

**2006 Annual Resource Assessment Filing of  
Louisville Gas and Electric Company  
Pursuant to  
Appendix G of PSC Order Dated 12/20/01  
As Amended by Orders Dated  
3/29/04 and 10/7/05 in  
Administrative Case No. 387  
Filed March 30, 2007**

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PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF LOUISVILLE GAS AND ELECTRIC )  
COMPANY FOR CONFIDENTIAL PROTECTION OF )  
CERTAIN PLANNING-RELATED INFORMATION FILED )  
IN CONNECTION WITH ITS 2006 ANNUAL RESOURCE )  
ASSESSMENT FILING )

Adm. 387  
CASE NO. 2007-387

PETITION OF  
LOUISVILLE GAS AND ELECTRIC COMPANY  
FOR CONFIDENTIAL PROTECTION

Louisville Gas and Electric Company ("LG&E") petitions the Public Service Commission of Kentucky ("Commission") pursuant to 807 KAR 5:001, Section 7, to grant confidential protection to certain planning-related information it is required to submit in connection with its annual report. In support of this Petition, LG&E states as follows:

1. By Order of December 20, 2001, in *In the Matter of: A Review of the Adequacy of Kentucky's Generation Capacity and Transmission System*, Administrative Case No. 387, the Commission established findings regarding the adequacy of Kentucky's generation capacity and transmission system. In an effort to continue monitoring these issues, however, the Commission ordered Kentucky's six major jurisdictional electric utilities to file annually certain planning-related information, as defined in Appendix G to its Order, and as amended in its subsequent Order dated March 29, 2004. By Order of October 7, 2005, the Commission closed Administrative Case No. 387, but required jurisdictional utilities to continue to submit such

information as a supplement to their annual report (such annual report being the FERC Form No. 1).

2. Simultaneous with the filing of this Petition, LG&E is filing its annual report including the planning-related information required by Appendix G to the Commission's December 20, 2001 Order. LG&E's response to Item No. 14 of Appendix G regarding the need for transmission capacity additions contains confidential information the disclosure of which has a reasonable likelihood of threatening public safety. Additionally, LG&E's response to Item No. 11 of Appendix G regarding scheduled outages or retirements of generating capacity contains confidential commercial information the disclosure of which would cause LG&E competitive injury. Therefore, LG&E's responses to Item Nos. 11 and 14 are being submitted with this request for confidential treatment.

### **Transmission Capacity Additions**

3. Pursuant to Item No. 14 of Appendix G to the Commission's December 20, 2001 Order in Administrative Case No. 387, jurisdictional electric utilities must file annually all planned transmission capacity additions for the 10 years following such filing including such facility's expected in-service date, size and site, as well as, identify the transmission need each addition is intended to address.

4. On June 20, 2005, the Kentucky General Assembly amended the Kentucky Open Records Act to protect from disclosure certain information that has a reasonable likelihood of threatening public safety by exposing a vulnerability "in preventing, protecting against, mitigating, or responding to a terrorist act." KRS 61.878(1)(m). This includes infrastructure

records exposing such a vulnerability in the location, configuration, or security of critical systems, including electrical systems. KRS 61.878(1)(m)(1)(f).

5. The information provided in response to Item No. 14 reveals information regarding LG&E's transmission capacity additions and the need that such additions are intended to address. If such information is made available in the public record, individuals seeking to induce public harm will have critical information concerning the present vulnerabilities of LG&E's transmission system. Knowledge of such vulnerabilities may allow such a person to cause public harm through the disruption of the electric transmission system.

6. The information contained in response to Item No. 14 for which LG&E is seeking confidential treatment is not known outside of LG&E, and it is not disseminated within LG&E except to those employees with a legitimate business need to know and act upon the information.

#### **Scheduled Outages**

7. Pursuant to Item No. 11 of Appendix G to the Commission's December 20, 2001 Order in Administrative Case No. 387, jurisdictional electric utilities also must file annually information concerning scheduled outages or retirements of generating capacity.

8. The Kentucky Open Records Act protects commercial information, generally recognized as confidential or proprietary, if its public disclosure would cause competitive injury to the disclosing entity. KRS 61.878(1)(c). Competitive injury occurs when disclosure of the information would give competitors an unfair business advantage. The information contained in the response to Item No. 11 contains such competitive and proprietary information, and is therefore being submitted with this request for confidential treatment.

9. LG&E's response to Item No. 11 regarding scheduled maintenance outages and retirements of generation capacity contains sensitive commercial information, the disclosure of which would unfairly advantage LG&E's competitors for wholesale power sales. This information would allow competitors of LG&E to know when LG&E's generating plants will be down for maintenance and thus know a crucial input into LG&E's generating costs and need for power and energy during those periods. The commercial risk of the disclosure of this information is that potential suppliers will be able to manipulate the price of power bid to LG&E in order to maximize their revenues, thereby causing higher prices for LG&E's customers and giving a commercial advantage to LG&E's competitors.

10. Further, disclosure of this information will damage LG&E's competitive position and business interests. The information provided in response to Item No. 11 regarding scheduled outages is highly sensitive information that, if made public, would enable prospective purchasers of LG&E's power supply to manipulate the bidding process to the detriment of LG&E. Thus, disclosure of this information may detrimentally impact LG&E's ability to contract for off-system sales during the same time period. Any impairment of LG&E's ability to obtain fair prices for its power supply will decrease the price LG&E is paid for its power supply. As a result, LG&E will not get the same quality of offers that would be produced by a system protected by the confidentiality employed by unregulated business and LG&E will not be able to compete effectively for off-system sales.

11. The information contained in response to Item No. 11 of the Commission's Order for which LG&E is seeking confidential treatment is not known outside of LG&E, and it is not disseminated within LG&E except to those employees with a legitimate business need to know

and act upon the information. This information is not on file with the Federal Energy Regulatory Commission, the Securities and Exchange Commission or other public agencies, and is not available from any commercial or other source outside of LG&E.

12. The information contained in response to Item No. 11 and for which LG&E is seeking confidential protection is identical in nature to that provided to the Commission in response to the Commission's requests for information in Case No. 2000-498 and previously in this proceeding. The Commission granted confidential protection to LG&E's planned maintenance schedule for each of LG&E's generating units.

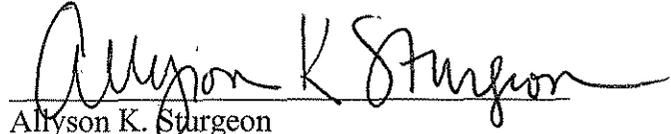
13. The information provided in response to Item Nos. 11 and 14 of Appendix G to the Commission's December 20, 2001 Order demonstrates on its face that it merits confidential protection. If the Commission disagrees, however, it must hold an evidentiary hearing to protect the due process rights of LG&E and 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).

14. LG&E does not object to disclosure of the confidential information, pursuant to a protective agreement, to intervenors with a legitimate interest in reviewing the confidential information for the purpose of assisting the Commission's review in this proceeding.

15. In accordance with the provisions of 807 KAR 5:001 Section 7, one copy of LG&E's response to the Commission's request with the confidential information highlighted and ten (10) copies of LG&E's response without the confidential information is herewith filed with the Commission.

**WHEREFORE**, Louisville Gas and Electric Company respectfully requests that the Commission grant confidential protection, or in the alternative, schedule an evidentiary hearing on all factual issues.

Respectfully submitted,



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COUNSEL FOR  
LOUISVILLE GAS AND ELECTRIC COMPANY



an e-on company

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March 30, 2007

**Re: Annual Report Form No. 1, Annual Report Form No. 2, and  
Annual Resource Assessment for Louisville Gas and Electric  
Company Pursuant to Administrative Case No. 387**

Dear Mr. Feldman:

Enclosed is one completed signed copy of Annual Report Form No. 1 for Electric Utilities and one completed signed copy of Annual Report Form No. 2 for Natural Gas Companies covering the operations of Louisville Gas and Electric Company ("LG&E").

Also enclosed, in accordance with Ordering Paragraph (2) of the Commission's Order in Administrative Case 387, dated October 7, 2005, are an original and five (5) copies of the 2006 Annual Resource Assessment Filing for LG&E, along with a Petition for Confidential Protection regarding certain information provided in response to Item Nos. 11 and 14.

Sincerely,

Robert M. Conroy

Enclosures

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

**In the Matter of:**

<b>A REVIEW OF THE ADEQUACY OF</b>	)	
<b>KENTUCKY'S GENERATION CAPACITY</b>	)	<b>ADMINISTRATIVE</b>
<b>AND TRANSMISSION SYSTEM</b>	)	<b>CASE NO. 387</b>

**2006 ANNUAL RESOURCE ASSESSMENT FILING  
OF  
LOUISVILLE GAS AND ELECTRIC COMPANY  
PURSUANT TO APPENDIX G  
OF THE COMMISSION'S ORDER  
DATED DECEMBER 20, 2001  
AS AMENDED BY THE  
COMMISSION'S ORDER  
DATED MARCH 29, 2004**

**FILED: MARCH 2007**



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**2006 ANNUAL RESOURCE ASSESSMENT FILING  
PURSUANT TO APPENDIX G OF THE COMMISSION'S ORDER  
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FILED MARCH 2007**

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**ITEM NO. 1**

The information originally requested in Item 1 of Appendix G of the Commission's Order dated December 20, 2001, in Administrative Case No. 387, is no longer required pursuant to the Commission's Order of March 29, 2004, amending the previous Order.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

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**ITEM NO. 2**

The information originally requested in Item 2 of Appendix G of the Commission's Order dated December 20, 2001, in Administrative Case No. 387, is no longer required pursuant to the Commission's Order of March 29, 2004, amending the previous Order.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

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**ITEM NO. 3**

**RESPONDENT: Robert Thomson/Scott Cooke**

3. Actual and weather-normalized monthly coincident peak demands for the just completed calendar year. Demands should be disaggregated into (a) native load demand (firm and non-firm) and (b) off-system demand (firm and non-firm).

Response:

Please refer to the attached Table LGE-3, which shows the actual and weather-normalized native LG&E peak demands. The normalized native LG&E stand alone peak demands are available only on a seasonal (summer/winter) basis.

**TABLE LGE-3**  
**NATIVE AND OFF-SYSTEM DEMANDS BY MONTH FOR 2006**  
**Louisville Gas & Electric Co.**

Time of Monthly Native Peak	Actual		Normal Weather (Seasonal) Native Peak	Off-System (1)		Total
	Native Peak	Non-Firm		Firm (2)	Non-Firm (2)	
2006-01-18 19:00	1,656	44	1,612	379	0	379
2006-02-20 20:00	1,711	58	1,653	174	0	174
2006-03-21 20:00	1,689	56	1,633	0	0	0
2006-04-15 16:00	1,812	63	1,750	6	0	6
2006-05-30 15:00	2,460	60	2,400	0	0	0
2006-06-22 15:00	2,614	59	2,555	0	0	0
2006-07-19 16:00	2,699	55	2,644	0	0	0
2006-08-03 16:00	2,729	49	2,680	0	0	0
2006-09-08 16:00	1,998	59	1,940	311	178	489
2006-10-04 16:00	2,042	53	1,989	0	0	0
2006-11-21 08:00	1,587	18	1,569	147	276	423
2006-12-07 20:00	1,853	63	1,790	0	0	0
			2,784			
			1,885			

**Notes**

- (1) The allocation of off-system sales split between LG&E and KU is handled in the After-the-Fact Billing process in accordance with the Power Supply System Agreement between LG&E and KU. The individual company sales will include an allocation of the sales sourced with purchased power and allocated to the individual company based on each company's contribution to off-system sales.
- (2) The allocation of off-system sales between firm and non-firm is not available from the hourly data in AFB. The breakout is based on the monthly totals for LG&E and KU sales for firm and non-firm sales.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

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**ITEM NO. 4**

**RESPONDENT: Robert Thomson**

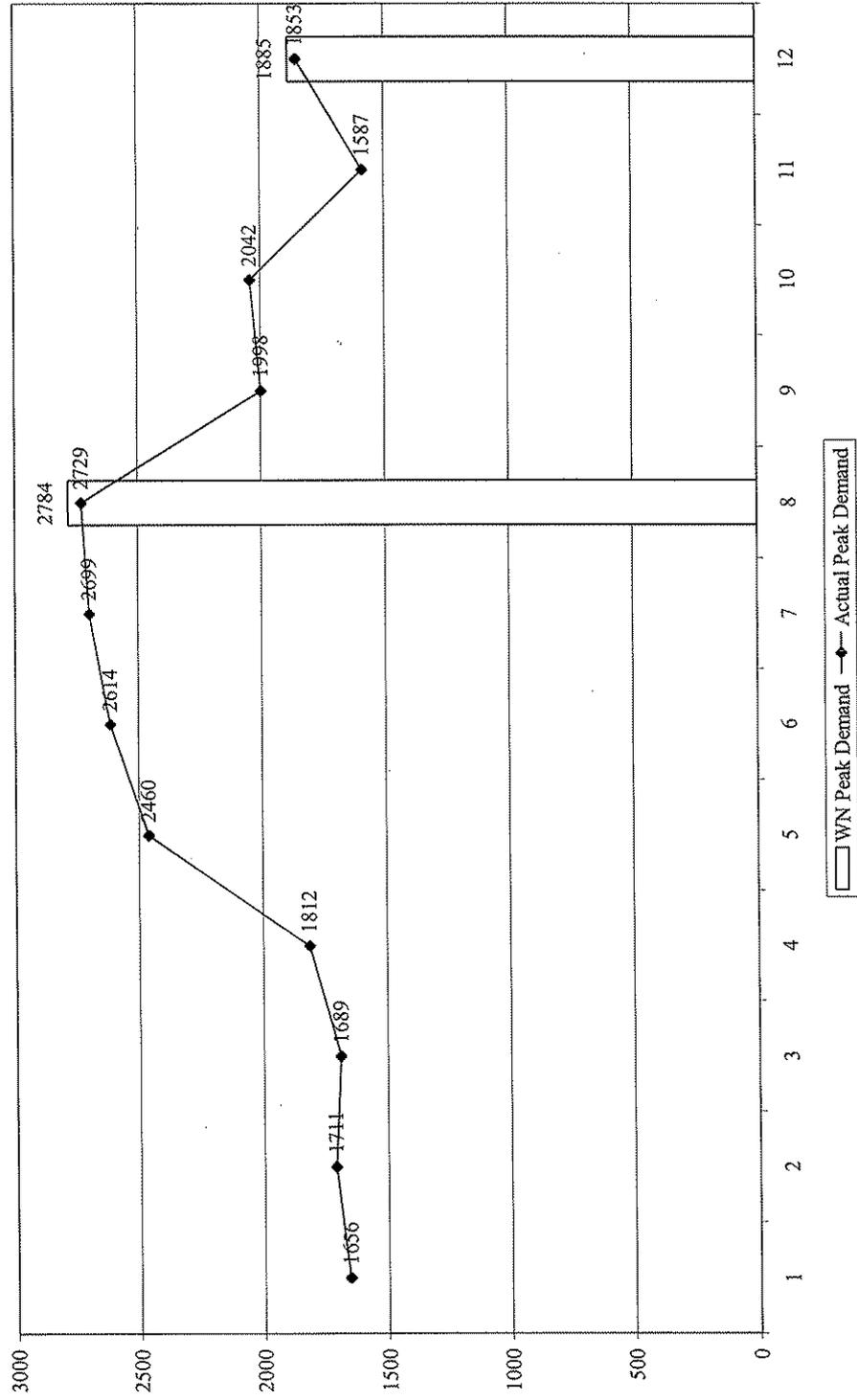
4. Load shape curves that show actual peak demands and weather-normalized peak demands (native load demand and total demand) on a monthly basis for the just completed calendar year.

Response:

Please refer to the attached Figure LGE-4.

Figure LGE-4

Actual and Weather-Normalized LG&E Peak Demand (MW) - 2006





**LOUISVILLE GAS AND ELECTRIC COMPANY**

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**ITEM NO. 5**

The information originally requested in Item 5 of Appendix G of the Commission's Order dated December 20, 2001, in Administrative Case No. 387, is no longer required pursuant to the Commission's Order of March 29, 2004, amending the previous Order.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**2006 ANNUAL RESOURCE ASSESSMENT FILING  
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**ITEM NO. 6**

**RESPONDENT: Robert Thomson/Scott Cooke**

6. Based on the most recent demand forecast, the base case demand and energy forecasts and high case demand and energy forecasts for the current year and the following four years. The information should be disaggregated into (a) native load (firm and non-firm demand) and (b) off-system load (both firm and non-firm demand).

Response:

- a)
- b) Off-system sales ("OSS") projections for 2007-2011 contained in Table LGE-6b are based on the Companies' 2006 Plan. For OSS, only base case total sales energy projections exist for 2007-2011. The projections consist of "Existing OSS", which includes existing long-term sales agreements, and the expected market sales, dubbed "Wholesale OSS". Currently, there are no existing long-term sales agreements. In the long-range model, wholesale financially Firm and Non-firm sales are not distinguished but are combined into an overall expected sales energy.

The projection is developed in-house using the Global Energy's PROSYM hourly production cost model, with market prices based on data provided to the E.On U.S. Energy Marketing group from several external parties including utilities, energy marketing entities, and/or brokers.

Table LGE-6a

Louisville Gas&Electric*	2007	2008	2009	2010	2011
Energy Sales (GWh)	12,370	12,613	12,856	13,058	13,319
Energy Requirements (GWh)	13,116	13,358	13,614	13,828	14,100
Native Peak Demand (MW)	2,725	2,775	2,829	2,873	2,930

\* 2007 LT Forecast. No High Case was produced.

**Table LGE-6b**  
**Total Base Case Off-System Sales Energy Projection**

	2007	2008	2009	2010	2011
Existing OSS (GWH)	0	0	0	0	0
Wholesale OSS (GWH)	2,159	2,154	1,964	2,249	2,757
Total OSS (GWH)	2,159	2,154	1,964	2,249	2,757



**LOUISVILLE GAS AND ELECTRIC COMPANY**

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**ITEM NO. 7**

**RESPONDENT: Scott Cooke**

7. The target reserve margin currently used for planning purposes, stated as a percentage of demand. If changed from what was in use in 2001, include a detailed explanation for the change.

Response:

The Companies established an optimal reserve margin range of 12% to 14%, with 14% recommended for planning purposes. The range provides an optimum level of reliability through various system operating conditions. The reserve margin analysis was performed as part of the 2005 Integrated Resource Plan ("2005 IRP"), filed with the Commission in April 2005 (Case No. 2005-00162).

The Companies utilized a planning reserve margin target of 12% in 2001 and 14% in 2002 based on a reserve margin range of 11%-14% established in the Companies' 1999 IRP. A detailed explanation of the current target reserve margin is documented in the report titled "2005 Analysis of Reserve Margin Planning Criterion" contained in Volume III of the Companies' 2005 IRP. The Companies have utilized a 14% planning reserve margin target since 2002.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

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**ITEM NO. 8**

**RESPONDENT: Scott Cooke**

8. Projected reserve margins stated in megawatts and as a percentage of demand for the current year and the following 4 years. Identify projected deficits and current plans for addressing these. For each year identify the level of firm capacity purchases projected to meet native load demand.

Response:

The requested data related to the reserve margin is specified in the attached table LGE-8. The capacity required to meet the reserve margin targets of 12% and 14% are specified in the table. These values represent reserve margins prior to any future resource acquisition.

The Companies are projected to have a reserve margin shortfall in 2008 thru 2013 and are evaluating resources to meet the established 14% reserve margin target in a least cost manner. The shortfall is due in part to the loss of the EEI power purchase contract (200 MW) that expired at the end of 2005, and the notice of termination by OMU of the power purchase contract (approximately 169 MW) effective in 2010. The status of the pending litigation is detailed in KU's Response to Commission Staff's Interrogatories and Request for Production of Documents dated 2/8/07, Question No. 2 filed with the Commission on February 23, 2007 in Case No. 2006-00509.

Also, as approved by the Commission in Case No. 2004-507, the Companies are adding capacity by constructing Trimble County 2 that is scheduled for completion by early 2010.

**Table LGE-8**  
**Combined Company**  
**Reserve Margin Needs (MW)**

<u>Current Values</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Peak Load with CSR/Interrupt	6,933	7,080	7,239	7,345	7,489
Existing DSM	-114	-122	-122	-122	-122
New DSM (from '05 IRP)	-9	-13	-19	-24	-29
Net Load	6,810	6,945	7,098	7,199	7,338
Existing Capability	7,521	7,507	7,465	7,467	7,469
OMU	169	168	167	0	0
OVEC	179	179	179	179	179
Total Supply	7,869	7,854	7,811	7,646	7,648
MW Margin	1,059	909	713	447	310
Reserve Margin %	15.5%	13.1%	10.0%	6.2%	4.2%
Capacity Need for 12%	(241)	(76)	139	416	570
Capacity Need for 14%	(105)	63	281	560	717
New Capacity	0	0	0	549	0
Total Supply	7,869	7,854	7,811	8,195	8,197
Reserve Margin, MW	1,059	909	713	996	859
Reserve Margin %	15.5%	13.1%	10.0%	13.8%	11.7%

Based on 2007 Load forecast.



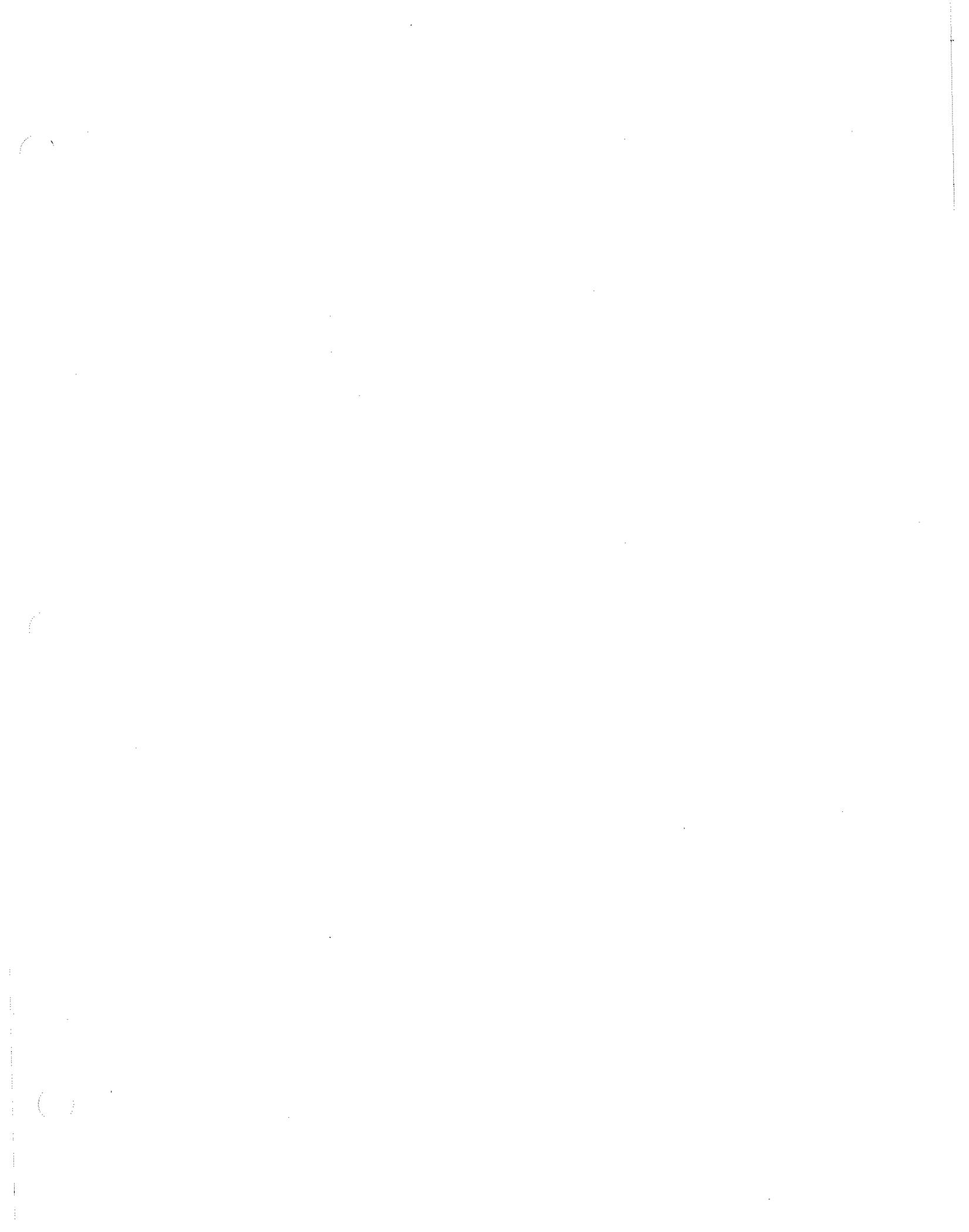
**LOUISVILLE GAS AND ELECTRIC COMPANY**

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**ITEM NO. 9**

The information originally requested in Item 9 of Appendix G of the Commission's Order dated December 20, 2001, in Administrative Case No. 387, is no longer required pursuant to the Commission's Order of March 29, 2004, amending the previous Order.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

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**ITEM NO. 10**

The information originally requested in Item 10 of Appendix G of the Commission's Order dated December 20, 2001, in Administrative Case No. 387, is no longer required pursuant to the Commission's Order of March 29, 2004, amending the previous Order.



**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**2006 ANNUAL RESOURCE ASSESSMENT FILING**  
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**FILED MARCH 2007**

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**ITEM NO. 11**

**RESPONDENT: Scott Cooke**

11. A list that identifies scheduled outages or retirements of generating capacity during the current year and the following four years.

Response:

The planned maintenance outage schedule for 2007 through 2011 is being provided pursuant to a Petition for Confidential Protection. The schedule is regularly modified based on actual operating conditions, forced outages, changes in the schedule required to meet environmental compliance regulations, fluctuations in wholesale prices, and other unforeseen events.

Waterside Units 7 and 8 were retired at midnight on 8/21/2006 in conjunction with the sale of that property to the Louisville Arena Authority as approved by the Kentucky Public Service Commission in Case No. 2006-00391.

The Companies have begun to perform life assessment studies for all the units in the fleet which have more than thirty years of service. Specifically, Paddy's Run Unit 12 (as discussed in LG&E's Response to Commission Staff's Interrogatories and Request for Production of Documents dated 2/8/07, Question No. 14 filed with the Commission on February 23, 2007 in Case 2006-00510) was placed in the Inactive State of Mothballed at midnight on 11/21/2006, while life assessment studies are being conducted. Mothballed is defined by IEEE 762 and GADS as "the State in which a unit is unavailable for service but can be brought back into service after some repairs with appropriate amount of notification, typically weeks or months."<sup>1</sup> Currently, Paddy's Run 12 is under evaluation for further capital investments. A decision as to how to proceed with this unit will be made in the near term. This decision will be provided as a supplement to LG&E's Response to Commission Staff's Interrogatories and Request for Production of Documents dated 2/8/07, Question No. 3 filed with the Commission on February 23, 2007 in Case 2006-00510 once the results of this evaluation and its decision have been made.

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<sup>1</sup> See the NERC GADS DATA Reporting Instructions, Section III: Event Reporting, Pages III-5 and III-6.



**LOUISVILLE GAS AND ELECTRIC COMPANY**

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**ITEM NO. 12**

**RESPONDENT: Scott Cooke**

12. Identify all planned base load or peaking capacity additions to meet native load requirements over the next 10 years. Show the expected in-service date, size and site for all planned additions. Include additions planned by the utility, as well as those by affiliates, if constructed in Kentucky or intended to meet load in Kentucky.

Response:

The Companies are currently evaluating additional capacity required to satisfy the increasing load growth identified in the Companies' 2005 IRP. The table below contains MW needs to maintain a 14% reserve margin through 2016 based on the most recent load forecast.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
MW Need	(105)	63	281	11	168	255	394	(250)	(103)	(134)

The expansion plan identified below is the same as the Companies' 2005 IRP thru the year 2012, which includes the construction of Trimble County Unit 2 as approved by the Commission in Case No. 2004-00507.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
New Capacity	0	0	0	549	0	0	0	739	0	148

Post 2012, a 739 MW base load unit in 2014 and a simple cycle combustion turbine in 2016 are planned. The site selection for these units has not been determined. The Companies are beginning the process of developing the 2008 Integrated Resource Plan to be filed April 2008, which will further identify the appropriate resource additions.



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**ITEM NO. 13**

**RESPONDENT: Lonnie Bellar**

13. The following transmission energy data for the just completed calendar year and the forecast for the current year and the following four years:
- a. Total energy received from all interconnections and generation sources connected to the transmission system.
  - b. Total energy delivered to all interconnections on the transmission system.
  - c. Peak load capacity of the transmission system.
  - d. Peak demand for summer and winter seasons on the transmission system.

Response:

Data exists for 2006. The Company does not forecast this type of data; therefore no forecast exists for 2007-2010.

- a. LG&E and KU operate as a single NERC Control area that contains several generators not owned by LG&E and KU; the non-Company owned facilities are also included as sources below:

Tie Lines Received (MWH)	14,269,190
Net Generation-LG&E (MWH)	17,032,640
Net Generation-KU (MWH)	17,087,538
Net Received from OMU (MWH)	1,284,796
Net Generation-IPPs (MWH)	<u>1,088,459</u>
Total Sources (MWH)	50,762,623

- b. LG&E and KU operate as a single Control Area, the amount of energy delivered at the interconnections of the single Control area were 16,071,542 MWH(s).
- c. There is no set number for peak load capacity for the transmission system. The system is built to support native load under first contingency conditions. Actual transmission capacity available for native load, import, export or thru-flow will vary depending on which facilities (generation, load or transmission) in the interconnected transmission system of the eastern interconnect are connected and operated.
- d. The maximum summer peak transmission load for the combined LG&E/KU transmission system was 7437 MW for the peak hour of 8/2/2006 at 3PM.

The maximum winter peak transmission load for the combined LG&E/KU transmission system was 6508 for the peak hour of 12/8/2006 at 8 AM.

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**LOUISVILLE GAS AND ELECTRIC COMPANY**

**2006 ANNUAL RESOURCE ASSESSMENT FILING  
PURSUANT TO APPENDIX G OF THE COMMISSION'S ORDER  
DATED DECEMBER 20, 2001, IN ADMINISTRATIVE CASE NO. 387  
AS AMENDED BY THE COMMISSION'S ORDER DATED MARCH 29, 2004  
FILED MARCH 2007**

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**ITEM NO. 14**

**RESPONDENT: Lonnie Bellar**

14. Identify all planned transmission capacity additions for the next 10 years. Include the expected in-service date, size and site for all planned additions and identify the transmission need each addition is intended to address.

Response:

The response to this item is being provided pursuant to a Petition for Confidential Protection.