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**John J. Finnigan, Jr.**  
Senior Counsel

**VIA OVERNIGHT MAIL**

February 28, 2005

Ms. Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

RECEIVED

MAR 01 2005

PUBLIC SERVICE  
COMMISSION

RE: A Review of the Adequacy of Kentucky's Generation Capacity and Transmission System - Administrative Case No. 387

Dear Ms. O'Donnell:

Enclosed please find an original and twelve (12) copies of The Union Light, Heat and Power Company's Joint Petition for Confidential Treatment in the above-referenced case.

Please file and date-stamp the two extra copies of the Petition and return them to me in the enclosed envelope.

Should you have any further questions, please do not hesitate to call me.

Very truly yours,

John J. Finnigan, Jr.  
Senior Counsel

JJF/sew

Enclosures

RECEIVED

MAR 01 2005

PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

A Review of the Adequacy of ) ADMINISTRATIVE CASE NO. 387  
Kentucky's Generation Capacity )  
and Transmission System )

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**THE UNION LIGHT, HEAT AND POWER COMPANY'S AND  
THE CINCINNATI GAS & ELECTRIC COMPANY'S  
JOINT PETITION FOR THE CONFIDENTIAL TREATMENT OF CERTAIN  
INFORMATION FILED IN RESPONSE TO COMMISSION'S ORDER**

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The Union Light, Heat and Power Company (ULH&P) and The Cincinnati Gas & Electric Company (CG&E) (collectively, Petitioners) respectfully submit this petition in accordance with 807 KAR 5:001 Section 7, seeking the confidential treatment of certain information provided in response to the Commission's December 20, 2001 Order in this proceeding. In support of this petition, Petitioners submit the following:

1. On July 2, 2001, the Commission issued an Order in this proceeding seeking responses to twenty questions pertaining to generation and transmission capacity and adequacy. The Commission made ULH&P, among others, a party to this proceeding. ULH&P filed responses to these

twenty questions on July 31, 2001. At that time, ULH&P sought, and the Commission granted, confidential treatment of certain generation outage information.

2. On December 20, 2001, the Commission issued an Order in this proceeding seeking responses to fourteen questions pertaining to generation and transmission capacity and adequacy. The Commission required that electric utilities file responses to these questions by March 1<sup>st</sup> and July 1<sup>st</sup> of each year.
3. The Petitioners have prepared responses to the questions posed by the Commission for filing on March 1, 2005. One of these responses contains information that Petitioners consider confidential.
4. The Commission's regulations, in 807 KAR 5:001, provide that any person requesting confidential treatment of any material file a petition setting forth the grounds, pursuant to KRS 61.870 *et seq.*, upon which the Commission should classify that material as confidential.
5. Kentucky Revised Statute § 61.878(1)(c)(1) provides that records confidentially disclosed to an agency or required to be disclosed to the agency be exempt from Kentucky's open records statutes, KRS 61.870 *et seq.* where the records are generally recognized as confidential or proprietary, and which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records.

6. ULH&P's affiliate, CG&E, has assisted ULH&P in responding to the Commission's data requests in this proceeding. ULH&P does not presently own generation. CG&E is in the process of transferring generation facilities to ULH&P. CG&E, therefore, has assisted ULH&P in providing CG&E-related generation information in the spirit of cooperation.
7. Petitioners submit that the following information, if openly disclosed, could present antitrust issues by giving Petitioners's competitors access to competitively sensitive, confidential information, which in turn could cause energy prices to consumers to be above competitive rates, and would permit competitors of Petitioners to gain an unfair competitive advantage in the marketplace:
  - a. *Scheduled outages of generating capacity during the current year and the following four years.*
8. CG&E vigorously strives to maintain the confidentiality of this information. Further, this information is held to be confidential and proprietary throughout the electric industry for the reasons discussed herein.
9. The above information, if openly disclosed, would enable competitors in the wholesale power market to ascertain the manner in which Petitioners manage and operate their portfolio of generation assets.

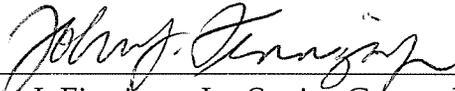
A list of scheduled outages will provide power marketing competitors with knowledge that will allow them potentially to manipulate the marketplace so as to unnecessarily cause consumers to pay more for electricity than they otherwise would. A list of scheduled outages of Petitioners' plants will grant competitors a distinct advantage in that they would be able to anticipate when Petitioners' plants would be down or otherwise constrained and where Petitioners may be long or short. With this information, a competitor could take actions that in the absence of this information it would not take. Such actions might include adjusting its prices, either to win contracts on which CG&E may also be bidding — business the competitors otherwise would not be in a position to win, or to set its prices artificially high to take advantage of an overall short market, the latter action obviously forcing consumers to pay higher prices for power.

10. Pursuant to 807 KAR 5:001 Section 7, Petitioners have attached to this Petition, under seal, one complete copy of ULH&P's Responses to the Commission's Data Request, and ten copies of ULH&P's Responses to the Commission's Data Request with the confidential material omitted or otherwise redacted.

WHEREFORE, Petitioners respectfully request that the Commission:

1. Accept this Petition for filing;
2. Grant the information delineated herein confidential treatment in accordance with 807 KAR 5:001 Section 7 and KRS 61.870 *et seq.*

Respectfully submitted,



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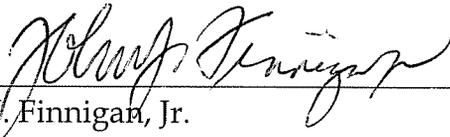
John J. Finnigan, Jr., Senior Counsel  
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NOTICE OF FILING/ CERTIFICATE OF SERVICE

I hereby give notice that on this 28<sup>th</sup> day of February, 2005, I have filed with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601:

- (a) An original and 10 true copies of a Joint Petition For The Confidential Treatment Of Certain Information Filed In Response To Commission's Order;
- (b) An un-redacted original (filed under seal) and 10 redacted copies of The Union Light, Heat and Power Company's Responses to the Commission's Information Requests;

I further certify that on this 28<sup>th</sup> day of February, 2005, I have served a copy of the forgoing Joint Petition for Confidential Treatment and the non-confidential information by regular U.S. mail, postage prepaid, on the parties to this proceeding at the addresses indicated below.

  
\_\_\_\_\_  
John J. Finnigan, Jr.

Iris Skidmore  
Ronald P. Mills  
Kentucky Natural Resources and Environmental Protection Cabinet  
Office of Legal Services  
Fifth Floor, Capital Plaza Tower  
Frankfort, Kentucky 40601

Mr. Roy M. Palk  
President/CEO  
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Mr. Ronald L. Willhite  
Vice President, Regulatory Affairs  
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Director of Power Production  
Owensboro Municipal Utilities  
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Robert A. Bowman  
Hobson & Bowman  
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Frankfort, KY 40601

Jerry Deaton  
Executive Director for MEPAK  
110 A East Todd Street  
Frankfort, KY 40601

**ULH&P ADMINISTRATIVE CASE NO. 387**  
**Commission Order (12/20/01) – Data Request**  
**Request Date: December 20, 2001**  
**Response Due Date: March 1, 2005**

**CO-DR-001**

**REQUEST:**

1. No response required

**RESPONSE:**

**WITNESS RESPONSIBLE:**

**ULH&P ADMINISTRATIVE CASE NO. 387**  
**Commission Order (12/20/01) – Data Request**  
**Request Date: December 20, 2001**  
**Response Due Date: March 1, 2005**

**CO-DR-002**

**REQUEST:**

2. No response required.

**RESPONSE:**

**WITNESS RESPONSIBLE:**

**ULH&P ADMINISTRATIVE CASE NO. 387  
Commission Order (12/20/01) – Data Request  
Request Date: December 20, 2001  
Response Due Date: March 1, 2005**

**CO-DR-003**

**REQUEST:**

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:**

Actual and weather-normalized monthly coincident peak demands for 2004 are provided in the table below. ULH&P does not have any off-system sales.

**The Union Light, Heat and Power company  
Electric Energy Demands – Mw  
2004**

|                  | <b>Actual</b> | <b>Weather Normal</b> |
|------------------|---------------|-----------------------|
| <b>January</b>   | <b>634</b>    | <b>704</b>            |
| <b>February</b>  | <b>573</b>    | <b>692</b>            |
| <b>March</b>     | <b>599</b>    | <b>695</b>            |
| <b>April</b>     | <b>568</b>    | <b>596</b>            |
| <b>May</b>       | <b>728</b>    | <b>707</b>            |
| <b>June</b>      | <b>799</b>    | <b>836</b>            |
| <b>July</b>      | <b>814</b>    | <b>912</b>            |
| <b>August</b>    | <b>809</b>    | <b>903</b>            |
| <b>September</b> | <b>734</b>    | <b>808</b>            |
| <b>October</b>   | <b>510</b>    | <b>686</b>            |
| <b>November</b>  | <b>558</b>    | <b>664</b>            |
| <b>December</b>  | <b>678</b>    | <b>651</b>            |
| <b>Max</b>       | <b>814</b>    | <b>912</b>            |

**WITNESS RESPONSIBLE:** Richard G. Stevie

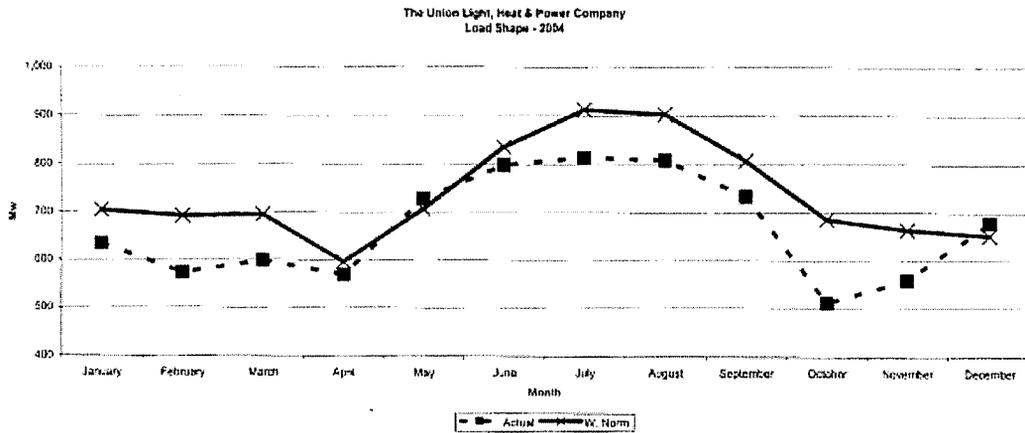
**ULH&P ADMINISTRATIVE CASE NO. 387**  
**Commission Order (12/20/01) – Data Request**  
**Request Date: December 20, 2001**  
**Response Due Date: March 1, 2005**

**CO-DR-004**

**REQUEST:**

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:**



**WITNESS RESPONSIBLE:** Richard G. Stevie

**ULH&P ADMINISTRATIVE CASE NO. 387**  
**Commission Order (12/20/01) – Data Request**  
**Request Date: December 20, 2001**  
**Response Due Date: March 1, 2005**

**CO-DR-005**

**REQUEST:**

5. No response required.

**RESPONSE:**

**WITNESS RESPONSIBLE:**

**ULH&P ADMINISTRATIVE CASE NO. 387  
Commission Order (12/20/01) – Data Request  
Request Date: December 20, 2001  
Response Due Date: March 1, 2005**

**CO-DR-006**

**REQUEST:**

6. Based on the most recent demand forecast, the base case demand and energy forecasts and high 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:**

**The Union Light, Heat and Power Company  
Electric Forecast**

|             | <b>Demand – Mw</b> |             | <b>Energy – Mwh</b> |                  |
|-------------|--------------------|-------------|---------------------|------------------|
|             | <b>Base</b>        | <b>High</b> | <b>Base</b>         | <b>High</b>      |
| <b>2005</b> | <b>914</b>         | <b>917</b>  | <b>4,102,163</b>    | <b>4,118,753</b> |
| <b>2006</b> | <b>930</b>         | <b>935</b>  | <b>4,183,880</b>    | <b>4,208,577</b> |
| <b>2007</b> | <b>949</b>         | <b>957</b>  | <b>4,300,876</b>    | <b>4,338,626</b> |
| <b>2008</b> | <b>963</b>         | <b>973</b>  | <b>4,368,052</b>    | <b>4,416,467</b> |
| <b>2009</b> | <b>972</b>         | <b>984</b>  | <b>4,414,119</b>    | <b>4,471,794</b> |

**WITNESS RESPONSIBLE:** Richard G. Stevie

**ULH&P ADMINISTRATIVE CASE NO. 387**  
**Commission Order (12/20/01) – Data Request**  
**Request Date: December 20, 2001**  
**Response Due Date: March 1, 2005**

**CO-DR-007**

**REQUEST:**

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:**

ULH&P is continuing to use a target reserve margin based on the following components, as explained in more detail in previous responses and in ULH&P's IRP filing:

- Operating Reserve (total of 4%):
  - One (1) percent of the projected peak load as "Load and Frequency Regulation Reserve" – to provide "on-line" generation for load and frequency regulation
  - One and one-half (1½) percent of the projected peak load as "Spinning Reserve" – which is required to be "on-line" and capable of being supplied within ten minutes, and
  - One and one-half (1½) percent of the projected peak load as "Supplemental Reserve" – which is required to be capable of being supplied to the system within ten minutes from "on-line" or "off-line" resources.
- Unscheduled Outages (greater of the loss of largest unit (*i.e.*, 83.4 MW) or 8%)
- Weather-induced load forecast uncertainty (3%)

Using the current load forecast, the result is a target reserve margin of 16.2% in 2005, gradually decreasing as ULH&P's load grows (and the loss of the largest unit represents a smaller percentage of that load) to the minimum 15% level by 2020.

**WITNESS RESPONSIBLE:** Diane Jenner

**ULH&P ADMINISTRATIVE CASE NO. 387  
Commission Order (12/20/01) – Data Request  
Request Date: December 20, 2001  
Response Due Date: March 1, 2005**

**CO-DR-008**

**REQUEST:**

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:**

Assuming that the acquisition of East Bend, Miami Fort 6, and Woodsdale 1-6 receive the remaining approvals required and the plants are transferred by Summer 2005, the projected reserve margins for ULH&P are shown below:

| Year | Projected Reserves (MW) | Projected Reserve Margin (%) | Firm Capacity Purchases Projected to Meet Demand (MW) |
|------|-------------------------|------------------------------|---|
| 2005 | 174                     | 19.2                         | 0   |
| 2006 | 161                     | 17.5                         | 0   |
| 2007 | 145                     | 15.6                         | 4   |
| 2008 | 134                     | 14.3                         | 15  |
| 2009 | 129                     | 13.6                         | 21  |

If the plants are not transferred by Summer 2005, ULH&P will continue to take service under the existing full-requirements contract with CG&E.

**WITNESS RESPONSIBLE:** Diane Jenner

**ULH&P ADMINISTRATIVE CASE NO. 387**  
**Commission Order (12/20/01) – Data Request**  
**Request Date: December 20, 2001**  
**Response Due Date: March 1, 2005**

**CO-DR-009**

**REQUEST:**

9. No response required.

**RESPONSE:**

**WITNESS RESPONSIBLE:**

**ULH&P ADMINISTRATIVE CASE NO. 387**  
**Commission Order (12/20/01) – Data Request**  
**Request Date: December 20, 2001**  
**Response Due Date: March 1, 2005**

**CO-DR-010**

**REQUEST:**

10. No response required.

**RESPONSE:**

**WITNESS RESPONSIBLE:**

**ULH&P ADMINISTRATIVE CASE NO. 387**  
**Commission Order (12/20/01) – Data Request**  
**Request Date: December 20, 2001**  
**Response Due Date: March 1, 2005**

**CO-DR-011**

**REQUEST:**

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

**RESPONSE:**

***CONFIDENTIAL PROPRIETARY TRADE SECRET***

**This information will be provided to an intervenor of this case upon execution of a confidentiality agreement.**

**WITNESS RESPONSIBLE: Diane Jenner**

**ULH&P ADMINISTRATIVE CASE NO. 387  
Commission Order (12/20/01) – Data Request  
Request Date: December 20, 2001  
Response Due Date: March 1, 2005**

**CO-DR-012**

**REQUEST:**

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 projected capacity additions are shown below:

| <b>Unit Name</b> | <b>In-Service Date</b> | <b>Summer Rating (MW)</b> | <b>Location</b>  |
|------------------|------------------------|---------------------------|------------------|
| East Bend 2      | By Summer 2005*        | 414**                     | Boone County, KY |
| Miami Fort 6     | By Summer 2005*        | 163                       | North Bend, OH   |
| Woodsdale 1      | By Summer 2005*        | 83.4                      | Trenton, OH      |
| Woodsdale 2      | By Summer 2005*        | 83.4                      | Trenton, OH      |
| Woodsdale 3      | By Summer 2005*        | 83.4                      | Trenton, OH      |
| Woodsdale 4      | By Summer 2005*        | 83.4                      | Trenton, OH      |
| Woodsdale 5      | By Summer 2005*        | 83.4                      | Trenton, OH      |
| Woodsdale 6      | By Summer 2005*        | 83.4                      | Trenton, OH      |
| New CT1          | 2013                   | 23***                     | Unknown          |
| New CC1          | 2015                   | 35***                     | Unknown          |

\*Expected acquisition date

\*\*Share of unit owned jointly with DP&L

\*\*\*Share of unit owned jointly with CG&E

Of course, the new resource additions shown after 2005 will change as ULH&P continues to analyze its future resource needs and the economics of purchases versus new unit construction.

**WITNESS RESPONSIBLE:** Diane Jenner

**ULH&P ADMINISTRATIVE CASE NO. 387**  
**Commission Order (12/20/01) – Data Request**  
**Request Date: December 20, 2001**  
**Response Due Date: March 1, 2005**

**CO-DR-013**

**REQUEST:**

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:**

- a. All of the energy requirements of ULH&P are provided through the connections with the CG&E 69 and 138 kV system. See response to Question 6 that relates to the actual and forecasted values for energy.
- b. Since ULH&P does not have any generation connected to its transmission system and since the transmission system is planned, designed and operated to primarily serve the area load, and since the only two interconnections are operated normally open, there is no energy delivered from ULH&P to the interconnections.
- c. Neither Cinergy nor the electric utility industry has defined a term “peak load capacity of the transmission system.” There is no single number that defines the capacity of a transmission system due to the interconnected nature of the electric grid. Cinergy does perform assessments of its transmission system to ensure all firm loads can be served in a reliable manner. This ensures that the transmission system has the “capacity” required to reliably serve the load.
- d. See response to Item 6. Since ULH&P does not have any generation connected to its transmission system, the demand on the transmission system is equal to the ULH&P load requirements.

**WITNESS RESPONSIBLE:** Ron Snead

**ULH&P ADMINISTRATIVE CASE NO. 387  
Commission Order (12/20/01) – Data Request  
Request Date: December 20, 2001  
Response Due Date: March 1, 2005**

**CO-DR-014**

**REQUEST:**

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 following is a current list of planned ULH&P transmission projects.

| <b>Description</b>   | <b><i>In Service Date</i></b> | <b><i>Comments</i></b>  |
|--|-------------------------------|---|
| Extend and Loop 69 kV circuit through new Blackwell Substation                     | 6-01-06                       | Integrate new 138-69 kV capacity into local load 69 kV system, to supply local load growth. |
| Reconductor sections of 69 kV circuit between Blackwell and Crittenden Substations | 6-01-06                       | For local load growth.  |
| Extend and Loop 69 kV circuit through new Thomas More Substation                   | 6-01-06                       | For local load growth.  |
| Extend and Loop 69 kV circuit through new Dry Ridge Substation                     | 6-01-07                       | For local load growth.  |

**WITNESS RESPONSIBLE:** Ron Snead