
From: Lovekamp, Rick
To: Bellar, Lonnie; Conroy, Robert
Sent: 10/1/2009 10:49:03 AM
Subject: E.ON AG Regulation and Infrastructure Update
Attachments: EUS_Regulatory_Issues_093009.doc

Attached is an update that needs to be sent to E.ON AG Regulation and Infrastructure. Please review and provide me any changes by Friday, Oct. 2. I will plan on forwarding the final version to E.ON AG when I return to the office on Monday, Oct. 5.

<<...>>

Regards,



Rick E. Lovekamp

Manager Regulatory Affairs



Office: 502-627-3780

Cell: 502-403-8840

Core Regulatory Issues E.ON US - As of September 30, 2009

Regulatory issues / risks / opportunities	Possible effects	Approx. value	Planned action / time table	Probability	Key contact (expert level)
<p>Filed notice of intent with Virginia State Corporation Commission (VSCC) requesting general adjustments to KU (ODP) base rates</p>		<p>\$12.2 M</p>	<p>Below is the current procedural schedule: 11/04/09- Interested parties file testimony 11/18/09 – Public hearing to receive testimony from public 12/02/09 – Commission staff to file testimony 12/18/09 – Rebuttal testimony filed by KU/ODP 01/06/10 – Public Hearing at VSCC</p>		<p>Lonnie Bellar</p>
<p>Review of events arising from and related to the 2009 Ice Storm</p>			<p>Since responding to the 217 initial data request, the Companies have responded to the supplemental data request of the Commission and presented a report on System Hardening developed by Davies Consulting, Inc. The Commission anticipates completing this study before the end of 2009.</p>		<p>Rick Lovekamp</p>
<p>Request establishing a Regulatory Asset for expenses incurred to repair damage as a result of 2009 Winter Storms</p>		<p>\$107 million</p>	<p>On September 30, 2009, the KPSC issued an Order authorizing KU and LG&E to establish a regulatory asset based on its cost for storm damages and service restoration due to the winter storm. The issues of amortization and rate recovery of the regulatory asset authorized will not be considered until after the KPSC completes its review of the disaster preparedness and storm restoration efforts of the utilities under its jurisdiction.</p>		<p>Lonnie Bellar</p>

Core Regulatory Issues E.ON US - As of September 30, 2009

Regulatory issues / risks / opportunities	Possible effects	Approx. value	Planned action / time table	Probability	Key contact (expert level)
<p>Requested approval for construction of pollution control facilities and cost recovery (2009 ECR Plan)</p>		<ul style="list-style-type: none"> • KU - \$462.55 million • LG&E – 72.53 million 	<p>On June 26, 2009, LG&E and KU filed an application with the Kentucky Commission requesting an order approving construction of environmental measures and recovery of costs for new pollution control facilities through the Environmental Surcharge tariff.</p> <p>Below is the remaining procedural schedule: 10/01/09 – Informal Conference 10/06/09 – Intervenor’s file testimony 10/15/09 – KU/LG&E issue data request to Intervenor’s 10/23/09 – Intervenor’s file responses to data request 11/03/09 – Public Hearing at Commission</p>		<p>Robert Conroy</p>
<p>Six-month review of the Fuel Adjustment Clause (FAC)</p>	<ul style="list-style-type: none"> • Kentucky Commission could disallow certain fuel costs and purchased power transactions during review period 		<p>On August 20, 2009 the Kentucky Commission initiated a routine six-month review of KU and LG&E’s FAC mechanism calculations for the November 1, 2008 through April 20, 2009 billing periods. The Companies have responded to initial data request and a hearing is scheduled for October 13, 2009.</p>		<p>Robert Conroy</p>



Core Regulatory Issues E.ON US - As of September 30, 2009

Regulatory issues / risks / opportunities	Possible effects	Approx. value	Planned action / time table	Probability	Key contact (expert level)
Two-year review of the Environmental Surcharge Mechanism	<ul style="list-style-type: none"> Kentucky Commission could disallow certain cost transactions during review period 		<p>On August 18, 2009 the Kentucky Commission initiated a routine two-year review of KU and LG&E's Environmental Cost Recovery (ECR) mechanism for the May 1, 2007 to April 30, 2009 billing periods.</p> <p>Below is the current procedural schedule: 10/13/09 – Supplemental data request submitted to KU/LG&E 10/23/09 – KU/LG&E file responses to supplemental data request 11/06/09 – Intervenor's testimony filed 11/20/09 - KU/LG&E issue data request to Intervenor's 12/04/09 – Intervenor's file responses to data request</p> <p>No public hearing has been scheduled at this time.</p>	●	Robert Conroy

Core Regulatory Issues E.ON US - As of September 30, 2009

Regulatory issues / risks / opportunities	Possible effects	Approx. value	Planned action / time table	Probability	Key contact (expert level)
Request to build temporary transmission facilities			<p>On September 3, 2009 KU filed an application with the Kentucky Commission. This application sought a determination that certificates of public convenience and necessity are not required to build two temporary transmission line segments. On September 21, 2009, the KPSC issued an order that requires KU to obtain certificates for these line segments. In addition, on September 29, the KPSC issued the following procedural schedule.</p> <p>10/12/09 – Commission Staff consultant shall file report on the application 10/16/09 – Requests for intervention must be filed 10/21/09 – Submit initial data request on application and consultant’s report 10/30/09 – File responses to initial data request 11/04/09 – Submit requests for hearing 11/09/09 – Submit supplemental data request on application and consultant’s report 11/16/09 – File responses to supplemental data request.</p> <p>KPSC is required by statute to issue a decision by January 1, 2010.</p>	●	Lonnie Bellar

Core Regulatory Issues E.ON US - As of September 30, 2009

Regulatory issues / risks / opportunities	Possible effects	Approx. value	Planned action / time table	Probability	Key contact (expert level)
Request approval of depreciation rates for new generation			<p>On August 6, 2009, KU and LG&E filed an application requesting approval from the Kentucky Commission of depreciation rates for the new coal-fired baseload electric generation unit the Companies are building at the Trimble County Generating Station, Trimble County Unit 2 (TC2).</p> <p>Below is the current procedural schedule: 10/08/09 – Supplemental data request submitted to KU/LG&E 10/19/09 – KU/LG&E file responses to supplemental data request 10/29/09 – Intervenor’s testimony filed 11/09/09 - KU/LG&E issue data request to Intervenor’s or comment on Intervenor’s testimony 11/19/09 – Intervenor’s file responses to data request</p> <p>No public hearing has been scheduled at this time.</p>		Robert Conroy
Request approval to enter into a Wind Power Purchase Agreement			<p>KU and LG&E filed an application with the Kentucky Commission on September 28, 2009 requesting approval of power purchase agreements for 109.5 MW of wind energy. The Companies also will seek authorization to recover the costs incurred under the agreements and other related costs through a rate recovery mechanism.</p>		Lonnie Bellar

Core Regulatory Issues E.ON US - As of September 30, 2009

