

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)**


**RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
AND KENTUCKY UTILITIES COMPANY
TO THE COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION
DATED SEPTEMBER 5, 2014**

FILED: SEPTEMBER 19, 2014

VERIFICATION

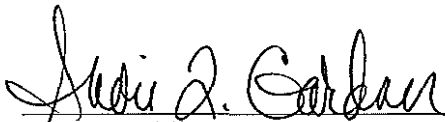
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **David S. Sinclair**, being duly sworn, deposes and says that he is Vice President, Energy Supply and Analysis for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



David S. Sinclair

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 19th day of September 2014.



Notary Public (SEAL)

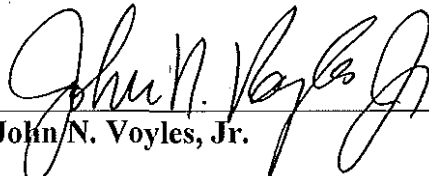


My Commission Expires:
SHERI L. GARDNER
Notary Public, State at Large, KY
My Commission expires Dec. 24, 2017
Notary ID # 501600

VERIFICATION

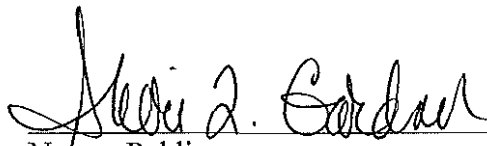
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **John N. Voyles, Jr.**, being duly sworn, deposes and says that he is Vice President, Transmission and Generation Services for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained therein are true and correct to the best of his information, knowledge and belief.



John N. Voyles, Jr.

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 19th day of September 2014.



Notary Public (SEAL)

My Commission Expires:

SHERI L. GARDNER
Notary Public, State at Large, KY
My Commission expires Dec. 24, 2017

Notary ID # 501600



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

**Response to the Commission Staff's Third Requests for Information
Dated September 5, 2014**

Case No. 2014-00002

Question No. 1

Witness: David S. Sinclair

- Q-1. Refer to page 6 of the Supplemental Testimony of David S. Sinclair ("Sinclair Supplemental testimony"). It is stated that a new load forecast for the Brown Solar Facility is not needed, as the low load forecast submitted in this case is representative of the situation created by the departing municipalities. Provide the date by which the Companies plan to develop their next load forecast study.
- A-1. The next load forecast is expected in the fourth quarter of 2014.

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

**Response to the Commission Staff's Third Requests for Information
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Case No. 2014-00002

Question No. 2

Witness: David S. Sinclair

- Q-2. Refer to page 7 of the Sinclair Supplemental Testimony. Lines 7-8 state that "Table 1 shows the Companies' forecasted reserve margin using the Low load scenario starting in 2019 to represent the reduction for the Departing Municipals' load."
- a. Explain why the low load scenario was used in calculating the reserve margin instead of using the 2013 Load Forecast with the subtraction of the departing municipal load.
 - b. Provide a revised Table 1 which calculates reserve margin by subtracting the departing municipal load from the 2013 Load Forecast.
- A-2.
- a. The Low load scenario was used only because it was previously provided as a reference point in the original filing.
 - b. See the table below. As noted in Mr. Sinclair's testimony, the Low load scenario is similar to, or slightly lower than, the 2013 Load Forecast minus the municipal load through the mid-2020s. Therefore, when calculating reserve margin, replacing the Low load forecast with the 2013 Load Forecast less the municipal load will result in reserve margins that are slightly lower than those using the Low load forecast.

LG&E/KU Resource Summary (MW, Summer, 2013 LF less Departing Municipals)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Forecasted Peak Load	7,426	7,509	7,581	7,681	7,420	7,488	7,556	7,612	7,677	7,743	7,810
Energy Efficiency/DSM	(386)	(418)	(450)	(482)	(464)	(466)	(467)	(469)	(471)	(473)	(475)
Net Peak Load	7,040	7,091	7,131	7,198	6,957	7,023	7,089	7,143	7,206	7,270	7,335
Existing Resources ¹	7,814	7,796	7,796	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	152	152
Curtailed Load	137	137	137	137	137	137	137	137	137	137	137
Total Supply	8,103	8,085	8,085	8,085	8,085	8,085	8,085	8,085	8,085	8,085	8,085
Reserve Margin ("RM")	15.1%	14.0%	13.4%	12.3%	16.2%	15.1%	14.1%	13.2%	12.2%	11.2%	10.2%
RM Shortfall (17% RM)*	(134)	(212)	(259)	(337)	(54)	(131)	(209)	(272)	(347)	(421)	(497)
RM Shortfall (15% RM)*	7	(70)	(116)	(193)	85	9	(67)	(129)	(202)	(276)	(351)

*Negative values reflect reserve margin shortfall.

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

**LOUISVILLE GAS AND ELECTRIC COMPANY
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**Response to the Commission Staff's Third Requests for Information
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Case No. 2014-00002

Question No. 3

Witness: David S. Sinclair

- Q-3. Refer to page 11 of the Sinclair Supplemental Testimony. Provide the details of the purchase power agreement referenced in lines 14-17.

- A-3. Negotiations were completed and the contract was signed on August 26, 2014. The contract will be filed in Case No. 2014-00321.

**LOUISVILLE GAS AND ELECTRIC COMPANY
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**Response to the Commission Staff's Third Requests for Information
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Case No. 2014-00002

Question No. 4

Witness: David S. Sinclair

- Q-4. Refer to page 13 of the Supplemental Sinclair Testimony, lines 20-22, which state that the revenue requirements of capital costs and operation and maintenance costs will be stable from year to year "in the early years of the project." Explain why the revenue requirements of these costs are not expected to be stable in the latter years of the project.
- A-4. The question references a section of testimony discussing the solar project's approximate impact on annual system revenue requirements. The language was intended to indicate the stability of the revenue requirements (throughout the life of the project), and to then note the revenue requirement range of \$2 million to \$3 million for capital and O&M costs in the early years of the project.

The revenue requirements will decrease as the project depreciates, so the intent was to show the range of relatively higher revenue requirements in the early years. There was no intent to state or imply that the revenue requirements would be stable only in the early years.

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

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Case No. 2014-00002

Question No. 5

Witness: John N. Voyles, Jr.

- Q-5. In light of the Companies' decision to withdraw the request for a certificate of public convenience and necessity to construct the proposed natural gas combined-cycle unit at the Green River Generating Station, has a decision been made regarding the 41 individuals currently employed at the Green River Generating Station? If so, how many employees will be reassigned and how many employees are expected to retire or receive a severance package? If not, when do the Companies anticipate making such a determination?
- A-5. Decisions regarding these employees have not been made, but the Companies expect those decisions to be made during the first quarter of 2015. The plans for the employees would still include reassignment, retirement or other severance options that would be made available. See also response to PSC 1-7.