

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF LOUISVILLE GAS AND ELECTRIC )  
COMPANY AND KENTUCKY UTILITIES COMPANY )  
FOR CONFIDENTIAL TREATMENT OF CERTAIN ) CASE NO. 2000-453  
INFORMATION CONTAINED IN COAL SUPPLY AND )  
TRANSPORTATION CONTRACTS )

COMMISSION STAFF'S INTERROGATORIES AND REQUESTS  
FOR PRODUCTION OF DOCUMENTS TO LOUISVILLE GAS AND ELECTRIC  
COMPANY AND KENTUCKY UTILITIES COMPANY

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (collectively "Joint Petitioners") shall file the original and 8 copies of the following information with the Commission no later than November 20, 2000, with a copy to all parties of record. Each copy of the information requested shall be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention shall be given to copied material to ensure its legibility. 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.

1. List the case number and style of each proceeding and the date of the filing initiating the proceeding in which either of the Joint Petitioners has sought confidential treatment of its fuel or fuel transportation contracts.

2. State whether Robert M. Hewett when preparing his testimony reviewed the record of

- a. Case No. 9674.<sup>1</sup>
- b. Case No. 89-216.<sup>2</sup>
- c. Case No. 97-197.<sup>3</sup>

3. Of the cases listed in Item 2, identify which, if any, that James N. Heller reviewed when preparing his testimony.

4. Refer to the Direct Testimony of Robert M. Hewett at 4. Identify all entities that provide retail electric service in

- a. LG&E's retail service territory.
- b. KU's retail service territory.

5. At page 4 of his direct testimony, Mr. Hewett states that increases in the Joint Petitioners' rates damages those utilities "competitive position with regard to gaining new or expanded retail load." Is it therefore the Joint Petitioners' position that

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<sup>1</sup> Case No. 9674, A Petition for Confidentiality of Coal Supply and Coal Transportation Contracts of Kentucky Power Company.

<sup>2</sup> Case No. 89-216, Petition for Confidentiality of Kentucky Utilities Company.

<sup>3</sup> Case No. 97-197, Petition of Kentucky Utilities Company for Confidential Protection of Certain Information Contained in Barge Transportation and Coal Purchase Contracts.

the actions taken by the Commission in Cases No. 98-426<sup>4</sup> and No. 98-474<sup>5</sup> improved the Joint Petitioners' competitive petition in this regard? If no, explain why not.

6. At page 5 of his direct testimony, Mr. Hewett states that the Commission's action regarding a contract between East Kentucky Power Cooperative ("EKPC") and Kentucky Pioneer Energy, LLC supported the Joint Petitioners' application for confidential treatment. Is it Mr. Hewett's opinion that Administrative Regulation 807 KAR 5:056 required EKPC to file the contract in question with the Commission? If yes, explain why Administrative Regulation 807 KAR 5:056 required such filing.

7. Is the relief that Joint Petitioners request in their application consistent with their positions in Cases No. 92-493-B<sup>6</sup> and No. 92-494-B<sup>7</sup> regarding public disclosure of coal supply and coal transportation contracts? Explain.

8. Provide all studies and analyses prepared by or for the Joint Petitioners in which the monetary effects of the availability of their coal supply and coal transportation contracts for public inspection have been considered.

9. Have the Joint Petitioners benefited from their use of an automatic fuel adjustment clause? Explain.

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<sup>4</sup> Case No. 98-426, Application of Louisville Gas and Electric Company for Approval of an Alternative Method of Regulation of Rates and Service (Jan. 7, 2000).

<sup>5</sup> Case No. 98-474, Application of Kentucky Utilities Company for Approval of an Alternative Method of Regulation of Rates and Service (Jan. 7, 2000).

<sup>6</sup> Case No. 92-493-B, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Kentucky Utilities Company from May 1, 1993 through October 31, 1993 (Nov. 30, 1995).

<sup>7</sup> Case No. 92-493-B, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of the Louisville Gas and Electric Company from May 1, 1993 through October 31, 1993 (Nov. 30, 1995).

10. Is it the Joint Petitioners' position that they are required to have an automatic fuel adjustment clause in their filed rate schedules? Explain.

11. Provide all studies and analyses prepared by or for the Joint Petitioners in which the benefits of continued use of an automatic fuel adjustment clause are compared to the costs resulting from lost wholesale power sales due to the public availability of its coal supply and coal transportation contracts.

12. For each Joint Petitioner, state for each year from 1992 to 1999 its total annual wholesale power sales in dollars and in megawatt hours ("Mwh").

13. For each Joint Petitioner, state for each year from 1992 to 1999 the total annual wholesale power sales in dollars and in Mwh lost as a result of the public availability of its coal supply and coal transportation contracts. Describe how these amounts were derived.

14. Identify each instance in which either of the Joint Petitioners incurred economic damage as a result of the public availability of its coal supply and coal transportation contracts. For each instance identified, describe how the harm occurred, the extent of the harm (in dollars), and the parties to the transaction.

15. Describe Mr. Hewett's involvement, if any, with the development of KU's comments and testimony to the Commission in 1977 and 1978 concerning the establishment of a uniform fuel adjustment clause regulation that is now codified as Administrative Regulation 807 KAR 5:056.

16. a. Describe the coal markets from which the Joint Petitioners purchase their coal supplies. This description should include the geographical areas in

which the Joint Petitioners purchase or consider purchasing coal, the number of suppliers in those areas, and the number of potential competitor purchasers.

b. What changes do the Joint Petitioners currently plan to make in the geographical area from which they currently purchase their coal supplies?

17. Do Joint Petitioners consider the coal market from which they purchase coal to be a national market? Explain.

18. Describe the wholesale power market in which the Joint Petitioners compete. This description should include the geographical areas in which the Joint Petitioners are likely to engage in wholesale transactions and an estimate of the number of competitor firms engaging in that market.

19. Do Joint Petitioners consider the wholesale power sales market in which they participate to be a national market? Explain.

20. At page 9 of his direct testimony, Mr. Heller states that he has used information that the Joint Petitioners filed with the Commission “successfully as part of my presentations to obtain lower coal prices under these market price reopeners for my clients who compete with KU and LG&E.”

a. State the number of occasions upon which Mr. Heller used this information in an arbitration or litigation proceeding to secure a lower coal price for a competitor of the Joint Petitioners.

b. For each occasion, identify

(1) The client on whose behalf Mr. Heller was testifying or appearing.

(2) The year in which Mr. Heller made his presentation or presented testimony.

(3) The coal supplier involved in the litigation.

21. Refer to the Direct Testimony of James N. Heller at 9, lines 10 – 17.

- a. Identify the utility and the rail carrier to which Mr. Heller refers.
- b. State the year in which the negotiations occurred.

22. Refer to the Direct Testimony of James N. Heller at 9, lines 18 – 21.

- a. Identify the utility and the rail carrier to which Mr. Heller refers.
- b. State the year in which the negotiations occurred.
- c. Identify the power generation competitors.

d. Identify the geographical area in which the utility operated and the state utility regulatory commission(s), if any, to which the utility was subject.

23. Refer to the Direct Testimony of James N. Heller at 9, lines 22 – 26.

- a. Identify the client and the rail carrier to which Mr. Heller refers.
- b. State the year in which the negotiations occurred.

c. Identify the geographical area in which the utility operated and the state utility regulatory commission(s), if any, to which the utility was subject.

24. What sources currently exist to provide coal suppliers and coal procurers about the state of the coal supply and coal transportation market? For each source identified, state its quality and reliability.

25. In preparing his testimony regarding the “experience of other states,” for what statutes, administrative regulations, and administrative decisions did Mr. Heller review? List the states for which a review of state law or policy was conducted.

26. Refer to the Direct Testimony of James N. Heller at 13, lines 18 – 20. Identify the “[s]everal states” that have historically disclosed data on delivered coal prices for coal purchase transactions.

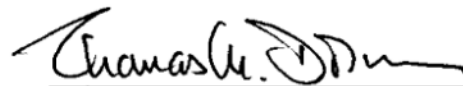
27. Refer to the Direct Testimony of James N. Heller at 13, lines 20 – 21. Identify the “few states” that disclose the prices paid by utilities under coal supply contracts separate from the rates paid under coal transportation contracts.

28. Refer to the Direct Testimony of James N. Heller at 13, lines 26 – 26. Describe the changes in the utility market that will result in West Virginia disclosing coal prices and transportation rates for only one utility.

29. Describe how Joint Petitioners’ rates for retail service during the period since 1992 compare nationally with other utilities.

30. In Mr. Heller’s opinion, what weight, if any, should the Commission give to the filing practices of other states that have permitted retail competition in light of Kentucky’s present decision not to permit such competition?

31. List those states that do not require the filing of coal supply and coal transportation contracts. For each state listed, indicate whether the state permits retail electric competition and whether the state allows for the automatic recovery of fuel costs through a mechanism similar to the uniform fuel adjustment clause.



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DATED: November 9, 2000

cc: Parties of Record