

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR CERTIFICATES OF PUBLIC)	
CONVENIENCE AND NECESSITY AND)	CASE NO.
APPROVAL OF ITS 2009 COMPLIANCE PLAN)	2009-00197
FOR RECOVERY BY ENVIRONMENTAL)	
SURCHARGE)	

INITIAL DATA REQUEST OF COMMISSION STAFF TO
KENTUCKY UTILITIES COMPANY

Kentucky Utilities Company ("KU"), pursuant to 807 KAR 5:001, is to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due no later than September 2, 2009. Responses to requests for information 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.

KU shall make timely amendment to any prior response if it obtains 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

KU fails or refuses to furnish all or part of the requested information, KU shall provide a written explanation of the specific grounds for its 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 applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to page 8 of the Direct Testimony of Lonnie E. Bellar (“Bellar Testimony”).

a. Describe KU’s plans for the mix of debt and equity it plans to use to finance the proposed facilities, including, but not limited to, whether it believes there is a range of debt-to-equity that is required in order to maintain its current credit rating.

b. Describe the tax-exempt financing referenced beginning on line 6, including, but not limited to:

(1) Whether such debt would be limited to pollution control bonds issued through either Trimble County, Carroll County or Mercer County; and

(2) The level of savings that could be expected through tax-exempt financing.

2. Refer to pages 15–18 of the Bellar Testimony, which indicate KU is seeking recovery of beneficial reuse opportunities through its Environmental Cost Recovery (“ECR”) mechanism. Provide a schedule with account name and amounts of

KU's beneficial reuse expenses for calendar years 2005 through 2008 and year-to-date for 2009.

3. Refer to page 18 of the Bellar Testimony.

a. Explain if this is the section of the testimony to which Mr. Voyles refers on pages 39 of his testimony which reads, "As stated in Mr. Bellar's testimony, KU is seeking authorization to pursue and proceed with beneficial reuse opportunities without being subject to amending the Company's Compliance Plan."

b. Mr. Bellar states that "KU proposes to include the current monthly costs associated with such a beneficial reuse opportunity in its ECR filing forms." Assuming the beneficial reuse proposal is approved, would KU be agreeable to including a narrative description of the specific reuse opportunity with the first monthly ECR filing that includes the costs thereof?

4. Refer to pages 22--23 of the Direct Testimony of John N. Voyles, Jr. ("Voyles Testimony") regarding the Brown Station Ash Treatment Basin Expansion (Project 29).

a. On pages 22--23, Mr. Voyles refers to increasing the elevation of the auxiliary pond to 900 feet, an elevation at which it "is projected to contain sufficient capacity for bottom ash storage for approximately 30 years." Does KU believe it needs such capacity for 30 years at the Brown Station? Explain the response.

b. On page 23, Mr. Voyles discusses the reports prepared by Fuller, Mossbarger, Scott, and May ("FMSM"). Describe, generally, the process under which FMSM was selected to perform the analysis of the storage needs at Brown.

5. Refer to pages 23--27 of the Voyles Testimony regarding the Ghent Station landfill (Project 30). On page 26, Mr. Voyles discusses two reports prepared by GAI Consultants ("GAI") on the siting and design of Project 30. Describe, generally, the process under which GAI was selected to perform this work.

6. Refer to pages 27--31 of the Voyles Testimony regarding the Trimble County ash treatment basin/gypsum storage pond (Project 31).

a. On page 29, Mr. Voyles identifies a portion of Project 31 as the "vertical expansion of the ash treatment basin's north, south and west dikes." Does the east dike currently have the elevation planned for the other dikes? If no, explain why the east dike is not included in the project.

b. On page 31, Mr. Voyles discusses MACTEC's report on modifying the Trimble County ash basin. Describe, generally, the process under which MACTEC was selected to perform this work.

7. Refer to pages 31--36 of the Voyles Testimony regarding the Trimble County landfill (Project 32). On pages 33--34, Mr. Voyles discusses the MACTEC report on the preliminary conceptual design of the landfill and that MACTEC has been retained to develop the permit application for Project 32. Describe, generally, the process under which MACTEC was selected to perform this work.

8. Refer to page 42 of the Voyles Testimony and page 19 of Exhibit JNV-2. Project 33 includes two barge load-out facilities to transport beneficial reuse byproduct: one owned by Synthetic Materials; the other owned by KU and Louisville Gas and Electric Company.

a. Were opportunities pursued to lease or co-own the second barge load-out facility with Synthetic Materials so that the companies could avoid the capital costs thereof? Explain the response.

b. Explain whether the proposed barge load-out area will exclusively be used for beneficial reuse activities and not used for other operational activities.

9. Refer to page 7 of Exhibit JNV-2, the June 2009 Comprehensive Strategy for Managing Coal Combustion Byproducts, which includes discussion of the steps taken by the company subsequent to the December 2008 breach of the containment dike at the Kingston generating station of the Tennessee Valley Authority. One of the steps was to retain ATC Associates ("ATC") to perform an independent third-party assessment of the company's impoundment facilities. ATC did not detect any safety deficiencies under normal loading conditions with any of the impoundments.

a. Explain how ATC was selected for this work and provide a description of its background and qualifications relevant to this type of work.

b. The last paragraph on page 7 of Exhibit JNV-2 indicates that more robust inspections of all impoundments will be performed by the company in 2009. Given that approximately two-thirds of calendar year 2009 has passed, what is the timetable for these inspections?

10. Refer to page 15 of Exhibit CRS-1 to the Direct Testimony of Charles R. Schram ("Schram Testimony"). Identify and describe the basis for the 7.74 percent KU/LG&E discount rate and the 7.81 percent Kentucky Utilities discount rate included in the analysis assumptions for Project 28.

11. Refer to page 14 of Exhibit CRS-2 to the Schram Testimony. Identify and describe the basis for the 7.81 percent discount rate and the 6.0 percent annual capital and O&M escalation rate included in the analysis assumptions for Project 29.

12. Refer to page 26 of Exhibit CRS-4 to the Schram Testimony. Identify and describe the basis for the 7.76 percent discount rate included in the analysis assumptions for Project 32.

13. Refer to page 3 of the Direct Testimony of Shannon L. Charnas. Clarify whether the incremental aspects of Projects 29 and 31, or some other reason, explains why no O&M costs for those projects will be recovered through KU's environmental surcharge.

14. Refer to page 6 of the Charnas Testimony, which indicates that projects in the 2009 compliance plan could affect operation and maintenance expenses associated with coal combustion byproducts. List the accounts that could be affected and describe, generally, the process that will be used to determine the level of such expenses to be recovered through KU's ECR mechanism rather than through its base rates.

15. Refer to page 1 of Exhibit RMC-5 to the Direct Testimony of Robert M. Conroy, which shows the impact of the 2009 compliance plan on the monthly bill of a residential customer for the years 2010 to 2014. Explain whether the 2009 compliance plan addresses all existing federal and state environmental requirements through 2014, or whether there are other existing environmental requirements that must be addressed by 2014 that could affect a customer's bill beyond what is included in the exhibit.

16. In the Bellar Testimony, page 12, line 15, Mr. Bellar refers to Exhibit LEB-1. Provide a copy of LEB-1.

17. In the Voyles Testimony, page 8, line 19, Mr. Voyles states, "EPA has conducted two separate studies, reaching a conclusion in 1993 and again in 2000 that CCP did not warrant regulation as a hazardous waste." Has this opinion changed since 2000?

18. In Exhibit JNV-2, Page 3, first paragraph, next-to-last sentence, there is a statement that "opportunities for beneficial reuse of Coal Combustion byproducts have shifted from a net revenue position to a net cost position". When did this take place? Explain.

19. In Exhibit JNV-2 page 11, explain how cost saving relates to "net cost".

20. In Exhibit JNV-2, page 7, second paragraph, last sentence, there is reference to a report prepared by ATC Associates on impoundments that the Kentucky Department of Environmental Protection classifies as low-hazard. Provide a copy of this report.

21. In Exhibit JNV-2, page 7, third paragraph, last sentence, there is a reference to a report on non-classified facilities. Provide a copy of this report.

22. Refer to the Schram Testimony, page 6. Since 80 percent of the gypsum will be used (beneficial reuse plan) to construct the embankments on the main and auxiliary ash treatment basins at E.W. Brown Station, what would be the results if the beneficial reuse of the gypsum was greater to an outside source?

23. In the CCP Plan for E.W. Brown Station, "NEEDS ASSESSMENT", page 6, tons of ash are converted to cubic yards of ash. Provide the dry weights and specific gravity of the products that you used to make these conversions. Also provide the

same for gypsum. Provide the same results for all stations if different dry weights and specific gravities were used.

24. Did KU send a request for proposal ("RFP") for each of the projects listed in the application?

a. If yes, provide a copy of the RFP, the responses, and to whom it was sent.

b. If no.

(1) Explain why an RFP was not necessary and explain how the estimated costs for each project were derived.

(2) Explain whether an RFP for each project will be issued prior to the beginning of construction.

25. Is KU aware of any other use for the byproduct other than what is listed in its application? Explain the response.



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

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Lonnie E Bellar
E.ON U.S. LLC
220 West Main Street
Louisville, KY 40202

Robert M Conroy
Director, Rates
Kentucky Utilities Company
220 West Main Street
P. O. Box 32010
Louisville, KY 40202

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

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