

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF LOUISVILLE GAS AND )  
ELECTRIC COMPANY AND KENTUCKY UTILITIES )  
COMPANY FOR A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY AND SITE )  
COMPATIBILITY CERTIFICATE FOR THE )  
CONSTRUCTION OF A COMBINED CYCLE ) CASE NO.  
COMBUSTION TURBINE AT THE CANE RUN ) 2011-00375  
GENERATING STATION AND THE PURCHASE OF )  
EXISTING SIMPLE CYCLE COMBUSTION TURBINE )  
FACILITIES FROM BLUEGRASS GENERATION )  
COMPANY, LLC IN LAGRANGE, KENTUCKY )

FIRST INFORMATION REQUEST OF COMMISSION STAFF TO  
SIERRA CLUB AND NATURAL RESOURCES DEFENSE COUNCIL

Pursuant to 807 KAR 5:001, the Sierra Club and Natural Resources Defense Council ("Environmental Intervenors") are to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than January 23, 2012. 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 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.

Environmental Intervenors shall make timely amendment to any prior response if they obtain 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 Environmental Intervenors fail or refuse to furnish all or part of the requested information, Environmental Intervenors shall provide a written explanation of the specific grounds for their failure to completely and precisely respond. Careful attention should be given to copied material to ensure that it is legible.

1. Refer to the table on page 4 of the Direct Testimony of Dylan Sullivan (“Sullivan Testimony”). Confirm that the annual percentages contained in the table were derived by dividing the numbers in Column G of Exhibit DES-2 by the numbers in Column B of that same exhibit.

2. Refer to pages 7-8 of the Sullivan Testimony where he recommends that the Commission “[d]eny the Companies’ application for a Certificate of Public Convenience and Necessity.”

a. Confirm that Mr. Sullivan’s recommendation applies to both projects included in the Certificate of Public Convenience and Necessity (“CPCN”) request of Louisville Gas and Electric Company and Kentucky Utilities Company (“LG&E/KU”).

b. Explain whether Mr. Sullivan consulted with the Environmental Intervenors’ other witness, Mr. Paul L. Chernick, who opposes the Cane Run combined-cycle plant, but does not oppose the Bluegrass Generation purchase.

3. Refer to Exhibit DES-2, Column G, which has the heading “Planned Annual Savings (GWh)” and a footnote which references Table 8.(3)(e)(3) from the LG&E/KU 2011 Integrated Resource Plan (“IRP”). The GWh levels in the exhibit for the

years 2012 to 2017 match the differences between the “Total Annual Energy Reduction” levels shown for each of the years from 2012 to 2017 in the IRP table, meaning that the GWh levels in the exhibit under the “Planned Annual Savings” heading are actually the incremental energy savings for each of the years from 2012 to 2017. The planned annual energy savings in the IRP table compared to what is identified in the exhibit as “Planned Annual Savings” are as follows:

<u>Calendar Year</u>	<u>GWh Savings per IRP table</u>	<u>GWh Savings per Exhibit DES-2</u>
2012	557.6	168
2013	705.9	148
2014	901.8	196
2015	994.9	93
2016	1,088.1	93
2017	1,191.2	93

a. Explain how substituting the annual energy savings in the second column above for the incremental annual energy savings in the third column above, as taken from Column G of Exhibit DES-2, impacts the results shown in Column J of the exhibit under the heading “Average Coincident Incremental Demand Savings (MW).” Provide a revised exhibit, if appropriate.

b. The annual energy savings in the second column above, as taken from Table 8.(3)(e)(3) of the LG&E/KU 2011 IRP, exceed 1.5 percent of the combined projected sales for LG&E/KU shown in Column B of Exhibit DES-2 for each year from 2012 to 2017. Explain whether the fact that, based on their existing plans for energy efficiency and demand-side management (“DSM”) programs, LG&E/KU are positioned to realize energy savings greater than 1.0 percent of sales, the level advocated by Mr.

Sullivan, negates his recommendation.

4. The specific wording of the first sentence of Kentucky Revised Statute 278.285, which authorizes the Commission to approve DSM programs and recovery of the costs of DSM programs, is as follows:

The commission may determine the reasonableness of demand-side management plans proposed by any utility under its jurisdiction. (*Emphasis added*)

Explain whether Mr. Sullivan is aware that this language has been interpreted to limit the Commission's authority such that it cannot require a utility to implement programs other than those proposed by the utility.

5. Refer to page 7, lines 9-12, of the Direct Testimony of Paul Chernick ("Chernick Testimony"). Explain how "[t]he possibility that additional supply resources would allow the Companies to retire such units as Mill Creek 1 and Brown 1 and 2 . . . ." impacts the LG&E/KU request for a CPCN in this proceeding based on their planned retirement of 797 MW of existing capacity (Cane Run, Green River and Tyrone units).

6. Refer to page 12, lines 20-21, of the Chernick Testimony. Confirm that the text in the question is incomplete and provide an accurate rewording thereof.

7. Refer to pages 12-14 of the Chernick Testimony, wherein Mr. Chernick discusses renewable resources and how LG&E/KU should evaluate proposals to provide such resources.

a. LG&E/KU evaluated renewable resource proposals (including wind and solar technologies) submitted in response to their December 2010 Request for Proposals ("RFP") for capacity and energy. Explain whether, based on his criticisms of LG&E/KU, Mr. Chernick believes that they should have selected a wind power proposal

from among the proposals submitted in response to the RFP.

b. In response to the question on page 12 concerning different risk characteristics inherent in the resource options that LG&E/KU is proposing compared to a renewable purchase power alternative, Mr. Chernick identifies various upside risks, from the perspective of a purchaser, associated with renewable purchase power contracts and various downside risks associated with LG&E/KU's decision to purchase the Bluegrass plant and construct, own, and operate a gas combined-cycle combustion turbine at the Cane Run site. Provide, in Mr. Chernick's opinion, the downside risks to LG&E/KU of entering into a renewable purchase power agreement.

8. The sentence on line 6 of page 13 of the testimony, which begins, "[a]s summarized in . . . ." appears to be incomplete. Provide a corrected version of the sentence.

9. On page 14, Mr. Chernick cites a number of recent wind power purchase agreements, specifically referencing their per MWh prices. Explain whether Mr. Chernick is familiar with the availability and reliability of wind power generation relative to that of gas-fired simple cycle and combined cycle generation, such as that which LG&E/KU have included in the CPCN request.



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cc: Parties of Record

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