



S T O L L · K E E N O N · O G D E N
P L L C

2000 PNC PLAZA
500 WEST JEFFERSON STREET
LOUISVILLE, KY 40202-2828
MAIN: (502) 333-6000
FAX: (502) 333-6099
www.skofirm.com

KENDRICK R. RIGGS
DIRECT DIAL: (502) 560-4222
DIRECT FAX: (502) 627-8722
kendrick.riggs@skofirm.com

July 18, 2011

RECEIVED

JUL 18 2011

PUBLIC SERVICE
COMMISSION

VIA HAND DELIVERY

Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RE: The Application of Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Approval of Its 2011 Compliance Plan for Recovery by Environmental Surcharge
Case No. 2011-00162

Dear Mr. DeRouen:

Enclosed please find and accept for filing the original and fifteen copies of Louisville Gas and Company's Objections to certain initial Requests for Information. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies of this letter and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions please contact me at your convenience.

Yours very truly,

Kendrick R. Riggs

KRR:ec
Enclosures
cc: Parties of Record via regular mail

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LOUISVILLE GAS AND ELECTRIC COMPANY

Response to Attorney General's Initial Data Requests Dated July 12, 2011

Case No. 2011-00162

Question No. 2

Witness: Counsel

Q-2. Provide copies of all correspondence, memoranda and e-mails regarding any and all alternatives to the proposed environmental compliance plan set forth in the company's petition in the instant matter:

- a. by and among the employees, officers and directors of LG&E / KU; and
- b. between the company's employees and any and all external consultants.
- c. For purposes of this question, the term "company" includes any and all subsidiaries, affiliates and holding companies within the PPL corporate family.

A-2.

- a. To the extent that the request for the production of documents is overly broad and unduly burdensome and seeks the production of documents that are irrelevant to the issues in this case or are privileged, objections are made to the request. Without waiver of these objections, counsel for LG&E is undertaking a reasonable and diligent search for responsive and non-privileged documents and will produce documents responsive to this request through a rolling production beginning July 25, 2011. Please note that LG&E anticipates seeking confidential protection for portions of certain documents being provided hereunder. Also a privilege log concerning documents responsive to this request, but which LG&E is not providing on the ground that they are exempt from production, will be subsequently provided in a supplemental response. This log will be supplemented as appropriate with the production of other documents or completion of the search. Counsel for LG&E will update counsel for the AG on a weekly basis on the status of the production of further documents.
- b. See the response to (a).
- c. No response appears to be required.

LOUISVILLE GAS AND ELECTRIC COMPANY

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Question No. 6

Witness: Counsel

Q-6. Reference the testimony of Mr. Bellar at page 14. Please identify precisely how long LG&E has been working on the matters at issue in application.

- a. Provide copies of any and all documents, emails, correspondence, memorandum, reports, letters, studies, analyses, conclusions, or opinions that relate to the preparation of the application, whether prepared by LG&E or any other entity involved, including but not limited to KU, an affiliate company, PPL, an independent contractor, or any agent of the aforementioned entities. In complying with this and all other specific requests set forth in the Attorney General's Initial Requests, please pay careful attention to the definition of "document" as set forth in instruction no. 10 of the attached instructions.
- b. If not provided in the prior response, provide copies of all Board of Directors' meeting minutes, emails, correspondence, memorandum, reports, letters and/or any and all other documents that discuss the preparation of the application.

A-6.

- a. To the extent that the request for the production of documents is overly broad and unduly burdensome and seeks the production of documents that are irrelevant to the issues in this case or are privileged, objections are made to the request. Without waiver of these objections, counsel for LG&E is undertaking a reasonable and diligent search for responsive and non-privileged documents and will produce documents responsive to this request through a rolling production beginning July 25, 2011. Please note that LG&E is seeking confidential protection for portions of certain documents being provided hereunder. Also a privilege log concerning documents responsive to this request, but which LG&E is not providing on the ground that they are exempt from production, will be subsequently provided in a supplemental response. This log will be supplemented as appropriate with the production of other documents or completion of the search. Counsel for LG&E will update counsel for the AG on a weekly basis on the status of the production of further documents.
- b. See the response to (a).

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to KIUC's First Set of Data Requests Dated July 12, 2011

Case No. 2011-00162

Question No. 7

Witness: Counsel

- Q-7. Refer to the PPL Corporation presentation on May 11, 2011 to the Deutsche Bank Conference available on the PPL website.
- a. On page 3 of that presentation entitled "Investment Highlights," there are bullet points under the description "Multiple drivers of significant upside."
 - i. To what does the term "significant upside" refer? Please provide all support relied on for your response.
 - ii. Please explain how "Environmental regulation" represents a "driver" of "significant upside." Please provide specific examples.
 - b. On page 7 of that presentation entitled "Regulated Rate Base Growth," the presentation shows LKE (LG&E and KU) growth from \$6.7 billion in 2011 to \$10.4 billion in 2015. Please provide the underlying support for these projections at the most detailed level available, including, but not limited, to all financial statement projections.
 - c. On 12 of that presentation entitled "Capital Expenditures," the presentation shows "LKE ECR" capital expenditures of \$0.2 billion in 2011, \$0.7 billion in 2012, \$0.8 billion in 2013, \$0.8 billion in 2014, and \$0.5 billion in 2015, or a total of \$3.0 billion over the five year period. Please provide the underlying support for these projections at the most detailed level available including, but not limited to, all financial statement projections.
 - d. On page 12 of that presentation entitled "Capital Expenditures," the presentation shows "LKE base" capital expenditures of \$0.4 billion in 2011, \$0.5 billion in 2012, \$0.6 billion in 2013, \$0.7 billion in 2014, and \$0.9 billion in 2015, or a total of \$3.1 billion over the five year period. Please provide the underlying support for these projections at the most detailed level available including, but not limited to, all financial statement projections.
- A-7.
- b. LG&E objects because the requested information is irrelevant to this proceeding. LG&E is not seeking to recover the estimated costs of the projects in its

environmental compliance plan, but instead only proposes to recover the actual costs incurred upon the Commission's approval under KRS 278.183. Consistent with its historical practice, LG&E does not disclose financial projections. Such projections are only estimates; there is no guarantee that such projections will be realized; and the estimates are based on a number of assumptions that may change over time. The Commission has recognized that such information is not discoverable when a utility is not seeking to recover costs based upon forecasted or estimated expenses. See the Commission's September 6, 1990 Ruling and September 21, 1990 Order in Case No. 90-158.

- c. See the response to (b).
- d. See the response to (b).

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to KIUC's First Set of Data Requests Dated July 12, 2011

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Question No. 8

Witness: Counsel

Q-8. Refer to the PPL Corporation presentation on October 31-November 3, 2010 at the EEI Financial Conference available on the PPL website.

- a. On the page entitled "Increased Scale with Continued Growth," the presentation shows projected growth in LKE amounts from \$6.7 billion in 2011 to \$7.7 billion in 2014. Please describe the amounts shown on this page of the presentation and how they are computed.
- b. Please provide the underlying support for these projections at the most detailed level available, including, but not limited to, all financial statement projections.
- c. On the page entitled "Projected Capitalization Structures at 12/31/2010," the Kentucky Holdings Consolidated capital structure consists of 51.0% debt and 49.0% common equity, while the LG&E and KU capital structures consist of 41.2% debt and 58.8% common equity. Please provide the underlying support for these computations and reconcile the Kentucky Holdings Consolidated capitalization amounts used to compute the capital structure to the sum of the capitalization amounts used to compute the capital structures for the two utilities. To the extent that Kentucky Holdings Consolidated capitalization amounts include debt in addition to that held by the two utilities, then please provide a schedule of such debt outstanding at December 31, 2010.

A-8.

- b. LG&E objects to this request because the information sought is irrelevant to this proceeding. LG&E is not seeking to recover the estimated costs of the projects in its environmental compliance plan, but instead only proposes to recover the actual costs LG&E incurs upon the Commission's approval under KRS 278.183. Consistent with its historical practice, LG&E does not disclose financial projections. Such projections are only estimates; there is no guarantee that such projections will be realized; and the estimates are based on a number of assumptions that may change over time. The Commission has recognized that such information is not discoverable when a utility is not seeking to recover costs based upon forecasted or estimated expenses. See the Commission's September 6, 1990 Ruling and September 21, 1990 Order in Case No. 90-158.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to KIUC's First Set of Data Requests Dated July 12, 2011

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Question No. 9

Witness: Counsel

Q-9. Please provide a copy of the Company's most recent projected financial statements developed for budgeting and/or financial forecasting purposes for 2011 and each of the next five years. Provide all assumptions, data, and computations, including electronic spreadsheets with formulas intact.

A-9.

LG&E objects to this request because the information sought is irrelevant to this proceeding. LG&E is not seeking to recover the estimated costs of the projects in its environmental compliance plan, but instead only proposes to recover the actual costs incurred upon the Commission's approval under KRS 278.183. Consistent with its historical practice, LG&E does not disclose financial projections. Such projections are only estimates; there is no guarantee that such projections will be realized; and the estimates are based on a number of assumptions that may change over time. The Commission has recognized that such information is not discoverable when a utility is not seeking to recover costs based upon forecasted or estimated expenses. See the Commission's September 6, 1990 Ruling and September 21, 1990 Order in Case No. 90-158.

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Question No. 12

Witness: Counsel/Dan Arbough

- Q-12. Please describe each source of short term debt presently available to PPL Corp. Provide the maximum amount of each such source; the uses to which such funds from each such source are limited, if any; the terms and conditions of borrowing from each such source, including, but not limited to, the basis for the interest rate (e.g., prime plus x%, 1 month LIBOR), annual fees and expenses in dollars and as a percentage of outstanding borrowing on average over the most recent twelve months; and a copy of the relevant agreements for each such source.
- A-12. LG&E objects to this request because the information sought is irrelevant to this proceeding. PPL Corp. is not providing any financing to LG&E with regard to the projects in its environmental compliance plan and thus PPL Corp.'s sources of short-term debt are irrelevant. All forms of debt will be issued by LG&E.

LOUISVILLE GAS AND ELECTRIC COMPANY

Response to KIUC's First Set of Data Requests Dated July 12, 2011

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Question No. 15

Witness: Counsel/Dan Arbough

Q-15. Please provide a copy of all studies that address PPL Corp.'s financing requirements and plans in 2011 and the next five years, including, but not limited to, financing the Company's environmental compliance costs.

A-15. LG&E objects to this request because the information sought is irrelevant to this proceeding. PPL Corp. is not providing any financing to LG&E for its environmental compliance costs. To the extent LG&E requires additional equity, LG&E and KU Energy LLC will provide that form of capital.