



PPL companies

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

November 3, 2011

RECEIVED

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**PUBLIC SERVICE
COMMISSION**

LG&E and KU Energy LLC
State Regulation and Rates
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RE: *The 2011 Joint Integrated Resource Plan of Louisville Gas and Electric Company and Kentucky Utilities Company – Case No. 2011-00140*

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and ten (10) copies of the corrected response of Louisville Gas and Electric Company and Kentucky Utilities Company (collectively “the Companies”) to the Second Set of Interrogatories and Requests for Production of Documents Question No. 25(e) of Rick Clewett, Drew Foley, Janet Overman, Gregg Wagner, the Natural Resources Defense Council, and the Sierra Club dated August 25, 2011, in the above-referenced matter.

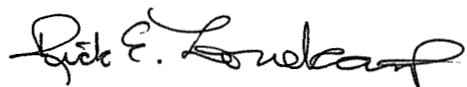
In the course of normal business, the Companies determined that some of the information that was provided in response to Question No. 25(e), specifically pricing information for years 2012-2014 was inaccurate and should be corrected. Providing this information is consistent with the general direction in the Commission’s May 16, 2011 Order in this proceeding that a party shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

Also enclosed are an original and ten (10) copies of a Petition for Confidential Protection regarding certain information contained in response to Question No. 25(e).

Mr. Jeff DeRouen
November 3, 2011

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

Sincerely,

A handwritten signature in black ink that reads "Rick E. Lovekamp". The signature is written in a cursive style with a large, stylized initial "R".

Rick E. Lovekamp

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

**CORRECTED RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
AND
KENTUCKY UTILITIES COMPANY
TO THE SECOND SET OF INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS OF
RICK CLEWETT, DREW FOLEY, JANET OVERMAN, GREGG WAGNER,
THE NATURAL RESOURCES DEFENSE COUNCIL, AND THE SIERRA CLUB
DATED AUGUST 25, 2011**

FILED: NOVEMBER 3, 2011

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

Charles R. Schram

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 3rd day of November 2011.

Sammy J. Ely (SEAL)

Notary Public

My Commission Expires:
November 9, 2014

**LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY**

**Corrected Response to the Second Set of Interrogatories and
Requests for Production of Documents of
Rick Clewett, Drew Foley, Janet Overman, Gregg Wagner,
the Natural Resources Defense Council, and the Sierra Club
Dated August 25, 2011**

Case No. 2011-00140

Question No. 25

Witness: Charles R. Schram

- Q-25. The Companies' March 2011 "Analysis of Supply-Side Technology Alternatives," (2011 IRP Volume III) includes base, low, and high natural gas fuel costs for the period 2010 through 2025. KU/LG&E's April 2011 "2011 Optimal Expansion Plan Analysis," (2011 IRP Volume III) appears to use the same natural gas price forecasts as listed in the March 2011 document's base case. However, the companies' "2011 Air Compliance Plan Sensitivity Analysis," (July 2011) and provided in response to Staff Question 10 of their Second Information Request (June 29, 2011) shows lower natural gas prices on page 4 of the report.
- a. Identify the sources used to create the natural gas price forecasts published in each of the three documents listed above.
 - b. Provide all workpapers and source documents used to create the natural gas price forecasts published in each of the three documents listed above.
 - c. Explain how the company chose to use the natural gas price forecasts published in each of the three documents listed above.
 - d. Explain the discrepancy between the gas prices in the Sensitivity Analysis and the gas prices used in the Optimal Expansion Plan Analysis.
 - e. Please state whether the company's gas price forecast changed since the publication of these three documents. If so, what is the current company gas price forecast?
- A-25. a. The source of the base natural gas price forecasts shown in these three documents is the same. In the short term (2011-2015), the prices are NYMEX forward quotes as of May 28, 2010. For the long-term (2016-2025), the PIRA forecast as of April 27, 2010 was used.

- b. The workpapers used to create the natural gas price forecasts are attached. Certain information is considered confidential and is being filed pursuant to a Petition for Confidential Protection.
- c. The Companies chose to use the same natural gas price forecast in each of these documents in order maintain consistency across the analyses. This single gas price forecast was chosen for these analyses to be consistent with the gas price forecast that had previously been approved and used in the Companies' most recent planning and budgeting processes.
- d. The gas prices presented in the Sensitivity Analysis are Henry Hub prices. The gas prices presented in the Optimal Expansion Plan Analysis are delivered prices.
- e. The most recent gas price forecast used by Companies is shown in the table below. This information is considered confidential and is being filed pursuant to a Petition for Confidential Protection.

Natural Gas Price Forecast

\$/MMBtu

	<u>Henry Hub</u>
2012	4.34
2013	4.73
2014	5.13
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	

CONFIDENTIAL INFORMATION REDACTED

Corrected Response

- e. The most recent gas price forecast used by Companies is shown in the table below. This information is considered confidential and is being filed pursuant to a Petition for Confidential Protection.

Natural Gas Price Forecast

\$/MMBtu

	<u>Henry Hub</u>
2012	4.82
2013	5.16
2014	5.46
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	

CONFIDENTIAL INFORMATION REDACTED