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

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SEP 07 2010

**PUBLIC SERVICE
COMMISSION**

**Louisville Gas and Electric
Company**
State Regulation and Rates
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Louisville, Kentucky 40232
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September 7, 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 the Second Data Request of Interstate Gas Supply, Inc., Southstar Energy Services, LLC and Vectren Source dated August 20, 2010 in the above referenced docket.

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

Sincerely,

A handwritten signature in black ink that reads 'Rick E. Lovekamp'. The signature is written in a cursive, flowing style.

Rick E. Lovekamp

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

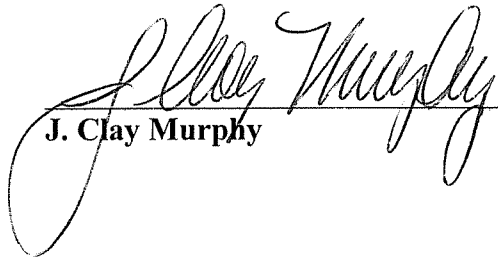
RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO THE
INTERSTATE GAS SUPPLY, INC.'S, SOUTHSTAR ENERGY SERVICES,
LLC'S AND VECTREN SOURCE'S REQUESTS FOR INFORMATION
DATED AUGUST 20, 2010

FILED: September 7, 2010

VERIFICATION

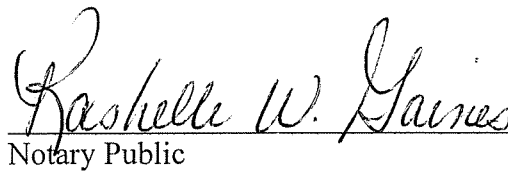
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

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

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 1st day of September 2010.



Notary Public (SEAL)

My Commission Expires:

Feb 28, 2014

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2010-00146

**Response to the Interstate Gas Supply, Inc.'s, Southstar Energy Services, LLC's
and Vectren Source's Requests for Information
Dated August 20, 2010**

Question No. 1

Responding Witness: J. Clay Murphy / Counsel

- Q-1. Please refer to p. 37, line 20 of LG&E's testimony where it is indicated that expanded retail marketing may negatively impact school tax revenue. Please answer the following:
- a. Please identify whether or not you are a tax professional, accounting professional or attorney?
 - b. If the answer to question (a) is in the affirmative for any one or more categories, is your statement your professional or legal conclusion?
 - c. If the answer to question (a) is negative, upon what authority do you base your opinion?
 - d. Likewise, please refer to Columbia Gas Witness Judy Cooper's data request response no. 5 to the Commission Staff wherein she indicated, "[t]here have not been any negative impacts on franchise and school tax revenues as a result of the Choice Program." Does LG&E agree with Witness Cooper that a properly structured purchase of receivables (POR) such as the program currently in place by the Columbia Choice Program would alleviate any potential concern of school or franchise tax revenues being negatively impacted by a Choice program?
- A-1. a. No.
- b. Not applicable.
 - c. LG&E's observations are based on a review, assisted by counsel, of KRS 160.613, and were clearly offered as an identification of a potential issue and not as a definitive conclusion. Please also see LG&E's response to IGS's First Data Request, Question No. 8.

- d. For the reasons set forth in LG&E's response to IGS's First Data Request, Question No. 8, a purchase of receivables program or its structure may not necessarily provide the LDC with the authority to collect the school tax.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2010-00146

**Response to the Interstate Gas Supply, Inc.'s, Southstar Energy Services, LLC's
and Vectren Source's Requests for Information
Dated August 20, 2010**

Question No. 2

Responding Witness: J. Clay Murphy

- Q-2. Please refer to p. 28, lines 1-4 where LG&E's testimony where it recommended that the Commission, "consider marketer reciprocity rules which could require that a marketer affiliated with an LDC should not be able to participate in expanded unbundling programs in Kentucky unless its affiliated LDC is also unbundled to the same degree as that of the Kentucky LDC whose customers it wishes to serve." Does LG&E believe that by limiting the number of potential suppliers such a rule would benefit the natural gas customers of Kentucky?
- a. Given LG&E's opinion to the Commission Staff in response to question no. 2 that, "such a rule could enhance the level playing field in which entities would compete in a retail choice program" would LG&E endorse similar limitations for any natural gas marketer affiliates, if any established now or hereafter, associated with LG&E, E.ON or PPL in LG&E's Kentucky territory?
 - b. Would LG&E be willing to provide all approved suppliers access to the same customer information the utility has access to so that a "level playing field" would exist between the utility and competitive suppliers?
- A-2. In some instances, it may not be possible to achieve all the objectives of a retail choice program in the same degree. Therefore, it may not be possible both to have a level playing field and to maximize the number of suppliers in a given retail choice program.
- a. LG&E would observe whatever directives or guidelines are ultimately determined by the Commission as applicable and appropriate with respect to matters under its jurisdiction.
 - b. LG&E would observe whatever directives or guidelines are ultimately determined by the Commission as applicable and appropriate with respect to matters under its jurisdiction.