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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

JUL 12 2011

PUBLIC SERVICE  
COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND )  
ELECTRIC COMPANY FOR CERTIFICATES OF ) CASE NO.  
PUBLIC CONVENIENCE AND NECESSITY AND ) 2011-00162  
APPROVAL OF ITS 2011 COMPLIANCE PLAN )  
FOR RECOVERY BY ENVIRONMENTAL )  
SURCHARGE )

METROPOLITAN HOUSING COALITION'S FIRST SET OF REQUESTS TO  
LOUISVILLE GAS AND ELECTRIC COMPANY FOR INFORMATION

Pursuant to the scheduling order adopted by the Commission in this case on June 28, 2011, Metropolitan Housing Coalition (MHC) requests that Louisville Gas and Electric Company (LGE) file with the Commission by July 25, 2011 the following information, with a copy to all parties of record. For each response to request for information,

(1) Please identify the individual responsible for answering each request;

(2) These requests shall be deemed continuing so as to require further and supplemental responses if LGE receives or generates additional information within the scope of these requests between the time of the response and the time of the hearing;

(3) A request to identify a document means to state the date or dates, author or originator, the subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number of code number thereof or other means of identifying it, and its present location and custodian;

(4) To the extent that the specific document, study or information requested does not exist, but a similar document, study or information does exist, please provide the similar document, study or information;

(5) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout that would not be self-evident to a person not familiar with the printout;

(6) If LGE objects to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify MHC's Attorney of Record as soon as possible;

(7) For any document withheld on the basis of privilege, state the following: date; author; addressee; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted;

(8) In the event any document called for has been destroyed or transferred beyond the control of the company, please state the identity of the person by whom it was destroyed or transferred; the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy; and

(9) Where the information requested is the same as has been provided to another party in response to a request for information, it is sufficient to identify that response rather than duplicating the information requested.

### **Request For Information 1**

The LG&E filing seeks Commission approval of certain certificates of public convenience and necessity, and approval of its 2011 Compliance Plan for Recovery by Environmental Surcharge, identifying the following federal rulemakings as the basis for the filing: the Clean Air Transport Rule (CATR), National Emission Standards for

Hazardous Air Pollutants from Electric Generating Units (HAPs Rule), and new regulations regarding the disposal of coal combustion residuals. At the time of the filing, none of these federal rules had become final.

- (a) In the absence of a final HAPS or coal combustion residual rule, what basis does LG&E have to assume that the proposed emissions limits and timeframes for incorporation of controls necessary to meet such limits, will remain unchanged?
- (b) With the finalization of the Clean Air Transport Rule (CATR), has LG&E evaluated whether the requirements of the final rule are the same, greater, or lesser than those in the proposed rule? If so, please provide that assessment and comparison of limits from the proposed and final rule as it affects each LG&E generating unit.
- (c) Does LG&E plan to update this filing in order to reflect any changes in compliance requirements or compliance strategy occasioned by changes from the proposed to the final rulemaking?
- (d) Does the LG&E filing consider the impacts of the proposed ozone NAAQS regulation that were sent by the EPA to the OMB on July 11, 2011?
- (e) If not, does LG&E plan to update this filing in order to reflect any changes in compliance requirements or compliance strategy occasioned by changes from the proposed to the final rulemaking?

**Request for Information 2**

Do the air quality regulations identified in the LG&S filing represent the only regulatory requirements affecting the emissions or operation of the LG&E generating units that are anticipated during the remaining useful (operating) life of the units? If not, please

identify any anticipated regulatory requirements and the time frame in which it is projected that limits would be placed on emissions or operation.

### **Request for Information 3**

Do the analyses of the cost-effectiveness of the Demand Side Management and Energy Efficiency measures that LG&E has proposed in Commission Case No. 2011-00134 incorporate the costs associated with this filing in determining whether investments in DSM or efficiency should be implemented? If not, will that filing be revised to reflect these additional costs of electric generation?

### **Request for Information 4**

Please provide, for each unit for which new control technologies are proposed, the remaining operational life of the facility.

### **Request for Information 5**

In evaluating whether to retire and replace capacity or to install controls for each LG&E unit, was the cost of control of carbon dioxide factored into the evaluation, and if so, identify how that cost was evaluated.

### **Request for Information 6**

In the Staff Report on the 2008 Integrated Resource Plan for LG&E and KU, Commission Case No. 2008-00148, Staff noted on p. 14 that: “LG&E and KU demonstrated that they are actively considering the potential effects of pending climate change legislation even though there is a lot of uncertainty regarding exact legislative requirements. They should continue to actively model and incorporate the potential

effects of climate change legislation into future IRP filings.” That same Report noted on p. 12 that “[t]he eventual realization of some form of [stricter limits on the emission of CO2 and other greenhouse gasses (sic)] could have major impacts on LG&E and KU and their customers.”

- (a) Please provide any assessment or analysis conducted or contracted by LG&E that discusses or quantifies the range of costs, and range of options to respond to additional controls that would be required by various climate change bills that have been proposed in Congress during the last two legislative sessions, including the House-passed bill from last Congressional Session.
- (b) Please provide the results of any modeling or projection conducted by or for LG&E with respect to the potential costs of compliance with climate change legislation or EPA regulation.
- (c) Please provide any comparative assessment undertaken of the costs of various demand-side, energy efficiency, or renewable energy sources relative to installation of controls on the LG&E units, with the cost of controls on emissions of CO2 incorporated into the controls.
- (d) Please explain, to the extent that such an assessment has not been undertaken, how the costs proposed to be incurred for compliance with current and proposed rulemakings are prudent, in light of the acknowledgment by PSC Staff of the major effect that stricter limits could have on the existing generation capacity.

### **Request for Information 7**

In testimony before a Kentucky legislative committee earlier this year, LG&E spokesman John Voyles indicated that the potential increase in capital costs of four billion dollars

over the next ten years “does not deal with the water rules. It does not deal with renewable portfolio standards of any kind. And it certainly does not deal with any climate change rules that might still be legislated in the future.”

- (a) Please provide any assessment of the additional costs that might be incurred by LG&E to maintain compliance with the “water rules”, “renewable portfolio standards” and “climate change rules” referred to in Mr. Voyles’ testimony.
- (b) Please explain whether LG&E believes that stricter limits on emissions of greenhouse gases (including CO<sub>2</sub>) are anticipated during the next 5, 10, or 15 years? If so, please explain why LG&E believes it is prudent to expand significant sums of additional capital for installation of new controls on coal-fired generation units rather than evaluating additional investment in demand-side and low-carbon alternative supply-side strategies, and why LG&E has considered *some* anticipated emissions limits (i.e. HAPs) and not others, such as CO<sub>2</sub> restrictions.

**Request for Information 8**

Please describe the mechanism for allocation of the costs associated with the filing, and whether the cost recovery will be a fixed charge on all residential customers or will be a charge based on the amount of electricity and/or gas usage?

- (a) If it is the latter, what does LG&E propose in order to address the disproportionate impact of the additional costs on fixed- and low-income customers and households?
- (b) Has LG&E reviewed measures taken within the PPL system and among other utilities in the nation to adopt programs or measures that lower or moderate the costs of environmental controls to low-income consumers (such as rate reductions, fee waivers)?

Respectfully submitted,



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### **CERTIFICATE OF SERVICE**

I certify that an original and fifteen (15) copies of Metropolitan Housing Coalition's First Set of Requests to Louisville gas and Electric Company For Information were filed with the Docket Clerk, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601 and that a true and accurate copy of the foregoing was mailed via first class U.S. Mail, postage prepaid, this 12<sup>th</sup> day of July, 2011, to the following:

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