

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

**In the Matter of:**

<b>APPLICATION OF KENTUCKY UTILITIES</b>	)
<b>COMPANY AND LOUISVILLE GAS AND ELECTRIC</b>	) <b>CASE NO.</b>
<b>COMPANY TO TRANSFER CONTROL OF CERTAIN</b>	) <b>2012-00031</b>
<b>TRANSMISSION FUNCTIONS</b>	)

**RESPONSE OF**  
**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**AND**  
**KENTUCKY UTILITIES COMPANY**  
**TO THE COMMISSION STAFF'S**  
**NOTICE OF INFORMAL CONFERENCE INFORMATION REQUEST**  
**DATED APRIL 13, 2012**

**FILED: April 18, 2012**



**LOUISVILLE GAS AND ELECTRIC COMPANY  
KENTUCKY UTILITIES COMPANY**

**Response to the Commission Staff's  
Notice of Informal Conference Information Request  
Dated April 13, 2012**

**Case No. 2012-00031**

**Question No. 1**

**Witness: Edwin R. Staton**

- Q-1. Provide the bid tabulation sheets or other comparative analysis used by KU and LG&E in their Request for Proposals ("RFP") to select TranServ as their Independent Transmission Operator ("ITO").
- A-1. Please see the attached documents. Portions of these documents are confidential and are being provided pursuant to a Petition for Confidential Protection being filed herewith.



**CONFIDENTIAL INFORMATION REDACTED**

**ITO Transition Evaluation  
Metrics Justification**

<b>Bidder's Ability to Perform Role</b>	
<b>Compliance Performance</b>	[Redacted]
<b>Staffing</b> - Experience - Expertise - Site/Location	[Redacted]



**CONFIDENTIAL INFORMATION REDACTED**

**ITO Transition Evaluation  
Metrics Justification**

	<p>[REDACTED]</p>
<p><b>Company</b> -Experience - Expertise</p>	<p>[REDACTED]</p>
<p><b>Work Plan / Approach</b></p>	<p>[REDACTED]</p>



**CONFIDENTIAL INFORMATION REDACTED**

**ITO Transition Evaluation  
Metrics Justification**

	<p>[REDACTED]</p>
<p><b>Management Interface Approach</b></p>	<p>[REDACTED]</p>
<p><b>Transition Plan</b></p>	<p>[REDACTED]</p>



**CONFIDENTIAL INFORMATION REDACTED**

**ITO Transition Evaluation  
Metrics Justification**

<b>Conformity to Technical Specifications</b>	[Redacted]
<b>References</b>	[Redacted]
<b>Pricing</b>	
<b>Total Cost</b>	[Redacted]



**CONFIDENTIAL INFORMATION REDACTED**

**ITO Transition Evaluation  
Metrics Justification**

	[Redacted]
<b>Method of Pricing</b>	[Redacted]
<b>Other (Gates)</b>	
<b>Severity of Exceptions</b>	[Redacted]





**CONFIDENTIAL INFORMATION REDACTED**

**ITO Transition Evaluation  
Metrics Justification**

<p><b>Conformity to RFP</b></p>	<p>[REDACTED]</p>
<p><b>Safety Statistics</b></p>	<p>[REDACTED]</p>

TRANSMISSION PLANNING AND ANALYSIS ENGINEERING SERVICES WORK		RFP ANALYSIS
<b>COMPANY INFORMATION</b>	Proposed Work Location	
	# of employees	
	Year co. established	
	Classification	
	Primary Contact	
	Primary Contact Phone	
	Email	
	Alternate Contact	
	Alternate Contact Phone	
	Email	
	<b>Experience &amp; Expertise</b>	
<b>General</b>	Plans for Outsourcing	
	Union/Non Union Labor?	
<b>Staffing</b>	<b>Experience &amp; Expertise</b>	
<b>Compliance Coordination</b>		
<b>Work Plan Approach</b>		
<b>Management Interface Approach</b>		
<b>Transition Plan</b>		
<b>Conformity to Technical Specs</b>		
<b>References</b>		
<b>Pricing</b>		
<b>Pricing</b>	Alternative (Method)	
	TSC Head Count	
	TP Head Count	
	Total Head Count	
	Labor Cost	
	Outsourced Services	
	Other Costs - Telecom	
	Other Costs - Insurance	
	Other Costs - Licensing	
	Other Costs - Travel	
	Other Costs - Training	
	Total Annual Costs	
	<b>Transition Plan Costs</b>	Start-up/Transition Plan Costs
One Time Licenses		
One Time Recruitment/Facilities		
Total One Time Costs		
Burden Rate		
	Profit Rate	
	Mark up on Outsourced Costs	
	Cost Sharing Proposal	
<b>RATES</b>	Transmission Planner	
	Supervisor	
	Service Coordinator	
	Project Manager	
	Power System Engineer	
	Average Wage Rate	
<b>REFERENCES</b>		
<b>SAFETY</b>		
3 YR. AVG.:	RIR (TRGT. 2.75)	
3 YR. AVG.:	EMR	
Last three years:	Comp. claims (avg/yr)	
Last three years:	Vehicle accidents (avg/yr)	
<b>OTHER</b>	Resumes Provided	
	Exceptions	
	Software	

TRANSMISSION PLANNING AND ANALYSIS ENGINE	
<b>COMPANY INFORMATION</b>	Proposed Work Location
	# of employees
	Year co. established
	Classification
	Primary Contact
	Primary Contact Phone
	Email
	Alternate Contact
	Alternate Contact Phone
	Email
	<b>Experience &amp; Expertise</b>
<b>General</b>	Plans for Outsourcing
	Union/Non Union Labor?
<b>Staffing</b>	<b>Experience &amp; Expertise</b>
<b>Compliance Coordination</b>	
<b>Work Plan Approach</b>	
<b>Management Interface Approach</b>	
<b>Transition Plan</b>	
<b>Conformity to Technical Specs</b>	
<b>References</b>	
<b>Pricing</b>	
<b>Pricing</b>	Alternative (Method)
	TSC Head Count
	TP Head Count
	Total Head Count
	Labor Cost
	Outsourced Services
	Other Costs - Telecom
	Other Costs - Insurance
	Other Costs - Licensing
	Other Costs - Travel
	Other Costs - Training
	Total Annual Costs
	<b>Transition Plan Costs</b>
One Time Licenses	
One Time Recruitment/Facilities	
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Burden Rate	
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<b>RATES</b>	Transmission Planner
	Supervisor
	Service Coordinator
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	Power System Engineer
	Average Wage Rate
<b>REFERENCES</b>	
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TRANSMISSION PLANNING AND ANALYSIS ENGINE	
COMPANY INFORMATION	Proposed Work Location
	# of employees
	Year co. established
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	Primary Contact
	Primary Contact Phone
	Email
	Alternate Contact
	Alternate Contact Phone
	Email
	Experience & Expertise
General	Plans for Outsourcing
	Union/Non Union Labor?
Staffing	Experience & Expertise
Compliance Coordination	
Work Plan Approach	
Management Interface Approach	
Transition Plan	
Conformity to Technical Specs	
References	
Pricing	
Pricing	Alternative (Method)
	TSC Head Count
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	Labor Cost
	Outsourced Services
	Other Costs - Telecom
	Other Costs - Insurance
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	Other Costs - Training
	Total Annual Costs
	Transition Plan Costs
One Time Licenses	
One Time Recruitment/Facilities	
Total One Time Costs	
Burden Rate	
	Profit Rate
	Mark up on Outsourced Costs
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RATES	Transmission Planner
	Supervisor
	Service Coordinator
	Project Manager
	Power System Engineer
	Average Wage Rate
REFERENCES	
SAFETY	3 YR. AVG.: RIR (TRGT. 2.75)
	3 YR. AVG.: EMR
	Last three years: Comp. claims (avg/yr)
	Last three years: Vehicle accidents (avg/yr)
OTHER	Resumes Provided
	Exceptions
	Software

TRANSMISSION PLANNING AND ANALYSIS ENGINE		RFP 032111
<b>COMPANY INFORMATION</b>	Proposed Work Location	
	# of employees	
	Year co. established	
	Classification	
	Primary Contact	
	Primary Contact Phone	
	Email	
	Alternate Contact	
	Alternate Contact Phone	
	Email	
	<b>Experience &amp; Expertise</b>	
<b>General</b>	Plans for Outsourcing	
	Union/Non Union Labor?	
<b>Staffing</b>		
	<b>Experience &amp; Expertise</b>	
<b>Compliance Coordination</b>		
<b>Work Plan Approach</b>		
<b>Management Interface Approach</b>		
<b>Transition Plan</b>		
<b>Conformity to Technical Specs</b>		
<b>References</b>		
<b>Pricing</b>		
<b>Pricing</b>	Alternative (Method)	
	TSC Head Count	
	TP Head Count	
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	Other Costs - Telecom	
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	Other Costs - Training	
	Total Annual Costs	
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	Supervisor	
	Service Coordinator	
	Project Manager	
	Power System Engineer	
	Average Wage Rate	
<b>REFERENCES</b>		
<b>SAFETY</b>		
3 YR. AVG.:	RIR (TRGT. 2.75)	
3 YR. AVG.:	EMR	
Last three years:	Comp. claims (avg/yr)	
Last three years:	Vehicle accidents (avg/yr)	
<b>OTHER</b>	Resumes Provided	
	Exceptions	
	Software	

**\*\* Scores Must Be 0 (0%) to 5 (100%)**

Bidders Ability to Perform Role			Transmission Service Coordinator							Transmission Planner							
1	Compliance Coordination																
	Staffing																
	- Experience																
	- Expertise																
	Company																
	- Experience																
	- Expertise																
	- Site/Location																
	Work Plan / Approach																
	Management Interface Approach																
	Transition Plan																
Conformity to Technical Specifications																	
References																	
2	<b>Pricing</b>																
	Total Cost																
	Method of Pricing																
3	<b>Other</b>																
	Severity of Exceptions																
	Conformity to RFP																
	Safety Statistics																
		Total															

**LOUISVILLE GAS AND ELECTRIC COMPANY  
KENTUCKY UTILITIES COMPANY**

**Response to the Commission Staff's  
Notice of Informal Conference Information Request  
Dated April 13, 2012**

**Case No. 2012-00031**

**Question No. 2**

**Witness: Edwin R. Staton**

- Q-2. Explain why the TranServ selection bid is the best technically and the most reasonable economically.
- A-2. The Companies thoroughly evaluated the bids they received, including one prepared by their own transmission division. Based on the Companies' operational and pricing criteria, TranServ provided the strongest bid demonstrating an ability to perform the ITO services at a reasonable price.

Based on the criteria and the weighting thereof established with stakeholder input prior to the scoring and evaluation process, TranServ provided the strongest bid. The Companies believe TranServ will perform capably as their ITO because:

- Their staff has extensive experience in performing tariff administration services
- Their staff also has good working knowledge of the Companies' Open-Access Transmission Tariff ("OATT") and current ITO relationship
- They assisted the Companies in completing an initial transition plan of the ITO role for the end of the ITO agreement on September 2010. TranServ also developed an ITO transition document for the Companies and provided other compliance related documentation.
- TranServ has provided a clear and thorough document regarding roles and responsibilities for performing its role as the Companies' ITO.
- TranServ is physically located at the Open Access Technology International, Inc. ("OATI") main offices in Minnesota. This is important because the Companies currently use OATI products for transmission service request processing and electronic scheduling.

In addition to TranServ's clear demonstration of its technical competence, it provided the least-cost option to provide ITO services. TranServ has agreed to perform the required services for approximately \$2.5 million annually, with an annual increase of 2.5%. The next lowest bid was from the Companies' internal team, which bid approximately \$3 million annually.

**LOUISVILLE GAS AND ELECTRIC COMPANY  
KENTUCKY UTILITIES COMPANY**

**Response to the Commission Staff's  
Notice of Informal Conference Information Request  
Dated April 13, 2012**

**Case No. 2012-00031**

**Question No. 3**

**Witness: Edwin R. Staton**

- Q-3. Explain whether MAPPCOR received all required approvals, including any necessary approval from the Federal Energy Regulatory Commission, to function as a Transmission and Reliability Coordinator for KU and LG&E.
- A-3. On March 28, 2012, the Federal Energy Regulatory Commission (“FERC”) issued its final order approving the Companies’ application for TranServ to serve as their ITO, with MAPPCOR acting as a subcontractor to TranServ. The proposal FERC approved is the same one the Companies have proposed in this proceeding. A copy of the March 28 FERC order is attached hereto.

For the sake of clarity, neither TranServ nor MAPPCOR will serve as the Companies’ Reliability Coordinator (“RC”), which is a role separate and distinct from the ITO role. The Tennessee Valley Authority (“TVA”) is the Companies’ RC, a role TVA has filled since the Commission approved the arrangement in Case No. 2005-00471.<sup>1</sup>

MAPPCOR’s role as TranServ’s subcontractor will be to conduct transmission planning activities, including participation in the Companies’ transmission planning process, which in turn will include reviewing and approving the Companies’ annual transmission plan, reviewing and approving the Companies’ models, notifying third parties of any planned transmission changes that may affect service, planning and holding semi-annual stakeholder meetings, and participating with the Stakeholder Planning Committee and associated working groups. For additional information concerning MAPPCOR’s role, please see Appendix A to the proposed ITO Agreement, which agreement was Exhibit 1 to the Companies’ application in this proceeding.

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<sup>1</sup> *In the Matter of: the Application of Louisville Gas and Electric Company and Kentucky Utilities Company to Transfer Functional Control of their Transmission Facilities*, Case No. 2005-00471, Order at 8 (July 6, 2006).



FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

## OFFICE OF ENERGY MARKET REGULATION

In Reply Refer to:  
Louisville Gas and Electric Co.  
and Kentucky Utilities Co.  
Docket No. ER11-4396-001

March 28, 2012

LG&E and KU Energy LLC  
Attention: Jennifer Keisling, Esquire  
220 West Main Street  
Louisville, KY 40232

Reference: Compliance Filing

Dear Ms. Keisling:

On January 12, 2012, you submitted on behalf of Louisville Gas and Electric Company and Kentucky Utilities Company (collectively, LG&E and KU) revisions to the LG&E and KU open access transmission tariff (OATT), to comply with the Commission's order issued December 15, 2011.<sup>1</sup> In that order, the Commission conditionally accepted LG&E and KU's proposed revisions to the LG&E and KU OATT's provisions governing the Independent Transmission Organization (ITO) arrangement.

In the December 15 Order, the Commission's acceptance was subject to LG&E and KU submitting, within 30 days, revisions to Attachment P that would: (1) clarify the ITO's role in providing real-time notification of curtailments, given that the ITO will not have a 24-hour call center; (2) insert in the OATT the statement made by LG&E and KU in the January 12, 2012 transmittal letter, that the customer, the ITO, and the Reliability Coordinator will receive real-time communications regarding schedule curtailments or interruptions at the local level;

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<sup>1</sup> *Louisville Gas and Electric Co. and Kentucky Utilities Co.*, 137 FERC ¶ 61,195 (2011) (December 15 Order).

Docket No. ER11-4396-001

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and (3) revise Attachment P Appendix 5 (Balancing Authority Functions Performed) to refer to Version 5 rather than Version 2 of the NERC Reliability Functional Model, and make any attendant changes to the balancing authority functions described in Appendix 5 to reflect any changes between Version 2 and Version 5 of the NERC Reliability Functional Model.

Pursuant to authority delegated to the Director, Division of Electric Power Regulation – Central, under 18 C.F.R. § 375.307, the submittal in the above referenced docket is accepted for filing effective September 1, 2012, as requested.

Notice of the filing was issued with comments, protests, or interventions due on or before February 2, 2012. Under 18 C.F.R. § 385.210, interventions are timely if made within the time prescribed by the Secretary. Under 18 C.F.R. § 385.214, the filing of a timely motion to intervene makes the movant a party to the proceeding, if no answer in opposition is filed within fifteen days. The filing of a timely notice of intervention makes a State Commission a party to the proceeding. No comments, protests, or motions to intervene were filed.

This action does not constitute approval of any service, rate, charge, classification, or any rule, regulation, contract, or practice affecting such rate or service provided for in the filed document; nor shall such action be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such action is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against any of the applicant(s).

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713.

Sincerely,

Penny S. Murrell, Director  
Division of Electric Power  
Regulation – Central

Document Content(s)

ER11-4396-001.DOC.....1-2