

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

**In the Matter of:**

**AN ELECTRONIC EXAMINATION OF THE )**  
**APPLICATION OF THE FUEL ADJUSTMENT )**  
**CLAUSE OF KENTUCKY UTILITIES )**  
**COMPANY FROM NOVEMBER 1, 2019 )** **CASE NO. 2020-00247**  
**THROUGH APRIL 30, 2020 )**

**RESPONSE OF**  
**KENTUCKY UTILITIES COMPANY**  
**TO**  
**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**  
**DATED OCTOBER 9, 2020**

**FILED: OCTOBER 23, 2020**







**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
Dated October 9, 2020**

**Case No. 2020-00247**

**Question No. 1**

**Responding Witness: Delbert Billiter**

- Q-1. Refer to KU's response to Staff's First Request for Information (Staff's Request), Item 3a, footnotes 1 and 2. Provide an update on the status of the contract with the Refined coal facility operator and whether KU intends to extend the contract.
- A-1. To date, the U.S. Congress has taken no action to extend the Internal Revenue Code Section 45 Production Tax Credit for Refined Coal. Should this status continue through the current refined coal project's expiration dates in late 2021, there will be no opportunity to extend the Ghent and Trimble County Refined Coal Contracts. The last Refined Coal production will be August 15, 2021 for the Ghent Refined Coal facility and September 18, 2021 for the Trimble County Refined Coal facility.

**KENTUCKY UTILITIES COMPANY**

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**Question No. 2**

**Responding Witness: Charles R. Schram**

- Q-2. Refer to KU's response to Staff's Request, Item 6, Attachment, page 1 of 1.  
Explain the process for KU purchasing natural gas from LG&E Gas Supply.
- A-2. KU does not currently purchase natural gas from LG&E Gas Supply.

**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
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**Question No. 3**

**Responding Witness: Delbert Billiter**

- Q-3. Refer to KU's response to Staff's Request, Item 9. Explain whether any of the on-site reviews and inspections of mining operations, scales, and sampling systems have uncovered or corrected any issues with fuel suppliers or transportation providers.
- A-3. The on-site reviews and inspections of the mining operations, scales and sampling systems did not identify any exceptions or issues. The inspections provided valuable information for the status of operations to help with scheduling of coal shipments and identifying potential risk to coal supply.

**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
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**Case No. 2020-00247**

**Question No. 4**

**Responding Witness: Delbert Billiter**

- Q-4. Refer to KU's response to Staff's Request, Item 10, page 2 of 2. If the Court's sustaining of KU's objection ultimately stands, explain whether KU will be able to walk away through Force Majeure from the contract with no further obligation to fulfill what would have been any remaining obligations under the contract.
- A-4. On October 4, 2020, Hartshorne approached LG&E and KU with a settlement offer. Hartshorne (Debtors) proposed to dismiss the appeal against LG&E and KU and reject and terminate the Coal Supply Agreement. In exchange, LG&E and KU would withdraw their objection to the Solicitation Motion, not object to Debtor's proposed plan and waive all claims they might have against the estate. Hartshorne and LG&E/KU have agreed to the settlement-in-principle and provided information to the Bankruptcy Court. Definitive settlement documents are being drafted for the parties' execution and further filing with the Court. The settlement documents are subject to potential review and comment by other creditors and approval by the Court. Subject to successful completion of documentation and then approval by the Court, LG&E and KU will have no further obligation under this contract.

For clarity, the various Court proceedings relating to the contract have primarily been matters of bankruptcy and contract law, rather than force majeure.



**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
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**Case No. 2020-00247**

**Question No. 5**

**Responding Witness: Andrea M. Fackler**

Q-5. Refer to Staff's Request, Item 13. Provide the information as requested.

A-5. See attached.



Kentucky Utilities Company

Power Transaction Schedule

Month Ended: November-30-2019

Company	Type of Transaction	KWH	Billing Components			
			Demand(\$)	Fuel Charges(\$)	Other Charges(\$)	Total Charges(\$)
<b>Sales</b>						
DYNASTY POWER, INC.	DYNASTYPWR	Economy		\$ 5,660.11	\$ 3,272.16	\$ 8,932.27
EVERGY KANSAS CENTRAL, INC.	EVGY	Economy		\$ 3,684.01	\$ 2,129.76	\$ 5,813.77
INDIANA MUNICIPAL POWER AGENCY	IMPA	Economy		\$ 7,538.19	\$ 4,357.89	\$ 11,896.08
ENERGY IMBALANCE	IMBL	Economy		\$ 3,713.96	\$ 2,147.08	\$ 5,861.04
MACQUARIECOOK	MACQU	Economy		\$ 52,241.51	\$ 30,201.27	\$ 82,442.78
MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.	MISO	Economy		\$ 66,676.70	\$ 38,546.37	\$ 105,223.07
PJM INTERCONNECTION ASSOCIATION	PJM	Economy		\$ 34,017.23	\$ 19,665.65	\$ 53,682.88
RAINBOW ENERGY MARKETING CORP	REMC	Economy		\$ 2,160.19	\$ 1,248.83	\$ 3,409.02
THE ENERGY AUTHORITY	TEA	Economy		\$ 1,821.85	\$ 1,053.22	\$ 2,875.07
TENNESSEE VALLEY AUTHORITY	TVA	Economy		\$ 47,273.39	\$ 27,329.16	\$ 74,602.55
LOUISVILLE GAS & ELECTRIC	LGE	Economy		\$ 888,008.69	\$ 11.29	\$ 888,019.98
<b>Total Sales</b>				<b>\$ -</b>	<b>\$ 1,112,795.83</b>	<b>\$ 1,242,758.51</b>



Month Ended: December-31-2019

Kentucky Utilities Company

Power Transaction Schedule

Company	Type of Transaction	KWH	Billing Components			Total Charges(\$)
			Demand(\$)	Fuel Charges(\$)	Other Charges(\$)	
<b>Sales</b>						
DYNASTY POWER, INC.	DYNASTYPWR	Economy	76,000	\$ 1,810.82	\$ 807.84	\$ 2,618.66
ETC ENDURE	ETC	Economy	32,000	\$ 816.43	\$ 364.22	\$ 1,180.65
INDIANA MUNICIPAL POWER AGENCY	IMPA	Economy	107,000	\$ 2,003.54	\$ 893.80	\$ 2,897.34
ENERGY IMBALANCE	IMBL	Economy	152,000	\$ 2,719.54	\$ 1,213.24	\$ 3,932.78
MACQUARIECOOK	MACQU	Economy	1,516,000	\$ 36,103.32	\$ 16,106.24	\$ 52,209.56
MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.	MISO	Economy	1,130,000	\$ 20,431.02	\$ 9,114.59	\$ 29,545.61
PJM INTERCONNECTION ASSOCIATION	PJM	Economy	1,316,000	\$ 24,914.37	\$ 11,114.70	\$ 36,029.07
RAINBOW ENERGY MARKETING CORP	REMC	Economy	13,000	\$ 306.83	\$ 136.87	\$ 443.70
TENNESSEE VALLEY AUTHORITY	TVA	Economy	190,000	\$ 4,946.56	\$ 2,206.73	\$ 7,153.29
LOUISVILLE GAS & ELECTRIC	LGE	Economy	13,180,000	\$ 248,462.04	\$ 498.50	\$ 248,960.54
<b>Total Sales</b>			<b>17,712,000</b>	<b>\$ -</b>	<b>\$ 42,456.73</b>	<b>\$ 384,971.20</b>



Kentucky Utilities Company

Power Transaction Schedule

Month Ended: January-31-2020

Company	Type of Transaction	KWH	Billing Components			
			Demand(\$)	Fuel Charges(\$)	Other Charges(\$)	Total Charges(\$)
<b>Sales</b>						
DYNASTY POWER, INC.	DYNASTYPWR	Economy	56,000	\$ 1,012.75	\$ 583.61	\$ 1,596.36
EDF TRADING	EDF	Economy	147,000	\$ 3,452.38	\$ 1,989.44	\$ 5,441.82
ETC ENDURE	ETC	Economy	90,000	\$ 2,541.12	\$ 1,464.33	\$ 4,005.45
EVERGY KANSAS CENTRAL, INC.	EVGY	Economy	30,000	\$ 669.15	\$ 385.60	\$ 1,054.75
ENERGY IMBALANCE	IMBL	Economy	60,000	\$ 1,028.33	\$ 592.57	\$ 1,620.90
MACQUARIECOOK	MACQU	Economy	288,000	\$ 6,632.75	\$ 3,822.13	\$ 10,454.88
MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.	MISO	Economy	555,000	\$ 11,392.70	\$ 6,565.06	\$ 17,957.76
PJM INTERCONNECTION ASSOCIATION	PJM	Economy	386,000	\$ 6,746.10	\$ 3,887.46	\$ 10,633.56
RAINBOW ENERGY MARKETING CORP	REMC	Economy	209,000	\$ 4,884.01	\$ 2,814.43	\$ 7,698.44
LOUISVILLE GAS & ELECTRIC	LGE	Economy	6,546,000	\$ 136,880.53	\$ 2,108.73	\$ 138,989.26
<b>Total Sales</b>			<b>8,367,000</b>	<b>\$ -</b>	<b>\$ 175,239.82</b>	<b>\$ 24,213.36</b>
						<b>\$ 199,453.18</b>



Month Ended: February-29-2020

Kentucky Utilities Company

Power Transaction Schedule

Company	Type of Transaction	KWH	Billing Components			Total Charges(\$)
			Demand(\$)	Fuel Charges(\$)	Other Charges(\$)	
<u>Sales</u>						
LOUISVILLE GAS & ELECTRIC	LGE	Economy		\$ 41,244.92	\$ 1,303.52	\$ 42,548.44
<b>Total Sales</b>		<b>1,711,000</b>	<b>\$ -</b>	<b>\$ 41,244.92</b>	<b>\$ 1,303.52</b>	<b>\$ 42,548.44</b>



Month Ended: March-31-2020

Kentucky Utilities Company

Power Transaction Schedule

Company	Type of Transaction	KWH	Billing Components			Total Charges(\$)
			Demand(\$)	Fuel Charges(\$)	Other Charges(\$)	
	Economy	-		\$ -	\$ (0.02)	\$ (0.02)
	Economy	849,000		\$ 21,096.87	\$ 698.09	\$ 21,794.96
<b>Total Sales</b>		<b>849,000</b>	<b>\$ -</b>	<b>\$ 21,096.87</b>	<b>\$ 698.07</b>	<b>\$ 21,794.94</b>

**Sales**  
 PJM INTERCONNECTION ASSOCIATION  
 LOUISVILLE GAS & ELECTRIC  
**Total Sales**

PJM  
 LGE



Month Ended: April-30-2020

Kentucky Utilities Company

Power Transaction Schedule

Company	Type of Transaction	KWH	Billing Components			
			Demand(\$)	Fuel Charges(\$)	Other Charges(\$)	Total Charges(\$)
<b>Sales</b>						
DYNASTY POWER, INC.	DYNASTYPWR	Economy		\$ 7,041.73	\$ 3,158.78	\$ 10,200.51
EVERGY KANSAS CENTRAL, INC.	EVGY	Economy		\$ 14,337.75	\$ 6,431.63	\$ 20,769.38
INDIANA MUNICIPAL POWER AGENCY	IMPA	Economy		\$ 2,667.40	\$ 1,196.54	\$ 3,863.94
ENERGY IMBALANCE	IMBL	Economy		\$ 13,394.66	\$ 6,008.59	\$ 19,403.25
MACQUARIECOOK	MACQUARIE	Economy		\$ 11,551.09	\$ 5,181.58	\$ 16,732.67
MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.	MISO	Economy		\$ 795.73	\$ 356.95	\$ 1,152.68
RAINBOW ENERGY MARKETING CORP	REMC	Economy		\$ 15,519.97	\$ 6,961.95	\$ 22,481.92
TENNESSEE VALLEY AUTHORITY	TVA	Economy		\$ 584.81	\$ 262.34	\$ 847.15
LOUISVILLE GAS & ELECTRIC	LGE	Economy		\$ 859,882.21	\$ 142.05	\$ 860,024.26
<b>Total Sales</b>			<b>\$ -</b>	<b>\$ 925,775.35</b>	<b>\$ 29,700.41</b>	<b>\$ 955,475.76</b>

**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
Dated October 9, 2020**

**Case No. 2020-00247**

**Question No. 6**

**Responding Witness: Delbert Billiter**

Q-6. Refer to the fuel contract letter filed on the Commission's website on May 22, 2020, between KU and Alliance Coal in regards to the Black Lung Disability Trust Fund Excise Tax (BLET), Attachment A, column labeled "BLET Increase for 2020 (per ton)".

- a. Explain how the \$0.60 rate was derived.
- b. Explain any additional charges included in the \$0.60 rate that are included with the federally approved BLET rate.
- c. Explain whether the BLET has affected any additional fuel contracts for KU.

A-6.

- a. On December 20, 2019, as part of the Taxpayer Certainty and Disaster Relief Act of 2019, the Black Lung Disability Trust Fund Excise Tax (BLET) was increased from \$0.50 per ton to \$1.10 per ton for underground mined coal and from \$0.25 per ton to \$0.55 per ton for surface mined coal. Since all Alliance mines use the underground method, the \$0.60 per ton rate is the increase in the BLET or the difference between \$1.10 and \$0.50 per ton rate. This \$0.60 per ton increase in BLET qualified as a governmental imposition under Section 8.4 of the Coal Supply Agreement.
- b. No additional charges are included in the \$0.60 per ton rate.
- c. Yes. The BLET increase impacted all coal producers. The effect, if any, on particular KU contracts depended upon the specific amount the producer was claiming and the structure of the government imposition provision, if any, negotiated in the applicable KU contract (such as caps, floors, timing/period requirements, etc.). Below is a list of other KU contracts affected and the month the Government Imposition letter agreement for that contract was filed with the Commission.

J20001 Contura Coal, LLC (February 2020 contract filing)

J20006 Western Kentucky Mineral, Inc (February 2020 contract filing)

J18005 Knight Hawk Coal, LLC (February 2020 contract filing)



J19003 Peabody COALSALES, LLC (February 2020 contract filing)

J18008 and J20002 Arch Coal Sales Company, LLC (March 2020 contract filing)

J16017 and J18002 Western Kentucky Consolidated Resources, LLC (March 2020 contract filing)