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 |

**Responses of**
**Midwest Independent Transmission System Operator, Inc.**
**to the LG&E/KU 8/18/04 Data Requests**

Midwest Independent Transmission System Operator, Inc. ("Midwest ISO") hereby responds to the data requests propounded by Louisville Gas and Electric Company and Kentucky Utilities Company (collectively, "LG&E/KU") on August 18, 2004. Midwest ISO's response consists of one bound volume of text responses and attachments.

Per an agreement with counsel for LG&E/KU, the Midwest ISO previously provided electronic files of its responses to LG&E/KU by e-mail. The Midwest ISO is now providing completed hard-copy volumes of its responses for filing with the Commission and service on the parties.

Today, prior to this filing, the Midwest ISO provided to counsel for LG&E/KU, via e-mail, a supplemented response to LG&E/KU 8/18/04 Data Request Number 28. This replaced the Midwest ISO's original response to Data Request Number 28, previously sent via e-mail to LG&E/KU; the response in the hard-copy volume being filed today is the supplemented version.

Counsel for Midwest ISO, rather than any witness, are responsible for any objection interposed to a data request. In most instances, in a spirit of cooperation and without waiving the stated objection, a response has nonetheless been provided.

Respectfully submitted,

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1667 K. Street N.W., Suite 700
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(202) 776-7830

By: _____

**ATTORNEYS FOR THE MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC.**

CERTIFICATE OF FILING AND SERVICE

I hereby certify that on this the 8th day of September, 2004, the original and ten (10) copies of the foregoing Responses to LG&E/KU 8/18/04 Data Requests were hand-delivered to the Commission for filing, and a copy was sent, via first-class U.S. mail, postage prepaid, to:

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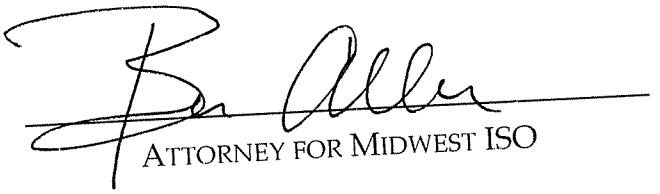

ATTORNEY FOR MIDWEST ISO

**REQUEST:**

1. Please provide any analysis or empirical evidence of the costs LG&E and KU will incur through their participation in the Midwest ISO's Open Access Transmission and Energy Markets Tariff ("TEMT").

**RESPONSE:**

The Midwest ISO previously provided the requested information in this docket. It will provide any revisions or updates to that information with its testimony to be filed in this matter on September 22, 2004.

Witness: Michael P. Holstein

**REQUEST:**

2. Please provide in electronic format (i.e., Excel spreadsheet format) all of the worksheets that accompany the affidavit of Ronald R. McNamara submitted in the MISO Filing *Re: Midwest Independent Transmission System Operator, Inc.*, Docket No. ER04-691-000 and *Public Utilities with Grandfathered Agreements in the Midwest ISO Region*, Docket No. EL04-104-000.

**RESPONSE:**

Please see the compliance and supplemental filings of the Midwest ISO in Federal Energy Regulatory Commission ("FERC") Docket Nos. ER04-691-000 and EL04-104-000, which were submitted on June 25, 2004, and June 28, 2004. These filings can be viewed or downloaded at the Midwest ISO's web page at http://www.midwestiso.org/ under the heading "Filings to FERC" or through the FERC's web page at http://www.ferc.gov/.

Witness: Ronald R. McNamara

**REQUEST:**

3. Please refer to the two exhibits RRM-4 (Annual Congestion Management Savings from Proposed TEMT-Cost of Service Perspective) and RRM-5 (Annual Congestion Management Savings from Proposed TEMT-Market Price of Power Perspective Sensitivity Analysis with 92.3% Maximum Flowgate Utilization), exhibits supporting the affidavit of Ronald R. McNamara submitted in the MISO Filing *Re: Midwest Independent Transmission System Operator, Inc,* Docket No. ER04-691-000 and *Public Utilities with Grandfathered Agreements in the Midwest ISO Region*, Docket No. EL04-104-000. Please provide in electronic format (i.e., Excel spreadsheet format) a breakdown of each column in RRM-4 and RRM-5 by state and utility.

**RESPONSE:**

Objection: The request calls for study and analysis that has not been prepared by MISO and which would be unduly burdensome to prepare in response to this interrogatory. Without waiving that objection, the Midwest ISO provides the following response.

Response: The referenced exhibits were not prepared for the purpose of calculating benefits at an individual utility or state level. With respect to Exhibit RRM-4, no breakdown by utility was prepared that reflects changes in individual utility costs and revenues associated with purchase and sale transactions and no breakdown of the net cost of service by company was developed. And, in the absence of such additional analysis of utility purchases and sales, it is not possible to infer what may be the net cost to serve any individual utility based upon a breakdown of the generating cost data for Exhibit RRM-4. With this caveat, a breakdown by utility for the Total Generation Costs presented in Exhibit RRM-4 is attached to this response. (An electronic file of the spreadsheets, in Excel format, has been provided to LG&E/KU.) No breakdown of the data in Exhibit RRM-4 by state has been developed. No breakdowns of the data in Exhibit RRM-5 by state or utility have been developed.

Witness: Ronald R. McNamara

**Exhibit RRM-4**

Company by company breakdown of total generation cost inputs to the case: 2005 Cost of Service for Current Operations

| Company | Date | Total Generation Costs |
|---|---|---|
| ALWST | January-05 | 27311722.46 |
| ALWST | February-05 | 28742487.94 |
| ALWST | March-05 | 30583971.98 |
| ALWST | April-05 | 26665739.58 |
| ALWST | May-05 | 27769268.17 |
| ALWST | June-05 | 32803263.83 |
| ALWST | July-05 | 36691629.86 |
| ALWST | August-05 | 36573747.21 |
| ALWST | September-05 | 32566709.6 |
| ALWST | October-05 | 28163393.03 |
| ALWST | November-05 | 27607746.93 |
| ALWST | December-05 | 28937308.07 |
| AUEP | January-05 | 57786562.21 |
| AUEP | February-05 | 53869812.93 |
| AUEP | March-05 | 60436538.4 |
| AUEP | April-05 | 61463889.23 |
| AUEP | May-05 | 65838050.1 |
| AUEP | June-05 | 66021403.47 |
| AUEP | July-05 | 74482400.9 |
| AUEP | August-05 | 71953910.3 |
| AUEP | September-05 | 66123581.25 |
| AUEP | October-05 | 52871856.12 |
| AUEP | November-05 | 50799484.11 |
| AUEP | December-05 | 57007345.91 |
| CEC | January-05 | 56610577.38 |
| CEC | February-05 | 56163850.67 |
| CEC | March-05 | 61344417.11 |
| CEC | April-05 | 64235072.61 |
| CEC | May-05 | 68561766.94 |
| CEC | June-05 | 95137118.59 |
| CEC | July-05 | 116257146.5 |
| CEC | August-05 | 109486440.1 |
| CEC | September-05 | 84513123.27 |
| CEC | October-05 | 72937211.52 |
| CEC | November-05 | 58314324.32 |
| CEC | December-05 | 52815249.44 |
| CGE | January-05 | 46579770 |
| CGE | February-05 | 41806642.12 |
| CGE | March-05 | 39748439.37 |
| CGE | April-05 | 44213070.3 |
| CGE | May-05 | 63691467.83 |
| CGE | June-05 | 75039154.61 |
| CGE | July-05 | 75097828.83 |
| CGE | August-05 | 74347485.74 |
| CGE | September-05 | 70766833.11 |
| CGE | October-05 | 42420789.1 |
| CGE | November-05 | 45024180.32 |
| CGE | December-05 | 46326361.44 |

| Company | Date | Total Generation Costs |
|---|---|---|
| CIL | January-05 | 11063633.92 |
| CIL | February-05 | 10566172.94 |
| CIL | March-05 | 11193043.04 |
| CIL | April-05 | 10603498.14 |
| CIL | May-05 | 17382376.28 |
| CIL | June-05 | 18098814.89 |
| CIL | July-05 | 19551797.15 |
| CIL | August-05 | 19963336.21 |
| CIL | September-05 | 17203667.58 |
| CIL | October-05 | 11202666.73 |
| CIL | November-05 | 11626878.2 |
| CIL | December-05 | 11362993.18 |
| CIPS | January-05 | 28384945.03 |
| CIPS | February-05 | 24902094.42 |
| CIPS | March-05 | 28504396.33 |
| CIPS | April-05 | 29071788.72 |
| CIPS | May-05 | 27490083.76 |
| CIPS | June-05 | 37491564.98 |
| CIPS | July-05 | 45189182.71 |
| CIPS | August-05 | 45900516.55 |
| CIPS | September-05 | 35968857.56 |
| CIPS | October-05 | 26643418.52 |
| CIPS | November-05 | 31844634.65 |
| CIPS | December-05 | 28544798.04 |
| DETED | January-05 | 97185506.29 |
| DETED | February-05 | 92966977.13 |
| DETED | March-05 | 97255900.31 |
| DETED | April-05 | 104066599 |
| DETED | May-05 | 126274884 |
| DETED | June-05 | 145290038.7 |
| DETED | July-05 | 157877799.6 |
| DETED | August-05 | 158864574.4 |
| DETED | September-05 | 132152383.5 |
| DETED | October-05 | 82949895 |
| DETED | November-05 | 97852864.68 |
| DETED | December-05 | 97366945.33 |
| EEI | January-05 | 10895884.72 |
| EEI | February-05 | 9344724.83 |
| EEI | March-05 | 9780760.97 |
| EEI | April-05 | 10995106 |
| EEI | May-05 | 13153336.6 |
| EEI | June-05 | 13252883.31 |
| EEI | July-05 | 14105830.06 |
| EEI | August-05 | 14513857.73 |
| EEI | September-05 | 11871343.06 |
| EEI | October-05 | 9803312.57 |
| EEI | November-05 | 10074106.66 |
| EEI | December-05 | 9427642.82 |
| FE | January-05 | 148266386.2 |
| FE | February-05 | 143600295.9 |
| FE | March-05 | 145081197.4 |
| FE | April-05 | 147902651.5 |
| FE | May-05 | 176812415.5 |
| FE | June-05 | 194030337.1 |

| Company | Date | Total Generation Costs |
|---|---|---|
| FE | July-05 | 209784885.2 |
| FE | August-05 | 207893277.2 |
| FE | September-05 | 184733493.2 |
| FE | October-05 | 139625330.4 |
| FE | November-05 | 146423425.6 |
| FE | December-05 | 148132228.7 |
| GRE | January-05 | 14767273.15 |
| GRE | February-05 | 13473626.29 |
| GRE | March-05 | 13739910.5 |
| GRE | April-05 | 10576714.66 |
| GRE | May-05 | 12817548.1 |
| GRE | June-05 | 12474774.79 |
| GRE | July-05 | 12409261.12 |
| GRE | August-05 | 13837342.1 |
| GRE | September-05 | 13242309.93 |
| GRE | October-05 | 11604800.71 |
| GRE | November-05 | 13080470.36 |
| GRE | December-05 | 15124748.12 |
| HEC | January-05 | 13360741.18 |
| HEC | February-05 | 12904383.85 |
| HEC | March-05 | 12961559.51 |
| HEC | April-05 | 10770699.57 |
| HEC | May-05 | 20316145.27 |
| HEC | June-05 | 19791290.16 |
| HEC | July-05 | 21233271.4 |
| HEC | August-05 | 19991523.12 |
| HEC | September-05 | 18398032.81 |
| HEC | October-05 | 10906832.83 |
| HEC | November-05 | 12265444.95 |
| HEC | December-05 | 11967944.58 |
| ILPC | January-05 | 34723575.3 |
| ILPC | February-05 | 36834217.93 |
| ILPC | March-05 | 38180624.91 |
| ILPC | April-05 | 40483901.62 |
| ILPC | May-05 | 44231259.93 |
| ILPC | June-05 | 51627478.93 |
| ILPC | July-05 | 60115525.92 |
| ILPC | August-05 | 56123253.82 |
| ILPC | September-05 | 46359597.46 |
| ILPC | October-05 | 36937058.14 |
| ILPC | November-05 | 36039667.45 |
| ILPC | December-05 | 35955725.52 |
| IP&L | January-05 | 26333749.3 |
| IP&L | February-05 | 24779590.08 |
| IP&L | March-05 | 24458922.8 |
| IP&L | April-05 | 29299368.1 |
| IP&L | May-05 | 38061548.81 |
| IP&L | June-05 | 39827342.28 |
| IP&L | July-05 | 42048235.78 |
| IP&L | August-05 | 44275963.03 |
| IP&L | September-05 | 36951883.11 |
| IP&L | October-05 | 22194557.77 |
| IP&L | November-05 | 25080224.86 |
| IP&L | December-05 | 26617341.55 |

| Company | Date | Total Generation Costs |
|---|---|---|
| LBWL | January-05 | 6519560.24 |
| LBWL | February-05 | 5462258.64 |
| LBWL | March-05 | 6015890.68 |
| LBWL | April-05 | 7242724.92 |
| LBWL | May-05 | 7876085.08 |
| LBWL | June-05 | 8171398.1 |
| LBWL | July-05 | 8629656.81 |
| LBWL | August-05 | 9214545.11 |
| LBWL | September-05 | 8740690.49 |
| LBWL | October-05 | 6123175.87 |
| LBWL | November-05 | 5942102.57 |
| LBWL | December-05 | 6306954.74 |
| LG&E | January-05 | 70645531.37 |
| LG&E | February-05 | 66820088.46 |
| LG&E | March-05 | 71335925.6 |
| LG&E | April-05 | 75665251.32 |
| LG&E | May-05 | 87456984.36 |
| LG&E | June-05 | 106914559.7 |
| LG&E | July-05 | 123403294.7 |
| LG&E | August-05 | 118009971.9 |
| LG&E | September-05 | 99970148.53 |
| LG&E | October-05 | 70836373.67 |
| LG&E | November-05 | 61250717.12 |
| LG&E | December-05 | 67841169.5 |
| MDU | January-05 | 5447614.07 |
| MDU | February-05 | 4686449.07 |
| MDU | March-05 | 4806442.28 |
| MDU | April-05 | 4426456.68 |
| MDU | May-05 | 2474014.57 |
| MDU | June-05 | 3983420.24 |
| MDU | July-05 | 4812225.07 |
| MDU | August-05 | 4971626.33 |
| MDU | September-05 | 4193550.71 |
| MDU | October-05 | 5417101.06 |
| MDU | November-05 | 5119299.58 |
| MDU | December-05 | 4953208.15 |
| MGE | January-05 | 4062955.57 |
| MGE | February-05 | 3885622.65 |
| MGE | March-05 | 4593312.62 |
| MGE | April-05 | 4833458.57 |
| MGE | May-05 | 4717008.72 |
| MGE | June-05 | 5296028.97 |
| MGE | July-05 | 6320634.76 |
| MGE | August-05 | 5958197.46 |
| MGE | September-05 | 5148907.89 |
| MGE | October-05 | 4038663.44 |
| MGE | November-05 | 3649716.87 |
| MGE | December-05 | 4073800.5 |
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| MPL | February-05 | 11105063.39 |
| MPL | March-05 | 12592827.63 |
| MPL | April-05 | 13422899.49 |
| MPL | May-05 | 10462105.41 |
| MPL | June-05 | 11640291.43 |

| Company | Date | Total Generation Costs |
|---|---|---|
| MPL | July-05 | 12921136.28 |
| MPL | August-05 | 14102593.6 |
| MPL | September-05 | 12798904.15 |
| MPL | October-05 | 14557299.48 |
| MPL | November-05 | 13447399 |
| MPL | December-05 | 13104127.08 |
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| NIPS | February-05 | 29695634.31 |
| NIPS | March-05 | 27961455.17 |
| NIPS | April-05 | 33722529.26 |
| NIPS | May-05 | 41427745.61 |
| NIPS | June-05 | 48739386.04 |
| NIPS | July-05 | 54748037.86 |
| NIPS | August-05 | 50446502.51 |
| NIPS | September-05 | 44177320.04 |
| NIPS | October-05 | 30233161.75 |
| NIPS | November-05 | 27899257.43 |
| NIPS | December-05 | 32057112.42 |
| NSP | January-05 | 66705209.99 |
| NSP | February-05 | 62813921.16 |
| NSP | March-05 | 62443454.78 |
| NSP | April-05 | 57213106 |
| NSP | May-05 | 59735377.57 |
| NSP | June-05 | 61980038.17 |
| NSP | July-05 | 70489816.96 |
| NSP | August-05 | 72097480.37 |
| NSP | September-05 | 60997913 |
| NSP | October-05 | 60750869.1 |
| NSP | November-05 | 59740599.52 |
| NSP | December-05 | 70578217.24 |
| OTP | January-05 | 5983391.19 |
| OTP | February-05 | 5359966.99 |
| OTP | March-05 | 5523056.24 |
| OTP | April-05 | 5320426.61 |
| OTP | May-05 | 4471202.96 |
| OTP | June-05 | 4450775.16 |
| OTP | July-05 | 5398347.74 |
| OTP | August-05 | 5509510.54 |
| OTP | September-05 | 4801136.95 |
| OTP | October-05 | 5521956.04 |
| OTP | November-05 | 5036665.87 |
| OTP | December-05 | 3929457.03 |
| OVEC | January-05 | 18681097.95 |
| OVEC | February-05 | 19276140.53 |
| OVEC | March-05 | 20281962 |
| OVEC | April-05 | 22170402.2 |
| OVEC | May-05 | 11506628.18 |
| OVEC | June-05 | 23634710.36 |
| OVEC | July-05 | 27707043.85 |
| OVEC | August-05 | 29286083.39 |
| OVEC | September-05 | 24952075.93 |
| OVEC | October-05 | 20645889.4 |
| OVEC | November-05 | 19462233.97 |
| OVEC | December-05 | 18923075.03 |

| Company | Date | Total Generation Costs |
|---|---|---|
| PSI | January-05 | 52783540.34 |
| PSI | February-05 | 51489384.22 |
| PSI | March-05 | 51112296.59 |
| PSI | April-05 | 61229258.05 |
| PSI | May-05 | 80865345.53 |
| PSI | June-05 | 82119931.48 |
| PSI | July-05 | 91940357.99 |
| PSI | August-05 | 94216734.2 |
| PSI | September-05 | 77752422.16 |
| PSI | October-05 | 55582938.73 |
| PSI | November-05 | 51299863.84 |
| PSI | December-05 | 52242128.83 |
| SIGE | January-05 | 14554913.33 |
| SIGE | February-05 | 13709180.6 |
| SIGE | March-05 | 15675512.06 |
| SIGE | April-05 | 15365241.43 |
| SIGE | May-05 | 16910189.63 |
| SIGE | June-05 | 20853502.4 |
| SIGE | July-05 | 24486588.73 |
| SIGE | August-05 | 23743312.03 |
| SIGE | September-05 | 18932767.19 |
| SIGE | October-05 | 15248097.98 |
| SIGE | November-05 | 14002657.11 |
| SIGE | December-05 | 14866097.69 |
| SIPC | January-05 | 3520295.84 |
| SIPC | February-05 | 3042917.83 |
| SIPC | March-05 | 3919129.42 |
| SIPC | April-05 | 3804700.97 |
| SIPC | May-05 | 2100982.85 |
| SIPC | June-05 | 3297426.7 |
| SIPC | July-05 | 4841025.6 |
| SIPC | August-05 | 4365307.86 |
| SIPC | September-05 | 3024925.91 |
| SIPC | October-05 | 3845045.12 |
| SIPC | November-05 | 2959769.27 |
| SIPC | December-05 | 3421504 |
| SPRIL | January-05 | 4752661.39 |
| SPRIL | February-05 | 4426234.36 |
| SPRIL | March-05 | 4927195.91 |
| SPRIL | April-05 | 4479692.73 |
| SPRIL | May-05 | 4952207.78 |
| SPRIL | June-05 | 6287987.56 |
| SPRIL | July-05 | 8478244.82 |
| SPRIL | August-05 | 7542926.69 |
| SPRIL | September-05 | 6868101.9 |
| SPRIL | October-05 | 4577141.18 |
| SPRIL | November-05 | 4613433.38 |
| SPRIL | December-05 | 4073346.9 |
| WEP | January-05 | 56973081.5 |
| WEP | February-05 | 54194792.85 |
| WEP | March-05 | 55256583.21 |
| WEP | April-05 | 56035677.03 |
| WEP | May-05 | 58905292.08 |
| WEP | June-05 | 65987976.86 |

| Company | Date | Total Generation Costs |
|---|---|---|
| WEP | July-05 | 75675122.82 |
| WEP | August-05 | 75413652.6 |
| WEP | September-05 | 62529486.06 |
| WEP | October-05 | 56991159.6 |
| WEP | November-05 | 57114866.33 |
| WEP | December-05 | 57441062.26 |
| WPL | January-05 | 20919206.7 |
| WPL | February-05 | 19398316.3 |
| WPL | March-05 | 19194202 |
| WPL | April-05 | 17354219.97 |
| WPL | May-05 | 16871086.16 |
| WPL | June-05 | 23220319.54 |
| WPL | July-05 | 27578686.61 |
| WPL | August-05 | 28003673.86 |
| WPL | September-05 | 22344467.94 |
| WPL | October-05 | 22643348.63 |
| WPL | November-05 | 20490071.04 |
| WPL | December-05 | 20310919.16 |
| WPPI | January-05 | 1385582.87 |
| WPPI | February-05 | 1303960.37 |
| WPPI | March-05 | 1520632.09 |
| WPPI | April-05 | 1500411.11 |
| WPPI | May-05 | 1571642.35 |
| WPPI | June-05 | 1895870.35 |
| WPPI | July-05 | 2066088.67 |
| WPPI | August-05 | 2085595.57 |
| WPPI | September-05 | 1538944.81 |
| WPPI | October-05 | 1538963.58 |
| WPPI | November-05 | 1074327.76 |
| WPPI | December-05 | 730006.03 |
| WPS | January-05 | 20422929.19 |
| WPS | February-05 | 19404776.16 |
| WPS | March-05 | 19625550.48 |
| WPS | April-05 | 19496138.56 |
| WPS | May-05 | 23163832.25 |
| WPS | June-05 | 25720917.73 |
| WPS | July-05 | 28091757.85 |
| WPS | August-05 | 27164190.89 |
| WPS | September-05 | 23125425.19 |
| WPS | October-05 | 21956130.57 |
| WPS | November-05 | 21242963.09 |
| WPS | December-05 | 21786044.44 |
| WPSC | January-05 | 781222.18 |
| WPSC | February-05 | 860056.25 |
| WPSC | March-05 | 712049.69 |
| WPSC | April-05 | 899358.46 |
| WPSC | May-05 | 989571.87 |
| WPSC | June-05 | 1114811.1 |
| WPSC | July-05 | 1314756.06 |
| WPSC | August-05 | 1382958.28 |
| WPSC | September-05 | 1136322.75 |
| WPSC | October-05 | 1079301.79 |
| WPSC | November-05 | 984102.24 |
| WPSC | December-05 | 821119.31 |

| Company | Date | Total Generation Costs |
|---|---|---|
| MISO | January-05 | $972,874,120 |
| MISO | February-05 | $926,889,641 |
| MISO | March-05 | $960,767,161 |
| MISO | April-05 | $994,530,052 |
| MISO | May-05 | $1,138,857,454 |
| MISO | June-05 | $1,306,194,817 |
| MISO | July-05 | $1,463,747,618 |
| MISO | August-05 | $1,447,240,091 |
| MISO | September-05 | $1,233,885,327 |
| MISO | October-05 | $949,847,739 |
| MISO | November-05 | $941,363,499 |
| MISO | December-05 | $967,045,983 |
| MISO | Total | $13,303,243,504 |

**Exhibit RRM-4**

Company by company breakdown of total generation cost inputs to the case: 2005 Cost of Service for Proposed EMT

| Company | Date | MISO Cost |
|---|---|---|
| ALWST | January-05 | 25,522,462 |
| ALWST | February-05 | 27,443,952 |
| ALWST | March-05 | 29,769,361 |
| ALWST | April-05 | 26,149,863 |
| ALWST | May-05 | 26,548,784 |
| ALWST | June-05 | 31,988,474 |
| ALWST | July-05 | 34,767,111 |
| ALWST | August-05 | 35,573,692 |
| ALWST | September-05 | 32,062,023 |
| ALWST | October-05 | 27,209,817 |
| ALWST | November-05 | 26,401,854 |
| ALWST | December-05 | 27,373,223 |
| AUEP | January-05 | 60,536,161 |
| AUEP | February-05 | 55,770,436 |
| AUEP | March-05 | 62,133,356 |
| AUEP | April-05 | 64,296,606 |
| AUEP | May-05 | 68,703,400 |
| AUEP | June-05 | 67,315,727 |
| AUEP | July-05 | 74,812,542 |
| AUEP | August-05 | 72,465,217 |
| AUEP | September-05 | 66,939,101 |
| AUEP | October-05 | 53,549,068 |
| AUEP | November-05 | 51,288,788 |
| AUEP | December-05 | 59,342,683 |
| CEC | January-05 | 54,808,729 |
| CEC | February-05 | 53,872,140 |
| CEC | March-05 | 58,141,549 |
| CEC | April-05 | 63,586,210 |
| CEC | May-05 | 68,492,596 |
| CEC | June-05 | 95,489,243 |
| CEC | July-05 | 112,852,297 |
| CEC | August-05 | 106,973,329 |
| CEC | September-05 | 78,251,311 |
| CEC | October-05 | 67,433,640 |
| CEC | November-05 | 54,668,630 |
| CEC | December-05 | 50,208,292 |
| CGE | January-05 | 47,654,114 |
| CGE | February-05 | 42,524,473 |
| CGE | March-05 | 39,895,391 |
| CGE | April-05 | 44,960,786 |
| CGE | May-05 | 63,957,526 |
| CGE | June-05 | 74,128,363 |
| CGE | July-05 | 71,871,794 |
| CGE | August-05 | 71,981,223 |
| CGE | September-05 | 71,408,173 |
| CGE | October-05 | 43,854,415 |
| CGE | November-05 | 45,487,116 |
| CGE | December-05 | 47,443,806 |

| Company | Date | MISO Cost |
|---|---|---|
| CIL | January-05 | 11,386,246 |
| CIL | February-05 | 10,640,013 |
| CIL | March-05 | 12,002,290 |
| CIL | April-05 | 10,485,634 |
| CIL | May-05 | 17,874,315 |
| CIL | June-05 | 18,330,758 |
| CIL | July-05 | 19,033,686 |
| CIL | August-05 | 20,092,891 |
| CIL | September-05 | 17,503,677 |
| CIL | October-05 | 11,735,116 |
| CIL | November-05 | 12,515,400 |
| CIL | December-05 | 11,828,029 |
| CIPS | January-05 | 25,917,907 |
| CIPS | February-05 | 23,457,418 |
| CIPS | March-05 | 28,192,078 |
| CIPS | April-05 | 29,692,642 |
| CIPS | May-05 | 28,887,704 |
| CIPS | June-05 | 38,704,061 |
| CIPS | July-05 | 45,534,922 |
| CIPS | August-05 | 45,495,492 |
| CIPS | September-05 | 37,416,177 |
| CIPS | October-05 | 25,826,205 |
| CIPS | November-05 | 29,880,801 |
| CIPS | December-05 | 26,503,025 |
| DETED | January-05 | 95,626,282 |
| DETED | February-05 | 91,881,776 |
| DETED | March-05 | 95,655,031 |
| DETED | April-05 | 103,136,059 |
| DETED | May-05 | 127,184,111 |
| DETED | June-05 | 146,149,854 |
| DETED | July-05 | 157,286,035 |
| DETED | August-05 | 155,878,022 |
| DETED | September-05 | 129,127,511 |
| DETED | October-05 | 81,154,442 |
| DETED | November-05 | 94,886,062 |
| DETED | December-05 | 95,456,830 |
| EEI | January-05 | 10,922,468 |
| EEI | February-05 | 9,318,668 |
| EEI | March-05 | 9,849,067 |
| EEI | April-05 | 11,000,566 |
| EEI | May-05 | 13,431,117 |
| EEI | June-05 | 13,507,542 |
| EEI | July-05 | 14,213,721 |
| EEI | August-05 | 14,571,170 |
| EEI | September-05 | 11,971,684 |
| EEI | October-05 | 10,164,576 |
| EEI | November-05 | 10,178,004 |
| EEI | December-05 | 9,467,670 |
| FE | January-05 | 146,486,863 |
| FE | February-05 | 137,728,958 |
| FE | March-05 | 140,084,346 |
| FE | April-05 | 146,202,682 |
| FE | May-05 | 169,888,325 |
| FE | June-05 | 190,240,548 |

| Company | Date | MISO Cost |
|---|---|---|
| FE | July-05 | 208,773,244 |
| FE | August-05 | 204,587,179 |
| FE | September-05 | 183,579,498 |
| FE | October-05 | 135,191,101 |
| FE | November-05 | 146,578,217 |
| FE | December-05 | 149,305,378 |
| GRE | January-05 | 14,048,403 |
| GRE | February-05 | 13,116,947 |
| GRE | March-05 | 13,444,905 |
| GRE | April-05 | 10,372,674 |
| GRE | May-05 | 13,272,680 |
| GRE | June-05 | 12,509,867 |
| GRE | July-05 | 11,797,192 |
| GRE | August-05 | 13,628,102 |
| GRE | September-05 | 13,343,814 |
| GRE | October-05 | 11,358,047 |
| GRE | November-05 | 12,879,274 |
| GRE | December-05 | 14,578,066 |
| HEC | January-05 | 13,865,382 |
| HEC | February-05 | 13,661,491 |
| HEC | March-05 | 13,179,717 |
| HEC | April-05 | 10,910,431 |
| HEC | May-05 | 21,950,917 |
| HEC | June-05 | 20,858,603 |
| HEC | July-05 | 22,174,068 |
| HEC | August-05 | 20,843,745 |
| HEC | September-05 | 19,415,927 |
| HEC | October-05 | 11,231,827 |
| HEC | November-05 | 12,880,616 |
| HEC | December-05 | 12,404,041 |
| ILPC | January-05 | 38,153,520 |
| ILPC | February-05 | 39,967,854 |
| ILPC | March-05 | 41,503,216 |
| ILPC | April-05 | 41,863,626 |
| ILPC | May-05 | 49,557,028 |
| ILPC | June-05 | 54,109,316 |
| ILPC | July-05 | 56,524,895 |
| ILPC | August-05 | 56,414,165 |
| ILPC | September-05 | 45,962,607 |
| ILPC | October-05 | 35,995,949 |
| ILPC | November-05 | 37,705,893 |
| ILPC | December-05 | 38,148,835 |
| IP&L | January-05 | 26,663,097 |
| IP&L | February-05 | 26,235,159 |
| IP&L | March-05 | 24,598,194 |
| IP&L | April-05 | 30,903,159 |
| IP&L | May-05 | 41,480,885 |
| IP&L | June-05 | 41,168,608 |
| IP&L | July-05 | 42,794,620 |
| IP&L | August-05 | 45,955,480 |
| IP&L | September-05 | 38,435,539 |
| IP&L | October-05 | 22,443,590 |
| IP&L | November-05 | 26,705,494 |
| IP&L | December-05 | 28,397,756 |

| Company | Date | MISO Cost |
|---|---|---|
| LBWL | January-05 | 5,714,699 |
| LBWL | February-05 | 5,038,863 |
| LBWL | March-05 | 5,550,515 |
| LBWL | April-05 | 7,030,847 |
| LBWL | May-05 | 8,107,806 |
| LBWL | June-05 | 8,390,323 |
| LBWL | July-05 | 8,679,515 |
| LBWL | August-05 | 9,142,912 |
| LBWL | September-05 | 8,673,745 |
| LBWL | October-05 | 5,492,755 |
| LBWL | November-05 | 5,339,269 |
| LBWL | December-05 | 5,569,301 |
| LG&E | January-05 | 77,165,687 |
| LG&E | February-05 | 71,347,323 |
| LG&E | March-05 | 75,902,341 |
| LG&E | April-05 | 77,242,095 |
| LG&E | May-05 | 92,366,171 |
| LG&E | June-05 | 113,385,988 |
| LG&E | July-05 | 128,349,781 |
| LG&E | August-05 | 122,639,825 |
| LG&E | September-05 | 105,743,459 |
| LG&E | October-05 | 75,581,334 |
| LG&E | November-05 | 64,422,992 |
| LG&E | December-05 | 73,493,866 |
| MDU | January-05 | 5,661,737 |
| MDU | February-05 | 4,993,886 |
| MDU | March-05 | 5,455,837 |
| MDU | April-05 | 5,164,464 |
| MDU | May-05 | 2,576,807 |
| MDU | June-05 | 4,851,019 |
| MDU | July-05 | 5,767,899 |
| MDU | August-05 | 5,828,118 |
| MDU | September-05 | 5,109,351 |
| MDU | October-05 | 5,792,807 |
| MDU | November-05 | 5,404,356 |
| MDU | December-05 | 5,216,123 |
| MGE | January-05 | 3,589,522 |
| MGE | February-05 | 3,615,153 |
| MGE | March-05 | 4,320,355 |
| MGE | April-05 | 4,614,523 |
| MGE | May-05 | 4,539,443 |
| MGE | June-05 | 5,003,294 |
| MGE | July-05 | 5,845,055 |
| MGE | August-05 | 5,591,064 |
| MGE | September-05 | 4,899,541 |
| MGE | October-05 | 3,942,796 |
| MGE | November-05 | 3,503,585 |
| MGE | December-05 | 3,798,248 |
| MPL | January-05 | 12,484,592 |
| MPL | February-05 | 10,378,260 |
| MPL | March-05 | 11,871,147 |
| MPL | April-05 | 13,449,357 |
| MPL | May-05 | 10,949,635 |
| MPL | June-05 | 11,967,582 |

| Company | Date | MISO Cost |
|---|---|---|
| MPL | July-05 | 13,287,070 |
| MPL | August-05 | 14,312,950 |
| MPL | September-05 | 12,881,686 |
| MPL | October-05 | 13,521,498 |
| MPL | November-05 | 12,321,042 |
| MPL | December-05 | 12,362,311 |
| NIPS | January-05 | 30,802,785 |
| NIPS | February-05 | 28,340,008 |
| NIPS | March-05 | 26,681,400 |
| NIPS | April-05 | 34,013,949 |
| NIPS | May-05 | 39,436,901 |
| NIPS | June-05 | 47,203,475 |
| NIPS | July-05 | 51,775,713 |
| NIPS | August-05 | 49,074,160 |
| NIPS | September-05 | 42,335,449 |
| NIPS | October-05 | 29,856,923 |
| NIPS | November-05 | 27,288,355 |
| NIPS | December-05 | 32,320,384 |
| NSP | January-05 | 63,322,853 |
| NSP | February-05 | 60,056,218 |
| NSP | March-05 | 60,305,333 |
| NSP | April-05 | 56,316,129 |
| NSP | May-05 | 59,506,451 |
| NSP | June-05 | 60,765,394 |
| NSP | July-05 | 67,854,819 |
| NSP | August-05 | 70,023,229 |
| NSP | September-05 | 60,287,168 |
| NSP | October-05 | 58,196,616 |
| NSP | November-05 | 56,637,661 |
| NSP | December-05 | 66,800,853 |
| OTP | January-05 | 5,448,980 |
| OTP | February-05 | 5,194,877 |
| OTP | March-05 | 5,668,569 |
| OTP | April-05 | 5,716,606 |
| OTP | May-05 | 4,547,509 |
| OTP | June-05 | 4,658,630 |
| OTP | July-05 | 5,590,044 |
| OTP | August-05 | 5,705,709 |
| OTP | September-05 | 5,160,831 |
| OTP | October-05 | 5,400,929 |
| OTP | November-05 | 4,822,911 |
| OTP | December-05 | 3,665,533 |
| OVEC | January-05 | 25,597,432 |
| OVEC | February-05 | 23,796,117 |
| OVEC | March-05 | 24,258,590 |
| OVEC | April-05 | 26,192,153 |
| OVEC | May-05 | 14,850,330 |
| OVEC | June-05 | 26,850,586 |
| OVEC | July-05 | 34,075,508 |
| OVEC | August-05 | 34,438,696 |
| OVEC | September-05 | 30,546,807 |
| OVEC | October-05 | 25,130,280 |
| OVEC | November-05 | 23,402,310 |
| OVEC | December-05 | 24,423,955 |

| Company | Date | MISO Cost |
|---|---|---|
| PSI | January-05 | 55,677,975 |
| PSI | February-05 | 53,233,180 |
| PSI | March-05 | 50,125,325 |
| PSI | April-05 | 61,472,087 |
| PSI | May-05 | 81,651,455 |
| PSI | June-05 | 81,160,898 |
| PSI | July-05 | 90,413,698 |
| PSI | August-05 | 93,515,872 |
| PSI | September-05 | 77,913,173 |
| PSI | October-05 | 58,610,193 |
| PSI | November-05 | 52,294,191 |
| PSI | December-05 | 54,877,396 |
| SIGE | January-05 | 14,598,980 |
| SIGE | February-05 | 14,178,799 |
| SIGE | March-05 | 16,556,969 |
| SIGE | April-05 | 15,813,586 |
| SIGE | May-05 | 16,379,076 |
| SIGE | June-05 | 20,688,420 |
| SIGE | July-05 | 24,080,148 |
| SIGE | August-05 | 23,209,952 |
| SIGE | September-05 | 19,538,851 |
| SIGE | October-05 | 15,655,742 |
| SIGE | November-05 | 14,329,456 |
| SIGE | December-05 | 15,058,207 |
| SIPC | January-05 | 3,352,422 |
| SIPC | February-05 | 2,939,303 |
| SIPC | March-05 | 3,888,923 |
| SIPC | April-05 | 3,761,150 |
| SIPC | May-05 | 2,096,703 |
| SIPC | June-05 | 3,273,099 |
| SIPC | July-05 | 4,483,951 |
| SIPC | August-05 | 4,333,688 |
| SIPC | September-05 | 2,930,754 |
| SIPC | October-05 | 3,755,042 |
| SIPC | November-05 | 2,967,950 |
| SIPC | December-05 | 3,219,131 |
| SPRIL | January-05 | 4,042,615 |
| SPRIL | February-05 | 4,136,534 |
| SPRIL | March-05 | 4,976,387 |
| SPRIL | April-05 | 4,525,452 |
| SPRIL | May-05 | 4,805,021 |
| SPRIL | June-05 | 5,966,735 |
| SPRIL | July-05 | 7,535,157 |
| SPRIL | August-05 | 7,106,980 |
| SPRIL | September-05 | 6,144,814 |
| SPRIL | October-05 | 4,470,868 |
| SPRIL | November-05 | 4,304,819 |
| SPRIL | December-05 | 3,629,696 |
| WEP | January-05 | 54,914,407 |
| WEP | February-05 | 52,194,956 |
| WEP | March-05 | 53,780,726 |
| WEP | April-05 | 56,268,031 |
| WEP | May-05 | 57,209,336 |
| WEP | June-05 | 64,972,323 |

| Company | Date | MISO Cost |
|---|---|---|
| WEP | July-05 | 74,404,787 |
| WEP | August-05 | 73,232,659 |
| WEP | September-05 | 61,070,019 |
| WEP | October-05 | 55,165,614 |
| WEP | November-05 | 55,477,169 |
| WEP | December-05 | 55,484,770 |
| WPL | January-05 | 18,168,880 |
| WPL | February-05 | 17,295,036 |
| WPL | March-05 | 16,480,008 |
| WPL | April-05 | 16,748,691 |
| WPL | May-05 | 16,018,060 |
| WPL | June-05 | 22,556,438 |
| WPL | July-05 | 25,996,908 |
| WPL | August-05 | 25,910,185 |
| WPL | September-05 | 21,338,628 |
| WPL | October-05 | 20,591,168 |
| WPL | November-05 | 18,242,666 |
| WPL | December-05 | 17,213,114 |
| WPPI | January-05 | 1,279,881 |
| WPPI | February-05 | 1,242,281 |
| WPPI | March-05 | 1,367,640 |
| WPPI | April-05 | 1,422,742 |
| WPPI | May-05 | 1,399,875 |
| WPPI | June-05 | 1,627,829 |
| WPPI | July-05 | 1,717,745 |
| WPPI | August-05 | 1,831,592 |
| WPPI | September-05 | 1,430,467 |
| WPPI | October-05 | 1,391,824 |
| WPPI | November-05 | 987,218 |
| WPPI | December-05 | 633,432 |
| WPS | January-05 | 20,114,278 |
| WPS | February-05 | 18,659,545 |
| WPS | March-05 | 19,208,714 |
| WPS | April-05 | 19,389,355 |
| WPS | May-05 | 23,146,964 |
| WPS | June-05 | 25,144,947 |
| WPS | July-05 | 26,378,017 |
| WPS | August-05 | 26,705,051 |
| WPS | September-05 | 22,779,158 |
| WPS | October-05 | 21,119,072 |
| WPS | November-05 | 20,510,102 |
| WPS | December-05 | 21,191,341 |
| WPSC | January-05 | 735,712 |
| WPSC | February-05 | 828,181 |
| WPSC | March-05 | 700,422 |
| WPSC | April-05 | 889,254 |
| WPSC | May-05 | 1,004,807 |
| WPSC | June-05 | 1,133,619 |
| WPSC | July-05 | 1,334,043 |
| WPSC | August-05 | 1,371,980 |
| WPSC | September-05 | 1,140,977 |
| WPSC | October-05 | 1,060,426 |
| WPSC | November-05 | 951,318 |
| WPSC | December-05 | 764,765 |

| Company | Date | MISO Cost |
|---|---|---|
| MISO | January-05 | $974,265,073 |
| MISO | February-05 | $923,087,804 |
| MISO | March-05 | $955,547,702 |
| MISO | April-05 | $1,003,591,408 |
| MISO | May-05 | $1,151,821,737 |
| MISO | June-05 | $1,314,101,564 |
| MISO | July-05 | $1,450,005,984 |
| MISO | August-05 | $1,438,434,329 |
| MISO | September-05 | $1,235,341,918 |
| MISO | October-05 | $941,883,681 |
| MISO | November-05 | $935,263,521 |
| MISO | December-05 | $970,180,060 |
| MISO | TOTAL | $13,293,524,781 |

**REQUEST:**

4. Please provide in electronic format (i.e., Excel spreadsheet format) any and all of the worksheets that either accompany or support Ronald R. McNamara's testimony regarding the analysis of the benefits and costs to Louisville Gas and Electric Company and Kentucky Utilities Company in KPSC Case No. 2003-00266 (i.e., *Investigation into the Membership of Louisville Gas and Electric Company and Kentucky Utilities Company in the Midwest Independent Transmission System Operator, Inc.*).

**RESPONSE:**

This information was previously provided by the Midwest ISO in exhibits to the referenced testimony on December 29, 2003, and in its response to LG&E/KU's and the Commission Staff's initial set of data requests. In particular, the Midwest ISO provided materials in response to LG&E/KU Initial Data Requests 19, 21, 22, 30, and 42, and in response to Commission Staff's Initial Data Request 8. It provided all electronic files to LG&E/KU and the Commission on three CD-Rom discs labeled "Confidential," "Public Vol. I," and "Public Vol. II." On September 1, 2004, the Midwest ISO sent an additional copy of each disc via U.P.S. to LG&E/KU, per its request. The Midwest ISO will provide any revisions or updates to the previously provided information with its testimony to be filed in this matter on September 22, 2004.

Witness: Ronald R. McNamara

**REQUEST:**

5. Please provide in electronic format (i.e., Excel spreadsheet format) any and all of the worksheets that accompany the testimony of Michael P. Holstein in Case No. 2003-00266 (i.e., *Investigation into the Membership of Louisville Gas and Electric Company and Kentucky Utilities Company in the Midwest Independent Transmission System Operator, Inc.*).

**RESPONSE:**

This information, including worksheets, was previously provided by the Midwest ISO in its response to LG&E/KU's and the Commission Staff's initial set of data requests in this docket. In particular, the Midwest ISO provided materials in response to LG&E/KU Initial Data Requests 44 and 45, and Commission Staff's Initial Data Request 6. It will provide any revisions or updates to this information with its testimony to be filed in this matter on September 22, 2004.

**REQUEST:**

6. Please provide in electronic format (i.e., Excel spreadsheet format) the most recent analysis preformed by MISO or any of its consultants of the locational marginal prices that are relevant to the Louisville Gas and Electric Company and Kentucky Utilities Company generator nodes and load nodes as participants in MISO.

**RESPONSE:**

The Excel-format spreadsheet reproduced below lists the 2005 locational marginal prices that are relevant to the LG&E and KU generator nodes and load nodes as participants in the Midwest ISO. An electronic file of the spreadsheet, in Excel format, has been provided to LG&E/KU.

**LGE-KU 2005 Monthly Average Locational Marginal Prices**

| | Jan-05 | Feb-05 | Mar-05 | Apr-05 | May-05 | Jun-05 | Jul-05 | Aug-05 | Sep-05 | Oct-05 | Nov-05 | Dec-05 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LGE-KU Load Weighted Average LMPs ($/MWh) | 17.2 | 20.2 | 22.9 | 23.9 | 27.7 | 32.0 | 37.5 | 37.4 | 30.7 | 25.4 | 23.0 | 17.2 |
| LGE-KU Generation Average LMPs ($/MWh) | 16.7 | 19.4 | 22.1 | 22.6 | 26.9 | 30.0 | 34.6 | 34.7 | 29.5 | 23.9 | 21.8 | 16.8 |

Witness: Ronald R. McNamara

**REQUEST:**

7. Please provide in electronic format (i.e., Excel spreadsheet format) the most recent analysis preformed by MISO of the allocation of FTRs to Louisville Gas and Electric Company and Kentucky Utilities Company as participants in MISO under the TEMT.

**RESPONSE:**

Please see the April 28, 2004, informational filing in FERC Docket No. ER04-691-000, regarding the Midwest ISO's illustrative allocation of FTRs. This filing can be viewed or downloaded at the Midwest ISO's web page at http://www.midwestiso.org/ under the heading "Filings to FERC" or through the FERC's web page at http://www.ferc.gov/.

**REQUEST:**

8. Please provide in electronic format (i.e., Excel spreadsheet format) the most recent forecast developed by MISO of the rates that would be expected to be charged for recovering costs under Schedules 10, 16 and 17 of the MISO's TEMT. Please provide the forecast of these rates on an annual basis for the period 2005 to 2010, if a forecast for that entire period is available. Otherwise provide a forecast of the rates for all years that are available in that period of time.

**RESPONSE:**

See attached spreadsheet. (An electronic file of the spreadsheets, in Excel format, has been provided to LG&E/KU.)

Witness: Michael P. Holstein

# Midwest ISO Annual Billing Rate Forecast

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| **Billing Rates** | | | | | | |
| Schedule 10 - Demand Based- $ per MWh | $ 0.113 | $ 0.113 | $ 0.113 | $ 0.112 | $ 0.101 | $ 0.098 |
| Schedule 10 - Energy- $ per MWh | $ 0.037 | $ 0.037 | $ 0.037 | $ 0.036 | $ 0.033 | $ 0.032 |
| Schedule 10 - Total- $ per MWh | $ 0.150 | $ 0.150 | $ 0.150 | $ 0.148 | $ 0.134 | $ 0.130 |
| Portion of Sch 10 - Demand Based | 80% | 80% | 80% | 80% | 80% | 80% |
| Portion of Sch 10 - Energy | 20% | 20% | 20% | 20% | 20% | 20% |
| Schedule 16 - $ per FTR MW Volume | $ 0.058 | $ 0.059 | $ 0.059 | $ 0.056 | $ 0.056 | $ 0.046 |
| Schedule 17 - $ per MWh (Load plus Generation) | $ 0.077 | $ 0.073 | $ 0.072 | $ 0.069 | $ 0.068 | $ 0.056 |

Forecast as of September 3, 2004:

1) Market start date of March 1, 2005.

2) Illnois Power integrated into system on 9/30/04.

3) Does not include costs for development of ancillary services market or capacity market.

**REQUEST:**

9. In the current market (i.e., Day 1 market), does MISO ever take title to energy transmitted on the MISO-operated transmission system? Will MISO ever take title to energy transmitted on the MISO-operated transmission system in the proposed Day 2 market?

**RESPONSE:**

Objection: The Request appears to call for a legal opinion rather than factual information. In addition, it is not clear whether there is "title" to electric energy or what it means to "take title" to such energy. See the Midwest ISO's response to Item No. 10. However, without waiving its objection, and in a spirit of cooperation, the Midwest ISO provides the following response.

Answer: The Midwest ISO does not today and will not in the proposed Day 2 market purchase energy as a commodity. The Midwest ISO is not party to any bilateral contract today. It will not be in the Day 2 market. Furthermore, by tariff rule, the Midwest ISO does not purchase any energy today as a principal. It will not do so in the Day 2 market. As a consequence, the Midwest ISO appears not to be involved in any "title" to electric energy.

Witness: Ronald R. McNamara

**REQUEST:**

10. Please trace the proposed Day 2 Market chain of title as MISO understands it of a MWh of energy from LG&E/KU self-scheduled generation of LG&E/KU native load.

**RESPONSE:**

Objection: The Request appears to call for a legal opinion rather than factual information. The Midwest ISO does not understand there to be "title" or a "chain of title" with respect to electric energy, and has not proposed a "Day 2 chain of title" in general or for any particular scenario. The Midwest ISO expresses no opinion on whether "title" or a "chain of title" to electric energy is or should be recognized as a legal concept. Upon a brief search, the question of whether and for what purposes such energy may be treated as personalty or a good (rather than a service) appears to be an open one under Kentucky law today. However, without waiving its objection, and in a spirit of cooperation, the Midwest ISO provides the following response.

Answer: The Midwest ISO does not address title to electricity in its Energy Markets Tariff, which describes services it provides. Generators and companies serving load may be involved in these services in varying ways. The provisions governing their activities, including how they are settled financially in the markets, are included in the Tariff. The Midwest ISO does not know whether the tariffs and rate schedules under which LG&E and KU operate have been construed to provide for or specify passage of title; upon examination, the tariffs on file with the Commission speak of furnishing service and do not address "title" to the energy. The Midwest ISO understands that LG&E/KU provide bundled electric service under those tariffs, that such service is measured at metering points, and that it is charged for, at least in substantial part, based on metered values.

Witness: Ronald R. McNamara

**REQUEST:**

11. Please trace the proposed Day 2 Market chain of title as MISO understands it of a MWh of energy from LG&E/KU generation dispatched by MISO to LG&E/KU native load.

**RESPONSE:**

See the Midwest ISO's response to Item No. 10.

Witness: Ronald R. McNamara

**REQUEST:**

12. In the proposed Day 2 Market, from whom does a MISO load obtain title to the energy it consumes or resells?

**RESPONSE:**

See the Midwest ISO's response to Item No. 10.

Witness: Ronald R. McNamara

**REQUEST:**

13. In the proposed Day 2 Market, to whom does a generator in MISO transfer title to energy generated and dispatched into the MISO pool?

**RESPONSE:**

See the Midwest ISO's response to Item No. 10.

Witness: Ronald R. McNamara

**REQUEST:**

14. Describe the role MISO plays in securing payment from a bankrupt MISO load or LSE in the proposed Day 2 Market.

**RESPONSE**:

The Midwest ISO, in its capacity as Transmission Provider under a FERC-accepted tariff, is responsible for pursuing all available legal avenues and remedies to secure full payment for obligations owed under the Midwest ISO Transmission and Energy Markets Tariff.

**REQUEST:**

15. Identify each out-of-state, out-of-control-area resource and the MW amount that has historically been imported by an LSE into already identified Narrowly Constrained Areas (NCAs").

**RESPONSE**:

The Midwest ISO has neither developed nor adopted such a list. As a general reference, please see the proposed list of "WUMS External Sources of Firm Power" submitted to the FERC with the Joint Motion to Intervene and Protest of the Wisconsin and Upper Peninsula of Michigan Load Serving Entities in Docket No. ER04-691-000.

Witness: Ronald R. McNamara

**REQUEST:**

16. Identify each known MISO NCA.

**RESPONSE:**

The Independent Market Monitor ("IMM") has designated two NCAs within the Midwest ISO. See ¶ 293 of the FERC Order issued August 6, 2004, in *Midwest Independent Transmission System Operator, Inc., et al.,* 108 FERC ¶ 61,163 (2004) ("August 6th EMT Order"):

> The IMM defined the WUMS areas and the Northern WUMS area as two distinct NCAs. The WUMS NCA includes 15 flowgates that significantly limit imports into WUMS. The Northern WUMS NCA is defined to include 12 flowgates that limit imports into northern Wisconsin and the Upper Peninsula of Michigan. In determining which flowgates belong in the same electrical area, the IMM evaluated combinations of flowgates to determine the potential for multiple-flowgate NCAs. If the flowgates affected common electrical facilities, then anytime one of those flowgates experiences a binding constraint, they count the hour as a constrained hour. If other flowgates in the NCA are constrained that hour, the count of binding hours is unchanged.

The WUMS load-serving entities are Wisconsin Electric Power Company, Edison Sault Electric Company, Wisconsin Public Service Corporation, Upper Peninsula Power Company, Wisconsin Power and Light Company, Madison Gas and Electric Company, Wisconsin Public Power, Inc. and Manitowoc Public Utilities.

See, generally, August 6th EMT Order ¶¶ 288-298 (NCA Identification and Designation). This Order can be viewed or downloaded at the FERC's web site at http://www.ferc.gov/ (Notational Votes).

Witness: Ronald R. McNamara

**REQUEST:**

17. Please explain how MISO will calculate and allocate uplift associated with NCA congestion as FERC requires in Paragraphs 91-93 of FERC's August 6, 2004, Order approving the TEMT.

**RESPONSE:**

The Midwest ISO is currently reviewing this issue and was directed in the August 6th EMT Order to provide this information to the FERC on October 5, 2004.

Witness: Ronald R. McNamara

**REQUEST:**

18. List each Grandfathered Agreement ("GFA") and the MW amount associated with it in which the contracting parties have elected to settle on Option B.

**RESPONSE**:

Please see the filings of the participants submitted in FERC Docket Nos. ER04-691-000 and EL04-104-000, particularly the contract parties' joint templates of summary GFA information filed on and after June 25, 2004, pursuant to the FERC's Order in *Midwest Independent Transmission System Operator, Inc., et al.,* 107 FERC ¶61,191 at p. 68 ("GFA Order"). The GFA Order also directed the parties submitting joint templates to make a simple statement in their joint filings to indicate whether or not they are willing to voluntarily convert their contract to TEMT service or settle their GFA by accepting the Midwest ISO's proposed treatment of GFAs. *See id.* at P 69.[1/] In addition, please see the Findings of Fact of the FERC Administrative Law Judges, issued on July 28, 2004 in *Midwest Independent Transmission System Operator, Inc., et al.,* 108 FERC ¶ 63,013 (2004). (The Findings of Fact and other filings can be viewed or downloaded through the FERC's web site at www.ferc.gov.) Step 3 in the fact-finding process,[2/] a ruling from FERC, has not yet occurred.

[1/] The templates sought six items of information for each GFA: the name of the Responsible Entity and of the Scheduling Entity; the applicable source and sink point(s); the maximum number of MW transmitted pursuant to the GFA for each set of source and sink points; and whether modification to the GFA is subject to a "just and reasonable" or a *Mobile-Sierra* "public interest" standard of review. *See, GFA Order* at P 68; *See also,* Findings of Fact, 108 FERC ¶ 63,013 (2004) at ¶ 15.

[2/] The three steps of the process are described in the Findings of Fact, 108 FERC ¶ 63,013 (2004) at ¶¶ 15-18.

Witness: Ronald R. McNamara

**REQUEST:**

19. Please provide any estimates, and all the workpapers in electronic format (i.e., Excel spreadsheet format), MISO has prepared of the Day 2 market congestion cost uplift associated with the GFA contracts for which the relevant parties have agreed to settle on with MISO by choosing MISO's proposed Option B.

**RESPONSE**:

The Midwest ISO has not prepared any such analysis.

Witness: Ronald R. McNamara

**REQUEST:**

20. Please provide any estimates, and all the workpapers in electronic format (i.e, Excel spreadsheet format), MISO has prepared of the congestion cost uplift associated with FERC's ordered NCA congestion uplift.

**RESPONSE:**

The Midwest ISO has not prepared any such analysis.

Witness: Ronald R. McNamara

**REQUEST:**

21. Please list each known potential source of costs that would be subject to uplift and recovered through a schedule charge in the MISO proposed Day 2 market.

**RESPONSE:**

None.

Witness: Ronald R. McNamara

**REQUEST:**

22. For each known potential source of costs listed in the previous question, provide a description of the respective methodology for uplifting that cost and recovering it through a schedule charge, including those sources of uplift that arise as a result of FERC's August 6, 2004 order conditionally approving the MISO Day 2 TEMT.

**RESPONSE:**

See response to Request No. 21.

**REQUEST:**

23. In the proposed Day 2 Market, can designated network resources be self-scheduled price takers?

**RESPONSE:**

Yes, see generally, Sections 1.282 and 39.1.1 of the Energy Markets Tariff.

Witness: Ronald R. McNamara

**REQUEST:**

24. In the proposed Day 2 Market, must a self-scheduled price taking generator be a designated network resource in order to utilize network integrated transmission service?

**RESPONSE:**

A Generation Resource that elects to be a self-scheduled price taker must be a designated network resource in order to utilize network integrated transmission service. However, any Generation Resource under the EMT may be a self-scheduled price taker.

**REQUEST:**

25. In the proposed Day 2 Market, if LG&E/KU were to self-schedule available generation in an amount intended to meet forecasted LG&E/KU native load, and LG&E/KU did not designate those self-scheduled resources as network resources, how would LG&E/KU be charged for transmission?

**RESPONSE:**

LG&E/KU would be charged for network integrated transmission service ("NITS") based upon the monthly peak load of the Transmission Customer, which represents the use of transmission capacity. The charges for NITS are unrelated to the resources actually used to serve the load because the charges for NITS are demand charges that have nothing to do with the actual output of a particular Generation Resource or designation of a Generation Resource as being self-scheduled.

**REQUEST:**

26. In the proposed Day 2 Market, if LG&E/KU were to self-schedule available generation in an amount intended to meet forecasted LG&E/KU native load would LG&E/KU alone be responsible for any commitment costs associated with these self-scheduled resources?

**RESPONSE**:

Yes.

Witness: Ronald R. McNamara

**REQUEST:**

27. In the proposed Day 2 Market, if LG&E/KU were to self-schedule available generation in an amount intended to meet forecasted LG&E/KU native load would LG&E/KU be potentially responsible for any commitment costs incurred by MISO in clearing the Day-Ahead market or in the MISO Reliability Assessment Commitment ("RAC") process? If yes, please explain.

**RESPONSE**:

Yes, see Section 39.3.1(c) of the Midwest ISO EMT regarding charges for Day-Ahead Energy Market purchases.

**REQUEST:**

28. In Paragraph 528 of the Aug 6, 2004 Order on the TEMT, FERC states: "Entities relying on self-scheduling, such as AMP-Ohio, are not disadvantaged in any way by RAC procedures. All may offer their own resources into the RAC to ensure that any costs they may incur are offset by equivalent RAC payments. Similarly, we reject LG&E's concerns that an opt-out provision is needed or additional assurances are required to guarantee that the RAC process will not be used to increase liquidity of the RTM. The RAC process in no way impairs LG&E's ability to use its resources to serve its load or exposes it to costs that it would not otherwise incur."

    a. Can a self-scheduled unit receive MISO Security Constrained Unit Commitment ("SCUC") commitment payments?

    b. If LG&E/KU were to self-commit and self-schedule generation to serve its load, would LG&E/KU nevertheless incur a share of MISO's SCUC and RAC revenue sufficiency guaranty payment costs? If yes, do LG&E/KU incur these costs today?

    c. Are the startup and no-load bids entered into the Day-Ahead Market and RAC process cost-based or market-based? Are they guaranteed to be paid as bid or on a market-clearing price basis?

**RESPONSE:**

    a. No.

    b. Possibly. In response to the question of whether LG&E/KU incur these costs today, the Midwest ISO is not familiar with any specific compensation provisions of any contractual agreements or other arrangements LG&E/KU has regarding reserve sharing with other entities.

Witness: Ronald R. McNamara

c. Consistent with the EMT Order, the bids entered into the Day-Ahead Market and RAC process would be cost-based for the first two months, and market-based thereafter, but subject to the review and analysis of the Independent Market Monitor ("IMM"). Start up and No load offers are paid as bid, subject to the review and analysis of the IMM. See Section 39.2.9(f) of the EMT.

**REQUEST:**

29. In the proposed Day 2 Market, how does MISO intend to manage LG&E/KU interruptible retail customers in accordance with TEMT Section 70.1.1? Specifically, will LG&E/KU interruptible retail customers be called upon by MISO in response to MISO coincident demand or LG&E/KU demand?

**RESPONSE**:

LG&E/KU interruptible retail customers will be called upon by the Midwest ISO in response to the Midwest ISO's coincident demand or LG&E/KU demand to the extent LG&E/KU, as the Market Participant, has offered the interruptible load from these retail customers into the Midwest ISO's markets.

Witness: Ronald R. McNamara

**REQUEST:**

30. Both the Demand Response Task Force and Markets Subcommittee have within the past month unanimously passed a motion to change the TEMT definition of "Demand Response Resource" from:

> Load located within the Transmission Provider Region whose withdrawals are monitored by the Transmission Provider and who is capable of following Dispatch Instructions in the Real-Time.

to:

> Load within the Transmission Provider Region whose withdrawals are monitored by the Transmission Provider and who is permitted to participate in Transmission Provider administered markets under the laws and regulations enacted by the legislature or promulgated by a duly authorized agency of the State in which the monitored withdrawals take place.

Will MISO file the stakeholder-approved revised "Demand Response Resource" definition above at FERC? If so, when and how? If not, why not?

**RESPONSE:**

The filing of this suggested definition is under consideration by the Midwest ISO. If the Midwest ISO chooses to file this revised definition, it will do so with the FERC pursuant to Section 205 of the Federal Power Act at such time as the Midwest ISO deems it to be appropriate.

Witness: Ronald R. McNamara

**REQUEST:**

30. Both the Demand Response Task Force and Markets Subcommittee have within the past month unanimously passed a motion to change the TEMT definition of "Demand Response Resource" from:

> Load located within the Transmission Provider Region whose withdrawals are monitored by the Transmission Provider and who is capable of following Dispatch Instructions in the Real-Time.

to:

> Load within the Transmission Provider Region whose withdrawals are monitored by the Transmission Provider and who is permitted to participate in Transmission Provider administered markets under the laws and regulations enacted by the legislature or promulgated by a duly authorized agency of the State in which the monitored withdrawals take place.

Will MISO file the stakeholder-approved revised "Demand Response Resource" definition above at FERC? If so, when and how? If not, why not?

**RESPONSE:**

The filing of this suggested definition is under consideration by the Midwest ISO. If the Midwest ISO chooses to file this revised definition, it will do so with the FERC pursuant to Section 205 of the Federal Power Act at such time as the Midwest ISO deems it to be appropriate.

Witness: Ronald R. McNamara

**REQUEST:**

31. In the proposed Day 2 Market, are energy sales from LG&E/KU designated resources recallable by MISO to satisfy energy deficiencies within MISO even when LG&E/KU themselves are energy sufficient and otherwise not required to respond to the deficient area?

**RESPONSE**:

Pursuant to Section 69.2 of the EMT, the Midwest ISO may curtail exports sourced from designated network resources only during a declared Emergency.

**REQUEST:**

32. Explain TEMT Section 69 in light of Paragraphs 573-4, and 576 of FERC's August 6, 2004 order approving MISO's TEMT. What is the minimum MW amount of designated resources that LG&E/KU must have in order to serve LG&E/KU native load from any LG&E/KU owned or controlled generation resource using network integration transmission service?

**RESPONSE:**

The minimum MW amount of designated resources that LG&E/KU must have in order to serve their native load is the amount that complies with the adequacy and reserve requirements established by the applicable states and RROs in which LG&E/KU operate.

Witness: Ronald R. McNamara

**REQUEST:**

33. Is MISO aware of any changes to any of NERC's operating Policies 1 through 9 that will occur as the result of MISO commencing the proposed Day 2 Market operations?

**RESPONSE:**

No.

**REQUEST:**

34. Is MISO currently fulfilling all its obligations as Reliability Authority under NERC Operating Policies?

**RESPONSE:**

Yes.

Witness: Roger C. Harszy

**REQUEST:**

35. Is the RAC performed as described in EMT Section 40.1 required in order for MISO to fulfill its responsibilities as NERC Reliability Authority? If yes, why isn't MISO doing this today? If no, why is it necessary to so in Day 2?

**RESPONSE:**

The Midwest ISO is not currently performing an RAC process because it is not currently administering a security constrained economic dispatch (SCED) imbalance energy market. Pursuant to FERC's Order No. 2000, the Midwest ISO, as a Regional Transmission Organization, must provide a market based mechanism for congestion management and a real-time energy imbalance market. In fulfillment of this requirement, the Midwest ISO's proposed Day 2 Energy Markets based upon LMP and SCED contain, as an element, the RAC process as described in Section 40.1 of the EMT to help ensure the reliable operation of the transmission system and SCED.

**REQUEST:**

36. Why does MISO believe that a unit who is assured of a Revenue Sufficiency Guaranty will in fact start up and be ready to generate energy if dispatched? Is there any penalty for a MISO committed unit that fails to startup and cannot perform when called upon? And if so, what is that penalty?

**RESPONSE:**

The Midwest ISO believes that Market Participants will respond to economic incentives. The penalty for the failure to startup a committed unit is the lost opportunity to recover its start-up offers.

Witness: Ronald R. McNamara

**REQUEST:**

37. Is MISO aware that LG&E/KU are assured of recovering all startup and no-load costs whether or not committed by MISO? If yes, why did MISO propose to include those native load customers who pay LG&E/KU those commitment costs among those who share in paying the commitment costs arising frOm MISO's unit commitment whether in the SCUC or RAC processes?

**RESPONSE:**

The Midwest ISO is without sufficient information to accept or dispute the statement that LG&E/KU are assured of recovering all startup and no-load costs whether or not committed by the Midwest ISO. The Midwest ISO does not currently bill LG&E/KU native load customers for any Midwest ISO services, and does not propose to bill LG&E/KU native load customers for costs associated with the SCUC or RAC processes.

Witness: Ronald R. McNamara

**REQUEST:**

38. Does MISO take on any new obligation to serve load in the proposed Day 2 Market? If yes, explain what that obligation is and how it interacts with or supplants the obligation to serve of state-franchised utilities residing within MISO. If no, explain why MISO will commit units pursuant to TEMT Section 40.1 so that "the Transmission Provider can reliably operate the facilities and serve its Load Forecast and Capacity requirements?"

**RESPONSE:**

The Midwest ISO does not believe that it will take on any new obligations to serve load in the Day 2 Markets. The referenced part of the tariff, EMT § 40.1, has been paraphrased inaccurately or incompletely; as approved in the August 6th EMT Order (¶528), Section 40.1 more fully describes the intention as follows:

> The intent of the Transmission Provider operations in reliability assessment and commitment process is to ensure, to the extent feasible, that expected system conditions in the Operating Day are represented in the Transmission Provider's Network Model and that the Transmission Provider can reliably operate the facilities and serve its Load Forecast and Capacity requirements.

In approving the Reliability Assessment Commitment process as filed, FERC explained that it "allows the Midwest ISO to commit additional resources when needed to meet load forecasts." August 6th EMT Order ¶ 528. It also stated: "The RAC process in no way impairs LG&E's ability to use its resources to serve its load or exposes it to costs that it would not otherwise incur." *Id.*

Please note that the Midwest ISO is participating in settlement procedures established by FERC to address — with its Transmission Owners — the allocation of functional responsibilities, costs, and liabilities of the Midwest ISO and member Control Areas. The parties have been directed to make a filing with FERC by October 5, 2004, presenting a proposed resolution. August 6th EMT Order ¶ 138.

Witness: Ronald R. McNamara

**REQUEST:**

39. What are the Transmission Provider "Capacity requirements" referred to at the end of the last sentence in TEMT Section 40.1?

**RESPONSE:**

"Capacity requirements" refers to operating reserve requirements.

**REQUEST:**

40. In the proposed Day 2 Market, will MISO calculate external proxy prices for external control areas based on the simple average of LMP prices within the defined external area, i.e., without regard to MW load weighting? If not, explain the methodology.

**RESPONSE:**

Yes.

Witness: Ronald R. McNamara

**REQUEST:**

41. In the proposed Day 2 Market, if MISO changed its proposed methodology of calculating external price proxies from a simple average to a load weighted average calculation, could the external LMP proxy change? If not, why not?

**RESPONSE:**

Yes.

Witness: Ronald R. McNamara

**REQUEST:**

42. How many control areas for whom MISO will be calculating an external MP proxy directly interconnect with LG&E/KU?

**RESPONSE:**

Currently, there are six (Tennessee Valley Authority, East Kentucky Power Cooperative, Electric Energy, Inc., Big Rivers Electric Corporation, American Electric Power, and Ohio Valley Electric Corporation).

Witness: Roger C. Harszy

**REQUEST:**

43. Will Eastern Kentucky Power Cooperative ("EKPC"), Tennessee Valley Authority ("TVA") and Big Rivers Electric Cooperative ("BREC") generation be included in MISO's LMP congestion management system?

**RESPONSE:**

No.

Witness: Ronald R. McNamara

**REQUEST:**

44. In the proposed Day 2 Market, will NERC Transmission Loading Relief procedures ("TLRs") be called contemporaneously with LMP congestion management?

**RESPONSE:**

When operating procedures and joint operating agreements call for TLR procedures to be invoked and for congestion management responsibilities to be shared between transactions subject to TLR and the Midwest ISO Energy Markets, TLRs will be called prior to and contemporaneously with LMP congestion management.

Witness: Ronald R. McNamara

**REQUEST:**

45. In the proposed Day 2 Market, at what percentage of Operating Security Limit does MISO propose to bind a constraint in its Security Constrained Economic Dispatch ("SCED")?

**RESPONSE:**

Initially, the Midwest ISO will bind a constraint in its SCED at 95% of the Operating Security Limit in the proposed Day 2 Market. The Midwest ISO intends to move this percentage to 100% as operational experience is gained.

Witness: Ronald R. McNamara

**REQUEST:**

46. In the proposed Day 2 Market, once identified as a constraint by MISO operating engineers, how long does it take MISO to incorporate a constraint into its SCED?

**RESPONSE:**

Using the automated process, the incorporation of a constraint into the Midwest ISO SCED may take five to 10 minutes; however, manual actions may be initiated prior to the five to 10 minute period if necessary.

Witness: Roger C. Harszy

**REQUEST:**

47. In the proposed Day 2 Market, how long does the MISO SCED take to correctively redispatch once a constraint has been entered into the SCED algorithm?

**RESPONSE:**

Up to the next five-minute interval when the SCED is calculated.

**REQUEST:**

48. In the proposed Day 2 Market, at what point in the process of MISO operating engineers identifying a constraint, passing that information to the SCED and altering the dispatch does MISO issue a NERC TLR for any tagged transactions that may impact the same constraint?

**RESPONSE:**

At the same time as a constraint is bound and redispatch is initiated.

Witness: Roger C. Harszy

**REQUEST:**

49. In the proposed Day 2 Market congestion management, when and how does MISO unbind a constraint?

**RESPONSE**:

A constraint would be "unbound" when the flow has dropped to the point where redispatch is no longer needed. This would be accomplished through the SCED algorithm.

**REQUEST:**

50. Please explain the process by which MISO will run a proposed Day 2 Market LMP congestion management system at the same time MISO will utilize NERC TLRs to obtain relief on a constrained transmission element. Please include in this explanation a description of how MISO plans to avoid redispatching MISO generation to support external and through and out transactions.

**RESPONSE:**

Please refer to the April 2, 2004, compliance filing of the Midwest ISO and PJM Interconnection, LLC ("PJM") consisting of revisions to the Joint Operating Agreement between the Midwest ISO and PJM and a Congestion Management Process White Paper, all of which were submitted to the Federal Energy Regulatory Commission in Docket No. ER04-375-001. This joint compliance filing can be viewed or downloaded at the Midwest ISO's web page at http://www.midwestiso.org/ under the heading "Filings to FERC" or through the FERC's web page at http://www.ferc.gov/.

**REQUEST:**

51. Under an LMP-based SCED, if a constraint is ignored or not entered into the SCED, will MISO deviate from what it understands to be the economic order of dispatch?

**RESPONSE:**

No.

**REQUEST:**

52. In the proposed Day 2 Market, will MISO rely to any extent on external parties when identifying constraints to be entered into the MISO SCED?

**RESPONSE:**

Yes, as part of reliably operating an integrated transmission system, the Midwest ISO coordinates its efforts with its neighboring Reliability Coordinators.

Witness: Roger C. Harszy

**REQUEST:**

53. How does MISO propose to collect Schedule 21 costs? What is the total estimated costs to LG&E associated with MISO recovery of Schedule 21 charges?

**RESPONSE:**

The Midwest ISO proposes to collect Schedule 21 costs per the terms of its filed rate schedule with the FERC. The total estimated costs to LG&E associated with the recovery of Schedule 21 costs are not known at this time.

Witness: Ronald R. McNamara

**REQUEST:**

54. Referring to MISO's recently filed market benefits testimony at FERC in which MISO claims the lower market clearing price arising from a MISO centrally dispatched market will generate on the order of $586.1 million annually in savings:

a. What percentage of load within MISO pays a market-clearing price today for energy?

b. What percentage of load in the proposed Day 2 Market does MISO anticipate paying market-clearing price for their energy requirements?

**RESPONSE:**

a. 100%

b. 100%

**REQUEST:**

55. In paragraph 588 of FERC's 8/6/04 Order FERC states: "The Commission rejects LG&E's notion that self-scheduling entities should not have to pay the generator uplift charge. As the Commission stated previously: [S]tart-up and minimum load costs support both energy and ancillary services such as regulation and operating reserves, as well as redispatch to alleviate transmission congestion. Ancillary services are necessary for reliability, and all loads benefit from reliable operation of the transmission system. Since all loads benefit from the system's reliability and since loads from both ISO and bilateral markets may benefit from congestion management and ancillary services, it is not unreasonable that these costs be recovered through the scheduling charges from all loads."

a. Explain the reason MISO exempts in TEMT Section 37.3.a Transmission Owners taking Network Integration Services to serve Bundled Load from pay Schedules 1-6.

b. To the extent Transmission Owners taking Network Integration Services to serve Bundled Load self-supply the ancillary service costs MISO recovers through Schedules 1-6, do other MISO loads contribute to that Transmission Owner's self-supplied ancillary service cost recovery?

**RESPONSE:**

a. Absent the provisions of EMT Section 37.3a, the Midwest ISO would bill and pay two different functions of the same vertically integrated utility when serving its Bundled Load, *i.e.*, the Midwest ISO would collect payment for transmission service and schedules 1-6 from the merchant function of the utility and pass the collected payment through to the transmission owning side of the same utility.

b. As a point of clarity, Schedules 1 and 2 are mandatory services that must be taken from the Transmission Provider as stated in Section 3 of the Midwest ISO EMT and OATT and therefore are not self-supplied

ancillary services. Other Midwest ISO loads contribute to the payment of Schedule 1 charges as the charge consists of an average rate charged to all Transmission Customers, with the Midwest ISO then passing the amounts collected for Schedule 1 back to Transmission Owners based on their revenue requirements. With regard to Schedule 2, a required service that cannot be self supplied, other Midwest ISO wholesale loads within a Transmission Owner's control area contribute to fulfillment of the revenue requirements for Schedule 2 because this is a required ancillary service, as do non-Midwest ISO loads outside the Midwest ISO footprint who are charged an average rate for Schedule 2 service, a portion of which is returned to the individual Control Area Operators that actually provide the service for out and through transactions. The amounts collected for transactions sinking in the Transmission Owner's control area under Schedule 2 are passed back to the Control Area Operator where the transaction sinks. Other Midwest ISO wholesale loads within the Transmission Owner's control area can contribute to the Transmission Owner's return of their costs for Schedules 3, 5, and 6 when these services are taken from the Transmission Owner.

**REQUEST:**

56. Paragraph 573 of FERC's August 6, 2004 Order approving the TEMT, in the 2nd sentence, FERC states that "generation resources can be designated self scheduling or network resources." Please state whether MISO's believes that the term "network resource" in the preceding sentence is analogous to being a MISO designated "network resource"?

**RESPONSE:**

Yes.

Witness: Ronald R. McNamara

**REQUEST:**

57. The 3rd sentence of Paragraph 573 of the August 6, 2004 Order goes on to say that "...LG&E has the option of designating all its generation resources as self-scheduled and thereby serve all retail load with its own generation..." How does this comport with MISO Network Integrated Transmission Service that requires the customer to register Designated Network Resources to serve its projected load? How does a self-scheduled resource obtain transmission service, if it is no longer a network resource as suggested by FERC?

**RESPONSE:**

The provision in Section 69 of the Tariff, which requires Market Participants to register designated Network Resources available to serve load within the Region, does not prohibit Market Participants from using such Resources to serve their retail load through self-scheduling. The purpose of registering Network Resources is to provide the Transmission Provider with an understanding of what generation resources will be available to serve load in the Region. Section 69.2 of the Tariff specifies that a Market Participant with Network Resources designated pursuant to Section 69.1 can submit a Self-Schedule in lieu of offering such Resources into the Day-Ahead Energy Market to self-serve its load. Paragraph 573 of the August 6, 2004 Order did not provide that once a designated Network Resource had been self-scheduled that it would no longer qualify as a Network Resource.

**REQUEST:**

58. Paragraph 573 of FERC's August 6, 2004 Order implies that self-scheduling resources to serve retail load is analogous to the way it would occur without an ISO energy market. However, self-scheduled generation (and load) is settled no differently than if the resource were offered and cleared by the MISO market.

    a. How does self-scheduling allow LG&E/KU to serve native load in the same way as without the ISO energy market, when Day-Ahead settlement is the same for all cleared Day-Ahead schedules?

    b. How does self-scheduling allow LG&E/KU to avoid having available Designated Network Resource ("DNR") capacity available for MISO Day-Ahead dispatch for non-LG&E/KU load, perhaps at mitigated prices?

    c. How does self-scheduling allow LG&E/KU to avoid paying the costs of MISO SCUC revenue guarantees?

    d. How does self-scheduling allow LG&E/KU to avoid paying the costs of MISO RAC revenue guarantees?

    e. Is self-scheduled load exempted from MISO uplift of GFA Option B congestion or NCA congestion costs?

**RESPONSE:**

    a. LG&E/KU can submit Day-Ahead financial schedules to eliminate the energy component from any Midwest ISO day-ahead settlement statements.

    b. Self-scheduling self-commits available capacity. By scheduling a commensurate amount of demand, the power balance is achieved between LG&E/KU supply and demand.

    c. The Midwest ISO expects that the market clearing price (LMP) in its Energy Markets will provide sufficient revenues to cover the Revenue Sufficiency Guarantee.

Witness: Ronald R. McNamara

d. If LG&E/KU schedules accurately in the Day-Ahead Market and does not deviate from these schedules in the real-time, it can avoid paying the Midwest ISO RAC guarantee.

e. No.

**REQUEST:**

59. In the proposed Day 2 Market, are energy sales from LG&E/KU designated resources recallable by MISO to satisfy energy deficiencies within MISO even when LG&E/KU themselves are energy sufficient and otherwise not required to respond to the deficient area?

**RESPONSE:**

See the Midwest ISO's Response to Item No. 31 (of which this request is a verbatim copy).

Witness: Ronald R. McNamara

**REQUEST:**

60. Explain TEMT Section 69 in light of Paragraphs 573-4, and 576 of FERC's August 6, 2004 order approving MISO's Energy Markets Tariff. What is the minimum MW amount of designated resources that LG&E/KU must have in order to serve LG&E/KU native load from any LG&E/KU owned or controlled generation resource using network integration transmission service?

**RESPONSE:**

See the Midwest ISO's Response to Item No. 32 (of which this request is a verbatim copy).

Witness: Ronald R. McNamara