

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)	CASE NO. 2022-00402
PUBLIC CONVENIENCE AND NECESSITY)	
AND APPROVAL OF A DEMAND SIDE)	
MANAGEMENT PLAN)	

RESPONSE OF
KENTUCKY UTILITIES COMPANY
AND
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
THE MERCER COUNTY FISCAL COURT'S
INITIAL REQUEST FOR INFORMATION
DATED FEBRUARY 17, 2023

FILED: MARCH 10, 2023

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is Chief Operating Officer for Louisville Gas and Electric Company and Kentucky Utilities Company and an employee of LG&E and KU Services Company, 220 West Main Street, Louisville, KY 40202, 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.


Lonnie E. Bellar

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 8th day of March 2023.


Notary Public

Notary Public ID No. KYNP53381

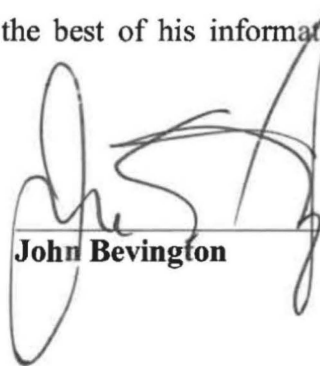
My Commission Expires:

July 11, 2026

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **John Bevington**, being duly sworn, deposes and says that he is Director – Business and Economic Development for LG&E and KU Services Company, 220 West Main Street, Louisville, KY, 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.



John Bevington

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 8th day of March 2023.



Notary Public

Notary Public ID No. KVNP53381

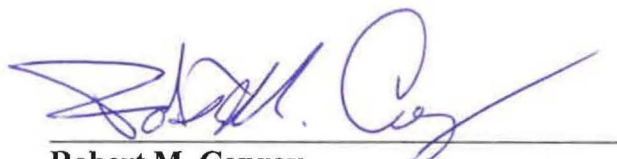
My Commission Expires:

July 11, 2026


VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is Vice President, State Regulation and Rates, for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, 220 West Main Street, Louisville, KY 40202, 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.


Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 8th day of March 2023.


Notary Public

Notary Public ID No. KYNP63286

My Commission Expires:

January 22, 2027

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **John R. Crockett III**, being duly sworn, deposes and says that he is President of Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, 220 West Main Street, Louisville, KY 40202, 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.



John R. Crockett III

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 9th day of March 2023.



Notary Public

Notary Public ID No. KYNP53381

My Commission Expires:

July 11, 2026

VERIFICATION

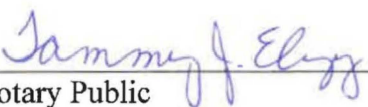
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Christopher M. Garrett**, being duly sworn, deposes and says that he is Vice President, Finance and Accounting, for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, 220 West Main Street, Louisville, KY 40202, 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.



Christopher M. Garrett

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of March 2023.



Notary Public

Notary Public ID No. KYNP61560

My Commission Expires:


November 9, 2026



VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Philip A. Imber**, being duly sworn, deposes and says that he is Director – Environmental and Federal Regulatory Compliance for LG&E and KU Services Company, 220 West Main Street, Louisville, KY 40202, 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.


Philip A. Imber

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 8 day of March 2023.


Notary Public

Notary Public ID No. KYNP53381

My Commission Expires:

July 11, 2026

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Charles R. Schram**, being duly sworn, deposes and says that he is Director – Power Supply for LG&E and KU Services Company, 220 West Main Street, Louisville, KY 40202, 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.



Charles R. Schram

Subscribed and sworn to before me, a Notary Public in and before said County and State this 8th day of March 2023.



Notary Public

Notary Public ID No. KYNP53381

My Commission Expires:

July 11, 2026

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

**Response to Mercer County Fiscal Court's
Initial Request for Information
Dated February 17, 2023**

Case No. 2022-00402

Question No. 1

Responding Witness: Lonnie E. Bellar

- Q-1. Please provide, by Kentucky County, all Solar Facility footprints by acreage owned, operated or otherwise contracted by any investor owned utility or rural cooperative electric utility company.
- a. Please list each facility by electric company and acreage which it occupies.
 - b. Please list the number of full time employees which each facility employees.
- A-1. The Companies are providing information only on Company owned solar facilities. Both facilities shown in the table are supported by the E.W. Brown staff with no additional staff added.

a.

Utility	Facility	Location	Approximate Acres
LG&E and KU	E.W. Brown Solar Facility	Mercer Co.	50
LG&E and KU	Solar Share	Shelby Co.	30

b.

Facility	Employees
E.W. Brown Solar Facility	0
Solar Share	0

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Question No. 2

Responding Witness: David S. Sinclair

- Q-2. Please provide the availability factor of Solar Facilities as reported by the North American Electricity Reliability Corporation (“NERC”) or other relevant agencies.
- a. Please list the expected availability factor of the facility in general for the continental United States.
 - b. Please provide the expected availability factor for the proposed facility in Mercer County, if available, and the Commonwealth in general.
- A-2. The Companies are not aware of such data being available from NERC; however, it is available from other relevant agencies. According to the National Renewable Energy Laboratory Annual Technology Baseline (NREL ATB), utility scale photovoltaic capacity factors range from 16% to 30%.
- a. See the response above.
 - b. The target capacity factor for the proposed Mercer County Solar facility is approximately 23-25%.

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court’s
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Question No. 3

Responding Witness: David S. Sinclair

- Q-3. Please compare the capacity factor of coal generation facilities against Solar Facilities. For example, coal generation is assigned a capacity factor of X% versus solar which is assigned Y%. Please use the Companies’ coal fleet as the comparison against the average of the Solar Facilities.
- A-3. The Companies do not assign capacity factors to coal generation facilities because they are dispatched economically. Solar capacity factors are a function of solar irradiance. See the response to Question No. 4 for recent historical capacity factors for the Companies’ system. The table below provides forecasted capacity factors in the year 2030 for the Companies’ coal and solar generation facilities in the Mid Coal, Mid CTG fuel price scenario assuming normal weather. The yearly average capacity factor for coal units may vary significantly based on scheduled maintenance, forced outages, and fuel prices.

Generator Type	Resource	Capacity Factor (%)
Solar	Grays Branch PPA	24.3
	Nacke Pike PPA	23.3
	Gage Solar PPA	27.0
	Song Sparrow PPA	27.5
	Mercer County Solar	24.7
	Marion County Solar	26.6
Coal	Ghent 1	51.8
	Ghent 3	48.5
	Ghent 4	38.4
	Mill Creek 3	59.0
	Mill Creek 4	56.6
	Trimble County 1	73.1
	Trimble County 2	67.1

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court’s
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Case No. 2022-00402

Question No. 4

Responding Witness: David S. Sinclair

Q-4. Please list the average capacity factors for the following units on the Utilities’ systems for the past 5 years:

- a. Coal Generation,
- b. Hydrogeneration,
- c. Wind Generation,
- d. Solar generation, and
- e. Other (please specify).

A-4.

a, b, d, e. See the table below.

c. There are no wind generating units.

Average Net Capacity Factors					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Coal	63.42%	57.48%	57.39%	60.28%	59.14%
Hydro	40.94%	42.66%	43.77%	42.37%	40.48%
Wind	-	-	-	-	-
Solar	19.17%	16.62%	16.58%	17.50%	18.79%
Gas (SCCT)	7.81%	6.87%	3.82%	5.03%	12.07%
CR7 NGCC	77.49%	84.93%	75.28%	78.16%	72.62%

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Case No. 2022-00402

Question No. 5

Responding Witness: David S. Sinclair

Q-5. Please provided the following:

- a. What is the lifespan of a solar unit?
- b. What is the lifespan of a Solar Facility, collectively of its individual panels, before the facility is retired?

A-5.

- a. If "solar unit" means "solar panels," then the expected economic life of solar panels currently being deployed is 30 years.
- b. Since panels and other equipment can be replaced at a future date, there is no specific life of a solar facility. As has been demonstrated with the Companies' installation of the Cane Run unit 7 NGCC at a site that formerly hosted coal units (which have now been completely demolished) and is being proposed in this CPCN case with the additional NGCC units at the Brown and Mill Creek sites, there is no reason to believe that a solar facility will be "retired" just because the original generation units are retired.

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Case No. 2022-00402

Question No. 6

Responding Witness: David S. Sinclair

- Q-6. Please calculate the square miles the facility will occupy if the application is granted.
- A-6. The proposed Mercer County Solar facility will occupy approximately 900 acres or 1.4 square miles.

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Dated February 17, 2023**

Case No. 2022-00402

Question No. 7

Responding Witness: Lonnie E. Bellar

- Q-7. Please identify all individuals who are employed by the Companies who have knowledge regarding the acquisition of part of the subject real estate.
- A-7. To the extent that “part of the subject real estate” refers to the real estate upon which the Companies plan to construct the Mercer County Solar Facility as described in the Companies’ December 15, 2022 Joint Application in this matter, the Companies’ response is as follows: Many of the Companies’ employees are generally familiar with the Companies’ plan to construct the solar facility in Mercer County. The Companies’ witness primarily responsible for addressing questions related to the acquisition of the parcel is Lonnie E. Bellar.

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Case No. 2022-00402

Question No. 8

Responding Witness: Lonnie E. Bellar

- Q-8. Please produce any signed agreements between the Companies and Ceres and/or Savion relating to the acquisition of any portion of the subject real estate.
- A-8. See attached. Certain information requested is confidential and proprietary and is being provided under seal pursuant to a petition for confidential protection.

The attachment is being
provided in a separate
file.

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Question No. 9

Responding Witness: Lonnie E. Bellar

- Q-9. Please produce all contracts relating to the purchase of the subject property.
- A-9. See the response to Question No. 8 which provides the contracts to which the Companies are a party.

**KENTUCKY UTILITIES COMPANY
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Question No. 10

Responding Witness: Lonnie E. Bellar / David S. Sinclair

- Q-10. What studies and/or analysis supports the Companies' need for this property for solar power?
- A-10. See Exhibit SAW-1 and Mr. Sinclair's testimony, Section 5 – *The Importance of Owned Solar by the Companies.*

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Question No. 11

Responding Witness: Lonnie E. Bellar / David S. Sinclair

Q-11. Please provide the following:

- a. What other locations have the Companies explored for a solar farm?
- b. Why was this location selected over other locations?

A-11.

- a. The Companies evaluated property currently owned by the Companies, as well as property adjacent to existing transmission infrastructure that could support up to 100 MWac of solar.
- b. The proposed Mercer County Solar project was chosen for multiple reasons:
 - The solar development company (Savion) had active and published purchase agreements for the land in their proposal.
 - Savion proposed to sell the project to the Companies in response to the June 2022 RFP the Companies issued for new generation.
 - The proposed property is a contiguous site.
 - Savion had a fully executed interconnection agreement.
 - All due diligence studies were completed by Savion.
 - The property purchase price was in line with the fair market value for a solar project.

**KENTUCKY UTILITIES COMPANY
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Case No. 2022-00402

Question No. 12

Responding Witness: Lonnie E. Bellar / David S. Sinclair

- Q-12. When did the Companies first identify the subject property as a possible location for a solar farm?
- A-12. Savion submitted a proposal to sell the Companies the assets of their Mercer County Solar II project as part of the June 2022 New Generation RFP which was received in August 2022. See Exhibit CRS-2. The Companies initiated negotiations with Savion to purchase the assets of the Mercer County Solar II Project in November 2022.

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

**Response to Mercer County Fiscal Court's
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Case No. 2022-00402

Question No. 13

Responding Witness: Charles R. Schram

- Q-13. Please provide any requests for proposals/qualifications (RFPs/RFQs) that the Companies issued in the process of identifying solar projects in Kentucky in 2022 and 2023.
- a. Please provide copies of all responses to any of the above RFPs/RFQs.
- A-13. See Exhibit CRS-1.
- a. See Exhibit CRS-2.

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Case No. 2022-00402

Question No. 14

Responding Witness: Counsel

- Q-14. Please explain how Mercer County Fiscal Court's denial of the Solar Facility may affect the Zoning and local land use planning requested by Savion?
- A-14. It is not clear what is meant by the "Mercer County Fiscal Court's denial of the Solar Facility" in the request for information. If this phrase is referring to any denials of a solar facility to be constructed by Savion in Mercer County based on planning and zoning law, those denials have no effect on planning and zoning law as applied to the Companies' plans to construct the Mercer County Solar Facility as described in the Companies' December 15, 2022 Joint Application. The Companies are exempt from planning and zoning law pursuant to KRS 100.324 and *Oldham County Planning and Zoning Commission v. Courier Communications Corporation*, 722 S.W.2d 904 (Ky. App. 1987).

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Question No. 15

Responding Witness: Counsel

- Q-15. If Mercer denies the request for the Solar Facility, what are the Companies' alternative plans, if any?
- A-15. The Companies are unaware of any authority by which the Mercer County Fiscal Court can "deny" the Companies' plans to construct the Mercer County Solar Facility described in the Companies' December 15, 2022 Joint Application in this matter.

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

**Response to Mercer County Fiscal Court's
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Case No. 2022-00402

Question No. 16

Responding Witness: Lonnie E. Bellar

Q-16. Have the Companies considered the possibility of placing solar panels on any future industrial buildings that may be located on this site?

A-16. No.

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

**Response to Mercer County Fiscal Court's
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Case No. 2022-00402

Question No. 17

Responding Witness: Lonnie E. Bellar

- Q-17. Provide any documents, reports or analysis regarding the application of the Companies' Business Solar Program to any future industrial buildings that might be constructed on this site.
- A-17. See the response to Question No. 16.

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

**Response to Mercer County Fiscal Court's
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Case No. 2022-00402

Question No. 18

Responding Witness: Lonnie E. Bellar / David S. Sinclair

- Q-18. How efficient would energy consumption be if twenty three (23) acres of industrial roof space were used in the Companies' Business Solar Program?
- A-18. It is not possible to answer this question without specific information on the building and roof layout, load-bearing capability of the roof, the direction the building face, other equipment on the roof, etc.

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Question No. 19

Responding Witness: Lonnie E. Bellar

Q-19. Where could solar panels be located on the subject farm that would still allow for manufacturing facilities?

A-19. Assuming "the subject farm" is the land Savion has control of under the three options they have, the Companies plan to utilize approximate 900 acres of the approximate 1,316 acres Savion has under the first option as shown in Exhibit 3 that was submitted with the CPCN application. The remaining portion of that option (approximately 416 acres), as well as the other two options that control approximately 548 acres could be used for manufacturing facilities.

The "subject farm" as defined above is land under contract control of Savion. Savion currently has three active purchase agreements to acquire the property from Ceres Farms.

- Purchase Option 1 – Approximately 1316 acres
- Purchase Option 2 – Approximately 406 acres
- Purchase Option 3 – Approximately 142 acres

The land for the proposed Mercer County Solar Facility is completely contained within Purchase Option 1. Upon the Companies' purchase of approximately 900 acres from Savion, Savion will retain ownership of approximately 416 acres associated Purchase Option 1 along with the Purchase Options 2 & 3 for an additional 548 acres.

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Question No. 20

Responding Witness: Lonnie E. Bellar

- Q-20. Have the Companies explored options of maximizing usable manufacturing space and usable solar panels?
- A-20. No, as all of the approximate 900 acres the Companies are acquiring from Savion will be used for the facility. The Companies have not explored the potential uses of the other approximate 900 acres that Savion has control under options for manufacturing.

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Question No. 21

Responding Witness: Lonnie E. Bellar

- Q-21. What calculations have the Companies' representatives made with regard to possible electrical power needs of possible manufacturers who have looked at the subject property?
- A-21. Discussions to date with Mercer County have been very conceptual views with no specifics of potential manufacturers. The Companies' representatives have responded to community, state, or prospect requests about available capacity in the area, and possible timeframes and costs to extend more infrastructure to the subject property.

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Question No. 22

Responding Witness: Lonnie E. Bellar

Q-22. Have the Companies studied the infrastructure cost of delivering appropriate power to this location compared to the infrastructure costs of placing solar panels on the roof of manufacturing facilities and using this power to help fund the electrical costs?

A-22. No.

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Question No. 23

Responding Witness: Lonnie E. Bellar / Robert M. Conroy

Q-23. Please provide the following:

- a. How would the Companies' "Green Tariff" assist a manufacturer who located a plant on the subject location?
- b. Have the Companies considered this option?

A-23.

- a. The LG&E and KU Green Tariff is voluntary. There are three different options under the Green Tariff that allow customers to meet their renewable energy goals.

Option #1 under the Green Tariff allows customers to purchase Renewable Energy Certificates ("REC") from regional energy sources like solar, wind, and biomass. The RECs are retired on the behalf of the customer.

Option #2 offers solar facilities for business and industrial customers interested in renewable generation. The Companies will procure, build, own, and operate the individual solar facilities and the customer will pay a monthly fee for use and maintenance of the solar array. The monthly fee is based on the size of the array. Customers receive bill credits based on the production of the array.

Option #3 allows a customer to enter into a Renewable Power Agreement that will purchase the electrical output and all associated environmental attributes from a renewable energy generator. The Green Tariff provides the customer minimums and terms and conditions.

- b. No.

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Question No. 24

Responding Witness: Lonnie E. Bellar

- Q-24. When did the Companies first become aware of Mercer County's interest in the subject property for manufacturing use?
- A-24. As part of the Companies' economic development strategy to work with communities throughout the service territories and help communities identify and evaluate raw land sites, it became clear around January 2022 that the community wanted to discuss the subject property further in the event the options on the property were to expire.

**KENTUCKY UTILITIES COMPANY
AND
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**Response to Mercer County Fiscal Court's
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Case No. 2022-00402

Question No. 25

Responding Witness: Lonnie E. Bellar

Q-25. Please provide the following:

- a. Did the Companies engage in any outreach to ascertain the goals and objectives of the citizens of Mercer County with regard to the subject property?
- b. Did the Companies survey the interests of local farmers?

A-25.

- a. The Companies did not engage in any specific outreach to ascertain the goals and objectives of the citizens of Mercer County related to the receipt of the proposal from Savion in response to the RFP for generation resources. The Companies' economic development team did engage, as it regularly does with communities in the service territories, with local economic development officials, and those representing the community to evaluate and investigate land for economic development purposes including the subject property. Following the enactment of the Kentucky Product Development Initiative which formally created a process and funding opportunities to create more industrial sites and buildings, and business parks around the state, the Companies' economic development team, with input from local economic development officials and community representatives, investigates and evaluates land for economic development purposes, including the subject property. See also the response to Question No. 44.
- b. No.

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Question No. 26

Responding Witness: Lonnie E. Bellar

- Q-26. Do the Companies have any business relationship with Savion or its parent companies?
- A-26. The Companies do not have a business relationship with Savion beyond the current negotiations to purchase the assets of their Mercer County Solar II project.

**KENTUCKY UTILITIES COMPANY
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**Response to Mercer County Fiscal Court's
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Case No. 2022-00402

Question No. 27

Responding Witness: David S. Sinclair

Q-27. Please provide the following:

- a. Have the Companies considered the availability of firm pipeline capacity and natural gas supply to meet the demand of its natural gas units in light of the nationwide trend in coal unit retirements and migration to other generation types, including gas fired generation? If so, please provide all studies.
- b. Please confirm the current federal administration has restricted the availability of natural gas in general in the United States.
- c. If no confirmation can be presented, please provide a citation. If confirmation can be presented, please provide same.

A-27.

- a. The Companies are currently working with the applicable interstate pipelines to establish firm transportation agreements for natural gas delivery to the proposed NGCC units at Mill Creek and E.W. Brown. The Companies see adequate gas availability on the spot and forward markets, which is consistent with EIA's Reference Case forecast of increasing natural gas production in their 2022 Annual Energy Outlook.¹ See also the responses to JI 1-32, KCA 1-2, KCA 1-60, and SC 1-24.
- b. The Companies are not aware of federal restrictions on the availability of natural gas in the U.S. The Companies are aware that some local restrictions exist or are being contemplated on the provision of retail natural gas service to new customers for example in California, Oregon, Massachusetts and New York.
- c. See the responses to parts a. and b.

¹ See Figure 22 at <https://www.eia.gov/outlooks/aco/narrative/production/sub-topic-01.php>.

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Question No. 28

Responding Witness: Lonnie E. Bellar / John Bevington / David S. Sinclair

Q-28. Please refer to the application at pages 7-9. Insofar as the energy and demand gap referenced in the application, can the Companies guarantee the proposed CPCN will be 100% guaranteed to meet the Companies' demand requirements?

1. In the interim, during the proposed construction, please provide the anticipated DSM energy and demand offsets that will meet the system requirements.
 - a. Please provide all studies or reports that demonstrate the Companies' assertion.
 - b. Please describe the same in detail.
 - c. Are these offsets guaranteed?
 - d. Please describe the DSM offsets in detail.
 - e. If the Companies' response refers to the Application at page 16, paragraph 16, please explain the basis for the projection including the definitive results related thereto.

A-28. No. The Companies cannot "guarantee the proposed CPCN will be 100% guaranteed to meet the Companies' demand requirements." The industry also does not plan to the level of 100% reliability. NERC's 2022 Long-Term Reliability Assessment (December 2022) summarizes planning reserve margin methodologies by assessment area.²

² See pp. 109-110 at https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_LTRA_2022.pdf.

1. As part of the Companies' recommended plan, existing units will not be retired during the construction period of the proposed new generating units, thus there will be no interim period of time where the Companies will be generation capacity deficient. With that stated, see Section 1.7 in Exhibit JB-1 (Exhibit page 20) for annual and cumulative forecasted energy and demand savings resulting from the proposed DSM portfolio.
 - a. See the response to Question No. 28.
 - b. See the response to part (1)(a).
 - c. No. As with any DSM portfolio of offerings, all require customer participation to be successful and thus produce the offsets intended.
 - d. See Section 3 in Exhibit JB-1 (starting at Exhibit page 24) which provides a description of each offering, the respective forecasted participation numbers, budget, and the annual and cumulative energy and demand savings.
 - e. Not applicable.

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Question No. 29

Responding Witness: Robert M. Conroy / John Bevington / Stuart A. Wilson

- Q-29. Please refer to the application at pages 16- 18 regarding DSM programs.
- a. Do the Companies recapture lost sales under the DSM statute?
 - b. Do the Companies recapture all costs associated with the implementation of costs with each and every implementation of a DSM program? If not, please explain.
 - c. Do the Companies recover profit, by way of its costs of the implementation of the DSM costs, in its rate base? If not, please explain.
 - d. Does the proposed DSM demand reduction guarantee a margin of demand necessary to cover the retirement of the coal fire generation? If not, please explain in detail.
 - e. Does the proposed DSM demand reduction guarantee a margin of demand necessary to cover the addition of the solar proposed facilities? If not, please explain in detail.
 - f. State the actual average monthly use for a residential customer over the past ten (10) ten years based upon the Companies' data.
- A-29.
- a. Yes, Lost Sales are recovered through the DRLS component according to KRS 278.285(1)(c) and 278.285(2)(b).
 - b. Yes, costs are recovered through the DCR and DCCR components of the DSM mechanism.
 - c. No, with the exception of the capital costs included in the DCCR component of the DSM mechanism.

- d. No. See the analysis and discussion of Portfolio 10 in Section 4.5 of Exhibit SAW-1.
- e. It is unclear what it would mean for “the proposed DSM demand reduction [to] guarantee a margin of demand necessary to cover the addition of the solar proposed facilities” in the data request. See the response to PSC 1-25(a).
- f. See the table below.

	KU	LG&E			
	kWh	Electric Only	Gas Only	Elec/Gas Combined	
		Customers	Customers	Customers	
		kWh	CCF	kWh	CCF
2013	1,215	1,028	52	986	60
2014	1,255	1,055	57	965	65
2015	1,186	986	49	960	56
2016	1,152	949	43	981	49
2017	1,086	897	41	925	46
2018	1,232	1,010	52	1,002	57
2019	1,159	955	48	967	53
2020	1,107	888	42	922	48
2021	1,144	928	47	936	52
2022	1,126	916	45	917	50

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Question No. 30

Responding Witness: Lonnie E. Bellar

- Q-30. How many full-time equivalent jobs do the Companies anticipate that the solar development on the Wilkinson Farm specifically will create?
- a. What types of occupations will these jobs be?
 - b. What are the estimated wages/salaries for on-site employees?
 - c. Will there be other off-site full time employees assigned to the Solar Facility in Mercer County? If the answer is yes, please provide the number of employees, occupation(s) and wage(s).
- A-30. Assuming the reference to the "Wilkinson Farm" in the data request is the same property as the proposed Solar Facility in Mercer County in the Companies' application, the Companies' response is as follows:
- a. See starting wages and salaries below for the occupation list.
 - b. There are no "on site" employees. However, the starting salaries of the jobs from the existing E.W. Brown generating station are:
 - Unit Operator Assistant: \$43.50/hr
 - Maintenance Technician C (Mechanic): \$35.33/hr
 - Maintenance Technician C (E, I): \$36.04/hr
 - Engineer I: \$72,000/annual
 - c. No.

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Question No. 31

Responding Witness: Lonnie E. Bellar

- Q-31. Please admit the Companies' 1200 acre Solar Facility in Martin County employs twelve (12) people. If the answer is denied, please provide the number of employees.
- A-31. The Companies do not have a 1,200 acre Solar Facility in Martin County.

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Question No. 32

Responding Witness: John R. Crockett III

- Q-32. Please reference John R. Crockett's Direct Testimony at page 10, wherein the witness testifies jobs will be lost if the application is approved. Admit the witness so testifies. If not, please explain.
- A-32. The Companies deny that "jobs will be lost if the application is approved." Page 10 of Mr. Crockett's Direct Testimony accurately describes the overall effect on jobs if the projects in this case are approved and the Companies stand by Mr. Crockett's description.

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Question No. 33

Responding Witness: Lonnie E. Bellar / John R. Crockett III

- Q-33. Please reference John R. Crockett's Direct Testimony at page 8.
- a. Confirm the witness testifies that NGCC produces CO₂.
 - b. Confirm that CO₂ is a greenhouse gas.
 - c. Confirm that the Companies plan on achieving "net-zero greenhouse emissions by 2050."
 - d. Confirm the target of achieving a "net-zero greenhouse emission" involves the storage of CO₂.
 - e. Confirm the storage of CO₂ does not yet definitely exist. If the witness cannot confirm the current technology does not exist, how can the Companies contemplate the storage of CO₂ by the year 2050 in order to meet net-zero greenhouse emission by the year 2050?
 - f. See also Lonnie E. Bellar's Direct Testimony at page 18, wherein the witness admits there will be "carbon constraints." Please reconcile how the carbon constraints will affect the building of NGCC on an ongoing basis.
- A-33.
- a. Confirmed.
 - b. Confirmed.
 - c. Confirmed.
 - d. Not confirmed.
 - e. Not confirmed. CO₂ is currently used in enhanced oil recovery.

- f. It is uncertain today what the “possibility of future carbon constraints” will be in the future. The existing greenhouse gas performance standard was finalized in 2015. The EPA is required to review the standard every eight years. The Companies expect NGCCs to remain a flexible generation resource mix into the future, and the EPA is currently assessing greenhouse gas control technologies for new NGCCs. The EPA Unified Agenda from the fall 2022 identifies a new *Emission Guidelines for Greenhouse Gas Emissions From Fossil Fuel-Fired Existing Electric Generating Units* will be published in 2023. Future new and existing source standards can be published by the EPA at any time.

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Question No. 34

Responding Witness: Lonnie E. Bellar

- Q-34. Please reference the Direct Testimony of Lonnie E. Bellar at pages 6-7. Can the Texas pipeline guarantee firm delivery of natural gas to the Companies into 2050 given the current anticipated environmental regulatory changes of other utilities migrating to natural gas generation? If so, please provide information that definitively demonstrates the same.
- A-34. See the response to Question No. 27.

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Question No. 35

Responding Witness: Lonnie E. Bellar / Philip A. Imber / David S. Sinclair

- Q-35. Please reference the Direct Testimony of Lonnie E. Bellar at pages 19-21. Have the Companies secured the Mercer County Project for the construction of the Solar Facilities?
- a. If yes, please explain the Zoning requirements or permits secured.
 - b. If not, please explain in detail the requirements to do so, including the timeline(s) associated therewith.
- A-35. See the response to Question No. 8. The Companies are in negotiations with Savion to acquire the assets of their Mercer County Solar II project and purchase approximately 900 acres of land.
- a. See the response to Question No. 14.
 - b. The Companies anticipate purchasing approximately 900 acres from Savion in April 2023 and will close on purchasing the Mercer County Solar II assets upon approval of the CPCN proposed in this case.

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Question No. 36

Responding Witness: Lonnie E. Bellar

- Q-36. Reference Lonnie E. Bellar's Direct Testimony at page 20. How did he arrive at the \$243 million cost to construct the Solar Facility in Mercer County?
- a. Does that include land acquisition costs?
 - b. Do the \$1.8 million costs include full-time employees? If not, please explain.
- A-36. See the response to JI 1-12. The \$243 million is an engineering estimate based on indicative pricing for similar sized projects.
- a. Yes.
 - b. The 1.8 million referenced at line 13 of Mr. Bellar's testimony is for fixed operating and maintenance costs that includes material, equipment, and anticipated intermittent labor to maintain the proposed facility.

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Question No. 37

Responding Witness: Lonnie E. Bellar / David S. Sinclair

- Q-37. Reference Lonnie E. Bellar's Direct Testimony at page 22. Please explain the "valuable experience with stored power" as it relates to the Battery Storage Facility ("BESS") at the E.W. Brown Generating Station ("Brown") in Mercer County?
- a. Why should ratepayers pay for this experience instead of the shareholders?
- A-37. See Sinclair Direct Testimony, page 24, lines 17-24 and page 25, lines 1-12.
- a. The BESS is being developed solely to aid in meeting the Companies' obligation to serve its customers' energy needs and, should future battery storage assets be necessary to reliably serve customers, it is the customer that will benefit from that experience.

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Question No. 38

Responding Witness: Lonnie E. Bellar

- Q-38. Please reference Lonnie E. Bellar's Direct Testimony at page 23. The witness states the Companies have not built a BESS of this size.
- a. Acknowledge that the application is based on a "test facility" through EPC "test facility." (See line 10 on page 23). If the Companies deny this statement, please explain why.
 - b. Please provide all details supporting the Companies' position that the facility will function as anticipated.
- A-38.
- a. The phrase "test facility" used in Mr. Bellar's Direct Testimony on page 23, lines 7-8 refers to the existing 1 MW / 2 MWH project that was built and is operating in conjunction with EPRI. Lithium-ion battery technology has advanced significantly since that project was built. It is truly a test facility; it is not directly connected to the transmission system and is not used by the Companies to serve its customers. The proposed BESS will be an operational asset, not a "test facility," that is connected to the transmission system and used to provide service to customers.
 - b. The Companies' Brown BESS will be built using commercially available lithium-ion batteries, inverters, and other equipment that have been deployed in similar applications in the U.S. and internationally. The Companies are confident that the project will operate as designed.

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Question No. 39

Responding Witness: Lonnie E. Bellar / Christopher M. Garrett

- Q-39. Please reference Lonnie E. Bellar's Direct Testimony at page 24. Explain the 50% tax credit associated with the \$270 million dollar construction of the Brown BESS.
- A-39. The recently enacted Inflation Reduction Act ("IRA") expands the Investment Tax Credit ("ITC") under IRC section 48 to include energy storage facilities. The Companies plan to claim ITC on qualifying expenditures for the construction of the Brown BESS. The base ITC credit percentage is 30% which assumes that prevailing wage and apprenticeship requirements are met. There are also 10% bonus adders available if the energy storage facility is located in an energy community and/or the construction of the facility meets domestic content requirements (i.e., materials produced in the U.S.). The Companies have assumed that the Brown BESS will qualify for both 10% bonus adders as the energy storage facility will be located at a retired coal station and assembly of the battery components will be performed in Nevada by Tesla. These bonus adders increase the credit percentage to 50%. The Companies will continue to monitor their eligibility for the increased credits as the IRS releases additional guidance related to these requirements. See also the response to PSC 1-47.

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Question No. 40

Responding Witness: Lonnie E. Bellar

- Q-40. Please explain in detail the “conceptual fixed operating and maintenance costs for the Brown BESS” unit of \$3.1 million dollars annually.
- A-40. The O&M costs are based on manufacturers and industry data. The levelized annual O&M costs is approximately \$3.125M ($125,000\text{kW} \times \$25/\text{kW} = \$3,125,000$) based on O&M cost of \$25/kW.

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Question No. 41

Responding Witness: Lonnie E. Bellar

- Q-41. What is the probability of securing the 900 acres associated with the accrument of the additional 900 acres? Is it definitive given Mercer County's refusal to zone the property for a Solar Facility here to date? If not, please explain in detail.
- a. Please provide details regarding the "conceptual and preliminary plans" as they currently exist.
- A-41. It is highly likely that the Companies will acquire the approximately 900 acres for the proposed Mercer County Solar Facility. See the response to Question No. 8. For the planning and zoning part of this question, see the response to Question No. 14.
- a. The location of the proposed 900 acres is shown in Exhibit 3 in the original CPCN application (KU-LGE_Joint Application Exhibit 3 - Mercer Co Solar Facility Maps_Plans_Specs_Drawings).

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Question No. 42

Responding Witness: Lonnie E. Bellar / Robert M. Conroy

- Q-42. Please confirm that on two different occasions Mercer County has rejected an application by the Companies to construct a solar farm within the county's boundaries. If the answer is anything but an affirmative response, please provide a detailed explanation.
- A-42. The Companies (LG&E and KU) have not submitted any applications to Mercer County for the construction of a solar farm in Mercer County.

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Question No. 43

Responding Witness: Lonnie E. Bellar / Robert M. Conroy

- Q-43. Please describe the past approvals the Companies sought from Mercer County to construct a solar farm. What is the status of those requests? If those requests were denied, do the Companies believe they must seek to have new requests approved by Mercer County prior to solar farm construction? Please explain in detail.
- A-43. See the response to Question No. 42.

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Question No. 44

Responding Witness: Lonnie E. Bellar

Q-44. Have the Companies been involved in any communications with Mercer County where the County believed the land being proposed for new solar generation could be more economically utilized for expansion of commercial/industrial business? If yes, please provide a detailed description of those communications.

A-44. Yes. The Companies' economic development team meets with communities in the Companies' service territories to discuss the development of new commercial and industrial sites regularly and has done so with Mercer County. The communications have included the community's interest in the site, but have heavily revolved around if and how the community would access necessary funding to perform due diligence, pay for options if they were to become available, and pay for the site if there was a possibility of purchasing it.

The Companies also participated in a meeting on February 3, 2023 with Mercer County and the Secretary of the Cabinet for Economic Development where Mercer County expressed their position that the proposed location be used for expansion of commercial/industrial business.

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Question No. 45

Responding Witness: Lonnie E. Bellar

Q-45. Please confirm that the Companies considered a solar farm in Muhlenberg County, but that the site was problematic due to land acquisition issues. If the answer is anything but an affirmative response, please provide a detailed explanation.

A-45. Confirmed. See the discussion on page 13 of Exhibit SAW-1.

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Question No. 46

Responding Witness: Lonnie E. Bellar

Q-46. Please confirm that the Companies originally planned to build the solar farm in Muhlenberg County, but site problems forced it to now propose a site in Mercer County. If the answer is anything but an affirmative response, please provide a detailed explanation.

A-46. See the response to Question No. 45.

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Question No. 47

Responding Witness: Charles R. Schram / David S. Sinclair

Q-47. In reference to the Direct Testimony of witness Charles R. Schram (page 11, lines 5-8), Mr. Schram states:

“Both the Rhudes Creek and Ragland solar projects are still seeking local approvals. The Companies executed the PPA for the ibV’s 100MW AC Rhudes Creek project in 2019; it has been approved by the State Siting Board subject to specific conditions related to local approvals and construction.”

Please describe the local approvals required for Rhudes Creek and Ragland solar projects. Would those same local approvals be required for the Mercer County Solar Facility? If not, why not? Please explain in detail.

A-47. The Rhudes Creek project is seeking approvals related to Hardin County zoning and conditional use permits. The Ragland project is seeking approvals related to McCracken County zoning and/or conditional use permits. Exhibit DSS-1 to Mr. Sinclair’s testimony describes the differences in local approvals required for merchant developers versus the Companies. For the Mercer County Solar Facility, see the response to Question No. 14.

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Question No. 48

Responding Witness: Stuart A. Wilson

Q-48. In the Direct Testimony of Stuart A. Wilson (page 3, lines 8-9), please confirm that Mr. Wilson switched the reference for the construction of the Marion County Solar Facility, and that the construction of the Solar Facility is meant to be in Mercer County.

A-48. Confirmed.

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Question No. 49

Responding Witness: Charles R. Schram / David S. Sinclair

- Q-49. In the Direct Testimony of Stuart A. Wilson (page 28, lines 16-21), Mr. Wilson states that Rhudes Creek and Ragland have not received all necessary approvals. Please describe all the necessary approvals for which Rhudes Creek and Ragland have not yet received approval. Of those approvals identified, would those approvals also be required to construct the Mercer County Solar Facility? If yes, what is the status of those approvals? If no, please explain in detail.
- A-49. See the response to Question No. 47.

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Question No. 50

Responding Witness: Lonnie E. Bellar / Counsel

- Q-50. In reference to the Direct Testimony of Lonnie E. Bellar (page 19, lines 12-13), please identify the 900 acre plus land parcel that the Companies will purchase for construction of the Mercer County Solar Facility. In your response, please provide the legal description of the land and all coordinates. Is the land privately held or is it public land? Does Mercer County have to approve the sale of the land? Does Mercer County have to zone the land for the construction of the Solar Facility? If yes, have the Companies filed for rezoning the land for construction of the Solar Facility?
- A-50. The location of the proposed 900 acres is shown in Exhibit 3 in the original CPCN application (KU-LGE_Joint Application Exhibit 3 - Mercer Co Solar Facility Maps_Plans_Specs_Drawings). A legal description of the land is not available at this time. The land is privately held. Mercer County does not have to approve the sale of the land. Mercer County does not have to zone the land for construction of the utility-owned Mercer County Solar facility. See the response to Question No. 14.

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Question No. 51

Responding Witness: Lonnie E. Bellar / Philip A. Imber

- Q-51. In reference to the Direct Testimony of Lonnie E. Bellar (page 21, line 2), please describe all of the necessary permitting required for the Marion County Solar Facility. Are those same permits required to construct the Mercer County Solar Facility? If yes, have those permits been filed with Mercer County? If no, please explain in detail why not.
- A-51. See Exhibit PAI-3 and the response to AG 1-21.

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Question No. 52

Responding Witness: Lonnie E. Bellar

Q-52. In reference to the Direct Testimony of Lonnie E. Bellar (page 23, lines 1-2), Mr. Bellar states:

“The Companies will construct the Brown BESS at KU’s E.W. Brown Generating Station in Mercer County, Kentucky where there is ample land for the facility.”

Is there sufficient land at the E.W. Brown Generating Station to construct the Mercer County Solar Facility instead of the BESS system? Is there adequate land at the E.W. Brown Generating Station to construct both the BESS and the Mercer County Solar Facility? Please indicate the amount of ample land that is available before the BESS Facility is constructed and the amount of land required for both the BESS and the Mercer County Solar Facility separately. If there is ample land to build the Mercer County Solar Facility and not the BESS, did the Companies consider alternative sites for the BESS?

A-52. There is not adequate land at the E.W. Brown Generating Station to construct a 120 MWac solar facility. Approximately 900 acres, with favorable topography, is needed to construct a 120 MWac solar facility. The proposed Brown BESS facility requires approximately 7 acres, in comparison to the 900 acres for the solar facility.

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Question No. 53

Responding Witness: Robert M. Conroy / Philip A. Imber

- Q-53. Please provide a copy of the Mercer County Solar Facility Site Assessment Report and Site Compatibility Certificate. Reference the Direct Testimony of Robert M. Conroy, page 5, lines 17-19.
- A-53. The referenced documents have not been completed and will be filed with the Commission once they are completed.

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Question No. 54

Responding Witness: Lonnie E. Bellar

- Q-54. Are there currently any other former generating sites available that could be used to construct a Solar Facility? If yes, please explain in detail the location of those sites and whether the Companies considered such sites.
- A-54. Yes, but none have anywhere close to the 900 acres needed for a 100 MWac solar facility. For the Companies to achieve economies of scale for a solar facility, any such facility needs to be utility scale in size. No other former generating sites have land sufficient for such a facility.

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Question No. 55

Responding Witness: Lonnie E. Bellar / Philip A. Imber

- Q-55. In reference to the Direct Testimony of Phillip A. Imber, Exhibit PAI-3. Exhibit PAI-3 shows the different permits and regulatory submittal requirements for solar installation. Exhibit PAI-3 does not show any permits or regulatory approvals for local governments or counties. Please list all local government or county permits or regulatory approvals that must be obtained before the construction of solar installation. Please indicate if Mercer County would require such approvals. If yes, what is the status of those approvals? Please indicate separately for each permit or regulatory approval.
- A-55. See the response to AG 1-21.

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Question No. 56

Responding Witness: Philip A. Imber

- Q-56. In reference to the Direct Testimony of Phillip A. Imber, Exhibit PAI-3. Exhibit PAI-3 lists four regulatory agencies; Kentucky Division of Water (“KYDOW”), Army Corp of Engineers, Kentucky Public Service Commission (“KYPSC”), and Kentucky Energy and Environment Cabinet (“KYEEC”). Please indicate which regulatory agency has approved the filings required of that agency for the construction of the Mercer County Solar Facility. Please indicate the date of approval for each one separately.
- A-56. The Companies have not filed permit application with KYDOW. The Companies are finalizing the Cumulative Environmental Assessment for filing. The permitting process is ongoing.

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

**Response to Mercer County Fiscal Court's
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Question No. 57

Responding Witness: David S. Sinclair

Q-57. In reference to the Direct Testimony of David S. Sinclair, Exhibit DSS-1. Exhibit DSS-1 contains the following provision:

Attribute	PPA	Ownership	Implications
Project Permitting	Subject to local planning and zoning approvals with no condemnation rights.	Not subject to local planning and zoning approvals and have condemnation rights.	LKE has a greater ability to actually get a project built and limit delays some independent developers have experienced.

Is it the intent of the Companies to use the condemnation process if the land is not approved for construction of the Mercer County Solar Facility? Please explain in detail.

A-57. The Companies have no current plans to utilize eminent domain rights for the projects proposed in this matter.

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Question No. 58

Responding Witness: David S. Sinclair

- Q-58. Please list all sites the Companies considered for construction of the proposed Mercer County Solar Facility. Please provide detailed explanations why those sites were rejected by the Companies.
- A-58. The proposed site is the only site considered in Mercer County. See the responses to Question Nos. 11, 12, and 45.

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AND
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Case No. 2022-00402

Question No. 59

Responding Witness: David S. Sinclair

- Q-59. Do the Companies believe that the economic value of a generation site should be a criteria for constructing generation? In other words, should the economic value from a specific site be considered when deciding where to locate new generation. If yes, please identify in the Companies' site evaluation process where such consideration was evaluated.
- A-59. No. The "economic value" of any piece of land should be represented in the price paid for the land.

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Question No. 60

Responding Witness: Counsel

- Q-60. Do the Companies believe a zoning permit from Mercer County should be a prerequisite before filing a case with the Kentucky Public Service Commission to construct a solar farm in Mercer County? Please explain your response.
- A-60. No. See the response to Question No. 14.