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March 28, 2008

***Re: Annual Report Form No. 1, Kentucky Public Service Commission  
Annual Report for Major Natural Gas Companies, and  
Annual Resource Assessment for Louisville Gas and Electric  
Company Pursuant to Administrative Case No. 387***

Dear Mr. McDowell:

Enclosed are one completed signed copy of Annual Report Form No. 1 for Electric Utilities and one completed signed copy of Kentucky Public Service Commission Annual Report for Major Natural Gas Companies for Natural Gas Companies covering the operations of Louisville Gas and Electric Company ("LG&E").

Also enclosed, in accordance with Ordering Paragraph (2) of the Commission's Order in Administrative Case 387, dated October 7, 2005, are an original and five (5) copies of the 2007 Annual Resource Assessment Filing for LG&E, along with a Petition for Confidential Protection regarding certain information provided in response to Item Nos. 11 and 14.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', written over a horizontal line.

Robert M. Conroy

Enclosures

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

**In the Matter of:**

<b>A REVIEW OF THE ADEQUACY OF</b>	)	
<b>KENTUCKY'S GENERATION CAPACITY</b>	)	<b>ADMINISTRATIVE</b>
<b>AND TRANSMISSION SYSTEM</b>	)	<b>CASE NO. 387</b>

**2007 ANNUAL RESOURCE ASSESSMENT FILING  
OF  
LOUISVILLE GAS AND ELECTRIC COMPANY  
PURSUANT TO APPENDIX G  
OF THE COMMISSION'S ORDER  
DATED DECEMBER 20, 2001  
AS AMENDED BY THE  
COMMISSION'S ORDER  
DATED MARCH 29, 2004**

**FILED: MARCH 2008**



**LOUISVILLE GAS AND ELECTRIC COMPANY**

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FILED MARCH 2008**

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**ITEM NO. 1**

The information originally requested in Item 1 of Appendix G of the Commission's Order dated December 20, 2001, in Administrative Case No. 387, is no longer required pursuant to the Commission's Order of March 29, 2004, amending the previous Order.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

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**ITEM NO. 2**

The information originally requested in Item 2 of Appendix G of the Commission's Order dated December 20, 2001, in Administrative Case No. 387, is no longer required pursuant to the Commission's Order of March 29, 2004, amending the previous Order.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

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**ITEM NO. 3**

**RESPONDENT: Robert Thomson/Scott Cooke**

3. Actual and weather-normalized monthly coincident peak demands for the just completed calendar year. Demands should be disaggregated into (a) native load demand (firm and non-firm) and (b) off-system demand (firm and non-firm).

Response:

Please refer to the attached Table LGE-3, which shows the actual and weather-normalized native LG&E peak demands. The normalized native LG&E stand alone peak demands are available only on a seasonal (summer/winter) basis.

**TABLE LGE-3  
NATIVE AND OFF-SYSTEM DEMANDS BY MONTH FOR 2007**

**Louisville Gas & Electric Co.**

Time of Monthly Native Peak	Actual			Normal Weather (Seasonal) Native Peak	Off-System (1)		
	Native Peak	Non-Firm	Firm		Firm (2)	Non-Firm (2)	Total
2007-01-30 20:00	1,837	45	1,791		0	0	0
2007-02-05 20:00	1,885	30	1,855	1,891	0	0	0
2007-03-26 15:00	1,680	41	1,639		34	0	34
2007-04-30 17:00	1,942	50	1,891		0	0	0
2007-05-30 16:00	2,339	54	2,285		340	2	342
2007-06-26 16:00	2,477	15	2,462		0	0	0
2007-07-19 15:00	2,549	0	2,549		0	0	0
2007-08-16 15:00	2,834	0	2,834	2,775	0	0	0
2007-09-05 16:00	2,579	35	2,545		129	0	129
2007-10-08 16:00	2,339	29	2,311		1	0	1
2007-11-15 19:00	1,615	47	1,568		10	0	10
2007-12-05 19:00	1,777	42	1,735		3	0	3

**Notes**

- (1) The allocation of off-system sales split between LG&E and KU is handled in the After-the-Fact Billing process in accordance with the Power Supply System Agreement between LG&E and KU. The individual company sales will include an allocation of the sales sourced with purchased power and allocated to the individual company based on each company's contribution to off-system sales.
- (2) The allocation of off-system sales between firm and non-firm is not available from the hourly data in AFB. The breakout is based on the monthly totals for LG&E and KU sales for firm and non-firm sales.



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**ITEM NO. 4**

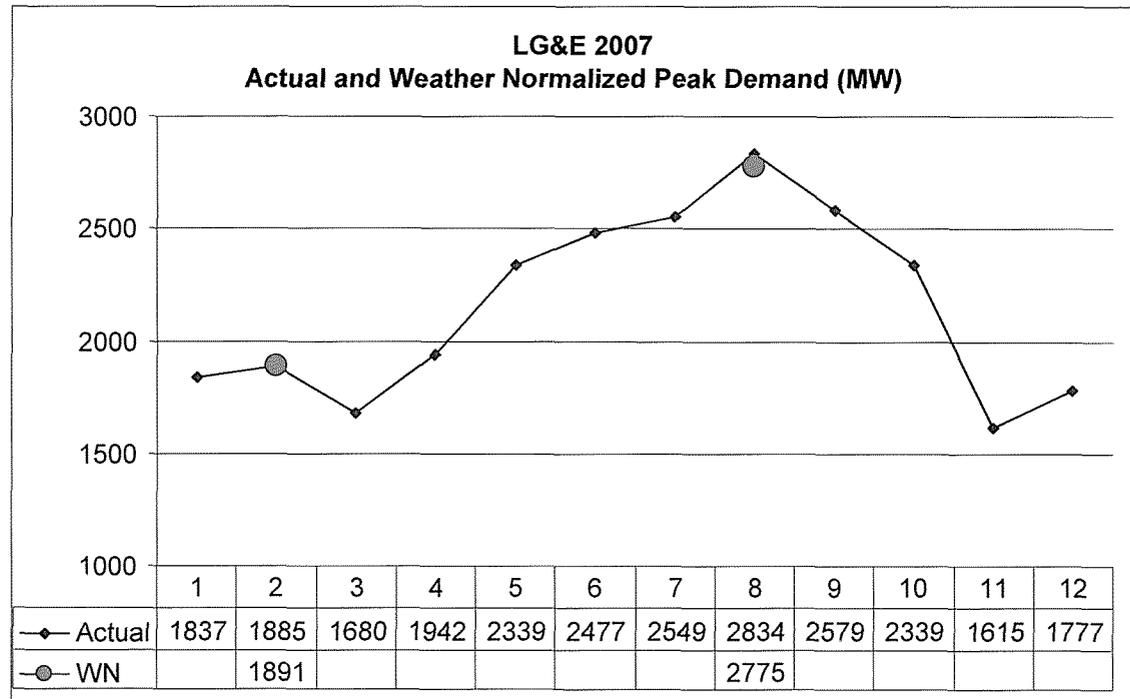
**RESPONDENT: Robert Thomson**

4. Load shape curves that show actual peak demands and weather-normalized peak demands (native load demand and total demand) on a monthly basis for the just completed calendar year.

Response:

Please refer to the attached Figure LGE-4.

**Figure LGE-4**





**LOUISVILLE GAS AND ELECTRIC COMPANY**

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**ITEM NO. 5**

The information originally requested in Item 5 of Appendix G of the Commission's Order dated December 20, 2001, in Administrative Case No. 387, is no longer required pursuant to the Commission's Order of March 29, 2004, amending the previous Order.



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**ITEM NO. 6**

**RESPONDENT: Robert Thomson/Scott Cooke**

6. Based on the most recent demand forecast, the base case demand and energy forecasts and high case demand and energy forecasts for the current year and the following four years. The information should be disaggregated into (a) native load (firm and non-firm demand) and (b) off-system load (both firm and non-firm demand).

Response:

- a) Please see the attached Table LGE-6a.
- b) Off-system sales ("OSS") projections for 2008-2012 contained in Table LGE-6b are based on the Companies' current plan. For OSS, only base case total sales energy projections exist for 2008-2012. The projections consist of the expected market sales, dubbed "Wholesale OSS". In the long-range model, wholesale financially Firm and Non-firm sales are not distinguished but are combined into an overall expected sales energy.

**Table LGE-6a**

**Louisville Gas & Electric**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Base Case Energy Sales (GWh)	12,590	12,773	12,931	13,136	13,324
High Case Energy Sales (GWh)	12,815	13,074	13,278	13,530	13,777
Base Case Energy Requirements (GWh)	13,321	13,514	13,682	13,900	14,099
High Case Energy Requirements (GWh)	13,559	13,832	14,049	14,317	14,578
Base Case Native Peak Demand (MW)	2,789	2,817	2,862	2,908	2,952
High Case Native Peak Demand (MW)	2,839	2,883	2,939	2,996	3,053

**Table LGE-6b**  
**Total Base Case Off-System Sales Energy Projection**

	2008	2009	2010	2011	2012
Wholesale OSS (GWH)	2,148	1,735	1,935	3,146	2,983



**LOUISVILLE GAS AND ELECTRIC COMPANY**

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**ITEM NO. 7**

**RESPONDENT: Scott Cooke**

7. The target reserve margin currently used for planning purposes, stated as a percentage of demand. If changed from what was in use in 2001, include a detailed explanation for the change.

Response:

The Companies established an optimal reserve margin range of 13% to 15%, with 14% recommended for planning purposes. The range provides an optimum level of reliability through various system operating conditions. The reserve margin analysis was performed as part of the 2008 Integrated Resource Plan ("2008 IRP"), to be filed with the Commission in April 2008.

The Companies utilized a planning reserve margin target of 12% in 2001 and 14% in 2002 based on a reserve margin range of 11%-14% established in the Companies' 1999 IRP. A detailed explanation of the current target reserve margin is documented in the report titled "2008 Analysis of Reserve Margin Planning Criterion" and will be included in Volume III of the Companies' 2008 IRP. The Companies have utilized a 14% planning reserve margin target since 2002.



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**ITEM NO. 8**

**RESPONDENT: Scott Cooke**

8. Projected reserve margins stated in megawatts and as a percentage of demand for the current year and the following 4 years. Identify projected deficits and current plans for addressing these. For each year identify the level of firm capacity purchases projected to meet native load demand.

Response:

LG&E and KU are finalizing their Joint 2008 Integrated Resource Plan ("IRP") to be filed with the Commission in April 2008. LG&E will submit a supplemental response providing the requested information following the submittal of the 2008 IRP.



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**ITEM NO. 9**

The information originally requested in Item 9 of Appendix G of the Commission's Order dated December 20, 2001, in Administrative Case No. 387, is no longer required pursuant to the Commission's Order of March 29, 2004, amending the previous Order.



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**ITEM NO. 10**

The information originally requested in Item 10 of Appendix G of the Commission's Order dated December 20, 2001, in Administrative Case No. 387, is no longer required pursuant to the Commission's Order of March 29, 2004, amending the previous Order.



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**ITEM NO. 11**

**RESPONDENT: Scott Cooke**

11. A list that identifies scheduled outages or retirements of generating capacity during the current year and the following four years.

Response:

The planned maintenance outage schedule for 2008 through 2012 is being provided pursuant to a Petition for Confidential Protection. The schedule is regularly modified based on actual operating conditions, forced outages, changes in the schedule required to meet environmental compliance regulations, fluctuations in wholesale prices, and other unforeseen events.



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**ITEM NO. 12**

**RESPONDENT: Scott Cooke**

12. Identify all planned base load or peaking capacity additions to meet native load requirements over the next 10 years. Show the expected in-service date, size and site for all planned additions. Include additions planned by the utility, as well as those by affiliates, if constructed in Kentucky or intended to meet load in Kentucky.

Response:

LG&E and KU are finalizing their Joint 2008 Integrated Resource Plan ("IRP") to be filed with the Commission in April 2008. LG&E will submit a supplemental response providing the requested information following the submittal of the 2008 IRP.



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**ITEM NO. 13**

**RESPONDENT: Keith Yocum**

13. The following transmission energy data for the just completed calendar year and the forecast for the current year and the following four years:
- a. Total energy received from all interconnections and generation sources connected to the transmission system.
  - b. Total energy delivered to all interconnections on the transmission system.
  - c. Peak load capacity of the transmission system.
  - d. Peak demand for summer and winter seasons on the transmission system.

Response:

Data exists for 2007. The Company does not forecast this type of data; therefore no forecast exists for 2008-2011.

- a. LG&E and KU operate as a single NERC Control area that contains several generators not owned by LG&E and KU; the non-Company owned facilities are also included as sources below:

Tie Lines Received (MWH)	15,731,450
Net Generation-LG&E (MWH)	17,243,884
Net Generation-KU (MWH)	17,920,212
Net Received from OMU (MWH)	1,288,540
Net Generation-IPPs (MWH)	<u>938,692</u>
Total Sources (MWH)	53,122,778

- b. LG&E and KU operate as a single Control Area, the amount of energy delivered at the interconnections of the single Control area were 16,721,960 MWH(s).

- c. There is no set number for peak load capacity for the transmission system. The system is built to support Network Service and firm PTP customers as tested under the E.ON Transmission Planning Guidelines. Actual transmission capacity available for Network customers, import, export or thru-flow will vary depending on which facilities (generation, load or transmission) in the interconnected transmission system of the eastern interconnect are connected and operated at any given time.
- d. The maximum summer peak transmission load for the combined LG&E/KU transmission system was 7888 MW for the peak hour of 8/9/2007 at 4PM.

The maximum winter peak transmission load for the combined LG&E/KU transmission system was 6859 for the peak hour of 2/5/2007 at 8 AM.



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**ITEM NO. 14**

**RESPONDENT: Keith Yocum**

14. Identify all planned transmission capacity additions for the next 10 years. Include the expected in-service date, size and site for all planned additions and identify the transmission need each addition is intended to address.

Response:

The response to this item is being provided pursuant to a Petition for Confidential Protection.