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Jeff DeRouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

**Louisville Gas and  
Electric Company**  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

October 25, 2012

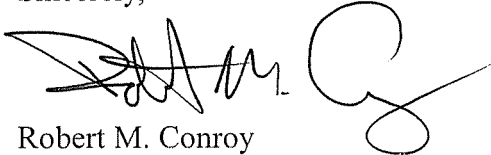
**RE: *AN EXAMINATION OF THE APPLICATION OF THE  
FUEL ADJUSTMENT CLAUSE OF LOUISVILLE GAS  
AND ELECTRIC COMPANY FROM NOVEMBER 1, 2011  
THROUGH APRIL 30, 2012 - CASE NO. 2012-00321***

Dear Mr. DeRouen:

Enclosed please find an original and ten (10) copies of the Response of Louisville Gas and Electric Company to Information Requested at the Hearing dated October 11, 2012, in the above-referenced proceeding.

Please contact me if you have any questions concerning this filing.

Sincerely,

  
Robert M. Conroy

Enclosures

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**AN EXAMINATION OF THE APPLICATION OF THE )  
FUEL ADJUSTMENT CLAUSE OF LOUISVILLE GAS ) CASE NO.  
AND ELECTRIC COMPANY FROM NOVEMBER 1, ) 2012-00321  
2011 THROUGH APRIL 30, 2012 )**

**RESPONSE OF  
LOUISVILLE GAS AND ELECTRIC COMPANY  
TO  
COMMISSION STAFF'S  
POST HEARING DATA REQUEST  
DATED OCTOBER 11, 2012**

**FILED: OCTOBER 25, 2012**

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Response to Commission Staff's Post Hearing Data Request  
Dated October 11, 2012**

**Case No. 2012-00321**

**Question No. 1**

**Witness: Gary H. Revlett**

- Q-1. In reference to the Response to Information Requested in Appendix of Commission's Order Dated August 22, 2012, Question No. 24, does the federal EPA issue advisory opinions to help utilities determine whether certain generation efficiency efforts could trigger a New Source Review?
- A-1. Facility owners and operators assessing the potential application of New Source Review (NSR) requirements to particular projects typically rely on an existing body of judicial precedent, EPA policy memoranda and agency guidance regarding how NSR applies to certain factual situations. Upon request, the Kentucky Division for Air Quality or the US EPA will issue Applicability Determinations addressing the applicability of New Source Review (NSR) requirements to particular projects. However, obtaining such an Applicability Determination is not common practice for the Company or in the industry, due primarily to the time required (up to a year or more) to complete the process and receive a final agency determination. The process for obtaining such Applicability Determinations requires submittal of detailed information on the project, including the nature, purpose and cost, historic operations at the unit, any projected emissions caused by the project (after removal of any emissions increases attributable to factors unrelated to the project), and any possible "netting" through emissions reductions from other units at the facility. Due to the time constraints typically associated with the company's projects and ongoing engineering changes that are frequently incorporated as project design is finalized, the Company has generally found obtaining Applicability Determinations to be impractical. For projects such as planned generation efficiency projects, the Company generally relies on general EPA guidance documents and relevant judicial decisions in the NSR area, as well as its own experience regarding EPA's and KDAQ's treatment of similar projects, to conduct any necessary analyses and to determine whether NSR requirements may be implicated.

