

**LG&E Energy LLC**  
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P.O. Box 32030  
Louisville, Kentucky 40232

**VIA E-FILING AND REGULAR MAIL**

Elizabeth O'Donnell  
Executive Director  
Kentucky State Board on Electric  
Generation and Transmission Siting  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

**RE: Joint Application of the Illinois Municipal Electric Agency and the  
Indiana Municipal Power Agency for Approval to be a 25% Partner in  
the Construction of a 750 Megawatt Addition to the Existing Trimble  
County Generating Facility in Trimble County, Kentucky**  
**Siting Board Case No. 2005-00152**

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and ten (10) copies of Louisville Gas and Electric Company's and Kentucky Utilities Company's response to the IBEW and Trades Council Data Request dated August 26, 2005 in the above-referenced case. An electronic copy of this filing has been posted to the Commission's Electronic Filing Center.

The attached electronically filed documents are a true representation of the original documents that have been filed with the Commission.

Very truly yours,



John Wolfram  
Manager, Regulatory Affairs

Attachments  
cc: Parties of Record

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE KENTUCKY STATE BOARD ON**  
**ELECTRIC GENERATION AND TRANSMISSION SITING**

**In the Matter of:**

**JOINT APPLICATION OF THE ILLINOIS )**  
**MUNICIPAL ELECTRIC AGENCY AND THE )**  
**INDIANA MUNICIPAL POWER AGENCY FOR ) CASE NO. 2005-00152**  
**APPROVAL TO BE A 25% PARTNER IN THE )**  
**CONSTRUCTION OF A 750 MEGAWATT )**  
**ADDITION TO THE EXISTING TRIMBLE )**  
**COUNTY GENERATING FACILITY IN )**  
**TRIMBLE COUNTY, KENTUCKY )**

**RESPONSE OF**  
**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**AND**  
**KENTUCKY UTILITIES COMPANY**  
**TO THE IBEW/TRADES COUNCIL**  
**DATA REQUEST TO INTERVENORS**  
**DATED AUGUST 26, 2005**

**FILED: September 6, 2005**

**LOUISVILLE GAS AND ELECTRIC COMPANY  
KENTUCKY UTILITIES COMPANY**

**CASE NO. 2005-00152**

**Response to the IBEW/Trades Council  
Data Request to Intervenors  
Dated: August 26, 2005**

**Question No. 1**

**Responding Witness: John N. Voyles / Counsel**

- Q-1. Produce a copy of the RFP that LG&E is utilizing in the solicitation of bids from pre-qualified EPC's, as referred to by the Voyles testimony, p. 10.
- A-1. This information was produced in response to IBEW / Trades Council Data Request No. 1 in Public Service Commission ("PSC") Case No. 2004-00507, subject to confidential protection. By agreement with counsel for IBEW/Trades Council, said information is incorporated here by reference, subject to the terms of a Confidentiality Agreement.

**LOUISVILLE GAS AND ELECTRIC COMPANY  
KENTUCKY UTILITIES COMPANY**

**CASE NO. 2005-00152**

**Response to the IBEW/Trades Council  
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Dated: August 26, 2005**

**Question No. 2**

**Responding Witness: John N. Voyles / Counsel**

- Q-2. What requirements, if any, were imposed upon EPC contractors to prefer or utilize Kentucky or local area workers in the construction and installation of SCR's at the Ghent and Mill Creek plants? Please quote the specific language from each agreement that addresses this issue.
- A-2. The Companies object to this request on grounds that it is irrelevant and improper to compare the TC2 project at issue here with SCR projects at entirely different plants. Furthermore, KU and LG&E will not be operating their portion of TC2 as a merchant facility, and their participation in TC2 is the subject of PSC Case No. 2004-00507 and not of this proceeding. However, without waiver of that objection the Companies state that the relevant language in the SCR Alliance Agreement is set forth below:

Subcontracting language in Section 4.9 included, "Alliance Contractor shall not subcontract performance of all or any portion of the Work (including adding unrelated work to an existing Subcontract more than \$25,000) without first (a) notifying Company of the intended portion of the Work to be subcontracted, (b) soliciting bids using a mutually agreed upon bidder's list". This provision resulted in virtually every bidder's list being jointly developed by the SCR Team of Fluor and LG&E Energy. Each bidder list, whenever practical, included local subcontractors (both union and non-union) that would typically be included on an LG&E Energy's bidders list as if we were subcontracting the list.

Direct Hire Labor language in Section 4.16 included, "Whenever practical, economical, and reasonable, Alliance Contractor will utilize local labor sources, including disadvantaged persons, in performance of the Work." This resulted in Fluor setting up hiring offices at each facility that an SCR was constructed to perform interviews, screening and processing of direct hires from within the region.

**LOUISVILLE GAS AND ELECTRIC COMPANY  
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**CASE NO. 2005-00152**

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**Question No. 3**

**Responding Witness: John N. Voyles / Counsel**

Q-3. Will LG&E include a requirement that the EPC for TC2 will utilize Kentucky employees exclusively unless it can certify that efforts to recruit and retain a sufficient labor force, including skilled crafts, have failed to staff the project according to the manpower needs and timetables specified? If LG&E does oppose the imposition of such a criteria on the EPC, identify issues other than employee availability that form the basis for the Company's position.

A-3. KU and LG&E object to this request to the extent that it seeks to place an obligation which is improper under the scope of this proceeding. KU and LG&E will not be operating their portion of TC2 as a merchant facility, and their participation in TC2 is the subject of PSC Case No. 2004-00507 and not of this proceeding. Without waiver of that objection, KU and LG&E state that their RFP to the EPC contractors specifically provides that KU and LG&E want, wherever practical and appropriate, to promote the use of local services and employment of local labor during the construction works. The RFP states:

- "The bidders shall provide a list of all possible union and non-union subcontractors to be used." and "the list, as finally agreed between Owner and Bidders, will be incorporated into the Agreement as Exhibit Z."
- "The Contractor shall maximize the use of local direct hire Union & Non-union Contractors (LC)."
- "In developing the Construction and Labor Plan, the Contractor shall define and utilize processes to maximize the use of local union and non-union, MBE, and WBE labor, goods and services."

This language is consistent with prior orders of the Siting Board awarding construction certificates for new merchant plants. As regulated utilities, KU and LG&E have an affirmative duty, under Kentucky law, to pursue resource needs under a least-cost strategy, and the preference for use of Kentucky workers must be evaluated in connection with that duty to pursue a least-cost strategy.

**In addition, both of the short-listed EPC bidders for TC2 have stated they would agree to contractual provisions that give priority to Trimble County residents for consideration of direct hire craft jobs for the construction of the facility.**

**LOUISVILLE GAS AND ELECTRIC COMPANY  
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**Question No. 4**

**Responding Witness: John N. Voyles / Counsel**

Q-4. What percentage of the workforce, employed by the EPC on the Mill Creek SCR project, came from outside the Commonwealth?

A-4. The Companies object to this request on grounds that it is irrelevant and improper to compare the TC2 project at issue here with an SCR project at an entirely different plant. Furthermore, KU and LG&E will not be operating their portion of TC2 as a merchant facility, and their participation in TC2 is the subject of PSC Case No. 2004-00507 and not of this proceeding. However, without waiver of that objection the Companies state that approximately 1/3 of the craft used on the Mill Creek SCR construction and directly hired by Fluor was from the local region, and approximately 85% of the contractors used by Fluor and LG&E were local contractors using local labor.

**LOUISVILLE GAS AND ELECTRIC COMPANY  
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**Question No. 5**

**Responding Witness: John N. Voyles / Counsel**

**Q-5. What percentage of the workforce, employed by the EPC on the Ghent Plant SCR projects, came from outside the Commonwealth?**

**A-5. The Companies object to this request on grounds that it is irrelevant and improper to compare the TC2 project at issue here with an SCR project at an entirely different plant. Furthermore, KU and LG&E will not be operating their portion of TC2 as a merchant facility, and their participation in TC2 is the subject of PSC Case No. 2004-00507 and not of this proceeding. However, without waiver of that objection the Companies state that approximately 1/3 of the craft used on Ghent's SCR construction and directly hired by Fluor was from the local region, and that approximately 80% of the contractors used by Fluor and KU were local contractors using local labor.**



**LOUISVILLE GAS AND ELECTRIC COMPANY  
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**Question No. 6**

**Responding Witness: John N. Voyles / Kent W. Blake / Counsel**

- Q-6. Is it LG&E's position that it would be violating its fiduciary duties to the rate payers by insisting upon the utilization of a workforce drawn exclusively from Kentucky, unless insufficient employees and skills were available to keep the project on schedule? Please explain the rationale for the Company's response.
- A-6. LG&E and KU object to the reference to "fiduciary duties" to the extent that such reference does not accurately reflect the obligations and duties of LG&E and KU under Kentucky law. Without waiver of that objection, however, LG&E and KU state that they have an affirmative duty, under Kentucky law, to pursue resource needs under a least-cost strategy, and that the preference for use of Kentucky workers must be evaluated alongside that duty to pursue a least-cost strategy. See also the Companies' Response to Question No. 3 above.

**LOUISVILLE GAS AND ELECTRIC COMPANY  
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**Question No. 7**

**Responding Witness: John N. Voyles / Kent W. Blake / Counsel**

- Q-7. Is it LG&E's position that an EPC should have the authority to utilize out of state employees if doing so allows TC2 to be built more economically than if Kentucky employees are preferred or required? Please explain the rationale for the Company's response.
- A-7. KU and LG&E object to this request to the extent that it seeks to place an obligation which is improper under the scope of this proceeding. KU and LG&E will not be operating their portion of TC2 as a merchant facility, and their participation in TC2 is the subject of PSC Case No. 2004-00507 and not of this proceeding. Without waiver of that objection, KU and LG&E state that their RFP to the EPC contractors specifically provides that KU and LG&E want, wherever practical and appropriate, to promote the use of local services and employment of local labor during the construction works. That preference for Kentucky workers is consistent with prior orders of the Siting Board awarding construction certificates for new merchant plants. As regulated utilities, KU and LG&E have an affirmative duty, under Kentucky law, to pursue resource needs under a least-cost strategy, and the preference for use of Kentucky workers must be evaluated in connection with that duty to pursue a least-cost strategy. In addition, see the Companies' Response to Question No. 3 above.

**LOUISVILLE GAS AND ELECTRIC COMPANY  
KENTUCKY UTILITIES COMPANY**

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**Question No. 8**

**Responding Witness: John N. Voyles / Counsel**

Q-8. In response to the IBEW/Trades Council data request No. 3, in the PSC case No. 2004-00507, the Company stated:

Q-3 With reference to the Burns & McDonald report, Trimble County Unit 2 Project approach, explain why the labor market analysis performed under section 4.5 did not include review of labor and craft employee available from the Paducah, Owensboro, and Lexington, Kentucky areas?

A-3 The bidders are being asked to assume the labor risk of the project through liquidated damages relative to performance, cost and schedule. The companies would not release any information of this nature to the bidders in order to protect the companies and their rate payers from assuming any of the labor risks associated with performance, cost and schedule listed in the RFP.

Based upon the position stated above, please address the following questions:

- A. Is it the Company's position that the economic benefits detailed in expert witness Paul Coomes' testimony can be realized if more than 50% of the labor employed by the EFC resides outside the Commonwealth?
- B. Is it the Company's position that the economic benefits detailed in expert witness Paul Coomes' testimony can be realized if more than 50% of the labor employed by the EFC resides outside the Louisville-Cincinnati area?
- C. Is it the Company's position that the economic benefits detailed in expert witness Paul Coomes' testimony can be realized if more than 50% of the labor employed by the EFC resides outside the Louisville economic area, as defined by Dr. Coomes.

- D. Is it the Company's position that pursuant to KRS 278.710(1)(c), it has no obligation to insure, through its contracting process, that the EPC contractor maximize the use of workers from the local area, and minimize the use of workers outside the local area in order to realize the economic benefits projected by Dr. Coomes?
  - E. Admit or deny that under the current RFP for Trimble County, the document imposes no restrictions on the contractor's use of out of state employees.
  - F. Admit or deny that the contractor which performed scrubber construction work at Trimble County drew a majority of its labor force from outside the Louisville-Cincinnati area.
  - G. Admit or deny that LG&E has not incorporated the recommendations of BBC Research and Consulting, regarding Trimble County 2, that – "LG&E should encourage its contractors to consider hiring locally qualified construction workers, where possible." – by incorporating language into the RFC that would obligate the EPC to prefer locally qualified construction workers.
  - H. For each of the answers in Questions E – G in which the Company states a denial, explain the Company's position as to why the statement is not true.
- A-8.
- A. The Companies have not offered Mr. Coomes as a witness. However, it is the Companies' understanding, based upon a review of that testimony, that Mr. Coomes has not based his opinions on the location of the workforce employed on the project, but instead is based upon total jobs created and the economic benefits of the jobs, regardless of resident location.
  - B. See the response to subpart A. above.
  - C. See the response to subpart A. above.
  - D. KU and LG&E object to this request to the extent that it seeks to place an obligation on them which does not exist under Kentucky law. KU and LG&E have no obligations under the referenced statute, which applies only to merchant facilities. KU and LG&E will not be operating their portion of TC2, which is the subject of PSC Case No. 2004-00507 and not of this proceeding, as a merchant facility. Without waiver of that objection, KU and LG&E state that their RFP to the EPC contractors specifically provides that KU and LG&E want, wherever practical and appropriate, to promote the use of local services and employment of local

labor during the construction works. That preference for Kentucky workers is consistent with prior orders of the Siting Board awarding construction certificates for new merchant plants. See the Companies' Response to Question No. 3 above.

- E. Denied. As set forth in response to subpart D above, the RFP recognizes the preference for the use of local workers wherever practical and appropriate.
  
- F. The Companies object to this request on grounds that it is irrelevant and improper to compare the TC2 project at issue here with an different project that took place years ago. Furthermore, KU and LG&E will not be operating their portion of TC2 as a merchant facility, and their participation in TC2 is the subject of PSC Case No. 2004-00507 and not of this proceeding. However, without waiver of that objection the Companies state that the scrubber work at the Trimble County Generating Station ("Trimble Station") was performed in the 1980s entirely by LG&E employees. That said, however, SCR work at the Trimble Station since that time was performed utilizing labor forces similar to those set forth in the Companies' Response to Questions No. 4 and 5 above.
  
- G. KU and LG&E object to this request to the extent that it mis-states the BBC report as requiring that KU and LG&E "obligate" the use of local workers. Without waiver of that objection, this request is denied. As set forth in response to subpart D above, the RFP recognizes the preference for the use of local workers wherever practical and appropriate.
  
- H. See responses to individual subparts above.

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**Question No. 9**

**Responding Witness: John N. Voyles / Counsel**

- Q-9. Produce a copy of the RFP and contractor construction proposals related to FCR work as authorized in PSC Case 2000-112.
- A-9. This information was produced in response to a motion filed by the IBEW and Trades Council in PSC Case No. 2004-00507, subject to confidential protection. By agreement with counsel for IBEW/Trades Council, said information is incorporated here by reference, subject to the terms of a Confidentiality Agreement.

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**Question No. 10**

**Responding Witness: John N. Voyles**

Q-10. The BBC Report states, under Supplemental Investigations and Interviews (p. 30, 31):

LG&E indicated that construction workers during past construction projects at the site commuted from Louisville, LaGrange, Carrollton and Madison, Indiana. The study team learned more about the historical construction workers experience at the Trimble County site during its interview with LG&E officials on March 28. The most similar construction experience occurred during the 2000 to 2002 period when the SCR was built at the same time that a number of the combustion turbines were also under construction. A total of 900 construction workers were on-site at peak during that time. Workers performed 10 hour shifts, 6 days a week; approximately 30% of the workers were existing residents of the Louisville-Cincinnati region. An estimated 70% moved into the region for the duration of their activity at the project.

With regard to the cited portion of the report above, please respond to the following:

- A. Identify the LG&E officials participating in the interviews and supplying information.
- B. Produce any notes, transcriptions, summaries or other documents which memorialize or otherwise document the factual basis that supported the conclusion: "An estimated 70% moved into the region for the duration of their activity at the project."

A-10. A. Wolfram to provide.

B. As referenced, the Companies engaged in a verbal interview process and no such documents were provided as part of that process.