponsive \$8.3m OSS), Redacted as Unresponsive



Redacted as Unresponsive



**LKE Operations
Key Metrics Review
Presented in October 2014;
With Results Through September 2014**

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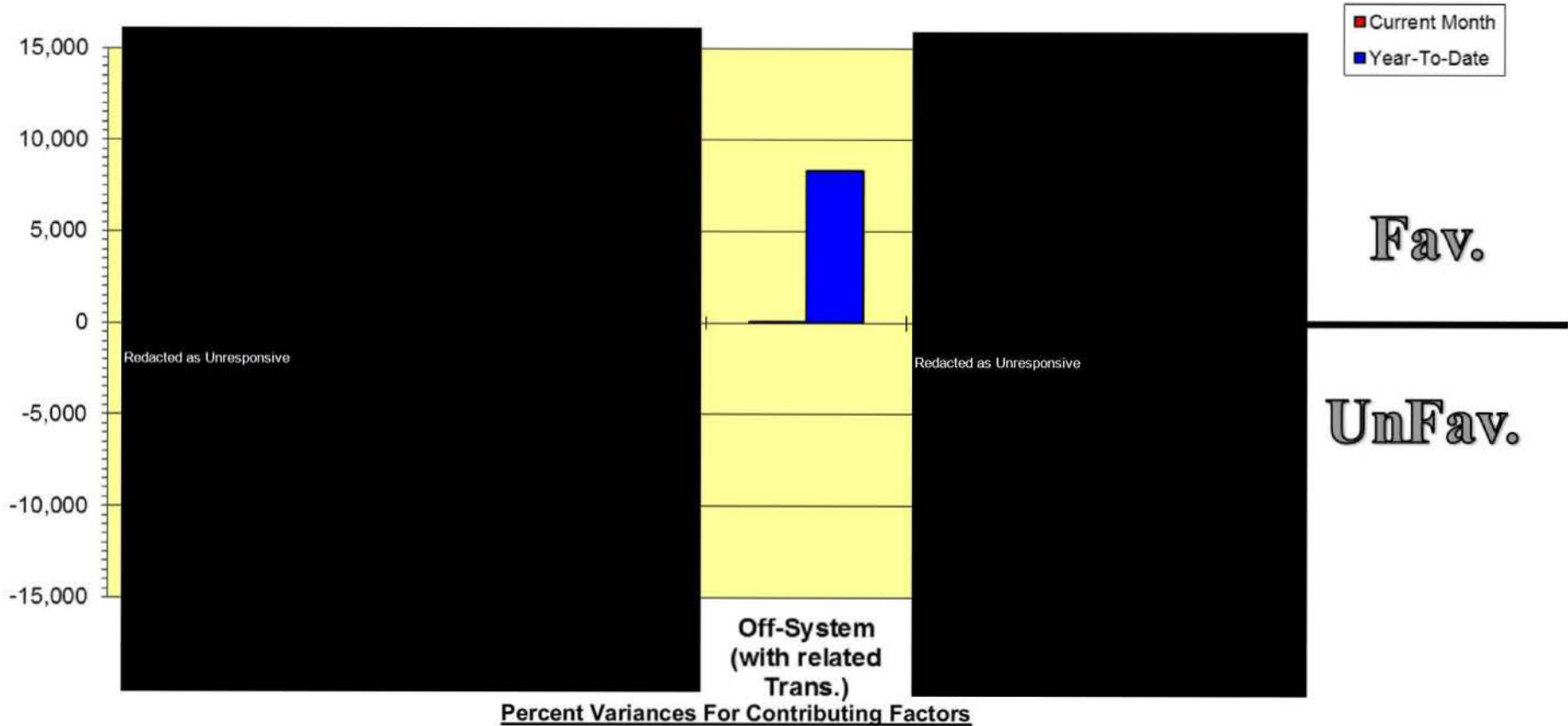
PPL companies

Utility Gross Margin September 2014

Attachment to Response to KNUC 1 Question No. 49
Internal GAAP Reporting
Page 226 of 608

Electric Gross Margin Variance to Budget (\$000's)

Sinclair



Current Month

Year-To-Date

Redacted as Unresponsive

OSS Volumes

+34%

+63%

OSS Effective Sales Price (5x16)

+4%

+78%

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M



Off-system Sales 2014 September Actual vs. Budget KPI Summary

LG&E/KU

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Volume Sales (GWh)			
5x16	35	21	14
7x8	1	0	1
2x16	8	12	(4)
Effective Sales Price			
5x16	\$38.08	\$36.54	\$1.54
7x8	\$35.56	\$0.00	\$35.56
2x16	\$41.24	\$37.47	\$3.77
Cost of Supply			
5x16	\$31.95	\$29.57	(\$2.38)
7x8	\$27.88	\$0.00	(\$27.88)
2x16	\$31.13	\$28.52	(\$2.61)

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PPL companies

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PPL companies

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PPL companies

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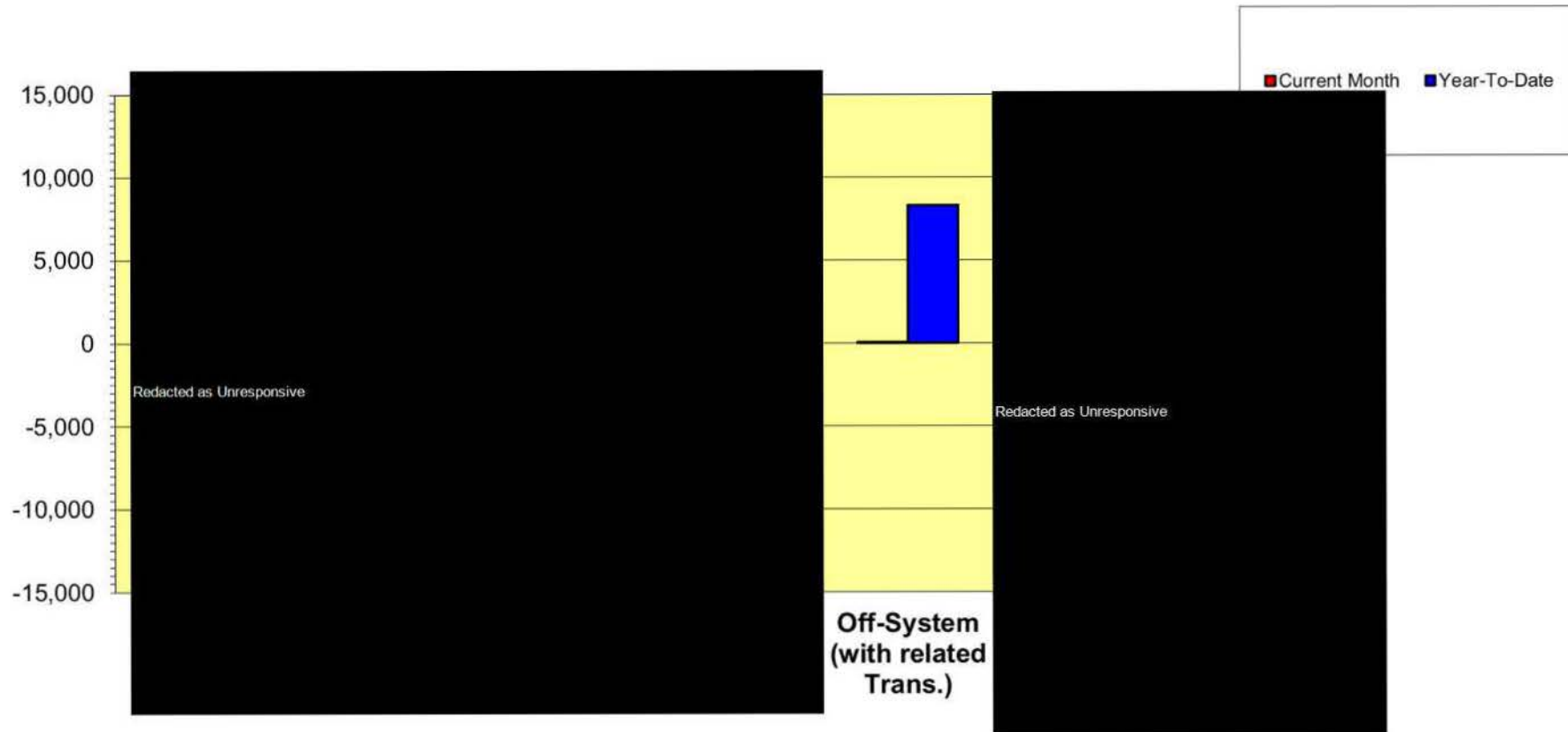
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Electric Gross Margin Variance to Budget (\$000's)



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	F
1	Off-System (with related Trans.)
2	51
3	8,298

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Produced as Native

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Stored File Name: Exchange00133542.xls

Attachment to Response to KIUC-1 Question No. 40

Page 276 of 608

Sinclair

From: Hudson, Rusty(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=ADMINISTRATIVE/CN=HUDSONR)
To: Jefferson, Tangila
CC:
BCC:
Subject: COOKeyMetrics0914.ppt
Sent: 10/20/2014 08:22:08 AM -0400 (EDT)
Attachments: COOKeyMetrics0914.ppt;

Tangila, page 11 is the one to swap out. Thank you very much. Rusty



**LKE Operations
Key Metrics Review
Presented in October 2014;
With Results Through September 2014**



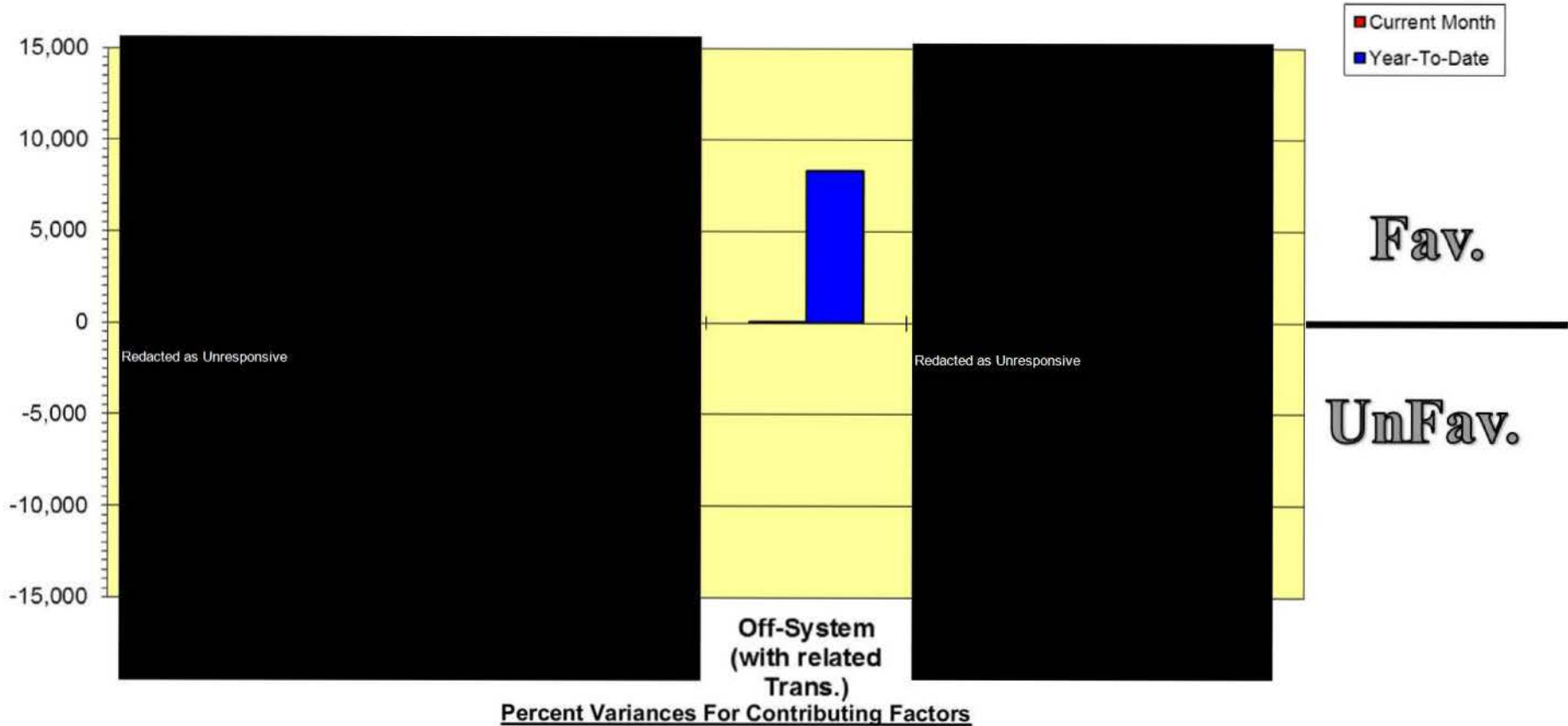
PPL companies

Utility Gross Margin September 2014

Attachment to Response to KPLC Question No. 49
Internal GAAP Reporting
Page 294 of 608

Electric Gross Margin Variance to Budget (\$000's)

Sinclair



	<u>Current Month</u>	<u>Year-To-Date</u>
Redacted as Unresponsive		
OSS Volumes	+34%	+63%
OSS Effective Sales Price (5x16)	+4%	+78%

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M



Off-system Sales 2014 September Actual vs. Budget KPI Summary

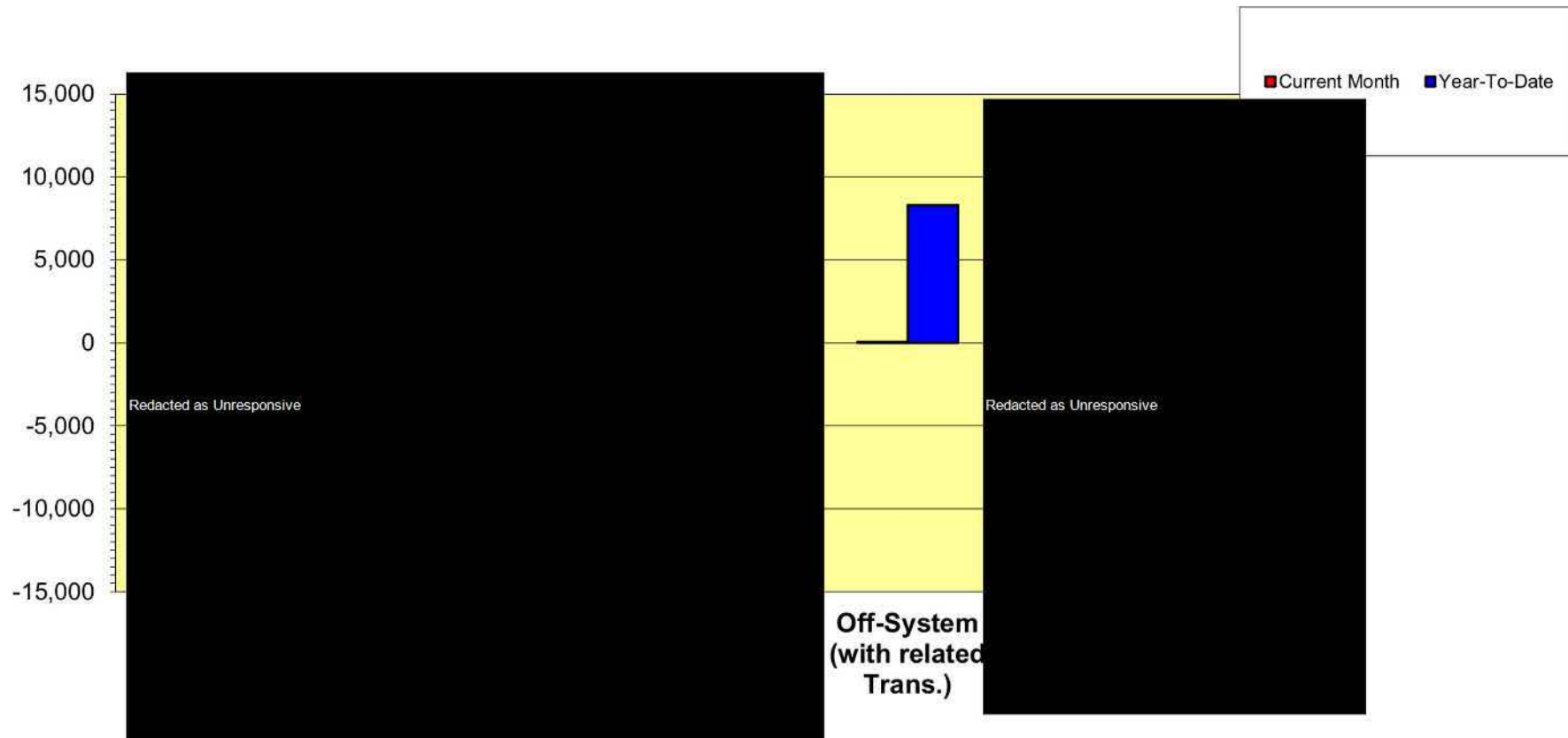
LG&E/KU

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Volume Sales (GWh)			
5x16	35	21	14
7x8	1	0	1
2x16	8	12	(4)
Effective Sales Price			
5x16	\$38.08	\$36.54	\$1.54
7x8	\$35.56	\$0.00	\$35.56
2x16	\$41.24	\$37.47	\$3.77
Cost of Supply			
5x16	\$31.95	\$29.57	(\$2.38)
7x8	\$27.88	\$0.00	(\$27.88)
2x16	\$31.13	\$28.52	(\$2.61)

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Electric Gross Margin Variance to Budget (\$000's)



	F
1	Off-System (with related Trans.)
2	51
3	8,298

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Original File Name: 16-Worksheet.xls

Stored File Name: Exchange00133606.xls

From: Moss, Marisa(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=MOSSM)
To: Hudson, Rusty
CC:
BCC:
Subject: COOKeyMetrics1114.ppt
Sent: 12/17/2014 09:11:24 AM -0500 (EST)
Attachments: COOKeyMetrics1114.ppt;



**LKE Operations
Key Metrics Review
Presented in December 2014;
With Results Through November 2014**



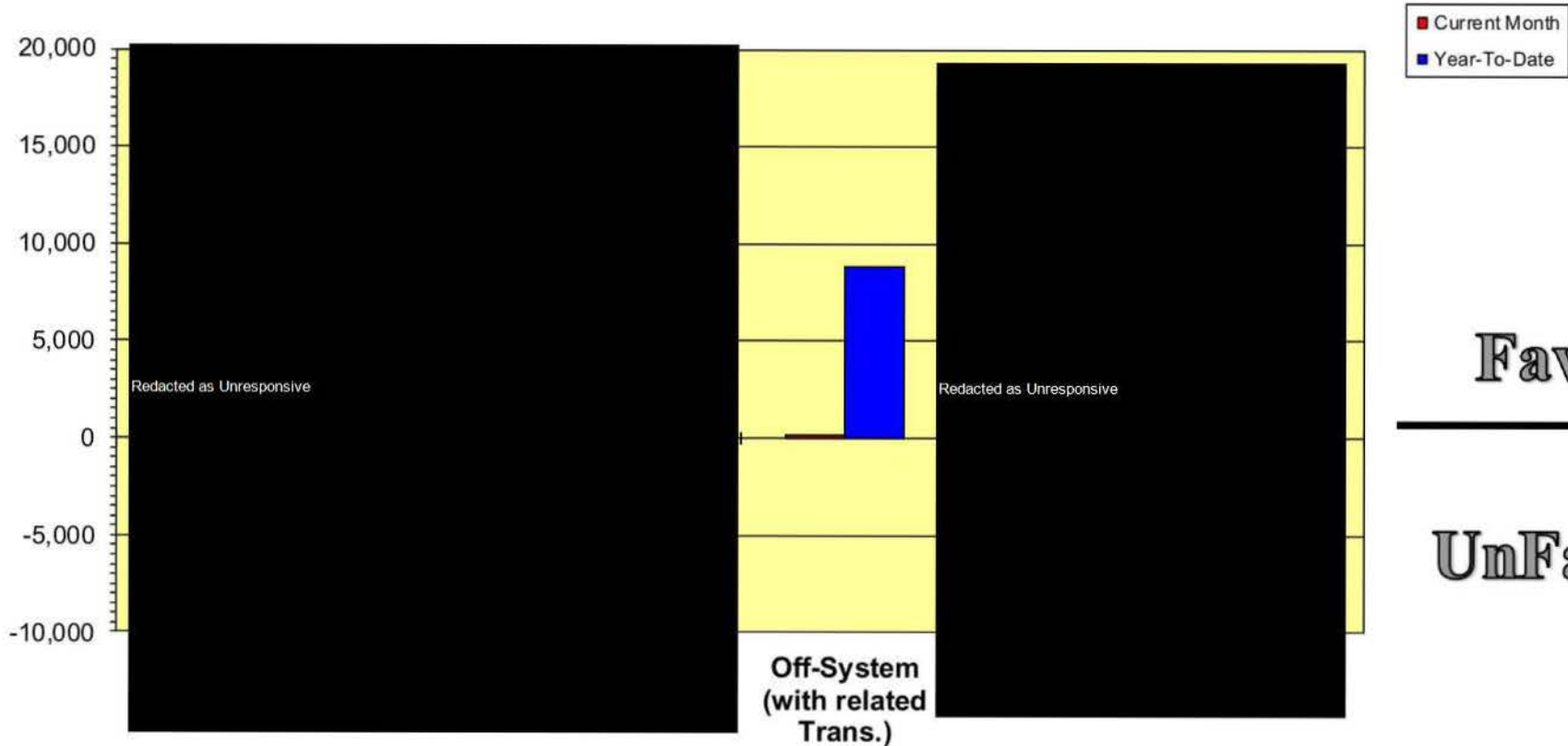
Utility Gross Margin November 2014

Attachment to Response to KRIC-1 Question No. 49
Internal GAAP Reporting
Page 359 of 608

PPL companies

Electric Gross Margin Variance to Budget (\$000's)

Sinclair



Fav.

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Percent Variances For Contributing Factors

Current Month

Year-To-Date

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OSS Volumes	+871%	+85%
OSS Effective Sales Price (5x16)	+8%	+69%

Redacted as Unresponsive

M



Off-system Sales 2014 November Actual vs. Budget KPI Summary

<u>LG&E/KU</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Volume Sales (GWh)			
5x16	12	0	12
7x8	4	2	2
2x16	7	0	7
Effective Sales Price			
5x16	\$40.13	\$37.02	\$3.11
7x8	\$54.71	\$32.51	\$22.20
2x16	\$40.43	\$32.51	\$7.92
Cost of Supply			
5x16	\$34.32	\$29.55	(\$4.77)
7x8	\$39.64	\$28.12	(\$11.52)
2x16	\$32.20	\$29.26	(\$2.94)

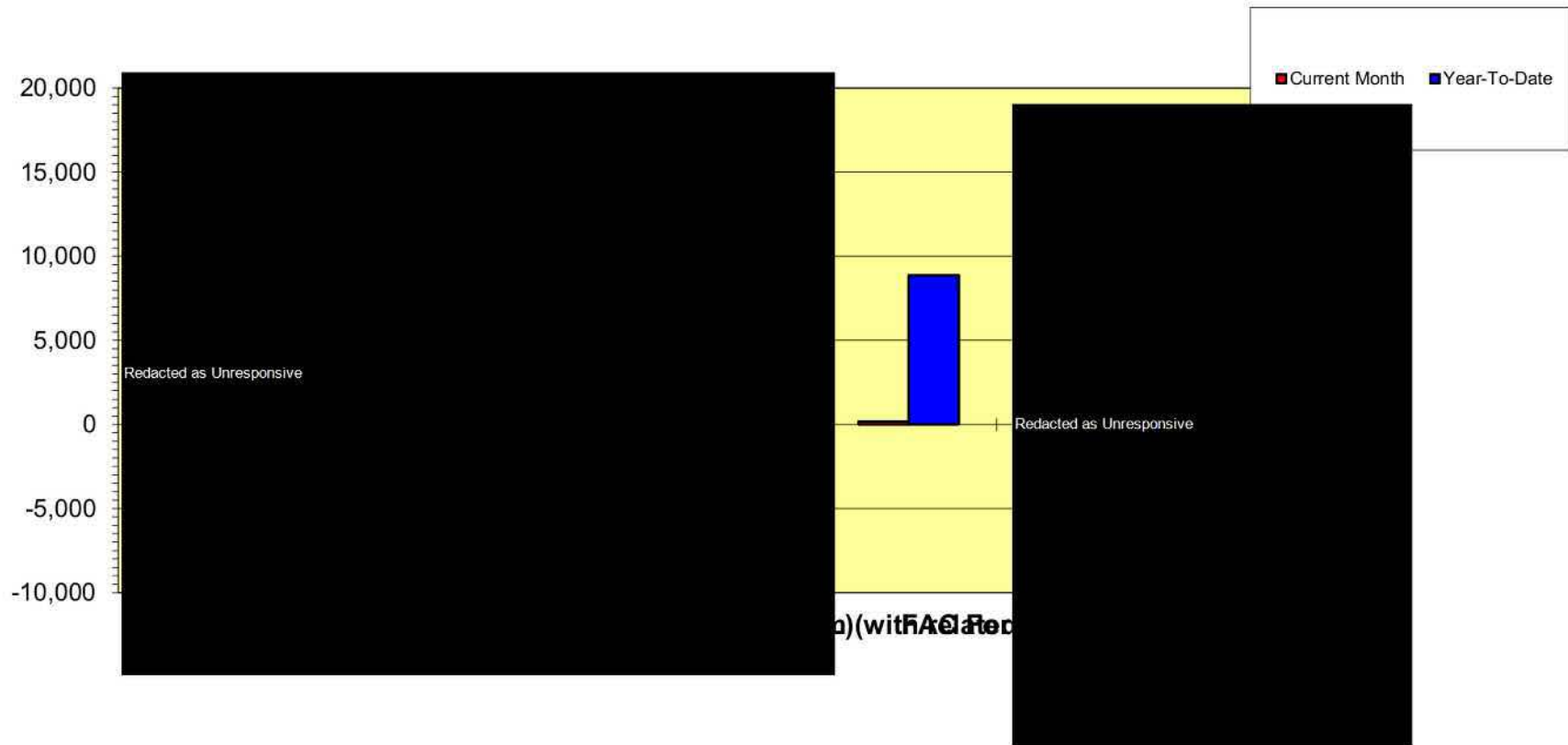


Effective Sales Price = Revenue – Transmission Exp. – RTO Exp. / Volume
 Cost of Supply = Cost of Gen. + Outage Purchases + Consumable Exp. / Volume

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Redacted as Unresponsive

Electric Gross Margin Variance to Budget (\$000's)



	F
1	Off-System (with related Trans.)
2	178
3	8,865

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Produced as Native

Original File Name: 15-Worksheet.xls

Stored File Name: Exchange00136637.xls

From: Cosby, David(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=COSBYD)
To: Blake, Kent
CC: Pienaar, Lesley
BCC:
Subject: FW: OSS and Native Load Report July 29, 2014 FC TEST.2
Sent: 07/30/2014 09:07:10 AM -0400 (EDT)
Attachments: OSS and Native Load Report July 2014 FC TEST.2.xlsx;

Kent,

Here is the updated view of the revised daily report with forecast information. The difference between budget variance and forecast variance For July will be \$7.5m (same for August). The energy variance and other revenue budgets have also been adjusted to put the \$15m load entry to energy. We have coordinated the same change for the Margin reports the Revenue Accounting does. We have one minor rounding issue to fix YTD of around \$600K to tie things out.

Please review and let me know your thoughts on the layout and if you would like us to send this version out later this week to coincide with the full month of July results being shown on Friday. Thanks.

David L. Cosby Jr.

Financial Planning and Analysis

LG&E and KU Energy Services

502-627-2499

david.cosby@lge-ku.com

From: Spaulding, Jeffrey
Sent: Wednesday, July 30, 2014 8:54 AM
To: Cosby, David
Cc: Kehdy, Angele; Sebourn, Michael
Subject: OSS and Native Load Report July 29, 2014 FC TEST.2

David, I think we are good on reconciling the forecast data, Angela and Samantha believe I have correct data year to date; they are resolving their differences between reports. I've adjusted the forecast energy margin per MWh to align the forecast margin variance to Angela's file for July through December. Then each month, as usual, I'll tie to Samantha's year to date totals for OSS and native load after the accounting close, usually around day 7.

The attachment has been updated yesterday. If you're comfortable with the format we can release the file whenever you'd like, although I need to let David Sinclair see a copy prior to the wider audience.

Thanks,
Jeff

Produced as Native

Original File Name: OSS and Native Load Report July 2014 FC TEST.2.xlsx

Stored File Name: OpenText00033516.xlsx

From: Cosby, David(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=COSBYD)
To: Blake, Kent
CC:
BCC:
Subject: RE: OSS and Native Load Report August 14, 2014
Sent: 08/18/2014 02:12:11 PM -0400 (EDT)
Attachments:

The \$25m is based on all of July and ½ of August weather risk forecast changes in the Q2 update. The \$7.5m for July and \$3.5m so far in August are the \$11m difference for the \$25m and \$14m shown.

Can you send me a copy of Vic's daily summary so I can reference it when I call Julie? Thanks.

David L. Cosby Jr.

Financial Planning and Analysis

LG&E and KU Energy Services

502-627-2499

david.cosby@lge-ku.com

From: Blake, Kent
Sent: Monday, August 18, 2014 1:56 PM
To: Cosby, David
Subject: RE: OSS and Native Load Report August 14, 2014

OK. How does the \$25 million variance to forecast make sense? Also, someone will probably need to touch base with Julie or whoever does Vic's daily summary as she appears to be pulling Vs. Forecast rather than Vs. Budget.

From: Cosby, David
Sent: Monday, August 18, 2014 1:30 PM
To: Blake, Kent
Subject: RE: OSS and Native Load Report August 14, 2014

Kent,

The \$14m shown for YTD does not include the \$8m in OSS shown above. With that, the total would be \$22m impacted by the just over \$6m down for the month which would be consistent with around \$28.5m shown in the July Performance Report for Electric Margin. We could highlight the OSS \$8m to make it stand out more on the report since it is subtotaled separately.

David L. Cosby Jr.

Financial Planning and Analysis

LG&E and KU Energy Services

502-627-2499

david.cosby@lge-ku.com

From: Blake, Kent
Sent: Friday, August 15, 2014 2:37 PM
To: Cosby, David
Subject: FW: OSS amd Native Load Report August 14, 2014

Can you check YTD columns? Doesn't look right. Looks like we may be mixing vs. Budget and vs. Forecast.

From: Sauer, Bruce
Sent: Friday, August 15, 2014 9:08 AM
Subject: OSS amd Native Load Report August 14, 2014

Native Load

-- Native load sales on August 14th were 100,015 MWh or 17% below the daily budget as the low temp was 9° below normal.

-- Temps: actual/normal high = 84° / 88°; actual/normal low = 60° / 69°; actual/normal average = 72° / 78

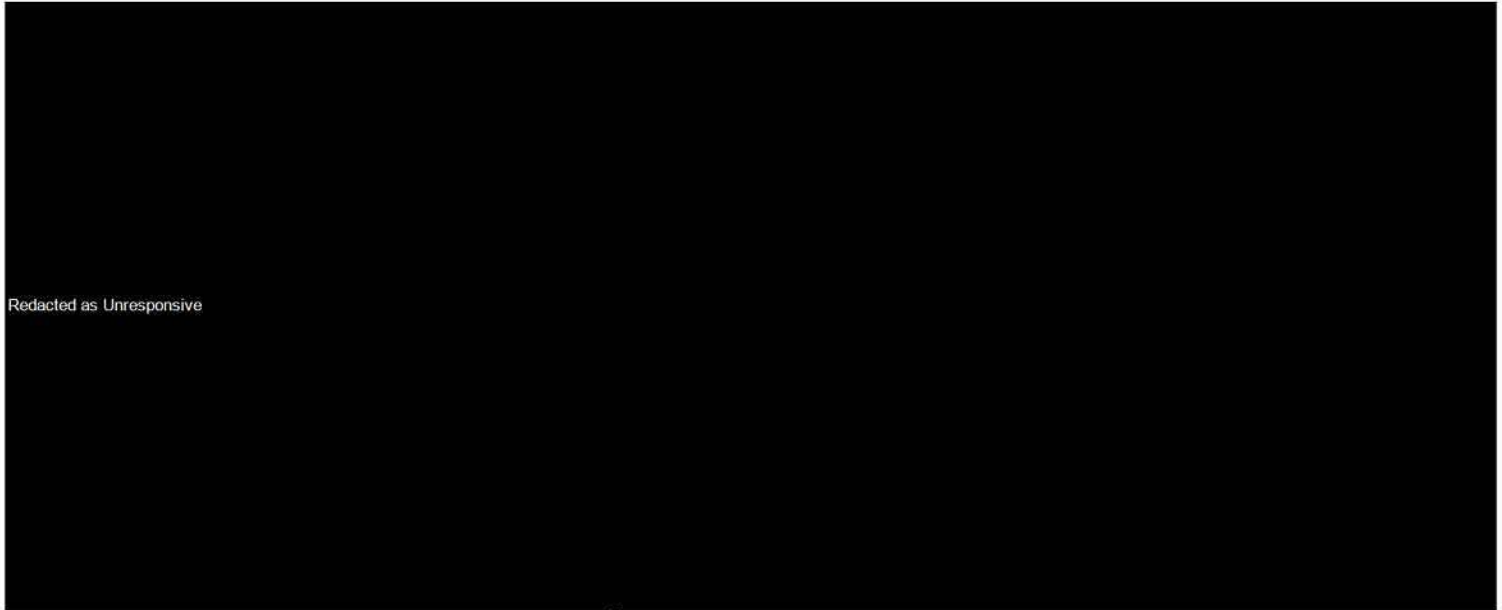
<< File: OSS and Native Load Report August 2014.xlsx >>

Attachment to Response to KIUC-1 Question No. 40

Page 403 of 608

From: Hudson, Rusty(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=ADMINISTRATIVE/CN=HUDSONR)
To: Barnett, Bob; Billiter, Delbert; Brunner, Bob; Byrd, Larry; Carr, Sam; Crutcher, Tom; Faulkner, Danny; Fraley, Jeffrey; Freibert, Charlie; Harrison, Timothy; Hudson, Rusty; Joyce, Jeff; Kirkland, Mike; Kremer, Dan; Mulvihill, Jennifer; Pfeiffer, Caryl; Phillips, Steven; Schetzel, Doug; Sinclair, David; Straight, Scott; Troost, Tom; Tummonds, David; Turner, Steven
CC:
BCC:
Subject: COO Key Metrics through March, 2014 (without Transmission)
Sent: 04/23/2014 01:56:20 PM -0400 (EDT)
Attachments: COOKeyMetrics0314.ppt;

Attached are the COO key metrics through March. Please note the following:



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- OSS volumes are 102% above budget.
- The average OSS price per Mwh of \$88.06 is above the average ultimate consumer price of \$82.79, driven by the extremely high OSS prices early in the year.



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**LKE Operations
Key Metrics Review
Presented in April 2014;
With Results Through March 2014**



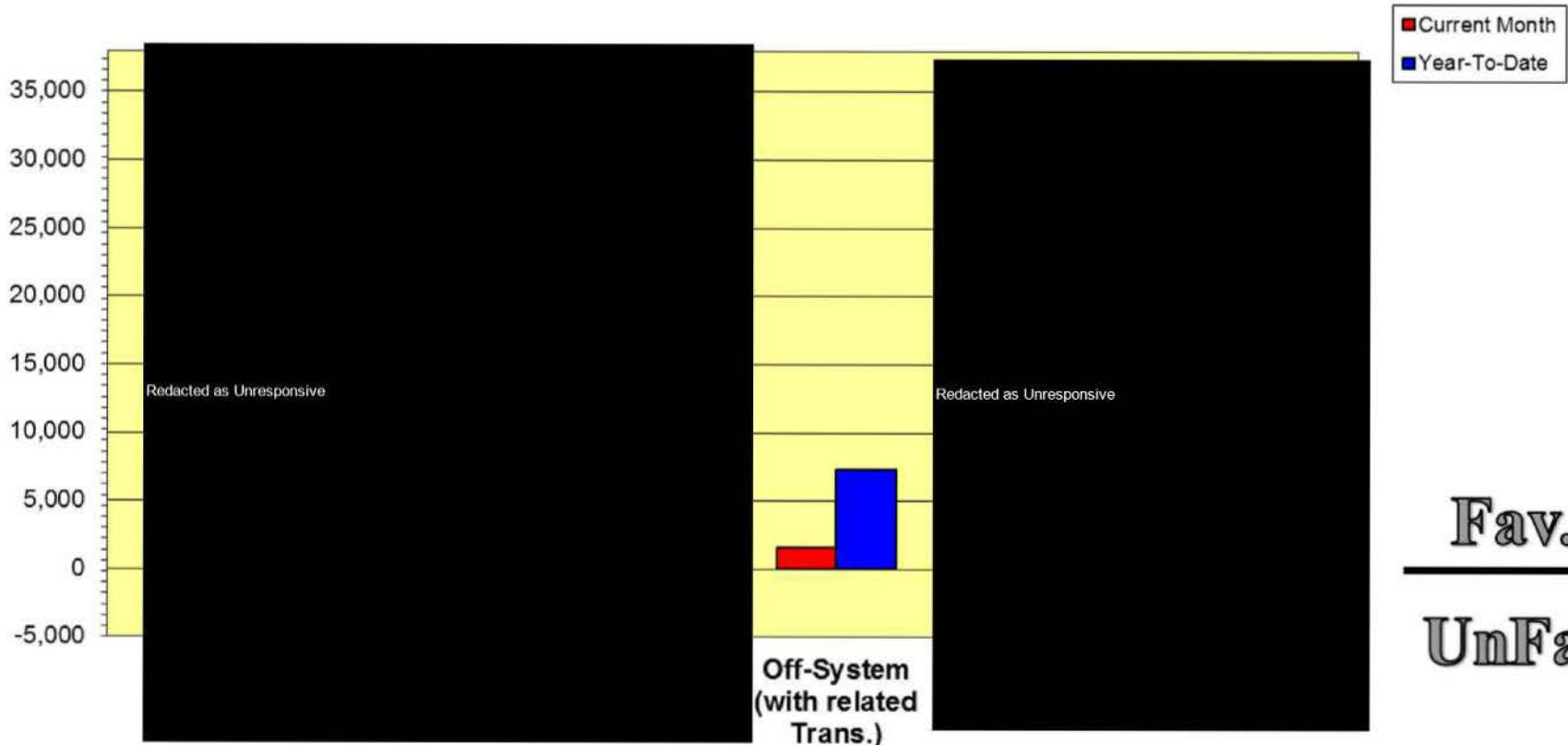
PPL companies

Utility Gross Margin March 2014

Attachment to Response to KPLC Question No. 49
Internal GAAP Reporting
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Electric Gross Margin Variance to Budget (\$000's)

Sinclair



Fav.
UnFav.

Percent Variances For Contributing Factors

Current Month

Year-To-Date

Redacted as Unresponsive

	<u>Current Month</u>	<u>Year-To-Date</u>
OSS Volumes	+3752%	+102%
OSS Effective Sales Price (5x16)	+106%	+147%

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C



PPL companies

Off-system Sales 2014 March Actual vs. Budget KPI Summary

LG&E/KU

Volume Sales (GWh)	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
5x16	32	1	31
7x8	10	0	9
2x16	12	1	12
Effective Sales Price			
5x16	\$83.70	\$40.56	\$43.14
7x8	\$60.34	\$32.36	\$27.98
2x16	\$42.08	\$36.15	\$5.93
Cost of Supply			
5x16	\$45.06	\$32.52	(\$12.54)
7x8	\$42.24	\$32.01	(\$10.23)
2x16	\$29.92	\$33.12	\$3.20

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Redacted as Unresponsive

Redacted as Unresponsive

Electric Gross Margin Variance to Budget (\$000's)



	F
1	Off-System (with related Trans.)
2	1,539
3	7,273

Redacted as Unresponsive

Produced as Native

Original File Name: 15-Worksheet.xls

Stored File Name: OpenText00059554.xls

Attachment to Response to KIUC-1 Question No. 40

Page 465 of 608

From: Spaulding, Jeffrey(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=SPAULDIJ)
To: Brunner, Bob; Martin, Charlie; Schrader, Duane; Schram, Chuck; Sebourn, Michael; Sinclair, David; Wilson, Stuart
CC:
BCC:
Subject: May 2014 OSS- End of Month
Sent: 05/19/2014 09:08:23 AM -0400 (EDT)
Attachments: May 2014 OSS- End of Month .pptx;

The attachment has May's full year OSS forecast, the biggest change from last month is May turning out better than expected:

- Through 5/18 May is ~\$177 thousand above April's forecast
 - We've seen more off system sales as a result of running CT's and finding opportunity sales.
- Forward looking market prices are still above budget but mostly unchanged from last month.

Our forecast review is Wednesday morning, if there are any questions prior to the review please let me know.

Thanks,
Jeff



PPL companies

OSS Forecast

May 21, 2014

May OSS margin forecast

- The full year forecast using market prices is \$10 million, \$7.8 million better than plan.
 - *May results have been better than expected with unplanned sales from gas turbines (~50% of sales through 5/15)*
 - *June thru December has value ~\$0.5 million above plan*
- The full year forecast with June thru December at budget is \$9.5 million
 - *Compared to last month market prices are mostly unchanged*
- How strongly prices materialize depends on weather, gas demand and production.

Forward prices remain above plan

2014 Plan Price Curve				Forward Price			Price Change		
<i>\$/MWh</i>	P	O	W	P	O	W	P	O	W
Jun	43	21	37	49	24	40	6	3	3
Jul	51	24	40	63	29	47	12	5	7
Aug	48	25	38	56	28	41	8	3	3
Sep	40	24	34	42	25	35	2	1	1
Oct	37	26	31	40	27	33	2	1	2
Nov	38	28	30	42	31	33	4	3	3
Dec	39	28	34	52	33	40	12	5	6

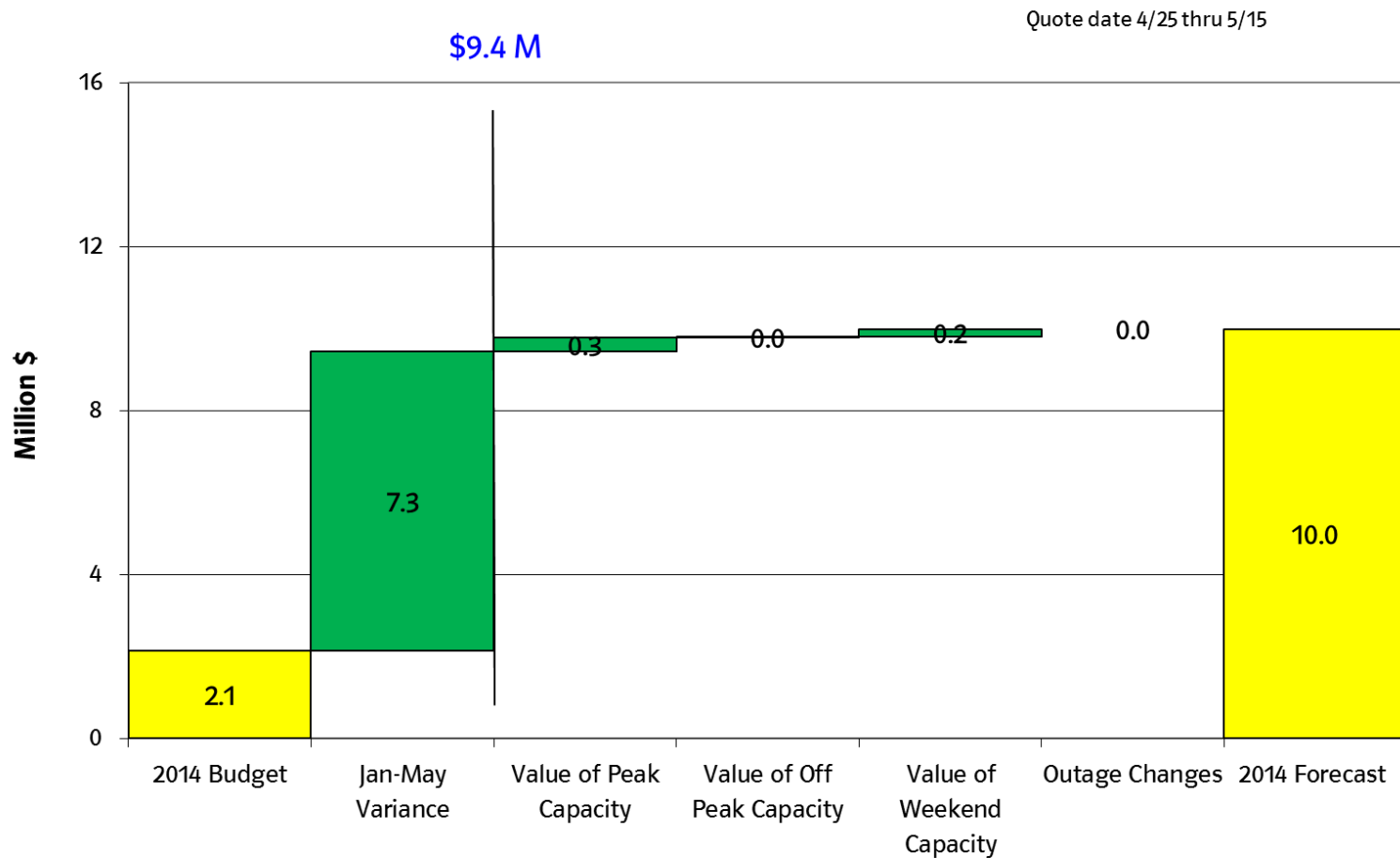
Current market prices have June thru December ~\$0.5 million better than plan

<i>OSS Margin (\$000)</i>	May forecast
Jan-May	8,730
June –December at plan	707
Full Year forecast	9,437
Budget	2,139
Variance	7,298

Monthly margin detail with forward prices and plan volume

OSS Margin (\$000)	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>2014</u>
Actual/Forecast	4,891	1,558	1,546	3	732	265	242	79	332	5	21	318	9,993
<i>Peak</i>	3,575	1,292	959	3	450	86	116	24	201	0	5	238	6,949
<i>Off-Peak</i>	1,195	75	261	0	15	6	2	2	0	0	15	25	1,596
<i>Weekend</i>	121	191	326	0	267	172	124	54	131	5	2	56	1,449
Budget	582	132	7	0	711	167	117	46	258	4	11	103	2,139
<i>Peak</i>	256	32	6	0	470	49	54	10	148	0	3	70	1,098
<i>Off-Peak</i>	98	27	0	0	8	2	0	0	0	0	8	9	152
<i>Weekend</i>	228	74	2	0	232	116	63	36	110	4	1	24	889
Variance	4,309	1,427	1,539	3	21	98	125	33	74	1	10	215	7,854
<i>Peak</i>	3,318	1,260	953	3	-20	38	62	14	53	0	2	167	5,851
<i>Off-Peak</i>	1,097	48	261	0	7	4	2	1	0	0	7	16	1,444
<i>Weekend</i>	-107	118	324	0	35	56	61	17	21	1	1	31	559

2014 variance to plan by peak type with current market prices



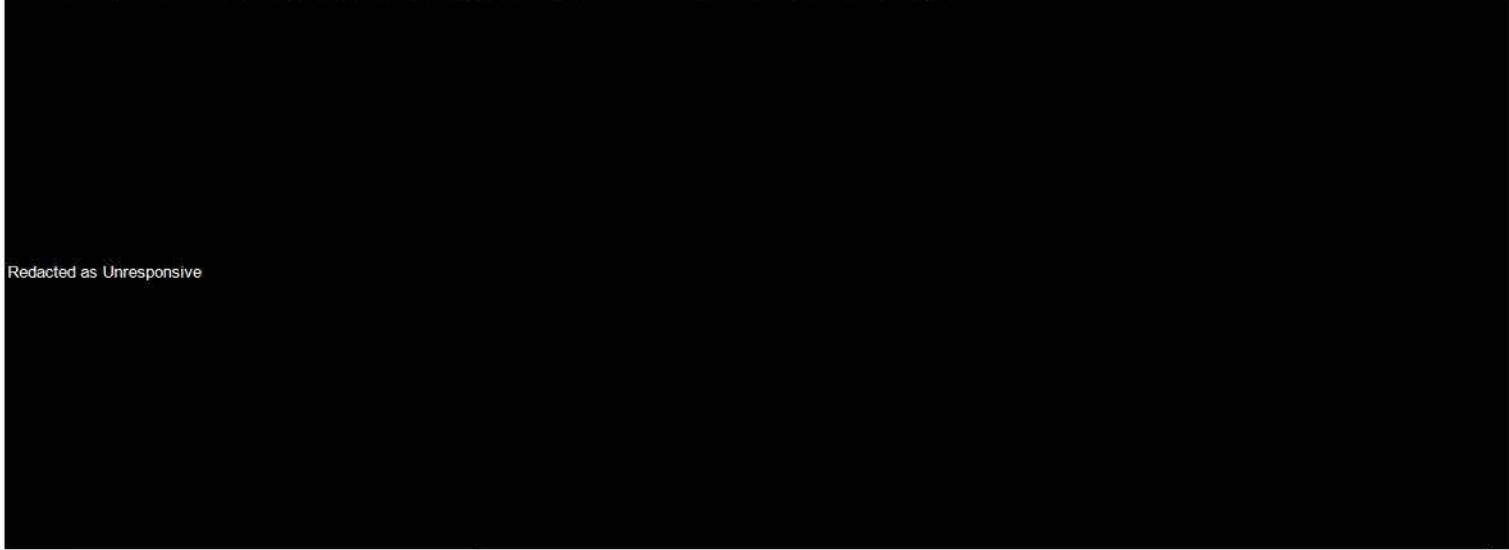
Attachment to Response to KIUC-1 Question No. 40

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Sinclair

From: Hudson, Rusty(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=ADMINISTRATIVE/CN=HUDSONR)
To: Barnett, Bob; Billiter, Delbert; Brunner, Bob; Byrd, Larry; Carr, Sam; Crutcher, Tom; Faulkner, Danny; Fraley, Jeffrey; Freibert, Charlie; Harrison, Timothy; Hudson, Rusty; Joyce, Jeff; Kirkland, Mike; Kremer, Dan; Mulvihill, Jennifer; Pfeiffer, Caryl; Phillips, Steven; Schetzel, Doug; Sinclair, David; Straight, Scott; Troost, Tom; Tummonds, David; Turner, Steven
CC:
BCC:
Subject: COO Key Metrics through April, 2014 (without Transmission)
Sent: 05/22/2014 12:46:13 PM -0400 (EDT)
Attachments: COOKeyMetrics0414.ppt;

Attached are the COO key metrics through April, 2014. Please note the following:



- Redacted as Unresponsive

off-system sales volumes (up 103%) and price (up 146% on 5X16 effective). [page 18]





**LKE Operations
Key Metrics Review
Presented in May 2014;
With Results Through April 2014**



PPL companies

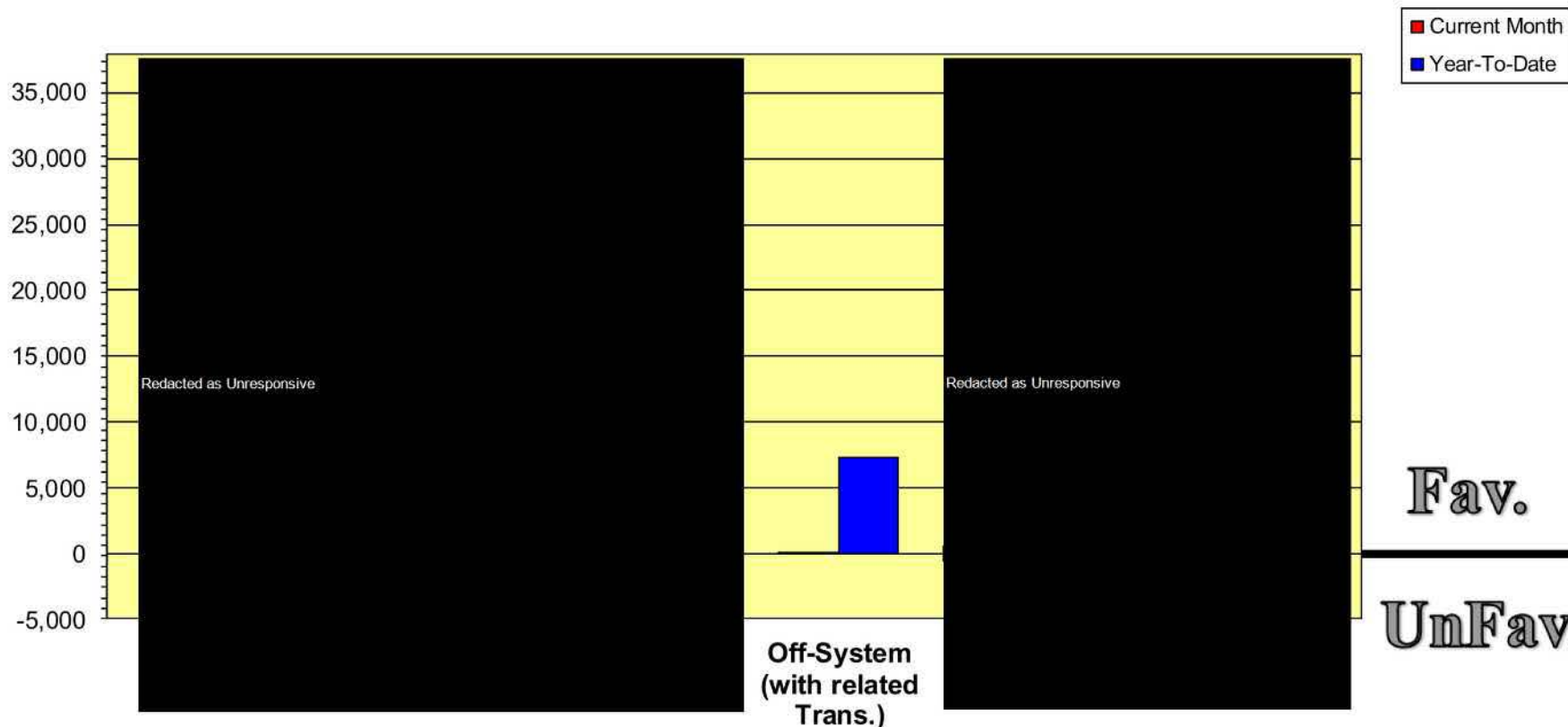
Utility Gross Margin April 2014

Attachment to Response to KPHG Question No. 40
Internal GMM Reporting

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Electric Gross Margin Variance to Budget (\$000's)

Sinclair



Percent Variances For Contributing Factors

Current Month

Year-To-Date

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OSS Volumes

N/A

+103%

OSS Effective Sales Price (5x16)

N/A

+146%

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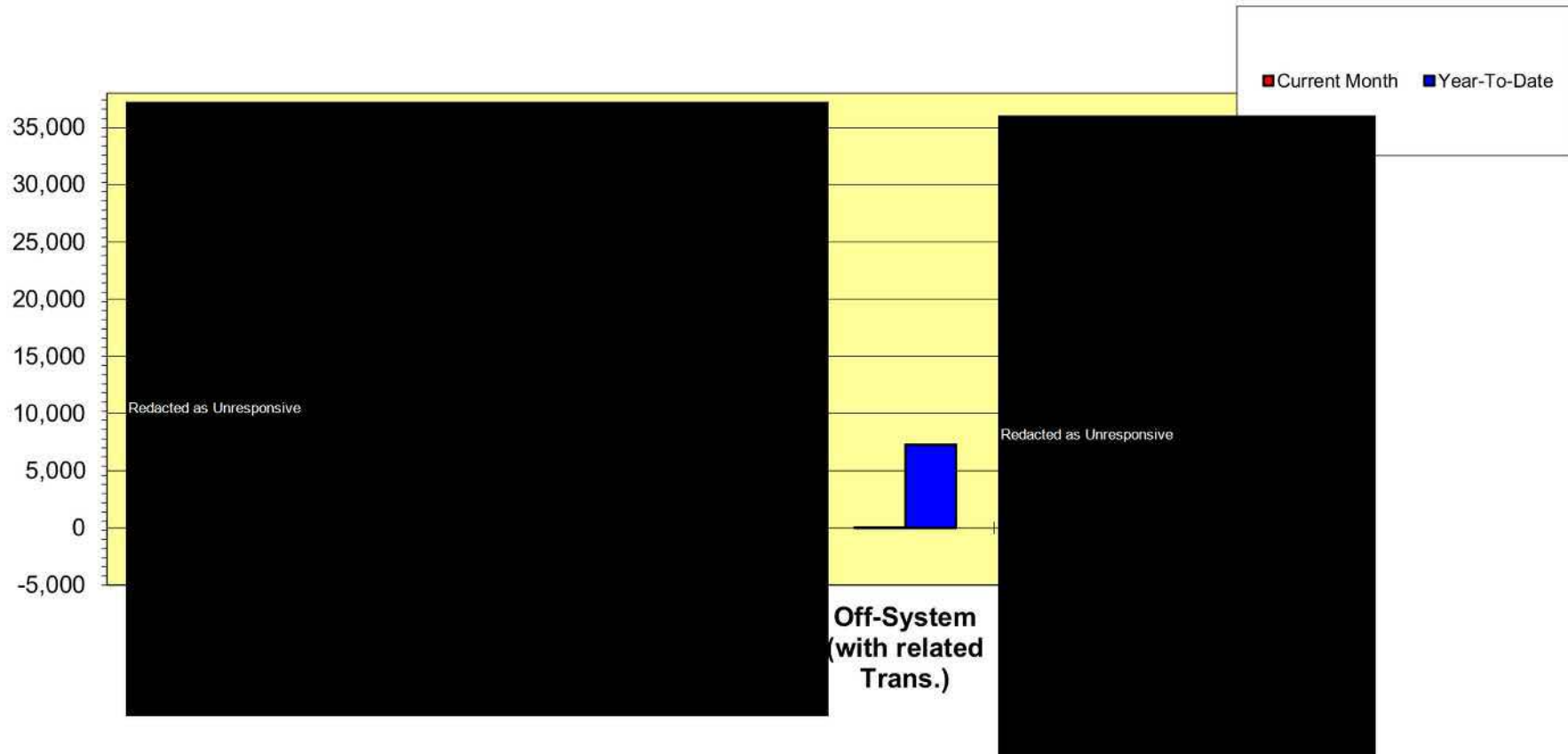
C

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Redacted as Unresponsive

Electric Gross Margin Variance to Budget (\$000's)



	F
1	Off-System (with related Trans.)
2	3
3	7,276

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Attachment to Response to KIUC-1 Question No. 40

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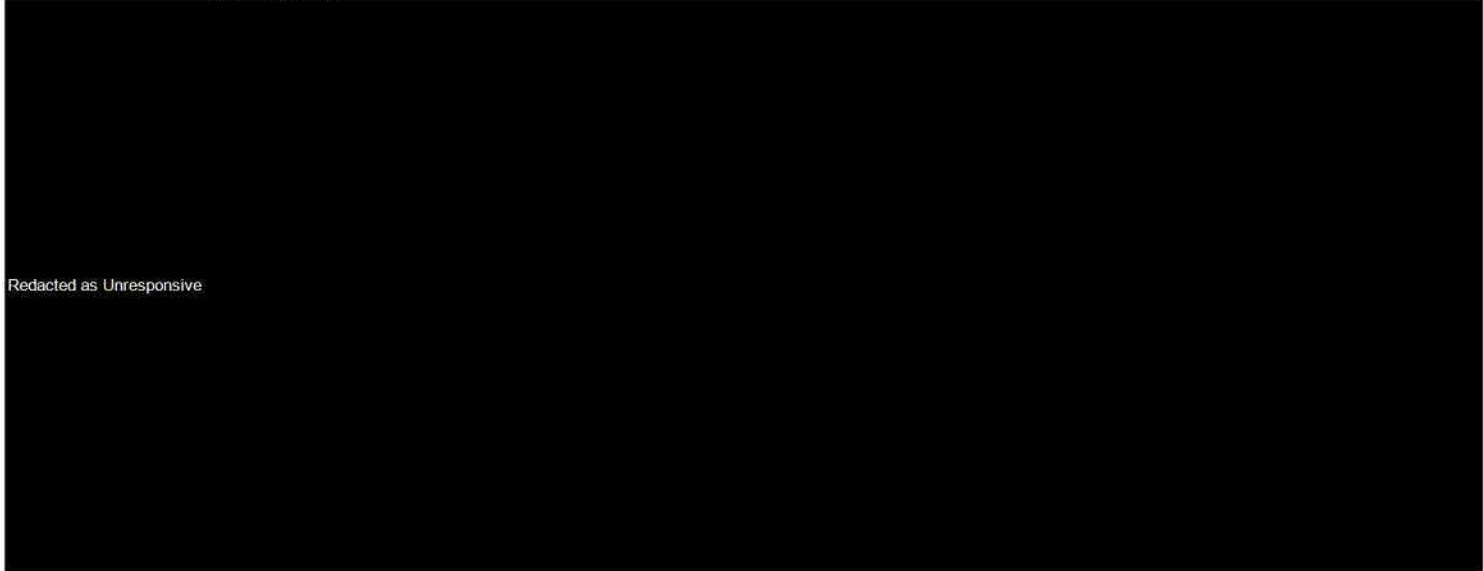
From: Hudson, Rusty(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=ADMINISTRATIVE/CN=HUDSONR)
To: Barnett, Bob; Billiter, Delbert; Brunner, Bob; Byrd, Larry; Carr, Sam; Crutcher, Tom; Faulkner, Danny; Fraley, Jeffrey; Freibert, Charlie; Harrison, Timothy; Hudson, Rusty; Joyce, Jeff; Kirkland, Mike; Kremer, Dan; Mulvihill, Jennifer; Pfeiffer, Caryl; Phillips, Steven; Schetzel, Doug; Sinclair, David; Straight, Scott; Troost, Tom; Tummonds, David; Turner, Steven
CC:
BCC:
Subject: COO Key Metrics - May, 2014 (without Transmission)
Sent: 06/23/2014 08:38:40 AM -0400 (EDT)
Attachments: COOKeyMetrics0514.ppt;

Attached are the COO key metrics through May, 2014. Please note the following:



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- OSS margin is up by \$7.5m
 - Volumes are up 52%, and effective sales price up by 113% for the 5X16 hour period and 129% for the 7X8 hour period.



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**LKE Operations
Key Metrics Review
Presented in June 2014;
With Results Through May 2014**



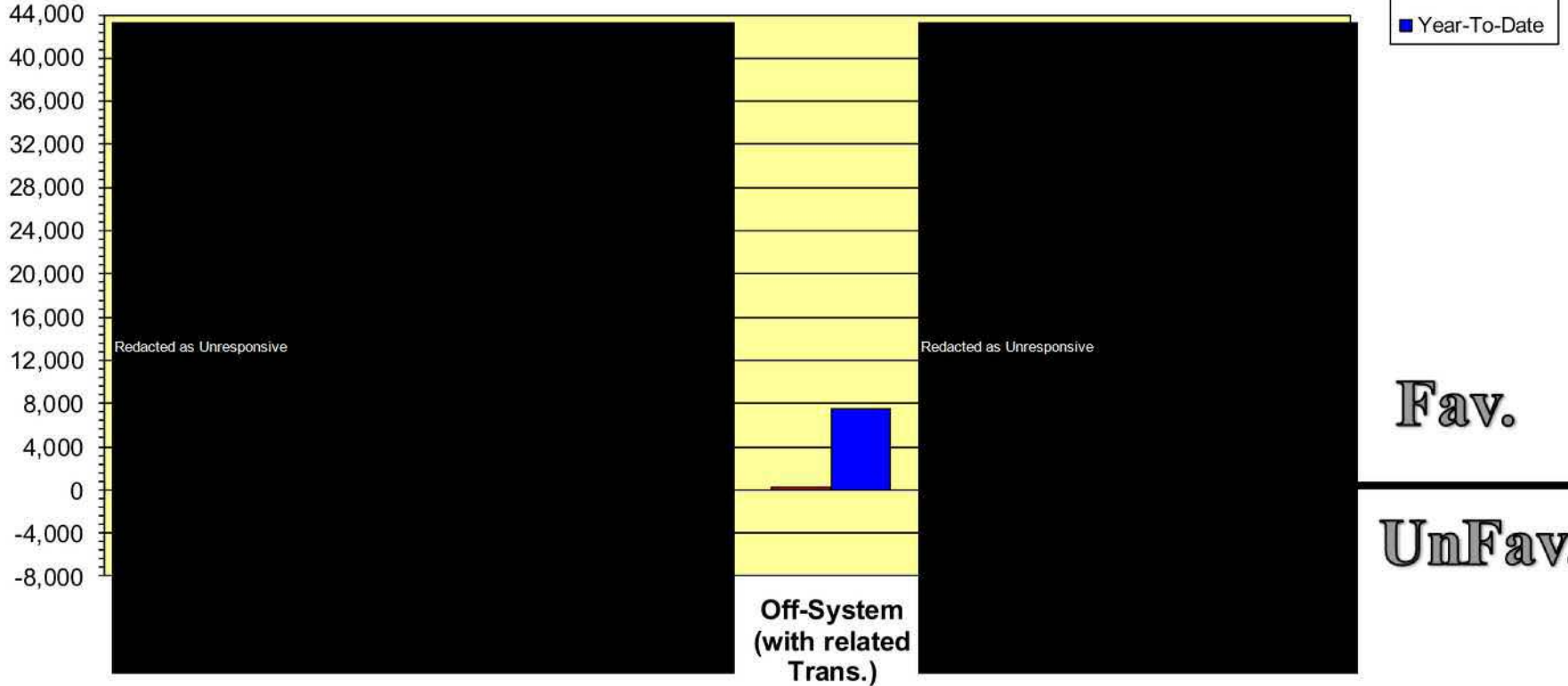
PPL companies

Utility Gross Margin May 2014

Attachment to Response to KPLC Question No. 49
Internal G&M Reporting
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Electric Gross Margin Variance to Budget (\$000's)

Sinclair



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Percent Variances For Contributing Factors

Current Month

Year-To-Date

Redacted as Unresponsive

OSS Volumes

-33%

+52%

OSS Effective Sales Price (5x16)

+44%

+113%

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C



Off-system Sales 2014 May Actual vs. Budget KPI Summary

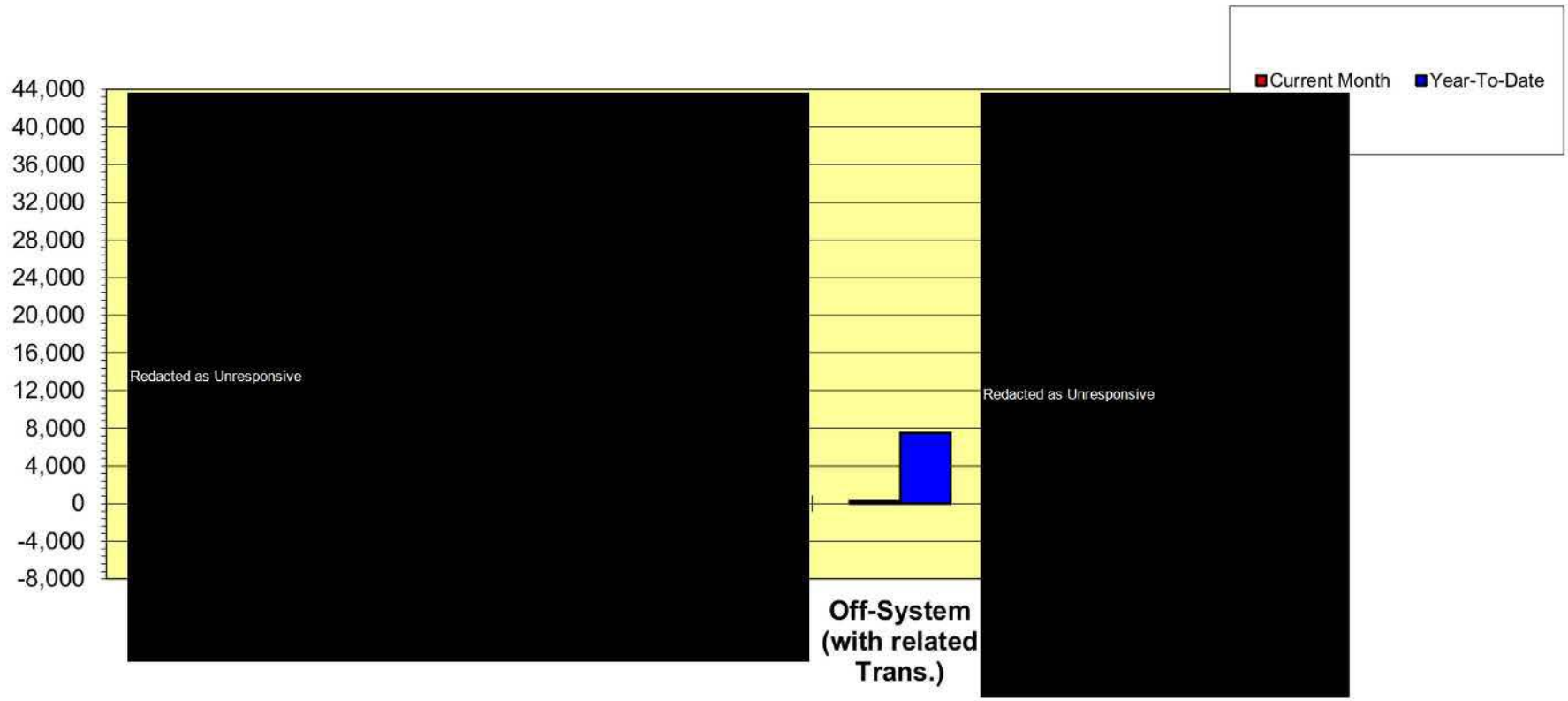
<u>LG&E/KU</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Volume Sales (GWh)			
5x16	38	36	2
7x8	1	3	(2)
2x16	5	27	(22)
Effective Sales Price			
5x16	\$61.29	\$42.47	\$18.82
7x8	\$37.08	\$31.22	\$5.86
2x16	\$36.60	\$36.69	(\$0.09)
Cost of Supply			
5x16	\$36.99	\$29.31	(\$7.68)
7x8	\$31.76	\$28.05	(\$3.71)
2x16	\$30.19	\$28.14	(\$2.05)

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Redacted as Unresponsive

Electric Gross Margin Variance to Budget (\$000's)



	F
1	Off-System (with related Trans.)
2	244
3	7,520

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Original File Name: 15-Worksheet.xls

Stored File Name: OpenText00060785.xls

Attachment to Response to KIUC-1 Question No. 40

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From: Spaulding, Jeffrey(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=SPAULDIJ)
To: Brunner, Bob; Martin, Charlie; Schrader, Duane; Schram, Chuck; Sebourn, Michael; Sinclair, David; Wilson, Stuart
CC:
BCC:
Subject: June 2014 OSS Forecast
Sent: 06/16/2014 09:05:34 AM -0400 (EDT)
Attachments: June 2014 OSS Forecast.pptx;

The attachment has June's balance of the year forecast; we have a forecast review scheduled for Wednesday morning at 10:00. Looking at July thru December little has changed from last month with market prices remaining above plan with a favorable variance of ~\$0.4 million using budgeted sales volume. Looking back both May and June results are better than expected, primarily due to higher market prices allowing unplanned sales from CT's.

If there are any questions prior to Wednesday's review please let me know.

Thanks,
Jeff



PPL companies

OSS Forecast

June 18, 2014



June OSS margin forecast

- The full year forecast using market prices is \$10.2 million, \$8 million better than plan.
 - *June results have been better than planned with stronger early month market prices*
 - *July thru December has value ~\$0.4 million above plan*
- The full year forecast with July thru December at budget is \$9.8 million
 - *Compared to last month Q4 on peak market prices are slightly lower*
- How strongly prices materialize depends on weather, gas demand and production.

Forward market prices remain above plan

2014 Plan Price Curve				Forward Price			Price Change		
<i>\$/MWh</i>	P	O	W	P	O	W	P	O	W
Jul	51	24	40	65	29	47	14	5	7
Aug	48	25	38	56	28	40	8	3	2
Sep	40	24	34	42	25	35	2	1	1
Oct	37	26	31	38	27	32	1	1	1
Nov	38	28	30	40	30	32	2	2	2
Dec	39	28	34	50	33	40	11	5	6

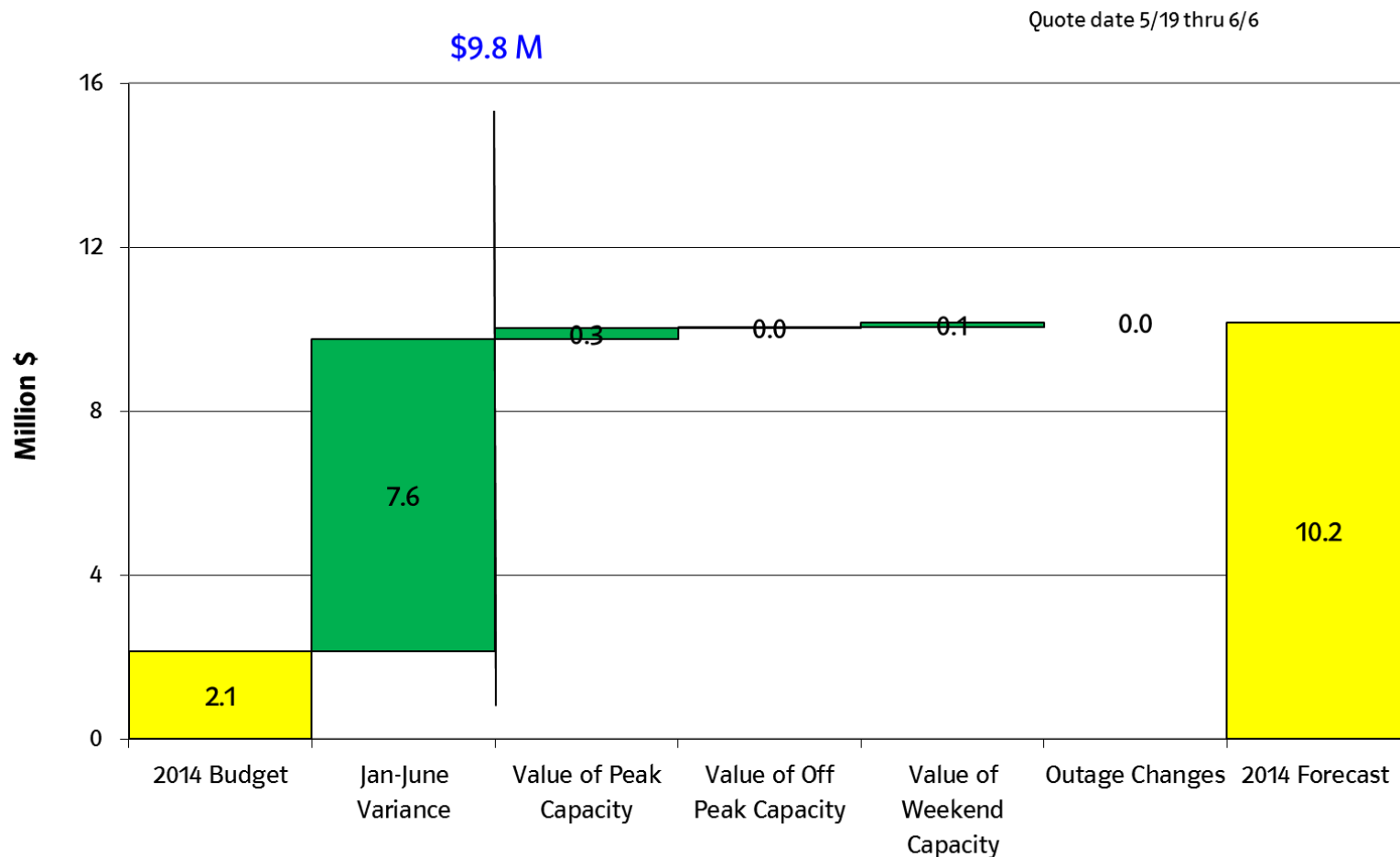
Current market prices have July thru December ~\$0.4 million better than plan

<i>OSS Margin (\$000)</i>	June forecast
Jan-June	9,218
July –December at plan	540
Full Year forecast	9,758
Budget	2,139
Variance	7,619

Monthly margin detail with forward prices and plan volume

OSS Margin (\$000)	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>2014</u>
Actual/Forecast	4,891	1,558	1,546	3	955	265	248	74	310	5	18	296	10,167
<i>Peak</i>	3,575	1,292	959	3	916	86	123	24	190	0	4	214	7,385
<i>Off-Peak</i>	1,195	75	261	0	5	6	2	1	0	0	12	25	1,583
<i>Weekend</i>	121	191	326	0	34	172	123	49	121	5	1	56	1,199
Budget	582	132	7	0	711	167	117	46	258	4	11	103	2,139
<i>Peak</i>	256	32	6	0	470	49	54	10	148	0	3	70	1,098
<i>Off-Peak</i>	98	27	0	0	8	2	0	0	0	0	8	9	152
<i>Weekend</i>	228	74	2	0	232	116	63	36	110	4	1	24	889
Variance	4,309	1,427	1,539	3	244	98	130	28	52	1	6	192	8,029
<i>Peak</i>	3,318	1,260	953	3	446	38	69	14	41	0	1	144	6,287
<i>Off-Peak</i>	1,097	48	261	0	-3	4	2	1	0	0	5	17	1,432
<i>Weekend</i>	-107	118	324	0	-198	56	60	13	11	1	0	32	310

2014 variance to plan by peak type with current market prices



From: Spaulding, Jeffrey(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=SPAULDIJ)
To: Brunner, Bob; Pfeiffer, Caryl; Lawson, Gregory (LG&E Center); Sebourn, Michael
CC: Sinclair, David; Schram, Chuck
BCC:
Subject: July OSS and native load report with forecast variance
Sent: 07/31/2014 08:09:03 AM -0400 (EDT)
Attachments: OSS and Native Load Report July 2014 FC TEST.2.xlsx;

Tomorrow we will publish the daily report with a variance to forecast, this is a preview of the revised report through 7/30:

- July's difference between actual and either budget or forecast (rows 45 and 46) is ~\$7.5 million of lower forecasted energy margin for native load.
- From a forecast view native load is \$7.5 million better than actual (+\$30 m vs. +\$23 m).
- A similar unfavorable native load variance of \$7.5 m is forecast for August, as well.

The July 31 report will show these variances, this is a preview if you happen to get questions about the data.

Thanks,
Jeff

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Original File Name: OSS and Native Load Report July 2014 FC TEST.2.xlsx

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Attachment to Response to KIUC-1 Question No. 40

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From: Spaulding, Jeffrey(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=SPAULDIJ)
To: Brunner, Bob; Martin, Charlie; Schrader, Duane; Schram, Chuck; Sebourn, Michael; Sinclair, David; Wilson, Stuart
CC:
BCC:
Subject: August 2014 OSS Forecast
Sent: 08/14/2014 10:38:00 AM -0400 (EDT)
Attachments: August 2014 OSS Forecast.pptx;

The attachment has August's OSS margin forecast for the balance of the year. Compared to July's forecast the main changes are:

- July and August margins are better than previously forecast and are offsetting the impact of lower prices for upcoming months.
 - The full year forecast is ~\$100 thousand higher than July's forecast.
- Market prices are continuing to fall with most of the effect in September and December, both months are ~\$50 k lower compared to July's forecast.
 - October and November planned OSS volume is relatively small so there is a minimal effect from price changes.

If there are any questions about the forecast prior to next Wednesday's 10:00 am review please let me know.

Thanks,
Jeff



PPL companies

OSS Forecast

August 20, 2014



August OSS margin forecast

- The full year forecast with September thru December at budget is \$10.2 million (slide 4).
- The full year forecast using market prices is \$10.2 million, \$8 million better than plan (slide 5).
 - *July and August better than expected margin is offsetting lower September and December unfavorable price effect.*
 - *The small budgeted margins in Oct/Nov are unchanged with current market prices.*
- How strongly prices materialize depends on weather, gas demand and production.

Forward market prices are lower from last month (~\$100 k).

2014 Plan Price Curve				Forward Price Curve			Price Change		
\$/MWh	P	O	W	P	O	W	P	O	W
Sep	40	24	34	39	23	32	-1	-1	-2
Oct	37	26	31	37	25	30	0	-1	-1
Nov	38	28	30	38	28	30	0	0	0
Dec	39	28	34	43	31	38	4	3	4

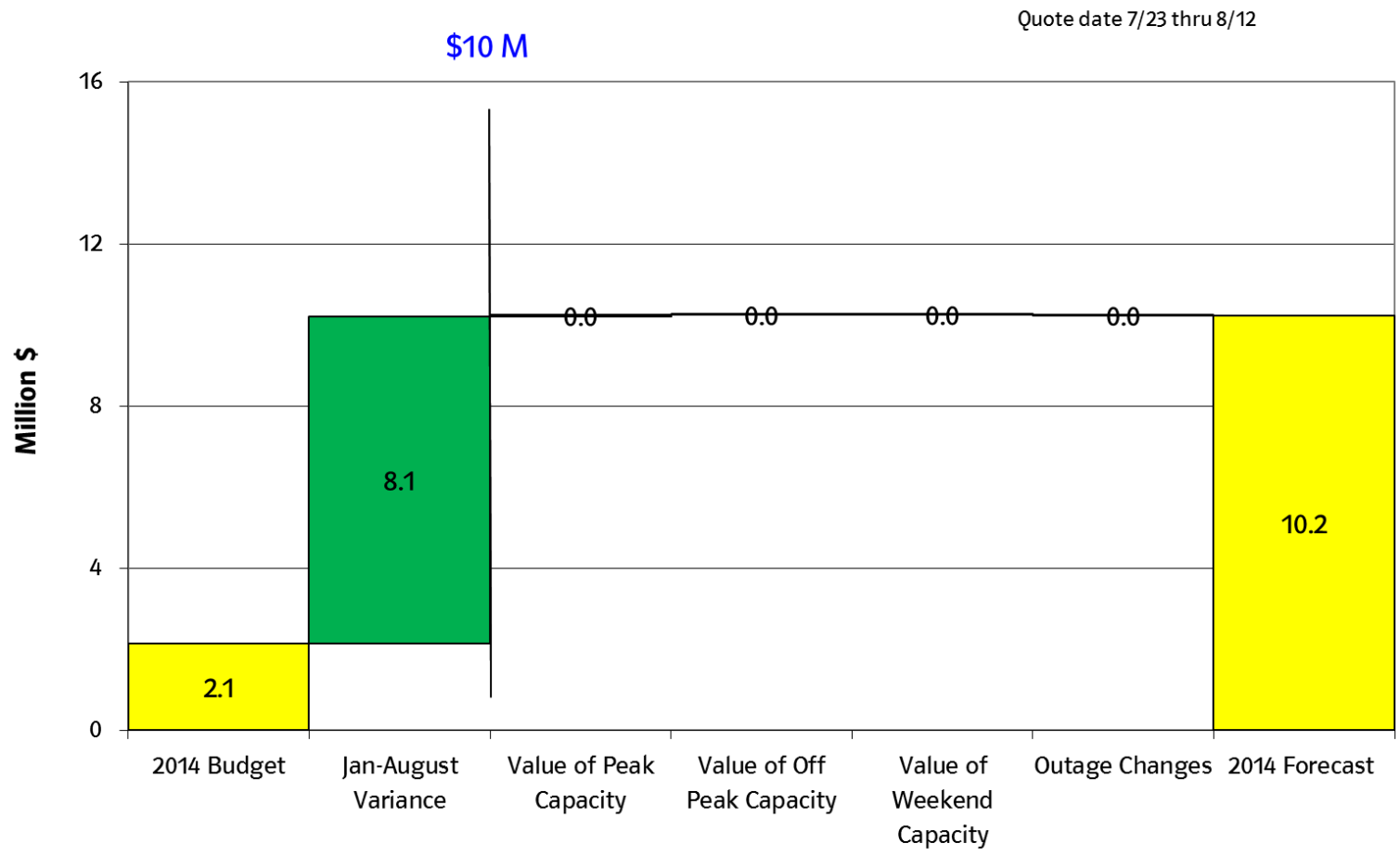
August's view is \$139 K better than last month, due to better July and August outcome.

<i>OSS Margin (\$000)</i>	August forecast
Jan-August	9,838
Sept –December at plan	377
Full Year forecast	10,215
Budget	2,139
Variance	8,076

Monthly margin detail with forward prices and plan volume

OSS Margin (\$000)	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>2014</u>
Actual/Forecast	4,891	1,558	1,546	3	955	583	132	170	175	3	13	194	10,223
<i>Peak</i>	3,575	1,292	959	3	916	469	74	85	93	0	3	129	7,597
<i>Off-Peak</i>	1,195	75	261	0	5	12	0	0	0	0	9	20	1,577
<i>Weekend</i>	121	191	326	0	34	102	58	85	82	3	1	46	1,049
Budget	582	132	7	0	711	167	117	46	258	4	11	103	2,139
<i>Peak</i>	256	32	6	0	470	49	54	10	148	0	3	70	1,098
<i>Off-Peak</i>	98	27	0	0	8	2	0	0	0	0	8	9	152
<i>Weekend</i>	228	74	2	0	232	116	63	36	110	4	1	24	889
Variance	4,309	1,427	1,539	3	244	416	14	124	-83	-1	2	91	8,084
<i>Peak</i>	3,318	1,260	953	3	446	420	20	75	-56	0	0	58	6,500
<i>Off-Peak</i>	1,097	48	261	0	-3	10	-1	0	0	0	2	11	1,425
<i>Weekend</i>	-107	118	324	0	-198	-14	-5	49	-28	-1	0	21	160

2014 peak type variance to plan with current market prices



From: Spaulding, Jeffrey(/O=LGE/OU=LOUISVILLE/CN=RECIPIENTS/CN=SPAULDIJ)
To: Brunner, Bob; Martin, Charlie; Schrader, Duane; Schram, Chuck; Sebourn, Michael; Sinclair, David; Wilson, Stuart
CC:
BCC:
Subject: September 2014 OSS Forecast
Sent: 09/18/2014 02:28:04 PM -0400 (EDT)
Attachments: September 2014 OSS Forecast.pptx;

The attachment has September's full year OSS forecast. The highlights are:

- The full year view of \$10.4 million is higher than last month, driven by higher than expected margin in August.
 - August actual margin better than forecast by ~\$175 k (\$343 k vs. \$170 k).
- The October and November budget is close to zero.
- December prices up ~\$2/MWh from last month.

Our review meeting is Wednesday, 9/24, if there are any questions prior to then please let me know.

Jeff



PPL companies

OSS Forecast

September 24, 2014



September OSS margin forecast

- The full year forecast with September thru December at budget is \$10.4 million (slide 4).
- The full year forecast using market prices is \$10.5 million, \$8 million better than plan (slide 5).
 - *August better than expected margin added ~\$300 thousand over budget.*
 - *The small budgeted margins in Oct/Nov are unchanged with current market prices.*
- How strongly prices materialize depends on weather, gas demand and production.

December market prices have moved higher from last month (~\$2/MWh)

2014 Plan Price Curve				Forward Price Curve			Price Change		
<i>\$/MWh</i>	P	O	W	P	O	W	P	O	W
Oct	37	26	31	38	26	32	0	0	1
Nov	38	28	30	39	29	31	1	1	1
Dec	39	28	34	46	33	39	7	5	6

September's view is ~\$173 k better than last month, due to better August outcome

<i>OSS Margin (\$000)</i>	Sept forecast
Jan-September	10,268
Oct –Dec at plan	119
Full Year forecast	10,387
Budget	2,139
Variance	8,248

Monthly margin detail with forward prices and plan volume

OSS Margin (\$000)	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>2014</u>
Actual/Forecast	4,891	1,558	1,546	3	955	583	132	342	205	4	15	246	10,481
<i>Peak</i>	3,575	1,292	959	3	916	469	74	117	120	0	4	167	7,696
<i>Off-Peak</i>	1,195	75	261	0	5	12	0	16	0	0	10	24	1,599
<i>Weekend</i>	121	191	326	0	34	102	58	208	85	4	1	54	1,186
Budget	582	132	7	0	711	167	117	46	258	4	11	103	2,139
<i>Peak</i>	256	32	6	0	470	49	54	10	148	0	3	70	1,098
<i>Off-Peak</i>	98	27	0	0	8	2	0	0	0	0	8	9	152
<i>Weekend</i>	228	74	2	0	232	116	63	36	110	4	1	24	889
Variance	4,309	1,427	1,539	3	244	416	14	296	-53	0	4	143	8,342
<i>Peak</i>	3,318	1,260	953	3	446	420	20	108	-29	0	1	97	6,598
<i>Off-Peak</i>	1,097	48	261	0	-3	10	-1	16	0	0	3	16	1,447
<i>Weekend</i>	-107	118	324	0	-198	-14	-5	172	-24	0	0	30	297

OSS forecast detail provided to Financial Planning

Forecast:

	<u>Actual/Forecast</u>					
	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total
Volume (MWhs)						
5X16	0	21,303	0	407	12,136	33,846
7X8	0	0	0	1,746	2,391	4,137
2X16	0	12,242	732	225	4,415	17,614
	0	33,544	732	2,378	18,943	55,597
Revenue	\$ -	\$ 1,413	\$ 28	\$ 88	\$ 788	\$ 2,317
MTM Value of Trans						
Fuel	-	979	21	68	575	1,643
OSS (Revenue - Expense)	\$ -	\$ 434	\$ 6	\$ 20	\$ 213	673
ECR Surcharge (-)	-	-	-	-	-	-
RTO OSS Expense (-)	-	60	1	3	44	107
Generation for Losses (-)	-	-	-	-	-	-
OSS Margin before Transmission Expense						\$ 566
Intercompany Transmission Expense (-)	-	116	2	6	66	189
Combined OSS after Transmission Expense	\$ 342	\$ 258	\$ 4	\$ 11	\$ 103	\$ 10,388

2014 peak type variance to plan with current market prices

