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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

APR 21 2005  
PUBLIC SERVICE  
COMMISSION

**In the Matter of:**

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

**MOTION OF LOUISVILLE GAS AND ELECTRIC COMPANY  
AND KENTUCKY UTILITIES COMPANY  
FOR CONFIDENTIAL TREATMENT**

Pursuant to 807 KAR 5:001 Section 7, Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (collectively, the “Companies”) hereby request that the Public Service Commission (“Commission”) grant confidential treatment to certain information contained in the Companies’ 2005 Joint Integrated Resource Plan (“IRP”). Those portions of the 2005 IRP for which the Companies request confidential treatment, identified in the attachment hereto, can be broken down into two general categories: (i) information regarding projected fuel costs and other power production costs (capital/operation and maintenance); and (ii) information regarding projected sales prices and revenue requirements.

In support of this Motion, the Companies state as follows:

1. Under the Kentucky Open Records Act, the Commission is entitled to withhold from public disclosure information confidentially disclosed to it to the extent that open disclosure would permit an unfair advantage to competitors of the entity disclosing the information to the Commission. *See* KRS 61.878(1)(c). Public disclosure of the information identified herein would, in fact, prompt such a result for the reasons set forth below.
2. The information regarding power production costs that the Companies wish to protect from public disclosure -- including projected costs of fuel and operation and maintenance

expenses -- is identified on the attachment hereto and in the filing submitted concurrently herewith. This information was developed internally by Company personnel, is not on file with any public agency, is not available from any commercial or other source outside the Companies, and is distributed within the Companies only to those employees who must have access for business reasons. If publicly disclosed, this information on the Companies' expected minimum margin on bulk power sales could give the Companies' competitors an advantage in bidding for and securing new bulk power loads. Similarly, disclosure would afford an undue advantage to the Companies' wholesale power purchasers, as the latter would enjoy an obvious advantage in any contractual negotiations to the extent they could calculate the Companies' sales margins.

Finally, public disclosure of this information, particularly as it relates to supply-side alternatives, would reveal the business model the Companies use -- the procedure they follow and the factors/inputs they consider -- in evaluating the economic viability of various generation-related projects. Public disclosure would give the Companies' contractors, vendors and competitors access to the Companies' cost and operational parameters, as well as insight into the Companies' contracting practices. Such access would necessarily impair the Companies' ability to negotiate with prospective contractors and vendors, and could harm the Companies' competitive position in the wholesale power market.

3. Information regarding projected sales prices and revenue requirements, as identified in the attachment hereto and the instant filing, is also confidential information that, if disclosed, would provide the Companies' competitors with an undue commercial advantage in the wholesale market. Similarly, disclosure would provide an unfair commercial advantage to the Companies' largest retail and wholesale customers in the negotiation of power requirement contracts.

4. The passage of the Energy Policy Act has brought extensive competition to the electric wholesale market and introduced numerous new marketers, brokers, and clearinghouses, and many new sources of non-utility generation of power. The change in federal law has caused electric utilities to file nondiscriminatory open-access transmission tariffs and applications for approval of market-based wholesale power rates with the Federal Energy Regulatory Commission. The FERC has authorized utilities, including LG&E and KU, to charge market-based prices for wholesale power transactions and approved open-access transmission services tariffs. See Kentucky Utilities Company, 71 FERC Par. 61,250 (May 31, 1995). All of these regulatory developments and changes in the law have created a robust and competitive wholesale market for bulk and off-system power sales.

5. The Commission has given confidential treatment to similar information in previous IRP cases. For example, see the Commission's letter to the Companies dated October 24, 2002, concerning the Companies' 2002 IRP case (Case No. 2002-00367), and the Commission's letter to the Companies dated March 6, 2000, concerning the Companies' 1999 IRP case (Case No. 99-430).

6. The information for which the Companies seek confidential treatment herein demonstrates on its face that it merits confidential protection. If the Commission disagrees, however, it must hold an evidentiary hearing to protect the due process rights of the Companies and supply the Commission with a complete record to enable it to reach a decision with regard to this matter. Utility Regulatory Commission v. Kentucky Water Service Company, Inc., Ky. App., 642 S.W.2d 591, 592-94 (1982).

7. The Companies do not object to limited disclosure of the confidential information described herein, pursuant to an acceptable protective agreement, to the Attorney General or

other intervenors with a legitimate interest in reviewing the same for the purpose of commenting on the Companies' 2005 IRP.

8. In accordance with the provisions of 807 KAR 5:001 Section 7, the Companies are filing with the Commission one copy of the 2005 IRP with the confidential information highlighted and ten (10) copies without the confidential information.

**WHEREFORE**, Louisville Gas and Electric Company and Kentucky Utilities Company respectfully request that the Commission grant confidential protection to the information designated as confidential for a period of five years from the date of the filing of the 2005 IRP.

Respectfully submitted,



Kendrick R. Riggs  
W. Duncan Crosby III  
Ogden Newell & Welch PLLC  
1700 PNC Plaza  
500 West Jefferson Street  
Louisville, Kentucky 40202  
Telephone: (502) 582-1601

Elizabeth L. Cocanougher  
Senior Corporate Attorney  
LG&E Energy LLC  
220 West Main Street  
Louisville, Kentucky 40202  
Telephone: (502) 627-4850

Counsel for Louisville Gas and Electric  
Company and Kentucky Utilities Company

## **ATTACHMENT A**

### **2005 IRP Confidential Information**

#### **Volume I**

##### **Section 8**

Table 8.(2)(c) - Generation Technology Option Summary  
Table 8.(3)(b)12 - Actual & Projected Cost and Operating Information  
Table 8.(3)(b)12(d), (f) - Capital Costs and Escalation Factors  
Table 8.(3)(b)12(e) - Variable and Fixed Operating and Maintenance Costs  
Table 8.(3)(b)12(g)-1 - Total Electricity Production Costs  
Table 8.(3)(b)12(g)-2 - Average Variable Production Costs

##### **Section 9**

Table 9 - Resource Assessment & Acquisition Plan Financial Information

#### **Volume III**

##### **Reserve Margin Analysis**

Table 3 - 2005 Reserve Margin Appendix A - Fuel Costs (\$/Mbtu)  
Table 5 - 2005 Reserve Margin Appendix A - Modeled Energy Costs Associated with Purchase Alternatives (\$/Mbtu)

##### **Supply Side Analysis**

Exhibit 2(a) - Fuel Forecast for Screening Analysis (Cents/Mbtu)  
Exhibit 2(b) - Calculation of SO<sub>2</sub> Adder (Cents/Mbtu)  
Exhibit 3 - Heat Rate & Capital Cost Sensitivity Data  
Exhibit 5 - Adjusted L<sub>n</sub> and Other Miscellaneous Data

##### **NO<sub>x</sub> Compliance Strategy**

Annual Average Fuel Forecast (Cents/Mbtu) (Page 27 of 44)  
Cost Comparison of Alternative NO<sub>x</sub> Compliance Plans (Pages 31-35 of 44)

##### **SO<sub>2</sub> Compliance Strategy**

Annual Average Fuel Forecast (Cents/Mbtu) (Appendix 6, Page 39 of 91)  
Cost Comparison of Alternative SO<sub>2</sub> Compliance Plans (Appendix 7, Pages 41-61 of 91)

## **Optimal Expansion Plan**

Table 2 - Supply-Side Alternatives Data

Table 3 - 2005 Expansion Plan Appendix A: Generator Data

Table 4 - 2005 Expansion Plan Appendix A: Base Fuel Cost (\$/Mbtu)

Table 5 - 2005 Expansion Plan Appendix A: High Fuel Costs (\$/Mbtu)

Table 6 - 2005 Expansion Plan Appendix A: Low Fuel Costs (\$/Mbtu)

Table 8 - 2005 Expansion Plan Appendix A: Modeled Energy Costs Associated with Purchase Alternatives (\$/Mbtu)