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October 26, 2006

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RE: The Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity to Construct a Selective Catalytic Reduction System and Approval of its 2006 Compliance Plan for Recovery by Environmental Surcharge
Case No. 2006-00206

Dear Ms. O'Donnell:

Enclosed please accept for filing the original and ten copies of the Revised Data Responses of Kentucky Utilities Company to the Commission Staff's Data Requests Dated July 24, 2006 and August 21, 2006 in the above-referenced matter. In making this filing, Kentucky Utilities Company is withdrawing its contention that it had authority, under the Commission's Order issued in Case No. 2004-00426, to proceed with the ductwork at issue at the Ghent Generation Station. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions or need any additional information, please contact me at your convenience.

Very truly yours,

Kendrick R. Riggs

KRR/ec

Enclosures

cc: All parties of record
Richard Raff, Esq.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	CASE NO. 2006-00206
CONSTRUCT A SELECTIVE CATALYTIC)	
REDUCTION SYSTEM AND APPROVAL OF ITS)	
2006 COMPLIANCE PLAN FOR RECOVERY BY)	
ENVIRONMENTAL SURCHARGE)	

**REVISED RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO QUESTION NO. 5 OF
SECOND DATA REQUEST OF
COMMISSION STAFF
DATED AUGUST 21, 2006**

FILED: OCTOBER 26, 2006

KENTUCKY UTILITIES COMPANY

CASE NO. 2006-00206

**Revised Response Dated October 24, 2006 to
Second Data Request of Commission Staff
Dated August 21, 2006**

Question No. 5

Responding Witness: Kent W. Blake

- Q-5. Refer to the response to the Staff's First Request, Item 8(b). The Commission has previously issued Certificates of Public Convenience and Necessity specifically for the construction of scrubbers at Ghent Units 1 and 2. Subsequent to the issuance of those certificates, KU decided to switch the Ghent Unit 1 scrubber to Unit 2 and construct a new scrubber for Unit 1. Explain in detail how KU reached the conclusion that it does not need to seek an amendment to the Certificate of Public Convenience and Necessity issued for the Ghent Unit 2 scrubber nor does it need to seek a new Certificate of Public Convenience and Necessity for the new scrubber at Ghent Unit 1.
- A-5. Please note that KU has submitted a revised response dated October 24, 2006 to the Staff's First Request, Item 8(b).

Though KU did not believe it was necessary to obtain an amendment to the already issued Certificate of Public Convenience and Necessity for Ghent Unit 2 FGD in Case No. 2004-00426, KU accepts the position of the Commission that such authority is required and withdraws its contention made in the data response filed on September 7, 2006 that such authority was not required.

KU wishes to emphasize that it has not begun, and will not begin, to construct any of the ductwork reconfiguration concerning Ghent Unit Nos. 1 and 2 and the sole complete and functioning WFGD at the Ghent Station until it obtains the proper authority from the Commission. KU has requested that the Commission schedule an informal conference in Case No. 2006-00449 to discuss this issue and the possible procedures to obtain from the Commission such authority as the Commission requires in order for KU to begin constructing the ductwork set out on page 1 of 42 of the Sargent & Lundy Study.

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	CASE NO. 2006-00206
CONSTRUCT A SELECTIVE CATALYTIC)	
REDUCTION SYSTEM AND APPROVAL OF ITS)	
2006 COMPLIANCE PLAN FOR RECOVERY BY)	
ENVIRONMENTAL SURCHARGE)	

**REVISED RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO QUESTION NO. 8 OF
FIRST DATA REQUEST OF
COMMISSION STAFF
DATED JULY 24, 2006**

FILED: OCTOBER 26, 2006

KENTUCKY UTILITIES COMPANY

CASE NO. 2006-00206

Revised Response Dated October 24, 2006 to
First Data Request of Commission Staff
Dated July 24, 2006

Question No. 8

Responding Witness: Kent W. Blake / John P. Malloy

Q-8. Refer to the Malloy Testimony, Exhibit JPM-4, the Sargent & Lundy SO₃ Mitigation Study dated March 29, 2006 ("Sargent & Lundy Study"). The Commission granted KU Certificates of Public Convenience and Necessity to construct a scrubber at Ghent Unit 1 in Case No. 1992-00005 and at Ghent Units 2 through 4 in Case No. 2004-00426. On page 1 of 42 of the Sargent & Lundy Study are the following statements concerning the scrubbers at Ghent:

An FGD system is currently being installed for Unit 3, with future FGD installations for Units 1&4 in the planning stages. The existing FGD system on Unit 1 will be switched to serve Unit 2.

- a. Explain in detail the basis for Sargent & Lundy making these statements. Include in this explanation a discussion of why such a switch is contemplated.
 - b. Was KU planning on seeking an amendment to the already issued Certificates of Public Convenience and Necessity for Ghent Unit 2 and a new Certificate of Public Convenience and Necessity for Ghent Unit 1? Explain the response.
 - c. Under KRS 278.020(1), unless the authority granted by a Certificate of Public Convenience and Necessity is exercised within one year, such authority expires. Provide details of the actual construction that has taken place on the scrubbers for Ghent Units 2 and 4 or the financial commitments entered into for the scrubbers on those units.
- A-8. a. The basis for Sargent & Lundy making the statements referenced in the Data Request above is contained in drawings filed as part of an exhibit to KU's Application and the study *Construction and Minor Revision of Title V Operating Permit* by Kentuckiana Engineering Company (January 5, 2005) filed in response to KPSC Data Request No. 1-4 on February 9, 2005 in Case No. 2004-00426. At page 2 of 6, the report states:

Currently, there is a single wet-limestone force oxidation flue gas desulfurization unit controlling the effluent emissions from Ghent Unit 1. KU plans to reroute the flue

gas from Unit 2 to the existing WFGD and install three new WFGD's to control flue gas emissions from Unit 1, Unit 3, and Unit 4.

Please also see Figure 1: Existing Stack Configuration for the Ghent Generating Station and Figure 2: Final Configuration of Existing and Proposed Stacks for the Ghent Generating Station both of which are attached to the above referenced Kentuckiana Engineering Company study. A copy of these illustrations was attached to the response filed August 7, 2006.

KDAQ subsequently advised KU in a letter dated February 15, 2005, that the application for the minor permit revision to "install three wet flue gas desulfurization ("WFGD") units" was considered complete, that the project "will be processed as a minor permit revision" and may begin construction upon the submittal of a complete application. On March 9, 2005, KU filed in Case No. 2004-00426, a copy of the KDAQ letter as a supplemental response to Question No. 4 of the Commission's 1st Data Request.

This design more effectively utilizes the available real estate and creates efficiencies by connecting each scrubber to the generating unit that is closer in proximity, thereby saving costs and minimizing the operational difficulties associated with other footprint arrangements.

KU wishes, however, to emphasize that it has not begun construction of the ductwork described on page 1 of 42 of the Sargent & Lundy Study, nor will it do so until it obtains a Commission order approving such construction, as further discussed in the Response to 8(b) below.

- b. Though KU did not believe it was necessary to obtain an amendment to the already issued Certificate of Public Convenience and Necessity for Ghent Unit 2 FGD in Case No. 2004-00426, KU accepts the position of the Commission that such authority is required and withdraws its contention made in the data response filed on August 7, 2006 that such authority was not required. KU has not begun, and will not begin, to construct any of the ductwork concerning Ghent Unit Nos. 1 and 2 and the sole complete and functioning WFGD at the Ghent Station until it obtains the proper authority from the Commission. KU has requested that the Commission schedule an informal conference in Case No. 2006-00449 to discuss this issue and possible procedures to obtain from the Commission such authority as the Commission requires in order for KU to begin constructing the ductwork set out on page 1 of 42 of the Sargent & Lundy Study.
- c. Construction on all FGD projects associated with Case No. 2004-00426 has taken place. The pictures and brief descriptions in the attachment to the August 7, 2006 response document construction that has taken place in regard to the FGDs at Ghent. Additionally, effective June 15, 2005, KU entered into an Alliance Agreement with Fluor Enterprises, Inc. to install the WFGD systems at both

Ghent and Brown. The value of this agreement is approximately \$600 million. Fluor worked with KU to bid, on a lump sum basis, the design for the WFGDs. Babcock Power Environmental, Inc. (BPEI), a subcontractor of Fluor, was the successful bidder.

The foregoing notwithstanding, however, KU has not begun, and will not begin, to construct any of the ductwork concerning Ghent Unit Nos. 1 and 2 and the sole complete and functioning WFGD at the Ghent Station until it obtains the proper authority from the Commission.