

**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 CERTIFICATES OF            )  
PUBLIC CONVENIENCE AND NECESSITY FOR            )  
THE CONSTRUCTION OF A COMBINED                )     **CASE NO. 2014-00002**  
CYCLE COMBUSTION TURBINE AT THE                )  
GREEN RIVER GENERATING STATION AND A            )  
SOLAR PHOTOVOLTAIC FACILITY AT THE            )  
E.W. BROWN GENERATING STATION                 )**

**LOUISVILLE GAS AND ELECTRIC COMPANY’S  
AND KENTUCKY UTILITIES COMPANY’S  
SUR-REPLY TO BIG RIVERS ELECTRIC CORPORATION’S  
REPLY TO RESPONSE TO MOTION TO INTERVENE**

Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (collectively, the “Companies”) submit this sur-reply to Big Rivers Electric Corporation’s (“Big Rivers”) February 17, 2014, Reply to Response to Big Rivers’ Motion to Intervene. This sur-reply is for the limited purpose of addressing the points made in Big Rivers’ February 17, 2014, Reply that go beyond the points raised in the Companies’ February 12, 2014, Response to Big Rivers’ Motion to Intervene. Contrary to the language of 807 KAR 5:001, Section 5(3), Big Rivers’ February 17, 2014, Reply was not “confined to the points raised in” the Companies’ February 12, 2014, Response because it (1) injected a new “statewide perspective” argument in support of intervention, and (2) asked the Commission to solve Big Rivers’ excess capacity situation within the confines of this certificate of public convenience and necessity (“CPCN”) case.

Faced with controlling precedent<sup>1</sup> that requires the denial of Big Rivers' Motion to Intervene because it is an unsuccessful bidder, Big Rivers has replied that the Commission's decision in this case could affect Big Rivers' rates and service.<sup>2</sup> Thus, the argument goes, Big Rivers' excess capacity situation should be considered in this case as part of an analysis of Kentucky's *statewide* energy and capacity insofar as that statewide perspective could help meet the Companies' customers' needs. Big Rivers' intervention in this case is completely unnecessary for the Commission to understand Big Rivers' excess capacity situation. To say the least, it is well-known and well-documented.

More importantly, the Companies' Request for Proposals<sup>3</sup> ("RFP") process already utilized the "statewide perspective" Big Rivers advocates was missing. Thus, the premise to Big River's statewide perspective argument (i.e., lack of coordination or cooperation between the Companies and the other electric utilities in the state in assessment of the Companies' resources needs) is rebutted by Big Rivers' own decisions. The fact that Big Rivers responded to the Companies' RFP demonstrates that energy providers within Kentucky<sup>4</sup> were asked to and did submit proposals to solve the Companies' customers' energy needs. The Companies received what are rightfully believed to be the best proposals Kentucky suppliers could make. Thus, the RFP process achieved the "statewide perspective" goal of identifying available Kentucky energy and capacity. As it turns out, Big Rivers' proposal was not the least reasonable cost.

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<sup>1</sup> *EnviroPower, LLC v. Public Service Commission of Kentucky*, 2007 Ky. App. Unpub. LEXIS 121 (Ky. App. February 2, 2007) and *In the Matter of: Application of Kentucky Power Company for (1) a Certificate of Public Convenience and Necessity Authorizing the Transfer to the Company of an Undivided Fifty Percent Interest in the Mitchell Generating Station and Associated Assets; (2) Approval of the Assumption by Kentucky Power of Certain Liabilities in Connection with the Transfer of the Mitchell Generating Station; (3) Declaratory Rulings; (4) Deferral of Costs Incurred in Connection with the Company's Efforts to Meet Federal Clean Air Act and Related Requirements; and (5) All Other Required Approvals and Relief*, Case No. 2012-00578, Order of July 5, 2013.

<sup>2</sup> Big Rivers' Reply at 3.

<sup>3</sup> A copy of the Companies' September 12, 2012 RFP was attached to the Companies' February 12, 2014 Response to Big Rivers' Motion to Intervene.

<sup>4</sup> Appendix A of the Resource Assessment attached to the Direct Testimony of Companies' witness David Sinclair shows that other Kentucky entities also responded to the Companies' RFP.

Accordingly, in keeping with well-established CPCN authority and the Commission's firm least reasonable cost policy, the Companies rejected the Big Rivers proposals and have proposed the least reasonable cost solution in this case. To the extent that a "statewide perspective" has any place in CPCN case for purposes of identifying capacity within Kentucky as a possible solution to a need, that capacity was identified, studied and determined not to be least reasonable cost – all through the Companies' RFP process.

The implication of Big Rivers' Reply is that its intervention will somehow cause the Commission to solve Big Rivers' capacity situation in the Companies' CPCN case. But the Companies' CPCN case is not an appropriate forum in which to solve the capacity situation Big Rivers has – especially when Big Rivers availed itself of the opportunity to respond to the RFP. Additionally, Big Rivers' intervention is simply not needed for the Commission to know every relevant Big Rivers fact: (1) Big Rivers has excess capacity; (2) the Companies openly and objectively sought a proposal from Big Rivers and other energy providers both in Kentucky and elsewhere during the RFP process; (3) Big Rivers and other providers in and out of Kentucky submitted proposals in response to the Companies' RFP; (4) Big Rivers' proposals were not least reasonable cost; and (5) the solution the Companies have proposed in this case is the least reasonable cost solution. Thus, Big Rivers' intervention would unduly complicate and disrupt this CPCN proceeding.

Finally, the fact that Big Rivers is a KU customer is of no significance to intervention because that interest is already represented by the Attorney General. Indeed, Big Rivers' interest as a customer is completely aligned with the least reasonable cost solution the Companies have proposed in this case instead of the higher cost proposals Big Rivers submitted.

For the reasons above and the reasons set forth in the Companies' February 12, 2014 Response, the Companies respectfully request that the Commission deny Big Rivers' Motion to Intervene.

Dated: February 21, 2014

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

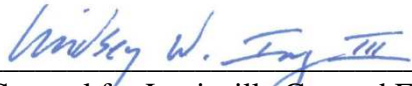
This is to certify that Louisville Gas and Electric Company and Kentucky Utilities Company's February 21, 2014 Sur-Reply to Big Rivers Corporation's Reply to response to Motion to Intervene is a true and accurate copy of the documents being filed in paper medium; that the electronic filing was transmitted to the Commission on February 21, 2014; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; that a copy of the filing in paper medium is being hand-delivered to the Commission on February 21, 2014; and that on February 21, 2014, electronic mail notification of the electronic filing will be provided to the following:

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