COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE APPLICATION OF THE FUEL ADJUSTMENT CLAUSE OF LOUISVILLE GAS AND ELECTRIC COMPANY FOR THE TWO-YEAR BILLING PERIOD FROM NOVEMBER 1, 2012 THROUGH OCTOBER 31, 2014	**)**	**CASE NO. 2014-00453**
AN EXAMINATION BY THE APPLICATION OF THE FUEL ADJUSTMENT CLAUSE OF LOUISVILLE GAS AND ELECTRIC COMPANY FROM NOVEMBER 1, 2013 THROUGH APRIL 30, 2014	**)**	**CASE NO. 2014-00228**

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION IN THE COMMISSION'S ORDER DATED MARCH 4, 2015

FILED: March 20, 2015

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Robert M. Conroy,** being duly sworn, deposes and says that he is Director - Rates for LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 20th day of March 2015.

(SEAL)

Notary Public

My Commission Expires:
JUDY SCHOOLER
Notary Public, State at Large, KY
My commission expires July 11, 2018
Notary ID # 512743

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Charles R. Schram,** being duly sworn, deposes and says that he is Director – Energy Planning, Analysis and Forecasting for LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and that the answers contained therein are true and correct to the best of his information, knowledge and belief.

Charles R. Schram

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 20th day of March 2015.

(SEAL)

Notary Public

My Commission Expires:

JUDY SCHOOLER
Notary Public, State at Large, KY
My commission expires July 11, 2018
Notary ID # 512743

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information in the Commission's Order Dated March 4, 2015

Case Nos. 2014-00453 and 2014-00228

Question No. 1

Witness: Robert M. Conroy / Charles R. Schram

Q-1. Refer to LG&E's response to the February 5, 2015 Request for Information, Item 39, which states that "[t]he Company uses its After-the-Fact Billing process ('AFB') to determine the inter-company transactions and to allocate its highest incremental costs of production (generation fuel cost or purchase power energy cost) to off-system sales for exclusion from recovery in the FAC."

a. Explain in detail how the "incremental costs of production (generation fuel cost or purchase power energy cost)" are calculated. Include in the response how the incremental cost of each is calculated.

b. Refer to the attachment to the response. Given LG&E's statement that the highest incremental costs of production are allocated to off-system sales, explain how it is possible that the $/MWh calculated for native load is higher than the $/MWh calculated for off-system sales during 14 of the 24 months of the review period.

c. Refer to the attachment to Kentucky Utility Company's ("KU") response to Item 39 in Case No. 2014-00452.[1]. That attachment shows that, during two of the 24 months of the review period, the $/MWh calculated for native load is higher than the $/MWh calculated for off-system sales. Explain why the number of months in which this occurs is much higher for LG&E than for KU.

d. Provide a revised attachment to Item 39 which excludes intracompany sales to KU from the $/MWh calculation for off-system sales. Include in the response whether LG&E believes it is appropriate to include or exclude these intracompany sales in the calculation and the reasons supporting its belief.

[1] Case No. 2014-00452, An Examination of the Application of the Fuel Adjustment Clause of Kentucky Utilities Company from November 1, 2012 through October 31, 2014 (initiated Feb. 5, 2015).

e. Refer to the revised attachment provided in subpart d. above. If the $/MWh calculated for native load is still higher than the $/MWh calculated for off-system sales in any month, explain how this is possible given, LG8E's statement that the highest incremental costs of production are allocated to off-system sales.

A-1. To clarify, the allocation of the highest incremental costs of production to off-system sales is performed on an hour-by-hour basis. In other words, the After-the-Fact Billing process ("AFB") is performed every hour of the month. For each hour, the AFB stacks each MW of generation or purchase power from the lowest incremental costs of production (generation fuel cost or purchase power energy cost) to the highest. The highest cost MWs in the hour are allocated to the MWs of off-system sales in that hour. The costs allocated to off-system sales are summed over the entire month and excluded from recovery through the FAC.

a. In a given hour, the incremental cost of each MWh generated is computed as the product of the unit's incremental heat rate and the unit's fuel cost. The incremental heat rate is computed as a function of the unit's MW output level and varies by unit and season (winter, spring, summer, or fall). For coal units, the fuel cost is the station's coal inventory cost. For gas units, the fuel cost is the daily cost of gas. The incremental cost for each MWh of purchased power is simply the purchase price.

The incremental cost of generation ("IC") is computed with the following formula: $IC = (a_2*MW + a_1) * \text{Fuel Cost}$. MW is the unit's output level; a_2 and a_1 are incremental heat rate coefficients that vary by unit and season.

b. See the response above. The attachment provided in response to Question No. 39 is directly from the Detailed Power Transaction Schedule included in LG&E's monthly Form B filings. As such, the $/MWh for both native load and off-system sales are calculated using monthly costs and energy. The assignment of highest incremental cost to off-system sales is made on an *hourly* basis, and therefore it is probable in the current off-system sales market that the *monthly average* cost of making off-system sales may be lower than the *monthly average* cost of service to native load. Over the two year period, total off-system sales (including intercompany sales to KU) accounted for less than 20% of available sources; off-system sales to third parties accounted for less than 2% of available sources. Off-system sales only occur when (1) the sources are available (i.e., not needed to serve native load), and (2) when available sources (i) are lower cost than incremental KU sources (in the case of intercompany sales to KU) or (ii) clear the market (in the case of third party sales where the selling price exceeds the cost of making the sale). As LG&E's native load obligations increase in any given hour, the incremental cost of serving that load increases, thereby increasing the average cost to serve native load. As the cost to serve native load increases, the likelihood of incremental generating sources being lower cost than incremental KU generating sources or clearing the market decreases, thereby decreasing the amount of off-system

sales LG&E makes over the course of a month. Given these operating conditions, it is entirely reasonable that the average *monthly* cost of serving native load can exceed the average *monthly* cost of making off-system sales, even though the hourly cost of serving native load will *never* exceed the hourly cost of making off-system sales.

c. See response to part b. Over the two-year period that is the subject of this proceeding, KU purchased more power from LG&E than LG&E purchased from KU. In the hours when LG&E had resources that were (1) available for sale and (2) lower-cost than KU incremental generation, the average incremental cost of these resources was oftentimes lower than the average cost of generation for all of LG&E's native load.

d. See attached. Regardless of whether intracompany sales are included or not, the Company does not believe that it is meaningful to compare the average monthly cost per MWh for native load and off-system sales if such comparison is being used to determine whether off-system sales are allocated the highest cost. As stated above, the Company's AFB is performed on an hour-by-hour basis and stacks each MW from the lowest incremental cost to the highest.

e. See the response to parts b and d.

Louisville Gas and Electric Company
Response to Question No. 1(d)
Case Nos. 2014-00453 and 2014-00228

Month	NATIVE LOAD					OFF SYSTEM SALES				
	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Nov-12										
Total Fuel for Generation (1)	$ 31,934,044	(2)	1,312,455.000	(3)	$ 24.33					
Total Purchased Power (1)	$ 2,249,391	(4)	79,362.000	(3)	$ 28.34					
System Losses			(39,277.888)	(5)						
Total	$ 34,183,435		1,352,539.112		$ 25.27					
OSS from Generation	$ (1,490,725)	(6)	(59,308.000)	(6)		$ 1,490,725	(6)	59,308.000	(6)	$ 25.14
OSS from Purchased Power	$ (467,561)	(6)	(17,147.000)	(6)		$ 467,561	(6)	17,147.000	(6)	$ 27.27
Split Savings and Adjustments	$ (57,224)	(6)	(407.000)	(6)		$ 57,224	(6)	407.000	(6)	
System Losses	$ (19,686)	(7)	-			$ 19,686	(7)	-		
	$ 32,148,239		1,275,677.112		$ 25.20	$ 2,035,196		76,862.000		$ 26.48

	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Dec-12										
Total Fuel for Generation (1)	$ 32,752,165	(2)	1,268,326.000	(3)	$ 25.82					
Total Purchased Power (1)	$ 2,187,859	(4)	77,451.000	(3)	$ 28.25					
System Losses			(39,147.115)	(5)						
Total	$ 34,940,024		1,306,629.885		$ 26.74					
OSS from Generation	$ (331,946)	(6)	(13,047.000)	(6)		$ 331,946	(6)	13,047.000	(6)	$ 25.44
OSS from Purchased Power	$ (300,728)	(6)	(10,880.000)	(6)		$ 300,728	(6)	10,880.000	(6)	$ 27.64
Split Savings and Adjustments	$ (25,848)	(6)	1.000	(6)		$ 25,848	(6)	(1.000)	(6)	
System Losses	$ (6,326)	(7)	-			$ 6,326	(7)	-		
	$ 34,275,176		1,282,703.885		$ 26.72	$ 664,848		23,926.000		$ 27.79

	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Jan-13										
Total Fuel for Generation (1)	$ 34,996,659	(2)	1,353,906.000	(3)	$ 25.85					
Total Purchased Power (1)	$ 2,406,642	(4)	55,913.000	(3)	$ 43.04					
System Losses			(42,987.883)	(5)						
Total	$ 37,403,301		1,366,831.117		$ 27.36					
OSS from Generation	$ (953,917)	(6)	(38,593.000)	(6)		$ 953,917	(6)	38,593.000	(6)	$ 24.72
OSS from Purchased Power	$ (432,556)	(6)	(14,823.000)	(6)		$ 432,556	(6)	14,823.000	(6)	$ 29.18
Split Savings and Adjustments	$ (45,506)	(6)	4.000	(6)		$ 45,506	(6)	(4.000)	(6)	
System Losses	$ (13,864)	(7)	-			$ 13,864	(7)	-		
	$ 35,957,459		1,313,419.117		$ 27.38	$ 1,445,842		53,412.000		$ 27.07

	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Feb-13										
Total Fuel for Generation (1)	$ 31,589,173	(2)	1,216,492.000	(3)	$ 25.97					
Total Purchased Power (1)	$ 1,568,534	(4)	36,071.000	(3)	$ 43.48					
System Losses			(37,202.008)	(5)						
Total	$ 33,157,707		1,215,360.992		$ 27.28					
OSS from Generation	$ (393,753)	(6)	(15,398.000)	(6)		$ 393,753	(6)	15,398.000	(6)	$ 25.57
OSS from Purchased Power	$ (250,651)	(6)	(8,672.000)	(6)		$ 250,651	(6)	8,672.000	(6)	$ 28.90
Split Savings and Adjustments	$ (36,118)	(6)	(499.000)	(6)		$ 36,118	(6)	499.000	(6)	
System Losses	$ (6,567)	(7)	-			$ 6,567	(7)	-		
	$ 32,470,618		1,190,791.992		$ 27.27	$ 687,089		24,569.000		$ 27.97

	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Mar-13										
Total Fuel for Generation (1)	$ 29,880,726	(2)	1,138,797.000	(3)	$ 26.24					
Total Purchased Power (1)	$ 1,568,419	(4)	35,220.000	(3)	$ 44.53					
System Losses			(40,642.665)	(5)						
Total	$ 31,449,145		1,133,374.335		$ 27.75					
OSS from Generation	$ (101,541)	(6)	(3,767.000)	(6)		$ 101,541	(6)	3,767.000	(6)	$ 26.96
OSS from Purchased Power	$ (197,716)	(6)	(6,254.000)	(6)		$ 197,716	(6)	6,254.000	(6)	$ 31.61
Split Savings and Adjustments	$ (31,117)	(6)	(335.000)	(6)		$ 31,117	(6)	335.000	(6)	
System Losses	$ (3,078)	(7)	-			$ 3,078	(7)	-		
	$ 31,115,693		1,123,018.335		$ 27.71	$ 333,452		10,356.000		$ 32.20

Louisville Gas and Electric Company
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Month	NATIVE LOAD					OFF SYSTEM SALES				
	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Apr-13										
Total Fuel for Generation (1)	$ 27,883,961	(2)	1,040,207.000	(3)	$ 26.81					
Total Purchased Power (1)	$ 1,386,193	(4)	45,355.000	(3)	$ 30.56					
System Losses			(36,485.400)	(5)						
Total	$ 29,270,154		1,049,076.600		$ 27.90					
OSS from Generation	$ (169,191)	(6)	(6,552.000)	(6)		$ 169,191	(6)	6,552.000	(6)	$ 25.82
OSS from Purchased Power	$ (232,770)	(6)	(7,727.000)	(6)		$ 232,770	(6)	7,727.000	(6)	$ 30.12
Split Savings and Adjustments	$ (27,488)	(6)	(274.000)	(6)		$ 27,488	(6)	274.000	(6)	
System Losses	$ (4,093)	(7)	-			$ 4,093	(7)	-		
	$ 28,836,612		1,034,523.600		$ 27.87	$ 433,542		14,553.000		$ 29.79
May-13										
Total Fuel for Generation (1)	$ 30,318,874	(2)	1,164,001.000	(3)	$ 26.05					
Total Purchased Power (1)	$ 2,700,009	(4)	92,997.000	(3)	$ 29.03					
System Losses			(42,923.333)	(5)						
Total	$ 33,018,883		1,214,074.667		$ 27.20					
OSS from Generation	$ (800,626)	(6)	(28,488.000)	(6)		$ 800,626	(6)	28,488.000	(6)	$ 28.10
OSS from Purchased Power	$ (1,216,185)	(6)	(39,840.000)	(6)		$ 1,216,185	(6)	39,840.000	(6)	$ 30.53
Split Savings and Adjustments	$ (99,075)	(6)	-	(6)		$ 99,075	(6)	-	(6)	
System Losses	$ (10,084)	(7)	-			$ 10,084	(7)	-		
	$ 30,892,913		1,145,746.667		$ 26.96	$ 2,125,970		68,328.000		$ 31.11
Jun-13										
Total Fuel for Generation (1)	$ 31,710,110	(2)	1,264,863.000	(3)	$ 25.07					
Total Purchased Power (1)	$ 2,687,607	(4)	62,546.000	(3)	$ 42.97					
System Losses			(51,088.748)	(5)						
Total	$ 34,397,717		1,276,320.252		$ 26.95					
OSS from Generation	$ (541,707)	(6)	(19,226.000)	(6)		$ 541,707	(6)	19,226.000	(6)	$ 28.18
OSS from Purchased Power	$ (821,459)	(6)	(27,082.000)	(6)		$ 821,459	(6)	27,082.000	(6)	$ 30.33
Split Savings and Adjustments	$ (66,203)	(6)	-	(6)		$ 66,203	(6)	-	(6)	
System Losses	$ (6,816)	(7)	-			$ 6,816	(7)	-		
	$ 32,961,532		1,230,012.252		$ 26.80	$ 1,436,185		46,308.000		$ 31.01
Jul-13										
Total Fuel for Generation (1)	$ 36,220,793	(2)	1,347,150.000	(3)	$ 26.89					
Total Purchased Power (1)	$ 2,538,387	(4)	54,410.000	(3)	$ 46.65					
System Losses			(51,184.156)	(5)						
Total	$ 38,759,180		1,350,375.844		$ 28.70					
OSS from Generation	$ (709,013)	(6)	(25,417.000)	(6)		$ 709,013	(6)	25,417.000	(6)	$ 27.90
OSS from Purchased Power	$ (670,817)	(6)	(20,248.000)	(6)		$ 670,817	(6)	20,248.000	(6)	$ 33.13
Split Savings and Adjustments	$ (66,678)	(6)	(328.000)	(6)		$ 66,678	(6)	328.000	(6)	
System Losses	$ (6,899)	(7)	-			$ 6,899	(7)	-		
	$ 37,305,773		1,304,382.844		$ 28.60	$ 1,453,407		45,993.000		$ 31.60
Aug-13										
Total Fuel for Generation (1)	$ 35,090,145	(2)	1,378,887.000	(3)	$ 25.45					
Total Purchased Power (1)	$ 2,058,432	(4)	40,044.000	(3)	$ 51.40					
System Losses			(53,991.241)	(5)						
Total	$ 37,148,577		1,364,939.759		$ 27.22					
OSS from Generation	$ (200,142)	(6)	(6,872.000)	(6)		$ 200,142	(6)	6,872.000	(6)	$ 29.12
OSS from Purchased Power	$ (462,009)	(6)	(14,570.000)	(6)		$ 462,009	(6)	14,570.000	(6)	$ 31.71
Split Savings and Adjustments	$ (42,528)	(6)	(309.000)	(6)		$ 42,528	(6)	309.000	(6)	
System Losses	$ (3,311)	(7)	-			$ 3,311	(7)	-		
	$ 36,440,587		1,343,188.759		$ 27.13	$ 707,990		21,751.000		$ 32.55

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Month	NATIVE LOAD					OFF SYSTEM SALES				
	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Sep-13										
Total Fuel for Generation (1)	$ 29,620,063	(2)	1,160,141.000	(3)	$ 25.53					
Total Purchased Power (1)	$ 1,719,300	(4)	28,817.000	(3)	$ 59.66					
System Losses			(44,778.124)	(5)						
Total	$ 31,339,363		1,144,179.876		$ 27.39					
OSS from Generation	$ (122,624)	(6)	(3,750.000)	(6)		$ 122,624	(6)	3,750.000	(6)	$ 32.70
OSS from Purchased Power	$ (267,134)	(6)	(8,292.000)	(6)		$ 267,134	(6)	8,292.000	(6)	$ 32.22
Split Savings and Adjustments	$ (19,986)	(6)	(34.000)	(6)		$ 19,986	(6)	34.000	(6)	
System Losses	$ (1,919)	(7)	-			$ 1,919	(7)	-		
	$ 30,927,700		1,132,103.876		$ 27.32	$ 411,663		12,076.000		$ 34.09
	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Oct-13										
Total Fuel for Generation (1)	$ 22,620,594	(2)	928,961.000	(3)	$ 24.35					
Total Purchased Power (1)	$ 3,468,655	(4)	93,850.000	(3)	$ 36.96					
System Losses			(39,324.699)	(5)						
Total	$ 26,089,249		983,486.301		$ 26.53					
OSS from Generation	$ (499,098)	(6)	(18,315.000)	(6)		$ 499,098	(6)	18,315.000	(6)	$ 27.25
OSS from Purchased Power	$ (315,700)	(6)	(10,558.000)	(6)		$ 315,700	(6)	10,558.000	(6)	$ 29.90
Split Savings and Adjustments	$ (29,769)	(6)	(127.000)	(6)		$ 29,769	(6)	127.000	(6)	
System Losses	$ (4,074)	(7)	-			$ 4,074	(7)	-		
	$ 25,240,608		954,486.301		$ 26.44	$ 848,641		29,000.000		$ 29.26
	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Nov-13										
Total Fuel for Generation (1)	$ 28,222,715	(2)	1,116,910.000	(3)	$ 25.27					
Total Purchased Power (1)	$ 2,074,182	(4)	42,744.000	(3)	$ 48.53					
System Losses			(36,549.901)	(5)						
Total	$ 30,296,897		1,123,104.099		$ 26.98					
OSS from Generation	$ (495,853)	(6)	(17,755.000)	(6)		$ 495,853	(6)	17,755.000	(6)	$ 27.93
OSS from Purchased Power	$ (459,847)	(6)	(14,512.000)	(6)		$ 459,847	(6)	14,512.000	(6)	$ 31.69
Split Savings and Adjustments	$ (63,648)	(6)	(265.000)	(6)		$ 63,648	(6)	265.000	(6)	
System Losses	$ (4,779)	(7)				$ 4,779	(7)			
	$ 29,272,770		1,090,572.099		$ 26.84	$ 1,024,127		32,532.000		$ 31.48
	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Dec-13										
Total Fuel for Generation (1)	$ 33,243,151	(2)	1,255,561.000	(3)	$ 26.48					
Total Purchased Power (1)	$ 3,170,567	(4)	93,234.000	(3)	$ 34.01					
System Losses			(43,822.350)	(5)						
Total	$ 36,413,718		1,304,972.650		$ 27.90					
OSS from Generation	$ (1,299,335)	(6)	(52,263.000)	(6)		$ 1,299,335	(6)	52,263.000	(6)	$ 24.86
OSS from Purchased Power	$ (1,162,480)	(6)	(38,365.000)	(6)		$ 1,162,480	(6)	38,365.000	(6)	$ 30.30
Split Savings and Adjustments	$ (141,946)	(6)	(96.000)	(6)		$ 141,946	(6)	96.000	(6)	
System Losses	$ (12,309)	(7)				$ 12,309	(7)			
	$ 33,797,648		1,214,248.650		$ 27.83	$ 2,616,070		90,724.000		$ 28.84
	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Jan-14										
Total Fuel for Generation (1)	$ 43,914,975	(2)	1,547,908.000	(3)	$ 28.37					
Total Purchased Power (1)	$ 4,523,791	(4)	88,654.000	(3)	$ 51.03					
System Losses			(45,275.678)	(5)						
Total	$ 48,438,766		1,591,286.322		$ 30.44					
OSS from Generation	$ (1,183,930)	(6)	(32,303.000)	(6)		$ 1,183,930	(6)	32,303.000	(6)	$ 36.65
OSS from Purchased Power	$ (2,741,255)	(6)	(55,054.000)	(6)		$ 2,741,255	(6)	55,054.000	(6)	$ 49.79
Split Savings and Adjustments	$ (743,313)	(6)	(110.000)	(6)		$ 743,313	(6)	110.000	(6)	
System Losses	$ (19,625)	(7)				$ 19,625	(7)			
	$ 43,750,643		1,503,819.322		$ 29.09	$ 4,688,123		87,467.000		$ 53.60

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Month	NATIVE LOAD					OFF SYSTEM SALES				
Feb-14	Fuel Dollars	mWh		$/mWh		Fuel Dollars	mWh		$/mWh	
Total Fuel for Generation (1)	$ 49,340,899	(2) 1,657,659.000	(3)	$ 29.77						
Total Purchased Power (1)	$ 12,365,260	(4) 450,232.000	(3)	$ 27.46						
System Losses		(123,136.985)	(5)							
Total	$ 61,706,159	1,984,754.015		$ 31.09						
OSS from Generation	$ -	(6) -	(6)			$ -	(6) -	(6)		
OSS from Purchased Power	$ -	(6) -	(6)			$ -	(6) -	(6)		
Split Savings and Adjustments	$ -	(6) (78.000)	(6)			$ -	(6) 78.000	(6)		
System Losses	$ -	(7)				$ -	(7)			
	$ 61,706,159	1,984,676.015		$ 31.09		$ -	78.000		$ -	
Mar-14	Fuel Dollars	mWh		$/mWh		Fuel Dollars	mWh		$/mWh	
Total Fuel for Generation (1)	$ 47,373,612	(2) 1,535,594.000	(3)	$ 30.85						
Total Purchased Power (1)	$ 13,014,139	(4) 465,976.000	(3)	$ 27.93						
System Losses		(117,982.944)	(5)							
Total	$ 60,387,751	1,883,587.056		$ 32.06						
OSS from Generation	$ -	(6) -	(6)			$ -	(6) -	(6)		
OSS from Purchased Power	$ -	(6) -	(6)			$ -	(6) -	(6)		
Split Savings and Adjustments	$ -	(6) (15.000)	(6)			$ -	(6) 15.000	(6)		
System Losses	$ -	(7)				$ -	(7)			
	$ 60,387,751	1,883,572.056		$ 32.06		$ -	15.000		$ -	
Apr-14	Fuel Dollars	mWh		$/mWh		Fuel Dollars	mWh		$/mWh	
Total Fuel for Generation (1)	$ 35,214,654	(2) 1,194,293.000	(3)	$ 29.49						
Total Purchased Power (1)	$ 1,130,678	(4) 40,876.000	(3)	$ 27.66						
System Losses		(32,036.404)	(5)							
Total	$ 36,345,332	1,203,132.596		$ 30.21						
OSS from Generation	$ (21,650)	(6) (436.000)	(6)			$ 21,650	(6) 436.000	(6)	$ 49.66	
OSS from Purchased Power	$ (33,349)	(6) (691.000)	(6)			$ 33,349	(6) 691.000	(6)	$ 48.26	
Split Savings and Adjustments	$ (8,259)	(6) -	(6)			$ 8,259	(6) -	(6)		
System Losses	$ (275)	(7)				$ 275	(7)			
	$ 36,281,799	1,202,005.596		$ 30.18		$ 63,533	1,127.000		$ 56.37	
May-14	Fuel Dollars	mWh		$/mWh		Fuel Dollars	mWh		$/mWh	
Total Fuel for Generation (1)	$ 35,128,846	(2) 1,289,303.000	(3)	$ 27.25						
Total Purchased Power (1)	$ 2,046,491	(4) 56,374.000	(3)	$ 36.30						
System Losses		(36,028.940)	(5)							
Total	$ 37,175,337	1,309,648.060		$ 28.39						
OSS from Generation	$ (496,774)	(6) (14,969.000)	(6)			$ 496,774	(6) 14,969.000	(6)	$ 33.19	
OSS from Purchased Power	$ (871,562)	(6) (24,519.000)	(6)			$ 871,562	(6) 24,519.000	(6)	$ 35.55	
Split Savings and Adjustments	$ (123,001)	(6) -	(6)			$ 123,001	(6) -	(6)		
System Losses	$ (6,842)	(7)				$ 6,842	(7)			
	$ 35,677,159	1,270,160.060		$ 28.09		$ 1,498,178	39,488.000		$ 37.94	
Jun-14	Fuel Dollars	mWh		$/mWh		Fuel Dollars	mWh		$/mWh	
Total Fuel for Generation (1)	$ 34,818,779	(2) 1,317,766.000	(3)	$ 26.42						
Total Purchased Power (1)	$ 2,468,205	(4) 53,600.000	(3)	$ 46.05						
System Losses		(41,283.200)	(5)							
Total	$ 37,286,984	1,330,082.800		$ 28.03						
OSS from Generation	$ (681,107)	(6) (21,103.000)	(6)			$ 681,107	(6) 21,103.000	(6)	$ 32.28	
OSS from Purchased Power	$ (763,567)	(6) (20,596.000)	(6)			$ 763,567	(6) 20,596.000	(6)	$ 37.07	
Split Savings and Adjustments	$ (99,204)	(6) (43.000)	(6)			$ 99,204	(6) 43.000	(6)		
System Losses	$ (7,223)	(7)				$ 7,223	(7)			
	$ 35,735,882	1,288,340.800		$ 27.74		$ 1,551,102	41,742.000		$ 37.16	

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Month	NATIVE LOAD					OFF SYSTEM SALES				
Jul-14	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Total Fuel for Generation (1)	$ 34,716,566	(2)	1,299,633.000	(3)	$ 26.71					
Total Purchased Power (1)	$ 2,316,379	(4)	63,534.000	(3)	$ 36.46					
System Losses			(42,893.118)	(5)						
Total	$ 37,032,945		1,320,273.882		$ 28.05					
OSS from Generation	$ (131,385)	(6)	(4,136.000)	(6)		$ 131,385	(6)	4,136.000	(6)	$ 31.77
OSS from Purchased Power	$ (235,022)	(6)	(6,714.000)	(6)		$ 235,022	(6)	6,714.000	(6)	$ 35.00
Split Savings and Adjustments	$ (29,952)	(6)	(132.000)	(6)		$ 29,952	(6)	132.000	(6)	
System Losses	$ (1,832)	(7)				$ 1,832	(7)			
	$ 36,634,754		1,309,291.882		$ 27.98	$ 398,191		10,982.000		$ 36.26
Aug-14	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Total Fuel for Generation (1)	$ 35,382,652	(2)	1,368,515.000	(3)	$ 25.85					
Total Purchased Power (1)	$ 2,467,159	(4)	52,810.000	(3)	$ 46.72					
System Losses			(44,097.925)	(5)						
Total	$ 37,849,811		1,377,227.075		$ 27.48					
OSS from Generation	$ (494,180)	(6)	(17,518.000)	(6)		$ 494,180	(6)	17,518.000	(6)	$ 28.21
OSS from Purchased Power	$ (517,550)	(6)	(15,263.000)	(6)		$ 517,550	(6)	15,263.000	(6)	$ 33.91
Split Savings and Adjustments	$ (54,962)	(6)	(135.000)	(6)		$ 54,962	(6)	135.000	(6)	
System Losses	$ (5,059)	(7)				$ 5,059	(7)			
	$ 36,778,060		1,344,311.075		$ 27.36	$ 1,071,751		32,916.000		$ 32.56
Sep-14	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Total Fuel for Generation (1)	$ 29,633,230	(2)	1,156,365.000	(3)	$ 25.63					
Total Purchased Power (1)	$ 2,620,122	(4)	61,994.000	(3)	$ 42.26					
System Losses			(37,621.244)	(5)						
Total	$ 32,253,352		1,180,737.756		$ 27.32					
OSS from Generation	$ (523,100)	(6)	(18,603.000)	(6)		$ 523,100	(6)	18,603.000	(6)	$ 28.12
OSS from Purchased Power	$ (705,751)	(6)	(20,786.000)	(6)		$ 705,751	(6)	20,786.000	(6)	$ 33.95
Split Savings and Adjustments	$ (88,268)	(6)	(179.000)	(6)		$ 88,268	(6)	179.000	(6)	
System Losses	$ (6,144)	(7)				$ 6,144	(7)			
	$ 30,930,088		1,141,169.756		$ 27.10	$ 1,323,264		39,568.000		$ 33.44
Oct-14	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Total Fuel for Generation (1)	$ 23,992,291	(2)	979,729.000	(3)	$ 24.49					
Total Purchased Power (1)	$ 2,371,243	(4)	57,431.000	(3)	$ 41.29					
System Losses			(32,992.993)	(5)						
Total	$ 26,363,534		1,004,167.007		$ 26.25					
OSS from Generation	$ (298,324)	(6)	(11,362.000)	(6)		$ 298,324	(6)	11,362.000	(6)	$ 26.26
OSS from Purchased Power	$ (470,042)	(6)	(14,992.000)	(6)		$ 470,042	(6)	14,992.000	(6)	$ 31.35
Split Savings and Adjustments	$ (43,674)	(6)	(184.000)	(6)		$ 43,674	(6)	184.000	(6)	
System Losses	$ (3,842)	(7)				$ 3,842	(7)			
	$ 25,547,652		977,629.007		$ 26.13	$ 815,882		26,538.000		$ 30.74
Nov-14	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Total Fuel for Generation (1)	$ 30,007,965	(2)	1,155,439.000	(3)	$ 25.97					
Total Purchased Power (1)	$ 1,974,176	(4)	35,995.000	(3)	$ 54.85					
System Losses			(34,641.717)	(5)						
Total	$ 31,982,141		1,156,792.283		$ 27.65					
OSS from Generation	$ (299,900)	(6)	(9,894.000)	(6)		$ 299,900	(6)	9,894.000	(6)	$ 30.31
OSS from Purchased Power	$ (431,499)	(6)	(11,906.000)	(6)		$ 431,499	(6)	11,906.000	(6)	$ 36.24
Split Savings and Adjustments	$ (69,461)	(6)	(198.000)	(6)		$ 69,461	(6)	198.000	(6)	
System Losses	$ (3,657)	(7)				$ 3,657	(7)			
	$ 31,177,624		1,134,794.283		$ 27.47	$ 804,517		21,998.000		$ 36.57

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Month	NATIVE LOAD					OFF SYSTEM SALES				
Dec-14	Fuel Dollars		mWh		$/mWh	Fuel Dollars		mWh		$/mWh
Total Fuel for Generation (1)	$ 30,705,021	(2)	1,152,116.000	(3)	$ 26.65					
Total Purchased Power (1)	$ 1,873,046	(4)	41,199.000	(3)	$ 45.46					
System Losses			(35,696.180)	(5)						
Total	$ 32,578,067		1,157,618.820		$ 28.14					
OSS from Generation	$ (122,426)	(6)	(4,424.000)	(6)		$ 122,426	(6)	4,424.000	(6)	$ 27.67
OSS from Purchased Power	$ (140,751)	(6)	(4,439.000)	(6)		$ 140,751	(6)	4,439.000	(6)	$ 31.71
Split Savings and Adjustments	$ (15,442)	(6)	(87.000)	(6)		$ 15,442	(6)	87.000	(6)	
System Losses	$ (1,316)	(7)				$ 1,316	(7)			
	$ 32,298,132		1,148,668.820		$ 28.12	$ 279,935		8,950.000		$ 31.28

(1) Includes, where applicable, the forced outage and non-economy power purchase exclusions.
(2) Monthly FAC Form A, page 2 of 5, Section A.
(3) Monthly FAC Form A, page 3 of 5, section A.
(4) Monthly FAC Form A, page 2 of 5, section B.
(5) Monthly FAC Form A, page 3 of 5, section B.
(6) Monthly FAC Form B, page 2, sheet 2 of 2.
(7) Monthly FAC Form A, page 2 of 5, section C.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Commission Staff's Second Request for Information in the Commission's Order Dated March 4, 2015

Case Nos. 2014-00453 and 2014-00228

Question No. 2

Witness: Robert M. Conroy

Q-2. Refer to the monthly fuel adjustment clause forms filed by LG8 E, the Form A, page 3 of 5. Explain how the System Losses percentage that appears on the fourth line under Section B is calculated.

A-2. The System Losses percentage that appears on page 3 of the Form A, is the twelve month total adjusted kWh sources divided by the twelve month kWh losses as recorded in Oracle Financials.

Total adjusted kWh sources is the sum of generation, purchased power and interchange-net, less off-system sales, IMEA, and IMPA. This value is summed for the most recent twelve months and is the numerator of the calculation.

Total system losses are total kWh sources (generation, purchases, interchange-net) less total kWh uses (sales, company uses, IMPA, IMEA, hydro license). This value is summed for the most recent twelve months and is the denominator of the calculation.