

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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COMMISSION

**In the Matter of:**

APPLICATION OF LOUISVILLE GAS AND )  
ELECTRIC COMPANY FOR CERTIFICATES )  
OF PUBLIC CONVENIENCE AND NECESSITY ) CASE NO. 2011-00162  
AND APPROVAL OF ITS 2011 COMPLIANCE )  
PLAN FOR RECOVERY BY )  
ENVIRONMENTAL SURCHARGE )

**PETITION OF LOUISVILLE GAS AND ELECTRIC COMPANY FOR  
CONFIDENTIAL PROTECTION FOR RESPONSES TO CERTAIN DATA REQUESTS  
OF THE COMMISSION STAFF**

Louisville Gas and Electric Company (“LG&E”) hereby petitions the Kentucky Public Service Commission (“Commission”) pursuant to 807 KAR 5:001, Section 7, and KRS 61.878(1)(c) to grant confidential protection for the items described herein, which LG&E seeks to provide in response to Commission Staff’s First Information Request to LG&E Nos. 9; 22(c); 32(f); 37; 45; 46(b). In support of this Petition, LG&E states as follows:

**Confidential or Proprietary Commercial Information (KRS 61.878(1)(c))**

1. The Kentucky Open Records Act exempts from disclosure certain commercial information. KRS 61.878(1)(c). To qualify for the exemption and, therefore, maintain the confidentiality of the information, a party must establish that the material is of a kind generally recognized to be confidential or proprietary, and the disclosure of which would permit an unfair commercial advantage to competitors of the party seeking confidentiality.

2. Staff Request No. 9 asks whether LG&E’s compliance plan will result in any of LG&E’s plants being taken offline and the specific period of time the units will be out of service. In response, LG&E is providing a chart that sets forth the estimated time periods the units will be

out of service, an essential factor in determining LG&E's generating costs and need for power and energy during those periods. Thus, disclosing the information sought in Request No. 9 would necessarily impair LG&E's ability to negotiate with prospective contractors and vendors - - now equipped to manipulate the price of power bid to LG&E to maximize revenues -- and would likewise arm LG&E's competitors with information with which they could erode LG&E's competitive position in the wholesale power market.

3. Staff Request No. 22(c) asks LG&E to provide a copy of the contract(s) with Black and Veatch. The contract contains commercially sensitive and confidential information, including the agreed-upon labor rates for Black and Veatch's employees. Revealing publicly the labor rates would significantly compromise LG&E's ability to obtain contract labor at competitive rates, which would in turn financially harm LG&E's customers. Permitting other contractors to obtain this information would inure a significant commercial advantage to the companies at LG&E's and its customers' expense because third party contractors will be less likely to contract with LG&E at the least possible cost if their negotiated prices and other contract terms will be available to the public. Moreover, contractors would not favor public disclosure of concessions that they have made because those concessions would be used against them in future negotiations with other customers. They would therefore be more likely to insist on standard contract provisions and less willing to negotiate terms with LG&E in the future, thus jeopardizing LG&E's ability to obtain the best possible contracts, placing it at an additional competitive disadvantage.

4. Staff Request No. 32(f) asks LG&E to provide the last 10 years of major internal and minor outages including the major projects completed during each outage. Disclosure of this information would reveal LG&E's strategic decision making with regard to planned outages,

which would likewise arm LG&E's competitors with information with which they could erode LG&E's competitive position in the wholesale power market.

5. Staff Request No. 37 asks LG&E to provide any analyses that support the conclusion that purchased power would be more expensive. In response, LG&E is electronically providing projected fuel costs. The projected costs are highly commercially sensitive because, if publicly disclosed, fuel suppliers could manipulate fuel prices in order to maximize its revenues based upon the projected costs LG&E anticipates will be required. This would result in a detrimental and undue erosion of LG&E's ability to obtain fuel at competitive prices. This would constitute an unfair disadvantage to LG&E

6. Staff Request No. 45 asks LG&E to provide fuel forecasts for coal and natural gas. As with Staff Request No. 37, the projected costs are highly commercially sensitive because, if publicly disclosed, fuel suppliers could manipulate fuel prices in order to maximize its revenues based upon the projected costs LG&E anticipates will be required. Any impairment of its ability to obtain the most advantageous price possible from coal and natural suppliers will necessarily erode LG&E's competitive position among other electric utilities with whom LG&E competes for new and relocating industrial customers and for off-system sales. This would constitute an unfair disadvantage to LG&E.

7. Staff Request No. 46(b) asks LG&E to provide inputs for all LG&E units, including, size, heat rate, outage projections, O&M costs, and other parameters used in the Strategist and PROSYM models. These inputs would arm LG&E's competitors with information with which they could erode LG&E's competitive position in the wholesale power market. Public disclosure of such information would thus afford LG&E's contractors, vendors

and competitors access to cost and operational parameters material to LG&E, as well as insight into LG&E's contracting processes.

8. If the Commission disagrees with any of these requests for confidential protection, however, it must hold an evidentiary hearing (a) to protect LG&E's due process rights and (b) to supply with the Commission with a complete record to enable it to reach a decision with regard to this matter. Utility Regulatory Commission v. Kentucky Water Service Company, Inc., 642 S.W.2d 591, 592-94 (Ky. App. 1982).

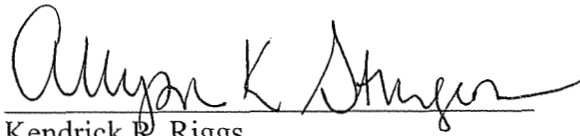
9. The information for which LG&E is seeking confidential treatment is not known outside of LG&E, is not disseminated within LG&E except to those employees with a legitimate business need to know and act upon the information, and is generally recognized as confidential and proprietary information in the energy industry.

10. LG&E will disclose the confidential information, pursuant to a confidentiality agreement, to intervenors and others with a legitimate interest in this information and as required by the Commission. In accordance with the provisions of 807 KAR 5:001, Section 7 and the Commission's June 28, 2011 Order in this proceeding, LG&E herewith files with the Commission one copy of the above-discussed responses with the confidential information highlighted and fifteen (15) copies of its responses without the confidential information.

**WHEREFORE**, Louisville Gas and Electric Company respectfully requests that the Commission grant confidential protection for the information at issue, or in the alternative, schedule an evidentiary hearing on all factual issues while maintaining the confidentiality of the information pending the outcome of the hearing.

Dated: July 25, 2011

Respectfully submitted,



Kendrick R. Riggs  
W. Duncan Crosby III  
Monica H. Braun  
Stoll Keenon Ogden PLLC  
2000 PNC Plaza  
500 West Jefferson Street  
Louisville, Kentucky 40202-2828  
Telephone: (502) 333-6000

Allyson K. Sturgeon  
Senior Corporate Attorney  
LG&E and KU Services Company  
220 West Main Street  
Louisville, Kentucky 40202  
Telephone: (502) 627-2088

Counsel for Louisville Gas and Electric Company

**CERTIFICATE OF SERVICE**

I hereby certify that a true copy of the foregoing Response was served via U.S. mail, first-class, postage prepaid, this 25th day of July 2011 upon the following persons:

Dennis G. Howard II  
Lawrence W. Cook  
Assistant Attorneys General  
Office of the Attorney General  
Office of Rate Intervention  
1024 Capital Center Drive, Suite 200  
Frankfort, KY 40601-8204

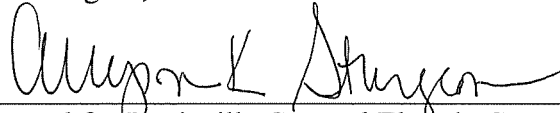
Michael L. Kurtz  
Kurt J. Boehm  
Boehm, Kurtz & Lowry  
36 East Seventh Street, Suite 1510  
Cincinnati, OH 45202

David C. Brown  
Stites & Harbison PLLC  
400 West Market Street, Suite 1800  
Louisville, KY 40202-3352

Thomas J. FitzGerald  
Counsel & Director  
Kentucky Resources Council, Inc.  
Post Office Box 1070  
Frankfort, Kentucky 40602

Scott E. Handley  
Administrative Law Division  
Office of the Staff Judge Advocate  
50 Third Avenue, Room 21 5  
Fort Knox, KY 40121-5000

Robert A. Ganton  
Regulatory Law Office  
U.S. Army Legal Services Agency  
901 N. Stuart Street, Suite 525  
Arlington, VA 22203-1 837

A handwritten signature in black ink, appearing to read "Allison L. Stinson". The signature is written in a cursive style with a horizontal line underneath it.

Counsel for Louisville Gas and Electric Company