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October 9, 2009

PARTIES OF RECORD

Re: Case No. 2009-00197
Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity and Approval of its 2009 Environmental Compliance Plan for Recovery by Environmental Surcharge

Case No. 2009-00198
Application of Louisville Gas and Electric Company for a Certificate of Public Convenience and Necessity and Approval of its 2009 Environmental Compliance Plan for Recovery by Environmental Surcharge

Please find attached to this letter a copy of the attendance sheet for the October 1, 2009 Informal Conference and a copy of the power point presentation provided by Louisville Gas and Electric Company and Kentucky Utilities Company at the same Informal Conference. These two items were referenced in the October 6, 2009 Informal Conference Memorandum but were inadvertently not attached to the memo.

Sincerely,

Jeff Derouen
Executive Director

QN/kar

Attachments

**2009 ECR Compliance Plan
Informal / Settlement Conference**

Case No. 2009-00197 (KU)

Case No. 2009-00198 (LG&E)

October 1, 2009

2009 ECR Compliance Plan

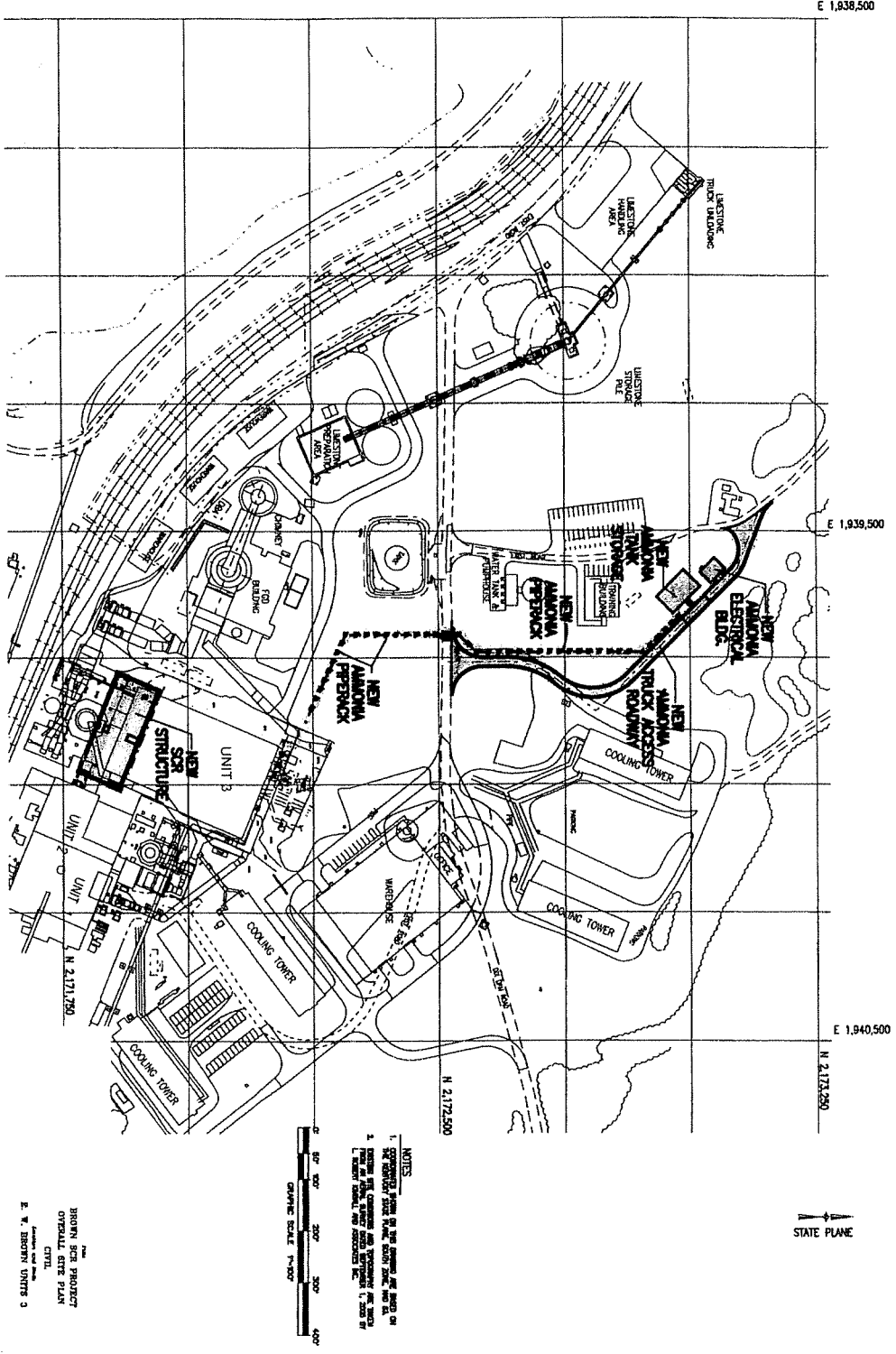
Project	CPCN	KU ECR Project	LG&E ECR Project	O&M Recovery Requested
Brown Unit 3 SCR	Yes	Project 28		Yes
Brown Ash Pond – Phase II		Project 29		No
Cane Run Landfill – Phase I			Project 22	Yes
Ghent Landfill – Phase I	Yes	Project 30		Yes
Trimble County Ash/Gypsum Pond		Project 31	Project 23	No
Trimble County Landfill – Phase I	Yes	Project 32	Project 24	Yes
Beneficial Reuse		Project 33	Project 25	Yes
TC2 Air Quality Control System (“AQCS”) O&M cost		Project 23	Project 18	Yes

Brown Unit 3 SCR

KU Project 28

- Condition of New Source Review Settlement Agreement with U.S. EPA
 - Construction will take 24-30 months
 - Estimated cost is \$183.9 million
 - SCR must be operational by December 31, 2012, per terms of the Settlement Agreement
- Continued operation of Brown Unit 3 requires the addition of an SCR
- Requesting a CPCN to construct

Brown Site Plan with SCR



NOTES

1. SEE GENERAL NOTES ON THE GENERAL SITE PLAN FOR THE LOCATION OF THE SCR STRUCTURE.
2. REFER TO THE GENERAL NOTES AND SPECIFICATIONS FOR THE SCR STRUCTURE FOR THE LOCATION OF THE SCR STRUCTURE.
3. REFER TO THE GENERAL NOTES AND SPECIFICATIONS FOR THE SCR STRUCTURE FOR THE LOCATION OF THE SCR STRUCTURE.

GRAPHIC SCALE 1"=100'

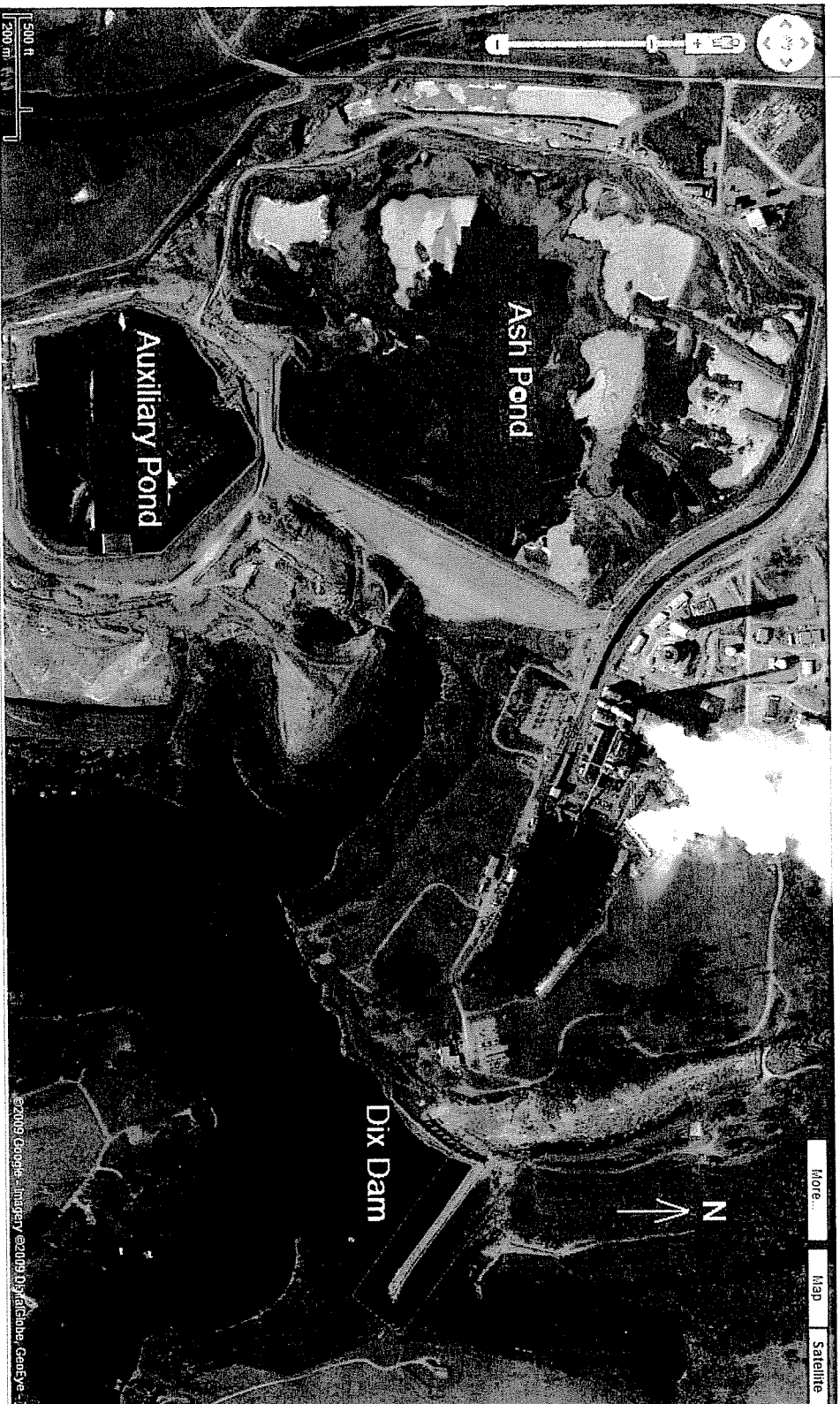
2024
 BROWN SCR PROJECT
 OVERALL SITE PLAN
 CIVIL
 E. W. BROWN UNITS 3

Brown Ash Pond Phase II

KU Project 29

- Phase I to build the auxiliary pond is nearing completion (Project 20 in 2005 Plan)
- Phase II of on-going expansion project
 - Phase II planned completion in 2012
 - Estimated cost of Phase II is \$24.9 million
- Existing pond will be dewatered and lined and the dam height will be raised

Brown Site Plan



Cane Run Landfill Phase I

LG&E Project 22

- Phase I of a four phase project for a 60-acre on-site landfill
 - Phase I completion expected in 2015
 - Estimated Phase I cost is \$18.5 million
 - Continue to explore beneficial reuse opportunities
- Relocation of transmission and distribution lines
- Relocation of existing plant entrance road
- A leachate collection layer will be constructed out of reclaimed bottom ash on top of a liner

Cane Run Site Plan



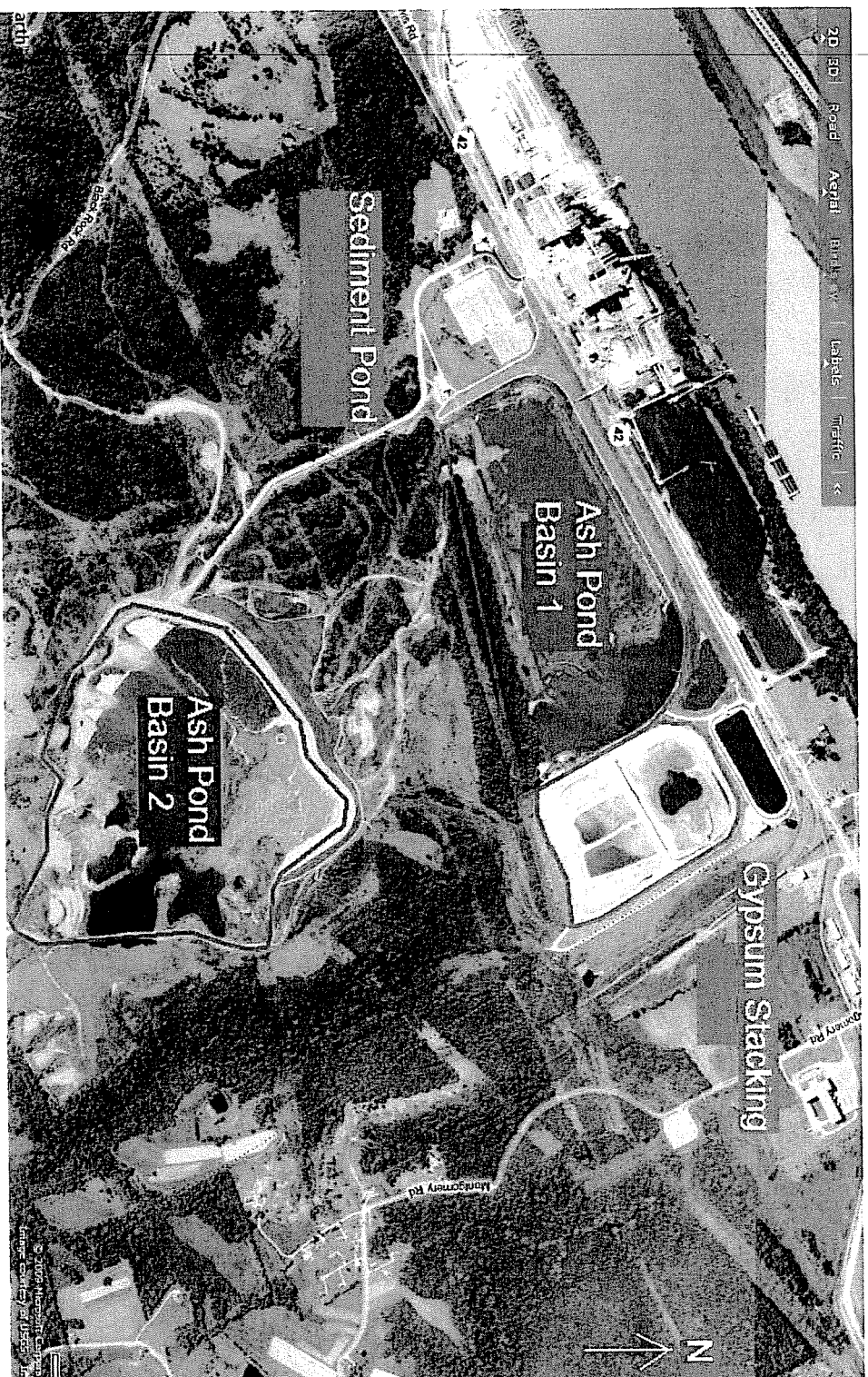
Proposed
landfill
location

Ghent Landfill Phase I

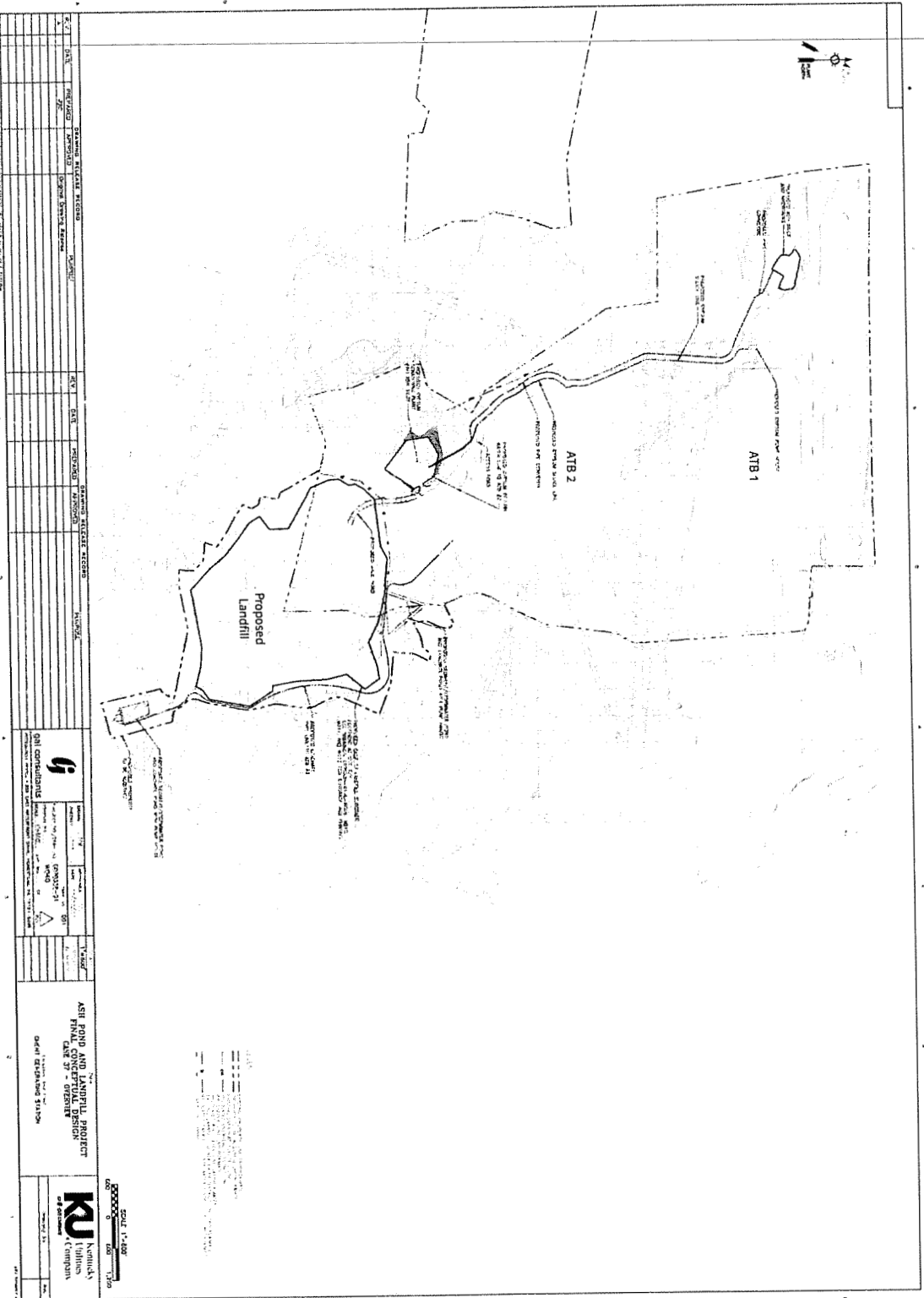
KU Project 30

- Phase I of a three phase project designed to provide continued on-site CCP storage
 - Construction is expected to take 18-24 months
 - Planned completion in 2013
 - Estimated cost is \$204 million
- Requires acquisition of 350 acres of land and the relocation of approximately 2,500 feet of transmission lines
- Includes a transport system and sediment retention pond
- Requesting a CPCN to construct

Ghent Site Plan – Existing Ponds



Ghent Site Plan – Proposed Landfill

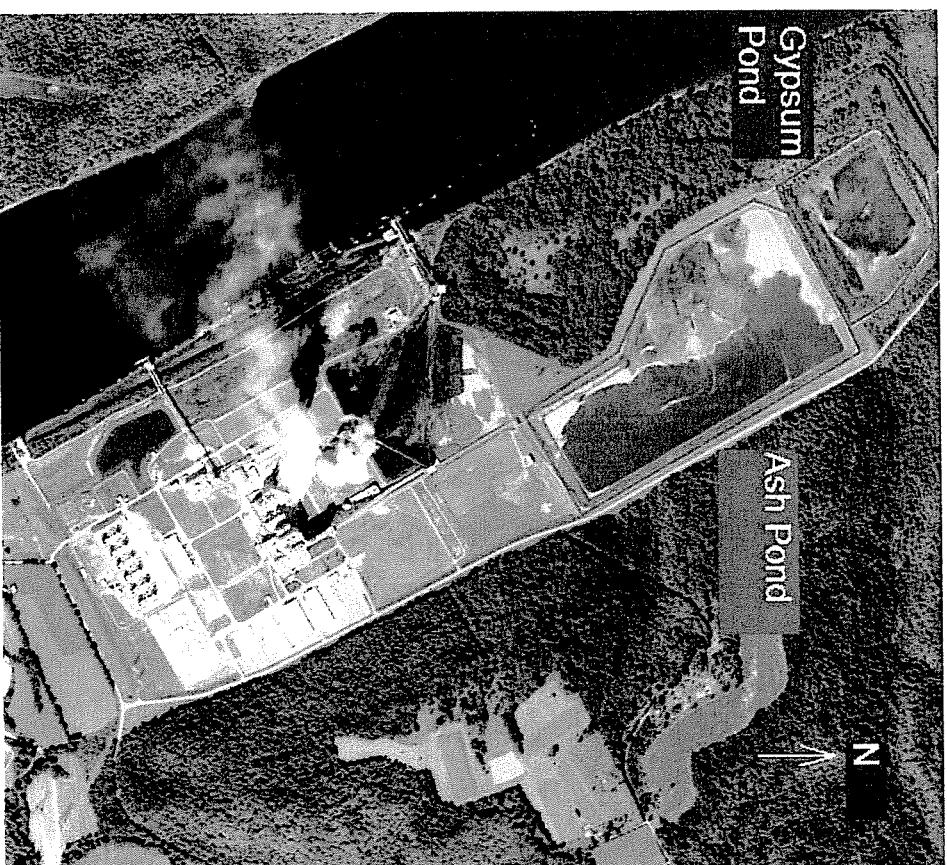


Trimble County Ash / Gypsum Pond

KU Project 31 and LG&E Project 23

- Convert the unused fly ash pond to a gypsum storage pond
- Raise the elevation of the north, south and west dikes of the ash pond for additional storage capacity
- Construction to be completed in 2010 and will provide on-site storage through 2012 until new landfill is active
- Jointly-owned;
 - KU will own approximately 48% of the utility share
 - LG&E will own approximately 52% of the utility share
- Total cost is estimated to be \$33 million;
 - KU's share is estimated at \$11.8 million
 - LG&E's share is estimated at \$12.8 million

Trimble County Site Plan – Existing CCP Storage Facilities

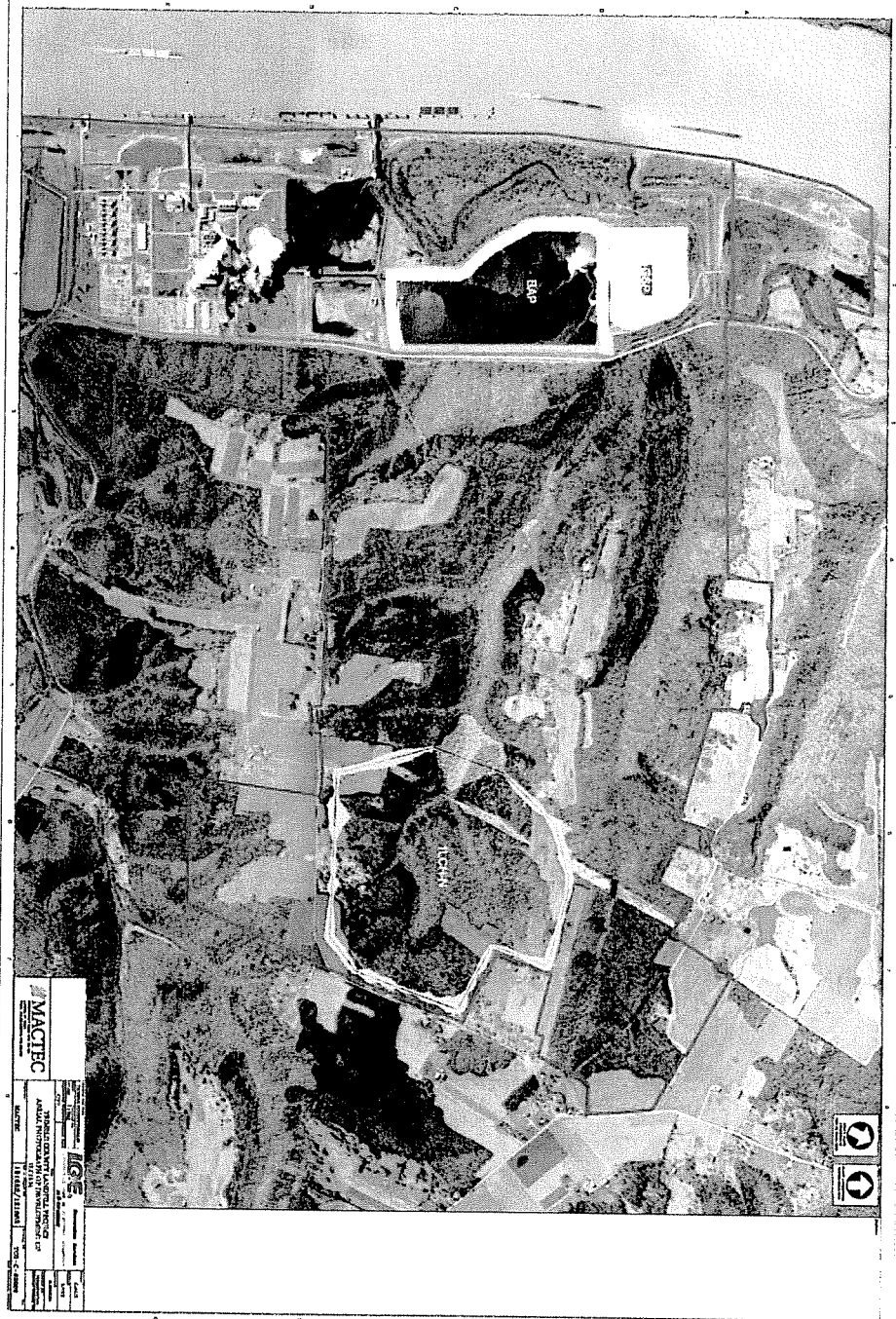


Trimble County Landfill Phase I

KU Project 32 and LG&E Project 24

- Project is Phase I of four phases of a 210 acre on-site landfill
 - Phase I construction is expected to be complete in January 2013
- Jointly-owned;
 - KU will own approximately 48% of the utility share
 - LG&E will own approximately 52% of the utility share
- Total cost for Phase I is estimated to be \$94 million
 - KU's share estimated to be \$33.9 million
 - LG&E's share estimated to be \$36.7 million
- Requesting a CPCN to construct

Trimble County Landfill – Site Plan



Beneficial Reuse Opportunities

KU Project 33 and LG&E Project 25

- Beneficial reuse includes:
 - Synthetic gypsum in wallboard (Ghent and Trimble County)
 - Construction and structural fill (Mill Creek)
 - Cement and concrete raw material (Trimble County-proposed)
 - Anti-skid road surfacing (potential use)
- Market conditions:
 - Dynamic in nature
 - Transportation sensitive
 - Full evaluation dependent on negotiation of contract terms and conditions
- Request cost recovery for beneficial reuse projects evaluated as cost-effective alternatives to CCP disposal.
- Current opportunities include:
 - Louisville Underground (Cane Run - no longer being pursued)
 - Trans Ash (Ghent)
 - Holcim (Trimble County)
 - Synthetic Materials (Trimble County)

Beneficial Reuse Opportunities

KU Project 33 and LG&E Project 25

- Once future cost-effective alternatives are identified:
 - Include cost recovery in monthly filings on ES Form 2.60
 - First monthly filing will include all supporting documentation used to determine cost effectiveness of opportunity
 - Commission has opportunity to review in 6-month and 2-year review proceedings
- Allows sufficient oversight by Commission prior to review proceedings
- Allows opportunities to be pursued that provide a benefit to customers
- Beneficial reuse expenses/revenues included in base rates will be included in the base rate adjustment for all O&M for the facility affected

O&M Cost Recovery

- Requesting inclusion of O&M cost associated with Trimble County Unit 2 AQCS (existing KU Project 23 and LG&E Project 18)
- Requesting recovery for O&M associated with the Brown SCR
- Requesting recovery for O&M associated with new landfills at Cane Run, Ghent and Trimble County
 - ECR monthly ES Form 2.50 will be modified to identify those costs included in existing base rates
 - Once in-service, KU and LG&E will net operating and maintenance expenses for these facilities against the amounts in base rates, including amounts associated with beneficial reuse
 - In the first base rate cases following the project in-service date, KU and LG&E will make a pro forma adjustment to exclude from base rates all O&M expenses associated with facilities included in the ECR for O&M cost recovery