

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE 2005 JOINT INTEGRATED RESOURCE)	CASE NO.
PLAN OF LOUISVILLE GAS AND ELECTRIC)	2005-00162
COMPANY AND KENTUCKY UTILITIES COMPANY)	

COMMISSION STAFF'S INITIAL DATA REQUEST
TO LOUISVILLE GAS AND ELECTRIC COMPANY
AND KENTUCKY UTILITIES COMPANY

Louisville Gas and Electric Company and Kentucky Utilities Company ("LG&E/KU") are requested, pursuant to 807 KAR 5:001, to file with the Commission the original and 7 copies of the following information, with a copy to all parties of record. The information requested herein is due on July 8, 2005. Each copy of the data 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 person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to Section 6 of the Integrated Resource Plan ("IRP") at pages 6-5 through 6-23. How much of the differences between the 2002 IRP demand forecasts

and 2005 IRP demand forecasts are attributable to the change in the methodology used to convert a forecast of monthly energy sales to a projection of peak demand?

2. Refer to Section 6 of the IRP at page 6-14, which includes a comparison of the 2002 forecast of combined company energy sales and actual weather-normalized energy sales for the years 2002, 2003 and 2004. Is it typical for the percentage difference between forecast sales and actual sales to increase as the years being compared get further out from the time when the forecast is prepared? Explain the response and include comparisons to previous forecasts which reflect LG&E/KU's prior experience.

3. Refer to Section 7 of the IRP, page 7-15, which identifies key economic and demographic assumptions used in developing the IRP. The last bullet refers to a 2003 study by Hill & Associates, which predicts future increases in Western Kentucky coal production. Did the study address only Western Kentucky coal production or was that the only component of the study relied upon by LG&E/KU? Explain the response.

4. Refer to the 2005-2019 Energy Requirements and Demand Forecast in Volume II of the IRP, specifically the uncertainty analysis. In the event peak demand growth were to match the high peak forecast, what plans do LG&E/KU have for meeting such growth?

5. The U.S. Economy 25-Year Focus included in Volume II of the IRP is identified as "Summer 2003" and was prepared by Global Insight. How frequently does Global Insight develop a 25-year focus? Was this the most recent such document available to LG&E/KU at the time the forecasts included in the IRP were developed?

6. LG&E/KU recently filed the 2005 joint energy and peak demand forecasts in Case No. 2004-00507.¹ Will these more recent forecasts impact the long-range resource plan contained in this IRP? Explain the response.

7. Refer to the 2005 Analysis of Reserve Margin Planning Criterion included in Volume III of the IRP.

a. Refer to Table 1 on page 4. Explain why both the duration and time between for minor maintenance for the Mill Creek units and Trimble No. 1 are different from the rest of LG&E/KU's base load generating units.

b. Refer to Table 3 on page 9. Are there identifiable reasons for why the equivalent forced outage rates for the Smith units of Owensboro Municipal Utility are in the 13 to 15 percent range? If yes, provide the reasons.

c. Refer to page 10, which references the EPRI report titled "Cost Benefit Analysis of Power System Reliability Determination of Interruption Costs." Provide the date of the report and the 27 utilities that were surveyed.

d. Refer to page 19. Explain (1) why the results of the analysis suggest a reserve margin range of only 2 percent (12 to 14) and (2) why the upper end of the range was chosen as the target reserve margin for planning purposes.

8. Refer to the Screening of Demand-Side Management ("DSM") Options in Volume III of the IRP.

¹ Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity, and a Site Compatibility Certificate, for the Expansion of the Trimble County Generating Station, Rebuttal Testimony filed June 8, 2005.

a. Refer to page 2. Explain how the LG&E/KU DSM Department selected 2.4 as the cut-off point in the preliminary DSM qualitative screening analysis.

b. Refer to pages 8 through 11, which discuss the DSM resources that passed the quantitative screening.

(1) Explain why LG&E/KU did not consider all 5 "California tests" in the quantitative screening of potential DSM programs.

(2) Since LG&E/KU evaluated potential DSM programs using only the Total Resource Cost and Ratepayer Impact Measure tests, how can the companies be assured that all significant variables that could impact the evaluation of potential DSM programs have been considered?

(3) Explain the steps taken by LG&E/KU to minimize bias in the final selection of DSM programs to be considered for implementation.

9. Refer to Exhibit DSM-11, Assumptions and Results of Phase II Quantitative Screening Process. As a matter of policy, is bundling DSM measures that pass the screening process with measures that do not pass considered by LG&E/KU as a means of attempting to introduce a larger or broader menu of programs to customers? Explain the response.



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DATED: June 16, 2005

cc: All Parties