COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE 2014 JOINT INTEGRATED RESOURCE PLAN OF LOUISVILLE GAS AND ELECTRIC COMPANY AND KENTUCKY UTILITIES COMPANY	**))))**	**CASE NO. 2014-00131**

JOINT COMMENTS OF
LOUISVILLE GAS AND ELECTRIC COMPANY
AND KENTUCKY UTILITIES COMPANY
REGARDING THE STAFF REPORT

Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (collectively "Companies"), pursuant to the Commission's March 1, 2016 order in this proceeding, hereby submit their comments regarding the Staff Report issued March 1, 2016, concerning the Companies' 2014 Integrated Resource Plan ("IRP"). The Companies appreciate the considerable amount of time and effort the Commission Staff gave to the Staff Report, and believe the following comments and recommendations will enhance the accuracy of an already well-done report.

I. The Companies support Staff's proposed revision to the due date for the Companies' next Integrated Resource Plan.

The Staff recommends moving the filing date for the Companies' next IRP to November 1, 2018: "It must be noted that departures from the filing schedule in 807 KAR 5:058 have caused overlaps of IRP filings. To help minimize future overlaps, in conjunction with changes in other utilities' IRP filing schedules, Staff recommends to the Commission a filing date for LG&E/KU's next IRP of November 1, 2018."[1] The Companies support this recommendation.

[1] Staff Report at 5.

II. The Companies' 2014 IRP fully reflected the best demand-side management and energy efficiency data then available.

The Staff Report appears to assert that the Companies' 2014 IRP did not adequately account for demand-side management and energy efficiency ("DSM-EE") savings over the entire 15-year forecast period, notwithstanding that the Companies' 2014 IRP relied on the best data then available to project DSM-EE savings for the entire 2014 IRP planning period. In particular, the Staff Report states, "Staff believes that the Companies should reflect changes in EE impacts in their forecasts for the entire 15-year planning period irrespective of the status of their DSM/EE programs."[2] On the same page, the Staff Report states, "As required by the IRP regulation (807 KAR 5:058), LG&E and KU should reflect anticipated changes in EE impacts in their forecasts for the full planning period included in the IRP."[3] But the Companies based their 2014 IRP assumptions concerning DSM-EE savings on the best data then available, namely the Energy Efficiency Potential Study ("EE Potential Study") conducted by The Cadmus Group,[4] Inc., which the Companies discussed in the 2014 IRP.[5] The study addressed DSM-EE potential in the Companies' service territories from 2014 through 2033.[6] The study concluded that the Companies were on track to exhaust their achievable energy-efficiency potential by the end of 2018.[7] The Staff Report recognized the EE Potential Study's findings multiples times,[8] including the study's conclusion concerning achievable DSM-EE potential: "The Potential Study noted also that, due to the Companies' active marketing, advertising efforts, and relationships with trade allies, that

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[2] Staff Report at 18.
[3] *Id.*
[4] The EE Potential Study can be found at: *In the Matter of: Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Review, Modification, and Continuation of Existing, and Addition of New, Demand-Side Management and Energy Efficiency Programs*, Case No. 2014-00003, Direct Testimony of Michael E. Hornung Exhibit MEH-3 (Jan. 17, 2014).
[5] *See*, *e.g.*, 2014 IRP Vol. I at 8-29 and 8-49 through 8-52.
[6] *Id.* at 8-49.
[7] *Id.* at 8-29.
[8] *See*, *e.g.*, Staff Report at 25, 28-29.

LG&E/KU were rapidly depleting the achievable EE potential In their service territories, and were on track to exhaust their achievable EE potential by 2018."[9] Therefore, the Companies' 2014 IRP projections of DSM-EE savings that showed such savings remaining constant after 2018 were fully consistent with, and supported by, the best data then available concerning DSM-EE savings; indeed, to have assumed savings other than those supported by the EE Potential Study would have been an exercise in unsupported speculation.

The Companies therefore respectfully request that the order closing this proceeding acknowledge that the Companies fully complied with 807 KAR 5:058 concerning projected DSM-EE savings for the entire 2014 IRP planning period.

III. Miscellaneous recommended corrections and revisions

The Companies respectfully offer the following recommended corrections and revisions to the Staff Report to provide enhanced accuracy in the record of this proceeding:

- At page 2, the Staff Report states, "As a result, the Companies have requested and received approval from the Kentucky Division of Air Quality to operate Green River Units 3 and 4 through April 2016, at which time the units will be retired." Subsequent to the filing of the 2014 IRP, the U.S. Environmental Protection Agency ("EPA") issued its final rule concerning coal-combustion residuals ("CCR Rule"). Also, the Companies completed the transmission projects identified in the extension request to the Division of Air Quality earlier that were expected to alleviate reliability concerns. With the reliability projects in place and due to anticipated costs related to the CCR rule, the Companies ceased operating the Green River coal-fired units prior to the effective date of the CCR Rule, October 19, 2015.

- At page 34, the Staff report states, "Cane Run 7 was operational in July 2015." Although the statement is correct, the Companies note that Cane Run 7's commission date was June 19, 2015.

- At page 37, the Staff Report contains a reference to Table 4.3 indicating that the table "details the Companies' capacity forecast with the removal of the Green River NGCC and the addition of the Bluegrass Capacity purchase and tolling agreement." Instead, Table 4.3 actually shows the Companies' summer peak load forecast adjusted for DSM savings and the anticipated municipal-customer termination.

[9] *Id.* at 29.

- At page 44, the Staff Report states, "Jefferson County, Kentucky, has been designated as a moderate NAAQS ozone nonattainment area by the EPA. With the shutdown of three coal-fired units at the Cane Run Station and two at the Duke Gallagher Station in New Albany, Indiana, ozone nonattainment is assumed to be adequately mitigated." Currently, EPA has designated Jefferson County as being unclassifiable/attainment for the 2008 Ozone NAAQS.[10]

- At page 56, the Staff Report states, "The Companies' 2014 Reserve Margin Study indicates that a 16 percent reserve margin will be inadequate under expected future generation and transmission capacity conditions, and physical reliability guidelines." The Companies respectfully suggest the following sentence would be more accurate: "The Companies' 2014 Reserve Margin Study indicates that a 16 percent reserve margin does not meet the '1-in-10 loss-of-load event' physical reliability guideline, and that a 21 percent reserve margin is needed to meet this guideline in the base case."

- At page 58, the Staff Report states, "In each of the High load scenarios, a 2x1 NGCC unit is added in 2019 and in 2027, a 2x1 NGCC is added in a Low gas scenario whereas a CTx3 is added in a the Mid and High gas scenarios to meet the need for capacity and energy." The quoted sentence is correct with the exception of the year 2027, which should be 2023.

IV. Conclusion

Again, the Companies appreciate the hard work the Commission Staff did to complete the Staff Report, which is fair and accurate on the whole. The Companies offer the comments and recommendations above solely in the interest of enhancing the accuracy of the record.

[10] *See* http://www3.epa.gov/airquality/greenbook/ancl.html (viewed on March 7, 2016).

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Respectfully submitted,

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CERTIFICATE OF SERVICE

This is to certify that Louisville Gas and Electric Company and Kentucky Utilities Company's March 11, 2016 electronic filing of the Joint Comments is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on March 11, 2016; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original and one copy in paper medium of the Joint Response are being hand delivered to the Commission on March 11, 2016.

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