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April 3, 2018

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 2017 – February 2018 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

Michael Kunselman
Alston & Bird LLP

Attorney for TranServ International, Inc.

ATTACHMENT

**INDEPENDENT TRANSMISSION
ORGANIZATION FOR LG&E and KU
SEMI-ANNUAL REPORT
SEPTEMBER 2017 - FEBRUARY 2018**

April 3, 2018

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)¹ and Attachment P of the LG&E and KU Joint Pro Forma Open Access Transmission Tariff (OATT).²

Section 3.2.11 of Attachment P of the OATT requires that the ITO “report in writing to FERC every six (6) 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 The original ITO Agreement between LG&E and KU and TranServ expired on August 31, 2017. A successor agreement that is substantially similar to the original agreement was filed with the Commission on January 25, 2017, to be effective as of September 01, 2017. The Commission accepted the successor agreement by letter order on March 02, 2017 in Docket No. ER17-850. TranServ’s obligations under the successor agreement remain functionally identical.

² 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 2017 - February 2018, the ITO held one stakeholder meeting on November 16, 2017 in Louisville, KY. The Agenda and Meeting Minutes are included in this report as Exhibit 1. The presentations from this meeting 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 2018 LG&E and KU Transmission Expansion Plan (TEP) Report and the ITO Assessment Report for the 2018 TEP.

2.2 Stakeholder Concerns Expressed to ITO

The ITO documents any Stakeholder concerns and any ITO responses 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

With respect to the ITO's performance of the 2018 TEP Assessment, the ITO and LG&E and KU disagree on the need for analysis of the 2018 planning year when a Year-2 (2019) model is selected as the system peak load model pursuant to the NERC TPL-001-4 reliability standard. The ITO's position is that LG&E and KU should conduct an analysis to determine the first date of violation for new 2019 projects not identified in previous studies, and to provide a mitigation, if available, for the 2018 planning year if a violation occurs in 2018. During the previous two TEP assessments for 2016 and 2017 LG&E and KU conducted such analyses and provided mitigations for Year-1 if violations that were identified in the near-term model (Year-2) of the TEP occurred in Year-1. LG&E and KU have indicated that they do not plan to perform such analyses

for the 2018 TEP. The ITO intends to include its recommendation that such analyses be performed in the ITO 2018 TEP Assessment when it is provided to the Reliability Coordinator and Stakeholders for review and comment, and take any additional measures that it determines are necessary and appropriate to resolve this issue.

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 2017 - February 2018. Unused transmission reservations are listed in the table under the Stakeholders Information tab in the applicable ITO Semi-Annual Report folder. These unused reservations constitute a small subset of the overall volume of system transactions, and TranServ found no detrimental market impact resulting from these unused 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 2017 - February 2018. 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 comprised a small percentage of the daily transmission sold on the LG&E and KU transmission system. TranServ observed no detrimental market impact resulting from these 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 2017 - February 2018. The table is located under the Stakeholders Information tab in the applicable ITO Semi-Annual Report folder. For the applicable 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 types of actions for each month were a very small portion of the overall schedules submitted and concluded that further investigation into individual behavior was unnecessary.

Exhibit List

Exhibit 1: Agenda and Minutes from ITO Stakeholder Meeting (November 16, 2017).

Exhibit 1

ITO Stakeholder Meeting

November 16, 2017

TranServ International, Inc.
3660 Technology Drive NE
Minneapolis, MN 55418
Phone: 763.205.7080

Meeting Minutes
TranServ International, Inc. (TranServ)
Louisville Gas & Electric and Kentucky Utilities Companies (LG&E and KU)/
Independent Transmission Organization (ITO)
Stakeholder Meeting
Galt House Louisville, Louisville, KY
November 16, 2017

1. Call To Order

Ms. Mary Melvin called the meeting to order at 9:00 AM ET on November 16, 2017 at the Galt House in Louisville, Kentucky. Those present were the following:

Attendees in Person:

Aaron Young, LG&E and KU

Amanda Stacy, EKPC

Ashley Moore, LG&E and KU

Austin McLimore, OMU

Bill Berry, OMU

Brown Thorton, KYMA

Charlie Freibert, LG&E and KU

Chris Balmer, LG&E and KU

Daryn Barker, LG&E and KU

Delyn Kilpack, LG&E and KU

Duane Schrader, LG&E and KU

Fernando Rubio, LG&E and KU

Jonathan Meacham, LG&E and KU

Kevin Burns, TranServ

Kevin Kizzee, Princeton Electric Plant Board

La'Vita Jones, LG&E and KU

Linn Oelker, LG&E and KU

Mary Melvin, TranServ

Matt Sybert, LG&E and KU

Michael Cronier, TranServ

Prakash Pandey, TranServ

Rob Leesman, OMU

Scott Sells, EKPC

Simon Cherucheril, TranServ

Tim Lyons, OMU

Tom Trauger, Spiegel & McDiarmid

Wayne Van Liere, LG&E and KU

Attendees on the Phone:

Anushree Pethe, TranServ

Donna Robichaud, Geenex Solar

2. Agenda

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

- A. Introduction and Overview
- B. ITO Operations Report
- C. ITO System Impact and Generation Interconnection (GI) Studies
- D. 2017 Construction Update
- E. 2018 Transmission Expansion Plan Update
- F. 2018 Transmission Expansion Plan Assessment Status
- G. 2019 TEP Development Request for Stakeholder Input
- H. Network Resource Requirements
- I. Open Forum – Stakeholder Feedback & Wrap-up – Mary Melvin

3. Meeting Discussion

A. Introduction and Overview

- I. Mary Melvin opened the meeting with a welcome and introductions. There were two callers on the phone.

B. ITO Operations Report

- I. Prakash Pandey gave a presentation on the ITO Operations, including reservation metrics. This presentation covered the June 2017 – October 2017 period and is posted on the LG&E and KU OASIS page.

C. ITO System Impact and GI Studies

- I. Mary Melvin gave a presentation on the status and progress of the System Impact Studies (SIS) for Transmission Service Requests (TSRs) as of November 13, 2017 and reviewed 2017 third quarter study metrics.
- II. Mary Melvin reviewed GI Queue activities since second quarter 2017.

D. 2017 Construction Update

- I. Delyn Kilpack provided the LG&E and KU Construction Update.

E. 2018 Transmission Expansion Plan Update

- I. Delyn Kilpack gave the 2018 TEP Update and provided 2019 TEP development information. Delyn Kilpack indicated that 90/10 project had been selected for stakeholder review if the load was at risk without the project.

F. 2018 Transmission Expansion Plan Assessment Status

- I. Mary Melvin provided an update on the 2018 TEP Assessment and 2018 TEP Review Schedule.

G. 2019 TEP Development Request for Stakeholder Input

- I. Mary Melvin gave an update on the 2019 TEP Development and requested all Stakeholder input be provided by December 16, 2017. All input should be send to support@transervinternational.net and copy the Transmission Owner (TO).

H. Network Resources Requirements

- I. Prakash Pandey and Ashley Moore went over fields required for a Network Integration Transmission Service (NITS) Designated Network Resources (DNR) request and NITS load requests.
- I. Open Forum – Stakeholder Feedback and Wrap-up – Mary Melvin
 - I. An Open Forum for Stakeholder Feedback was initiated.

4. Action Items

No action items from this meeting were noted

5. Next Meeting

Schedules could be changing so a date was not determined.

6. Adjourn

The ITO Stakeholder meeting was adjourned at 10:53 AM ET on November 16, 2017.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the Kentucky Public Service Commission and 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 (2017)).

Dated at Washington, D.C. this 3rd day of April, 2018.

/s/ Michael Kunselman

Michael Kunselman
Alston & Bird LLP