

a PPL company

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

RECEIVED

JUN 28 2011

PUBLIC SERVICE
COMMISSION

Kentucky Utilities Company
State Regulation and Rates
220 West Main Street
PO BOX 32010
Louisville, Kentucky 40232
www.lge-ku.com

Robert M. Conroy
Director - Rates
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robert.conroy@lge-ku.com

June 28, 2011

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

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and ten (10) copies of the response of Kentucky Utilities Company to the Supplemental Information Request of Commission Staff dated June 14, 2011, in the above-referenced matter.

Also, enclosed is an original and ten (10) copies of a Joint Petition for Confidential Protection regarding certain information requested in Question No. 3.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Robert M. Conroy".

Robert M. Conroy


Enclosures

cc: Parties of Record

VERIFICATION

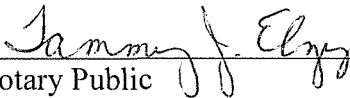
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Charles R. Schram**, being duly sworn, deposes and says that he is Director – Energy Planning, Analysis and Forecasting for LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



Charles R. Schram

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 27th day of June 2011.

 (SEAL)

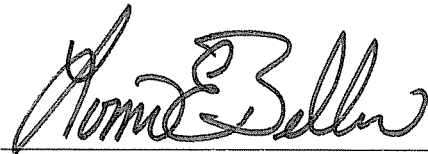
Notary Public

My Commission Expires:
November 9, 2014

VERIFICATION

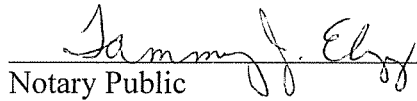
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is Vice President, State Regulation and Rates for Kentucky Utilities Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



Lonnie E. Bellar

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 27th day of June 2011.

 (SEAL)

Notary Public

My Commission Expires:

November 9, 2014

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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)	

RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO THE INITIAL INFORMATION REQUEST OF COMMISSION STAFF
DATED JUNE 14, 2011

FILED: June 28, 2011

KENTUCKY UTILITIES COMPANY

**Response to the Supplemental Information Request of Commission Staff
Dated June 14, 2011**

Case No. 2011-00100

Question No. 1

Witness: Lonnie E. Bellar

- Q-1. Refer to the second paragraph of the response to Item 2.a of the Initial Request for Information of Commission Staff ("Staff's First Request"). As soon as it becomes available, provide the draft report being prepared by URS Corporation ("URS") for the Ohio Valley Electric Corporation ("OVEC") on the remaining life and production capabilities of the OVEC generating assets.
- A-1. The URS draft will be provided when it becomes available.

KENTUCKY UTILITIES COMPANY

**Response to the Supplemental Information Request of Commission Staff
Dated June 14, 2011**

Case No. 2011-00100

Question No. 2

Witness: Lonnie E. Bellar

- Q-2. Will the report being prepared by URS address the need for, and cost of, new environmental facilities to allow the OVEC generating assets to continue in operation through: a) 2026; and b) 2040? If not, describe any other technical report that will contain such information.
- A-2. The URS draft is expected to address the changes required to comply with current and expected environmental regulations.

CONFIDENTIAL INFORMATION REDACTED

KENTUCKY UTILITIES COMPANY

**Response to the Supplemental Information Request of Commission Staff
Dated June 14, 2011**

Case No. 2011-00100

Question No. 3

Witness: Charles R. Schram

- Q-3. Refer to the response top Item 5 of Staff's First Request, which compares OVEC's 2010 average variable cost of generation, from its coal units, with LG&E/KU's 2010 average variable cost of generation from coal-fired and gas-fired units. Provide separately LG&E/KU's 2010 average variable costs for coal-fired and gas fired generation.
- A-3. LG&E/KU's 2010 average variable costs for coal-fired and gas-fired generation are [REDACTED]/MWh and [REDACTED]/MWh, respectively.

KENTUCKY UTILITIES COMPANY

**Response to the Supplemental Information Request of Commission Staff
Dated June 14, 2011**

Case No. 2011-00100

Question No. 4

Witness: Charles R. Schram

- Q-4. Refer to the responses to Items 4 and 5 of Staff's First Request, which show how OVEC's variable cost of generation compares to LG&E/KU's variable cost of generation in 2010. Refer also to the response to Item 10 of Staff's First Request, which shows OVEC's projected costs of generation for the period covered by the proposed contract extension. Describe how LG&E/KU's projected costs of generation from now until 2040 compare with OVEC's projected costs for the same time period.
- A-4. Between now and 2040, the difference between OVEC's average variable cost and the average variable cost of LG&E/KU's coal-fired generation is expected to narrow (with the addition of flue-gas-desulfurization equipment on the OVEC units) and then remain fairly constant. After flue-gas-desulfurization equipment is installed on the OVEC units, the impacts of changing fuel costs and subsequent environmental costs are expected to be comparable for OVEC's and LG&E/KU's coal-fired units.

KENTUCKY UTILITIES COMPANY

**Response to the Supplemental Information Request of Commission Staff
Dated June 14, 2011**

Case No. 2011-00100

Question No. 5

Witness: Lonnie E. Bellar

- Q-5. Refer to OVEC's Environmental Compliance Strategy document provided in response to Item 9 of Staff's First Request, which contains projected capital costs for projects not reflected in the billable cost summary projections included in the response to Item 10 of Staff's First Request. Describe, generally, the magnitude of increase in OVEC's generation costs if the costs of the projects in the Environmental Compliance Strategy document were reflected in the billable cost summary projections.
- A-5. OVEC has not provided a detailed estimate of expected cost increases that could result from making the investments detailed in the Environmental Compliance Strategy document. But assuming such investments were made in a manner similar to OVEC's other environmental projects, LG&E and KU believe the increase in OVEC's power costs resulting from Environmental Compliance Strategy investments is expected to be less than \$2/MWh.

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JUN 28 2011

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

In the Matter of:

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

JOINT PETITION FOR CONFIDENTIAL PROTECTION

Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (collectively “Companies”) hereby petition the Kentucky Public Service Commission (“Commission”) pursuant to 807 KAR 5:001, Section 7, and KRS 61.878(1)(c) to grant confidential protection for the items described herein, which the Companies seek to provide in response to the Supplemental Information Request of Commission Staff No. 3 propounded to each Company. In support of this Joint Petition, the Companies state as follows:

1. Under the Kentucky Open Records Act, the Commission is entitled to withhold from public disclosure commercially sensitive information to the extent that open disclosure would permit an unfair commercial 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 confidential information contained in the cited responses includes the average variable operating costs of the Companies’ coal- and gas-fired generating units. If the

Commission grants public access to this information, LG&E and KU could be disadvantaged in the wholesale energy market, with resulting cost detriments to their customers.

3. The information for which the Companies are seeking confidential treatment is not known outside of LG&E and KU, and is not disseminated within LG&E and KU except to those employees with a legitimate business need to know and act upon the information, and is generally recognized as confidential and proprietary information in the energy industry.

4. The Companies do not object to limited disclosure of the confidential information described herein, pursuant to an acceptable protective agreement, to intervenors with legitimate interests in reviewing the same for the purpose of participating in this case.

5. The Commission has given confidential treatment to projected fuel cost information numerous times before, which is identical in import and commercial sensitivity to generating units' variable operating costs. For example, see the Commission's letter to the Companies dated May 1, 2008, concerning the Companies' 2008 IRP case (Case No. 2008-00148); the Commission's letter to the Companies dated April 28, 2005, concerning the Companies' 2005 IRP case (Case No. 2005-00162); 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).

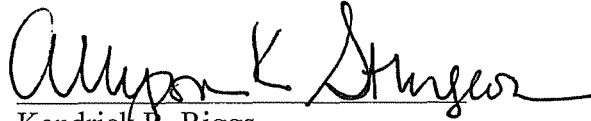
6. If the Commission disagrees with this request for confidential protection, it must hold an evidentiary hearing (a) to protect the Companies' due process rights and (b) to supply the Commission with a complete record to enable it to reach a decision with regard to this matter. Utility Regulatory Commission v. Kentucky Water Service Company, Inc., Ky. App., 642 S.W.2d 591, 592-94 (1982).

7. In accordance with the provisions of 807 KAR 5:001, Section 7, LG&E and KU are filing with the Commission one copy of the Confidential Information highlighted and ten (10) copies without the Confidential Information.

WHEREFORE, Louisville Gas and Electric Company and Kentucky Utilities Company respectfully requests that the Commission grant confidential protection to the information designated as confidential.

Dated: June 28, 2011

Respectfully submitted,



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*Counsel for Louisville Gas and Electric
Company and Kentucky Utilities Company*