The Rates and Regulatory Department requested the following information from the Transmission Policy & Tariff Department. The Transmission Policy & Tariff responses are below.

1. Revenue from Grandfathered Interzonal Transactions
   * Transmission does not have any revenue associated with this line item. The Attachment O template in LG&E/KU’s OATT was taken from a MISO OATT; thus, there are some lines which refer specifically to items if the company was part of MISO. Interzonal areas are how MISO collects some of their transmission revenue and thus this line would be used if LG&E/KU were still a member of MISO. LG&E/KU has not been a member of MISO since 2006 and thus collects transmission revenue through the LG&E/KU OATT which does not include interzonal rates and transactions.
2. Revenues from service provided by LG&E Energy
   * While the LG&E/KU OATT allows transmission services at a discount, the companies have chosen not to grant such discounts historically, and this trend continued in 2016. LG&E/KU does have a grandfathered agreement with IMEA and IMPA which states they will not be charged for transmission service as IMEA/IMPA owns collectively 25% of the generation from Trimble County Units 1 and 2. As a result, LG&E/KU reduces the load information in the divisor because there is no revenue associated with IMEA/IMPA’s transmission usage. Additionally, LG&E/KU has depancaking agreements in place due to the 2006 exit from MISO; LG&E/KU also reduces the load information related to depancaking in the divisor as there is no associated revenue.
3. Network upgrade investments made due to end-user customer requests (that were otherwise not required) during the year where affiliate load serving entity assumed responsibility for the charges or any network upgrade investments made on behalf of the affiliate load serving entity that were not otherwise required, if any
   * TSR not applicable, project L5-2016-6669-DAH-ETH.I, cost $66,615.28
4. Affiliate load Serving Entity direct assigned assets added and energized during the year, if any
   * The below table summarizes the affiliate LSE direct assigned costs.
   * Please see *Affiliate DAF and Network Upgrade Costs.*

|  |  |
| --- | --- |
| Project Number | Cost |
| 138136 | $2,094,021.43 |
| 146941 | $39,935.57 |
| 144769 | $607,114.00 |
| 134237 | $485,675.41 |
| 137749 | $273,621.16 |
| KOTPR14-BEREACTVT-IN | $93,232.46 |
| Total | $3,593,600.03 |

1. Transmission Lease Payments
   * None
     + After reviewing the TVA invoice which is paid monthly regarding rental of facilities from contracts dated in the 1950s, it was determined this expense is posted to FERC account 566900. Account 566, Miscellaneous Transmission Expense is accounted for in Formula Rates; thus, this separate line item for lease payment should be zero to prevent double recovering the expenses.