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March 18, 2015

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: Louisville Gas and Electric Company and
Kentucky Utilities Company
Docket No. ER11-4396-

Dear Secretary Bose:

This letter transmits for filing the Semi-Annual ITO Report for the period September 2015 – February 2016 as required by Attachment P of the LG&E/KU Joint Pro Forma Open Access Transmission Tariff.

Please contact the undersigned with any questions.

Respectfully submitted,

/s/ **Michael Kunselman**

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Attorney for TranServ International, Inc.

ATTACHMENT



INDEPENDENT. INNOVATIVE. RELIABLE TRANSMISSION MANAGEMENT SERVICES

**INDEPENDENT TRANSMISSION
ORGANIZATION FOR LG&E and KU
SEMI-ANNUAL REPORT
SEPTEMBER 2015 - FEBRUARY 2016**

March 18, 2016

TranServ International, Inc.

3660 Technology Drive NE
Minneapolis, MN 55418
Phone: 763.205.7080

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1. Introduction

On September 01, 2012, TranServ International, Inc. (TranServ) began to perform its obligations as the Independent Transmission Organization (ITO) for Louisville Gas & Electric Company (LG&E) and the Kentucky Utilities Company (KU) pursuant to the terms of the ITO Agreement between LG&E and KU and TranServ dated August 29, 2011 (ITO Agreement) and Attachment P of the LG&E and KU Joint Pro Forma Open Access Transmission Tariff (OATT).¹ The Southwest Power Pool, Inc. (SPP) served as ITO for the LG&E and KU system until August 31, 2012.

Section 3.2.1.1 of Attachment P of the OATT requires that the ITO “report in writing to FERC every six months . . . to address (i) any concerns expressed by stakeholders and the ITO’s response to same and (ii) any issues or Tariff provisions that hinder the ITO from performing its functions and responsibilities under this Attachment P and the other provisions of the Tariff.” Appendix 1 of Attachment P of the OATT also requires that the Semi-Annual ITO Report include the ITO’s documentation of possible transmission hoarding.

¹ By order dated December 15, 2011, the Commission accepted TranServ as new ITO for LG&E/KU effective September 01, 2012. See *Louisville Gas and Electric Co. and Kentucky Utilities Co.*, 137 FERC 61,195 (2011).

2. General ITO Activities and Stakeholder Concerns

2.1 Current Reporting Period

Attachment P and the ITO Agreement require the ITO to conduct and oversee the LG&E and KU Stakeholder Process. The Stakeholder Process provides a forum for interested parties to raise concerns and discuss with ITO management issues related to the ITO's tariff administration, planning, and other functions.

During the current reporting period, September 2015 - February 2016, the ITO held one stakeholder meeting on November 19, 2015 in Louisville, KY. The Agenda and Meeting Minutes are included in this report as Exhibit 1. The presentations from this meetings can be found under the Stakeholder Information tab on the LG&E and KU Open Access Same-Time Information System (OASIS).

<https://www.oasis.oati.com/LGEE/index.html>

Pursuant to Attachment P, the ITO is responsible for reviewing and approving all planning activities for the LG&E and KU transmission system. The ITO and LG&E and KU are working jointly to complete the 2016 LG&E and KU Transmission Expansion Plan (TEP) Report and the ITO Assessment Report for the 2016 TEP.

2.2 Stakeholder Concerns Expressed to ITO

The ITO documents any Stakeholder concerns and the ITO response to those concerns. Any such responses are included in Meeting Minutes in the Exhibits or posted on OASIS.

2.3 Issues or Tariff Provisions that Hinder the ITO from Performing its Required Duties

The ITO and LG&E and KU have resolved the issue concerning Generator Installed Capability (GIC) values. The issue has been reported in prior Semi-Annual Reports. The ITO and LG&E and KU transmission worked jointly to clarify in the Business Practices the methodology for reporting the GIC of each of the Transmission Customers' Designated Network Resources (DNR) that were interconnected to the transmission system prior to the implementation of the LG&E and KU Large Generator Interconnection Procedures (LGIP). LG&E and KU transmission provided historical modelling data as evidence for proposed GIC values for review by the ITO. The ITO verified the historic models and posted the proposed GIC values, proposed DNR, and Network

Integration Transmission Service (NITS) capacity on the OASIS on April 20, 2015 for stakeholder comments along with the proposed Business Practices explaining how the table of GIC values should be interpreted. The final Business Practices was posted on June 15, 2015 and an updated table of GIC values was posted on OASIS on July 17, 2015. In accordance with Business Practices, the proposed GIC values are subject to the results of a Network Stability Study that is performed by the transmission owner (LG&E and KU) and subsequently reviewed and approved by the ITO. The transmission owner performed this GIC Network Stability Study as part of the 2016 TEP and submitted the GIC study report to the ITO for review. After the ITO's review and several discussions with the transmission owner and Reliability Coordinator, the ITO posted the final GIC report to the OASIS on February 24, 2016 and included a comment in the report that the ITO agrees that the proposed GIC values as posted on LG&E and KU's OASIS and those values can be accepted immediately based upon the study results.

3. Hoarding Analysis

The ITO is charged with identifying activities by Market Participants that could potentially result in transmission capacity hoarding on the LG&E and KU system. Pursuant to Section 4.1 of Appendix 1 to Attachment P of LG&E and KU's OATT, the ITO compiles monthly data on unscheduled reservations and redirected capacity to identify recurring instances that could have a potentially detrimental market impact.

3.1 Recurring Instances of Unused Transmission Reservations

TranServ has posted a table on the OASIS which contains a report of monthly transmission capacity reserved that went unused or nearly unused for more than one month during the current reporting period, September 2015 - February 2016. For each reservation listed in the table under the Stakeholders Information tab in the applicable ITO Semi-Annual Report folder, TranServ found that no request for monthly firm service was denied on the paths where these occurred during the service periods of these unused reservations. Therefore, TranServ found no detrimental market impact resulting from these reservations.

3.2 Recurring Redirected Transmission Reservations

TranServ has posted a table on the OASIS which contains a report of purchased transmission capacity that was redirected on multiple occasions during the current reporting period, September 2015 - February 2016. The table is located under the Stakeholders Information tab in the applicable ITO Semi-Annual Report folder. The majority of the redirected capacity was scheduled on the redirected path. The capacity redirected comprises a small percentage of the daily transmission sold on the LG&E and KU transmission system. TranServ observed no detrimental market impact resulting from the redirect transactions.

3.3 Instances in Which Scheduling Practices Have Had Potentially Detrimental Market Significance

TranServ has posted a table on the OASIS which contains the scheduling statistics for the LG&E and KU Balancing Authority for the current reporting period, September 2015 - February 2016. The table is located under the Stakeholders Information tab in the applicable ITO Semi-Annual Report folder. For the six-month review period, TranServ examined the statistics of the cancelled, terminated, and reloaded tags for all scheduling parties and found that the totals of these type

actions for each month were a very small portion of the overall schedules submitted and further investigations into individual behavior was unnecessary.

Exhibit List

Exhibit 1: Agenda and Minutes from ITO Stakeholder Meeting (November 19, 2015)

Exhibit 1

ITO Stakeholder Meeting

November 19, 2015

TranServ International, Inc.

3660 Technology Drive NE
Minneapolis, MN 55418
Phone: 763.205.7080

LG&E and KU ITO Stakeholder Meeting
November 19, 2015, 9:00 a.m. (CST)
Louisville, KY Conference

Meeting Minutes

Agenda Item 1 – Introduction and Overview

Note: Final presentation materials have been posted on the LG&E and KU OASIS.

Ms. Melvin opened the meeting with a welcome and introductions. The following were in attendance:

Amanda Stacy,	EKPC
Ashley Moore,	LG&E and KU
Austin McLimore,	OMU
Charlie Freibert,	LG&E and KU
Chris Balmer,	LG&E and KU
Dan Hawk,	LG&E and KU
Darrin Adams,	EKPC
Daryn Barker,	LG&E and KU
Delyn Kilpack,	LG&E and KU
Derek Rahn,	LG&E and KU
Duane Schrader,	LG&E and KU
Fernando Rubio,	LG&E and KU
Joe Barnes,	LG&E and KU
John Humphries,	KMPA (Phone)
Keith Steinmetz,	LG&E and KU
Kevin Burns,	TranServ
Larry Monday,	TranServ
La'Vita Jones,	LG&E and KU
Linn Oelker,	LG&E and KU
Lisa McAlister,	AMP (Phone)
Marlene Parsley,	BREC (Phone)
Mary Melvin,	TranServ
Matthew Burns,	LG&E and KU
Matthew Sybert,	LG&E and KU
Maxwell Shannon,	LG&E and KU
Nathan Schweighart,	TVA
Simon Cherucheril,	TranServ
Thinh Bui,	TranServ
Tim Lyons,	OMU
Wayne Van Liere,	LG&E and KU

Mr. Shannon provided the CEII NDA notice and advised that an updated CEII agreement would be distributed in the future for execution that will reflect updates to requirements.

Agenda Item 2 – ITO Operations

Mr. Monday gave a presentation on the ITO Operations, including reservation metrics. This presentation covered the June, 2015 – October, 2015 period and it is posted on the LG&E and KU OASIS page and includes an update on FERC Order 676-H.

Mr. Bui presented and led a discussion on the process changes being made as a result of FERC Order 676-H implementation of Network Integration Transmission Service (NITS) on OASIS. Changes to OASIS are expected to be completed by March, 2016. The ITO intends to complete the initial population of the NITS and Designated Network Resource (DNR) information on behalf of customers and customers will be responsible to maintain that information on OASIS via the new OASIS user templates thereafter. The ITO plans to provide training to customers prior to the compliance date of April 24, 2016.

Agenda Item 3 – ITO System Impact and Generation Interconnection Studies

Ms. Melvin gave a presentation on the status and progress of the System Impact Studies for Transmission Service Requests and 2015 3rd quarter study metrics.

Ms. Melvin also noted there are no active studies or new requests in the Generator Interconnection Study GI queue at this time.

Ms. Melvin announced that a new practice to post executive summaries without CEII content for TSR study reports has been implemented with the complete report including CEII content being available on the secure FTP site as previous.

Agenda Item 4 – Reliability Coordinator (RC) Updates

Mr. Schweighart gave a presentation for the RC. The presentation included the TVA view of the winter outlook for reliability and an overview of the executed MISO Settlement Agreement with respect to dispatch transfer and reliability limits. The RC presentation is posted on the LG&E and KU OASIS page.

Agenda Item 5 – LG&E and KU Construction Update

Ms. Kilpack gave an update on the current construction projects for LG&E/KU. The completed projects list and projects under construction with their status is included in the presentation posted on the LG&E and KU OASIS page.

Agenda Item 6 –2016 Transmission Expansion Plan (TEP)

Ms. Kilpack presented a summary of the 2016 Transmission Expansion Plan that included a review of the 2016 TEP project list. The list is included in the presentation posted on the LG&E and KU OASIS page. She stated several projects are the result of changes to Transmission Planning NERC Reliability Standards. She noted that the request from a previous stakeholder meeting to include the projects identified in TSR studies are now included in a separate TEP attachment.

An OASIS notice posting was made on October 30, 2015 announcing the availability of the 2016 TEP Final Draft Report to the secure FTP site and opening of the review and comment period.

Agenda Item 7 – 2016 TEP Assessment Status

Ms. Melvin reviewed the TEP Assessment process, preliminary findings, and schedule to complete the 2016 TEP Assessment and approve the TEP. This information is included in the presentation posted on the LG&E and KU OASIS page.

Agenda Item 8 – 2017 TEP Request for Stakeholder Input

Ms. Melvin announced that stakeholder input, as defined in the LG&E and KU OATT Attachment K, on development of the 2017 TEP is requested and must be provided by December 21, 2015.

Agenda Item 9 – Status of Generator Installed Capacity (GIC) Approval

Ms. Melvin provided an update on the process to approve recently submitted GIC values. The GIC values under analysis are posted on the LG&E and KU OASIS page.

Agenda Item 10 – Open Forum – Feedback and Wrap-Up

Ms. Melvin asked if anyone had any additional items to discuss. None were received and the ITO Stakeholder Meeting was adjourned at approximately 12:30 p.m.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010 (2015)).

Dated at Washington, D.C. this 18th day of March, 2016.

/s/ Michael Kunselman

Michael Kunselman
Alston & Bird LLP