

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF LOUISVILLE	)	
GAS AND ELECTRIC COMPANY AND	)	
KENTUCKY UTILITIES COMPANY	)	
FOR A CERTIFICATE OF PUBLIC	)	CASE NO. 2004-00507
CONVENIENCE AND NECESSITY, AND	)	
A SITE COMPATIBILITY CERTIFICATE,	)	
FOR THE EXPANSION OF THE TRIMBLE	)	
COUNTY GENERATING STATION	)	

COMMISSION STAFF'S FIRST DATA REQUEST TO THE  
ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY

Pursuant to 807 KAR 5:001, Commission Staff requests that the Attorney General of the Commonwealth of Kentucky file the original and 7 copies of the following information with the Commission on or before May 20, 2005, with a copy to all parties of record. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to pages 7 and 8 of the Testimony of David H. Brown Kinloch, regarding when LG&E and KU will need new capacity. The testimony states that no

new capacity will be needed until 2012, which is 2 years later than proposed in the application. How does Mr. Kinloch reconcile this statement with Exhibit DHBK-3, which shows 2011 as the year in which the LG&E and KU reserve margin will fall below the lower band of their target reserve margin, after recognition of demand side management impacts?

2. Refer to pages 8 and 9 of the Kinloch Testimony, the discussion of the costs and benefits of having excess baseload capacity before it is needed.

a. Has Mr. Kinloch determined how much the cost of Trimble County Unit 2 would increase if the project is delayed 2 years to 2012?

b. If this determination has been made, provide the amount of the cost of Trimble County Unit 2 if the project is delayed 2 years and compare the revised cost to the original cost presented in the application.

c. If this amount has been determined, explain why it was not part of Mr. Kinloch's analysis of the costs and benefits of excess baseload capacity.

3. Refer to pages 11 and 12 of the Kinloch Testimony, the discussion of the age of LG&E's and KU's baseload units. Given the age of some of these units, explain why it would not be appropriate to begin the process of adding new capacity as insurance against potential "equipment failure."

4. Refer to page 17 of the Kinloch Testimony, the discussion of the value of green tags associated with Marketer F's response to LG&E/KU's RFP.

a. Do the requirements cited in Illinois and Michigan allocate a value on renewables produced outside of their respective states? If yes, what is that value today?

b. Are the levels of required renewable generation in those states expected to increase over time? If yes, at what rates?

c. Provide any workpapers or other information supporting the assessment of the value of Marketer F's green tags shown in Exhibits-DHBK 5 and 6.

5. Refer to pages 19 and 20 of the Kinloch Testimony, the discussion of a carbon dioxide tax analysis in LG&E and KU's 2005 Integrated Resource Plan ("IRP"). The IRP, which has been docketed in Case No. 2005-00162, shows that, under either a base case scenario or various sensitivities including carbon dioxide taxes of \$10, \$20, and \$40, Trimble County Unit 2 is the lowest cost option at capacity factors of 60 percent or greater while WV Hydro is the lowest cost option at capacity factors of 50 percent or less. Explain any impact these results may have on Mr. Kinloch's position regarding these two capacity alternatives.



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Beth O'Donnell  
Executive Director  
Public Service Commission  
P. O. Box 615  
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DATED: May 5, 2005

cc: Parties of Record