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AUG 23 2010

PUBLIC SERVICE
COMMISSION

August 20, 2010

VIA U.S. MAIL

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Re: Case No. 2010-00146

Dear Mr. Derouen:

Enclosed for filing in the above-captioned matter with the Commission are the original and ten (10) copies of Stand Energy Corporation's Responses to LG&E'S Motion To Compel.

Thank you for your prompt attention to this filing. If you have any questions about this filing, please contact me at (513) 621-1113.

Sincerely,

John M. Dosker
General Counsel

Encls.

cc: All parties of record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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AUG 23 2010

**PUBLIC SERVICE
COMMISSION**

IN THE MATTER OF:)
AN INVESTIGATION OF NATURAL GAS) **Case No. 2010-00146**
RETAIL COMPETITION PROGRAMS)

**STAND ENERGY CORPORATION'S RESPONSE
TO LG&E'S MOTION TO COMPEL**

Intervenor, Stand Energy Corporation ("SEC"), by and through counsel, submits the following response to the Motion to Compel filed by Louisville Gas & Electric Co.

LG&E seeks work papers supporting the pre-filed testimony of Mark Ward showing, in detail, the savings realized by the Kentucky State Reformatory in LaGrange and a "large motel complex in the Louisville area". These specific customer savings were used as examples by Mr. Ward in his testimony. In his testimony, Mr. Ward compares the rate these customers otherwise would have paid for gas from LG&E to the rate they actually paid Stand Energy. LG&E also demands copies of all invoices to these customers ostensibly to disprove Mr. Ward's mathematical computations. Proving the veracity of Mr. Ward's testimony is the only legitimate use of the information.

As the utility company providing distribution services to these customers, LG&E should be keenly aware of the economics that would allow many of their larger commercial and industrial and governmental customers to realize significant savings by having the ability to

purchase natural gas from someone other than LG&E via expanded gas transportation programs. One possible reason for LG&E's refusal to address this issue is because many larger LG&E customers may be currently subsidizing services to the largest industrial gas customers. LG&E is not allowed, by law, to profit on the sale of the natural gas commodity and LG&E is already receiving all approved distribution charges for every bit of gas purchased from other suppliers and distributed to customers by LG&E. Therefore, what is LG&E's true concern here? Stand Energy believes the obvious answer is that LG&E doesn't want customers saving money buying natural gas from someone other than LG&E.

LG&E is correct that Stand did not comply with Kentucky Administrative Regulations regarding requests for confidentiality. That is because the only remedy available is a protective order that all parties would either agree to sign, or not, in order to receive the information. The problem here is that both customers referred to in Mark Ward's testimony are competitively bid accounts. After obtaining copies of all Stand Energy's invoices to these customers, a competitor need simply agree to confidentiality and then bid a lower price when these customers come up for competitive bid. There would be no way for Stand Energy to prove a party utilized the knowledge of Stand Energy's price when formulating their price. Stand Energy might lose customers because the Commission doesn't understand or appreciate the competitive marketplace.

There are numerous possible reasons why the Kentucky Administrative Regulations lack a remedy for Stand Energy Corporation in this situation. The most likely reason is that the existing administrative regulations governing the public service commission were designed to facilitate the PSC's public rate making functions and to prevent a regulated utility from withholding information from the PSC which should be public, especially in ratemaking. The

administrative regulation at issue was not designed to be used as a sword by a utility to silence or punish a competitor making valid, factual points. Columbia is attempting to force the disclosure of confidential and proprietary customer pricing information to Stand Energy's competitors who do not legitimately require it. The Commission should not fall prey to this ploy. Kentucky's regulated natural gas utilities need to be told by the Kentucky Public Service Commission that they can no longer frustrate competition in the supply of natural gas. That was the intention of the Kentucky legislature in requiring this proceeding.


This investigatory proceeding on "retail natural gas competition" is not a rate-making function. The Attorney General was not even included as a party in this case because it does not involve ratemaking. LG&E must not be allowed to use the discovery process in this case to subvert the intention of the legislature and actually further restrict and hinder effective competition in retail natural gas by disclosing confidential pricing information to competitors. LG&E is well aware that there are seventeen (17) competitors of Stand Energy's who have intervened in this case:

Sempra Energy Trading	Constellation Energy
Liberty Power	Consolidated Edison Solutions
Just Energy	Proliance
Integrus Energy	MX Energy
Hess Corporation	Vectren Retail
Green Mountain Energy	South Star Energy
Gexa Energy	IGS Energy
GDF Suez Energy	Direct Energy
Exelon Energy	

The present situation is unique and therefore calls for the Kentucky Public Service Commission to fashion a unique remedy. Stand Energy Corporation submits that the only parties who should be allowed to receive and view the supporting materials to Mark Ward's testimony are the affected utility (LG&E) and the Commission Staff. These are the two parties, under the

competitive circumstances presented, who require the information to prove the validity of pre-filed testimony. These are the only two parties who should be allowed to review the data and then confirm, or challenge, the calculations with Mr. Ward. Absolutely no prejudice would occur to any other party to this case with this suggested resolution. Any other decision by the Kentucky Public Service Commission will be contrary to the legislative intent behind this proceeding and will constitute an abuse of the Commission's discretion in regulatory discovery matters contained in the Kentucky Administrative Regulations.

Respectfully Submitted,


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CERTIFICATE OF SERVICE

I hereby certify that a copy of Stand Energy Corporation's Motion to Compel Responses to Columbia Gas of Kentucky were served upon the following parties of record via U.S. Mail postage prepaid on August 20, 2010.

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