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February 1, 2005

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PUBLIC SERVICE
COMMISSION

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RE: *Investigation into the Membership of Louisville Gas and Electric Company and Kentucky Utilities Company in the Midwest Independent Transmission System Operator, Inc. – Case No. 2003-00266*

Dear Ms. O'Donnell:

Enclosed please find an original and five (5) copies of Louisville Gas and Electric Company's and Kentucky Utilities Company's responses to the Commission Staff's supplemental data requests dated January 20, 2005, in the above-referenced docket.

Should you have any questions concerning the enclosed, please do not hesitate to contact me directly at 502-627-2573.

Sincerely,

Kent W. Blake

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

INVESTIGATION INTO THE MEMBERSHIP OF)
LOUISVILLE GAS AND ELECTRIC COMPANY)
AND KENTUCKY UTILITIES COMPANY IN THE) CASE NO. 2003-00266
MIDWEST INDEPENDENT TRANSMISSION)
SYSTEM OPERATOR, INC.)

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
AND
KENTUCKY UTILITIES COMPANY
TO THE COMMISSION STAFF'S
SUPPLEMENTAL DATA REQUEST
DATED JANUARY 20, 2005

FILED: FEBRUARY 1, 2005

**LOUISVILLE GAS AND ELECTRIC COMPANY
AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2003-00266

**Response to the Commission Staff's Supplemental Data Request
Dated January 20, 2005**

Question No. 1

Responding Witness: Mark S. Johnson

- Q-1. Refer to pages 3-4 of the Supplemental Rebuttal Testimony of Mark S. Johnson ("Johnson Testimony") comparing the merits of Security Constrained Economic Dispatch ("SCED") and the current Transmission Loading Relief ("TLR") process.
- a. The question beginning at the bottom of page 3 and continuing on page 4 asks, "[I]s the TLR process an adequate means for resolving transmission constraints?" Based on this wording, explain whether the "adequate" TLR process is as effective as SCED in resolving constraints.
 - b. The first sentence in the answer reads "Yes, purely from a reliability standpoint the TLR process has served the industry well." Explain whether the TLR process addresses anything other than reliability.
- A-1.
- a. Yes, the TLR process is as effective as SCED in the end-state by unloading of the constraint.
 - b. The TLR process is a reliability process only.

**LOUISVILLE GAS AND ELECTRIC COMPANY
AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2003-00266

**Response to the Commission Staff's Supplemental Data Request
Dated January 20, 2005**

Question No. 2

Responding Witness: Mark S. Johnson

- Q-2. Refer to the full question and answer on page 5 of the Johnson Testimony. From this testimony, is it correct to say that Mr. Johnson believes that there is no benefit, from a reliability perspective, of LG&E/KU remaining a member of MISO, as compared to one of the other reliability arrangements discussed in his testimony?
- A-2. NERC ensures that each NERC-certified Reliability Authority is qualified to meet the standards, guidelines and policies of NERC Operating Policy 9. LG&E/KU believe that responsible and NERC-compliant Reliability Authorities will of necessity coordinate flowgate unloading procedures with all neighboring Reliability Authorities regardless of what type of wholesale market exists in the various Reliability Areas who might be parties to such coordination.