

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND ELECTRIC	)	
COMPANY AND KENTUCKY UTILITIES COMPANY FOR	)	CASE NO.
APPROVAL OF PURCHASED POWER AGREEMENTS	)	2009-00353
AND RECOVERY OF ASSOCIATED COSTS	)	

DATA REQUEST OF COMMISSION STAFF TO  
THE ATTORNEY GENERAL AND THE KENTUCKY  
INDUSTRIAL UTILITY CUSTOMERS, INC.

The Attorney General of the Commonwealth of Kentucky and Kentucky Industrial Utility Customers, Inc. ("Joint Intervenors") pursuant to 807 KAR 5:001 are to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due no later than March 1, 2010. Responses to requests for information shall be appropriately bound, tabbed, and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Joint Intervenors shall make timely amendment to any prior response if they obtain information which indicates that the response was incorrect when made or,

though correct when made, is now incorrect in any material respect. For any request to which Joint Intervenors fail or refuse to furnish all or part of the requested information, they shall provide a written explanation of the specific grounds for their failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. 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 page 2 of the Direct Testimony of Lane Kollen (“Kollen Testimony”) which indicates that the purpose of his testimony is to “[a]ddress the economics and ratemaking consequences of the Companies’ proposed wind power purchased power agreements (“agreements”). From this statement, confirm that Mr. Kollen is not addressing the merits of the terms of the agreements or the proposal of Louisville Gas and Electric Company and Kentucky Utilities Company (“Joint Applicants”) to recover the costs to be incurred under the agreements through a surcharge rather than through base rates.

2. Refer to pages 4–5 of the Kollen Testimony, specifically, the discussion of the lack of a federal or state renewable portfolio standard (“RPS”). In view of the attempts at the federal level to enact RPS legislation, explain the basis for Mr. Kollen’s statement that “[t]here is significant uncertainty as to whether there ever will be a federal or Kentucky legislative mandate to acquire such resources . . . .” (Emphasis added)

3. Refer to the discussion on pages 9–10 of the Kollen Testimony regarding the anticipated increase in off-system sales if the agreements are consummated and the fact that an increase in off-system sales margins will be retained by Joint Applicants

until a subsequent base rate case. Explain whether such an outcome (the retention of the increase in off-system sales margins until the next base rate case), in the event the agreements are consummated, is different from what occurs with virtually any addition of supply-side capacity resources.

4. Refer to the discussion on pages 10–16 of the Kollen Testimony regarding the impact on Joint Applicants' capital structures and increased equity return in the event the agreements are consummated. Explain whether Joint Intervenors believe there are measures that the Commission could take so that the greater equity return component of the costs resulting from the agreements could be offset and have a neutral impact on customers' bills.

5. Refer to the recommendation on page 16 of the Kollen Testimony that the Commission should not approve the proposed agreements. Referring back to the stated purpose of the Kollen Testimony, confirm that this recommendation is based solely on the "[e]conomic and ratemaking consequences" of the agreements.



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Public Service Commission  
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DATED FEB 19 2010  
cc: Parties of Record

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