

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

VERIFIED APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR AN ORDER PURSUANT) CASE NO.
TO KRS 278.300 AND FOR APPROVAL OF LONG) 2011-00099
TERM PURCHASE CONTRACT)

VERIFIED APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR AN ORDER PURSUANT TO KRS) CASE NO.
278.300 AND FOR APPROVAL OF LONG TERM) 2011-00100
PURCHASE CONTRACT)

INITIAL INFORMATION REQUEST OF COMMISSION STAFF TO
LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY

Louisville Gas and Electric Company and Kentucky Utilities Company ("LG&E/KU"), pursuant to 807 KAR 5:001, are to individually or jointly file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due no later than April 28, 2011. 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.

LG&E/KU 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 LG&E/KU fail or refuse to furnish all or part of the requested information, LG&E/KU 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 5 of the March 16, 2011 applications filed by LG&E and KU.
 - a. Identify and describe all the liabilities of LG&E/KU that result from participation in the Inter-Company Power Agreement ("ICPA") under which energy and capacity is obtained from the Ohio Valley Electric Corporation ("OVEC"). Such liabilities include, but are not limited to "Take or Pay" arrangements, maintenance responsibilities, decommissioning costs, catastrophic failures, post-retirement benefits, new facilities, etc. Include a narrative discussion of the potential financial ramifications that could arise from these liabilities.
 - b. Explain whether any liabilities would be eliminated and which would remain if LG&E/KU did not participate in the Amended and Restated Power Agreement.

c. Explain whether the participating companies in the ICPA have input to decisions regarding escalations of cost responsibilities for which the companies may have to contribute. If yes, describe the manner in which the participation takes place.

2. Explain whether the participating companies in the ICPA conduct plant inspections to assess the condition of the generating units and associated facilities.

a. If yes, describe the extent and frequency of the inspections. Include the results of the most recent inspection.

b. If no, explain why, with the vested interest of the companies in the facilities, an inspection would not be appropriate.

3. Explain whether situations arise in which surplus power exists from the OVEC generation resulting in power being sold into the wholesale market. If applicable, include whether the OVEC ICPA participating companies share in off-system revenues generated, and how the revenues are shared.

4. The LG&E/KU applications contain several references to OVEC's "relative" low-cost generation. Identify the entities and costs to which the term "relative" refers. Include any comparisons necessary to substantiate the "low-cost" reference.

5. From a cost perspective, describe how OVEC power purchases compare with power generated by LG&E/KU as a combined system, including both coal-fired and gas-fired LG&E/KU generating units. Include in the description the stacking order of the KU/LG&E system and where the OVEC power would rank in the stacking order.

6. Explain whether there are circumstances in which LG&E/KU would consider purchases made from OVEC under the existing or proposed contract as economy power purchases.

7. Identify by name each generating unit owned or operated by OVEC. For each generating unit, provide the following information: date constructed; type of fuel burned and sulfur content of fuel; heat rate; nameplate generating capacity; net demonstrated summer and winter generating capacity; description of existing environmental controls and date each was installed; location and type of landfill; and a description of cooling towers and date installed.

8. Provide a detailed description and estimated cost of each capital expenditure, and each operation and maintenance expense, that may be needed for each OVEC generating unit over the next 15 years to meet each of the following: proposed rules for Maximum Available Control Technology for reduction in mercury; the existing regulatory scheme for coal combustion waste, including the date each landfill will reach full capacity and future plans for increased capacity; potential regulatory scheme with coal combustion waste regulated as hazardous waste; potential need for cooling towers; and potential regulation of greenhouse gas emissions.

9. Provide copies of any documents, whether in written or electronic format, including but not limited to letters, memoranda, studies, reports, or analyses, prepared by or for OVEC or by or for LG&E or KU which discuss or address OVEC's future capital costs, operations and maintenance expenses, or power costs resulting from compliance with existing, proposed, or suggested environmental requirements.

10. Explain whether LG&E/KU are aware of any environmental compliance issues for the OVEC generation units that will require LG&E/KU financial contributions.

a. If any contributions are projected, provide the date, total investment required, the LG&E/KU investment, and a brief description of the work required.

b. If contributions will be required, explain how the cost thereof will be recovered, both by OVEC and by LG&E/KU.

11. Refer to page 7, Item 15, of the March 16, 2011 applications. LG&E/KU request expeditious consideration of the Amended and Restated ICPA.

a. Explain whether any other necessary approvals are contingent upon Commission approval.

b. Explain why the request for approval was not made until March 16, 2011, when the Amended and Restated ICPA is dated September 10, 2010.

12. Identify and describe each relevant change in the proposed ICPA from the current ICPA. Include whether the change affects the energy cost to the participating utilities or the costs the participating utilities will eventually be required to pay.



Jeff Derouen
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Public Service Commission
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DATED: APR 15 2011

cc: Parties of Record

Case No. 2011-00099
Case No. 2011-00100

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