

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REQUEST FOR CONFIDENTIAL)
TREATMENT OF INFORMATION FILED)
WITH LOUISVILLE GAS & ELECTRIC) CASE NO. 95-563
COMPANY'S GAS SUPPLY AND)
TRANSPORTATION CONTRACTS)

O R D E R

This matter arising upon petition of Louisville Gas and Electric Company ("LG&E"), filed December 15, 1995, pursuant to 807 KAR 5:001, Section 7, for confidential protection of information in its proposed contract with Texaco Natural Gas, Inc. ("Texaco") for gas supply and in its contract with Tennessee Gas Pipeline Company ("Tennessee Gas") for transportation of natural gas on the grounds that disclosure of the information is likely to cause LG&E competitive injury, and it appearing to this Commission as follows:

LG&E has entered into a contract with Texaco to purchase natural gas and has entered into two separate contracts with Tennessee Gas for the transportation of natural gas. Pursuant to the Commission's Order dated January 20, 1986, in Case No. 8923-I, copies of the contracts have been filed with the Commission and they contain information which LG&E seeks to protect as confidential.

Except for the parties with whom the contracts have been executed, the information sought to be protected is not known outside of LG&E and the information is

not disseminated within LG&E except to those employees who have a legitimate business need to know and act upon the information.

KRS 61.872(1) requires information filed with the Commission to be available for public inspection unless specifically exempted by statute. Exemptions from this requirement are provided in KRS 61.878(1). That subsection of the statute exempts several categories of information. One category exempted in paragraph (c)1 of that subsection is commercial information confidentially disclosed to the Commission which, if made public, would permit an unfair commercial advantage to competitors of the party from whom the information was obtained. To qualify for the exemption, the party claiming confidentiality must demonstrate actual competition and a likelihood of substantial competitive injury if the information is disclosed. Competitive injury occurs when disclosure of the information gives competitors an unfair business advantage.

The gas supply contract entered into with Texaco contains prices, purchase volumes, flexibility and quantities, points of receipt, expiration dates and terms, and supporting illustrative calculations relating to these quantities, prices, and charges. Disclosure of this information would allow LG&E's competitors to determine the unit price and overall cost of the gas LG&E is purchasing. If these prices are more favorable than the prices its competitors are currently paying, knowledge of the information would encourage those competitors to attempt to out-bid LG&E for the gas, thereby, driving up its cost. This would weaken LG&E's position in the marketplace and, therefore, the information should be protected as confidential.

LG&E also seeks to protect the specific service rates, rate design provisions, term extension options, and overrun volumes contained in the firm transportation discount agreement entered into with Tennessee Gas. Under this contract Tennessee Gas has agreed to receive and transport natural gas to LG&E on a firm basis. The contract replaces a similar contract between LG&E and Texas Gas Transmission Corporation. Disclosure of the information sought to be protected would provide competitors of Tennessee Gas with information they could use in negotiating future contracts with LG&E. For example, knowledge of this information would enable such competitors to submit terms and conditions slightly more favorable than the terms and conditions contained in the Tennessee Gas contract, but not as favorable as they might have otherwise submitted if the information sought to be protected were not known to them. This would affect LG&E's cost and their position in the marketplace. Therefore, disclosure of the information is likely to cause LG&E competitive injury and the information should be protected as confidential.

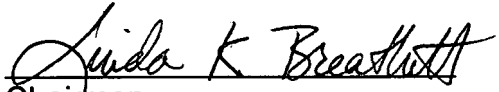
After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that the contracts in question are generally recognized as confidential and proprietary, and disclosure to the public will create an unfair commercial advantage to LG&E's competitors. The contracts should, therefore, be exempted from public disclosure under KRS 61.878(1)(c) and should be afforded confidential treatment.

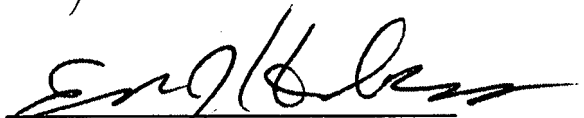
IT IS THEREFORE ORDERED that the petition to protect as confidential certain information contained in the gas supply contract with Texaco and the firm transportation

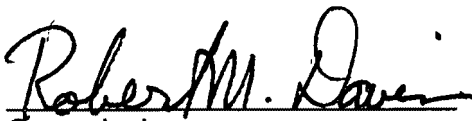
contract with Tennessee Gas, which LG&E has petitioned to be withheld from public disclosure, is hereby granted. The information shall be held and retained by this Commission as confidential and shall not be open for public inspection.

Done at Frankfort, Kentucky, this 26th day of June, 1996.


PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director