

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 POST HEARING REQUEST FOR
INFORMATION
DURING HEARING HELD ON NOVEMBER 24, 2014**

FILED: DECEMBER 8, 2014

VERIFICATION

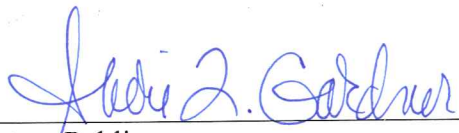
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

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 8th day of December 2014.

 (SEAL)

Notary Public

My Commission Expires:

SHERIL 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, **Edwin R. Staton**, being duly sworn, deposes and says that he is Vice President, State Regulation and Rates, for Louisville Gas and Electric Company and Kentucky Utilities 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.


Edwin R. Staton

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 8th day of December 2014.

 (SEAL)
Notary Public

My Commission Expires:

SUSAN M. WATKINS
Notary Public, State at Large, KY
My Commission Expires Mar. 18, 2017
Notary ID # 485723

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

**Response to the Commission Staff's Post Hearing Requests for Information
During the Hearing Held on November 24, 2014**

Case No. 2014-00002

Question No. 1

Witness: David S. Sinclair

- Q-1. In the Companies' demand forecasting, what factor and/or co-efficient was used to account for price elasticity?
- A-1. The Companies used the following price elasticity of demand coefficients as model inputs in the 2013LF and 2014LF: Residential -0.1; Small Commercial -0.05. For Residential customers, this means that for a 10 percent increase in electricity price, the electricity use-per-customer would decline by 1 percent. For Small Commercial customers, a 10 percent increase in electricity price would result in a use-per-customer decline of 0.5 percent. Please see the Companies' 2014 Integrated Resource Plan, Volume III, "Recommendations in PSC Staff Report on the Last IRP – Case No. 2011-00140," at the bottom of page 1 for additional information.

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

**Response to the Commission Staff's Post Hearing Requests for Information
During the Hearing Held on November 24, 2014**

Case No. 2014-00002

Question No. 2

Witness: David S. Sinclair

- Q-2. What do the Companies expect the cost of electricity (per MWh) to be for electricity produced by Brown Solar Facility?
- A-2. The table below contains the annual levelized cost of energy (in \$/MWh) for each of the four capital cost estimates considered in section 4.6 of Exhibit DSS-1 and in Supplemental Exhibit DSS-3. In addition to the capital cost, the levelized values include the facility's fixed and variable operating and maintenance costs used in Supplemental Exhibit DSS-3 and throughout the proceedings of this case. The sale of renewable energy certificates and the avoided energy cost savings associated with the facility are not included in the levelized values.

Brown Solar Capital Cost Estimate	Annual Levelized Cost of Energy (\$/MWh)
\$2,400/kW	110
\$3,500/kW	155
\$3,600/kW	161
\$4,100/kW	182

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

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Case No. 2014-00002

Question No. 3

Witness: Edwin R. Staton

- Q-3. How do the Companies expect to pass along to customers any revenues realized from the sale of Renewable Energy Certificates created by the operation of Brown Solar Facility?
- A-3. As indicated by Mr. Staton at the November 24, 2014 hearing in this matter, the Companies have not made a determination as to how any revenues realized from the sale of Renewable Energy Certificates will be passed along to customers. However, the Companies expect that such revenues will be returned to customers in the form of reduced revenue requirements in future base rate cases.