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June 19, 2012

VIA HAND DELIVERY

Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RECEIVED

JUN 19 2012

PUBLIC SERVICE
COMMISSION

**RE: Application of Louisville Gas and Electric Company for an Adjustment of Its
Electric and Gas Rates, a Certificate of Public Convenience and Necessity,
Approval of Ownership of Gas Service Lines and Risers, and a Gas Line Surcharge**
Case No. 2012-00222

Dear Mr. DeRouen:

Enclosed please find and accept for filing the original and ten copies of Louisville Gas and Electric Company's Objection to Motion for Full Intervention by Stand Energy Corporation in the above-referenced matter.

Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me via our office runner.

Should you have any questions, please contact me at your convenience.

Sincerely,

W. Duncan Crosby III

WDC:ec
Enclosures
cc: Parties of Record

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COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR AN)
ADJUSTMENT OF ITS ELECTRIC AND GAS)
RATES, A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY,) CASE NO. 2012-00222
APPROVAL OF OWNERSHIP OF GAS)
SERVICE LINES AND RISERS, AND A GAS)
LINE SURCHARGE)

**OBJECTION TO MOTION FOR FULL INTERVENTION
BY STAND ENERGY CORPORATION**

Louisville Gas and Electric Company (“LG&E”), by counsel, objects to the Motion for Full Intervention by Stand Energy Corporation (“Stand”) dated June 12, 2012. As Stand clearly states in its motion, it “has absolutely no connection to any regulated utility in any state;” rather, it is a gas marketer in Kentucky that sells gas to certain customers who use LG&E’s gas transportation service. Thus, Stand is LG&E’s competitor, not LG&E’s customer. And Stand’s only stated interest in this proceeding is a competitive interest, namely to compel LG&E to alter its tariffs to afford Stand a chance to compete for more gas retail customers.¹ Stand therefore has stated no interest in LG&E’s rates or service sufficient to justify its intervention in this proceeding, and has claimed no expertise in matters pertinent to this proceeding to justify its intervention as a non-customer with no interest in LG&E’s rates or service. LG&E therefore respectfully asks the Commission to deny Stand’s Motion for Full Intervention.

¹ Stand Motion at 5 (“Stand Energy proposes that LG&E and the Commission should use this opportunity in this proceeding to expand eligibility for its Gas Transportation programs for commercial, industrial, governmental and other public entities by establishing lower volumetric thresholds for customers to transport gas. Stand Energy is not advocating or suggesting any kind of residential gas transportation program in this proceeding.”).

Only the Attorney General has a right to intervene in Commission proceedings; all other interventions are permissive and within the sound discretion of the Commission. The Commission will grant requests for permissive intervention “only upon a determination that the criteria set forth in 807 KAR 5:001, Section 3(8), have been satisfied.”² Under the regulation, permissive intervention will only be granted if the person “has a special interest in the proceeding which is not otherwise adequately represented” or that granting full intervention “is likely to present issues or to develop facts that assist the commission in fully considering the matter without unduly complicating or disrupting the proceeding.”³ And the Commission has consistently held that, as a threshold matter, a person seeking intervention must have an interest in the rates or service of the utility at issue.⁴

The Commission ruled just over a year ago that Stand’s interest as a competitive supplier of commodity gas to a limited number of customers in a local distribution company’s certified service territory is not sufficient to obtain intervenor status. In that case, Stand sought to intervene in a Duke Energy Kentucky merger proceeding by a motion that is substantively nearly identical to its motion herein. The Commission rejected Stand’s motion as lacking a sufficient interest in Duke’s rates or service:

Thus, the only interest that Stand Energy arguably has in the natural gas rates and service of Duke Kentucky is as a competitor, and even that interest is too remote to justify intervention here. There is nothing in the Joint Application, including the voluminous exhibits and prepared testimony, to suggest that Duke Kentucky is now requesting, or will at some definitive time in the future

² *In the Matter: The 2008 Joint Integrated Resource Plan of Louisville Gas and Electric Company and Kentucky Utilities Company*, Case No. 2008-00148, Order (July 18, 2008).

³ 807 KAR 5:001, § 3(8).

⁴ *See, e.g., In the Matter of: The Application of Kentucky Utilities Company for Certificates of Public Convenience and Necessity and Approval of Its 2011 Compliance Plan for Recovery by Environmental Surcharge*, Case No. 2011-00161, Order at 7 (July 27, 2011); *In the Matter of: The Application of Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Approval of Its 2011 Compliance Plan for Recovery by Environmental Surcharge*, Case No. 2011-00162, Order at 7 (July 27, 2011); *In the Matter of: Application of Columbia Gas of Kentucky, Inc. for an Adjustment in Rates*, Case No. 2009-00141, Order at 4 (July 15, 2009).

request, authority to establish a fully competitive natural gas market within its service area or for Duke Retail to sell natural gas in Kentucky.

The Commission further finds that an investigation of expanding retail natural gas competition in Kentucky markets was recently concluded in Administrative Case No. 2010-00146, a case in which Stand Energy was granted intervention and fully participated. The Commission's decision in that investigation was to not mandate competitive retail natural gas programs in Kentucky without additional statutory authority and consumer protections. Consequently, the Commission will not revisit those issues in this merger case, and Stand Energy's status as a competitive supplier of natural gas does not justify its intervention in this case.

LG&E objects to Stand's motion for all the reasons the Commission cited in denying intervention to Stand in the Duke proceeding. Although LG&E acknowledges that the Commission stated in Administrative Case 2010-00146 that it would review the LDCs' transportation tariffs in their next base rate proceedings, that does not make Stand's intervention in this proceeding any less objectionable.⁵ Again, Stand's interest in LG&E's gas rates and service is only that of a competitor. The interests and views that are relevant to this proceeding are those of LG&E's customers and their duly designated representatives, including the Attorney General.⁶ They are more than capable of advocating customers' interests if indeed customers are interested in seeing the kinds of changes to LG&E's tariffs that Stand advocates.

⁵ *In the Matter of: An Investigation of Natural Gas Retail Competition Programs*, Case No. 2010-00146, Order at 16 (Dec. 28, 2010).

⁶ *In the Matter of: Adjustment of Gas Rates of Union Light, Heat and Power Company*, Case No. 2001-00092, Order at 2 ("SEC first states that it has an industrial natural gas customer that is currently served under ULH&P's Interruptible Transportation ('IT') tariff and that it seeks to protect the interests of this industrial customer. SEC asserts that its interest in representing its industrial customer is unique and thus that it has an interest in these proceedings that is not otherwise adequately represented. The Commission finds that the interest claimed by SEC is actually that of ULH&P's IT customer and that it cannot be asserted by SEC. The Commission further finds that the interest of all customers of ULH&P, including its IT customers, is adequately represented by the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ('Attorney General'), who has intervened as a party for that purpose.").

LG&E further objects to Stand's motion because Stand has not claimed to have any relevant expertise to assist the Commission in considering the matters at issue in the proceeding. LG&E does not contest or confirm the experience of Stand's counsel, but that is not relevant to granting intervention if Stand cannot offer substantive assistance to the Commission in this proceeding. As noted above, Stand is quite clear that it "has absolutely no connection to any regulated utility in any state." Accepting that assertion as true, it would seem to follow that Stand can have no expertise relevant to the matters at issue in this proceeding, which concerns exclusively the rates and service of a regulated utility. Stand therefore cannot be granted intervention on the ground that it will assist the Commission in considering the issues in this case.

It is precisely because Stand lacks sufficient interest in the rates or service of a number of utilities in Kentucky and lacks any relevant expertise that the Commission has denied multiple intervention motions by Stand. The Commission denied Stand's motions to intervene in LG&E's 2003 and 2000 rate cases, stating in both cases that Stand had failed to state a sufficient interest to be granted intervention (in addition to being untimely in the 2003 case).⁷ (Stand did not seek intervention in either of LG&E's 2008 and 2009 rate cases.) The Commission further denied Stand's motion to intervene in The Union Light, Heat and Power Company's ("ULH&P") 2001 gas rate case, stating in its order on reconsideration:

SEC [Stand Energy Corporation] first states that it has an industrial natural gas customer that is currently served under ULH&P's Interruptible Transportation ("IT") tariff and that it seeks to protect

⁷ *In the Matter of: Application of Louisville Gas and Electric Company for an Adjustment of the Gas and Electric Rates, Terms and Conditions*, Case No. 2003-00433, Transcript Vol. I, page 51-52 (May 4, 2004) ("[I]t is the Commission's ruling that Stand's position with regard to intervention in this matter is too remote for intervention to be granted. ... [I]t is the Commission's position, at this point, that a timely motion is certainly not a motion that's filed on the morning of a major rate case hearing that has been before the Commission for four or five months."); *In the Matter of: Joint Application of Powergen Plc, LG&E Energy Corp., Louisville Gas and Electric Company, and Kentucky Utilities Company for Approval of a Merger*, Case No. 2000-00095, Order (Apr. 5, 2000) (finding that Stand had "failed to sufficiently allege an interest in this proceeding").

the interests of this industrial customer. SEC asserts that its interest in representing its industrial customer is unique and thus that it has an interest in these proceedings that is not otherwise adequately represented. The Commission finds that the interest claimed by SEC is actually that of ULH&P's IT customer and that it cannot be asserted by SEC. The Commission further finds that the interest of all customers of ULH&P, including its IT customers, is adequately represented by the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General"), who has intervened as a party for that purpose.

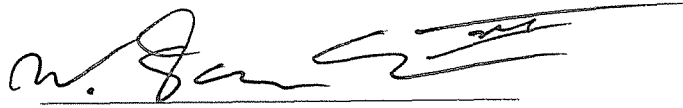
Secondly, SEC argues that its experience in the natural gas industry "gives it a unique perspective, both historically and looking forward towards further competition, which it can lend to the proceedings on behalf of its industrial customer and itself." It further states that it does not intend to unduly complicate or disrupt the proceedings. The Commission is not persuaded by these arguments.

Nothing about Stand's business model or lack of relevant expertise has changed since the Commission denied intervention to Stand in LG&E's previous rate cases or ULH&P's 2001 gas rate case, and certainly nothing has changed since the Commission denied Stand intervention in Duke Energy Kentucky's recent merger proceeding. Therefore, because Stand has no cognizable interest in this proceeding and has claimed no relevant expertise concerning the subject matter of this proceeding, but is merely a competitor seeking its own advantage, LG&E respectfully submits that the Commission should deny its motion to intervene herein.

WHEREFORE, Louisville Gas and Electric Company respectfully requests that the Commission deny Stand Energy Corporation's Motion for Full Intervention.

Dated: June 19, 2012

Respectfully submitted,



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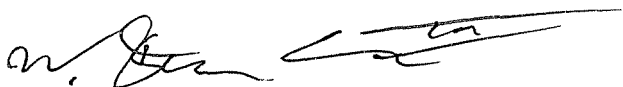
CERTIFICATE OF SERVICE

This is to certify that a copy of the above and foregoing Objection was sent by first class United States mail, postage-prepaid, on the 19th day of June 2012 to the following parties:

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