

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC APPLICATION OF KENTUCKY)
UTILITIES COMPANY FOR AN ADJUSTMENT)
OF ITS ELECTRIC RATES, A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO)
DEPLOY ADVANCED METERING)
INFRASTRUCTURE, APPROVAL OF CERTAIN)
REGULATORY AND ACCOUNTING)
TREATMENTS, AND ESTABLISHMENT OF A)
ONE-YEAR SUR-CREDIT)** **CASE NO. 2020-00349**

**ELECTRONIC APPLICATION OF LOUISVILLE)
GAS AND ELECTRIC COMPANY FOR AN)
ADJUSTMENT OF ITS ELECTRIC AND GAS)
RATES, A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO DEPLOY)
ADVANCED METER INFRASTRUCTURE,)
APPROVAL OF CERTAIN REGULATORY AND)
ACCOUNTING TREATMENTS, AND)
ESTABLISHMENT OF A ONE-YEAR)
SURCREDIT)** **CASE NO. 2020-00350**

**JUNE 25, 2021 SUPPLEMENTAL RESPONSE OF
KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION
DATED MAY 5, 2021**

FILED: JUNE 25, 2021

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

**June 25, 2021 Supplemental Response to Commission Staff's
Post-Hearing Request for Information
Dated May 5, 2021**

Case No. 2020-00349 / Case No. 2020-00350

Question No. 33

Responding Witness: Lonnie E. Bellar

Q-33. Provide a copy of the 2021 Agreement between LG&E and the Louisville Air Pollution Control Board in regard to limiting the operation of the Mill Creek Station in order to address the Louisville/Jefferson County ozone requirements for the 2021 ozone season or subsequent ozone seasons.

A-33. **Original Response:**

See attached. The Louisville Air Pollution Control Board will consider this agreement at their next meeting which is scheduled for May 19, 2021. A fully executed copy will be filed when available.

June 25, 2021 Supplemental Response:

The executed 2021 Agreement between LG&E and the Louisville Air Pollution Control Board is attached.

ENFORCEABLE BOARD AGREEMENT

This Enforceable Board Agreement is entered into by and among Louisville Gas and Electric Company (LG&E), the Louisville Metro Air Pollution Control Board (Board), and the Louisville Metro Air Pollution Control District (District).

WHEREAS, the U.S. Environmental Protection Agency (EPA) on April 30, 2018, designated the Louisville Metropolitan Statistical Area (MSA), consisting of Jefferson, Bullitt, and Oldham Counties in Kentucky and Clark and Floyd Counties in Indiana, as non-attainment for the 2015 8-hour Ozone National Ambient Air Quality Standard (NAAQS) of 70 ppb; and

WHEREAS, District Regulation 3.01 Section 4 prohibits the emission of an air contaminant that would violate or interfere with the attainment or maintenance of, an ambient air quality standard; and

WHEREAS, ground level ozone is not emitted directly into the air, but is created by chemical reactions between oxides of nitrogen (NO_x) and volatile organic compounds (VOC); and

WHEREAS, LG&E owns and operates the Mill Creek Electric Generating Station (Mill Creek), a coal-fired power plant, located at 14660 Dixie Hwy, Louisville, KY 40272, which emitted approximately 7,958 tons of NO_x in 2018, and 6,920 tons of NO_x in 2019, and is the largest single source of NO_x emissions in the MSA; and

WHEREAS, the District has not determined which sources violate or interfere with the attainment or maintenance of an ambient air quality standard under District Regulation 3.01, but LG&E has agreed to take measures to reduce its emissions of NO_x at Mill Creek consistent with the objectives of District Regulation 3.01;

NOW, THEREFORE, this Agreement reflects the commitment of LG&E and the approval of the Board and the District, to implement the following:

1. Project Description

From May 9, 2021, to October 31, 2021, the sum of Mill Creek Units 1, 2, 3 and 4 NO_x emissions shall be equal to or less than 15 tons per calendar day. Compliance with the daily limit shall be determined through review of data generated by the plant's Continuous Emissions Monitoring System in accordance with 40 CFR Part 75.

This daily limit shall not apply to the following events in 1.A or 1.B:

- A. To hours when Mill Creek Units 3 or 4 have experienced an outage, unit derate including operation of unit below minimum operating load for SCR operation, startup/shutdown, or SCR outage or derate at any time during the hour.
- B. To hours when forecasted high demand due to extreme weather or system demand concurrent with other unit outages in the LG&E-KU system require, in the

reasonable judgment of LG&E, Mill Creek Units 1 or 2 to operate at any time during the hour to ensure system reliability in accordance with North American Electric Reliability Corporation (NERC) requirements.

- C. Nothing in this agreement shall obligate LG&E to purchase wholesale power from third-party power generation sources in response to the above events, but LG&E may undertake such purchases based on LG&E's determination of prudent utility practice.

For any calendar day when plant-wide emissions of NOx exceed 15 tons, including the hours specified in paragraph 1.A or 1.B, LG&E shall inform the District in writing within 24 hours, or the next business day if the due date falls on a weekend or holiday.

The written notification to the District shall include: (1) the reason for the event; (2) the anticipated duration; (3) all actions taken to prevent or minimize the delay or prevention of performance; (4) an explanation of why the delay or prevention of performance was necessary; and (5) the steps LG&E shall take to ensure that the performance of its obligations under this Agreement will be reinstated as early as practicable after cessation of the event causing the delay.

2. Verification and Reporting

Within 30 days after the end of the calendar month, LG&E shall submit a monthly report to the District identifying daily plant-wide emissions of NOx. The reports shall be certified by a responsible official, as defined in Regulation 2.16 Title V Operating Permits, Section 1.35, at the facility. This certification shall include the statement, "Based on information and belief formed after reasonable inquiry, I certify that the statements and information in this document are true, accurate and complete." The District reserves its right to inspect the facility as provided in applicable law to verify compliance with LG&E's commitment set forth in Paragraph 1. All reporting and verification requirements under this agreement shall terminate upon submittal of the monthly report for October 2021.

3. Effect on Permits

Nothing in this Agreement affects, limits or waives any permitting requirement to which LG&E is subject. If any of the measures that LG&E has undertaken or will undertake in accordance with this Agreement are subject to any permit requirement under federal or state law or District regulations, such measures shall remain subject to such permitting requirements.

4. Legal Effect of the Agreement

LG&E agrees to fully implement the projects set forth in Paragraph 1 above. Nothing in this Agreement shall constitute evidence of any admission of liability, law or fact, a waiver of any right or defense, or estoppel against the parties to this Agreement.

5. Reservation of Rights and Legal Remedies

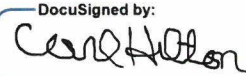
Nothing in this Agreement affects, limits or waives the District’s legal rights, remedies or causes of action based on statutes, regulations or permit conditions within the jurisdiction of the District, and LG&E reserves its rights and defenses thereto. The District expressly reserves its right to seek enforcement of this Agreement or to take further action through administrative orders or other means at any time and to take any other action it deems necessary, including the right to order all necessary remedial measures and assess penalties for proven violations of applicable laws or regulations, and LG&E reserves its defenses thereto.

Nothing in this Agreement affects, limits or waives LG&E’s legal rights, including LG&E’s right to administrative or judicial review of any action by the District.

6. Amendments or Modifications


No modification or amendment to the terms or conditions of this Agreement shall be effective until reduced to writing and executed by LG&E and the Board.

Louisville Metro Air Pollution Control Board

DocuSigned by:

By: _____
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Carl E. Hilton
Chairman


Date: 6/8/2021

Louisville Gas and Electric Company


By: _____
Lonnie E. Bellar
Chief Operating Officer

Date: 5/7/21

Louisville Metro Air Pollution Control District

DocuSigned by:

By: _____
Rachael Hamilton
Interim Executive Director

Date: 6/8/2021