

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

In the Matter of:

**ELECTRONIC EXAMINATION OF THE APPLICATION)
OF THE FUEL ADJUSTMENT CLAUSE OF LOUISVILLE) CASE NO.
GAS AND ELECTRIC COMPANY FROM MAY 1, 2017) 2018-00021
THROUGH OCTOBER 31, 2017)**

**RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
INFORMATION REQUESTED IN
APPENDIX OF COMMISSION'S ORDER
DATED FEBRUARY 16, 2018**

FILED: MARCH 2, 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 1st day of March 2018.

 (SEAL)

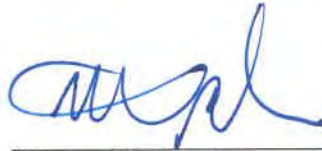
Notary Public

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

VERIFICATION

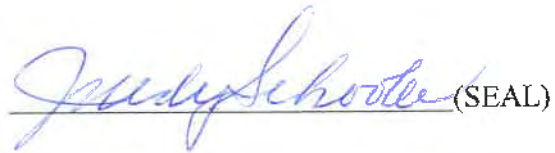
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

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 1st day of March 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 1st day of March 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 1st day of March 2018.



(SEAL)


Notary Public

My Commission Expires:
JUDY SCHUOLER
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 1st day of March 2018.

 (SEAL)

Notary Public

My Commission Expires:
JUDY SCHOOLER
Notary Public, State at Large, KY
My commission expires July 11, 2018
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LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 1

Witness: Delbert Billiter

Q-1. For the period under review, provide the amount of coal purchased in tons, and the percentage of purchases that were spot versus contract.

A-1. During the review period LG&E purchased 3,306,891 tons.

Spot: 1% (17,127 tons)

Contract: 99% (3,289,764 tons)

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 2

Witness: Delbert Billiter

- Q-2. For the period under review, list each coal purchase made under a long-term contract (one year or greater). For each purchase, list:
- a. Contract or purchase order number;
 - b. The supplier's name;
 - c. The location(s) of production facilities from which the coal is sourced;
 - d. The method of delivery, (i.e., barge, truck, rail, other);
 - e. The actual quantity received during the review period;
 - f. The tonnage requirement for the review period; and
 - g. Current price paid per ton.
- A-2. See attached.

LG&E 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	279,815	256,876	\$48.25
J16008	Alliance Coal LLC	IN, W-KY	Barge	3,274	129,395	\$49.00
J17002	Alliance Coal LLC	W-KY	Barge	644,258	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	62,249	100,000	\$34.50
J07032B	Armstrong Coal Sales	W-KY	Barge, Rail	146,248	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	1,583	51,758	\$43.00
J16003	Armstrong Coal Sales	W-KY	Barge, Rail	284,154	517,580	\$39.62
J16017	Armstrong Coal Sales	W-KY	Rail	385,110	367,032	\$38.43
J16005	Eagle River Coal LLC	IL	Barge	24,754	215,274	\$46.61
J16018	Foresight Coal Sales LLC	IL	Barge	356,144	500,000	\$38.95
J16007	Peabody COALSALES LLC	IN	Barge	135,164	385,671	\$41.77
J14001	Rhino Energy LLC	W-KY	Barge	229,166	414,064	\$47.00
J16006	The American Coal Company	IL, WV, W-KY	Barge	178,664	500,000	\$43.50
Notes:						
*Contracts listed are joint contract with LG&E and KU and the 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. 2						
BILLITER						
Page 1 of 1						

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 3

Witness: Delbert Billiter

- Q-3. a. As of the last day of the review period, state the coal inventory level in tons, and in number of days' supply. Provide this information by generating station and in the aggregate.
- b. Describe the criteria used to determine number of days' supply.
- c. State the target coal inventory level for each generating station, and for the total system.
- d. If actual coal inventory exceeds the target inventory by ten days' supply, state the reasons for the excess inventory.
- e. (1) State whether any significant changes in the current coal inventory target are expected within the next 12 months.
- (2) If so, state the expected change, and the reasons for this change.

- A-3. a. As of October 31, 2017:

Mill Creek	732,000 Tons; 50 Days	Target 20-41 Days
Trimble County ¹	232,187 Tons; 44 Days	Target 21-43 Days
Total	964,187 Tons; 46 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. Not applicable.
- 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 February 16, 2018**

Case No. 2018-00021

Question No. 4

Witness: Delbert Billiter

- Q-4. List each written coal-supply solicitation issued during the period under review.
- 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-4. There were no written coal-supply solicitations during the review period.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 5

Witness: Delbert Billiter

- Q-5. List each oral coal-supply solicitation issued during the period under review.
- 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-5. There were no oral coal-supply solicitations during the period under review.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 6

Witness: Charles R. Schram

- Q-6. For the period under review, list each vendor from whom natural gas was purchased for generation and the quantities and the nature of each purchase (i.e., spot or contract).
- A-6. See attached for the list of vendors, associated quantities, and the nature of each natural gas purchase.

<u>Vendor</u>	<u>Type</u> ¹	<u>MMBtu</u>
BP Energy Company	Spot	808,100
CenterPoint Energy Services, Inc.	Spot	42,500
CIMA Energy, LTD	Spot	138,900
Colonial Energy, Inc.	Spot	165,600
ConocoPhillips Company	Spot	11,500
Direct Energy Business Marketing, LLC	Spot	80,093
DTE Energy Trading, Inc.	Spot	36,000
Eco-Energy, LLC	Spot	185,472
EDF Trading North America, LLC	Spot	10,000
Exelon Generation Company, LLC	Spot	928,533
Macquarie Energy, LLC	Spot	5,000
Mercuria Energy America, Inc.	Spot	66,100
NextEra Energy Marketing, LLC	Spot	443,900
NJR Energy Services Company	Spot	189,450
Range Resources - Appalachia, LLC	Spot	87,500
Sequent Energy Management, L.P.	Spot	1,008,400
Shell Energy North America (US), L.P.	Spot	498,993
Spire Marketing Inc.	Spot	308,115
SWN Energy Services Company, LLC	Spot	252,000
Tenaska Marketing Ventures	Spot	7,091,040
Tennessee Valley Authority	Spot	97,000
Twin Eagle Resource Management, LLC	Spot	141,676
Uniper Global Commodities North America LLC_Spot	Spot	558,400
United Energy Trading, LLC	Spot	44,200
Wells Fargo Commodities, LLC	Spot	26,000
LG&E Gas Supply	Special Contract ³	159,670
Columbia Gas of Kentucky, Inc.	GSO Customer ²	2,366
BP Energy Company	Forward	310,000
Macquarie Energy, LLC	Forward	1,529,963
Range Resources - Appalachia, LLC	Forward	918,913
Tenaska Marketing Ventures	Forward	1,220,000
Uniper Global Commodities North America LLC	Forward	300,000
United Energy Trading, LLC	Forward	919,838
	Total Volume	18,585,222

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.

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 February 16, 2018**

Case No. 2018-00021

Question No. 7

Witness: Charles R. Schram

Q-7. For the period under review, state if there were any instances in which a natural gas generating unit could not be operated when it otherwise would have run, due to pipeline constraints or natural gas being unavailable.

A-7. None.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 8

Witness: Delbert Billiter / Charles R. Schram

- Q-8. State if there have been any changes to hedging activities for coal or natural gas purchases used for generation since the previous FAC review proceeding. If so, describe the changes in detail.
- A-8. There have been no changes to the physical hedging practices or guidelines since the previous review proceeding. LG&E does use forward procurement to physically hedge a portion of its projected coal and natural gas requirements. LG&E does not engage in financial hedging activities for its coal or natural gas purchases.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 9

Witness: Delbert Billiter / Charles R. Schram

- Q-9. a. State whether LG&E has audited any of its fuel or transportation contracts during the period under review.
- b. If so, for each audited contract:
- (1) Identify the contract;
 - (2) Identify the auditor and
 - (3) State the results of the audit and describe the actions that LG&E took as a result of the audit.
- A-9. a. No. LG&E has not conducted any financial audits of its fuel or transportation contracts.
- 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.
- b. Not applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 10

Witness: Delbert Billiter / Charles R. Schram

- Q-10. a. State whether LG&E is currently involved in any litigation with its current or former fuel suppliers or transportation vendors.
- b. If yes, for each litigation:
- (1) Identity the supplier or vendor;
 - (2) Identity the 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 tiled.
- c. State the current status of all litigation with suppliers or vendors.
- A-10. a. LG&E is not currently involved in any litigation with its fuel suppliers or transportation vendors.
- b. Not applicable.
- c. Not applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 11

Witness: Delbert Billiter / Charles R. Schram

- Q-11. a. For the period under review, state if there have 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-11. a-c. During the period under review, there were no changes to The Corporate Fuels and By-Products Procurement Procedures for coal. The Corporate Fuels and By-Products Procurement Procedures were last updated April 1, 2017 and were provided to the Commission in Case No. 2017-00285 in response to Question No. 15.

During the period under review, only minor changes reflecting title and organizational changes were made to the Power Supply Commodity Policy – Natural Gas Fuel for Generation. The Power Supply Commodity Policy – Natural Gas Fuel for Generation was executed effective August 1, 2017. A comparison between the previously filed version as well as a clean version of the currently effective policy are attached.



Power Supply Commodity Policy – Natural Gas Fuel for Generation

Operating Policy for the Power Supply Group

Effective Date – ~~August~~February 1, ~~2017~~2016

Signatures




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

Procedure Title



~~August~~**February 1, 2017**


Effective Date



Preparer(s) Signatures


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X 	X Duane A. Schrader
Linn Oelker Manager – Market Compliance Signed by: Linn Oelker	Duane Schrader Manager – Hourly Trading Signed by: Duane Schrader
X _____	X _____
Linn Oelker Manager - Market Compliance	Duane Schrader Manager - Hourly Trading


Required Approval Signatures

 Invalid signature	 Invalid signature
X Bob Brunner	X David Sinclair
Chuck Schram Director - Power Supply Signed by: Bob Brunner	David Sinclair VP - Energy Supply Signed by: David Sinclair
_____	_____

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 Paul Thompson	
Lonnie Bellar Senior Vice President - Operations Signed by: Paul Thompson	Bob Brunner Director - Power Supply


David Sinclair
VP - Energy Supply


Paul Thompson
Chief Operating Officer

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Revision History

Version No. 2.0	Effective – August 1, 2017
<u>Summary of Changes</u> <u>1. Moved information classification to the footer</u> <u>2. Updated signatories to reflect organizational changes.</u>	
Version No. 1.0	Effective – February 1, 2016
<u>Summary of Changes</u> <u>1. Initial version.</u> <u>±</u>	

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Purpose

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

Scope

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

Definitions

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

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

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

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

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

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

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

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

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

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

Individual Contributor – The positions within the PSG of Scheduler and Trader job [familyfamilie](#).

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~~ ~~Chief Operating Officer~~ who has the final responsibility for commercial activities of the PSG. Other Departments may be utilized by the PSG to the extent the Director - Power Supply, Vice President-Energy Supply and Analysis, and ~~Senior Vice President - Operations~~ ~~or Chief Operating Officer~~ consider advisable in the execution of the functions of the group.

1.3 Commodity Approval Authority

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

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

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

Section 2 Reports

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

Section 3 Records

3.1 Commodity Accounting

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

3.2 Recording of Telephone Calls

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

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

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

3.3 Award Recommendations

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

3.4 Agreements

All executed Agreements will be sent to the Company's Contract Administration group who will be responsible for distribution within the Company and ~~maintenancemaintainance~~ 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~~~~protections~~ 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~~~~Tranmission~~ Operator, Balancing Authority, or ~~Reliability~~~~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.

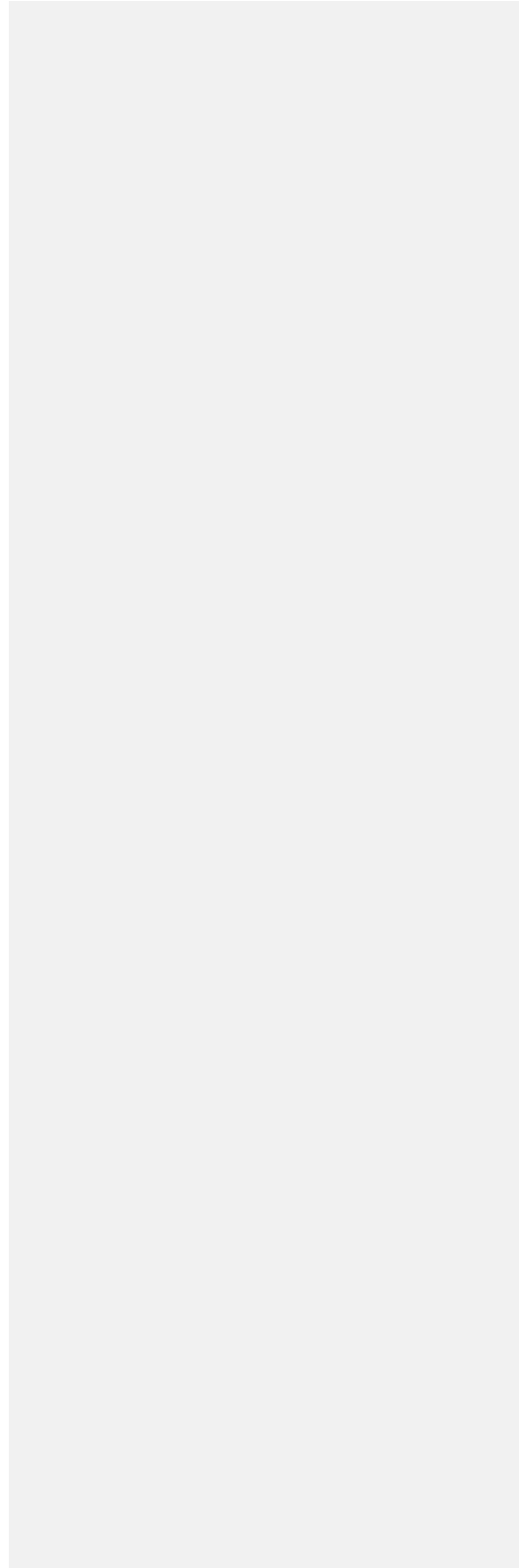
Individual Responsibilities; Penalties For Noncompliance

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



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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	7/14/2017
X 	X Duane A. Schrader
Linn Oelker Manager - Market Compliance Signed by: Linn Oelker	Duane Schrader Manager - Hourly Trading Signed by: LGETRADER3

Required Approval Signatures

7/17/2017	7/17/2017
X Chuck Schram	X David Sinclair
Chuck Schram Director - Power Supply Signed by: Chuck Schram	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.
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- 7.2.4 The RFP shall include at a minimum the following:
 - a. Instructions to Supplier on the submission of the response.
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- 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

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 12

Witness: Stuart Wilson

Q-12. For the period under review, list all firm power commitments 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 (i.e., peaking, emergency).

A-12. a. Firm Purchases

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

Utility	Companies' Amt (MW)	LG&E Portion (MW)	Purpose
OVEC (May 2017)	~ 124	~ 86	Baseload
OVEC (Jun 2017)	~ 154	~ 107	Baseload
OVEC (Jul 2017)	~ 152	~ 105	Baseload
OVEC (Aug 2017)	~ 152	~ 105	Baseload
OVEC (Sep 2017)	~ 150	~ 104	Baseload
OVEC (Oct 2017)	~ 121	~ 84	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 February 16, 2018**

Case No. 2018-00021

Question No. 13

Witness: Derek Rahn

Q-13. Provide a monthly billing summary of sales to all electric utilities for the period under review.

A-13. See attached.



Month Ended: May-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	1,492,000		\$ 32,010.59	\$ 21,315.63	\$ 53,326.22
ETC ENDURE	ETC Economy	31,000		\$ 907.05	\$ 616.63	\$ 1,523.68
ILLINOIS MUNICIPAL ELECTRIC AGENCY	IMEA Economy	5,000		\$ 99.37	\$ 90.00	\$ 189.37
INDIANA MUNICIPAL POWER AGENCY	IMPA Economy	5,000		\$ 101.05	\$ 90.88	\$ 191.93
ENERGY IMBALANCE	IMBL Economy	1,015,000		\$ 28,569.80	\$ 14,025.41	\$ 42,595.21
MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC.	MISO Economy	8,517,000		\$ 187,154.55	\$ 125,194.16	\$ 312,348.71
OWENSBORO MUNICIPAL UTILITIES	OMU Economy	522,000		\$ 8,843.32	\$ 5,890.16	\$ 14,733.48
PJM INTERCONNECTION ASSOCIATION	PJM Economy	10,080,000		\$ 224,602.35	\$ 149,555.16	\$ 374,157.51
TENASKA POWER SERVICES CO.	TPS Economy	44,000		\$ 954.59	\$ 635.81	\$ 1,590.40
TENNESSEE VALLEY AUTHORITY	TVA Economy	10,941,000		\$ 284,642.45	\$ 189,589.94	\$ 474,232.39
WESTAR ENERGY, INC.	WSTR Economy	867,000		\$ 17,233.40	\$ 11,472.91	\$ 28,706.31
KENTUCKY UTILITIES COMPANY	KU Economy	79,533,000		\$ 1,739,488.34	\$ 2,131.49	\$ 1,741,619.83
Total Sales		113,052,000	\$ -	\$ 2,524,606.84	\$ 520,608.20	\$ 3,045,215.04

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



Month Ended: June-30-2017

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	(3,000)		\$ (68.30)	\$ (39.09)	\$ (107.39)
ETC ENDURE	ETC Economy	-		\$ -	\$ (1.37)	\$ (1.37)
ILLINOIS MUNICIPAL ELECTRIC AGENCY	IMEA Economy	39,000		\$ 1,093.70	\$ 331.58	\$ 1,425.28
INDIANA MUNICIPAL POWER AGENCY	IMPA Economy	391,000		\$ 10,891.80	\$ 3,302.88	\$ 14,194.68
ENERGY IMBALANCE	IMBL Economy	433,000		\$ 11,180.92	\$ 3,866.33	\$ 15,047.25
MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.	MISO Economy	489,000		\$ 12,747.15	\$ 2,583.65	\$ 15,330.80
OWENSBORO MUNICIPAL UTILITIES	OMU Economy	(1,000)		\$ (22.77)	\$ (5.80)	\$ (28.57)
PJM INTERCONNECTION ASSOCIATION	PJM Economy	1,735,000		\$ 49,175.19	\$ 14,760.14	\$ 63,935.33
TENASKA POWER SERVICES CO.	TPS Economy	-		\$ -	\$ (0.90)	\$ (0.90)
TENNESSEE VALLEY AUTHORITY	TVA Economy	(22,000)		\$ (500.88)	\$ (449.81)	\$ (950.69)
WESTAR ENERGY, INC.	WSTR Economy	(1,000)		\$ (22.77)	\$ (15.84)	\$ (38.61)
KENTUCKY UTILITIES COMPANY	KU Economy	51,971,000		\$ 1,187,003.85	\$ 390.57	\$ 1,187,394.42
Total Sales		55,031,000	\$ -	\$ 1,271,477.90	\$ 24,722.33	\$ 1,296,200.23

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



Month Ended: July-31-2017

Louisville Gas and Electric Company

Power Transaction Schedule

Company	Type of Transaction	KWH	Billing Components			Total Charges(\$)
			Demand(\$)	Fuel Charges(\$)	Other Charges(\$)	
INDIANA MUNICIPAL POWER AGENCY	IMPA Economy	8,000		\$ 182.20	\$ 83.64	\$ 265.84
ENERGY IMBALANCE	IMBL Economy	370,000		\$ 8,307.00	\$ 3,813.50	\$ 12,120.50
MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.	MISO Economy	30,000		\$ 879.60	\$ 404.02	\$ 1,283.62
PJM INTERCONNECTION ASSOCIATION	PJM Economy	2,132,000		\$ 58,884.07	\$ 27,031.98	\$ 85,916.05
TENNESSEE VALLEY AUTHORITY	TVA Economy	59,000		\$ 1,376.01	\$ 631.69	\$ 2,007.70
KENTUCKY UTILITIES COMPANY	KU Economy	21,358,000		\$ 504,474.84	\$ 593.23	\$ 505,068.07
Total Sales		23,957,000	\$ -	\$ 574,103.72	\$ 32,558.06	\$ 606,661.78

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



Month Ended: August-31-2017

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	152,000		\$ 4,716.89	\$ 1,262.60	\$ 5,979.49
ILLINOIS MUNICIPAL ELECTRIC AGENCY	IMEA Economy	1,000		\$ 46.18	\$ 12.36	\$ 58.54
INDIANA MUNICIPAL POWER AGENCY	IMPA Economy	4,000		\$ 153.30	\$ 41.04	\$ 194.34
ENERGY IMBALANCE	IMBL Economy	174,000		\$ 4,100.84	\$ 1,097.70	\$ 5,198.54
MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.	MISO Economy	-		\$ -	\$ (0.15)	\$ (0.15)
PJM INTERCONNECTION ASSOCIATION	PJM Economy	675,000		\$ 18,038.13	\$ 4,828.41	\$ 22,866.54
KENTUCKY UTILITIES COMPANY	KU Economy	25,846,000		\$ 585,821.94	\$ 381.41	\$ 586,203.35
Total Sales		26,852,000	\$ -	\$ 612,877.28	\$ 7,623.37	\$ 620,500.65

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



Month Ended: September-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						
ETC ENDURE	ETC Economy	107,000		\$ 2,308.95	\$ 2,022.51	\$ 4,331.46
ILLINOIS MUNICIPAL ELECTRIC AGENCY	IMEA Economy	2,000		\$ 29.25	\$ 25.63	\$ 54.88
INDIANA MUNICIPAL POWER AGENCY	IMPA Economy	9,000		\$ 136.23	\$ 119.33	\$ 255.56
ENERGY IMBALANCE	IMBL Economy	378,000		\$ 6,590.11	\$ 5,772.56	\$ 12,362.67
MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.	MISO Economy	2,819,000		\$ 63,558.09	\$ 55,673.14	\$ 119,231.23
PJM INTERCONNECTION ASSOCIATION	PJM Economy	3,091,000		\$ 74,978.71	\$ 65,676.95	\$ 140,655.66
THE ENERGY AUTHORITY	TEA Economy	12,000		\$ 258.27	\$ 226.22	\$ 484.49
WESTAR ENERGY, INC.	WSTR Economy	241,000		\$ 4,525.97	\$ 3,964.48	\$ 8,490.45
KENTUCKY UTILITIES COMPANY	KU Economy	24,956,000		\$ 555,145.56	\$ 2,983.87	\$ 558,129.43
Total Sales		31,615,000	\$ -	\$ 707,531.14	\$ 136,464.69	\$ 843,995.83

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



Month Ended: October-31-2017

Louisville Gas and Electric Company

Power Transaction Schedule

Company	Type of Transaction	KWH	Billing Components			Total Charges(\$)
			Demand(\$)	Fuel Charges(\$)	Other Charges(\$)	
ETC ENDURE	ETC Economy	334,000		\$ 9,454.32	\$ 4,358.78	\$ 13,813.10
ENERGY IMBALANCE	IMBL Economy	440,000		\$ 10,123.03	\$ 4,667.11	\$ 14,790.14
MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.	MISO Economy	7,985,000		\$ 193,636.11	\$ 88,639.17	\$ 282,275.27
PJM INTERCONNECTION ASSOCIATION	PJM Economy	9,060,000		\$ 208,338.63	\$ 96,051.63	\$ 304,390.26
TENNESSEE VALLEY AUTHORITY	TVA Economy	1,463,000		\$ 40,735.12	\$ 18,780.36	\$ 59,515.48
WESTAR ENERGY, INC.	WSTR Economy	641,000		\$ 15,076.87	\$ 6,950.97	\$ 22,027.84
KENTUCKY UTILITIES COMPANY	KU Economy	101,776,000		\$ 2,215,830.96	\$ 1,692.86	\$ 2,217,523.82
Total Sales		121,699,000	\$ -	\$ 2,693,195.04	\$ 221,140.88	\$ 2,914,335.91

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

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 14

Witness: Derek Rahn

Q-14. Describe the effect on the FAC calculation of line losses related to:

- a. intersystem sales when using a third-party transmission system, and
- b. intersystem sales when not using a third-party transmission system.

A-14. a-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. This practice is consistent with the Commission's June 7, 2013, Amended Order in Case No. 2012-00553.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 15

Witness: Michael P. Drake

Q-15. Provide a list, in chronological order, showing by unit, any scheduled, actual, and forced outages for the period under review.

A-15. See attached.

Louisville Gas & Electric Company
May 2017 through October 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 - 303 MW		No outages > or = 6 hours						
In-service August 1972								
Mill Creek Unit 2 - Coal - 301 MW		No outages > or = 6 hours						
In-service July 1974								
Mill Creek Unit 3 - Coal - 391 MW		No outages > or = 6 hours						
In-service August 1978								
Mill Creek Unit 4 - Coal - 477 MW	F		6/27/2017 12:32	6/28/2017 14:01		25:29	Condenser tube leak repair	
In-service September 1982	S	10/28/2017 4:00	11/27/2017 3:59	10/27/2017 23:31	11/26/2017 0:00	719:59	696:29	Minor boiler overhaul
Trimble County Unit 1 - Coal - 383 MW	S	6/9/2017 10:09	6/11/2017 23:41	6/9/2017 10:09	6/11/2017 23:41	61:32	61:32	Boiler waterwall tube leak repair
In-service December 1990	S	6/25/2017 12:09	6/27/2017 21:11	6/25/2017 12:09	6/27/2017 21:11	57:02	57:02	Boiler waterwall tube leak repair
75% ownership share of 511 MW	S	9/23/2017 0:00	11/26/2017 23:59	9/24/2017 1:45	11/25/2017 2:05	1559:59	1488:20	Major turbine overhaul
Trimble County Unit 2 - Coal - 549 MW	F			5/31/2017 13:51	6/4/2017 2:31		84:40	Controls system - loss of boiler feed pump control
In-service January 2011	F			6/4/2017 15:46	6/8/2017 15:18		95:32	Boiler feed pump high vibration
75% ownership share of 732 MW jointly owned with KU	F			7/30/2017 0:53	8/3/2017 19:06		114:13	Boiler waterwall tube leak repair
	F			9/22/2017 23:57	9/23/2017 13:39		13:42	Repair superheat spray valve
Cane Run Unit 7 - Gas CC - 642 MW	S	6/19/2017 8:57	6/22/2017 12:00	6/19/2017 8:57	6/22/2017 12:00	75:03	75:03	Steam valve repair
In-service June 2015	S	9/30/2017 4:00	10/30/2017 3:59	9/29/2017 18:22	10/30/2017 0:00	719:59	725:38	Steam turbine inspection
Jointly owned with KU	S	10/30/2017 0:00	11/17/2017 12:44	10/30/2017 0:00	11/17/2017 12:44	444:44	444:44	Steam turbine inspection extension and repair
E. W. Brown Unit 5 - Gas CT - 112 MW	S	9/23/2017 4:00	11/20/2017 4:59	9/22/2017 9:56	11/14/2017 17:50	1392:59	1279:54	Major overhaul
In-service June 2001								
Jointly owned with KU								
E. W. Brown Unit 6 - Gas CT - 146 MW	S	9/15/2017 6:08	9/15/2017 16:09	9/15/2017 6:08	9/15/2017 16:09	10:01	10:01	Main transformer - testing
In-service August 1999	S	10/12/2017 6:52	10/12/2017 20:14	10/12/2017 6:52	10/12/2017 20:14	13:22	13:22	Circuit breaker - test and repair
Jointly owned with KU	S	10/27/2017 8:15	10/27/2017 20:09	10/27/2017 8:15	10/27/2017 20:09	11:54	11:54	Instrumentation - maintenance

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

Louisville Gas & Electric Company
May 2017 through October 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*		
E. W. Brown Unit 7 - Gas CT - 146 MW	S	9/14/2017 6:33	9/14/2017 16:09	9/14/2017 6:33	9/14/2017 16:09	9:36	9:36	Main transformer - testing
In-service August 1999								
Jointly owned with KU								
Cane Run Unit 11 - Gas CT - 14 MW	S	6/27/2017 5:11	6/27/2017 18:59	6/27/2017 5:11	6/27/2017 18:59	13:48	13:48	Substation construction
In-service June 1968	S	7/5/2017 6:05	7/5/2017 13:44	7/5/2017 6:05	7/5/2017 13:44	7:39	7:39	Substation construction
	F			7/24/2017 10:43	7/25/2017 10:33		23:50	Switchyard system protection devices
	S	7/31/2017 7:15	8/1/2017 18:17	7/31/2017 7:15	8/1/2017 18:17	35:02	35:02	Substation construction
Paddys Run Unit 11 - Gas CT - 12 MW	S	5/31/2017 7:48	6/1/2017 13:42	5/31/2017 7:48	6/1/2017 13:42	29:54	29:54	Generator cooling system maintenance
In-service June 1968	F			7/13/2017 14:20	7/18/2017 11:18		116:58	Lube oil system instrumentation
	S	7/19/2017 8:05	7/19/2017 16:59	7/19/2017 8:05	7/19/2017 16:59	8:54	8:54	Substation maintenance
Paddys Run Unit 12 - Gas CT - 23 MW	S	8/7/2017 7:30	8/7/2017 15:52	8/7/2017 7:30	8/7/2017 15:52	8:22	8:22	Substation maintenance
In-service July 1968								
Paddys Run Unit 13 - Gas CT - 147 MW	F			10/25/2017 5:03	10/26/2017 13:24		32:21	Hydrogen system meter repair
In-service June 2001								
Jointly owned with KU								
Trimble County Unit 5 - Gas CT - 157 MW	S	8/29/2017 1:18	8/31/2017 19:12	8/29/2017 1:18	8/31/2017 19:12	65:54	65:54	Generator oil system repair
In-service May 2002	F			9/25/2017 12:12	9/26/2017 3:13		15:01	"C" Phase motor operated disconnect repair
Jointly owned with KU								
Trimble County Unit 6 - Gas CT - 157 MW	S	9/1/2017 10:56	9/4/2017 8:44	9/1/2017 10:56	9/4/2017 8:44	69:48	69:48	Gas detectors repairs
In-service May 2002								
Jointly owned with KU								
Trimble County Unit 7 - Gas CT - 157 MW	S	5/31/2017 3:04	6/1/2017 14:47	5/31/2017 3:04	6/1/2017 14:47	35:43	35:43	Fuel piping and valve maintenance
In-service June 2004	S	6/28/2017 6:18	6/28/2017 13:13	6/28/2017 6:18	6/28/2017 13:13	6:55	6:55	Compressor washing
Jointly owned with KU	S	10/7/2017 4:00	10/16/2017 3:59	10/10/2017 1:06	10/19/2017 0:00	215:59	214:54	Borescope inspection
	F			10/19/2017 0:00	10/26/2017 14:47		182:47	Repair generator gas side hydrogen seals

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

Louisville Gas & Electric Company
May 2017 through October 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 - 157 MW	F		8/18/2017 12:47	8/18/2017 23:23		10:36	Generator breaker failure and repair	
In-service June 2004	S	10/7/2017 4:00	10/16/2017 3:59	10/10/2017 1:06	10/18/2017 16:08	215:59	207:02	Borescope inspection
Jointly owned with KU	S	10/20/2017 4:50	10/20/2017 13:45	10/20/2017 4:50	10/20/2017 13:45	8:55	8:55	Starting system - load commutated inverter (TC7 shared)
Trimble County Unit 9 - Gas CT - 157 MW	S	6/10/2017 3:02	6/10/2017 10:16	6/10/2017 3:02	6/10/2017 10:16	7:14	7:14	Preparation work for emergency auxiliary generator tie-in
In-service July 2004	S	6/24/2017 3:30	6/24/2017 13:21	6/24/2017 3:30	6/24/2017 13:21	9:51	9:51	Preparation work for emergency auxiliary generator tie-in
Jointly owned with KU	S	7/3/2017 6:10	7/3/2017 12:16	7/3/2017 6:10	7/3/2017 12:16	6:06	6:06	Compressor washing
Trimble County Unit 10 - Gas CT - 157 MW	S	6/10/2017 3:02	6/10/2017 10:16	6/10/2017 3:02	6/10/2017 10:16	7:14	7:14	Preparation work for emergency auxiliary generator tie-in
In-service July 2004	S	6/24/2017 3:30	6/24/2017 13:48	6/24/2017 3:30	6/24/2017 13:48	10:18	10:18	Preparation work for emergency auxiliary generator tie-in
Jointly owned with KU	F			10/11/2017 8:24	10/11/2017 16:19		7:55	Starting system - load commutated inverter
Zorn Unit 1 - Gas CT - 14 MW	F			5/30/2017 7:50	6/5/2017 11:01		147:11	Air compressor repair
In-service May 1969	S	9/7/2017 5:37	9/7/2017 19:43	9/7/2017 5:37	9/7/2017 19:43	14:06	14:06	Gas line maintenance
	S	10/9/2017 20:00	11/7/2017 8:45	10/9/2017 20:00	11/7/2017 8:45	684:45	684:45	Gas line repair

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

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 16

Witness: Stuart Wilson

Q-16. For the period under review, provide the monthly capacity factor at which each generating unit operated.

A-16. See attached.

Louisville Gas & Electric Company
Unit Capacity Factors by Month

Unit	Capacity Factor (%) (Net MWh)/(period hrs x MW rating)					
	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017	Oct 2017
Brown 5	0.0	0.0	6.1	1.1	1.3	0.0
Brown 6	0.0	1.4	2.3	0.9	0.0	1.4
Brown 7	0.0	0.2	1.1	1.0	0.6	1.8
Brown Solar	25.8	30.0	25.1	21.2	23.6	19.6
Cane Run 7	45.4	70.7	88.3	92.7	83.3	0.0
Cane Run 11	0.0	0.0	0.1	0.0	0.0	0.0
Mill Creek 1	66.2	75.5	71.1	65.5	58.4	82.6
Mill Creek 2	62.4	67.3	62.9	56.7	38.5	78.5
Mill Creek 3	63.8	74.9	78.9	71.0	66.1	84.9
Mill Creek 4	71.6	75.9	78.5	74.0	69.3	73.2
Ohio Falls 1	11.4	48.7	0.4	26.0	12.9	32.2
Ohio Falls 2	13.4	53.9	0.5	43.4	34.0	28.7
Ohio Falls 3	14.5	55.8	0.7	59.7	43.0	43.4
Ohio Falls 4	13.7	55.0	0.7	49.5	36.8	44.1
Ohio Falls 5	12.5	45.3	0.6	55.2	34.7	53.6
Ohio Falls 6	12.8	50.8	0.7	63.3	31.1	50.7
Ohio Falls 7	12.0	21.3	0.7	71.6	4.2	54.6
Ohio Falls 8	0.0	0.0	0.0	0.0	0.0	0.0
Paddys Run 11	0.0	0.0	0.0	0.0	0.0	0.0
Paddys Run 12	0.0	0.0	0.4	0.0	0.0	0.0
Paddys Run 13	2.2	6.7	5.9	2.3	1.3	4.9
Trimble County 1	85.3	69.5	85.0	86.2	64.1	0.0
Trimble County 2	85.8	69.6	87.2	85.3	93.2	95.8
Trimble County 5	9.8	7.3	9.2	2.6	1.9	17.8
Trimble County 6	4.4	6.1	15.1	6.2	3.6	9.0
Trimble County 7	1.8	11.3	18.8	9.9	5.1	16.8
Trimble County 8	5.3	1.0	1.4	6.3	8.0	26.6
Trimble County 9	6.1	13.6	6.9	0.2	2.3	11.5
Trimble County 10	2.4	0.3	0.7	0.8	1.1	1.8
Zorn	0.0	0.0	0.6	0.0	0.01	0.0

Notes:

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

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

3 – Jointly owned units are shown for both LG&E and KU and include Brown 5-7, Cane Run 7, Paddys Run 13, Trimble County 2, and Trimble County 5-10.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 17

Witness: Michael P. Drake

- Q-17. a. For the period under review, explain if LG&E made any changes to its maintenance and operation practices, or completed any specific generation efficiency improvements that affect fuel usage at LG&E's generation facilities.
- b. Describe the impact of these changes on LG&E's fuel usage.
- A-17. a. There have been no maintenance or operation practice changes that affect fuel usage during the period under review. LG&E strives to maintain unit efficiency through routine cyclic planned outage maintenance. This maintenance work continues to focus on reestablishing expected turbine 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 identified any efficiency improvements through major component projects during this period.
- b. Not applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 18

Witness: Delbert Billiter / Charles R. Schram

Q-18. 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 under review.

A-18. LG&E is not aware of any violations of its policies and procedures regarding fuel procurement that occurred prior to or during the period under review.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 19

Witness: Derek Rahn

Q-19. State whether LG&E is aware of any violations of 807 KAR 5:056 that occurred prior to or during the period under review.

A-19. LG&E is not aware of any violations of 807 KAR 5:056 that occurred prior to or during the period under review.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Information Requested in Appendix of
Commission's Order Dated February 16, 2018**

Case No. 2018-00021

Question No. 20

Witness: Derek Rahn

- Q-20. 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-20. For the period under review, all fuel contracts related to commodity and/or transportation have been filed with the Commission.