

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

**In the Matter of:**

**JOINT APPLICATION OF LOUISVILLE GAS AND )  
ELECTRIC COMPANY AND KENTUCKY )  
UTILITIES COMPANY TO EXEMPT SHORT- )  
TERM RESIDENTIAL AND AGRICULTURAL )  
LEASES FROM REQUIREMENT OF KENTUCKY )  
PUBLIC SERVICE COMMISSION IN CASE NO. )  
2002-00029 OF PRIOR APPROVAL OF ALL )  
SALES AND LEASES OF ANY LAND LOCATED )  
ON EXISTING GENERATION SITES )**

**CASE NO.  
2015-00350**

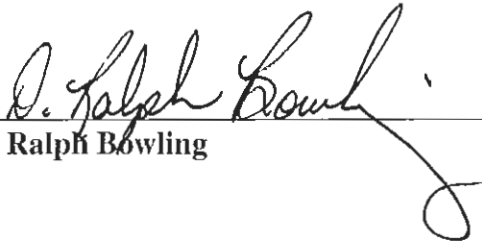
**RESPONSE OF  
LOUISVILLE GAS AND ELECTRIC COMPANY  
AND KENTUCKY UTILITIES COMPANY  
TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
DATED DECEMBER 2, 2015**

**FILED: DECEMBER 16, 2015**

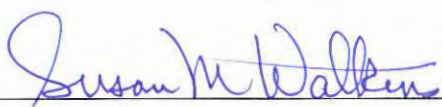
VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 ) SS:  
COUNTY OF JEFFERSON )

The undersigned, **D. Ralph Bowling**, being duly sworn, deposes and says that he is Vice President, Power Production 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.

  
\_\_\_\_\_  
D. Ralph Bowling

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 16<sup>th</sup> day of December 2015.

  
\_\_\_\_\_  
Notary Public (SEAL)

My Commission Expires:

\_\_\_\_\_  
SUSAN M. WATKINS  
Notary Public, State at Large, KY  
My Commission Expires Mar. 19, 2017  
Notary ID # 485723

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

**Response to Commission Staff's First Request for Information**  
**Dated December 2, 2015**

**Case No. 2015-00350**

**Question No. 1**

**Witness: D. Ralph Bowling**

- Q-1. Refer to the Application, page 4, paragraph 9. The second sentence in the paragraph refers to land located at generating sites that is currently not needed for the construction of generation facilities as "typically used as buffer, fill or borrow, or is designated for future use." The fourth sentence in the paragraph indicates that land designated for future use is the subject of the requested exemption.
- a. Identify the generating stations at which the Companies have land that is designated for future use.
  - b. Explain whether this designation could be changed in the future and describe the circumstances, if any, under which such a change could occur.
  - c. Explain whether land currently owned by LG&E or KU but not currently designated for future use could be designated as such in the future and describe the circumstances, if any, under which it might be so designated.
- A-1.
- a. While the Companies have some land designated as "Plant Held for Future Use" at their Green River station (as that term is used for accounting purposes), the land that is the subject of this Application is not designated Plant Held for Future Use. Rather, the referenced land is considered "Plant in Service" for accounting purposes, and it is used primarily for buffer, fill or borrow, or may be used for the siting of future generation-related facilities. The "designated for future use" language on page 4 of the Application was intended to fall into this last category of land. A large portion of land at Trimble County that is expected to be part of or near the approved landfill for which the Companies are awaiting additional permits is one example of the land "designated for future use" to which the Companies were referring on page 4 of their Application. The Companies anticipate that the land most likely to become the subject of the requested exemption is located at the Trimble County, Ghent and E.W. Brown generating stations. The Companies see a lesser likelihood that land at the Green River Generating Station would become a subject of the requested exemption and do not anticipate that land at other generation stations currently owned by the Companies would become the subject of the requested exemption.

- b. See Response to Item 1(a) above.
- c. See Response to Item 1(a) above.

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**Question No. 2**

**Witness: D. Ralph Bowling**

- Q-2. In the Application, page 4, paragraph 9, the fourth and eighth sentences refer to, respectively, "allow others to farm the land" and "[e]nsuring that the land was occupied or farmed also discouraged ... " Confirm that the term "agricultural leases" is intended to relate solely to circumstances in which the land is used to produce agricultural products and not those in which it is used for commercial storage or sale of such products
- A-2. "Agricultural leases" is intended to refer to circumstances where the land is used to produce agricultural products and potentially for the storage of those agricultural products. For example, bales of hay cut on the land are likely to remain in the field where they are cut for a time before use. The Companies also anticipate that lessees could be permitted to use existing barns or sheds, if any, for storage of crops and agricultural equipment. The Companies do not intend to allow lessees to conduct public sales of crops on the land.

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**Question No. 3**

**Witness: D. Ralph Bowling**

- Q-3. In the Application, page 4, paragraph 9, the fourth sentence ends with "to have existing homes occupied until demolition begins."
- a. Provide the number of such homes and the generating sites at which they are located.
  - b. Explain whether "existing homes" represent only residences that pre-date the development of the Companies' generating sites.
  - c. Explain whether demolition of existing homes is expected to occur solely in conjunction with the Companies making a future determination that the land is needed for construction.
  - d. In the case of residential leases, explain whether the residences are permanent structures or manufactured homes. For permanent structures, identify the party that typically owns the residence.
  - e. Provide the approximate percentage of residential and arable land as a percentage of the total land available for lease.
- A-3.
- a. At present, there are no homes at any of the Companies' generating sites suitable for leasing. Since 2002, however, the Companies have purchased land with existing homes which could have been leased, but were not because of the regulatory restriction. For example, when the Companies purchased land at Ghent years ago, there were several existing homes on the land. Some of those homes could have been used by the Companies for offices in the future, but in the absence of occupants during the interim period, there would have been costs associated with the upkeep. Due to the risk of trespass or looting of the vacant homes, the Companies opted to demolish the homes instead. While the Companies do not currently own any houses at generation sites suitable for leasing, the Companies are seeking the ability to enter into residential leases going forward, should the Companies purchase land in the future under circumstances where they would desire to enter into short-term leases to maintain the homes until the

Companies would use them for offices or similar purposes. The Companies note, however, that the primary purpose of their Application is to enter into agricultural leases for land that the Companies are currently paying to have mowed and/or bush-hogged. They have been approached by neighbors who would like to farm that land, thus saving the Companies' the cost of maintaining it and also benefitting the neighbors/would-be lessees.

- b. "Existing homes" represent only residences that pre-date the acquisition by the Companies of the land on which they are located, but some homes may not pre-date the development of other portions of the generation site.
- c. The Companies may choose to demolish a home on generation property when the land is needed for construction, fill, or buffer, or for safety reasons.
- d. Any homes that might be leased in the future will be permanent, because manufactured homes are demolished or removed shortly after purchase of the property, and the Companies have no intent to lease manufactured homes in the future. The Companies take ownership of all permanent structures at the time of closing.
- e. The Companies currently do not have any residential structures suitable for leasing. Less than four percent of the Companies' total land at generation stations is arable.

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**Question No. 4**

**Witness: D. Ralph Bowling**

- Q-4. Refer to the Application, pages 4-5, paragraph 10, which states that given the nature and frequency of these types of leases, the Companies stopped entering into these types of leases after the decision in Case No. 2002-000291 ("2002 Order") requiring prior Commission approval because it was too administratively burdensome to do so.
- a. Confirm that any existing homes have been unoccupied for approximately 13 years.
  - b. Explain whether the Companies have maintained these properties in such a way that preserved their future function as residences and provide an estimate of the cost to maintain these properties. If any properties will need rehabilitation before they can be occupied, provide an estimate of the cost.
  - c. Explain whether the Companies carry vacant home insurance for the properties with existing homes. If so, provide an estimate of the cost.
  - d. Provide the number of agricultural leases and residential leases that the Companies entered into for the five years prior to the 2002 Order.
  - e. On an annual basis, how often do the Companies anticipate entering into these types of leases in the future?
- A-4.
- a. All homes owned by the Companies at generation stations have been demolished/removed, or have been unoccupied for approximately 13 years, or have been unoccupied since the time they were acquired, in the case of land purchased after 2002.
  - b. No, the Companies have not maintained the properties, nor do they intend to rehabilitate existing properties to preserve a future function as residences. See also the Companies' response to Item No. 3(a).



- c. The Companies do not carry vacant home insurance as the Companies do not presently have properties to which such coverage would be applicable.
- d. The Companies are aware of five agricultural leases and four residential leases at Trimble County prior to 2002.
- e. Based upon prior inquiries from neighbors, the Companies anticipate entering into up to four or five potential agricultural leases initially.