COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE 2011 JOINT INTEGRATED RESOURCE PLAN OF LOUISVILLE GAS AND ELECTRIC COMPANY AND KENTUCKY UTILITIES COMPANY	)))	CASE NO. 2011-00140

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

Louisville Gas and Electric Company and Kentucky Utilities Company ("LG&E/KU"), pursuant to 807 KAR 5:001, are to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than July 14, 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 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.

LG&E/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/KU 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.

1. Refer to Volume 1, page 8-111, Table 8.(5)(c)-1, of the IRP. Explain whether there are any costs recovered through the Demand-Side Management ("DSM") surcharges for those programs with a Total Resource Cost Test result of 0.00 other than program costs.

2. Refer to the response to Item 1 of Commission Staff's first information request ("Staff's First Request"). Describe the change in methodology in accounting for Company Use that occurred in 2009, and explain why there was such a decrease in Company Use as a result of the change.

3. Refer to the response to Item 4 of Staff's First Request.

a. The projected LG&E energy reduction for 2008 was 62,583 MWh while the actual energy reduction was 3,996 MWh. Explain the disparity between the actual and projected reductions.

b. The projected KU energy reduction for 2008 was 63,038 MWh while the actual energy reduction was 3,312 MWh. Explain the disparity between the actual and projected reductions.

c. The projected KU energy reduction for 2009 was 61,678 MWh while the actual energy reduction was 4,510 MWh. Explain the disparity between the actual and projected reductions.

d. Explain why, for every peak demand reduction except for LG&E in 2010, the actual peak reductions were considerably short of projected peak reductions.

4. Refer to the response to Item 10 of Staff's First Request. Explain whether joining a Regional Transmission Organization would affect a Contingency Reserve Sharing Group ("CRSG") participant's membership in the CRSG for reserve sharing purposes.

5. Refer to the response to Item 21 of Staff's First Request. Explain whether the change described in the response affects only the load forecast.

6. Refer to the response to Item 23.c. of Staff's First Request. Explain why the percentage of planned annual DSM expenditures relative to annual electric sales revenue is much larger for LG&E than for KU.

7. Refer to the response to Item 24 of Staff's First Request. Explain how the discount rate of 7.77 percent was derived.

8. Refer to the response to Item 29.b. of Staff's First Request. Provide the values used for the environmental costs and explain how they were determined.

9. Refer to the response to Item 38.a.(1) of Staff's First Request, which states that LG&E/KU, in conjunction with Black & Veatch, "[d]eveloped capital and operating cost estimates for the least-cost option for installing emission controls at each unit..." and refers to the Direct Testimony of John N. Voyles, Jr. ("Voyles Testimony") in

Case Nos. 2011-00161[1] and 2011-00162.[2] The Voyles Testimony, at page 5, line 17, states "[t]he Companies retained Black and Veatch in May 2010 to assist in providing a rough order-of-magnitude estimate of the air quality compliance expenditures that would be required for each generating unit to meet expected future regulatory requirements." Item 38.a(1) asked, concerning the emissions control equipment that would be required for the Cane Run, Green River, and Tyrone coal units, that LG&E/KU "Identify all sources relied upon, and explain how the estimates were determined, to develop the capital costs" of said equipment. Explain whether the estimates relied on by LG&E/KU to make the decision to retire the Cane Run, Green River and Tyrone coal units are solely from the "rough order-of-magnitude estimate" referenced in the Voyles Testimony or if there are other sources not identified in the response.

10. Refer to the response to Item 38.b. on Staff's First Request. The request concerned whether any sensitivity analysis was performed on the capital and operating costs for the emission control equipment required for the Cane Run, Green River and Tyrone coal units in the scenario in which they were not retired.

a. The response refers to the Direct Testimony of Charles R. Schram ("Schram Testimony") in Case Nos. 2011-00161 and 2011-00162 and the "exhaustive sensitivity analysis" the IRP "assumed would be conducted" as part of the Environmental Cost Recovery evaluation in those cases "after key assumptions for the

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[1] Case No. 2011-00161, Application of Kentucky Utilities Company for Certificates of Public Convenience and Necessity and Approval of its 2011 Compliance Plan for Recovery by Environmental Surcharge, filed June 16, 2011.

[2] Case No. 2011-00162, Application of Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Approval of its 2011 Compliance Plan for Recovery by Environmental Surcharge, filed June 16, 2011.

2011 IRP were finalized." Provide the specific location in the Schram Testimony, or exhibits thereto, where the referenced sensitivity analysis can be found.

b. Exhibit CRS-1 to the Schram Testimony is the 2011 Air Compliance Plan for LG&E/KU. Table 92, on page 46 of Exhibit CRS-1 is a summary of the Present Value Revenue Requirement ("PVRR") analysis of installing environmental controls versus retiring and replacing coal units at the different LG&E/KU generating stations. Of the units that LG&E/KU are planning to retire, Green River 4 has the largest "negative" PVRR difference of $110 million. This difference equals less than 0.4 percent of the total PVRR shown for Green River 4. Explain how LG&E/KU determined that the PVRR analysis results are sufficiently robust to rely upon differences of this magnitude and less, for the other units planned for retirement, to make decisions to retire six existing generating units.

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