

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)	
ELECTRIC COMPANY FOR CERTIFICATES OF)	
PUBLIC CONVENIENCE AND NECESSITY AND)	CASE NO.
APPROVAL OF ITS 2016 COMPLIANCE PLAN)	2016-00027
FOR RECOVERY BY ENVIRONMENTAL)	
SURCHARGE)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION TO
LOUISVILLE GAS AND ELECTRIC COMPANY

Louisville Gas and Electric Company ("LG&E"), pursuant to 807 KAR 5:001, is to file with the Commission an original in paper medium and an electronic version of the following information. The information requested herein is due on or before March 25, 2016. Responses to requests for information in paper medium shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, 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.

LG&E shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which LG&E fails or refuses to furnish all or part of the requested information, LG&E shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, LG&E shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Direct Testimony of Robert M. Conroy (“Conroy Testimony”), page 7, lines 21–22, which state that the total projected capital cost for Project 29 is \$196.9 million, and that LG&E seeks to recover \$193.7 million through the environmental surcharge. Explain what costs will be recovered and what costs are not recovered.

2. Refer to the Conroy Testimony, page 7, line 23, and page 8, lines 1 and 2, which state that the total projected capital cost for Project 30 is \$114.1 million, and that LG&E seeks to recover \$110.4 million through the environmental surcharge. Explain what costs will be recovered and what costs are not recovered.

3. Refer to the Conroy Testimony, page 8, lines 8 and 9. Explain LG&E’s decision to not seek recovery of operating and maintenance (“O&M”) costs for Projects

29 and 30 through the environmental surcharge. If there are O&M costs associated with these projects, explain the kinds of costs, and provide the annual O&M costs not being recovered.

4. Refer to the Conroy Testimony, page 12, line 21, which states that LG&E is requesting continuation of the 10.00 percent return on equity ("ROE"). Provide the debt and capital structure of LG&E with the weighted cost of capital using 10.00 percent ROE as of December 31, 2015.

5. Refer to the Direct Testimony of John N. Voyles, Jr. ("Voyles Testimony"), page 3, lines 1–11.

a. Confirm that the difference between the total cost of the new projects of \$315.9 million, and the amount to be recovered through LG&E's ECR mechanism of \$309.1, represents the amounts currently recovered in base rates.

b. Describe the costs that LG&E currently recovers through base rates for Projects 28, 29, and 30 by each project.

6. Refer to the Voyles Testimony, page 8, regarding the groundwater monitoring and assessment evaluations being conducted at active surface impoundments. When is the groundwater monitoring and assessment required to be completed pursuant to the CCR Rule?

7. Refer to the Voyles Testimony, page 11, lines 15–18. Identify the past and current CCR management facilities that are referred to in this statement, and explain why these locations are not included in the 2016 Environmental Compliance Plan ("2016 Plan").

8. Refer to the Voyles Testimony, page 15, lines 8–11. For Projects 29 and 30, identify by impoundment the closure option that LG&E will employ.

9. Refer to the Voyles Testimony, page 17, regarding LG&E's decision to go forward with the decision to close the impoundments at the Mill Creek and Trimble County Generating Stations. Has LG&E quantified the risk of waiting to begin closure activities and construction of the process water systems until the analyses as required by the CCR Rule are completed? If so, provide a copy of that risk analysis.

10. Refer to the Voyles Testimony, page 17, lines 16–18. Identify any and all LG&E surface impoundments at all active or inactive stations that the company believes would not require closure under the CCR rule.

11. Refer to the Direct Testimony of R. Scott Straight ("Straight Testimony"), pages 2 and 3, regarding the potential for the re-emission of mercury and the necessity for Project 28.

a. Provide a detailed description of the mercury re-emission phenomenon, including an explanation of the de-oxidization process, and discuss whether this phenomenon occurs at any other LG&E units that are equipped with wet flue-gas desulfurization technology.

b. Describe evidence that LG&E has obtained that mercury re-emissions are occurring presently at the proposed locations for Project 28.

c. If LG&E is not incurring any mercury re-emissions at this time, describe the risks of postponing Project 28 until such re-emissions occur.

d. Describe all other available control technology that LG&E considered to reduce mercury re-emission, and why the proposed technology was selected.

12. Refer to the Straight Testimony, page 6, regarding the injection of a halogenated chemical additive into the coal feeders on the Mill Creek units to provide a more effective process of reducing mercury emissions. Is the supplemental injection technology similar to the refined coal arrangement at the Mill Creek Generating Station that was approved by the Commission in Case No. 2015-00264?¹ If not, explain the difference between the two processes.

13. Refer to the Direct Testimony of Charles R. Schram ("Schram Testimony"), page 5. Provide the Mill Creek cost-benefit analysis using LG&E's standard 30-year analysis period.

14. Refer to the Schram Testimony, pages 5 and 6.

a. Page 5 indicates that high-level estimates for Clean Power Plan ("CPP") and Effluent Limitation Guidelines ("ELG") compliance costs were included in the 30-year cost-benefit analysis. Provide the nature of the costs and amounts included in the analysis.

b. Page 6 indicates that the 30-year cost-benefit analysis did not include any incremental costs for CPP at Trimble County Unit 1. Explain what is included in incremental costs and why they were excluded from the analysis.

¹ Case No. 2015-00264, *Application of Louisville Gas and Electric Company and Kentucky Utilities Company Regarding Entrance Into Refined Coal Agreements, for Proposed Accounting and Fuel Adjustment Clause Treatment, and for Declaratory Ruling* (Ky. PSC Nov. 24, 2015).

15. Refer to the Schram Testimony, Exhibit CRS-1, regarding the Analysis of 2016 ECR Projects Trimble County Generating Station – Generation Planning & Analysis January 2016. Provide all work papers in Excel spreadsheet format with all cell formulas intact and unprotected and all rows and columns fully accessible for all modeling performed in preparing the analyses set forth in Exhibit CRS-1.

16. Refer to the Schram Testimony, Exhibit CRS-2, regarding the Analysis of 2016 ECR Projects Mill Creek Generating Station – Generation Planning & Analysis January 2016. Provide all work papers in Excel spreadsheet format with all cell formulas intact and unprotected and all rows and columns fully accessible for all modeling performed in preparing the analyses set forth in Exhibit CRS-2.

17. Refer to the Direct Testimony of John J. Spanos, page 3, lines 5–9., which state that future removal costs of \$143,515,000 were established by engineering studies

a. Provide the engineering studies supporting the \$143,515,000 removal costs.

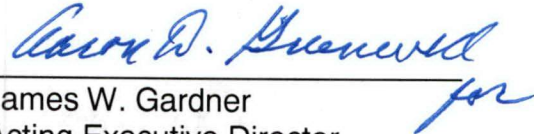
b. Provide a summary of amounts and kinds of the removal costs the Mill Creek and Trimble impoundments.

18. Refer to the Direct Testimony of Derek A. Rahn. Provide Exhibit DAR-5 in Excel spreadsheet format with all cells and formula unprotected and fully accessible.

19. Refer to the Direct Testimony of Christopher M Garrett (“Garrett Testimony”), page 7, lines 18–23. Describe the capital expenditures for surface-impoundment-related construction projects that are currently included in base rates.

20. Refer to the Garrett Testimony, page 10, lines 11–14. Provide the annual costs of the organo-sulfide and halogenated liquid chemicals.

21. Refer to the Garrett Testimony, page 11, lines 1–5. Explain why the exact amount of the existing facilities to be removed cannot be determined with reasonable accuracy until construction is complete.



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DATED **MAR 11 2016** _____

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