

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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JAN 15 2010

PUBLIC SERVICE  
COMMISSION

In the Matter of:

LOUISVILLE GAS AND ELECTRIC COMPANY )  
AND KENTUCKY UTILITIES COMPANY 2009 )  
APPLICATION FOR APPROVAL OF ) CASE NO. 2009-00353  
PURCHASED POWER AGREEMENTS )  
AND RECOVERY OF ASSOCIATED COSTS )

SUPPLEMENTAL REQUESTS FOR INFORMATION OF JOINT INTERVENORS  
ATTORNEY GENERAL AND KENTUCKY INDUSTRIAL UTILITY  
CUSTOMERS

**PUBLIC REDACTED VERSION**

Come now intervenors the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and Kentucky Industrial Utility Customers, Inc. [hereinafter jointly referred to as "Joint Intervenors"], and submit these Supplemental Requests for Information to Louisville Gas & Electric Co. and Kentucky Utilities Co. [hereinafter jointly referred to as: "EON Companies"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Joint Intervenors can provide counsel for EON Companies with an electronic version of these questions, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon. The companies have indeed indicated their production of documents in response to the Joint Intervenors' Initial Data Requests will likely continue beyond the date the instant Supplemental Requests are filed of record; therefore, Joint Intervenors reserve the right to submit additional Supplemental Data Requests to the E.ON Companies pertaining to any such documents produced after the Joint Intervenors submit the instant Supplemental Data Requests.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If any request appears confusing, please request clarification directly from the Joint Intervenors.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Joint Intervenors as soon as possible.

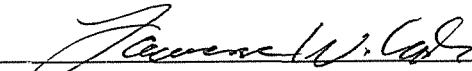
(10) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

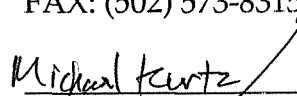
(11) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(12) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response.

Respectfully submitted,

JACK CONWAY  
ATTORNEY GENERAL

  
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 *by L.W. Cook  
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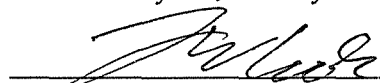
*Certificate of Service and Filing*

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

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Stoll Keenon Ogden, PLLC  
2000 PNC Plaza  
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Hon. Allyson K. Sturgeon  
Attorney at Law  
E.ON U.S. LLC  
220 W. Main St.  
Louisville, KY 40202

this 15<sup>th</sup> day of January, 2010

  
\_\_\_\_\_  
Assistant Attorney General

1. With regard to your response to JI-3:
  - a. provide an explanation of how the costs associated with a 20-year long contract can be "unanticipated."
  - b. Have the companies not presented data indicating that certain known parameters exist regarding how frequently and at what intensities wind will blow at the generating sites?
  - c. Will the companies acknowledge that every cost factor in the utility business to one extent or another carries a risk of uncertainty (i.e., no one can predict with certainty what the future holds)?
  
2. With regard to your response to JI-4:
  - a. confirm that the per unit price for wind energy is fixed and certain, and thus does not fluctuate.
  - b. With regard to the confidential attachment to your response to this request, confirm that knowing [REDACTED] in advance allows the companies to plan and anticipate certain elements of total cost involved pertaining to the costs.
  - c. Confirm that the companies can absorb any remaining costs that may or may not be subject to fluctuation in-between rate cases without incurring material impairment to the companies' credit or operations by passing the costs along through base rate cases. If not, why not? In regard to your response, please take into consideration the following responses from the companies: (1) JI-6 in which the companies acknowledge the "small size" of the wind contracts; (2) JI-7, that no additional maintenance costs would be incurred to the companies' system; (3) JI-8, that the nominal start up costs identified therein will be recovered through base rates; (4) JI-10, that under the contracts the companies will not pay for volume uncertainty associated with wind power developments, as the companies have structured the contracts in such a manner so that they will pay only for energy delivered, and that holders of transmission reservations within PJM are entitled to Financial Transmission Rights which may provide a partial hedge against fluctuating congestion costs.
  
3. With regard to the Companies' response to JI-14, please calculate for at least one year the estimated increase in: (a) off-system sales revenues; and (b) off-system sales margins, that will occur in the event the PSC approves the subject contracts. In making this calculation please use the same PROSYM production cost assumptions used in your response to PSC Staff Question 7. Please provide the workpapers for this calculation.

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4. Reference [REDACTED] [REDACTED] dated June 18, 2009). Explain in detail the following:  
" ... [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]
5. With regard to your response to JI-11, are the companies acknowledging that costs associated with the proposed contracts are minimal, but that they are concerned the companies' shareholders will object unless there is a means to rapidly recover costs? If so, isn't that just the normal cost of doing business in an investor-owned company?
6. With regard to the companies response to PSC 1-3, acknowledge that as of the date of your response, the U.S. Senate has yet to vote upon the proposed legislation known as Waxman-Markey (HR 2454), or any other federal laws commonly referred to as "cap and trade."
7. With regard to [REDACTED] DVD attached to the companies' unredacted response to JI-20, the document contains [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]
- a. With regard to the above-quoted statement, identify any and all meetings, telephonic conferences, or written exchanges (regardless of the media in which they occurred) [REDACTED] [REDACTED]  
[REDACTED] In your response, include the following information: (1) identify who at the KPSC made such inquiries; (2) provide copies of any and all documents associated in any way with such inquiries; (3) provide the context in which such requests were made, including where they were made; (4) identify any other people present when any such inquiries were made; (5) Identify whether in making such inquiries, the [REDACTED] ever made any mention of the

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[REDACTED]; (6)  
state whether the person(s) [REDACTED] responsible for making the so-called [REDACTED] ever stated why they were making such an [REDACTED].

b. With regard to the statement in the above-referenced document that begins:

[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED] Acknowledge that the wind power contracts at issue do not meet these two conditions.

c. Provide the basis for the claimed confidentiality of the document. Specifically, explain how the document could place the companies in an unfair competitive disadvantage.

With regard to [REDACTED]  
[REDACTED] please explain the statement [REDACTED]  
[REDACTED]

a. Provide the basis for the claimed confidentiality of the document. Specifically, explain how the document could place the companies in an unfair competitive disadvantage.

9. With regard to [REDACTED], in item no. 6 of that document, confirm that under the proposed contracts, [REDACTED] [REDACTED] is fully recoverable from ratepayers.

10. With regard to [REDACTED], in item no. 11 of that same document, explain in detail the statement "... [REDACTED]  
[REDACTED]

11. Please indicate whether either KU or LG&E, or any affiliate of the Companies including any E.ON related entity, will receive either directly or indirectly any tax benefit (including production tax credits or investment tax credits) or other financial benefit as a result of the proposed wind power contracts.

12. In its recently-filed base rate case Kentucky Power is seeking recovery of the costs of a proposed 100 mw wind power contract in base rates, not through a new surcharge. To the best of your ability please describe why base rate recovery is feasible for Kentucky Power but not KU or LG&E.



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13. Please reference [REDACTED], which contains an [REDACTED]  
[REDACTED]  
[REDACTED]
- [REDACTED] Did the receipt of [REDACTED] cause the companies to [REDACTED]  
[REDACTED]?
- b. Describe the companies' response to the receipt of this [REDACTED].
  - c. To the best of the companies' knowledge, has there been any change to Invenergy's position that [REDACTED]  
[REDACTED]
  - d. Provide the basis for the claimed confidentiality of the document. Specifically, explain how the document could place the companies in an unfair competitive disadvantage.