

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

THE PLAN OF LOUISVILLE GAS AND ELECTRIC) CASE NO.
COMPANY FOR THE VALUE DELIVERY SURCREDIT) 2005-00352
MECHANISMS)

PETITION OF LOUISVILLE GAS AND ELECTRIC COMPANY
FOR CONFIDENTIAL PROTECTION

Louisville Gas and Electric Company (“LG&E”) 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 to certain information contained in its response to the Initial Data Request of the Kentucky Industrial Utility Customers (“KIUC”) dated October 21, 2005. In support of this Petition, LG&E states as follows:

1. On September 30, 2005, LG&E filed an Application with the Commission for authority to withdraw from service the Value Delivery Surcredit Rider tariffs for its electric and gas services. On October 12, 2005, the Commission established a procedural schedule to conduct discovery in this proceeding. On October 21, 2005, KIUC issued its first set of data requests to LG&E. Data Request No. 20 requested the production of LG&E’s forward price curves for off-system sales and all assumptions underlying the price curves including, but not limited to, natural gas prices. This information is commercial and proprietary in nature and as such should be afforded confidential treatment.

2. The Kentucky Open Records Act exempts from disclosure commercial information generally recognized as proprietary or confidential if disclosure would grant the disclosing entity’s competitors an unfair commercial advantage. KRS 61.878(1)(c).

3. LG&E's Response to Data Request No. 20 contains sensitive commercial information concerning LG&E's market price projections, the disclosure of which would unfairly advantage LG&E's competitors for both power supplies and wholesale power sales. Disclosure would unfairly advantage LG&E's power supply competitors by informing them of the price projections and the processes used to develop the price projections in transacting sales and purchases in the wholesale power market. Any impairment of LG&E's ability to obtain the most advantageous price possible from power suppliers and buyers will erode its competitive position among other utilities with whom LG&E competes for new and relocating industrial customers and for off-system sales and purchases.

4. Further, disclosure of LG&E's future market price projections in the public record will damage LG&E's competitive position and business interests. Disclosure of this information would enable future bidders to manipulate the wholesale power prices to the detriment of LG&E and its ratepayers. Instead of offering its best price and terms in its offer, a power supplier with knowledge of LG&E's price curves and results could adjust its offer to make a less competitive offer. As a result, LG&E will not get the same quality of offers that would be produced by a system protected by the confidentiality employed by unregulated businesses. Any impairment of LG&E's ability to obtain competitive prices for their power supply will either increase the price LG&E and its customers will pay for power or decrease the possible margins from off-system sales. As a result, LG&E will not be able to purchase reasonably priced power supplies, for new retail load, or make the most efficient off-system sales.

5. LG&E's response also includes forward projections of coal prices. This information, if disclosed, would unfairly advantage LG&E's competitors for both power supplies and wholesale power sales and harm LG&E's procurement of fuel supplies through competitive

bid solicitations. Disclosure would unfairly advantage LG&E's power supply competitors by informing them of the price projections of a fundamental component of wholesale power sales and the processes used to develop the coal price projections. As a result, LG&E will not be able to purchase reasonably priced power supplies, make the most efficient off-system sales, or purchase reasonably priced coal supplies through competitive bid solicitations.

6. LG&E's Response to Data Request No. 20 demonstrates on its face that it merits confidential protection. If the Commission disagrees, however, it must hold an evidentiary hearing to protect the due process rights of LG&E and supply 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., Ky. App., 642 S.W.2d 591, 592-94 (1982).

7. The projections sought to be protected were developed internally by LG&E personnel, are not known outside of LG&E and are not disseminated within LG&E except to those employees with a legitimate business need to know and act upon the information.

8. LG&E does not object to limited disclosure of the confidential information, pursuant to a protective agreement, to KIUC and to other intervenors with a legitimate interest in reviewing the same in the context of this proceeding.

9. In accordance with the provisions of 807 KAR 5:001 Section 7, one copy of the confidential information responding to Data Request No. 20 is highlighted on yellow paper and ten (10) copies of the cover sheets without the confidential information is herewith filed with the Commission.

For the reasons stated, Kentucky Utilities 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: November 2 , 2005.

Respectfully submitted,



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Petition for Confidential Protection was served on the following parties of record this 2nd day of November 2005, by mailing a copy thereof, postage prepaid, through the U.S. mail to:

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2005 Open Position Price Curve (100% Market for '05, 75% market and 25% Hill for '06, 50% Market and 50% Hill for '07, 25% Market and 75% Hill for '08 and 100% Hill for '09+)

PRB 8609 BTU
CAPP Compliance
EKY Low Sulfur
NAPP High Sulfur
IL Basin High Sulfur
IL Basin Mid Sulfur

2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023



2006 Open Position Price Curve (100% Market for '06, 75% market and 25% Hill for '07, 50% Market and 50% Hill for '08, 25% Market and 75% Hill for '09 and 100% Hill for '10+
PRB 8800 BTU
CAPT Compliance
EKY Low Sulfur
NAPP High Sulfur
IL Basin High Sulfur
IL Basin Mid Sulfur

2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

