

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE  
COMMISSION

In the Matter of:

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

**REQUEST FOR INFORMATION POSED BY THE ATTORNEY GENERAL**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Request for Information to Louisville Gas and Electric Company and Kentucky Utilities Company to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Please identify the witness who will be prepared to answer questions concerning each request.
- (3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (4) If any request appears confusing, please request clarification directly from the Office of Attorney General.
- (5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

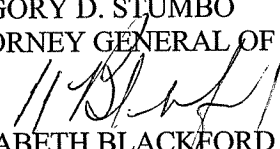
(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

Respectfully submitted,

GREGORY D. STUMBO  
ATTORNEY GENERAL OF KENTUCKY



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CERTIFICATE OF SERVICE AND NOTICE OF FILING

I hereby give notice that this the 9th day of February, 2005, I have filed the original and seven copies of the foregoing Request for Information with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601 and certify that this same day I have served the parties by mailing a true copy of same, postage prepaid, to those listed below.

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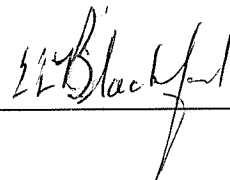
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Attorney General's Request for Information  
Posed to Louisville Gas and Electric Company  
Case No. 2004-507

- 1) On page 10, line 22 of Mr. Voyles' testimony, he states that EPC bidders will have three months from the week of January 24, 2005, to provide their initial bids. When those bids are received, please provide an initial evaluation as to whether the bids are higher or lower than the estimated cost of the EPC portion of the project, as contained in Exhibit JNV-3, and how much higher or lower the bids are. It is not necessary to reveal the names of the bidders, if confidentiality is a concern.
- 2) Exhibit JNV-3 contains the cost estimate for the Supercritical unit proposed for Trimble County 2. It appears that this cost estimate is for the plant only, and does not include the associated transmission upgrades and associated financing costs. Please provide a revised cost estimate for the Trimble County 2 project that includes transmission upgrades and financing costs.
- 3) Please provide the date when the load forecast presented by Mr. Sinclair, which is summarized in Exhibits DSS-1 and DSS-2, was completed.
- 4) Have the Companies produced any revised load forecasts since the one presented in Exhibits DSS-1 and 2 was produced. If so, please provide any newer forecasts.
- 5) How often do LG&E/KU update their load forecasts? When will the next load forecast be prepared and be available?
- 6) On page 5 of Mr. Sinclair's testimony, Table 1 contains actual as well as weather normalized peaks, but Exhibits DSS-3 and DSS-4 contain only actual data. Please provide Exhibits DSS-3 and DSS-4 using weather normalized data.
- 7) Please explain why the load forecast contained in Exhibit DSS-1 uses a 2004 Summer Peak starting point of 6,532 MW, which is 176 MW higher than the actual weather normalized 2004 Summer Peak of 6,56? Does this incorrect starting point shift the projected peak for each future year up 176 MW higher than they otherwise would be?
- 8) On page 5, line 12, of Mr. Sinclair's testimony, he discusses the fact the 2005 peak is 5.3% higher than the 2004 weather normalized peak.
  - a) Exhibit DSS-1 has an expected growth rate between 2004 and 2005 or 2.8% and not 5.3%. Please state which growth rate is correct, and provide documentation as to why the projection is correct.
  - b) All of the peak growth rates in Exhibit DSS-1 are between 1.4% and 3.0%. Please explain what special events are expected to take place in 2005 that would lead LG&E/KU to believe that the 2004 to 2005 growth rate will be twice as high as any other year in its projections.

- 9) On page 6, line 1 of Mr. Sinclair's testimony, he compares this forecast to the load forecast in the 2002 IRP.
- a) Please provide the load forecast summary for KU (similar to DSS-1), from each of KU's last four Integrated Resource Plans.
  - b) Please provide the load forecast summary for LG&E (similar to DSS-1), from each of LG&E's last four Integrated Resource Plans.
- 10) On page 5 of Mr. Blake's testimony he states that "the Companies do expect to seek cost recovery in the future" using Construction Work In Progress (CWIP).
- a) Does the Trimble County 2 cost estimate of \$1,076 million contained in Mr. Voyles' Exhibit JNV-3 assume CWIP financing? If so, how much of the projected plant cost is CWIP received from ratepayers?
  - b) Please provide a projection of the amount of CWIP that LG&E expects to collect from LG&E ratepayers during each year of the construction of Trimble County 2, assuming PSC approval of LG&E's applications to add CWIP to rates.
  - c) Please provide a projection of the amount of CWIP that KU expects to collect from KU ratepayers during each year of the construction of Trimble County 2, assuming PSC approval of KU's applications to add CWIP to rates.
  - d) Please provide a revised cost estimate of Trimble County 2 contained in Mr. Voyles' Exhibit JNV-3, assuming plant financing will be done with AFUDC.
  - e) Please refer to the Resource Assessment analysis summarized in Table 2 on page 4 of Mr. Malloy's testimony. Does this analysis contain CWIP financing, AFUDC financing, or no financing costs included, for the TC2, Marketer E Joint Ownership, and No Baseload Additions (LG&E/KU CTs) options?
  - f) Is LG&E/KU's choice to pursue Trimble County 2 dependent on receiving CWIP financing on the project, or would LG&E/KU still pursue the construction of the Trimble County 2 unit if the Commission were to refuse to approve CWIP financing and require the Companies to accrue financing costs and recover these costs with AFUDC?
  - g) Given that Mr. Blake states in his testimony that the Companies intend to use CWIP, are the Companies seeking approval of the use of CWIP financing for Trimble County 2 from the Commission in this CCN case?
  - h) Do the Companies believe that if the Commission approves this CCN application for Trimble County 2, the Companies inclusion of Trimble County 2 CWIP in future rate cases will not be subject to disapproval by the Commission because of approval received in this case?
- 11) On page 5, line 3 of his testimony, Mr. Malloy states that one Marketer was eliminated based on preliminary costs being too high. Which Marketer in Table 3 was eliminated due to higher costs?
- 12) Analysis in Exhibit JPM-1 Resource Assessment, Appendix A indicated the Marketer F, WV Hydro, is the lowest cost option. Exhibit JPM-1 Appendix F shows that the scenarios that contain Marketer F, lowers future costs for LG&E/KU. Yet on page 6,

lines 5 and 6 of Mr. Malloy's, he states that "The Companies are continuing to work with W.V. Hydro to assess this resource alternative.

- a) Please provide information as to where this assessment stands today.
  - b) If this option is the lowest cost option and would lower the Company's costs, why are the Companies just now assessing this option?
  - c) Why wasn't this option included in this CCN filing?
  - d) Please provide a projection of when the Companies will complete this assessment and make a decision as to whether this option will be pursued.
- 13) On page 6, line 16 of his testimony, Mr. Malloy states that "Of the ninety potential energy suppliers, only W.V. Hydro offered a renewable resource."
- a) Please refer to Exhibit JPM-1, Appendix A. One of the nine bidders offered biomass fired capacity. Does Mr. Malloy not consider biomass to be a renewable resource?
  - b) The biomass marketer stated that this option would help the Companies meet any future required renewable energy portfolio. Did the Companies include in its analysis any value for this attribute of this option? If so, please provide the value attached. If not, please explain why not?
  - c) Did the Companies include any value for Green Tags, which could be obtained for a biomass generator and could be sold? If so, please provide the value attached. If not, please explain why not?
- 14) In Exhibit JPM-1 Resource Assessment, Appendix A, the Questions for W.V. Hydro, in Answer 1, Marketer F stated that he also wanted to offer the "green power attributes" of the projects to LG&E/KU. Did the Companies include any value for the green power attributes that Marketer F offered, including but not limited to Green Tags, which could be obtained for a hydro generator and could be sold? If so, please provide the value attributed. If not, please explain why not?
- 15) On page 8 of his testimony Mr. Malloy discusses 2 MW of additional capacity that will be obtained from each of the 8 Falls of the Ohio units. Please show where these additional 16 MW of capacity were included in the analysis included in Exhibit JPM-1 Appendix F, the final resource assessment.
- 16) On page 9 of this testimony Mr. Malloy states that Voith Siemens did an analysis of adding units 9 and 10 to the Falls of the Ohio plant, and that costs from this evaluation show that the addition of these units are not financially feasible. Please provide both the Voith Siemens evaluation and the analysis that demonstrates that these units are not financially feasible. Please include all calculations, assumptions and workpapers included in this analysis.
- 17) On page 9 of his testimony Mr. Malloy states that coal, gas and power prices have increased since the last IRP. It is also true that these prices have also increased since the time when the screening of the nine bids received was done in Exhibit JPM-1 Appendix A. The assumptions at the top of these summary pages say that coal cost is \$1.23/mmBTU in 2007 while the current price is twice this level, gas cost is

\$5.00/mmBTU in 2007 while current prices are more like \$7.00/mmBTU, and SO2 allowance at \$150 per ton while current prices are four times that level. Unrealistic prices bias renewable resource bids that do not use coal or gas and have no SO2 emissions. Please supply a revised Appendix A analysis that uses coal, gas and SO2 assumptions based on current costs.

- 18) On page 10 of his testimony Mr. Malloy recommends a split in the LG&E/KU share of Trimble County 2 to be 81% for KU and 19% for LG&E. Please provide all calculations, assumptions and workpapers that develop this split.
- 19) Exhibit JPM-2 includes only capacity owned by the Companies. Please also provide capacity committed to the Companies, including but not limited to OVEC, EEInc., and OMU to determine the total capacity available to the Companies.
- 20) Referring to the Final Resource Assessment scenarios contained in Exhibit JPM-1, Appendix F, Native Load Only base scenarios, for each of the nine cases run:
  - a) Please provide all assumption that went into these cases, including but not limited to fuel costs, capital costs assumed for each option, and emissions costs.
  - b) Please provide the Carbon Dioxide Emissions resulting from each of these scenarios.
- 21) Referring to the Final Resource Assessment scenarios contained in Exhibit JPM-1, Appendix F, Native Load Only base scenarios, for each of the nine cases run:
  - a) This summary table states that it is “Excluding Transmission.” Please provide this chart including transmission costs, and financing costs if they are not included in this analysis.
  - b) This summary table is run for a 30 year PVRR. A 30 year PVRR excludes the years when Marketer F’s PPA prices drop dramatically, years 25 through 35 of the PPA, which occur after the time covered by the 30 year PVRR analysis. Please provide these scenarios with a 50 year PVRR and the assumption that the 39 mil power offered by Marketer F in years 31 to 35 is taken by the Companies.
- 22) Please refer to Exhibit JPM-1, Appendix D. Do these capital costs for Trimble County 2 include transmission upgrades and financing costs? If not, please provide a revised Appendix D that includes transmission upgrades and financing costs.
- 23) Please refer to Exhibit JPM-1 – Resource Assessment, page 6, Table 2 “Capacity Needs for Reserve Margin Range Revised December 2004.”
  - a) Please provide the calculation of the “Existing Capacity” figures on this table, for each of the 9 years on the table.
  - b) Please provide the calculation of the “Purchases” figures on this table, for each of the 9 years on the table.
  - c) Please provide this table in an electronic format, if available, leaving all calculation formulas in tact.

- 24) On page 13 of Exhibit JPM-1 – Resource Assessment, the narrative states that Marketers B, C, and Marketer E’s original response were withdrawn. Please provide details as to why these offers were withdrawn.
- 25) On page 14 of Exhibit JPM-1 – Resource Assessment, the narrative states that Marketer F “retracted” its ownership options. In reviewing Marketer F’s October 14, 2004 letter, while the bidder offered revised PPA prices, we do not find where the ownership offers were retracted.
- a) If there is other documentation of a withdrawal of the ownership offers, please provide it.
  - b) The real value of hydro resources is in later years when the depreciated asset is still providing reliable power. This is seen in Marketer F’s prices dropping after year 25, and the extremely low cost power from the Falls of the Ohio plant and Dix Dam plant. Please state whether the Companies have been pursuing a joint ownership or outright ownership of the Marketer F option, like the Companies did with Marketer E. If not, please explain why not.
- 26) Please refer to Exhibit JPM-1 – Resource Assessment, page 17. The Companies ran a sensitivity analysis assuming High Loads.
- a) Please explain why the Companies did not also run a sensitivity analysis for Lower than projected loads.
  - b) Please provide a sensitivity analysis for lower than projected loads.