

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

In the Matter of:

AN EXAMINATION OF THE APPLICATION)	
OF THE FUEL ADJUSTMENT CLAUSE OF)	CASE NO.
KENTUCKY UTILITIES COMPANY FROM)	2016-00232
NOVEMBER 1, 2015 THROUGH APRIL 30, 2016)	

**RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO
INFORMATION REQUESTED IN
COMMISSION STAFF'S SECOND REQUEST
DATED SEPTEMBER 21, 2016**

FILED: OCTOBER 5, 2016

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 5th day of October 2016.



(SEAL)

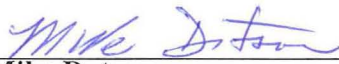
Notary Public

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

VERIFICATION

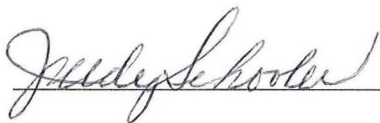
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Mike Dotson**, being duly sworn, deposes and says that he is Manager - LG&E and KU Fuels 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.



Mike Dotson

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 5th day of October 2016.



(SEAL)

Notary Public

My Commission Expires:
JUDY SCHOOLER
Notary Public, State at Large, KY
~~My commission expires July 11, 2016~~
Notary ID # 512743

KENTUCKY UTILITIES COMPANY

Response to Information Requested in Commission Staff's Second Request Dated September 21, 2016

Case No. 2016-00232

Question No. 1

Witness: Charles R. Schram / Mike Dotson / Derek Rahn

- Q-1. Refer to KU's response to the Commission's August 12, 2016 Request for Information ("August 12, 2016 Request"), Item 25. Confirm that, for the review period, copies of the following have been filed with the Commission. If an Item has not been filed, explain why it has not been filed and provide a copy.
- a. Long-term purchase contracts for coal, natural gas, or fuel oil;
 - b. Spot or short-term purchase contracts for coal, natural gas, or fuel oil
 - c. Master agreements for coal, natural gas, or fuel oil;
 - d. Purchase confirmations relating to the master agreements for coal, natural gas, or fuel oil. (For voluminous natural gas purchases. If the utility filed documentation such as monthly Invoices or a listing of transactions showing date, quantity purchased, and price In lieu of filing the purchase confirmations, confirm that such documentation was filed.);
 - e. Copies of all natural gas transportation agreements;
 - f. Copies of all transportation agreements relating to barging, trucking, rail, etc.
- A-1. a. For purposes of clarification, the Company considers coal and fuel oil purchases beyond one year as long-term. For natural gas purchases, the Company considers gas purchases beyond the next gas day as long-term, i.e. forward contracts.

Coal: All long-term purchase contracts for coal have been filed with the Commission.

Natural Gas: The Company did not have any long-term natural gas purchase contracts for the commodity during the review period.

Fuel Oil: The Company does not have any long-term fuel oil contracts for the commodity.

- b. Coal: All spot and short-term purchase contracts for coal have been filed with the Commission.

Natural Gas: See part (c) below for an explanation concerning natural gas contracts.

Fuel Oil: See part (c) below for an explanation concerning fuel oil contracts.

- c. Coal: The Company does not have Master Agreements for coal purchases. All contracts for coal have been filed with the Commission.

Natural Gas: As discussed with Commission Staff on January 28, 2016 and again on August 11, 2016, the addition of the Cane Run 7 natural gas combined cycle unit to the LG&E and KU electric generation fleet changed the Companies' fuel requirements. Starting in June of 2016 some gas purchases for electric generation are now procured on a forward (monthly) basis for Cane Run 7 vs. on an as-needed basis. Gas Master Agreements are North American Energy Standards Board (NAESB) general Master Agreements. Such agreements do not provide quantity or price.

The NAESB established in 2001, originally the Gas Industry Standards Board (GISB) established in 1994, serves as an industry forum for the development and promotion of standards which will lead to a seamless marketplace for wholesale and retail natural gas and electricity, as recognized by its customers, business community, participants, and regulatory entities.

As stated in responses in previous six-month reviews¹, natural gas purchases for this review period have been purchased solely on an as-needed, spot market basis. LG&E/KU (jointly) have 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, and 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. Additionally, given the voluminous nature of gas purchases, gas confirmations have not been filed with the Commission. Rather, monthly gas purchases have been reported to the Commission in aggregate on Page 4 of Form B.

¹ *In the Matter of: An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Kentucky Utilities Company from November 1, 2013 to April 30, 2014*, Case No. 2014-00227, Response to information Requested in Appendix of Commission's Order Dated August 13, 2014, Question No. 2; *An Examination by the Public Service Commission of the of the Application of the Fuel Adjustment Clause of Kentucky Utilities Company from November 1, 2014 to April 30, 2015*, Case No. 2015-00234, Response to Information Requested in Appendix of Commission's Order Dated August 14, 2015, Question No. 2; and *An Examination by the Public Service Commission of the of the Application of the Fuel Adjustment Clause of Kentucky Utilities Company from May 1, 2015 to October 31, 2015*, Case No. 2016-00003, Response to Information Requested in Appendix of Commission's Order Dated February 5, 2015, Question No. 2.

See attachment 1c1.1 and 1c1.2 filed separately for all natural gas Master Agreements.

Fuel Oil: Similar to gas purchases, Master Agreements have been executed for fuel oil purchases. The fuel oil Master Agreements do not provide for a specific quantity or price for fuel oil. As fuel oil is needed, the Companies request bids based on location and need with the lowest bidder selected to deliver fuel oil under the blanket purchase order.

See attachment 1c2 for all fuel oil Master Agreements.

- d. Coal: The purchase confirmations for coal are the purchase contracts referenced in parts (a) and (b) above.

Natural Gas: No. See response to part (c) above. See attachment 1d filed separately for all of the natural gas purchase confirmations for the period under review.

Fuel Oil: Monthly purchases in aggregate by vendor are listed on page 4 of the Form B filings under Analysis of other fuel purchases. Fuel oil is purchased on an as-needed spot market basis.

- e. Yes. All natural gas transportation agreements have been filed.

- f. Coal: Yes. All transportation agreements related to barging and rail have been filed. The Company does not have any contracts for the delivery of coal by truck.

Fuel Oil: No. See attachment 1f for diesel fuel transportation Agreement with Usher Transport, Inc. for transporting fuel oil to the Trimble County Station with alternate transportation to the Ghent Station. Fuel oil is purchased on an as-needed spot market basis.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER
J15006

CONTINENTAL REFINING CO.
300 REFINERY RD.
SOMERSET, KY 42502

DATE: January 1, 2015
NO KENTUCKY SALES TAX PER
DIRECT PAY #37710 ISSUED TO
LOUISVILLE GAS & ELECTRIC CO.
PAY #45084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed"	Gallons	<p>This purchase order is being written for #2 fuel oil deliveries, when requested during calendar year 2015.</p> <p><u>Price:</u> As bid for volume requested. The Louisville Gas & Electric Co./Kentucky Utilities Co. power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, Ky., Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, Ky., in Mercer County; Jeff Fraley. General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, Ky. in Carroll County; Steve Turner, General Manager. 3. Green River Generating Station located on US Highway 431 near South Carrollton, Ky. in Muhlenberg County; Tom Troost, General Manager. 4. Haefling Peaking Station (near Mercer Road) in Lexington, Ky., Jeff Fraley, General Manager. <p>BUYER KENTUCKY UTILITIES COMPANY LOUISVILLE GAS & ELECTRIC COMPANY</p> <p><i>Ms. Esther Thompson-Long</i> _____ Manager LGE/KU Fuels</p> <p>SELLER CONTINENTAL REFINING CO.</p> <p><i>Stephen Davis</i> _____</p> <p style="text-align: right;"><i>APR 2015</i></p>

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER

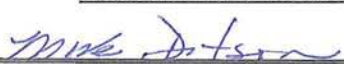
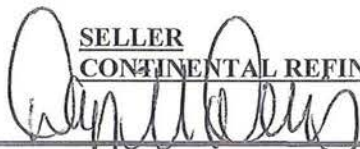
J16020

DATE: January 1, 2016

CONTINENTAL REFINING CO.
300 REFINERY RD.
SOMERSET, KY 42502

NO KENTUCKY SALES TAX PER
DIRECT PAY #037710 ISSUED TO
LOUISVILLE GAS & ELECTRIC CO.
PAY #045084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed" Per Buyer Request	Gallons	<p>This purchase order, including the terms and conditions attached which are incorporated herein, is being written for #2 fuel oil deliveries, when requested during calendar year 2016</p> <p><u>Price:</u> As bid for volume requested.</p> <p>The Louisville Gas & Electric Co./Kentucky Utilities Co. power plant covered under this order is as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, KY, Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, KY, in Mercer County; Jeff Fraley, General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, KY in Carroll County; Steve Turner, General Manager. 3. Haefling Peaking Station (near Mercer Road) in Lexington, KY, Jeff Fraley, General Manager. <p style="text-align: center;">BUYER KENTUCKY UTILITIES COMPANY LOUISVILLE GAS & ELECTRIC COMPANY</p> <p style="text-align: center;"> _____ Manager LGE/KU Fuels</p> <p style="text-align: right;"><i>JPF</i> <i>ell</i></p> <p style="text-align: center;">SELLER CONTINENTAL REFINING CO.</p> <p style="text-align: center;"> _____</p>

January 1, 2016

TERMS AND CONDITIONS

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Danielle Price (phone number 606-679-6301/ fax number 606-679-6310) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #045084 for Kentucky Utilities and #037710 for LG&E; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

SEVERAL LIABILITY: LG&E and KU shall be severally but not jointly liable for obligations of Buyer hereunder, and shall be liable only for such obligations that relate to the particular party receiving a specific fuel shipment or transaction as Buyer.

AGENT: At Buyer's discretion, certain obligations or benefits may be performed by or delegated to LG&E and KU Services Company, its agent.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER

J16021

THE R.W. BAHART CO.
P.O. BOX 39
TROY, OH 45373

DATE: January 1, 2016

NO KENTUCKY SALES TAX PER
DIRECT PAY #037710 ISSUED TO
LOUISVILLE GAS & ELECTRIC CO.
PAY #045084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed" Per Buyer Request	Gallons	<p>This purchase order, including the terms and conditions attached which are incorporated herein, is being written for #2 fuel oil deliveries, when requested during calendar year 2016</p> <p><u>Price:</u> As bid for volume requested.</p> <p>The Louisville Gas & Electric Co./Kentucky Utilities Co. power plant covered under this order is as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off Highways 754 & 1838, 489 Corn Creek Road, Bedford, KY, Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, KY, in Mercer County; Jeff Fraley, General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, KY in Carroll County; Steve Turner, General Manager. 3. Haofling Peaking Station (near Mercer Road) in Lexington, KY, Jeff Fraley, General Manager. <p style="text-align: center;"><u>BUYER</u> <u>KENTUCKY UTILITIES COMPANY</u> <u>LOUISVILLE GAS & ELECTRIC COMPANY</u></p> <p style="text-align: center;"><i>Michelle Dotson</i> _____ Manager LG&E/KU Fuels</p> <p style="text-align: right;"><i>JPF</i> <i>atd</i></p> <p style="text-align: center;"><u>SELLER</u> <u>THE R. W. BAHART CO.</u></p> <p style="text-align: center;"><i>Don Mah</i> _____ - V P of Sales</p>

January 1, 2016

TERMS AND CONDITIONS

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

B.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the B.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Mark Brewer (phone number 937-335-2928/ fax number 937-339-5352) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #045084 for Kentucky Utilities and #037710 for LG&E; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

SEVERAL LIABILITY: LG&E and KU shall be severally but not jointly liable for obligations of Buyer hereunder, and shall be liable only for such obligations that relate to the particular party receiving a specific fuel shipment or transaction as Buyer.

AGENT: At Buyer's discretion, certain obligations or benefits may be performed by or delegated to LG&E and KU Services Company, its agent.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER


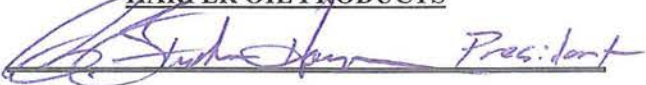
J16022

HARPER OIL PRODUCTS, INC.
P.O. BOX 6325
FLORENCE, KY 41022-6325

DATE: January 1, 2016

NO KENTUCKY SALES TAX PER
DIRECT PAY #037710 ISSUED TO
LOUISVILLE GAS & ELECTRIC CO.
PAY #045084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed" Per Buyer Request	Gallons	<p>This purchase order, including the terms and conditions attached which are incorporated herein, is being written for #2 fuel oil deliveries, when requested during calendar year 2016</p> <p><u>Price:</u> As bid for volume requested.</p> <p>The Louisville Gas & Electric Co./Kentucky Utilities Co. power plant covered under this order is as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, KY, Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, KY, in Mercer County; Jeff Fraley, General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, KY in Carroll County; Steve Turner, General Manager. 3. Haefling Peaking Station (near Mercer Road) in Lexington, KY, Jeff Fraley, General Manager. <p style="text-align: center;">BUYER KENTUCKY UTILITIES COMPANY LOUISVILLE GAS & ELECTRIC COMPANY</p> <p style="text-align: center;"> _____ Manager LGE/KU Fuels</p> <p style="text-align: right;"><i>JPF</i> <i>att</i></p> <p style="text-align: center;">SELLER HARPER OIL PRODUCTS</p> <p style="text-align: center;"> _____ President</p>

TERMS AND CONDITIONS

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Todd Harper (phone number 800-433-0675/ fax number 859-283-9314) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #045084 for Kentucky Utilities and #037710 for LG&E; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

SEVERAL LIABILITY: LG&E and KU shall be severally but not jointly liable for obligations of Buyer hereunder, and shall be liable only for such obligations that relate to the particular party receiving a specific fuel shipment or transaction as Buyer.

AGENT: At Buyer's discretion, certain obligations or benefits may be performed by or delegated to LG&E and KU Services Company, its agent.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER



J16023

HERITAGE PETROLEUM
P.O. BOX 6850
EVANSVILLE, IN 47719

DATE: January 1, 2016

NO KENTUCKY SALES TAX PER
DIRECT PAY #037710 ISSUED TO
LOUISVILLE GAS & ELECTRIC CO.
PAY #045084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed" Per Buyer Request	Gallons	<p>This purchase order, including the terms and conditions attached which are incorporated herein, is being written for #2 fuel oil deliveries, when requested during calendar year 2016</p> <p><u>Price:</u> As bid for volume requested.</p> <p>The Louisville Gas & Electric Co./Kentucky Utilities Co. power plant covered under this order is as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, KY, Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, KY, in Mercer County; Jeff Fraley, General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, KY in Carroll County; Steve Turner, General Manager. 3. Haefling Peaking Station (near Mercer Road) in Lexington, KY, Jeff Fraley, General Manager. <p>BUYER KENTUCKY UTILITIES COMPANY LOUISVILLE GAS & ELECTRIC COMPANY</p> <p> _____ Manager LGE/KU Fuels</p> <p>SELLER HERITAGE PETROLEUM</p> <p> _____</p>

TERMS AND CONDITIONS

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Ken Willard (phone number 812-422-3251/ fax number 812-422-0757) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #045084 for Kentucky Utilities and #037710 for LG&E; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

SEVERAL LIABILITY: LG&E and KU shall be severally but not jointly liable for obligations of Buyer hereunder, and shall be liable only for such obligations that relate to the particular party receiving a specific fuel shipment or transaction as Buyer.

AGENT: At Buyer's discretion, certain obligations or benefits may be performed by or delegated to LG&E and KU Services Company, its agent.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER


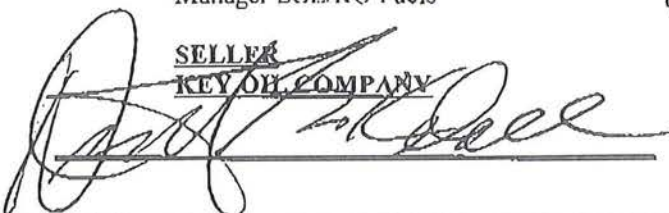
J16025

KEY OIL COMPANY
7520 DISTRIBUTION DRIVE
LOUISVILLE, KY 40258

DATE: January 1, 2016

NO KENTUCKY SALES TAX PER
DIRECT PAY #037710 ISSUED TO
LOUISVILLE GAS & ELECTRIC CO.
PAY #045084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed" Per Buyer Request	Gallons	<p>This purchase order, including the terms and conditions attached which are incorporated herein, is being written for #2 fuel oil deliveries, when requested during calendar year 2016</p> <p><u>Price:</u> As bid for volume requested.</p> <p>The Louisville Gas & Electric Co./Kentucky Utilities Co. power plant covered under this order is as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, KY, Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, KY, in Mercer County; Jeff Fraley, General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, KY in Carroll County; Steve Turner, General Manager. 3. Haeffling Peaking Station (near Mercer Road) in Lexington, KY, Jeff Fraley, General Manager. <p style="text-align: center;">BUYER KENTUCKY UTILITIES COMPANY LOUISVILLE GAS & ELECTRIC COMPANY</p> <p style="text-align: center;"> _____ Manager LGE/KU Fuels</p> <p style="text-align: center;">SELLER KEY OIL COMPANY</p> <p style="text-align: center;"> _____</p>

KEY OIL
PAGE 2
P.O. #J16025

January 1, 2016

TERMS AND CONDITIONS

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CI'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Dwight Kendall (phone number 502-937-4494/ fax number 502-894-4495 & 502-935-0003) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #045084 for Kentucky Utilities and #037710 for I.G&E; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

SEVERAL LIABILITY: I.G&E and KU shall be severally but not jointly liable for obligations of Buyer hereunder, and shall be liable only for such obligations that relate to the particular party receiving a specific fuel shipment or transaction as Buyer.

AGENT: At Buyer's discretion, certain obligations or benefits may be performed by or delegated to I.G&E and KU Services Company, its agent.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER


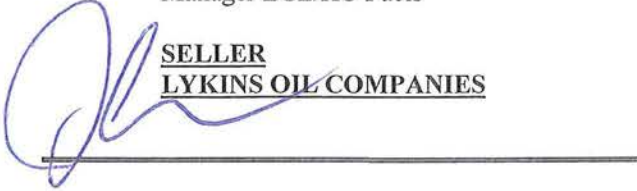
J16027

LYKINS OIL COMPANIES
5163 WOLFPEN PLEASANT
HILL RD
MILFORD, OH 45150

DATE: January 1, 2016

NO KENTUCKY SALES TAX PER
DIRECT PAY #037710 ISSUED TO
LOUISVILLE GAS & ELECTRIC CO.
PAY #045084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed" Per Buyer Request	Gallons	<p>This purchase order, including the terms and conditions attached which are incorporated herein, is being written for #2 fuel oil deliveries, when requested during calendar year 2016</p> <p><u>Price:</u> As bid for volume requested.</p> <p>The Louisville Gas & Electric Co./Kentucky Utilities Co. power plant covered under this order is as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, KY, Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, KY, in Mercer County; Jeff Fraley, General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, KY in Carroll County; Steve Turner, General Manager. 3. Haefling Peaking Station (near Mercer Road) in Lexington, KY, Jeff Fraley, General Manager. <p style="text-align: center;"><u>BUYER</u> <u>KENTUCKY UTILITIES COMPANY</u> <u>LOUISVILLE GAS & ELECTRIC COMPANY</u></p> <p style="text-align: center;"> _____ Manager LGE/KU Fuels</p> <p style="text-align: right;"><i>gpp hjt</i></p> <p style="text-align: center;"><u>SELLER</u> <u>LYKINS OIL COMPANIES</u></p> <p style="text-align: center;"> _____</p>

TERMS AND CONDITIONS

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Tony Elsass (phone number 513-772-2700/ fax number 513-772-6774) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #045084 for Kentucky Utilities and #037710 for LG&E; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

SEVERAL LIABILITY: LG&E and KU shall be severally but not jointly liable for obligations of Buyer hereunder, and shall be liable only for such obligations that relate to the particular party receiving a specific fuel shipment or transaction as Buyer.

AGENT: At Buyer's discretion, certain obligations or benefits may be performed by or delegated to LG&E and KU Services Company, its agent.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER


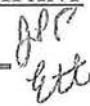
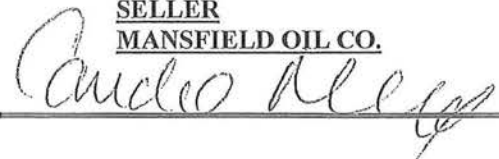
J16028

MANSFIELD OIL COMPANY
1025 AIRPORT PKWY. S.W.
GAINESVILLE, GA 30501

DATE: January 1, 2016

NO KENTUCKY SALES TAX PER
DIRECT PAY #037710 ISSUED TO
LOUISVILLE GAS & ELECTRIC CO.
PAY #045084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed" Per Buyer Request	Gallons	<p>This purchase order, including the terms and conditions attached which are incorporated herein, is being written for #2 fuel oil deliveries, when requested during calendar year 2016</p> <p><u>Price:</u> As bid for volume requested.</p> <p>The Louisville Gas & Electric Co./Kentucky Utilities Co. power plant covered under this order is as follows:</p> <ol style="list-style-type: none"> Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, KY, Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, KY, in Mercer County; Jeff Fraley, General Manager. Ghent Generating Station located off US Highway 42 near Ghent, KY in Carroll County; Steve Turner, General Manager. Haefling Peaking Station (near Mercer Road) in Lexington, KY, Jeff Fraley, General Manager. <p style="text-align: center;">BUYER KENTUCKY UTILITIES COMPANY LOUISVILLE GAS & ELECTRIC COMPANY</p> <p style="text-align: center;"> _____ Manager LGE/KU Fuels</p> <p style="text-align: right;"></p> <p style="text-align: center;">SELLER MANSFIELD OIL CO.</p> <p style="text-align: center;"> _____</p>

TERMS AND CONDITIONS

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Rebecca Noblett (phone number 678-450-2370/ fax number 678-450-2146) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #045084 for Kentucky Utilities and #037710 for LG&E; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

SEVERAL LIABILITY: LG&E and KU shall be severally but not jointly liable for obligations of Buyer hereunder, and shall be liable only for such obligations that relate to the particular party receiving a specific fuel shipment or transaction as Buyer.

AGENT: At Buyer's discretion, certain obligations or benefits may be performed by or delegated to LG&E and KU Services Company, its agent.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194


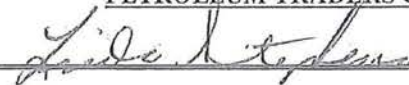
PURCHASE ORDER NUMBER
J16029

PETROLEUM TRADERS CORP.
7120 POINTE INVERNESS WAY
FT. WAYNE, IN 46804-7928

DATE: January 1, 2016

NO KENTUCKY SALES TAX PER
DIRECT PAY #037710 ISSUED TO
LOUISVILLE GAS & ELECTRIC CO.
PAY #045084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed" Per Buyer Request	Gallons	<p>This purchase order, including the terms and conditions attached which are incorporated herein, is being written for #2 fuel oil deliveries, when requested during calendar year 2016</p> <p><u>Price:</u> As bid for volume requested.</p> <p>The Louisville Gas & Electric Co./Kentucky Utilities Co. power plant covered under this order is as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, KY, Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, KY, in Mercer County; Jeff Fraley, General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, KY in Carroll County; Steve Turner, General Manager. 3. Haefling Peaking Station (near Mercer Road) in Lexington, KY, Jeff Fraley, General Manager. <p style="text-align: center;">BUYER KENTUCKY UTILITIES COMPANY LOUISVILLE GAS & ELECTRIC COMPANY</p> <p style="text-align: center;"> _____ Manager LGE/KU Fuels</p> <p style="text-align: center;">SELLER PETROLEUM TRADERS CORP.</p> <p style="text-align: center;"> _____</p> <p style="text-align: right;"><i>JPP</i> <i>ETT</i></p>

TERMS AND CONDITIONS

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Candace Brammer (phone number 260-207-6327/ fax number 260-203-2831) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #045084 for Kentucky Utilities and #037710 for LG&E; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

SEVERAL LIABILITY: LG&E and KU shall be severally but not jointly liable for obligations of Buyer hereunder, and shall be liable only for such obligations that relate to the particular party receiving a specific fuel shipment or transaction as Buyer.

AGENT: At Buyer's discretion, certain obligations or benefits may be performed by or delegated to LG&E and KU Services Company, its agent.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER


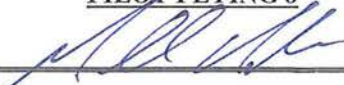
J16030

PILOT FLYING J
5508 LONAS DR.
KNOXVILLE, TN 37909

DATE: January 1, 2016

NO KENTUCKY SALES TAX PER
DIRECT PAY #037710 ISSUED TO
LOUISVILLE GAS & ELECTRIC CO.
PAY #045084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed" Per Buyer Request	Gallons	<p>This purchase order, including the terms and conditions attached which are incorporated herein, is being written for #2 fuel oil deliveries, when requested during calendar year 2016</p> <p><u>Price:</u> As bid for volume requested.</p> <p>The Louisville Gas & Electric Co./Kentucky Utilities Co. power plant covered under this order is as follows:</p> <ol style="list-style-type: none"> Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, KY, Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, KY, in Mercer County; Jeff Fraley, General Manager. Ghent Generating Station located off US Highway 42 near Ghent, KY in Carroll County; Steve Turner, General Manager. Haeffling Peaking Station (near Mercer Road) in Lexington, KY, Jeff Fraley, General Manager. <p style="text-align: center;">BUYER KENTUCKY UTILITIES COMPANY LOUISVILLE GAS & ELECTRIC COMPANY</p> <p style="text-align: center;"> _____ Manager LGE/KU Fuels</p> <p style="text-align: center;">SELLER PILOT FLYING J</p> <p style="text-align: center;"> _____</p>

TERMS AND CONDITIONS

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Alicia Ratliff (phone number 800-562-6210/ fax number 865-297-0088 for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #045084 for Kentucky Utilities and #037710 for LG&E; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

SEVERAL LIABILITY: LG&E and KU shall be severally but not jointly liable for obligations of Buyer hereunder, and shall be liable only for such obligations that relate to the particular party receiving a specific fuel shipment or transaction as Buyer.

AGENT: At Buyer's discretion, certain obligations or benefits may be performed by or delegated to LG&E and KU Services Company, its agent.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER



J16031

JOHN E. RETZNER OIL CO.
630 SOUTH ADAMS ST.
VERSAILLES, IN 47042

DATE: January 1, 2016

NO KENTUCKY SALES TAX PER
DIRECT PAY #037710 ISSUED TO
LOUISVILLE GAS & ELECTRIC CO.
PAY #045084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed" Per Buyer Request	Gallons	<p>This purchase order, including the terms and conditions attached which are incorporated herein, is being written for #2 fuel oil deliveries, when requested during calendar year 2016</p> <p><u>Price:</u> As bid for volume requested.</p> <p>The Louisville Gas & Electric Co./Kentucky Utilities Co. power plant covered under this order is as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, KY, Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, KY, in Mercer County; Jeff Fraley, General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, KY in Carroll County; Steve Turner, General Manager. 3. Haefling Peaking Station (near Mercer Road) in Lexington, KY, Jeff Fraley, General Manager. <p style="text-align: center;">BUYER KENTUCKY UTILITIES COMPANY LOUISVILLE GAS & ELECTRIC COMPANY</p> <p style="text-align: center;"> _____ Manager LGE/KU Fuels</p> <p style="text-align: right;"><i>APR</i> <i>etc</i></p> <p style="text-align: center;">SELLER JOHN E. RETZNER OIL CO.</p> <p style="text-align: center;"> _____</p>

TERMS AND CONDITIONS

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Luke Hanson (phone number 812-609-4178 Ext. 103/ fax number 812-609-4326) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #045084 for Kentucky Utilities and #037710 for LG&E; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

SEVERAL LIABILITY: LG&E and KU shall be severally but not jointly liable for obligations of Buyer hereunder, and shall be liable only for such obligations that relate to the particular party receiving a specific fuel shipment or transaction as Buyer.

AGENT: At Buyer's discretion, certain obligations or benefits may be performed by or delegated to LG&E and KU Services Company, its agent.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER


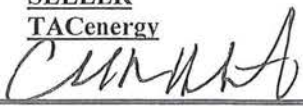
J16032

DATE: January 1, 2016

NO KENTUCKY SALES TAX PER
DIRECT PAY #037710 ISSUED TO
LOUISVILLE GAS & ELECTRIC CO.
PAY #045084 ISSUED TO KENTUCKY
UTILITIES COMPANY

TACenergy
701 S. ROBINSON RD.
TEXARKANA, TX 75501

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed" Per Buyer Request	Gallons	<p>This purchase order, including the terms and conditions attached which are incorporated herein, is being written for #2 fuel oil deliveries, when requested during calendar year 2016</p> <p><u>Price:</u> As bid for volume requested.</p> <p>The Louisville Gas & Electric Co./Kentucky Utilities Co. power plant covered under this order is as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, KY, Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, KY, in Mercer County; Jeff Fraley, General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, KY in Carroll County; Steve Turner, General Manager. 3. Haefling Peaking Station (near Mercer Road) in Lexington, KY, Jeff Fraley, General Manager. <p style="text-align: center;">BUYER KENTUCKY UTILITIES COMPANY LOUISVILLE GAS & ELECTRIC COMPANY</p> <p style="text-align: center;"> _____ Manager LGE/KU Fuels</p> <p style="text-align: center;">SELLER TACenergy</p> <p style="text-align: center;"> _____</p> <p style="text-align: right;"><i>JPP</i> <i>ETT</i></p>

TERMS AND CONDITIONS

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Chad Hebert (phone number 888-370-8273 Ext. 229/ fax number 903-832-7229) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #045084 for Kentucky Utilities and #037710 for LG&E; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

SEVERAL LIABILITY: LG&E and KU shall be severally but not jointly liable for obligations of Buyer hereunder, and shall be liable only for such obligations that relate to the particular party receiving a specific fuel shipment or transaction as Buyer.

AGENT: At Buyer's discretion, certain obligations or benefits may be performed by or delegated to LG&E and KU Services Company, its agent.

January 1, 2015

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Danielle Davis (phone number 606-679-6301/ fax number 606-679-6310) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #45084; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER



J15009

HERITAGE PETROLEUM
P.O. BOX 6850
EVANSVILLE, IN 47719

DATE: January 1, 2015

NO KENTUCKY SALES TAX PER
DIRECT PAY #37710 ISSUED TO
LOUISVILLE GAS & ELECTRIC CO.
PAY #45084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed"	Gallons	<p>This purchase order is being written for #2 fuel oil deliveries, when requested during calendar year 2015.</p> <p><u>Price:</u> As bid for volume requested.</p> <p>The Louisville Gas & Electric Co./Kentucky Utilities Co. power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, Ky., Tom Crutcher, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, Ky., in Mercer County; Jeff Fraley, General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, Ky. in Carroll County; Jeff Joyce, General Manager. 3. Green River Generating Station located on US Highway 431 near South Carrollton, Ky. in Muhlenberg County; Tom Troost, General Manager. 4. Haefling Peaking Station (near Mercer Road) in Lexington, Ky.; Jeff Fraley, General Manager. <p style="text-align: center;"><u>BUYER</u> <u>KENTUCKY UTILITIES COMPANY</u> <u>LOUISVILLE GAS & ELECTRIC COMPANY</u></p> <p style="text-align: center;"> _____ Manager LGE/KU Fuels</p> <p style="text-align: center;"><u>SELLER</u> <u>HERITAGE PETROLEUM</u></p> <p style="text-align: center;"> 12-30-14</p>

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Ken Willard (phone number 812-422-3251 / fax number 812-422-0757) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #45084; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER
J15011



KEY OIL COMPANY
7520 DISTRIBUTION DRIVE
LOUISVILLE, KY 40258

DATE: January 1, 2015

NO KENTUCKY SALES TAX PER DIRECT
PAY #37710 ISSUED TO LOUISVILLE GAS
& ELECTRIC CO.
PAY #45084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

MARK PACKAGE:

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed"	Gallons	<p>This purchase order is being written for #2 fuel oil deliveries, when requested during calendar year 2015.</p> <p><u>Price:</u> As bid for volume requested.</p> <p>The Louisville Gas & Electric Co./Kentucky Utilities Co. power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, Ky., Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, Ky., in Mercer County, Jeff Fraley. General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, Ky. in Carroll County, Steve Turner, General Manager. 3. Green River Generating Station located on US Highway 431 near South Carrollton, Ky. in Muhlenberg County; Tom Troost, General Manager. 4. Haefling Peaking Station (near Mercer Road) in Lexington, Ky., Jeff Fraley, General Manager. <p style="text-align: center;"><u>BUYER</u> <u>KENTUCKY UTILITIES COMPANY</u> <u>LOUISVILLE GAS & ELECTRIC COMPANY</u></p> <p style="text-align: center;"> _____ Manager LGE/KU Fuels</p> <p style="text-align: center;"><u>SELLER</u> <u>KEY OIL COMPANY</u></p> <p style="text-align: center;"> _____</p>

JANUARY 1, 2015

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Dwight Kendall (phone number 502-937-4494 / fax numbers 502-894-4495 and (502) 935-0003) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #45084; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER


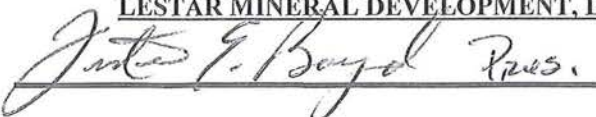
J15012

LESTAR MINERAL DEVELOPMENT, INC.
1109 VERSAILLES ROAD
LEXINGTON, KY 40508

868 Arloyd Dr. #100
40505

DATE: January 1, 2015
NO KENTUCKY SALES TAX PER DIRECT
PAY #37710 ISSUED TO LOUISVILLE GAS
& ELECTRIC CO.
PAY #45084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed"	Gallons	<p>This purchase order is being written for #2 fuel oil deliveries, when requested during calendar year 2015.</p> <p><u>Price:</u> As bid for volume requested. The Louisville Gas & Electric Co./Kentucky Utilities Co. power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, Ky., Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, Ky., in Mercer County; Jeff Fraley. General Manager. Ghent Generating Station located off US Highway 42 near Ghent, Ky. in Carroll County; Steve Turner, General Manager. Green River Generating Station located on US Highway 431 near South Carrollton, Ky. in Muhlenberg County; Tom Troost, General Manager. Haefling Peaking Station (near Mercer Road) in Lexington, Ky.; Jeff Fraley, General Manager. <p style="text-align: center;">BUYER KENTUCKY UTILITIES COMPANY LOUISVILLE GAS & ELECTRIC COMPANY</p> <p style="text-align: center;"> _____ Manager LGE/KU Fuels</p> <p style="text-align: right;"><i>APP</i> <i>etc</i></p> <p style="text-align: center;">SELLER LESTAR MINERAL DEVELOPMENT, LLC</p> <p style="text-align: center;"> _____ Pres.</p>

January 1, 2015

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Lester Boyd (phone number 859-608-9926 / fax number 859-253-1036) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #45084; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194


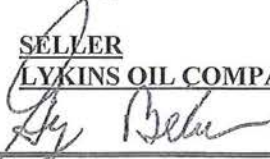
PURCHASE ORDER NUMBER
J15013

LYKINS OIL COMPANIES
5163 WOLFPEN PLEASANT HILL RD
MILFORD, OH 45150

DATE: January 1, 2015

NO KENTUCKY SALES TAX PER DIRECT
PAY #37710 ISSUED TO LOUISVILLE GAS
& ELECTRIC CO.
PAY #45084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed"	Gallons	<p>This purchase order is being written for #2 fuel oil deliveries, when requested during calendar year 2015.</p> <p><u>Price:</u> As bid for volume requested. The Louisville Gas & Electric Co./Kentucky Utilities Co. power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, Ky., Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, Ky., in Mercer County; Jeff Fraley, General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, Ky. in Carroll County; Steve Turner, General Manager. 3. Green River Generating Station located on US Highway 431 near South Carrollton, Ky. in Muhlenberg County; Tom Troost; General Manager. 4. Haefling Peaking Station (near Mercer Road) in Lexington, Ky.; Jeff Fraley, General Manager. <p style="text-align: center;">BUYER KENTUCKY UTILITIES COMPANY LOUISVILLE GAS & ELECTRIC COMPANY</p> <p style="text-align: center;"> _____ Manager LGE/KU Fuels</p> <p style="text-align: center;">SELLER LYKINS OIL COMPANIES</p> <p style="text-align: center;"> _____ Ly Belu</p> <p style="text-align: right;"><i>app</i> <i>ltd</i></p>

JANUARY 1, 2015

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Tony Elsass (phone number 513-772-2700 / fax number 513-772-6774) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #45084; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER

J15014

MANSFIELD OIL COMPANY
1025 AIRPORT PKWY. S.W.
GAINESVILLE, GA 30501

DATE: January 1, 2015

NO KENTUCKY SALES TAX PER
DIRECT PAY #37710 ISSUED TO
LOUISVILLE GAS & ELECTRIC CO.
PAY #45084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed"	Gallons	<p>This purchase order is being written for #2 fuel oil deliveries, when requested during calendar year 2015.</p> <p><u>Price:</u> As bid for volume requested. The Louisville Gas & Electric Co/Kentucky Utilities Co.. power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, Ky., Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, Ky., in Mercer County, Jeff Fraley, General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, Ky. in Carroll County; Steve Turner, General Manager. 3. Green River Generating Station located on US Highway 431 near South Carrollton, Ky. in Muhlenberg County; Tom Troost, General Manager. 4. Haeffling Peaking Station (near Mercer Road) in Lexington, Ky., Jeff Fraley, General Manager. <p><u>BUYER</u> <u>KENTUCKY UTILITIES COMPANY</u> <u>LOUISVILLE GAS & ELECTRIC COMPANY</u></p> <p><i>Yvonne Dotson</i> _____ Manager LGE/KU Fuels</p> <p><u>SELLER</u> <u>MANSFIELD OIL COMPANY</u></p> <p><i>Al B...</i> _____</p>

January 1, 2015

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Rebecca Noblett (phone number 678-450-2146 / fax number 678-450-2370) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #45084; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

→ except to the extent caused by the negligence or willful misconduct of the Buyer.

JPF

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER


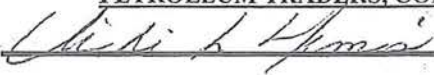
J15015

PETROLEUM TRADERS CORP.
7120 POINTE INVERNESS WAY
FT. WAYNE, IN 46804-7928

DATE: January 1, 2015

NO KENTUCKY SALES TAX PER DIRECT
PAY #37710 ISSUED TO LOUISVILLE GAS
& ELECTRIC CO.
PAY #45084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed"	Gallons	<p>This purchase order is being written for #2 fuel oil deliveries, when requested during calendar year 2015.</p> <p><u>Price:</u> As bid for volume requested. The Louisville Gas & Electric Co./Kentucky Utilities Co. power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, Ky., Tom Crutcher, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, Ky., in Mercer County; Jeff Fraley, General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, Ky. in Carroll County; Jeff Joyce, General Manager. 3. Green River Generating Station located on US Highway 431 near South Carrollton, Ky. in Muhlenberg County; Tom Troost, General Manager. 4. Tyrone Generating Station located off Highway 62 in Woodford County at the Tyrone bridge; Jeff Fraley, General Manager. 5. Haefling Peaking Station (near Mercer Road) in Lexington, Ky.; Jeff Fraley, General Manager. <p>BUYER KENTUCKY UTILITIES COMPANY LOUISVILLE GAS & ELECTRIC COMPANY</p> <p> Manager LGE/KU Fuels</p> <p>SELLER PETROLEUM TRADERS, CORP.</p> <p></p> <p style="text-align: right;"><i>Coll JAF</i></p>

PETROLEUM TRADERS CORP.
PAGE 2
P.O. #J15015

JANUARY 1, 2015

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Shelly Beachy (phone/fax number 260-207-6358) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #45084; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order **except to the extent caused by the negligence or willful misconduct of buyer.** This indemnity shall survive the termination, cancellation or expiration of this Purchase Order **no longer than 6 months from date of Purchase Order.**

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER



J15016

PILOT FLYING J
5508 LONAS DR.
KNOXVILLE, TN 37909

DATE: January 1, 2015

NO KENTUCKY SALES TAX PER
DIRECT PAY #37710 ISSUED TO
LOUISVILLE GAS & ELECTRIC CO.
PAY #45084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed"	Gallons	<p>This purchase order is being written for #2 fuel oil deliveries, when requested during calendar year 2015.</p> <p><u>Price:</u> As bid for volume requested. The Louisville Gas & Electric Co./Kentucky Utilities Co. power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, Ky., Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, Ky., in Mercer County, Jeff Fraley. General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, Ky. in Carroll County, Steve Turner, General Manager. 3. Green River Generating Station located on US Highway 431 near South Carrollton, Ky. in Muhlenberg County; Tom Troost, General Manager. 4. Haeffling Peaking Station (near Mercer Road) in Lexington, Ky., Jeff Fraley, General Manager. <p>BUYER KENTUCKY UTILITIES COMPANY LOUISVILLE GAS & ELECTRIC COMPANY</p> <p> _____ Manager LGE/KU Fuels</p> <p>SELLER PILOT FLYING J</p> <p> _____</p>

January 1, 2015

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Alicia Ratliff (phone number 800-562-621 Ext. 2290 or 2562 / fax number 865-297-0088) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #45084; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

LOUISVILLE GAS & ELECTRIC COMPANY / KENTUCKY UTILITIES COMPANY

MAIL INVOICES TO
IN TRIPPLICATE
SHOW PURCHASE ORDER NO.

LG&E and KU Services Company
Ms. Esther Thompson-Long
Manager, Fuels Acctg. & Admin.
220 West Main Street
P.O. Box 32010
Louisville, KY 40232-2010
Ph: 502-627-3240
Fax: 502-627-2194

PURCHASE ORDER NUMBER

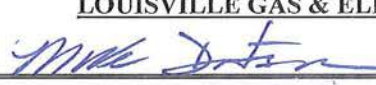
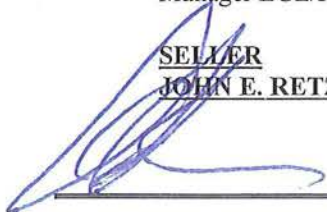
J15017

JOHN E. RETZNER OIL CO.
630 SOUTH ADAMS ST.
VERSAILLES, IN 47042

DATE: January 1, 2015

NO KENTUCKY SALES TAX PER
DIRECT PAY #37710 ISSUED TO
LOUISVILLE GAS & ELECTRIC CO.
PAY #45084 ISSUED TO KENTUCKY
UTILITIES COMPANY

SHIP TO: POWER PLANT TANK
BY DELIVERY TRUCKS

ITEM NO.	QUANTITY	UNIT	DESCRIPTION
	"As Needed"	Gallons	<p>This purchase order is being written for #2 fuel oil deliveries, when requested during calendar year 2015.</p> <p><u>Price:</u> As bid for volume requested. The Louisville Gas & Electric Co./Kentucky Utilities Co. power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. Trimble County Generating Station located off, Highways 754 & 1838, 489 Corn Creek Road, Bedford, Ky., Jeff Joyce, General Manager. <p>The Kentucky Utilities' power plants covered under this order are as follows:</p> <ol style="list-style-type: none"> 1. E.W. Brown Generating Station and E.W. Brown Combustion Turbines located off State Highway 33 near Burgin, Ky., in Mercer County; Jeff Fraley. General Manager. 2. Ghent Generating Station located off US Highway 42 near Ghent, Ky. in Carroll County; Steve Turner, General Manager. 3. Green River Generating Station located on US Highway 431 near South Carrollton, Ky. in Muhlenberg County; Tom Troost, General Manager. 4. Haefling Peaking Station (near Mercer Road) in Lexington, Ky.; Jeff Fraley, General Manager. <p align="center">BUYER KENTUCKY UTILITIES COMPANY LOUISVILLE GAS & ELECTRIC COMPANY</p> <p align="center"> _____ Manager LGE/KU Fuels</p> <p align="center">SELLER JOHN E. RETZNER OIL COMPANY</p> <p align="center"> _____</p> <p align="right"><i>Est APP</i></p>

DELIVERY: Deliveries are to be made via transport trucks of 6,000 gallons or more when ordered by any of the plants.

E.W. BROWN CT'S - FUEL OIL HIGH HEATING VALUE ("HHV"): Seller is required to provide HHV for each "fuel lot" (delivery of a single fuel by group of trucks) on any purchase made for the E.W. Brown Combustion Turbines.

PRICES/INVOICES: Prices quoted on successful bids will be held firm for delivery of entire quantity of fuel oil being requisitioned.

All invoices for shipments under this purchase order should indicate the above purchase order number and the generating station receiving shipment and are governed by the terms and conditions hereof.

ORDERING: By copy of this purchase order to Buyer, Buyer may, when fuel oil is required, call or fax Luke Hanson (phone number 812-609-4178 Ext. 103 / fax number 812-609-4326) for a price quotation.

PAYMENTS: Payments will be due 15 days from receipt of invoice and receipt of oil at the Generating Station, whichever is later.

SALES TAX: This purchase order is not subject to 6% Kentucky Sales Tax. We certify that we hold Kentucky Retail Sales and Use Tax Permit #45084; that the material covered by this order will not be resold, or if it is resold, we shall report and pay the appropriate sales and use tax.

TITLE AND QUALITY: Seller warrants that it has good title to the fuel oil delivered hereunder, free of all liens and that the fuel oil delivered hereunder shall meet the applicable ASTM specifications.

INDEMNIFICATION: Seller agrees to defend, indemnify and hold harmless the Buyer, its directors, officers, employees and agents, from and against any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature ("Claims"), including, without limitation, costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) injuries or deaths to persons, (b) damages to property, (c) pollution, contamination of or other adverse effects on the environment, or (d) violations of governmental laws, regulations or orders, whether suffered directly by Buyer or indirectly by reason of third party Claims, arising out of or related to (or alleged to have arisen out of or related to) acts or omissions of Seller, its employees, agents, subcontractors or other representatives, or from their presence on the premises of Buyer, or otherwise from Seller's performance or failure to perform under this Purchase Order. This indemnity shall survive the termination, cancellation or expiration of this Purchase Order.

MODIFICATION: The parties agree that the terms and conditions of this Purchase Order shall not be amended or modified without the express written agreement of the parties. Any such amendment or modification must be in writing, be signed by both parties, expressly reference this Purchase Order and specifically and unambiguously express the intent of both parties to amend or modify this Purchase Order. Any additional terms and conditions that may be contained on any of Seller's forms (whether or not on pre-printed forms) which require a signature of Buyer, including, without limitation, any additional terms and conditions on any bill of sale, bill of lading, receipt, invoice or other document or instrument confirming or documenting price and quantity terms of the sale, the receipt of the order, the shipment or the delivery of the subject matter of this Purchase Order, shall not be accepted by the Buyer and shall not constitute terms or conditions of this Purchase Order.

USHER TRANSPORT, INC.
LG&E/ KU Contract No. J15026

DIESEL FUEL TRANSPORT AGREEMENT

BETWEEN

USHER TRANSPORT, INC.

AND

LOUISVILLE GAS AND ELECTRIC COMPANY

and

KENTUCKY UTILITIES COMPANY

and

LG&E AND KU SERVICES COMPANY,

as administrative agent

Effective

July 1, 2015

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DIESEL FUEL TRANSPORT AGREEMENT

This Diesel Fuel Transport Agreement (this "Contract") is entered into, effective as of July 1, 2015, between LOUISVILLE GAS and ELECTRIC COMPANY ("LG&E"), KENTUCKY UTILITIES COMPANY ("KU"), and LG&E AND KU SERVICES COMPANY, solely in its capacity as administrative agent for LG&E and KU under this Contract, collectively whose address is 220 West Main Street, Louisville, Kentucky 40202, and Usher Transport, Inc. ("Contractor"), whose address is 3801 Shanks Lane, Louisville, Kentucky 40216.

Contractor desires the opportunity to provide diesel fuel transportation and delivery services pursuant to the terms and conditions of this Contract, and Company (as hereinafter defined) desires to engage Contractor to provide such services (for any particular pick-up and delivery of diesel fuel hereunder, the entity (either LG&E or KU) for whom the services with respect to that particular pick-up, transportation and delivery is requested and to whose facility the diesel fuel with respect to that particular pick-up, transportation and delivery is actually delivered shall hereinafter be referred to as the "Company"). LG&E and KU Services Company is the administrative agent for LG&E and KU hereunder and at no time shall be considered as (nor shall be liable for any of the obligations of) the Company. The rights and obligations of LG&E and KU hereunder shall be limited to the extent of such party's proportionate utilization of Contractor's services hereunder as Company.

In consideration of the mutual covenants and agreements of the parties made herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1.0 GENERAL

Contractor shall perform diesel fuel transportation and delivery services, when and where requested by Company, to the Trimble County Generating Station (owned and/or operated by LG&E) located at 487 Corn Creek Road, Bedford, Kentucky 40006-8514 (the "Trimble County Station"), or to the Ghent Generating Station (owned and/or operated by KU) located at 9485 US Highway 42 East, Ghent, Kentucky 41045 (the "Ghent Station"), as such services are more specifically described in Articles 2.0 and 3.0 hereof (hereinafter referred to as the "Work") and Company shall compensate the Contractor for the Work, under all the terms and conditions hereof.

2.0 DESCRIPTION OF WORK

- 2.1 Contractor shall supply all trucks, labor, supervision, materials, equipment, and tools, and shall pay all costs and expenses (including, without limitation, fuel for operation of the trucks), necessary or appropriate in the performance of the Work.
- 2.2 During the period of July 1, 2015 to June 30, 2016, Contractor shall at all times have fuel oil delivery trucks (each with one compartment aluminum trailers with a capacity of approximately 7,500 gallons) and drivers available to pick-up certain quantities of diesel fuel (in such amounts and at pick-up locations as determined from time to time by Company, in its sole discretion), to transport such diesel fuel, and to deliver such diesel fuel to either the Trimble County Station or Ghent

USHER TRANSPORT, INC.
LG&E/KU Contract No. J15026

Station, 24 hours a day, seven days a week. The parties agree that time is of the essence in the performance of this Contract.

- 2.3 Company shall not be required to furnish or cause to be furnished to Contractor any items for or in connection with performance of the Work.
- 2.4 Upon notification by Company to Contractor (by fax, email or phone) of the pick-up location, the quantity requested, and the delivery location with respect to that notification, Contractor shall pickup the diesel fuel within four (4) hours of such notice and shall diligently and continuously prosecute the Work until the full requested quantity has been picked up and delivered to the requested delivery location.
- 2.5 Contractor's pickup point for fuel oil delivered hereunder shall be at one of the following locations, depending on Company's needs: Louisville, Kentucky; Covington, Kentucky; Lexington, Kentucky; Catlettsburg, Kentucky; Cincinnati, Ohio; Indianapolis, Indiana; Knoxville, Tennessee; or other locations as mutually agreed.
- 2.6 Contractor shall supply, at Company's direction, up to ten (10) trailers (each an aluminum trailer with a capacity of approximately 7,500 gallons) to be left at a mutually agreed upon temporary storage site located at the Trimble County generating station. Once Contractor has dropped a trailer at such temporary storage site, Contractor shall not have any liability with respect to the storage of such trailer until Contractor picks up or moves such trailer.

3.0 SPECIFICATIONS, EXHIBITS AND DRAWINGS

All Work shall be performed in strict accordance with the following specifications, exhibits and drawings each of which are incorporated herein by reference.

3.1 EXHIBITS

<u>EXHIBIT NO.</u>	<u>TITLE</u>
Exhibit A	General Services Agreement-LG&E and KU Services Company and/or Affiliates
Exhibit B	Contractor/Subcontractor Safety Policy
Exhibit C	Contractor Code of Business Conduct
NO. 1	Schedule – Estimated Fuel Oil used by Month
NO. 2	Gate Procedures
NO. 3	Hazard Communication Coordinators
NO. 4	Fuel Surcharge Table

4.0 TERM

This Contract shall become effective on July 1, 2015 and continue through June 30, 2016, subject to earlier termination as set forth in the attached Standard Terms.

5.0 STANDARD TERMS AND CONDITIONS

In addition to the terms and conditions contained in the body of this Contract, the terms and conditions in that certain GENERAL SERVICES AGREEMENT – LG&E and KU

SERVICES COMPANY AND/OR AFFILIATES (the "Standard Terms") that are attached hereto as Exhibit A are hereby incorporated by reference herein and are thereby made a part of this Contract. The terms and conditions contained in the body of this Contract shall be considered a Purchase Order and/or a Statement of Work issued in connection with the Standard Terms. Notwithstanding anything in any of the other parts of this Contract to the contrary, in the event of a conflict between the terms and conditions contained in the body of this Contract, in the Standard Terms and/or in any of the Exhibit Nos. 1 - 4, the terms and conditions of the body of this Contract shall control over the terms and conditions in the Standard Terms and over the terms and conditions in any of the Exhibit Nos. 1-4, and the terms and conditions in the Standard Terms shall control over the terms and conditions in any of the Exhibit Nos. 1-4. If there is a conflict in any of the terms and conditions among any of the Exhibit Nos. 1-4, Company shall resolve the conflict in its sole discretion, which resolution shall be binding on Contractor.

6.0 SPECIFIC REPORTING REQUIREMENTS

Contractor shall promptly submit the schedules and reports set forth below:

- 6.1 Daily reports of deliveries made during the prior day; and
- 6.2 Such other reports as Company shall reasonably request.

7.0 COMPENSATION

- 7.1 Base Price. Full compensation to Contractor for full and complete performance by Contractor of the Work, compliance with all terms and conditions of this Contract (including by making trucks available in accordance with Section 2.2

USHER TRANSPORT, INC.
LG&E/KU Contract No. J15026

above), and for Contractor’s payment of all obligations incurred in, or applicable to, performance of the Work (the “Contract Price”) shall be determined in accordance with the following. For each gallon delivered by Contractor, Company shall pay a delivery price (in cents per gallon) based on the originating pick-up location. The cents per gallon delivery price for deliveries from each originating pickup location is as follows:

<u>Loading Point</u>	<u>Destination – Trimble County Base Price Cents per Gallon</u>
Louisville, KY	\$0.0355
Covington, KY	\$0.0415
Lexington, KY	\$0.0465
Catlettsburg, KY	\$0.0928
Cincinnati, OH	\$0.0443
Indianapolis, IN	\$0.0638
Knoxville, TN	\$0.1320

<u>Destination – Ghent</u>	
<u>Loading Point</u>	<u>Base Price Cents per Gallon</u>
Louisville, KY	\$0.0368
Lexington, KY	\$0.0415

7.2 Fuel Surcharge adjustment. The Base Prices as shown above in section 7.1 shall be adjusted weekly by adding or subtracting a surcharge amount based upon the published Department of Energy weekly fuels index – EIA Midwest Region (PADD2) Diesel (On Highway) – Ultra Low Sulfur (the “EIA fuel index”). The surcharge amount each week shall be determined by multiplying the Base Price times a percentage set forth in Exhibit No. 4 attached hereto and made a part hereof. The percentage is determined as follows: (i) obtain the EIA fuel index for that week; (ii) compare such EIA fuel index for that week to the ranges under the column entitled Diesel Fuel Price – Cents per Gallon on Exhibit No. 4 hereto; (iii)

locate the percentage corresponding to such range of Diesel Fuel Price under the column entitled Percent of Increase to apply Surcharge on Exhibit No. 4 hereto. The weekly fuel index is updated each Monday at 3:00 p.m. eastern standard time; the fuel index will set the surcharge amount to be charged to all shipments effective 7 days from that Monday. The prior weeks' surcharge amount will be reset to zero each week immediately prior to the determination of the succeeding weeks' surcharge amount. Should a holiday fall on Monday the next work day will be used to establish the fuel surcharge. Rounding shall be done to four (4) decimal places.

7.3 Re-consignment Charge. A re-consignment charge of \$0.0171 cents per gallon will be added to shipments directed by Company to unload at Kentucky Utilities Company's Ghent Generating Station.

7.4 Tanker Rental. Company will reimburse Contractor for tanker rental at the rate of \$125 per day plus \$1.71 per mile deadhead to deliver and pickup tanker.

8.0 INVOICES, BILLING AND PAYMENT.

8.1 Invoicing Address:

Invoices for Company will be sent to the following address:

LG&E and KU Services Company
220 West Main Street
Louisville, KY 40202
Attention: Manager Fuels Accounting and Administration

8.2 Invoice Procedures. Contractor shall invoice Company at the Base Price plus or minus any fuel surcharge, and plus any tanker rental or re-consignment charges

on fuel oil delivered in a calendar month by the tenth (10th) of the following month.

- 8.3 Payment Procedures. For all amounts due hereunder with respect to fuel oil delivered at the Trimble County Station and/or the Ghent Station between the first (1st) through the fifteenth (15th) days of any calendar month, Company shall make preliminary payment for one-hundred percent (100%) of the amount due by the twenty-fifth (25th) day of such month of delivery, except that, if the twenty-fifth (25th) is not a regular work day, payment shall be made on the next regular work day. All preliminary payments shall be calculated based upon the then-current price (Base Price plus surcharge amount) on a dollar per gallon basis. For all amounts due hereunder with respect to fuel oil delivered at the Trimble County Station and/or the Ghent Station between the sixteenth (16th) and through the last day of any calendar month, Company shall make a payment for one-hundred percent (100%) of the amount due by the fifteenth (15th) day of the month following the month of delivery, except that, if the fifteenth (15th) is not a regular work day, payment shall be made on the next regular work day. Also by the fifteenth (15th) day of the month following the month of delivery, with respect to all amounts due with respect to fuel oil delivered at the Trimble County Station and/or the Ghent Station, a reconciliation of amounts paid and amounts owed during said month shall be made, including, making any adjustments for any applicable tanker rental or re-consignment charges or other adjustments provided herein, except that, with respect to all amounts due or owing on the fifteenth (15th)

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of the month following the month of delivery, if the fifteenth (15th) is not a regular work day, payment shall be made on the next regular work day.

For example, Company will make a preliminary payment by December 25 for amounts due hereunder with respect to fuel oil delivered from December 1 through 15. By January 15, a payment for amounts due hereunder with respect to fuel oil delivered from December 16 through December 31 will be made which will be adjusted to include a reconciliation with respect to all amounts due hereunder with respect to fuel oil delivered in December. The reconciliation shall be made as follows: Contractor shall invoice Company on or before the tenth (10th) day of the month following the month of delivery at the Trimble County Station and/or the Ghent Station during the previous month. The amount due with respect to all diesel fuel oil (based on the Base Price plus or minus any fuel surcharge) delivered and accepted by Company during any calendar month shall be calculated and compared to the sum of the preliminary payments made during such month. The difference shall be paid by or paid to Contractor, as applicable, by the fifteenth (15th) day of the month following the month of delivery or five (5) days after receipt of an invoice whichever is later, except, that, if the fifteenth (15th) is not a regular work day, payment shall be made in the next regular work day. Company shall mail via U.S. Post Office Contractor's Address:

Mailing Instructions:

Usher Transport, Inc.
P.O. Box 16310
Louisville, Kentucky 40256

9.0 CONTRACTUAL NOTICES

See the Article titled "Notices" in the Standard Terms for provisions governing contractual notices.

9.1 Company's address: LG&E and KU Services Company
220 West Main Street, 4th Floor
Louisville, Kentucky 40202
ATTN: Caryl Pfeiffer

9.2 Contractor's address: Usher Transport, Inc.
P.O. Box 16310
Louisville, Kentucky 40256-0310
ATTN: Eric Mink

10.0 SEVERAL LIABILITY

LG&E and KU shall be severally but not jointly liable for obligations of Company hereunder, and each shall be liable for such obligations only to the extent it is the party constituting the Company hereunder. With limiting the foregoing, under no circumstances shall LG&E ever be liable hereunder with respect to diesel fuel requested, picked up, transported and/or delivered to KU's Ghent Station (or for or on behalf of KU), nor shall KU ever be liable hereunder with respect to diesel fuel requested, picked up, transported and/or delivered to LG&E's Trimble County Station (or for or on behalf of LG&E).

11.0 ENTIRE AGREEMENT

This Contract, including all specifications, exhibits and drawings listed in this Contract and the Standard Terms, constitutes the entire agreement between the parties relating to the Work and supersedes all prior or contemporaneous oral or written agreements, negotiations, understandings and statements pertaining to the Work or this Contract.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed
as of the date first above written.

LOUISVILLE GAS AND ELECTRIC COMPANY

By: Caryl M. Pfeiffer
Caryl Pfeiffer
Director Corporate Fuels and By-Products
Date: 5/20/15

*JPP
ett*

KENTUCKY UTILITIES COMPANY

By: Caryl M. Pfeiffer
Caryl Pfeiffer
Director Corporate Fuels and By-Products
Date: 5/20/15

*JPP
ett*

LG&E and KU SERVICES COMPANY
as administrative agent

By: Caryl M. Pfeiffer
Caryl Pfeiffer
Director Corporate Fuels and By-Products
Date: 5/20/15

*JPP
ett*

USHER TRANSPORT, INC.

By: Joe Heaman
Title: MARKETING DIRECTOR
Date: 5.15.15

EXHIBIT NO. 1 – ESTIMATED FUEL OIL USED BY MONTH

Month / Yr	Estimated Gallons
Jul '15	174,000
Aug '15	174,000
Sep '15	174,000
Oct '15	154,000
Nov '15	242,000
Dec '15	174,000
Jan '16	174,000
Feb '16	174,000
Mar '16	127,000
Apr '16	269,000
May '16	222,000
Jun '16	173,000
Totals	2,231,000

EXHIBIT NO. 2 – GATE PROCEDURES

TRIMBLE:

Delivery gate #2, located on the southwest corner of the property, will be used for all deliveries.

GHENT:

Delivery gate #4 is used during normal business hours, 07:00 to 15:30. Deliveries at night go through gate #2 which is the front gate right between the units just beside the road.

Procedure is to go to appropriate gate according to time of day. The guard is to call Unit 1 Control Room for notification to dispatch operator to meet truck and lead into plant unloading area. If truck driver has been at plant and is knowledgeable about plant layout he can be permitted to drive straight to unloading area after notification is made to the Unit 1 Control room.

EXHIBIT NO. 3 – HAZARD COMMUNICATIONS COORDINATOR

TRIMBLE COUNTY: Glenn Hudson Production Leader (502/627-6048)

GHENT: Ricky Moore during normal business hours and Shift Supervisor of Operations during nights and weekends.

EXHIBIT NO. 4 – FUEL SURCHARGE TABLE

Diesel Fuel Price		Percent of	
Cents per Gallon		Increase to apply	
Over	Not Over	Surcharge	
78	85.9		-3.0%
86	93.9		-2.0%
94	101.9		-1.0%
102	117.9		0.0%
118	125.9		1.0%
126	133.9		2.0%
134	141.9		3.0%
142	149.9		4.0%
150	157.9		5.0%
158	165.9		6.0%
166	173.9		7.0%
174	181.9		8.0%
182	189.9		9.0%
190	197.9		10.0%
198	205.9		11.0%
206	213.9		12.0%
214	221.9		13.0%
222	229.9		14.0%
230	237.9		15.0%
238	245.9		16.0%
246	253.9		17.0%
254	261.9		18.0%
262	269.9		19.0%
270	277.9		20.0%
278	285.9		21.0%
286	293.9		22.0%
294	301.9		23.0%
302	309.9		24.0%
310	317.9		25.0%
318	325.9		26.0%
326	333.9		27.0%
334	341.9		28.0%
342	349.9		29.0%
350	357.9		30.0%
358	365.9		31.0%
366	373.9		32.0%
374	381.9		33.0%
382	389.9		34.0%
390	397.9		35.0%
398	405.9		36.0%

If the weekly price reported in the EIA Report for the week of 5/26/14 was 388.4 cents per gallon, the applicable fuel surcharge to apply to shipments beginning on 6/2/14 would be 34.0%. The delivery charge from Louisville, Ky would be \$0.045292 per gallon (Base Price of \$0.0338 + Fuel Surcharge of \$0.011492 (0.0338 x 34%)).

EXHIBIT A

GENERAL SERVICES AGREEMENT
LG&E AND KU SERVICES COMPANY AND/OR AFFILIATES

This "General Services Agreement" is made this 1st day of July, 2015 (the "Effective Date") by and between (i) LG&E and KU Services Company, a Kentucky corporation ("LG&E and KU Services Company") and/or its "Affiliates" (as defined below) and (ii) Usher Transport, Inc. ("Contractor"), a Kentucky corporation.

WHEREAS, Contractor desires the opportunity to provide goods and/or services to LG&E and KU Services Company from time to time, and LG&E and KU Services Company and/or its Affiliates desire the opportunity to engage Contractor to provide such goods and/or services through the issuance of Purchase Orders and/or Statements of Work; and

WHEREAS, the parties intend that this General Services Agreement sets forth the exclusive terms and conditions which shall govern the performance of the Work by Contractor for LG&E and KU Services Company and/or any of its Affiliates should LG&E and KU Services Company and/or any of its Affiliates engage Contractor to provide Work.

NOW THEREFORE, in consideration of the premises, the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do agree as follows:

ARTICLE 1 DEFINITIONS

1.01 Affiliate: "Affiliate" shall mean any entity which, from time to time, in whole or in part, and directly or indirectly, controls, is controlled by, or under common control with LG&E and KU Services Company and shall include, without limitation, Louisville Gas and Electric Company and Kentucky Utilities Company, both Kentucky corporations.

1.02 Agreement: "Agreement" shall mean this General Services Agreement, along with any "Statements of Work" (as defined below) and/or Purchase Order (as defined below) issued by Company and/or any other documentation as may be executed by the parties in accordance with Article 2, and/or other agreed collateral document pursuant to which the Work is to be performed.

1.03 Applicable Laws: "Applicable Laws" shall mean any and all applicable federal, state or local laws, regulations, codes, ordinances, administrative rules, court orders, permits or executive orders.

1.04 Contract Price: "Contract Price" shall mean the aggregate of the particular considerations set forth in one or more Purchase Orders or other Statements of Work or as otherwise agreed upon. Unless otherwise agreed in writing, the Contract Price includes all applicable taxes, duties, fees, and assessments of any nature including, without limitation, all sales and use taxes due to any governmental authority with respect to the Work.

1.05 Contractor: "Contractor" shall mean the entity designated as the "Contractor" in the opening paragraph of this Agreement.

1.06 Company: "Company" shall mean LG&E and KU Services Company and/or any of its Affiliates as appropriate based on which entity is the party to the applicable Purchase Order and/or Statements of Work or other binding document. The rights and obligations of LG&E and KU Services Company and/or each of its Affiliates hereunder shall be limited to the extent of such party's proportionate utilization of Contractor's services hereunder.

1.07 LG&E and KU Services Company: LG&E and KU Services Company shall mean LG&E and KU Services Company, a Kentucky corporation.

1.08 Purchase Order: Company may, at its discretion, from time to time, issue one or more of its own "Purchase Order Standard Terms and Conditions" and/or "Contractor Purchase Agreement" ("CPA") (collectively referred to as a "Purchase Order") that may supplement, but in no way or manner ever supersede, this Agreement with respect to any conflicting terms and conditions.

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1.09 Statements of Work: "Statements of Work" shall mean any specifications, instructions, drawings, schedules, a Purchase Order, contracts, scopes of Work, and/or descriptions of Work.

1.10 Tools and Equipment: "Tools and Equipment" shall mean any tools, equipment, rigging and other general supplies on the Company's premises where the Work is being performed that is either owned and/or leased by Company or by any of its Affiliates.

1.11 Work: "Work" shall include, collectively, those services, goods and/or obligations as set forth in this Agreement.

ARTICLE 2 SCOPE; BINDING EFFECT

Unless otherwise agreed in a writing executed by each of the parties which evidences a clear intention to supersede this Agreement, the parties intend that this Agreement apply to all transactions which may occur between LG&E and KU Services Company and/or any of its Affiliates and Contractor during the term of this Agreement and which are related to the provision of goods and/or services by Contractor for the benefit of LG&E and KU Services Company and/or any of its Affiliates. Neither LG&E and KU Services Company nor any of its Affiliates makes any commitment to Contractor as to the exclusiveness of this relationship or as to the volume, if any, of business LG&E and KU Services Company and/or its Affiliates will do with Contractor. The parties do, however, anticipate that the parties will agree from time to time for the performance of Work by Contractor. Such agreement for the provision of Work shall be reflected by (a) each of the parties executing a mutually acceptable Statement of Work under this Agreement or (b) Company providing a Purchase Order or other Statement of Work to Contractor and Contractor accepting such Purchase Order or other Statement of Work (including by commencing performance pursuant to such Purchase Order or other Statement of Work). In the event Company provides a Purchase Order or other Statement of Work to Contractor and Contractor commences performance, unless such Purchase Order or other Statement of Work expressly provides otherwise, Contractor hereby agrees to the formation of a binding agreement as described in the Purchase Order or other Statement of Work upon Contractor's commencement of performance, waives any argument that it might otherwise have under Applicable Laws that the Purchase Order should have been executed by each of the parties to be enforceable and further agrees to not contest the enforceability of such Purchase Order or other Statement of Work on those grounds, and agrees to not contest the admissibility of Company's records related to such Purchase Order or other Statement of Work that are kept in the ordinary course by Company. In addition, in no event shall the terms and conditions of any proposal, purchase order or other statement of work, acknowledgement, invoice, or other document unilaterally issued by Contractor be binding upon Company without Company's explicit written acceptance thereof. Any Work performed by Contractor without Company's binding commitment for such Work either via a duly executed or accepted Purchase Order or other Statement of Work under this Agreement shall be at Contractor's sole risk and expense, and Company shall have no obligation to pay for any such Work.

ARTICLE 3 CONDITIONS AND RISKS OF WORK; LABOR HARMONY

Unless the applicable Purchase Order and/or Statement of Work expressly provides otherwise, Contractor agrees that, before beginning any Work, Contractor shall carefully examine all conditions relevant to such Work and its surroundings and Contractor shall assume the risk of such conditions and shall, regardless of such conditions, the expense, or difficulty of performing the Work, fully complete the Work for the stated Contract Price applicable to such Work without further recourse to Company. Without limiting the foregoing, Contractor specifically recognizes that Company and other parties may be working concurrently at the site. Information on the site of the Work and local conditions at such site furnished by Company in specifications, drawings or otherwise is made without representation or warranty of any nature by Company, is not guaranteed by Company, and is furnished solely for the convenience of Contractor. All drawings and other documents, if any, required to be submitted to Company for review shall be submitted in accordance with the mutually agreed to schedule and, if no schedule applies, such drawings or other documents shall be submitted by Contractor without unreasonable delay. No Work affected by such drawings and other documents shall be started until Contractor is authorized to do so by Company. In case of a conflict between or within instructions, specifications, drawings, schedules, Purchase Order(s) and/or other Statements of Work, Company shall resolve such conflict; and Company's resolution shall be binding on Contractor. Contractor agrees that all labor employed by Contractor, its agents or subcontractors for Work on the premises of Company shall be in harmony with all other labor being used by Company or other contractors working on Company's premises. Contractor agrees to give Company immediate notice of any threatened or actual labor dispute

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and will provide assistance as determined necessary by Company to resolve any such dispute. Contractor, its agents or subcontractors, shall remove from Company's premises any person objected to by Company in association with the Work.

ARTICLE 4 COMPANY CHANGES IN WORK

The scope of and conditions, specifications and/or quantities ordered applicable to the Work shall be subject to changes by Company from time to time. Such changes shall only be enforceable if documented in a writing executed by Company. Except as otherwise specifically set forth in this Agreement, changes in the scope of or conditions applicable to the Work may result in adjustments in the Contract Price and/or the Work schedule in accordance with this Article 4. If Contractor believes that adjustment of the Contract Price or the Work schedule is justified, whether as a result of a change made pursuant to this Article or as a result of any other circumstance, then Contractor shall (a) give Company written notice of its claim within five (5) business days after receipt of notice of such change or the occurrence of such circumstances and (b) shall supply a written statement supporting Contractor's claim within ten (10) business days after receipt of notice of such change or occurrence of such circumstances, which statement shall include Contractor's detailed estimate of the effect on the Contract Price and/or the Work schedule. Contractor agrees to continue performance of the Work during the time any claim hereunder is pending. Company shall not be bound to any adjustments in the Contract Price or the Work schedule unless expressly agreed to by Company in writing. Company will not be liable for, and Contractor waives, any claims of Contractor that Contractor knew or should have known and that were not reported by Contractor in accordance with the provisions of this Article 4.

ARTICLE 5 FORCE MAJEURE

Neither party shall be liable to the other for any damages for any failure to perform or for any delays or interruptions beyond that party's reasonable control in performing any of its obligations under this Agreement only due to acts of God, fires, floods, earthquakes, riots, war, acts of terrorism, civil insurrection, acts of the public enemy, or acts or failures to act of civil or military authority, unless the time to perform is expressly guaranteed. Contractor shall advise Company immediately of any anticipated and actual failure, delay or interruption and the cause and estimated duration of such event. Any such failure, delay or interruption, even though existing on the Effective Date or on the date of the start of the Work, shall require Contractor to within five (5) days submit a recovery plan detailing the manner in which the failure, delay, or interruption shall be remedied and the revised schedule. Contractor shall diligently proceed with the Work notwithstanding the occurrence thereof. This Article shall apply only to the part of the Work directly affected by the particular failure, delay or interruption, and shall not apply to the Work as a whole or any other unaffected part thereof.

ARTICLE 6 CONTRACTOR DELAYS

Time is an important and material consideration in the performance of this Agreement by Contractor. Contractor agrees to cooperate with Company in scheduling the Work so that the project and other activities at Company's site will progress with a minimum of delays. Company shall not be responsible for compensating Contractor for any costs of overtime or other premium time work unless Company has provided separate prior written authorization for additional compensation to Contractor and, if Company provides such written authorization, such additional compensation shall be limited to Contractor's actual cost of the premium portion of wages, craft fringe benefits and payroll burdens (without any mark-ups and/or profit). Contractor shall be liable for all failures, delays and interruptions in performing any of its obligations under this Agreement which are not (a) caused by Company and reported in accordance with Article 4, (b) excused by Article 5, or (c) directed by Company pursuant to Article 7. Contractor shall, without adjustment to completion date or Contract Price, be obligated to make up time lost by such failures, delays or interruptions. Company may suspend payments under this Agreement during the period of any such failure, delay or interruption.

ARTICLE 7 COMPANY EXTENSIONS

Company shall have the right to extend schedules or suspend the Work, in whole or in part, at any time upon written notice to Contractor (except that in an emergency or in the event that Company identifies any safety concerns, Company may require an immediate suspension upon oral or written notice to Contractor). Contractor shall, upon receipt of such notice, immediately suspend or delay the Work. Contractor shall resume any suspended Work when

directed by Company. If Contractor follows the requirements of Article 4, a mutually agreed equitable adjustment to the Contract Price or to the schedules for payments and performance of the remaining Work may be made to reflect Company's extension of schedules or suspension of the Work. Contractor will provide Company with all information requested in connection with determining the amount of such equitable adjustment.

ARTICLE 8 INSPECTING, TESTING, AUDITING, AND USE OF TOOLS AND EQUIPMENT;

8.01 Right of Inspecting and Testing: Company reserves the right, but shall not be obligated, to appoint representatives to follow the progress of the Work with authority to suspend any Work not in compliance with this Agreement. The appointment, or absence of an appointment, of such representatives by Company shall not have any affect on warranties. Acceptance or approval by Company's representative shall not be deemed to constitute final acceptance by Company, nor shall Company's inspection relieve Contractor of responsibility for proper performance of the Work. Inspection by Company's representative shall not be deemed to be supervision or direction by Company of Contractor, its agents, servants or employees, but shall be only for the purpose of attempting to ensure that the Work complies with this Agreement. In the event Contractor fails to provide Company with reasonable facilities and access for inspection when advised, and if in the opinion of Company it becomes necessary to dismantle the Work for such inspection, then Contractor shall bear the expenses of such dismantling and reassembly.

8.02 Right of Auditing: Contractor shall maintain complete records relating to any cost-based (i.e., Work not covered by firm prices), components of the Work billed under this Agreement, or Work relating to the quantity of units billed under any unit price provisions of this Agreement (all the foregoing hereinafter collectively referred to as "Records") for a minimum of five years following the latest of performance of, delivery to Company of, or payment by Company for, such Work or units. All such Records shall be open to inspection and subject to audit and reproduction during normal working hours, by Company or its authorized representatives, to the extent necessary to adequately permit evaluation and verification of any invoices, payments, time sheets or claims based on Contractor's actual costs incurred in the performance or delivery of Work under this Agreement. For the purpose of evaluating or verifying such actual or claimed costs, Company or its authorized representative shall have access to said Records at any time, including any time after final payment by Company to Contractor pursuant to this Agreement. All non-public information obtained in the course of such audits shall be held in confidence except pursuant to judicial and administrative order. Company or its authorized representative shall have access, during normal working hours, to all necessary Contractor facilities and shall be provided adequate and appropriate work space to conduct audits in compliance with the provisions of this Article. Company shall give Contractor reasonable notice of intended audits. The rights of Company set forth in this paragraph shall survive the termination or expiration of this Agreement.

8.03 Use of Tools and Equipment: Company, in its sole discretion, may allow Contractor to use Company's Tools and Equipment for the Work and related activities at designated Company locations. Contractor shall indemnify and hold harmless Company and its Affiliates, including their respective officers, directors, shareholders, agents, managers, members and employees (each an "Indemnified Party"), from and against any and all claims, damages, losses or liabilities arising out of, relating to, or in connection with, the use of Company's Tools and Equipment by Contractor, its agents, servants, employees or subcontractors, and will reimburse each Indemnified Party for all expenses (including in-house and/or outside attorney's fees and expenses) as they are incurred in connection with investigating, preparing or pursuing or defending any action, claim, suit or investigation or proceeding related to, arising out of, or in connection with, the use of Company's Tools and Equipment by Contractor, its agents, servants, employees or subcontractors, whether or not threatened or pending and whether or not any Indemnified Party is a party. Contractor, on behalf of itself or its agents, equity owners, affiliates, officers and directors, and all of their predecessors, successors, assigns, heirs, executors and administrators, hereby irrevocably release, discharge, waive, relinquish and covenant not to sue, directly, derivatively or otherwise, Company and/or its Affiliates and each of their respective directors, officers, shareholders, members, managers, partners (general or limited), employees and agents (including, without limitation, its financial advisors, counsel, proxy solicitors, information agents, depositories, consultants and public relations representatives) and all of their predecessors, successors, assigns, heirs, executors or administrators, and all persons acting in concert with any such person, with respect to any and all matters, actions causes of action (whether actually asserted or not), suits, damages, claims or liabilities whatsoever, at law, equity or otherwise, arising out of, relating to, or in connection with the use of Company's Tools and

Equipment by Contractor, its agents, servants, employees or subcontractors. Company shall in no event be liable for any claim whatsoever by or through Contractor, its employees, agents and/or subcontractors or by any third party, for any inoperability or failure of the Tools and Equipment to perform as designed or intended, whether such claim is based in warranty, contract, tort (including negligence), strict liability or otherwise and whether for direct, incidental, consequential, special, exemplary or other damages. Contractor shall ensure that its employees, agents, subcontractors or servants shall inspect, exercise the appropriate level of care in the use, maintenance and repair of the Tools and Equipment, so as to minimize the incidence of casualties and injuries occurring in connection therewith.

ARTICLE 9 COMPLIANCE WITH APPLICABLE LAWS; SAFETY; DRUG AND ALCOHOL TESTING;
IMMIGRATION LAWS; NERC RELIABILITY STANDARDS COMPLIANCE

9.01 Applicable Laws and Safety: Contractor agrees to protect its own and its subcontractors' employees and be responsible for their Work until Company's acceptance of the entire project and to protect Company's facilities, property, employees and third parties from damage or injury. Contractor shall at all times be solely responsible for complying with any and all Applicable Laws and facility rules, including without limitation those relating to health and safety, in connection with the Work and for obtaining (but only as approved by Company) all permits and approvals necessary to perform the Work. Without limiting the foregoing, Contractor agrees to strictly abide by and observe all standards of the Occupational Safety & Health Administration (OSHA) which are applicable to the Work being performed now or in the future, as well as Company's Contractor Code of Business Conduct and Company's Contractor/Subcontractor Safety Policy which are both hereby incorporated by reference (Contractor hereby acknowledges receipt of a copy of such Company's Contractor Code of Business Conduct and Company's Contractor/Subcontractor Safety Policy) and any other rules and regulations of the Company, all of which are incorporated herein by reference. Contractor also agrees to be bound to any amendments and/or modifications that may be issued in the future by Company from time to time, with respect to Company's Contractor Code of Business Conduct and/or any of its related policies which are the subject of this Article 9. Contractor shall maintain the Work site in a safe and orderly condition at all times. Company shall have the right, but not the obligation, to review Contractor's compliance with safety and cleanup measures. In the event Contractor fails to keep the work area clean, Company shall have the right to perform such cleanup on behalf of, at the risk of and at the expense of Contractor. In the event Contractor subcontracts any of the Work, Contractor shall notify Company in writing of the identity of the subcontractor before utilizing the subcontractor. Contractor shall require all of its subcontractors to complete the safety and health questionnaire and checklists provided by Company and shall provide a copy of such documents to Company upon request. Contractor shall conduct, and require its subcontractors to conduct, safety audits and job briefings during performance of the Work. In the event a subcontractor has no procedure for conducting safety audits and job briefings, Contractor shall include the subcontractor in its safety audits and job briefings. All safety audits shall be documented in writing by the Contractor and its subcontractors. Contractor shall provide documentation of any and all audits identifying safety deficiencies and concerns and corrective action taken as a result of such audits to Company semi-monthly. Contractor further specifically acknowledges, agrees and warrants that Contractor has complied, and shall at all times during the term of this Agreement, comply in all respects with all laws, rules and regulations relating to the employment authorization of employees including, but not limited to, the Immigration Reform and Control Act of 1986, as amended, and the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, as amended, whereby Contractor certifies to Company that Contractor has (a) properly maintained, and shall at all times during the term of this Agreement properly maintain all records required by Immigration and Customs Enforcement, such as the completion and maintenance of the Form I-9 for each of Contractor's employees; (b) that Contractor maintains and follows an established policy to verify the employment authorization of its employees; (c) that Contractor has verified the identity and employment eligibility of all employees in compliance with all applicable laws; and (d) that Contractor is without knowledge of any fact that would render any employee or subcontractor of Contractor ineligible to legally work in the United States. Contractor further acknowledges, agrees and warrants that all of its subcontractors will be required to agree to these same terms as a condition to being awarded any subcontract for such Work.

9.02 Hazards and Training: Contractor shall furnish adequate numbers of trained, qualified, and experienced personnel and appropriate safety and other equipment in first-class condition, suitable for performance of the Work. Such personnel shall be skilled and properly trained to perform the Work and recognize all hazards associated with the Work. Without limiting the foregoing, Contractor shall participate in any safety orientation or other of

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Company's familiarization initiatives related to safety and shall strictly comply with any monitoring initiatives as determined by Company. Contractor shall accept all equipment, structures and property of Company as found and acknowledges it has inspected the property, has determined the hazards incident to working thereon or thereabouts, and has adopted suitable precautions and methods for the protection and safety of its employees and the property.

9.03 Drug and Alcohol: No person will perform any of the Work while under the influence of drugs or alcohol. No alcohol may be consumed within four (4) hours of the start of any person's performance of the Work or anytime during the workday. A person will be deemed under the influence of alcohol if a level of .02 percent blood alcohol or greater is found. In addition to the requirements of the drug testing program, as set forth in Company's rules and regulations, all persons who will perform any of the Work will be subject to drug and alcohol testing under either of the following circumstances: (i) where the person's performance either contributed to an accident or cannot be completely discounted as a contributing factor to an accident which involves off-site medical treatment of any person; and (ii) where Company determines in its sole discretion that there is reasonable cause to believe such person is using drugs or alcohol or may otherwise be unfit for duty. Such persons will not be permitted to perform any Work until the test results are established. Contractor shall be solely responsible for administering and conducting drug and alcohol testing, as set forth herein, at Contractor's sole expense. As applicable, and in addition to any other requirements under this Agreement, Contractor shall develop and strictly comply with any and all drug testing requirements as required by Applicable Laws.

9.04 NERC Reliability Standards. The following additional provisions shall apply if Contractor's Work in any way involves areas or assets which are located within physical security perimeters as defined by NERC's Reliability Standards for the Bulk Electric Systems of North America (collectively, the "NERC Standards"), including without limitation any Company data center or control center. Contractor's non-compliance of NERC Standards may result in fines and/or penalties being assessed against the Company that would result in Company seeking indemnification from Contractor as a consequence of Contractor's and/or its subcontractors', agents' and/or representatives' non-compliance of NERC Standards.

Information Protection. Without compromising the confidentiality provisions in Article 24, Contractor shall at all times comply with the Company's information protection program(s) as defined by CIP-003, R4. Among the information protected by this program are: (i) all operational procedures; (ii) lists of critical cyber assets; (iii) network topology or similar diagrams; (iv) floor plans of computing centers that contain critical cyber assets; (v) equipment layouts of critical cyber assets; (vi) disaster recovery plans; (vii) incident response plans; and (viii) security configuration information. Contractor shall protect this protected information from disclosure consistent with the program.

Access Revocation. Contractor shall immediately advise appropriate Company's management if any of Contractor's personnel who have key card access to a restricted area or electronic access to a protected system no longer require such access.

Training. If any Contractor personnel require key card access to a restricted area or electronic access to a protected system, Contractor shall ensure that such personnel complete, and retake as requested, all necessary NERC training as requested by Company.

Personnel Risk Assessment. If any Contractor personnel require key card access to a restricted area or electronic access to a protected system, Contractor shall ensure that Company receives necessary waivers and information from Contractor's personnel to complete, and repeat as necessary, such background checks as requested by Company.

Continuing Obligations. Contractor further acknowledges that its compliance with the NERC Standards is a continuing obligation during and after the Term. Upon written notice to Contractor, Company shall have the absolute right to audit and inspect any and all information regarding Contractor's compliance with this Section 9.04, and/or to require confirmation of the destruction of any documentation received from or regarding Company. Contractor is encouraged to contact Company's Compliance Department pursuant to Section 9.05 to ensure Contractor understands and complies with this Section 9.04.

9.05 Office of Compliance: The Company has an Office of Compliance. Should Contractor have actual knowledge of violations of any of the herein stated policies of conduct in this Article 9, or have a reasonable basis to believe that such violations will occur in the future, whether by its own employees, agents, representatives or subcontractors, or by another vendor and/or supplier of the Company and its employees, agents, representatives or subcontractors, or by any employee, agent and/or representative of Company, Contractor has an affirmative obligation to immediately report any such known, perceived and/or anticipated violations to the Company's Office

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of Compliance in care of Director, Compliance and Ethics, LG&E and KU Services Company, 220 West Main Street, Louisville, Kentucky 40202.

ARTICLE 10 STATUS OF CONTRACTOR

Company does not reserve any right to control the methods or manner of performance of the Work by Contractor. Contractor, in performing the Work, shall not act as an agent or employee of Company, but shall be and act as an independent contractor and shall be free to perform the Work by such methods and in such manner as Contractor may choose, doing everything necessary to perform such Work properly and safely and having supervision over and responsibility for the safety and actions of its employees and the suitability of its equipment. Contractor's employees and subcontractors shall not be deemed to be employees and/or agents of Company. Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Agreement to the same extent as required of Contractor. In such event, Company strongly encourages the use of Minority Business Enterprises, Women Business Enterprises and Disadvantaged Business Enterprises, as defined under federal law and as certified by a certifying agency that Company recognizes as proper.

ARTICLE 11 EQUAL EMPLOYMENT OPPORTUNITY

To the extent applicable, Contractor shall comply with all of the following provisions, which are incorporated herein by reference: (i) Equal Opportunity regulations set forth in 41 CFR § 60-1.4(a) and (c), prohibiting employment discrimination against any employee or applicant because of race, color, religion, sex, or national origin; (ii) Vietnam Era Veterans Readjustment Assistance Act regulations set forth in 41 CFR § 60-250.4 relating to the employment and advancement of disabled veterans and Vietnam era veterans; (iii) Rehabilitation Act regulations set forth in 41 CFR § 60-741.4 relating to the employment and advancement of qualified disabled employees and applicants for employment; (iv) the clause known as "Utilization of Small Business Concerns and Small Business Concerns Owned and Controlled by Socially and Economically Disadvantaged Individuals" set forth in 15 USC § 637(d)(3); and (v) the subcontracting plan requirement set forth in 15 USC § 637(d).

ARTICLE 12 INDEMNITY BY CONTRACTOR

Contractor shall indemnify, defend, and hold harmless Company, its directors, officers, members, managers, employees and agents, from any and all damage, loss, claim, demand, suit, liability, penalty and/or fine (pursuant to Section 9.04 or otherwise) or forfeiture of every kind and nature, including but not limited to attorneys' fees (for both in-house and/or outside counsel) and expenses and other costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) bodily and other personal injuries to or deaths of persons, (b) damages to tools or equipment owned or leased by Company, (c) damages to other property, (d) the release or threatened release of a hazardous substance or any pollution or contamination of or other adverse effects on the environment, (e) violations of any Applicable Laws or (f) infringement of patent, copyright, trademark, trade secret or other property right, to the extent resulting or alleged to have resulted from acts or omissions of Contractor, its employees, agents, subcontractors or other representatives or otherwise from performance of this Agreement, whether suffered directly by Company or indirectly by reason of third party claims, demands or suits. This obligation to indemnify, defend and hold harmless shall survive termination or expiration of this Agreement.

ARTICLE 13 ENVIRONMENTAL

13.01 Control: As required under the OSHA Hazard Communication Standard (29 CFR 1910.1200) and certain other Applicable Laws, Contractor or its subcontractors shall provide Material Safety Data Sheets ("MSDS") covering any hazardous substances and materials furnished under or otherwise associated with the Work under this Agreement. Contractor and its subcontractors shall provide Company with either copies of the applicable MSDS or copies of a document certifying that no MSDS are required under any Applicable Laws in effect at the worksite. No asbestos or lead containing materials shall be incorporated into any Work performed by Contractor or otherwise left on the Work site without the prior written approval of Company. Contractor and its subcontractors shall be solely responsible for determining if any chemical or material furnished, used, applied, or stored or Work performed under this Agreement is subject to any Applicable Laws.

13.02 Labeling: Contractor and its subcontractors shall label hazardous substances and materials and train their employees in the safe usage and handling of such substances and materials as required under any Applicable Laws.

13.03 Releases: Contractor and its subcontractors shall be solely responsible for the management of any petroleum or hazardous substances and materials brought onto the Work site and shall prevent the release of petroleum or hazardous substances and materials into the environment. All petroleum or hazardous substances and materials shall be handled and stored according to Contractor's written Spill Prevention Control and Countermeasures Plan or Best Management Practices Plan as defined under the provisions of the Clean Water Act, as amended, if either such Plan must be maintained pursuant to Applicable Laws. Contractor shall provide secondary containment for the storage of petroleum or hazardous substances and materials. The prompt and proper clean-up of any spills, leaks, or other releases of petroleum or hazardous substances and materials resulting from the performance of the Work under this Agreement and the proper disposal of any residues shall be Contractor's sole responsibility, but Contractor shall give Company immediate notice of any such spills, leaks, or other releases. Contractor shall be solely responsible for the storage, removal, and disposal of any excess or unused quantities of chemicals and materials which Contractor causes to be brought to the Work site.

13.04 Generated Wastes: Unless Company and Contractor expressly agree otherwise in writing, Contractor and its subcontractors shall be solely responsible for any wastes generated in the course of the Work, and Contractor shall handle, store, and dispose of such wastes in accordance with any Applicable Laws.

13.05 Survival: The obligations set forth in this Article shall survive termination or expiration of this Agreement.

ARTICLE 14 INSURANCE

14.01 Contractor's Insurance Obligation: For the entire duration of the Agreement on a per occurrence basis with respect to any Purchase Order issued under this Agreement, Contractor shall provide and maintain, and shall require any of its subcontractors to provide and maintain, the following insurance (and, except with regard to Workers' Compensation, naming Company as additional insured and waiving rights of subrogation against Company and Company's insurance carrier(s)), and Contractor shall submit evidence of such coverage(s) of Contractor to Company prior to the start of the Work and, furthermore, Contractor shall notify Company, prior to the commencement of any Work pursuant to any Statement of Work and/or Purchase Order, of any threatened, pending and/or paid off claims to third parties, individually or in the aggregate, which otherwise affects the availability of the limits of such coverage(s) inuring to the benefit of Company as hereinafter specified:

(a) Workers' Compensation and Employer's Liability Policy, which shall include:

- 1) Workers' Compensation (Coverage A), with statutory limits, and in accordance with the laws of the state where the Work is performed;
- 2) Employer's Liability (Coverage B) with minimum limits of One Million Dollars (\$1,000,000) Bodily Injury by Accident, each Accident, \$1,000,000 Bodily Injury by Disease, each Employee;
- 3) Thirty (30) Day Cancellation Clause; and
- 4) Broad Form All States Endorsement.

(b) Commercial General Liability Policy, which shall have minimum limits of One Million Dollars (\$1,000,000) each occurrence; One Million Dollars (\$1,000,000) Products/Completed Operations Aggregate each occurrence; One Million Dollars (\$1,000,000) Personal and Advertising Injury each occurrence, in all cases subject to Two Million Dollars (\$2,000,000) in the General Aggregate for all such claims, and including:

- 1) Thirty (30) Day Cancellation Clause;
- 2) Blanket Written Contractual Liability to the extent covered by the policy against liability assumed by Contractor under this Agreement;
- 3) Broad Form Property Damage; and
- 4) Insurance for liability arising out of blasting, collapse, and underground damage (deletion of X, C, U Exclusions).

(c) Commercial Automobile Liability Insurance covering the use of all owned, non-owned, and hired automobiles, with a bodily injury, including death, and property damage combined single minimum limit of One Million Dollars (\$1,000,000) each occurrence with respect to Contractor's vehicles assigned to or used in performance of Work under this Agreement.

(d) Umbrella/Excess Liability Insurance with minimum limits of Two Million Dollars (\$2,000,000) per occurrence; Two Million Dollars (\$2,000,000) aggregate, to apply to employer's liability, commercial general liability, and automobile liability.

(e) To the extent applicable, if any fixed wing or rotor craft aircraft will be used by Contractor in performing the Work, Aircraft Public Liability Insurance covering such aircraft whether owned, non-owned, leased, hired or

assigned with a combined single minimum limit for bodily injury and property damage of Five Million Dollars (\$5,000,000) including passenger liability coverage.

(f) To the extent applicable, if engineering or other professional services will be separately provided by Contractor as specified in the Statements of Work, then Professional Liability Insurance with limits of Three Million Dollars (\$3,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the aggregate, which insurance shall be either on an occurrence basis or on a claims made basis (with a retroactive date satisfactory to Company).

14.02 Quality of Insurance Coverage: The above policies to be provided by Contractor shall be written by insurance companies which are both licensed to do business in the state where the Work will be performed and either satisfactory to Company or having a Best Rating of not less than "A-". These policies shall not be materially changed or canceled except with thirty (30) days written notice to Company from Contractor and the insurance carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to: Attention: Manager, Supply Chain, LG&E and KU Services Company, P.O. Box 32020, Louisville, Kentucky 40232.

14.03 Implication of Insurance: Company reserves the right to request and receive a summary of coverage of any of the above policies or endorsements; however, Company shall not be obligated to review any of Contractor's certificates of insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Any receipt of such documents or their review by Company shall not relieve Contractor from or be deemed a waiver of Company's rights to insist on strict fulfillment of Contractor's obligations under this Agreement.

14.04 Other Notices: Contractor shall provide notice of any accidents or claims at the Work site to Company's Manager, Risk Management at LG&E and KU Services Company, P.O. Box 32030, Louisville, Kentucky 40232 and Company's site authorized representative.

ARTICLE 15 WARRANTIES

Contractor warrants that:

- (a) the Work will conform to any applicable Statement of Work and/or Purchase Order; and any materials supplied in connection therewith shall be new, unused and free from defect;
- (b) the Work will be suitable for the purposes specified by Company and will conform to each statement, representation and description made by Contractor to Company;
- (c) the Work is not and shall not be subject to any encumbrance, lien, security interest, patent, copyright or trademark claims, infringements, or other defects in title; and
- (d) any labor or services performed pursuant to this Agreement shall be performed in a competent, diligent, and timely manner in accordance with the highest professionally accepted standards.

Contractor shall respond in writing to any warranty claim by Company within five (5) business days of the delivery of notice of such claim to Contractor. All such warranties shall, in no case, be less than 18 months after Company's notice of substantial completion of the Work or 12 months after the commencement of regular use by Company of all components and/or systems comprising the Work, as applicable, whichever occurs first; provided, however, that any specific warranties, whether of performance, fitness for any particular purpose or intended purposes, merchantability or otherwise, that are in excess of such time periods, as may be agreed by and between Contractor and Company in any Statement of Work and/or Purchase Order, shall govern notwithstanding any terms to the contrary contained in this Agreement.

ARTICLE 16 OWNERSHIP OF INTELLECTUAL PROPERTY; PATENTS

16.01 Ownership: All inventions, discoveries, processes, methods, designs, drawings, blueprints, information, software, works of authorship and know-how, or the like, whether or not patentable or copyrightable (collectively, "Intellectual Property"), which Contractor conceives, develops, or begins to develop, either alone or in conjunction with Company or others, with respect to the Work, shall be "work made for hire" and the sole and exclusive property of Company. Upon request, Contractor shall promptly execute all applications, assignments and other documents that Company shall deem necessary to apply for and obtain letters patent of the United States and/or copyright registration for the Intellectual Property and in order to evidence Company's sole ownership thereof.

16.02 Royalties and License Fees: Contractor shall pay all royalties and license fees which may be payable on account of the Work or any part thereof. In case any part of the Work is held in any suit to constitute infringement and its use is enjoined, Contractor within a reasonable time shall, at the election of Company, and in addition to Contractor's obligations under Article 12, either (a) secure for Company the perpetual right to continue the use of

such part of the Work by procuring for Company a royalty-free license or such other permission as will enable Contractor to secure the suspension of any injunction, or (b) replace at Contractor's own expense such part of the Work with a non-infringing part or modify it so that it becomes non-infringing (in either case with changes in functionality that are acceptable to Company).

ARTICLE 17 RELEASE AND INDEMNITY REGARDING LIENS

Contractor hereby releases and/or waives for itself and its successors in interest, and for all subcontractors and their successors in interest, any and all claims or right of mechanics or any other type of lien to assert and/or file upon Company's or any other party's property, the Work, or any part thereof as a result of performing the Work. Contractor shall execute and deliver to Company such documents as may be required by Applicable Laws (i.e., partial and/or final waivers of liens and/or affidavits of indemnification) to make this release effective and shall give all required notices to subcontractors with respect to ensuring the effectiveness of the foregoing releases against those parties. Contractor shall secure the removal of any lien that Contractor has agreed to release in this Article within five (5) working days of receipt of written notice from Company to remove such lien. If not timely removed, Company may remove the lien and charge all costs and expenses including legal fees (for inside and/or outside legal counsel) to Contractor including, without limitation, the costs of bonding off such lien. Company, in its sole discretion, expressly reserves the right to off-set and/or retain any reasonable amount due to Contractor from payment of any one or more of Contractor's invoices upon Company having actual knowledge of any threatened and/or filed liens and/or encumbrances that may be asserted and/or filed by any subcontractor, materialman, independent contractor and/or third party with respect to the Work, with final payment being made by Company only upon verification that such threatened and/or filed liens and/or encumbrances have been irrevocably satisfied, settled, resolved and/or released (as applicable), and/or that any known payment disputes concerning the Work involving Contractor and any of its subcontractors, agents and/or representatives have been resolved so that no actions, liens and/or encumbrances of any kind or nature will be filed against Company and/or Company's property.

ARTICLE 18 ASSIGNMENT OF AGREEMENT; SUBCONTRACTING

Upon prior written notice given to Company, Contractor shall not, by operation of law or otherwise, assign and/or subcontract any part of the Work or this Agreement without Company's prior written approval. Such approval, if given by Company, shall not relieve Contractor from full responsibility for the fulfillment of any and all obligations under this Agreement. Under any and all circumstances, any permitted assignee of Contractor, whether or not such assignee shall be a division, subsidiary and/or affiliate entity of Contractor, shall also be fully bound by the terms of this Agreement and, furthermore, upon request by Company, each of Contractor and its permitted assignee shall provide sufficient financial information, as determined by Company in its sole discretion, necessary to validate such assignee's credit worthiness and ability to perform under this Agreement.

ARTICLE 19 INVOICES AND EFFECT OF PAYMENTS

19.01 Invoices: Within a reasonable period of time following the end of each calendar month or other agreed period, Contractor shall submit an invoice to Company that complies with this Article 19. Payments shall be made within forty-five (45) days of Company's receipt of Contractor's proper invoice and, in the event that Company's payment is overdue, Contractor shall promptly provide Company with a notice that such payment is overdue. Contractor's invoices shall designate the extent to which LG&E and KU Services Company or any of its Affiliates is the responsible party. Such invoices shall reference the contract number and shall also show labor, material and taxes paid (including without limitation sales and use taxes); retainers to the extent as may be specified in the Purchase Order, Statement of Work and/or other contractual documentation, or otherwise pursuant to Article 17; duties, fees and other assessments imposed by governmental authorities; freight; and all other charges (including without limitation equipment rental) as separate items. All invoices shall be submitted with supporting documentation and in acceptable form and quality to Company's authorized representative. Should Company dispute any invoice for any reason, payment on such invoice shall be made within thirty (30) days after the dispute resolution. Payment of the invoice shall not release Contractor from any of its obligations hereunder including, but not limited to, its warranty and indemnity obligations. Invoices shall not be delivered with goods, but all correspondence and packages related to this Agreement shall reference the contract number assigned by Company.

19.02 Taxes: If Company provides Contractor with an exemption certificate demonstrating an exemption from sales or use taxes in Kentucky, then Contractor shall not withhold or pay Kentucky sales or use taxes to the extent

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such exemption certificate applies to the Work (such exemption does not and shall not apply to any materials consumed by Contractor in performing the Work). Contractor agrees that it shall not rely upon Company's direct pay authorization in not withholding or paying Kentucky sales or use taxes. If Company does not provide Contractor with an exemption certificate demonstrating an exemption from sales or use taxes in Kentucky, Contractor shall be solely responsible for paying all appropriate sales, use, and other taxes and duties to (including without limitation sales or use tax with respect to materials purchased and consumed in connection with the Work), as well as filing appropriate returns with, the appropriate authorities. To the extent specifically included in the Contract Price, Contractor shall bill Company for and Company shall pay Contractor all such taxes and duties, but Company shall in no event be obligated for taxes and duties not specifically included in the Contract Price or for interest or penalties arising out of Contractor's failure to comply with its obligations under this Article 19.

19.03 Billing of Additional Work: All claims for payments of additions to the Contract Price shall be shown on separate Contractor's invoices and must refer to the specific change order or written authorization issued by Company as a condition to being considered for payment.

19.04 Effect of Payments/Offset: No payments shall be considered as evidence of the performance of or acceptance of the Work, either in whole or in part, and all payments are subject to deduction for loss, damage, costs or expenses for which Contractor may be liable under any Purchase Order and/or Statement of Work and are set-off hereunder. In addition to Company's right of off-set for threatened and/or filed liens and/or encumbrances, and/or with respect to payment disputes pursuant to Article 17 or otherwise, Company, without waiver or limitation of any rights or remedies of Company, shall be entitled from time to time to deduct and/or retain from any and all amounts owing by Company to Contractor in connection with this Agreement or with respect to any other contract with Company any and all amounts owed by Contractor to Company in connection with this Agreement or any other contract with Company.

19.05 Evidence of Payment to Subcontractors: Contractor shall, if requested by Company, furnish Company with waivers of lien and/or certificates showing names of Contractor's suppliers and subcontractors hereunder, and certifying to Company that said suppliers and subcontractors have been paid in full.

ARTICLE 20 ROUTING OF SHIPMENTS

Company shall have the option of specifying the routing of shipments. If freight is included in the Contract Price, and such specified routing increases Contractor's shipping costs, Contractor shall immediately so notify Company, and should Company still specify the more expensive routing, then Company shall reimburse Contractor for the increase actually incurred thereby.

ARTICLE 21 TERM AND TERMINATION

21.01 Term: This Agreement shall commence on the Effective Date and shall survive in full force and effect until terminated as set forth below and/or otherwise, solely with respect to any Statement of Work and/or Purchase Order, terminate consistent with the specified expiration date as may be stated in any Statement of Work and/or Purchase Order by and between Contractor and Company notwithstanding any terms and conditions to the contrary in this Agreement. A termination under this Article 21 based on certain Work shall only apply to the Statement of Work and/or Purchase Order that covers such Work. Any Statements of Work and/or Purchase Orders that do not relate to such Work shall not be affected by such a termination.

21.02 Termination for Contractor's Breach: If the Work to be done under this Agreement shall be abandoned by Contractor, if this Agreement or any portion thereof shall be assigned by operation of law or otherwise, if the Work or any portion thereof is sublet by Contractor without the permission of Company, if Contractor is placed in bankruptcy, or if a receiver be appointed for its properties and/or assets, if Contractor shall make an assignment for the benefit of creditors, if at any time the necessary progress of Work is not being maintained, or if Contractor is violating any of the conditions or agreements of this Agreement, or has executed this Agreement in bad faith, Company may, without prejudice to any other rights or remedies it may have as a result thereof, notify Contractor to discontinue any or all of the Work and terminate this Agreement in whole or part. In the event that Section 365(a) of the Bankruptcy Code or some successor law gives Contractor as debtor-in-possession the right to either accept or reject this Agreement, then Contractor agrees to file an appropriate motion with the Bankruptcy Court to either accept or reject this Agreement within twenty (20) days of the entry of the Order for Relief in the bankruptcy proceeding. Contractor and Company acknowledge and agree that said twenty (20) day period is reasonable under the circumstances. Contractor and Company also agree that if Company has not received

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notice that Contractor has filed a motion with the Bankruptcy Court to accept or reject this Agreement within said twenty (20) day period, then Company may file a motion with the Bankruptcy Court asking that this Agreement be accepted or rejected, and Contractor shall not oppose such motion.

21.03 Effect of Termination for Contractor's Breach: From the effective date of such termination notice, Contractor and/or its subcontractors shall vacate the site, whereupon Company shall have the right but not the obligation to take possession of the Work wherever located, and Contractor shall cooperate with Company and cause Contractor's subcontractors to cooperate with Company so that Company can effect such possession. In obtaining replacement services, Company shall not be required to request multiple bids or obtain the lowest figures for completing the Work and may make such expenditures as shall best accomplish such completion and are reasonable given the circumstances. The expenses of completing the Work in excess of the unpaid portion of the Contract Price, together with any damages suffered by Company, shall be paid by Contractor, and Company shall have the right to set off such amounts from amounts due to Contractor.

21.04 Termination for Company's Convenience: Company may terminate this Agreement or one or more Statements of Work in whole or in part for its own convenience by thirty (30) days' written notice at any time. In such event, Company shall pay Contractor all direct labor and material costs incurred on the Work that is subject to such termination prior to such notice, plus any reasonable unavoidable cancellation costs which Contractor may incur as a result of such termination, plus indirect costs or overhead on the portion of the Work completed, computed in accordance with generally accepted accounting principles less salvage value. As an alternative to salvage value reduction, Company shall have the right in its sole discretion to take possession of all or part of the Work.

ARTICLE 22 LIABILITY OF AFFILIATES

Any and all liabilities of LG&E and KU Services Company and/or its Affiliates under this Agreement shall be several but not joint.

ARTICLE 23 PUBLICITY

Contractor shall not issue news releases, publicize or issue advertising pertaining to the Work or this Agreement without first obtaining the written approval of Company.

ARTICLE 24 CONFIDENTIAL INFORMATION

All information relating to the Work or the business of Company including, but not limited to, drawings and specifications relating to the Work, and customer information, shall be held in confidence by Contractor and shall not be used by Contractor for any purpose other than for the performance of the Work or as authorized in writing by Company. In the event that the Contractor assigns the work to one or more subcontractors, a signed confidentiality agreement between the Contractor and each subcontractor(s) will be provided to the Company prior to the provision of any information described in the immediately preceding sentence or the performance of any Work by the subcontractor. All drawings, specifications or documents furnished by Company to Contractor or developed in connection with the Work shall either be destroyed or returned to Company (including any copies thereof) upon request at any time.

ARTICLE 25 MISCELLANEOUS

25.01 Waiver: No waiver by Company of any provision herein or of a breach of any provision shall constitute a waiver of any other breach or of any other provision.

25.02 Headings: The headings of Articles, Sections, Paragraphs, and other parts of this Agreement are for convenience only and do not define, limit, or construe the contents thereof.

25.03 Severability: If any provision of this Agreement shall be held invalid under law, such invalidity shall not affect any other provision or provisions hereof which are otherwise valid.

25.04 State Law Governing Agreement; Consent to Jurisdiction: This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Kentucky, without regard to its principles of conflicts of laws. The site of any legal actions between the parties shall be held in state and/or federal court in Louisville, Jefferson County, Kentucky.

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25.05 Enforcement of Rights: Company shall have the right to recover from Contractor all expenses, including but not limited to fees for and expenses of inside and/or outside counsel hired by Company, arising out of Contractor's breach of this Agreement or any other action by Company to enforce or defend Company's rights hereunder.

25.06 No Third Party Beneficiaries: Except for Contractor and Company, there are no intended third party beneficiaries of this Agreement and none may rely on this Agreement in making a claim against Company.

25.07 Notices: All notices and communications respecting this Agreement shall be in writing, shall be identified by the contract number, shall be designated for LG&E and KU Services Company, or the appropriate Affiliate, and shall be addressed as follows (which address either party may change upon five (5) days prior notice to the other party).

To Company:
LG&E and KU Services Company
Attn: Manager KU and LG&E Fuel
P.O. Box 32020
Louisville, Kentucky 40232
Fax No. 502 449-4028

To Contractor:
Usher Transport, Inc
Attn: VP Marketing
P.O. Box 16310
Louisville, Kentucky 40256

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the Effective Date.

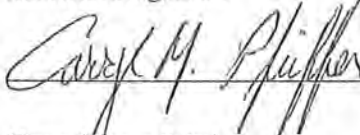
COMPANY:

CONTRACTOR:

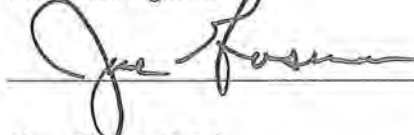
LG&E and KU SERVICES COMPANY

USHER TRANSPORT, INC.

Authorized Signature



Authorized Signature



Name (Please Print)

Caryl M. Pfeiffer

Name (Please Print)

JESSE GOSMAN

Title

Director, Corporate Fuels &
By-Products

Title

Marketing Director

Date

5/20/15

Date

5.15.15

Exhibit B

LG&E and KU Services Company Contractor / Subcontractor Safety Policy

PURCHASE ORDER #: _____ CONTRACT JOB #: _____

NAME OF CONTRACTOR: _____

SCOPE OF WORK: _____

WORK LOCATION: _____

CONTACT NAME: _____ WORK ORDER #: _____
(AUTHORIZED CONTRACTOR/SUBCONTRACTOR REPRESENTATIVE)

1. Contractor / Subcontractor Safety Policy

General

LG&E and KU Services Company, is committed to safety excellence and in providing a safe and healthful work environment for anyone working on our property. The personal safety and health of each employee, contractor and the safety of the general public are of primary importance to LG&E and KU Services Company. Accordingly, there is no job so important that safety policies and procedures or legal obligations are compromised.

This Policy does not replace the Contractor's/subcontractor's ("Contractor") existing safety and health program(s), provided that their program(s) meet or exceed these and any additional site specific minimum requirements. Contractor's employees not following this Policy will be subject to removal from the job site.

The Contractor is required to comply with all federal and state safety laws and all provisions of the LG&E and KU Services Company, Health & Safety Manual. The Contractor is responsible for conducting its work and activities safely. LG&E and KU Services Company expect and require that you continuously update your employees with respect to safety issues relevant to the work and to take immediate corrective action when your employees violate safety rules or procedures.

It is the responsibility of Contractors' construction managers, superintendents, safety representatives and foremen/supervisors to ensure workers under their supervision maintain safe work areas and perform their tasks in a safe manner. It is also the responsibility of each worker to follow every precaution and LG&E and KU Services Company safety rule and Policy to protect them and their fellow workers.

Contractors are responsible for ensuring that any subcontractors working under their purview are held to the same performance expectations, and therefore this Policy, as the contractor themselves.

2. Scope

General

This Policy applies to all construction activities performed for LG&E and KU Services Company by Contractor's employees or employees of the Contractor's subcontractors. Construction activities may originate from construction contracts, service contracts, purchase orders, or in-house work orders. This Policy is in addition to the requirements of the General Services Agreement or other contract under which the Contractor is performing construction activities.

3. General Safety Requirements

1. Contractors will comply with all applicable federal and state regulations and the LG&E and KU Services Company safety rules and programs relevant to the work performed.
2. Contractors will ensure that any and all subcontractors working under their purview comply with all applicable federal and state regulations and the LG&E and KU Services Company safety rules and programs relevant to the work performed.
3. Contractors are responsible for their employees and any and all subcontractors working for them. Contractors are responsible for ensuring that the subcontractors follow all provisions of this document. Contractors are responsible for providing their employees, and subcontractors with all information provided by LG&E and KU Services Company regarding:
 - * Occupational health and safety;
 - * Federal, state and local environmental regulations including LG&E and KU Services Company environmental compliance policies and procedures;
 - * Exposure to atmospheric health, serious physical or chemical hazards; and
 - * Precautionary measures and procedures for performing the work.
4. All Contractors' employees, and any subcontractor employees, shall receive training under the LG&E and KU Services Company Contractor Health and Safety Passport Program.
5. The LG&E and KU Services Company Policy prohibits the Contractor's employees, agents or representatives from:
 - * Consuming or possessing alcohol while on the LG&E and KU Services Company job sites, including the parking lots;
 - * Reporting to perform work on the LG&E and KU Services Company job sites with unauthorized drugs on his/her person or while under the influence of drugs or alcohol;
 - * Intentionally dumping unauthorized chemicals/materials into a sewer, waterway or on the ground;

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- * Mishandling LG&E and KU Services Company waste;
 - * Allowing employees to perform work that involves operating heavy equipment or working at elevations when using prescribed medication that can cause drowsiness or otherwise impair the employee's ability to perform the work in a safe manner.
6. The following conduct is prohibited by the Contractor at and about LG&E and KU Services Company property:
 - * Theft, horseplay, gambling, sabotage or attempted sabotage.
 - * Threatening, intimidating or abusing employees, customers, vendors or guests of LG&E and KU Services Company.
 - * Fighting, creating, or inciting a disturbance.
 7. LG&E and KU Services Company have a smoke-free policy in all buildings and vehicles.
 8. Attendance at job site safety meetings is required of the Contractor at the discretion of the LG&E and KU Services Company authorized representative. At least one representative of the Contractor will attend such job safety meetings.
 9. Any Contractor's employee, who appears sick, extremely tired, or otherwise unable to perform his/her job in a safe manner will be reported to the Contractor's supervision for evaluation and possible removal from the job site.
 10. Contractors are responsible for establishing control measures to protect their employees, subcontractors or workers under their control, from exposure to hazards (chemical, atmospheric health and physical) present at the job site.
 11. The Contractor must provide electrical ground fault protection for employees using construction power (temporary branch circuits to include extension cords) through the use of approved ground fault circuit interrupters (GFCI). Additionally, Contractors must provide ground fault protection when using permanent facility power and using cord and plug equipment in wet or damp locations. Applies to 120-volt single phase 15 and 20-ampere receptacle outlets.
 12. Contractor employees will work in full pants and shirts appropriate for the task being performed and in compliance with appropriate regulations. Shorts and tank tops are not allowed unless otherwise specified. (Some jobs will require wearing long sleeve shirts.)
 13. Contractors shall not transport employees in the cargo bed of a truck or trailer.
 14. All Contractors must receive authorization from the LG&E and KU Services Company authorized representative, before performing work in areas posted as **"DANGEROUS OR HAZARDOUS."**
 15. Employees of Resident Contractors, defined as those Contractors with an annual contract and who provide day-to-day services for LG&E and KU Services Company, shall be required to have a negative drug pre-test when hired and before reporting to work at an LG&E and KU Services Company site. They shall also be required by the Contractor to participate in a drug

and alcohol testing program that randomly tests 50% of their employees annually, while working on an LG&E and KU Services Company site.

16. If a Contractor brings “transient” workers on site for “plant outages”, “project work” or “major construction”, the transient workers shall be required to have a negative drug pre-test when hired and within 7 days before reporting to work at an LG&E and KU Services Company site. The transient contractors are added to testing pool with 100% annual random testing for the duration of the assignment. If a contractor sends one of their workers to another LG&E and KU Services Company site with no interruption of service, no pre-work drug test is required. The worker remains in the 100% annual random testing pool. If a worker reports to another LG&E and KU Services Company site with an interruption in service of thirty days or more, the worker shall be required to have a negative drug test before reporting to work at that site. The worker remains in the 100% annual random testing pool.

4. Specific Safety Requirements

Contractor Safety Qualification

Contractor selection and ultimate certification shall include an evaluation of the Contractor's prior safety performance, current written safety programs, safety training, and qualifications of key Health & Safety (H&S) personnel to assure LG&E and KU Services Company that the Contractor is capable of meeting its safety performance goals. Employees of certified Contractors and any subcontractor employees shall undergo “Passport Training” for those designated as Industrial Workers prior to performing work at an LG&E and KU Services Company facility. This by no means will replace regulated compliance training for the work the contractor employee will be performing.

Subcontractor Safety Qualifications

Subject only to the specific exception stated below, any and all subcontractors used by a Contractor to perform work for LG&E and KU Services Company shall meet or exceed the following criteria:

- a) The subcontractor’s incident rates for the three (3) most recent calendar years do not exceed, in any one (1) year, the industry average, based on NAISC (or SIC), as published by the Bureau of Labor Statistics;
- b) The subcontractor has not experienced any employee fatality identified within any of the three (3) most recent calendar years’ statistics.

- c) The subcontractor has not received any citation, from OSHA, the Kentucky Public Service Commission or any other state agency regulating utilities in the most recent three (3) calendar years; and
- d) The subcontractor has a current Workers Compensation Insurance Experience Modification Rate (EMR) less than or equal to 1.0.

LG&E and KU Services Company may, at the sole option of such company, provided written authorization for the use of a subcontractor not meeting the above criteria; provided that such authorization must specifically identify how the subcontractor fails to meet the criteria and state additional protective measures the Contractor shall put in place in order to use such subcontractor. Such authorization may be withdrawn at any time for any reason.

The criteria stated above are minimum standards and Contractors using subcontractors shall seek out subcontractors with the highest safety performance available.

Contractor On-site Health and Safety Representative

The Contractor shall appoint a qualified on-site Health and Safety Representative, accepted by the LG&E and KU Services Company authorized representative, with the authority to enforce all of the safety requirements of this Policy, including implementation of the Contractor's Injury and Illness Prevention Program.

LG&E and KU Services Company authorized representative and H&S will make a risk-based decision as to the qualification level of the Contractor H&S representative. Requirements may range from a full-time on-site safety professional (Certified Safety Professional) to a craft supervisor or "person in charge" with competency as measured by experience training.

Whenever the Contractor has any employees or subcontractors on the job site, the Contractor must have a designated representative on the construction worksite that is knowledgeable of the project's hazards and has full authority to act on behalf of the Contractor. The Contractor's designated representative must make periodic observations of the construction worksite to identify and correct any instances of noncompliance with the project health and safety requirements.

Qualification Evaluation

Based on the level of H&S qualification determined necessary by LG&E and KU Services Company, the Contractor shall submit documentation, for review and acceptance by LG&E and

KU Services Company in support of the proposed designated representative. Suggested qualifications may include, but are not limited to:

- Professional certifications (CSP, CIH, ASP, etc.).
- Curriculum detailing work experience and EH&S responsibilities on projects of similar scope for the previous five years, at a minimum.
- Evidence of construction safety training such as the 10-hour or 30-hour OSHA training.
- Proof of “Competent Person” (as defined below) or “Qualified Person” (as defined below) status attained by the proposed on-site H&S representative.

Contractor Health and Safety Representative Responsibilities

The Contractor H&S Representative shall:

- ❖ Assist in the development of the contractor’s safety plan and job site management system.
- ❖ Support training of contractor personnel.
- ❖ Evaluate the Contractor’s safety process continuously.
- ❖ Attend any pre-job meetings to discuss their site-specific safety plan.
- ❖ Conduct and formally document job briefings.
- ❖ Assist in the identification of jobs requiring a hazard analysis.
- ❖ Assist in evaluating potential subcontractors in accordance with this Policy.

Competent Person

Each Contractor shall provide to LG&E and KU Services Company a written list of those persons designated as a Competent Person, who shall be available at the work site and capable of identifying existing and predictable hazards in the surroundings or working conditions which are unsanitary, hazardous, or dangerous to workers, and who has authorization to take prompt corrective measures to eliminate them. Persons shall be responsible for conducting periodic observations of the job sites, materials and equipment, and shall maintain the accident prevention program. Contractor shall ensure that each Competent Person listed has been trained in the following areas as applicable:

- Asbestos
- Cranes
- Confined Space

- Demolition
- Excavations
- Fall Protection
- Industrial Trucks
- Ladders
- Scaffold
- Steel Erection
- Tower Climbing

5. Health and Safety Management Plan

Prior to commencement of contract work, the Contractor shall develop and submit to the LG&E and KU Services Company authorized representative a written Health & Safety (H&S) Management Plan on how the contract work will be completed without endangering the health and safety of those performing the work or anyone else working in the general area. The H&S Management Plan will be developed for the following higher risk contracts, including projects:

- ❖ All construction projects (new site and refurbishment)
- ❖ Contracts with an estimated value of \$250,000 and over
- ❖ Long term contracts (12 months and over)
- ❖ Contracts for which the Contractor will use subcontractors.
- ❖ Contracts that provide a service by performing **high risk*** activities.
- ❖ Any other contracts at the discretion of the contract manager.

**High risk activities include but are not limited to:*

- ❖ *Electrical work requiring an Electrical Work Permit*
- ❖ *Asbestos removal*
- ❖ *Cooling tower maintenance*
- ❖ *Demolition*
- ❖ *Hot work in hazardous area*
- ❖ *Permit Required Confined Spaces*
- ❖ *Scaffolding*
- ❖ *Tank cleaning or testing*
- ❖ *Welding in hazardous areas*
- ❖ *Working at heights*
- ❖ *Work on telecommunications towers*

- ❖ *Work involving excavations to a depth of more than 4 feet*
- ❖ *Work involving the use of explosives*
- ❖ *Work on or near pressurized gas pipes*
- ❖ *Work over or adjacent to water*
- ❖ *Work involving diving*

The Health and Safety Management Plan shall contain at a minimum:

- ❖ The name of the On-site Health and Safety representative who is responsible for the implementation of their safety plan.
- ❖ LG&E and KU Services Company policy on environment, safety and health.
- ❖ LG&E and KU Services Company policy on substance abuse and testing policies if applicable.
- ❖ How and when each Contractor will conduct their job briefings.
- ❖ Provisions for conducting and documenting weekly job site safety audit/inspections by manager/supervisor level personnel.
- ❖ Training methods used to meet OSHA training requirements, and to ensure that safety program requirements are communicated to all Contractor personnel.
- ❖ Incident reporting, first aid, and emergency procedures.
- ❖ List of all Competent Persons overseeing those tasks in which OSHA requires such person(s), such as excavation, asbestos abatement and scaffolding.

Subcontractors shall be held to the same level of performance as the Contractor's written H&S Management Plan. The Contractor shall submit written documentation for its subcontractors that demonstrates how their subcontractors shall meet compliance with the site safety plan.

6. Hazard Analysis

Contractor shall complete a "Contractor Safety Management / Project Specific Hazard Analysis"* and a "Contractor Hazard Mitigation Plan"*. These documents shall be submitted to the LG&E and KU Services Company authorized representative prior to the initiation of any work. In addition, a "Quality Assurance Closure Form for Contractors"* shall be completed and submitted to the LG&E and KU Services Company authorized representative at the completion of the project.

** The Hazard Analysis, Mitigation Plan and Closure Form is presented during the Contractor Passport Train-the-Trainer session.*

All Contractor and subcontractor personnel scheduled to work in the activities identified, shall receive safety training in those activities prior to working on them. (A safety toolbox meeting would be an acceptable forum to meet this requirement). The Contractor shall maintain proof of employee training, and shall make available such proof upon request. Note: This by no means shall replace their regulatory compliance training.

Hazard Analysis Requirements

A hazard analysis shall be written based on the following conditions:

- ❖ All major outage work
- ❖ Special Projects
- ❖ Jobs with the highest injury or illness rates
- ❖ Jobs with the potential to cause severe or disabling injuries or illness, even if there is no history of previous accidents
- ❖ Jobs complex enough to require written instructions
- ❖ At the discretion of the LG&E and KU Services Company authorized representative

7. Engineered Protective Systems

The Contractor shall submit for review to the LG&E and KU Services Company authorized representative such safety system that is required by regulation to be designed by a registered professional engineer. This review is solely to verify that the Contractor has had the required protective systems prepared and stamped by a registered professional engineer.

LG&E and KU Services Company review of any documents showing the design or construction of protective systems for worker and property protections shall not relieve the Contractor of its obligations to comply with applicable laws and standards for the design and construction of such protective work. Contractor shall indemnify and hold harmless LG&E and KU Services Company and their engineering personnel from any and all claims, liability, costs, actions and causes of action arising out of or related to the failure of such protective systems. The Contractor shall defend LG&E and KU Services Company, its officers, employees and agents including without limitation engineer personnel, in any litigation or proceeding brought with respect to the failure of such protective systems.

The cost of required safety engineering services required for safety and protective systems shall be borne solely by the Contractor and shall be deemed to have been included in the amount bid for the work as stated in the contract.

8. Safety Training and Education

Contractor shall ensure that its workforce is compliant trained and qualified to perform the work. Contractor shall ensure that all subcontractor employees demonstrate the same level of competence.

Site Orientation

All Contractors / subcontractors shall undergo an LG&E and KU Services Company "site specific" training/orientation prior to engaging in work activities at a generating station. In addition, Contractors that conduct work at LG&E and KU Services Company generation facilities that process ammonia shall also undergo an ammonia awareness training/orientation prior to conducting work.

Contractor employees conducting work in a substation must first complete a Substation Entry training program.

Contractors Pre-job Orientation

Contractor shall require and administer a pre-job orientation to its employees and all subcontractor employees prior to engaging in work activities. Contractor shall maintain on the work site a detailed outline of the orientation and a signed and dated roster of all employees who have completed the orientation. The orientation shall address the following elements at a minimum:

- ❖ Employee rights and responsibilities
- ❖ Authority and responsibility to issue Stop Work Order
- ❖ Alcohol and drug abuse policy
- ❖ Contractor's disciplinary procedures
- ❖ First aid and medical facilities
- ❖ Hazard recognition and procedures for reporting or correcting unsafe conditions or practices
- ❖ Procedures for reporting accidents and incidents
- ❖ Hazard Communication Program
- ❖ Access to employee exposure monitoring data and medical records
- ❖ Protection of the environment, including air, water, and storm drains from construction pollutants
- ❖ Location of and access to reviewed Health & Safety Management Plan, Project Specific Hazard Analysis, and Hazard Mitigation Plan.
- ❖ Location and contents of required postings

Daily Job Briefings

Contractors shall ensure that all of their personnel (employees and sub-contractors) on the job site receive the daily Job Briefing before they start each job. Job Briefings shall discuss, at a

minimum, the hazards associated with the job; work procedures involved; special precautions; energy source controls; and personal protection equipment requirements. This job briefing shall be conducted by the contractor's person in charge. Should the scope of the work change, than another job briefing shall be conducted.

9. Emergency Procedures

An emergency is any situation that poses an immediate threat to life or property. Each Contractor shall maintain one person currently qualified in CPR and First Aid on site at all times. Refer to the site orientation, or the LG&E and KU Services Company authorized representative for specific information for handling of a life threatening or other serious injury, fire, etc. Following the occurrence of an emergency, the contractor shall ensure that all proper incident reports are completed and distributed, and that the LG&E and KU Services Company authorized representative is notified immediately.

Incident Reporting

In the event a job site accident occurs, the Contractor shall immediately implement controls and restrictions on the accident site to ensure the site remains undisturbed until released by the LG&E and KU Services Company authorized representative. All accidents shall be reported to the LG&E and KU Services Company authorized representative immediately after the site is secured. A written incident report shall be furnished within the same day of the incident. A job site accident would include, but not be limited to a fire, explosion, equipment failure, release or exposure to toxic liquids, fumes or vapors, etc.

Near Miss / Injury-free Event

It is the responsibility of the Contractor, to complete all near miss investigations, and to report these occurrences with recommendations / implementation of corrective actions. The report is to be submitted to the LG&E and KU Services Company authorized representative within 24 hours.

Medical Treatment Event

The Contractor shall report all accidents (either occupational injury or illness) requiring medical treatment, as soon as possible, but no later than the end of the work shift, to the LG&E and KU Services Company authorized representative along with a copy of the first report of the injury. Serious injuries (defined as an injury that would require off site medical attention) shall be reported within 15 minutes, even during off shifts. (Review project specific emergency notification procedures.)

Fatality

It is the responsibility of the Contractor to immediately notify LG&E and KU Services Company should a fatality occur. It is the responsibility of the Contractor to notify the Kentucky Occupational Safety & Health, Division of Compliance within the appropriate Kentucky notification periods.

Stop Work Order

A stop work order must be given when imminent danger is identified or where significant damage to equipment or property or environmental degradation could occur if the operation continued. Any employee of a Contractor that observes an imminent-danger situation is responsible for stopping the work and reporting it to their supervisor. When a stop work order is issued, only those areas of a construction project immediately involved in the identified hazardous situation are to be included in the order.

Immediately after stopping work, the person issuing the order, or their supervisor, must report to the LG&E and KU Services Company authorized representative of their action. Work shall not resume until the LG&E and KU Services Company authorized representative has agreed that the imminent danger has been eliminated.

10. Hazard Specific Requirements

The Contractor will ensure that their employees (and all subcontractor employees) are properly equipped and trained to comply with the LG&E and KU Services Company standards and federal and state regulations; including but not limited to the following:

Asbestos

Blasting and the use of explosives

Chemical Safety/Hazard Communication

Commercial Diving Operations

Confined Space Entry

Control of Energy Sources (Lockout/Tagout)

Crane Operations, including rigging

Electrical

Fall Management (personal fall arrest systems, scaffolding, walking & work surfaces, ladders and floor & wall openings)

Hazardous Waste and Chemical Spills

Hot Work

Personal Protective Equipment (PPE)

Powered Industrial Trucks

Trenching

11. Enforcement

The Contractor is responsible for the health and safety of its employees and any subcontractor employees under their control. Enforcement of this Policy, as well as other recognized safety requirements, is the responsibility of the Contractor. The evaluation does not constitute acceptance of the Contractor's safety programs or work practices nor, in any way relieve a Contractor of full responsibility for meeting all appropriate OSHA regulations to ensure the safety of its employees.

Whenever there is a jurisdictional question of which standard will apply, the most stringent safety practice will take precedence. The Contractor must document exceptions and attach them to this form. Contractors and their employees who do not follow this Policy are subject to removal from the worksite as well as being banned from future LG&E and KU Services Company projects/contracts.

LG&E and KU Services Company reserve the right to evaluate the safety of Contractor's work practices to determine if they meet LG&E and KU Services Company standards and state/federal regulations. In addition to the audit rights under the applicable contract LG&E and KU Services Company reserve the right to audit any and all documents (job briefings, audits, etc.) at anytime during the course of the work.

12. LG&E and KU Services Company Safety and Health Issues

Contract work may involve use, handling, storage, or work in vicinity of *hazardous chemicals or materials*. (Concerns are Hazard Communication...spill prevention/response).

Contractor may perform work (operation, maintenance or emergency response function) as necessary.

Contractor may perform *hot work* (e.g. welding, torch cutting, brazing, etc.)

Contract may require Contractor to work in or near *confined spaces*.

Contract work may require using/working under clearance procedures for the control of hazardous energy (*lockout/tagout*).

Contract may involve work on an uncontrolled hazardous substance site, Superfund site, or other contaminated site that could trigger Hazardous Waste Operations and Emergency Response (*HAZWOPER*) planning and training requirements. (Ref: CERCLIS List)

Contract work may involve application, handling or disturbance of *lead, cadmium* and/or *zinc chromate containing materials*. An example would be the removal of *toxic surface coatings* (i.e. paint).

Contract work may involve handling, disturbance, abatement or work around *asbestos containing materials* (ACM).

Contract work may involve application of *pesticides, herbicides, etc.*

13. Hazardous Chemical Communication

The following is a list of Hazardous Chemicals and atmospheric contamination that may be encountered at LG&E and KU Services Company sites. It should in no way be deemed as the only contamination that could be encountered at LG&E and KU Services Company sites. Always be aware of the contamination that could be encountered and become familiar with their Material Safety Data Sheets.

<u>Chemical Name</u>	<u>Formula</u>	<u>Trade Name</u>	<u>Description/ Target Organ</u>
Anhydrous Ammonia	NH ₃ (99-100%)		Liquid colorless gas or compressed liquid with extremely pungent odor. Targets eyes, skin and respiratory system.
Arsenic	AS	Organic Arsenic	Targets skin, kidneys, liver and resp. system.
Asbestos		Hydrated Mineral	Fibers found in insulation, gaskets, packing, vinyl asbestos flooring, roofing, and other materials. Targets respiratory system. Can cause lung cancer.
Carbon Dioxide	CO ₂	Carbonic Acid Gas	Targets respiratory system and

		Dry ice	cardiovascular system
Carbon Monoxide	CO	Flue gas/Monoxide	Colorless, odorless gas. Targets lungs, blood, can be immediately fatal.
Chromium Hexavalent	Cr(VI)	Hexavalent Chromium	Metal that targets the respiratory tract, skin and eyes. Irritant.
Hydrogen Sulfide	H ₂ S	Sewer gas Hydrosulfuric Acid	Colorless gas with strong rotten egg odor, quick loss of sense of smell, can be immediately fatal.
Hydrogen	H ₂	Liquid Gas	Colorless, odorless, targets eyes, skin respiratory system
Lead	Pb	Lead metal	Heavy soft gray metal. Targets eyes, kidneys and blood.
Ozone	O ₃	Triatomic Oxygen	Colorless, targets eyes and respiratory sys.
Sulfur Dioxide	SO ₂	Sulfuric Acid	Targets eyes, skin, and respiratory sys.

14. Definitions

Competent Person: means one who is capable of identifying existing and predictable hazards in the surroundings or working conditions which are unsanitary, hazardous, or dangerous to workers, and who has authorization to take prompt corrective measures to eliminate them.

Qualified Person: is one who, by possession of a recognized degree, certificate, or professional standing, or who by extensive knowledge, training, and experience, has successfully demonstrated their ability to solve or resolve problems relating to subject matter, the work, or the project.

USHER TRANSPORT, INC.
LG&E/KU Contract No. J15026

I have read the LG&E and KU Services Company Contractor Safety Policy as outlined above and I understand and agree to abide by the requirements set forth therein; and confirm this by signing below.

CONTRACTOR SENIOR MANAGER: Joe Fossum
TITLE: MARKETING DIRECTOR
DATE: 5.15.15

Exhibit C

Contractor Code of Business Conduct

This LG&E and KU Services Company (a Kentucky corporation) Contractor Code of Business Conduct ("Code") is incorporated by reference into the General Service Agreement or other agreement between you as the contractor ("Contractor") and LG&E and KU Services Company and/or one of its affiliates Kentucky Utilities Company, and Louisville Gas and Electric Company (collectively the "Company"). This Code sets minimum standards for Contractor's conduct in the areas addressed. Contracts between Company and Contractor may provide for standards exceeding the standards of this code.

Observance of Laws

Contractor shall fully comply with the provisions of all federal, state and local laws, regulations and ordinances applicable to its activities performed for the Company or any goods or services provided to or on behalf of the Company, including without limitation, all applicable laws, regulations and ordinances pertaining to occupational health and safety and environmental protection.

Bribes and Kickbacks

Contractor may not under any circumstances accept or pay bribes, kickbacks or other similar compensation or consideration in any way relating to the Company or any activity for or on behalf of the Company.

Dishonest and Fraudulent Activity

Contractor shall not engage in or allow its employees to engage in dishonest acts or fraudulent activity in connection with or in association with the Company's business. For purposes of this policy, the definition of a dishonest act or fraudulent activity includes but is not limited to:

1. An intentional or deliberate act to deprive the Company or any person of something of value, or to gain an unfair benefit using deception, false suggestions, suppression of truth, or other unfair means which are believed and relied upon.
2. A dishonest act or fraudulent activity may be, but is not limited to, an intentional act or activity that is unethical, improper, or illegal such as:
 - a. Embezzlement;
 - b. Misappropriation, misapplication, destruction, removal, or concealment of property;
 - c. Alteration or falsification of paper or electronic documents, including the inappropriate destruction of paper or electronic documents;

- d. False claims and/or misrepresentation of facts;
- e. Theft of an asset, including, but not limited to, money, tangible property, trade secrets or intellectual property;

Harassment

Contractor shall not permit sexual advances, actions, comments, or any other conduct that creates an intimidating or otherwise offensive work environment on Company property or any site where Contractor is performing activity for or on behalf of Company. Further, Contractor shall not permit the use of racial and religious slurs, or any other conduct that breeds an offensive work environment, on Company property or any site where Contractor is performing activity for or on behalf of Company.

Drugs and Alcohol

Contractor shall not allow any employee to perform services for or on behalf of Company while under the influence of drugs or alcohol. Contractor shall maintain a drug and alcohol testing program meeting all applicable federal, state and local laws, regulations and ordinances and meeting or exceeding any and all standards stated in any contract with Company or any document incorporated in such a contract.

Misuse of Company Assets

No funds or assets of the Company may be used or paid for any unlawful or improper purpose. A Contractor's employees shall not have access to any Company computers unless the contract between such Contractor and the Company expressly provides for such access in writing.

Reporting of Violations

In the event Contractor learns of any violation of this Code, Contractor shall immediately report such violation to Company's Director, Compliance and Ethics at (502) 627-2648.

KENTUCKY UTILITIES COMPANY

Response to Information Requested in Commission Staff's Second Request Dated September 21, 2016

Case No. 2016-00232

Question No. 2

Witness: Charles R. Schram / Derek Rahn

- Q-2. Refer to KU's response to the August 12, 2016 Request, Item 26. The response states, "[t]he assigned fuel cost for the unit on forced outage is calculated as the unit's fuel cost per MWh multiplied by the unit's lost MWh during the outage."
- a. Explain in detail how the fuel cost (\$/MWh) is calculated for the unit suffering a forced outage.
 - b. Provide an example of the calculation from an actual forced outage during the review period.
- A-2.
- a. The unit's total actual fuel cost (including the primary fuel cost plus any start fuel cost and stabilization fuel cost, if applicable), for the month during which the forced outage occurred, is divided by the unit's actual generation for that month. This calculation results in the \$/MWh fuel cost for the unit suffering the forced outage.
 - b. An actual forced outage calculation example for Cane Run unit 7's ("CR7") January 2016 forced outage is shown in the steps below and in Attachment 2b.² The outage started on January 11 at 13:46 EST and ended on January 12 at 06:25 EST.
 1. The generation from CR7 (based on KU's 78 percent ownership share) is retrieved and summed for the seven days prior to the forced outage (86,624 MWh). The unit's forced outage start date and time is subtracted from the forced outage end date and time, resulting in the forced outage's duration in hours (16 hours 39 minutes or 16.65 hours). The seven day generation total is then divided by the hours in a week (168 hours) to yield the unit's average generation per hour for the period immediately preceding the outage, then multiplied by the outage duration, resulting in the CR7 generation that must be replaced by purchases or substitute generation from other KU units. ($86,624 \text{ MWh} / 168 \text{ hours} = 515.62 \text{ MW}$; $515.62 \text{ MW} \times 16.65 \text{ hours} = 8,585 \text{ MWh}$).
 2. All native load purchases assigned to KU by the After the Fact Billing ("AFB") process during CR7's forced outage period are summed, resulting in 3 MWh

² Calculations may be affected by rounding.

purchased at a total cost of \$97.65. This is the purchased power replacement for CR7's forced outage.

3. Step 3 calculates the cost of the remaining substitute generation (total replacement generation less purchases) that must be supplied by other units in the KU fleet (8,585 MW - 3 MW = 8,582 MW). The monthly net generation and fuel costs (including the primary fuel cost plus any start fuel cost and stabilization fuel cost, if applicable) for each unit is pulled from the accounting ledger for the month that the forced outage occurred. AFB is used to determine which KU units operated during the CR7 forced outage period. Any units that were not operating during part or all of CR7's forced outage period, including CR7, are excluded from the calculation. The sum of the fuel costs for the operating units is then divided by the sum of the associated net generation values to yield the average fuel unit cost of the KU-sourced substitute generation ($\$ \blacksquare / 1,351,273 \text{ MWh} = \$ \blacksquare / \text{MWh}$). The substitute generation unit cost is multiplied by the substitute generation volume to obtain the total cost of the substitute megawatt-hours generated by other units in the KU fleet ($\$ \blacksquare / \text{MWh} \times 8,582 \text{ MWh} = \$ \blacksquare$).
4. Step 3's cost of the substitute megawatt-hours generated by other KU units is then added to Step 2's total purchase power cost, resulting in the calculated total cost of CR7's forced outage replacement (purchased + generated) power ($\$ \blacksquare + \$98 = \$ \blacksquare$).
5. The total fuel costs (primary fuel cost + start fuel cost + stabilization fuel cost) and net generation for CR7 are pulled from the accounting ledger for the month that the forced outage occurred. The total CR7 fuel cost is then divided by CR7's net generation to yield CR7's generation cost per MWh for the month of the forced outage ($\$ \blacksquare / 349,105 \text{ MWh} = \$ \blacksquare / \text{MWh}$). The average fuel cost for CR7 is then multiplied by Step 1's replacement generation requirement, resulting in the fuel cost that CR7 would have incurred in the absence of the forced outage ($\$ \blacksquare / \text{MWh} \times 8,585 \text{ MWh} = \$ \blacksquare$). The fuel cost that CR7 would have incurred in the absence of the outage is subtracted from Step 4's cost of replacement generation, resulting in the fuel cost amount that is disallowed in the FAC process ($\$ \blacksquare - \$ \blacksquare = \$65,612$).

01/11/16 13:46 to 01/12/16 06:25

January-16

KU FORCED OUTAGE DATA

Unit Cane Run 7
Date of Outage 01/11/16
Duration 016 Hrs 39 Min

1. MWH Replaced

01/04/16	12,919	MWH
01/05/16	12,974	MWH
01/06/16	13,118	MWH
01/07/16	13,004	MWH
01/08/16	13,087	MWH
01/09/16	12,853	MWH
01/10/16	8,669	MWH
7	86,624	

Note:
KU owned MWH only.

16 HRS & 39 MINS = 16.65 HRS

86,624 MWH / 168 HRS * 16.65 HRS = 8,585 MWH

2. MWH Purchased = 3 MWH Cost Of Purchased MWH = \$97.65

3. Cost Of Substitute Generation

	NET MWH OUTPUT	PLANT OR UNIT 151 FUEL COST OIL/GAS	COAL	UNIT FPC 151 FUEL COST	FUEL COST PER MWH
Cane Run 7	349,105				
E. W. Brown 1	19,193				
E. W. Brown 2	43,636				
E. W. Brown 3	81,302				
Ghent 1	277,478				
Ghent 2	234,469				
Ghent 3	203,312				
Ghent 4	266,927				
Haefling Gas	(24)				
Haefling Oil					
Paddys Run 13	(95)				
Trimble County 2	330,964				
Trimble County 5	12,061				
Trimble County 6	14,417				
Trimble County 7	15,266				
Trimble County 8	6,236				
Trimble County 9	14,230				
Trimble County 10	6,696				
Brown CT 5 Oil					
Brown CT 5 Gas	2,449				
Brown CT 6 Oil					
Brown CT 6 Gas	5,400				
Brown CT 7 Oil	73				
Brown CT 7 Gas	6,105				
Brown CT 8 Oil	59				
Brown CT 8 Gas	13,738				
Brown CT 9 Oil	74				
Brown CT 9 Gas	6,464				
Brown CT 10 Oil	47				
Brown CT 10 Gas	11,158				
Brown CT 11 Oil					
Brown CT 11 Gas	9,632				
Total System	1,930,372				

Less Outaged unit and all other off-line units (type OFF if unit if off-line)

Cane Run 7	OFF	349,105
E. W. Brown 1		
E. W. Brown 2		
E. W. Brown 3		
Ghent 1		
Ghent 2		
Ghent 3	OFF	203,312
Ghent 4		
Haefling Gas	OFF	(24)
Haefling Oil	OFF	0
Paddys Run 13	OFF	(95)
Trimble County 2		
Trimble County 5		
Trimble County 6		
Trimble County 7		
Trimble County 8	OFF	6,236
Trimble County 9		
Trimble County 10		
Brown CT 5 Oil	OFF	0
Brown CT 5 Gas	OFF	2,449
Brown CT 6 Oil	OFF	0
Brown CT 6 Gas	OFF	5,400

Brown CT 7 Oil	OFF	73
Brown CT 7 Gas	OFF	6,105
Brown CT 8 Oil		
Brown CT 8 Gas		
Brown CT 9 Oil	OFF	74
Brown CT 9 Gas	OFF	6,464
Brown CT 10 Oil		
Brown CT 10 Gas		
Brown CT 11 Oil		
Brown CT 11 Gas		

579,099

Substitute Generation = 1,351,273

Substitute Generation Cost = [redacted] / 1,351,273 MWH = [redacted] / MWH * 8,582 MWH = [redacted]

4. Total Cost of Substitute Generation plus Purchased MWH [redacted] \$97.65 = [redacted] (1)

5. Cost if Generated by Forced-Out Unit

Forced-Out Unit Generation Cost per MWH

Cane Run 7 [redacted] /

Cost if Generated by F.O. Unit = [redacted] / MWH *

349,105 MWH = [redacted] / MWH * 8,585 MWH = [redacted] (2)

Difference
(1)-(2)
\$65,612

KENTUCKY UTILITIES COMPANY

**Response to Information Requested in Commission Staff's Second Request
Dated September 21, 2016**

Case No. 2016-00232

Question No. 3

Witness: Charles R. Schram / Derek Rahn

Q-3. Refer to KU's response to the August 12, 2016 Request, Item 27.

a. Refer to the response to part a.

- (1) State whether the response indicates that only reservation fees are incurred and recovered through the fuel adjustment clause ("FAC") or whether all of the costs listed in the question are incurred and recovered through the FAC.
- (2) State whether there are any similar fixed costs related to the transportation of coal or other fuels that are allocated entirely to native load customers.

If yes, explain.

b. Refer to the response to part b.(1).

- (1) The response does not clearly answer the question. State whether the fees listed in the question are incurred in months in which the units receiving the firm natural gas transportation service do not operate.
- (2) The response states that the fees related to firm natural gas transportation service are recorded in inventory. Given this accounting treatment, explain how the fees are allocated entirely to native load customers without all of the power from Cane Run 7 and the Trimble County combustion turbines ("CTs") being allocated entirely to native load customers.

c. Refer to the response to part b.(2).

- (1) Confirm that power sold off system could be produced by any of KU's generating units and is not specifically generated by any particular unit.
- (2) For Cane Run 7, and for the Trimble County CTs in the aggregate, provide the amount of the firm natural gas fees (by category of fee) that were allocated to native load customers for each month of the review period.
- (3) Provide the effect it would have had on fuel costs and the FAC and off-system sales factors for each month of the review period if the fees related to firm natural gas transportation service had been allocated to off-system sales as well as to native load sales.

A-3. a.

- (1) All of the fixed costs associated with firm gas transportation are incurred and recovered through the FAC. Gas pipeline companies describe their services and fees differently from company to company. The pipeline company, from which LG&E/KU purchases firm gas transportation, names the service fees listed in the original question as Demand charge, Pipeline charge, and Taxes. Each of these services and the associated fee descriptors are listed in the respective pipeline company's FERC approved tariff. The larger demand charge is a fixed charge while the other charges listed here are variable.
- (2) All transportation costs for coal and fuel oil are included in the weighted average cost of inventory which is assigned to each MWh produced by a unit and allocated to the company or off-system sales after-the-fact. Coal transportation costs incurred by LG&E and KU represent variable delivery charges unlike firm gas transportation costs which represent both fixed capacity and variable delivery charges.

b.

- (1) Yes. Natural gas transportation costs are recorded to inventory and subsequently charged to native load fuel expense in the month following whereby energy is produced from the associated unit. For Paddy's Run, intercompany gas charges from the LG&E gas business are recorded to inventory and subsequently charged to expense in the same month when the units do not operate as there is no underlying gas commodity cost inventory.
- (2) As noted in Case Nos. 2014-00227 and 2014-00452³, KU does not directly allocate fuel costs to native load. The Company uses its After-the-Fact Billing ("AFB")

³ *In the Matter of: An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Kentucky Utilities Company from November 1, 2012 to October 31, 2014*, Case No. 2014-00452, and in

process to determine the intercompany transactions and to allocate its highest cost of production (generation fuel cost or purchase power energy cost) to off-system sales for exclusion from recovery in the FAC. All other fuel costs and purchase power expenses not otherwise excluded due to forced outages or purchases greater than the Company's highest cost unit are included in the FAC for recovery from native load customers.

Firm natural gas transportation service is secured to ensure reliability for native load customers. The fixed demand charge and the sales tax associated with the firm service are excluded from AFB and assigned entirely to native load customers as discussed above. Each of the other smaller variable charges listed above in response to part a.1, above, is included in AFB and allocated to native load or off-system sales, consistent with other variable fuel costs.

c.

- (1) Confirmed. The Companies dispatch generating units to meet all load obligation real time. Through the AFB process, the highest cost units on line at the time of the sale will be assigned to off-system sales.
- (2) All of the firm natural gas transportation fees were allocated to native load customers during the review period. The firm natural gas transportation fees for Cane Run 7 and Trimble County CTs for the six-month review period of November 2015 through April 2016 for KU are in the table below (000s):

	Nov	Dec	Jan	Feb	Mar	Apr
Demand	\$1,341	\$3,365	\$3,324	\$3,122	\$1,391	\$1,738
Pipeline	99	75	80	73	102	82
Taxes	87	206	205	192	89	109
Total	\$1,527	\$3,646	\$3,609	\$3,387	\$1,582	\$1,929

- (3) There were no off-system sales assigned to Cane Run 7 or the Trimble County CTs during the review period. All of LG&E's and KU's generation has been constructed to serve native load customers, and gas transportation costs are incurred to ensure reliability for those customers. It would be inappropriate to allocate fixed gas transportation demand charges to off-system sales. The Companies enter into an off-system sale when the revenue received from the sale will cover the variable cost of production from the units that would likely be assigned to off-system sales through AFB. The potential for large fixed charges to be spread over relatively small amounts of generation from peaking units could result in an extremely high \$/MWh cost for peaking units like the Trimble County CTs. Since off-system sales are assigned to the highest cost units on line at the time of the sale, inflating the price of

energy produced by peaking units by adding fixed costs would likely eliminate or significantly reduce off-system sales, which are currently shared with customers and shareowners on a 75/25 percentage basis. While off-system sales would likely decrease, there would be no effect on the need for firm gas transportation agreements and their associated fixed costs.