

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

In the Matter of:

ELECTRONIC JOINT APPLICATION OF)	
KENTUCKY UTILITIES COMPANY AND)	
LOUISVILLE GAS AND ELECTRIC COMPANY)	
FOR CERTIFICATES OF PUBLIC)	
CONVENIENCE AND NECESSITY AND SITE)	CASE NO. 2022-00402
COMPATIBILITY CERTIFICATES AND)	
APPROVAL OF A DEMAND SIDE)	
MANAGEMENT PLAN AND APPROVAL OF)	
FOSSIL FUEL-FIRED GENERATING UNIT)	
RETIREMENTS)	

**RESPONSE OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
TO COMMISSION STAFF’S FIRST REQUEST FOR INFORMATION**

Q.1 Refer to the Direct Testimony of Lane Kollen (Kollen Direct Testimony), page 19, line 18, through page 20, line 1, in which you recommend that the Commission deny the Solar PPAs because solar purchase power agreements (PPAs) “do not improve system reliability and resiliency compared to the retiring units,” and thus do not meet the requirements in KRS 278.264. Given the loss of load expectation (LOLE) modeled in Exhibit SB4-1, Portfolios 0, 7, and 8 that include the solar PPAs, explain your reasoning that solar PPAs do not improve reliability and resiliency.

RESPONSE:

Portfolio 0 reflects no retirements. Portfolio 7 and 8 specifically reflect the retirements of Mill Creek 1 and 2, Ghent 2, and Brown 3 and the additions of DSM, Mill Creek 5, Brown 12, owned solar, and BESS. Portfolio 8 reflects Portfolio 7 with the additions of PPA solar. The PPA solar improves reliability in Portfolio 8 compared to Portfolio 7; however, that was not the comparison described by Mr. Kollen. He compared the reliability and resiliency of the PPA solar to the reliability and resiliency of the retired generating units.

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- Q.2 Refer to Kollen Testimony, page 19, line 15, through page 20, line 1, regarding whether the solar PPAs are subject to the rules of KRS 278.264 because the solar PPAs are replacement resources for retiring coal units.
- a. Explain in greater detail how you define “replacement resources” and how it would be determined whether a new resource would be categorized as a replacement resource versus another type of resource.
 - b. Based on your definition of replacement resources, state how you categorize the solar PPAs.
 - c. Explain whether the solar PPAs would be considered a replacement resource if Exhibit SB4-1, Portfolio 7 was implemented to replace coal and, at a later date, the solar PPAs were added.

RESPONSE:

- a. Mr. Kollen did not develop an independent definition of “replacement resources.” Rather, Mr. Kollen relied on the Companies’ characterization of the PPA solar resources as replacements for the retired generation. For example, Exhibit SAW-1, pages 5-6 refer to retiring Bown 3, Mill Creek 2 and Ghent 2 and “*replacing*” them with the two NGCC plants and the solar PPAs at least three times. Refer to Mr. Kollen’s Direct Testimony at 6, 18-20.
- b. Refer to the response to part (a) of this question. The Company characterized the PPA solar resources as replacements for the retired generation.

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- c. If, at a later date, there were no retirements subject to the approval of the Commission and the PPA solar resources were added, then SB 4 requirements would not be applicable.