

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)	
ELECTRIC COMPANY FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY AND)	CASE NO.
APPROVAL OF ITS 2009 COMPLIANCE PLAN)	2009-00198
FOR RECOVERY BY ENVIRONMENTAL)	
SURCHARGE)	

INITIAL DATA REQUEST OF COMMISSION STAFF TO
LOUISVILLE GAS AND ELECTRIC COMPANY

Louisville Gas and Electric Company ("LG&E"), 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.

LG&E 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

LG&E fails or refuses to furnish all or part of the requested information, LG&E 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 5 of the Direct Testimony of Lonnie E. Bellar (“Bellar Testimony”).

a. Describe LG&E’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 8, including, but not limited to:

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

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

2. Refer to page 11 of the Bellar Testimony. Provide a general description of “Louisville Underground.”

3. Refer to page 11 of the Bellar Testimony, which indicates LG&E is seeking recovery of beneficial reuse opportunities through its Environmental Cost Recovery

("ECR") mechanism. Provide a schedule with account names and amounts of beneficial reuse expenses for calendar years 2005 through 2008 and year-to-date for 2009.

4. Refer to page 14 of the Bellar Testimony.

a. Explain if this is the section of testimony to which Mr. John N. Voyles, Jr. ("Voyles Testimony") refers on pages 36–37 of his testimony which reads, "As stated in Mr. Bellar's testimony, LG&E 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 "LG&E 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 LG&E be agreeable to including a narrative description of the specific reuse opportunity with the first monthly ECR filing that includes the costs thereof?

5. Refer to pages 21–24 of the Voyles Testimony regarding the planned Cane Run landfill (Project 22).

a. On page 22, Mr. Voyles discusses the three reports produced by GAI Consultants ("GAI"). Describe, generally, the process under which GAI was selected to perform the analysis of the storage needs at Cane Run.

b. On page 24, Mr. Voyles discusses the Louisville Underground reuse opportunity and states that "contract negotiations are in progress and this opportunity may or may not fully materialize." What is the timetable for these negotiations relative to LG&E's request for a decision in this proceeding by December 23, 2009?

6. Refer to pages 25–28 of the Voyles Testimony regarding the Trimble County ash treatment basin/gypsum storage pond (Project 23).

a. On page 26, Mr. Voyles identifies a portion of Project 23 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 28, Mr. Voyles discusses the report produced by MACTEC. Describe, generally, the process under which MACTEC was selected to perform the analysis of the storage needs at Trimble County.

7. Refer to pages 29–34 of the Voyles Testimony regarding the Trimble County landfill (Project 24). On page 31, Mr. Voyles discusses that MACTEC has been retained to develop the permit application for Project 24. Describe, generally, the process under which MACTEC was selected to perform this work.

8. Refer to page 39 of the Voyles Testimony and page 19 of Exhibit JNV-2. Project 25 includes two barge load-out facilities to transport beneficial reuse byproduct: one owned by Synthetic Materials; the other by LG&E and Kentucky Utilities 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 for 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 pages 4–5 of the Direct Testimony of Charles R. Schram (“Schram Testimony”) regarding the Cane Run landfill (Project 22). The discussion on Alternatives 7 and 10 indicates that on a stand-alone basis, Alternative 7 results in a lower Present Value Revenue Requirement than Alternative 10. However, assuming that the beneficial reuse contract is executed, Alternative 10 requires less capital through year seven of the evaluation, making it, coupled with the beneficial reuse opportunity, the more cost-effective long-term storage option. If Alternative 10 receives Commission approval, but the beneficial reuse opportunity with Louisville Underground does not come to fruition, will that not result in the company undertaking a slightly more costly project? Explain the response.

11. Refer to page 19 of Exhibit CRS-1 to the Schram Testimony. Identify and describe the basis for the 7.64 percent discount rate and the 6 percent annual capital and O&M escalation rate included in the analysis assumptions for Project 22.

12. Refer to page 26 of Exhibit CRS-2 to the Schram Testimony. Identify and describe the basis for the 7.76 percent discount rate included in the analysis assumptions for Project 24.

13. Refer to page 3 of the Direct Testimony of Shannon L. Charnas ("Charnas Testimony"). Clarify whether the incremental aspect of Project 23, or another reason, explains why no O&M costs for that project will be recovered through LG&E'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 LG&E'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. Did LG&E 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.

17. Is LG&E aware of any other use for the byproduct other than what is listed in its application? Explain the response.



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