

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**AN EXAMINATION OF THE APPLICATION OF THE)
FUEL ADJUSTMENT CLAUSE OF LOUISVILLE GAS) CASE NO.
AND ELECTRIC COMPANY FROM MAY 1, 2015) 2016-00004
THROUGH OCTOBER 31, 2015)**

**RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
INFORMATION REQUESTED IN
APPENDIX OF COMMISSION'S ORDER
DATED FEBRUARY 5, 2016**

FILED: FEBRUARY 19, 2016

VERIFICATION

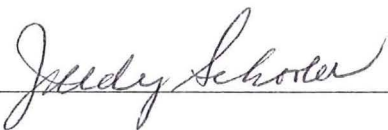
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Charles R. Schram**, being duly sworn, deposes and says that he is Director — Energy Planning, Analysis and Forecast 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.



Charles R. Schram

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 19th day of February 2016.

 (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, **Bob Brunner**, being duly sworn, deposes and says that he is Director — Power Supply 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.



Bob Brunner

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 19th day of February 2016.

 (SEAL)


Notary Public

My Commission Expires:
JUDY SCHOOLER
Notary Public, State at Large, KY
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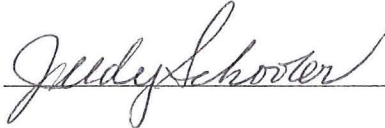
VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Eileen L. Saunders**, being duly sworn, deposes and says that she is Director, Generation Services for LG&E and KU Services Company, and that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge and belief.


Eileen L. Saunders

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 19th day of February 2016.

 (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, **Derek Rahn**, being duly sworn, deposes and says that he is Manager - Revenue Requirement 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.


Derek Rahn

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 19th day of February 2016.

 (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 Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 1

Witness: Mike Dotson

Q-1. For the period from May 1, 2015, through October 31, 2015, list each vendor from whom coal was purchased and the quantities and the nature of each purchase (e.g., spot or contract). For the period under review in total, provide the percentage of purchases that were spot versus contract. For contract purchases, state whether the contract has been filed with the Commission. If no, explain why it has not been filed.

A-1. All contracts have been filed with the Commission.

| <u>Vendor</u> | <u>Purchase Tonnage</u> | <u>Type</u> |
|---------------------------------------|-----------------------------|--------------|
| Alliance Coal, LLC - J09002 | 674,554 | Contract |
| Alliance Coal, LLC - J12007 | 1,469,636 | Contract |
| Alliance Coal, LLC - J13004B | 163,579 | Contract |
| Alliance Coal, LLC - J14011B | 169,680 | Contract |
| Arch Coal Sales Company Inc. - J15003 | 7,856 | Spot |
| Armstrong Coal Company - J07032 | 144,892 | Contract |
| Armstrong Coal Company - J12004 | 220,466 | Contract |
| Armstrong Coal Company - J14004 | 173,924 | Contract |
| Armstrong Coal Company - J14010 | 7,957 | Contract |
| Foresight Coal Sales LLC - J12005 | 304,191 | Contract |
| COALSALES LLC - J12011 | 32,554 | Contract |
| Peabody COALTRADE LLC - J15029 | 12,666 | Spot |
| Rhino Energy LLC - J14001 | 62,033 | Contract |
| River Trading Company - J15004 | 1,620 | Spot |
| White Oak Resources LLC - J14003 | 102,446 | Contract |
| White Oak Resources LLC - J15023 | 131,209 | Spot |
| | <u>3,679,265</u> | |
| | 3,525,914 | 96% Contract |
| | <u>153,351</u> | 4% Spot |
| | <u>3,679,265</u> | |

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 2

Witness: Bob Brunner

Q-2. For the period from May 1, 2015, through October 31, 2015, list each vendor from whom natural gas was purchased for generation and the quantities and the nature of each purchase (e.g., spot or contract). For contract purchases, state whether the contract has been filed with the Commission. If no, explain why it has not been filed.

A-2. Please see the attachment for the list of vendors, associated quantities, and the nature of the natural gas purchases. During the period under review, natural gas purchases (other than purchases made pursuant to the Special Contract referenced below) were purchased solely on an as-needed, spot market basis. LG&E/KU (jointly) has executed Master Agreements with various natural gas suppliers that provide a contractual framework for potential spot purchase transactions. These Master Agreements include no specific price, volume, delivery period, or location information and therefore do not form a purchase transaction. As such, these Master Agreements have not been filed with the Commission. These Master Agreements enable spot purchases to occur as needed.

Purchases from Louisville Gas and Electric Company are primarily for LG&E-owned coal and gas fired generation and are made in accordance with a Special Contract under 807 KAR 5:011 Section 13.¹ Additionally, purchases from Columbia Gas are for KU-owned generation served by the local distribution company.

¹ The Special Contract for Firm Gas Sales and Firm Transportation Service dated April 9, 2014 and effective September 1, 2014, between Louisville Gas and Electric Company, on behalf of its Gas Distribution Business, and Louisville Gas and Electric Company and Kentucky Utilities Company, on behalf of their Electric Generation Business, was filed with the Kentucky Public Service Commission on June 12, 2014.

LG&E and KU have joint ownership in the following simple-cycle combustion turbines and combined-cycle combustion turbine:

| Station | Units | LG&E Ownership | KU Ownership |
|----------------------------|----------------|----------------|--------------|
| Simple Cycle Units | | | |
| Trimble County | 5 and 6 | 29% | 71% |
| Trimble County | 7, 8, 9 and 10 | 37% | 63% |
| Brown | 5 | 53% | 47% |
| Paddy's Run | 13 | 53% | 47% |
| Brown | 6 and 7 | 38% | 62% |
| Combined Cycle Unit | | | |
| Cane Run | 7 | 22% | 78% |

Fuel expenses for actual commodity used and associated pipeline transport charges, if any, are allocated to the Companies based on their respective ownership percentages.

LG&E / KU Natural Gas Purchases 5/1/2015 - 10/31/2015

| | | |
|-----------------------|-------------------|-------------------|
| ANADARKO TRADING | 30,300 | Spot |
| ATMOS ENERGY | 79,200 | Spot |
| BG ENERGY MERCHANTS | 4,221,100 | Spot |
| BP ENERGY CO | 4,872,442 | Spot |
| CARGILL INC | 7,800 | Spot |
| CIMA ENERGY | 778,900 | Spot |
| COL GAS KY | 2,657 | Spot* |
| COLONIAL ENERGY | 161,345 | Spot |
| CONOCO PHILLIPS | 229,000 | Spot |
| DIRECT ENERGY BUS MKT | 94,000 | Spot |
| DTE ENERGY | 941,473 | Spot |
| EDF TRADING NA | 220,200 | Spot |
| EXELON GEN | 323,900 | Spot |
| JARON & CO | 54,100 | Spot |
| LACLEDE ENERGY | 797,364 | Spot |
| LGE-GAS SUPPLY | 157,427 | Special Contract* |
| MACQUARIE COOK | 514,700 | Spot |
| MERCURIA GAS | 234,300 | Spot |
| NEXTERA | 10,000 | Spot |
| NJR ENERGY SVC | 116,000 | Spot |
| SEQUENT ENERGY | 1,518,600 | Spot |
| SHELL ENERGY NA | 1,720,760 | Spot |
| SPARK ENERGY | 148,306 | Spot |
| SW ENERGY | 90,000 | Spot |
| TENASKA MKTG | 5,347,480 | Spot |
| TVA | 13,500 | Spot |
| TWIN EAGLE RESOURCE | 14,900 | Spot |
| UNITED ENERGY | 800 | Spot |
| Grand Total | <u>22,700,554</u> | |

*-Local Distribution Company service, with no volume purchase commitments.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 3

Witness: Bob Brunner / Mike Dotson

Q-3. State whether LG&E engages in hedging activities for its coal or natural gas purchases used for generation. If yes, describe the hedging activities in detail.

A-3. LG&E does not engage in financial hedging activities for its coal or natural gas purchases.

LG&E does use physical hedging in contracting for coal. LG&E uses the following guidelines for the purchase under contract of the minimum projected coal requirement:

| | |
|-------------|-----------|
| 1 year out | 95 – 100% |
| 2 years out | 80 – 90% |
| 3 years out | 40 – 90% |
| 4 years out | 30 - 70% |
| 5 years out | 10 - 50% |
| 6 years out | 0 - 30% |

LG&E has not engaged in physical hedging in contracting for natural gas purchases during the period under review. However, with the commercial operation of Cane Run 7, a natural gas combined-cycle unit, LG&E has developed a fuel procurement strategy that may include physical hedging for natural gas. LG&E has established the following guidelines for the purchase of natural gas under contract for the minimum projected Cane Run 7 requirement:

| | |
|-------------|----------|
| 1 year out | 10 – 50% |
| 2 years out | 0 – 30% |
| 3 years out | 0 – 10% |

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 4

Witness: Charles R. Schram / Mike Dotson

- Q-4. For each generating station or unit for which a separate coal pile is maintained, state, for the period from May 1, 2015, through October 31, 2015, the actual amount of coal burned in tons, the actual amount of coal deliveries in tons, the total kWh generated, and the actual capacity factor at which the plant operated.
- A-4. The information requested from May 1, 2015 to October 31, 2015 is shown in the table below:

| Plant | Coal Burn (Tons) | Coal Receipts (Tons) | Net MWh | Capacity Factor (Net MWh)/ (period hrs x MW rating) |
|--------------------|---------------------|-------------------------|-----------|--------------------------------------------------------------|
| Cane Run | 63,703 | 13,133 | 116,705 | 24.7% |
| Mill Creek | 1,715,453 | 1,812,459 | 3,900,893 | 60.3% |
| Trimble County HS | N/A | 1,853,673 | N/A | N/A |
| Trimble County PRB | N/A | 312,204 | N/A | N/A |
| Trimble County 1 | 734,238 | N/A | 1,566,369 | 69.5% |
| Trimble County 2 | 1,239,538 | N/A | 2,890,778 | 89.4% |

- Notes: 1 – Trimble County values reflect 100% of the unit. Trimble County 2 is owned by KU (60.75%), LG&E (14.25%), IMPA (12.88%), and IMEA (12.12%).
- 2 – The North American Electric Reliability Council Generation Availability Data System defines capacity factor as the value equal to the net MWh produced divided by the product of the hours in the period and the unit rating.
- 3 – Capacity factor calculations for Cane Run Units 4 and 5 include operating hours from May 1, 2015 through June 30, 2015.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 5

Witness: Charles R. Schram

Q-5. List all firm power commitments for LG&E from May 1, 2015, through October 31, 2015, for (a) purchases and (b) sales. This list shall identify the electric utility, the amount of commitment in MW, and the purpose of the commitment (e.g., peaking, emergency).

A-5. a. Firm Purchases

The firm purchases from Ohio Valley Electric Corporation (OVEC) for the review period are shown in the table below. LG&E purchased its participation ratio (5.63%) of the OVEC released capacity for the months in question:

| Utility | Companies' LG&E Portion | | Purpose |
|-----------------|-------------------------|-------|----------|
| | Amt (MW) | (MW) | |
| OVEC (May 2015) | ~ 98 | ~ 68 | Baseload |
| OVEC (Jun 2015) | ~ 154 | ~ 107 | Baseload |
| OVEC (Jul 2015) | ~ 152 | ~ 105 | Baseload |
| OVEC (Aug 2015) | ~ 152 | ~ 105 | Baseload |
| OVEC (Sep 2015) | ~ 153 | ~ 106 | Baseload |
| OVEC (Oct 2015) | ~ 123 | ~ 85 | Baseload |

In addition, LG&E has a capacity purchase and tolling agreement with Bluegrass Generation during May 2015 through April 2019 for 165 MW of peaking capacity from a simple cycle combustion turbine.

b. Firm Sales

None.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 6

Witness: Derek Rahn

Q-6. Provide a monthly billing summary of sales to all electric utilities for the period May 1, 2015, through October 31, 2015.

A-6. See attached.



Month Ended: May-31-2015

Louisville Gas and Electric Company

Power Transaction Schedule

| Company | Type of Transaction | KWH | Billing Components | | | | |
|--------------------------------------------------------|---------------------|---------|--------------------|------------------|------------------------|----------------------|------------------------|
| | | | Demand(\$) | Fuel Charges(\$) | Other Charges(\$) | Total Charges(\$) | |
| AMERICAN ELECTRIC POWER SERVICE CORP. | AEP | Economy | | \$ 69,529.40 | \$ 35,822.44 | \$ 105,351.84 | |
| CARGILL- ALLIANT, LLC | CARG | Economy | | \$ 76,344.46 | \$ 39,333.65 | \$ 115,678.11 | |
| ILLINOIS MUNICIPAL ELECTRIC AGENCY | IMEA | Economy | | \$ 20,268.45 | \$ 10,442.57 | \$ 30,711.02 | |
| INDIANA MUNICIPAL POWER AGENCY | IMPA | Economy | | \$ 38,175.70 | \$ 19,668.61 | \$ 57,844.31 | |
| ENERGY IMBALANCE | IMBL | Economy | | \$ 12,321.18 | \$ 6,348.03 | \$ 18,669.21 | |
| MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC. | MISO | Economy | | \$ 65,118.76 | \$ 33,550.02 | \$ 98,668.78 | |
| PJM INTERCONNECTION ASSOCIATION | PJM | Economy | | \$ 321,411.17 | \$ 165,595.17 | \$ 487,006.34 | |
| THE ENERGY AUTHORITY | TEA | Economy | | \$ 3,776.85 | \$ 1,945.87 | \$ 5,722.72 | |
| TENNESSEE VALLEY AUTHORITY | TVA | Economy | | \$ 67,669.53 | \$ 34,864.21 | \$ 102,533.74 | |
| WESTAR ENERGY, INC. | WSTR | Economy | | \$ 40,592.68 | \$ 20,913.87 | \$ 61,506.55 | |
| KENTUCKY UTILITIES COMPANY | KU | Economy | | \$ 2,066,695.22 | \$ 11,690.07 | \$ 2,078,385.29 | |
| Total Sales | | | 103,380,000 | \$ - | \$ 2,781,903.40 | \$ 380,174.51 | \$ 3,162,077.91 |

Energy Imbalance is used to supply energy for mismatch between scheduled delivery and actual loads that have occurred over an hour.



Month Ended: June-30-2015

Louisville Gas and Electric Company

Power Transaction Schedule

| Company | Type of Transaction | KWH | Billing Components | | | Total Charges(\$) |
|--------------------------------------------------------|---------------------|-------------------|--------------------|------------------------|---------------------|------------------------|
| | | | Demand(\$) | Fuel Charges(\$) | Other Charges(\$) | |
| AMERICAN ELECTRIC POWER SERVICE CORP. | AEP Economy | 994,000 | \$ | 27,428.41 | \$ 10,282.11 | \$ 37,710.52 |
| CARGILL- ALLIANT, LLC | CARG Economy | 602,000 | \$ | 18,162.41 | \$ 6,808.56 | \$ 24,970.97 |
| ILLINOIS MUNICIPAL ELECTRIC AGENCY | IMEA Economy | 164,000 | \$ | 1,936.69 | \$ 726.01 | \$ 2,662.70 |
| INDIANA MUNICIPAL POWER AGENCY | IMPA Economy | 160,000 | \$ | 2,403.81 | \$ 12,563.87 | \$ 14,967.68 |
| ENERGY IMBALANCE | IMBL Economy | 277,000 | \$ | 7,780.46 | \$ 2,916.67 | \$ 10,697.13 |
| MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC. | MISO Economy | 215,000 | \$ | 5,438.12 | \$ 2,038.59 | \$ 7,476.71 |
| OWENSBORO MUNICIPAL UTILITIES | OMU Economy | 90,000 | \$ | 2,661.82 | \$ 997.84 | \$ 3,659.66 |
| PJM INTERCONNECTION ASSOCIATION | PJM Economy | 1,399,000 | \$ | 44,700.11 | \$ 18,516.96 | \$ 63,217.07 |
| TENASKA POWER SERVICES CO. | TPS Economy | 14,000 | \$ | 379.72 | \$ 142.35 | \$ 522.07 |
| TENNESSEE VALLEY AUTHORITY | TVA Economy | 788,000 | \$ | 21,413.28 | \$ 8,027.21 | \$ 29,440.49 |
| WESTAR ENERGY, INC. | WSTR Economy | 86,000 | \$ | 2,510.63 | \$ 941.16 | \$ 3,451.79 |
| KENTUCKY UTILITIES COMPANY | KU Economy | 37,879,000 | \$ | 1,014,157.32 | \$ 5,518.01 | \$ 1,019,675.33 |
| Total Sales | | 42,668,000 | \$ - | \$ 1,148,972.78 | \$ 69,479.34 | \$ 1,218,452.12 |

Energy Imbalance is used to supply energy for mismatch between scheduled delivery and actual loads that have occurred over an hour.



Month Ended: July-31-2015

Louisville Gas and Electric Company

Power Transaction Schedule

| Company | Type of Transaction | KWH | Billing Components | | | Total Charges(\$) | |
|--------------------------------------------------------|---------------------|---------|--------------------|------------------|----------------------|----------------------|----------------------|
| | | | Demand(\$) | Fuel Charges(\$) | Other Charges(\$) | | |
| ASSOCIATED ELECT COOPERATIVE | AECI | Economy | | \$ 3,536.82 | \$ 1,600.69 | \$ 5,137.51 | |
| AMERICAN ELECTRIC POWER SERVICE CORP. | AEP | Economy | | \$ 25,346.93 | \$ 11,471.46 | \$ 36,818.39 | |
| CARGILL- ALLIANT, LLC | CARG | Economy | 1,103,000 | \$ 32,756.43 | \$ 14,824.84 | \$ 47,581.27 | |
| ETC ENDURE | ETC | Economy | 92,000 | \$ 2,731.51 | \$ 1,236.22 | \$ 3,967.73 | |
| EXELON GENERATION COMPANY, LLC | EXEL | Economy | 30,000 | \$ 767.97 | \$ 347.56 | \$ 1,115.53 | |
| ILLINOIS MUNICIPAL ELECTRIC AGENCY | IMEA | Economy | 224,000 | \$ 2,435.26 | \$ 1,102.15 | \$ 3,537.41 | |
| INDIANA MUNICIPAL POWER AGENCY | IMPA | Economy | 139,000 | \$ 4,978.38 | \$ 2,253.11 | \$ 7,231.49 | |
| ENERGY IMBALANCE | IMBL | Economy | 142,000 | \$ 3,383.66 | \$ 1,531.37 | \$ 4,915.03 | |
| MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC. | MISO | Economy | 930,000 | \$ 27,249.11 | \$ 12,332.34 | \$ 39,581.45 | |
| OWENSBORO MUNICIPAL UTILITIES | OMU | Economy | 3,000 | \$ 62.95 | \$ 44.73 | \$ 107.68 | |
| PJM INTERCONNECTION ASSOCIATION | PJM | Economy | 2,086,000 | \$ 68,135.43 | \$ 30,836.58 | \$ 98,972.01 | |
| THE ENERGY AUTHORITY | TEA | Economy | 154,000 | \$ 3,868.89 | \$ 1,750.98 | \$ 5,619.87 | |
| TENASKA POWER SERVICES CO. | TPS | Economy | 89,000 | \$ 2,683.59 | \$ 1,214.54 | \$ 3,898.13 | |
| TENNESSEE VALLEY AUTHORITY | TVA | Economy | 837,000 | \$ 24,978.40 | \$ 11,304.67 | \$ 36,283.07 | |
| WESTAR ENERGY, INC. | WSTR | Economy | 485,000 | \$ 15,474.57 | \$ 7,003.45 | \$ 22,478.02 | |
| KENTUCKY UTILITIES COMPANY | KU | Economy | 19,380,000 | \$ 564,413.05 | \$ 2,646.98 | \$ 567,060.03 | |
| Total Sales | | | 26,749,000 | \$ - | \$ 782,802.95 | \$ 101,501.67 | \$ 884,304.62 |

Energy Imbalance is used to supply energy for mismatch between scheduled delivery and actual loads that have occurred over an hour.



Month Ended: August-31-2015

Louisville Gas and Electric Company

Power Transaction Schedule

| Company | Type of Transaction | KWH | Billing Components | | | Total Charges(\$) |
|--------------------------------------------------------|---------------------|---------|--------------------|------------------|----------------------|----------------------|
| | | | Demand(\$) | Fuel Charges(\$) | Other Charges(\$) | |
| AMERICAN ELECTRIC POWER SERVICE CORP. | AEP | Economy | | \$ 3,914.61 | \$ 1,755.56 | \$ 5,670.17 |
| CARGILL- ALLIANT, LLC | CARG | Economy | | \$ 17,792.18 | \$ 7,979.16 | \$ 25,771.34 |
| ETC ENDURE | ETC | Economy | | \$ 1,281.39 | \$ 574.66 | \$ 1,856.05 |
| EXELON GENERATION COMPANY, LLC | EXEL | Economy | | \$ 6,889.00 | \$ 3,089.47 | \$ 9,978.47 |
| ILLINOIS MUNICIPAL ELECTRIC AGENCY | IMEA | Economy | | \$ 5,327.49 | \$ (4,377.30) | \$ 950.19 |
| INDIANA MUNICIPAL POWER AGENCY | IMPA | Economy | | \$ 7,019.61 | \$ (1,281.16) | \$ 5,738.45 |
| ENERGY IMBALANCE | IMBL | Economy | | \$ 2,496.29 | \$ 1,119.50 | \$ 3,615.79 |
| MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC. | MISO | Economy | | \$ 17,724.40 | \$ 7,948.76 | \$ 25,673.16 |
| OWENSBORO MUNICIPAL UTILITIES | OMU | Economy | | \$ 3,638.85 | \$ 1,631.89 | \$ 5,270.74 |
| PJM INTERCONNECTION ASSOCIATION | PJM | Economy | | \$ 32,970.79 | \$ 14,786.24 | \$ 47,757.03 |
| THE ENERGY AUTHORITY | TEA | Economy | | \$ 1,986.58 | \$ 890.91 | \$ 2,877.49 |
| TENASKA POWER SERVICES CO. | TPS | Economy | | \$ 441.72 | \$ 176.64 | \$ 618.36 |
| TENNESSEE VALLEY AUTHORITY | TVA | Economy | | \$ 17,405.38 | \$ 7,805.69 | \$ 25,211.07 |
| WESTAR ENERGY, INC. | WSTR | Economy | | \$ 5,105.61 | \$ 2,289.68 | \$ 7,395.29 |
| KENTUCKY UTILITIES COMPANY | KU | Economy | | \$ 683,266.79 | \$ 1,993.67 | \$ 685,260.46 |
| Total Sales | | | | \$ - | \$ 807,260.70 | \$ 46,383.36 |
| | | | | | | \$ 853,644.06 |

Energy Imbalance is used to supply energy for mismatch between scheduled delivery and actual loads that have occurred over an hour.



Louisville Gas and Electric Company

Power Transaction Schedule

Month Ended: September-30-2015

| Company | Type of Transaction | KWH | Billing Components | | | |
|--------------------------------------------------------|---------------------|-------------------|--------------------|------------------------|----------------------|------------------------|
| | | | Demand(\$) | Fuel Charges(\$) | Other Charges(\$) | Total Charges(\$) |
| AMERICAN ELECTRIC POWER SERVICE CORP. | AEP Economy | 464,000 | \$ | 10,785.20 | \$ 6,504.16 | \$ 17,289.36 |
| CARGILL- ALLIANT, LLC | CARG Economy | 901,000 | \$ | 21,955.73 | \$ 13,240.69 | \$ 35,196.42 |
| ETC ENDURE | ETC Economy | 378,000 | \$ | 9,635.01 | \$ 5,353.35 | \$ 14,988.36 |
| EXELON GENERATION COMPANY, LLC | EXEL Economy | 392,000 | \$ | 10,971.91 | \$ 6,616.76 | \$ 17,588.67 |
| ILLINOIS MUNICIPAL ELECTRIC AGENCY | IMEA Economy | 178,000 | \$ | 2,274.46 | \$ 1,371.64 | \$ 3,646.10 |
| INDIANA MUNICIPAL POWER AGENCY | IMPA Economy | 155,000 | \$ | 3,856.07 | \$ 2,325.45 | \$ 6,181.52 |
| ENERGY IMBALANCE | IMBL Economy | 64,000 | \$ | 1,314.23 | \$ 792.56 | \$ 2,106.79 |
| MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC. | MISO Economy | 579,000 | \$ | 14,797.41 | \$ 9,247.35 | \$ 24,044.76 |
| PJM INTERCONNECTION ASSOCIATION | PJM Economy | 3,701,000 | \$ | 111,888.73 | \$ 67,475.98 | \$ 179,364.71 |
| THE ENERGY AUTHORITY | TEA Economy | 14,000 | \$ | 300.00 | \$ 180.94 | \$ 480.94 |
| TENASKA POWER SERVICES CO. | TPS Economy | 193,000 | \$ | 5,076.21 | \$ 3,061.28 | \$ 8,137.49 |
| TENNESSEE VALLEY AUTHORITY | TVA Economy | 379,000 | \$ | 9,132.08 | \$ 5,507.23 | \$ 14,639.31 |
| WESTAR ENERGY, INC. | WSTR Economy | 823,000 | \$ | 21,820.89 | \$ 13,159.37 | \$ 34,980.26 |
| KENTUCKY UTILITIES COMPANY | KU Economy | 31,426,000 | \$ | 807,978.45 | \$ 6,342.39 | \$ 814,320.84 |
| Total Sales | | 39,647,000 | \$ - | \$ 1,031,786.38 | \$ 141,179.15 | \$ 1,172,965.53 |

Energy Imbalance is used to supply energy for mismatch between scheduled delivery and actual loads that have occurred over an hour.



Month Ended: October-31-2015

Louisville Gas and Electric Company

Power Transaction Schedule

| Company | Type of Transaction | KWH | Billing Components | | | Total Charges(\$) |
|--------------------------------------------------------|---------------------|---------|--------------------|------------------|------------------------|------------------------|
| | | | Demand(\$) | Fuel Charges(\$) | Other Charges(\$) | |
| Sales | | | | | | |
| AMERICAN ELECTRIC POWER SERVICE CORP. | AEP | Economy | | \$ 18,173.33 | \$ 8,545.51 | \$ 26,718.84 |
| CARGILL- ALLIANT, LLC | CARG | Economy | \$ 3,247,000 | \$ 86,682.11 | \$ 40,759.95 | \$ 127,442.06 |
| ETC ENDURE | ETC | Economy | | \$ 2,009.87 | \$ 945.08 | \$ 2,954.95 |
| ILLINOIS MUNICIPAL ELECTRIC AGENCY | IMEA | Economy | | \$ 2,950.03 | \$ 1,387.17 | \$ 4,337.20 |
| INDIANA MUNICIPAL POWER AGENCY | IMPA | Economy | | \$ 5,499.58 | \$ 2,586.02 | \$ 8,085.60 |
| ENERGY IMBALANCE | IMBL | Economy | | \$ 3,175.00 | \$ 1,492.97 | \$ 4,667.97 |
| MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC. | MISO | Economy | | \$ 27,121.65 | \$ 12,762.00 | \$ 39,883.65 |
| PJM INTERCONNECTION ASSOCIATION | PJM | Economy | \$ 4,943,000 | \$ 134,779.82 | \$ 63,376.61 | \$ 198,156.43 |
| THE ENERGY AUTHORITY | TEA | Economy | | \$ 2,188.27 | \$ 1,028.98 | \$ 3,217.25 |
| TENASKA POWER SERVICES CO. | TPS | Economy | | \$ 4,847.78 | \$ 2,279.54 | \$ 7,127.32 |
| TENNESSEE VALLEY AUTHORITY | TVA | Economy | | \$ 8,844.12 | \$ 4,158.71 | \$ 13,002.83 |
| WESTAR ENERGY, INC. | WSTR | Economy | | \$ 26,418.59 | \$ 12,422.63 | \$ 38,841.22 |
| KENTUCKY UTILITIES COMPANY | KU | Economy | | \$ 1,678,851.90 | \$ 1,788.19 | \$ 1,680,640.09 |
| Total Sales | | | 79,391,000 | \$ - | \$ 2,001,542.05 | \$ 153,533.36 |
| | | | | | | \$ 2,155,075.41 |

Energy Imbalance is used to supply energy for mismatch between scheduled delivery and actual loads that have occurred over an hour.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 7

Witness: Eileen Saunders

Q-7. List LG&E's scheduled, actual, and forced outages from May 1, 2015, through October 31, 2015.

A-7. See attached.

Attachment to Response to Question No. 7
Saunders
Page 1 of 4

Louisville Gas & Electric Company
 May 2015 through October 2015

| Unit and Outage Type (F=Forced; S=Scheduled) | Scheduled | | Actual* | | HOURS OF DURATION | | REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE | |
|-------------------------------------------------|-----------|------------------|------------------|------------------|-------------------|---------|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| | FROM | TO | FROM | TO | Scheduled | Actual* | | |
| Cane Run Unit 4 - Coal - 155 MW | F | | 5/2/2015 19:53 | 5/5/2015 6:00 | | 58:07 | Circulating Water Pump Vibration | |
| In-service May 1962 | F | | 5/5/2015 6:00 | 5/6/2015 21:48 | | 39:48 | Governor Valve Repair | |
| | S | 5/12/2015 0:37 | 5/19/2015 6:00 | 5/12/2015 0:37 | 5/19/2015 6:00 | 173:23 | 173:23 | Turbine Valve Maintenance |
| | F | | 5/19/2015 12:51 | 5/20/2015 5:25 | | 16:34 | Condenser Tube Leak | |
| | F | | 5/20/2015 5:25 | 5/21/2015 9:23 | | 27:58 | Generator Inspection | |
| | F | | 5/21/2015 21:43 | 5/22/2015 14:25 | | 16:42 | Generator Cooling System - Calibration | |
| | F | | 5/24/2015 9:11 | 5/25/2015 0:07 | | 14:56 | Boiler Water Condition - High Silica | |
| | S | 6/19/2015 0:00 | 6/30/2015 23:59 | 6/19/2015 0:00 | 6/30/2015 23:59 | 287:59 | 287:59 | Transmission System Construction for Cane Run 7 |
| Cane Run Unit 5 - Coal - 168 MW | F | | 5/4/2015 13:32 | 5/4/2015 22:29 | | 8:57 | Induced Draft Fan Controls Repair | |
| In-service May 1966 | F | | 5/6/2015 19:49 | 5/10/2015 3:48 | | 79:59 | Boiler Economizer Tube Leak | |
| | F | | 5/22/2015 11:11 | 5/23/2015 9:41 | | 22:30 | Boiler Waterwall Tube Leak | |
| | S | 6/19/2015 0:00 | 6/30/2015 23:59 | 6/19/2015 0:00 | 6/30/2015 23:59 | 287:59 | 287:59 | Transmission System Construction for Cane Run 7 |
| Mill Creek Unit 1 - Coal - 303 MW | S | 3/21/2015 0:00 | 5/10/2015 15:00 | 3/23/2015 10:16 | 5/18/2015 0:00 | 1215:00 | 1333:44 | Major Turbine Overhaul and Pulse Jet Fabric Filter Tie-in |
| In-service August 1972 | F | | 5/18/2015 0:00 | 5/23/2015 7:35 | | 127:35 | Air Heater - Repair | |
| | F | | 5/24/2015 16:31 | 5/24/2015 23:31 | | 7:00 | Generator Cooling System Drain Repair | |
| | F | | 5/26/2015 21:22 | 5/27/2015 5:04 | | 7:42 | Generator Cooling System Drain Repair | |
| | S | 6/2/2015 9:51 | 6/3/2015 4:46 | 6/2/2015 9:51 | 6/3/2015 4:46 | 18:55 | 18:55 | Boiler Economizer Repair |
| | S | 6/26/2015 20:41 | 6/27/2015 20:13 | 6/26/2015 20:41 | 6/27/2015 20:13 | 23:32 | 23:32 | Condenser Tube Leak |
| | S | 8/11/2015 23:31 | 8/15/2015 12:45 | 8/11/2015 23:31 | 8/15/2015 12:45 | 85:14 | 85:14 | Post-Turbine Outage Screen Removal |
| | S | 8/19/2015 22:23 | 8/21/2015 21:37 | 8/19/2015 22:23 | 8/21/2015 21:37 | 47:14 | 47:14 | FGD Demister Wash |
| | F | | 10/12/2015 17:43 | 10/14/2015 19:35 | | 49:52 | Main Aux Switch Repair | |
| Mill Creek Unit 2 - Coal - 301 MW | S | 3/7/2015 0:00 | 4/26/2015 15:00 | 3/7/2015 10:29 | 5/3/2015 20:30 | 1215:00 | 1378:01 | Major Boiler Overhaul and Pulse Jet Fabric Filter Tie-in |
| In-service July 1974 | S | 5/4/2015 3:54 | 5/4/2015 13:15 | 5/4/2015 3:54 | 5/4/2015 13:15 | 9:21 | 9:21 | Post-Turbine Outage Testing |
| | S | 5/4/2015 14:00 | 5/5/2015 19:47 | 5/4/2015 14:00 | 5/5/2015 19:47 | 29:47 | 29:47 | Bearing Oil Leak Repair |
| | F | | 5/5/2015 19:47 | 5/9/2015 9:32 | | 85:45 | Transformer Oil Filtering | |
| | S | 5/19/2015 9:45 | 5/21/2015 7:57 | 5/19/2015 9:45 | 5/21/2015 7:57 | 46:12 | 46:12 | FGD Internal Inspection |
| | S | 8/17/2015 22:18 | 8/22/2015 0:04 | 8/17/2015 22:18 | 8/22/2015 0:04 | 97:46 | 97:46 | Post-Turbine Outage Screen Removal |
| | S | 10/20/2015 23:10 | 10/21/2015 13:56 | 10/20/2015 23:10 | 10/21/2015 13:56 | 14:46 | 14:46 | Boiler Superheater Tube Leak |
| Mill Creek Unit 3 - Coal - 391 MW | S | 5/1/2015 0:22 | 5/4/2015 6:12 | 5/1/2015 0:22 | 5/4/2015 6:12 | 77:50 | 77:50 | Air Heater - Wash |
| In-service August 1978 | F | | 5/31/2015 15:57 | 6/1/2015 9:18 | | 17:21 | Circuit Breaker - Repair | |
| | S | 6/12/2015 22:19 | 6/15/2015 6:27 | 6/12/2015 22:19 | 6/15/2015 6:27 | 56:08 | 56:08 | Electrostatic Precipitator Maintenance |
| | S | 6/17/2015 9:41 | 6/21/2015 20:12 | 6/17/2015 9:41 | 6/21/2015 20:12 | 106:31 | 106:31 | Electrostatic Precipitator Maintenance |
| | S | 6/30/2015 22:16 | 7/6/2015 5:52 | 6/30/2015 22:16 | 7/6/2015 5:52 | 127:36 | 127:36 | Electrostatic Precipitator Maintenance |
| | S | 9/18/2015 18:54 | 9/23/2015 8:10 | 9/18/2015 18:54 | 9/23/2015 8:10 | 109:16 | 109:16 | Boiler Second Superheater Tube Leak |
| | S | 10/24/2015 0:00 | 11/8/2015 15:00 | 10/23/2015 23:15 | 11/9/2015 11:17 | 375:00 | 396:02 | Boiler Cleaning |

*Actual outage dates and hours of duration include scheduled and forced outages.

Attachment to Response to Question No. 7
Saunders
Page 2 of 4

Louisville Gas & Electric Company
 May 2015 through October 2015

| Unit and Outage Type (F=Forced; S=Scheduled) | Scheduled | | Actual* | | HOURS OF DURATION | | REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE | |
|-----------------------------------------------------|-----------|------------------|------------------|------------------|-------------------|---------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|
| | FROM | TO | FROM | TO | Scheduled | Actual* | | |
| Mill Creek Unit 4 - Coal - 477 MW | S | 5/21/2015 13:14 | 5/23/2015 20:30 | 5/21/2015 13:14 | 5/23/2015 20:30 | 55:16 | 55:16 | Air Heater - Wash |
| In-service September 1982 | F | | | 8/2/2015 2:27 | 8/2/2015 9:10 | | 6:43 | Turbine Hydraulic Control Repair |
| | S | 9/5/2015 19:57 | 9/7/2015 18:53 | 9/5/2015 19:57 | 9/7/2015 18:53 | 46:56 | 46:56 | Condenser Tube Leak |
| | S | 9/26/2015 0:00 | 10/4/2015 15:00 | 9/24/2015 21:27 | 10/8/2015 1:27 | 207:00 | 316:00 | Minor Boiler Overhaul |
| | F | | | 10/18/2015 0:22 | 10/19/2015 14:53 | | 38:31 | Boiler Waterwall Tube Leak |
| | S | 10/30/2015 21:53 | 10/31/2015 18:45 | 10/30/2015 21:53 | 10/31/2015 18:45 | 20:52 | 20:52 | Boiler Waterwall Tube Leak |
| Trimble County Unit 1 - Coal - 383 MW | S | 6/26/2015 22:43 | 6/30/2015 5:02 | 6/26/2015 22:43 | 6/30/2015 5:02 | 78:19 | 78:19 | Condenser Tube Leak |
| In-service December 1990 | F | | | 6/30/2015 9:32 | 7/1/2015 1:48 | | 16:16 | Control System - Control Valve |
| 75% ownership share of 511 MW | F | | | 7/1/2015 20:06 | 7/3/2015 12:15 | | 40:09 | Condenser Tube Leak |
| | F | | | 8/20/2015 0:10 | 8/21/2015 2:11 | | 26:01 | Control System - Stop Valve |
| | S | 10/10/2015 0:00 | 11/22/2015 15:00 | 10/9/2015 23:48 | 11/23/2015 0:00 | 1047:00 | 1056:12 | Major Boiler Overhaul and Pulse Jet Fabric Filter Tie-in |
| Trimble County Unit 2 - Coal - 549 MW | F | | | 5/3/2015 2:40 | 5/4/2015 12:25 | | 33:45 | Cold Reheat Valve Gasket Repair |
| In-service January 2011 | F | | | 5/14/2015 9:48 | 5/15/2015 6:45 | | 20:57 | Hydraulic System Repairs |
| 75% ownership share of 732 MW jointly owned with KU | S | 5/15/2015 6:45 | 5/16/2015 18:20 | 5/15/2015 6:45 | 5/16/2015 18:20 | 35:35 | 35:35 | Duct Expansion Joint Repair |
| | F | | | 5/17/2015 5:04 | 5/17/2015 15:33 | | 10:29 | Feedwater Heater Bypass Valve Repair |
| | F | | | 5/17/2015 15:33 | 5/18/2015 0:57 | | 9:24 | Ignition System - Loss of Igniter |
| | S | 7/25/2015 2:23 | 7/26/2015 6:55 | 7/25/2015 2:23 | 7/26/2015 6:55 | 28:32 | 28:32 | Cold Reheat Valve Packing Repair |
| | F | | | 7/26/2015 8:55 | 7/28/2015 14:37 | | 53:42 | Boiler Economizer Bypass Valve Repair |
| | F | | | 9/21/2015 9:05 | 9/23/2015 7:58 | | 46:53 | Boiler Steam Line Leak |
| | F | | | 9/23/2015 10:47 | 9/23/2015 17:19 | | 6:32 | Control System - Loss of mill |
| Cane Run Unit 7 - Gas CC - 642 MW | F | | | 7/21/2015 19:17 | 7/22/2015 6:06 | | 10:49 | Circuit Breaker - Fuse |
| In-service June 2015 | S | 7/22/2015 23:12 | 7/23/2015 23:30 | 7/22/2015 23:12 | 7/23/2015 23:30 | 24:18 | 24:18 | Control System - Component Repair |
| Jointly owned with KU | S | 8/6/2015 22:26 | 8/8/2015 14:38 | 8/6/2015 22:26 | 8/8/2015 14:38 | 40:12 | 40:12 | Blending Valve Repair |
| | S | 9/11/2015 19:31 | 9/14/2015 1:10 | 9/11/2015 19:31 | 9/14/2015 1:10 | 53:39 | 53:39 | Cooling Air Line Gasket Repair |
| E. W. Brown Unit 5 - Gas CT - 112 MW | S | 5/31/2015 4:53 | 5/31/2015 15:42 | 5/31/2015 4:53 | 5/31/2015 15:42 | 10:49 | 10:49 | Boroscope Inspection |
| In-service June 2001 | S | 8/11/2015 11:12 | 8/12/2015 14:59 | 8/11/2015 11:12 | 8/12/2015 14:59 | 27:47 | 27:47 | Ignition System - Instrumentation Inspection |
| Jointly owned with KU | F | | | 8/13/2015 7:59 | 8/13/2015 14:03 | | 6:04 | Ignition System - Igniter Repair |
| E. W. Brown Unit 6 - Gas CT - 146 MW | S | 10/10/2015 0:00 | 10/18/2015 15:00 | 10/9/2015 17:10 | 10/16/2015 9:02 | 207:00 | 159:52 | Boroscope Inspection |
| In-service August 1999 | | | | | | | | |
| Jointly owned with KU | | | | | | | | |
| E. W. Brown Unit 7 - Gas CT - 146 MW | S | 10/3/2015 0:00 | 10/11/2015 15:00 | 10/5/2015 5:55 | 10/9/2015 17:10 | 207:00 | 107:15 | Boroscope Inspection |
| In-service August 1999 | S | 10/13/2015 6:20 | 10/13/2015 17:48 | 10/13/2015 6:20 | 10/13/2015 17:48 | 11:28 | 11:28 | Boroscope Inspection |
| Jointly owned with KU | | | | | | | | |
| Cane Run Unit 11 - Gas CT - 14 MW | F | | | 5/10/2015 22:44 | 5/11/2015 7:45 | | 9:01 | Switchgear Insulator Repair |
| In-service June 1968 | S | 6/30/2015 6:54 | 6/30/2015 12:58 | 6/30/2015 6:54 | 6/30/2015 12:58 | 6:04 | 6:04 | Starting System Scheduled Service |

*Actual outage dates and hours of duration include scheduled and forced outages.

Attachment to Response to Question No. 7
Saunders
Page 3 of 4

Louisville Gas & Electric Company
 May 2015 through October 2015

| Unit and Outage Type (F=Forced; S=Scheduled) | Scheduled | | Actual* | | HOURS OF DURATION | | REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE | |
|-------------------------------------------------|-----------------|-----------------|------------------|------------------|-------------------|---------|-----------------------------------------------------------------------------------------------|--------------------------------------|
| | FROM | TO | FROM | TO | Scheduled | Actual* | | |
| S | 10/4/2015 14:54 | 10/9/2015 18:40 | 10/4/2015 14:54 | 10/9/2015 18:40 | 123:46 | 123:46 | Substation Construction | |
| Paddys Run Unit 11 - Gas CT - 12 MW | F | | 5/15/2015 12:14 | 5/21/2015 13:11 | | 144:57 | Starting System - Pump Repair | |
| In-service June 1968 | S | 7/2/2015 7:16 | 7/2/2015 13:33 | 7/2/2015 7:16 | 7/2/2015 13:33 | 6:17 | 6:17 | Control System - Battery Replacement |
| | S | 8/10/2015 8:07 | 8/11/2015 13:15 | 8/10/2015 8:07 | 8/11/2015 13:15 | 29:08 | 29:08 | Circuit Breaker - Testing |
| | F | | 8/19/2015 12:59 | 10/15/2015 14:06 | | 1369:07 | Ignition System - Transformer Repair | |
| Paddys Run Unit 12 - Gas CT - 23 MW | F | | 5/15/2015 13:53 | 6/16/2015 13:17 | | 767:24 | Combuster Thermocouple Repair | |
| In-service July 1968 | S | 8/12/2015 7:18 | 8/13/2015 11:55 | 8/12/2015 7:18 | 8/13/2015 11:55 | 28:37 | 28:37 | Circuit Breaker - Regular Service |
| Paddys Run Unit 13 - Gas CT - 147 MW | F | | 10/28/2015 19:19 | 10/29/2015 7:45 | | 12:26 | Starting System - SES Breaker | |
| In-service June 2001 | | | | | | | | |
| Jointly owned with KU | | | | | | | | |
| Trimble County Unit 5 - Gas CT - 157 MW | S | 5/13/2015 0:04 | 5/15/2015 23:59 | 5/13/2015 0:04 | 5/15/2015 23:59 | 71:55 | 71:55 | Fire Protection System Maintenance |
| In-service May 2002 | S | 6/18/2015 22:30 | 6/19/2015 6:48 | 6/18/2015 22:30 | 6/19/2015 6:48 | 8:18 | 8:18 | Circuit Breaker - Repair |
| Jointly owned with KU | F | | 6/25/2015 8:00 | 6/25/2015 14:47 | | 6:47 | Duct Expansion Joint Repair | |
| | F | | 6/25/2015 15:42 | 6/26/2015 11:13 | | 19:31 | Exhaust Expansion Joint Repair | |
| | F | | 7/25/2015 15:26 | 7/28/2015 0:08 | | 56:42 | Circuit Breaker - Low Air Pressure | |
| | S | 9/9/2015 5:30 | 9/14/2015 19:20 | 9/9/2015 5:30 | 9/14/2015 19:20 | 133:50 | 133:50 | Generator Protection Upgrade |
| Trimble County Unit 6 - Gas CT - 157 MW | S | 5/14/2015 0:44 | 5/16/2015 22:05 | 5/14/2015 0:44 | 5/16/2015 22:05 | 69:21 | 69:21 | Fire Protection System Maintenance |
| In-service May 2002 | F | | 6/13/2015 10:41 | 6/13/2015 17:07 | | 6:26 | Circuit Breaker - lockout | |
| Jointly owned with KU | S | 6/18/2015 22:30 | 6/19/2015 6:48 | 6/18/2015 22:30 | 6/19/2015 6:48 | 8:18 | 8:18 | Circuit Breaker - Repair |
| Trimble County Unit 7 - Gas CT - 157 MW | F | | 5/5/2015 5:20 | 5/5/2015 12:12 | | 6:52 | Instrumentation - Fan Pressure Switch Repair | |
| In-service June 2004 | F | | 5/7/2015 20:52 | 5/8/2015 18:28 | | 21:36 | Circuit Breaker - Repair | |
| Jointly owned with KU | S | 6/5/2015 2:03 | 6/8/2015 7:29 | 6/5/2015 2:03 | 6/8/2015 7:29 | 77:26 | 77:26 | Fire Protection System Maintenance |
| | F | | 6/13/2015 10:41 | 6/19/2015 14:57 | | 148:16 | Circuit Breaker - Repair | |
| | F | | 7/18/2015 3:40 | 7/18/2015 10:37 | | 6:57 | Instrumentation - Solenoid Repair | |
| | F | | 10/18/2015 16:29 | 10/19/2015 13:20 | | 20:51 | Fuel System - Transmitter | |
| Trimble County Unit 8 - Gas CT - 157 MW | S | 6/4/2015 1:00 | 6/7/2015 17:49 | 6/4/2015 1:00 | 6/7/2015 17:49 | 88:49 | 88:49 | Fire Protection System Maintenance |
| In-service June 2004 | F | | 6/9/2015 8:03 | 6/9/2015 14:03 | | 6:00 | Fuel System - Pressure Relief Valve | |
| Jointly owned with KU | S | 6/15/2015 22:30 | 6/16/2015 11:54 | 6/15/2015 22:30 | 6/16/2015 11:54 | 13:24 | 13:24 | Circuit Breaker - Repair |
| | S | 9/14/2015 20:25 | 9/18/2015 18:31 | 9/14/2015 20:25 | 9/18/2015 18:31 | 94:06 | 94:06 | Generator Protection Upgrade |
| | S | 9/21/2015 7:05 | 9/21/2015 23:38 | 9/21/2015 7:05 | 9/21/2015 23:38 | 16:33 | 16:33 | Circuit Breaker - Repair |
| Trimble County Unit 9 - Gas CT - 157 MW | S | 5/25/2015 1:30 | 5/27/2015 20:53 | 5/25/2015 1:30 | 5/27/2015 20:53 | 67:23 | 67:23 | Fire Protection System Maintenance |
| In-service July 2004 | F | | 5/30/2015 10:31 | 5/31/2015 2:33 | | 16:02 | Starting System - Excitation | |
| Jointly owned with KU | S | 6/6/2015 7:23 | 6/6/2015 13:42 | 6/6/2015 7:23 | 6/6/2015 13:42 | 6:19 | 6:19 | Starting System - Tie Switch |
| | F | | 6/15/2015 6:35 | 6/16/2015 10:05 | | 27:30 | Circuit Breaker - Disconnect repair | |
| | F | | 7/24/2015 15:18 | 7/24/2015 22:58 | | 7:40 | Starting System - Static Start Switch | |

*Actual outage dates and hours of duration include scheduled and forced outages.

Attachment to Response to Question No. 7
Saunders
Page 4 of 4

Louisville Gas & Electric Company
 May 2015 through October 2015

| Unit and Outage Type (F=Forced; S=Scheduled) | Scheduled | | Actual* | | HOURS OF DURATION | | REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE | |
|-------------------------------------------------|-----------|-----------------|-----------------|-----------------|-------------------|---------|-----------------------------------------------------------------------------------------------|------------------------------------|
| | FROM | TO | FROM | TO | Scheduled | Actual* | | |
| | F | | 8/3/2015 15:00 | 8/3/2015 22:05 | | 7:05 | Starting System - Static Start Switch | |
| | S | 8/13/2015 3:05 | 8/15/2015 11:17 | 8/13/2015 3:05 | 8/15/2015 11:17 | 56:12 | 56:12 | Lube Oil Pump Replacement |
| | F | | 8/26/2015 12:37 | 8/28/2015 23:10 | | 58:33 | Cooling and Seal Air System | |
| | S | 9/30/2015 1:00 | 10/2/2015 20:14 | 9/30/2015 1:00 | 10/2/2015 20:14 | 67:14 | 67:14 | Generator Vibration |
| Trimble County Unit 10 - Gas CT - 157 MW | S | 5/26/2015 0:00 | 5/28/2015 20:31 | 5/26/2015 0:00 | 5/28/2015 20:31 | 68:31 | 68:31 | Fire Protection System Maintenance |
| In-service July 2004 | S | 6/6/2015 7:23 | 6/6/2015 13:42 | 6/6/2015 7:23 | 6/6/2015 13:42 | 6:19 | 6:19 | Starting System - Tie Switch |
| Jointly owned with KU | F | | 6/13/2015 14:00 | 6/13/2015 21:27 | | 7:27 | Starting System - Load Commutated Inverter | |
| | S | 6/15/2015 22:30 | 6/16/2015 9:36 | 6/15/2015 22:30 | 6/16/2015 9:36 | 11:06 | 11:06 | Circuit Breaker - Repair |
| | S | 9/22/2015 3:11 | 9/24/2015 18:32 | 9/22/2015 3:11 | 9/24/2015 18:32 | 63:21 | 63:21 | Generator Protection Upgrade |
| Zorn Unit 1 - Gas CT - 14 MW | S | 5/5/2015 7:24 | 5/7/2015 15:40 | 5/5/2015 7:24 | 5/7/2015 15:40 | 56:16 | 56:16 | Gas Line Inspection/Maintenance |
| In-service May 1969 | S | 5/11/2015 3:55 | 5/13/2015 4:26 | 5/11/2015 3:55 | 5/13/2015 4:26 | 48:31 | 48:31 | Gas Line Inspection/Maintenance |
| | F | | 6/25/2015 7:10 | 7/16/2015 14:57 | | 511:47 | Gas Line Maintenance - Equip stuck In Line During Maintenance | |
| | S | 9/14/2015 6:40 | 9/14/2015 18:00 | 9/14/2015 6:40 | 9/14/2015 18:00 | 11:20 | 11:20 | Gas Line Inspection/Maintenance |
| | S | 9/16/2015 15:43 | 9/18/2015 8:57 | 9/16/2015 15:43 | 9/18/2015 8:57 | 41:14 | 41:14 | Gas Line Inspection/Maintenance |
| | S | 10/5/2015 6:38 | 10/5/2015 20:10 | 10/5/2015 6:38 | 10/5/2015 20:10 | 13:32 | 13:32 | Gas Line Inspection/Maintenance |

*Actual outage dates and hours of duration include scheduled and forced outages.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 8

Witness: Mike Dotson

- Q-8. List all existing fuel contracts categorized as long-term (i.e., one year or more in length). Provide the following information for each contract:
- a. Supplier's name and address;
 - b. Name and location of production facility;
 - c. Date when contract was executed;
 - d. Duration of contract;
 - e. Date(s) of each contract revision, modification, or amendment;
 - f. Annual tonnage requirements;
 - g. Actual annual tonnage received since the contract's inception;
 - h. Percent of annual requirements received during the contract's term;
 - i. Base price in dollars per ton;
 - j. Total amount of price escalations to date in dollars per ton; and
 - k. Current price paid for coal under the contract in dollars per ton (i + j)
- A-8. See attached sheets.

A. NAME/ADDRESS: Alliance Coal, LLC / J09002
1717 South Boulder Av., Suite 400
Tulsa, Oklahoma 74119-4886

B. PRODUCTION FACILITY:
OPERATOR River View Coal, LLC
MINE River View Mine
LOCATION Union County, Kentucky

C. CONTRACT EXECUTED DATE: November 10, 2008

D. CONTRACT DURATION: November 3, 2008 – December 31, 2015

E. CONTRACT AMENDMENTS: Amendment No. 1 dated May 1, 2010. Added barge fleeting demurrage charge to Section 5.2 Barge Delivery. Added Barge Shifting Fee to Base Price Section 8.1.

F. ANNUAL TONNAGE REQUIREMENTS:

| | | |
|------|------------------------------|--|
| 2010 | 969,072 tons | |
| | (includes FM of 30,928 tons) | |
| 2011 | 2,000,000 tons | |
| 2012 | 2,000,000 tons | |
| 2013 | 2,000,000 tons | |
| 2014 | 2,000,000 tons | |
| 2015 | 2,000,000 tons | |

G. ACTUAL TONNAGE RECEIVED:

| | <u>LG&E</u> | <u>KU</u> |
|------|--------------------|--------------|
| 2010 | 525,414 tons | 443,658 tons |
| 2011 | 1,177,540 tons | 771,648 tons |
| 2012 | 1,806,495 tons | 204,987 tons |
| 2013 | 1,612,443 tons | 408,370 tons |
| 2014 | 1,192,318 tons | 769,694 tons |
| 2015 | 1,125,227 tons | 612,402 tons |
| | (through 10/31/15) | |

H. PERCENT OF ANNUAL REQUIREMENTS:

| | |
|------|------------------------|
| 2010 | 100% |
| 2011 | 97% |
| 2012 | 101% |
| 2013 | 101% |
| 2014 | 98% |
| 2015 | 87% (through 10/31/15) |

| | |
|----------------------------|-----------------|
| I. BASE PRICE (FOB Barge): | \$41.00 per ton |
| J. ESCALATIONS TO DATE: | \$15.89 per ton |
| K. CURRENT CONTRACT PRICE: | \$56.89 per ton |

A. NAME/ADDRESS: Alliance Coal, LLC / J12007
1717 South Boulder Av., Suite 400
Tulsa, Oklahoma 74119-4886

B. PRODUCTION FACILITY:
OPERATOR Hopkins County Coal, Warrior Coal and Webster
County Coal
MINE Seller's Mines
LOCATION Western Kentucky

C. CONTRACT EXECUTED DATE: December 9, 2011

D. CONTRACT DURATION: January 1, 2012 – December 31, 2016

E. CONTRACT AMENDMENTS: Amendment No. 1, effective January 1, 2013.
Determined Base price for 2013 and 2014.
Amendment No. 2, effective January 1, 2014.
Determined Base price for 2014 and 2015.
Amendment No. 3, effective January 1, 2015
Determined Base price for 2015 and 2016
Amendment No. 4, effective January 1, 2016
Determined Base price for 2016

F. ANNUAL TONNAGE REQUIREMENTS:

| | |
|------|----------------|
| 2012 | 3,000,000 tons |
| 2013 | 3,000,000 tons |
| 2014 | 3,000,000 tons |
| 2015 | 3,000,000 tons |
| 2016 | 3,000,000 tons |

G. ACTUAL TONNAGE RECEIVED:

| | <u>LG&E</u> | <u>KU</u> |
|------|--------------------|-------------|
| 2012 | 2,877,460 tons | 14,326 tons |
| 2013 | 3,065,353 tons | 0 tons |
| 2014 | 2,942,649 tons | 60,536 tons |
| 2015 | 2,456,223 tons | 0 tons |
| | (through 10/31/15) | |

H. PERCENT OF ANNUAL REQUIREMENTS:

| | |
|------|------------------------|
| 2012 | 96% |
| 2013 | 102% |
| 2014 | 100% |
| 2015 | 82% (through 10/31/15) |

- I. BASE PRICE (FOB Railcar/Barge): 2012 - \$47.00 per ton FOB Railcar
2013 - \$48.00 per ton FOB Railcar
2014 - \$47.38 per ton FOB Railcar/Barge
2015 - \$47.13 per ton FOB Railcar/Warrior
2015 - \$46.88 per ton FOB Railcar/Dotiki
2016 - \$45.75 per ton FOB Railcar/Warrior
2015 - \$45.00 per ton FOB Railcar/Dotiki
- J. ESCALATIONS TO DATE: None
- K. CURRENT CONTRACT PRICE: \$47.13 per ton FOB Railcar/Warrior
\$46.88 per ton FOB Railcar/Dotiki

A. NAME/ADDRESS: Alliance Coal, LLC / J13004B
1717 South Boulder Av., Suite 400
Tulsa, Oklahoma 74119-4886

B. PRODUCTION FACILITY:
OPERATOR River View Coal, LLC
MINE River View Mine
LOCATION Union County, Kentucky

C. CONTRACT EXECUTED DATE: December 29, 2014

D. CONTRACT DURATION: January 1, 2015 – December 31, 2015

E. CONTRACT AMENDMENTS: Contract J13004 Assignment from Patriot Coal
Sales to Alliance Coal, LLC

F. ANNUAL TONNAGE REQUIREMENTS: 2015 315,209 tons

G. ACTUAL TONNAGE RECEIVED: 2015 LG&E KU
252,355 tons 53,810 tons
(through 10/31/15)

H. PERCENT OF ANNUAL REQUIREMENTS: 2015 97% (through 10/31/15)

I. BASE PRICE (FOB Railcar/Barge): 2015 - \$49.75 per ton FOB Barge

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$49.75 per ton

A. NAME/ADDRESS: Alliance Coal, LLC / J14011B
1717 South Boulder Av., Suite 400
Tulsa, Oklahoma 74119-4886

B. PRODUCTION FACILITY:
OPERATOR River View Coal, LLC
MINE River View Mine
LOCATION Union County, Kentucky

C. CONTRACT EXECUTED DATE: December 29, 2014

D. CONTRACT DURATION: January 1, 2015 – December 31, 2015

E. CONTRACT AMENDMENTS: Contract J14011 Assignment from Patriot Coal
Sales to Alliance Coal, LLC

F. ANNUAL TONNAGE REQUIREMENTS: 2015 598,099 tons

G. ACTUAL TONNAGE RECEIVED: 2015 LG&E 187,123 tons KU 318,171 tons
(through 10/31/15)

H. PERCENT OF ANNUAL REQUIREMENTS: 2015 84% (through 10/31/15)

I. BASE PRICE (FOB Railcar/Barge): 2015 - \$43.75 per ton FOB Barge

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$43.75 per ton

- A. NAME/ADDRESS: Armstrong Coal Sales, LLC / J07032
407 Brown Road
Madisonville, Kentucky 42431
- B. PRODUCTION FACILITY:
OPERATOR Armstrong Coal Company, Inc.
MINES Various
LOCATION Muhlenberg County and Ohio County, Kentucky
- C. CONTRACT EXECUTED DATE: December 20, 2007
- D. CONTRACT DURATION: January 1, 2008 - December 31, 2019
- E. CONTRACT AMENDMENTS: Amendment No. 1, effective July 1, 2008 amending base quantity and modifying diesel fuel adjustment to include explosives.
Amendment No. 2, effective December 22, 2009 amending term, base quantity, price and environmental force majeure.
Amendment No. 3, effective October 29, 2013 amending term, base quantity, price and payment.
Assignment and Assumption Agreement dated August 6, 2015 assigning Agreement from Armstrong Coal Company, Inc. to Armstrong Coal Sales, LLC.
- F. ANNUAL TONNAGE REQUIREMENTS:
- | | |
|-------------------|---------------------------|
| 2008 | 600,000 tons |
| 2009 | 2,200,000 tons |
| 2010 | 1,800,000 tons |
| 2011 through 2013 | - 2,100,000 tons per year |
| 2014 through 2016 | - 1,000,000 tons per year |
| 2017 through 2019 | - 700,000 tons per year |
- G. ACTUAL TONNAGE RECEIVED:
- | | <u>LG&E</u> | <u>KU</u> |
|------|-----------------|----------------|
| 2008 | 511,414 tons | 82,623 tons |
| 2009 | 1,530,482 tons | 632,077 tons |
| 2010 | 1,180,206 tons | 657,930 tons |
| 2011 | 993,296 tons | 877,219 tons |
| 2012 | 904,254 tons | 1,211,495 tons |
| 2013 | 838,589 tons | 1,431,403 tons |

| | | |
|------|--------------------|--------------|
| 2014 | 346,954 tons | 634,044 tons |
| 2015 | 236,579 tons | 514,037 tons |
| | (through 10/31/15) | |

H. PERCENT OF ANNUAL REQUIREMENTS:

| | |
|------|------------------------|
| 2008 | 99% |
| 2009 | 98% |
| 2010 | 102% |
| 2011 | 89% |
| 2012 | 101% |
| 2013 | 108% |
| 2014 | 98% |
| 2015 | 75% (through 10/31/15) |

I. BASE PRICE (FOB Barge)

| | |
|------|------------------------------------------------------------|
| 2008 | Quality 1 - \$27.31 per ton Quality 2 - \$28.30 per ton |
| 2009 | Quality 1 - \$27.60 per ton Quality 2 - \$28.76 per ton |
| 2010 | Quality 1 - \$28.18 per ton Quality 2 - N/A |
| 2011 | Quality 1 - \$28.19 per ton Quality 2 - \$29.61 per ton |
| 2012 | Quality 1 - \$28.35 per ton Quality 2 - \$29.77 per ton |
| 2013 | Quality 1 - \$28.35 per ton Quality 2 - \$29.77 per ton |
| 2014 | Quality 1 - \$28.50 per ton Quality 2 - \$29.92 per ton |
| 2015 | Quality 1 - \$28.50 per ton Quality 2 - \$29.92 per ton |
| 2016 | Quality 1 - \$28.50 per ton Quality 2 - \$29.62 per ton |
| 2017 | Quality 1 - \$28.50 per ton Quality 2 - \$29.92 per ton |
| 2018 | Quality 1 - \$29.00 per ton Quality 2 - \$30.42 per ton |
| 2019 | Quality 1 - \$30.25 per ton Quality 2 - \$31.67 per ton |

J. ESCALATIONS TO DATE:

None

I. CURRENT CONTRACT PRICE:

Quality 1 - \$28.50 per ton

| | | |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| A. NAME/ADDRESS: | Armstrong Coal Company, Inc. / J12004 407 Brown Road Madisonville, Kentucky 42431 | |
| B. PRODUCTION FACILITY: | | |
| OPERATOR | Armstrong Coal Company, Inc. | |
| MINES | Various | |
| LOCATION | Muhlenberg County and Ohio County, Kentucky | |
| C. CONTRACT EXECUTED DATE: | September 19, 2011 | |
| D. CONTRACT DURATION: | January 1, 2012 - December 31, 2015 | |
| E. CONTRACT AMENDMENTS: | Amendment No. 1, effective January 1, 2012 amending base quantity. Amendment No. 2, effective January 1, 2012 amending base quantity. | |
| F. ANNUAL TONNAGE REQUIREMENTS: | 2012 | 355,873 tons |
| | 2013 | 500,000 tons |
| | 2014 | 1,000,000 tons |
| | 2015 | 1,000,000 tons |
| G. ACTUAL TONNAGE: RECEIVED: | | |
| | | <u>LG&E</u> |
| | | <u>KU</u> |
| | 2012 | 351,344 tons |
| | 2013 | 530,577 tons |
| | 2014 | 488,729 tons |
| | 2015 | 477,392 tons |
| | | 477,639 tons |
| | | 432,665 tons |
| | | (through 10/31/15) |
| H. PERCENT OF ANNUAL REQUIREMENTS: | 2012 | 99% |
| | 2013 | 106% |
| | 2014 | 97% |
| | 2015 | 91% (through 10/31/15) |
| I. BASE PRICE (FOB Railcar/Barge) | 2012 | \$45.00 per ton |
| | 2013 | \$46.00 per ton |
| | 2014 | \$48.00 per ton |
| | 2015 | \$49.00 per ton |
| J. ESCALATIONS TO DATE: | -\$2.55 per ton | |

I. CURRENT CONTRACT PRICE: \$46.45 per ton

A. NAME/ADDRESS: Armstrong Coal Sales, LLC / J14004
407 Brown Road
Madisonville, Kentucky 42431

B. PRODUCTION FACILITY:
OPERATOR Armstrong Coal Company, Inc.
MINES Various
LOCATION Muhlenberg County and Ohio County, Kentucky

C. CONTRACT EXECUTED DATE: December 12, 2012

D. CONTRACT DURATION: January 1, 2013 - December 31, 2017

E. CONTRACT AMENDMENTS: Amendment No. 1, effective October 29, 2013 amending base quantity and price. Assignment and Assumption Agreement dated August 6, 2015 assigning Agreement from Armstrong Coal Company, Inc. to Armstrong Coal Sales, LLC.

F. ANNUAL TONNAGE REQUIREMENTS:

| | |
|------|----------------|
| 2014 | 1,300,000 tons |
| 2015 | 1,350,000 tons |
| 2016 | 500,000 tons |
| 2017 | 500,000 tons |

G. ACTUAL TONNAGE RECEIVED:

| | <u>LG&E</u> | <u>KU</u> |
|------|--------------------|--------------|
| 2014 | 647,205 tons | 579,440 tons |
| 2015 | 250,513 tons | 688,191 tons |
| | (through 10/31/15) | |

H. PERCENT OF ANNUAL REQUIREMENTS:

| | |
|------|------------------------|
| 2014 | 94% |
| 2015 | 70% (through 10/31/15) |

I. BASE PRICE (FOB Railcar/Barge)

| | <u>Railcar</u> | <u>Barge</u> |
|------|-----------------|-----------------|
| 2014 | \$44.60 per ton | \$45.60 per ton |
| 2015 | \$46.01 per ton | \$47.01 per ton |
| 2016 | \$46.75 per ton | \$47.75 per ton |
| 2017 | \$47.90 per ton | \$48.90 per ton |

J. ESCALATIONS TO DATE:

| <u>Railcar</u> | <u>Barge</u> |
|-----------------|-----------------|
| -\$3.98 per ton | -\$3.98 per ton |

I. CURRENT CONTRACT PRICE:

| <u>Railcar</u> | <u>Barge</u> |
|-----------------|-----------------|
| \$42.03 per ton | \$43.03 per ton |

| | | |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| A. NAME/ADDRESS: | Armstrong Coal Sales, LLC / J14010 407 Brown Road Madisonville, Kentucky 42431 | |
| B. PRODUCTION FACILITY: | | |
| OPERATOR | Armstrong Coal Company, Inc. | |
| MINES | Various | |
| LOCATION | Muhlenberg County and Ohio County, Kentucky | |
| C. CONTRACT EXECUTED DATE: | December 12, 2012 | |
| D. CONTRACT DURATION: | January 1, 2014 - December 31, 2019 | |
| E. CONTRACT AMENDMENTS: | Assignment and Assumption Agreement dated August 6, 2015 assigning Agreement from Armstrong Coal Company, Inc. to Armstrong Coal Sales, LLC. | |
| F. ANNUAL TONNAGE REQUIREMENTS: | 2014 | 100,000 tons |
| | 2015 | 100,000 tons |
| | 2016 | 100,000 tons |
| | 2017 | 100,000 tons |
| | 2018 | 100,000 tons |
| | 2019 | 100,000 tons |
| G. ACTUAL TONNAGE: RECEIVED: | | |
| | | <u>LG&E</u> <u>KU</u> |
| | 2014 | 38,628 tons 59,303 tons |
| | 2015 | 27,212 tons 56,037 tons |
| | | (through 10/31/15) |
| H. PERCENT OF ANNUAL REQUIREMENTS: | 2014 | 98% |
| | 2015 | 83% (through 10/31/15) |
| I. BASE PRICE (FOB Barge/Railcar) | 2014 | \$40.00 per ton |
| | 2015 | \$41.00 per ton |
| | 2016 | \$42.00 per ton |
| | 2017 | \$43.00 per ton |
| | 2018 | \$44.00 per ton |
| | 2019 | \$45.00 per ton |
| J. ESCALATIONS TO DATE: | None | |

I. CURRENT CONTRACT PRICE: \$41.00 per ton

A. NAME/ADDRESS: Foresight Coal Sales, LLC / J12005
211 North Broadway, Suite 2600
St. Louis, Missouri 63102

B. PRODUCTION FACILITY:
OPERATOR: Macoupin Energy, LLC
Sugar Camp Energy, LLC
MINES: Shay Mine No. 1
Deer Run Mine
Sugarcamp Mine
LOCATION: Macoupin, Montgomery and Franklin Counties,
Illinois

C. CONTRACT EXECUTED DATE: March 14, 2012

D. CONTRACT DURATION: April 1, 2012 - December 31, 2017

E. CONTRACT AMENDMENTS: Amendment No. 1, effective September 10, 2013
amending, term, quantity and price.

F. ANNUAL TONNAGE REQUIREMENTS:

| | |
|------|----------------|
| 2012 | 500,000 tons |
| 2013 | 1,000,000 tons |
| 2014 | 1,000,000 tons |
| 2015 | 1,000,000 tons |
| 2016 | Reopener |
| 2017 | Reopener |

G. ACTUAL TONNAGE RECEIVED:

| | <u>KU</u> | <u>LGE</u> |
|------|--------------------|--------------|
| 2012 | 501,975 tons | 462,614 tons |
| 2013 | 446,791 tons | 389,734 tons |
| 2014 | 439,606 tons | 567,280 tons |
| 2015 | 374,772 tons | 457,677 tons |
| | (through 10/31/15) | |

H. PERCENT OF ANNUAL REQUIREMENTS:

| | |
|------|------------------------|
| 2012 | 100% |
| 2013 | 96% |
| 2014 | 101% |
| 2015 | 83% (through 10/31/15) |

| | | |
|----------------------------|------|-----------------|
| I. BASE PRICE: (FOB Barge) | 2012 | \$46.00 per ton |
| | 2013 | \$48.50 per ton |
| | 2014 | \$39.75 per ton |
| | 2015 | \$43.50 per ton |
| | 2016 | Reopener |
| | 2015 | Reopener |

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$43.50 per ton

| | | | |
|------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------|
| A. NAME/ADDRESS: | Peabody COALSALES, LLC / J12011 701 Market Street St. Louis, Missouri 63101 | | |
| B. PRODUCTION FACILITY: | Peabody Midwest Mining, LLC | | |
| OPERATOR | Peabody Wild Boar Mining, LLC | | |
| MINE | Somerville Mine Complex | | |
| LOCATION | Wild Boar Warrick & Gibson Counties, Indiana | | |
| C. CONTRACT EXECUTED DATE: | December 29, 2011 | | |
| D. CONTRACT DURATION: | January 1, 2012 – December 31, 2015 | | |
| E. CONTRACT AMENDMENTS: | Amendment No. 1 effective July 1, 2014 Extend term to December 31, 2015 and add 1.0M tons to 2015 | | |
| F. ANNUAL TONNAGE REQUIREMENTS: | 2012 | 1,500,000 tons | |
| | 2013 | 1,500,000 tons | |
| | 2014 | 1,500,000 tons | |
| | 2015 | 1,000,000 tons | |
| G. ACTUAL TONNAGE RECEIVED: | | | |
| | | <u>KU</u> | |
| | | <u>LGE</u> | |
| | 2012 | 995,669 tons | 510,080 tons |
| | 2013 | 1,031,172 tons | 448,290 tons |
| | 2014 | 1,088,584 tons | 453,789 tons |
| | 2015 | 806,399 tons | 58,113 tons |
| | | (through 10/31/15) | |
| H. PERCENT OF ANNUAL REQUIREMENTS: | 2012 | 100% | |
| | 2013 | 99% | |
| | 2014 | 103% | |
| | 2015 | 86% (through 10/31/15) | |
| I. BASE PRICE: (FOB Barge/Railcar) | 2012 | \$49.90 per ton – FOB Barge Evansville \$49.11 per ton – FOB Barge Warrick Co. \$44.50 per ton – FOB Railcar | |

2013 \$52.15 per ton – FOB Barge Evansville
\$51.36 per ton – FOB Barge Warrick Co.
\$46.75 per ton – FOB Railcar

2014 \$54.15 per ton – FOB Barge Evansville
\$53.36 per ton – FOB Barge Warrick Co.
\$48.75 per ton – FOB Railcar

2015 \$44.50 per ton – FOB Barge Evansville
\$44.50 per ton – FOB Barge Warrick Co.
\$41.50 per ton – FOB Railcar

J. ESCALATIONS TO DATE:

-\$5.10 per ton – FOB Barge Evansville
-\$4.30 per ton – FOB Warrick Co.
-\$4.30 per ton – FOB Railcar

K. CURRENT CONTRACT PRICE:

\$39.40 per ton – FOB Barge Evansville
\$40.20 per ton – FOB Barge Warrick Co.
\$37.20 per ton – FOB Railcar

| | | |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| A. NAME/ADDRESS: | Rhino Energy LLC and Pennyrile Energy LLC / J14001 424 Lewis Hargett Circle, Suite 250 Lexington, Kentucky 40503 | |
| B. PRODUCTION FACILITY: | | |
| OPERATOR | Pennyrile Energy LLC | |
| MINE | Riveredge Mine | |
| LOCATION | McLean County, Kentucky | |
| C. CONTRACT EXECUTED DATE: | December 11, 2012 | |
| D. CONTRACT DURATION: | December 10, 2014 - December 31, 2020 | |
| E. CONTRACT AMENDMENTS: | None | |
| F. ANNUAL TONNAGE REQUIREMENTS: | 2014 150,000 tons 2015 800,000 tons 2016 800,000 tons 2017 800,000 tons 2018 – 2020 Reopener | |
| G. ACTUAL TONNAGE RECEIVED: | <u>LG&E</u> | <u>KU</u> |
| | 2014 43,582 tons | 70,647 tons |
| | 2015 71,332 tons | 501,544 tons (through 10/31/15) |
| H. PERCENT OF ANNUAL REQUIREMENTS: | 2014 76% 2015 72% (through 10/31/15) | |
| I. BASE PRICE (FOB Barge): | 2014 \$45.25 per ton 2015 \$46.50 per ton 2016 \$48.25 per ton 2017 \$50.00 per ton 2018 -2020 Reopener | |
| J. ESCALATIONS TO DATE: | None | |
| K. CURRENT CONTRACT PRICE: | \$46.50 per ton | |

A. NAME/ADDRESS: White Oak Resources LLC / J14003
121 South Jackson Street
McLeansboro, Illinois 62859

B. PRODUCTION FACILITY:
OPERATOR: White Oak Resources LLC
MINES: White Oak #1 Mine
LOCATION: Hamilton County, Illinois

C. CONTRACT EXECUTED DATE: March 14, 2013

D. CONTRACT DURATION: March 1, 2013 - December 31, 2015

E. CONTRACT AMENDMENTS: Letter Agreement dated March 5, 2014; add substitute coal source per Section 4.5.
Letter Agreement dated April 25, 2014; add substitute coal source per Section 4.5.

F. ANNUAL TONNAGE REQUIREMENTS:

| | |
|------|--------------|
| 2014 | 360,000 tons |
| 2015 | 360,000 tons |

G. ACTUAL TONNAGE RECEIVED:

| | <u>KU</u> | <u>LGE</u> |
|------|------------------------------------|--------------|
| 2014 | 204,732 tons | 115,435 tons |
| 2015 | 223,119 tons (through 10/31/15) | 176,890 tons |

H. PERCENT OF ANNUAL REQUIREMENTS:

| | |
|------|-------------------------|
| 2014 | 89% |
| 2015 | 111% (through 10/31/15) |

I. BASE PRICE (FOB Barge):

| | |
|------|-----------------|
| 2014 | \$47.60 per ton |
| 2015 | \$49.10 per ton |

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$49.10 per ton

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 9

Witness: Mike Dotson

- Q-9. a. State whether LG&E regularly compares the price of its coal purchases to those paid by other electric utilities.
- b. If yes, state:
- (1) How LG&E's prices compare with those of other utilities. If the comparison includes months outside of the review period, a comparison limited to the review period should be provided separately. Provide a copy of the source documents and calculations used to support the amounts used in the comparison and include all prices used in the comparison in cents per MMbtu.
 - (2) The utilities that are included in this comparison and their locations.

- A-9. a. Yes
- b. LG&E compares pricing of its coal purchases with neighboring utilities from data that is compiled by ABB Inc. Ventyx Velocity database from the EIA-923 Power Plant Operations Report. The utilities included in the comparison are shown on the list found on page 1 of the Attachment to this response. The chart found on page 2 of the Attachment shows the price comparison for coal containing greater than 5.0 lbs. SO₂ content, which is in line with the coal used in all LG&E's units.

The chart on page 5 of the Attachment shows the price comparison of coal containing less than 5.0 lbs SO₂ content. LG&E accepts deliveries of lower sulfur coal to satisfy bids with a sulfur content specification of 6 lbs. The lower sulfur coal is being supplied under contracts specifying high sulfur content coal and appropriate pricing; therefore, the price of the lower sulfur content coal is similar to what LG&E is paying for high sulfur coal.

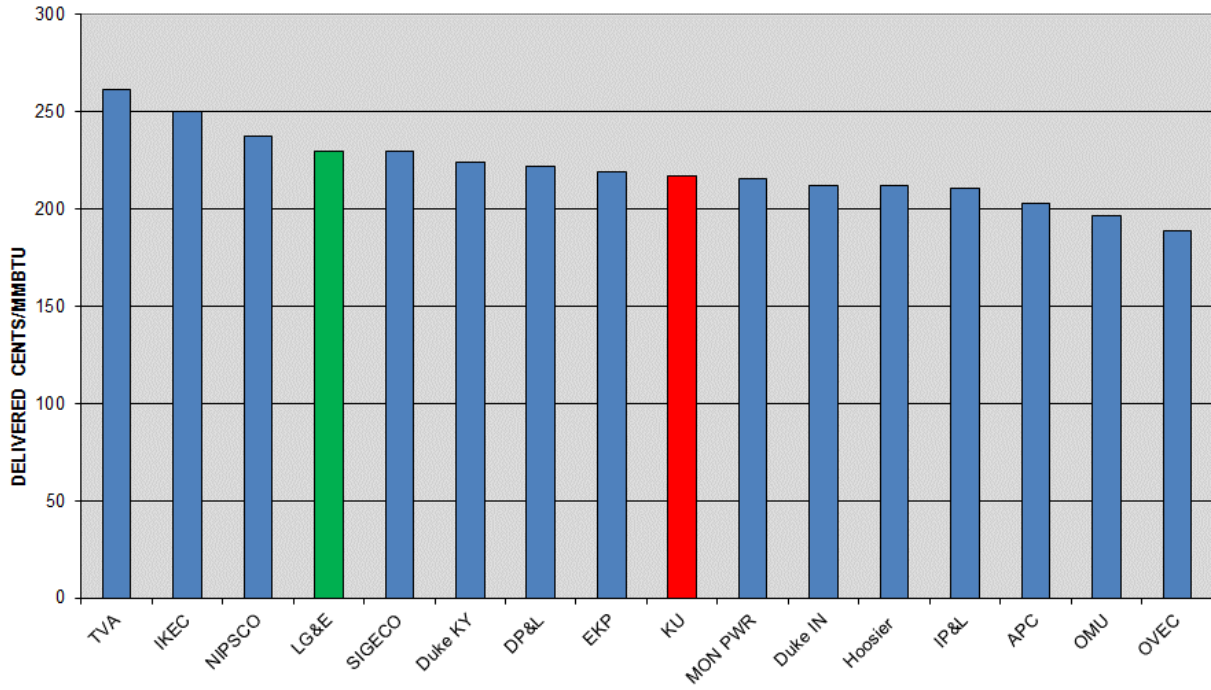
Attachment to Response to Question No. 9

Page 1 of 8

Dotson

| Utilities in Comparison List | | |
|----------------------------------------|--------------------|------------------------------|
| UTILITY | ABBREVIATED | PLANT LOCATIONS |
| AmerenEnergy Generating Co | Ameren ER | Illinois |
| Illinois Power Generating Co | ILL PWR GEN | Illinois |
| Appalachian Power Co | APC | Virginia, West Virginia |
| Dayton Power & Light Co (The) | DP&L | Ohio |
| Duke Energy Indiana | Duke IN | Indiana |
| Duke Energy Kentucky | Duke KY | Ohio |
| East Kentucky Power Coop | EKP | Kentucky |
| Electric Energy Inc | EEL | Illinois |
| Hoosier Energy Rural Electric Coop Inc | Hoosier | Indiana |
| Indiana Kentucky Electric Corp | IKEC | Indiana |
| Indiana Michigan Power Co | IMPC | Indiana |
| Indianapolis Power & Light | IP&L | Indiana |
| Kentucky Power Co | KPC | Kentucky |
| Kentucky Utilities Co | KU | Kentucky |
| Louisville Gas & Electric Co | LG&E | Kentucky |
| Monongahela Power Co | MON PWR | West Virginia |
| Northern Indiana Public Service Co | NIPSCO | Indiana |
| Ohio Valley Electric Corp | OVEC | Ohio |
| Owensboro Municipal Utilities | OMU | Kentucky |
| Southern Indiana Gas & Electric Co | SIGECO | Indiana |
| Tennessee Valley Authority | TVA | Alabama, Kentucky, Tennessee |

Delivered Price Comparison ≥ 5.0 Lbs SO₂ Content
(May 15 - Oct 15)



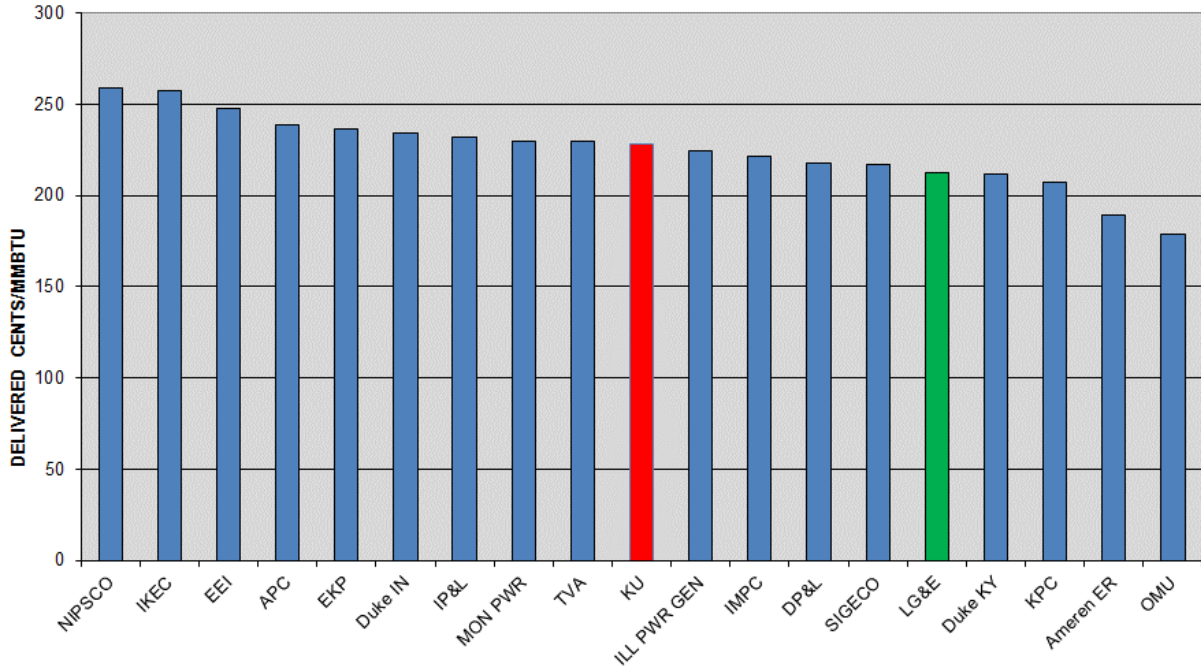
DELIVERED PRICE COMPARISON \geq 5.0 LBS SO₂ (MAY 15 - OCT 15)

| Plant Operator Name | Reported Source Name | Quantity (000s tons) | Btu/lb | lbsSO₂/mmBtu | Delivered Fuel Price Cents/mmBtu |
|----------------------------------------|-----------------------------|-----------------------------|---------------|--------------------------------|-----------------------------------------|
| Appalachian Power Co | RESOURCE FUELS | 29 | 11968 | 6.03 | 208.10 |
| Appalachian Power Co | CONSOLIDATION COAL CO | 784 | 12681 | 6.17 | 227.50 |
| Appalachian Power Co | AMERICAN ENERGY | 1,729 | 12518 | 6.58 | 191.58 |
| | | 2,542 | 12562 | 6.44 | 202.84 |
| Dayton Power & Light Co (The) | WILLIAMSON ENERGY | 903 | 11502 | 5.12 | 222.96 |
| Dayton Power & Light Co (The) | FORESIGHT COAL SALES | 501 | 11504 | 5.15 | 215.80 |
| Dayton Power & Light Co (The) | ALLIANCE COAL | 364 | 11541 | 5.34 | 226.97 |
| | | 1,768 | 11511 | 5.17 | 221.76 |
| Duke Energy Indiana | PEABODY COAL SALES | 657 | 11117 | 5.73 | 183.25 |
| Duke Energy Indiana | FORESIGHT COAL SALES | 80 | 10816 | 6.46 | 235.98 |
| Duke Energy Indiana | DUKE ENERGY TRANSFER TERM | 310 | 11060 | 5.69 | 190.44 |
| Duke Energy Indiana | BLACK BEAUTY | 1,655 | 11500 | 6.15 | 225.61 |
| | | 2,701 | 11336 | 6.01 | 211.59 |
| Duke Energy Kentucky | TRAFIGURA | 109 | 11471 | 5.28 | 217.48 |
| Duke Energy Kentucky | RIVER VIEW COAL | 251 | 11521 | 5.25 | 226.67 |
| | | 360 | 11506 | 5.26 | 223.89 |
| East Kentucky Power Coop | WHITE COUNTY COAL | 187 | 11519 | 5.29 | 263.94 |
| East Kentucky Power Coop | RIVER VIEW COAL | 101 | 11484 | 5.28 | 233.13 |
| East Kentucky Power Coop | PEABODY COAL SALES | 177 | 11102 | 5.73 | 236.73 |
| East Kentucky Power Coop | OXFORD MINING CO | 395 | 11276 | 6.88 | 204.13 |
| East Kentucky Power Coop | FORESIGHT COAL SALES | 385 | 11037 | 5.79 | 223.34 |
| East Kentucky Power Coop | B & N COAL | 258 | 10922 | 8.57 | 185.48 |
| Hoosier Energy Rural Electric Coop Inc | SUNRISE COAL SALES | 297 | 11502 | 5.47 | 222.14 |
| Hoosier Energy Rural Electric Coop Inc | PEABODY COAL SALES | 944 | 11110 | 5.63 | 208.33 |
| | | 1,240 | 11204 | 5.59 | 211.63 |
| Indiana Kentucky Electric Corp | WESTERN KENTUCKY MINERALS | 48 | 11172 | 5.15 | 222.56 |
| Indiana Kentucky Electric Corp | TRAFIGURA | 162 | 11500 | 5.28 | 226.10 |
| Indiana Kentucky Electric Corp | RESOURCE FUELS | 448 | 11490 | 5.28 | 250.74 |
| Indiana Kentucky Electric Corp | NOBLE AMERICAS GAS & POWER | 71 | 11547 | 5.26 | 210.33 |
| Indiana Kentucky Electric Corp | KNIGHTHAWK | 437 | 11179 | 5.12 | 267.57 |
| | | 1,166 | 11365 | 5.21 | 250.02 |
| Indianapolis Power & Light | TRIAD | 515 | 11522 | 5.72 | 205.71 |
| Indianapolis Power & Light | SUNRISE COAL SALES | 741 | 11492 | 5.45 | 221.93 |
| Indianapolis Power & Light | COALSALES LLC | 154 | 11416 | 5.76 | 211.19 |
| Indianapolis Power & Light | COAL SALES | 908 | 11486 | 5.84 | 204.45 |
| | | 2,318 | 11491 | 5.68 | 210.76 |
| Kentucky Utilities Co | TRIAD | 341 | 11458 | 6.33 | 262.48 |
| Kentucky Utilities Co | FORESIGHT COAL SALES | 161 | 11402 | 5.13 | 211.16 |
| Kentucky Utilities Co | COALSALES LLC | 515 | 11193 | 5.82 | 202.43 |
| Kentucky Utilities Co | ARMSTRONG COAL | 1,252 | 11178 | 5.52 | 208.50 |
| Kentucky Utilities Co | ALLIANCE COAL | 252 | 11488 | 5.28 | 230.93 |
| | | 2,521 | 11264 | 5.64 | 216.97 |
| Louisville Gas & Electric Co | FORESIGHT COAL SALES | 197 | 11408 | 5.11 | 209.06 |
| Louisville Gas & Electric Co | COALSALES LLC | 33 | 11089 | 5.75 | 196.93 |
| Louisville Gas & Electric Co | ARMSTRONG COAL | 525 | 11176 | 5.66 | 204.82 |
| Louisville Gas & Electric Co | ALLIANCE COAL | 2,452 | 11873 | 5.64 | 236.59 |
| | | 3,206 | 11722 | 5.61 | 229.29 |

DELIVERED PRICE COMPARISON \geq 5.0 LBS SO₂ (MAY 15 - OCT 15)

| Plant Operator Name | Reported Source Name | Quantity (000s tons) | Btu/lb | lbsSO ₂ /mmBtu | Delivered Fuel Price Cents/mmBtu |
|------------------------------------|-----------------------|----------------------|--------------|---------------------------|----------------------------------|
| Monongahela Power Co | FIRSTENERGY | 206 | 12566 | 6.94 | 179.11 |
| Monongahela Power Co | CONSOL | 1,606 | 12843 | 5.74 | 230.38 |
| Monongahela Power Co | AMERICAN ENERGY | 1,087 | 12505 | 7.27 | 200.85 |
| | | 2,900 | 12697 | 6.40 | 215.66 |
| Northern Indiana Public Service Co | SUNRISE COAL SALES | 40 | 11478 | 5.02 | 221.65 |
| Northern Indiana Public Service Co | OAKTOWN FUELS MINELLC | 355 | 11381 | 5.76 | 234.75 |
| Northern Indiana Public Service Co | FORESIGHT COAL SALES | 137 | 10870 | 6.32 | 185.36 |
| Northern Indiana Public Service Co | COALSALES LLC | 747 | 11036 | 5.38 | 248.46 |
| | | 1,280 | 11128 | 5.57 | 237.05 |
| Ohio Valley Electric Corp | AMERICAN ENERGY | 898 | 12446 | 7.46 | 188.50 |
| Ohio Valley Electric Corp | | 186 | 12519 | 7.30 | 191.20 |
| | | 1,083 | 12459 | 7.44 | 188.96 |
| Owensboro Municipal Utilities | WEST KY MINERALS | 202 | 10936 | 6.80 | 197.66 |
| Owensboro Municipal Utilities | PEABODY COAL SALES | 145 | 10994 | 6.77 | 197.03 |
| Owensboro Municipal Utilities | KENAMERICA RESOURCES | 38 | 11666 | 5.07 | 194.75 |
| Owensboro Municipal Utilities | ARMSTRONG COAL | 252 | 11099 | 5.75 | 196.07 |
| | | 636 | 11057 | 6.28 | 196.71 |
| Southern Indiana Gas & Electric Co | SUNRISE COAL SALES | 982 | 11503 | 5.56 | 229.30 |
| Tennessee Valley Authority | FORESIGHT COAL SALES | 73 | 11605 | 5.59 | 208.99 |
| Tennessee Valley Authority | ALLIANCE COAL | 743 | 11815 | 5.14 | 260.02 |
| Tennessee Valley Authority | ALLIANCE COAL | 392 | 12402 | 5.06 | 272.54 |
| | | 1,208 | 11993 | 5.14 | 261.00 |

Delivered Price Comparison < 5.0 Lbs SO₂ Content
(May 15 - Oct 15)



DELIVERED PRICE COMPARISON < 5.0 LBS SO2 (MAY 15 - OCT 15)

| Plant Operator Name | Reported Source Name | Quantity (000s tons) | Btu/lb | lbsSO2/mmBtu | Delivered Fuel Price Cents/mmBtu |
|--------------------------------------|-----------------------------|----------------------|--------------|--------------|----------------------------------|
| AmerenEnergy Resources Generating Co | PEABODY COAL SALES | 818 | 8800 | 0.44 | 192.27 |
| AmerenEnergy Resources Generating Co | ARCH | 848 | 8808 | 0.54 | 186.93 |
| | | 1,666 | 8804 | 0.49 | 189.55 |
| Appalachian Power Co | RESOURCE FUELS | 113 | 12627 | 4.48 | 211.51 |
| Appalachian Power Co | PEABODY COAL TRADE | 202 | 12298 | 1.13 | 229.63 |
| Appalachian Power Co | PATRIOT COAL SALES | 522 | 11985 | 1.39 | 249.70 |
| Appalachian Power Co | MERCURIA ENERGY TRADING INC | 65 | 12198 | 1.26 | 198.72 |
| Appalachian Power Co | MAPLE COAL CO | 117 | 12177 | 1.37 | 274.16 |
| Appalachian Power Co | KOCH | 39 | 12022 | 1.59 | 286.08 |
| Appalachian Power Co | EDF TRADING | 37 | 12045 | 1.56 | 274.37 |
| Appalachian Power Co | CONSOLIDATION COAL CO | 84 | 12623 | 4.78 | 230.21 |
| Appalachian Power Co | AMERICAN ENERGY | 63 | 12440 | 4.80 | 188.60 |
| Appalachian Power Co | ALPHA COAL | 891 | 12317 | 1.96 | 237.64 |
| | | 2,134 | 12245 | 2.00 | 239.05 |
| Dayton Power & Light Co (The) | WHITE OAK RESOURCES LLC | 14 | 11757 | 4.12 | 203.68 |
| Dayton Power & Light Co (The) | VITOL | 315 | 11705 | 4.11 | 201.97 |
| Dayton Power & Light Co (The) | KOCH | 23 | 11518 | 1.77 | 175.90 |
| Dayton Power & Light Co (The) | FORESIGHT COAL SALES | 28 | 11775 | 4.70 | 176.47 |
| Dayton Power & Light Co (The) | AMERICAN COAL | 540 | 11883 | 4.08 | 223.45 |
| Dayton Power & Light Co (The) | ALPHA COAL | 299 | 12965 | 4.22 | 228.89 |
| | | 1,220 | 12092 | 4.09 | 217.04 |
| Duke Energy Indiana | SUNRISE COAL SALES | 24 | 11525 | 4.96 | 260.50 |
| Duke Energy Indiana | SOLAR SOURCES | 533 | 11282 | 4.58 | 196.66 |
| Duke Energy Indiana | PEABODY COAL TRADE | 16 | 11468 | 1.34 | 183.70 |
| Duke Energy Indiana | PEABODY COAL SALES | 1,441 | 11051 | 4.22 | 208.52 |
| Duke Energy Indiana | PATRIOT COAL SALES | 36 | 12013 | 1.23 | 217.76 |
| Duke Energy Indiana | MODELED - SOLAR SOURCES | 495 | 11281 | 4.58 | 196.65 |
| Duke Energy Indiana | FOSSIL COALLLC | 22 | 11325 | 1.51 | 188.60 |
| Duke Energy Indiana | DUKE ENERGY TRANSFER TERMII | 12 | 11123 | 4.68 | 173.60 |
| Duke Energy Indiana | ALLIANCE COAL | 682 | 11134 | 2.84 | 349.24 |
| | | 3,260 | 11159 | 3.98 | 234.32 |
| Duke Energy Kentucky | WHITE OAK RESOURCES LLC | 3 | 11739 | 4.00 | 162.58 |
| Duke Energy Kentucky | RIVER VIEW COAL | 279 | 12157 | 4.68 | 224.45 |
| Duke Energy Kentucky | PEABODY COAL TRADE | 14 | 12069 | 3.27 | 179.08 |
| Duke Energy Kentucky | NOBLE AMERICAS GAS & POWER | 97 | 11909 | 1.57 | 185.56 |
| Duke Energy Kentucky | ARMSTRONG COAL | 127 | 11550 | 4.82 | 219.31 |
| Duke Energy Kentucky | AMERICAN COAL | 2 | 12027 | 4.19 | 169.99 |
| Duke Energy Kentucky | ALPHA COAL | 63 | 12972 | 4.46 | 193.54 |
| | | 586 | 12068 | 4.13 | 211.96 |
| East Kentucky Power Coop | WHITE OAK RESOURCES LLC | 81 | 11688 | 4.19 | 247.41 |
| East Kentucky Power Coop | RIVER TRADING | 84 | 11331 | 3.65 | 194.40 |
| East Kentucky Power Coop | MR COAL MARKETING | 3 | 12317 | 1.27 | 227.60 |
| East Kentucky Power Coop | JAMIESON CONSTRUCTION CO | 6 | 13645 | 3.25 | 270.80 |
| East Kentucky Power Coop | BOWIE | 144 | 11763 | 2.75 | 225.82 |
| East Kentucky Power Coop | BLACKHAWK MINING LLC | 12 | 12655 | 3.49 | 248.40 |
| East Kentucky Power Coop | B & W RESOURCES | 83 | 12454 | 2.36 | 298.40 |
| East Kentucky Power Coop | B & N COAL | 6 | 11900 | 3.48 | 202.50 |
| East Kentucky Power Coop | ALLIANCE COAL | 154 | 12620 | 4.51 | 226.61 |
| | | 573 | 12063 | 3.52 | 235.70 |
| Electric Energy Inc | NORTH ANTELOPE | 192 | 8705 | 0.45 | 236.75 |
| Electric Energy Inc | BLACK THUNDER WEST | 62 | 8716 | 0.73 | 225.00 |
| Electric Energy Inc | BLACK THUNDER ARCH | 112 | 8716 | 0.52 | 225.00 |
| Electric Energy Inc | BELLAYRE | 286 | 8670 | 0.57 | 228.06 |
| Electric Energy Inc | ANTELOPE | 1,097 | 8707 | 0.53 | 258.15 |
| | | 1,749 | 8702 | 0.54 | 247.59 |

Attachment to Response to Question No. 9
Page 7 of 8
Dotson

DELIVERED PRICE COMPARISON < 5.0 LBS SO2 (MAY 15 - OCT 15)

| Plant Operator Name | Reported Source Name | Quantity (000s tons) | Btu/lb | lbsSO2/mmBtu | Delivered Fuel Price Cents/mmBtu |
|--------------------------------|----------------------------|----------------------|--------------|--------------|----------------------------------|
| Illinois Power Generating Co | PEABODY COAL SALES | 1,089 | 8800 | 0.44 | 215.50 |
| Illinois Power Generating Co | BLACK THUNDER WEST | 276 | 8897 | 0.56 | 239.17 |
| Illinois Power Generating Co | BLACK THUNDER ARCH | 526 | 8905 | 0.52 | 239.17 |
| Illinois Power Generating Co | BELLAYRE | 318 | 8800 | 0.56 | 215.50 |
| Illinois Power Generating Co | ANTELOPE | 751 | 8898 | 0.54 | 226.00 |
| | | 2,959 | 8853 | 0.50 | 224.58 |
| Indiana Kentucky Electric Corp | WESTERN KENTUCKY MINERALS | 21 | 10970 | 4.79 | 223.64 |
| Indiana Kentucky Electric Corp | KNIGHTHAWK | 69 | 11174 | 4.96 | 268.10 |
| | | 90 | 11126 | 4.92 | 257.55 |
| Indiana Michigan Power Co | RIVER TRADING | 5 | 12251 | 1.14 | 286.40 |
| Indiana Michigan Power Co | PEERLESS MINERALS LLC | 46 | 12422 | 1.21 | 267.50 |
| Indiana Michigan Power Co | PEABODY COAL SALES | 1,951 | 8716 | 0.48 | 201.71 |
| Indiana Michigan Power Co | PATRIOT COAL SALES | 492 | 8755 | 0.46 | 224.63 |
| Indiana Michigan Power Co | NOBLE ENERGY MARKETING | 7 | 11984 | 1.65 | 222.60 |
| Indiana Michigan Power Co | NOBLE AMERICAS GAS & POWER | 54 | 11962 | 1.55 | 225.87 |
| Indiana Michigan Power Co | ARCH | 748 | 8944 | 0.59 | 218.68 |
| Indiana Michigan Power Co | ALPHA COAL | 380 | 12090 | 1.37 | 289.01 |
| | | 3,684 | 9220 | 0.62 | 218.56 |
| Indianapolis Power & Light | SUNRISE COAL SALES | 358 | 11667 | 4.62 | 225.66 |
| Indianapolis Power & Light | COALSALES LLC | 13 | 11155 | 4.91 | 230.90 |
| Indianapolis Power & Light | COAL SALES | 21 | 11026 | 3.33 | 250.87 |
| Indianapolis Power & Light | ALLIANCE COAL | 132 | 11546 | 2.78 | 243.06 |
| Indianapolis Power & Light | ALLIANCE | 18 | 11471 | 2.25 | 245.88 |
| Indianapolis Power & Light | | 13 | 11475 | 2.20 | 245.50 |
| | | 554 | 11592 | 4.01 | 231.97 |
| Kentucky Power Co | SABBATICAL INC | 10 | 11764 | 1.63 | 191.58 |
| Kentucky Power Co | PRODUCERS COAL INC | 10 | 12155 | 1.43 | 262.50 |
| Kentucky Power Co | NOBLE ENERGY MARKETING | 72 | 11915 | 1.57 | 212.08 |
| Kentucky Power Co | NOBLE AMERICAS GAS & POWER | 54 | 11908 | 1.57 | 196.25 |
| Kentucky Power Co | MR COAL MARKETING | 21 | 12263 | 1.58 | 213.10 |
| Kentucky Power Co | KOCH | 61 | 12164 | 1.67 | 208.80 |
| Kentucky Power Co | EMBER ENERGY | 5 | 11933 | 1.51 | 197.80 |
| Kentucky Power Co | BLACKHAWK MINING LLC | 21 | 12702 | 1.43 | 207.80 |
| Kentucky Power Co | BEECH FORK PROCESSING | 82 | 12115 | 1.75 | 203.20 |
| | | 336 | 12081 | 1.62 | 207.30 |
| Kentucky Utilities Co | WHITE OAK RESOURCES LLC | 224 | 11660 | 4.15 | 196.14 |
| Kentucky Utilities Co | WESTERN KENTUCKY MINERALS | 3 | 8724 | 2.68 | 137.10 |
| Kentucky Utilities Co | THOROUGHFARE MINING LLC | 43 | 11856 | 3.90 | 229.17 |
| Kentucky Utilities Co | RIVER TRADING | 22 | 10454 | 3.33 | 202.15 |
| Kentucky Utilities Co | RHINO ENERGY | 313 | 11269 | 4.60 | 223.94 |
| Kentucky Utilities Co | FORESIGHT COAL SALES | 34 | 11506 | 4.95 | 210.06 |
| Kentucky Utilities Co | BOWIE | 55 | 11989 | 3.53 | 275.30 |
| Kentucky Utilities Co | ARMSTRONG COAL CO | 39 | 11455 | 3.60 | 229.11 |
| Kentucky Utilities Co | ARCH COAL SALES | 14 | 9436 | 1.58 | 211.49 |
| Kentucky Utilities Co | ARCH | 25 | 9265 | 1.62 | 212.60 |
| Kentucky Utilities Co | ALLIANCE COAL | 215 | 11525 | 2.90 | 262.74 |
| | | 987 | 11390 | 3.86 | 227.67 |

Attachment to Response to Question No. 9
Page 8 of 8
Dotson

DELIVERED PRICE COMPARISON < 5.0 LBS SO2 (MAY 15 - OCT 15)

| Plant Operator Name | Reported Source Name | Quantity (000s tons) | Btu/lb | lbsSO2/mmBtu | Delivered Fuel Price Cents/mmBtu |
|------------------------------------|-----------------------------|-----------------------------|---------------|---------------------|-----------------------------------------|
| Louisville Gas & Electric Co | WHITE OAK RESOURCES LLC | 234 | 11660 | 4.20 | 190.01 |
| Louisville Gas & Electric Co | RIVER TRADING | 2 | 10039 | 2.45 | 211.00 |
| Louisville Gas & Electric Co | RHINO ENERGY | 62 | 11289 | 4.67 | 221.84 |
| Louisville Gas & Electric Co | PEABODY COAL TRADE | 13 | 10210 | 2.27 | 147.06 |
| Louisville Gas & Electric Co | FORESIGHT COAL SALES | 107 | 11495 | 4.93 | 208.08 |
| Louisville Gas & Electric Co | ARMSTRONG COAL | 13 | 11058 | 4.90 | 240.90 |
| Louisville Gas & Electric Co | ARCH COAL SALES | 32 | 8927 | 0.62 | 230.25 |
| Louisville Gas & Electric Co | ARCH | 288 | 8915 | 0.65 | 230.25 |
| Louisville Gas & Electric Co | ALLIANCE COAL | 26 | 11509 | 2.82 | 265.60 |
| | | 775 | 10433 | 2.80 | 214.35 |
| Monongahela Power Co | TUNNEL RIDGE LLC | 143 | 12630 | 4.54 | 368.56 |
| Monongahela Power Co | MEPCO OPERATIONS | 735 | 12047 | 3.44 | 219.45 |
| Monongahela Power Co | CONSOL | 976 | 12549 | 4.91 | 226.59 |
| Monongahela Power Co | ALLIANCE COAL | 587 | 12873 | 4.52 | 214.87 |
| | | 2,441 | 12481 | 4.35 | 229.93 |
| Northern Indiana Public Service Co | PEABODY COAL SALES | 436 | 8792 | 0.45 | 240.60 |
| Northern Indiana Public Service Co | CONSOL | 125 | 12987 | 3.87 | 414.48 |
| Northern Indiana Public Service Co | ARCH | 793 | 8829 | 0.74 | 232.99 |
| | | 1,354 | 9200 | 0.94 | 252.14 |
| Owensboro Municipal Utilities | YAGER MATERIALS | 2 | 11214 | 4.65 | 124.00 |
| Owensboro Municipal Utilities | ROCKPORT RIVER TERMINAL | 4 | 10452 | 3.09 | 124.00 |
| Owensboro Municipal Utilities | KEN AMERICAN | 17 | 11737 | 4.87 | 195.00 |
| | | 22 | 11482 | 4.56 | 177.83 |
| Southern Indiana Gas & Electric Co | ALLIANCE COAL | 134 | 11756 | 4.78 | 216.68 |
| Tennessee Valley Authority | TRAFIGURA | 21 | 12125 | 1.55 | 210.81 |
| Tennessee Valley Authority | SOUTHERN COAL SALES CORP | 11 | 12256 | 1.47 | 251.00 |
| Tennessee Valley Authority | RHINO ENERGY | 12 | 12454 | 1.46 | 286.40 |
| Tennessee Valley Authority | PEVLER | 30 | 12273 | 1.57 | 273.84 |
| Tennessee Valley Authority | PEABODY COAL SALES | 2,673 | 10803 | 3.11 | 228.59 |
| Tennessee Valley Authority | PATRIOT COAL SALES | 177 | 12202 | 1.55 | 249.71 |
| Tennessee Valley Authority | NOBLE ENERGY MARKETING | 140 | 11903 | 1.64 | 232.85 |
| Tennessee Valley Authority | MR COAL MARKETING & TRADING | 23 | 12494 | 1.92 | 242.20 |
| Tennessee Valley Authority | MR COAL MARKETING | 139 | 12312 | 1.92 | 251.59 |
| Tennessee Valley Authority | KOPPER GLO | 12 | 13043 | 2.02 | 258.50 |
| Tennessee Valley Authority | KENAMERICA RESOURCES | 682 | 11820 | 4.89 | 216.93 |
| Tennessee Valley Authority | FORESIGHT COAL SALES | 245 | 11483 | 4.93 | 196.75 |
| Tennessee Valley Authority | BLUE DIAMOND MINING LLC | 70 | 13113 | 1.58 | 263.85 |
| Tennessee Valley Authority | B & W RESOURCES | 23 | 12498 | 1.74 | 257.80 |
| Tennessee Valley Authority | ARMSTRONG COAL | 1,080 | 11697 | 4.77 | 238.11 |
| Tennessee Valley Authority | ARCH COAL SALES | 1,112 | 8875 | 0.67 | 192.63 |
| Tennessee Valley Authority | ARCH | 3,388 | 8976 | 0.69 | 202.37 |
| Tennessee Valley Authority | ALPHA COAL | 59 | 12432 | 1.52 | 256.19 |
| Tennessee Valley Authority | ALLIANCE COAL | 1,647 | 11815 | 3.94 | 269.23 |
| Tennessee Valley Authority | ALLIANCE COAL | 658 | 12250 | 4.95 | 271.03 |
| | | 12,201 | 10573 | 2.63 | 226.57 |

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 10

Witness: Mike Dotson

Q-10. State the percentage of LG&E's coal, as of the date of this Order that is delivered by:

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

- A-10. a. Rail - 43%
- b. Truck - 0%
 - c. Barge - 57%

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 11

Witness: Mike Dotson

- Q-11. a. State LG&E's coal inventory level in tons and in number of days' supply as of October 31, 2015. Provide this information by generating station and in the aggregate.
- b. Describe the criteria used to determine number of days' supply.
- c. Compare LG&E's coal inventory as of October 31, 2015 to its inventory target for that date for each plant and for total inventory.
- d. If actual coal inventory exceeds inventory target by 10 days' supply, state the reasons for excessive inventory.
- e. (1) State whether LG&E expects any significant changes in its current coal inventory target within the next 12 months.
- (2) If yes, state the expected change and the reasons for this change.

A-11. a. As of October 31, 2015:

| | | |
|-----------------|-------------------------|-------------------|
| Mill Creek | 793,645 Tons; 54 Days | Target 20-43 Days |
| Trimble County* | 264,122 Tons; 49 Days | Target 21-44 Days |
| Total | 1,057,767 Tons; 43 Days | Target 20-41 Days |

* Trimble County coal inventory includes both high sulfur coal, which is used in Units 1 and 2, and PRB coal, which is used only in Unit 2.

- b. The method of calculating days in inventory is based on each plant's coal burn capability (coal tons in inventory divided by 90% of each generating unit's heat input description from its air permit to operate).

Upper and lower tons/day targeted inventory days were established for each plant taking into consideration each plant's operating parameters. Each plant's "least cost" inventory range is established annually during the planning process based on historical coal burn/receipt variances, procurement reaction time for long-term fuel supply agreements, current coal and electricity prices offset by carrying and outage costs.

- c. See (a) above.
- d. Mill Creek Station is 11 days above its inventory target, during 2015 Mill Creek has burned under forecast; therefore, resulting in higher inventory than planned.
- e. (1) LG&E does not expect significant changes in its current coal inventory target levels; however, during the Companies' planning cycle minor adjustments may be made to the inventory targets if warranted.

(2) Not applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 12

Witness: Mike Dotson

- Q-12. a. State whether LG&E has audited any of its coal contracts during the period from May 1, 2015, through October 31, 2015.
- b. If yes, for each audited contract:
- (1) Identify the contract;
 - (2) Identify the auditor;
 - (3) State the results of the audit; and
 - (4) Describe the actions that LG&E took as a result of the audit.

- A-12. a. No. LG&E has not conducted any financial audits of its coal contracts. LG&E's current coal contracts either contain a fixed price or a portion of the base contract price is adjusted using government published indices to reflect the changes in the cost. These agreements thus do not require audits. Either LG&E's Manager Fuels Technical Services or LG&E's Mining Engineer conducts scheduled on-site reviews and inspections of the mining operations, scales and sampling systems of each vendor up to twice a year, and likewise may conduct unscheduled visits. Additionally, LG&E employees may visit a vendor as needed to address problems and issues at any time.

As noted in previous filings, governmental impositions may be imposed on the mining industry. As claims for governmental impositions are received, LG&E reviews and may use consultants to review the claims.

Alliance Coal, LLC in accordance with the provisions of Section 8.3 New Impositions of Agreement J09002, requested a price increase for calendar year 2014. The Parties agreed to a settlement. A copy of the Settlement Agreement effective February 1, 2016

is being filed with the Commission under seal pursuant to a Petition for Confidential Protection.

The American Coal Company in accordance with the provisions of Section 8.5 New Impositions of Agreement J14002, requested a price increase for calendar year 2014. The Parties agreed to a settlement. A copy of the Settlement Agreement and Release effective January 8, 2016 is being filed with the Commission under seal pursuant to a Petition for Confidential Protection.

- b. Not applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 13

Witness: Derek Rahn

- Q-13. a. State whether LG&E has received any customer complaints regarding its FAC during the period from May 1, 2015, through October 31, 2015.
- b. If yes, for each complaint, state:
- (1) The nature of the complaint; and
 - (2) LG&E's response.
- A-13. a. No.
- b. Not applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 14

Witness: Mike Dotson

- Q-14. a. State whether LG&E is currently involved in any litigation with its current or former coal suppliers.
- b. If yes, for each litigation:
- (1) Identify the coal supplier;
 - (2) Identify the coal contract involved;
 - (3) State the potential liability or recovery to LG&E;
 - (4) List the issues presented; and
 - (5) Provide a copy of the complaint or other legal pleading that initiated the litigation and any answers or counterclaims. If a copy has previously been filed with the Commission, provide the date on which it was filed and the case in which it was filed.
- c. State the current status of all litigation with coal suppliers.
- A-14. a. LG&E is not involved in any litigation with its coal suppliers.
- b. Not applicable.
- c. Not applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 15

Witness: Mike Dotson / Bob Brunner

- Q-15. a. During the period from May 1, 2015, through October 31, 2015, have there been any changes to LG&E's written policies and procedures regarding its fuel procurement?
- b. If yes:
- (1) Describe the changes;
 - (2) Provide the written policies and procedures as changed;
 - (3) State the date(s) the changes were made; and
 - (4) Explain why the changes were made.
- c. If no, provide the date LG&E's current fuel procurement policies and procedures were last changed, when they were last provided to the Commission, and identify the proceeding in which they were provided.
- A-15. a. The Corporate Fuels and By-Products Procurement Procedures were updated during the review period. In addition, a Power Supply Commodity Policy – Natural Gas Fuel for Generation was executed.
- b. Yes.
- (1) The Fuel Procurement Policies and Procedures were updated to reflect changes in the document title to (Corporate Fuels and By-Products Procurement Procedures), changes and additions to definitions, and updated for current operations. One overarching change consisted of removing previously described gas procurement for generation from the document and expanding natural gas purchases for generation in a "Power Supply Commodity Policy – Natural Gas Fuel for Generation".
 - (2) Attached is an executed copy of the updated Corporate Fuels and By-Products Procurement Procedures effective August 1, 2015 (attachment 1) and a redline copy noting the changes (attachment 2). Also attached is an executed copy of the Power Supply

Commodity Policy – Natural Gas Fuel for Generation effective February 1, 2016 (attachment 3).

(3) Changes to the Fuel Procurement Policies and Procedures were made effective August 1, 2015. Effectiveness of the Power Supply Commodity Policy – Natural Gas Fuel for Generation was February 1, 2016.

(4) See b (1) above.

c. Not applicable.

CORPORATE FUELS AND BY- PRODUCTS PROCUREMENT PROCEDURES
Louisville Gas and Electric Company
Kentucky Utilities Company

A. Definitions:

1. "Agreement" means a legally binding document, in which one party agrees to sell and the other agrees to buy Fuel, fully executed by both Buyer and Seller.
2. "Authority Limit Matrix" – The Authority Limit Matrix (ALM) is a Company policy to be used in combination with these more detailed procedures, indicating the minimum authority required for specific transactions. Its purpose is to provide an easy accessible source of information with respect to the approval process of the Company (as defined below).
3. "Award Recommendation" means the Company's internal approval process for the review and approval by Management of a recommended Fuel purchase Agreement.
4. "Bulk Commodities/Services" means Bulk Commodities (including, but not limited to scrubber reagent, ammonia, hydrated lime, Trona and activated carbon) to be used by the Company's generating stations and Services (including, but not limited to laboratory services, weighing and sampling services, stockpile surveys, governmental imposition claims assessment and coal pricing information services).
5. "Chief Operating Officer" means the Company's principal officer responsible for business operations.
6. "Company" LG&E and KU Energy LLC (LKE), including, its operating and service subsidiaries Louisville Gas and Electric Company (LG&E), Kentucky Utilities Company (KU) or LG&E and KU Services Company.
7. "Contract" is an Agreement for Fuel with a fixed term typically in excess of one year.
8. "Contract Purchase" means any purchase of Fuel by the Company where the terms and conditions are incorporated in the Contract, typically more than one year's duration.
9. "Director" means the Company's Director of Corporate Fuels and By-Products.
10. "Department" means the Company's Corporate Fuels and By-Products Department.
11. "Distressed Coal" means a limited amount of coal which may be purchased at a price below the current market price of similar quality coal.
12. "Emergency" means extraordinary conditions affecting Fuel production, transportation, or usage; including, but not limited to strikes, lockouts or other labor problems, embargoes, mining impediments, extreme market conditions and other problems affecting the production or transportation of Fuel, existing and/or forecasted extreme weather conditions, or any other conditions or circumstances that can be reasonably foreseen as impairing the continued supply of Fuel to the Company.
13. "Environmental Standards" mean the legal requirements for compliance with emission levels or other environmental protection requirements applicable to one or more of the Company's generating Units.

CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT PROCEDURES
Louisville Gas and Electric Company
Kentucky Utilities Company

14. "Formal Solicitation" means the process of soliciting sealed bids for the supply of Fuel.
15. "Fuel" means coal, fuel oil, Transportation Services and Bulk Commodities/Services (the latter two as contemplated by Sections J and K) purchased in each case by the Corporate Fuels and By-Products Department for use by the Company at one of its generating stations.
16. "Informal Bid" means the process of considering unsolicited or solicited oral or written bids for Fuel purchases.
17. "Joint Agreement" is any agreement that is written to supply Fuel to both LG&E and KU. The allocation of fuel under a Joint Agreement should be made pursuant to Section D.8. below.
18. "Long-Term Purchase" means any purchase of Fuel by the Company where the terms and conditions are incorporated into a Contract with a fixed term typically in excess of one year.
19. "Purchase Order" is an Agreement for the supply of Fuel with a term of typically one year or less.
20. "Sarbanes-Oxley" means the Sarbanes-Oxley Act of 2002 (also known as the Public Company Accounting Reform and Investor Protection Act).
21. "Spot Purchase" means any purchase of Fuel by the Company where the terms and conditions are incorporated into a Purchase Order or Contract with a term typically of one year or less.
22. "Station" means one of the Company's generating stations.
23. "Supplier" means the seller who is a party to an Agreement and is obligated to comply with the Agreement's terms.
24. "Transportation Services" means the mode(s) of moving Fuel from the point of purchase to the receiving station, including all related costs and activities (owned/leased equipment, maintenance and repair, barge fleeting services, blending, transloading, etc.).
25. "Unit" means a generating unit at a Station.
26. "Vice President – Energy Supply and Analysis" means the Company's principal officer to whom the Director of Corporate Fuels and By-Products reports and who in turn reports to the Chief Operating Officer.

B. Fuel Procurement Procedures:

CORPORATE FUELS AND BY- PRODUCTS PROCUREMENT PROCEDURES

Louisville Gas and Electric Company
Kentucky Utilities Company

The Company's Corporate Fuels and By-Products Procurement Procedures define the process to obtain an adequate and reliable supply of Fuel of sufficient quality that yields the lowest possible cost of electrical energy delivered to the Unit bus bar, consistent with the Company's obligation to provide adequate and reliable service to its customers, to meet operational and Environmental Standards, and to meet any other applicable legal requirements. The Company will use its best efforts to secure its Fuel supply at competitive prices through the use of the Formal Solicitation, Informal Bid, and negotiation process as described in this document. The awarding of Contracts and Purchase Orders will comply with internal business controls including the Authority Limit Matrix, Sarbanes Oxley compliance and Internal Audit Services' recommendations. The Company has detailed internal control procedures covering Contract Management, Receipt of Goods and Payments (including weighing, sampling, and invoice payment), and Coal Inventory (includes Stockpile Surveys).

Implementation and oversight of the fuel procurement process is of highest priority to the Company. The Director of Corporate Fuels and By-Products will review the Company's Corporate Fuels and By-Products Procurement Procedures annually and update them as appropriate. The Corporate Fuels and By-Products Department shall be organized and staffed, and Corporate Fuels and By-Products procurement procedures and administration shall be conducted, in an efficient and practical manner consistent with the Company's policies. Fuel shall be purchased at competitive prices considering all material factors, including, but not limited to, quantity needed to maintain an adequate inventory, quality required to meet operating characteristics and Environmental Standards, resulting bus bar energy costs, reliability of the Supplier, diversity of Suppliers, diversity of fuel transportation modes, and meeting Emergency or other unusual circumstances affecting market conditions.

C. Organization:

1. Department Structure. The Department shall be organized and staffed to effectively administer the Company's Fuel procurement function.
2. Organizational Responsibility. The Director is responsible for the operations of the Corporate Fuels and By-Products Department and reports to the Vice President – Energy Supply and Analysis who is responsible for the Energy Marketing and Fuel Procurement functions. The Vice President - Energy Supply and Analysis reports to the Chief Operating Officer who has the final responsibility for Fuel procurement. Other Departments may be utilized by the Corporate Fuels and By-Products Department to the extent the Director, Vice President – Energy Supply and Analysis, and/or Chief Operating Officer consider advisable in the execution of the functions of the Department.
3. Approval Authority (Award Recommendation). An Award Recommendation will be prepared for all Agreements for the purchase of Fuel. The Award Recommendation will be signed (as a minimum) by the Department's Fuel Contract Administrator, Manager LG&E and KU Fuels, Manager Fuels Risk Management, Director of Corporate Fuels and By-Products, Plant Manager(s) of the Plant(s) that is (are) to receive the Fuel, and the

CORPORATE FUELS AND BY- PRODUCTS PROCUREMENT PROCEDURES
Louisville Gas and Electric Company
Kentucky Utilities Company

Vice President – Power Production. Additional signatures or approvals may be required in accordance with the following Authority Limit Matrix:

| Position | Maximum Term | Maximum Tenor | Maximum Notional \$ Amount |
|-----------------------------------------------------------------------------|--------------|---------------|----------------------------|
| Manager LG&E and KU Fuels | 1 year | 2 years | \$10,000,000 |
| Director, Corporate Fuels and By - Products | 1 year | 2 years | \$10,000,000 |
| Vice President, Energy Supply and Analysis | 3 years | 4 years | \$20,000,000 |
| Chief Operating Officer | 5 years | 6 years | \$25,000,000 |
| LG&E and KU Energy LLC, Chief Financial Officer and Chief Executive Officer | | | \$180,000,000 |
| LG&E and KU Energy LLC Investment Committee; LG&E and KU Energy LLC Board | | | Over \$180,000,000 |

4. Reports. The Director will instruct the Department to prepare, maintain and distribute various reports to management and others as deemed necessary for business operations and regulatory requirements.
5. Records. The Department shall maintain the following records:
 - a. Open Files. The Department shall maintain within the Department's office area, the following files for at least one year or longer as the Agreement term or other conditions warrant:
 - (1) For each current Fuel Supplier, the files will contain:
 - (a) Contract documents, amendments, Purchase Orders, and escalation documentation;
 - (b) General correspondence;
 - (c) Invoices and invoice verification data;
 - (d) Delivery records and quality analyses data;
 - (e) Field inspection reports and other data.
 - (2) A record of transportation units (railroad cars, barges, etc.) owned or leased by the Company.
 - (3) A list containing current Suppliers and known potential Suppliers of Fuel.

CORPORATE FUELS AND BY- PRODUCTS PROCUREMENT PROCEDURES
Louisville Gas and Electric Company
Kentucky Utilities Company

- b. Closed Files. The Department shall maintain its closed files in accordance with the Company's record management and retention policy.

6. General Administrative Duties.

The Department shall subscribe to trade and industry publications and reports of governmental agencies concerning Fuel, Transportation Services, Bulk Commodities/Services, market information and prices. The Department shall use its best efforts to keep current on Fuel market conditions, prices and availability, and other developments relating to Fuel procurement.

D. Fuel Supply Procedures:

1. Projections. In conjunction with other departments of the Company, the Department shall prepare an annual projection of Fuel usage and delivered cost for each Station for the number of years required in the Company's planning process.
2. Long-Term/Spot Mix. Subject to the approvals as set forth herein, the Department shall recommend whether a Long-Term (Contract) or Spot Purchase (Purchase Order) is advisable, considering the following factors: (a) the availability of adequate Fuel from qualified Suppliers, (b) the need to have an adequate inventory committed for an existing Unit, changes to an existing Unit, or a planned new Unit, (c) the desire to maintain flexibility to market conditions and other factors affecting price and availability, (d) existing and anticipated Environmental Standards, and (e) such other factors as may reasonably affect the implementation of the Company's Corporate Fuels and By-Products Procurement Procedures.
3. Current Requirements. The Department shall continually review and analyze the data available to the Department in order to purchase Fuel in a timely manner to meet the requirements of the Company.
4. Supplier Qualifications. The Company shall select potential suppliers on the basis of the current supplier list, performance on past and current Fuel Agreements, financial information, market intelligence from industry research, and general knowledge of the industry. No potential qualified supplier shall be preferred or discriminated against because of race, religion, color, sex, age or marital status of the supplier or any of its representatives.

The supplier list is periodically reviewed by the Department to eliminate any suppliers that are known to have gone out of business and to also add any new or existing suppliers that were previously not on the supplier list. The Department not only reviews the membership lists of several coal associations (for example the Kentucky Coal Association, the Lexington Coal Exchange, the Coal Institute, the American Coal Council, the National Mining Association, etc.) for new suppliers to add to the supplier

CORPORATE FUELS AND BY- PRODUCTS PROCUREMENT PROCEDURES
Louisville Gas and Electric Company
Kentucky Utilities Company

list, but also adds new suppliers based upon field inspection visits. If a supplier is identified that is not on the current supplier list, the Department will add the supplier to the list for the next RFQ. Suppliers can be added to the supplier list either by request of the supplier or by the Department.

A notice of a Request for Quotation (RFQ) is published in several Coal Industry Newsletters. The RFQ is initially sent to the suppliers on the current supplier list and posted on the Company website. If a supplier that has not received the RFQ calls and asks to be put on the Department's supplier list they are automatically added to that list and a copy of the RFQ is sent to that supplier. During the evaluation of the bids, if a new supplier has submitted a bid that is competitive, a new supplier evaluation will be performed to determine the capability of the supplier.

The supplier evaluation is done to determine if a supplier has the ability to deliver the quantity and quality of coal bid at the offered price. An actual site visit may be conducted. The information requested is based upon:

- The volume and term offered by the supplier in response to the RFQ
- Past experience the Company has with the supplier
- The size and financial stability of the supplier
- Past experience the Company has with the type coal being offered
- Previous knowledge the Company has concerning the source operation (possibly under a different source name)

The data requested may include coal reserve data such as property maps and drill logs, mining plans, listing of all production equipment, coal preparation facilities such as coal preparation plants, weighing, sampling and analysis capabilities on site, mine staffing and organization, past production records, and status of permits. In addition, financial data will be requested and a supplier credit assessment will be performed in accordance with company policy. If all operational information, financial data, and other results from the site visit evaluation are acceptable, the supplier is approved.

5. Solicitations.

- a. Formal Solicitations. The Company shall purchase its Fuel through sealed-bid solicitations. However, the Company reserves the right to request or accept Informal Bids for Fuel purchases as described in Section 5.b., when in its judgment, market conditions or plant conditions provide an opportunity to obtain Fuel more advantageously or more quickly than through the formal sealed-bid procedures. When the Company foregoes the Formal Solicitation process in favor of the Informal Bid procedure (Section 5.b. below), documentation shall be included in the resulting Contract or Purchase Order file describing the conditions.

CORPORATE FUELS AND BY- PRODUCTS PROCUREMENT PROCEDURES

Louisville Gas and Electric Company

Kentucky Utilities Company

A Request for Quotation ("RFQ") number will be assigned to each quotation package. The quotation must be returned to the company address as indicated on or before the due date and time, noting on the mailing label the RFQ number. The RFQ number will identify the quotation and ensure the quotation is opened according to the Corporate Fuels and By-Products Procurement Procedures.

The RFQ package shall contain the following minimum requirements:

- Instructions to Suppliers on the submission of an RFQ, including time and date the bids are due, correct labeling of bid envelope, signatures required, etc.
- Scope of supply Agreement
- Listing of typical information required from Supplier

Quantity and quality of coal being offered

Bid Price

Length of purchase

Transportation capabilities

Mining capabilities

- Company terms and conditions

RFQ's shall be opened on or after the established due date and time within the presence of one or more witnesses from another Department. A numbered log shall be kept for logging in the receipt of each sealed envelope. This numbered log shall be signed by the witnesses noting the bids were all sealed prior to opening and were received prior to the due date and time. Those bids received after the designated time will be returned unopened to the bidder, unless the Director waives this provision.

Upon opening the sealed envelopes, each bid shall be given the log number assigned to it and initialed by the witnesses attending the bid opening.

All candidates shall be given the same opportunity and time frame to respond to the RFQ. Information clarifications shall be shared with all candidates. A copy of the RFQ and the original of the Suppliers' bid documents with evidence of the witness signatures shall be maintained within the Department.

The Department's Fuel Administrator is responsible for entering the bid data into the bid evaluation spreadsheet. The spreadsheet contains data fields such as:

Supplier's name (from bid)

CORPORATE FUELS AND BY- PRODUCTS PROCUREMENT PROCEDURES
Louisville Gas and Electric Company
Kentucky Utilities Company

Mine name and location (from bid)

Fuel loading point; river milepost or rail loadout (from bid)

Annual price in dollars per ton and cents/MMBtu (from bid)

Transportation cost (assigned by the Fuel Administrator)

Calculated total delivered cost (calculated by the Fuel Administrator)

Fuel technical specifications (from bid), such as:

BTU per pound

Sulfur content

Moisture content

Ash content

Chlorine content

Size

Arsenic content

Hardgrove Index

Other technical specifications as appropriate

The bids are secured in the Department area.

The Department's Manager LG&E and KU Fuels will independently verify that all bid data is correctly entered into the bid evaluation spreadsheet.

- b. Informal Bids. When, in the Company's judgment, Fuel can be obtained more advantageously or quickly for a particular plant through the Informal Bid procedures, the Department may solicit offers or accept unsolicited offers from Suppliers by telephone, electronic mail, facsimile or otherwise. Although these bids are typically used for Spot Purchases, circumstances may arise that would justify the recommendation of a long-term Contract from an Informal Bid process. The award recommendation for all such Informal Bid purchases shall include the Department's Fuel Sole Source Award Recommendation form with appropriate signatures.
6. Long-Term Purchases. The Department shall review and analyze each Contract offer. The evaluation will include, but not necessarily be limited to, the items required by the Company to satisfy operational, Environmental Standards and economic criteria. Based

CORPORATE FUELS AND BY- PRODUCTS PROCUREMENT PROCEDURES

Louisville Gas and Electric Company

Kentucky Utilities Company

upon the bid evaluation spreadsheet, the Department will evaluate and rank all quotations received by total delivered cost and lowest evaluated cost of electrical energy delivered to the Unit bus bar. Other factors may be considered, including but not limited to, ranking reports generated by a software model that evaluates the impact of different coal qualities on Unit bus bar costs, supplier credit assessment, supplier past performance, diversity of region of supply, diversity of transportation mode, and diversity of suppliers. From this ranking, a short list of bidders may be selected from which the Department intends to conduct further discussions and/or negotiations. The short list may include unsolicited offers. The size of the short list will be determined solely at the Department's discretion. The Department may engage in preliminary negotiations with Suppliers on the short list to determine which offers warrant further consideration. The objective of the negotiations shall be to reach Agreements with Suppliers that provide the Company with favorable terms and conditions, the lowest possible cost of electrical energy delivered to the Unit bus bar and reliable supply consistent with other qualifiers related to supplier reliability, existing and future Environmental Standards, transportation options, etc. A team may be formed to conduct negotiations with bidders on the short list. Generally, this team will consist of two or more representatives from the Department. The terms and conditions outlined in the quotation submitted to the Department by the bidder shall be the basis for beginning negotiations with each potential Supplier. A representative from the Legal Department shall review documents regarding terms and conditions.

The Department may in some instances perform investigations of the bidders to determine their ability to supply Fuel under the terms and conditions outlined in their proposals. These investigations may include site visits, mine operation audits, audits of financial information, test shipments, or other similar actions intended to determine the bidder's qualification as a Supplier. The Department shall verify the adequacy of the proposed source of supply for coal quantity and quality.

The recommended Supplier(s) shall be selected by the negotiating team based upon the evaluation criteria and the results of the negotiations. The Department's Fuel Contract Administrator will prepare the contract Award Recommendation for approval as detailed in Section C.3. This recommendation will document the selection criteria and pertinent factors, and in circumstances where more than one company is selected, the recommendation shall describe the tonnage requirements and other responsibilities of each of the other recommended Suppliers.

7. Spot Purchases. Spot purchases, and resulting Purchase Orders or Contracts, may be made by the Company subject to the limit of authority stated in section C.3. In instances where there exists an opportunity to purchase Distressed Coal or other coal from an Informal Bid, the Manager LG&E and KU Fuels may recommend the purchase of such coal to the Director without soliciting proposals through the Formal Solicitation process. The Award Recommendation for all such Fuel purchases shall include the Department's Fuel Sole Source Award Recommendation form with appropriate signatures.
8. Joint Agreements. Joint Agreements shall be made at the discretion of the Department in order to capture economic benefit from the combined purchasing power of LG&E and KU. Such discretion will be based upon the Company's operating requirements, Environmental Standards, inventory levels, and the ability of the Company's power plants to burn similar fuels.

Attachment 1 to Response to Question No. 15

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Page 9 of 15

CORPORATE FUELS AND BY- PRODUCTS PROCUREMENT PROCEDURES
Louisville Gas and Electric Company
Kentucky Utilities Company

9. Documentation. Contracts and Purchase Orders shall be signed by the Supplier and the Company.

The following documents must be maintained:

- o The final list of bidders
- o A copy of the bid package
- o The bidders' responses with witnesses' signatures
- o The bid evaluation summary

E. Agreement Administration:

1. Compliance. The Department shall review and analyze daily business and operational reports to properly administer all Agreements. Coal weighing and sampling is conducted at each individual power plant site. Coal weights are measured in accordance with industry-accepted methods. Coal sampling and analysis is performed in accordance with Generation Services' System Laboratory procedures. These procedures have been developed in accordance with ASTM standards and cover coal sampling, coal sample preparation, coal sample identification, handling and shipping, and coal analysis on a parameter-by-parameter basis. Coal quantity and quality are reported to the Department through the Fuels Management System.
2. Amendments. A Contract/Purchase Order shall not be materially amended except after analysis by the Department, recommendation of the Director, review by the Legal Department and in accordance with the Authority Matrix in C.3.
3. Agreement Administration. The Department shall maintain the necessary data to administer the Agreements. Every Supplier's request for a change outside the existing terms, conditions, or prices must be written and supported by adequate data in conformity with the Agreement. Each request shall be analyzed by the Department against the Agreement provisions, and reported with recommendations to the Director. If the parties do not come to agreement on the new terms, negotiations between the Supplier and the Company, as dictated by the Agreement's terms, shall be the primary method of resolving the issue.
4. Supplier's Relief. Any Supplier's request or claim for relief from compliance with any provision of the Agreement's terms such as Force Majeure conditions, quality specifications, approval of alternate sources, etc., must be in writing with an adequate description of conditions warranting nonperformance. Each request or claim shall be reviewed by the Director and the Company's Legal Department.
5. Inspections. The Director shall cause inspections of mining and other facilities of a Supplier as part of Agreement Administration.

CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT PROCEDURES

Louisville Gas and Electric Company

Kentucky Utilities Company

F. Agreement Enforcement:

1. General Enforcement Policy. Supplier obligations under Agreements shall be enforced by the Company to ensure Supplier compliance with the Company's overall procurement policy and to provide for the continuing supply of Fuel.
2. Department Responsibility. Whenever it is determined that a shipment does not meet the Agreement terms or a Fuel Supplier is not complying with the Agreement terms, the Department shall inform the Supplier and direct that subsequent shipments be in compliance.

G. Legal Assistance:

The Department shall have access to, and may receive advice from, the Legal Department on all matters relating to Fuel procurement, administration and enforcement.

H. Inventory Levels:

The Company has an obligation to ensure the availability of continuous reliable service to its customers. Decisions affecting Fuel inventory shall be responsive to this obligation.

The Company strives to maintain an adequate inventory to ensure service reliability while allowing for enough flexibility so inventory levels can be responsive to known and anticipated changes in conditions and minimize the risks of unforeseen conditions. Inventory ranges are established based upon forecasted plant utilization, deliverability risks related to availability of truck, rail and barge capacity and associated transportation infrastructure, fuel quality requirements of the plants, the position of the plant in the dispatch order, risk of market supply-demand imbalance, and the ability to conduct quick spot market transactions. The general level of inventory is adjusted to meet anticipated conditions (i.e. summer/winter peak load, river lock outages, Unit outages, fuel unloading system outages, etc.).

Coal inventories are reported monthly in the Department's Monthly Fuels Management Report. Regular inventory reports are made available quarterly to senior management and the Enterprise Risk Management Committee. An annual physical inventory survey is taken, in a timely manner, to ensure that the results of the physical inventory survey are booked by the end of the year in the Fuels Management System.

I. Emergency Procurement:

CORPORATE FUELS AND BY- PRODUCTS PROCUREMENT PROCEDURES
Louisville Gas and Electric Company
Kentucky Utilities Company

Any one or more of the procedures described herein may be waived by the Vice President - Energy Supply and Analysis, whenever, Fuel must be purchased due to extraordinary conditions such as strikes, lockouts or other labor problems affecting Fuel production or transportation, embargoes, mining or other problems affecting production or transportation, existing and/or forecast extreme weather conditions, or any other conditions or circumstances that can be reasonably foreseen as impairing the continued supply of Fuel to the Company. When such a purchase is made, documentation of circumstances will be included in the Contract or Purchase Order file.

J. Transportation Services:

Transportation Services bids shall be requested and Agreements negotiated whenever appropriate. A tariff may be used in lieu of an Agreement if conditions warrant. Consideration shall generally be given to the following factors when considering the need or desirability to make a Transportation Services Agreement:

- plant requirements;
- the locations of potential Fuel Suppliers;
- the most desirable transportation modes available;
- coal unloading and handling system constraints;
- existing transportation routes and transfer points between Suppliers and Company generating Stations;
- desirability of maintaining flexibility with different modes of transportation;
- economics;
- other factors which may affect the delivery of Fuel to the Company's generating Stations.

The process of selecting and contracting for Transportation Services will vary with the mode of transportation being sought. For barge and truck deliveries, the Department will generally use the Company's accepted competitive bidding procedures. In instances where only one rail carrier may serve a plant, direct negotiations with the rail carriers serving a particular coal source may be initiated.

The selections of a transportation Supplier will generally be based upon, but not necessarily limited to, cost, reliability, coal unloading and handling system constraints, and other factors. Transportation Service Agreements must be in writing and signed by all parties, unless provided under an approved tariff. The approval procedures set forth in Section C.3 shall be used for the approval of all Transportation Agreements.

K. Bulk Commodities/Services/Other Fuels:

Bulk Commodities/Services shall be requested and Agreements negotiated by the Department, whenever appropriate. Associated transportation services related to Section J. such as railcar leases, railcar maintenance and repair, barge maintenance and repair, barge fleet services, coal blending, and coal transloading services shall also be requested and Agreements negotiated by the Department, whenever appropriate. All of these Bulk Commodities/Services Agreements will abide by the Approval Authority Limits as set forth in Section C.3. above.

Natural Gas The Power Supply Department is responsible for the purchase of natural gas and associated pipeline transportation for the Company's generating stations.

Fuel Oil. Fuel oil is procured on an "as-needed" basis due to the infrequency of use of this Fuel and the nature of the oil market. The responsibility for fuel oil procurement varies. When the need for fuel oil arises, the Department and/or the Power Plants will solicit vendors for offers. Orders are assigned on the basis of lowest delivered cost and the ability to fill the order. Solicitation results are documented in the Department for purchases made by the Department.

L. Affiliate Transactions:

Transactions and relationships between the Company and its unregulated affiliates are governed by three governmental agencies: the Kentucky Public Service Commission, the Federal Energy Regulatory Commission, and as regards Kentucky Utilities Company, the Virginia State Corporation Commission.

The Company may purchase Fuel from an affiliate only at a price permissible under applicable affiliated restriction rules of the above regulators, if such a transfer is reasonably required by the Company to meet an Emergency and the Company believes in good faith that, under the circumstances, the transaction will be to the advantage of the Company. At the time of the affiliate transaction, the Company will document through the award recommendation process, the pricing basis and the justification for the affiliate transaction. The Company shall report any such purchase in its next recurrent report due to the Commission (Form A or Form B filing, or their successor(s)). All such affiliate transactions must as a minimum, meet the requirements of the Affiliate Transaction Overview, dated May 26, 2003, including the requirements of Kentucky Revised Statutes Chapter 278, Kentucky Public Service Commission Sections 2201 through 2219; the Federal Energy Regulatory Commission, 18 CFR 35.44; and Virginia State Corporation Commission, Code of Virginia Title 56 - Chapter 4 and any other applicable affiliate transaction rules.

CORPORATE FUELS AND BY- PRODUCTS PROCUREMENT PROCEDURES
Louisville Gas and Electric Company
Kentucky Utilities Company

M. Ethics and Conduct:

The Company recognizes the importance of following the Company's Standards of Integrity to guide the conduct of the Corporate Fuels and By-Products Department in the performance of its duties and responsibilities:

The Department shall endeavor to serve the best interests of the Company and its customers in the performance of the Department's duties and responsibilities.

Fuels staff shall adhere to the ethical standards and policies of the Company.

Each employee involved with the procurement of Fuel will be required to promptly disclose, in writing, any actual or potential conflicts of interest to their supervisor and the LG&E/KU Compliance Department.

N. Penalties For Noncompliance:

All Fuels employees are required to familiarize themselves with the Fuels Procurement Procedures and acknowledge through a process established by management, that they have received, read, understand, accept, and will act in accordance with this document. Failure to comply with any term of the procedures may result in disciplinary action, up to and including discharge.

Key Contact: Manager - Fuels Accounting and Administration

References: Authority Limit Matrix, Records Management and Retention Policy, Standards of Integrity, Reliability Standards, and Affiliate Restriction Regulations

Administrative Responsibility: Director, Corporate Fuels and By- Products

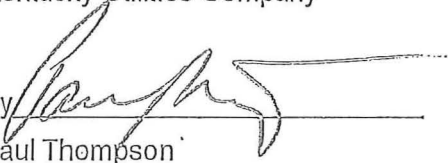
CORPORATE FUELS AND BY- PRODUCTS PROCUREMENT PROCEDURES
Louisville Gas and Electric Company
Kentucky Utilities Company

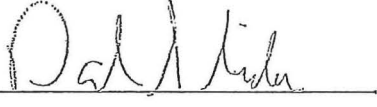
Originally issued at Louisville, Kentucky, the 10th day of February, 2003.

Revised effective August 1, 2015.

Louisville Gas and Electric Company

Kentucky Utilities Company

By 
Paul Thompson
Chief Operating Officer

By 
David Sinclair
Vice President – Energy Supply and Analysis

CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT POLICIES AND PROCEDURES
Louisville Gas and Electric Company
Kentucky Utilities Company

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A. Definitions:

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1. "Agreement" means a legally binding document, in which one party agrees to sell and the other agrees to buy Fuel, ~~or Transportation Services for Fuel~~, fully executed by both Buyer and Seller.
2. "Authority Limit Matrix" – The Authority Limit Matrix (ALM) is a Company policy to be used in combination with these more detailed ~~policies and~~ procedures, indicating the minimum authority required for specific transactions. Its purpose is to provide an easy accessible source of information with respect to the approval process of ~~the Company (as defined below), LG&E and KU Energy LLC (LKE or the Company).~~
3. "Award Recommendation" ~~means the Company's internal approval process for the review and approval by Management of a recommended Fuel purchase and/or Transportation Services a~~ Agreement.
- 3.4. "Bulk Commodities/Services" means Bulk Commodities (including, but not limited to scrubber reagent, ammonia, hydrated lime, Trona and activated carbon) to be used by the Company's generating stations and Services (including, but not limited to laboratory services, weighing and sampling services, stockpile surveys, governmental imposition claims assessment and coal pricing information services.)
- 4.5. "Chief Operating Officer" means the Company's principal officer responsible for business operations.
- 5.6. "Company" LG&E and KU Energy LLC (LKE), including, its operating and service subsidiaries ~~means~~ Louisville Gas and Electric Company (LG&E), ~~or~~ Kentucky Utilities Company (KU) or ~~both~~ LG&E and KU Services Company.
- 6.7. "Contract" is an Agreement for Fuel ~~supply or Transportation Services~~ with a fixed term typically in excess of one year.
- 7.8. "Contract Purchase" means any purchase of Fuel ~~or Transportation Services~~ by the Company where the terms and conditions are incorporated in the Contract, typically more than one year's duration.
- 8.9. "Director" means the Company's Director of Corporate Fuels and By-Products.
- 9.10. "Department" means the Company's Corporate Fuels and By-Products Department.
- 10.11. "Distressed Coal" means a limited amount of coal which may be purchased at a price below the current market price of similar quality coal.
- 11.12. "Emergency" means extraordinary conditions affecting Fuel production, transportation, or usage; including, but not limited to strikes, lockouts or other labor problems, embargoes, mining impediments, extreme market conditions and other problems affecting the production or transportation of Fuel, existing and/or forecasted extreme weather conditions, or any other conditions or circumstances that can be reasonably foreseen as impairing the continued supply of Fuel to the Company.

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CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT POLICIES AND PROCEDURES

Louisville Gas and Electric Company
Kentucky Utilities Company

123. "Environmental Standards" mean the legal requirements for compliance with emission levels or other environmental protection requirements applicable to one or more of the Company's generating Units.
134. "Formal Solicitation" means the process of soliciting sealed bids for the supply of ~~Fuel, and/or Transportation Services.~~
145. "Fuel" means coal, fuel oil, Transportation Services and Bulk Commodities/Services (the latter two as contemplated by Sections J and K) or natural gas purchased in each case by the Corporate Fuels and By-Products Department for use by the Company at ~~for~~ one of its generating stations.
156. "Informal Bid" means the process of considering unsolicited or solicited oral or written bids for Fuel purchases, ~~and/or Transportation Services.~~
17. "Joint Agreement" is any agreement that is written to supply Fuel to both LG&E and KU. The allocation of fuel under a Joint Agreement should be made pursuant to Section D.8. below.
18. "Long-Term Purchase" means any purchase of Fuel by the company where the terms and conditions are incorporated into a Contract with a fixed term typically in excess of one year.
19. "Joint Contract" is ~~any contract that is written to supply Fuel and/or Transportation Services to both LG&E and KU. The allocation of fuel under a Joint Contract should be made pursuant to Section 0.8. below.~~
- 20.19. "Purchase Order" is an Agreement for the supply of Fuel ~~and/or Transportation Services~~ with a term of typically one year or less. Formatted: Indent: Left: 0.33", Hanging: 0.24"
- 24.20. "Sarbanes-Oxley" means the Sarbanes-Oxley Act of 2002 (also known as the Public Company Accounting Reform and Investor Protection Act).
- 22.21. "Spot Purchase" means any purchase of Fuel ~~and/or Transportation Services~~ by the Company where the terms and conditions are incorporated into a Purchase Order or Contract with a term typically of one year or less.
- 23.22. "Station" means one of the Company's generating stations.
- 24.23. "Supplier" means the seller who is a party to an Agreement and is obligated to comply with the Agreement's terms.
- 25.24. "Transportation Services" means the mode(s) of moving Ffuel from the point of purchase to the receiving station, including all related costs and activities (owned/leased equipment, maintenance and repair, barge fleet services, blending, transloading, etc).
- 26.25. "Unit" means a generating unit at a Station.
- 27.26. "Vice President – Energy Supply and Analysis" means the Company's principal

CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT POLICIES AND PROCEDURES

Louisville Gas and Electric Company
Kentucky Utilities Company

officer to whom the Director of Corporate Fuels and By-Products reports and who in turn reports to the Chief Operating Officer.

B. Fuel Procurement Policies Procedures:

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The Company's Corporate Fuels and By-Products Procurement Policies and Procedures define the process to obtain an adequate and reliable supply of Fuel of sufficient quality that yields the lowest possible cost of electrical energy delivered to the Unit bus bar, consistent with the Company's obligation to provide adequate and reliable service to its customers, to meet operational and Environmental Standards, and to meet any other applicable legal requirements. The Company will use its best efforts to secure its Fuel supply at competitive prices through the use of the Formal Solicitation, Informal Bid, and negotiation process as described in this document. The awarding of Contracts and Purchase Orders will comply with internal business controls including the Authority Limit Matrixes, Sarbanes Oxley compliance and Internal Audit Services' recommendations. The Company has detailed internal control procedures covering Contract Management, Receipt of Goods and Payments (including weighing, sampling, and invoice payment), and Coal Inventory (includes Stockpile Surveys).

Implementation and oversight of the fuel procurement process is policy is of highest priority to the Company. The Director of Corporate Fuels and By-Products will review the Company's Corporate Fuels and By-Products Procurement Policies and Procedures annually and update them policies as appropriate. The Corporate Fuels and By-Products Department shall be organized and staffed, and Corporate Fuels and By-Products procurement procedures and administration shall be conducted, in an efficient and practical manner consistent with the Company's this policies. Fuel shall be purchased at competitive prices considering all material factors, including, but not limited to, quantity needed to maintain an adequate inventory, quality required to meet operating characteristics and Environmental Standards, resulting bus bar energy costs, reliability of the Supplier, diversity of Suppliers, diversity of fuel transportation modes, and meeting Emergency or other unusual circumstances affecting market conditions.

C. Organization:

1. Department Structure. The Department shall be organized and staffed to effectively administer the Company's Fuel procurement function.
2. Organizational Responsibility. The Director is responsible for the operations of the Corporate Fuels and By-Products Department and reports to the Vice President – Energy Supply and Analysis who is responsible for the Energy Marketing and Fuel Procurement functions. The Vice President - Energy Supply and Analysis reports to the Chief Operating Officer who has the final responsibility for Fuel procurement. Other Departments may be utilized by the Corporate Fuels and By-Products Department to the extent the Director, Vice President – Energy Supply and Analysis, and/or Chief Operating Officer consider advisable in the execution of the functions of the Department.
3. Approval Authority (Award Recommendation). An Award Recommendation will be prepared for all Agreements for the purchase of Fuel, and Transportation Services. The Award Recommendation will be signed (as a minimum) by the Department's Fuel Contract Administrator, Manager LG&E and KU Fuels, Manager Fuels Risk

CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT POLICIES AND PROCEDURES

Louisville Gas and Electric Company
Kentucky Utilities Company

Management, Director of Corporate Fuels and By-Products, Plant Manager(s) of the Plant(s) that is (are) to receive the Fuel, ~~and/or Transportation Services~~, and the Vice President – Power Production. ~~Additional signatures may be required in accordance with the following Authority Limit Matrices:~~

| Position | Maximum Term | Maximum Tenor | Maximum Notional \$ Amount |
|-----------------------------------------------------------------------------------------|--------------|---------------|----------------------------|
| Manager LG&E and KU Fuels | 1 year | 2 years | \$10,000,000 |
| Director, Corporate Fuels and By - Products | 1 year | 2 years | \$10,000,000 |
| Vice President, Energy Supply and Analysis | 3 years | 4 years | \$20,000,000 |
| Chief Operating Officer | 5 years | 6 years | \$25,000,000 |
| LG&E and KU Energy LLC, Chief Financial Officer and Chief Executive Officer | | | \$180,000,000 |
| LG&E and KU Energy LLC Investment Committee; LG&E and KU Energy QY LLC Board | | | Over \$180,000,000 |

4. Reports. The Director will instruct the Department to prepare, maintain and distribute various reports to management and others as deemed necessary for business operations and regulatory requirements.

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5. Records. The Department shall maintain the following records:

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a. Open Files. The Department shall maintain within the Department's office area, the following files for at least one year or longer as the Contract term or other conditions warrant:

- (1) For each current ~~Fuel Supplier, Contract~~ ~~Supplier, Spot Purchase Supplier, or Transportation Services Provider~~, the files will contain:
 - (a) Contract documents, amendments, Purchase Orders and escalation documentation;
 - (b) General correspondence;
 - (c) Invoices and invoice verification data;
 - (d) Delivery records and quality analyses data;
 - (e) Field inspection reports and other data.
- (2) A record of transportation units (railroad cars, barges, etc.) owned or leased by the Company.
- (3) A list containing current Suppliers and known potential Suppliers of Fuel.

b. Closed Files. The Department shall maintain its closed files in accordance

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CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT POLICIES AND PROCEDURES

Louisville Gas and Electric Company
Kentucky Utilities Company

with the Company's record management and retention policy plan.

6. General Administrative Duties.

The Department shall subscribe to trade and industry publications and reports of governmental agencies concerning Fuel, Transportation Services, Bulk Commodities/Services, market information and prices. The Department shall use its best efforts to keep current on Fuel market conditions, prices and availability, and other developments relating to Fuel procurement.

D. Fuel Supply Procedures:

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1. Projections. In conjunction with other departments of the Company, the Department shall prepare an annual projection of Fuel usage and delivered cost for each Station for the number of years required in the Company's planning process.

2-Long-Term Contract/Spot Mix. Subject to the approvals as set forth herein, the Department shall recommend whether a Long-Term (Contract) or Spot Purchase (Purchase Order) is advisable, considering the following factors:

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(a) the availability of adequate Fuel supplies from qualified Suppliers, (b) the need to have an adequate inventory committed for an existing Unit, changes to an existing Unit, or a planned new Unit, (c) the desire to maintain flexibility to market conditions and other factors affecting price and availability, (d) existing and anticipated Environmental Standards, and (e) such other factors as may reasonably affect the implementation of the Company's Corporate Fuels and By-Products -Procurement Procedures policy.

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3. Current Requirements. The Department shall continually review and analyze the data available to the Department in order to purchase Fuel in a timely manner to meet the requirements of the Company.

4. Supplier Qualifications. The Company shall select potential suppliers on the basis of the current supplier list, performance on past and current Fuel Agreements/Contracts, financial information, market intelligence from industry research, and general knowledge of the industry. No potential qualified supplier shall be preferred or discriminated against because of race, religion, color, sex, age or marital status of the supplier or any of its representatives.

The supplier list is periodically reviewed by the Department to eliminate any suppliers that are known to have gone out of business and to also add any new or existing suppliers that were previously not on the supplier list. The Department not only reviews the membership lists of several coal associations (for example the Kentucky Coal Association, the Lexington Coal Exchange, the North Carolina Coal Institute, the American Coal Council, the National Mining Association, etc.) for new suppliers to add to the supplier list, but also adds new suppliers based upon field inspection visits. If a supplier is identified that is not on the current supplier list, the Department will add the supplier to the list for the next RFQ. Suppliers can be added to the supplier list either by request of the supplier or by the Department.

A notice of a Request for Quotation (RFQ) is published in several Coal Industry Newsletters. The RFQ is initially sent to the suppliers on the current supplier list and

CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT POLICIES AND PROCEDURES

Louisville Gas and Electric Company
Kentucky Utilities Company

posted on the Company website. If a supplier that has not received the RFQ calls and asks to be put on the Department's supplier list they are automatically added to that list and a copy of the RFQ is sent to that supplier. During the evaluation of the bids, if a new supplier has submitted a bid that is competitive, a new supplier evaluation will be performed to determine the capability of the supplier.

The supplier evaluation is done to determine if a supplier has the ability to deliver the quantity and quality of coal bid at the offered price. An actual site visit may be conducted. The information requested is based upon:

- The volume and term offered by the supplier in response to the requested in the RFQ
- Past experience the Company has with the supplier
- The size and financial stability of the supplier
- Past experience the Company has with the type coal being offered
- Previous knowledge the Company has concerning the source operation (possibly under a different source name)

The data requested may include coal reserve data such as property maps and drill logs, mining plans, listing of all production equipment, coal preparation facilities such as coal preparation plants, weighing, sampling and analysis capabilities on site, mine staffing and organization, past production records, and status of permits. In addition, financial data will be requested and a supplier credit assessment will be performed in accordance with company policy. If all operational information, financial data, and other results from the site visit evaluation are acceptable, the supplier is approved.

5. Solicitations.

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a. Formal Solicitations. The Company shall purchase its Fuel through sealed-bid solicitations. However, the Company reserves the right to request or accept Informal Bids for Fuel purchases as described in Section 5.b., when in its judgment, market conditions or plant conditions provide an opportunity to obtain Fuel more advantageously or more quickly than through the formal sealed-bid procedures. When the Company foregoes the Formal Solicitation process in favor of the Informal Bid procedure (Section 5.b. below), documentation shall be included in the resulting Contract or Purchase Order file describing the conditions.

A Request for Quotation ("RFQ") number will be assigned to each quotation package. The quotation must be returned to the company address as indicated on or before the due date and time, noting on the mailing label the RFQ number. The RFQ number will identify the quotation and ensure the quotation is opened according to the Company's Corporate Fuels and By-Products Procurement Policies and Procedures.

The RFQ package shall contain the following minimum requirements:

CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT POLICIES AND
PROCEDURES

Louisville Gas and Electric Company
Kentucky Utilities Company

- Instructions to Suppliers on the submission of an RFQ, including time and date the bids are due, correct labeling of bid envelope, signatures required, etc.
- Scope of supply Agreement
- Listing of typical information required from Supplier
 - Quantity and quality of coal being offered Bid
 - Price
 - Length of purchase
 - Transportation capabilities
 - Mining capabilities
- Company terms and conditions

RFQ's shall be opened on or after the established due date and time within the presence of one or more witnesses from another Department. A numbered log shall be kept for logging in the receipt of each sealed envelope. This numbered log shall be signed by the witnesses noting the bids were all sealed prior to opening and were received prior to the due date and time. Those bids received after the designated time will be returned unopened to the bidder, unless the Director waives this provision.

Upon opening the sealed envelopes, each bid shall be given the log number assigned to it and initialed by the witnesses attending the bid opening.

All candidates shall be given the same opportunity and time frame to respond to the RFQ. Information clarifications shall be shared with all candidates. A copy of the RFQ and the original of the Suppliers' bid documents with evidence of the witness signatures shall be maintained within the Department.

The Department's Fuel Administrator is responsible for entering the bid data into the bid evaluation spreadsheet. The spreadsheet contains data fields such as:

- Supplier's name (from bid)
- Mine name and location (from bid)
- Fuel loading point, river milepost or rail badout (from bid)
- Annual price in dollars per ton and cents/MMBtu (from bid)
- Transportation cost (assigned by the Fuel Administrator)

CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT POLICIES AND PROCEDURES

Louisville Gas and Electric Company
Kentucky Utilities Company

Calculated total delivered cost (calculated by the Fuel Administrator)

Fuel technical specifications (from bid), such as:

BTU per pound

Sulfur content

Moisture content

Ash content

Chlorine content

Size

Arsenic content

Hardgrove Index

Other technical specifications as appropriate

The bids are secured in the [Department Fuels Procurement](#) area.

The Department's Manager LG&E and KU Fuels will independently verify that all bid data is correctly entered into the bid evaluation spreadsheet.

- b. Informal Bids. When, in the Company's judgment, Fuel can be obtained more advantageously or quickly for a particular plant through the Informal Bid procedures, the Department may solicit offers or accept unsolicited offers from Suppliers by telephone, electronic mail, facsimile or otherwise. Although these bids are typically used for Spot Purchases, circumstances may arise that would justify the recommendation of a long-term Contract from an Informal Bid process. The award recommendation for all such Informal Bid purchases shall include the Department's Fuel Sole Source Award Recommendation form with appropriate signatures.

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6. Long-Term Purchases Contract Awards. The Department shall review and analyze each Contract offer. The evaluation will include, but not necessarily be limited to, the items required by the Company to satisfy operational, Environmental Standards and economic criteria. Based upon the bid evaluation spreadsheet, the Department will evaluate and rank all quotations received by total delivered cost and lowest evaluated cost of electrical energy delivered to the Unit bus bar. Other factors may be considered, including but not limited to, ranking reports generated by a software model that evaluates the impact of different coal qualities on Unit bus bar costs, supplier credit assessment, supplier past performance, diversity of region of supply, diversity of transportation mode, and diversity of suppliers. From this ranking, a short list of bidders may be selected from which the Department intends to conduct further discussions and/or negotiations. The short list may include unsolicited offers. The size of the short list will be determined solely at the Department's discretion. The Department may

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CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT POLICIES AND PROCEDURES

Louisville Gas and Electric Company
Kentucky Utilities Company

engage in preliminary negotiations with Suppliers on the short list to determine which offers warrant further consideration. The objective of the negotiations shall be to reach Agreements with Suppliers that provide the Company with favorable terms and conditions, the lowest possible cost of electrical energy delivered to the Unit bus bar and reliable supply consistent with other qualifiers related to supplier reliability, existing and future Environmental Standards, transportation options, etc. A team may be formed to conduct negotiations with bidders on the short list. Generally, this team will consist of two or more representatives from the Department. The terms and conditions outlined in the quotation submitted to the Department by the bidder shall be the basis for beginning negotiations with each potential Supplier. A representative from the Legal Department shall review documents regarding terms and conditions.

The Department may in some instances perform investigations of the bidders to determine their ability to supply Fuel under the terms and conditions outlined in their proposals. These investigations may include site visits, mine operation audits, audits of financial information, test shipments, or other similar actions intended to determine the bidder's qualification as a Supplier. The Department shall verify the adequacy of the proposed source of supply for coal quantity and quality.

The recommended Supplier(s) shall be selected by the negotiating team based upon the evaluation criteria and the results of the negotiations. The Department's Fuel Administrator will prepare the contract Award Recommendation for approval as detailed in Section C.3. This recommendation will document the selection criteria and pertinent factors, and in circumstances where more than one company is selected, the recommendation shall describe the tonnage requirements and other responsibilities of each of the other recommended Suppliers.

7. Spot Purchases. Spot purchases and resulting Purchase Orders or Contracts, may be made by the Company subject to the limit of authority stated in section C.3. In instances where there exists an opportunity to purchase Distressed Coal or other coal from an Informal Bid, the Manager LG&E and KU Fuels may recommend the purchase of such coal to the Director without soliciting proposals through the Formal Solicitation process. The Award Recommendation for all such Fuel purchases shall include the Department's Fuel Sole Source Award Recommendation form with appropriate signatures.

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8. Joint Agreements~~Contracts~~. Joint Agreements ~~Contracts~~ shall be made at the discretion of the Department in order to capture economic benefit from the combined purchasing power of LG&E and KU. Such discretion will be based upon the Company's operating requirements, Environmental Standards, inventory levels, and the ability of the Company's power plants to burn similar fuels.

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9. Documentation. Contracts and Purchase Orders shall be signed by the Supplier and the Company.

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The following documents must be maintained:

- The final list of bidders
- A copy of the bid package

CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT POLICIES AND PROCEDURES

Louisville Gas and Electric Company
Kentucky Utilities Company

- The bidders' responses with witnesses' signatures
- The bid evaluation summary

E. Fuel Supply Agreement Administration:

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1. Compliance. The Department shall review and analyze daily business and operational reports to properly administer all ~~Fuel and Transportation Services~~ Agreements. Coal weighing and sampling is conducted at each individual power plant site. Coal weights are measured in accordance with industry-accepted methods. Coal sampling and analysis is performed in accordance with Generation Services' System Laboratory procedures. These procedures have been developed in accordance with ASTM standards and cover coal sampling, coal sample preparation, coal sample identification, handling and shipping, and coal analysis on a parameter-by-parameter basis. Coal quantity and quality are reported to the Department through ~~Aligne~~ (The ~~F~~uels ~~M~~anagement ~~S~~ystem).

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2. Amendments. A Contract/Purchase Order shall not be materially amended except after analysis by the Department, recommendation of the Director, review by the Legal Department and in accordance with the Authority ~~Matrixes~~ in C.3.

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3. Contract Administration. The Department shall maintain the necessary data to administer the ~~Agreements~~ ~~Contracts~~. Every Supplier's request for a change outside the existing terms, conditions, or prices must be written and supported by adequate data in conformity with the ~~Agreement~~ ~~Contract~~. Each request shall be analyzed by the Department against the ~~Agreement~~ ~~Contract~~ provisions, and reported with recommendations to the Director. If the parties do not come to agreement on the new terms, negotiations between the Supplier and Company, as dictated by the ~~Agreement's~~ ~~Contract's~~ terms, shall be the primary method of resolving the issue.

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4. Supplier's Relief. Any Supplier's request or claim for relief from compliance with any provision of the ~~Agreement's~~ ~~Contract's~~ terms such as Force Majeure conditions, quality specifications, approval of alternate sources, etc, must be in writing with an adequate description of conditions warranting nonperformance. Each request or claim shall be reviewed by the Director and the Company's Legal Department.

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5. Inspections. The Director shall cause inspections of mining and other facilities of a ~~Contract~~ coal Supplier or other ~~Fuel~~ supply facilities as part of ~~Agreement~~ ~~Contract~~ Administration.

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~~6. Emission Allowance Management. All allowances offered in connection with supplying fuel for either LG&E or KU generating Units will be managed in accordance with the Company's environmental, utility accounting, and rates and regulatory policies and procedures. The appropriate way to accommodate any additional allowances (offered in conjunction with supplying fuel) will be dependent on the quantity and vintage of the allowances offered.~~

F. Fuel Supply Agreement Enforcement:

1. General Enforcement Policy. Supplier obligations under ~~Fuel~~ supply Agreements shall be enforced by the Company to ensure Supplier compliance with the Company's

CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT POLICIES AND PROCEDURES

Louisville Gas and Electric Company
Kentucky Utilities Company

overall procurement policy and to provide for the continuing supply of Fuel.

2. Department Responsibility. Whenever it is determined that a shipment does not meet the Fuel Supply Agreement terms or a Fuel Supplier is not complying with the Fuel Supply Agreement terms, the Department shall inform the Supplier and direct that subsequent shipments be in compliance.

G. Legal Assistance:

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The Department shall have access to, and may receive advice from, the Legal Department on all matters relating to Fuel procurement, administration and enforcement.

H. Inventory Levels:

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The Company has an obligation to ensure the availability of continuous reliable service to its customers. Decisions affecting Fuel inventory shall be responsive to this obligation.

The Company strives to maintain an adequate inventory to ensure service reliability while allowing for enough flexibility so inventory levels can be responsive to known and anticipated changes in conditions and minimize the risks of unforeseen conditions. Inventory ranges are established based upon forecasted plant utilization, deliverability risks related to availability of truck, rail and barge capacity and associated transportation infrastructure, fuel quality requirements of the plants, the position of the plant in the dispatch order, risk of market supply-demand imbalance, and the ability to conduct quick spot market transactions. The general level of inventory is adjusted to meet anticipated conditions (i.e. summer/winter peak load, river lock outages, Unit outages, fuel unloading system outages, etc).

Coal inventories are reported monthly in the Department's Monthly Fuels Management Report. Regular inventory reports are made available quarterly to senior management and inventory is reviewed by the Enterprise Risk Management Committee. to ensure compliance with internal policies. An annual physical inventory survey is taken, in a timely manner, to ensure that the results of they physical inventory survey are booked by the end of the year in the Fuels Management System.

I. Emergency Procurement:

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Any one or more of the procedures described herein may be waived by the Vice President - Energy Supply and Analysis, whenever, Fuel must be purchased due to extraordinary conditions such as strikes, lockouts or other labor problems affecting Fuel production or transportation, embargoes, mining or other problems affecting production or transportation, existing and/or forecast extreme weather conditions, or any other conditions or circumstances that can be reasonably foreseen as impairing the continued supply of Fuel to the Company. When such a purchase is made, documentation of circumstances will be included in the Contract or Purchase Order file.

CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT POLICIES AND PROCEDURES
Louisville Gas and Electric Company
Kentucky Utilities Company

J. Transportation Services: ~~Contracts~~:

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Transportation Services bids shall be requested and Agreements ~~Contracts~~ negotiated whenever appropriate. A tariff may be used in lieu of an ~~an~~ ~~Contract~~ Agreement if conditions warrant. Consideration shall generally be given to the following factors when considering the need or desirability to make a Transportation Services Agreement:

- plant requirements;
- the locations of potential Fuel Suppliers;
- the most desirable transportation modes available;
- coal unloading and handling system constraints;
- existing transportation routes and transfer points between Suppliers and Company generating Stations;
- desirability of maintaining flexibility with different modes of transportation;
- economics;
- other factors which may affect the delivery of Fuel to the Company's generating Stations.

The process of selecting and contracting for Transportation Services will vary with the mode of transportation being sought. For barge and truck deliveries, the Department will generally use the Company's accepted competitive bidding procedures. In instances where only one rail carrier may serve a plant, direct negotiations with the rail carriers serving a particular coal source may be initiated.

The selections of a transportation Supplier will generally be based upon, but not necessarily limited to, cost, reliability, coal unloading and handling system constraints, and other factors. Transportation Service Agreements must be in writing and signed by all parties, unless provided under an approved tariff. The approval procedures set forth in Section C.3 shall be used for the approval of all Transportation Agreements ~~Contracts~~.

K. ~~Other Fuels/Bulk Commodities/Services/Other Fuels~~ ~~Contracts~~:

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~~Bulk Commodities/Services shall be requested and Agreements negotiated by the Department, whenever appropriate. Supplies (including, but not limited to scrubber reagent, ammonia, hydrated lime, Trena and activated carbon) to be used by the Company's generating Stations and laboratory services, weighing and sampling services, stockpile surveys, governmental imposition claims assessment and coal pricing information services shall be requested and Contracts negotiated by Fuels,~~

CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT POLICIES AND PROCEDURES

Louisville Gas and Electric Company
Kentucky Utilities Company

~~whenever appropriate.~~ Associated transportation services related to Section J, such as railcar leases, railcar maintenance and repair, barge maintenance and repair, barge fleet services, coal blending, and coal transloading services shall also be requested and ~~Agreements Contracts~~ negotiated by ~~the Department, Fuels~~ whenever appropriate. All of these Bulk Commodity/Services ~~Agreements - Contracts~~ will abide by the Approval Authority Limits as set forth in Section C.3. above.

~~Natural Gas. Natural gas is procured on an "as-needed" basis due to the unpredictability of use. The need for natural gas fired generation is determined by many real-time variables; including, but not limited to, weather, customer demand, generation availability, transmission availability, and market prices. Purchases of natural gas are typically conducted in the day-ahead or intra-day spot market. The Power Supply Department is responsible for the purchase of natural gas and associated pipeline transportation for the Company's generating stations.~~

Fuel Oil. Fuel oil is procured on an "as-needed" basis due to the infrequency of use of this Fuel and the nature of the oil market. The responsibility for fuel oil procurement varies. When the need for fuel oil arises, the Department and/or the Power Plants will solicit vendors for offers. Orders are assigned on the basis of lowest delivered cost and the ability to fill the order. Solicitation results are documented in the Department for purchases made by the Department.

L. **Affiliate Transactions:**

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Transactions and relationships between the Company and its unregulated affiliates are governed by ~~three~~ four governmental agencies: the Kentucky Public Service Commission, the Federal Energy Regulatory Commission, ~~the Securities and Exchange Commission,~~ and as regards Kentucky Utilities Company, the Virginia State Corporation Commission.

The Company may purchase ~~Fuel~~ coal from an affiliate at a price permissible under applicable affiliated restriction rules of the above regulators, the lesser of cost or market, if such a transfer is reasonably required by the Company to meet an Emergency and the Company believes in good faith that, under the circumstances, the transaction will be to the advantage of the Company. At the time of the affiliate transaction, the Company will document through the award recommendation ~~process,~~ the pricing basis and the justification for the affiliate transaction. The Company shall report any such purchase in its next recurrent report due to the Commission (Form A or Form B filing, or their successor(s)). All such affiliate transactions must as a minimum, meet the requirements of the Affiliate Transaction Overview, dated May 26, 2003, including the requirements of Kentucky Revised Statutes Chapter 278, Kentucky Public Service Commission Sections 2201 through 2219; the Federal Energy Regulatory Commission, 18CFR 35.44; and the Securities and Exchange Commission, Title 17 - Commodity and Security Rules, Part 250 - General Rules and Regulations; and Virginia State Corporation Commission, Code of Virginia Title 56 - Chapter 4 and any other applicable affiliate transaction rules.

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CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT POLICIES AND PROCEDURES

Louisville Gas and Electric Company
Kentucky Utilities Company

M. Ethics and Conduct:

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The Company recognizes the importance of following the Company's Standards of Integrity to guide the conduct of the Corporate Fuels and By-Products Department in the performance of its duties and responsibilities:

The Department shall endeavor to serve the best interests of the Company and its customers in the performance of the Department's duties and responsibilities.

Fuels staff shall adhere to the ethical standards and policies of the Company.

Each employee involved with the procurement of Fuel will be required to promptly disclose, in writing, any actual or potential conflicts of interest to their supervisor and the LG&E/KU Compliance Department.

N. Penalties For Noncompliance:

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All Fuels employees are required to familiarize themselves with the Fuels Policies and Procurement –Procedures and acknowledge through a process established by management, that they have received, read, understand, accept, and will act in accordance with this document. Failure to comply with any term of the procedures policy may result in disciplinary action, up to and including discharge.

Key Contact: Manager - Fuels Accounting and Administration

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References: Authority Limit Matrix, Records Management and Retention Policy, Standards of Integrity, Reliability Standards, and Affiliate Restriction Regulations

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Administrative Responsibility: Director, Corporate Fuels and By- Products

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CORPORATE FUELS AND BY-PRODUCTS PROCUREMENT POLICIES AND PROCEDURES

Louisville Gas and Electric Company
Kentucky Utilities Company

Originally issued at Louisville, Kentucky, the 10th day of February, 2003.

Revised effective August 1, 2015~~March 1, 2013~~.

Louisville Gas and Electric Company

Kentucky Utilities Company

By _____

Paul Thompson

Chief Operating Officer

By David Sinclair

David Sinclair

Vice President - Energy Supply and Analysis



Power Supply Commodity Policy – Natural Gas Fuel for Generation

Operating Policy for the Power Supply Group

Effective Date – February 1, 2016

Signatures

Power Supply Commodity Policy – Natural Gas Fuel for Generation

Procedure Title

February 1, 2016

Effective Date

Preparer(s) Signatures

1/19/2016

X



Linn Oelker
Manager - Market Compliance
Signed by: Linn Oelker

1/19/2016

X

Duane A. Schrader

Duane Schrader
Manager - Hourly Trading
Signed by: Duane Schrader

Required Approval Signatures

1/20/2016

X

Bob Brunner

Bob Brunner
Director - Power Supply
Signed by: Bob Brunner

1/21/2016

X

David Sinclair

David Sinclair
VP - Energy Supply
Signed by: David Sinclair

1/21/2016

X

Paul Thompson

Paul Thompson
Chief Operating Officer
Signed by: Paul Thompson

Table of Contents

| | | |
|------------|-----------------------------------------|---|
| Section 1 | Organization | 3 |
| Section 2 | Reports..... | 3 |
| Section 3 | Records..... | 3 |
| Section 4 | Optimization Responsibilities | 4 |
| Section 5 | Concealment of Transactions | 5 |
| Section 6 | Short Term Commodity Transactions | 5 |
| Section 7 | Long Term Commodity Transactions | 5 |
| Section 8 | Transaction Agreement Enforcement..... | 7 |
| Section 9 | Reliability Transactions..... | 7 |
| Section 10 | Ethics and Conduct | 8 |
| Section 11 | Affiliate Transactions..... | 8 |
| Section 12 | Training..... | 8 |

Revision History

| | |
|---------------------|------------------------------|
| Version No. 1.0 | Effective – February 1, 2016 |
| Summary of Changes | |
| 1. Initial version. | |

Purpose

The purpose of this document is to outline a uniform standard operational policy related to commercial activity for all natural gas and natural gas related commodity transactions consummated for use as a power generation fuel by Louisville Gas and Electric Company (LG&E) or Kentucky Utilities Company (KU).

Scope

This policy applies to all employees in the Power Supply Group (PSG) which transacts on behalf of Louisville Gas and Electric Company (LG&E) or Kentucky Utilities Company (KU) (Company).

Definitions

The following terms and acronyms are used frequently in this document:

Agreement - A legally binding document fully executed by both buyer and seller in which

- 1) one party agrees to sell a Commodity and
- 2) the other agrees to
 - a) buy a Commodity or
 - b) the conditions under which a Commodity would be purchased.

Authority Limit Matrix - The Authority Limit Matrix (ALM) is a company policy that is to be used as a guide in combination with the more detailed policies and procedures covering specific topics. Its purpose is to provide an easily accessible source of information with respect to the approval process of LG&E and/or KU.

Award Recommendation - The Company's internal process for the review and approval by management of a recommended Long Term Commodity Transaction.

Commodity(ies) – In this document, commodities include physical natural gas and pipeline transportation, services, and/or storage.

Commodity Transaction – A unique Agreement or a confirmation under a master Agreement between a buyer and a seller involving Commodities.

Company - Louisville Gas and Electric Company (LG&E) or Kentucky Utilities Company (KU) or both.

Firm – A Commodity sale or purchase which is not Non-Firm.

Gas Day – As defined by the North American Energy Standards Board (NAESB), which currently begins at 09:00 Central Clock Time (CCT) and runs for 24 hours.

Individual Contributor – The positions within the PSG of Scheduler and Trader job familie.

Long Term Commodity Transactions – Any Commodity Transaction that exceeds the term, tenor, or notional amount of the authority granted to the Manager –Trading by the ALM.

Non-Firm– A Commodity sale or purchase for which receipt or delivery may be interrupted for any reason or no reason, without financial liability on the part of either the buyer or the seller.

PSG Real Time Personnel – Associate Dispatcher, Dispatcher, Senior Dispatcher, Associate Scheduler, Scheduler, Senior Scheduler, Associate Trader, Trader, Senior Trader, Manager – Trading, Manager - Generation Dispatch, Director – Power Supply.

Records Management and Retention Policy - The policy maintained by the Company's Corporate Compliance Group that outlines managing the life cycle of all company documents (which include all official records, data and information whether paper or electronic) while effectively balancing its legal and business obligations.

Request for Proposal (RFP) - A process for soliciting sealed bids from suppliers of a Commodity and is typically sent in the form of a written request to industry suppliers and may be published for distribution through media outlets.

Short Term Commodity Transaction – Any Commodity Transaction that is within the term, tenor, or notional amount of the Manager –Trading by the ALM.

Training - training of PSG employees that is (i) comparable to generally accepted practices in the energy trading industry, and (ii) commensurate and proportional in sophistication, scope and frequency to the volume of transactions and the nature and extent of the risk taken by the Company.

Section 1 Organization

1.1 Departmental Structure

The Power Supply Group shall be organized and staffed to effectively administer the PSG's commercial activities.

1.2 Organizational Responsibilities

The Director - Power Supply is responsible for the operations of the PSG and reports directly to the Vice President, Energy Supply and Analysis who is responsible for the Energy Supply and Analysis line of business including the PSG functions. The Vice President - Energy Supply and Analysis reports directly to the Chief Operating Officer who has the final responsibility for commercial activities of the PSG. Other Departments may be utilized by the PSG to the extent the Director - Power Supply, Vice President-Energy Supply and Analysis, and/or Chief Operating Officer consider advisable in the execution of the functions of the group.

1.3 Commodity Approval Authority

Short Term Commodity Transactions are executed by Power Supply personnel through the authority granted by the ALM.

Long Term Commodity Transaction are executed by Power Supply personnel through the authority granted by the approval of an Award Recommendation.

The execution of Commodity Transactions will comply with internal business controls including the Authority Limit Matrix, Sarbanes Oxley compliance and Internal Audit Services' recommendations. The Company has detailed internal control procedures covering Commodity Transactions, Contract Administration and Confirmations, and Credit.

Section 2 Reports

The Director - Power Supply will instruct the PSG to prepare, maintain, and distribute various reports to management and others as deemed necessary for business operations and regulatory requirements.

Section 3 Records

3.1 Commodity Accounting

All personnel must document Short Term Commodity Transactions in the Company's commodity accounting system no later than the end of their first work period after the end of the respective Gas Day. Long Term Commodity Transactions must be accurately reflected in the commodity accounting system in time to ensure appropriate financial accounting.

3.2 Recording of Telephone Calls

All Short Term Commodity Transactions must be executed on a recorded telephone line or on an electronic platform where the transaction is logged by the platform operator.

If the transaction is completed on the ICE electronic platform, a record of the transaction is electronically available to the Contract Administration department for confirmation against the Company's transaction records.

The phone recording will be maintained in accordance with the Records Management and Retention Policy. In the event the telephone recording system is out of service, personnel will promptly report the incident through the IT Service Desk.

3.3 Award Recommendations

An Award Recommendation will be prepared for all Long Term Commodity Transactions. All approved Award Recommendations will be retained by the PSG in accordance with the Records Management and Retention Policy.

3.4 Agreements

All executed Agreements will be sent to the Company's Contract Administration group who will be responsible for distribution within the Company and maintenance of the documents in accordance with the Records Management and Retention Policy.

Contract Administration will maintain active Agreements on site and the Agreements will be available in accordance with their departmental policies.

Section 4 Optimization Responsibilities

The Power Supply Group is responsible for purchasing natural gas and natural gas transport (the Commodities governed by this policy) to fuel the Company's generation assets consistent with the Company's fuel procurement strategy that is developed in concert with coal needs. In

executing these responsibilities, the Power Supply Group shall use best efforts to keep current on market conditions, prices, availability and other developments relating to Commodities.

Section 5 Reserved for Future Use.

Section 6 Short Term Commodity Transactions

The Power Supply Traders are responsible for surveying the market by phone, instant messaging, electronic platforms, and any other standard industry process with the objective of obtaining the best value for the Commodities when executing Short Term Commodity Transactions. Traders will take into account prices, availability of transport, Operational Flow Orders, transport alerts and/or restrictions, as well as other market developments for a particular Commodity when determining the best value.

Power Supply Traders may only execute Short Term Commodity Transactions in real time within their authority limits as provided in the ALM.

6.1 Natural Gas

Personnel may buy and sell Non-Firm natural gas. Individual Contributors may only buy or sell Firm natural gas after written approval provided by the Manager –Trading, Manager – Generation Dispatch, or the Director – Power Supply.

6.2 Natural Gas Transport

Personnel may buy Firm and Non-Firm natural gas transport to serve Company's generation assets. Firm transport may only be purchased after written approval of the Manager –Trading, Manager – Generation Dispatch, or the Director – Power Supply.

Section 7 Long Term Commodity Transactions

Power Supply personnel are responsible for surveying the market and obtaining the best value for the Commodities when recommending Long Term Commodity Transactions. Power Supply personnel will use the Award Recommendation process when recommending a Long Term Commodity Transaction to management.

7.1 Award Recommendation Process

An Award Recommendation will be prepared for all Long Term Commodity Transactions. The Award Recommendation will take into account prices, availability of transport and/or storage, operational flow orders, transport alerts and/or restrictions, as well as other market developments for a particular Commodity when determining the best value. Power Supply may rely on other groups within the Company, as well as external consultants, to develop market analysis for consideration during a Request for Proposal.

A proposed Award Recommendation must be signed (at a minimum) by the Legal Department, Credit Department, Financial Accounting and Analysis Department, Director – Power Supply, and the VP-Energy Supply and Analysis. Additional approvals may be necessary in accordance with the ALM.

7.2 Request for Proposal (RFP)

- 7.2.1 The Generation Planning department provides projections to the PSG of the Commodities needed for the company's long term planning horizons.
- 7.2.2 The Company may select potential suppliers on the basis of past performance of past and current Agreements, market intelligence from industry research, credit analysis, and general knowledge of the industry. Potential suppliers are periodically reviewed by the PSG to eliminate any suppliers that are known to have gone out of business and to also add any new or existing suppliers that may previously have not been considered.
- 7.2.3 A notice of the RFP is sent via a written request to industry suppliers and may be published for distribution through media outlets.
- 7.2.4 The RFP shall include at a minimum the following:
 - a. Instructions to Supplier on the submission of the response.
 - b. Response due date and time.
 - c. Scope of the commodity agreement request.
 - d. Company terms and conditions.
- 7.2.5 The RFP will be approved by the VP-Energy Supply and Analysis prior to issuance.
- 7.2.6 RFP will request that responses be returned in a sealed envelope.
- 7.2.7 Responses to the RFP shall be opened on or after the published due date and time and in the presence of one or more employees from outside the Power Supply group.

- 7.2.8 Those bids received after the designated time will be returned unopened to the bidder, unless the Director - Power Supply waives this provision.
- 7.2.9 No potential qualified supplier shall be preferred or discriminated against because of race, religion, color, sex, age or marital status of the supplier or any of its representatives.

7.3 Sole sourcing

- 7.3.1 A RFP process may not be appropriate for all Long Term Commodity Transactions. Sole-sourced transactions may be appropriate under any the following circumstances:
- a. The goods or services being procured are a monopoly service.
 - b. An urgent situation does not allow adequate time for a Request For Proposal.
 - c. The lack of two or more qualified bidders is documented.
 - d. Management determines and clearly documents that there is only one acceptable supplier.
- 7.3.2 A Sole Source Authorization section must be included in a proposed Award Recommendation detailing the sole-source circumstances.

Section 8 Transaction Agreement Enforcement

Power Supply Group is responsible for protectiong the interests of the Company under the agreements with the counterparties. The Power Supply Group will work with other Company departments, such as the Legal Department, to enforce the Company's rights.

Section 9 Reliability Transactions

Consistent with NERC Reliability Standards (EOP-002-3.1 and PER-001-0.1 R1), PSG Real Time Personnel are authorized to take any actions necessary to enter into Short Term Commodity Transactions for natural gas that exceed their limits stated in the ALM if, and only if, such actions are necessary to maintain system reliability. Maintaining system reliability may be due to request from the Transmission Operator, Balancing Authority, or Reliability Coordinator, or required to meet NERC standards or that absent such actions, one could reasonably expect the Company would declare an Energy Emergency Alert (EEA). Any such Short Term Commodity Transaction entered into on this basis must be reported in writing to the Director – Power Supply and the Vice President – Energy Supply and Analysis within twelve (12) hours of the transaction with a detailed explanation as to the nature of the reliability issue and why it was not possible to enter into transactions in compliance with the ALM.

Section 10 Ethics and Conduct

The Company recognizes the importance of following the Company's Standards of Integrity to guide the conduct of the PSG in the performance of its duties and responsibilities.

The group shall endeavor to serve the best interests of the Company and its customers in the performance of the group's duties and responsibilities. PSG personnel shall adhere to the ethical standards and policies of the Company.

Section 11 Affiliate Transactions

Transactions and relationships between the Company and its unregulated affiliates are governed by four governmental agencies: the Kentucky Public Service Commission, the Federal Energy Regulatory Commission, the Securities and Exchange Commission, and as regards Kentucky Utilities Company, the Virginia State Corporation Commission.

Power Supply personnel may only execute transactions with affiliates in accordance with the applicable affiliate restriction regulations.

Section 12 Training

Each PSG employee is expected to be familiar with all Company policies and procedures that are relevant to the PSG employee's activities, as well as the practices and protocols implemented by providers of natural gas and the pipeline entities transporting natural gas. Training for Individual Contributors includes initial supervised Training prior to independently conducting trading activities, as well as initial and refresher Training on certain regulatory and corporate policy issues. Training will be conducted by PSG employees and by the Company's Corporate Compliance Group.

Individual Responsibilities; Penalties For Noncompliance

All Power Supply employees are required to familiarize themselves with this Power Supply Commodity Policy – Natural Gas Fuel for Generation and acknowledge through a process established by management, that they have received, read, understood, accepted, and will act in accordance with this document. Failure to comply with any term of this policy may result in disciplinary action, up to and including discharge.

Key Contacts: Manager -Market Compliance

References: Authority Limit Matrix, Records Management and Retention Policy, Standards of Integrity-PPL, NERC Reliability Standards.

Administrative Responsibility: Director – Power Supply

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 16

Witness: Mike Dotson

- Q-16. a. State whether LG&E is aware of any violations of its policies and procedures regarding fuel procurement that occurred prior to or during the period from May 1, 2015, through October 31, 2015.
- b. If yes, for each violation:
- (1) Describe the violation;
 - (2) Describe the action(s) that LG&E took upon discovering the violation; and
 - (3) Identify the person(s) who committed the violation.
- A-16. a. No.
- b. Not applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 17

Witness: Mike Dotson / Bob Brunner

Q-17. Identify and explain the reasons for all changes in the organizational structure and personnel of the departments or divisions that are responsible for LG&E's fuel procurement activities that occurred during the period from May 1, 2015, through October 31, 2015.

A-17. Changes that occurred in the Corporate Fuels and By-Products Department.

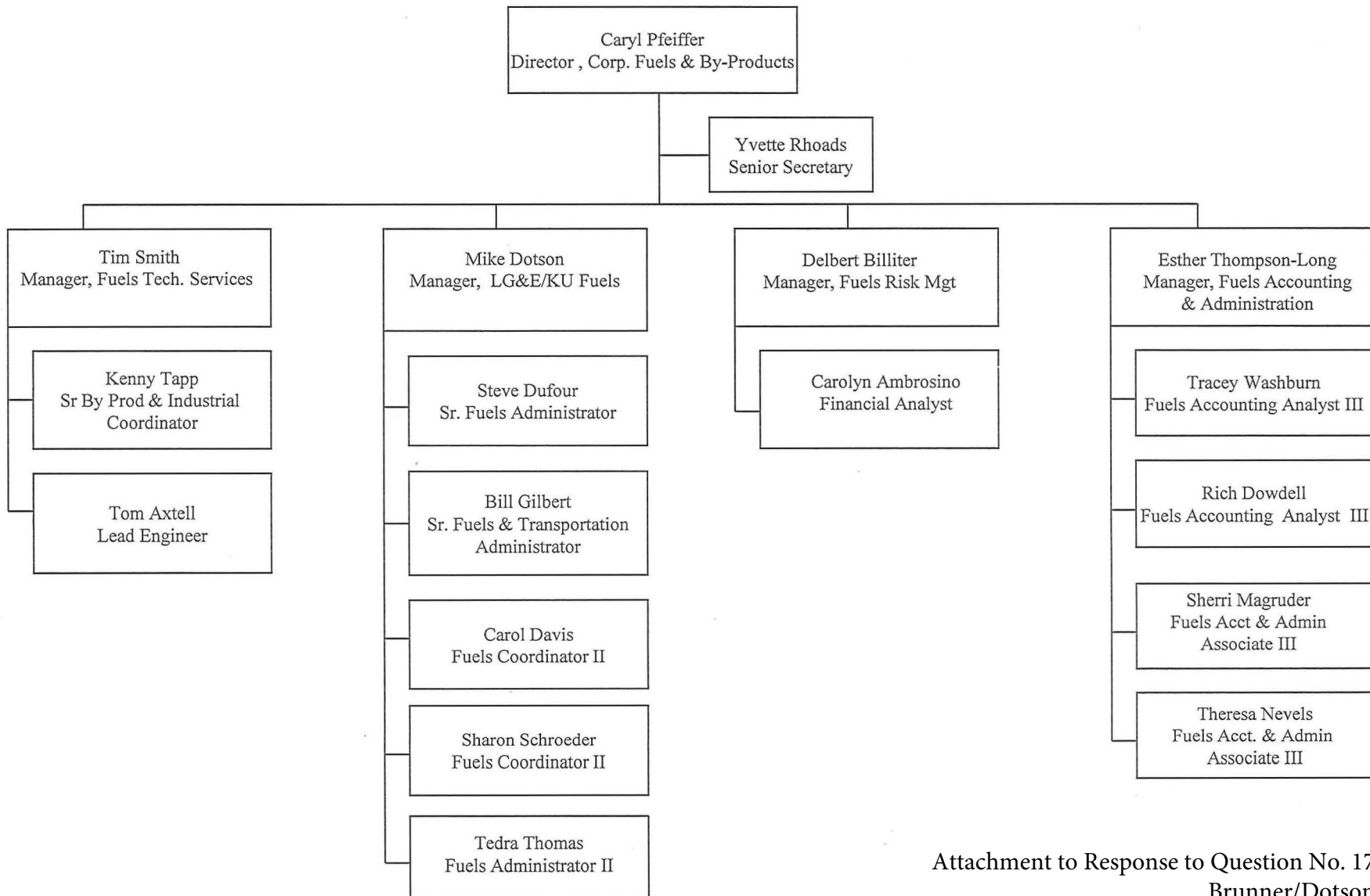
With the retirement of Bill Gilbert, Sr. Fuels and Transportation Administrator scheduled for December 31, 2015, Tedra Thomas joined the department on October 21, 2015 as Fuels Administrator II.

There were no changes during the review period in the Power Supply Department.

See attached organization charts as of October 31, 2015 for the Corporate Fuels and By-Products Department and the Power Supply Department.

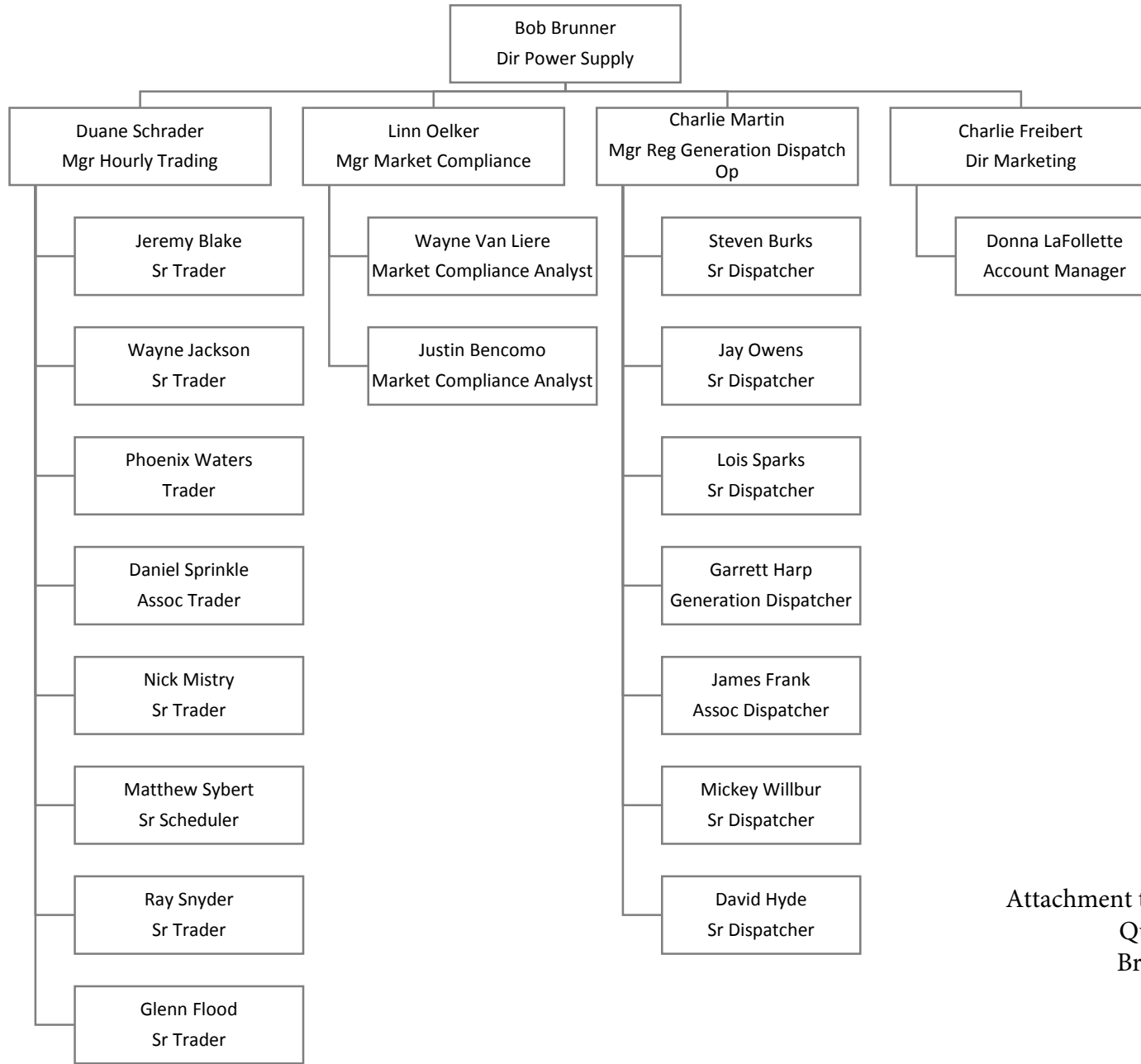
Corporate Fuels and By-Products

October, 2015



Power Supply

October, 2015



LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 18

Witness: Eileen Saunders

- Q-18. a. Identify all changes that LG&E has made during the period under review to its maintenance and operation practices that also affect fuel usage at LG&E's generation facilities.
- b. Describe the impact of these changes on LG&E's fuel usage.

- A-18. a. During the period under review, Cane Run Unit 4 and Cane Run Unit 5 ceased operation at the end of June, 2015. Prior to the review period, Cane Run Unit 6 also ceased operation.

During the period under review Cane Run 7 became commercially operational.

- b. All coal generation at Cane Run has now ceased. The addition of Cane Run 7, its position as first in dispatch, resulting from high efficiency and the current price of natural gas, has lessened the operations of coal units within the fleet.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 19

Witness: Mike Dotson

Q-19. List each written coal supply solicitation issued during the period from May 1, 2015, through October 31, 2015.

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

A-19. SOLICITATION 1

The final selection of the vendors who responded to the solicitation dated March 2, 2015 was completed for PRB Coal (Trimble Unit 2) for 2016 – 2017, High Sulfur Spot for 2015 and a middlings test purchase for 2015 and was filed in Case No. 2015-00234. The responses for 2016 and beyond were not completed at the time the data responses were filed. The requested information for the selected vendors is provided below for the high sulfur purchases for 2016 -2022.

- a. Date: March 2, 2015
Contract/Spot: Contract or Spot
Quantities: No minimum or maximum specified
Quality: Suitable for KU's Ghent and Green River Stations and LG&E's Trimble County and Mill Creek Stations

Period: April through December 2015 – Spot
2016 and beyond - Contract
Generating Units: KU's Ghent and Green River Stations and LG&E's Trimble County and Mill Creek Stations

- b. Number of vendors receiving bids: 119
Number of vendors responded: 22 companies / 41 offers
Selected vendor(s): The vendor(s) selected were based upon the lowest evaluated delivered cost.

High Sulfur Term

Armstrong Coal Sales – J16017

Foresight Energy – J16018

Hartshorne Mining Group – J18001

Peabody Coalsales, LLC – J16007 Amendment No.1

The bid analysis information is confidential and proprietary information and is being filed with the Commission under seal pursuant to a Petition for Confidential Protection.

a. SOLICITATION 2

Date: September 22, 2015

Contract/Spot: Term or Spot

Quantities: No minimum or maximum specified

Quality: Suitable for KU's Ghent Station and LG&E's Trimble County and Mill Creek Stations

Period: 2016 – Spot;
2017 and beyond - Term

Generating Units: KU's Ghent Station and LG&E's Trimble County and Mill Creek Stations

- b. Number of vendors receiving bids: 121
Number of vendors responded: 15 companies / 20 offers
Selected vendor(s): The vendor(s) selected were based upon the lowest evaluated delivered cost.

Coal Middlings – Spot

Kolmar Americas – J16019

The final selection of the vendor(s) for high sulfur coal for the period of 2017 -2019 from the bids are in negotiations and are still in progress. The name of the selected vendors and supporting bid tabulation will be provided to the Commission after the negotiations are completed and the agreements signed.

The bid analysis information is confidential and proprietary information and is being filed with the Commission under seal pursuant to a Petition for Confidential Protection.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 20

Witness: Mike Dotson

Q-20. List each oral coal supply solicitation issued during the period from May 1, 2015, through October 31, 2015.

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

A-20. With Trimble County requesting to be added to the delivery of middlings, an oral solicitation was issued.

- a. Date: July 20, 2015
Contract/Spot: Spot
Quantities: 30K tons (Aug-Dec 2015); 120K tons for 2016
Quality: Coal Middlings suitable for KU's Ghent Station and LG&E's Trimble County Station
Period: August 2015 through December 2016 – Spot
Generating Units: KU's Ghent and LG&E's Trimble County Stations
- b. Number of vendors receiving bids: 15
Number of vendors responded: 8 companies / 8 offers
Selected vendor(s): The vendor(s) selected were based upon the lowest evaluated delivered cost.

Coal Middlings

Peabody Coaltrade – J15029

Peabody Coaltrade – J16016

The bid analysis information is confidential and proprietary information and is being filed with the Commission under seal pursuant to a Petition for Confidential Protection.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 21

Witness: Derek Rahn

- Q-21. a. List all intersystem sales during the period under review in which LG&E used a third party's transmission system.
- b. For each sale listed above:
- (1) Describe the effect on the FAC calculation of line losses related to intersystem sales when using a third party's transmission system; and
 - (2) State the line loss factor used for each transaction and describe how that line loss factor was determined.
- A-21. a. There were no inter-system sales from May 1, 2015 through October 31, 2015, which required a third party's transmission system.
- b. Line losses related to inter-system sales are calculated using a loss factor of 0.5% whether the inter-system sale requires a third party transmission system or not. LG&E continues to use a line loss factor of 0.5% to determine the cost of fuel associated with line losses incurred to make an inter-system sale and recovered from such sale consistent with the Commission's June 7, 2013, Amended Order in Case No. 2012-00553.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 22

Witness: Derek Rahn

- Q-22. a. Describe the effect on the FAC calculation of line losses related to intersystem sales when not using a third party's transmission system.
- b. Describe each change that LG&E made to its methodology for calculating intersystem sales line losses during the period under review.
- A-22. a. Line losses related to inter-system sales are calculated using a loss factor of 0.5% whether the inter-system sale requires a third party transmission system or not.
- b. There have been no changes regarding the calculation of losses associated with inter-system sales. LG&E continues to use a line loss factor of 0.5% to determine the cost of fuel associated with line losses incurred to make an inter-system sale and recovered from such sale consistent with the Commission's June 7, 2013, Amended Order in Case No. 2012-00553.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 23

Witness: Mike Dotson

Q-23. State whether, during the period under review, LG&E has solicited bids for coal with the restriction that it was not mined through strip mining or mountain top removal. If yes, explain the reasons for the restriction on the solicitation, the quantity in tons and price per ton of the coal purchased as a result of this solicitation, and the difference between the price of this coal and the price it could have obtained for the coal if the solicitation had not been restricted.

A-23. LG&E has not solicited bids with this restriction.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 24

Witness: Eileen Saunders

- Q-24. Provide a detailed discussion of any specific generation efficiency improvements LG&E has undertaken during the period under review.
- A-24. LG&E strives to maintain unit efficiency through routine cyclic planned outage maintenance. This maintenance work continues to focus on reestablishing expected turbine efficiency degraded since the previous outage. Additionally, LG&E maintains unit efficiency through continuous monitoring of all plant systems during operation. LG&E contracts Black and Veatch to provide this monitoring on larger units to identify trends which indicate a potential efficiency loss of any system component. Black and Veatch sends notification to the generating stations which track the potential issue through resolution. In evaluating potential major component projects or replacements that may impact efficiency, LG&E must balance any potential efficiency benefit associated with the project against both costs and potential implications under the Clean Air Act. LG&E has not realized any efficiency improvements through major component projects during this period.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 5, 2016**

Case No. 2016-00004

Question No. 25

Witness: Bob Brunner / Mike Dotson

Q-25. State whether all long-term fuel contracts related to commodity and/or transportation have been filed with the Commission. If any contracts have not been filed, explain why they have not been filed and provide a copy.

A-25. All long-term coal and coal transportation contracts have been filed with the Commission.

With respect to natural gas contracts, see the response to Question No. 2. Gas transportation contracts were filed with the Commission in Case No. 2014-00228, response to Commission's first data request, Question No. 29.

In addition, a new long-term natural gas contract for transportation service for the Bluegrass generating unit is attached (contract was inadvertently not filed in 2015):

Attachment Agreement #34713, Rate Schedule SNS dated April 10, 2015, summer delivery to Bluegrass from May 1, 2015 through October 31, 2018

Request No. 7590

Rate Schedule SNS
Agreement No.: 34713
Dated: April 10, 2015

This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and Kentucky Utilities Company, ("Customer").

Services under this Agreement are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Texas Gas FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Texas Gas' then-current Tariff, the language of the Tariff will control.

Receipt and Delivery Points: Primary Receipt and Primary Delivery Points shall be listed on Exhibit "A".

Contract Demand(s):

| | |
|-----------------------------------|-------------------------------------------------------------|
| Daily Contract Demand(s) | 28,800 MMBtu/D |
| Nominated Daily Quantity(ies) | 28,800 MMBtu/D |
| Unnominated Daily Quantity(ies) | 28,800 MMBtu/D |
| Maximum Unnominated Quantity(ies) | 86,400 MMBtu |
| Summer Quantity Entitlement(s) | 4,838,400 MMBtu – Effective May through October, 2015 |
| | 5,270,400 MMBtu – Effective April through October 2016-2018 |

Term: This Agreement shall be effective beginning May 1, 2015 and shall continue in full force and effect through October 31, 2018.

Rate: The rate for this Agreement shall be the maximum applicable rate (including all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff) unless the parties have entered into an associated discounted or negotiated rate letter agreement.

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement:

Exhibit A, Primary Points
Exhibit B, Contract Notice Address

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

| | | | |
|-----------------------------|-------------------------------------|-----------------------------------------------|------------------------------|
| Texas Gas Transmission, LLC | Signature: <u>Jeff F. Bittel</u> | Date: <u>4/10/15</u> | <u>yfb</u> <u>4/20/15</u> |
| | Name: <u>Jeffrey G. Bittel</u> | Title: <u>VP Power Generation</u> | |
| Kentucky Utilities Company | Signature: <u>David S. Sinclair</u> | Date: <u>4-13-15</u> | |
| | Name: <u>David S. Sinclair</u> | Title: <u>VP Energy Supply & Analysis</u> | |

EXHIBIT A

PRIMARY POINT(S)
RECEIPT

AGREEMENT NO.: 34713

EFFECTIVE DATE: May 1, 2015

| Line | Receipt Point Meter No. | Receipt Point Meter Name | Zone | Daily Firm Capacity MMBtu/day | |
|-------------------|----------------------------|-----------------------------|------|----------------------------------|--------|
| | | | | Winter | Summer |
| Mainline Pipeline | 9009 | Midcontinent-Perryville | 1 | 0 | 14,400 |
| | 9303 | Enable-Helena | 1 | 0 | 14,400 |

EXHIBIT A

PRIMARY POINT(S)
DELIVERY

AGREEMENT NO.: 34713

EFFECTIVE DATE: May 1, 2015

| Delivery Point Meter No. | Delivery Point Meter Name | Zone |
|-------------------------------------|--------------------------------------|-------------|
| 9805 | KU - Bluegrass, Oldham, KY | 4 |

Transportation Path:

Mainline Pipeline 1 through Mainline Pipeline 40650

EXHIBIT B

AGREEMENT NO.: 34713

EFFECTIVE DATE: May 1, 2015

Contract Notices:

Customer Correspondence:

**Kentucky Utilities Company
220 W Main St Fl 7
Louisville, KY 40202**

Texas Gas Correspondence:

**Texas Gas Transmission, LLC
610 W. Second Street
Owensboro, KY 42301**

**Attention: Contract Administration (Contractual matters)
 Commercial Accounting (Invoice matters)
 Customer Services (Scheduling and Allocation matters)**

(270)926-8686



610 West 2nd Street
P.O. Box 20008
Owensboro, KY 42304-0008
270/926-8686

April 10, 2015

Mr. Glenn Flood
Kentucky Utilities Company
220 W Main St Fl 7
Louisville, KY 40202-1395

Re: Discounted Rates Letter Agreement to
SNS Service Agreement No. 34713
between TEXAS GAS TRANSMISSION, LLC and
KENTUCKY UTILITIES COMPANY
dated April 10, 2015

Dear Glenn:

This Discounted Rates Letter Agreement ("Agreement") specifies additional terms and conditions applicable to the referenced Firm Service Agreement ("Contract") between Texas Gas Transmission, LLC ("Texas Gas") and Kentucky Utilities Company ("Customer"). This Agreement is subject to all applicable Federal Energy Regulatory Commission ("FERC") regulations. In the event the language of this Agreement conflicts with the Contract, the language of this Agreement will control. In the event the language of this Agreement conflicts with Texas Gas' FERC Gas Tariff currently in effect or any superseding tariff ("Tariff"), the language of the Tariff will control.

1. Texas Gas shall provide primary firm service under the Agreement from Primary Receipt Point(s) to the Primary Delivery Point(s) listed in the attached Exhibit A. The rates charged for this service also shall be set forth in Exhibit A.

(a) The Contract Demand(s) for this Agreement shall be: 28,800 MMBtu per day.

(b) In addition to the rate(s) set forth in Exhibit A, Texas Gas shall charge and Customer shall pay all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff.

2. The rates in Exhibit A are applicable only for transportation service utilizing the Primary Point(s) specifically listed on Exhibit A, up to Customer's Contract Demand. The rates in Exhibit B are applicable only for transportation service utilizing the eligible secondary point(s) specifically listed on Exhibit B. If Customer utilizes any other receipt or delivery point, then the applicable maximum rate(s), including all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff, shall apply unless the parties amend Exhibits A and/or B in writing, pursuant to the requirements of the Tariff and prior to nomination, to include such transportation service. If Customer or its Replacement Shipper(s) deliver gas to a point not listed on Exhibit A or B, Customer shall pay the maximum applicable rate for the quantity delivered to such point(s), up to Customer's Contract Demand.

3. This Agreement shall be effective beginning May 1, 2015 and shall continue in full force and effect through October 31, 2018.

4. All rates and services described in this Agreement are subject to the terms and conditions of Texas Gas' Tariff. Texas Gas shall have no obligation to make refunds to Customer unless the maximum rate ultimately established by the FERC for any service described herein is less than the rate paid by Customer under this Agreement. Texas Gas shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in the filed rates, charges, and services in Texas Gas' Tariff, including both the level and design of such rates, charges and services and the general terms and conditions therein.

5. Except as otherwise provided in the FERC's regulations, this Agreement may not be assigned without the express written consent of the other party. Any assignment shall be in accordance with the Tariff and FERC regulations. Such consent shall not be unreasonably withheld. Any assignment made in contravention of this paragraph shall be void at the option of the other party. If such consent is given, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.

6. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable by any court, regulatory agency, or tribunal of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions, terms or conditions shall not in any way be affected or impaired thereby, and the term, condition, or provision which is held illegal or invalid shall be deemed modified to conform to such rule of law, but only for the period of time such order, rule, regulation, or law is in effect.

7. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE COMMONWEALTH OF KENTUCKY, EXCLUDING ANY PROVISION WHICH WOULD DIRECT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

If Customer agrees with the terms and conditions, please so indicate by signing the duplicate originals in the appropriate spaces provided below and returning the originals to Texas Gas.

Very Truly Yours,

TEXAS GAS TRANSMISSION, LLC

By: Jetty L. Bittel 4/13
4/20/15

Name: Jetty L. Bittel

Title: VP Power Gascenter

Date: 4/10/15

ACCEPTED AND AGREED TO this 13 day of April, 2015.

KENTUCKY UTILITIES COMPANY

By: David S. Sinclair

Name: David S. Sinclair

Title: VP Energy Supply & Analysis

Signature page to Discounted Rates Letter Agreement, Agreement No. 34713, dated April 10, 2015.

Rate Schedule SNS
Agreement No.: 34713
Discounted Rates Letter Agreement dated April 10, 2015

EXHIBIT A

Primary Receipt Point(s)

All effective primary receipt point(s) listed under the Contract.

Primary Delivery Point(s)

| <u>Meter Name</u> | <u>Meter No.</u> | <u>Zone</u> |
|-------------------|------------------|-------------|
| KU - Bluegrass | 9605 | 4 |

Rate(s)

The following rates shall be applicable to any transaction utilizing (i) a Primary Receipt Point(s) or Eligible Secondary Receipt Point(s); and (ii) a Primary Delivery Point(s) or Eligible Secondary Delivery Point(s).

| | |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Demand: | \$0.345 per MMBtu/day |
| Commodity: | \$0.05 per MMBtu plus applicable surcharges and fuel retention to primary delivery point (Meter No. 9605), otherwise maximum commodity rate |
| Hourly Overrun Rate: | \$0.00 for volumes less than or equal to 200 MMBtu \$0.05 for volumes greater than 200 MMBtu The above discounted hourly overrun rates are applicable only if Kentucky Utilities maintains KU – Bluegrass (Meter No. 9605) as the primary delivery point at a volume equal to the original Daily Contract Demand of 28,800 MMBtu/day. |
| Rate Qualification: | On any day that Kentucky Utilities deliveries exceed the Daily Contract Demand and are not Daily Overrun Quantities, then Kentucky Utilities shall pay Texas Gas' maximum tariff demand rate for the entire contract demand for that gas day, plus Texas Gas' maximum applicable commodity rate, plus fuel and applicable surcharges, on all such deliveries. Kentucky Utilities will pay the Overrun Rate on all Daily Overrun Quantities delivered to the Primary and Secondary Delivery Points. Deliveries to points other than the Primary Delivery Point where total deliveries do not exceed the Daily Contract Demand will pay an incremental daily demand rate equal to the difference between the discounted demand rate and Texas Gas' maximum daily demand rate plus the maximum applicable commodity rate plus applicable surcharges and fuel retention on all such deliveries. |

Rate Schedule SNS
Agreement No.: 34713
Discounted Rates Letter Agreement dated April 10, 2015

EXHIBIT B

Eligible Secondary Receipt Point(s)

All secondary receipt points located in Texas Gas Rate Zone(s) SL, 1, 2, 3 and 4

Eligible Secondary Delivery Point(s)

None

Rate(s)

The rates identified on Exhibit A shall be applicable to any transaction utilizing (i) a Primary Receipt Point(s) or Eligible Secondary Receipt Point(s); and (ii) a Primary Delivery Point(s) or Eligible Secondary Delivery Point(s).