ALSTON&BIRD LLP

The Atlantic Building
950 F Street, NW
Washington, DC 20004-1404

202-239-3300
Fax:202-239-3333
www.alston.com

Stephen C. Palmer **Direct Dial: 202-239–3360** **E-mail: stephen.palmer@alston.com**

October 4, 2013

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 2013 – August 2013 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/ Stephen C. Palmer
Stephen C. Palmer
Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington DC 20004
Tel. (202) 239-3360

Attorney for TranServ International, Inc.

ATTACHMENT

TRANSERV INTERNATIONAL

INDEPENDENT, INNOVATIVE, RELIABLE TRANSMISSION MANAGEMENT SERVICES

INDEPENDENT TRANSMISSION ORGANIZATION (ITO) FOR LG&E/KU

SEMI-ANNUAL REPORT

MARCH 2013 - AUGUST 2013

October 02, 2013

TranServ International, Inc.
3660 Technology Drive NE Minneapolis, MN 55418 Phone: 763.205.7080 Fax: 763.201.5333

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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 Independent Transmission Organization Agreement between LG&E/KU and TranServ dated August 29, 2011 (ITO Agreement) and Attachment P of the LG&E/KU Joint Pro Forma Open Access Transmission Tariff (OATT).[1] The Southwest Power Pool, Inc. (SPP) served as ITO for the LG&E/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 (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] By order dated December 15, 2011, the Commission accepted TranServ as new ITO for LG&E/KU effective September 1, 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/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 2013 – August 2013, the ITO held one Stakeholder Meeting in Louisville, KY on June 20, 2013. The meeting was hosted by the ITO and attended by twenty-eight (28) participants. The agenda and meeting minutes are included in this report as Exhibit 1. The presentations from the meeting can be found under the Stakeholder Meetings tab on the LG&E/KU 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/KU transmission system. The ITO is currently reviewing the 2012 LG&E/KU Transmission Expansion Plan submitted by LG&E/KU on December 31, 2012.

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 Exhibit 1 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/KU system. Pursuant to Section 4.1 of Appendix 1 to Attachment P of LG&E/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 1 month during the current reporting period, March 2013 – August 2013.[2] TranServ has reviewed the report and does not believe there are any occasions where customers hoard transmission that could cause detriment to the market.

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 2013 – August 2013. The table is located under the Stakeholders Information tab in the applicable ITO Semi-Annual Report folder.[3] 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/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/KU Balancing Authority for the current reporting period, March 2013 – August 2013. The table is located under the Stakeholders Information tab in the applicable ITO Semi-Annual Report folder.[4] 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

[2] *See* Stakeholder Information Tab for applicable ITO Semi-Annual Report posted on the LG&E/KU OASIS at the link provided above.
[3] *Id.*
[4] *Id.*

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 (June 20, 2013)

Exhibit 1

ITO Stakeholder Meeting

June 20, 2013

TranServ International, Inc.
3660 Technology Drive NE Minneapolis, MN 55418 Phone: 763.205.7080 Fax: 763.201.5333

TRANSERV INTERNATIONAL

INDEPENDENT, INNOVATIVE, RELIABLE TRANSMISSION MANAGEMENT SERVICES

LG&E/KU ITO Stakeholder Meeting

June 20, 2013, 9:00 AM

Galt House, Sampson Room

140 North Fourth Street, Louisville, KY 40202

AGENDA

Dial in Access:
Access code:
Webcast Link:

8:00 AM - 9:00 AM Breakfast

Introduction & Overview ..... Tom Kansier (ITO)

Action Items from Fall 2012 Stakeholder Meeting ..... Tom Kansier (ITO)

ITO Operations ..... Larry Monday (ITO)

ITO System Impact Studies (SIS) ..... Simon Cherucheril (ITO)

ITO Generator Interconnection (GI) Studies ..... Simon Cherucheril (ITO)

Reliability Coordinator Updates ..... Joel Wise (TVA)

Update of ITO 2012 Transmission Expansion Plan Assessment ..... Tom Kansier (ITO)

Planning and Construction Update ..... Delyn Kilpack (LGE/KU)

Status Update of 2013 Transmission Expansion Plan ..... Delyn Kilpack (LGE/KU)

2013 Transmission Rates ..... Derek Rahn (LG&E/KU)

LG&E/KU Stakeholder Planning Committee Update ..... Tim Lyons (OMU)

Open Forum – Stakeholder Feedback & Wrap-up ..... Tom Kansier (ITO)

Adjourn/Break

Stakeholder Planning Committee (SPC) Meeting ..... Tim Lyons (OMU)

Adjourn

LG&E/KU Order 1000 Update ..... Derek Rahn (LG&E/KU)

Noon - 1:00 PM Lunch in (TBD) Room

LG&E/KU ITO Stakeholder Meeting

June 20, 2013

Galt House, Louisville, KY

Action Items from meeting:

1) The ITO will post the list of 27 new flowgates added and the 16 flowgates removed.
2) LG&E/KU Transmission Strategy and Planning will review the coordination required with the SERC LTSG models as they move to a year two model for the transmission expansion plan.

Meeting Minutes:

Agenda Item 1 – Introduction and Overview

Note: Presentation materials have been posted on the LG&E/KU OASIS.

Mr. Kansier from MAPPCOR opened the meeting with a welcome and introductions. The following were in attendance:

Beth Cocanougher	LG&E/KU
Charlie Freibert,	LG&E/KU
Chris Balmer,	LG&E/KU
Daryn Barker,	LG&E/KU
Derek Rahn,	LG&E/KU
Delyn Kilpack,	LG&E/KU
Duane Schrader,	LG&E/KU
Fernando Rubio	LG&E/KU
Jennifer Keisling,	LG&E/KU
Joel Wise,	TVA RC
John Humphries,	KMPA
Larry Brusseau,	MAPPCOR
Larry Monday,	TranServ
LaVita Jones	LG&E/KU
Linn Oelker,	LG&E/KU
Mary Melvin	TranServ
Matt Burns,	LG&E/KU
Maxwell Shannon,	LG&E/KU
Nick Mistry,	LG&E/KU
Rob Leesman,	OMU (Teleconference)
Simon Cherucheril,	TranServ
Thin Bui	TranServ
Thomas DePaull,	LG&E/KU
Tim Lyons,	OMU
Tom Jessee	LG&E/KU (Teleconference)
Tom Kansier,	MAPPCOR
Tom Trauger,	KMPA (Spiegel & McDiarmid) (Teleconference)
Wayne Van Liere,	LG&E/KU

Agenda Item 2 – Action Items from Previous Stakeholder Meetings

Mr. Kansier reviewed the status of Action Items from the previous Stakeholder meetings.

3) How is the true-up of losses calculated? LG&E/KU Transmission will provide the answer to the Stakeholders. LG&E/KU has replied specifically with stakeholders on this question at various different venues and are currently documenting it in the Losses Settlement Case. This Action Item is considered closed.

4) The ITO will investigate what information on historically limited paths can be presented at these Stakeholder meetings. This information will be provided during the ITO Operations Report. This action item is considered closed.

Agenda Item 3 – ITO Operations

Mr. Monday gave a presentation on the ITO Operations, including reservation metrics.

Questions/Discussion: A question was asked if ATC is shown to be available, then why would a request be denied? Mr. Monday replied that it should have been approved and if customer's see this occurring to call the ITO. However, under some circumstances, ATC may have been used up by a previous request

Agenda Item 4 – ITO System Impact Studies

Mr. Cherucheril from TranServ gave the presentation on the status and progress of the System Impact Studies for Transmission Service Requests. He reviewed the TSR study metrics for the 2012 4th Quarter and 2013 1st Quarter.

Agenda Item 5 – ITO Generator Interconnection Studies

Mr. Cherucheril gave a presentation on the Generator Interconnection Studies. The presentation included an update on all studies in the queue and the status of each.

Agenda Item 6 – Reliability Coordinator Updates

Mr. Wise from TVA gave an update on the Reliability Coordinator activities. This discussion included an update of the transition of EKPC to PJM, which was completed June, 2013 and the status of the change in the OATI IDC software from NERC transitions ownership to a consortium of the Reliability Coordinators has occurred. This includes the SDX and NERC Book of Flowgates. For LG&E/KU LSE's, TVA will be developing the costs to be included in the RC service fess starting in 2014. Mr. Wise also discussed the status of the DOE load. It is currently being reduced from 1800 MW to 50 MW. TVA is seeing some system constraints as a result. These constraints are being alleviated by redispatch and system reconfiguration.

Agenda Item 7 – ITO 2012 Transmission Expansion Plan (TEP) Assessment

Mr. Kansier gave an update of the 2012 TEP Assessment. The review is ongoing with an approval date of mid-September.

Agenda Items 8 – LG&E/KU Planning and Construction Update

Ms. Kilpack gave an update on the Planning and Construction Plan for LG&E/KU. The focus of the presentation was on the BES facilities. If Stakeholders wanted to know about current 69 kV projects, they should contact her.

Agenda Items 9 – 2013 Transmission Expansion Plan

Ms. Kilpack gave an update on the status of the LG&E/KU 2013 Expansion Plan. Transmission planning are currently reviewing the 2012 TEP projects and retiming as necessary. Ms. Kilpack also mentioned that they are working on developing a year two model (2015) for the TEP. By preparing this model, LG&E/KU will be coordinated with the SERTP planning models to be used for FERC Order 1000 process.

Question: A question was raised about LG&E/KU Transmission Strategy and Planning coordinating with the SERC LTSG models as they move to a year two model for the transmission expansion plan. Ms. Kilpack will verify this coordination is being done.

Agenda Items 10 – LG&E/KU 2013 Transmission Rates

Mr. Rahn gave an update on the 2013 LG&E/KU transmission rates. Mr. Rahn indicated that there is an increase of 7.75%. This increase is due to increased transmission plant assets.

Agenda Item 11 – Stakeholder Planning Committee (SPC) Update

Mr. Lyons from OMU, as the Chairman of the Stakeholder Planning Committee (SPC) gave an update on the SPC activities.

Agenda Item 12 – Open Forum – Feedback and Wrap-Up

Mr. Kansier asked if anyone had any additional items to discuss.

Mr. Freibert asked about the delineation of the ITO responsibilities between TranServ and MAPPCOR. Mr. Kansier responded that MAPPCOR is responsible for preparing the assessment of the annual transmission expansion plan and the stakeholder process. Mr. Cherucheril added that TranServ is responsible for the tariff administration and the TSR and GI studies that are required to be completed.

With no further discussion, the ITO Stakeholder meeting was adjourned at 11:30 AM.

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 (2013)).

Dated at Washington, D.C. this 4th day of October, 2013.

/s/ Stephen C. Palmer

Stephen C. Palmer
Alston & Bird LLP