
From: Cook, Larry (KYOAG)
To: Howard, Dennis (KYOAG); Sturgeon, Allyson; Michael Kurtz
CC: Riggs, Kendrick R.; Bellar, Lonnie; Lovekamp, Rick
Sent: 12/21/2009 2:39:23 PM
Subject: RE: Case No. 2009-00353
Attachments: AG_DR-1_Template.pdf; Joint_Intervenors_Initial_DRs FINAL.pdf

I already have them as .pdf, so here they are . . .

Yours,
Larry

From: Howard, Dennis (KYOAG)
Sent: Monday, December 21, 2009 2:35 PM
To: Sturgeon, Allyson; Michael Kurtz
Cc: Riggs, Kendrick R.; Bellar, Lonnie; Lovekamp, Rick; Cook, Larry (KYOAG)
Subject: RE: Case No. 2009-00353

We filed joint requests this morning. I'll scan a copy and get them to you.

Dennis Howard, II
Acting Director
Office of Rate Intervention
Office of the Attorney General
1024 Capital Center Drive, Suite 200
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502.696.5453
dennis.howard@ag.ky.gov

From: Sturgeon, Allyson [<mailto:Allyson.Sturgeon@eon-us.com>]
Sent: Monday, December 21, 2009 2:31 PM
To: Howard, Dennis (KYOAG); Michael Kurtz
Cc: Riggs, Kendrick R.; Bellar, Lonnie; Lovekamp, Rick
Subject: Case No. 2009-00353

Dennis and Mike –

If either of you is planning to issue data requests in the wind contract proceeding, would you mind sending us an electronic copy of those questions today? Thanks, Allyson

Allyson K. Sturgeon

Senior Corporate Counsel

E.ON U.S. LLC

220 West Main Street

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LGE-KU-1006461

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LGE-KU-1006462

COMMONWEALTH OF KENTUCKY
BEFORE THE 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)

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

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 Initial 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.

(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

DENNIS G. HOWARD, II
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MICHAEL KURTZ
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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:

Hon. Kendrick R. Riggs
Attorney at Law
Stoll Keenon Ogden, PLLC
2000 PNC Plaza
500 W. Jefferson St.
Louisville, KY 40202-2828

Hon. Allyson K. Sturgeon
Attorney at Law
E.ON U.S. LLC
220 W. Main St.
Louisville, KY 40202

this ___ day of December, 2009

Assistant Attorney General

Joint Intervenors' Initial Requests for Information to the EON Companies
Case No. 2009-00353

1. State why the companies entered into the contracts prior to obtaining PSC approval.
2. If the PSC does not grant approval, or if the companies on their own part decide to not pursue the contracts, do the contracts contain any type or sort of penalty clause requiring the companies to pay the owners of the wind farms and/or the transmission regulators / regional ISOs?
 - a. If so, please provide any and all amount(s).
 - b. If so, identify whether the companies will pass those costs to their shareholders, or their ratepayers.
3. Please state whether the companies believe the proposed expenditures at issue are unanticipated. State each fact upon which the company relies in making that conclusion.
4. Please state whether the companies believe that prices for the wind-generated power it intends to purchase under the proposed contracts are fluctuating. State each fact upon which the company relies in making that conclusion. Please provide by year over the 20 year contract term the forecasted costs under the contract for: 1) the wind power, 2) the transmission expense, and 3) any other associated cost(s).
5. Please state whether entering the proposed contracts is necessary to avoid bankruptcy or material impairment to the companies' credit or operations.
6. Please state whether the power to be purchased under the proposed contracts is necessary in order to insure the safe, reliable and adequate provision of electricity to the companies' customers. For purposes of this answer please provide the forecasted reserve margins over the next 20 years for LG&E and KU with and without the wind power contracts.
7. Assuming the companies receive regulatory approval, and assuming they proceed with the contracts, please state whether the companies will incur any additional maintenance costs to their combined fleets when wind-generated power flows into their transmission / distribution grids. What additional costs will the company incur in order to insure reliability in the event the companies proceed with the contracts?
8. What type and amount of start-up costs will the companies incur if they proceed with the proposed contracts? How and when do the companies intend to pass these costs on to their customers?

9. Please provide the companies' best estimates for locational marginal pricing ("LMP") transmission costs for each year of the twenty (20) year period of the proposed contracts.
10. State to what extent the companies investigated whether wind-generated power can be hedged. Do any other utilities utilizing wind-generated power employ any hedging tools? Discuss in detail.
11. Assuming the PSC grants approval for the contracts, and assuming the companies proceed with the contracts, for each year of the 20 year contracts what percentage of the companies' combined total electric service costs will be attributed to this wind-generated power?
12. Assuming the PSC grants approval for the contracts, and assuming the companies proceed with the contracts, will the wind-generated power be used for peak power, base load or both?
13. Provide the current differential for prices the companies charge for on-system sales as opposed to amounts it receives for off-system sales.
14. Confirm that in the event the PSC grants approval for the contracts, and assuming the companies proceed with the contracts, when the wind-generated power enters the companies' combined transmission / distribution grids, that power being generated by the companies' own generation fleet in excess of its customers' needs will be sold in off-system sales.
15. State why the companies did not address the wind-generated power contracts more fully in their most recent IRP filing.
16. Will the proposed contracts, which are subject to PJM restrictions and tariffs, cause or require the EON companies to become members of PJM just as they once were with MISO? If so, what types and amount of costs will the companies incur, and by whom will those costs be borne?
17. Will or could the PJM economic dispatch rules take precedence over the contracts? Could any PJM rules supersede the terms of the proposed contracts? If so, could there be instances in which PJM will dictate that the wind farms' generation be directed elsewhere? If so, what types of costs will the companies incur to replace that power?
18. Is the utility from which the EON companies intend to purchase the wind-generated power a merchant, or does it have some regulated sales? If so,

identify the agencies that regulate it. Will the laws of that jurisdiction have any control so as to supersede the supposed “firm supply” of this farm under the proposed contracts with EON?

19. State whether FERC will have to approve any portion(s) of the proposed contracts. If so, what could their decision(s) entail, and how long will those decisions take? Will there be any future ramifications if these contracts are subject to FERC?
20. Please provide all memos, emails, or other documents in the possession of the Companies which discuss, describe or relate to the wind power contracts.