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AUG 15 2011

PUBLIC SERVICE  
COMMISSION

**Via Overnight Mail**

August 12, 2011

Mr. Jeff Derouen, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

**Re: Case No. 2011-00161 & 2011-00162**

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of the KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'S REPLY TO JOINT SUR-REPLY OF KENTUCKY UTILITIES COMPANY AND LOUISVILLE GAS AND ELECTRIC COMPANY filed in the above-referenced matter. By copy of this letter, all parties listed on the Certificate of Service have been served.

Please place this document of file.

Very Truly Yours,



Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

**BOEHM, KURTZ & LOWRY**

MLKkew

Attachment

cc: Certificate of Service

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy via electronic mail (when available) and by first-class postage prepaid mail, to all parties on the 12<sup>TH</sup> day of August, 2011.



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**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

In The Matter Of:	:	
	:	
Application Of Kentucky Utilities Company for an	:	<b>Case No. 2011-00161</b>
Amended Environmental Compliance Plan, a Revised	:	
Surcharge to Recover Costs, and Certificates of Public	:	
Convenience and Necessity for the Construction of	:	
Necessary Environmental Equipment	:	
	:	
Application Of Louisville Gas And Electric Company for	:	<b>Case No. 2011-00162</b>
an Amended Environmental Compliance Plan, a Revised	:	
Surcharge to Recover Costs, and Certificates of Public	:	
Convenience and Necessity for the Construction of	:	
Necessary Environmental Equipment	:	

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**REPLY TO JOINT SUR-REPLY  
OF KENTUCKY UTILITIES COMPANY AND  
LOUISVILLE GAS AND ELECTRIC COMPANY  
BY KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

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The Joint Sur-Reply filed by Kentucky Utilities Company and Louisville Gas & Electric (collectively, the “Companies”) on August 11, 2011 continues to miss the point. This purpose of this proceeding is to address the Companies’ request for a Commission order: 1) granting certificates of public convenience and necessity for various projects; and 2) approving the Companies’ amended environmental compliance plans.<sup>1</sup> This is not a cost recovery proceeding. The Companies’ reliance on the principles that financial projections are irrelevant or too speculative to be used in this proceeding is misplaced.<sup>2</sup> In their applications, the Companies themselves use multi-year projections through 2016 to describe the rate impacts of the proposed environmental compliance

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<sup>1</sup> Companies’ Applications at 1.  
<sup>2</sup> Companies’ Joint Sur-Reply at 4.

plans.<sup>3</sup> (Attached). Discovery through at least 2016, as Kentucky Industrial Utility Customers, Inc (“KIUC”) have requested,<sup>4</sup> is therefore appropriate.

**WHEREFORE**, for the reasons set forth herein, KIUC moves the Commission to grant KIUC’s Motion to Compel.

Respectfully submitted,



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**COUNSEL FOR KENTUCKY INDUSTRIAL  
UTILITY CUSTOMERS, INC.**

August 12, 2011

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<sup>3</sup> Companies’ Application, Exhibit RMC-5 at 1 (Attached).

<sup>4</sup> KIUC Question Nos. 1-6, 1-7, 1-8 to KU and Nos. 1-7, 1-8, 1-9 to LG&E.

**Louisville Gas and Electric Company**  
**Environmental Cost Recovery Surcharge Summary**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Total E(m) - (\$000)</b>	\$25,243	\$76,600	\$127,031	\$218,209	\$248,966
<b>12 Month Average Jurisdictional Ratio</b>	87.20%	87.20%	87.20%	87.20%	87.20%
<b>Jurisdictional E(m) - (\$000)</b>	\$22,012	\$66,797	\$110,774	\$190,284	\$217,105
<b>Forecasted Jurisdictional R(m) - (million)</b>	\$956	\$1,013	\$1,038	\$1,077	\$1,131
<b>Incremental Billing Factor</b>	2.30%	6.60%	10.67%	17.67%	19.20%
<b>Residential Customer Impact</b>					
<b>Monthly bill (1,000 kWh per month)</b>	\$1.96	\$5.61	\$9.08	\$15.03	\$16.33

**Kentucky Utilities Company**  
**Environmental Cost Recovery Surcharge Summary**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Total E(m) - (\$000)</b>	\$22,998	\$69,805	\$143,788	\$199,867	\$232,668
<b>12 Month Average Jurisdictional Ratio</b>	86.99%	86.99%	86.99%	86.99%	86.99%
<b>Jurisdictional E(m) - (\$000)</b>	\$20,005	\$60,722	\$125,079	\$173,861	\$202,394
<b>Forecasted Jurisdictional R(m) - (million)</b>	\$1,365	\$1,442	\$1,505	\$1,560	\$1,655
<b>Incremental Billing Factor</b>	1.47%	4.21%	8.31%	11.15%	12.23%
<b>Residential Customer Impact</b>					
<b>Monthly bill (1,000 kWh per month)</b>	\$1.13	\$3.26	\$6.43	\$8.63	\$9.46