

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)**

**APRIL 24, 2014 SUPPLEMENTAL RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
AND KENTUCKY UTILITIES COMPANY
TO THE FIRST SET OF DATA REQUESTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
DATED MARCH 13, 2014**

FILED: APRIL 24, 2014

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

**April 24, 2014 Supplemental Response to the First Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated March 13, 2014**

Case No. 2014-00002

Question No. 1

Witness: David S. Sinclair

- Q1-1. Please refer to the testimony of David Sinclair page 5 lines 20-23. With respect to the wholesale municipal load served by KU please provide the following:
- a. The names of the municipal utilities.
 - b. For the most recent two years, the monthly energy and capacity (demand) sales by municipal utility.
 - c. Copies of the wholesale power contracts.
 - d. The dates each of the municipal power contracts expire.
 - e. Have any of these municipal utilities given notice of contract termination? If yes, please explain.
 - f. Have any of these municipal utilities issued Requests For Proposals (RFP) for new wholesale power providers? If yes, then please provide a copy of the RFP.
 - g. If an RFP has been issued, please provide any response KU has made to the RFP and describe all offers made by KU to retain the load. Please also provide all correspondence, emails or other documents between KU and any of the municipal utilities regarding the termination, renewal or extension of the wholesale power contracts.
 - h. Assume that the KU municipal load was lost to another wholesale supplier, please describe the effect that would have on the projected reserve margins in this filing and the need for the proposed Green River combined cycle plant.

A1-1.

- a. Barbourville Water & Electric
Bardstown Municipal Light & Water
Bardwell City Utilities
Benham Electric System
City of Berea
Corbin City Utilities Commission
Falmouth City Utilities (EDT)
Frankfort Electric & Water Plant Board
Madisonville Municipal Utilities
Nicholasville City Utilities
City of Paris Combined Utilities
Providence Municipal Utilities

b. See attached. The information requested is confidential and proprietary, and is being provided under seal pursuant to a petition for confidential treatment.

c. The current contracts for each of the municipal customers can be found at:

<http://etariff.ferc.gov/TariffBrowser.aspx?tid=799>

In September 2013, KU made a filing at FERC to amend the contracts and rate formulas. Those contracts and rate formulas will go into effect subject to refund on April 23, 2014. The parties are currently in settlement discussions regarding these proposed contracts and rate formulas. These contracts can be found at:

http://elibrary.ferc.gov/idmws/file_list.asp?document_id=14148202

- d. The contracts do not expire unless terminated by one of the parties.
- e. No.
- f. The Companies have no knowledge of whether or not any of the municipal utilities have issued an RFP for a new power supplier.
- g. See the response to (f) above. See attached for correspondence, emails and other documents between KU and any of the municipal utilities regarding the termination, renewal or extension of the wholesale power contracts. Please note that, pursuant to 18 CFR 385.606, participants to a FERC dispute resolution proceeding may not voluntarily disclose, or through discovery or compulsory process be required to disclose, any information concerning dispute resolution communication. As a result, such information has not been provided here.

- h. The table below shows the effect of losing the KU municipal load on the projected reserve margins in this filing. Because the municipal contracts have a 5-year termination notice provision (except for the City of Paris which has a 3-year termination notice), the earliest the contracts could be terminated is 2019. Losing the KU municipal load would likely defer the need for additional generation capacity to 2021 or 2022.

	2015	2016	2017	2018	2019	2020	2025	2030	2035
Forecasted Peak Load	7,426	7,509	7,597	7,696	7,746	7,815	8,147	8,517	8,891
Energy Efficiency/DSM	(386)	(418)	(450)	(482)	(464)	(466)	(475)	(484)	(493)
Net Peak Load	7,040	7,091	7,147	7,214	7,282	7,350	7,673	8,034	8,398
Less: Muni Load					(441)	(444)	(460)	(480)	(499)
Net Peak Load (w/o Munis)	7,040	7,091	7,147	7,214	6,841	6,906	7,212	7,554	7,899
Existing Resources ¹	7,814	7,796	7,796	7,796	7,796	7,796	7,796	7,796	7,796
Firm Purchases (OVEC)	152	152	152	152	152	152	152	152	152
Curtailed Load	137	137	137	137	137	137	137	137	137
Less: Muni Curtailed Load	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)
Total Supply	8,091	8,073	8,073	8,073	8,073	8,073	8,073	8,073	8,073
Reserve Margin ("RM")	14.9%	13.8%	13.0%	11.9%	18.0%	16.9%	11.9%	6.9%	2.2%
RM Shortfall (17% RM)*	(146)	(224)	(289)	(367)	69	(7)	(365)	(765)	(1,169)
RM Shortfall (15% RM)*	(5)	(83)	(146)	(223)	206	131	(221)	(614)	(1,011)

April 24, 2014 SUPPLEMENTAL RESPONSE TO PART (e)

- e. On April 21, 2014, KU received nine Notices of Termination from the following municipal utilities: Frankfort Electric & Water Plant Board; Madisonville Municipal Utilities; Corbin City Utilities Commission; City of Berea Municipal Utilities; Bardwell City Utilities; Falmouth City Utilities; Barbourville Utility Commission; Providence Municipal Utilities; and City of Paris, Kentucky. The effective termination date stated in the Notices is April 30, 2019, except that the Notice from City of Paris states an effective date of April 30, 2017 or April 30, 2019, depending on developments in a related Federal Energy Regulatory Commission proceeding. Copies of the nine Notices are attached. The Companies are evaluating the potential impact of the possible loss of the KU municipal load on their application and expect to file a further supplemental response by May 2, 2014.

¹ 'Existing Resources' reflects the retirement of Tyrone Unit 3, Green River Units 3 and 4, and Cane Run Units 4, 5, and 6 as well as the addition of Cane Run Unit 7.