

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

<b>In The Matter Of:</b>	:	
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<b>Joint Application Of Louisville Gas &amp; Electric Company And Kentucky Utilities Company For Certificates Of Public Convenience And Necessity For The Construction Of A Combined Cycle Combustion Turbine At The Green River Generating Station And A Solar Photovoltaic Facility At The E.W. Brown Generating Station</b>	:	<b>Case No. 2014-00002</b>

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**SECOND SET OF DATA REQUESTS OF  
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.  
TO LOUISVILLE GAS & ELECTRIC COMPANY  
AND KENTUCKY UTILITIES COMPANY**

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

April 10, 2014

## DEFINITIONS

1. “Document” means the original and all copies (regardless of origin and whether or not including additional writing thereon or attached thereto) of memoranda, reports, books, manuals, instructions, directives, records, forms, notes, letters, notices, confirmations, telegrams, pamphlets, notations of any sort concerning conversations, telephone calls, meetings or other communications, bulletins, transcripts, diaries, analyses, summaries, correspondence investigations, questionnaires, surveys, worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes, amendments and written comments concerning the foregoing, in whatever form, stored or contained in or on whatever medium, including computerized memory or magnetic media.
2. “Study” means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion.
3. “Person” means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.
4. A request to identify a natural person means to state his or her full name and residence address, his or her present last known position and business affiliation at the time in question.
5. A request to identify a document means to state the date or dates, author or originator, subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number of code number thereof or other means of identifying it, and its present location and custodian. If any such document was, but is no longer in the Company’s possession or subject to its control, state what disposition was made of it.
6. A request to identify a person other than a natural person means to state its full name, the address of its principal office, and the type of entity.
7. “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.
8. “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.
9. Words in the past tense should be considered to include the present, and words in the present tense include the past, unless specifically stated otherwise.
10. “You” or “your” means the person whose filed testimony is the subject of these interrogatories and, to the extent relevant and necessary to provide full and complete answers to any request, “you” or “your” may be deemed to include any person with information relevant to any interrogatory who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness’ testimony.
11. “LG&E” means Louisville Gas & Electric Company and/or any of their officers, directors, employees or agents who may have knowledge of the particular matter addressed, and affiliates including PPL Corporation.

12. “KU” means Kentucky Utilities Company, and/or any of their officers, directors, employees or agents who may have knowledge of the particular matter addressed, and affiliates including PPL Corporation.

## INSTRUCTIONS

1. If any matter is evidenced by, referenced to, reflected by, represented by, or recorded in any document, please identify and produce for discovery and inspection each such document.
2. These interrogatories are continuing in nature, and information which the responding party later becomes aware of, or has access to, and which is responsive to any request is to be made available to Kentucky Industrial Utility Customers. Any studies, documents, or other subject matter not yet completed that will be relied upon during the course of this case should be so identified and provided as soon as they are completed. The Respondent is obliged to change, supplement and correct all answers to interrogatories to conform to available information, including such information as it first becomes available to the Respondent after the answers hereto are served.
3. Unless otherwise expressly provided, each interrogatory should be construed independently and not with reference to any other interrogatory herein for purpose of limitation.
4. The answers provided should first restate the question asked and also identify the person(s) supplying the information.
5. Please answer each designated part of each information request separately. If you do not have complete information with respect to any interrogatory, so state and give as much information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.
6. In the case of multiple witnesses, each interrogatory should be considered to apply to each witness who will testify to the information requested. Where copies of testimony, transcripts or depositions are requested, each witness should respond individually to the information request.
7. The interrogatories are to be answered under oath by the witness(es) responsible for the answer.
8. Responses to requests for revenue, expense and rate base data should provide data on the basis of Total company as well as Intrastate data, unless otherwise requested.

**KIUC's SECOND SET OF DATA REQUESTS TO LG&E AND KU**  
**PSC CASE NO. 2014-00002**

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- Q.2-1. Please provide the first full year expected revenue requirement associated with the Brown Solar Facility. Please break out each component of the revenue requirement such as return, depreciation, fixed O&M, etc.
- Q.2-2. Please provide the expected revenue requirement associated with the Brown Solar Facility for each year of the first ten years of its expected operation. Please break out each component of the revenue requirement such as return, depreciation, fixed O&M, etc.
- Q.2-3. Please provide the most recent forecasted value of RECs expected to be produced by the Brown Solar Facility for each of the first ten years of its expected operations. Since the value of RECs are state specific, please indicate where the RECs are projected to be sold.
- Q.2-4. Please provide the first full year expected revenue requirement associated with the proposed Green River NGCC including gas pipeline costs and costs of electric transmission line upgrades. Please break out each component of the revenue requirement such as return, depreciation, fixed O&M, etc.
- Q.2-5. Please provide the expected revenue requirement associated with the proposed Green River NGCC for each year of the first ten years of its expected operation including gas pipeline costs and costs of electric transmission line upgrades. Please break out each component of the revenue requirement such as return, depreciation, fixed O&M, etc.
- Q.2-6. For each year 2008-2013, please provide the gross and net generation from the retired Tyrone 3.
- Q.2-7. For each year 2008-2013, please provide the gross and net generation from the Cane Run coal units to be retired in 2015.
- Q.2-8. For each year 2008-2013, please provide the gross and net generation from the Green River coal units to be retired in 2015.
- Q.2-9. KIUC Q1-6 requested all correspondence, emails or other documents in the possession of either Mr. Thompson or Mr. Sinclair that relate in any way to the decision to construct the Green River combined cycle plant or the Brown solar facility. However, no correspondence, emails or other documents from either Mr. Thompson or Mr. Sinclair to the CEO of LG&E/KU, any LG&E/KU Board members or any officials at PPL were provided. Please provide such documents or confirm that they do not exist.
- Q.2-10. Please refer to your response to KIUC Q1-1.
- a. When do you expect the dispute resolution proceeding between KU and its 12 municipal customers with a combined load of approximately 440 mw to be completed?
  - b. What are the main issues in the dispute resolution proceeding?
  - c. The current municipal contracts have five-year termination notice provisions and the proposed contracts have ten-year termination notice provisions. Is the termination notice provision an issue in the dispute resolution proceeding? If yes, please describe the disagreement.
  - d. Does the formula rate in the existing municipal contracts assign to the customer as a credit any portion of margins from off-system (non-requirements) sales? If yes, please identify where.

- e. Does the formula rate in the proposed municipal contracts assign to the customer as a credit any portion of margins from off-system (non-requirements) sales? If yes, please identify where.
- f. Please confirm that the Companies are not aware of any RFP issued by any of KU's municipal customers for a new wholesale generation supply. If you are aware, please explain.

Q.2-11. Please refer to the RTO Membership Analysis provided in response to KIUC Q1-2.

- a. Does the MISO cost/benefit analysis on page 7 of 10 include as a benefit the cost reduction of not having to carry 258 mw of reserves under the Reserve Sharing Agreement with TVA? Please explain.
- b. Does the PJM cost/benefit analysis on page 8 of 10 include as a benefit the cost reduction of not having to carry 258 mw of reserves under the Reserve Sharing Agreement with TVA? Please explain.
- c. Does the MISO cost/benefit analysis on page 7 of 10 assume that LG&E/KU would have to carry the same amount of reserve capacity as a member of MISO versus as stand-alone companies? Please explain.
- d. Does the PJM cost/benefit analysis on page 8 of 10 assume that LG&E/KU would have to carry the same amount of reserve capacity as a member of MISO versus as stand-alone companies? Please explain.
- e. A key assumption on page 2 of 10 is that "LKE would continue to maintain its own capacity to meet a target planning reserve margin established consistently with current processes." If one of the major benefits on membership in PJM is the ability to carry lower reserves than on a stand-alone basis since an individual Load Serving Entity's reserve requirement is determined by its contribution to PJM's five PLC hours, would you agree that the benefits of PJM membership are understated? Please explain your answer.
- f. On page 9 the following statement is made: "Moreover, membership in PJM would almost certainly pit LKE interests against those of the traditional PPL companies on matters of significance to all concerned." Please describe what is meant by this statement and identify the "matters of significance".

Q.2-12. Please refer to Exhibit DSS-1. On page 6 the following statements are made. "If a new NGCC unit is constructed at the Green River station in 2018, the Companies would be able to offset the new unit's SO<sub>2</sub>, NO<sub>x</sub> and particulate emissions with the retirement of the two remaining Green River coal units. Absent this offset, the Companies would likely be required to install additional emission control equipment on the new unit and the new unit would likely be subject to more stringent emission limits."

- a. Please identify the law or rule that governs the referenced offsets.
- b. Identify how much in tons and for how long the SO<sub>2</sub> offset would be in effect.
- c. Identify how much in tons and for how long the NO<sub>x</sub> offset would be in effect.
- d. Identify the particulates that could be offset. How much and for how long would the offset be in effect.

- e. Absent the offsets, what additional emission control equipment would be required? How much would the additional equipment cost to build and to operate?
- f. Absent the offsets, please identify and describe the more stringent emission limits.
- g. If the Green River NGCC is delayed beyond 2018 would the offsets be unavailable? Please explain.

Q.2-13. Please refer to Exhibit DSS-1. On page 6 the following statements are made. "As more time elapses following the retirement of the Green River coal units, the ability to obtain an air permit for a new NGCC unit without operating constraints (e.g. annual start limitations) becomes more uncertain. Therefore, the analysis assumed that the Green River unit would be subject to operating constraints if it is commissioned after 2018. Note 10. In this analysis, the NGCC units commissioned after 2018 are limited to 120 starts per year." Operating constraints for a new NGCC commissioned after 2018 are also discussed on page 36 of Exhibit DSS-1.

- a. For an NGCC unit commissioned in 2018 or before, what was the assumed limit on the number of starts per year.
- b. Please discuss and quantify the added cost of an operating constraint of 120 starts per year.

Q.2-14. Attachment 1 to PSC-1-34 lists the assumed 2018 NGCC capacity factors under various model runs. The lowest capacity factor in 2019 is 42% for both the High Gas Low Load Zero Carbon scenario and the High Gas Low Load Medium carbon scenario. For each of these two 42% capacity factor scenarios, please identify the number of starts in 2019.

Q.2-15. Attachment 1 to PSC-1-34 lists the assumed 2018 NGCC capacity factors under various model runs. The highest capacity factor in 2019 is 95% for both the Low Gas Base Load Zero Carbon scenario and the Low Gas Base Load Medium Carbon scenario. For each of these 95% capacity factor scenarios, please identify the number of starts in 2019.

Q.2-16. Please refer to your response to PSC1-29(b). What decommissioning or retirement cost is included in the current depreciation expense associated with Green River units 3 and 4?

Q.2-17. Please review to your response to Staff 1-21.

- a. Have the Companies made any offers to purchase capacity or energy to address needs in 2016 and 2017? If yes, then please provide details of such offers including pricing, counterparty and terms and conditions.
- b. Have any companies made any offers to sell to the Companies capacity or energy to address needs in 2016 and 2017? If yes, then please provide details of such offers including pricing, counterparty and terms and conditions.

Q.2-18. Please refer to Exhibit DSS-1 page 34. Please provide a complete copy of the proposal from [REDACTED] identified as "[REDACTED] 2yr 167 '16 then 2yr 334 '18, GR '20". The Alt ID for this proposal is C55D. If it is not clear from the proposal, please identify the energy and capacity pricing offer by [REDACTED] in this proposal.

Q.2-19. Please refer to DSS-1 Section 4.5.2 Iteration 2- Deferral Considerations. In order for the PVRR of the preferred plan of building the Green River NGCC in 2018 to be economically equal to or worse than a two year delay (until 2020) under “All Scenarios” (Table 27), please identify the amount of capacity that would be needed each year and the energy prices and capacity prices that would be required. The purpose of this question is to identify a “price to beat” from a credit worthy counter-party such that a two-year delay would be in the best interests of ratepayers under “All Scenarios”.

Respectfully submitted,



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