

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

In the matter of: : CASE NO. 2012-00222

THE APPLICATION OF LOUISVILLE GAS & :  
ELECTRIC COMPANY FOR AN ADJUSTMENT :  
OF ELECTRIC AND GAS RATES, A :  
CERTIFICATE OF PUBLIC CONVENIENCE :  
AND NECESSITY, APPROVAL OF GAS SERVICE :  
LINES AND RISORS, AND A GAS LINE :  
SURCHARGE :

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**HESS CORPORATION'S RESPONSE TO LG&E COMPANY'S MOTION TO STRIKE  
HESS CORPORATION'S TESTIMONY REGARDING BALANCING FREQUENCIES  
AND BALANCING TOLERANCE BANDS**

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Hess Corporation ("Hess") respectfully submits this Response to LG&E Company's ("LG&E") Motion to Strike Hess, Inc.'s testimony regarding balancing frequencies and balancing tolerance bands.

On October 2, 2012, the Commission granted Hess limited intervention on the issue of gas transportation thresholds denying intervention on balancing frequencies and balancing tolerance bands.<sup>1</sup> In its original motion for intervention in this matter and correlating reply, Hess did not expand upon the intricacies of the balancing frequencies and balancing tolerance bands and their corresponding relationship to a viable gas transportation market because inclusion of substantive information regarding these two issues appeared unnecessary and premature for a motion to intervene. Further, as expanded upon in Hess' Motion for Reconsideration it seemed clear that LG&E's requested revision in this docket<sup>2</sup> of the current balancing frequencies and balancing tolerance bands are issues intricately related to gas transportation thresholds that would be suitable for intervention by Hess.

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<sup>1</sup> Case No. 12-00222, Order of October 2, 2012 at p.6.

<sup>2</sup> See Hess' Motion for Reconsideration, p. 3, fn.10.

Before receiving the Commission's Order on Tuesday afternoon, October 2, 2012, Hess had prepared testimony which included testimony on all three issues (balancing frequencies, balancing tolerance bands and threshold issues).<sup>3</sup> The next day, prior to filing its testimony, Hess' counsel informed LG&E's counsel of its suggested procedural plan (e.g. filing a motion for reconsideration along with agreeing to strike testimony if the motion is denied) and then Hess filed its testimony on all three issues on Wednesday, October 3, 2012 under the clear caveat that it will agree to strike portions of its testimony if the Commission denies the Motion for Reconsideration of intervention on those issues.<sup>4</sup>

As a procedural matter, LG&E's motion to strike is well-taken if the Commission denies Hess' Motion to Reconsider filed on Friday, October 5, 2012. However in its Motion to Strike, LG&E seems to allege some prejudice by Hess' testimony being in the record while a Motion for Reconsideration is pending.<sup>5</sup> Respectfully, if the testimony is stricken from the record there is no prejudice.

Simply put, Hess does seek to unduly complicate these proceedings however litigation regarding intervention on these two issues has merit in light of LG&E's requested revisions to the balancing tolerance bands and balancing frequencies in this docket directly because of potentially more gas suppliers seeking to provide gas to large commercial and industrial customers under LG&E transportation tariffs.<sup>6</sup>

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<sup>3</sup> See Direct Testimony of John Mehling on behalf of Hess Corporation filed October 3, 2012.

<sup>4</sup> See Letter to Executive Director filed by undersigned counsel on October 3, 2012; see also, Hess Corporation's Motion for Reconsideration filed on Friday, October 5, 2012 consistent with counsel's representations in the letter of October 3, 2012.

<sup>5</sup> See LG&E's Motion to Strike, p. 2 (Hess' contention that its testimony on the excluded items should remain in the record unless and until the Commission denies its not-yet-filed motion for reconsideration is incorrect.)

<sup>6</sup> See Hess' Motion for Reconsideration, p. 3, fn.10.

**Wherefore**, Hess respectfully requests that LG&E's Motion to Strike be denied unless Hess' Motion for Reconsideration is denied wherein Hess would agree to strike the testimony as set forth in undersigned counsel's letter dated October 3, 2012 to the Commission.

Respectfully submitted,



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**HESS CORPORATION**

**CERTIFICATE OF SERVICE**

In accordance with Ordering Paragraph No. 10 of the Commission's June 22, 2012 Order, this is to certify that Hess' October 10, 2012 electronic filing has been transmitted to the Commission on October 10, 2012; that there are currently no parties exempt from participation by electronic means in this proceeding; that an original and one copy of the filing is being mailed to the Commission on October 10, 2012; and that on October 10, 2012 electronic mail notification of the filing will be provided to the following:

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