

Section 2.3, 2nd paragraph

Can you provide further explanation of "ITO WILL NOT PERFORM ANY RECONCILIATION OF SIS RESULTS WITH ANY ASSOCIATED FAS RESULTS."

If a customer requests and FAS request and then requests and SIS, the ITO is not bound by the OATT to use the information from the FAS to perform the SIS. The FAS is meant to be a high level estimate only.

Section 3.3, Last bullet point

"Requests for ongoing service should be submitted for a period of ten years or greater." Please confirm that this only applies to an initial NITS request.

According to Order 890 paragraphs 87, 1217, 1231, and 1232 and Order 890-A paragraphs 632, 644, and 655, in order for a request to qualify for rollover, they must be of a term of five years or longer. Therefore, requests of one year duration will no longer qualify for rollover. In the business practices, we suggested to make requests for ongoing service for a term of ten years because this would match the load forecast information that is submitted in the NITS application.

Section 3.3, 3rd paragraph under "Undesignation for Firm Third-Party Sales"

Please clarify the last sentence concerning when the Network customer does not have to undesignate each portion of resource for slice of system sale.

Order No. 890-A provided that portions of a seller's individual network resources supporting a sale of system power need not be undesignated as long as the system sale itself is designated as a network resource by the buyer. Rather, the seller should undesignate a portion of its system equal to the amount of the system sale, but which is not attributed to any specific generators. However, if the system sale is not designated as a network resource by the buyer, then the seller must submit undesignations for each portion of each resource supporting the third party sale. E.ON can revise the last sentence to make this clearer.

Section 3.3, last paragraph under "Undesignation for Firm Third-Party Sales"

Does this have to be done for short term undesignations such as one day or one week? If so, what is the mechanism to do this?

We are not aware of any different treatment for short term undesignations.

Section 3.9 What is the intent of "ASAP" in the Provider Evaluation Time Limit? Does the provider expect to complete these evaluations in less time than the previous definitive time limit or are providers expected to take more time?

These are the required response time included in Order 638. The ITO expects to always act on requests as soon as practicable,

Section 3.10, 2nd paragraph

Please verify the "as of July 13, 2007" date. It was my understanding that the new renewal requirements did not become effective until FERC's approval of TO's Attachment K.

This was corrected to reflect the effective date.

Section 3.12

Section applies to "firm Point-to-Point transmission service". Is there a corresponding section for network service?

This section applies to both PTP and DNR requests and should be clarified to that effect. NITS requests for load additions and modifications will go through an SIS.

Section 3.14

The two sentences seem to contradict each other. Please confirm that network customer can request an annulment of a reservation for any reason without penalty.

The customer has the right to request an annulment, but the ITO can only annul the TSR without the customer's request under the outlined conditions.

Section 4, Process for Network Service

Was it intended that a customer would have only 15 days to execute a Service Agreement upon completion of SIS, but would have 30 days after completion of an FS? (May be moot point given the 15-day confirmation limit in Section 3.9.)

Those timelines are required per the OATT.

Section 4, Updates to NITS Agreement for Service to TO's Bundled Load

Should the first sentence be "LSE" instead of "TO"? If not, why not?

This section is meant to clarify that LG&E/KU's affiliated LSE will be treated in a non-discriminatory manner, so instead of TO we will clarify that it is LG&E/KU's affiliated LSE.

Comments of Kentucky Municipals on proposed revision to Louisville Gas & Electric Co./Kentucky Utilities Co. Open Access Transmission Tariff Business Practices:

All page references are to the tracked changes PDF version posted on OASIS.

1. Page 9 – Attestation that Network Resource Qualifies for Designation:

This section appears to reflect Order 890's statement (at P 1521), as well as new provisions of OATT Section 30.2, for example, that: "We also adopt the proposal to require both the transmission provider's merchant function and network customers to include a statement with each application for service or to designate a network resource that attests, for each network resource identified, that (1) the transmission customer owns or has committed to purchase the designated network resource and (2) the designated network resource comports with the requirements for designated network resources."

The section may be construed, however, not to reflect Order 890's further statement that: "The network customer should include this attestation in the customer's comment section of the request when it confirms the request on OASIS." Order 890 P 1521. Later, Order 890 (P 1531) reiterates that the attestation is not required until a service request is confirmed: "In response to Entergy's request, we agree that attestations will not be required to be submitted until the service request is confirmed. However, if the request is pre-confirmed, we agree that the attestation must be provided at the time the request is submitted." In Order 890-A (P 909 (emphasis added)), FERC again reiterated "that network customers should include this attestation in the customer's comments section of the request *when it confirms* the request on OASIS."

To make this section consistent with Order 890, we recommend that the section include the following additional, underlined language:

"Network customers must include a statement with each application for pre-confirmed requests for network service, or at the time of service confirmation on OASIS for non-pre-confirmed network service requests, that attests, for each network resource identified that, (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any apportion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis. If the attestation is not included, the ITO will notify the network customer within 15 days of confirmation that its request is deficient. The attestation must be submitted through OASIS or by fax with each request to designate a network resource. A network customer may properly designate resources from system purchases not linked to a specific unit, provided the purchases cannot be interrupted for economic reasons."

E.ON Response: We agree with the clarification proposed with the clarification that this attestation is due at the time of service confirmation on OASIS.

2. Page 9 – Power Purchase Agreements

This section is proposed to read:

“Power purchase agreements designated as network resources may only contain LD provisions that are the ‘make whole’ type. The “make whole” LD clauses must require the seller to pay the full cost of replacement power. Power purchase agreements containing LD provisions that provide penalties of a fixed amount, that are capped at a fixed amount, or that otherwise do not require the seller to pay an aggrieved buyer the full cost of replacing interrupted power, are not acceptable as DNRs.”

This section appears aimed at Order 890’s discussion about whether firm LD contracts, such as the EEI firm LD product, qualify as Designated Network Resources. However, the opening sentence – “power purchase agreements designated as network resources may only contain LD provisions that are the ‘make whole’ type” – might be construed as meaning that *all* power purchase agreements contain LD provisions. In fact, not every “power purchase agreement” is an EEI firm LD-type contract, but may still qualify as a Designated Network Resource. It appears that the provision should focus on power purchase agreements that contain LD provisions. Accordingly, we suggest that the first sentence read: “Power purchase agreements designated as network resources that include LD provisions may only contain LD provisions that are the ‘make whole’ type.”

- E.ON is not opposed to the edits provided the PPA still qualifies as a DNR. E.ON is not aware of any PPAs that would not include LD provisions **unless it was tied to the availability of a specific unit**– can you provide an example of the type of PPA to which you are referring?

3. Page 15 – Rollover rights:

Section 3.10, second paragraph, is proposed to include the following statement: “If, as of July 13, 2007, service is renewed for less than five years, no rollover rights will remain at the end of the service.” In Order 890-A (at P 684), FERC reiterated that:

[T]he previously existing rollover provisions will remain in effect for the transmission provider until such time as the Commission accepts the transmission provider’s Attachment K compliance filing. Accordingly, it is only after a transmission provider’s Attachment K planning process is accepted by the Commission that the transmission provider should file the rollover reform language, and the effective date of that language should be commensurate with the date of that filing.

FERC has not yet acted on E.ON’s Attachment K planning process proposal and, accordingly, the 5-year rollover period will become effective only after E.ON makes a

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compliance filing *following* FERC action on its proposed Attachment K. Until that occurs, the sentence should read: “If service is renewed for less than one year, no rollover rights will remain at the end of the service.”

E.ON is not opposed to leaving this in the Business Practices until the Commission accepts E.ON’s Attachment K compliance filing..

4. Appendix A – Criteria for Notification of Network Customer Load Changes

First, the references to section 30.2 should probably be 29.2, section 32.1 should be 31.1, and section 32.7 should be 31.7.

Second, what is the basis for the definition of “material change” in the criteria? Specifically, the criteria state:

“The ITO must be notified when there is a material change to the load of an existing delivery point that is represented in a Network Customer's existing Service Agreement. A material change in the delivery point load forecast is defined as:

- The actual seasonal peak load deviates from the most recent forecast provided to the ITO by 10% or greater.
- The forecasted seasonal peak load deviates from the most recent forecast provided to the ITO by the greater of
 - a) more than 3% in any one year or
 - b) more than 1 MW in any one year.
- The annual growth rate of the forecasted seasonal peak load deviates from the most recent forecasted annual growth rate provided to the ITO by more than 1%.

A System Impact Study will be performed by the ITO in cases where the reported increase in any of the first seven years exceeds 2 MW at 69 kV (4 MW at 138 kV or 161 kV) or exceeds 4 MW at 69 kV (8 MW at 138 kV or 161 kV) in any of the following years.”

Kentucky Municipals find nothing in Orders 888 or 890 that support the foregoing definition of “material change.”

Third, what is the basis for requiring a System Impact Study for every new Network Load? Section 32.1 (not Section 33) requires first that the transmission provider determine whether there is a need for a System Impact Study.

Section 32.1 of the pro forma requires that any request for a new Network Load must be made as a modification of service through a new request for service. If a customer’s load forecast deviates materially from the 10 year forecast provided to the ITO for which the transmission system is being planned and built for, this load effectively constitutes a request to add new load. E.ON agrees that the TP will need to determine whether there is a need for an SIS. The ITO criteria serve as guidelines to inform customers of when a change would require notice to the ITO and would likely require a study from a planning perspective. These criteria were developed to ensure reliable service to the NITS customer even if they did not provide an accurate load forecast to the extent feasible, and in an attempt to provide more transparency and predictability for customers and to ensure

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| that LG&E/KU's affiliates and non-affiliates receive non-discriminatory treatment when requesting to add new Network Load.