

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES COMPANY )  
FOR CERTIFICATES OF PUBLIC CONVENIENCE ) CASE NO.  
AND NECESSITY AND APPROVAL OF ITS 2011 ) 2011-00161  
COMPLIANCE PLAN FOR RECOVERY BY )  
ENVIRONMENTAL SURCHARGE )

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

COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION  
TO KENTUCKY UTILITIES COMPANY AND  
LOUISVILLE GAS AND ELECTRIC COMPANY

Pursuant to 807 KAR 5:001, Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") are to file with the Commission, **in each of the above styled cases**, the original and 15 copies of the following information, with a copy to all parties of record. The information requested herein is due 12 days from the date of this request. 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.

KU and LG&E 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 KU and LG&E 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.

**Instructions for Items 1 through 5 of this Request**

Items 1 through 5 each request that a new *Strategist* modeling run be provided based on changes in certain modeling assumptions. In addition to the specific change identified for each of these runs, all of the runs should incorporate the following changes or assumptions:

- A. Based on the projected costs in the original Black & Veatch study, reflect the Net Present Value Revenue Requirements ("NPVRR") of installing selective catalytic reduction devices ("SCR") on all units not already equipped with an SCR.

B. Reflect the NPVRR associated with making all additions/retrofits necessary to comply with the U.S. Environmental Protection Agency's ("EPA") new cooling tower requirements.

C. Assume that Nitrous Oxide and Sulfur Dioxide costs continue at the levels most recently projected by EPA.

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1. Refer to the responses to Items 32 and 23, respectively, of Commission Staff's second requests for information to KU and LG&E. Using *Strategist* and the same assumptions as in the initial analysis of whether to retrofit or retire the coal-fired units included in the KU and LG&E generation fleet, perform and provide the results of a new model run using the updated prices for coal and natural gas included in the responses.


2. Refer to page 2 of Exhibit JIF-3 to the Direct Testimony of Jeremy P. Fisher ("Fisher Testimony") filed on Behalf of the Sierra Club and Natural Resources Defense Council. Using *Strategist* and the same assumptions as in the initial analysis of whether to retrofit or retire the coal-fired units included in the KU and LG&E generation fleet, perform and provide the results of a new model run using the Avoided Energy Supply Component Report Study natural gas price forecast reflected in the graph contained in the exhibit.

3. Using *Strategist* and the same assumptions as in the initial analysis of whether to retrofit or retire the coal-fired units included in the KU and LG&E generation fleet, perform and provide the results of a new model run which incorporates a price for Carbon Dioxide ("CO<sub>2</sub>"), beginning in 2020, of \$30 per ton.

4. Using *Strategist* and the same assumptions as in the initial analysis of whether to retrofit or retire the coal-fired units included in the KU and LG&E generation fleet, perform and provide the results of a new model run which incorporates a price for CO<sub>2</sub>, beginning in 2020, of \$50 per ton.

5. Using *Strategist* and the same assumptions as in the initial analysis of whether to retrofit or retire the coal-fired units included in the KU and LG&E generation fleet, perform and provide the results of a new model run which show the natural gas prices at which it would be uneconomical to retrofit the most marginal coal-fired unit at the E.W. Brown Generating Station.

6. Refer to page 1 of Exhibit JIF-3 to the Fisher Testimony. Identify and describe in detail the modeling assumptions that account for the higher natural gas prices and accelerated rate of growth of those prices, as reflected in the KU and LG&E natural gas price forecast, compared to the prices and growth rates reflected in the other gas price forecasts shown in the exhibit.



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DATED OCT 24 2011

cc: Parties of Record

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Case No. 2011-00162

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