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January 26, 2005
VIA U.P.S.

Elizabeth O'Donnell, Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

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

Dear Ms. O'Donnell:

Enclosed please find the original and six (6) copies of Additional Data Requests to LG&E and KU to be filed in the above-referenced proceeding on behalf of the Midwest Independent Transmission System Operator, Inc. ("the Midwest ISO"). In addition, please find an original and ten (10) copies of the Midwest ISO's response to LG&E/KU's request that the Commission strike the Midwest ISO's supplemental responses to its December 7, 2004, supplemental data requests.

An additional copy each filing has been provided. Please stamp each copy with the date of receipt/filing and return them to our office in the enclosed self-addressed stamped envelope. Thank you for your assistance in this matter.

Sincerely,

Melissa M. Hall
Office Manager

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

Additional Data Requests to LG&E and KU from Midwest Independent Transmission System Operator, Inc.

Original

The Midwest Independent ... ator, Inc. ("Midwest ISO") hereby submits the attached data ... and Electric Company ("LG&E") and Kentucky Utilities ... on to those data requests served and filed on January 20, 2(... d Deadlines regarding Discovery Requests served and filed the same date, the Midwest ISO asked for a general suspension of the discovery deadlines and stated that, if no general suspension were granted, it would request leave to propound data requests in addition to those served and filed on January 20, 2005. In the Objection to that motion served January 24, 2005 (at p. 2), LG&E and KU stated that they "have no objection to the service of those further requests, outside of the procedural schedule, by the close of business on Wednesday, January 26, 2005."

For the purpose of these additional requests, the Midwest ISO refers LG&E and KU to the instructions accompanying its previous initial and supplemental data requests, filed October 6 and October 30, 2003, respectively. The acronyms and capitalized words used in the attached set of data requests are as defined or used in the supplemental rebuttal testimony filed by LG&E/KU on January 10, 2005.

Respectfully submitted,

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By: Ben Allen
ATTORNEYS FOR MIDWEST INDEPENDENT
TRANSMISSION SYSTEM OPERATOR, INC.

CERTIFICATE OF FILING AND SERVICE

I hereby certify that on this the 26th day of January, 2005, via U.P.S., the original and six (6) copies of these Data Requests were sent to the Commission for filing and one (1) copy was sent to each counsel for the parties listed below; in addition, a PDF file of these Data Requests was attached to an e-mail sent prior to 5 P.M. to the below-listed counsel and Commission Staff counsel Richard Raff.

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Attorney for Midwest Independent
Transmission System Operator, Inc.

a. Do LG&E/KU recognize that there are costs of congestion other than those it realizes "through the redispatch of higher cost units to relieve congestion"? If so, what are other costs of congestion?

b. Provide the annual cost of congestion -- "monitored since 1999" — for each year for which LG&E/KU has that datum and the cost of congestion for each month from July 2003 to the most currently-available month.

1. At MG Supp. Rebuttal at 12 *ll.*18-20, Martyn Gallus discusses costs of congestion realized by LG&E/KU.

   a. Provide for each year since 1999 for which LG&E/KU has that datum, and for each month from January 2001 to the most currently-available month, the companies' estimates of "the costs of congestion through the redispatch of higher cost units to relieve congestion."

   b. Describe how these figures are calculated and provide a breakdown of the components that are used in each of these calculations.

   c. Do these estimates of costs related to congestion reflect the marginal value of incremental power flows through constrained flowgates or other congested transmission paths? If so, explain in what respect this is the case?

   d. Is it Mr. Gallus' contention that the costs referred to in this section of his testimony are defined in the identical manner to the definition of "Cost of Congestion" as defined in the Open Access Transmission and Energy Markets Tariff for the Midwest ISO at Section 1.45? If not, what does he believe the differences to be?

2. On what date did LG&E/KU make the decision to operationally retire Green River Units 1 and 2 on December 31, 2003 (Response and Objection of LG&E/KU of January 21, 2005 at p. 5)? Provide all LG&E/KU documents related to the decision to operationally retire Green River Units 1 and 2.

3. With respect to any LG&E/KU generating units other than Pineville 3, and Green River Units 1 and 2

   a. Are there any such units that the Companies have retired since the commencement of this proceeding?

   b. Are there any such units for which LG&E/KU have plans to retire or otherwise take out of service prior to 2011? If so, please describe these plans and provide all documentation related to these plans.

4. Please provide copies of the Companies' OVEC and EEI power purchase agreements (M. J. Morey Supp. Reb. Testimony at p. 11, *ll*.6 – 10).

5. Is there a set price or cost basis at which the Companies can purchase power under their OVEC power purchase contract(s) (MJM Supp. Reb. Testimony at p. 11, *ll*.6 – 10)?

   a. If so describe what is that price or cost basis.

   b. Provide a breakdown of the pricing components including capacity costs, energy costs, other (please specify).

   c. Provide specific dollar figures associated with each pricing component, energy or capacity block and/or time periods for each year 2005 – 2010 that determines the price or cost basis for such purchases.

6. Is there a set price or cost basis at which the Companies power under their EEI power purchase contract(s) (MJM Supp. Reb. Testimony at p. 11, lines 6 – 10)?

   a. If so please describe what is that price or cost basis?

   b. Please provide a breakdown of the pricing components including capacity costs, energy costs, other (please specify).

   c. Please provide specific dollar figures associated with each pricing component, energy or capacity block and/or time periods for each year 2005 – 2010 that determines the price or cost basis for such purchases.

7. Do LG&E/KU have any fractional ownership share in the generating capacity of OVEC and / or EEI or in OVEC and / or EEI as entities?
   a. If so, what is that ownership share?
   b. If so, please provide a copy of all contracts and other legal documents describing LG&E/KU's ownership share and related rights and responsibilities.
8. Do LG&E/KU have any rights to schedule when it will take power or to dispatch generation for its use related to its power purchases from EEI and OVEC (M. J. Morey Supp. Reb. Testimony at p. 11, lines 6 – 10)?
   a. If so please describe and document any such rights?
   b. How is the schedule of energy purchased under the EEI and OVEC determined?
   c. What is the hourly schedule of purchases under each such contract? If there is no fixed schedule, please describe when, by whom, and how the purchase and delivery schedules are determined?
9. Do LG&E/KU have any information or belief that the price at which it can purchase power under its OVEC power purchase agreement (M. J. Morey Supp. Reb. Testimony at p. 11, lines 6 – 10) will be different that the fair market value of power delivered to LG&E/KU as a result of spot market purchases in a manner that is material to evaluating the benefits and cost of Midwest ISO membership?
   a. If so please describe what are the anticipated differences that the Companies consider to be significant and the basis for believing such differences are material?
10. Do LG&E/KU have any information or belief that the price at which it can purchase power under its EEI power purchase agreement (M. J. Morey Supp. Reb. Testimony at p. 11, lines 6 – 10) will be different that the fair market value of power delivered to LG&E/KU as a result of spot market purchases in a manner that is material to evaluating the benefits and cost of Midwest ISO membership?

a. If so please describe what are the anticipated differences that the Companies consider to be significant and the basis for believing such differences are material?

11. Do LG&E/KU have any other power purchase agreements that it believes should be treated as separate resources for purposes of evaluating the benefits and costs of Midwest ISO membership?

    a. If so, please describe how these agreements were represented in the Companies PROSYM and / or MIDAS GOLD modeling?

    b. If so, please identify and describe each such agreement, including, but not limited to:

        i. The source and sink of power purchased and delivered;

        ii. A breakdown by time period, cost or pricing element and block, and year in which the agreement will be in effect of the total delivered cost of power purchased under the agreement to LG&E/KU; and

        iii. LG&E/KU's capacity and energy minimum and maximum purchases by time period.

12. Does LG&E/KU concur that the following generating stations are operated by Western Kentucky Energy (hereafter WKE):

    a. Coleman;

    b. Green;

    c. Henderson II;

    d. Reid; and

    e. Wilson?

    f. If not, please describe and describe the basis of the Companies disagreement.

13. Do the Companies agree that the generating stations listed in the preceding request are located in Kentucky and primarily serve load that is located in Kentucky? If not, describe the basis of the Companies disagreement.

14. Does LG&E/KU contend that the Coleman, Green, Henderson II, Reid, and Wilson generating stations or any of these stations physically or otherwise could not be jointly dispatched with LG&E/KU units — if necessary, relying on dynamic scheduling — as part of the LG&E/KU control area? If so, please describe and document the basis for that contention.

15. (joint dispatch)

    a. For any reasons other than its objections to LG&E/KU participation in the Midwest ISO, does LG&E/KU contend that the Coleman, Green, Henderson II, Reid, and Wilson generating stations or any of these stations should not in the future be jointly dispatched with LG&E/KU units – if necessary, relying on dynamic scheduling – as part of the LG&E/KU control area? If so, please describe and document the basis for that contention.

    b. Is LG&E/KU or its parent company aware of any studies or management consideration related to such joint dispatch of LG&E/KU and affiliate operated Kentucky generating units? If so please describe and document all such studies or consideration.

16. Provide any and all agreements between LG&E/KU and WKE related to the purchase or sale of power or to the operation of LG&E/KU or WKE generating capacity.

17. Provide any and all agreements between LG&E/KU and its parent company or its parent company and WKE in which LG&E/KU is a beneficiary that are related to the purchase or power from WKE or sale of power to WKE, the operation of WKE generating capacity for the benefit of LG&E/KU, or the operation of LG&E/KU generating capacity for the benefit of WKE or its customers.

18. To the extent not already provided in response to requests 1 through 4 of this set, provide for each unit modeled in the Companies' PROSYM or MIDAS Gold analysis the inputs

used in each model to characterize the unit's forecasted operations, including but not limited to:

a. Fuel costs;

b. Fixed O&M Costs;

c. Variable O&M Costs;

d. Emissions Costs (by pollutant);

e. Start-up Costs (please indicate whether additive or included in other cost categories);

f. Capacity (by season);

g. Heat rate curves (or average heat rate at each capacity level modeled)

h. Commitment parameters including Ramp Up rate, Ramp Down rate, must run characteristics, and minimum down times;

i. Emission rates for each pollutant modeled;

j. Availability and maintenance schedules.

19. Provide a listing of the separate transaction groups, dispatching entities and dispatch pools modeled in the Companies' MIDAS Gold analysis.

    a. Did the Companies' PROSYM model include any transaction groups, dispatching entities, or pools other than LG&E/KU?

    b. If so, please identify all other transaction groups, dispatching entities and pools and the generating units and loads associated with each such group, entity or pool.

20. For each unit modeled in the Companies' PROSYM or MIDAS Gold analysis, identify the pool or utility to which that unit was assigned in each model. If there was a split ownership of any unit, describe how that split was represented.

21. To the extent not already provided in response to requests 1 through 4 of this set, identify the attributes of all contracts modeled in the Companies' PROSYM or MIDAS Gold analysis, including but not limited to:

a. Source;

b. Sink;

c. Energy profile;

d. Maximum capacity;

e. Identification of the party with dispatch control if not subject to a fixed energy schedule;

f. Purchase costs including demand charges, energy charges, and other costs;

g. Joint unit ownership, if any.

22. Please describe how were prices forecast in the Companies MIDAS Gold analysis (D. Sinclair Supp. Reb. Test. at p. 9), including a description of any bidding strategies, adders, or other factors that may have resulted in forecasted prices that differ from short-run marginal operating costs of the marginal generators?

    a. How were fixed operating and maintenance costs treated in the calculation of such prices?

    b. How was capital cost recovery treated in the calculation of such prices?

    c. For what pools, buses or other locations were prices forecast in this analysis?

23. Please provide the hourly prices and any available breakdown of the components or build up of those prices for each pool or location for which prices were generated in the Companies' MIDAS Gold analysis (D. Sinclair Supp. Reb. Test. at p. 9, Table 1).

24. Please provide a copy of the load forecast used in the Companies' PROSYM or MIDAS Gold analysis.

25. Did the Companies analysis of costs to LG&E/KU include costs to serve any contract loads?

    a. If so, please identify each such load and the MWh forecast to be served under that contract?

b. Please identify each load that that LG&E/KU is obligated to serve by contract during any portion of the period covered by the Companies study that was not included in the Companies analysis.

c. What are the MWH per year, summer peak MW, and location(s) of each such load?

26. How were LG&E/KU loads distributed by location or bus in the Companies' PROSYM or MIDAS Gold analysis?

    a. Did the distribution of loads vary by hour? If so on what basis?

    b. What non-conforming loads (loads that did not change in proportion to total load) were modeled in the Companies' analysis? Please provide volumes, location, hourly load shapes, and the basis for modeling these loads as not conforming to the average load profile.

27. Mr. Sinclair is critical of Dr. McNamara's use of identical bus load shapes (D. Sinclair Supp. Reb. Test. at p. 6). To the extent not already provided in response to requests 1 through 4 of this set, please provide the distribution LG&E/KU loads by hour and by bus as used in the Companies' PROSYM or MIDAS Gold analysis.

    a. Are hourly loads distributed by bus in its PROSYM or MIDAS Gold analysis?

    b. If not by what method are hourly loads distributed in these models?

    c. Do the Companies believe the locational distribution of hourly loads in their PROSYM or MIDAS Gold analysis is more accurate and precise than that used in Dr. McNamara's analysis? If so, what is the basis of that belief or contention?

28. What were the simplified transmission assumptions used in the MIDAS Gold analysis (D. Sinclair Supp. Reb. Test. at p. 8, line 2)?

    a. Please identify each transmission path or flowgate modeled in the Companies' MIDAS Gold analysis and the seasonal transfer capacities set for that path or flowgate.

b. Please identify all transmission contingencies modeled in the Companies' MIDAS Gold analysis and how each such contingency affected in the model the seasonal transfer capacities for other transmission paths or flowgates?

29. To what extent were comparable "simplified transmission assumptions" used in the Companies' PROSYM analysis (D. Sinclair Supp. Reb. Test. at p. 8, line 2)?

    a. Please identify each transmission path or flowgate modeled in the Companies' PROSYM analysis and the seasonal transfer capacities set for that path or flowgate.

    b. Please identify all transmission contingencies modeled in the Companies' PROSYM analysis and how each such contingency affected in the model the seasonal transfer capacities for other transmission paths or flowgates?

30. For each flowgate or transmission path modeled within PROSYM please identify:

    a. The buses that define the path or flowgate;

    b. The number of hours the path or flowgate was fully loaded or constrained in each PROSYM model run prepared in the Companies' PROSYM analysis; and

    c. The average and maximum shadow price associated with each such constraint.

31. To the extent not already provided in response to requests 1 through 4 of this set, please provide a copy of all power flow cases used in the Companies modeling and the results of the MUST analysis used to determine transmission limits in the Companies' PROSYM or MIDAS Gold analysis.

32. Company witness Sinclair indicates that the Companies were able to run MIDAS GOLD and PROSYM to evaluate the impacts of changing model inputs. (D. Sinclair Supp. Reb. Test. at p. 8, lines 15 and 16). Please provide the model inputs and results for each PROSYM or MIDAS Gold model run related to or prepared for the purpose of assessing the benefits and costs of LG&E/KU participation in MISO, including any runs that may not have been included in the Companies' previously filed testimony and workpapers.

a. Please describe the basis for each such model run and how it differs from other runs that the Companies relied upon in its filed testimony.

b. If the results of the run were not included in the Companies' filed testimony, please indicate why the results were not included.

33. With respect to the 98MW of inlet air cooling capacity on the 11N2 units at Brown (D. Sinclair Supp. Reb. Test. at p. 12, line 1), please identify the months when that capacity is available and how it varies during shoulder months?

34. To the full extent of the knowledge and information available to LG&E/KU and/or its parent company, please describe the following elements of lease arrangement between Western Kentucky Energy (WKE) and Big Rivers Electric Cooperative (BREC) for the operation of BREC units, including:

a. On what basis are lease payments determined?

b. Are lease payments fixed without reference to the market price of the power generated?

c. What are WKE's sales or supply obligations for supplying power to BREC?

d. Is WKE free to sell excess capacity in the wholesale market? What restrictions and / or profit sharing arrangements, if any, does the lease or any contracts with BREC impose on such wholesale transactions?

e. Are there any lease or contractual restrictions on WKE jointly dispatching these units with LG&E/KU owned generating capacity? If so please describe these restrictions and provide copies of the relevant lease or contractual provisions.

35. To the full extent of the knowledge and information available to LG&E/KU and/or its parent company, please describe what is WKE's operating agreement(s) with Henderson Municipal Power and Light for the Henderson II units?

a. On what basis are payments to WKE determined?

b. Are payments to WKE fixed without reference to the market price of the power generated?

c. What are WKE's sales or supply obligations for supplying power to Henderson?

d. Is WKE free to sell excess capacity in the wholesale market? What restrictions and/or profit sharing arrangements, if any, does the agreement(s) impose on such wholesale transactions? Who is entitled to the proceeds of such transactions?

e. Are there any contractual restrictions on WKE jointly dispatching these units with LG&E/KU owned generating capacity? If so, describe these restrictions and provide copies of the relevant contractual provisions.

36. Provide a description of the calculation and workpapers supporting the assertion in Mr. Sinclair's Supplemental Rebuttal Testimony that Dr. McNamara's In MISO case overstates off-system sales by 8,472 GWH and understates purchases by 520 GWH. Supplemental Rebuttal Testimony of David S. Sinclair at p. 13, *ll.*14 - 15.

    a. Please provide a description of the calculation and workpapers supporting the assertion in Mr. Sinclair's Supplemental Rebuttal Testimony that Dr. McNamara's TORC case overstates off-system sales by 6,842 GWH and understates purchases by 1,215 GWH. Supplemental Rebuttal Testimony of David S. Sinclair at p. 14, line 3-4.

37. Please provide workpapers and source references for Tables 2a and 2b in the Supplemental Rebuttal Testimony of David S. Sinclair at p. 13 – 15.

38. Please identify the date, time, and specific sources and sinks used to determine that the ATC out of BREC was 339 MW as indicated in the Supplemental Rebuttal Testimony of David S. Sinclair at p. 15.

39. Provide an hourly breakdown of all 2004 generation supplied into the LG&E/KU control area by the Dynegy units identified in Table 1 of Dr. Morey's supplemental rebuttal testimony?

40. Provide an hourly breakdown of all 2004 generation supplied into the LG&E/KU control area by the Paris units identified in Table 1 of Dr. Morey's supplemental rebuttal testimony?

41. Do LG&E/KU operate the City of Paris diesel units identified in Table 1 of Dr. Morey's supplemental rebuttal testimony?

42. Were the loads of the City of Paris referenced at page 10, line 11 of Dr. Morey's supplemental rebuttal testimony included in the LG&E/KU loads modeled in the Companies PROSYM analysis?

43. Dr. Morey (MJM Supp. Rebuttal at 15 *l*.17 – 16 *l*.1 and fn.3) describes "at least one reason" the Midwest ISO estimate of OSS costs is higher than an average of the LG&E/KU estimates.

    a. Are there any other reasons for the higher estimate?

    b. Is it Dr. Morey's opinion that the inclusion of additional generation resulted in "something in the neighborhood of 9 million MWh of off-system sales to be made in MISO's analysis" (MJM Supp. Reb. at p. 17, line 5-6) over and above what would have been shown in MISO's analysis if MISO had attributed to LG&E/KU the same set of resources as was attributed to the Companies in the Companies PROSYM and MIDAS Gold analysis?

    c. If so, please full describe and provide calculations that form the basis of that conclusion.

44. At points (*e.g.*, MJM Supp. Rebuttal at 18 *l*.10, 20 *l*.10), there is reference to numbers or spreadsheets supplied in the Midwest ISO's "Response 54 Followup." The Midwest ISO's response to LG&E/KU 12/07/04 Data Request No. 54 was a reference to electronic files provided to LG&E/KU on 12/07/04 and to the Commission and all parties (including, again, LG&E/KU) on 12/15/04; the Midwest ISO has made no "followup" to this response. To what, precisely, does the designation "Response 54 Followup" refer?

45. MJM Supp. Rebuttal at 21 *ll*.1-6 states: "[T]he relative impacts of the mistaken inclusion of this generation are not the same in the In MISO option and the TORC option. For example, OSS sales revenues drop from $164.6 million to $44.5 million, corresponding to 2.3 million MWh of OSS, which is no way consistent with the experience of the Companies' that historically is very much akin to a TORC scenario."

a. What part (*e.g*. years, functions, etc.) of the LG&E/KU experience is "historically … very much akin to a TORC scenario," in what way (s) is it akin, and how is it different?

b. Describe how the sales revenues drop (or absolute level of sales and corresponding MWh) is not consistent with LG&E/KU experience.

46. MJM Supp. Rebuttal at 21 *ll*.7-15 discusses the effect of Mr. Sinclair's "adjustments" on power purchases and variable generation costs in the In-MISO and TORC scenarios.

a. With what time period of the LG&E/KU historical experience are the "adjusted" In-Miso power purchases and variable generations costs "more in line" than the "adjusted" TORC numbers?

b. Provide the "Companies' estimates" and "historical experience" numbers for power purchases and variable generation costs compared to the "adjusted TORC numbers.

c. Describe how the adjusted TORC results are not consistent with LG&E/KU experience.

47. To the extent not already provided in response to requests 1 through 4 of this set, please provide the data and spreadsheets used to produce the In-MISO Energy Bid Curves chart at MJM Supp. Rebuttal at 24 *l*.4.

48. Provide specific references (workbook, spreadsheet, and column/row) to the information in "the work papers that … reveal that the Companies' FTR revenues would have only amounted to $11.3 million in the 2005 simulation" and show the calculations by which (MJM Supp. Rebuttal at 26 *ll*.9-12). [Note that no spreadsheet or workbook entitled "Confidential-In-MISO_Total_Costs.xls" was filed in this proceeding, although a workbook so entitled was provided to LG&E/KU on 12/7/04 for review to determine whether the Midwest ISO should request confidential treatment of any of the data provided therein.]

49. Does LG&E/KU have any estimates, or has it conducted any studies, of "the actual financial impact of all of the FTRs nominated in the actual Day Two Market" (MJM

Supp. Rebuttal at 26 *ll.*16-17.) Provide any such estimates or studies in the possession or control of LG&E/KU.

50. Dr. Morey opines: "The Companies should attempt to achieve the necessary reliability and regional coordination benefits at the lowest possible cost." (MJM Supp. Rebuttal at 32 *ll.*19-20).

    a. Does Dr. Morey contend that increases in reliability or regional coordination have no value to LG&E or KU or to their Kentucky customers?

    b. If so, provide any data or studies that support his contention. If not, what is Dr. Morey's estimate of the marginal value (cost) of a given increase (decrease) to the current level of (i) reliability on the LG&E/KU transmission system, (2) improvement in the reliability of the regional transmission system, and (3) regional coordination.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

Response to LG&E/KU's Objection to the Midwest ISO's 1/21/05 Supplemental Data Responses

For its response to the objections of Louisv any and Kentucky Utilities Company (collectively referre ') to its supplemental data responses, the Midwest Indep Original m Operator, Inc. ("the Midwest ISO") states as follows:

On January 21, 2005, the Midwest ISO filed and served supplemental responses to LG&E/KU's supplemental data requests numbers 2 and 47, filed on December 7, 2004 ("12/07/04 Supplemental Requests"). These consisted of (a) an updated analysis of benefits and costs of LG&E/KU's participation in the Midwest ISO's energy markets that the Midwest ISO completed after providing its initial response to the 12/07/04 Supplemental Requests on December 21, 2004; and (b) an interim report submitted to FERC on January 5, 2005, describing the process and results of the first two (of four) tiers of its FTR allocation process. As part of the updated analysis provided in response to supplemental response number 2, the Midwest ISO included verified testimony from Dr. McNamara explaining the updates and corrections that were included in this benefit-cost analysis. LG&E/KU now moves to strike these supplemental data responses from the record because, in its opinion, they are "much more" than supplemental. LG&E/KU's Objection at p. 3. This is simply not the case.

In 12/07/04 Supplemental Request Number 2(b), LG&E/KU asks the following (emphases added):

> Whether MISO obtained, conducted, or performed <u>any analyses or studies</u>, under Dr. McNamara's direction or otherwise, in addition to those previously produced in this proceeding, that would in any way relate to the subject matter of this investigation. If so, please produce a copy of <u>each such analysis or study</u>.

The materials provided in the Midwest ISO's supplemental response to this request all relate to a benefit-cost analysis regarding LG&E/KU membership in the Midwest ISO (especially with respect to the energy markets to start up on March 1, 2005), and show the changes in the inputs and results compared to the benefit-cost analysis filed by the Midwest ISO on November 19, 2005. As such, they constitute "analyses or studies" relating to "the subject matter of this investigation" and are directly responsive to LG&E/KU 12/07/04 Supplemental Request 2(b). The Midwest ISO was duty-bound to supplement its response to this data request when an updated analysis was completed. It did so. It is now perplexed as to why LG&E/KU seeks to strike its supplemental responses and keep an updated analysis relating to the subject matter of this investigation away from the Commission.

LG&E/KU's objection to the Midwest ISO's supplemental response to Supplemental Request Number 47 is similarly perplexing. That request asked the Midwest ISO to provide data in electronic format regarding "the four tier illustrative FTR allocation results, including without limitation, the percent of peak load FTR that was nominated by each MISO market participant." On January 7, 2005, counsel for the Midwest ISO alerted counsel of record in this proceeding that the Midwest ISO had filed the aforementioned interim informational report with FERC, provided the URL address through which the parties could download the .zip file containing the voluminous attachments for this filing, and attached a .pdf file of the six-page covering letter.[1] In an e-mail dated January 12, 2005, Commission Staff directed counsel for the Midwest ISO to file this information in the record for this proceeding.[2] The Midwest ISO has now filed the interim report, as a supplemental response to LG&E/KU Supplemental Request Number 47, pursuant to the Commission Staff's direction.

The sole basis offered by LG&E/KU for striking the Midwest ISO's supplemental responses is its argument that the Midwest ISO is attempting to introduce "additional testimony from Dr. McNamara." If LG&E/KU's objection is to the form in which the information is provided (*i.e.* as verified testimony), the Midwest ISO can remedy that objection by incorporating the information into the text of its supplemental response. LG&E/KU does not assert that it would suffer prejudice if the Commission did not strike the "additional testimony" included in the Midwest ISO's supplemental responses. In fact, LG&E/KU cannot demonstrate that it will suffer prejudice by allowing the Commission to have access to any or all of the updated analysis of the benefits and costs of its participation in the Day 2 Markets.

As alternative relief, LG&E/KU requests leave to file testimony by February 4, 2005, in response to the analyses contained the Midwest ISO's supplemental responses. The Midwest ISO does not object to this request. However, such additional testimony would seem superfluous to the extent that it critiques the Midwest ISO's updated analysis on the grounds that the updated analysis "erroneously" attributes to LG&E/KU certain generation units to which they do not have contractual rights. *See* LG&E/KU's Objection at p. 3. The Midwest ISO notes that, because it completed its

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[1] Attachment A to this letter was a 537-page list providing the complete results of the Tier 1, Tier 2, and Restoration allocations, and Attachment B was an Notice of Informational Filing. The Supplemental Rebuttal Testimony of Martyn Gallus, filed January 10, 2005, discusses the allocation (at p.14) and attaches the letter (without its attachments) as MG Rebuttal Exhibit 1.

[2] Commission Staff sent this e-mail to all counsel of record.

updated analysis before LG&E/KU filed its supplemental rebuttal testimony alleging this error, the same generating units used in its earlier studies (filed December 29, 2003, and November 19, 2004) are <u>also</u> used in its updated analysis. The Midwest ISO seeks to address that alleged error with its request for leave to file additional testimony.

WHEREFORE, the Midwest ISO respectfully requests that that the Commission deny LG&E/KU's request to strike its supplemental responses to 12/07/04 LG&E/KU Supplemental Requests, Numbers 2 and 47.

Respectfully submitted,

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CERTIFICATE OF FILING AND SERVICE

I hereby certify that on this the 26th day of January, 2005, the original and ten (10) copies of the foregoing, were sent to the Commission, via U.P.S., for filing. A copy of the foregoing has also been sent via U.P.S. for overnight delivery to:

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