

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

**In the Matter of:**

<b>AN ELECTRONIC EXAMINATION OF THE</b>	)	
<b>APPLICATION OF THE FUEL ADJUSTMENT</b>	)	
<b>CLAUSE OF KENTUCKY UTILITIES COMPANY</b>	)	<b>CASE NO. 2025-00340</b>
<b>FROM NOVEMBER 1, 2022 THROUGH</b>	)	
<b>OCTOBER 31, 2024.</b>	)	

**RESPONSE OF**  
**KENTUCKY UTILITIES COMPANY**  
**TO**  
**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**  
**DATED FEBRUARY 6, 2026**

**FILED: FEBRUARY 20, 2026**

VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 )  
COUNTY OF JEFFERSON )

The undersigned, **Delbert Billiter**, being duly sworn, deposes and says that he is Director – Coal Supply and By-Product Marketing for Kentucky Utilities Company and is an employee of LG&E and KU Services Company, 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*  
\_\_\_\_\_  
**Delbert Billiter**

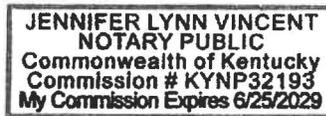
Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17 day of FEBRUARY 2026.

*Jennifer Lynn Vincent*  
\_\_\_\_\_  
Notary Public

Notary Public ID No. KYNP32193

My Commission Expires:

06-25-2029









VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 )  
COUNTY OF JEFFERSON )

The undersigned, **Stuart A. Wilson**, being duly sworn, deposes and says that he is Director – Power Supply for, Kentucky Utilities Company, is an employee of LG&E and KU Services Company, that he has personal knowledge of the matters set forth in the foregoing responses, and that the answers contained therein are true and correct to the best of his information, knowledge, and belief.



**Stuart A. Wilson**

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 17 day of FEBRUARY 2026.

  
Notary Public

Notary Public ID No. KYNP32193

My Commission Expires:

06-25-2029



**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
Dated February 6, 2026**

**Case No. 2025-00340**

**Question No. 1**

**Responding Witness: James R. Frank**

- Q-1. Explain whether KU has ever sold or would consider selling generation capacity for any length of time into Midcontinent Independent System Operator (MISO), PJM Interconnection LLC (PJM), or to any other entity.
- A-1. LG&E previously sold 25% of the capacity from Trimble County Unit 1 to the Illinois Municipal Electric Agency (IMEA) and the Indiana Municipal Power Agency (IMPA) following the Commission's disallowance of recovery for that portion of the unit. Under the terms of the sale agreement, IMEA and IMPA were granted the right of first refusal for 25% of any future coal-fired generating unit constructed at Trimble County. When the Companies later constructed Trimble County Unit 2, both parties exercised that right.

The Companies remain open to selling generation capacity to other entities when doing so is financially prudent and consistent with maintaining reliable service to native load customers. Because capacity sold to third parties is no longer available to serve native load, the Companies would only pursue such sales if they possessed excess capacity beyond the levels required to ensure reliable service. The Companies currently do not expect to have such excess capacity.

**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
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**Question No. 2**

**Responding Witness: Andrea M. Fackler**

Q-2. Refer to the Direct Testimony of Andrea Fackler (Fackler Direct Testimony), page 7, lines 15-22. Of the \$401 million in purchased fuel and power expense attributable to Louisville Gas and Electric Company (LG&E) , and \$569 million attributable to Kentucky Utilities Company (KU) (collectively, KU/LG&E) incurred for the 12-month period ending November 2025, explain how much of the expense is accounted for by fuel purchases, power purchases from each of the utilities selling power to each other, and how much is attributable to fuel or power purchases from outside of KU and LG&E. Include a complete breakdown of the amounts for fuel purchases separately from power purchases.

A-2.

	LG&E	KU
Fuel purchases	\$ 334,928,122	\$ 518,940,847
Power purchases from KU/LG&E *	\$ 19,126,055	\$ 27,469,766
Power purchases from outside of KU and LG&E**	\$ 47,082,622	\$ 22,380,292
Total purchased fuel and power expenses	\$ 401,136,800	\$ 568,790,906

\* Included \$449,335 (\$38,639 - LG&E and \$410,696 - KU) of "Other Charges" that were not recovered through FAC.

\*\* Included \$29,822,073 (\$20,651,786 - LG&E and \$9,170,287 - KU) of "OVEC Demand Charges" that were not recovered through FAC.

# KENTUCKY UTILITIES COMPANY

## Response to Commission Staff's Second Request for Information Dated February 6, 2026

Case No. 2025-00340

### Question No. 3

**Responding Witness: James R. Frank / Stuart A. Wilson**

- Q-3. Refer to the Direct Testimony of Stuart A. Wilson (Wilson Direct Testimony), page 3, lines 14-21, and page 5, lines 1-4. Explain how KU decides how much natural gas to procure through forward contracts.
- A-3. The Companies have developed coal and natural gas fuel procurement guidelines to balance the volume, price, and supply reliability risks of coal and natural gas while addressing the physical, transport, and market characteristics of each fuel. These guidelines are reviewed annually and updated as needed to account for changes in the Companies' generation portfolio or market conditions that impact fuel procurement activities.

The Companies' fuel procurement guidelines specify target ranges for forward purchase volumes as a percentage of minimum forecasted fuel requirements. The Companies update their minimum fuel requirement forecasts quarterly based on the most current generation maintenance schedule, load forecast, and market natural gas and coal prices. For natural gas, the first forward purchase year ("Year One") comprises March through December of the next year, and Year Two and Year Three are the subsequent two calendar years.<sup>1</sup> For Year One, the Companies' target range for forward gas purchases is 40%-60% of Cane Run 7's minimum forecasted fuel requirement. For Year Two and Year Three, the target range is 20%-40% and up to 20%, respectively, of Cane Run 7's minimum forecasted fuel requirement.

The Companies issue Requests for Proposals for forward fixed price gas 1-2 times each quarter, with the goal of incrementally building a forward monthly position over time. Purchasing gas forward over time provides planning flexibility around outages and reduces natural gas price volatility for customers.

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<sup>1</sup> For example, beginning January 1, 2026, Year One comprises March through December 2027, Year Two is calendar year 2028, and Year Three is calendar year 2029. To align the Companies' fuel procurement guidelines with gas seasons, the "Current Year" includes January and February of the next year.

**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
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**Case No. 2025-00340**

**Question No. 4**

**Responding Witness: Stuart A. Wilson**

- Q-4. Refer to the Wilson Direct Testimony, page 4, lines 1-4.
- a. Explain whether Cane Run Unit 7 is served by one or two interstate pipelines.
  - b. Explain whether Cane Run Unit 7 is fully supported with firm pipeline transportation.
- A-4.
- a. Cane Run 7 is served by one interstate pipeline.
  - b. Cane Run 7 is mostly supported by firm pipeline transportation. Under certain ambient conditions and with recent upgrades, Cane Run Unit 7's natural gas consumption can exceed the contract volume on the primary winter transport agreement (107,000 MMBtu per day) by typically less than 7,000 MMBtu per day. If capacity is available on the Trimble County firm winter transport agreement during these exceedances, the Companies can utilize this capacity to deliver additional supply to Cane Run 7 and avoid overrun charges or gas curtailments.

**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
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**Case No. 2025-00340**

**Question No. 5**

**Responding Witness: Stuart A. Wilson**

- Q-5. Refer to the Wilson Direct Testimony, page 6, lines 18-23. Explain the imbalance provisions of the transportation agreements and how they function such that they can be used to reduce gas purchases during limited periods of gas price spikes.
- A-5. Texas Gas Transmission's No Notice firm transportation service includes imbalance provisions designed to provide operational flexibility and accommodate fluctuations in usage without penalties. Winter No Notice Service ("WNS") agreements allow for a positive imbalance up to three times the daily contracted volume. Summer No Notice Service ("SNS") agreements allow for both a positive and negative position of up to three times the daily contracted volume.

If a forecasted weather event is anticipated to increase gas prices, the Companies will often purchase additional gas and build a positive imbalance position on the WNS or SNS contract starting several days before the event. In winter, the Companies must deliver at least half of the daily consumption but may draw on the imbalance position for the balance of consumption. In summer, the Companies can rely on the imbalance position for all consumption. Thus, for short-term events, the Companies can utilize imbalance to reduce daily spot gas purchases by as much as 50% in the winter and 100% in the summer.

**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
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**Case No. 2025-00340**

**Question No. 6**

**Responding Witness: Delbert Billiter**

- Q-6. Refer to the Direct Testimony of Delbert Billiter (Billiter Direct Testimony), page 3, lines 13-15. Explain Norfolk Southern's issues that impacted coal deliveries and how those issues were resolved.
- A-6. During 2022 and early 2023, Norfolk Southern did not have sufficient crews or locomotive power to service the requirements of all customers adequately. They hired additional employees and deployed more locomotives that allowed them to improve service. Normal service was restored to KU by the middle of 2023.

# KENTUCKY UTILITIES COMPANY

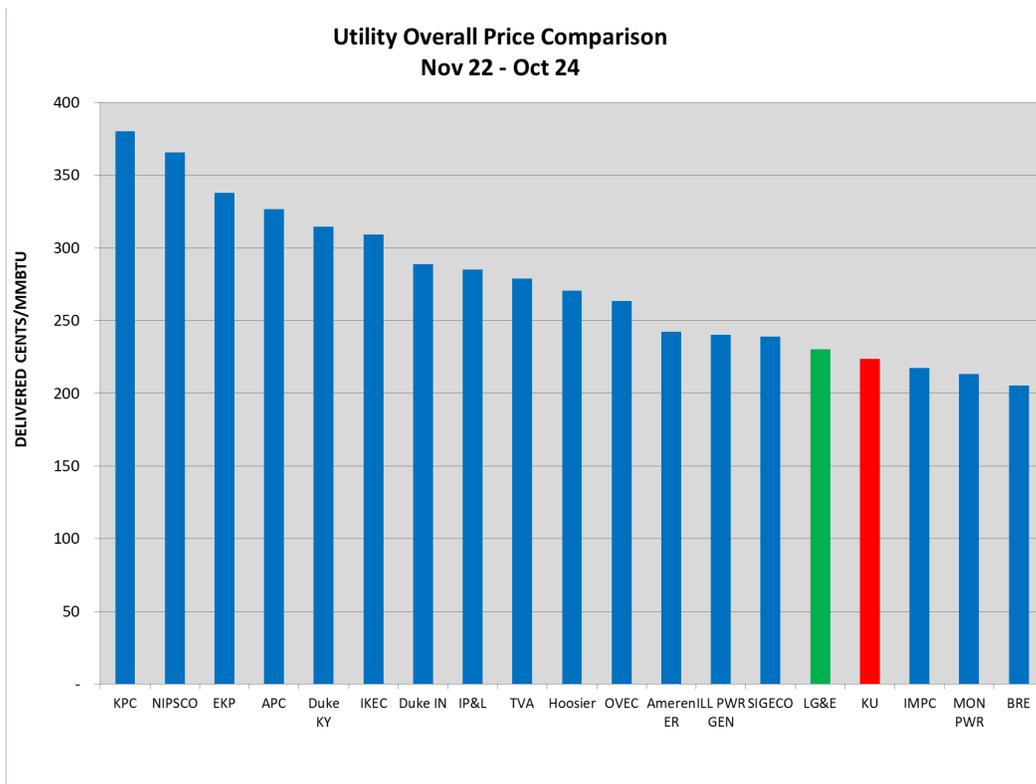
## Response to Commission Staff's Second Request for Information Dated February 6, 2026

Case No. 2025-00340

### Question No. 7

**Responding Witness: Delbert Billiter**

- Q-7. Refer to the Billiter Direct Testimony, page 7, lines 15-20. Provide the coal price comparison that demonstrates KU's coal costs were reasonable.
- A-7. The image below is a graphical representation of the coal prices for the Companies and other regional utilities during the period November 2022 through October 2024 on a delivered cents/MMBtu basis (EIA-923 (Schedule2) data). The Companies' coal prices ranked within the top quartile for the region. This benchmarking analysis demonstrates that the prices paid for coal are aligned with prevailing market conditions, confirming their reasonableness.



**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
Dated February 6, 2026**

**Case No. 2025-00340**

**Question No. 8**

**Responding Witness: James R. Frank / Stuart A. Wilson**

Q-8. Refer to the Direct Testimony of James R. Frank (Frank Direct Testimony), page 3, lines 13-16.

- a. Confirm that when KU looks for power purchase opportunities in the wholesale power market, it means Tennessee Valley Authority (TVA), MISO, and PJM. If this cannot be confirmed, provide what KU means.
- b. Explain how KU monitors the wholesale power market and then makes decisions to purchase hourly power. Include in the response if KU calculates the hourly marginal price of their generation as compared to current and forecast wholesale power market marginal prices.

A-8.

- a. Partially confirmed. In addition to TVA, MISO, and PJM, the Companies can also purchase hourly power from the Southeast Energy Exchange Market (SEEM) and third party marketers that either have rights to generation supply or arbitrage energy from other sources.
- b. The Companies' energy traders monitor the real-time power market both through digital data feeds available from MISO and PJM and through ongoing communications with other energy traders representing TVA or third party marketers.

To support power purchase decisions, the Companies' energy traders employ a tool that uses planned generation commitment and forecasted load to simulate the hourly economic dispatch of the Companies' generation fleet. The tool then uses this simulated dispatch to approximate the average incremental cost of generation, consistent with the Companies' After the Fact Billing (AFB) process, that would be avoided by making a purchase.

**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
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**Case No. 2025-00340**

**Question No. 9**

**Responding Witness: James R. Frank / Stuart A. Wilson**

- Q-9. Refer to the Frank Direct Testimony, page 4, lines 13-14. Explain whether any of KU's power sales or purchase practices, or procedures, will change once KU/LG&E's yet to be proposed merger is finalized. If so, explain the anticipated changes.
- A-9. The Companies do not anticipate any changes to power sales or purchase practices or procedures as a result of the proposed merger.

**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
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**Case No. 2025-00340**

**Question No. 10**

**Responding Witness: Michael P. Drake**

Q-10. Refer to the Direct Testimony of Michael P. Drake (Drake Direct Testimony), page 3, lines 1-2.

- a. Explain how reserve shutdown differs from a maintenance or forced outage.
- b. Explain whether and why any generation units were placed in reserve shutdown during the two-year review period.

A-10.

- a. Per the NERC GADS definition, a Reserve Shutdown “is an event where a unit is available for load but is not synchronized due to lack of demand.” The unit is shut down because it is not needed but is available to restart immediately. No maintenance actions are performed during a Reserve Shutdown that would prevent the unit from starting when called upon. A Maintenance or Forced Outage requires the unit to be taken offline to address a specific equipment issue. In this case, the unit is unavailable until repairs are made and the outage is ended.
- b. In the two-year period in question, there were 732 Reserve Shutdown events in the LG&E and KU fleet. 723 of the reserve shutdowns were due to generation load not being needed, and 9 of the reserve shutdowns were specifically related to MC1 and MC2 due to the units not running to mitigate NOx emissions at the plant.

**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
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**Case No. 2025-00340**

**Question No. 11**

**Responding Witness: Michael P. Drake**

- Q-11. Refer to the Drake Direct Testimony, Exhibit MPD-1.
- a. On page 1 of 8, explain what a borescope is and what is being inspected during a borescope inspection.
  - b. On page 2 of 8, explain what combustion turbine blading entails.
- A-11.
- a. A borescope is an optical device, such as a fiber optic camera, used to inspect an inaccessible space through an inspection port. During the inspections referenced above, the borescope/camera is inserted into inspection ports to inspect the internal components of the combustion turbines (combustion equipment, rotor, vanes, etc). Borescope inspections are recommended by the combustion turbine manufacturers at regular intervals to inspect the internal components for abnormal wear or damage. This is done as a more economical alternative to disassembling the equipment for inspection.
  - b. During the outage specified, a locking pin had come loose from an internal component, allowing a blade on the combustion turbine rotor to shift out of position. This was discovered during a borescope inspection and could have led to damage to the rotor and other internal components. The unit was placed into outage to repair the locking pin and reposition the blade.

**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
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**Case No. 2025-00340**

**Question No. 12**

**Responding Witness: Delbert Billiter**

Q-12. Refer to KU's response to Commission Staff's First Request for Information (Staff's First Request), Item 4, page 2 of 2, and the Confidential Attachment to Item 4.

[REDACTED]

A-12. When the Companies evaluate coal bids, several criteria are considered to determine the best options for developing a reliable, reasonably priced coal contract portfolio. Among the factors evaluated are coal quality, the financial and operational health of the supplier, the coal's origin and available transportation options, and the overall delivered cost. Part of the response is being provided under seal pursuant to a petition for confidential protection.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
Dated February 6, 2026**

**Case No. 2025-00340**

**Question No. 13**

**Responding Witness: Stuart A. Wilson / Andrea M. Fackler**

- Q-13. Refer to KU's response to Staff's First Request, Item 6.
- a. For each forward natural gas contract, provide the contract length and the forward time period over which the gas will be delivered.
  - b. If not already provided, provide a copy of the forward natural gas purchase contracts.

A-13.

- a. See table below.

<b>Counterparty</b>	<b>Transaction Date</b>	<b>Transaction Length</b>	<b>Flow Dates</b>	<b>Daily Volume (MMBtu)</b>
NextEra Energy Marketing, LLC	11/17/2021	6 months	5/1/2024 – 10/31/2024	10,000
Vitol Inc.	3/16/2023	10 months	5/1/2024 – 02/28/2025	10,000
Spire Marketing Inc.	6/14/2023	6 months	5/1/2024 – 10/31/2024	10,000
Uniper Global Commodities North America, LLC	8/9/2023	7 months	5/1/2024 – 11/30/2024	10,000
NextEra Energy Marketing, LLC	1/24/2024	10 months	5/1/2024 – 02/28/2025	10,000

**KENTUCKY UTILITIES COMPANY**

**Response to Commission Staff's Second Request for Information  
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**Case No. 2025-00340**

**Question No. 14**

**Responding Witness: Andrea M. Fackler / Stuart A. Wilson**

Q-14. Refer to KU's response to Staff's First Request, Item 13. KU makes the majority of its electric sales to LG&E.

- a. After the planned merger between KU and LG&E is approved and completed, explain whether the analogous post-merger schedules will look similar to current FAC filings with the Commission, with the exception that there would be no LG&E sales, or explain any foreseen differences in the filings.
- b. Explain what cost components are included in the tables' Other Charges (\$) columns.

A-14.

- a. The post-merger schedule of sales to other parties in the Form B filing will look similar to what is filed today with the Commission, with the exception that there would be no LG&E sales. The Companies are currently working through details on what post-merger filings will look like but anticipate that for the Form A filing, there will be no Internal Economy and Internal Replacement costs or sales data on the Fuel Cost Schedule and Sales Schedule (KWH). In addition, the Intercompany Transactions page will no longer be needed. Additional changes may be identified as the Companies' complete their evaluation of impacts on the filings.
- b. "Other Charges (\$)" are non-fuel generation costs, which include NO<sub>x</sub> adders, SO<sub>2</sub> adders, and scrubber consumables.