

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

In the matter of: :

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

**KENTUCKY COAL ASSOCIATION’S SECOND SUPPLEMENTAL REQUEST FOR
INFORMATION TO KENTUCKY UTILITY COMPANY AND LOUISVILLE GAS &
ELECTRIC COMPANY**

The Kentucky Coal Association (KCA) intervener in this action, respectfully requests the applicant, Kentucky Utilities Company and Louisville Gas and Electric Company (collectively, the “Companies”), to respond to the Second Supplemental Request of Information in accordance with the Order of Procedure (May 16, 2023) entered herein.

Additional Instructions

- A. Each request for information shall be accorded a separate answer on a separate piece of paper, and each subpart thereof shall be accorded a separate answer. Each request or subpart thereof shall be specifically admitted or denied, and information inquiries or subparts thereof should not be combined for the purpose of supplying a common answer.
- B. Restate the information inquiry immediately preceding each response.
- C. Identify the name, title, and business address of each person(s) providing each response and provide the data on which the response was created.

D. In answering these requests, utilize all information and documents that are available to you, including information in the possession of any of your agents, employees or attorneys, or otherwise subject to your custody or control.

E. If you object to any part of a request, answer all parts of such interrogatories or requests to which you do not object, and as to each part to which you do object, separately set forth the specific basis for the objection.

F. If you claim any form of privilege or other protection from disclosure as a ground for withholding information responsive to a request, please explain your claim with sufficient specificity to permit KCA to make a full determination as to whether your claim is valid.

G. In each instance, the request shall be construed so as to require the most inclusive answer or production.

H. Please attach written material to any answer for which written material is requested and/or available. If such written material is not available, state where it may be obtained. Please label the written material with the number of the request to which it pertains.

Definitions

As used in these Requests for Information, the following terms have the meaning as set forth below:

1. "You" or "your" means the Companies or the witness, as the context requires.
2. "List", "describe", "explain", "specify" or "state" shall mean to set forth fully, in detail, and unambiguously each and every fact of which the Companies or their officers, employees, agents or representatives, have knowledge which is relevant to the answer called for by the request.

3. The terms "document" or "documents" as used herein shall have the same meaning and scope as in Rule 34 of the Kentucky Rules of Civil Procedure and shall include, without limitation, any writings and documentary material of any kind whatsoever, both originals and copies (regardless of origin and whether or not including additional writing thereon or attached thereto), and any and all drafts, preliminary versions, alterations, modifications, revisions, changes and written comments of and concerning such material, including but not limited to: correspondence, letters, memoranda, notes, reports, directions, studies, investigations, questionnaires and surveys, inspections, permits, citizen complaints, papers, files, books, manuals, instructions, records, pamphlets, forms, contracts, contract amendments or supplements, contract offers, tenders, acceptances, counteroffers or negotiating agreements, notices, confirmations, telegrams, communications sent or received, print-outs, diary entries, calendars, tables, compilations, tabulations, charts, graphs, maps, recommendations, ledgers, accounts, worksheets, photographs, tape recordings, movie pictures, videotapes, transcripts, logs, work papers, minutes, summaries, notations and records of any sort (printed, recorded or otherwise) of any oral communication whether sent or received or neither, and other written records or recordings, in whatever form, stored or contained in or on whatever medium including computerized or digital memory or magnetic media that:

- (a) are now or were formerly in your possession, custody or control; or
- (b) are known or believed to be responsive to these requests, regardless of who has or formerly had custody, possession or control.

4. The terms "identify" and "identity" when used with respect to an entity mean to state its full name and the address of its principal place of business.

5. The term to "state the basis" for an allegation, contention, conclusion, position or answer means (a) to identify and specify the sources therefore, and (b) to identify and specify all facts on which you rely or intend to rely in support of the allegation, contention, conclusion, position or answer, and (c) to set forth and explain the nature and application to the relevant facts of all pertinent legal theories upon which you rely for your knowledge, information and/or belief that there are good grounds to support such allegation, contention, conclusion, position or answer.

6. The terms "and" and "or" have both conjunctive and disjunctive meanings as necessary to bring within the scope of the request any information or documents that might otherwise be construed to be outside their scope; "all" and "any" mean both "each" and "every".

7. The terms "relates to" or "relating to" mean referring to, concerning, responding to, containing, regarding, discussing, describing, reflecting, analyzing, constituting, disclosing, embodying, defining, stating, explaining, summarizing, or in any way pertaining to.

8. The term "including" means "including, but not limited to."

SECOND SUPPLEMENTAL REQUEST FOR INFORMATION OF KCA

Q. 3.1 Please confirm that the cost estimates for the NGCC plants in the Senate Bill 4 (SB 4)/Case No. 2023-00122 filing are estimates and do not reflect firm cost estimates, an EPC (engineering/procurement/construction) contract, Firm Transportation costs and terms, and all interconnection upgrades. If not confirmed, please provide the firm costs by category.

Q. 3.2 Please confirm, all required permits for the NGCC's that are part of the SB 4/Case No. 2023-00122 filing have not been received. If confirmed, please provide the expected and outside dates when such permits are expected.

Q. 3.3 Please confirm that the proposed New Source Performance Standards (NSPS) for Greenhouse Gas Emissions from New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Unit and Emission Guidelines for Greenhouse Gas Emissions from Existing Fossil Fuel-Fired Electric Generating Units that were published in the Federal Register on May 23, 2023 are not reflected in the SB 4/Case No. 2023-00122 filing.

Q. 3.4 Please confirm that it is the Companies understanding that affected facilities of the aforementioned NSPS include facilities that commence construction (or reconstruction) after the date of publication in the Federal Register of the proposed rulemaking.

Q.3.5 Please confirm that the two NGCC plants reflected in the CPCN are not under construction as defined by the proposed NSPS. If not confirmed, please provide documentation supporting the Companies' position.

Q. 3.6 Please confirm that the two NGCC plants in the SB 4/Case No. 2023-00122 filing are not compliant with the NSPS for new natural gas plants (or the regulations for existing natural gas plants), as proposed in the May 23, 2023 Federal Register notice. If not the case, please describe in detail the basis upon which the Companies think they are compliant.

Q. 3.7 Please confirm that under all scenarios, the NGCC UCAP capacity represented in the SB 4/Case No. 2023-00122 filing would likely be impaired through compliance with the proposed changes to Section 111(b) and Section 111(d) of the Clean Air Act.

Q. 3.8 As it pertains to the preceding question, please provide any analysis performed as to how compliance could impair the capacity factor, plant efficiency, or other operating characteristics.

Q. 3.9 Please confirm that the Companies selection of the NGCCs in the SB 4/Case No. 2023-00122 filing was not based upon an analysis which considered CCS on coal plants with or without the incentives provided in the Inflation Reduction Act (IRA). If not confirmed, please provide all assumptions and analyses related to CCR retrofits on coal plants.

Q. 3.10 Please confirm that the Companies analysis in the SB 4/Case No. 2023-00122 filing did not reflect the Commission Order on June 30, 2021 "to conduct an analysis and submit a report on the potential application of tax incentives, particularly the federal 45Q incentives, and other matters relating to carbon dioxide emissions that could have an impact on the companies' fossil fuel generation units." If not confirmed, please provide all analyses related to CCS on coal plants including all analyses performed subsequent to the IRA.

Q. 3.11 Please estimate the length of time it would take the Companies to revise their resource plans to reflect the EPA proposals under Sections 111(b) and 111(d) of the Clean Air Act and generate actionable cost estimates for CCS, co-firing with Low GHG Hydrogen, and any other compliance options contemplated by the Companies in a revised SB 4/Case No. 2023-00122 filing.

Q. 3.12 As it pertains to the preceding question, in any updated analysis, would the Companies reduce the depreciation period for the NGCCs to 2034 or add additional costs post 2035 to reflect the new requirements?

Q. 3.13 Please estimate the length of time it would take to completely update the 2022 Resource Assessment to include CCS on existing coal plants given the changes to the Section

45Q tax credits in the IRA and EPA's recent proposals limiting greenhouse gas emissions from new and existing power plants.

Q. 3.14 Please confirm that the SB 4/Case No. 2023-00122 filing did not reflect the changes in the promulgated Good Neighbor Plan. If not confirmed, please explain the errors in Table 1 of the Bellar Direct Testimony in the SB 4/Case No. 2023-00122 filing.

Q. 3.15 As it pertains to the previous question and Table 1, please confirm there are no undisclosed obstacles for the SCR retrofits if determined to be preferable. If not confirmed, please explain.

Q. 3.16 Please provide the actual costs of seasonal NOx allowances for Mill Creek 2 and Ghent 2 for the years 2020 through 2022 and the budgeted seasonal NOx allowance costs for these plants for 2023 and 2024.

Q. 3.17 Please provide all studies and/or work papers performed by or at the request of the Companies to improve the efficiency of the EB Brown 3 power plant described in the aforementioned Table 1 of the Bellar Direct Testimony.

Q.3.18 For each generating coal unit including Mill Creek 1, please provide the annual budgeted and actual O&M expenditures for the period between 2017 and 2022 and the forecast costs for 2023 through 2030 that support the Companies' findings in the SB 4/Case No. 2023-00122 filing.

Q.3.19 Please provide all notices related to the deactivation of power plants assumed in the SB4/Case No. 2023-00122 filing.

Q.3.20 Please confirm that the Companies have announced in its financial filings that they expect significant earnings growth (EG) if the plan proposed in the SB 4/Case No. 2023-00122 filing is approved? If confirmed, please provide the expected EG by year through 2030.

Q.3.21 As it pertains to the previous question, please confirm that the EG is due to the increase in invested capital resulting from the new investments.

Q.3.22 Please confirm that EG mentioned in the preceding questions is a significant determinant of executive compensation for the executives of the Companies and its parent, PPL.

Q.3.23 Please confirm that residential rates are likely to increase in the period between 2026 and 2035 if the CPCN is approved due to the incremental capital investment and recovery of the remaining undepreciated capital of the retired coal plants. If not confirmed, please explain in detail.

Q.3.24 Please confirm that a forecast NPV savings is not equivalent to a rate analysis. If not confirmed, please explain in detail with data how an NPV analysis would translate to a determination of affordability represented in the SB 4/Case No. 2023-00122 filing for the years 2026 through 2035.

Q.3.25 As it pertains to the previous question, please indicate whether the NPV analyses referenced in the SB 4/Case No. 2023-00122 filing include “sunk costs” such as the undepreciated costs associated with the units which the Companies are requesting approval to retire. If any sunk costs are included, please document which ones are included and which are omitted.

Q.3.26 As it pertains to the previous question, please provide a schedule of the accredited generating capacity for the fossil fuel units the Companies are requesting approval to retire, the undepreciated capital at the time of the retirement, and the proposed replacement generation with the accredited capacity of each replacement generation source with the expected capital investment for each that the Companies would expect to include in rate base.

Q.3.27 Under Section 2(2) of Senate Bill 4 the “Utility will replace the retired electric generating unit with new generating capacity that ... [i]s dispatchable by ... the utility” Please explain in detail why the Companies include solar in their calculation even though they do not have “dispatch control.” Also, please explain how owned solar is dispatchable.

Q.3.28 Please confirm that the lack of on-site natural gas storage for a natural gas plant potentially limits its dispatchability as Firm Transportation (FT) only guarantees delivery, not supply.

Q.3.29 Under Sec. 2(2)(b) of Senate Bill 4 “(t)he retirement will not harm the utility’s ratepayers by causing the utility to incur any net incremental costs to be recovered from ratepayers that could be avoided by continuing to operate the electric generating unit proposed for retirement in compliance with applicable law[.]” Please document that in years one through 10, how there will not be net incremental costs to be recovered from ratepayers that could be avoided by continuing to operate the electric generating unit proposed for retirement in compliance with this law.

Q.3.30 Please confirm that the Companies will be seeking recovery of the stranded costs out of all of the retirements proposed.

Q.3.31 Please also confirm that the annual undepreciated costs for the existing coal capacity even with SCR retrofits through 2035 are significantly below the annual depreciated costs for the new NGCC’s. If not confirmed, please explain why that is not the case.

Q.3.32 Please confirm that the decision to retrofit SCRs on Mill Creek 2 and Ghent 2 are separate decisions from extending the lives for these units beyond 2032. If not confirmed, please explain.

Q.3.33 Please confirm that the Companies analysis and supporting documentation that supports their decision to request approval to retire the seven fossil fuel-fired generating units, individually and/or collectively, does not include the benefit of any financial incentives or benefits offered by any federal agency. If not confirmed, please provide a schedule of each financial incentive or benefit the Companies expect to receive.

Respectfully submitted,

/s/Matt Malone

Matthew R. Malone

William H. May, III.

Hurt, Deckard & May PLLC

106 West Vine Street; Suite 401

Lexington, Kentucky 40507

(859) 254-0000 (office)

(859) 254-4763 (facsimile)

mmalone@hdmfirm.com

bmay@hdmfirm.com

Counsel for the Petitioner,

KENTUCKY COAL ASSOCIATION

CERTIFICATE OF SERVICE

I hereby certify that KCA's May 30, 2023 electronic filing is a true and accurate copy of KCA's pleading and Read 1st Document to be filed in paper medium; that the electronic filing has been transmitted to the Commission on May 30, 2023; that an original and one copy of the filing will not be delivered to the Commission based on pandemic orders; that there are currently no parties excused from participation by electronic service; and that, on May 30, 2023, electronic mail notification of the electronic filing is provided to all parties of record:

/s/Matt Malone

ATTORNEY FOR KCA