

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

In the Matter of:

**ELECTRONIC EXAMINATION OF THE)
APPLICATION OF THE FUEL ADJUSTMENT)
CLAUSE OF KENTUCKY UTILITIES) CASE NO. 2018-00020
COMPANY FROM MAY 1, 2017 THROUGH)
OCTOBER 31, 2017)**

**RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO
COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION
DATED MARCH 28, 2018**

FILED: APRIL 4, 2018

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 4~~th~~ day of April 2018.



(SEAL)

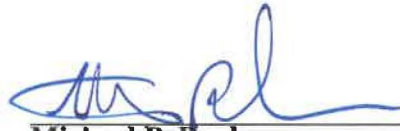
Notary Public

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 4th day of April 2018.



(SEAL)


Notary Public

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

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Derek A. Rahn**, being duly sworn, deposes and says that he is Manager - Revenue Requirement COS 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 A. Rahn

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 31st day of April 2018.



(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 4th day of April 2018.



(SEAL)

Notary Public

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

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Second Request for
Information Dated March 28, 2018**

Case No. 2018-00020

Question No. 1

Witness: Delbert Billiter

- Q-1. Refer to the response to Commission Staff's First Request for Information ("Staff's First Request"), Item 2. This response shows several contracts where the Actual Quantity Received is significantly below the Tonnage Requirement. Explain if KU is concerned that any of the contracts listed will not be able to meet the Tonnage Requirement as set out in the contract.
- A-1. As footnoted at the bottom of the attachment to the response to Staff's First Request Item 2, the Tonnage Requirement is a ratable volume for the period for combined LG&E and KU coal station shipments (because contracts are joint contracts between LG&E and KU) while the Actual Quantity Received is for KU only.

To more accurately assess contract performance the combined LG&E and KU Actual Quantity Received must be compared to the total Tonnage Requirement. See the following attachment that provides the combined LG&E and KU Actual Quantity Received compared to the total Tonnage Requirement for each contract for the period. As this comparison shows, most contracts are at or above their ratable quantity for the period. In addition, at the end of 2017 all but three contracts were at or above their ratable quantity. The three contracts below ratable for 2017 were all above 92% of ratable quantity.

Combined LG&E and KU Coal Purchases (unloaded) under long-term contract						
May 1, 2017 thru October 31, 2017						
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Contract/PO	Supplier	Location of Production Facility	Delivery Method	Actual Quantity Received	Tonnage Requirement*	Current Price** (\$/ton)
J16001B	Alliance Coal LLC	W-KY	Barge	320,462	256,876	\$48.25
J16008	Alliance Coal LLC	IN, W-KY	Barge	132,067	129,395	\$49.00
J17002	Alliance Coal LLC	W-KY	Barge	1,112,842	1,000,000	\$41.00
J17005	Alliance Coal LLC	W-KY	Rail	288,525	250,000	\$37.00
J18009	Alliance Coal LLC	W-KY	Barge	81,866	100,000	\$34.50
J16012	Arch Coal Sales Company Inc.	WY	Barge	313,583	367,097	\$12.60
J07032B	Armstrong Coal Sales	W-KY	Barge, Rail	367,925	367,580	\$28.00
J14004B	Armstrong Coal Sales	W-KY	Barge, Rail	270,656	258,790	\$44.61-B, \$43.61-R
J14010B	Armstrong Coal Sales	W-KY	Barge	33,413	51,758	\$43.00
J16003	Armstrong Coal Sales	W-KY	Barge, Rail	512,614	517,580	\$39.62
J16017	Armstrong Coal Sales	W-KY	Rail	385,110	367,032	\$38.43
J17001	Contura Energy	PA	Barge	130,205	191,859	\$38.00
J16005	Eagle River Coal LLC	IL	Barge	233,475	215,274	\$46.61
J16018	Foresight Coal Sales LLC	IL	Barge	543,062	500,000	\$38.95
J16007	Peabody COALSALES LLC	IN	Barge, Rail	367,356	385,671	\$41.74-B, \$41.77-B, \$38.77-R
J16016	Peabody Coaltrade LLC	WV	Barge	8,111	N/A (carryover)	\$22.00
J14001	Rhino Energy LLC	W-KY	Barge	416,682	414,064	\$47.00
J15002B	Sunrise Coal	IN	Rail	275,530	275,530	\$37.62
J16006	The American Coal Company	IL, WV, W-KY	Barge	502,521	500,000	\$43.50
J18004	Western Ky Minerals, Inc	W-KY	Barge	8,013	7,750	\$38.00
*Tonnage Requirement is a ratable volume for combined LG&E and KU coal station shipments						
**Prices vary by source/transportation type						
Attachment to Response to Question No. 1						
BILLITER						
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KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Second Request for
Information Dated March 28, 2018**

Case No. 2018-00020

Question No. 2

Witness: Charles R. Schram

- Q-2. Refer to the response to Staff's First Request, Item 6. This response lists several natural gas purchases made on a forward basis. Explain if the gas being procured on a forward basis is for KU's Cane Run 7 generating station, KU's combustion turbine peaking units, or both.
- A-2. All natural gas purchases made on a forward basis are procured only for Cane Run 7.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Second Request for
Information Dated March 28, 2018**

Case No. 2018-00020

Question No. 3

Witness: Michael Drake

- Q-3. Refer to the response to Staff's First Request, Item 16. This response shows that Cane Run 7 operated at a 45.4 percent capacity factor for the month of May 2017.
- a. State if this is a typical capacity factor for this unit for this month.
 - b. Given that the response to Staff's First Request, Item 15 shows no outages for Cane Run 7 during the month of May, explain why the unit did not operate more often.
- A-3.
- a. No. See response to part b.
 - b. See the revised attachment to Staff's First Request, Item 15 being filed concurrently that includes outages during the period under review that were inadvertently excluded in the original response dated March 2, 2018. The corrections to Item 15 of Staff's First Request included outages at Cane Run 7, which impacted Cane Run 7's capacity factor for the month of May 2017.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Second Request for
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Case No. 2018-00020

Question No. 4

Witness: Derek A. Rahn / Charles R. Schram

Q-4. Refer to the Testimony of Derek A. Rahn.

- a. Explain under what circumstances KU would call upon a CSR customer to interrupt its load if KU were in the position where it could generate the buy-through power using its own resources.
- b. Explain if the "extra charges received by the company" as discussed on page 2, lines 13-14, is the difference between the Buy-Through Price that is charged to a CSR customer, and the actual price KU pays for natural gas to operate the peaking unit serving the CSR customer's Buy-Through power. If not, list and explain the types of charges that make up the extra charges received by the company.

- A-4.
- a. The Company will consider initiating a buy-through offer when the Automatic Buy-Through Price is greater than the CSR customer's standard rate schedule energy and fuel charges. In accordance with the Company's CSR tariffs, the "Company may [also] request at its sole discretion up to 275 hours of curtailment per year with a buy-through option, whereby Customer may, at its option, choose either to curtail service in accordance with this Rider or to continue to purchase its curtailable requirements by paying the Automatic Buy-Through Price, as set forth below, for all kilowatt hours of curtailable requirements."
 - b. The "extra charges received by the company" and applied to all Kentucky retail customers' fuel adjustment clause monthly adjustment are the difference between the Automatic Buy-Through Price and the CSR customer's standard monthly rate schedule energy and fuel charges applied to the kWh consumed during the buy-through curtailment period. Thus, all Kentucky retail customers benefit through a lower FAC charge when a buy-through is initiated by the Company.

Regarding the "extra charge", it is a separate dollar item on each CSR customer's bill.