



an e-on company

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RECEIVED
OCT 30 2006
PUBLIC SERVICE
COMMISSION

Kentucky Utilities Company
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.eon-us.com

Kent W. Blake
Director
T 502-627-2573
F 502-217-2442
kent.blake@eon-us.com

October 30, 2006

RE: *In the Matter Of: An Investigation of the Construction by Kentucky Utilities Company of a Scrubber at Ghent Unit No. 1*
Case No. 2006-00449

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and five (5) copies of Kentucky Utilities Company's response to the Commission's Order dated October 19, 2006 in the above-referenced matter.

Should you have any questions concerning the enclosed, please do not hesitate to contact me.

Sincerely,

Kent W. Blake

cc: Hon. Elizabeth E. Blackford
Hon. Michael L. Kurtz

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

OCT 30 2006

PUBLIC SERVICE
COMMISSION

In the Matter of:

AN INVESTIGATION OF THE)
CONSTRUCTION BY KENTUCKY) CASE NO.
UTILITIES COMPANY OF A) 2006-00449
SCRUBBER AT GHENT UNIT NO. 1)

RESPONSE OF
KENTUCKY UTILITIES COMPANY
TO
COMMISSION'S ORDER DATED OCTOBER 19, 2006

FILED: OCTOBER 30, 2006

Kentucky Utilities Company (“KU”), for its Statement in Response to Commission Order states as follows:

On October 19, 2006, the Commission entered its Order initiating this case and consolidating herein KU’s Motion to Reopen and Modify Certificate filed on September 18, 2006, and docketed as Case No. 2006-00412. In the Order, the Commission indicates that it intends to determine whether KU adequately disclosed in Case No. 2004-00426¹ that the ductwork currently connecting Ghent Unit No. 1 to Scrubber No. 1² would be reconfigured to connect that scrubber to Ghent Unit No. 2, while ductwork would be constructed connecting Scrubber No. 2 to Ghent Unit No 1. A Staff Data Request is attached to the October 19 Order.

At the outset, KU specifically states that it never intended to withhold or obscure disclosure to the Commission of its plans to reconfigure the ductwork currently connecting Ghent Unit No. 1 to Scrubber No. 1. KU did, however, fail to realize the materiality of this issue to the Commission, believing that the reconfiguration of the ductwork in question created efficiencies at a lower cost and was sufficiently minor to obviate the need for explicit Commission approval. This failure to acknowledge the importance of the issue resulted in KU’s Application and Testimony filed with the Commission in Case No. 2004-00426 having a less than satisfactory level of detail and clarity.

¹ Case No. 2004-00426, *The Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity to Construct Flue Gas Desulfurization Systems and Approval of its 2004 Compliance Plan and Recovery by Environmental Surcharge.*

² Case No. 92-005, *The Application of Kentucky Utilities Company for a Certificate of Convenience and Necessity to Construct a Scrubber on Unit No. 1 of its Ghent Generating Plant* (Final Order dated July 24, 1992).

Next, KU states for the record that cost savings would result from the reconfiguration of ductwork between the scrubbers and Ghent Unit Nos. 1 and 2 (rather than leaving Ghent Unit No. 1 attached to Scrubber No. 1) and were incorporated into the construction cost figures used and presented in Case No. 2004-00426. These savings would benefit KU's ratepayers. KU therefore believes that the ductwork reconfiguration should be approved and on October 27, 2006 filed a motion for an informal conference on October 31, 2006 to discuss the reconfiguration and the appropriate procedures to seek the Commission's approval of the possible reconfiguration.

KU filed, on October 27, 2006, amendments to its data responses to Commission Staff Data Requests in its current environmental surcharge proceeding, Case No. 2006-00206.³ Those amendments make clear that KU is withdrawing any assertion that the ductwork reconfiguration at issue can take place without explicit Commission approval.

Finally, KU certifies herein that no construction for the ductwork on the Scrubber No. 2, which KU proposes to be connected to Ghent Unit No. 1, has taken place. No funds received as a result of any application for financing filed with the Commission have been spent on any such construction. Indeed, no such funds have been spent on construction for the reconfiguration of the ductwork connecting Ghent Unit No. 2 to Scrubber No. 1. No part of the project at issue that has not been explicitly approved by the Commission has been or will be undertaken until such approval has been granted; KU will make such filings and participate in such procedures as the Commission determines are necessary to request approval of such modifications to the project. If and until such time as the Commission may approve the reconfiguration of the ductwork

³ Case No. 2006-00206, *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.*

between the Ghent Unit Nos. 1 and 2 and Scrubber Nos. 2 and 1, respectively, KU will construct Scrubber No. 2 to serve the Ghent Unit No. 2 and will continue to operate Scrubber No. 1 to serve Ghent Unit No. 1.

KU is hopeful that clarification of the factual issues, and of KU's positions regarding the same, will render moot many, if not all, of the issues raised in the Commission's October 19 Order.

KENTUCKY UTILITIES COMPANY

Response to Commission's Order dated October 19, 2006

Case No. 2006-00449

Question No. 1

Witness: Kent W. Blake / John P. Malloy

- Q-1. Indicate whether KU agrees or disagrees with each of the following statements which relate to Case No. 2004-00426 and explain in detail the basis for each disagreement:
- a. In the application, KU petitioned the Commission to issue an Order granting a CPCN for the construction of scrubbers at Ghent Units No. 2, 3, and 4 and at the E. W. Brown Station.
 - b. On page 4 of the application, KU estimated the total capital cost of the new scrubber for Ghent Unit No. 2 at \$149.6 million and the total capital cost for all four scrubbers at \$659.0 million.
 - c. In the Compliance Plan attached to the application, KU listed the four proposed scrubbers as Project No. 21 in its proposed 2004 Environmental Compliance Plan.
 - d. The mechanical drawings included in the "Maps" section following the application are stamped "preliminary" and were prepared over 12 months prior to the filing of the application.
 - e. Page 4 of the Direct Testimony of Kent W. Blake states, "Exhibit KWB-1 identifies by generation unit where the FGDs will be installed and the timeframe for construction" and Exhibit KWB-1 shows scrubbers being installed at Ghent Units No. 2, 3, and 4 and the Brown Generating Station.
 - f. Page 2 of the Direct Testimony of John P. Malloy ("Malloy Testimony") states, "KU is requesting a CCN for the construction of wet-limestone, forced oxidation flue gas desulfurization ("FGD") systems on E. W. Brown Units No. 1, 2 and 3 and Ghent Units No. 2, 3 and 4. This project is part of the recommended SO₂ compliance plan detailed in the *2004 SO₂ Compliance Strategy* study contained in Exhibit JPM-2."

- g. Exhibit JPM-2, the November 2004 "SO₂ Compliance Strategy for Kentucky Utilities and Louisville Gas and Electric" ("2004 Compliance Strategy") states on page 3 of 91, "Construction of a wet flue gas desulfurization ("FGD") systems on Ghent Units No. 2, 3 and 4 and E. W. Brown Units No. 1, 2 and 3 and the simultaneous switching of the units to high sulfur coal is the most reasonable least cost plan for continued environmental compliance."
- h. The 2004 Compliance Strategy does not discuss, consider, or include an evaluation of the option of connecting the existing Ghent Unit No. 1 scrubber to Ghent Unit No. 2 and constructing a new scrubber that would be connected to Ghent Unit No. 1.
- i. The Post-Hearing Brief at pages 2-4, 6, 25-28, and 54 states KU is seeking a CPCN to construct three new scrubbers for Ghent Units No. 2, 3, and 4 and one new scrubber for Brown Units No. 1, 2, and 3. KU also requests that these four scrubbers should be included in the approved environmental compliance plan.
- j. Except for the statements contained in the January 2005 engineering study by Kentuckiana Engineering Company, Inc., included as an attachment to KU's response to Item 4 of the Commission Staff's First Data Request dated January 26, 2005, and two mechanical drawings included in the "Maps" section following the application, all statements and information contained in the application, Testimony, Data Responses, and Post-Hearing Brief agree that KU was seeking a CPCN to construct a new scrubber at Ghent Unit No. 2.
- k. The Commission's June 20, 2005 Order does not discuss or acknowledge that KU intended to reconfigure the ductwork so the existing Ghent Unit No. 1 scrubber would be connected to Ghent Unit No. 2.
- l. The Commission's June 20, 2005 Order does not discuss or acknowledge that the scrubber authorized therein to be constructed at Ghent Unit No. 2 will actually be connected to Ghent Unit No. 1 and not connected to Ghent Unit No. 2.

A-1.

KU in general does not disagree with the above statements, but respectfully states that the technical variations are now moot because of KU's position as stated above and in the revised data responses KU filed in Case No. 2006-00206. Any prior differences in opinion are no longer material because of KU's withdrawal of its assertions in Case No. 2006-00206 concerning the Certificate of Public Convenience and Necessity issued in Case Nos. 2004-00426 and 92-005 and its affirmative statement that until such time as the Commission approves or disapproves the reconfiguration of the ductwork between Ghent Unit Nos. 1 and 2 and Scrubber Nos. 2 and 1, respectively, KU will construct Scrubber No. 2 to

serve Ghent Unit No. 2 and will continue to operate Scrubber No. 1 to serve Ghent Unit No. 1.

KENTUCKY UTILITIES COMPANY

Response to Commission's Order dated October 19, 2006

Case No. 2006-00449

Question No. 2

Witness: Kent W. Blake

Q-2. The first ordering paragraph in the Commission's June 20, 2005 Order in Case No. 2004-00426 states:

KU is granted a CPCN to construct four scrubbers at Ghent Units 2, 3, and 4 and Brown Units 1, 2, and 3 as needed to comply with EPA requirements.

Does KU agree that the June 20, 2005 Order granted KU a CPCN to construct a scrubber at Ghent Unit No. 2?

A-2. Yes.

KENTUCKY UTILITIES COMPANY

Response to Commission's Order dated October 19, 2006

Case No. 2006-00449

Question No. 3

Witness: Kent W. Blake

Q-3. Does KU agree that the Commission's June 20, 2005 Order in Case No. 2004-00426 approved KU's third amendment to its environmental compliance plan, and the third amendment included the construction of four scrubbers: one each at Ghent Units No. 2, 3, and 4; and one at Brown Units No. 1-3?

A-3. Yes.

KENTUCKY UTILITIES COMPANY

Response to Commission's Order dated October 19, 2006

Case No. 2006-00449

Question No. 4

Witness: Kent W. Blake

- Q-4. In Case No. 2006-00206, KU's response to the Commission Staff's Second Data Request dated August 21, 2006, Item 5, states that its application in Case No. 2004-00426 included a drawing dated November 23, 2004 illustrating that the scrubber originally constructed and connected to Ghent Unit No. 1 will be connected to Ghent Unit No. 2. Provide the specific citation to the record of Case No. 2004-00426 where the November 23, 2004 drawing can be found.
- A-4. KU's response cited above contains a typographical error. The date of the referenced drawing should read November 25, 2003. The referenced drawing is Titled as "Ghent FGD Project Absorber Area General Arrangement Plan" behind the "Maps" tab of the December 20, 2004 Application.

KENTUCKY UTILITIES COMPANY

Response to Commission's Order dated October 19, 2006

Case No. 2006-00449

Question No. 5

Witness: Kent W. Blake

Q-5. Since May 2005, KU has submitted four applications for approval of pollution control bond financing for portions of the pollution control facilities being constructed at the Ghent Generating Station: Case Nos. 2005-00183, 2005-00357, 2006-00187, and 2006-00414. State whether KU agrees or disagrees with each of the following statements concerning these four financing cases and explain in detail the basis for any disagreement:

- a. Each financing application states that it "relates to the proposed permanent financing for portions of pollution control facilities at the Company's Ghent Generating Station in Carroll County, Kentucky. These facilities are described in Exhibit 2 hereto, and in Case No. 2004-00426. . . ."
- b. Exhibit 2 in each application includes the statement "The Project facilities include complete new flue gas desulphurization facilities to serve generating stations 2, 3 and 4, including, among other things, the necessary SO₂ absorber reaction tanks, recirculation facilities, oxidation air compressors and blowers, foundations and structures, air compressors and air handling equipment, dewatering system improvements, conveyors and related facilities, related mechanical and electrical auxiliaries, tanks, associated site improvements and related structures."
- c. Page 1 of the "Memorandum of Agreement" between KU and the Carroll County Fiscal Court, attached as an exhibit to the appropriate Carroll County Fiscal Court resolution in each application, includes the statement that, "In compliance with the law, the Company has previously constructed and acquired and must now construct and acquire additional major sulphur dioxide removal facilities with respect to generating units 2, 3 and 4 of the Ghent Generating Station to control sulphur dioxide emissions and for the collection, recycling, treatment and ultimate disposition of solid wastes."

A-5. In connection with each Order of the Commission in Cases Nos. 2005-00183, 2005-00357 and 2006-00187, the proceeds from the bonds approved by such Orders have been and are being expended only for the lawful purposes of constructing solid waste disposal facilities at Units 3 and 4 at KU's Ghent Generating Station in Carroll County, Kentucky. The pending Application of KU

in Case No. 2006-00414 relates to further expenditures for qualified solid waste facilities at Unit 4 of the Ghent Generating Station. No bond proceeds whatsoever have been expended in respect of Unit 2 at the Ghent Generating Station.

- a. KU agrees.
- b. KU agrees.
- c. KU agrees.

KENTUCKY UTILITIES COMPANY

Response to Commission's Order dated October 19, 2006

Case No. 2006-00449

Question No. 6

Witness: Kent W. Blake

- Q-6. State whether KU agrees or disagrees with each of the following statements concerning the Commission's final Orders in Case Nos. 2005-00183, 2005-00357, and 2006-00187 and explain in detail the basis for any disagreement:
- a. In each Order the Commission stated, "The pollution control facilities to be constructed by KU include new flue gas desulfurization facilities to serve Unit Nos. 2, 3, and 4 at KU's Ghent Generating Station in Carroll County, Kentucky, as well as solid waste facilities, additions and improvements."
 - b. In each Order the Commission approved the proposed financing and stated in ordering paragraph number 3, "The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application."
- A-6. In connection with each Order of the Commission in Cases Nos. 2005-00183, 2005-00357 and 2006-00187, the proceeds from the bonds approved by such Orders have been and are being expended only for the lawful purposes of constructing solid waste disposal facilities at Units 3 and 4 at KU's Ghent Generating Station in Carroll County, Kentucky. The pending Application of KU in Case No. 2006-00414 relates to further expenditures for qualified solid waste facilities at Unit 4 of the Ghent Generating Station. No bond proceeds whatsoever have been expended in respect of Unit 2 at the Ghent Generating Station.
- a. KU agrees.
 - b. KU agrees.

KENTUCKY UTILITIES COMPANY

Response to Commission's Order dated October 19, 2006

Case No. 2006-00449

Question No. 7

Witness: Shannon L. Charnas

Q-7. KU's monthly environmental surcharge report for the August 2006 expense month, filed on September 22, 2006, shows a construction work in progress ("CWIP") balance for Project No. 21 of \$106,927,688.

- a. Provide a breakdown of the CWIP balance separately showing the amounts for the Ghent Unit No. 2, 3, and 4 scrubbers and the scrubber for the Brown Units.
- b. For the Ghent Unit No. 2 CWIP, indicate how much of the balance is associated with connecting the existing Ghent Unit No. 1 scrubber to Ghent Unit No. 2, and how much is associated with constructing a new scrubber to serve Ghent Unit No. 1.

A-7. a. Please see below:

Project No. 21	Description	CWIP as of August 2006
	Ghent 3	\$ 61,206,420
	Ghent 2	6,524,943
	Ghent 4	15,939,883
	Common	19,298,871
	Brown FGD	3,957,568
	Total Project No. 21	\$ 106,927,688

- b. None of the balance is associated with connecting the existing Ghent Unit No. 1 scrubber to Ghent Unit No. 2 or with constructing a new scrubber to serve Ghent Unit No. 1. The work listed as Ghent 2 above is for conceptual engineering and scrubber equipment costs only.

KENTUCKY UTILITIES COMPANY

Response to Commission's Order dated October 19, 2006

Case No. 2006-00449

Question No. 8

Witness: Kent W. Blake

Q-8. In Case No. 2006-00412, KU filed a motion on September 18, 2006 which states on page 1 that:

By Order dated July 24, 1992 (the "Final Order"), the Commission granted the Certificate sought by KU herein to construct a flue gas desulfurization system and associated scrubber retrofit facilities (the "Scrubber") to be constructed at KU's Ghent Generating Station in Carrollton, Kentucky and to be installed near unit number 1 of the Ghent Generating Station ("Ghent Unit 1").

- a. Does KU agree that the July 24, 1992 Order literally states that KU is granted a Certificate of Public Convenience and Necessity ("CPCN") to construct a scrubber "at Ghent Unit No. 1," not "near" Ghent Unit No. 1?
- b. Does KU agree that the drawing appended to the September 18, 2006 motion was not included in the "Maps" section of Case No. 2004-00426?

A-8. a. Yes.

- b. Yes. Under separate cover, KU has submitted a letter to the Executive Director of the Commission stating that the motion is now withdrawn, but may be renewed if the Commission Staff agrees it is an appropriate procedure to follow in this proceeding. This motion is therefore not pending before the Commission, and KU has withdrawn its contention that the ductwork at issue can take place without explicit Commission approval.

KENTUCKY UTILITIES COMPANY

Response to Commission's Order dated October 19, 2006

Case No. 2006-00449

Question No. 9

Witness: Counsel

Q-9. Beginning at the bottom of page 2 of KU's September 18, 2006 motion in Case No. 2006-00412, KU states that:

[E]fficiencies would be achieved by routing the Ghent Unit 2 flue gas into the existing Scrubber and routing the Ghent Unit 1 flue gas through the new scrubber currently (and in name only) being constructed for Ghent Unit 2. (footnote omitted)

- a. Explain the meaning of the phrase "new scrubber currently (and in name only) being constructed for Ghent Unit 2."
 - b. Explain in detail how the scrubber being constructed for Ghent Unit No. 2 can be "in name only" when the CPCN granted by the Commission authorizes the construction of a new scrubber at Ghent Unit No. 2.
- A-9. Under separate cover, KU has submitted a letter to the Executive Director of the Commission stating that the motion is now withdrawn, but may be renewed if the Commission Staff agrees it is an appropriate procedure to follow in this proceeding. This motion is therefore not pending before the Commission, and KU has withdrawn its contention that the ductwork at issue can take place without explicit Commission approval.
- a. The phrase "new scrubber currently (and in name only) being constructed for Ghent Unit 2" was used for clarity's sake. KU believed that such nomenclature would make it clear to the Commission *which* of the two scrubbers it meant in that context, as referring simply to a "Ghent Unit 2" scrubber could, in the context of the switching plan discussed in the Motion, mean either the currently existing scrubber (planned by KU to be attached to unit 2) or the new scrubber (currently certificated at unit 2). The Order in Case No. 2004-00426 granting the certificate specifically referred to "Ghent Unit 2" with reference to this scrubber and KU therefore referred to the scrubber as such; however, the plan of KU was eventually to attach it to Ghent Unit 1. KU did not foresee the Commission's objections to the switch and

believed that the ductwork modification necessary to accomplish its goals was a minor issue.

- b. It is because the Commission's Order in 2004-00426 authorized construction of a scrubber "at Ghent Unit 2" that KU referred to the scrubber as being constructed "for Ghent Unit 2." Because KU erred in its belief that the ductwork reconfiguration would be an insignificant issue to the Commission and because KU expected the Commission to accept the change in planning that KU considered a minor one, KU referred to the scrubber as being constructed for Ghent Unit 2 "in name only."

KENTUCKY UTILITIES COMPANY

Response to Commission's Order dated October 19, 2006

Case No. 2006-00449

Question No. 10

Witness: John P. Malloy

Q-10. Provide the most current estimates of the total capital costs for each of the following projects:

- a. Connecting the Ghent Unit No. 1 scrubber to serve Ghent Unit No. 2.
- b. Constructing a new scrubber that will be connected to, and serve, Ghent Unit No. 1.

A-10. a. The estimated cost of the ductwork and tie-in for the current plan of connecting Ghent Unit No. 2 to the existing Ghent Unit No. 1 scrubber and Ghent Unit No. 1 to the new scrubber is approximately \$8.5 million.

Alternatively, the estimated cost of the ductwork and tie-in for the alternative plan of connecting Ghent Unit No. 2 to the new scrubber and leaving Ghent Unit 1 connected to the existing scrubber is approximately \$18 million.

- b. The current estimated cost of constructing the new scrubber, connecting the new scrubber to Ghent Unit No. 1, and connecting Ghent Unit No. 2 to the existing scrubber is shown in the table below.

	CCN Filing Estimated Cost (\$million)	Current Estimated Cost (\$million)
New FGD connected to Unit 1 ¹	\$124	\$142.5
Tie-In for Unit 2 Ductwork	Included in above	\$8.5
Total Common Facilities	\$78	\$114
Common allocated to each of 3 FGDs	\$26	\$38
Total Estimated Cost for FGD	\$150	\$189

¹ CCN Estimated did not separate out the Tie-In for Unit 2 Ductwork

KENTUCKY UTILITIES COMPANY

Response to Commission's Order dated October 19, 2006

Case No. 2006-00449

Question No. 11

Witness: Kent W. Blake

- Q-11. Does KU believe that the inclusion of the phrase "at Ghent Unit No. 1" in the ordering paragraph of the July 24, 1992 Order in Case No. 1992-00005 was a reference to the generating unit that would be physically located closest to the scrubber, or a reference to the generating unit that would be connected to the scrubber?
- A-11. KU believes the phrase "at Ghent Unit No. 1" is a reference to the generating unit connected to the scrubber.



KENTUCKY UTILITIES COMPANY

Response to Commission's Order dated October 19, 2006

Case No. 2006-00449

Question No. 12

Witness: Kent W. Blake

Q-12. Under the authority granted by the July 24, 1992 Order in Case No. 1992-00005, did KU construct a scrubber that was:

- a. Physically located closer to Ghent Unit No. 1 than any other generating unit at the Ghent Station?
- b. Connected to Ghent Unit No. 1?

A-12. a. No.

b. Yes.

KENTUCKY UTILITIES COMPANY

Response to Commission's Order dated October 19, 2006

Case No. 2006-00449

Question No. 13

Witness: Kent W. Blake

- Q-13. The Blake testimony was filed in Case No. 2004-00426 on December. 20, 2004. Was Mr. Blake aware on that date that the existing scrubber at Ghent Unit No. 1 was to be connected to Ghent Unit No. 2, that KU did not intend to construct a new scrubber at Ghent Unit No. 2, and that the request to construct a scrubber at Ghent Unit No. 2 was really a request to construct a new scrubber at Ghent Unit No. 1?
- a. If yes, explain in detail why his testimony contains no discussion of these facts and why his Exhibit KWB-1 shows a scrubber to be constructed at Ghent Unit No. 2 rather than at Ghent Unit No. 1.
 - b. If no, when and how did Mr. Blake first become aware that KU did not intend to construct a new scrubber at Ghent Unit No. 2?
- A-13. a. KU respectfully states that the description of Project 21, Construct FGDs at Ghent 2, 3, and 4 is a reference to the unscrubbed units at the Ghent facility. The purpose of Project 21 is to equip the entire Ghent facility with FGDs to allow KU to self-comply with the SO₂ emissions limits imposed by CAIR. The evaluation performed to determine the "need" to scrub the entire Ghent facility was focused on reducing SO₂ emissions from the facility. Other than the capital cost of the project, KU considered the ductwork arrangements to be engineering details that were not central to the scope of the application. The evaluation of KU's SO₂ Compliance plans spanned a two-year period prior to the filing of the application and the final engineering decision to route the ductwork as explained, was made in late 2004, just prior to the submission of the Application and Amended Plan.
- b. Not applicable.

KENTUCKY UTILITIES COMPANY

Response to Commission's Order dated October 19, 2006

Case No. 2006-00449

Question No. 14

Witness: John P. Malloy

Q-14. The Malloy Testimony was filed in Case No. 2004-00426 on December 20, 2004. Was Mr. Malloy aware on that date that the existing scrubber at Ghent Unit No. 1 was to be connected to Ghent Unit No. 2, that KU did not intend to construct a new scrubber at Ghent Unit No. 2, and that the request to construct a scrubber at Ghent Unit No. 2 was really a request to construct a new scrubber at Ghent Unit No. 1?

- a. If yes, explain in detail why his testimony contains no discussion of these facts, why at page 13, line 6, of his testimony he refers to the 2004 plan for a scrubber "constructed for Ghent Unit [] 2. . . , and why his Exhibit JPM-1 shows a scrubber to be constructed at Ghent Unit No. 2 rather than at Ghent Unit No. 1.
- b. If no, when and how did Mr. Malloy first become aware that KU did not intend to construct a new scrubber at Ghent Unit No. 2?

A-14. a. KU respectfully states that the description of Project 21, Construct FGDs at Ghent 2, 3, and 4 is a reference to the unscrubbed units at the Ghent facility. The purpose of Project 21 is to equip the entire Ghent facility with FGDs to allow KU to self-comply with the SO₂ emissions limits imposed by CAIR. The evaluation performed to determine the "need" to scrub the entire Ghent facility was focused on reducing SO₂ emissions from the facility. Other than the capital cost of the project, KU considered the ductwork arrangements to be engineering details that were not central to the scope of the application. The evaluation of KU's SO₂ Compliance plans spanned a two-year period prior to the filing of the application and the final engineering decision to route the ductwork as explained, was made in late 2004, just prior to the submission of the Application and Amended Plan.

- b. Not applicable.