

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|--------------------------------------|---|------------|
| INVESTIGATION OF KENTUCKY UTILITIES |) | |
| COMPANY'S AND LOUISVILLE GAS & |) | |
| ELECTRIC COMPANY'S RESPECTIVE NEED |) | CASE NO. |
| FOR AND COST OF MULTIPHASE LANDFILLS |) | 2015-00194 |
| AT THE TRIMBLE COUNTY AND GHENT |) | |
| GENERATING STATIONS |) | |

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION
TO KENTUCKY UTILITIES COMPANY AND LOUISVILLE GAS & ELECTRIC
COMPANY

Kentucky Utilities Company and Louisville Gas & Electric Company (collectively "Companies"), pursuant to 807 KAR 5:001, are to file with the Commission the original in paper medium and an electronic version of the following information. The information requested herein is due on or before July 16, 2015. Responses to requests for information in paper medium 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.

The Companies 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 the Companies 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. When filing a document containing personal information, the Companies shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the document so that personal information cannot be read.

1. Refer to the Joint Application, page 8, paragraph 12, which states that the Companies have not yet applied for a revised Title V air permit. Explain what issues can arise in applying for such a permit and whether the Companies have a contingency plan if the permit is delayed and/or denied.

2. Refer to the Joint Application, page 9, paragraph 13, which states that the Companies have expended to date \$24.4 million on the Trimble County Landfill project. Of this amount, provide the portion that has been recovered through the Environmental Cost Recovery mechanism to date.

3. Refer to the Joint Application, page 10, paragraph 16. The Companies state they have experienced delays in permitting, and that the permit for the Trimble County Landfill is expected in the near future. In event of further delay, whether due

to permitting, construction, or any other reason, provide the Companies' contingency plan once the U.S. Environmental Protection Agency's ("EPA") Disposal of Coal Combustion Residuals from Electric Utilities Final Rule ("CCR Rule") is in effect and the current bottom ash pond is not a viable option for disposal.

4. Refer to the Joint Application, pages 13-14. The table on page 13 shows that the Trimble County Landfill Capital cost estimate has increased from the year 2009 to the present. Paragraph 22 at the top of page 14 states that the Trimble County Landfill remains the most economical means of disposing of the coal combustion residuals ("CCR") produced by the Trimble County units.

a. Have the Companies performed any updated present value revenue requirement ("PVRR") analysis for all alternatives that were analyzed in Case Nos. 2009-00197 and 2009-00198. If so, provide a copy of that analysis.

b. Provide the costs that have been spent to date on the Trimble County Landfill project that would be considered a sunk cost if a different option were selected.

c. Provide a detailed listing of the construction components of Phase I, comparing the 2009 and 2015 costs as shown in the table on page 13. Provide a detailed explanation for the cost increases for each line item.

d. Refer to footnote 13, on page 14, which states, "The Sterling Ventures proposal did not take into account the final CCR Rule requirements pertaining to the new CCR landfills, which Sterling Ventures' limestone mine would be if used to store CCR beginning after October 2015." State whether depositing CCR into the

Sterling Ventures limestone mine prior to October 2015 would relieve the Companies' concerns regarding this issue. If not, explain.

5. Refer to the Joint Application, page 15, paragraph 25. Provide the length of time that will be required to construct the CCR Treatment facility.

6. Refer to the Joint Application, Exhibit 4, the November 4, 2010 Update to Environmental Compliance Plans.

a. Refer to page 55 of 85. State whether a copy of all studies and analyses referred to in section E have been filed with the Commission. If not, provide a copy.

b. Refer to page 57 of 85. Section E states that the Companies have purchased 250 acres around the perimeter of the Trimble County landfill site for soil borrow and buffer and are exploring the purchase of another 200-250 acres.

(1) Provide the cost of the 250 acres purchased.

(2) Provide the cost and number of additional acres purchased since November 4, 2010.

c. Refer to pages 58, 64, 65, and 70 of 85. The Companies reference "lessons learned" related to the Ghent and Brown CCR treatment projects. Explain in detail the lessons learned and how these lessons influenced the new estimates.

d. Refer to page 61 of 85. Provide a revision of this schedule with activities and amounts updated through the date of the response.

e. Refer to page 67 of 85. Section C on this page states that the Trimble County storage facilities are forecasted to reach capacity by the end of 2018 with no beneficial reuse, and 2021 with current levels beneficial reuse. Provide the

current forecasted dates the Trimble County storage facilities will reach capacity with no beneficial reuse and with current levels of beneficial reuse.

f. Refer to page 79 of 85. Explain the reason for the large increase in beneficial use beginning in 2003.

g. Refer to page 79 of 85. Provide a schedule of all beneficial reuse transactions including gypsum for 2013, 2014, and year to date 2015. Include in the schedule the following information: vendor/customer, material, quantity and the cost of disposal or the amount of revenue generated.

7. Refer to the Joint Application, Exhibit 5, which provides an analysis of keeping Trimble County as a coal-fired plant and building the landfill or converting the existing plant to natural gas with no landfill. Explain why this analysis did not also include an alternative site analysis.

8. Refer to the Sterling Ventures Formal Complaint.

a. Refer to page 12, paragraph 33, which states that the MACTEC 2012 Analysis submitted to the Environmental Protection Agency did not include Sterling Venture's mine option, although it was submitted six months after Sterling Ventures submitted its proposal. State whether this paragraph is accurate, and if so, explain why the Sterling Ventures option was not included.

b. Refer to page 18, paragraph 48, which states that, in a Supplemental Analysis, the Companies abandoned the 30 percent beneficial reuse assumption used in GAI Consultant's January 2014 Alternatives Analysis.

(1) State whether this is accurate. If so, explain the reason for the change.

(2) Provide the details and terms of the current beneficial reuse contracts associated with the Trimble County station.

c. Refer to page 21, paragraph 54. This paragraph states that Sterling Ventures prepared a PVRR analysis of the Trimble County Landfill versus its underground mine alternative. Provide the changes the Companies believe would be necessary, if any, in order to make the analysis more accurate.

9. Refer to the 2014 GAI Report attached to the Sterling Ventures Formal Complaint, Exhibit P. Page 27 of 183 of that Exhibit states the Companies considered the Valley View alternative as a possible interim disposable site, but did not consider Sterling Ventures as a possible interim disposable site. According to the cost estimates on page 35 of 183 of Exhibit P, Sterling Ventures is \$16.74/cu yd. less than Valley View. Given this large cost differential, explain why Sterling Ventures is not evaluated as an interim disposable site option.

10. State whether an off-site option would require the Companies to obtain any additional permits that would not be required at the on-site landfill.

11. State at what point the Companies believe an off-site party should assume the liability for off-site CCR alternatives.

12. Provide the capping and closure plans and time line for the current bottom ash and gypsum ponds.

13. Provide the estimates used to convert cubic yards of CCRs to tons.

14. Refer to the Executive Summary, page 2 of the handout "Evaluation of Trimble County Coal Combustion Residual Storage Options" from the June 19, 2015 Informal Conference. The Companies state that based on their understanding of the

CCR rule, the Sterling mine site would not likely be permitted to store CCRs. Provide an explanation for this statement.

15. Refer to Table 1 on page 3 of the handout "Evaluation of Trimble County Coal Combustion Residual Storage Options" from the June 19, 2015 Informal Conference.

a. The onsite capital costs do not reconcile with the landfill capital costs shown in Exhibit 5, page 6 of 13, Table 3 of the Joint Application. Explain the difference.

b. Explain why the totals of Table 1 on page 3 of 11 of the handout do not reconcile with the total cost estimate found in paragraph 20 of the Joint Application.

16. Refer to the handout "Evaluation of Trimble County Coal Combustion Residual Storage Options," page 3, from the June 19, 2015 Informal Conference. Explain the Companies' reasoning behind the evaluation that the timeline for capital expenditures necessarily voids Sterling Ventures alternative's capital cost advantage over the life of the project.

17. Refer to the Joint Application, Exhibit 5, page 6 of 13, Table 3.

a. Explain why the Capital Costs shown in this table differ from those shown in Table 2 on page 7 of the Informal Conference handout titled "Evaluation of Trimble County Coal Combustion Residual Storage Options."

b. Explain why the amounts in Table 3 do not sum to the \$374 million shown in the total row of the table.

18. Provide a side-by-side comparison of the most current annual costs in 2014 dollars of the landfill option and the Sterling alternative. Also include a breakdown

of the major components of the costs. The information should be provided in Excel format with all formulas intact.

19. State whether all wastes from the Trimble County plant are permitted to be stored in the mine. If not, explain how the other wastes are to be disposed.

20. Refer to Sterling Ventures' comments filed in response to the Informal Conference memo on June 26, 2015, which stated that "Sterling proposed a meeting with representatives of LG&E/KU and Sterling with the EPA, US Army Corps of Engineers, and/or the Kentucky Division of Waste Management, Solid Waste Branch to discuss whether Sterling's mine can be considered as an option for Trimble County CCR, and that LG&E/KU declined." State whether the Companies agree with this statement and whether they would attend if such meetings were scheduled.

21. Provide the current status of the request for quotations that the Companies planned to issue in the second quarter of 2015.


Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

JUL 02 2015
DATED _____

cc: Parties of Record

*Honorable Kurt J Boehm
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Ed Staton
VP - State Regulation and Rates
Kentucky Utilities Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010

*Jody Kyler Cohn
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Ed Staton
VP - State Regulation and Rates
Louisville Gas and Electric Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40202

*Robert Conroy
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202

*Honorable Allyson K Sturgeon
Senior Corporate Attorney
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202

*Kentucky Utilities Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010

*John Walters, Jr.
General Counsel/CFO
Sterling Ventures, LLC
376 South Broadway
Lexington, KENTUCKY 40508

*Honorable Michael L Kurtz
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Louisville Gas and Electric Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010

*Honorable Kendrick R Riggs
Attorney at Law
Stoll Keenon Ogden, PLLC
2000 PNC Plaza
500 W Jefferson Street
Louisville, KENTUCKY 40202-2828