

YUNKER & ASSOCIATES

DB

Katherine K. Yunker
P.O. Box 21784
Lexington, KY 40522-1784

859-255-0629
FAX: 859-255-0746
yunker@desuetude.com

October 6, 2003
VIA HAND DELIVERY

Thomas M. Dorman, Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

RECEIVED


OCT - 6 2003

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. PUBLIC SERVICE
COMMISSION

Dear Mr. Dorman:

Pursuant to 807 KAR 5:001, Section 8(2), enclosed are the original and ten (10) copies of Initial Data Requests to LG&E and KU, to be filed in the above-referenced proceeding on behalf of Midwest Independent Transmission System Operator, Inc. The additional copy is to be stamped with the date of receipt/filing and returned to us in the enclosed self-addressed stamped envelope.

Sincerely,


Katherine K. Yunker

Enclosures

cc: Richard A. Raff, Esq.
Service List

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

REC

OCT - 6 2003

PUBLIC SERVICE
COMMISSION

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

Midwest Independent Transmission System Operator, Inc. ("Midwest ISO"),
pursuant to the scheduling in the Order dated July 31, 2003, hereby submits these data
requests to Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities
Company ("KU"):

Instructions

- a. Identify for each Request (a) the witness who is responding and will be prepared to answer further questions about the subject matter of that Request and (b) any other person who prepared or provided information for the response.
- b. These Requests are continuing, so as to require further and supplemental responses if LG&E/KU locates, receives, or generates additional information within the scope of these Requests between the time of the response and the time of any hearing conducted in this case.
- c. If any Request appears confusing or it is not clear what information is being sought, please seek clarification from the undersigned counsel.
- d. In these Requests, "document" refers to writings and records of every type and encompasses a tangible or intangible compilation of data or information.
 - i. Documents that are in electronic form, e.g., e-mail, computerized forms, or databases, may be provided as print-outs (hard copies) or sent in a usable electronic format on a diskette or other storage medium or via e-mail or the Internet.

- ii. If a document requested is readily available and downloadable from Internet (including the Web), it is a sufficient response to identify the document, provide a specific address, and give any necessary directions for downloading it.
 - iii. If a response is provided by reference to, or in the form of, a database, identify and explain each field or variable contained in or categorizing the data unless it is self-evident to a person not otherwise familiar with the database.
 - iv. If no document is responsive to a request calling for a document, then so state and treat the question as requesting a textual response.
- e. If LG&E/KU has objections to any Request on the grounds that the requested information is proprietary in nature, and LG&E/KU intends to seek confidential treatment of that information from the Commission pursuant to 807 KAR 5:001 § 7, please notify undersigned counsel in advance of filing and serving the responses regarding the subject matter and the intent to seek confidential treatment.
- f. Capitalized or *italicized* terms in these Data Requests are defined as follows:
- i. LG&E/KU — LG&E and KU, collectively and individually.
 - ii. Commission — Kentucky Public Service Commission.
 - iii. FERC — Federal Energy Regulatory Commission.
 - iv. *the cost-benefit analysis* — the cost-benefit analysis attached to the testimony of Mathew J. Morey as Exhibit MJM-1.

Information Requests

1. Paul W. Thompson refers (p. 15 *ll.* 18-20) to preapprovals from FERC permitting withdrawal from Midwest ISO “under conditions acceptable” to LG&E/KU.
 - a. What conditions for such withdrawal are acceptable to LG&E/KU?
 - b. What conditions for such withdrawal are not acceptable to LG&E/KU?
2. Michael S. Beer mentions (p. 7 *ll.* 1-9) that there is a small risk that the FERC would strip companies who did not “voluntarily” join an RTO of their market-based rate authority and that it was not clear whether the FERC would impose new or different conditions in reassessing the companies’ corporate restructuring.

- a. Provide a detailed explanation of whether there are similar risks that the FERC might strip LG&E/KU of its market-based rate authority if it withdrew from Midwest ISO.
 - b. Describe in detail any foreseeable new or different conditions that the FERC might impose upon LG&E/KU as a result of its withdrawal from Midwest ISO.
3. Describe the control over its transmission facilities that LG&E would acquire if it withdrew from Midwest ISO. Is the original book value of such transmission facilities greater than or equal to \$1 million? Would such transmission facilities continue to be used to provide the same or similar service to LG&E or its customers?
4. Describe the control over its transmission facilities that KU would acquire if it withdrew from Midwest ISO. Is the original book value of such transmission facilities greater than or equal to \$1 million? Would such transmission facilities continue to be used to provide the same or similar service to KU or its customers?
5. Matthew J. Morey testifies (p. 12 *ll.* 20-23) that “by operating a stand-alone system, LGE/KU would be better able to control the costs and the risks that it faces from transmission congestion within its own transmission system ... and would be better able to avoid curtailment within its system.” Identify and provide all studies, analyses, and documents that relate to this testimony.
6. Matthew J. Morey mentions (p. 15 *ll.* 6-8) that even if Midwest ISO offers net efficiency gains, some portion of these gains “can be captured by utilities at Midwest ISO’s borders without these utilities directly participating in Midwest ISO.” Describe in detail how companies may capture a portion of these gains without participating in Midwest ISO.
7. Mathew J. Morey concludes (p. 16 *ll.* 4-5) that there are “strong reasons to believe” that Midwest ISO membership will be more beneficial to LG&E/KU than membership in the SeTrans RTO. Describe and quantify the advantages of Midwest ISO membership over membership in the SeTrans RTO.
8. Provide copies of each publication, professional paper, conference presentation, and testimony listed in the Appendix to Matthew J. Morey’s testimony (pp. 24-29). Also

- provide any publication, paper, presentation, or testimony not listed in the Appendix that relates to any electric power or power regulation issue.
9. Provide all supporting workpapers for *the cost-benefit analysis*.
 10. To the extent not already identified in the workpapers, identify the source of any numerical data (historical, projected, or estimated) used in *the cost-benefit analysis*.
 11. Provide all supporting studies, derivations, or workpapers for numerical data or assumptions used in *the cost-benefit analysis* for which LG&E/KU was the source of the data or assumption.
 12. *The cost-benefit analysis*, § 1.3.2, at p. 4, states that after withdrawal from Midwest ISO, LG&E/KU would operate “essentially as it did prior to joining MISO and to turning functional control of its transmission facilities over to MISO.” Describe in what ways LG&E/KU would operate differently from how it did prior to joining Midwest ISO if it were to withdraw from Midwest ISO and become a standalone system.
 13. *The cost-benefit analysis*, § 3.4.2, at p. 24, asserts that if LG&E/KU operated as a standalone system, “the treatment that LGE/KU transactions would receive in cases where curtailment is necessary to relieve congestion should not differ from treatment as a member of MISO or any other RTO.” Provide the basis for this assertion.
 14. What is the basis for the statement in *the cost-benefit analysis*, § 3.5.1, at p. 27, that “[i]t does not seem reasonable to assume that the FTR allocation could be greater than the existing physical rights, so that something less than 100% of the current entitlement is likely.” Provide the basis for this statement.
 15. *The cost-benefit analysis*, § 3.5.2, at p. 27, asserts that if LG&E/KU operated as a standalone system, it would retain all the rights it currently owns to its own system for service to native load customers.
 - a. Provide the basis for the referenced statement.
 - b. If LG&E/KU maintained the rights it currently owns for its own system to service native load customers as a standalone system, describe what mechanisms it plans to use to replace TLRs in order to manage loop flows on the system.

16. Identify and provide all studies, analyses, and documents that the assumptions set forth in Table 3.3 (at p. 56) of *the cost-benefit analysis* are based upon.
17. Part 8 of *the cost-benefit analysis*, at p. 62, lists as a reference, “J. Torgerson, S. Kozey, R. McNamara, and M. Holstein, ‘Midwest ISO Discussion with LG&E Energy,’ August 5, 2003.”
 - a. Identify the LG&E Energy personnel involved in the referenced discussion, by name, job title, a brief description of responsibilities, and whether the person’s involvement in the discussions was in the performance of duties for the regulated utility business.
 - b. Identify the data and statement(s) in *the cost-benefit analysis* that rely on the referenced discussion.
 - c. Provide any notes or other documents memorializing or summarizing the referenced discussion.
18. Did LG&E/KU perform a cost/benefit analysis prior to joining Midwest ISO? If yes, provide the analysis. If no, explain why an analysis was not performed.
19. Did LG&E/KU perform a cost/benefit analysis regarding its continuing membership in Midwest ISO prior to the instant investigation? If yes, provide the analysis. If no, explain why an analysis was not performed.
20. Quantify the anticipated reduction in reliability of services that will result from LG&E/KU’s withdrawal from Midwest ISO.
21. What is LG&E/KU’s protocol for managing system overloads if it is not a member of MISO?
22. Identify any services currently offered by Midwest ISO that are not being offered by LG&E/KU.
 - a. Will LG&E/KU begin to offer these services upon withdrawal from Midwest ISO? If yes, identify such services.

- b. For those services that LG&E/KU will discontinue due to its withdrawal from Midwest ISO, explain how LG&E/KU will adjust rates to reflect the elimination of its costs in providing such services.
 - c. Describe the extent to which LG&E/KU's workforce will be increased or reduced by its withdrawal from Midwest ISO.
23. Describe and quantify all of the revenue requirement impacts from membership in Midwest ISO currently affecting LG&E/KU's tariffed retail rates.
24. Describe and quantify all of the revenue requirement impacts on tariffed retail rates that LG&E/KU are proposing or intend to propose as a result of withdrawing from Midwest ISO.
25. Provide a copy of every document and analysis relied upon by LG&E/KU in its decision to pursue an exit from Midwest ISO.
26. Provide a list of all regulatory approvals required to withdraw from Midwest ISO and
- a. operate on a stand-alone basis.
 - b. join a different RTO.
 - c. join or create a Kentucky ISO.
27. Provide a copy of the LG&E /KU open access transmission service tariff(s) on file with FERC and effective prior to commencement of service over LG&E/KU's transmission system under the Midwest ISO OATT. Is it LG&E/KU's contention that such formerly-effective tariff(s) is the one under which it should be permitted by FERC to provide service as a standalone system? If no, provide a copy of description of the tariff(s) under which LG&E/KU propose to provide service as a standalone system.
28. Identify and provide all studies, analyses, and documents that relate to transfers on or after January 1, 1993 across the LG&E/KU transmission system and impacts of those transfers on the LG&E/KU transmission facilities.
29. Identify and provide any LOLE studies conducted in the last five years, including but not limited to economic impacts.

30. Provide a detailed organization chart for LG&E/KU's transmission department/function prior to and after joining Midwest ISO.
31. For the last general rate case of LG&E/KU at the Commission, state
 - a. the case number;
 - b. date(s) of the final order and any orders on rehearing; and
 - c. whether the Commission decision is final.

Respectfully submitted,

Katherine K. Yunker
Benjamin D. Allen
YUNKER & ASSOCIATES
P.O. Box 21784
Lexington, KY 40522-1784
859-266-0415
fax: 859-266-3012

Stephen G. Kozey
Michael E. Allen
MIDWEST INDEPENDENT TRANSMISSION
SYSTEM OPERATOR, INC.
701 City Center Drive
Carmel, IN 46032
317-249-5850

BY: 
ATTORNEYS FOR MIDWEST INDEPENDENT
TRANSMISSION SYSTEM OPERATOR, INC.

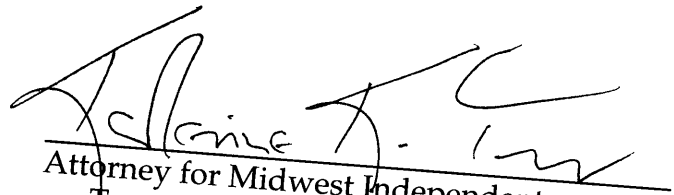
CERTIFICATE OF FILING AND SERVICE

I hereby certify that on this the 6th day of October, 2003, the original and ten (10) copies of this Initial Data Requests to LG&E and KU were hand-delivered for filing with the Commission, an electronic file was e-mailed to Linda Portasik, counsel for LG&E and KU, and a copy was sent by first-class U.S. mail to:

Michael S. Beer
LG&E Energy Corp.
220 West Main St.
P.O. Box 32030
Louisville, KY 40232-2030

Michael L. Kurtz
Boehm, Kurtz & Lowry
Suite 2110 CBLD Building
36 East Seventh Street
Cincinnati, OH 45202

Elizabeth E. Blackford
Assistant Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive; Suite 200
Frankfort, KY 40601-8204



Allison A. Low
Attorney for Midwest Independent
Transmission System Operator, Inc.