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October 3, 2016

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 March 2016 – August 2016 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. INNOVATIVE. RELIABLE TRANSMISSION MANAGEMENT SERVICES.*

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**INDEPENDENT TRANSMISSION  
ORGANIZATION FOR LG&E and KU**

**SEMI-ANNUAL REPORT**

**MARCH 2016 - AUGUST 2016**

**October 3, 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).<sup>1</sup>

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.

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<sup>1</sup> 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, March 2016 - August 2016, the ITO held one stakeholder meeting on July 21, 2016 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 2017 LG&E and KU Transmission Expansion Plan (TEP) Report and the ITO Assessment Report for the 2017 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**

There were no unaddressed issues or tariff provisions that hinder the ITO from performing its required duties for this reporting period.

### **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, March 2016 - August 2016. 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, March 2016 - August 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, March 2016 - August 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 concluded that further investigations into individual behavior was unnecessary.

## **Exhibit List**

**Exhibit 1:** Agenda and Minutes from ITO Stakeholder Meeting (July 21, 2016)



**Exhibit 1**

**ITO Stakeholder Meeting**

**July 21, 2016**

**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**  
**Hyatt Regency Louisville**  
**Louisville, KY**  
**July 21, 2016**

**1. Call to Order**

Ms. Mary Melvin called the meeting to order at 9:00 AM EDT on July 21, 2016 at the Hyatt Regency in Louisville, Kentucky. Those present were the following:

Aaron Tolliver, LG&E and KU	Kevin Burns, TranServ
Andrea Fackler, LG&E and KU	Simon Cherucheril, TranServ
Ashley Moore, LG&E and KU	Mary Melvin, TranServ
Charlie Freibert, LG&E and KU	Larry Monday, TranServ
Dan Hawk, LG&E and KU	Thinh Bui, TranServ
Darius Lepp, LG&E and KU	Chris Norton, AMPA
Daryn Barker, LG&E and KU	Austin McLimore, OMU
Delyn Kilpack, LG&E and KU	Tim Lyons, OMU
Duane Schrader, LG&E and KU	Brown Thorton, KYMA
Fernando Rubio, LG&E and KU	Darrin Adams, EKPC
Jonathan Meacham, LG&E and KU	Jonathan Prater, TVA
Keith Steinmetz, LG&E and KU	Terry Williams, TVA
La'Vita Jones, LG&E and KU	Wayne Van Liere, LG&E and KU
Linn Oelker, LG&E and KU	Maxwell Shannon, LG&E and KU
Matthew Burns, LG& E and KU	

**2. Agenda**

- A. Introduction and Overview
- B. ITO Operations
- C. ITO System Impact and Generation Interconnection (GI) Studies
- D. 2016 TEP Assessment Status and 2017 Transmission Expansion Plan (TEP) Review Studies
- E. Generator Installed Capacity (GIC) Approval
- F. Open Access Same-Time Information System (OASIS) Queue for Public Policy Requirements
- G. Reliability Coordinator (RC) Updates
- H. LG&E and KU Construction Updates
- I. Draft 2017 TEP Plan
- J. 2016 Transmission Rates Update
- K. LG&E and KU Stakeholder Planning Committee Update
- L. Open Forum – Feedback and Wrap-Up

### 3. Meeting Discussion

#### A. Introduction and Overview

Mary Melvin opened the meeting with a welcome and introductions. Second topic.

#### B. ITO Operations

Larry Monday gave a presentation on the ITO Operations, including reservation metrics. This presentation covered the November, 2015 – May, 2016 period and is posted on the LG&E and KU OASIS page. It includes an update on Federal Energy Regulatory Commission (FERC) Order 676-H.

Larry Monday and Think Bui answered questions on the process changes being made as a result of FERC Order 676-H implementation of Network Integration Transmission Service (NITS) on OASIS. The FERC has delayed the implementation date to February, 2017. Stakeholder feedback was requested on the desire to implement the new NITS on OASIS processes prior to the FERC required dates. A final decision on the implementation date for LG&E and KU NITS Customers will be announced later this year.

#### C. ITO System Impact and GI Studies

Mary Melvin gave a presentation on the status and progress of the System Impact Studies (SIS) for Transmission Service Requests (TSRs) as of June 30, 2016 and 2015 fourth quarter, 2016 first, and second quarter study metrics.

Mary Melvin also noted there is one request in the GI Study GI queue at this time that is under study.

#### D. 2016 TEP Assessment Status and 2017 TEP Review Studies

Mary Melvin announced the availability of the 2016 TEP Assessment and approval the 2016 TEP. She presented the 2017 TEP review schedule.

#### E. GIC Approval

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

#### F. OASIS Queue for Public Policy Requirements

Ms. Melvin announced that an OASIS Queue for Consideration of Local Transmission Needs Driven by Public Policy Requirements Identified through Stakeholder Input and Proposals is available from July 01, 2016 through August 30, 2016 for submittal of requests for projects.

#### G. RC Updates

Jonathan Prater and Terry Williams gave a presentation for the RC. The presentation included a review of the TVA transmission department reorganization. The RC presentation is posted on the LG&E and KU OASIS page.

#### H. LG&E and KU Construction Updates

Delyn Kilpack gave an update on the current construction projects for LG&E and 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.

I. Draft 2017 TEP Plan

Delyn Kilpack presented preliminary 2017 TEP results that included a review of the 2017 TEP project list. The list is included in the presentation posted on the LG&E and KU OASIS page. Comments on the TEP can be submitted to the ITO. A verbal comment was made that it would be helpful if LG&E and KU would provide project cost information so that NITS customers could estimate costs for budgeting purposes.

J. 2016 Transmission Rates Update

Ashley Moore provided an update on the LG&E and KU transmission rates that became effective June 01, 2016. She reviewed what the main driver behind increased cost of service is. The presentation is posted on the LG&E and KU OASIS page.

K. LG&E and KU Stakeholder Planning Committee Update

Tim Lyons deferred the update to the Stakeholder Planning Committee until after the break

L. Open Forum – Feedback and Wrap-Up

Mary Melvin asked if anyone had any additional items to discuss. None were received and the ITO Stakeholder Meeting was adjourned.

**4. Action Items**

Action Item	Description	Owner	Status	Target Date
Training session to review NITS on OASIS	The ITO will announce additional training sessions to review NITS on OASIS.	ITO	Complete	09/01/2016

**5. Next Meeting**

November 17, 2016.

**6. Adjourn**

The meeting was adjourned at 11:25 AM EDT on July 21, 2016.

**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 (2016)).

Dated at Washington, D.C. this 3rd day of October, 2016.

*/s/ Michael Kunselman*

Michael Kunselman  
Alston & Bird LLP