COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

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

VERIFICATION

COMMONWEALTH OF KENTUCKY)	
)	SS:
COUNTY OF JEFFERSON)	

The undersigned, **Edwin R. Staton**, being duly sworn, deposes and says that he is Vice President, Transmission for Louisville Gas and Electric Company and Kentucky Utilities Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Edwin R. Staton

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18th day of 2012.

Notary Public

(SEAL)

My Commission Expires:

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

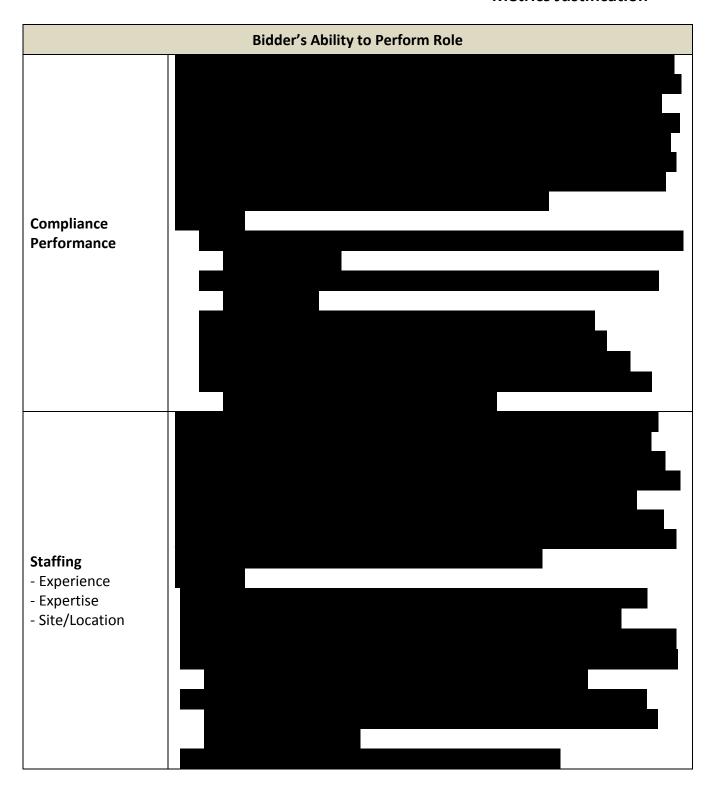
Question No. 1

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.



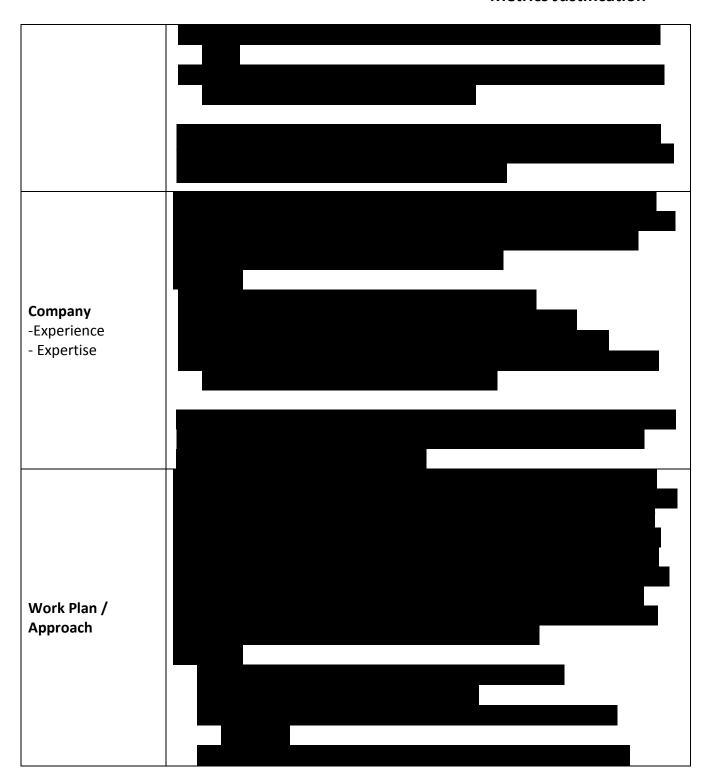




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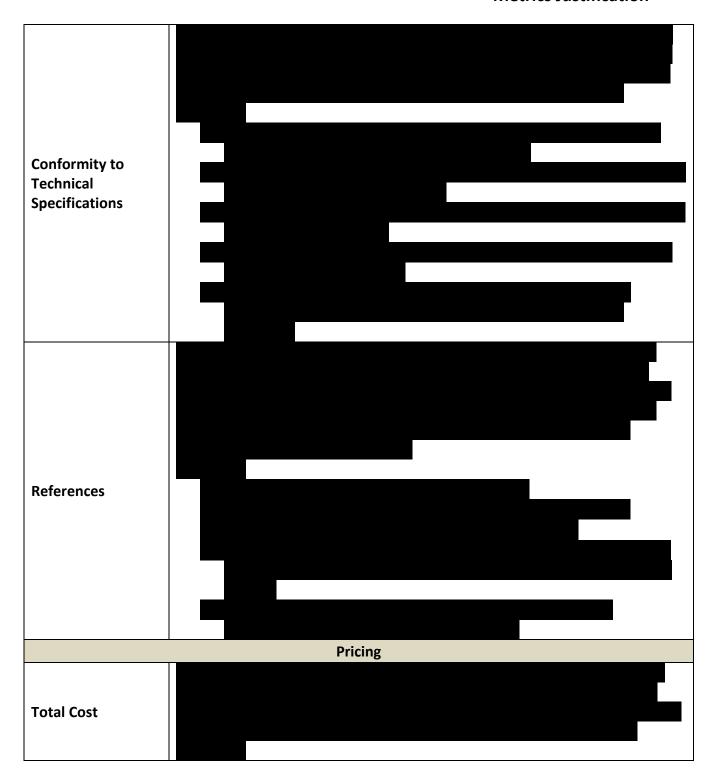




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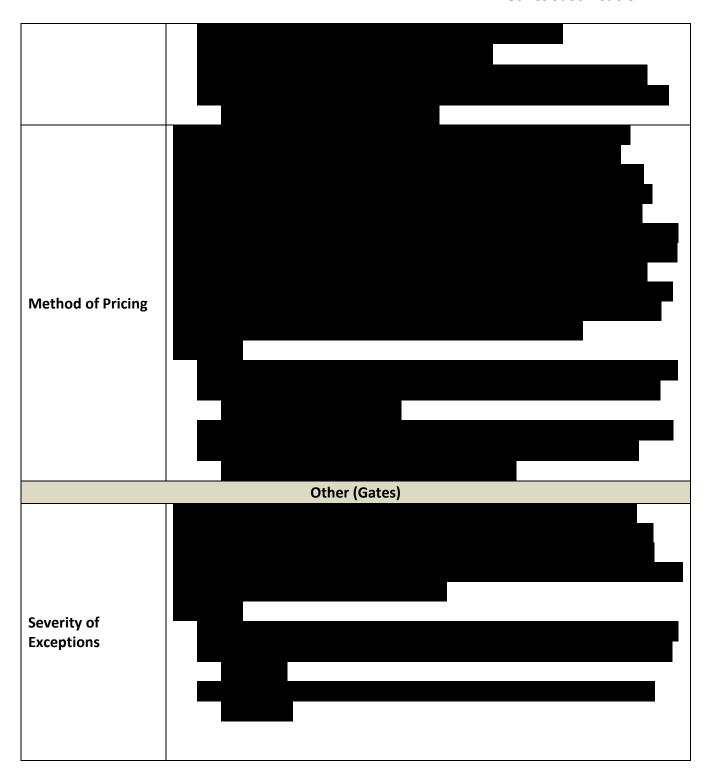




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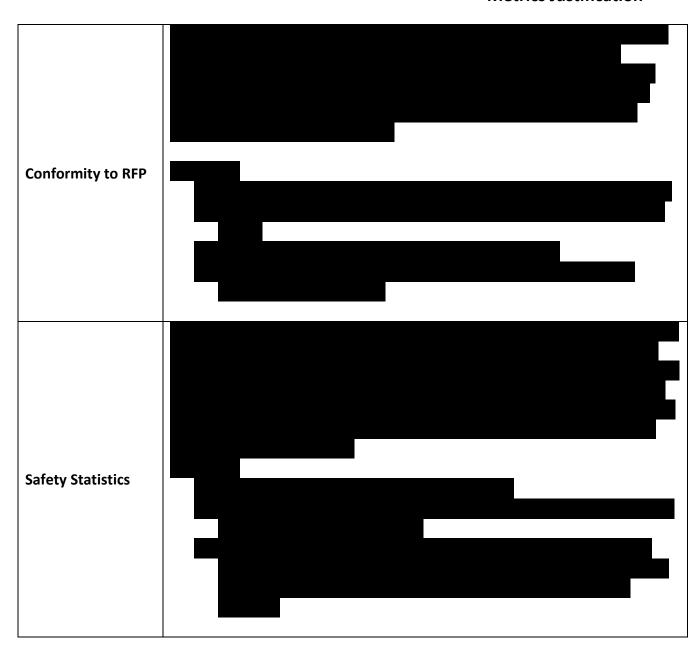




4/14/2011 Page 5 of 6







4/14/2011 Page 6 of 6

CONFIDENTIAL INFORMATION REDACTED

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TRANSMISSION PL	ANNING AND ANALYSIS ENGINE	ERING SERVICES WORK	RFP ANALYSIS
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	Proposed Work Location # of employees		
	Year co. established Classification		
	Primary Contact Primary Contact Phone		
	Email Aternate Contact		
COMPANY	Aternate Contact Phone Email		
INFORMATION			
	Experience & Expertise		
General	Plans for Outsourcing Union/Non Union Labor?		
Staffing	Experience & Expertise		
Compliance			
Coordination			
Work Plan Approach			
Management			
Interface Approach			
Transition Plan			
Transition Flair			
Conformity to Technical Specs			
References			
References			
Pricing			
	Alternative (Method)		
	TSC Head Count		
Pricing	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		
Transition Plan Costs	Start-up/Transition Plan Costs One Time Licenses One Time Recruitment/Facilities		
COSIS	One Time Recruitment/Facilities Total One Time Costs Burden Rate		
	Profit Rate Mark up on Outsourced Costs		
	Cost Sharing Proposal		
	Transmission Planner		
RATES	Supervisor Service Coordinator		
INATES	Project Manager Power System Engineer		
	Average Wage Rate		
REFERENCES			
3 YR. AVG.:			
3 YR. AVG.: Last three years:	Comp. claims (avg/yr)		
Last three years:	Vehicle accidents (avg/yr) Resumes Provided		
OTHER	Exceptions Software		
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TRANSMISSION PL	ANNING AND ANALYSIS ENGINE			
	Proposed Work Location # of employees			
	Year co. established Classification Primary Contact			
	Primary Contact Phone Email			
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	Experience & Expertise			
General	Plans for Outsourcing			
General	Union/Non Union Labor?			
Staffing	Experience & Expertise			
Compliance Coordination				
Work Plan				
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Management Interface				
Approach				
Transition Plan				
Conformity to				
Technical Specs				
References				
5				
Pricing				
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	TSC Head Count			
Pricing	TP Head Count Total Head Count Labor Cost			
	Outsourced Services Other Costs - Telecom			
	Other Costs - Telecom Other Costs - Insurance Other Costs - Licensing			
	Other Costs - Travel Other Costs - Training			
	Total Annual Costs Start-up/Transition Plan Costs			
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			
	Transmission Planner Supervisor			
RATES	Service Coordinator Project Manager			
	Power System Engineer Average Wage Rate			
REFERENCES				
SAFETY				
3 YR. AVG.: 3 YR. AVG.:	RIR (TRGT. 2.75) EMR			
Last three years: Last three years:	Comp. claims (avg/yr) Vehicle accidents (avg/yr)			
OTHER	Resumes Provided			
	Exceptions Software			

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TRANSMISSION PL	ANNING AND ANALYSIS ENGINE	
	Proposed Work Location	
	# of employees Year co. established	
	Classification Primary Contact	
	Primary Contact Phone Email	
	Aternate Contact Aternate Contact Phone	
COMPANY INFORMATION	Email	
	Experience & Expertise	
	Plans for Outsourcing	
General	Union/Non Union Labor?	
Staffing	Experience & Expertise	
Compliance		
Compliance Coordination		
Work Plan		
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Interface Approach		
Transition Plan		
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Conformity to Technical Specs		
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	Cost Sharing Proposal	
	Transmission Planner Supervisor	
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	Power System Engineer Average Wage Rate	
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OTHER	Resumes Provided	
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TRANSMISSION PL	ANNING AND ANALYSIS ENGINE	RFP 032111
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	Year co. established Classification	
	Primary Contact Primary Contact Phone	
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COMPANY	Aternate Contact Phone Email	
INFORMATION		
	Experience & Expertise	
General	Plans for Outsourcing Union/Non Union Labor?	
	Official Official Education	
Staffing	Experience & Expertise	
Compliance		
Coordination		
Work Plan Approach		
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Management Interface		
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Transition Plan		
Conformity to		
Technical Specs		
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Pricing		
	Alternative (Method)	
	TSC Head Count	
	TP Head Count	
Pricing	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 Start-up/Transition Plan Costs	
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	
	Transmission Planner	
RATES	Supervisor Service Coordinator	
NATES	Project Manager Power System Engineer	
	Average Wage Rate	
REFERENCES		
SAFETY 3 YR. AVG.:		
3 YR. AVG.: Last three years:	EMR Comp. claims (avg/yr)	
Last three years:	Vehicle accidents (avg/yr)	
OTHER	Resumes Provided Exceptions	
	Software	

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		** Scores Must Be 0 (0%) to 5 (100%)						
		Transmission Service Coordinator				Transmissio	on Planner	
	Bidders Ability to Perform Role							
	Compliance Consulination							
	Compliance Coordination							
	Staffing							
	-Experience - Expertise							
1								
	Company - Experience							
	- Experience							
	- Site/Location							
	Work Plan / Approach							
	Management Interface Approach							
	Transition Plan							
	Conformity to Technical Specifications							
	References							
	Pricing							
2	Total Cost							
	Method of Pricing							
	Other							
2	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.

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.

¹ 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. 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;

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

Docket No. ER11-4396-001

2

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

20120328-3042 FERC PDF (Unofficial) 03/28/201 Document Content(s)	2 Attachment to Response to Question No. 3 Page 3of 3 Staton
ER11-4396-001.DOC	