

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

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF THE)	
FUEL ADJUSTMENT CLAUSE OF LOUISVILLE GAS)	CASE NO.
AND ELECTRIC COMPANY FROM NOVEMBER 1, 2016)	2017-00285
THROUGH APRIL 30, 2017)	

**RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
INFORMATION REQUESTED IN
APPENDIX OF COMMISSION'S ORDER
DATED AUGUST 30, 2017**

FILED: SEPTEMBER 13, 2017

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Delbert Billiter**, 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.



Delbert Billiter

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 11th day of September 2017.



(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, **Michael P. Drake**, being duly sworn, deposes and says that he is Director, Generation Services 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.


Michael P. Drake

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 11th day of September 2017.


 (SEAL)
Notary Public

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

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

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



Derek Rahn

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 11th day of September 2017.



(SEAL)
Notary Public

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

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

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



Charles R. Schram

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 11th day of September 2017.

 (SEAL)

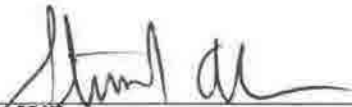
Notary Public

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



Stuart Wilson

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 11th day of September 2017.



Notary Public (SEAL)

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

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 1

Witness: Delbert Billiter / Derek Rahn

- Q-1. For the period from November 1, 2016, through April 30, 2017, list each vendor from whom coal was purchased and the quantities and the nature of each purchase (e.g., spot or contract). For the period under review in total, provide the percentage of purchases that were spot versus contract. For contract purchases, state whether the contract has been filed with the Commission. If not, explain why it has not been filed.
- A-1. All contracts have been filed with the Commission. See the attachment for the list of vendors, associated quantities, and the nature of the coal purchases.

LG & E Purchases
November 2016 - April 2018

<u>VENDOR</u>	<u>PURCHASE TONNAGE</u>	<u>TYPE¹</u>
Alliance Coal LLC - J12007	443,055	Contract
Alliance Coal LLC - J16001B	272,932	Contract
Alliance Coal LLC - J16004	182,221	Contract
Alliance Coal LLC - J16008	9,632	Contract
Alliance Coal LLC - J17002	380,224	Contract
Alliance Coal LLC - J17005	147,947	Contract
Arch Coal - J17003	17,616	Spot
Armstrong Coal Company - J07032	205,406	Contract
Armstrong Coal Company - J14004	302,203	Contract
Armstrong Coal Company - J14010	32,085	Contract
Armstrong Coal Company - J16003	323,112	Contract
Armstrong Coal Company - J16017	298,914	Contract
Peabody COALSALES LLC - J16007	57,096	Contract
Eagle River Coal LLC - J16005	29,849	Contract
Foresight Coal Sales LLC - J16009	12,271	Contract
Foresight Coal Sales LLC - J16018	242,873	Contract
Kolmar Americas - J16019	9,228	Contract
Peabody Coaltrade LLC - J16016	8,216	Contract
Rhino Energy LLC - J14001	102,373	Contract
The American Coal Company - J16002	26,345	Contract
The American Coal Company - J16006	117,554	Contract
	<u>3,221,154</u>	
	3,203,537	99% Contract
	<u>17,616</u>	1% Spot
	3,221,154	

Note: ¹ Spot is a coal purchase with a duration of less than one year and contract is a coal purchase with a duration of one year or more.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 2

Witness: Charles R. Schram / Derek Rahn

- Q-2. For the period from November 1, 2016, through April 30, 2017, list each vendor from whom natural gas was purchased for generation and the quantities and the nature of each purchase (e.g., spot or contract). For contract purchases, state whether the contract has been filed with the Commission. If not, explain why it has not been filed.
- A-2. See the attachment for the list of vendors, associated quantities, and the nature of the natural gas purchases. KU has contracted with Texas Gas Pipeline for long-term firm gas transport for both LG&E and KU combustion turbine generation.

A portion of the natural gas used to fuel the Cane Run 7 combined cycle unit was purchased on a forward basis. Other than those forward purchases and the purchases made pursuant to the Special Contract referenced below, natural gas was purchased on an 'as-needed' spot market basis. The Special Contract and the contracts for long-term firm gas transport have been filed with the Commission.

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

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

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

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

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

<u>Vendor</u>	<u>Type</u> ¹	<u>MMBtu</u>
Anadarko Energy Services Company	Spot	38,000
Atmos Energy Marketing, LLC	Spot	18,500
BP Energy Company	Spot	1,873,904
Cargill, Inc.	Spot	21,000
Castleton Commodities Merchant Trading L.P.	Spot	10,000
CIMA Energy, LTD	Spot	129,100
Colonial Energy, Inc.	Spot	215,350
ConocoPhillips Company	Spot	22,400
Direct Energy Business Marketing, LLC	Spot	99,100
DTE Energy Trading, Inc.	Spot	437,600
Eco-Energy, LLC	Spot	56,408
EDF Trading North America, LLC	Spot	13,800
Exelon Generation Company, LLC	Spot	903,272
Columbia Gas of Kentucky, Inc.	GSO Customer ²	-
Laclede Energy Resources, Inc.	Spot	136,197
Macquarie Energy, LLC	Spot	20,000
Mercuria Energy America, Inc.	Spot	381,735
NextEra Energy Marketing, LLC	Spot	217,835
NextEra Energy Power Marketing, LLC	Spot	4,500
NJR Energy Services Company	Spot	187,209
Range Resources - Appalachia, LLC	Spot	264,125
Sequent Energy Management, L.P.	Spot	1,287,400
Shell Energy North America (US), L.P.	Spot	338,300
Spire Marketing Inc.	Spot	280,964
SWN Energy Services Company, LLC	Spot	26,500
Tenaska Marketing Ventures	Spot	4,587,900
Tennessee Valley Authority	Spot	50,000
Twin Eagle Resource Management, LLC	Spot	42,000
Uniper Global Commodities North America LLC	Spot	283,600
United Energy Trading, LLC	Spot	46,300
Vitol Inc.	Spot	583,199
LG&E Gas Supply	Special Contract ³	200,716
BP Energy Company	Forward	1,195,000
EDF Trading North America, LLC	Forward	1,173,361
Macquarie Energy, LLC	Forward	300,000
Mercuria Energy America, Inc.	Forward	900,000
Sequent Energy Management, L.P.	Forward	1,240,000
	Total Volume	17,585,275

¹ Spot refers to gas purchases delivered during the next gas day following the transaction. Friday transactions include Sat, Sun, & Mon (holiday weekends can cover four days). Forward refers to gas purchased for delivery periods typically starting after the current month.

² KU is a General Sales Other (GSO) customer of Columbia Gas of Kentucky for the Haefling Plant; no volume purchase commitments. Haefling did not run using natural gas as a fuel during the review period.

³ LG&E is the local gas distribution company; no volume purchase commitments.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 3

Witness: Charles R. Schram / Delbert Billiter

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

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

LG&E does use forward procurement to physically hedge a portion of its projected coal requirement. LG&E uses the following guidelines for the minimum projected coal requirement under contract:

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

LG&E does use forward procurement to physically hedge a portion of its projected gas requirement. For the current year, the Company's practice targets purchasing no more than 50 percent of the forecasted burn at CR7. Longer-term, LG&E uses the following guidelines for the purchase of natural gas under contract for the minimum projected Cane Run 7 requirement:

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

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 4

Witness: Stuart Wilson / Delbert Billiter

Q-4. For each generating station or unit for which a separate coal pile is maintained, state, for the period from November 1, 2016, through April 30, 2017, the actual amount of coal burned in tons, the actual amount of coal deliveries in tons, the total kWh generated, and the actual capacity factor at which the plant operated.

A-4. The information requested from November 1, 2016, to April 30, 2017, is shown in the table below:

Plant	Coal Burn (Tons)	Coal Receipts (Tons)	Net MWh	Capacity Factor (Net MWh)/ (period hrs x MW rating)
Mill Creek	1,908,144	1,925,067	4,223,990	66.4%
Trimble County HS	N/A	1,296,087	N/A	N/A
Trimble County PRB	N/A	296,819	N/A	N/A
Trimble County 1	786,403	N/A	1,740,231	81.2%
Trimble County 2	897,806	N/A	2,126,732	66.9%

Notes: 1 – Trimble County values reflect 100% of the unit. Trimble County 1 is owned by LG&E (75%), IMPA (12.88%), and IMEA (12.12%). Trimble County 2 is owned by KU (60.75%), LG&E (14.25%), IMPA (12.88%), and IMEA (12.12%).

2 – The North American Electric Reliability Council Generation Availability Data System defines capacity factor as the value equal to the net MWh produced divided by the product of the hours in the period and the unit rating.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 5

Witness: Stuart Wilson

Q-5. List all firm power commitments for LG&E from November 1, 2016, through April 30, 2017, for (a) purchases and (b) sales. This list shall identify the electric utility, the amount of commitment in MW, and the purpose of the commitment (e.g., peaking, emergency).

A-5. a. Firm Purchases

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

<u>Utility</u>	<u>Companies' Amt (MW)</u>	<u>LG&E Portion (MW)</u>	<u>Purpose</u>
OVEC (Nov 2016)	~ 87	~ 60	Baseload
OVEC (Dec 2016)	~ 132	~ 92	Baseload
OVEC (Jan 2017)	~ 158	~ 109	Baseload
OVEC (Feb 2017)	~ 158	~ 109	Baseload
OVEC (Mar 2017)	~ 107	~ 74	Baseload
OVEC (Apr 2017)	~ 88	~ 61	Baseload

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

b. Sales

NONE

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 6

Witness: Derek Rahn

Q-6. Provide a monthly billing summary of sales to all electric utilities for the period November 1, 2016, through April 30, 2017.

A-6. See attached.



Month Ended: November-30-2016

Louisville Gas and Electric Company

Power Transaction Schedule

Company	Type of Transaction	KWH	Billing Components			Total Charges(\$)
			Demand(\$)	Fuel Charges(\$)	Other Charges(\$)	
Sales						
CARGILL- ALLIANT, LLC	CARG Economy	1,375,000	\$	34,398.71	\$ 17,485.50	\$ 51,884.21
ETC ENDURE	ETC Economy	214,000	\$	5,705.81	\$ 2,900.37	\$ 8,606.18
ILLINOIS MUNICIPAL ELECTRIC AGENCY	IMEA Economy	103,000	\$	1,107.32	\$ 562.87	\$ 1,670.19
INDIANA MUNICIPAL POWER AGENCY	IMPA Economy	1,221,000	\$	24,036.05	\$ 12,217.97	\$ 36,254.02
ENERGY IMBALANCE	IMBL Economy	105,000	\$	2,437.53	\$ 1,239.04	\$ 3,676.57
MIDCONTINENT ISO	MISO Economy	3,124,000	\$	85,199.81	\$ 43,282.23	\$ 128,482.04
PJM INTERCONNECTION ASSOCIATION	PJM Economy	5,099,000	\$	113,042.17	\$ 57,461.39	\$ 170,503.56
TENNESSEE VALLEY AUTHORITY	TVA Economy	1,286,000	\$	30,617.46	\$ 15,563.42	\$ 46,180.88
WESTAR ENERGY, INC.	WSTR Economy	329,000	\$	7,990.19	\$ 4,061.56	\$ 12,051.75
KENTUCKY UTILITIES COMPANY	KU Economy	42,842,000	\$	1,001,731.79	\$ 3,160.76	\$ 1,004,892.55
Total Sales		55,698,000	\$ -	\$ 1,306,266.84	\$ 157,935.11	\$ 1,464,201.95

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



Month Ended: December-31-2016

Louisville Gas and Electric Company

Power Transaction Schedule

Company		Type of Transaction	KWH	Billing Components			Total Charges(\$)
				Demand(\$)	Fuel Charges(\$)	Other Charges(\$)	
Sales							
CARGILL- ALLIANT, LLC	CARG	Economy	4,970,000	\$	111,274.95	\$ 77,339.68	\$ 188,614.63
ETC ENDURE	ETC	Economy	642,000	\$	16,748.84	\$ 11,640.98	\$ 28,389.82
ILLINOIS MUNICIPAL ELECTRIC AGENCY	IMEA	Economy	213,000	\$	6,399.78	\$ 4,448.05	\$ 10,847.83
INDIANA MUNICIPAL POWER AGENCY	IMPA	Economy	816,000	\$	28,938.64	\$ 20,113.29	\$ 49,051.93
ENERGY IMBALANCE	IMBL	Economy	272,000	\$	4,788.40	\$ 3,328.10	\$ 8,116.50
MIDCONTINENT ISO	MISO	Economy	32,859,000	\$	750,496.57	\$ 521,518.37	\$ 1,272,014.94
PJM INTERCONNECTION ASSOCIATION	PJM	Economy	38,038,000	\$	866,569.13	\$ 602,293.50	\$ 1,468,862.63
TENNESSEE VALLEY AUTHORITY	TVA	Economy	8,853,000	\$	193,158.44	\$ 134,251.36	\$ 327,409.80
WESTAR ENERGY, INC.	WSTR	Economy	3,295,000	\$	82,968.68	\$ 57,665.92	\$ 140,634.60
KENTUCKY UTILITIES COMPANY	KU	Economy	163,682,000	\$	3,582,103.00	\$ 688.88	\$ 3,582,791.88
Total Sales			253,640,000	\$ -	\$ 5,643,446.43	\$ 1,433,288.13	\$ 7,076,734.56

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



Month Ended: January-31-2017

Louisville Gas and Electric Company

Power Transaction Schedule

Company	Type of Transaction	KWH	Billing Components			Total Charges(\$)	
			Demand(\$)	Fuel Charges(\$)	Other Charges(\$)		
Sales							
CARGILL- ALLIANT, LLC	CARG	Economy		\$ 109,702.30	\$ 64,685.03	\$ 174,387.33	
ETC ENDURE	ETC	Economy		\$ 10,569.33	\$ 6,232.11	\$ 16,801.44	
ILLINOIS MUNICIPAL ELECTRIC AGENCY	IMEA	Economy		\$ 1,662.56	\$ 980.32	\$ 2,642.88	
INDIANA MUNICIPAL POWER AGENCY	IMPA	Economy		\$ 10,237.84	\$ 6,036.65	\$ 16,274.49	
ENERGY IMBALANCE	IMBL	Economy		\$ 3,450.63	\$ 2,034.63	\$ 5,485.26	
MIDCONTINENT ISO	MISO	Economy		\$ 554,789.26	\$ 324,494.21	\$ 879,283.47	
PJM INTERCONNECTION ASSOCIATION	PJM	Economy		\$ 732,579.63	\$ 431,959.33	\$ 1,164,538.96	
TENNESSEE VALLEY AUTHORITY	TVA	Economy		\$ 65,375.42	\$ 38,548.07	\$ 103,923.49	
WESTAR ENERGY, INC.	WSTR	Economy		\$ 66,573.29	\$ 39,254.38	\$ 105,827.67	
KENTUCKY UTILITIES COMPANY	KU	Economy		\$ 6,055,715.24	\$ 174.31	\$ 6,055,889.55	
Total Sales			334,757,000	\$ -	\$ 7,610,655.50	\$ 914,399.04	\$ 8,525,054.54

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



Month Ended: February-28-2017

Louisville Gas and Electric Company

Power Transaction Schedule

Company	Type of Transaction	KWH	Billing Components			Total Charges(\$)
			Demand(\$)	Fuel Charges(\$)	Other Charges(\$)	
Sales						
CARGILL- ALLIANT, LLC	CARG	Economy		\$ 13,163.12	\$ 4,436.88	\$ 17,600.00
ETC ENDURE	ETC	Economy		\$ 4,375.25	\$ 1,474.75	\$ 5,850.00
ILLINOIS MUNICIPAL ELECTRIC AGENCY	IMEA	Economy		\$ 646.53	\$ 217.93	\$ 864.46
INDIANA MUNICIPAL POWER AGENCY	IMPA	Economy		\$ 1,791.51	\$ 603.86	\$ 2,395.37
ENERGY IMBALANCE	IMBL	Economy		\$ 22,083.78	\$ 7,443.74	\$ 29,527.52
MIDCONTINENT ISO	MISO	Economy		\$ 33,805.90	\$ 10,230.36	\$ 44,036.26
PJM INTERCONNECTION ASSOCIATION	PJM	Economy		\$ 76,839.83	\$ 25,900.31	\$ 102,740.14
TENNESSEE VALLEY AUTHORITY	TVA	Economy		\$ 5,235.33	\$ 1,764.67	\$ 7,000.00
WESTAR ENERGY, INC.	WSTR	Economy		\$ 2,842.04	\$ 957.96	\$ 3,800.00
KENTUCKY UTILITIES COMPANY	KU	Economy		\$ 5,844,414.83	\$ -	\$ 5,844,414.83
Total Sales			270,902,000	\$ -	\$ 6,005,198.12	\$ 6,058,228.58

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



Month Ended: March-31-2017

Louisville Gas and Electric Company

Power Transaction Schedule

Company	Type of Transaction	KWH	Billing Components			Total Charges(\$)
			Demand(\$)	Fuel Charges(\$)	Other Charges(\$)	
Sales						
CARGILL- ALLIANT, LLC	CARG	Economy		\$ 40,358.18	\$ 23,395.08	\$ 63,753.26
ETC ENDURE	ETC	Economy		\$ 42,013.69	\$ 24,354.75	\$ 66,368.44
ILLINOIS MUNICIPAL ELECTRIC AGENCY	IMEA	Economy		\$ 841.04	\$ 487.54	\$ 1,328.58
INDIANA MUNICIPAL POWER AGENCY	IMPA	Economy		\$ 2,113.40	\$ 1,225.11	\$ 3,338.51
ENERGY IMBALANCE	IMBL	Economy		\$ 7,018.78	\$ 4,068.69	\$ 11,087.47
MIDCONTINENT ISO	MISO	Economy		\$ 297,713.36	\$ 172,330.63	\$ 470,043.99
PJM INTERCONNECTION ASSOCIATION	PJM	Economy		\$ 748,767.79	\$ 434,050.31	\$ 1,182,818.10
TENNESSEE VALLEY AUTHORITY	TVA	Economy		\$ 116,647.31	\$ 67,618.82	\$ 184,266.13
WESTAR ENERGY, INC.	WSTR	Economy		\$ 49,076.82	\$ 28,449.16	\$ 77,525.98
KENTUCKY UTILITIES COMPANY	KU	Economy		\$ 5,360,098.53	\$ 42.15	\$ 5,360,140.68
Total Sales				\$ -	\$ 6,664,648.90	\$ 7,420,671.14

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



Month Ended: April-30-2017

Louisville Gas and Electric Company

Power Transaction Schedule

Company	Type of Transaction	KWH	Billing Components			Total Charges(\$)
			Demand(\$)	Fuel Charges(\$)	Other Charges(\$)	
Sales						
CARGILL- ALLIANT, LLC	CARG	Economy		\$ 9,564.10	\$ 4,677.70	\$ 14,241.80
ETC ENDURE	ETC	Economy		\$ 1,967.91	\$ 962.49	\$ 2,930.40
ILLINOIS MUNICIPAL ELECTRIC AGENCY	IMEA	Economy		\$ 103.25	\$ 50.50	\$ 153.75
INDIANA MUNICIPAL POWER AGENCY	IMPA	Economy		\$ 1,718.07	\$ 840.29	\$ 2,558.36
ENERGY IMBALANCE	IMBL	Economy		\$ 8,233.47	\$ 4,026.85	\$ 12,260.32
MIDCONTINENT ISO	MISO	Economy		\$ 86,995.94	\$ 43,298.80	\$ 130,294.74
PJM INTERCONNECTION ASSOCIATION	PJM	Economy		\$ 166,744.42	\$ 81,552.78	\$ 248,297.20
TENNESSEE VALLEY AUTHORITY	TVA	Economy		\$ 29,498.07	\$ 14,427.17	\$ 43,925.24
WESTAR ENERGY, INC.	WSTR	Economy		\$ 31,427.26	\$ 15,370.72	\$ 46,797.98
KENTUCKY UTILITIES COMPANY	KU	Economy		\$ 939,382.20	\$ 733.80	\$ 940,116.00
Total Sales				\$ -	\$ 1,275,634.69	\$ 1,441,575.79

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

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 7

Witness: Michael P. Drake

Q-7. List LG&E's scheduled, actual, and forced outages from November 1, 2016, through April 30, 2017.

A-7. See attached.

Louisville Gas & Electric Company
November 2016 through April 2017

Unit and Outage Type (F=Forced; S=Scheduled)	Scheduled		Actual*		HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE	
	FROM	TO	FROM	TO	Scheduled	Actual*		
Mill Creek Unit 1 - Coal - 300 MW	S	12/21/2016 14:26	12/21/2016 20:29	12/21/2016 14:26	12/21/2016 20:29	6:03	6:03	Condenser cleaning
In-service August 1972	F			1/11/2017 9:20	1/13/2017 20:07		58:47	Boiler first reheater cleaning
	S	2/3/2017 11:36	2/4/2017 4:06	2/3/2017 11:36	2/4/2017 4:06	16:30	16:30	Electro-hydraulic Control (EHC) System Repairs
	S	2/28/2017 21:40	3/3/2017 19:36	2/28/2017 21:40	3/3/2017 19:36	69:56	69:56	Air heater wash
	S	4/1/2017 0:00	4/30/2017 15:00	4/1/2017 0:36	5/1/2017 0:00	711:00	719:24	Minor turbine overhaul
Mill Creek Unit 2 - Coal - 297 MW	S	10/29/2016 0:00	11/27/2016 15:00	11/5/2016 0:58	12/2/2016 19:42	711:00	666:44	Minor boiler overhaul
In-service July 1974	S	1/20/2017 23:13	1/22/2017 21:34	1/20/2017 23:13	1/22/2017 21:34	46:21	46:21	Turbine Valve Maintenance
	S	4/8/2017 0:00	4/30/2017 15:00	4/7/2017 23:10	4/24/2017 14:19	543:00	399:09	Minor turbine overhaul
Mill Creek Unit 3 - Coal - 391 MW	S	3/18/2017 0:00	3/26/2017 15:00	3/17/2017 22:03	3/25/2017 3:08	207:00	173:05	Minor boiler overhaul
In-service August 1978								
Mill Creek Unit 4 - Coal - 477 MW	S	10/1/2016 0:00	11/6/2016 15:00	9/30/2016 1:23	11/7/2016 0:00	879:00	910:37	Major boiler overhaul
In-service September 1982	S	11/7/2016 0:00	11/21/2016 7:48	11/7/2016 0:00	11/21/2016 7:48	343:48	343:48	Major boiler overhaul planned extension
	S	1/9/2017 14:25	1/10/2017 13:47	1/9/2017 14:25	1/10/2017 13:47	23:22	23:22	Condenser Tube Leak
	F			2/25/2017 18:00	2/26/2017 20:49		26:49	Instrumentation - lost communication to flame scanner
	S	3/25/2017 8:55	3/28/2017 19:48	3/25/2017 8:55	3/28/2017 19:48	82:53	82:53	Air heater wash
	F			3/30/2017 14:49	4/2/2017 8:34		65:45	Generator protection relay trip
Trimble County Unit 1 - Coal - 370 MW	F			11/3/2016 4:46	11/3/2016 17:59		13:13	Boiler circulating water pump (BCWP) Control System - Component failure and repair
In-service December 1990	F			11/26/2016 6:03	11/26/2016 15:44		9:41	Induced Draft (ID) controls failure and repair
75% ownership share of 493 MW	S	4/1/2017 0:00	4/9/2017 15:00	4/12/2017 2:42	4/15/2017 10:42	207:00	80:00	Air heater wash
	F			4/16/2017 21:04	4/18/2017 12:48		39:44	Boiler waterwall tube leak
	F			4/27/2017 17:56	4/30/2017 11:29		65:33	Boiler waterwall tube leak

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

Louisville Gas & Electric Company
November 2016 through April 2017

Unit and Outage Type (F=Forced; S=Scheduled)	Scheduled		Actual*		HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE	
	FROM	TO	FROM	TO	Scheduled	Actual*		
Trimble County Unit 2 - Coal - 549 MW	S	1/12/2017 5:43	1/15/2017 6:31	1/12/2017 5:43	1/15/2017 6:31	72:48	72:48	Air heater wash
In-service January 2011	F			2/14/2017 14:38	2/17/2017 2:05		59:27	Bottom ash conveyor cleaning
75% ownership share of 732 MW jointly owned with KU	F			2/21/2017 22:30	2/25/2017 23:32		97:02	Excitation transformer failure and replacement
	S	2/25/2017 0:00	4/2/2017 15:00	2/25/2017 23:32	4/3/2017 0:00	879:00	864:28	Major boiler overhaul
	S	4/3/2017 0:00	4/9/2017 23:46	4/3/2017 0:00	4/9/2017 23:46	167:46	167:46	Major boiler overhaul planned extension
	F			4/26/2017 18:30	5/3/2017 17:01		166:31	Boiler superheater tube leak
Cane Run Unit 7 - Gas CC - 662 MW	S	10/29/2016 0:00	11/20/2016 15:00	10/29/2016 0:03	11/18/2016 23:24	543:00	503:21	Heat Recovery Steam Generator (HRSG) inspection, Combustion turbine borescope inspection
In-service June 2015	S	1/13/2017 23:08	2/6/2017 8:21	1/13/2017 23:08	2/6/2017 8:21	561:13	561:13	HRSG Hot Reheat (HRH) bypass valve
Jointly owned with KU	F			2/13/2017 13:18	2/15/2017 8:30		43:12	HRSG HRH bypass valve
	S	2/15/2017 8:30	2/17/2017 17:03	2/15/2017 8:30	2/17/2017 17:03	56:33	56:33	HRSG HRH bypass valve
	S	2/17/2017 17:03	3/9/2017 15:47	2/17/2017 17:03	3/9/2017 15:47	478:44	478:44	HRSG steam isolation valve
E. W. Brown Unit 5 - Gas CT - 130 MW	S	1/12/2017 7:02	1/12/2017 13:52	1/12/2017 7:02	1/12/2017 13:52	6:50	6:50	Instrumentation - lube oil system calibration
In-service June 2001	S	1/24/2017 6:55	1/24/2017 18:51	1/24/2017 6:55	1/24/2017 18:51	11:56	11:56	Instrumentation - gas fuel system repair/calibration
Jointly owned with KU	F			3/18/2017 16:24	3/19/2017 7:13		14:49	Instrumentation - lost communication to vibration monitoring
E. W. Brown Unit 6 - Gas CT - 146 MW	S	12/7/2016 7:00	12/7/2016 14:33	12/7/2016 7:00	12/7/2016 14:33	7:33	7:33	Instrumentation - calibrate gas flow transmitter
In-service August 1999	S	1/16/2017 7:30	1/16/2017 14:33	1/16/2017 7:30	1/16/2017 14:33	7:03	7:03	Automatic voltage regulator (AVR) routine maintenance
Jointly owned with KU								
E. W. Brown Unit 7 - Gas CT - 146 MW	S	11/16/2016 6:37	11/17/2016 13:01	11/16/2016 6:37	11/17/2016 13:01	30:24	30:24	Cooler gasket replacement
In-service August 1999	S	1/3/2017 7:19	1/3/2017 17:23	1/3/2017 7:19	1/3/2017 17:23	10:04	10:04	AVR routine maintenance
Jointly owned with KU	S	3/22/2017 6:57	3/22/2017 13:55	3/22/2017 6:57	3/22/2017 13:55	6:58	6:58	AVR maintenance
Cane Run Unit 11 - Gas CT - 14 MW	S	11/29/2016 7:00	12/1/2016 15:05	11/29/2016 7:00	12/1/2016 15:05	56:05	56:05	Control system relocation
In-service June 1968	F			12/6/2016 10:55	12/14/2016 12:49		193:54	Instrumentation - replacement and upgrade
Paddys Run Unit 11 - Gas CT - 12 MW	S	10/29/2016 0:00	11/13/2016 15:00	10/24/2016 5:30	11/14/2016 0:00	375:00	498:30	High pressure gas line connection outage
In-service June 1968	S	10/29/2016 0:00	11/13/2016 15:00	11/14/2016 0:00	12/14/2016 18:19	375:00	738:19	High pressure gas line connection outage
	F			12/14/2016 18:22	12/15/2016 13:14		18:52	Trip during high pressure gas line connection testing
	S	3/28/2017 7:19	3/29/2017 5:30	3/28/2017 7:19	3/29/2017 5:30	22:11	22:11	Starting system - diesel annual maintenance

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

Louisville Gas & Electric Company
November 2016 through April 2017

Unit and Outage Type (F=Forced; S=Scheduled)	Scheduled		Actual*		HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE	
	FROM	TO	FROM	TO	Scheduled	Actual*		
Paddys Run Unit 12 - Gas CT - 23 MW	S	10/29/2016 0:00	11/13/2016 15:00	10/24/2016 5:30	11/14/2016 0:00	375:00	498:30	High pressure gas line connection outage
In-service July 1968	S	10/29/2016 0:00	11/13/2016 15:00	11/14/2016 0:00	12/13/2016 15:04	375:00	711:04	High pressure gas line connection outage
	F			12/13/2016 15:05	12/14/2016 15:03		23:58	Trip during high pressure gas line connection testing
Paddys Run Unit 13 - Gas CT - 147 MW	S	10/29/2016 0:00	11/13/2016 15:00	10/24/2016 5:30	11/12/2016 10:11	375:00	460:41	Gas fuel system - connection to new pipeline
In-service June 2001	S	10/29/2016 0:00	11/13/2016 15:00	11/12/2016 14:10	11/13/2016 10:37	375:00	20:27	Gas fuel system - connection to new pipeline testing
Jointly owned with KU	S	10/29/2016 0:00	11/13/2016 15:00	11/13/2016 17:03	11/14/2016 0:00	375:00	6:57	Gas fuel system - connection to new pipeline testing
	S	10/29/2016 0:00	11/13/2016 15:00	11/14/2016 0:00	11/14/2016 11:00	375:00	11:00	Gas fuel system - connection to new pipeline testing
	F			11/30/2016 13:57	12/1/2016 2:15		12:18	Auxiliary instrument transformer repair
	F			1/3/2017 8:50	1/4/2017 16:38		31:48	Seal oil vacuum pump repair
	S	1/20/2017 8:06	1/23/2017 11:35	1/20/2017 8:06	1/23/2017 11:35	75:29	75:29	Transmission outage related to Paddy's Run Station demolition
	S	4/21/2017 0:00	4/24/2017 13:33	4/21/2017 0:00	4/24/2017 13:33	85:33	85:33	Transmission tower relocation related to Paddy's Run Station demolition
Trimble County Unit 5 - Gas CT - 159 MW	F			2/2/2017 15:03	2/3/2017 2:42		11:39	Line breaker air compressor repair
In-service May 2002	F			2/21/2017 12:54	2/21/2017 19:23		6:29	Gas fuel strainer inspection cover gasket repair
Jointly owned with KU	S	3/17/2017 6:18	3/19/2017 12:55	3/17/2017 6:18	3/19/2017 12:55	54:37	54:37	Gas fuel piping line maintenance - common cause with TC5, TC6, and TC7
	S	3/25/2017 0:00	5/7/2017 15:00	3/25/2017 2:00	5/7/2017 17:15	1047:00	1047:15	Hot gas path inspection
Trimble County Unit 6 - Gas CT - 159 MW	F			12/9/2016 9:07	12/9/2016 16:24		7:17	Gas fuel system tuning
In-service May 2002	S	12/12/2016 7:00	12/13/2016 16:05	12/12/2016 7:00	12/13/2016 16:05	33:05	33:05	Gas fuel system valve commissioning
Jointly owned with KU	S	3/17/2017 6:18	3/19/2017 12:55	3/17/2017 6:18	3/19/2017 12:55	54:37	54:37	Gas fuel piping line maintenance - common cause with TC5, TC6, and TC7
	S	4/22/2017 0:00	4/30/2017 15:00	4/22/2017 0:01	5/1/2017 0:00	207:00	215:59	Gas fuel system inspection/maintenance
Trimble County Unit 7 - Gas CT - 159 MW	S	11/19/2016 0:47	11/20/2016 18:43	11/19/2016 0:47	11/20/2016 18:43	41:56	41:56	Borescope inspection and relay testing
In-service June 2004	F			1/5/2017 1:12	1/5/2017 7:54		6:42	345kV breaker hydraulic system inspection
Jointly owned with KU	S	1/24/2017 3:04	1/24/2017 17:34	1/24/2017 3:04	1/24/2017 17:34	14:30	14:30	345kV breaker hydraulic system repair
	S	3/17/2017 6:18	3/19/2017 12:55	3/17/2017 6:18	3/19/2017 12:55	54:37	54:37	Gas fuel piping line maintenance - common cause with TC5, TC6, and TC7
	F			4/7/2017 5:10	4/7/2017 12:49		7:39	Motor Control Center fault
	F			4/7/2017 22:43	4/8/2017 8:34		9:51	Starting system - load commutated inverter - TC 7/TC8 shared equipment

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

Louisville Gas & Electric Company
November 2016 through April 2017

Unit and Outage Type (F=Forced; S=Scheduled)	Scheduled		Actual*		HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE	
	FROM	TO	FROM	TO	Scheduled	Actual*		
Trimble County Unit 8 - Gas CT - 159 MW	S	11/18/2016 0:40	11/20/2016 9:51	11/18/2016 0:40	11/20/2016 9:51	57:11	57:11	Boreoscope inspection
In-service June 2004	S	3/17/2017 8:50	3/19/2017 12:55	3/17/2017 8:50	3/19/2017 12:55	52:05	52:05	Gas fuel piping line maintenance - common cause with TC8, TC9, and TC10
Jointly owned with KU	F			4/7/2017 22:43	4/8/2017 8:34		9:51	Starting system - load commutated inverter - TC 7/TC8 shared equipment
Trimble County Unit 9 - Gas CT - 159 MW	S	12/13/2016 0:25	12/14/2016 17:49	12/13/2016 0:25	12/14/2016 17:49	41:24	41:24	Switchyard bus protection relay maintenance
In-service July 2004	F			1/6/2017 16:47	1/6/2017 23:43		6:56	Starting system - instrumentation repair
Jointly owned with KU	S	3/17/2017 8:50	3/19/2017 12:55	3/17/2017 8:50	3/19/2017 12:55	52:05	52:05	Gas fuel piping line maintenance - common cause with TC8, TC9, and TC10
Trimble County Unit 10 - Gas CT - 159 MW	F			12/23/2016 11:22	12/24/2016 7:17		19:55	Fire protection system repair
In-service July 2004	S	3/17/2017 8:50	3/19/2017 13:06	3/17/2017 8:50	3/19/2017 13:06	52:16	52:16	Gas fuel piping line maintenance - common cause with TC8, TC9, and TC10
Jointly owned with KU								
Zorn Unit 1 - Gas CT - 14 MW	S	4/11/2017 15:45	4/12/2017 16:27	4/11/2017 15:45	4/12/2017 16:27	24:42	24:42	Gas line maintenance
In-service May 1969	S	4/16/2017 12:00	4/20/2017 13:13	4/16/2017 12:00	4/20/2017 13:13	97:13	97:13	Gas line maintenance

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

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 8

Witness: Delbert Billiter

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

- A. NAME/ADDRESS: Alliance Coal, LLC / J12007
1717 South Boulder Av., Suite 400
Tulsa, Oklahoma 74119-4886
- B. PRODUCTION FACILITY:
OPERATOR Hopkins County Coal, Warrior Coal and Webster
County Coal
MINE Seller's Mines
LOCATION Western Kentucky
- C. CONTRACT EXECUTED DATE: December 9, 2011
- D. CONTRACT DURATION: January 1, 2012 – December 31, 2016
- E. CONTRACT AMENDMENTS: Amendment No. 1, effective January 1, 2013.
Determine Base price for 2013 and 2014.
- Amendment No. 2, effective January 1, 2014.
Determine Base price for 2014 and 2015.
- Amendment No. 3, effective January 1, 2015.
Determine Base price for 2015 and 2016.
- Amendment No. 4, effective January 1, 2016.
Determine Base price for 2016.
- F. ANNUAL TONNAGE REQUIREMENTS:
- | | |
|------|----------------|
| 2012 | 3,000,000 tons |
| 2013 | 3,000,000 tons |
| 2014 | 3,000,000 tons |
| 2015 | 3,000,000 tons |
| 2016 | 3,000,000 tons |
- G. ACTUAL TONNAGE RECEIVED:
- | | <u>LG&E</u> | <u>KU</u> |
|-------------------|-----------------|--------------|
| 2012 | 2,877,460 tons | 14,326 tons |
| 2013 | 3,065,353 tons | 0 tons |
| 2014 | 2,942,649 tons | 60,536 tons |
| 2015 | 3,027,379 tons | 0 tons |
| 2016 | 2,509,865 tons | 424,733 tons |
| 2017 ¹ | 80,589 tons | 0 tons |
- ¹carryover tonnage

H. PERCENT OF ANNUAL REQUIREMENTS:	2012	96%
	2013	102%
	2014	100%
	2015	101%
	2016	98%
	2017	carryover tonnage
I. BASE PRICE (FOB Railcar/Barge):	2012	- \$47.00 per ton FOB Railcar
	2013	- \$48.00 per ton FOB Railcar
	2014	- \$47.38 per ton FOB Railcar/Barge
	2015	- \$46.88 per ton FOB Railcar/Warrior
	2015	- \$47.13 per ton FOB Railcar/Dotiki
	2016	- \$45.75 per ton FOB Railcar/Warrior
	2016	- \$45.00 per ton FOB Railcar/Dotiki
J. ESCALATIONS TO DATE:		None
K. CURRENT CONTRACT PRICE:		\$45.75 per ton FOB Railcar/Warrior
		\$45.00 per ton FOB Railcar/Dotiki

A. NAME/ADDRESS: Alliance Coal, LLC / J16001B
1717 South Boulder Av., Suite 400
Tulsa, Oklahoma 74119-4886

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

C. CONTRACT EXECUTED DATE: December 29, 2014

D. CONTRACT DURATION: January 1, 2016 – December 31, 2017

E. CONTRACT AMENDMENTS: Amendment No. 1, effective October 10, 2014.
Extend term to December 31, 2017. Increase Base
Quantity tonnage. Update Annual Base Price for
2016 and 2017.

Contract J16001 Assignment from Patriot Coal
Sales to Alliance Coal, LLC.

F. ANNUAL TONNAGE REQUIREMENTS: 2016 960,000 tons
2017 480,000 tons

G. ACTUAL TONNAGE RECEIVED:

	<u>LG&E</u>	<u>KU</u>
2016	756,728 tons	130,145 tons
2017	145,138 tons (through 4/30/17)	0 tons

H. PERCENT OF ANNUAL REQUIREMENTS: 2016 92%
2017 30% (through 4/30/17)

I. BASE PRICE (FOB Barge): 2016 - \$46.69 per ton
2017 - \$48.25 per ton

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$48.25 per ton

A. NAME/ADDRESS: Alliance Coal, LLC / J16004
1717 South Boulder Av., Suite 400
Tulsa, Oklahoma 74119-4886

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

C. CONTRACT EXECUTED DATE: February 9, 2015

D. CONTRACT DURATION: March 1, 2015 – December 31, 2016

E. CONTRACT AMENDMENTS: None

F. ANNUAL TONNAGE REQUIREMENTS: 2016 1,000,000 tons

G. ACTUAL TONNAGE RECEIVED:

	<u>LG&E</u>	<u>KU</u>
2016	812,188 tons	123,719 tons
2017 ¹	62,155 tons	1,620 tons
	¹ carryover tonnage	

H. PERCENT OF ANNUAL REQUIREMENTS:

2016	94%
2017	carryover tonnage

I. BASE PRICE (FOB Barge): 2016 - \$47.67 per ton

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$47.67 per ton

A. NAME/ADDRESS: Alliance Coal, LLC / J16008
1717 South Boulder Av., Suite 400
Tulsa, Oklahoma 74119-4886

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

C. CONTRACT EXECUTED DATE: March 1, 2015

D. CONTRACT DURATION: January 1, 2016 – December 31, 2017

E. CONTRACT AMENDMENTS: Amendment No.1, effective March 1, 2016
Adds FOB Barge Load Point Mount Vernon
Terminal MP 828 Ohio River

Amendment No.2, effective December 2016
Adds FOB Barge Load Point River View Dock MP
843.0 Ohio River

F. ANNUAL TONNAGE REQUIREMENTS: 2016 250,000 tons
2017 250,000 tons

G. ACTUAL TONNAGE RECEIVED:

	<u>LG&E</u>	<u>KU</u>
2016	0 tons	210,306 tons
2017	9,632 tons (through 4/30/17)	116,052 tons

H. PERCENT OF ANNUAL REQUIREMENTS: 2016 84%
2017 50% (through 4/30/17)

I. BASE PRICE (FOB Railcar/Barge): 2016 - \$47.00 per ton FOB Railcar
\$54.50 per ton FOB Barge Mt. Vernon
\$47.00 per ton FOB River View Dock
2017 - \$49.00 per ton FOB Railcar
\$49.00 per ton FOB River View Dock

J. ESCALATIONS TO DATE:

None

K. CURRENT CONTRACT PRICE:

\$49.00 per ton FOB Railcar

\$49.00 per ton FOB Barge River View Dock

A. NAME/ADDRESS: Alliance Coal, LLC / J17002
1717 South Boulder Av., Suite 400
Tulsa, Oklahoma 74119-4886

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

C. CONTRACT EXECUTED DATE: February 19, 2016

D. CONTRACT DURATION: February 19, 2016 – December 31, 2019

E. CONTRACT AMENDMENTS: None

F. ANNUAL TONNAGE REQUIREMENTS:

2017	2,000,000 tons
2018	2,000,000 tons
2019	2,000,000 tons

G. ACTUAL TONNAGE RECEIVED:

	<u>LG&E</u>	<u>KU</u>
2017	380,224 tons (through 4/30/17)	218,055 tons

H. PERCENT OF ANNUAL REQUIREMENTS:

2017	30% (through 4/30/17)
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I. BASE PRICE (FOB Barge):

2017	\$41.00 per ton
2018	\$42.50 per ton
2019	\$44.50 per ton

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$41.00 per ton

A. NAME/ADDRESS:	Alliance Coal, LLC / J17005 1717 South Boulder Av., Suite 400 Tulsa, Oklahoma 74119-4886	
B. PRODUCTION FACILITY: OPERATOR	Warrior Coal, LLC Webster County Coal, LLC	
MINE	Cardinal	
LOCATION	Dotiki Hopkins and Webster Counties, Kentucky	
C. CONTRACT EXECUTED DATE:	November 1, 2016	
D. CONTRACT DURATION:	November 1, 2016 – December 31, 2018	
E. CONTRACT AMENDMENTS:	None	
F. ANNUAL TONNAGE REQUIREMENTS:	2017	500,000 tons
	2018	1,000,000 tons
G. ACTUAL TONNAGE RECEIVED:		
		<u>LG&E</u> <u>KU</u>
	2017	147,947 tons 0 tons (through 4/30/17)
H. PERCENT OF ANNUAL REQUIREMENTS:	2017	30% (through 4/30/17)
I. BASE PRICE (FOB Railcar):	<u>Warrior</u> <u>Loadout</u>	<u>Webster</u> <u>Loadout</u>
	2017 - \$37.50 per ton	\$37.00 per ton
	2018 - \$39.00 per ton	\$38.50 per ton
J. ESCALATIONS TO DATE:	None	
K. CURRENT CONTRACT PRICE:	\$37.50 per ton - Warrior \$37.00 per ton - Webster	

A. NAME/ADDRESS:	Arch Coal Sales Company, Inc. / J16012 1 CityPlace Drive, Suite 300 St. Louis, Missouri 63141		
B. PRODUCTION FACILITY: OPERATOR MINES LOCATION	Thunder Basin Coal Company, LLC Black Thunder Complex Campbell County, Wyoming		
C. CONTRACT EXECUTED DATE:	June 2, 2015		
D. CONTRACT DURATION:	January 1, 2016 - December 31, 2017		
E. CONTRACT AMENDMENTS:	None		
F. ANNUAL TONNAGE REQUIREMENTS:	2016	600,000 tons	
	2017	600,000 tons	
G. ACTUAL TONNAGE: RECEIVED:		<u>LG&E</u>	<u>KU</u>
	2016	0 tons	456,180 tons
	2017	0 tons	183,889 tons
		(through 4/30/17)	
H. PERCENT OF ANNUAL REQUIREMENTS:	2016	76%	
	2017	31% (through 4/30/17)	
I. BASE PRICE (FOB Railcar)	2016	\$11.50 per ton	
	2017	\$12.60 per ton	
J. ESCALATIONS TO DATE:	\$0.00 per ton		
K. CURRENT CONTRACT PRICE:	\$12.60 per ton		

- A. NAME/ADDRESS: Armstrong Coal Sales, LLC / J07032
407 Brown Road
Madisonville, Kentucky 42431
- B. PRODUCTION FACILITY:
OPERATOR Armstrong Coal Company, Inc
MINES Various
LOCATION Muhlenberg County and Ohio County,
Kentucky
- C. CONTRACT EXECUTED DATE: December 20, 2007
- D. CONTRACT DURATION: January 1, 2008 - December 31, 2019
- E. CONTRACT AMENDMENTS: Amendment No. 1, effective July 1, 2008
amending base quantity and modifying
diesel fuel adjustment to include explosives.
- Amendment No. 2, effective December 22, 2009
amending term, base quantity, price and
environmental force majeure.
- Amendment No. 3, effective October 29, 2013
amending term, base quantity, price and payment.
- Assignment and Assumption Agreement dated
August 6, 2015 assigning Agreement from
Armstrong Coal Company, Inc. to Armstrong Coal
Sales, LLC.
- F. ANNUAL TONNAGE REQUIREMENTS:
- | | |
|-------------------|---------------------------|
| 2008 | 600,000 tons |
| 2009 | 2,200,000 tons |
| 2010 | 1,800,000 tons |
| 2011 through 2013 | - 2,100,000 tons per year |
| 2014 through 2016 | - 1,000,000 tons per year |
| 2017 through 2019 | - 700,000 tons per year |

G. ACTUAL TONNAGE: RECEIVED:	<u>LG&E</u>	<u>KU</u>
2008	511,414 tons	82,623 tons
2009	1,530,482 tons	632,077 tons
2010	1,180,206 tons	657,930 tons
2011	993,296 tons	877,219 tons
2012	904,254 tons	1,211,495 tons
2013	838,589 tons	1,431,403 tons
2014	346,954 tons	634,044 tons
2015	312,387 tons	627,074 tons
2016	394,989 tons	667,975 tons
2017	119,895 tons	189,878 tons
	(through 4/30/17)	

H. PERCENT OF ANNUAL REQUIREMENTS:	
2008	99%
2009	98%
2010	102%
2011	89%
2012	101%
2013	108%
2014	98%
2015	94%
2016	106%
2017	41% (through 4/30/17)

I. BASE PRICE (FOB Railcar/Barge)	
2008	Quality 1 - \$27.31 per ton Quality 2 - \$28.30 per ton
2009	Quality 1 - \$27.60 per ton Quality 2 - \$28.76 per ton
2010	Quality 1 - \$28.18 per ton Quality 2 - N/A
2011	Quality 1 - \$28.19 per ton Quality 2 - \$29.61 per ton
2012	Quality 1 - \$28.35 per ton Quality 2 - \$29.77 per ton
2013	Quality 1 - \$28.35 per ton Quality 2 - \$29.77 per ton

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

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

C. CONTRACT EXECUTED DATE: December 12, 2012

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

E. CONTRACT AMENDMENTS: Amendment No. 1, effective October 29, 2013
amending base quantity and price.

Assignment and Assumption Agreement dated
August 6, 2015 assigning Agreement from
Armstrong Coal Company, Inc. to Armstrong Coal
Sales, LLC.

F. ANNUAL TONNAGE REQUIREMENTS:

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

G. ACTUAL TONNAGE RECEIVED:

	<u>LG&E</u>	<u>KU</u>
2014	647,205 tons	579,440 tons
2015	323,703 tons	861,959 tons
2016	400,149 tons	318,078 tons
2017	181,482 tons (through 4/30/17)	0 tons

H. PERCENT OF ANNUAL REQUIREMENTS:

2014	94%
2015	88%
2016	144%
2017	36% (through 4/30/17)

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I. BASE PRICE (FOB Railcar/Barge)	<u>Railcar</u>	<u>Barge</u>
	2014 \$44.60 per ton	\$45.60 per ton
	2015 \$46.01 per ton	\$47.01 per ton
	2016 \$46.75 per ton	\$47.75 per ton
	2017 \$47.90 per ton	\$48.90 per ton
J. ESCALATIONS TO DATE:	<u>Railcar/Barge</u>	
	-\$5.22 per ton	
K. CURRENT CONTRACT PRICE:	<u>Railcar</u>	<u>Barge</u>
	\$42.68 per ton	\$43.68 per ton

A. NAME/ADDRESS: Armstrong Coal Sales, LLC / J14010
407 Brown Road
Madisonville, Kentucky 42431

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

C. CONTRACT EXECUTED DATE: December 12, 2012

D. CONTRACT DURATION: January 1, 2014 - December 31, 2019

E. CONTRACT AMENDMENTS: Assignment and Assumption Agreement dated August 6, 2015 assigning Agreement from Armstrong Coal Company, Inc. to Armstrong Coal Sales, LLC.

F. ANNUAL TONNAGE REQUIREMENTS:

2014	100,000 tons
2015	100,000 tons
2016	100,000 tons
2017	100,000 tons
2018	100,000 tons
2019	100,000 tons

G. ACTUAL TONNAGE RECEIVED:

	<u>LG&E</u>	<u>KU</u>
2014	38,628 tons	59,303 tons
2015	28,826 tons	75,097 tons
2016	14,332 tons	78,492 tons
2017	32,085 tons	27,174 tons
	(through 4/30/17)	

H. PERCENT OF ANNUAL REQUIREMENTS:

2014	98%
2015	104%
2016	93%
2017	59% (through 4/30/17)

I. BASE PRICE (FOB Barge/Railcar)	2014	\$40.00 per ton
	2015	\$41.00 per ton
	2016	\$42.00 per ton
	2017	\$43.00 per ton
	2018	\$44.00 per ton
	2019	\$45.00 per ton

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$43.00 per ton

A. NAME/ADDRESS:	Armstrong Coal Sales, LLC / J16003 407 Brown Road Madisonville, Kentucky 42431	
B. PRODUCTION FACILITY: OPERATOR MINES LOCATION	Armstrong Coal Company, Inc. Various Muhlenberg County and Ohio County, Kentucky	
C. CONTRACT EXECUTED DATE:	September 8, 2014	
D. CONTRACT DURATION:	January 1, 2016 - December 31, 2017	
E. CONTRACT AMENDMENTS:	Assignment and Assumption Agreement dated August 6, 2015 assigning Agreement from Armstrong Coal Company, Inc. to Armstrong Coal Sales, LLC.	
F. ANNUAL TONNAGE REQUIREMENTS:	2016	1,000,000 tons
	2017	1,000,000 tons
G. ACTUAL TONNAGE RECEIVED:		
		<u>LG&E</u> <u>KU</u>
	2016	433,950 tons 501,776 tons
	2017	267,331 tons 139,362 tons (through 4/30/17)
H. PERCENT OF ANNUAL REQUIREMENTS:	2016	94%
	2017	41% (through 4/30/17)
I. BASE PRICE (FOB Barge/Railcar)	2016	\$42.80 per ton
	2017	\$44.00 per ton
J. ESCALATIONS TO DATE:	-\$5.30 per ton	
K. CURRENT CONTRACT PRICE:	\$38.70 per ton	

A. NAME/ADDRESS: Armstrong Coal Sales, LLC / J16017
407 Brown Road
Madisonville, Kentucky 42431

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

C. CONTRACT EXECUTED DATE: September 16, 2015

D. CONTRACT DURATION: September 1, 2015 - December 31, 2018

E. CONTRACT AMENDMENTS: None

F. ANNUAL TONNAGE REQUIREMENTS:

2016	400,000 tons
2017	720,000 tons
2018	1,000,000 tons

G. ACTUAL TONNAGE RECEIVED:

	<u>LG&E</u>	<u>KU</u>
2016	119,844 tons	252,963 tons
2017	249,053 tons (through 4/30/17)	7,952 tons

H. PERCENT OF ANNUAL REQUIREMENTS:

2016	93%
2017	36% (through 4/30/17)

I. BASE PRICE (FOB Railcar/Barge)

	<u>Railcar</u>	<u>Barge</u>
2016	\$38.25 per ton	\$39.25 per ton
2017	\$39.25 per ton	\$40.25 per ton
2018	\$40.25 per ton	\$41.25 per ton

J. ESCALATIONS TO DATE: Railcar/Barge
-\$2.23 per ton

K. CURRENT CONTRACT PRICE: Railcar Barge
\$37.02 per ton \$38.02 per ton

A. NAME/ADDRESS: Contura Coal Sales, LLC / J17001
340 Martin Luther King Blvd.
Bristol, Tennessee 37620

B. PRODUCTION FACILITY:
OPERATOR Cumberland Coal Resources, LP
MINES Cumberland Mine
LOCATION Greene County, Pennsylvania

C. CONTRACT EXECUTED DATE: March 2, 2016

D. CONTRACT DURATION: February 1, 2016 - December 31, 2017

E. CONTRACT AMENDMENTS: Effective July 26, 2016: Assignment of Alpha Coal Sales Co., LLC agreement J17001 to Contura Coal Sales, LLC

F. ANNUAL TONNAGE REQUIREMENTS: 2017 1,000,000 tons

G. ACTUAL TONNAGE RECEIVED: 2017 LG&E 0 tons KU 215,414 tons
(through 4/30/17)

H. PERCENT OF ANNUAL REQUIREMENTS: 2017 22% (through 4/30/17)

I. BASE PRICE (FOB Barge) 2017 \$38.00 per ton

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$38.00 per ton

A. NAME/ADDRESS:	Eagle River Coal, LLC / J16005 29 West Raymond St. Harrisburg, Illinois 62946		
B. PRODUCTION FACILITY:			
OPERATOR	Eagle River Coal, LLC		
MINES	Eagle River Surface Mine No.1		
LOCATION	Saline County, Illinois		
C. CONTRACT EXECUTED DATE:	November 11, 2014		
D. CONTRACT DURATION:	January 1, 2016 - December 31, 2018		
E. CONTRACT AMENDMENTS:	None		
F. ANNUAL TONNAGE REQUIREMENTS:	2016	300,000 tons	
	2017	420,000 tons	
	2018	420,000 tons	
G. ACTUAL TONNAGE RECEIVED:		<u>LG&E</u>	<u>KU</u>
	2016	123,029 tons	159,811 tons
	2017	5,024 tons	101,308 tons
		(through 4/30/17)	
H. PERCENT OF ANNUAL REQUIREMENTS:	2016	94%	
	2017	25% (through 4/30/17)	
I. BASE PRICE (FOB Barge)	2016	\$48.20 per ton	
	2017	\$49.30 per ton	
	2018	\$52.30 per ton	
J. ESCALATIONS TO DATE:	-\$3.50 per ton		
K. CURRENT CONTRACT PRICE:	\$45.80 per ton		

A. NAME/ADDRESS:	Foresight Coal Sales, LLC / J16009 46226 National Road St. Clairsville, Ohio 43950	
B. PRODUCTION FACILITY: OPERATOR:	Macoupin Energy, LLC Sugar Camp Energy, LLC Hillsboro Energy, LLC Williamson Energy, LLC	
MINES:	Shay Mine No. 1 Deer Run Mine MC#1 Mach #1	
LOCATION:	Macoupin, Montgomery, Williamson and Franklin Counties, Illinois	
C. CONTRACT EXECUTED DATE:	April 23, 2015	
D. CONTRACT DURATION:	April 22, 2015 - December 31, 2016	
E. CONTRACT AMENDMENTS:	None	
F. ANNUAL TONNAGE REQUIREMENTS:	2016 1,000,000 tons	
G. ACTUAL TONNAGE: RECEIVED:	<u>LG&E</u>	<u>KU</u>
	2016 212,637 tons	706,225 tons
	2017 ¹ 12,271 tons	69,244 tons
	¹ carryover tonnage	
H. PERCENT OF ANNUAL REQUIREMENTS:	2016 92%	
	2017 carryover tonnage	
I. BASE PRICE (FOB Barge)	2016 \$40.10 per ton	
J. ESCALATIONS TO DATE:	None	
K. CURRENT CONTRACT PRICE:	\$40.10 per ton	

A. NAME/ADDRESS: Foresight Coal Sales, LLC / J16018
46226 National Road
St. Clairsville, Ohio 43950

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

C. CONTRACT EXECUTED DATE: December 19, 2015

D. CONTRACT DURATION: December 1, 2015 - December 31, 2019

E. CONTRACT AMENDMENTS: None

F. ANNUAL TONNAGE REQUIREMENTS

Total 3,000,000 tons	
<u>Year</u>	<u>Volume Range</u>
2016	0 – 500,000 tons
2017	1,000,000 – 1,500,000 tons
2018	1,000,000 – 1,500,000 tons
2019	0 – 1,000,000 tons

G. ACTUAL TONNAGE RECEIVED:

	<u>LG&E</u>	<u>KU</u>
2016	0 tons	0 tons
2017	242,874 tons	111,528 tons
	(through 4/30/2017)	

H. PERCENT OF ANNUAL REQUIREMENTS:

2016	NA
2017	35%
	(through 4/30/2017 based on 1.0M tons)

I. BASE PRICE: (FOB Barge)

<u>Volume Range (Cumulative)</u>	<u>Base Price</u>
0 – 1,000,000 tons	\$38.95 per ton
1,000,001 – 2,000,000 tons	\$40.45 per ton
2,000,001 – 3,000,000 tons	\$42.35 per ton

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$38.95 per ton

A. NAME/ADDRESS: Kolmar Americas, Inc. / J16019
10 Middle Street, Penthouse
Bridgeport, Connecticut 06851

B. PRODUCTION FACILITY:
OPERATOR Chafin Branch Coal Company, LLC
Tams Management, Inc.
MINES Snap Creek No. 1 Surface Mine
Tams No. 1 Surface Mine
LOCATION Logan and Raleigh Counties, West Virginia

C. CONTRACT EXECUTED DATE: November 25, 2015

D. CONTRACT DURATION: January 1, 2016 - December 31, 2016

E. CONTRACT AMENDMENTS: None

F. ANNUAL TONNAGE REQUIREMENTS: 2016 100,000 tons

G. ACTUAL TONNAGE RECEIVED:

	<u>LG&E</u>	<u>KU</u>
2016	40,610 tons	55,794 tons
2017 ¹	0 tons	3,113 tons

¹carryover tonnage

H. PERCENT OF ANNUAL REQUIREMENTS: 2016 96%
2017 carryover tonnage

I. BASE PRICE (FOB Barge) 2016 \$30.15 per ton

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$30.15 per ton

- A. NAME/ADDRESS: Peabody COALSALES, LLC / J16007
701 Market Street
St. Louis, Missouri 63101
- B. PRODUCTION FACILITY:
OPERATOR Peabody Midwest Mining, LLC
Peabody Wild Boar Mining, LLC
MINE Somerville Mine Complex
Wild Boar
LOCATION Warrick & Gibson Counties, Indiana
- C. CONTRACT EXECUTED DATE: April 6, 2015
- D. CONTRACT DURATION: April 1, 2015 – December 31, 2018
- E. CONTRACT AMENDMENTS: Amendment No. 1 effective September 1, 2015
Extend term to December 31, 2018 and add 250K tons to 2016, 750K tons to 2017 and 750K tons to 2018. Added new pricing for 2016 through 2018.
- F. ANNUAL TONNAGE REQUIREMENTS:
- | | |
|------|--------------|
| 2016 | 750,000 tons |
| 2017 | 750,000 tons |
| 2018 | 750,000 tons |
- G. ACTUAL TONNAGE RECEIVED:
- | | <u>LG&E</u> | <u>KU</u> |
|------|------------------------------------|--------------|
| 2016 | 17,804 tons | 690,075 tons |
| 2017 | 57,096 tons
(through 4/30/2017) | 198,068 tons |
- H. PERCENT OF ANNUAL REQUIREMENTS:
- | | |
|------|-------------------------|
| 2016 | 94% |
| 2017 | 34% (through 4/30/2017) |
- I. BASE PRICE: (FOB Barge/Railcar)
- | | |
|------|--|
| 2016 | 1 st 500,000 tons
\$45.75 per ton – FOB Barge Evansville
\$45.75 per ton – FOB Barge Warrick Co.
\$42.75 per ton – FOB Railcar |
| 2016 | Last 250,000 tons
\$40.75 per ton – FOB Barge Evansville
\$40.75 per ton – FOB Barge Warrick Co.
\$37.75 per ton – FOB Railcar |

I. BASE PRICE: (FOB Barge/Railcar)	2017	\$41.75 per ton – FOB Barge Evansville \$41.75 per ton – FOB Barge Warrick Co. \$38.75 per ton – FOB Railcar
	2018	\$42.75 per ton – FOB Barge Evansville \$42.75 per ton – FOB Barge Warrick Co. \$39.75 per ton – FOB Railcar
J. ESCALATIONS TO DATE:		\$0.02 per ton – FOB Barge Evansville \$0.19 per ton – FOB Barge Warrick Co. \$0.19 per ton – FOB Railcar
K. CURRENT CONTRACT PRICE:		\$41.77 per ton – FOB Barge Evansville \$41.94 per ton – FOB Barge Warrick Co. \$38.94 per ton – FOB Railcar

A. NAME/ADDRESS: Peabody COALTRADE, LLC / J16016
701 Market Street
St. Louis, Missouri 63101-1826

B. PRODUCTION FACILITY:
OPERATOR Pritchard Mining Company, Inc.
MINES Four Mile Surface Mine
LOCATION Dry Branch Surface No. 1 Mine
Kanawha County, West Virginia

C. CONTRACT EXECUTED DATE: August 27, 2015

D. CONTRACT DURATION: January 1, 2016 - December 31, 2016

E. CONTRACT AMENDMENTS: None

F. ANNUAL TONNAGE REQUIREMENTS: 2016 120,000 tons

G. ACTUAL TONNAGE RECEIVED:

	<u>LG&E</u>	<u>KU</u>
2016	40,701 tons	49,827 tons
2017 ¹	1,638 tons	19,551 tons
	¹ carryover tonnage	

H. PERCENT OF ANNUAL REQUIREMENTS: 2016 75%
2017 carryover tonnage

I. BASE PRICE (FOB Barge) 2016 \$22.00 per ton

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$22.00 per ton

A. NAME/ADDRESS: Rhino Energy LLC and Pennyrile Energy LLC /
 J14001
 424 Lewis Hargett Circle, Suite 250
 Lexington, Kentucky 40503

B. PRODUCTION FACILITY:
 OPERATOR Pennyrile Energy LLC
 MINE Riveredge Mine
 LOCATION Mclean County, Kentucky

C. CONTRACT EXECUTED DATE: December 11, 2012

D. CONTRACT DURATION: December 10, 2014 - December 31, 2020

E. CONTRACT AMENDMENTS: Amendment No. 1 effective July 1, 2017
 Add tonnage and pricing for 2018 to 2020.
 Amend July 1, 2017 through December 31, 2017
 price. Change monthly quality guarantee for
 moisture and sulfur effective January 1, 2018.

F. ANNUAL TONNAGE REQUIREMENTS:

2014	150,000 tons
2015	800,000 tons
2016	800,000 tons
2017	800,000 tons
2018	400,000 tons
2019	400,000 tons
2020	400,000 tons

G. ACTUAL TONNAGE RECEIVED:

	<u>LG&E</u>	<u>KU</u>
2014	43,582 tons	70,647 tons
2015	121,084 tons	580,770 tons
2016	62,123 tons	822,519 tons
2017	102,373 tons (through 4/30/17)	169,035 tons

H. PERCENT OF ANNUAL REQUIREMENTS:

2014	76%
2015	88%
2016	111%
2017	34% (through 4/30/17)

I. BASE PRICE (FOB Barge):	2014	\$45.25 per ton
	2015	\$46.50 per ton
	2016	\$48.25 per ton
	January 1, 2017 through June 30, 2017	\$50.00 per ton
	July 1, 2017 through December 31, 2017	\$47.00 per ton
	2018	\$37.00 per ton
	2019	\$38.00 per ton
	2020	\$39.00 per ton

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$50.00 per ton

A. NAME/ADDRESS: Sunrise Coal, LLC / J15002B
1183 East Canvasback Drive
Terre Haute, Indiana 47802

B. PRODUCTION FACILITY:
OPERATOR: Sunrise Coal, LLC
MINES: Oaktown Fuels Mine No.1 and No. 2
LOCATION: Knox County, Indiana

C. CONTRACT EXECUTED DATE: December 12, 2016

D. CONTRACT DURATION: December 12, 2016 - December 30, 2017

E. CONTRACT AMENDMENTS: Consent and Assignment and Assumption Agreement dated December 12, 2012. Whereas Triad Mining, LLC assigns Coal Supply Agreement J15002 to Sunrise Coal, LLC.

Amendment No. 1, effective December 12, 2016. Change Source, Rail Delivery Point, Quality, and Price.

F. ANNUAL TONNAGE REQUIREMENTS: 2016 34,870 tons
2017 500,000 tons

G. ACTUAL TONNAGE RECEIVED:

	<u>LG&E</u>	<u>KU</u>
2016	0 tons	33,765 tons
2017	0 tons	127,559 tons
	(through 4/30/17)	

H. PERCENT OF ANNUAL REQUIREMENTS:

2016	97%
2017	26% (through 4/30/17)

I. BASE PRICE: (FOB Railcar)

2016	\$36.31 per ton
2017	\$37.62 per ton

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$37.62 per ton

A. NAME/ADDRESS: The American Coal Company / J16002
46226 National Road
St. Clairsville, Ohio 43950

B. PRODUCTION FACILITY:
OPERATOR: The American Coal Company
MINES: New Era Mine
New Future Mine
LOCATION: Saline County, Illinois

C. CONTRACT EXECUTED DATE: July 22, 2014

D. CONTRACT DURATION: July 1, 2014 - December 31, 2016

E. CONTRACT AMENDMENTS: Amendment No.1 effective January 1, 2016, change FOB Barge Loading Point, weighing and sampling to Sitran Dock MP 817.5 Ohio River.

F. ANNUAL TONNAGE REQUIREMENTS 2016 1,000,000 tons

G. ACTUAL TONNAGE RECEIVED:

	<u>LG&E</u>	<u>KU</u>
2016	349,055 tons	608,638 tons
2017 ¹	12,314 tons	29,805 tons

¹carryover tonnage

H. PERCENT OF ANNUAL REQUIREMENTS:

2016	96%
2017	carryover tonnage

I. BASE PRICE: 2016 \$48.50 per ton

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$48.50 per ton

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- A. NAME/ADDRESS: The American Coal Company / J16006
46226 National Road
St. Clairsville, Ohio 43950
- B. PRODUCTION FACILITY:
- OPERATOR: The American Coal Company
MINES: New Era Mine
New Future Mine
LOCATION: Saline County, Illinois
- MINE: Ohio County Mine
LOCATION: Marshall County, West Virginia
- MINE: Paradise #9 Mine
LOCATION: Muhlenberg, Kentucky
- MINES: Shay #1 Mine, MC #1 Mine, Mach #1 Mine,
Deer Run Mine
LOCATIONS: Macoupin, Franklin, Williamson and
Montgomery Counties, Illinois
- C. CONTRACT EXECUTED DATE: December 19, 2015
- D. CONTRACT DURATION: December 1, 2014 - December 31, 2020
- E. CONTRACT AMENDMENTS: Amendment No.1 effective January 1, 2016, change
FOB Barge Loading Point to Sitran Dock MP 817.5
Ohio River.
- Amendment No. 2 effective September 1, 2016,
reduce FOB Barge Price.
- Amendment No. 3 effective August 1, 2017,
extend term to December 31, 2020,
reduce tonnage to 2.95 million tons,
Add new coal sources and FOB Barge prices,
Change guarantee monthly sulfur specification for
Ohio County Mine.

F. ANNUAL TONNAGE
REQUIREMENTS

<u>Year</u>	
2017	1,000,000 tons
2018	650,000 tons
2019	650,000 tons
2020	650,000 tons

G. ACTUAL TONNAGE:
RECEIVED:

	<u>LG&E</u>	<u>KU</u>
2017	117,554 tons	248,052 tons
	(through 4/30/17)	

H. PERCENT OF ANNUAL
REQUIREMENTS:

2017	37% (through 4/30/17)
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II. BASE PRICE:

New Future Mine (FOB Barge/Sitran Dock)

Jan.1, 2017 through June 5, 2017	\$43.50 per ton
June 6, 2017 through Dec.31, 2017	\$44.00 per ton
2018	\$44.92 per ton
2019	\$45.96 per ton
2020	\$46.85 per ton

Shay #1 Mine, MC #1 Mine, Mach #1 Mine,
Deer Run Mine (FOB Barge/Sitran Dock)

Aug 1, 2017 through Dec 31, 2017	\$38.59 per ton
2018	\$39.60 per ton
2019	\$39.86 per ton
2020	\$40.39 per ton

Ohio County Mine (FOB Barge/Ohio County Dock)

Aug 1, 2017 through Dec 31, 2017	\$37.59 per ton
2018	\$38.60 per ton
2019	\$38.86 per ton
2020	\$39.39 per ton

Paradise #9 Mine (FOB Barge/Island Dock)

Aug 1, 2017 through Dec 31, 2017	\$37.69 per ton
2018	\$38.70 per ton
2019	\$38.96 per ton
2020	\$39.49 per ton

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$43.50 per ton - New Future Mine

A. NAME/ADDRESS: The American Coal Company / J17004
46226 National Road
St. Clairsville, Ohio 43950

B. PRODUCTION FACILITY:

OPERATOR: The American Coal Company

MINES: New Era Mine
New Future Mine

LOCATION: Saline County, Illinois

MINE: Ohio County Mine

LOCATION: Marshall County, West Virginia

MINES: Shay #1 Mine, MC #1 Mine, Mach #1 Mine,
Deer Run Mine

LOCATIONS: Macoupin, Franklin, Williamson and
Montgomery Counties, Illinois

C. CONTRACT EXECUTED DATE: September 1, 2016

D. CONTRACT DURATION: September 1, 2016 - December 31, 2022

E. CONTRACT AMENDMENTS: Amendment No. 1 effective August 1, 2017,
Add new coal sources and prices.

F. ANNUAL TONNAGE REQUIREMENTS

Total 7,000,000 tons	
<u>Year</u>	<u>Volume Range</u>
2017	0 – 500,000 tons
2018	750,000 – 1,250,000 tons
2019	750,000 – 1,250,000 tons
2020	1,750,000 – 2,250,000 tons
2021	1,750,000 – 2,250,000 tons
2022	0 – 2,000,000 tons

G. ACTUAL TONNAGE RECEIVED:

	<u>LG&E</u>	<u>KU</u>
2017	0 tons	0 tons

H. PERCENT OF ANNUAL REQUIREMENTS:

2017	NA
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I. BASE PRICE: (FOB Barge)

Sitran Dock	
<u>Volume Range (Cumulative)</u>	<u>Base Price</u>
0 – 1,000,000 tons	\$34.20 per ton
1,000,001 – 2,000,000 tons	\$36.50 per ton
2,000,001 – 3,000,000 tons	\$38.70 per ton
3,000,001 – 4,000,000 tons	\$40.90 per ton
4,000,001 – 5,000,000 tons	\$43.40 per ton
5,000,001 – 7,000,000 tons	\$45.15 per ton

Ohio County Dock	
<u>Volume Range (Cumulative)</u>	<u>Base Price</u>
0 – 1,000,000 tons	\$33.20 per ton
1,000,001 – 2,000,000 tons	\$35.50 per ton
2,000,001 – 3,000,000 tons	\$37.70 per ton
3,000,001 – 4,000,000 tons	\$39.90 per ton
4,000,001 – 5,000,000 tons	\$42.40 per ton
5,000,001 – 7,000,000 tons	\$44.15 per ton

J. ESCALATIONS TO DATE: None

K. CURRENT CONTRACT PRICE: \$34.20 per ton - Sitran Dock
\$33.20 per ton - Ohio County Dock

A. NAME/ADDRESS: Triad Mining, LLC / J15002
3228 Summit Square Place, Suite 180
Lexington, Kentucky 40509

B. PRODUCTION FACILITY:
OPERATOR: Triad Mining, LLC
MINES: Log Creek
LOCATION: Pike County, Indiana

C. CONTRACT EXECUTED DATE: January 23, 2015

D. CONTRACT DURATION: January 1, 2015 - December 30, 2017

E. CONTRACT AMENDMENTS: October 18, 2016 letter; memorialize tonnage assignment of 22,000 tons on PO K16035/Sunrise Coal, LLC for test. Tonnage counts towards 2016 commitment.

Consent and Assignment and Assumption Agreement dated December 12, 2012. Whereas Triad Mining, LLC assigns Coal Supply Agreement J15002 to Sunrise Coal, LLC.

F. ANNUAL TONNAGE REQUIREMENTS:

2015	360,000 tons
2016	443,130 tons (56,870 tons assigned to Sunrise Coal, LLC under PO K16035 & J15002B)
2017	500,000 tons (tonnage assigned to Sunrise Coal, LLC J15002B)

G. ACTUAL TONNAGE RECEIVED:

	<u>LG&E</u>	<u>KU</u>
2015	0 tons	362,200 tons
2016	0 tons	441,618 tons

H. PERCENT OF ANNUAL REQUIREMENTS:

2015	101%
2016	100%

I. BASE PRICE: (FOB Railcar)

2015	\$44.00 per ton
2016	\$46.00 per ton

J. ESCALATIONS TO DATE: -\$3.34 per ton

K. CURRENT CONTRACT PRICE: \$42.66 per ton

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

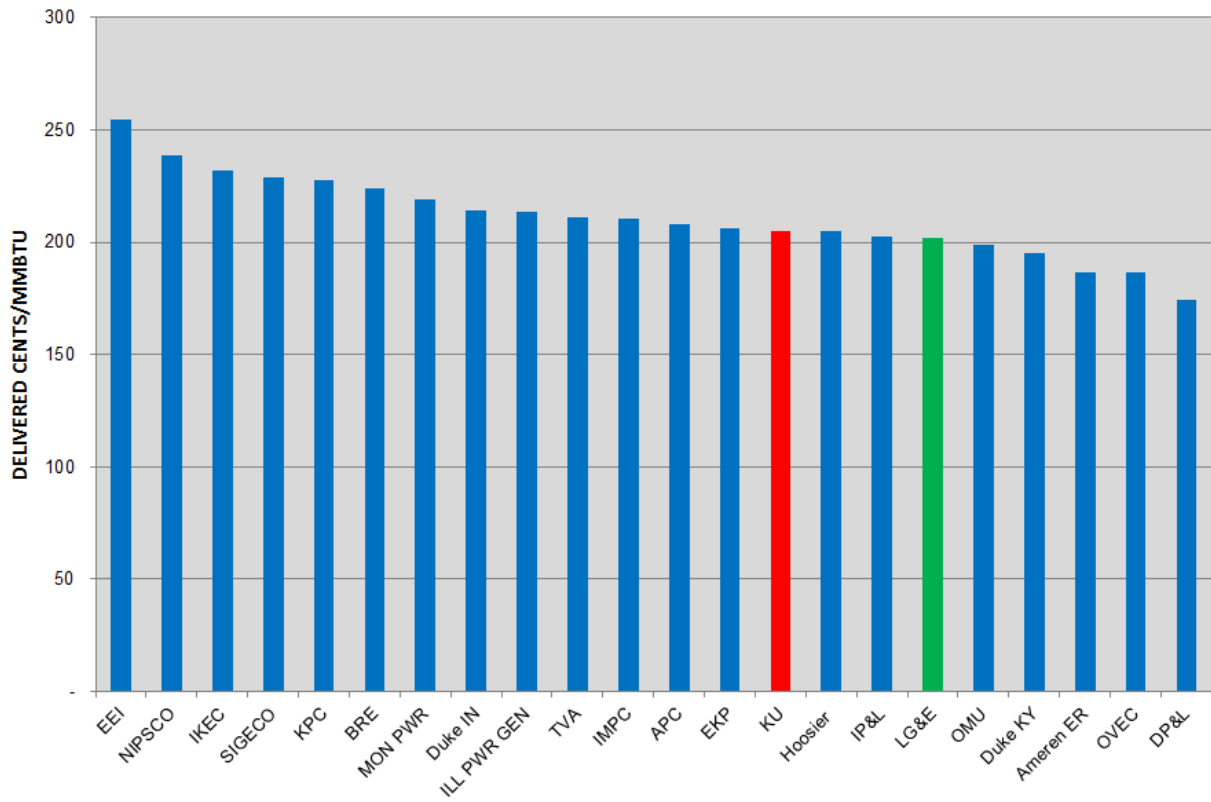
Question No. 9

Witness: Delbert Billiter

- Q-9. a. State whether LG&E regularly compares the price of its coal purchases to those paid by other electric utilities.
- b. If so, state:
- (1) How LG&E's prices compare with those of other utilities. If the comparison includes months outside of the review period, a comparison limited to the review period should be provided separately. Provide a copy of the source documents and calculations used to support the amounts used in the comparison and include all prices used in the comparison in cents per MMbtu.
 - (2) The utilities that are included in this comparison and their locations.
- A-9. a. Yes.
- b. LG&E compares pricing of its coal purchases with neighboring utilities from data that is compiled by the ABB Inc. Ventyx Velocity database from the EIA-923 Power Plant Operations Report. The utilities included in the comparison are shown on the Attachment list found on page 1 and the chart found of page 2 (the supporting data is contained in pages 3 - 6) of the Attachment to this response for the period of November 1, 2016 through April 30, 2017.

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

Utility Price Comparison Nov 16 - Apr 17



Attachment to Response to Question No. 9
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Billiter

DELIVERED PRICE COMPARISON (NOVEMBER 2016 - APRIL 2017)

Plant Operator Name	Reported Source Name	Quantity (000s tons)	Btu/lb	lbsSO2/mmBtu	Ash %	Delivered Fuel Price Cents/mmBtu
AmerenEnergy Resources Generating Co	PEABODY COAL SALES	713	8800	0.45	4.40	198.30
AmerenEnergy Resources Generating Co	ARCH	603	8964	0.49	4.77	173.48
		1,315	8875	0.47	4.57	186.81
Appalachian Power Co	WISE ENERGY GROUPLLC	4,904	12017	1.40	13.73	235.20
Appalachian Power Co	SOUTHERN COAL SALES CORP	58	11583	1.42	13.59	234.87
Appalachian Power Co	SOUTHEASTERN LAND LLC	35	12302	1.18	11.38	268.15
Appalachian Power Co	RWE TRADING AMERICASINC	12	12350	1.49	11.60	257.10
Appalachian Power Co	PRITCHARD MINING	18	12112	1.18	12.15	234.92
Appalachian Power Co	ENGELHART COMMODITIES TRADING	33	12608	0.93	8.89	261.13
Appalachian Power Co	EMERALD INTL CORP	19	11797	2.27	13.03	218.27
Appalachian Power Co	CONTURA ENERGY INC	72	13019	4.63	8.08	222.51
Appalachian Power Co	CONSOLIDATION COAL CO	928	12593	6.43	9.01	198.05
Appalachian Power Co	BLACKHAWK MINING LLC	255	12211	1.41	12.81	244.60
Appalachian Power Co	ARCH	78	12105	1.30	12.43	262.74
Appalachian Power Co	AMERICAN ENERGY	1,268	12642	6.70	9.08	184.68
Appalachian Power Co	ALPHA COAL	826	12072	1.33	12.04	231.38
		3,608	12435	4.60	10.20	208.12
Big Rivers Electric Corp	RHINO ENERGY	142	11362	4.55	8.36	226.29
Big Rivers Electric Corp	PEABODY COAL SALES	167	11058	5.43	8.88	197.87
Big Rivers Electric Corp	KENAMERICA RESOURCES	223	11816	4.78	7.90	219.06
Big Rivers Electric Corp	FORESIGHT COAL SALES	82	10935	6.11	7.45	188.86
Big Rivers Electric Corp	ALLIANCE COAL	510	11870	5.52	8.60	238.56
		1,123	11606	5.28	8.39	223.94
Dayton Power & Light Co (The)	WILLIAMSON ENERGY	376	11980	4.56	7.80	187.63
Dayton Power & Light Co (The)	WILLIAMS	120	11985	4.67	7.80	211.70
Dayton Power & Light Co (The)	WHITE OAK RESOURCES LLC	215	11858	4.52	7.87	193.37
Dayton Power & Light Co (The)	TRAFIGURA	89	11890	4.61	8.37	170.25
Dayton Power & Light Co (The)	MERCURIA	5	11898	4.55	8.20	177.80
Dayton Power & Light Co (The)	FORESIGHT COAL SALES	87	11911	4.66	8.03	183.91
Dayton Power & Light Co (The)	FIRSTENERGY	28	13064	4.61	7.75	162.19
Dayton Power & Light Co (The)	CONTURA ENERGY INC	50	13038	4.69	7.91	178.47
Dayton Power & Light Co (The)	AMERICAN COAL	278	11979	4.65	8.13	146.07
Dayton Power & Light Co (The)	ALLIANCE COAL	748	12238	4.87	8.75	166.19
Dayton Power & Light Co (The)	ALLIANCE	5	11515	5.47	8.30	146.20
		2,001	12097	4.70	8.25	174.17
Duke Energy Indiana	WISE ENERGY GROUPLLC	11	12222	0.93	12.06	221.00
Duke Energy Indiana	WHITE STALLION COALLCC	293	10872	4.62	9.29	185.56
Duke Energy Indiana	SUNRISE COAL SALES	59	11485	5.95	7.92	260.04
Duke Energy Indiana	SOUTHEASTERN LAND LLC	11	12059	1.12	13.21	256.26
Duke Energy Indiana	SOLAR SOURCES	585	11211	4.40	8.16	193.28
Duke Energy Indiana	PEABODY COAL SALES	2,076	11124	4.73	8.78	205.21
Duke Energy Indiana	FOSSIL COALLCC	24	11116	1.57	15.22	204.26
Duke Energy Indiana	EMERALD INTL CORP	3	11638	1.41	9.80	218.00
Duke Energy Indiana	DOMINION	15	11560	0.94	16.67	201.29
Duke Energy Indiana	COECLERICI COAL NETWORK	6	11556	1.30	13.50	208.40
Duke Energy Indiana	BLACKHAWK MINING LLC	46	12007	1.33	13.84	215.19
Duke Energy Indiana	BLACK BEAUTY COAL	125	11596	6.83	7.70	208.80
Duke Energy Indiana	BLACK BEAUTY	756	11628	6.07	7.87	213.54
Duke Energy Indiana	ALPHA COAL	8	12004	1.26	11.92	253.98
Duke Energy Indiana	ALLIANCE COAL	225	11549	2.33	6.84	372.21
		4,242	11269	4.76	8.58	214.14
Duke Energy Kentucky	RIVER VIEW COAL	129	11472	5.11	8.27	224.36
Duke Energy Kentucky	OXFORD MINING CO	26	12008	5.76	11.76	175.10
Duke Energy Kentucky	FORESIGHT COAL SALES	60	11146	5.77	7.66	201.69
Duke Energy Kentucky	CONTURA ENERGY INC	143	13039	4.51	7.95	198.65
Duke Energy Kentucky	CONSOL	144	12855	4.54	7.38	184.85
Duke Energy Kentucky	CENTRAL COAL	17	11198	5.25	8.35	198.90
Duke Energy Kentucky	ARMSTRONG COAL	163	11711	4.64	9.16	191.45
Duke Energy Kentucky	ALLIANCE COAL	133	12583	4.81	9.03	183.42
		815	12207	4.83	8.43	195.45

Attachment to Response to Question No. 9
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Billiter

DELIVERED PRICE COMPARISON (NOVEMBER 2016 - APRIL 2017)

Plant Operator Name	Reported Source Name	Quantity (000s tons)	Btu/lb	lbsSO2/mmBtu	Ash %	Delivered Fuel Price Cents/mmBtu
East Kentucky Power Coop	WHITE OAK RESOURCES LLC	54	11714	4.89	7.95	254.20
East Kentucky Power Coop	WHITE COUNTY COAL	83	11451	5.13	8.38	268.10
East Kentucky Power Coop	WESTERN KENTUCKY MINERALS	13	11355	4.81	8.43	190.83
East Kentucky Power Coop	SUN ENERGY GROUP LLC	34	11152	5.76	11.35	190.08
East Kentucky Power Coop	RIVER VIEW COAL	161	11580	5.04	8.18	239.29
East Kentucky Power Coop	RIVER TRADING	49	11157	4.76	12.10	180.00
East Kentucky Power Coop	PEABODY COAL SALES	66	11064	5.46	8.75	241.49
East Kentucky Power Coop	OXFORD MINING CO	461	11437	6.58	14.29	174.94
East Kentucky Power Coop	NALLY & HAMILTON	30	12371	2.75	12.25	245.54
East Kentucky Power Coop	FORESIGHT COAL SALES	309	11971	4.63	7.87	220.99
East Kentucky Power Coop	BOWIE REFINED COAL	43	11680	4.03	10.82	227.33
East Kentucky Power Coop	B & W RESOURCES	40	11882	1.91	12.24	245.76
East Kentucky Power Coop	B & N COAL	235	11073	7.98	17.19	181.63
East Kentucky Power Coop	ALLIANCE COAL	283	11482	5.13	8.27	201.00
		1,860	11511	5.63	11.20	206.51
Electric Energy Inc	BLACK THUNDER ARCH	272	8788	0.52	4.73	234.40
Electric Energy Inc	BELLAYRE	48	8682	0.51	4.00	218.74
Electric Energy Inc	ANTELOPE	443	8831	0.52	5.39	270.37
		763	8806	0.52	5.06	254.37
Hoosier Energy Rural Electric Coop Inc	SUNRISE COAL SALES	446	11496	5.90	7.84	207.18
Hoosier Energy Rural Electric Coop Inc	PEABODY COAL SALES	409	11163	5.52	9.13	202.65
		855	11337	5.72	8.46	205.05
Illinois Power Generating Co	PEABODY COAL SALES	1,007	8760	0.46	4.44	208.56
Illinois Power Generating Co	CONTURA ENERGY INC	56	8784	0.44	4.40	213.90
Illinois Power Generating Co	BLACK THUNDER WEST	51	8800	0.71	4.57	213.17
Illinois Power Generating Co	BLACK THUNDER ARCH	618	8800	0.51	4.67	222.67
Illinois Power Generating Co	BELLAYRE	349	8740	0.48	4.44	209.59
Illinois Power Generating Co	ANTELOPE	51	8800	0.51	5.40	226.95
		2,133	8771	0.48	4.53	213.52
Indiana Kentucky Electric Corp	RESOURCE FUELS	481	11461	5.15	8.28	263.56
Indiana Kentucky Electric Corp	KNIGHTHAWK	516	11186	5.11	8.25	205.57
Indiana Kentucky Electric Corp	FORESIGHT COAL SALES	50	11448	5.37	7.80	189.67
		1,047	11325	5.14	8.24	231.77
Indiana Michigan Power Co	SOUTHEASTERN LAND LLC	18	12409	1.17	11.12	282.44
Indiana Michigan Power Co	RWE TRADING AMERICASINC	23	11926	1.59	10.72	245.28
Indiana Michigan Power Co	RIVER TRADING	18	12092	1.14	12.90	302.24
Indiana Michigan Power Co	PEABODY COAL SALES	2,026	8770	0.45	4.48	206.93
Indiana Michigan Power Co	NOBLE ENERGY MARKETING	44	12023	1.48	11.35	228.10
Indiana Michigan Power Co	ARCH	393	8940	0.66	5.07	190.60
Indiana Michigan Power Co	ALPHA COAL	127	12093	1.36	12.01	263.71
		2,648	9082	0.56	5.20	210.59
Indianapolis Power & Light	WHITE STALLION COALLLC	36	11520	5.71	7.60	167.20
Indianapolis Power & Light	VIGO COAL	20	11580	5.70	7.20	166.30
Indianapolis Power & Light	SUNRISE COAL SALES	467	11594	5.68	7.95	212.24
Indianapolis Power & Light	SOLAR SOURCES	433	11283	4.91	8.50	168.31
Indianapolis Power & Light	COALSALES LLC	417	11136	5.34	8.27	213.59
Indianapolis Power & Light	COAL SALES	540	11199	5.30	8.24	216.50
Indianapolis Power & Light	ALLIANCE COAL	264	11558	2.45	6.83	205.62
		2,177	11341	4.98	8.05	202.84
Kentucky Power Co	SOUTHEASTERN LAND LLC	50	12361	1.17	10.74	268.87
Kentucky Power Co	SEMINOLE	31	12221	1.36	12.91	238.30
Kentucky Power Co	RIVER TRADING	28	12023	1.53	11.06	283.98
Kentucky Power Co	NOBLE ENERGY MARKETING	58	12341	1.32	9.41	228.94
Kentucky Power Co	GOLDEN EAGLE INC	13	11964	1.52	10.90	253.49
Kentucky Power Co	EMBER ENERGY	25	12039	1.46	9.90	233.97
Kentucky Power Co	CONSOLIDATION COAL CO	507	12692	6.53	9.04	198.37
Kentucky Power Co	COECLERICI COAL NETWORK	7	11788	1.71	11.60	255.60
Kentucky Power Co	ALPHA COAL	402	12093	1.33	12.09	254.61
		1,121	12386	3.69	10.45	227.65

Attachment to Response to Question No. 9
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Billiter

DELIVERED PRICE COMPARISON (NOVEMBER 2016 - APRIL 2017)

Plant Operator Name	Reported Source Name	Quantity (000s tons)	Btu/lb	lbsSO2/mmBtu	Ash %	Delivered Fuel Price Cents/mmBtu
Kentucky Utilities Co	TRIAD	11	11775	6.73	8.20	259.20
Kentucky Utilities Co	SUNRISE COAL SALES	131	11507	5.88	7.60	259.47
Kentucky Utilities Co	RHINO ENERGY	319	11345	4.57	8.35	232.45
Kentucky Utilities Co	PEABODY COAL TRADE	16	9406	1.20	28.98	150.06
Kentucky Utilities Co	KOLMAR AMERICAS INC	11	9699	1.55	24.38	173.83
Kentucky Utilities Co	FORESIGHT COAL SALES	278	12481	4.76	8.56	195.45
Kentucky Utilities Co	EAGLE RIVER COAL	103	12694	5.11	7.89	200.37
Kentucky Utilities Co	CONTURA ENERGY INC	150	13028	4.58	7.90	181.49
Kentucky Utilities Co	COALSALES LLC	233	11105	5.46	8.59	220.97
Kentucky Utilities Co	ARMSTRONG COAL	514	11270	5.56	10.74	170.85
Kentucky Utilities Co	ARCH COAL SALES	10	11257	2.96	20.44	166.07
Kentucky Utilities Co	AMERICAN COAL	399	12593	5.00	9.15	211.62
Kentucky Utilities Co	ALLIANCE COAL	474	11482	5.07	8.24	213.09
		2,651	11780	5.07	9.11	205.26
Louisville Gas & Electric Co	RHINO ENERGY	71	11329	4.52	8.30	235.34
Louisville Gas & Electric Co	PEABODY COAL TRADE	8	9279	1.01	29.34	154.32
Louisville Gas & Electric Co	KOLMAR AMERICAS INC	9	9566	1.49	25.31	174.44
Louisville Gas & Electric Co	FORESIGHT COAL SALES	183	11891	4.46	7.79	187.47
Louisville Gas & Electric Co	EAGLE RIVER COAL	30	12814	5.05	7.71	194.88
Louisville Gas & Electric Co	COALSALES LLC	41	11042	5.48	8.94	193.85
Louisville Gas & Electric Co	ARMSTRONG COAL	929	11316	5.41	10.05	190.59
Louisville Gas & Electric Co	ARCH COAL SALES	34	9486	1.04	7.87	207.47
Louisville Gas & Electric Co	ARCH	228	8993	0.70	5.39	218.60
Louisville Gas & Electric Co	AMERICAN COAL	108	12105	4.62	8.89	203.66
Louisville Gas & Electric Co	ALLIANCE COAL	1,255	11622	5.38	8.62	209.32
		2,895	11311	4.84	8.87	202.23
Monongahela Power Co	TUNNEL RIDGE LLC	76	12618	4.77	8.92	348.96
Monongahela Power Co	MEPCO OPERATIONS	371	12058	3.93	14.10	222.17
Monongahela Power Co	FIRSTENERGY	389	12862	5.48	8.56	170.65
Monongahela Power Co	CONTURA ENERGY INC	140	13037	4.48	7.88	144.78
Monongahela Power Co	CONSOL	1,958	12666	5.73	11.54	224.97
Monongahela Power Co	AMERICAN ENERGY	1,215	12565	6.89	8.99	217.90
Monongahela Power Co	ALLIANCE COAL	324	12591	4.70	9.00	249.06
		4,473	12610	5.74	10.46	219.29
Northern Indiana Public Service Co	SUNRISE COAL SALES	146	11517	5.73	7.72	234.68
Northern Indiana Public Service Co	PEABODY COAL SALES	270	8796	0.45	4.59	234.00
Northern Indiana Public Service Co	CONSOL	166	12949	4.03	7.48	216.52
Northern Indiana Public Service Co	COALSALES LLC	693	10951	4.96	8.50	264.72
Northern Indiana Public Service Co	ARCH	387	8944	0.64	4.63	219.22
Northern Indiana Public Service Co	ALLIANCE COAL	131	11841	4.26	8.46	198.65
		1,793	10490	3.27	6.92	238.82
Ohio Valley Electric Corp	AMERICAN ENERGY	924	12551	6.75	8.95	186.77

Attachment to Response to Question No. 9
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Billiter

DELIVERED PRICE COMPARISON (NOVEMBER 2016 - APRIL 2017)

Plant Operator Name	Reported Source Name	Quantity (000s tons)	Btu/lb	lbsSO2/mmBtu	Ash %	Delivered Fuel Price Cents/mmBtu
Owensboro Municipal Utilities	WEST KY MINERALS	97	11308	4.65	8.38	195.00
Owensboro Municipal Utilities	SUN ENERGY GROUP LLC	42	11149	4.83	9.82	195.00
Owensboro Municipal Utilities	PEABODY COAL SALES	89	11203	6.01	9.14	202.42
Owensboro Municipal Utilities	KENAMERICA RESOURCES	24	11801	4.86	8.23	201.08
Owensboro Municipal Utilities	ARMSTRONG	165	11787	4.65	8.88	199.55
		417	11488	4.97	8.88	198.76
Southern Indiana Gas & Electric Co	SUNRISE COAL SALES	659	11522	6.04	7.97	228.60
Tennessee Valley Authority	PEABODY COAL SALES	2,792	9802	1.78	5.69	201.34
Tennessee Valley Authority	KOPPER GLO	35	12897	2.14	8.24	235.35
Tennessee Valley Authority	KENAMERICA RESOURCES	580	11789	4.84	8.15	204.06
Tennessee Valley Authority	FORESIGHT COAL SALES	165	11888	4.57	8.04	221.27
Tennessee Valley Authority	COECLERICI COAL NETWORK	149	8953	0.65	5.02	221.32
Tennessee Valley Authority	CLOUD PEAK	975	8881	0.53	5.41	185.71
Tennessee Valley Authority	BLACKHAWK MINING LLC	58	12376	1.39	9.06	246.08
Tennessee Valley Authority	B & W RESOURCES	22	12269	1.73	9.96	263.25
Tennessee Valley Authority	ARMSTRONG COAL	549	11695	4.54	8.21	243.14
Tennessee Valley Authority	ARCH	2,475	8958	0.69	5.08	191.70
Tennessee Valley Authority	ALPHA COAL	23	12056	1.36	11.65	286.87
Tennessee Valley Authority	ALLIANCE ENERGY	26	11448	5.24	8.30	241.10
Tennessee Valley Authority	ALLIANCE COAL	624	11677	4.72	8.13	252.23
Tennessee Valley Authority	ALLIANCE COAL	635	12574	4.93	6.44	255.68
		9,106	10105	2.17	6.12	211.21

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 10

Witness: Delbert Billiter

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

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

A-10. For the period under review, coal was delivered as follows:

- a. Rail – 35%
- b. Truck – 0%
- c. Barge – 65%

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 11

Witness: Delbert Billiter

- Q-11. a. State LG&E's coal inventory level in tons and in number of days' supply as of April 30, 2017. Provide this information by generating station and in the aggregate.
- b. Describe the criteria used to determine number of days' supply.
- c. Compare LG&E's coal inventory as of April 30, 2017 to its inventory target for that date for each plant and for total inventory.
- d. If actual coal inventory exceeds inventory target by 10 days' supply, state the reasons for excessive inventory.
- e. (1) State whether LG&E expects any significant changes in its current coal inventory target within the next 12 months.
- (2) If so, state the expected change and the reasons for this change.

A-11. a. As of April 30, 2017:

Mill Creek	816,245 Tons; 56 Days	Target 20-41 Days
<u>Trimble County¹</u>	<u>368,809 Tons; 68 Days</u>	<u>Target 21-43 Days</u>
Total	1,185,055 Tons; 56 Days	Target 19-39 Days

¹Trimble County coal inventory includes LG&E's allocated ownership of both high sulfur coal, which is used in Unit 1 and Unit 2, and PRB coal, which is used only in Unit 2. The days in inventory and target range are calculated on a combined basis regardless of ownership.

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

Upper and lower days of inventory targets were established for each plant taking into consideration the plant's operating parameters. Each plant's "least cost" inventory range is established annually during the planning process taking into account the risk of coal delivery disruptions, potential coal burn volatility, procurement reaction time for short term coal supply, cost of unserved energy, and current coal and electricity prices.

- c. See (a) above.
- d. A combination of low load and low natural gas prices caused system coal consumption to be lower than budget. Inventory is projected to be within the target range for each plant by the end of 2017.
- e. (1) LG&E does not expect significant changes to its current coal inventory target levels; however, during the Companies' planning cycle minor adjustments may be made to the inventory targets if warranted.

(2) Not applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 12

Witness: Delbert Billiter

- Q-12. a. State whether LG&E has audited any of its coal contracts during the period from November 1, 2016, through April 30, 2017.
- b. If so, for each audited contract:
- (1) Identify the contract;
 - (2) Identify the auditor;
 - (3) State the results of the audit; and
 - (4) Describe the actions that LG&E took as a result of the audit.
- A-12. a. No. LG&E has not conducted any financial audits of coal contracts. LG&E's current coal contracts either contain a fixed price or a portion of the base contract price is adjusted using government published indices to reflect the changes in the cost. These agreements thus do not require audits. LG&E's Manager Fuels Technical Services or LG&E's Mining Engineer conducts scheduled on-site reviews and inspections of the mining operations, scales and sampling systems of each vendor up to twice a year, and likewise may conduct unscheduled visits. Additionally, LG&E employees may visit a vendor as needed to address problems and issues at any time.

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

Alliance Coal, LLC in accordance with the provisions of Section 8.3 New Impositions of Agreement J12007, requested a price increase for calendar year 2016. The Parties agreed to a settlement. A copy of the Settlement Agreement effective March 25, 2016

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

Alliance Coal, LLC in accordance with the provisions of Section 8.4 New Impositions of Agreements J16008, J16004 and J16001, requested price increases for calendar year 2016. The Parties agreed to a settlement. A copy of the Settlement Agreement effective March 25, 2016 is being filed with the Commission under seal pursuant to a Petition for Confidential Protection.

- b. Not applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 13

Witness: Derek Rahn

- Q-13. a. State whether LG&E has received any customer complaints regarding its FAC during the period from November 1, 2016, through April 30, 2017.
- b. If so, for each complaint, state:
- (1) The nature of the complaint; and
 - (2) LG&E's response.
- A-13. a. No.
- b. Not applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 14

Witness: Delbert Billiter

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

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 15

Witness: Delbert Billiter / Charles R. Schram

- Q-15. a. During the period from November 1, 2016, through April 30, 2017, have there been any changes to LG&E's written policies and procedures regarding its fuel procurement?
- b. If yes:
- (1) Describe the changes;
 - (2) Provide the written policies and procedures as changed;
 - (3) State the date(s) the changes were made; and
 - (4) Explain why the changes were made.
- c. If no, provide the date LG&E's current fuel procurement policies and procedures were last changed, when they were last provided to the Commission, and identify the proceeding in which they were provided.
- A-15. a. The Corporate Fuels and By-Products Procurement Procedures were updated during the review period. Although no changes were made during the period referenced above to the Power Supply Commodity Policy – Natural Gas Fuel for Generation, this policy was updated on August 1, 2017.
- b. Yes.
- (1) The Corporate Fuels and By-Products Procurement Procedures were updated to reflect changes for reporting relationships Section A 26, Organizational Responsibility Section C. 2, Approval Authority Section C 3 and the signature page. The Power Supply Commodity Policy – Natural Gas Fuel for Generation was updated to reflect changes for reporting relationships under Organizational Responsibilities Section 1.2 and the signature page.

- (2) Attached is an executed copy of the updated Corporate Fuels and By-Products Procurement Procedures effective April 1, 2017 (see Attachment B(2)a) and a redline copy (see Attachment B(2)b) noting the changes. Also attached is an executed copy of the updated Power Supply Commodity Policy – Natural Gas Fuel For Generation effective August 1, 2017 (see Attachment B(2)c) and a redline copy (see Attachment B(2)d) noting the changes.
 - (3) Changes to the Corporate Fuels and By-Product Procurement Procedures were made effective April 1, 2017. Changes made to the Power Supply Commodity Policy – Natural Gas Fuel for Generation were made effective August 1, 2017.
 - (4) See b (1) above.
- c. Not applicable.

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A. Definitions:

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

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

B. Fuel Procurement Procedures:

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

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

C. Organization:

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

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Additional signatures or approvals may be required in accordance with the following Authority Limit Matrix:

Position	Maximum Term	Maximum Tenor	Maximum Notional \$ Amount
Manager LG&E and KU Fuels	1 year	2 years	\$10,000,000
Director, Corporate Fuels and By - Products	1 year	2 years	\$10,000,000
Vice President, Energy Supply and Analysis	3 years	4 years	\$20,000,000
Senior Vice President - Operations	5 years	6 years	\$25,000,000
Chief Financial Officer and President			\$125,000,000
Chief Executive Officer			\$180,000,000
LG&E and KU Energy LLC Investment Committee; LG&E and KU Energy LLC Board			Over \$180,000,000

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

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

6. General Administrative Duties.

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

D. Fuel Supply Procedures:

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

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

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

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

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

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

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

5. Solicitations.

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

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

The RFQ package shall contain the following minimum requirements:

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

Quantity and quality of coal being offered

Bid Price

Length of purchase

Transportation capabilities

Mining capabilities

- Company terms and conditions

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

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

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

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

Supplier's name (from bid)

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Mine name and location (from bid)

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

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

Transportation cost (assigned by the Fuel Administrator)

Calculated total delivered cost (calculated by the Fuel Administrator)

Fuel technical specifications (from bid), such as:

BTU per pound

Sulfur content

Moisture content

Ash content

Chlorine content

Size

Arsenic content

Hardgrove Index

Other technical specifications as appropriate

The bids are secured in the Department area.

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

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

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

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

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

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

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

The following documents must be maintained:

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

E. Agreement Administration:

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

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F. Agreement Enforcement:

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

G. Legal Assistance:

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

H. Inventory Levels:

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

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

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

I. Emergency Procurement:

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

J. Transportation Services:

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

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

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

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

K. Bulk Commodities/Services/Other Fuels:

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

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

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

L. Affiliate Transactions:

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

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

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M. Ethics and Conduct:

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

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

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

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

N. Penalties For Noncompliance:

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

Key Contact: Manager - Fuels Accounting and Administration

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

Administrative Responsibility: Director, Corporate Fuels and By- Products

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

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

Revised effective April 1, 2017.


Louisville Gas and Electric Company

Kentucky Utilities Company

By 

Lonnie Bellar

Senior Vice President - Operations

By 

David Sinclair

Vice President – Energy Supply and Analysis

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A. Definitions:

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

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

B. Fuel Procurement Procedures:

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

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

C. Organization:

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

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

Position	Maximum Term	Maximum Tenor	Maximum Notional \$ Amount
Manager LG&E and KU Fuels	1 year	2 years	\$10,000,000
Director, Corporate Fuels and By - Products	1 year	2 years	\$10,000,000
Vice President, Energy Supply and Analysis	3 years	4 years	\$20,000,000
Chief Operating Officer Senior Vice President - Operations	5 years	6 years	\$25,000,000
Chief Financial Officer and President			\$125,000,000
LG&E and KU Energy LLC, Chief Financial Officer and Chief Executive Officer			\$180,000,000
LG&E and KU Energy LLC Investment Committee; LG&E and KU Energy LLC Board			Over \$180,000,000

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

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(3) A list containing current Suppliers and known potential Suppliers of Fuel.

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

6. General Administrative Duties.

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

D. Fuel Supply Procedures:

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

2. Long-Term/Spot Mix. Subject to the approvals as set forth herein, the Department shall recommend whether a Long-Term (Contract) or Spot Purchase (Purchase Order) is advisable, considering the following factors: (a) the availability of adequate Fuel from qualified Suppliers, (b) the need to have an adequate inventory committed for an existing Unit, changes to an existing Unit, or a planned new Unit, (c) the desire to maintain flexibility to market conditions and other factors affecting price and availability, (d) existing and anticipated Environmental Standards, and (e) such other factors as may reasonably affect the implementation of the Company's Corporate Fuels and By-Products Procurement Procedures.

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

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

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

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Association, the Lexington Coal Exchange, the Coal Institute, the American Coal Council, the National Mining Association, etc.) for new suppliers to add to the supplier list, but also adds new suppliers based upon field inspection visits. If a supplier is identified that is not on the current supplier list, the Department will add the supplier to the list for the next RFQ. Suppliers can be added to the supplier list either by request of the supplier or by the Department.

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

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

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

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

5. Solicitations.

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

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included in the resulting Contract or Purchase Order file describing the conditions.

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

The RFQ package shall contain the following minimum requirements:

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

Quantity and quality of coal being offered

Bid Price

Length of purchase

Transportation capabilities

Mining capabilities

- Company terms and conditions

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

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

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

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

Supplier's name (from bid)

Mine name and location (from bid)

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

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

Transportation cost (assigned by the Fuel Administrator)

Calculated total delivered cost (calculated by the Fuel Administrator)

Fuel technical specifications (from bid), such as:

BTU per pound

Sulfur content

Moisture content

Ash content

Chlorine content

Size

Arsenic content

Hardgrove Index

Other technical specifications as appropriate

The bids are secured in the Department area.

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

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

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Department's Fuel Sole Source Award Recommendation form with appropriate signatures.

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

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

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

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

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

The following documents must be maintained:

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

E. Agreement Administration:

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

Attachment (B)(2)b to Response to Question 15

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5. Inspections. The Director shall cause inspections of mining and other facilities of a Supplier as part of Agreement Administration.

F. Agreement Enforcement:

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

G. Legal Assistance:

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

H. Inventory Levels:

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

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

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

I. Emergency Procurement:

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

J. Transportation Services:

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

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

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

The selections of a transportation Supplier will generally be based upon, but not necessarily limited to, cost, reliability, coal unloading and handling system constraints,

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and other factors. Transportation Service Agreements must be in writing and signed by all parties, unless provided under an approved tariff. The approval procedures set forth in Section C.3 shall be used for the approval of all Transportation Agreements.

K. Bulk Commodities/Services/Other Fuels:

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

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

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

L. Affiliate Transactions:

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

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

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State Corporation Commission, Code of Virginia Title 56 – Chapter 4 and any other applicable affiliate transaction rules.

M. Ethics and Conduct:

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

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

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

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

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

Key Contact: Manager - Fuels Accounting and Administration

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

Administrative Responsibility: Director, Corporate Fuels and By- Products

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

Revised effective ~~August~~April 1, 2015~~7~~.

Louisville Gas and Electric Company

Kentucky Utilities Company

By _____

~~Paul Thompson~~Lonnie Bellar

~~Chief Operating Officer~~Senior Vice President -
Operations

By _____

David Sinclair

Vice President – Energy Supply and Analysis



Power Supply Commodity Policy – Natural Gas Fuel for Generation

Operating Policy for the Power Supply Group

Effective Date – August 1, 2017

Signatures

Power Supply Commodity Policy – Natural Gas Fuel for Generation

Procedure Title

August 1, 2017

Effective Date

Preparer(s) Signatures

7/12/2017

X



Linn Oelker
Manager - Market Compliance
Signed by: Linn Oelker

7/14/2017

X

Duane A. Schrader

Duane Schrader
Manager - Hourly Trading
Signed by: LGETRADER3

Required Approval Signatures

7/17/2017

X

Chuck Schram

Chuck Schram
Director - Power Supply
Signed by: Chuck Schram

7/17/2017

X

David Sinclair

David Sinclair
VP - Energy Supply
Signed by: David Sinclair

7/20/2017

X

Lonnie E Bellar

Lonnie Bellar
Senior Vice President - Operations
Signed by: Lonnie E. Bellar

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Revision History

Version No. 2.0	Effective – August 1, 2017
Summary of Changes	
<ol style="list-style-type: none">1. Moved information classification to the footer2. Updated signatories to reflect organizational changes.	
Version No. 1.0	Effective – February 1, 2016
Summary of Changes	
<ol style="list-style-type: none">1. Initial version.	

Purpose

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

Scope

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

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 1 Organization

1.1 Departmental Structure

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

1.2 Organizational Responsibilities

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

1.3 Commodity Approval Authority

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

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

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

Section 2 Reports

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

Section 3 Records

3.1 Commodity Accounting

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

3.2 Recording of Telephone Calls

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

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

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

3.3 Award Recommendations

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

3.4 Agreements

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

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

Section 4 Optimization Responsibilities

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

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

Section 5 Reserved for Future Use.

Section 6 Short Term Commodity Transactions

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

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

6.1 Natural Gas

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

6.2 Natural Gas Transport

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

Section 7 Long Term Commodity Transactions

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

7.1 Award Recommendation Process

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

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

7.2 Request for Proposal (RFP)

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

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

7.3 Sole sourcing

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

Section 8 Transaction Agreement Enforcement

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

Section 9 Reliability Transactions

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

Section 10 Ethics and Conduct

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

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

Section 11 Affiliate Transactions

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

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

Section 12 Training

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

Individual Responsibilities; Penalties For Noncompliance

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

Key Contacts: Manager - Market Compliance

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

Administrative Responsibility: Director – Power Supply



Power Supply Commodity Policy – Natural Gas Fuel for Generation

Operating Policy for the Power Supply Group

Effective Date – August 1, 2017

Deleted: February

Deleted: 2016

Signatures

Power Supply ~~Commodity~~ Policy – Natural Gas Fuel for Generation

Procedure Title

~~August 1, 2017~~

Effective Date

Deleted: Commodity

Deleted: February

Deleted: 2016

Preparer(s) Signatures

X

Linn Oelker
Manager - Market Compliance

X

Duane Schrader
Manager - Hourly Trading

X

Linn Oelker
Manager - Market Compliance

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X

Duane Schrader
Manager - Hourly Trading

Required Approval Signatures

X

Chuck Schram
Director - Power Supply

X

David Sinclair
VP - Energy Supply

X

Bob Brunner
Director - Power Supply

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X

Lonnie Bellar
Senior Vice President - Operations

X

David Sinclair
VP - Energy Supply

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Section 7 Long Term Commodity Transactions

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- 7.2.1 The Generation Planning department provides projections to the PSG of the Commodities needed for the company's long term planning horizons.
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- 7.3.1 A RFP process may not be appropriate for all Long Term Commodity Transactions. Sole-sourced transactions may be appropriate under any the following circumstances:
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Section 9 Reliability Transactions

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Section 11 Affiliate Transactions

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

Section 12 Training

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

Individual Responsibilities; Penalties For Noncompliance

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Key Contacts: Manager - Market Compliance

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

Administrative Responsibility: Director – Power Supply

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 16

Witness: Delbert Billiter / Charles R. Schram

- Q-16. a. State whether LG&E is aware of any violations of its policies and procedures regarding fuel procurement that occurred prior to or during the period from November 1, 2016, through April 30, 2017.
- b. If so, for each violation:
- (1) Describe the violation;
 - (2) Describe the action(s) that LG&E took upon discovering the violation; and
 - (3) Identify the person(s) who committed the violation.
- A-16. a. No.
- b. Not applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 17

Witness: Delbert Billiter / Charles R. Schram

Q-17. Identify and explain the reasons for all changes in the organizational structure and personnel of the departments or divisions that are responsible for LG&E's fuel procurement activities that occurred during the period from November 1, 2016, through April 30, 2017.

A-17.

a. The Corporate Fuels and By-Products Department:

(1) Mike Dotson, Manager LG&E/KU Fuels, retired April 1, 2017.

(2) Tedra Thomas, Fuels Administrator II, passed away March 31, 2017 and the position is currently vacant.

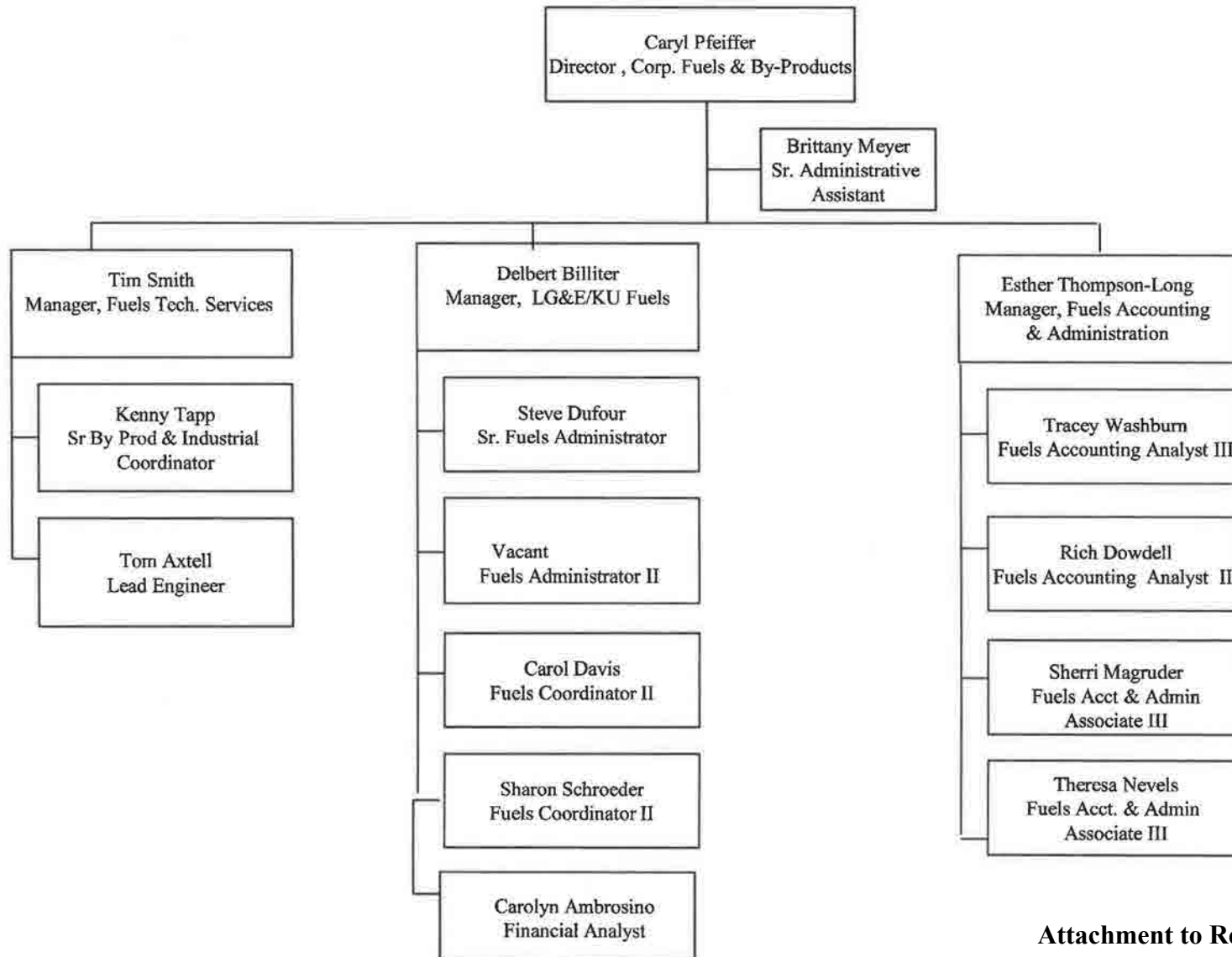
(3) Delbert Billiter moved to Manager LG&E/KU Fuels and the position of Manager Fuels Risk Management was eliminated effective April 1, 2017.

(4) See attached Corporate Fuels and By-Products Organization Chart as of April 2017.

b. The Power Supply department has no organizational or personnel changes to report for this period.

Corporate Fuels and By-Products

April, 2017



LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 18

Witness: Michael P. Drake

- Q-18. a. Identify all changes that LG&E has made during the period under review to its maintenance and operation practices that also affect fuel usage at LG&E's generation facilities.
- b. Describe the impact of these changes on LG&E's fuel usage.
- A-18. a. There have been no maintenance or operation practice changes that affect fuel usage during the period under review.
- b. Not applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 19

Witness: Delbert Billiter

Q-19. List each written coal supply solicitation issued during the period from November 1, 2016, through April 30, 2017.

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

A-19.

a. **SOLICITATION 1**

The final selection of the vendors who responded to the solicitation dated September 20, 2016 were not completed at the time the data responses were filed in Case No. 2017-00004. The requested information for the selected vendors is provided below for coal purchased for the period 2018 - 2020.

Date: September 20, 2016
Contract/Spot: Contract
Quantities: No minimum or maximum specified
Quality: Suitable for KU's Ghent Station and LG&E's Trimble County and Mill Creek Stations
Period: 2018 and beyond - Contract
Generating Units: KU's Ghent Station and LG&E's Trimble County and Mill Creek Stations

- b. Number of vendors sent a solicitation: 123

Number of vendors responded: 14 companies / 23 offers

Selected vendor(s): The vendor(s) selected were based upon the lowest evaluated delivered cost.

High Sulfur Coal - Contract

Knight Hawk Coal, LLC – J18005

Western Kentucky Minerals – J18004

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

a. SOLICITATION 2

Date: March 23, 2017

Contract/Spot: Contract or Spot

Quantities: No minimum or maximum specified

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

Period: October 1, 2017 through September 30, 2018 – Spot
2018 and beyond - Contract

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

b. Number of vendors sent a solicitation: 127

Number of vendors responded: 19 companies / 35 offers

Selected vendor(s): The vendor(s) selected were based upon the lowest evaluated delivered cost.

High Sulfur Coal - Contract

Alliance Coal, LLC – J18009

Rhino Energy, LLC – J14001 / Amendment No. 1

PRB Coal - Contract

Arch Coal Sales Company – J18008

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

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 20

Witness: Delbert Billiter

- Q-20. List each oral coal-supply solicitation issued during the period from November 1, 2016, through April 30, 2017.
- a. For each solicitation, state why the solicitation was not written, the date(s) of the solicitation, the quantities solicited, a general description of the quality of coal solicited, the time period over which deliveries were requested, and the generating unit(s) for which the coal was intended.
 - b. For each solicitation, identify all vendors solicited and the vendor selected. Provide the tabulation sheet or other document that ranks the proposals. (This document should identify all vendors who made offers.) State the reasons for each selection. For each lowest-cost bid not selected, explain why the bid was not selected.
- A-20. LG&E did not issue any oral solicitation.
- a. Not applicable
 - b. Not applicable

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 21

Witness: Derek Rahn

- Q-21. a. List all intersystem sales during the period under review in which LG&E used a third party's transmission system.
- b. For each sale listed above:
- (1) Describe the effect on the FAC calculation of line losses related to intersystem sales when using a third party's transmission system; and
 - (2) State the line-loss factor used for each transaction and describe how that line loss factor was determined.
- A-21. a. There were no inter-system sales from November 1, 2016 through April 30, 2017, which required a third party's transmission system.
- b. Line losses related to inter-system sales are calculated using a loss factor of 0.5% whether the inter-system sale requires a third party transmission system or not. LG&E continues to use a line loss factor of 0.5% to determine the cost of fuel associated with line losses incurred to make an inter-system sale and recovered from such sale consistent with the Commission's June 7, 2013, Amended Order in Case No. 2012-00553.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 22

Witness: Derek Rahn

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

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 23

Witness: Delbert Billiter

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

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

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 24

Witness: Michael P. Drake

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

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated August 30, 2017**

Case No. 2017-00285

Question No. 25

Witness: Derek Rahn

- Q-25. State whether all fuel contracts related to commodity and/or transportation have been filed with the Commission. If any contracts have not been filed, explain why they have not been filed and provide a copy.
- A-25. Yes. All fuel contracts from November 1, 2016 through April 30, 2017 related to commodity and/or transportation have been filed with the Commission.