



DUKE ENERGY CORPORATION

139 East Fourth Street
P.O. Box 960
Cincinnati, OH 45201-0960
Telephone: (513) 419-1805
Facsimile: (513) 419-1846

Kristen Cocanougher
Sr. Paralegal
E-mail: Kristen.cocanougher@duke-energy.com

VIA HAND DELIVERY

September 22, 2010

RECEIVED

SEP 22 2010

**PUBLIC SERVICE
COMMISSION**

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
Frankfort, KY 40601

Re: Case No. 2010-203

Dear Mr. Derouen:

Enclosed please find an original and twelve copies each of *Duke Energy Kentucky, Inc. 's Requests for Information to The Midwest Independent Transmission System Operator, Inc.* in the above captioned case.

Please date-stamp the extra two copies of the filing and return to me in the enclosed envelope.

Sincerely,

Kristen Cocanougher

cc: Parties of record

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In The Matter of:

Duke Energy Kentucky, Inc.’s Application for Approval)
To Transfer Functional Control of its Transmission Assets) Case No. 2010-00203
From the Midwest Independent Transmission System)
Operator to the PJM Interconnection Regional Transmission)
Organization And Request for Expedited Treatment)

**DUKE ENERGY KENTUCKY, INC.’S REQUESTS FOR INFORMATION TO THE
MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR INC.**

Now comes Duke Energy Kentucky, Inc., and submits its Requests for information to the Midwest Independent Transmission System Operator Inc. (Midwest ISO) to be answered by the date specified in the Commission’s Order and in accord with the following:

For purpose of these discovery requests, the following terms shall have meanings set forth below:

(1) As used herein, “document”, “documentation” and/or “record”, whether stated as the singular or the plural, means any course of binders, book, pamphlet, periodical, letter, correspondence, memoranda, including but not limited to, any memorandum or report of a meeting or telephone or other conversation, invoice, account, credit memo, debit memo, financial statement, general ledger, ledger, journal, work papers, account work papers, report, diary, telegram, record, contract, agreement, study, draft, telex, handwritten or other note, sketch, picture, photograph, plan, chart, paper, graph, index, tape, data processing card, data processing disc, data cells or sheet, check acceptance draft, e-mail, studies, analyses, contracts, estimates, summaries, statistical statements, analytical records, reports and/or summaries of investigations, opinions or reports of consultants, opinions or reports of accountants, trade letters, comparisons, brochures, pamphlets, circulars, bulletins, notices, forecasts, electronic communication, printouts, all other data compilations from which information can be obtained (translated if necessary by defendants into usable form), any preliminary versions, drafts or revisions of any of the foregoing, and/or any other written, recorded, transcribed, punched, taped, filmed or graphic matter, however produced or reproduced and regardless of origin or location, in the possession, custody and/or control of the defendant and/or their agents, accountants, employees, representatives and/or attorneys. “Document” and “record” also mean all copies of documents by whatever means made, if the copy bears any other markings or notations not found on the original.

(2) The terms “relating to”, “referring to”, “referred to”, “pertaining to”, “pertained to” and “relates to” means referring to, reporting, embodying, establishing, evidencing, comprising, connected with, commenting on, responding to, showing, describing, analyzing, reflecting, presenting and/or constituting and/or in any way involving.

(3) The terms “and”, “or”, and “and/or” within the meaning of this document shall include each other and shall be both inclusive and disjunctive and shall be construed to require production of all documents, as above-described, in the broadest possible fashion and manner.

(4) To “identify” shall mean:

(a) With respect to a document, to state its date, its author, its type (for example, letter, memorandum, chart, photograph, sound reproduction, etc.), its subject matter, its present location and the name of its present custodian. The document may be produced in lieu of supplying the foregoing information. For each document which contains information as privileged or otherwise excludable from discovery, there shall be included a statement as to the basis for such claim of privilege or other grounds for exclusion.

(b) With regard to a natural person, to state his or her full name, last known employer or business affiliation, title and last known home address.

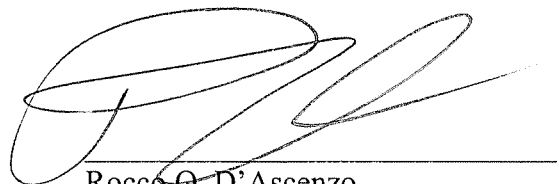
(c) With regard to a person other than a natural person, state the title of that person, any trade name, or corporate name or partnership name used by that person, and the principal business address of that person.

(5) To “produce” or to “identify and produce”, shall mean that the Midwest ISO shall produce each document or other requested tangible thing. For each tangible thing which the Midwest ISO contends are privileged or otherwise excludable from discovery, there shall be included a statement as to the basis for such claim of privilege or other grounds for exclusion.

(6) “Commission” shall mean the Kentucky Public Service Commission.

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.



Rocco O. D'Ascenzo
Senior Counsel
Duke Energy Kentucky, Inc.
139 East Fourth Street, Rm 25 ATII
Cincinnati, Ohio 45201-0960
Phone: (513) 419-1843 /Fax: (513) 419-1846
e-mail: rocco.dascenzo@duke-energy.com

REQUESTS FOR INFORMATION

1. Referring to page 2 of the July 28, 2010 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:

2. Referring to page 3 of the July 28, 2010 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:

3. Referring to page 3 of the July 28, 2010 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:

- 4. Referring to page 3 of the July 28, 2010 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:

5. Referring to page 3 of the July 28, 2010 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:

6. Referring to page 3 of the July 28, 2010 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:

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:

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:

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:

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:

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:

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:

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:

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:

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:

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:

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:

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:

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:

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:

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:

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:

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:

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:

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:

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.

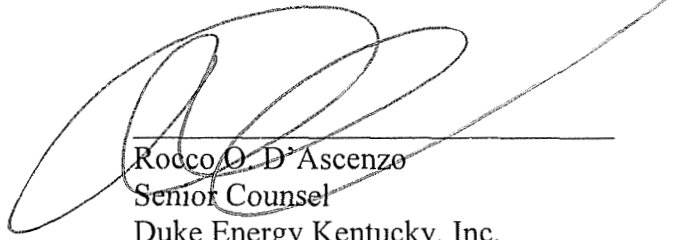
RESPONSE:

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:

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Rocco D'Ascenzo
Senior Counsel

Duke Energy Kentucky, Inc.
139 East Fourth Street, Rm 25 ATII
Cincinnati, Ohio 45201-0960
Phone: (513) 419-1843 /Fax: (513) 419-1846
e-mail: rocco.dascenzo@duke-energy.com

CERTIFICATE OF SERVICE

I certify that a copy of the attached Requests for Information to Midwest ISO on behalf of Duke Energy Kentucky, Inc. has been served by UPS overnight mail to the following parties on this 22 day of September, 2010:


Rocco O. D'Ascenzo

| | |
|---|---|
| Hon. Dennis Howard Office of the Attorney General Utility Intervention and Rate Division 1024 Capital Center Drive Frankfort, Kentucky 40601 | Katherine K Yunker John B. Park Yunker & Park, PLC P.O. Box 21784 Lexington, KY 40522-1784 |
| Keith Beall Esquire P.O. Box 4202 Carmel, Indiana 46082-4202 | Honorable Jason R Bentley Attorney at Law McBrayer, McGinnis, Leslie & Kirkland PLLC 305 Ann Street Suite 308 Frankfort, KY 40601 |