

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION)
OF THE FUEL ADJUSTMENT CLAUSE OF) **CASE NO. 2019-00004**
KENTUCKY UTILITIES COMPANY FROM)
NOVEMBER 1, 2016 TO OCTOBER 31, 2018)

RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
DATED MARCH 11, 2019

FILED: MARCH 25, 2019

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 25th day of March 2019.



Notary Public

My Commission Expires:
Judy Schooler
Notary Public, ID No. 603967
State at Large, Kentucky
Commission Expires 7/11/2022

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 25th day of March 2019.

 (SEAL)

Notary Public

My Commission Expires:
Judy Schooler
Notary Public, ID No. 603967
~~State at Large, Kentucky~~
Commission Expires 7/11/2022

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Second Request for Information
Dated March 11, 2019**

Case No. 2019-00004

Question No. 1

Responding Witness: Delbert Billiter

Q-1. Refer to the response to Commission Staff's First Request for Information (Staff's First Request), Item 8. Explain why the guidelines for physical hedging for the coal contracts one year out was modified.

A-1. The coal procurement guidelines are established as a percentage of the minimum projected coal requirement for future years. The range of coal requirements is modeled using numerous scenarios, which reflect the uncertainty of natural gas prices, weather, and unit performance. The minimum projected coal requirement for future years is determined by the 5th percentile of these results. Coal procurement for the current year is based on the expected coal requirement.

The guideline for one year out was modified to provide additional flexibility to procure more than the minimum projected requirement as the next year approaches, if warranted, based on the expected coal requirement for the prompt year, which is reassessed quarterly. This process allows for advanced procurement of additional coal for the first and second quarters of the next year if an increased need is identified.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Second Request for Information
Dated March 11, 2019**

Case No. 2019-00004

Question No. 2

Responding Witness: Michael Drake

- Q-2. Refer to the response to Commission Staff's First Request, Item 15, Attachment 1, page 4 of 4. Trimble County Unit 10 has a reason for forced outage listed as "Fuel Gas System." Provide details on what this outage entails.
- A-2. Trimble County Unit 10 – 9/7/2018 – Forced outage was due to a leaking valve in the fuel gas system. The valve was repaired.

KENTUCKY UTILITIES COMPANY

**Response to Commission Staff's Second Request for Information
Dated March 11, 2019**

Case No. 2019-00004

Question No. 3

Responding Witness: Delbert Billiter

- Q-3. For the period under review, describe how often the severance tax on Kentucky coal affects KU's decision to purchase coal mined in Kentucky.
- A-3. Coal severance tax is not a criteria factored into KU's coal procurement evaluations, therefore it has not influenced any of KU's coal procurement decisions.