

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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COMMISSION

In the Matter of:

Duke Energy Kentucky, Inc.'s Application for Approval to Transfer Functional Control of Certain Transmission Assets from the Midwest Independent Transmission System Operator to the PJM Interconnection Regional Transmission Organization and Request for Expedited Treatment

Case No. 2010-00203

**Responses of Midwest Independent System Operator, Inc.
to Duke Energy Kentucky, Inc.'s 9/22/10 Data Requests**


Intervenor Midwest Independent System Operator, Inc. ("the Midwest ISO") hereby responds to the data requests propounded by Duke Energy Kentucky, Inc. ("DEK") on September 22, 2010. Midwest ISO's response consists of one bound volume of text responses. With the original hereof is a copy of the certification for these responses. The Midwest ISO will separately file with the Commission the original of this certification, with a notice of filing served on all parties.

Requests 1-7, 12, 14-17, and 20-27 call for a legal conclusion or analysis or for a response in the nature of an admission/stipulation or procedural comment, and the Midwest ISO provides the responses thereto through its counsel. In addition, any objection stated in a response is provided by counsel, not by any witness identified for that response.

Respectfully submitted,

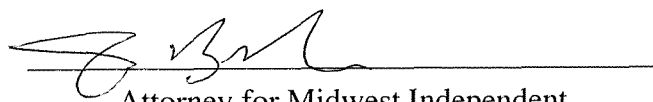
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By: 
COUNSEL FOR MIDWEST INDEPENDENT
TRANSMISSION SYSTEM OPERATOR, INC.

CERTIFICATE of FILING and SERVICE

I hereby certify that on this the 5th day of October, 2010, the original and 10 copies of the foregoing were hand delivered to the Commission for filing, and a copy was served, via U.S. Mail, first-class, postage prepaid, on each person at the address shown on the attached Service List.


Attorney for Midwest Independent
Transmission System Operator, Inc.

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CERTIFICATION

STATE OF INDIANA)
) SS:
COUNTY OF HAMILTON)

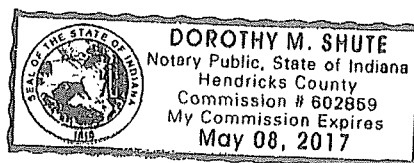
The undersigned, Wayne Schug, being duly sworn, deposes and says that I am the Executive Director in charge of Stakeholder Engagement & Strategic Planning for Midwest Independent System Operator, Inc. I further certify that the following responses of the Midwest ISO were prepared by me or under my supervision, and are true and correct to the best of my information, knowledge, and belief formed after reasonable inquiry.

Wayne Schug
Wayne Schug, Exec. Dir. – Stakeholder
Engagement & Strategic Planning

SUBSCRIBED and SWORN to before me, a Notary Public, this 5th day of October,
2010.

Dorothy M. Shute
Notary Public

My commission expires: May 8 2017



Request:

1. Referring to page 2 of the July 28, 2010 [*sic*] Motion for Full Intervention by Midwest ISO in the above-styled proceeding, has the Midwest ISO performed any study or analysis regarding “the logistics and costs associated with this transfer of control?”
 - a. If the response is in the affirmative, please provide the study or analysis, including all work papers.
 - b. If the response is in the negative, please explain how Midwest ISO’s participation in this proceeding with respect to the issue regarding “the logistics and costs associated with this transfer of control” presents “additional detail on relevant issues or to further develop facts that will assist the Commission in fully considering Duke’s Application without unduly complicating or disrupting the proceedings.”

Response:

The Midwest ISO has information relating to, *inter alia*, the topic of “the logistics and costs associated with this transfer of control” based on experience as an RTO of which DEK has been and is a member, as well as its general experience with transfers of control associated with new members and realignment of existing members. The Midwest ISO does not have, and in moving to intervene did not undertake to perform, a study or analysis of this general topic. The Midwest ISO listed this and various sub-topics as illustrations of issues “the Commission may need to understand” and for which intervention would allow the Midwest ISO to “be available to the Commission to either clarify Duke’s responses or respond to issues more directly.” 6/28/10 Motion for Full Intervention p.3. DEK did not object to the requested intervention, and the Commission granted intervention on the following finding:

It appears to the Commission that such intervention is likely to present issues and develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings.

7/19/10 Order p.1. Any issue about the Midwest ISO’s intervention request is moot at this point.

The Commission has not yet called on the Midwest ISO to present additional detail or further develop facts, including on any “logistics and costs associated with this transfer of control.”

Please note, however, that the Midwest ISO herein provides information and designates

witnesses — including about the exit fee that would be assessed to DEK upon a withdrawal from the Midwest ISO — that may be of assistance to the Commission in its consideration of the issues and concerns raised in this proceeding.

Request:

2. Referring to page 3 of the July 28, 2010 [*sic*] Motion for Full Intervention by Midwest ISO in the above-styled proceeding, has the Midwest ISO performed any study or analysis regarding “how and to what extent Duke’s transmission operating procedures would change once PJM takes control?”

- a. If the response is in the affirmative, please provide the study or analysis, including all work papers.
- b. If the response to question 2 is in the negative, please explain how Midwest ISO’s participation in this proceeding (with respect to said issue of “how and to what extent Duke’s transmission operating procedures would change once PJM takes control”) presents “additional detail on relevant issues or to further develop facts that will assist the Commission in fully considering Duke’s Application without unduly complicating or disrupting the proceedings.”
- c. Please explain how Midwest ISO believes Duke’s transmission operating procedures would change once PJM takes control.

Response:

The Midwest ISO has information relating to, *inter alia*, the topic of “how and to what extent Duke’s transmission operating procedures would change once PJM takes control” based on experience as an RTO of which DEK has been and is a member, as well as its general experience with transfers of control associated with new members and realignment of existing members. The Midwest ISO does not have, and in moving to intervene did not undertake to perform, a study or analysis of this topic. The Midwest ISO listed this and other topics as illustrations of issues “the Commission may need to understand” and for which intervention would allow the Midwest ISO to “be available to the Commission to either clarify Duke’s responses or respond to issues more directly.” 6/28/10 Motion for Full Intervention p.3. It had a reasonable basis for doing so, because DEK’s 5/20/10 Application raised operational issues relating to Duke Energy Ohio’s proposed realignment with PJM. Examination of “how and to what extent” something may change after the proposed realignment requires a comparison to the *status quo*, on which the Midwest ISO has relevant factual information.

DEK did not object to the requested intervention, and the Commission granted intervention on the following finding:

It appears to the Commission that such intervention is likely to present issues and develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings.

7/19/10 Order p.1. Any issue about the Midwest ISO's intervention request is moot at this point. The Commission has not yet called on the Midwest ISO to present additional detail or further develop facts, including on "how and to what extent Duke's transmission operating procedures would change once PJM takes control." Please note, however, that the Midwest ISO herein provides information and designates witnesses that may be of assistance to the Commission in its consideration of the issues and concerns raised in this proceeding.

Request:

3. Referring to page 3 of the July 28, 2010 [*sic*] Motion for Full Intervention by Midwest ISO in the above-styled proceeding, has the Midwest ISO performed any study or analysis regarding “how Duke, Midwest ISO, and PJM would communicate with each other on reliability coordination, congestion management, and other transmission issues affecting facilities that have been under the control of the Midwest ISO?”
- a. If the response is in the affirmative, please provide the study or analysis, including all work papers.
 - b. If the response to Question 3 is in the negative, please explain how Midwest ISO’s participation in this proceeding with respect to the issue of “how Duke, Midwest ISO, and PJM would communicate with each other on reliability coordination, congestion management, and other transmission issues affecting facilities that have been under the control of the Midwest ISO,” presents “additional detail on relevant issues or to further develop facts that will assist the Commission in fully considering Duke’s Application without unduly complicating or disrupting the proceedings.”
 - c. Please explain how Midwest ISO believes “Duke, Midwest ISO, and PJM would communicate with each other on reliability coordination, congestion management, and other transmission issues affecting facilities that have been under the control of the Midwest ISO.”

Response:

The Midwest ISO has information relating to, *inter alia*, the topic of “how Duke, Midwest ISO, and PJM would communicate with each other” based on experience as an RTO of which DEK has been and is a member, as well as its general experience in communicating with PJM and transmission owners. The Midwest ISO does not have, and in moving to intervene did not undertake to perform, a study or analysis of this topic. The Midwest ISO listed this and other topics as illustrations of issues “the Commission may need to understand” and for which intervention would allow the Midwest ISO to “be available to the Commission to either clarify Duke’s responses or respond to issues more directly.” 6/28/10 Motion for Full Intervention p.3. It had a reasonable basis for doing so, because DEK’s 5/20/10 Application raised the issue of “seams” between RTOs and the possibility of a *pseudo-tie* between DEK and the Midwest ISO through PJM.

DEK did not object to the requested intervention, and the Commission granted intervention on the following finding:

It appears to the Commission that such intervention is likely to present issues and develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings.

7/19/10 Order p.1. Any issue about the Midwest ISO's intervention request is moot at this point. The Commission has not yet called on the Midwest ISO to present additional detail or further develop facts, including on "how Duke, Midwest ISO, and PJM would communicate with each other." Please note, however, that the Midwest ISO herein provides information and designates witnesses that may be of assistance to the Commission in its consideration of the issues and concerns raised in this proceeding.

Request:

4. Referring to page 3 of the July 28, 2010 [sic] Motion for Full Intervention by Midwest ISO in the above-styled proceeding, has the Midwest ISO performed any study or analysis regarding “which entity would have the authority to make decisions affecting Duke’s transmission system and the extent of input which Duke would have in the process and the overall impact of this arrangement on Duke’s consumers as well as upon other transmission owners under the jurisdiction of the Commission?”

- a. If the response is in the affirmative, please provide the study or analysis, including all work papers.
- b. With respect to the quoted language above, if the response to Question 4 is in the negative, please explain how Midwest ISO’s participation in this proceeding presents “additional detail on relevant issues or to further develop facts that will assist the Commission in fully considering Duke’s Application without unduly complicating or disrupting the proceedings.”
- c. Please explain Midwest ISO position regarding which “entity would have the authority to make decisions affecting Duke’s transmission system and the extent of input which Duke would have in the process and the overall impact of this arrangement on Duke’s consumers as well as upon other transmission owners under the jurisdiction of the Commission.”

Response:

The Midwest ISO has information relating to, *inter alia*, the topics of “[pursuant to seams agreements,] which entity would have the authority to make decisions affecting Duke’s transmission system and the extent of input which Duke would have in the process” and “the overall impact of this arrangement on Duke’s consumers, as well as upon other transmission owners” based on experience as an RTO of which DEK has been and is a member and having a “seam” with PJM. The Midwest ISO does not have, and in moving to intervene did not undertake to perform, a study or analysis that covers these two sets of topics. The Midwest ISO listed these and other topics as illustrations of issues “the Commission may need to understand” and for which intervention would allow the Midwest ISO to “be available to the Commission to either clarify Duke’s response or respond to issues more directly.” 6/28/10 Motion for Full Intervention p.3. It had a reasonable basis for doing so, because DEK’s 5/20/10 Application raised the issues of “seams” between RTOs and the effects of realignment on third parties.

Witness: (not applicable)

DEK did not object to the requested intervention, and the Commission granted intervention on the following finding:

It appears to the Commission that such intervention is likely to present issues and develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings.

7/19/10 Order p.1. Any issue about the Midwest ISO's intervention request is moot at this point. The Commission has not yet called on the Midwest ISO to present additional detail or further develop facts, including on seams agreements or effects on DEK's customers or other transmission owners. In listing issues in the Motion for Full Intervention, the Midwest ISO did not take a position on them (and so does not know to what DEK's request to "explain" refers). Please note, however, that the Midwest ISO herein provides information and designates witnesses that may assist the Commission in its consideration of issues relating to seams agreements and effects on other transmission owners and DEK customers.

Request:

5. Referring to page 3 of the July 28, 2010 [*sic*] Motion for Full Intervention by Midwest ISO in the above-styled proceeding, please explain what Midwest ISO believes are the “federal regulatory and contractual commitments that may directly and indirectly affect the transfer sought by Duke.” If the response refers to or relies upon a tariff, prior Order, agreement, or other document, please specifically identify and provide a copy of such tariff, Order, agreement or document.

Response:

The Midwest ISO has information relating to, *inter alia*, the topic of “federal regulatory and contractual commitments that may directly and indirectly affect the transfer sought by Duke.” 6/28/10 Motion for Full Intervention p.3. In moving to intervene, the Midwest ISO did not undertake to exhaustively list or “explain” these commitments. It did state that “as a current Transmission-Owning Member of the Midwest ISO, Duke will be subject to the Midwest ISO FERC exit fees and other financial requirements” and noted that “[t]he Commission may want to inquire about specific provisions of those exit requirements and obligations in order to fully and adequately consider the Application.” *Id.* p.4. The Commission has inquired of DEK about these topics (*see, e.g.*, 1 PSC Staff 4, 6, and 8), but has not yet called on the Midwest ISO for additional detail or to develop further facts.

This request is objectionable to the extent that it calls for a legal conclusion or argument. However, in its Application, DEK admits that realignment would require payment of an exit fee and that it has an obligation to pay for Midwest ISO transmission-expansion plan costs even after realignment (and then would also have an obligation to pay for such costs within PJM); thus, there is no dispute about whether there are any such “regulatory and contractual commitments.” Please note that the Midwest ISO herein provides information and designates witnesses that may assist the Commission in its consideration of the nature and magnitude of those realignment-related commitments (*see, e.g.*, Responses to Requests Nos. 7-11).

Request:

6. Referring to page 3 of the July 28, 2010 [*sic*] Motion for Full Intervention by Midwest ISO in the above-styled proceeding, please explain the “possible continuing obligations that may result from transferring Duke transmission system assets.”

Response:

The Midwest ISO has information relating to, *inter alia*, the topic of “possible continuing obligations that may result from transferring Duke transmission system assets.” 6/28/10 Motion for Full Intervention p.3. In moving to intervene, the Midwest ISO did not undertake to exhaustively list or “explain” these possible continuing obligations. It did state that “as a current Transmission-Owning Member of the Midwest ISO, Duke will be subject to the Midwest ISO FERC exit fees and other financial requirements” and noted that “[t]he Commission may want to inquire about specific provisions of those exit requirements and obligations in order to fully and adequately consider the Application.” *Id.* p.4. The Commission has inquired of DEK about these topics (*see, e.g.*, 1 PSC Staff 4, 6, and 8), but has not yet called on the Midwest ISO for additional detail or to develop further facts.

This request is objectionable to the extent that it calls for a legal conclusion or argument. However, in its Application, DEK admits that realignment would require payment of an exit fee and that realignment would require it (for a while) to pay toward both Midwest ISO and PJM transmission expansion plan costs; thus, there is no dispute about whether there are any such “possible continuing obligations.” Please note that the Midwest ISO herein provides information and designates witnesses that may assist the Commission in its consideration of the nature and magnitude of those realignment-related obligations (*see, e.g.*, Responses to Requests Nos. 7-11).

Request:

7. Has the Midwest ISO determined the exit fee that will be assessed to Duke Energy Kentucky upon its withdrawal from the Midwest ISO?
- a. If the response is in the affirmative, please state the exit fee, and provide any and all calculations and work papers supporting the exit fee determination.
 - b. If the response is in the negative, when will Midwest ISO determine the fee?

Response:

No. Article Five of the Transmission Owners Agreement governs the process for such an “exit fee” determination; Sections II and III provide in relevant part:

Section II Effect Of Withdrawal By An Owner On Contractual Obligations.

In the event of withdrawal of an Owner pursuant to Section I of this Article Five:

B. Existing Obligations.

All financial obligations incurred and payments applicable to time periods prior to the effective date of such withdrawal shall be honored by the Midwest ISO and the withdrawing Owner.

C. Construction of Facilities.

Obligations relating to the construction of new facilities pursuant to an approved plan of the Midwest ISO shall be renegotiated as between the Midwest ISO and the withdrawing Owner. If such obligations cannot be resolved through negotiations, they shall be resolved in accordance with Attachment HH of the Tariff.

D. Other Obligations.

Other obligations between the Midwest ISO and the withdrawing Owner shall be renegotiated as between the Midwest ISO and the withdrawing Owner.

Section III Regulatory And Other Approvals Or Procedures.

The withdrawal by an Owner of its facilities from the Midwest ISO shall be subject to applicable federal and state regulatory approvals or procedures as set forth in Article

Five, Section I of this Agreement.

The practical effect of the above sections is that it is premature to begin any such analysis of the “exit fee” until the requirements of Article V Section III are met. Additionally, it is important to note that this process has seldom been used, but generally entails identifying those items that fall under Article V Section II, with the involvement of the withdrawing member and in coordination with the other signatories to the TOA. The Midwest ISO is usually called upon to do the initial calculations as to Section II (B)–(D), and then the discussions and negotiations begin.

Request:

8. Please identify all Midwest ISO transmission expansion projects submitted to and approved by the Midwest ISO Board of Directors since May 20, 2010 for inclusion in Appendix A of the MTEP where costs will be allocated to Duke Energy Kentucky.

Response:

Since May 20, 2010 the Midwest ISO Board of Directors has approved one transmission expansion project for inclusion in Appendix A of the MTEP that all current members of the Midwest ISO, including DEK would be obligated for a portion of the costs. The project description is as follows:

Project Name: Candidate MVP Portfolio 1: Michigan Thumb Wind Zone

Geographic Location: ITC Zone in Michigan

Estimated Cost: \$510,000,000

Expected In-Service Date: Phased-in over 2013 to 2015

Cost Allocation Type: Multi-Value Project

Approval Date: August 19, 2010

Request:

9. Please list all Midwest ISO transmission expansion projects submitted to and approved by the Midwest ISO Board of Directors between January 1, 2005 through May 20, 2010 for inclusion in Appendix A of the MTEP, where Midwest ISO allocates costs to Duke Energy Kentucky. Please include the date the projects were approved, the dollar amount of each project and the location of each project.

Response:

Refer to Exhibit 1 DEK 9 (attached) for a list of the transmission expansion projects approved by the Midwest ISO Board of Directors between January 1, 2005 through May 20, 2010 for inclusion in Appendix A of the MTEP that have a portion of the project cost allocated to the Duke Pricing Zone. Note that the costs shown in column six, "Estimated Allocation to the Duke Pricing Zone," do not represent costs allocated to DEK only.

Project ID	Transmission Owner Zone	State	Project Approval Date	Estimated Project Cost	Estimated Allocation to the Duke Pricing Zone
[1]	[2]	[3]	[4]	[5]	[6]
91	DUK	OH	2/15/07	17,687,496	16,491,363
286	GRE,XEL,OTP,MP	MN	12/4/08	570,000,000	13,265,365
345	ATC	WI	2/15/07	205,357,100	4,842,152
356	ATC	WI	12/4/08	230,056,311	5,271,052
481	METC	MI	2/15/07	9,913,090	147,697
612	NIPS	IN	12/13/07	7,254,528	217,847
686	ITC	MI	2/15/07	8,800,000	14,148
852	DUK	IN	12/13/07	10,871,730	10,827,610
870	AMIL	IL	12/13/07	5,878,500	201,464
890	FE	OH	2/15/07	11,840,000	83,470
910	ITC	MI	2/15/07	25,399,259	68,380
911	ITC	MI	2/15/07	5,550,000	122,612
988	METC	MI	2/15/07	28,300,000	31,526
1004	VECT	IN	6/20/07	22,000,000	6,174,473
1024	NSP	MN	12/4/08	259,854,577	5,403,204
1257	VECT	IN	6/20/07	66,000,000	23,094,802
1259	VECT	IN	6/20/07	14,400,000	4,020,041
1263	DUK	IN	12/13/07	9,300,000	7,654,917
1326	FE	OH	2/15/07	7,000,000	165,054
1457	NSP	MN	2/15/07	13,336,500	4,059
1458	NSP	MN	2/15/07	12,245,000	15,490
1615	NIPS	IN	12/13/07	1,320,000	14,213
1749	ITCM	IA	12/4/08	3,342,012	80,042
1817	METC	MI	3/4/08	24,625,277	285,301
1828	METC	MI	12/4/09	10,880,000	252,997
1970	VECT	IN	12/4/08	7,680,032	1,958,804
2053	IPL	IN	12/4/09	13,400,000	6,240,895
2068	AMIL	IL	12/4/08	35,077,000	877,234
2069	AMIL	IL	12/4/08	20,029,000	321,629
2375	DUK	OH	12/4/09	2,184,672	2,184,672
2472	AMIL	IL	12/4/09	78,168,000	1,590,701
2829	AMIL	IL	12/4/09	5,591,000	902,170

Request:

10. Please identify all Midwest ISO transmission expansion projects, including a description of each project and estimated cost that Midwest ISO plans to submit to the Midwest ISO Board of Directors before January 1, 2012 for inclusion in Appendix A of the MTEP and state whether Midwest ISO intends to allocate such costs to Duke Energy Kentucky.

- a. For each project identified above, please explain on what basis Midwest ISO will allocate such costs knowing that Duke Energy Kentucky has already stated its intention to withdraw from the Midwest ISO.
- b. For each project identified above, please explain the benefits Duke Energy Kentucky and its customers would receive from incurring such costs after the Company has withdrawn from the Midwest ISO.

Response:

Exhibit 1 DEK 10 (attached) lists the transmission expansion projects that are either pending Midwest ISO Board of Directors approval for inclusion in Appendix A as part of MTEP 10 with an allocation to the Duke Pricing Zone or targeted for Appendix A as part of the MTEP 11 planning cycle as a cost shared project. The following information is provided for each transmission expansion project: project identification number, project, name, cost allocation project type in accordance with the Midwest ISO's Attachment FF, project description, geographic location of project by Transmission Owner, state, estimated project cost, and estimated allocation to the Duke Energy Pricing Zone. Note that for targeted MTEP 11 projects the cost allocation to the Duke Pricing Zone has been marked "TBD" indicating that at this point in the planning process the cost allocation analysis has not been performed. Also, as the MTEP 11 planning cycle progresses, the projects eligible for cost sharing could change.

- a. If DEK continues with its intent to withdraw and does withdraw on January 1, 2012, any allocation of costs to DEK will be in accordance with the terms of the Transmission Owner's Agreement with respect to financial obligations of withdrawing transmission Owners.
- b. Obligation for the costs associated with projects approved while DEK is a Midwest ISO member would be incurred before it has withdrawn from the Midwest ISO. Improvement

and expansion of the transmission system within the Midwest ISO is of benefit to all who make use of the system, whether members or not. Allocations of costs of transmission investments under the Midwest ISO tariff are based on FERC-approved mechanisms that have been found by the FERC to be just and reasonable and to be consistent with the FERC principles of cost allocation that are based on and reasonably reflect cost causation and benefits.

Project ID	Project Name	Cost Allocation Project Type	Project Description	Transmission Owner Zone	State	Proposed MTEP Approval Cycle	Estimated Project Cost	Estimated Allocation to the Duke Pricing Zone
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
2050	Dresser 345/138kV Bank 3. addition	Baseline Reliability	Add a 3rd 345/138kV transformer at Dresser Sub	DUK	IN	MTEP 10	12,700,000	11,023,849
2793	G883/4 Uprate Point Beach-Sheboygan EC 345-kV	GIP	G883/4 increases ground clearance of the Point Beach-Sheboygan EC 345-kV to 167 deg F	ATC	WI	MTEP 10	1,450,000	32,762
2837	Uprate Cypress-Arcadian 345 kV line	GIP	G833/4-1022/3 Uprate Cypress-Arcadian 345 kV line to 584 MVA SE = 12.5 deg F clearance	ATC	WI	MTEP 10	100,000	2,259
3104	G514 Heartland Wind	GIP	Replace two existing 345kV 2000A gas circuit breakers (8S23 & 8S25) with 3000A gas circuit breakers	GRE	WI	MTEP 10	398,000	8,993
1950	2nd Kewaunee 345-138 kV Transformer	Baseline Reliability	Reconfigure Kewaunee 345/138 kV switchyard and install a 2nd Kewaunee 345-138 kV transformer of 500 MVA.	ATC LLC	WI	MTEP 11	17,697,000	TBD
3191	G164-Lakefield Jct. 345 kV Breaker & Half	GIP	Convert the Lakefield 345kV ring bus to breaker and a half.	ITCM	MN	MTEP 11	8,148,000	TBD
3192	G604-Ellendale 69 kV Switch Station	GIP	Construct a new Ellendale 69kV four terminal breaker station. The Hayward-West Owatonna 69kV line will be rerouted into the Ellendale breaker station. Then change the N.O. point on the line to closed.	ITCM	MN	MTEP 11	1,913,706	TBD
3193	G741-Martin Co Waste Heat	GIP	Construct a new 69kV tap to the G741 customer. Tap the Timont (IPL) Sherburn(SCREC) 69kV line.	ITCM	MN	MTEP 11	223,884	TBD
3194	G798-Story County Upgrades	GIP	Expand the ring bus at Story County.	ITCM	IA	MTEP 11	422,664	TBD
3195	G870-Freeborn	GIP	Tap the Hayward-Winnebago Jct 161kV and construct a new Freeborn 161kV three terminal breaker station. Approximately 4 mile tap will connect Freeborn to the new G870 customer substation.	ITCM	MN	MTEP 11	3,516,163	TBD
3196	H007-Bond Breaker Station	GIP	Tap the Hayward-Winnebago Jct 161kV and construct a new Bond 69kV three terminal breaker station.	ITCM	IA	MTEP 11	3,560,163	TBD
3199	G359, 38073-01	GIP	Tap the Hayward-Winnebago Jct 161kV and construct a new Bond 69kV three terminal breaker station.	MDU	ND	MTEP 11	15,675,000	TBD
2235	Candidate MVP Portfolio 1 - Meradosia to Ipava	MVP	Build 345 kV circuit from Meradosia to Ipava in Illinois	AmerenIL	IL	MTEP 11	80,000,000	TBD
2236	Candidate MVP Portfolio 1 - Meradosia to Pawnee	MVP	Build 345 kV circuit from Meradosia to Pawnee in Illinois	AmerenIL	IL	MTEP 11	130,000,000	TBD
2237	Candidate MVP Portfolio 1 - Pana to Mt. Zion	MVP	Build 345 kV circuit from Pana to Mt. Zion in Illinois	AmerenIL	IL	MTEP 11	48,000,000	TBD
2238	Candidate MVP Portfolio 1 - Rising to Kansas	MVP	Build 345 kV circuit from Mt. Zion to Kansas in Illinois	AmerenIL	IL	MTEP 11	174,000,000	TBD
2239	Candidate MVP Portfolio 1 - Rising to Sidney, 345 kV line	MVP	Build 345 kV circuit from Rising to Sidney in Illinois	AmerenIL	IL	MTEP 11	31,000,000	TBD
2240	Candidate MVP Portfolio 1 - Kansas to Sugar Creek	MVP	Build 345 kV circuit from Kansas to Sugar Creek in Illinois	AmerenIL	IL	MTEP 11	71,000,000	TBD
2634	Savanna-Cromwell	Baseline Reliability	Build 345 kV circuit from Kansas to Sugar Creek in Illinois	GRE	MN	MTEP 11	32,030,237	TBD
3003	Candidate MVP Portfolio 1 - Kansas 2nd. Transformer	MVP	Savanna-Cromwell	AmerenIL	IL	MTEP 11	9,000,000	TBD
3017	Candidate MVP Portfolio 1 - Quincy-Meradosia 345 kV Line	MVP	Kansas 345/138 kV Substation - Add 2nd 345/138 kV, 448MVA Transformer. 345 kV ring bus.	AmerenIL	IL	MTEP 11	176,000,000	TBD
3169	Candidate MVP Portfolio 1 - New Pawnee to Pana - 345 kV Line	MVP	Quincy-Meradosia 345 kV Line - New 40 mi. single circuit line from Quincy to Meradosia. Meradosia-Ipava 345 kV Line - New 43 mi. double-circuit line from Meradosia to Ipava. 3-Position 345 kV Ring Busses at Meradosia, Quincy, Ipava.	AmerenIL	IL	MTEP 11	76,000,000	TBD
3022	Candidate MVP Portfolio 1 - Fargo-Oak Grove 345 kV Line	MVP	New 31 mi. single-circuit line, 3000 A SE capability, 345 kV Ring Bus at Pana	AmerenIL	IL	MTEP 11	146,000,000	TBD
3170	Candidate MVP Portfolio 1 - West Adair-Palmvra Tap 345 kV Line	MVP	Fargo-Galesburg-Oak Grove (MEC) 345 kV Line - New 70 mile, 3000 A summer emergency capability line. 345 kV PCBs: 1-Fargo, 1-Oak Grove. Includes rebuild of Oak Grove to Galesburg 161 kV circuit.	AmerenIL, MEC	IA	MTEP 11	195,000,000	TBD
2248	Candidate MVP Portfolio 1 - Thomas Hill - Adair - Ottumwa 345	MVP	West Adair - Paimyra 345 kV, 63 miles, 3000A	AmerenMO	MO	MTEP 11	100,000,000	TBD
2202	Candidate MVP Portfolio 1 - Meadow Lake to Greentown 765	MVP	West Adair Substation - New 560 MVA, 345/161 kV Transformer. New 105 mile 345 kV line from Thomas Hill to Ottumwa with 3000 A summer emergency capability	AmerenMO, ITCM	IA	MTEP 11	171,875,000	TBD
2260	Besse #2 345kV Line	MVP	Build 765 kV circuit from Meadow Lake (AEP) to Greentown (DEM)	FE	OH	MTEP 11	71,000,000	TBD
2844	Prairie-Zion Energy Center 345 kV line	MVP	Beaver - Davis Besse 345kV Line Circuit #2	ATC LLC	WI	MTEP 11	19,116,000	TBD
3127	Candidate MVP Portfolio 1 - N LaCrosse-Madison-Cardinal 345-kV	MVP	Construct a new Pleasant Prairie-Zion Energy Center 345-kV line	ATC LLC	WI	MTEP 11	770,160,062	TBD

Proposed MTEP 10 and 11 Transmission Expansion Projects with Potential Cost Allocations to Duke Pricing Zone

Project ID	Project Name	Cost Allocation Project Type	Project Description	Transmission Owner/Zone	State	Proposed MTEP Approval Cycle	Estimated Project Cost	Estimated Allocation to the Duke Pricing Zone
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
2832	Candidate MVP Portfolio 1 - Dubuque Co - Spring Green 345 kV project	MVP	Dubuque Co - Spring Green 345 kV project	ATC LLC, ITCM	IA	MTEP 11	384,500,000	TBD
3213	Candidate MVP Portfolio 1 - Lakefield Jct to Mitchell County 345 kV	MVP	Build 345 kV transmission at 765 kV construction from Lakefield Jct in MN to Mitchell County station in Iowa	ITCM	MN	MTEP 11	600,000,000	TBD
3205	Candidate MVP Portfolio 1: Sheldon - Webster 345 kV line	MVP	Sheldon - Webster 345 kV line and associated substation equipment additions - Initial Candidate MVP Portfolio	MEC	IA	MTEP 11	239,700,000	TBD
3211	Candidate MVP Portfolio 1 - Webster - Hazelton 345 kV line	MVP	Webster - Hazelton 345 kV line	MEC, ITCM	IA	MTEP 11	293,550,000	TBD
2220	Candidate MVP Portfolio 1 - Ellendale to Big Stone	MVP	Build 345 kV double circuit line from Big Stone in South Dakota to Ellendale in North Dakota	OTP, MDU	ND	MTEP 11	275,000,000	TBD
2221	Candidate MVP Portfolio 1 - Big Stone to Brookings	MVP	Build 345 kV double circuit line from Brookings to Big Stone in South Dakota	OTP, XEL	SD	MTEP 11	150,000,000	TBD
1203	Candidate MVP Portfolio 1 - Brookings, SD SE Twin Cities 345 kV	MVP	Brookings City-Lyon City-Cedar Mountain-Helena-Lk Marion-Hampton Corner (Double Ckt 345 kV); Lyon City-Hazel (Double Ckt 345 kV); Hazel Minnesota Valley (Double Ckt 345 kV, initially operate at 230 kV); Cedar Mountain-Franklin (Single Ckt 115 kV)	XEL/GRE	MN	MTEP 11	767,623,369	TBD
3203	Candidate MVP Portfolio 1 - Reynolds to Burr Oak to Hipple 345 kV	MVP	Build 345 kV circuit from Reynolds to Burr Oak to Hipple	NIPSCO	IN	MTEP 11	90,000,000	TBD
3381	Meldahl Dam Generator 345kV Interconnect	TBD	Install interconnection substation for Meldahl Dam generator. Install 3-breaker 345kV ring bus, 345-138kV - 120 MVA transformer, loop Feeder 4545 through new substation. Connect independent generator per MISO requirements.	DEM	OH	MTEP 11	8,949,798	TBD
3392	DEM Speed to LGEE Paddys West 345kV tie	TBD	New DEM Speed to LGEE Paddys West 345kV tie line	DEM	IN	MTEP 11	15,000,000	TBD

Request:

11. Has the Midwest ISO performed any calculation, projection or analysis regarding annual capacity and/or energy payments Duke Energy Kentucky or Duke Energy Ohio, Inc. would receive in PJM Interconnection?

- a. If the response is in the affirmative, please provide any and all such calculations and analysis, including work papers and assumptions.
- b. Referring specifically to page 25 of Midwest ISO's Intervention and Comments filed in FERC Docket No. ER10-1562-000, please provide any and all work papers, calculations, analysis, and list all assumptions that support Midwest ISO's claim that "For the 2013/2014 capacity year, Duke would earn over \$68 million if its Ohio and Kentucky capacity was included in PJM's RPM. By 2025, Duke could be receiving between \$79 to \$124 million for its capacity in Kentucky and between \$481 to \$757 million for its Ohio capacity. For the ten-year period 2014/2015 through 2024/2025, at the high side of Midwest ISO's projections, Duke could earn nearly \$8 billion for its combined assets in RPM."
 - i. Please explain the range of projections contained in Midwest ISO's projections.
 - ii. Does Midwest ISO claim that the analysis it performed above is incremental to what Duke could earn in the Midwest ISO over the same period?
 - iii. Has the Midwest ISO performed a similar capacity value calculation assuming that Duke did not realign RTO membership and stayed in the Midwest ISO? If the response is in the affirmative, please provide such analysis, work papers and assumptions.

Response:

Yes.

- a. Midwest ISO used both observed and a range of potential future capacity prices to calculate potential Duke revenues under RPM. For planning year 2013/14, the unconstrained RTO Base Residual Auction price of \$27.73/MW-day was used.¹ The range of capacity prices used for the 2025 calculation was \$228-\$359/MW-day in nominal terms or \$173-\$273/MW-day in real 2010\$. This range of prices assumes that the unconstrained portion of PJM will be in long-term equilibrium by that time, and that

¹ See "2013/2014 Base Residual Auction Results," retrieved from <http://www.pjm.com/markets-and-operations/rpm/rpm-auction-user-info.aspx#Item07>.

prices will be set by the Net Cost of New Entry (“Net CONE”). Assuming new entry pricing by 2025 is justified based on PJM’s projection that the reserve margin will drop below the target by 2018 in the absence of additional new entry.²

The range of Net CONE numbers used for the 2025 projection was \$173-\$273/MW-day in 2010 dollars; a range which is below the current Net CONE value of \$317.95/MW-day currently used in the unconstrained portion of the RTO, and on the lower end or below the Net CONE values currently used in eastern PJM regions of \$227.20-\$342.02/MW-day.³

- b. As noted in the referenced FERC Docket No. ER10-1562-000, the numbers provided were for illustrative purposes only. The basis for the illustrative analysis is the PJM Interconnect, LLC Study, based upon the numbers and calculations noted in subpart (a), above. The illustrative numbers presented by the Midwest ISO were simply the calculation showing Duke Energy’s respective capacity requirement as reported by Duke Energy under Midwest ISO’s Module E obligations.
- i. See response to subpart (a).
- ii. No, that simplified illustrative calculation was focused only on the effects of Duke Energy in the PJM RPM.
- iii. No.

² See p. 6 of PJM Interconnection, LLC, *2009 PJM Reserve Requirement Study*. November 4, 2009, retrieved from [http://www.pjm.com/planning/resource-adequacy-planning/~media/documents/reports/2009-pjm-reserve-requirement-study.ashx](http://www.pjm.com/planning/resource-adequacy-planning/~/media/documents/reports/2009-pjm-reserve-requirement-study.ashx).

³ See “2013-14 RPM Base Residual Auction Planning Parameters with FRR Adjustments,” May 17, 2010, retrieved from <http://www.pjm.com/markets-and-operations/rpm/rpm-auction-user-info.aspx#Item07>.

Request:

12. Is the Midwest ISO aware of any calculation or analysis regarding annual capacity and/or energy payments Duke Energy Kentucky or Duke Energy Ohio, Inc. would receive in PJM Interconnection performed by a third party? If the response is in the affirmative, please identify the party preparing such calculation or analysis, summarize the calculation or analysis and provide any and all calculations and analysis, including work papers and assumptions.

Response:

If the term “third party” excludes entities that may have been hired by DEK or its affiliates or by the Midwest ISO to perform such a calculation or analysis, then the Midwest ISO is not presently aware of any such calculation or analysis.

Request:

13. Has the Midwest ISO performed any calculation or analysis regarding annual capacity and/or energy payments in the Midwest ISO, including what Duke Energy Kentucky or Duke Energy Ohio, Inc. would receive in the Midwest ISO? If the response is in the affirmative, please provide any and all such calculations and analysis, including workpapers and assumptions.

Response:

The Midwest ISO reviews and analyzes capacity issues generally in the context of ongoing Midwest ISO open resource adequacy stakeholder discussions as well as pursuant to directives from the FERC (notably in FERC Docket No. ER 08-394-024). Any analyses and calculations that are complete are part of these open processes and are publicly available. Additionally, certain discrete portions of the Midwest ISO Value Proposition (see response to Request No. 18, below) quantify and capture capacity and/or energy market benefits.

It is the Midwest ISO's legal position that the ultimate burden is on DEK to show as part of its affirmative case before the Commission that it has analyzed the impacts, including any capacity and/or energy payments in the Midwest ISO versus other opportunities, including the known impacts of the contractual "exit payments," and that it is indeed in the best interest of Kentucky ratepayers to realign its RTO membership. See also the response to Request No. 18.

Request:

14. Referring to page 2 of the Midwest ISO's August 25, 2010 Motion for Leave to Answer and Answer filed before the Federal Energy Regulatory Commission, Docket No. ER10-1562-000:
- a. Has the Midwest ISO performed any analysis, calculation or study regarding the impact of RTO realignments undermining RTO stability? If yes, please provide all such analysis, calculation or study including work papers.
 - b. Is the Midwest ISO aware of any calculation, study, or analysis regarding the impact of RTO realignments undermining RTO stability? If yes, please identify and provide all such analysis, calculation or study including work papers.
 - c. Is it Midwest ISO's position that Duke Energy Kentucky's RTO realignment from the Midwest ISO to PJM Interconnection LLC may undermine the stability in the Midwest ISO?
 - d. If the response to part (14)(c) is in the affirmative, please explain and provide all facts and analysis supporting this position that Duke Energy Kentucky's withdrawal undermines the Midwest ISO's stability.
 - e. If the response is in the negative, please explain Midwest ISO's statement on page 2 of the Midwest ISO's August 25, 2010 Motion for Leave to Answer and Answer filed before the Federal Energy Regulatory Commission, Docket No. ER10-1562-000 in this regard.

Response:

- a. The Midwest ISO has not conducted a formal study or analysis, but bases its arguments to FERC on the experiences it underwent between 1999 and 2002 when Ameren, Commonwealth Edison, and Illinois Power Company withdrew from the Midwest ISO to join the Alliance RTO or PJM. The Midwest ISO's ability to attract new members or to raise further capital was threatened, and other members considered withdrawal or dissolution of the RTO because the loss of large portions of the transmission system created one or more transmission "holes" that prevented contiguous service across the Midwest ISO footprint. For a short history of this period of RTO realignment, see *Midwest ISO*, 97 FERC ¶ 61,326 (2001), pp. 2-8.
- b. The Midwest ISO is aware of only one calculation, study, or analysis regarding the impact of RTO realignments undermining RTO stability. Please refer to the FERC order

Witness: (not applicable)

in *Midwest ISO*, 126 FERC ¶ 61,139 (2009). There (at pp. 64-65), FERC rejected a tariff proposal to extend market redispatch to Transmission Owners that did not join the Midwest ISO, because it could provide an incentive for existing members to leave:

The Market Service proposal, when combined with concerns about regional cost sharing, could result in current Transmission Owners leaving the Midwest ISO Transmission Owners Agreement to take Market Service. Such departures would adversely affect Midwest ISO's scope and configuration under Order No. 2000, and its ability to perform regional transmission operations.

* * *

Accordingly, the proposal could cause adverse impacts on the efficiency of whole markets and on Midwest ISO's ability to address operational and reliability issues and to eliminate any residual discrimination in transmission services. Midwest ISO is operating as an RTO, and the service in question has potential new negative effects on that RTO and on its ability to comply with Order No. 2000, and thus its ability to deliver the benefits discussed previously.

- c. It is the Midwest ISO's position that departure of any member may undermine the stability of the RTO if other members follow suit (as DEK has done following First Energy's withdrawal), resulting in eventual loss of the scope and configuration required by FERC's Order No. 2000. The departure of DEK alone, even after the loss of First Energy, does not result in inadequate scope and configuration, but could lead to further withdrawals that do.
- d. See response to part (b).
- e. Not applicable.

Request:

15. Referring to page 6 of the Midwest ISO's August 25, 2010 Motion for Leave to Answer and Answer filed before the Federal Energy Regulatory Commission, Docket No. ER10-1562-000: Is it the Midwest ISO's position that Duke Energy Kentucky's planned withdrawal from the Midwest ISO will negatively affect the Midwest ISO's transmission expansion plans?

- i. If the response is in the affirmative, please identify each and every existing project that is negatively impacted.
- ii. If the response to (15) above is in the affirmative, please identify each and every planned, but not yet approved project that Midwest ISO believes has been negatively impacted by Duke Energy Kentucky's decision to leave the Midwest ISO.
- iii. Referring to the transmission expansion projects identified in the previous response, please explain how Duke Energy Kentucky's withdrawal causes a negative impact on each such project.

Response:

No, provided that DEK meets its construction and financial obligations related to the Midwest ISO transmission expansion plans.

Request:

16. Is it the Midwest ISO's position that any utility considering joining a regional transmission organization should not consider the economic impact of membership on its generation assets? Please explain.

Response:

No, that is not the position of the Midwest ISO. As the Midwest ISO stated in its comments to FERC regarding the proposed RTO realignment: "The Midwest ISO is not suggesting that a profit motive is somehow venal — indeed, it is the duty of Duke's management to maximize profits." Midwest ISO comments, FERC Docket No. ER10-1562-000, page 18.

A vertically integrated transmission owner would be remiss if it did not evaluate the impact of RTO membership on each of its revenue streams. It is the job of the regulatory commissions (FERC and the Kentucky PSC) however, to determine if DEK's proposal to increase its profits will result in just and reasonable rates to end-use customers, and will be in the public interest.

Request:

17. Is it the Midwest ISO's position that Duke Energy Kentucky's decision to realign RTO membership to follow Duke Energy Ohio's transmission results in a transmission inefficiency for Duke Energy Kentucky? If the response is in the affirmative, please provide all facts and analysis supporting Midwest ISO's position that Duke Energy Kentucky's decision to realign its RTO membership to follow Duke Energy Ohio's transmission results in a transmission inefficiency for Duke Energy Kentucky.

Response:

The Midwest ISO has taken no position other than those stated in its filings in the FERC Docket ER10-1562, which positions are part of the Midwest ISO's Motion for the Commission to take Official Notice filed in this docket. Moreover, it is the Midwest ISO's legal position that the ultimate burden is on DEK to show as part of its affirmative case before the Commission that it has analyzed the impacts, including any transmission effects, and that it is indeed in the best interest of Kentucky ratepayers to realign its RTO membership. See also the response to Request No. 18.

Request:

18. Has the Midwest ISO performed any analysis or study regarding the impact to Duke Energy Kentucky and/ or its rate payers if Duke Energy Kentucky had decided to remain in the Midwest ISO while all of Duke Energy Ohio's transmission moved to PJM Interconnection? If the response is in the affirmative, please provide any and all such calculations, studies and analysis, including workpapers and assumptions.

Response:

The Midwest ISO Value Proposition shows significant known benefits of remaining a member of the Midwest ISO — net of the costs. Such net benefits contrast with the known exit costs and the unknown risks/costs and dubious benefits that may or may not be available to DEK ratepayers under DEK's new proposed arrangement. The Midwest ISO Value Proposition and its supporting assumptions and details are publicly available (at <http://www.midwestiso.org/page/Value%20Proposition>); it was created through an open and lengthy stakeholder process, one in which Duke Energy was engaged and involved. The most recent iteration, issued in 2009, shows footprint-wide, annual net benefits of \$1.210 billion to \$1.558 billion. See summary attached as an exhibit hereto.

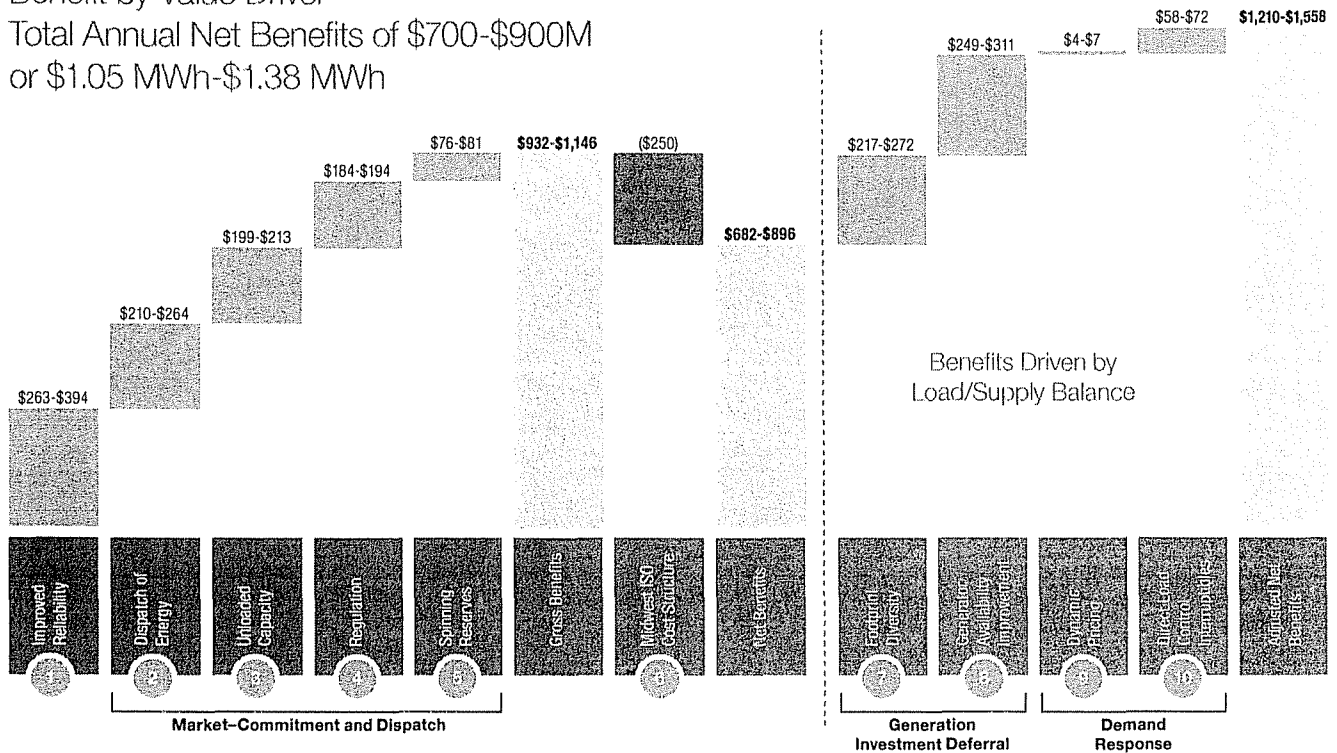
It is the Midwest ISO's legal position that (a) given its burden of proof in requesting a change in the status quo, DEK should have performed an analysis of the effects of a realignment of DEO under alternate scenarios in which DEK did or did not remain a Midwest ISO member and (b) absent such supporting analysis, DEK's speculative statements that it (and its ratepayers) would probably be better off also realigning are entitled to no probative weight. Through several data requests propounded to DEK (including initial Requests Nos. 1-2, 5, 13-and supplemental Requests Nos. 1-3, 6-8, 16-17), the Midwest ISO has sought production of any such analysis or of data that would facilitate such analysis; however, DEK's responses have been less than complete and the only analysis it has produced is one about a limited range of effects (produced confidentially as a supplement to Midwest ISO's supplemental Request No. 7).

Bringing Value to the Heartland

2009 Value Proposition

Benefit by Value Driver

Total Annual Net Benefits of \$700-\$900M or \$1.05 MWh-\$1.38 MWh



Quantitative Benefits

- Improved Reliability**
 \$263 to \$394 million in annual benefits
 The Midwest ISO's broad regional view and state-of-the-art reliability tool set enable improved reliability for the region as measured by transmission system availability.
- Dispatch of Energy**
 \$210 to \$264 million
 The Midwest ISO's real-time and day-ahead energy markets use security constrained unit commitment and centralized economic dispatch to optimize the use of all resources within the region based on bids and offers by market participants.
- Unloaded Capacity**
 \$199 to \$213 million
 With the start of the Ancillary Services Market and the functional consolidation of the region's Balancing Authorities, responsibility to respond to operating issues was consolidated in the Midwest ISO, eliminating the need for multiple Balancing Authorities to hold unloaded capacity.
- Regulation**
 \$184 to \$194 million
 With the start of the Midwest ISO Regulation Market, the amount of regulation reserves required within the Midwest ISO's footprint has dropped significantly. This is the outcome of the region moving to a centralized common footprint regulation target rather than a number of non-coordinated regulation targets within the footprint.



5 Spinning Reserves
\$76 to \$81 million

Starting with the formation of the Contingency Reserve Sharing Group and continuing with the implementation of the Spinning Reserves Market, the total spinning reserve requirement has been reduced, freeing low-cost capacity to meet energy requirements.

6 Midwest ISO Cost Structure
\$250 million in annual costs

Administrative and operating costs are expected to remain relatively flat into the future. The near term annual cost is \$250 million.

7 Footprint Diversity
\$217 to \$272 million

Midwest ISO's large footprint increases the load diversity factor allowing for a decrease in regional planning reserve margins from 15.40% to 12.69%. This decrease delays the need to construct new capacity.

8 Generator Availability Improvement
\$249 to \$311 million

The Midwest ISO's wholesale power market has resulted in power plant availability improvements of 3.1%, delaying the need to construct new capacity.

9 Dynamic Pricing
\$4 to \$7 million

The Midwest ISO enables dynamic pricing which provides customers with a rate signal that reflects the higher cost of providing electricity during peak times than off-peak times. Dynamic pricing allows additional generation investment deferral.

10 Direct Load Control and Interruptible Contracts
\$58 to \$72 million

The Midwest ISO enables direct load control and interruptible contracts which provide load serving entities the ability to curtail load. This allows the load serving entities to defer generation investment by lowering demand.

Qualitative Benefits

In addition to the quantitative benefits the Midwest ISO has demonstrated as part of its Value Proposition, there are also significant qualitative benefits that wholesale market participants derive from the existence and operation of the Midwest ISO, including:

1. Price transparency
2. Planning coordination
3. Regulatory compliance
4. Wholesale platform for integrating renewables

CUSTOMER SERVICE | EFFECTIVE COMMUNICATION | OPERATIONAL EXCELLENCE

Company Facts

Midwest ISO is an independent, nonprofit organization that supports the constant availability of electricity in 13 U.S. states and the Canadian province of Manitoba.

This responsibility is carried out by ensuring the reliable operation of interconnected high voltage power lines that enable the transmission of more than 100,000 MW of energy in the Midwest, by administering one of the world's largest energy markets, and by looking ahead to identify improvements to the wholesale bulk electric infrastructure that will best meet the growing demand for power in an efficient and effective manner.

Midwest ISO was approved as the nation's first regional transmission organization (RTO) in 2001. The organization is headquartered in Carmel, Indiana with operations centers in Carmel and St. Paul, Minnesota.

MidwestISO
Energizing the Heartland

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www.midwestmarket.org

Request:

19. What is the status of the alleged discussions between Midwest ISO and East Kentucky Power Cooperative (EKPC) regarding EKPC's supposed interest in joining Midwest ISO as indicated on page 34 (footnote 86) of Midwest ISO's Intervention and Comments in FERC Docket No. ER10-1562-000?

- a. Has EKPC signed an integration agreement with the Midwest ISO?
- b. Has EKPC given Midwest ISO either a written or verbal commitment that it is going to become a Midwest ISO member?
 - i. If the response is affirmative, please state how the commitment was communicated, by/to whom the commitment was communicated and the date on which the commitment was communicated.
- c. Have EKPC and Midwest ISO engaged in any discussions regarding EKPC joining Midwest ISO since May 20, 2010?
 - i. If the response is in the affirmative, please state the dates those conversations occurred, and identify the persons who participated in those conversations.

Response:

The Midwest ISO objects to Request No. 19 as overbroad and vague. Furthermore, the Midwest ISO objects to the request as speculative on the ground that it seeks information regarding "alleged discussions" and "supposed interest" in the Midwest ISO. Without waiving these objections, the Midwest ISO states that it regularly has discussions with numerous entities that may be interested in joining as members or market participants. These discussions are generally treated as confidential by the participants because of the potential impacts they may or may not have on the competitive wholesale energy market as well as the sensitivities regarding any alternative discussions such entities may be having elsewhere. The Midwest ISO can and does confirm that it has had inquiries from and discussions with EKPC. It is the Midwest ISO's understanding that EKPC is continuing to evaluate its options regarding RTO membership; questions concerning EKPC's interest in joining the Midwest ISO, however, are best directed to EKPC itself.

Request:

20. Please list any FERC filings made by the Midwest ISO where it has expressed support for a multi-year forward capacity procurement requirement as a revision to the Midwest ISO resource adequacy design (other than in response to the Duke Energy dockets at FERC discussing RTO realignment with PJM).

Response:

The Midwest ISO generally objects to the extent the request seeks disclosure of information or documents that are publicly available in the open filing processes required by FERC and that are readily available to all Midwest ISO members, including DEK. The request attempts improperly to require the Midwest ISO to do DEK's legwork locating information it deems relevant. The Midwest ISO also objects to the request as overbroad and unduly burdensome. Subject to the foregoing objections, the Midwest ISO states that, as noted in its comments filed July 26, 2010, in FERC Docket No. ER 10-1562-000 (pages 27-28), "the Midwest ISO is examining RAR Construct improvements that include increasing the forward term of capacity obligations and corresponding mechanisms to establish capacity prices for the forward periods."

Request:

21. Please produce any and all documents that Midwest ISO intends to use at the Commission hearing, whether for purposes of witness examination or admission into evidence.

Response:

The Midwest ISO objects to this request as overly broad and unduly burdensome. The Midwest ISO further objects because the request calls for the production of hearing preparation materials that are protected by the attorney work-product doctrine and/or attorney-client privilege. Without waiving the foregoing objections, the Midwest ISO states that it has not determined which documents, if any, it will either offer as evidence at the Commission hearing or use for purposes of witness examination or as the basis for testimony. The Midwest ISO may offer as evidence or otherwise use any of the documents filed in this proceeding, including those it is producing in response to these data requests, as well as documents filed in FERC Docket No. ER10-1562-000 (including those of which it has requested that the Commission take official notice). The Midwest ISO further states that it has been working with DEK to obtain full responses to its initial and supplemental data requests; depending on the further information obtained and the completeness of the responses made by DEK, the Midwest ISO may use or introduce other documents.

Request:

22. List each document Midwest ISO intends to use as an exhibit at the Commission hearing, or as the basis of testimony, and state for each document:

- a. The title or name;
- b. The subject;
- c. The purpose for which it was made;
- d. The date;
- e. The person(s) who made the document;
- f. The person(s) for whom prepared, or to whom it was delivered; and
- g. The present location and name and address of person in custody of it.

Response:

See response to Request No. 21.

Request:

23. State the name, address, telephone number, occupation, and relationship to Midwest ISO of each and every lay witness Midwest ISO intends to call at the Commission hearing, and summarize each witness's anticipated testimony.

Response:

The Midwest ISO has not determined whether it will call any lay or expert witnesses at the Commission hearing. The Midwest ISO will make available at the hearing any individual identified in these responses as responsible for responding to the questions related to the information provided. The Midwest ISO further states that it has been working with DEK to obtain full responses to its initial and supplemental data requests; depending on the further information obtained and the completeness of the responses made by DEK, the Midwest ISO may seek to call other individuals as witnesses at the hearing.

Request:

24. State the name, address, telephone number, occupation, and relationship to Midwest ISO of each and every expert witness Midwest ISO intends to call at the Commission hearing, and provide the following information: terms of engagement, expert's qualifications, summary of the expert's opinion and anticipated testimony, and other proceedings before the Commission or any court in which the expert has testified in the past 5 years.

Response:

See Response to Request No. 23.

Request:

25. Identify all conversations between the Midwest ISO and utilities and any state regulatory agencies that are not a party to this proceeding from May 1, 2010 to the present relative to:

- a. Duke Energy Kentucky transfer;
- b. Duke Energy Ohio transfer; and
- c. Duke Energy Indiana's membership in Midwest ISO.

Response:

The Midwest ISO objects to Request No. 25 as ambiguous, overly broad, and unduly burdensome. Representatives of the Midwest ISO regularly have discussions with representatives of Midwest ISO utility members, potential utility members, and state regulatory agencies regarding, *inter alia*, Midwest ISO membership and the transmission assets managed by the Midwest ISO. Not all such discussions include representatives of both utilities and state regulatory agencies or include only representatives from those two categories. It also would be unduly burdensome for the Midwest ISO to determine and exclude those discussions in which a party to this proceeding participated or was present.

Request:

26. With respect to Request for Information No. 25, please produce and attach true and accurate copies of all memorandums, e-mails, and other documents reflecting such communications.

Response:

See response to Request No. 25.

Request:

27. If any of the Midwest ISO's responses to the data requests herein involve a claim of privilege, please provide a privilege log.

Response:

For any request to which the Midwest ISO has not furnished all or part of the requested information on the ground of privilege, the Midwest ISO has provided a written explanation of the specific grounds for its claim of privilege in accordance with the Commission's Order entered in this proceeding on June 24, 2010.