LG&E

an e·on company

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED
JUL 29 2010
PUBLIC SERVICE COMMISSION

Louisville Gas and Electric Company
State Regulation and Rates
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July 29, 2010

RE: AN INVESTIGATION OF NATURAL GAS RETAIL COMPETITION PROGRAMS
Case No. 2010-00146

Dear Mr. DeRouen:

Enclosed please find and accept for filing the original and ten (10) copies of Louisville Gas and Electric Company's Response to Stand Energy Corporation's First Requests for Information dated July 15, 2010 in the above referenced docket.

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

Sincerely,

Rick E. Lovekamp

Rick E. Lovekamp

cc: Parties of Record

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

	)	
AN INVESTIGATION OF NATURAL GAS	)	CASE NO.
RETAIL COMPETITION PROGRAMS	)	2010-00146
	)	

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
STAND ENERGY CORPORATION'S FIRST REQUESTS FOR INFORMATION
DATED JULY 15, 2010

FILED: July 29, 2010

VERIFICATION

COMMONWEALTH OF KENTUCKY	**)**	
	)	**SS:**
COUNTY OF JEFFERSON	**)**	

The undersigned, **J. Clay Murphy**, being duly sworn, deposes and says that he is Director – Gas Management, Planning, and Supply for Louisville Gas and Electric Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

J. Clay Murphy

J. Clay Murphy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 27th day of July 2010.

Rashelle W. Gaines (SEAL)

Notary Public

My Commission Expires:

Feb 28, 2014

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2010-00146

Response to Stand Energy Corporation's First Requests for Information
Dated July 15, 2010

Question No. 1-1

Responding Witness: J. Clay Murphy

Q-1-1. With regard to your transportation tariffs. Please answer the following:

A. Does it cost you more to deliver third party or supplier natural gas to a customer compared to the cost to deliver natural gas to a sales customer of the same size? If so, explain why in detail.

B. Discuss whether you believe daily balancing or monthly balancing should be required of transportation customers and explain why, in detail.

C. Excluding periods of OFO's and OMO's, please identify the financial harm to your firm sales customers that has occurred over the past 12 months because of daily imbalances of transportation customers?

D. During the past 12 months, please identify each day when transportation customers' deliveries provided a financial credit or system benefit to firm sales customers?

E. If you believe that larger transportation consumers should be subject to daily balancing and smaller transportation consumers subject to monthly balancing explain how you determine the amount of daily or monthly usage that requires daily or monthly balancing and explain.

F. If there are charges for imbalances or penalties for imbalances describe and explain the reasoning for the penalties and describe the allocation of the generated imbalance penalty dollars.

G. Identify any operational events that have occurred that caused you to determine that daily or monthly balancing is necessary. Provide sufficient event details to justify a decision based thereon.

H. Discuss whether or not you believe that supplier "pooling" should be allowed by Kentucky natural gas utilities to allow suppliers to pool deliveries for balancing and penalty avoidance purposes. If not, explain in detail why not.

I. Discuss the necessity for each penalty set forth in your transportation tariffs and the reasons underlying each of the penalty amounts.

J. Identify and briefly explain the allocation of the generated penalty dollars.

A-1-1. LG&E currently provides two types of natural gas transportation service. The first type includes a standby sales service (Rider TS). The second type is a transportation-only service (Rate Schedule FT). LG&E also provides pooling service under Riders PS-FT and PS-TS. LG&E does not operate a retail choice program. Copies of the applicable rate schedules and riders are included with this response.

Under both Rate Schedule FT and Rider TS, the customer is responsible for securing its own natural gas supply as well as appropriate interstate pipeline transportation service from a third party. LG&E does not assign its pipeline capacity to its customers using its transportation services. LG&E provides a firm delivery service (within the applicable terms of the rate schedule) from LG&E's interconnect with the interstate pipeline to the customer's facility.

Standby Transportation Service (Rider TS)

Standby sales service under Rider TS provides customers with a level of service and reliability equivalent to the associated underlying sales service to which this tariff is a rider. LG&E provides this standby sales service to transportation customers through its on-system storage and pipeline transportation capacity. The standby transportation customer is allocated its share of these two costs. Customers served under Rider TS (unlike customers served under Rate Schedule FT) are not subject to either daily balancing requirements or Operational Flow Order ("OFO") provisions because these customers pay the costs associated with daily balancing and standby gas supply through their total rate.

The standby transportation rate includes two components that reflect the costs associated with delivering the customer's gas and providing standby gas service. The first component is the distribution charge applicable to the sales rate under which the customer is served. This distribution charge includes the costs to deliver gas to the customer. The second component is the Pipeline Supplier's Demand Component ("PSDC"). The PSDC includes pipeline capacity demand costs associated with holding firm pipeline transportation capacity required to serve sales and standby sales customers. Both of these charges are assessed on all throughput volumes, whether sales or transportation.

If the customer chooses not to purchase its own gas supply, or the customer fails to deliver any part or all of its requirements, LG&E is required to provide the customer served under Rider TS with gas supply under the terms of the otherwise applicable sales rate schedule. To the extent that the customer purchases gas from LG&E, those charges are the same as those incorporated in the Gas Supply Cost

Component ("GSCC") of the Gas Supply Clause. The standby sales transportation service rate is designed to be revenue neutral for LG&E and to prevent cost shifts to other customers as a result of providing this type of transportation service. Rider TS also incorporates a cash-out mechanism. Under-deliveries (usage in excess of transport deliveries) are cashed out (sold to the customer) at the applicable sales rate. Over-deliveries (transport deliveries in excess of usage) are cashed out (purchased from the customer) at the same rates that apply to over-deliveries under Rate Schedule FT discussed below. Including such a cash-out mechanism for over-deliveries in Rider TS eliminates carryovers of natural gas by customers going into the next month. Cashing out customer over-deliveries is consistent with the fact that LG&E has no obligation to store gas and return the gas to the customer at a later date.

Non-standby transportation-only service (Rate Schedule FT)

Transportation-only service under Rate Schedule FT is designed to protect and enhance system reliability and prevent cost shifts to sales customers. LG&E does not plan on serving Rate Schedule FT customers through either the use of on-system storage or its pipeline transportation services and associated gas supplies. LG&E's on-system storage, pipeline transportation services, and associated gas supplies are for use by LG&E's firm sales customers who pay for them and are entitled to use them pursuant to the tariffs under which they are served. LG&E does not reserve storage or pipeline capacity for transportation-only customers because they do not pay for and are not entitled to the use of such storage or pipeline capacity pursuant to the tariffs under which they have chosen to be served.

Unlike customers served under Rider TS, customers served under Rate Schedule FT have no firm standby balancing or sales service to which they are entitled. Customers served under Rate Schedule FT are at risk for their own supply and are required to acquire and manage their own supplies. Customers served under Rate Schedule FT are allowed to balance within a 10% daily tolerance before a utilization charge is assessed. However, this daily tolerance is fully suspended when LG&E issues an OFO. During the period for which an OFO is issued, customers served under Rate Schedule FT are required to match deliveries with usage. LG&E assesses a charge to customers that fail to comply with an OFO and can isolate and suspend service to a customer if it fails to comply with an OFO.

If the customer electing service under Rate Schedule FT chooses not to purchase its own gas supply, or if the customer fails to deliver all or any part of its requirements, LG&E has no obligation to provide natural gas, storage, pipeline transportation services (or any associated balancing services) to the customer. Consequently, LG&E does not charge the customer for pipeline capacity costs (through the Pipeline Suppliers Demand Component) or for storage-related costs (through the Distribution Charge).

Customers served under Rate Schedule FT are encouraged not to take actions that would jeopardize service to LG&E's sales customers through the use of an OFO provision and charge, daily utilization charges outside an "as-available" 10% tolerance, and monthly cash-out charges. If customers served under Rate Schedule FT fail to observe the OFO, they are charged. Additionally, cost-shifting to sales customers is prevented through these mechanisms as well as by the fact that customers are required to request service under Rate Schedule FT by giving notice on or before the March 31 prior to the effective date for the customer's service pursuant to Rate Schedule FT on the following November 1. This prior notice permits LG&E to adjust its supply and transportation portfolio accordingly.

Telemetry: Customers served under Rate Schedule FT have (and are required to have) telemetry which allows both LG&E and the customer to remotely access daily natural gas usage data. This remotely accessible telemetry data enables the customer to properly manage its gas supplies in order to avoid balancing charges. Telemetry also assists LG&E in determining the quantity of gas used as compared to that delivered through the interstate pipeline for the customer's account, and thus to determine imbalances between the volume of gas the customer delivers to LG&E and the volume of gas the customer uses.

Daily Balancing: Under Rate Schedule FT, when an OFO is not in effect, customers are provided with an "as-available" daily balancing tolerance of 10% (ten percent) at no incremental charge. These daily imbalances are measured through the use of telemetry installed at the customer's facility.

The customer is allowed to vary its usage within +/- 10% (ten percent) from the quantity nominated by the customer's supplier and delivered by the interstate pipeline. For example, if the customer has 100 Mcf/day delivered to LG&E, the customer can use from 90 to 110 Mcf /day without incurring a discrete daily balancing charge. Outside of this 10% (ten percent) tolerance band, the customer is charged a Utilization Charge for Daily Imbalances of $0.3709/Mcf for daily balancing (based on rates effective May 1, 2010, which rates change quarterly). This Utilization Charge for Daily Imbalances is comprised of a Daily Demand Charge (reflective of pipeline demand costs) of $0.1876/Mcf and a Daily Storage Charge (reflective of on-system storage costs) of $0.1833/Mcf.

Cash-Out Mechanism: At the end of the month, all daily over- and under-deliveries are summed, and the net over- or under-deliveries are eliminated through a cash-out mechanism. Under the cash-out mechanism, over-deliveries are purchased from customers at a price reflective of the market for the first tier of over-deliveries. The cash-out price for over-deliveries is based on the lowest daily price posted during the month for *Gas Daily*'s "Dominion -- South Point". As the level of the over-delivery increases, the price paid to the customer for over-deliveries decreases based on a sliding (or tiered) scale. Conversely, under-deliveries are sold to customers at a price reflective of the market for the first tier of over-deliveries. The cash-out price for under-deliveries is based on the highest daily price posted during the month for *Gas Daily*'s "Dominion -- South Point". As the level of the under-deliveries increases, the price paid by the customer for under-deliveries increases based on a sliding scale.

Operational Flow Order: The "as-available" 10% (ten percent) tolerance band is suspended by LG&E when it issues an OFO. Through an OFO, LG&E can direct a customer served under Rate Schedule FT to either (1) deliver to LG&E at least as much gas as it is using (typically in a potential under-supply situation), or (2) use at least as much gas as it is delivering to LG&E (typically in a potential over-supply situation).

A mismatch (or imbalance) between the deliveries and usage by a customer served under Rate Schedule FT can jeopardize LG&E's system reliability. Because LG&E does not have the resources in place to provide natural gas supplies and balancing services to customers served under Rate Schedule FT on a firm basis, LG&E must rely upon the OFO to manage the supplies of those customers.

For example, assume LG&E issues an OFO directing the customer to deliver to LG&E at least as much gas as it is using. If the customer fails to deliver enough gas, the customer is assessed a charge for each Mcf it fails to deliver. Therefore, if an OFO is in effect, and if the customer has 100 Mcf/day delivered to LG&E, the customer can use no more than 100 Mcf/day without incurring the applicable OFO charge.

If a customer fails to comply with the OFO directive, the customer is assessed a charge, in addition to any other action which LG&E may be required to take (e.g., physically isolating and curtailing the customer if necessary to preserve system integrity). The OFO charge is equal to $15.00 per Mcf plus the mid-point price posted in *Gas Daily* for "Dominion--South Point" on the day for which the OFO was violated. These posted prices change daily with the gas market. All charges collected through the OFO provision are returned to sales customers through the Gas Supply Clause.

Riders PS-FT and PS-TS

LG&E also offers pooling services which allow customers served under either Rate Schedule FT or Rider TS to join together in a recognized form and appoint a Pool Manager as agent to make nominations and otherwise manage their gas supply on an aggregated basis. The responsibility for cash-out charges, OFO charges, and daily balancing charges (where applicable) is transferred from the customer to the pool manager through the pooling service. The applicable "as-available" daily tolerance is reduced from 10% to 5% for a Pool Manager served under Rate PS-FT. Actual daily and monthly telemetry usages are aggregated for customers served in a pool and compared to the volumes nominated in order to apply the terms and conditions of the tariff as related to cash-out charges, OFO charges, and daily balancing charges. Due to differences in the balancing requirements, customers served under Rate Schedule FT and Rider TS are served under different pooling rate schedules, either Rider PS-FT or Rider PS-TS, as applicable.

A. The costs associated with LG&E's various sales and transportation services are dependent upon the character of service associated therewith and are the subject of detailed cost-of-service studies submitted to the Kentucky Public Service Commission ("KYPSC") in the context of LG&E's general rate proceedings. See, for example, Case Nos. 2003-0433, 2008-00252, and 2009-00549.

B. Daily and/or monthly balancing is/are required of transportation customers in order to preserve the operational integrity of the gas distribution system for all customers.

C. Any time that deliveries (nominations) on behalf of customers to the gas distribution system fail to match the receipts (consumption) by customers, there is potential for harm to the integrity of the gas distribution system. LG&E's transportation tariffs are designed to mitigate any subsides between sales and transportation customers. For example, charges related to cash-out, daily imbalances, and OFO are some of the key elements in mitigating cross-subsidies. Without these kinds of provisions, sales customers would be exposed to significant financial harm as the result of over- or under-deliveries by transportation customers. Please see also LG&E response to Item A.

D. LG&E is not aware of any system benefits to sales customers from either over- or under-deliveries by transportation customers. See LG&E's response to Item C above.

E. Daily and monthly balancing regimes are both appropriate means of ensuring the integrity and reliability of the gas distribution system. LG&E does not believe that balancing regimes are necessarily dictated by the size of the transportation customer. The particulars of individual balancing regimes are dependent upon the character of service provided under the applicable rate schedule; the particular operating circumstances of each utility's gas distribution system; the assets available to serve the individual rate schedule; and the costs of serving customers under that individual rate schedule.

F. LG&E's Rate Schedule FT incorporates three charges related to imbalances created by the customer on LG&E's system: (i) OFOs, (ii) Cash-Out, and (iii) a Utilization Charge for Daily Imbalances. Revenues associated with the imposition of OFOs applicable to customers served under LG&E's Rate Schedule FT are credited to sales customers through the operation of LG&E's Gas Supply Clause. Revenues and expenses arising from the respective sales to or purchases from transportation customers through the operation of the applicable cash-out mechanism are reflected in the operation of the LG&E's Gas Supply Clause. Utilization charges covering daily imbalances include two components, a daily demand charge and a daily storage charge. The Daily Demand Charge which reflects costs associated with pipeline capacity is credited to sales customers through the operation of LG&E's Gas Supply Clause. The Daily Storage Charge which reflects costs associated with LG&E's on-system storage reduces storage revenue requirements which would otherwise be charged to sales customers. Please see response to Item I.

G. Daily and monthly deliveries (nominations) by transportation customers and pool managers never match customer or pool consumption. Too much or too little gas delivered to LG&E on behalf of transportation customers impacts LG&E's ability to operate its natural gas system. Rate Schedule FT only provides customers with "as-available" balancing service. Daily and/or monthly balancing requirements and associated charges are necessary to encourage customers and pool managers to deliver an amount of gas to LG&E that is nearly equal to customer consumption. (Please see response to Item I.) The provisions and charges included in LG&E's transportation tariffs have been found to be just and reasonable by the KYPSC. (Please see response to Item A.)

H. LG&E offers pooling services to transportation customers under Riders PS-FT and PS-TS. The function of pooling services is to allow the pool manager to manage the nominations of pool members on an aggregate basis, and is not for the purpose of "penalty avoidance."

I. The charges described in response to Item F economically incent transportation customers or their pool managers to deliver an amount of natural gas to LG&E that matches the amount consumed by the customer (or pool of customers) on both a daily and monthly basis. Such deliveries enable the LDC to manage the flow of gas on its gas distribution system in order to ensure the operational integrity thereof. Such deliveries are particularly important on days when an OFO has been issued and "as-available" balancing service is not available to Rate Schedule FT transportation customers. The provisions and charges included in LG&E's transportation tariffs have been found to be just and reasonable by the KYPSC. Please see response to Item A.

J. See response to Item F.

Standard Rate **FT**

Firm Transportation Service (Non-Standby)

APPLICABLE
In all territory served.

AVAILABILITY OF SERVICE
Available to commercial and industrial customers who consume at least 50 Mcf each day at each individual Delivery Point, have purchased natural gas elsewhere, obtained all requisite authority to transport such gas to Company's system through the system of Company's Pipeline Transporter, and have requested Company to utilize its system to transport, by displacement, such customer-owned gas to Customer's place of utilization. Customers electing to transfer from another service shall notify Company on or before March 31 and execute a contract by April 30 in order to begin receiving service hereunder beginning November 1 of that same year. Any such transportation service hereunder shall be conditioned on Company being granted a reduction in billing demands by its Pipeline Transporter corresponding to the Customer's applicable transportation quantities.

Transportation service hereunder will be subject to the terms and conditions herein set forth and to the availability of adequate capacity on Company's system to perform such service without detriment to its other customers.

CHARACTER OF SERVICE
Transportation service under this rate schedule shall be considered firm from the Receipt Point at Company's interconnection with its Pipeline Transporter ("Receipt Point") to the Delivery Point at the Customer's place of utilization ("Delivery Point"), subject to paragraph 6 of the Special Conditions.

Company's sole obligation hereunder is to redeliver Customer's gas from the Receipt Point to the Delivery Point. Accordingly, Company has no obligation to deliver to the Customer a volume of gas, either daily or monthly, which differs from the volume delivered to Company at the Receipt Point.

Company will provide service to meet imbalances only on an as-available basis. For purposes used herein, "Imbalances" are defined as the difference between the volume of gas delivered by the Customer to the Receipt Point and the volume of gas taken by Customer at the Delivery Point. When Company can provide such service, the Utilization Charge for Daily Imbalances shall apply to daily imbalances in excess of ±10% of the delivered volume of gas as set forth herein. Company shall issue an Operational Flow Order as set forth herein during periods when service cannot be provided to meet daily imbalances.

RATE
In addition to any and all charges billed directly to Company by other parties related to the transportation of customer-owned gas, and any other charges set forth herein, the following charges shall apply.

Administration Charge: $230.00 per Delivery Point per month

Distribution Charge Per Mcf: $0.43

Louisville Gas and Electric Company

Standard Rate **FT**

Firm Transportation Service (Non-Standby)

ADJUSTMENT CLAUSES

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Demand Side Management Cost Recovery Mechanism	Sheet No. 86
Franchise Fee and Local Tax	Sheet No. 90
School Tax	Sheet No. 91

DUE DATE OF BILL

Customer's payment will be due within twelve (12) days from date of bill.

LATE PAYMENT CHARGE

If full payment is not received within three (3) days from the due date of the bill, a 1% late payment charge will be assessed on the current month's charges.

IMBALANCES

Company will calculate on a daily and monthly basis the Customer's imbalance resulting from the difference between the metered usage of the Customer and the volumes that the Customer has delivered into Company's system. This will be calculated as follows:

$$\text{Imbalance} = \text{Metered Usage} - \text{Delivered Volume}$$

Company will also determine the imbalance percentage. This percentage will be calculated as follows:

$$\text{Imbalance \%} = \frac{\text{(Metered Usage - Delivered Volumes)}}{\text{Delivered Volume}}$$

The term daily shall mean the period of twenty-four (24) consecutive hours beginning at 10:00 a.m., Eastern Clock Time.

CASH-OUT PROVISION FOR MONTHLY IMBALANCES

If the monthly imbalance is negative (an over-delivery into Company's system), Company shall purchase the monthly imbalance from Customer at a price per Mcf which is determined by multiplying the appropriate percentage specified below times the lowest daily mid-point price posted in "*Gas Daily*" for Dominion South Point during the month in which the imbalance occurred. The appropriate percentage shall be dependent on the Customer's monthly imbalance percentage to be applied as follows:

Standard Rate FT

Firm Transportation Service (Non-Standby)

When Total Net Negative Imbalance Percentage is:	The following percentage shall be multiplied by the above-referenced "*Gas Daily*" price for Dominion South Point:
0% to ≤5%	100%
>5% to ≤10%	90%
>10% to ≤15%	80%
>15% to ≤20%	70%
>20%	60%

If the monthly imbalance is positive (an under-delivery into Company's system), Customer shall be billed for the monthly imbalance from Company at a price per Mcf which is determined by multiplying the appropriate percentage specified below times the highest daily mid-point price posted in "*Gas Daily*" for Dominion South Point during the month in which the imbalance occurred. The appropriate percentage shall be dependent on the Customer's monthly imbalance percentage to be applied as follows:

When Total Net Positive Imbalance Percentage is:	The following percentage shall be multiplied by the above-referenced "*Gas Daily*" price for Dominion South Point:
0% to ≤5%	100%
>5% to ≤10%	110%
>10% to ≤15%	120%
>15% to ≤20%	130%
>20%	140%

The monthly imbalance percentages stated above will be used to calculate the cash-out price for imbalances that fall within each category. For example, a Customer with a monthly imbalance percentage of 9% will cash-out at the 0% to 5% price for 5% of the imbalance and at the 5% to 10% price for 4% of the imbalance.

All such adjustments shall be shown and included on the Customer's monthly bill. The billing of these charges shall not be construed as a waiver by Company of any other rights or remedies it has under law, the regulations of the PSC of Kentucky, or this rate schedule, nor shall it be construed as an exclusive remedy for failure to comply with the provisions of this rate schedule.

VARIATIONS IN MMBTU CONTENT

Changes in billings of the "cash-out" provision caused by variations in the MMBtu content of the gas shall be corrected on the following bill.

UTILIZATION CHARGE FOR DAILY IMBALANCES

Should an imbalance exceed ±10% of the delivered volume of gas on any day when an Operational Flow Order (as described below) has not been issued, then Company shall charge the Utilization Charge for Daily Imbalances times the recorded imbalance greater than ±10% of the delivered volume of gas for each daily occurrence. The Utilization Charge for Daily Imbalances is the sum of the following:

Louisville Gas and Electric Company

Standard Rate **FT**

Firm Transportation Service (Non-Standby)

Daily Demand Charge:	$0.1876 per Mcf
Daily Storage Charge:	$0.1833
Utilization Charge for Daily Imbalances:	$0.3709 per Mcf

Note: The Daily Demand Charge may change with each filing of the GSCC.

These charges are in addition to any other charges set forth herein. The Utilization Charge for Daily Imbalances will not be applied to daily imbalances which do not exceed ±10% of the delivered volume. Company shall not have an obligation to provide balancing service for any volumes of gas hereunder.

OPERATIONAL FLOW ORDERS

Company shall have the right to issue an Operational Flow Order ("OFO") which will require actions by Customer to alleviate conditions that, in the sole judgment of Company, jeopardize the operational integrity of Company's system required to maintain system reliability. Customer shall be responsible for complying with the directives contained in the OFO.

Upon issuance of an OFO, Company will direct Customer to comply with one of the following conditions: (a) Customer must take delivery of an amount of natural gas from Company that is no more than the daily amount being delivered by the Pipeline Transporter to Company for Customer; or (b) Customer must take delivery of an amount of natural gas from Company that is no less than the daily amount being delivered by the Pipeline Transporter to Company for Customer. Provision of oral notice by telephone to Customer shall be deemed as proper notice of an OFO. Customer shall respond to an OFO by either adjusting its deliveries to Company's system or its consumption at its facility.

All volumes taken by Customer in excess of volumes delivered by Pipeline Transporter to Company for Customer in violation of the above "condition (a)" OFO shall constitute an unauthorized receipt by Customer from Company. All volumes taken by Customer less than volumes delivered by Pipeline Transporter to Company for Customer in violation of "condition (b)" OFO shall constitute an unauthorized delivery by Customer to Company. Customer shall be charged a per Mcf charge equal to $15.00 plus the mid-point price posted in "*Gas Daily*" for Dominion South Point on the day for which the OFO was violated, plus any other charges under this rate schedule for such unauthorized receipts or deliveries that occur twenty-four (24) hours after notice of the OFO is provided to the Customer or that fall outside the ±10 percent imbalance tolerance regardless of the notice.

Company will not be required to provide service under this rate schedule for any Customer that does not comply with the terms or conditions of an OFO. Payment of charges hereunder shall not be considered an exclusive remedy for failure to comply with the OFO, nor shall the payment of such charges be considered a substitute for any other remedy available to Company.

Louisville Gas and Electric Company

Standard Rate FT

Firm Transportation Service (Non-Standby)

OPTIONAL SALES AND PURCHASE TRANSACTION

Customer may agree to sell its natural gas supplies to Company, and Company may agree to purchase natural gas supplies from Customer under a written contract setting forth specific arrangements of the transaction. If Company purchases natural gas from Customer, such gas will not be redelivered to Customer, and Customer shall discontinue or otherwise interrupt the usage of such natural gas.

RETURN TO FIRM SALES SERVICE

Return to firm sales service is contingent upon the ability of Company to secure the appropriate quantities of gas supply and transportation capacity with Company's Pipeline Transporter, as determined solely by Company.

REMOTE METERING

Remote metering service shall be required as a prerequisite to the Customer obtaining service under this rate schedule. The remote metering devices will allow Company to monitor the Customer's usage on a daily basis and bill the Customer.

The Customer shall be responsible for the cost of this remote metering equipment and the cost of its installation.

The Customer shall be responsible for making any necessary modifications to its facilities, including, but not limited to, any modifications of Customer's piping, in order to facilitate the installation and operation of such remote metering.

The Customer shall be responsible for providing the necessary and adequate electric and telephone service to provide this metering by October 1st of the year that the Customer's Rate FT service becomes effective. Electric and telephone services installed for this equipment shall conform to Company's specifications. The Customer shall be responsible for maintaining the necessary and adequate electric and telephone service to provide this metering.

SPECIAL TERMS AND CONDITIONS

1. Service under this rate schedule shall be performed under a written contract between Customer and Company setting forth specific arrangements as to the volumes to be transported by Company for Customer, Delivery Points, methods of metering, timing of receipts and deliveries of gas by Company, and any other matters relating to individual customer circumstances.

2. At least ten days prior to the beginning of each month, Customer shall provide Company with a schedule setting forth daily volumes of gas to be delivered into Company's system for Customer's account. Customer shall give Company at least twenty-four hours written notice of any subsequent changes to scheduled deliveries of natural gas flow. Company will not be obligated to utilize its underground storage capacity for purposes of this service.

3. In no case will Company be obligated to transport greater quantities hereunder than those specified in the written contract between Customer and Company.

Date of Issue: February 9, 2009
Date Effective: November 1, 2000 Refiled: February 9, 2009
Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky

Issued by Authority of an Order of the KPSC in Case Nos. 2007-00564 and 2008-00252 dated February 5, 2009

Standard Rate — **FT**

Firm Transportation Service (Non-Standby)

4. Volumes of gas transported hereunder will be determined in accordance with Company's measurement base as set forth in the General Rules of this Tariff.

5. All volumes of natural gas transported hereunder shall be of the same quality and meet the same specifications as that delivered to Company by its Pipeline Transporter.

6. Company will have the right to curtail or interrupt the transportation or delivery of gas to any customer hereunder when, in Company's judgment, such curtailment is necessary to enable Company to respond to an emergency or force majeure condition.

7. Should Customer be unable to deliver sufficient volumes of transportation gas to Company's system, Company will not be obligated hereunder to provide standby quantities for purposes of supplying such Customer requirements.

8. Company shall not be required to render service under this rate schedule to any customer that fails to comply with any and all of the terms and conditions of this rate schedule.

TERMS AND CONDITIONS

Service under this rate is subject to Company's Terms and Conditions governing the supply of gas service as incorporated in this Tariff, to the extent that such Terms and Conditions are not in conflict with nor inconsistent with the specific provisions hereof.

Louisville Gas and Electric Company

Standard Rate Rider **TS**

Gas Transportation Service/Standby

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

Available to commercial and industrial customers served under Rate CGS and Rate IGS who consume either (a) an average of at least 50 Mcf each day during the billing cycle at each individual Delivery Point, or (b) 50,000 Mcf annually at each individual Delivery Point. Also available to customers served under Rate AAGS who consume at least 50 Mcf each day during the billing cycle at each individual Delivery Point. Customer shall have purchased natural gas elsewhere, and request Company to utilize its system to transport, by displacement, such customer-owned gas to place of utilization. Any transportation service hereunder will be conditioned on Company being able to retain or secure adequate standby quantities of natural gas. In addition, transportation service hereunder will be subject to the terms and conditions herein set forth and to the availability of adequate capacity on Company's system to perform such service without detriment to its other customers.

RATE

In addition to any and all charges billed directly to Company by other parties related to the transportation of customer-owned gas, the following charges shall apply:

Administrative Charge: $153.00 per Delivery Point per month

	CGS	IGS	AAGS
Distribution Charge Per Mcf	$1.7052	$1.6524	$0.5252
Pipeline Supplier's Demand Component	0.9881	0.9881	0.9881
Total	$2.6933	$2.6405	$1.5133

The **"Distribution Charge"** applicable to Rate CGS and IGS monthly quantities in excess of 100 Mcf shall be reduced by $0.50 per Mcf during the seven off-peak billing periods of April through October. The first 100 Mcf per month during such period shall be billed at the rate set forth above.

Pipeline Supplier's Demand Component: Average demand cost per Mcf of all gas, including transported gas, delivered to Company by its pipeline supplier as determined from Company's Gas Supply Clause.

ADJUSTMENT CLAUSES

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Demand Side Management Cost Recovery Mechanism	Sheet No. 86
Franchise Fee and Local Tax	Sheet No. 90
School Tax	Sheet No. 91

Louisville Gas and Electric Company

P.S.C. Gas No. 7, Original Sheet No. 50.1

Standard Rate Rider TS
Gas Transportation Service/Standby

IMBALANCES

Company will calculate on a monthly basis the Customer's imbalance resulting from the difference between the metered usage of the Customer and the volumes that the Customer has delivered into Company's system. This will be calculated as follows:

Imbalance = Metered Usage - Delivered Volumes

Company will also determine the imbalance percentage. This percentage will be calculated as follows:

$$\text{Imbalance \%} = \frac{(\text{Metered Usage - Delivered Volumes})}{\text{Delivered Volumes}}$$

CASH-OUT PROVISION FOR POSITIVE MONTHLY IMBALANCES (STANDBY SERVICE)

Company will provide standby quantities of natural gas hereunder for purposes of supplying Customer's requirements should Customer be unable to obtain sufficient transportation volumes. Such standby service will be provided at the same rates and under the same terms and conditions as those set forth in Company's applicable rate schedule under which it sells gas to Customer.

CASH-OUT PROVISION FOR NEGATIVE MONTHLY IMBALANCES

If the monthly imbalance is negative (an over-delivery into Company's system), Company shall purchase the monthly imbalance from customer at a price per Mcf which is determined by multiplying the appropriate percentage specified below times the lowest daily mid-point price posted in "*Gas Daily*" for Dominion South Point during the month in which the negative imbalance occurred. The appropriate percentage shall be dependent on the Customer's monthly negative imbalance percentage to be applied as follows:

When Total Net Negative Balance Percentage is:	The following percentage shall be multiplied by the above referenced "*Gas Daily*" price for Dominion South Point:
0% to ≤5%	100%
>5% to ≤10%	90%
>10% to ≤15%	80%
>15% to ≤20%	70%
>20%	60%

The monthly imbalance percentages stated above will be used to calculate the cash-out price for negative imbalances that fall within each category. For example, a Customer with a

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Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky

Issued by Authority of an Order of the KPSC in Case Nos. 2007-00564 and 2008-00252 dated February 5, 2009 negative monthly imbalance percentage of 9% will cash-out at the 0% to 5% price for 5% of the imbalance and at the 5% to 10% price for 4% of the imbalance.

All such adjustments shall be shown and included on the Customer's bill. The billing of these charges shall not be construed as a waiver by Company of any other rights or remedies it has under law, the regulations of the PSC of Kentucky, or this rate schedule, nor shall it be construed as an exclusive remedy for failure to comply with the provisions of this rate schedule.

Variations in MMBtu Content:
Changes in billings of the "cash-out" provision caused by variations in the MMBtu content of the gas shall be corrected on the following bill.

SPECIAL TERMS AND CONDITIONS

1. Service under this rider shall be performed under a written contract between Customer and Company setting forth specific arrangements as to volumes to be transported by Company for Customer, points of delivery, methods of metering, timing of receipts and deliveries of gas by Company, and any other matters relating to individual customer circumstances.

2. At least ten days prior to the beginning of each month, Customer shall provide Company with a schedule setting forth daily volumes of gas to be delivered into Company's system for Customer's account. Customer shall give Company at least twenty-four (24) hours' prior notice of any subsequent changes to scheduled deliveries.

3. In no case will Company be obligated to supply gas to Customer, including both gas sold to Customer and gas transported hereunder, at greater volumes and greater rates of flow than those historically purchased by Customer from Company.

4. Volumes of gas transported hereunder will be determined in accordance with Company's measurement base as set forth in the General Rules of this Tariff.

5. All volumes of natural gas transported hereunder shall be of the same quality and meet the same specifications as that delivered to Company by its pipeline transporter.

6. Company will have the right to curtail or interrupt the transportation or delivery of gas to any Customer hereunder when, in Company's judgment, such curtailment is necessary to enable Company to respond to an emergency or force majeure condition.

7. Should Customer be unable to deliver sufficient volumes of transportation gas to Company's system, Company will provide standby quantities of natural gas to Customer as set forth in Customer's standard rate schedule CGS, IGS, or AAGS. In the event of an interruption of sales service to a Customer served under Rate AAGS, as provided for in that rate schedule, Company shall continue to deliver quantities of customer-owned natural gas in amounts equal to such quantities being delivered by pipeline transporter for Customer. During such periods of interruption, a Customer served under Rate AAGS shall not take quantities of natural gas in excess of those being delivered to Company on Customer's behalf. If Customer takes natural gas in excess of such quantities, Customer shall be subject to penalties in accordance with Company's Curtailment Rules.

Louisville Gas and Electric Company

P.S.C. Gas No. 7, Original Sheet No. 50.3

Standard Rate Rider TS

Gas Transportation Service/Standby

TERMS AND CONDITIONS

Service will be furnished under Company's Terms and Conditions applicable hereto, to the extent that such Terms and Conditions are not in conflict with nor inconsistent with the specific provisions hereof.

Louisville Gas and Electric Company

Standard Rate Rider **PS-TS**

Pooling Service – Rate TS

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

Available to "TS Pool Managers".

For the purpose of this rider a "TS Pool Manager" is defined as an entity which has been appointed by a customer or group of customers served under Rate TS to perform the functions and responsibilities of requesting and receiving information, nominating supply, and other related duties.

RATE

In addition to any charges billed directly to TS Pool Manager or Customer as a result of the application of Rate TS or this rider, the following charge shall apply:

PS-TS Pool Administration Charge: $75 per customer in TS Pool per month

CHARACTER OF SERVICE

Service under this rider allows a TS Pool Manager to deliver to Company, on an aggregated basis, those natural gas supplies that are needed to satisfy the full requirements of one or more standby sales transportation customers that comprise a PS-TS Pool.

The TS Pool Manager will be responsible for arranging for volumes of transportation gas to meet the daily and monthly requirements of customer(s) in the pool. The Cash-Out Provision of Rate TS shall be applied against the aggregate volume of all customers in a specific pool. The TS Pool Manager will be responsible for the payment of the PS-TS Pool Administration Charge and any Monthly Cash-Out payments incurred by a specific pool as a result of imbalances under Rate TS.

TERMS AND CONDITIONS

1. No customer shall participate in a TS Pool that does not individually meet the availability conditions of Rate TS, and no customer shall participate in more than one pool concurrently. Likewise, customers served under As-Available Gas Service Rate AAGS cannot be in the same pool with customers served under other sales rates.

2. To receive service hereunder, the PS-TS Pool Manager shall enter into a PS-TS Pool Management Agreement with Company and shall submit a PS-TS Application/Agency Agreement for each member of the pool, signed by both Customer and its TS Pool Manager. The PS-TS Pool Management Agreement shall set forth the specific obligations of the TS Pool Manager and Company under this rider. The PS-TS Application/Agency Agreement shall set forth the members of the pool.

   The TS Pool Manager shall submit a signed PS-TS Pool Management Agreement and a PS-TS Application/Agency Agreement for each member of the pool at least four (4) weeks prior to the beginning of a billing period when service under this rider shall commence. Company shall notify the TS Pool Manager of the date when service hereunder will commence. A customer who terminates service under this rider or who desires to change TS Pool Managers shall likewise provide Company with a written notice at least four (4) weeks prior to the end of a billing period.

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Issued by Authority of an Order of the KPSC in Case Nos. 2007-00564 and 2008-00252 dated February 5, 2009

3. The TS Pool Manager shall upon request of Company agree to maintain a cash deposit, a surety bond, an irrevocable letter of credit, or such other financial instrument satisfactory to Company in order to assure TS Pool Manager's performance of its obligations under the PS-TS Pool Management Agreement. In determining the level of the deposit, bond or other security to be required of a TS Pool Manager, Company shall consider such factors, including, but not limited to, the following: the volume of natural gas to be transported on behalf of PS-TS Pool members, the general credit worthiness of the TS Pool Manager, and the TS Pool Manager's prior credit record with Company, if any. In the event that the TS Pool Manager defaults on its obligations under this rider or the PS-TS Pool Management Agreement, Company shall have the right to use such cash deposit, or the proceeds from such bond, irrevocable letter of credit, or other financial instrument to satisfy TS Pool Manager's obligation hereunder. Specific terms and conditions regarding credit requirements shall be included in the PS-TS Pool Management Agreement. Such credit requirements shall be administered by Company in a non-discriminatory manner.

4. The TS Pool Manager shall provide Company with the written consent, in the form of a PS-TS Application/Agency Agreement, of all members to any change in the composition of the pool membership at least four weeks prior to the beginning of the first billing period that would apply to the modified pool. With the consent of the current pool members, the TS Pool Manager may provide written consent in the form of a PS-TS Application/Agency Agreement on behalf of the current pool members to any change in the composition of the pool. Without exception, any new pool member must provide its own written consent in the form of a PS-TS Application/Agency Agreement.

5. The PS-TS Pool Management Agreement will be terminated by Company upon four weeks written notice if a TS Pool Manager fails to meet any condition of this rider and/or Rate TS. The PS-TS Pool Management Agreement will also be terminated by Company upon four weeks written notice if the TS Pool Manager has payments in arrears. Written notice of termination of the PS-TS Pool Management Agreement shall be provided both to the TS Pool Manager and to the individual members of the pool by Company.

6. Company shall directly bill the TS Pool Manager for the PS-TS Pool Administration Charge, monthly cash-out charges or payments contained in Rate TS. The monthly bill will be rendered at these net charges plus an amount equivalent to 1% thereof, which amount will be deducted provided bill is paid within fifteen (15) days from date of bill. If payment is not made within twenty-seven (27) days from date of bill then the TS Pool Manager will be considered in default.

7. Company shall directly bill the individual customers in the pool for all Distribution Charges, Customer Charges, and Administrative Charges as provided for in either Rate TS or Customer's otherwise applicable sales rate schedule to which Rate TS is a Rider.

Louisville Gas and Electric Company

Standard Rate Rider | **PS-FT**
Pooling Service – Rate FT

APPLICABLE
In all territory served.

AVAILABILITY OF SERVICE
Available to "FT Pool Managers".

For the purpose of this rider a "FT Pool Manager" is defined as an entity which has been appointed by a customer or group of customers served under Rate FT to perform the functions and responsibilities of requesting and receiving information, nominating supply, and other related duties.

RATE
In addition to any charges billed directly to FT Pool Manager or Customer as a result of the application of Rate FT or this rider, the following charge shall apply:

PS-FT Pool Administration Charge: $75 per customer in FT Pool per month

CHARACTER OF SERVICE
Service under this rider allows an FT Pool Manager to deliver to Company, on an aggregated basis, those natural gas supplies that are needed to satisfy the full requirements of one or more firm transportation customers that comprise a PS-FT Pool.

The FT Pool Manager will be responsible for arranging for volumes of transportation gas to meet the daily and monthly requirements of customer(s) in the pool. The Daily Utilization Charge, OFO Penalty and Cash-Out Provision of Rate FT shall be applied against the aggregate volume of all customers in a specific pool. The FT Pool Manager will be responsible for the payment of the PS-FT Pool Administration Charge and any Daily Utilization Charges, OFO penalties or Monthly Cash-Out payments incurred by a specific pool as a result of imbalances under Rate FT. For purposes of this rider the Daily Utilization Charge shall apply to daily imbalances that exceed $\pm$5%, instead of the $\pm$10% otherwise applicable in Rate FT. Company shall issue an Operational Flow Order as set forth in Rate FT to the FT Pool Manager during periods when service cannot be provided to meet daily imbalances.

TERMS AND CONDITIONS
1. No customer shall participate in an FT Pool that does not individually meet the availability conditions of Rate FT, and no customer shall participate in more than one pool concurrently. Unless a Customer meets the provisions of the Remote Metering requirement under Rate FT, that Customer shall not participate in a pool.

2. To receive service hereunder, the FT Pool Manager shall enter into a PS-FT Pool Management Agreement with Company and shall submit a PS-FT Application/Agency Agreement for each member of the pool, signed by both Customer and its Pool Manager. The PS-FT Pool Management Agreement shall set forth the specific obligations of the FT Pool Manager and Company under this rider. The PS-FT Application/Agency Agreement shall set forth the members of the pool.

Louisville Gas and Electric Company

P.S.C. Gas No. 7, Original Sheet No. 61.1

Standard Rate Rider **PS-FT**

Pooling Service – Rate FT

The FT Pool Manager shall submit a signed PS-FT Pool Management Agreement and a PS-FT Application/Agency Agreement for each member of the pool at least four (4) weeks prior to the beginning of a billing period when service under this rider shall commence. Company shall notify the FT Pool Manager of the date when service hereunder will commence. A customer who terminates service under this rider or who desires to change FT Pool Managers shall likewise provide Company with a written notice at least four (4) weeks prior to the end of a billing period.

3. The FT Pool Manager shall upon request of Company agree to maintain a cash deposit, a surety bond, an irrevocable letter of credit, or such other financial instrument satisfactory to Company in order to assure FT Pool Manager's performance of its obligations under the PS-FT Pool Management Agreement. In determining the level of the deposit, bond or other security to be required of an FT Pool Manager, Company shall consider such factors, but not limited to, the following: the volume of natural gas to be transported on behalf of PS-FT Pool members, the general credit worthiness of the FT Pool Manager, and the FT Pool Manager's prior credit record with Company, if any. In the event that the FT Pool Manager defaults on its obligations under this rider or the PS-FT Pool Management Agreement, Company shall have the right to use such cash deposit, or the proceeds from such bond, irrevocable letter of credit, or other financial instrument to satisfy FT Pool Manager's obligation hereunder. Specific terms and conditions regarding credit requirements shall be included in the PS-FT Pool Management Agreement. Such credit requirements shall be administered by Company in a non-discriminatory manner.

4. The FT Pool Manager shall provide Company with the written consent, in the form of a PS-FT Application/Agency Agreement, of all members to any change in the composition of the pool membership at least four weeks prior to the beginning of the first billing period that would apply to the modified pool. With the consent of the current pool members, the FT Pool Manager may provide written consent in the form of a PS-FT Application/Agency Agreement on behalf of the current pool members to any change in the composition of the pool. Without exception, any new pool member must provide its own written consent in the form of a PS-FT Application/Agency Agreement.

5. The PS-FT Pool Management Agreement will be terminated by Company upon four weeks written notice if an FT Pool Manager fails to meet any condition of this rider and/or Rate FT. The PS-FT Pool Management Agreement will also be terminated by Company upon four weeks written notice if the FT Pool Manager has payments in arrears. Written notice of termination of the PS-FT Pool Management Agreement shall be provided both to the FT Pool Manager and to the individual members of the pool by Company.

6. Company shall directly bill the FT Pool Manager for the PS-FT Pool Administration Charge, Utilization Charge for Daily Imbalances, monthly cash-out charges or payments, and unauthorized overrun charges under an OFO contained in Rate FT. The bill will be rendered at these net charges plus an amount equivalent to 1% thereof, which amount will be deducted provided bill is paid within fifteen (15) days from date of bill. If payment is not made within twenty seven (27) days from date of bill, then the FT Pool Manager will be considered in default.

7. Company shall directly bill the individual customers in the pool for all Distribution Charges, Administrative Charges, and remote metering charges or payments provided for in Rate FT.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2010-00146

Response to Stand Energy Corporation's First Requests for Information
Dated July 15, 2010

Question No. 1-2

Responding Witness: J. Clay Murphy

Q-1-2. With regard to your operations pursuant to currently approved PSC tariffs, please respond to the following:

A. For the period covering the past 24 months, identify the dates and duration of all operational flow orders, operational matching orders or other flow orders imposed by you.

B. For all flow orders identified in (A) above, list the reason the flow order was imposed.

A-1-2. A and B. Below is a table setting forth OFOs issued by LG&E since July 1, 2008.

Issued Effective 10:00 AM on	Rescinded Effective 10:00 AM on	Reason
August 5, 2008	August 6, 2008	Maintain System Integrity
August 31, 2009	September 4, 2008	Maintain System Integrity
September 12, 2008	September 17, 2008	Maintain System Integrity
January 14, 2009	January 20, 2009	Maintain System Integrity
February 4, 2009	February 6, 2009	Maintain System Integrity
December 9, 2009	December 12, 2009	Maintain System Integrity
January 1, 2010	January 13, 2010	Maintain System Integrity
January 29, 2010	February 1, 2010	Maintain System Integrity
February 10, 2010	February 16, 2010	Maintain System Integrity

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2010-00146

Response to Stand Energy Corporation's First Requests for Information Dated July 15, 2010

Question No. 1-3

Responding Witness: J. Clay Murphy

Q-1-3. With regard to your operations pursuant to currently approved tariffs, please respond to the following:

A. For the past 24 months, have you waived any requirement set forth in PSC-approved tariffs for any Supplier? If so, identify any such waiver and the Supplier that received the waiver.

B. For the past 24 months, have you waived any requirement set forth in PSC-approved tariffs for any Affiliate? If yes, identify any such waiver and the Affiliate that received the waiver.

C. For the past 24 months, have you waived any requirement set forth in PSC-approved tariffs for any consumer? If so, identify any such waiver and the consumer that received the waiver.

A-1-3. A. No.

B. No.

C. No.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2010-00146

Response to Stand Energy Corporation's First Requests for Information Dated July 15, 2010

Question No. 1-4

Responding Witness: J. Clay Murphy

Q-1-4. With respect to the total gas load served by you, please respond to the following:

A. Of the total load served by you, (i) Identify the quantity/extent of this load that is served by commodity that you obtain from any affiliate, (ii) Identify each affiliate from whom you obtain the commodity identified in (i) above; and, (ii) for the period covering the past 24 months, identify the quantity/extent of the commodity that you obtained from the Affiliate(s) identified in (ii) above.

A-1-4. A. LG&E has not purchased any gas from an affiliate.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2010-00146

Response to Stand Energy Corporation's First Requests for Information Dated July 15, 2010

Question No. 1-5

Responding Witness: J. Clay Murphy

Q-1-5. With regard to your relationship with an unregulated Marketing Affiliate, if any, respond to the following if they are applicable:

A. Identify each agreement and contract document between you and your Marketing Affiliate.

B. Identify any written agreements and contracts that superseded or were successors to the agreement(s) Identified in (A) above.

C. For the years 2008, and 2009, (i) Identify the total revenues generated by your Marketing Affiliate under the agreement Identified in (A) above, (ii) Identify how the revenues Identified in (i) are allocated among the recipient(s) of that revenue, (iii) for the revenues Identified in (i), categorize and Identify the nature of the transaction that generated the revenues, such as, for example, revenues from utilized pipeline capacity transactions, revenues from commodity transactions, revenues from hedges and options, etc.

A-1-5. A. See response to Question No. 4.

B. Not applicable.

C. Not applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2010-00146

Response to Stand Energy Corporation's First Requests for Information Dated July 15, 2010

Question No. 1-6

Responding Witness: J. Clay Murphy

Q-1-6. With regard to your relationship with an "Asset Manager", if any, respond to the following if they are applicable:

A. Identify each agreement and contract document between you and your Asset Manager.

B. Identify any written agreements and contracts that superseded or were successors to the agreement(s) Identified in (A) above.

C. For the years 2008, and 2009, (i) Identify both the total revenues paid to your Asset Manager and the total revenues received from your Asset Manager under the agreement Identified in (A) above, (ii) Identify how the revenues Identified in (i) are allocated among the recipient(s) of that revenue, (iii) for the revenues Identified in (i), categorize and Identify the nature of the transaction that generated the revenues, such as, for example, revenues from utilized pipeline capacity transactions, revenues from commodity transactions, revenues from hedges and options, etc.

A-1-6. A. LG&E does not have a third-party "Asset Manager".

B. Not applicable.

C. Not applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2010-00146

Response to Stand Energy Corporation's First Requests for Information Dated July 15, 2010

Question No. 1-7

Responding Witness: J. Clay Murphy

Q-1-7. Relative to your pipeline delivery requirements, please respond to the following:

A. During the past 2 years, with regard to the pipeline delivery requirements, have you waived or otherwise altered specific compliance with the requirements for any supplier? If so, identify and fully describe any such waiver and/or alteration, and the supplier.

B. During the past 2 years, and with regard to the pipeline delivery requirements, have you waived or otherwise altered specific compliance with the requirements for any consumer or customer? If so, identify and fully describe any such waiver and/or alteration, and the consumer/customer.

C. During the past 2 years, and with regard to the pipeline delivery requirements, have you waived or otherwise altered specific compliance with the requirements for your Gas Marketing Affiliate, if any? If so, identify and fully describe any such waiver and/or alteration, and the Affiliate.

A-1-7. A. No.

B. No.

C. No.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2010-00146

Response to Stand Energy Corporation's First Requests for Information Dated July 15, 2010

Question No. 1-8

Responding Witness: J. Clay Murphy / Counsel

Q-1-8. Please respond to the following:

A. Identify any item or document that you intend to or desire to use, refer to, rely on, sponsor, and/or introduce as evidence in the hearing in this matter(s).

A-1-8. A. LG&E presently intends to offer no item or document as evidence in the hearing in this matter other than documents referenced in the testimony of Mr. Murphy or Ms. Jaynes, or otherwise already in the record in this proceeding.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2010-00146

Response to Stand Energy Corporation's First Requests for Information Dated July 15, 2010

Question No. 1-9

Responding Witness: J. Clay Murphy

Q-1-9. Please answer the following questions:

A. How many public or private school systems are using gas transportation services on your system?

B. How many government facilities (Federal, State or Municipal) are using gas transportation services on your system?

C. Your Firm Transportation Service (FT) rate schedule requires a customer to use at least 50 Mcf each day to qualify even though they may use as much as 49,000 Mcf annually. (365 days per year times 50 Mcf = 18,250 Mcf per year). What is the reason for the 50 Mcf minimum daily usage requirement?

A-1-9. A. None.

B. LG&E provides four customers with transportation service, which customers are classified as public authorities.

C. The 50 Mcf/day usage requirement under Rate Schedule FT establishes an eligibility threshold for service under that rate schedule.

This minimum daily volume requirement was incorporated into LG&E's gas transportation tariffs based on the Commission Order dated May 29, 1987, in Administrative Case No. 297, which recognized that "problems do occur with load balancing and accounting for receipt and delivery of natural gas in transportation. Thus, availability may be subject to a minimum volume requirement that will address these concerns." (at p. 53) The Commission further recognized that "[t]he availability of transportation service may have a minimum volume requirement, subject to the Commission's approval, to help balance the utility's planning and contractual needs. The volume level should be determined by each utility and included in its tariff." (at p. 54)

Rate Schedule FT is a natural gas transportation-only service available to customers who use at least 50 Mcf per day. Under Rate Schedule FT, LG&E provides firm transportation service from the city-gate (the point where the customer delivers the gas to LG&E for its account) to the customer's facility. If the customer electing service under Rate Schedule FT chooses not to purchase its own gas supply, or if the customer fails to deliver all or any part of its requirements, LG&E has no obligation to provide natural gas, storage, pipeline transportation services (or any associated balancing services) to the customer. Consequently, LG&E does not have resources available to provide firm balancing or other gas-related services to these customers. Customers served under Rate Schedule FT are at risk for their own supply and are required to acquire and manage their own supplies within the parameters of LG&E's Rate Schedule FT.

The minimum daily volume requirement of 50 Mcf per day incorporated in Rate Schedule FT is intended to ensure that customers served under that rate schedule use gas primarily for processing and not space-heating. Allowing space-heating customers to transport under Rate Schedule FT poses risks with respect to LG&E's system reliability and integrity because LG&E would not have the resources and flexibility available to manage the hourly or daily imbalances that these kinds of customers impose on its system. Extending transportation service under Rate Schedule FT to predominantly temperature sensitive space-heating customers, whose hourly and daily usage can fluctuate significantly during peak periods, could jeopardize LG&E's ability to meet its firm sales obligations. This is especially true when customers served under Rate Schedule FT provide inadequate or no resources to manage their own hourly and daily load variations.

Additionally, the minimum daily volume requirement of 50 Mcf per day necessarily limits the number of customers served under Rate Schedule FT that may have to be physically isolated or curtailed to prevent a supply or other emergency. Under Rate Schedule FT, LG&E can issue an OFO to protect system integrity. An OFO suspends "as-available" daily balancing service and requires customers served under Rate Schedule FT to follow a specific directive. If a customer fails to comply with an OFO directive, it is assessed a charge, in addition to any other action which LG&E may be required to take. These other actions can include, for example, physically isolating or curtailing the customer in order to preserve system integrity. It would be impractical to physically isolate or curtail a large number of customers in the event of a supply or other emergency. In particular, it may be problematic or impractical to physically isolate or curtail numerous space-heating customers.

As stated in the testimony of J. Clay Murphy at page 36, LG&E would not support any modification to the eligibility requirements for service under Rate Schedule FT.