

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| APPLICATION OF LOUISVILLE GAS AND |) | |
| ELECTRIC COMPANY AND KENTUCKY |) | CASE NO. |
| UTILITIES COMPANY TO MODIFY AND |) | 2011-00103 |
| RENAME THE BROWNFIELD DEVELOPMENT |) | |
| RIDER AS THE ECONOMIC DEVELOPMENT |) | |
| RIDER |) | |

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

Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU"), pursuant to 807 KAR 5:001, are to file with the Commission the original and seven copies of the following information, with a copy to all parties of record. The information requested herein is due on or before April 29, 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 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 and 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 and KU fail or refuse to furnish all or part of the requested information, LG&E and KU shall provide a written explanation of the specific grounds for their failure to completely and precisely respond.

Careful attention should 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to the testimony of Fred Howard Bush, Jr. (“Bush Testimony”) at page 2, lines 5-6, which states that “[r]ate schedules similar to the Economic Development Riders (“EDR”) are offered by other utilities.” Provide the significant terms and provisions of EDRs offered by neighboring utilities.

2. Refer to Bush Testimony at page 4, lines 18-23.

a. Explain the reasoning behind the 1,000 kW/kVA as the threshold load for eligibility under the economic development rates.

b. Explain why the load necessary to qualify for the brownfield development schedule is 500 kW/kVA, while eligibility under the economic development schedule requires a minimum load of 1,000 kW/kVA.

c. Provide a description and purpose of the Kentucky Business Investment Program. Include in this explanation the types of financial incentives and

tax benefits provided by this program as well as the eligibility for such incentives and benefits.

d. Explain how the “pre-qualification” of potential customers via the Kentucky Business Investment Program would help to minimize any potential free rider issues.

3. Refer to Bush Testimony at page 4, lines 1-3.

a. Do LG&E and KU believe that extending the term of the brownfield development rates from 8 to 10 years will be more conducive for attracting customers given that there are no current customers?

b. Describe how LG&E and KU have advertised or promoted the current brownfield development rider.

4. Refer to Bush Testimony at page 5, lines 19-22.

a. Explain why the repayment of any capital investment by the customer is due five years after the termination of the EDR contract.

b. Will interest be charged on the customer’s repayment amount?

c. What would be LG&E’s or KU’s recourse in the event a customer is unable to pay the capital investment when it becomes due?

5. Refer to Exhibits FHB-1 through 4.

a. What are the consequences if a customer fails to meet the minimum demand requirements under LG&E’s and KU’s proposed tariffs or special contracts?

b. Where is it expressly stated in LG&E's and KU's tariffs or special contracts what the consequences will be if a customer fails to meet the minimum demand requirements?

c. Explain how a customer who fails to meet the minimum demand requirements will be billed charges for past, current, and future periods.

6. Would LG&E and KU consider applying the EDR to an existing customer who, but for economic incentives being provided by the state, local government or public agency, would leave the companies' service areas?

7. There are many factors considered when a company is deciding to locate its operations to a particular area of the nation. Without revealing a company's name or time period, has any company not chosen to locate in Kentucky due to the lack of an EDR only and chose to locate in a neighboring state that has an EDR? Explain.

8. Exhibit CEB-1 contains a small sample of requests for information that LG&E and KU have received in recent years that ask about EDRs and incentives. Do companies that make inquiry make reference to neighboring states that have EDRs and incentives? Explain.

9. Do LG&E and KU have an Economic Development Department, and if so, what is the organizational structure, number of full-time employees and job responsibilities? Explain.

10. Within LG&E's and KU's operating areas, how many known brownfield locations and economic development and industrial park areas could potential customers who meet the load requirements locate to? Explain.

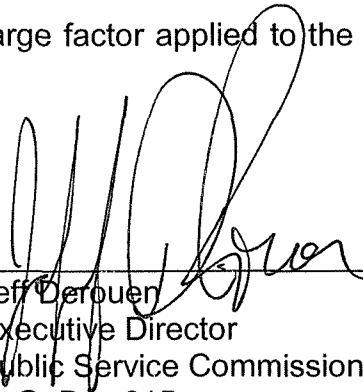
11. In the Bush Testimony at page 2, a “brownfield site” is defined as “a property that is abandoned or underutilized due to real or perceived contamination.”

a. Explain the reasoning that a two-year vacancy requirement was imposed in the current brownfield development rider.

b. Are LG&E and KU aware of any Kentucky statutory or regulatory requirement imposing a two-year vacancy on commercial or industrial entities wanting to relocate to a brownfield site?

12. Do LG&E and KU have adequate generating capacity to handle additional load that might occur due to the implementation of the EDR and the change in the two-year vacancy rule of a brownfield site? Explain.

13. Exhibit FHB-5 for LG&E and Exhibit FHB-6 for KU show the proposed billing of potential qualified customers if the EDRs are approved by the Commission. In the examples given, is the environmental surcharge factor applied to the EDR and the Curtailable Service Rider? Explain.



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cc: Parties of Record

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