

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) CASE NO. 2003-00266
COMPANY IN THE MIDWEST INDEPENDENT)
TRANSMISSION SYSTEM OPERATOR, INC.)

COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST TO
LOUISVILLE GAS AND ELECTRIC COMPANY
AND KENTUCKY UTILITIES COMPANY

Pursuant to 807 KAR 5:001, Commission Staff requests that Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") file the original and 5 copies of the following information with the Commission on or before October 26, 2004, with a copy to all parties of record. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. On page 36 of the U.S. Department of Energy's Transmission Bottleneck Project Report dated March 19, 2003,¹ Midwest Independent Transmission System Operator, Inc. ("MISO") is reported to have indicated that it plans to spend \$7 billion in transmission upgrades.

a. Describe the most recent proposal from the Regional Expansion and Criteria Benefits Task Force for allocating the costs of transmission expansions.

b. Under the proposal described above in (a), how much of the costs to upgrade the transmission system would be allocated to LG&E and how much would be allocated to KU?

c. Are these costs of transmission expansions included in any cost/benefit study filed in this proceeding to date? If so, explain how these costs are reflected.

2. In Docket No. EL02-111 at the Federal Energy Regulatory Commission, two competing proposals were filed on October 1, 2004 for long-term transmission pricing structures. Provide a summary of each proposal and an estimated cost impact of each proposal on LG&E and KU.

3. Refer to the Supplemental Testimony of Paul W. Thompson ("PWT"), page 3, lines 5-12.

a. Under the MISO Energy Market Tariff ("EMT"), will LG&E and KU be able to fully self-schedule their generation to meet their load requirements?

b. Will LG&E or KU incur any new or additional costs as a member of MISO to self-schedule their generation to meet their load requirements?

¹ http://www.electricity.doe.gov/documents/current_transmission_bottlenecks_report.pdf.

4. Refer to PWT, page 6. Under the MISO EMT, will LG&E and KU be able to comply with the provisions of KRS 278.214, which requires retail bundled load to have the highest curtailment priority on the LG&E/KU transmission facilities in the event of a transmission emergency?

5. Refer to the Supplemental Testimony of Matthew J. Morey, page 6, Table 1 (“Morey Table 1”). Provide a schedule that includes the following information for each cost shown on Morey Table 1 to be incurred by LG&E and KU as a member of either MISO, PJM Interconnection, LLC (“PJM”), or Southwest Power Pool (“SPP”).

- a. A breakdown of each cost into its components.
- b. The billing determinants used to calculate each component of each cost.
- c. The applicable rate schedule that would impose each cost component on LG&E and KU.
- d. A description of each cost component that would be incurred other than under a rate schedule.

6. What cost per megawatt hour would be charged to LG&E and KU to self-schedule their generation to meet their load under each of the following assumptions:

- a. Continued membership in MISO.
- b. Membership in PJM.
- c. Membership in SPP.

7. Are each of the costs listed in the response to Question 6 above included in Morey Table 1? If no, explain why not.



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DATED: October 13, 2004

cc: Parties of Record

Case No. 2003-00266