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February 15, 2005

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COMMISSION

VIA FEDERAL EXPRESS

#7904-2768-9028

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

**RE: *In the Matter of the Investigation Into the Membership of Louisville Gas and Electric Company and Kentucky Utilities Company in the Midwest Independent Transmission System Operator*
Case No. 2003-00266**

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and ten copies of Louisville Gas and Electric Company's and Kentucky Utilities Company's Objection to the Midwest Independent Transmission System Operator, Inc.'s Request for Extension of the Procedural Schedule in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions or need any additional information, please contact me at your convenience.

Very truly yours,

Kendrick R. Riggs

KRR/ec
Enclosures
cc: Parties of Record

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)**

CASE NO. 2003-00266

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**OBJECTION OF KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY TO
THE MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC.'S
REQUEST FOR EXTENSION OF THE PROCEDURAL SCHEDULE**

Kentucky Utilities Company and Louisville Gas and Electric Company (collectively, the “Companies”) hereby object to the Midwest Independent Transmission System Operator, Inc.’s (“MISO”) February 14, 2005 Request for Extension of the Procedural Schedule. In the alternative, the Companies move the Commission to modify the procedural schedule in this case as set forth herein, and to require MISO to file all of its workpapers and data files associated with its new cost-benefit analysis concurrently with the filing of the new cost-benefit study and accompanying testimony. In support of this objection and motion in the alternative, the Companies state as follows:

In its February 14, 2005 Request for Extension of the Procedural Schedule, MISO’s statement that it has made a “diligent and good faith effort to complete its additional cost-benefit analysis in time to comply with the Commission’s abbreviated schedule for the submission of additional testimony” is misleading at best. At the latest, MISO became aware of the serious flaws in its cost-benefit analysis on January 10, 2005, when the Companies filed their supplemental rebuttal testimony, which made clear MISO’s errors. MISO has had, therefore,

more than a month to complete a new cost-benefit study, rather than the ten days between the Commission's February 4, 2005 Order and the date the Commission set for its filing, February 14, 2005. Moreover, in the interim between January 10, 2005, and the Commission's Order of February 4, 2005, MISO filed with the Commission an updated cost-benefit analysis and eighty-nine pages of revised testimony under the label of an updated response to the Companies' 12/7/04 Data Request Nos. 2 and 47, and additionally filed several other lengthy motions and responses to motions. The Commission should not reward MISO's indifference to the procedural schedule with even more time to file additional testimony.

Should the Commission decide to grant MISO's Request for an Extension of Time, the Companies further move the Commission to order the following changes to the current procedural schedule:

MISO shall file any additional rebuttal testimony and all work papers in verified prepared form no later than:	2/21/05
The Commission, LG&E/KU, and the intervenors submit Data Requests to MISO no later than:	2/28/05
MISO files responses to all Data Requests no later than:	3/7/05
LG&E/KU shall file any additional supplemental rebuttal testimony in verified prepared form no later than:	3/16/05
Public hearing shall begin at 9:00 a.m., Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky:	3/23/05 - 3/24/05

The above proposed alternative procedural schedule should not create any difficulties for MISO or its witness arising from the currently scheduled April 1, 2005, Day 2 market start-up. MISO stated in a January 27, 2005, press release that the Day 2 market participants' lack of readiness,

not MISO's lack of readiness, necessitated delaying Day 2 market start-up until April 1, 2005.¹ The Companies' proposed March 23-24, 2005, hearing dates should not, therefore, impose any special hardship on MISO or its witness.

The Companies also move the Commission to require MISO to deliver to the Companies all workpapers and data files supporting its additional rebuttal testimony concurrently on the day MISO files its new cost-benefit study and accompanying testimony. MISO should include in its workpapers and data files: (1) all .XML PowerBase files; (2) the "Event File" used in their study; and (3) the "RAW" file used in their study. The Companies will reciprocate when they file their additional supplemental rebuttal testimony.

In the event the Commission allows MISO the extension it requests, the Companies believe that it is imperative for the Commission to make clear to MISO that no further deviations from the procedural schedule will be tolerated. Since the Commission re-opened this investigation by Order dated June 22, 2004, MISO has requested numerous extensions of the procedural schedule. Moreover, had MISO filed its revised cost-benefit analysis on September 29, 2004, the day the Companies filed theirs, instead of more than three weeks later on November 19, 2004, the upcoming hearing in this case would already have occurred.² Because the Companies and their customers are entitled to a timely resolution of this case, the Companies ask the Commission, should it grant MISO the extension it seeks, to establish the revised procedural schedule set out herein as the schedule to which MISO must *firmly* adhere without exception.

¹ In MISO's January 27, 2005, press release, MISO's Chief Executive Officer, James Torgerson, stated: "Based on feedback from our stakeholders, we intend to add 30 days of mandatory market trials. Market Participants requested an additional 30 days to fine tune and test their systems and to provide additional training." A copy of the press release is attached hereto as Attachment A.

² It is also of concern to the Companies that MISO cannot accurately articulate in a timely fashion the net benefits the Companies' continued MISO membership allegedly will bring, even after spending months attempting to do so.

WHEREFORE, the Companies respectfully request that the Commission deny MISO's Request for Extension of the Procedural Schedule, and order MISO to provide the requested additional testimony, including the work papers, forthwith. In the alternative, the Companies move the Commission to enter an order: (1) modifying the current procedural schedule in this case as set forth above; and (2) requiring MISO to deliver to the Companies its workpapers and data files concurrently with the filing of its new testimony.

Dated: February 15, 2005

Respectfully submitted,



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Counsel for Louisville Gas and Electric
Company and Kentucky Utilities Company

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Objection was served via U.S. mail, first-class, postage prepaid, this 15th day of February 2005, upon the following persons:

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Benjamin D. Allen
Yunker & Associates
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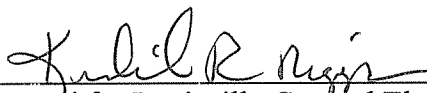
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Counsel for Louisville Gas and Electric
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ATTACHMENT A



MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC.

P R E S S R E L E A S E

Midwest ISO Plans To Delay Financially Binding Markets Until April 1, 2005 *Schedule For Rest of Market Operations Remains Unchanged*

Thursday, January 27, 2005

CONTACTS:

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Colleen Matthews, (317) 432-3787

CARMEL, IN — The Midwest Independent Transmission System Operator, Inc. (Midwest ISO) announced today that settlements would not be financially binding during March for parties participating in operations of its Midwest Markets. Following comprehensive discussions with its stakeholders, the Midwest ISO agreed on an additional 30 days for testing of systems and training.

The Midwest ISO intends to otherwise maintain its current schedule, including: final trials to run from January 29 through February 4, system cutover to occur from February 5 to February 20 and, starting immediately after the cutover, all market systems will be operational for mandatory trials until financially binding activities begin with the opening of the market for bids and offers on March 25, and the Real-Time market on April 1.

“Based on feedback from our stakeholders, we intend to add 30 days of mandatory market trials,” said James P. Torgerson, President and Chief Executive Officer. “Market Participants requested an additional 30 days to fine tune and test their systems and to provide additional training. We believe that providing this additional time for these purposes is in the best interest of the Midwest ISO and all Market Participants.”

Richard Kelly, President and Chief Operating Officer of Xcel Energy concurred. “We support the actions of the Midwest ISO. Both the Midwest ISO and Market Participants will benefit from more time to prepare. This is a big step and we all want it to work smoothly.”

David Whiteley, Senior Vice President of Ameren Services, also agreed, “The Midwest ISO appeared prepared for the March 1 start-up but the Market Participants asked for more time and they listened to us and agreed. We also agree with the Midwest ISO that this is a limited delay. We firmly believe the markets need to be fully operating by April 1 and no later.”

The Midwest ISO will provide its Readiness Certification to operate the market to the Federal Energy Regulatory Commission (FERC) immediately after final trials.

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“We have successfully dispatched the generation in our footprint during multiple system operations tests in coordination with Control Areas and Market Participants,” said John Bear, Chief Operating Officer. “Although we have successfully completed one test of 168 hours of operations as prescribed by market readiness, we will rerun the test in light of certain modifications made to our systems after completion of the first test. As I have stated previously our personnel and systems are on track to be ready March 1.”

Torgerson also noted that the Midwest ISO intends to use March to work with those Market Participants who have requested additional time for preparations and ensure the smooth exchange of data between parties.

“I have also instructed our Chief Operating Officer to continue testing and refining our operational systems that are fundamental to our markets, namely: Day Ahead Market, Reliability Assessment Commitment, Real Time Market, OASIS and Scheduling, Credit Management, Market Monitoring, Settlement and Invoicing, and Dispute and Service Requests. The final trial, along with additional testing and training, will further demonstrate that the Midwest ISO and the Market Participants are more than ready to reliably operate these markets,” Torgerson added.

For more information about the Midwest ISO, please visit www.midwestiso.org or www.midwestmarket.org

About Midwest ISO

The Federal Energy Regulatory Commission approved the Midwest ISO as the nation's first Regional Transmission Organization on December 20, 2001. In its role as an RTO, the Midwest ISO monitors electric reliability throughout much of the Midwest – an area that encompasses more than 96,000 miles of interconnected high voltage transmission lines in 15 states and one Canadian province. The Midwest ISO is responsible for coordinating the operation of the wholesale electric transmission system and ensuring fair access to the grid.

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