



DUKE ENERGY CORPORATION

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Kristen Cocanougher  
Sr. Paralegal  
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**VIA OVERNIGHT MAIL DELIVERY**

February 14, 2012

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

RECEIVED

FEB 15 2012

PUBLIC SERVICE  
COMMISSION

**Re: Case No. 2011-486**  
**An Examination of the Application of The Fuel Adjustment Clause of Duke Energy Kentucky, Inc from May 1, 2011 through October 31, 2011**

Dear Mr. Derouen:

Enclosed please find an original and twelve copies of the Responses of Duke Energy Kentucky, Inc. to Commission Staff's First Set of Data Requests and Petition for Confidential Treatment in the above captioned case. Also enclosed in the white envelope is one set of the confidential responses being filed under seal.

Please date-stamp the two copies of the letter and the Petition and return to me in the enclosed envelope.

Sincerely,

Kristen Cocanougher

cc: Dennis Howard (w/enclosures)

RECEIVED

FEB 15 2012

PUBLIC SERVICE  
COMMISSION

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION**

An Examination of the Application of	)	
The Fuel Adjustment Clause of Duke Energy	)	Case No. 2011-00486
Kentucky, Inc from May 1, 2011 through	)	
October 31, 2011	)	

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**PETITION OF DUKE ENERGY KENTUCKY, INC.  
FOR CONFIDENTIAL TREATMENT OF INFORMATION CONTAINED IN ITS  
RESPONSE TO COMMISSION STAFF’S FIRST SET OF DATA REQUESTS**

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Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), pursuant to 807 KAR 5:001, Section 7, respectfully requests the Commission to classify and protect certain information provided by Duke Energy Kentucky in its response to data request No. 15, as requested by Commission Staff (Staff) in this case on January 26, 2012. The information that Staff seeks through discovery and for which Duke Energy Kentucky now seeks confidential treatment (Confidential Information) shows internal fuel procurement policies and procedures that happen to also include sensitive information regarding Duke Energy Kentucky’s regulated utility affiliates in the Carolinas and Indiana.<sup>1</sup>

The response in No. 15 contains sensitive information, the disclosure of which would injure Duke Energy Kentucky and its competitive position and business interest. Specifically, the response to No. 15 includes the recommended contract term coverage level strategy, by year for Duke Energy Kentucky, Duke Energy Indiana, and Duke Energy Carolinas.

Duke Energy Corporation’s Regulated Fuels Group is responsible for the procurement of coal for the regulated utilities in the Duke Energy Corporate footprint and thus its policies and procedures are all-encompassing. The public disclosure of the information described above

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<sup>1</sup> Data Request No. 15

would place Duke Energy Kentucky at a commercial disadvantage as it negotiates contracts with various suppliers and vendors and potentially harm Duke Energy Kentucky's competitive position in the marketplace, to the detriment of Duke Energy Kentucky and its customers.

In support of this Petition, Duke Energy Kentucky states:

1. The Kentucky Open Records Act exempts from disclosure certain commercial information. KRS 61.878 (1)(c). To qualify for this exemption and, therefore, maintain the confidentiality of the information, a party must establish that disclosure of the commercial information would permit an unfair advantage to competitors of that party. Public disclosure of the information identified herein would, in fact, prompt such a result for the reasons set forth below.

2. The public disclosure of the information described in No. 15 would make public the coal procurement strategy for all of Duke Energy Corporation's regulated utility operations, and would place Duke Energy Kentucky and its sister utilities at a commercial disadvantage as it negotiates contracts with various suppliers and vendors and potentially harm Duke Energy Kentucky's competitive position in the marketplace, to the detriment of Duke Energy Kentucky and its customers. This information, if made public, would give potential suppliers insight into Duke Energy Kentucky's strategies for fuel procurement and bargaining positions thereby placing the Company at a disadvantage in negotiations. It should be noted that Duke Energy Kentucky is only seeking confidential protection of a limited section of the procedure document which sets forth the guidelines for procurement of long term contracts for fuel.

3. The information in No. 15 was developed internally by Duke Energy Corporation and Duke Energy Kentucky personnel, is not publically on file with any public agency, and is not available from any commercial or other source outside Duke Energy Kentucky. The

aforementioned information in all five responses is distributed within Duke Energy Kentucky only to those employees who must have access for business reasons, and is generally recognized as confidential and proprietary in the energy industry.

4. The information for which Duke Energy Kentucky is seeking confidential treatment is not known outside of Duke Energy Corporation.

5. Duke Energy Kentucky does not object to limited disclosure of the confidential information described herein, pursuant to an acceptable protective agreement, the Attorney General or other intervenors with a legitimate interest in reviewing the same for the purpose of participating in this case.

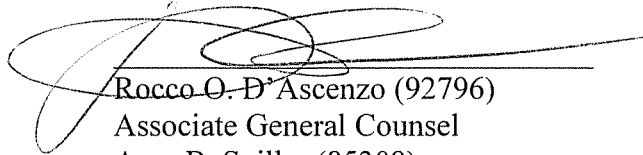
6. This information was, and remains, integral to Duke Energy Kentucky's effective execution of business decisions. And such information is generally regarded as confidential or proprietary. Indeed, as the Kentucky Supreme Court has found, "information concerning the inner workings of a corporation is 'generally accepted as confidential or proprietary.'" *Hoy v. Kentucky Industrial Revitalization Authority, Ky.*, 904 S.W.2d 766, 768.

7. In accordance with the provisions of 807 KAR 5:001 Section 7, the Company is filing with the Commission one copy of the Confidential Material highlighted and ten (10) copies without the confidential information.

WHEREFORE, Duke Energy Kentucky, Inc. respectfully requests that the Commission classify and protect as confidential the specific information described herein.

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.



Rocco O. D'Ascenzo (92796)

Associate General Counsel

Amy B. Spiller (85309)

Deputy General Counsel

Duke Energy Business Services, LLC

139 East Fourth Street, 1303 Main

Cincinnati, Ohio 45201-0960

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e-mail: [rocco.d'ascenzo@duke-energy.com](mailto:rocco.d'ascenzo@duke-energy.com)

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing filing was served on the following via overnight mail, postage prepaid, this 14<sup>th</sup> day of February 2012:

Dennis G. Howard II  
Assistant Attorney General  
The Kentucky Office of the Attorney General  
1024 Capital Center Drive  
Frankfort, Kentucky 40602-2000

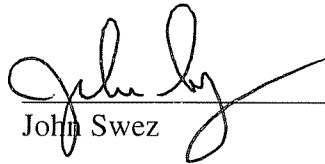


Rocco O. D'Ascenzo

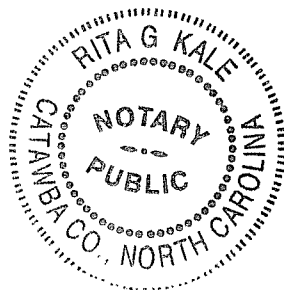
VERIFICATION

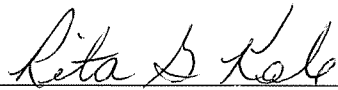
STATE OF NORTH CAROLINA )  
 ) SS:  
COUNTY OF MECKLENBURG )

The undersigned, John Swez, being duly sworn, deposes and says that he is employed by the Duke Energy Corporation affiliated companies as Director, Generation Dispatch & Operations for Duke Energy Business Services, LLC; that on behalf of Duke Energy Kentucky, Inc., he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief after reasonable inquiry.

  
\_\_\_\_\_  
John Swez

Subscribed and sworn to before me by John Swez on this 1<sup>st</sup> day of February 2012.



  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: 6/17/12

VERIFICATION

State of North Carolina )  
 )  
County of Mecklenburg ) SS:

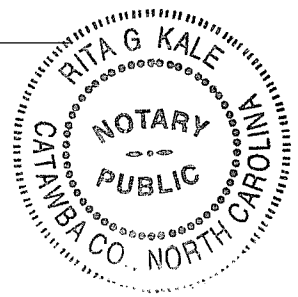
The undersigned, Elliott Batson, Jr., being duly sworn, deposes and says that he is the Vice President, Regulated Fuels, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

*Elliott Batson, Jr.*  
\_\_\_\_\_  
Elliott Batson, Jr., Affiant

Subscribed and sworn to before me by Elliott Batson, Jr. on this 1st day of February 2012.

*Rita G Kale*  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: 6/17/2012



VERIFICATION

STATE OF OHIO )  
 ) SS:  
COUNTY OF HAMILTON )

The undersigned, Lisa D. Steinkuhl, being duly sworn, deposes and says that she is employed by the Duke Energy Corporation affiliated companies as Lead Rates Analyst for Duke Energy Business Services, LLC; that on behalf of Duke Energy Kentucky, Inc., she has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of her knowledge, information and belief after reasonable inquiry.

*Lisa D Steinkuhl*  
\_\_\_\_\_  
Lisa D. Steinkuhl

Subscribed and sworn to before me by Lisa D. Steinkuhl on this 6<sup>th</sup> day of February, 2012.

*Anita M. Schaffer*  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:



**ANITA M. SCHAFER**  
Notary Public, State of Ohio  
My Commission Expires  
November 4, 2014





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**Duke Energy Kentucky  
Case No. 2011-486  
Staff First Set Data Requests  
Date Received: January 26, 2012**

**STAFF-DR-01-001**

**REQUEST:**

For the period from May 1, 2011 through October 31, 2011, list each vendor from whom coal was purchased and the quantities and the nature of each purchase (e.g., spot or contract). For the period under review in total, provide the percentage of purchases that were spot versus contract.

**RESPONSE:**

See Attachment STAFF-DR-01-001.

**PERSON RESPONSIBLE:** Lisa Steinkuhl

**Duke Energy Kentucky**

<u>VENDOR</u>	<u>PURCHASE TONNAGE</u>	<u>PURCHASE TYPE</u>
Alpha Coal Sales	50,615	Spot
Alliance Coal LLC	101,311	Contract
American Coal Co C	117,952	Contract
American Coal Co C	99,701	Spot
Charolais	107,292	Contract
Duke Energy Indiana	16,219	Spot
Duke Energy Ohio	915	Spot
Koch Carbon, LLC	4,916	Spot
Oxford Mining	137,444	Contract
Patriot Coal Sales	284,732	Contract
Rhino Energy LLC	116,029	Contract
River View	31,691	Contract
SMCC AGF Resource Sales	148,284	Contract
Smokey Mountain Highland	95,813	Spot
	<hr/>	
	1,312,914	
	<hr/>	
	79.57%	Contract
	20.43%	Spot



**Duke Energy Kentucky**  
**Case No. 2011-486**  
**Staff First Set Data Requests**  
**Date Received: January 26, 2012**

**STAFF-DR-01-002**

**REQUEST:**

For the period from May 1, 2011 through October 31, 2011, list each vendor from whom natural gas was purchased for generation and the quantities and the nature of each purchase (e.g., spot or contract). For contract purchases, state whether the contract has been filed with the Commission. If no, explain why it has not been filed.

**RESPONSE:**

Duke Energy Kentucky purchased the following quantities of spot natural gas from Sequent Energy Management LP for generation at Woodsdale Station:

May 2011	157,999 MMBtu
June 2011	209,001 MMBtu
July 2011	273,500 MMBtu
August 2011	167,500 MMBtu
September 2011	48,000 MMBtu
October 2011	26,000 MMBtu

**PERSON RESPONSIBLE:** Lisa Steinkuhl





**Duke Energy Kentucky  
Case No. 2011-486  
Staff First Set Data Requests  
Date Received: January 26, 2012**

**STAFF-DR-01-003**

**REQUEST:**

State whether Duke Kentucky engages in hedging activities for its coal or natural gas purchases used for generation. If yes, describe the hedging activities in detail.

**RESPONSE:**

Duke Kentucky does not engage in hedging transactions with respect to coal purchases. Duke Kentucky contracts for physical deliveries of coal through fixed term coal transactions within a balanced portfolio of purchases. The Company also maintains a portfolio with multiple suppliers to mitigate potential supply interruption risk.

**PERSON RESPONSIBLE:** Elliott Batson, Jr.



**Duke Energy Kentucky**  
**Case No. 2011-486**  
**Staff First Set Data Requests**  
**Date Received: January 26, 2012**

**STAFF-DR-01-004**

**REQUEST:**

For each generating station or unit for which a separate coal pile is maintained, state, for the period from May 1, 2011 through October 31, 2011, the actual amount of coal burned in tons, the actual amount of coal deliveries in tons, the total kWh generated, and the actual capacity factor at which the plant operated.

**RESPONSE:**

Plant	Coal Burn (Tons)	Coal Receipts (Tons)	Net MWH	Capacity Factor (Net MWH) / period hrs x MW rating)
East Bend	665,892 <sup>(1)</sup>	1,051,021 <sup>(2)</sup>	1,387,236	75.9%
Miami Fort 6	251,415	261,893	583,240	81.0%

<sup>(1)</sup> Duke Energy Kentucky's ownership share

<sup>(2)</sup> 100% of coal received at the station

**PERSON RESPONSIBLE:** Lisa Steinkuhl



**Duke Energy Kentucky  
Case No. 2011-486  
Staff First Set Data Requests  
Date Received: January 26, 2012**

**STAFF-DR-01-005**

**REQUEST:**

List all firm power commitments for Duke Kentucky from May 1, 2011 through October 31, 2011 for (a) purchases and (b) sales. This list shall identify the electric utility, the amount of commitment in MW, and the purpose of the commitment (e.g., peaking, emergency).

**RESPONSE:** Duke Energy Kentucky had no firm power commitments during this period.

**PERSON RESPONSIBLE:** John Swez



**Duke Energy Kentucky  
Case No. 2011-486  
Staff First Set Data Requests  
Date Received: January 26, 2012**

**STAFF-DR-01-006**

**REQUEST:**

Provide a monthly billing summary of sales to all electric utilities for the period May 1, 2011 through October 31, 2011.

**RESPONSE:**

See attachment STAFF-DR-01-006.

**PERSON RESPONSIBLE:** Lisa Steinkuhl



DUKE ENERGY KENTUCKY  
 POWER TRANSACTION SCHEDULE

Supplier/Buyer	Transaction Type	kWh	Charges (\$)			
			Demand	Fuel	Other	Total
<b>Month Ended May 31, 2011</b>						
Midwest Independent System Operator	Econ Sales	61,348,090		1,628,893	290,198	1,919,091
	Total Sales	<u>61,348,090</u>	<u>0</u>	<u>1,628,893</u>	<u>290,198</u>	<u>1,919,091</u>
<b>Month Ended June 30, 2011</b>						
Midwest Independent System Operator	Econ Sales	18,503,790		599,292	150,717	750,009
	Total Sales	<u>18,503,790</u>	<u>0</u>	<u>599,292</u>	<u>150,717</u>	<u>750,009</u>
<b>Month Ended July 31, 2011</b>						
Midwest Independent System Operator	Econ Sales	5,005,950		181,017	105,335	286,352
	Total Sales	<u>5,005,950</u>	<u>0</u>	<u>181,017</u>	<u>105,335</u>	<u>286,352</u>
<b>Month Ended August 31, 2011</b>						
Midwest Independent System Operator	Econ Sales	3,836,380		110,033	70,828	180,861
	Total Sales	<u>3,836,380</u>	<u>0</u>	<u>110,033</u>	<u>70,828</u>	<u>180,861</u>
<b>Month Ended September 30, 2011</b>						
Midwest Independent System Operator	Econ Sales	30,225,920		800,817	4,336	805,153
	Total Sales	<u>30,225,920</u>	<u>0</u>	<u>800,817</u>	<u>4,336</u>	<u>805,153</u>
<b>Month Ended October 31, 2011</b>						
Midwest Independent System Operator	Econ Sales	44,224,540		1,070,435	247,045	1,317,480
	Total Sales	<u>44,224,540</u>	<u>0</u>	<u>1,070,435</u>	<u>247,045</u>	<u>1,317,480</u>

Legend

Econ Sales - Economy Sales



**Duke Energy Kentucky  
Case No. 2011-486  
Staff First Set Data Requests  
Date Received: January 26, 2012**

**STAFF-DR-01-007**

**REQUEST:**

List Duke Kentucky's scheduled, actual, and forced outages from May 1, 2011 through October 31, 2011.

**RESPONSE:** See STAFF-DR-01-007 Attachment

**PERSON RESPONSIBLE:** John Swez

Duke Kentucky  
 East Bend Unit 2  
 May 2011-Oct 2011

MONTH	MAINTENANCE		HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	FROM	TO	Scheduled	Forced	
May	5/30/2011	6/11/2011		36.57	Secondary Reheater Tube Leak
June	6/9/2011	6/12/2011	68.72		Superheater Tube Leak
	6/13/2011	6/13/2011		9.25	Boiler Feed Pump Controls
July					
Aug	8/4/2011	8/6/2011		53.83	Secondary Reheater Tube Leak
	8/12/2011	8/14/2011	34.28		Wash ID Fans
	8/16/2011	8/20/2011		89.25	Hydrogen Cooler Leak
	8/26/2011	8/27/2011		10.28	Switchyard Failure
	8/27/2011	8/27/2011		1.18	Tripped on Boiler Drum Level
	8/28/2011	8/29/2011		14	Switchyard Repairs
Sep	8/29/2011	8/30/2011	25.77		Secondary Reheater Tube Leak
	9/3/2011	9/6/2011		70.72	Secondary Reheater Tube Leak
Oct	9/13/2011	9/16/2011		54.45	Switchyard Failure
	10/21/2011	10/24/2011	62.5		Secondary Reheater Tube Leak

Duke Kentucky  
 Miami Fort 6  
 May 2011 - Oct 2011

MONTH	MAINTENANCE		HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	FROM	TO	Scheduled	Forced	
May	5/24/2011	5/29/2011		47.77	Tube Leak - LTSH
June					
July					
August	8/26/2011	8/29/2011		4.32	Generator Fuse Blown
September	9/2/2011	9/5/2011		63.73	Tube Leak - LTSH
	9/5/2011	9/5/2011		1.93	Drum Level Trip - Due to 6-7 FW Valve
October	10/3/2011	10/6/2011		80.48	Tube Leak - RH Outlet Platen

Duke Kentucky  
 Woodsdale 1  
 May 2011-Oct 2011

MONTH	MAINTENANCE		HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	FROM	TO	Scheduled	Forced	
May					
June					
July	7/30/2011	7/30/2011		4.00	Static Frequency Converter Failure
August	8/2/2011	8/2/2011		0.22	Static Frequency Converter Failure
	8/3/2011	8/3/2011		1.00	Static Frequency Converter Failure
	8/7/2011	8/7/2011		4.10	Static Frequency Converter Failure
	8/11/2011	8/11/2011		2.00	Static Frequency Converter Failure
September	9/13/2011	9/30/2011		399.27	Open Bank 39 - Troubleshoot Unit
October	10/10/2011 0:00	11/16/2011 0:00	890.80		Maint Outage - New Controls

Duke Kentucky  
 Woodsdale 2  
 May 2011-Oct 2011

MONTH	MAINTENANCE		HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	FROM	TO	Scheduled	Forced	
May	1/7/2011	5/17/2011	3124.35		Maintenance Outage
	5/17/2011	5/18/2011	23.88		Maintenance Outage
	5/18/2011	5/19/2011	18.48		Maintenance Outage
	5/19/2011	5/19/2011	4.10		Maintenance Outage
	5/19/2011	5/20/2011	22.88		Maintenance Outage
	5/20/2011	5/23/2011	66.30		Maintenance Outage
	5/23/2011	5/23/2011	4.87		Maintenance Outage
	5/23/2011	5/25/2011	45.07		Maintenance Outage
	5/25/2011	5/26/2011	3.50		Maintenance Outage
	5/25/2011	5/26/2011	13.05		Maintenance Outage
June	5/26/2011	5/27/2011	15.80		Maintenance Outage
	5/27/2011	5/31/2011	87.55		Maintenance Outage
	6/4/2011	6/4/2011		0.70	New Controls Failure
July					
August					
September	9/12/2011	9/12/2011		0.33	
	9/12/2011	9/12/2011		2.48	
	9/12/2011	10/21/2011		925.77	
October	10/21/2011	11/9/2011	458.83		Maint Outage - New Controls

Duke Kentucky  
 Woodsdale 3  
 May 2011-Oct 2011

MONTH	MAINTENANCE		HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	FROM	TO	Scheduled	Forced	
May					
June					
July	7/17/2011	7/17/2011		2.00	Static Frequency Control Failure
August	8/26/2011	10/7/2011	1005.45		Maint Outage - New Controls
September					
October	10/7/2011	10/7/2011	0.95		Maint Outage - New Controls
	10/7/2011	10/8/2011	14.82		Maint Outage - New Controls
	10/8/2011	10/11/2011	70.83		Maint Outage - New Controls
	10/11/2011	10/12/2011	25.20		Maint Outage - New Controls
	10/12/2011	10/13/2011	21.93		Maint Outage - New Controls



Duke Kentucky  
 Woodsdale 4  
 May 2011-Oct 2011

MONTH	MAINTENANCE		HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	FROM	TO	Scheduled	Forced	
May					
June					
July					
August	8/26/2011	10/12/2011	1120.03		Maint Outage - New Controls
September					
October	10/12/2011	10/13/2011	21.35		Maint Outage - New Controls
	10/13/2011	10/13/2011	2.88		Maint Outage - New Controls

Duke Kentucky  
 Woodsdale 5  
 May 2011-Oct 2011

MONTH	MAINTENANCE		HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	Actual	TO	Scheduled	Forced	
May	4/11/2011	5/18/2011	898.05		Maint Outage - Install New Controls
	5/18/2011	5/19/2011	22.05		Maint Outage - Install New Controls
	5/19/2011	5/20/2011	15.25		Maint Outage - Install New Controls
	5/20/2011	5/21/2011	32.38		Maint Outage - Install New Controls
	5/21/2011	5/22/2011	16.62		Maint Outage - Install New Controls
June	5/22/2011	5/24/2011	49.59		Maint Outage - Install New Controls
	5/24/2011	5/26/2011	37.47		Maint Outage - Install New Controls
July					
August					
September	9/10/2011	9/11/2011		17.58	Test after Download - No light off
	9/14/2011	9/14/2011		2.90	Could not raise load

Duke Kentucky  
 Woodsdale 6  
 May 2011-Oct 2011

MONTH	MAINTENANCE		HOURS OF DURATION		REASON FOR DEVIATION FROM SCHEDULED MAINTENANCE OR REASON FOR FORCED OUTAGE AS APPROPRIATE
	FROM	TO	Scheduled	Forced	
May	4/11/2011	5/26/2011	1088.52		Maint Outage - Install New Controls
	5/26/2011	5/27/2011	16.37		Maint Outage - Install New Controls
	5/27/2011	5/27/2011	1.45		Maint Outage - Install New Controls
June	5/27/2011	5/31/2011	93.95		Maint Outage - Install New Controls
June	6/1/2011	6/1/2011		0.72	Hot Start - Starting Curve Needed Update
July					
August	8/24/2011	8/24/2011		0.20	Static Frequency Control Failure
September	9/9/2011	9/11/2011		46.87	Water Injection Would Not Engage
October	10/5/2011	10/5/2011		0.43	Starting Device Failure
	10/5/2011	10/7/2011		47.07	EHC Fuel Valve Failure
	10/7/2011	10/8/2011		27.27	EHC Fuel Valve Failure



**STAFF-DR-01-008**

**REQUEST:**

List all existing fuel contracts categorized as long-term (i.e., one year or more in length). Provide the following information for each contract:

- a. Supplier's name and address;
- b. Name and location of production facility;
- c. Date when contract was executed;
- d. Duration of contract;
- e. Date(s) of each contract revision, modification, or amendment;
- f. Annual tonnage requirements;
- g. Actual annual tonnage received since the contract's inception;
- h. Percent of annual requirements received during the contract's term;
- i. Base price in dollars per ton;
- j. Total amount of price escalations to date in dollars per ton; and
- k. Current price paid for coal under the contract in dollars per ton (i + j).

**RESPONSE:**

## East Bend

- a. **Oxford Mining Company – Kentucky - Charolais Coal Co (HC 10053)**  
544 Chestnut Street  
Coshocton, OH 43812
  - b. Charolais Coal Company, Muhlenberg, Hopkins and Webster Counties,  
Kentucky
  - c. September 5, 2007
  - d. January 1, 2008 to March 31, 2013
  - e. Amendment 1 = March 1, 2008; Amendment 2 = March 17, 2008;  
Amendment 3 = July 15, 2008; Amendment 4 = July 28, 2009;  
Amendment 5 = July 12, 2011
  - f. 2008 = 287,047; 2009 = 100,000; 2010 = 200,000; 2011 = 209,727;  
2012 = 213,000; 2013=13,950
  - g. 2008 = 287,048; 2009 = 100,142; 2010 = 176,324; 2011 YTD = 175,826
  - h. 2008 = 100%; 2009 = 100%; 2010 = 88.2%; 2011 YTD = 100.0%
  - i. 2008 = \$32.00; 2009 = \$32.42; 2010 = \$32.42; 2011 = \$32.70; 2012 =  
\$32.70; 2013 = \$32.70
  - j. None
  - k. 2008 = \$32.00; 2009 = \$32.42; 2010 = \$32.42; 2011 = \$32.70
- 
- a. **SMCC AGF Resources Sales, Inc. (10116)**  
921 Cogdill Road  
Suite 301  
KNOXVILLE, TN 37932
  - b. Allied Resources, Webster County, KY
  - c. June 24, 2009

- d. December 31, 2013
- e. N/A
- f. 2009 = 150,000; 2010 = 300,000; 2011 = 289,306, 2012 = 120,000; 2013 = 300,000
- g. 2009 = 151,158; 2010 = 310,694; 2011 YTD = 237,425
- h. 2009 = 100.8%; 2010 = 103.6 %; 2011 YTD = 95.0%
- i. 2009 = \$51.00; 2010 – 2011 = \$53.00; 2012= \$52.40; 2013= \$54.75
- j. None

- a. **Oxford Mining Company – Kentucky, LLC (HC10121)**
- b. Oxford Mining Company – Kentucky, LLC, Muhlenberg, Hopkins and Webster Counties, Kentucky.
- d. May 24, 2010
- e. January 1, 2011 – December 31, 2011
- f. 300,000
- g. 2011 YTD = 240,917
- h. 2011 YTD = 96.4%
- i. 2011 = \$43.00
- j. 1<sup>st</sup> Qtr = \$0.99, 2<sup>nd</sup> Qtr = \$2.37, 3<sup>rd</sup> Qtr = \$2.97, 4<sup>th</sup> Qtr - \$2.79
- k. \$45.79

a. **Patriot Coal Sales LLC (10136)**

12312 Olive Blvd

St. Louis, Missouri 63141

b. Blue Grass Complex, Blue Grass, KY

c. November 19, 2010

d. December 31, 2012

e. N/A

f. 2011 = 325,000; 2012 = 325,000

g. 2011 YTD = 243,443

h. 2011 YTD = 89.9%

i. 2011 = \$42.00; 2012 = \$45.00

j. None

k. 2011 = \$42.00; 2012 = \$45.00

a. **Patriot Coal Sales LLC (10137)**

12312 Olive Blvd

St. Louis, Missouri 63141

b. Highland Mine, Highland KY

c. November 19, 2010

d. December 31, 2012

e. N/A

f. 2011 = 250,000; 2012 = 250,000

g. 2011 YTD = 210,223

h. 2011 YTD = 100.9%



- i. 2011 = \$44.00; 2012 = \$46.50
- j. None
- k. 2011 = \$44.00; 2012 = \$46.50

a. **Rhino Energy, LLC (HC10128)**

423 Lewis Hargett Circle

Suite 250

Lexington, KY 40503

- b. Sands Hill Mine, Sands Hill, OH
- c. September 1, 2010
- d. December 31, 2012
- e. N/A
- f. 2011 = 180,000; 2012 = 180,000
- g. 2011 YTD = 154,075
- h. 2011 YTD = 102.7%
- i. 2011 = \$46.00; 2012 = \$49.00
- j. None
- k. 2011 = \$46.00; 2012 = \$49.00

a. **River View Coal, LLC (HC10135/HC10146)**

1717 South Boulder Ave. Suite 400

Tulsa, OK 74119

- b. River View Mine, Union County, KY

- c. January 1, 2011
- d. December 31, 2013
- e. NA
- f. 2011 = 220,000; 2012 = 220,000; 2013 = 220,000
- g. 2011 YTD = 193,537
- h. 2011 YTD = 94.7%
- i. 2011 = \$48.00; 2012 = \$51.00; 2013 = \$53.25
- j. None
- k. 2011 = \$48.00; 2012 = \$51.00; 2013 = \$53.25

**MIAMI FORT #6:**

- a. **American Coal Company (10350)**  
101 Prosperous Place  
Suite 125  
Lexington, KY 40509
- b. Galatia Mine, Ill.
- c. June 25, 2005
- d. August 31, 2015
- e. July 14, 2006 – June 1, 2008 – December 31, 2009 – July 20, 2010
- f. 2005 = 100,000; 2006 = 300,000; 2007 = 300,000; 2008 = 300,000; 2009 = 300,000; 2010 = 281,684; 2011 = 322,000; 2012 = 300,000
- g. 2005 = 92,816; 2006 = 292,004; 2007 = 295,509; 2008 = 282,250; 2009 = 318,316; 2010 = 247,780; 2011 YTD = 279,558
- h. 2005 = 92.8%; 2006 = 97.3%; 2007 = 98.6%; 2008 = 94.1%; 2009 = 106.1%  
2010 = 88%; 2011 YTD = 104.2%
- i. \$37.05; June 1, 2008 amendment - \$56.00

- j. 2005 = \$ .91; 2006 = \$3.82; 2007 = \$3.47; 2008 = \$4.43; 2009 = \$0.00; 2010= \$0.64; 2011=\$0.00
- k 2005 = \$37.96; 2006 = \$40.87; 2007 = \$40.52; 2008 = \$41.48; 2009 = \$56.00; 2010 = \$56.64; 2011 = \$51.00

**WOODSDALE:**

There are no long term contracts with suppliers that source and deliver gas to Company plants. The only long-term contracts that extend past one year are contracts with pipelines for transportation service.

**PERSON RESPONSIBLE:** East Bend/Miami Fort #6: Elliott Batson, Jr.  
Woodsdale: John Swez



**Duke Energy Kentucky**  
**Case No. 2011-486**  
**Staff First Set Data Requests**  
**Date Received: January 26, 2012**

**STAFF-DR-01-009**

**REQUEST:**

- a. State whether Duke Kentucky regularly compares the price of its coal purchases to those paid by other electric utilities.
- b. If yes, state:
  - (1) How Duke Kentucky's prices compare with those of other utilities for the review period. Include all prices used in the comparison in cents per MMbtu.
  - (2) The utilities that are included in this comparison and their locations.

**RESPONSE:**

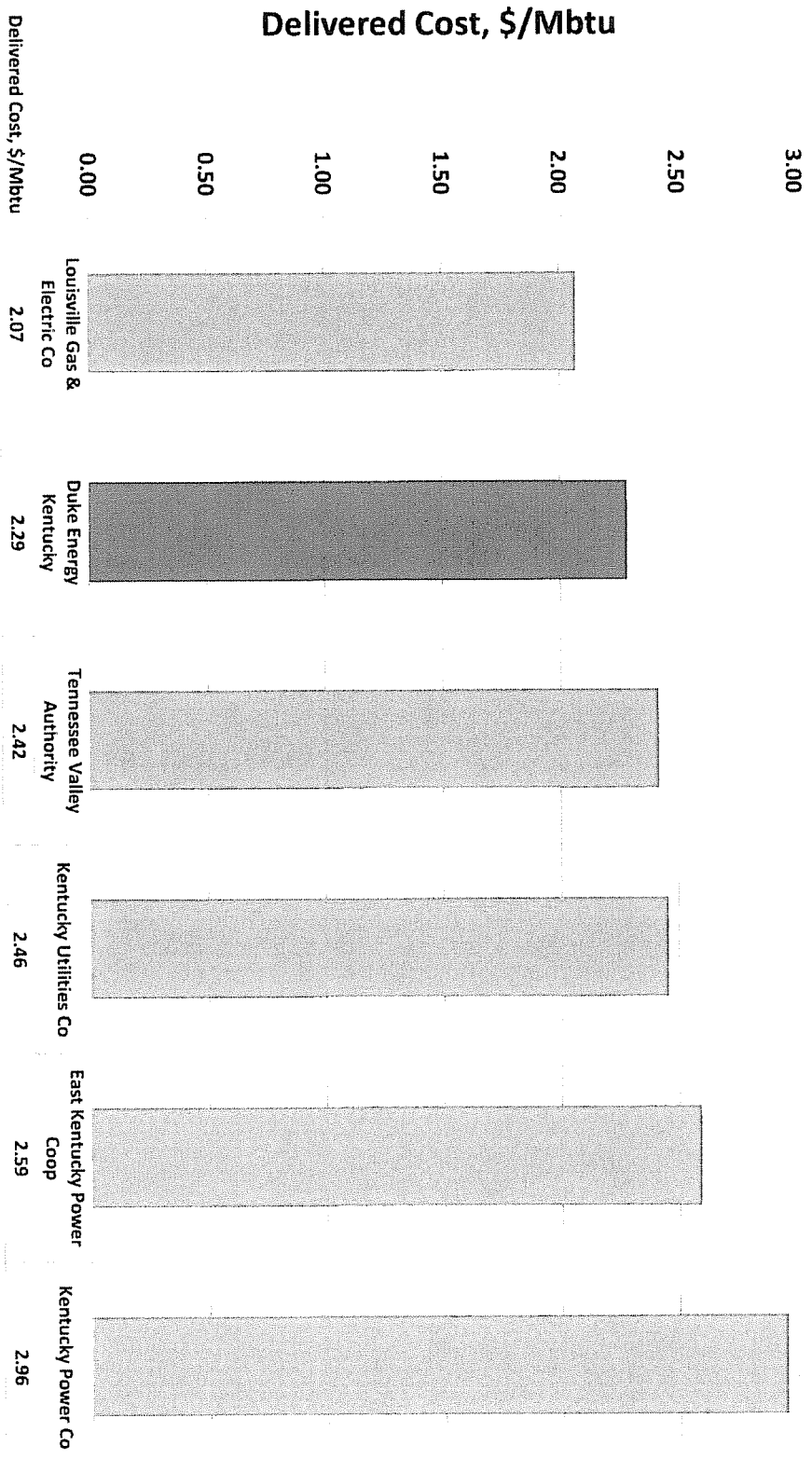
- a. Duke Energy Kentucky compares its delivered coal prices to those paid by other major Kentucky electric utilities for their plants located in Kentucky. Please see Attachment Staff-DR-01-009, derived from EIA 923 data.
- b. See Attachment STAFF-DR-01-009.

**PERSON RESPONSIBLE:** Elliott Batson, Jr.

# Duke Energy Kentucky Delivered Cost vs. Peer Group

(May 2011 - October 2011)

Source: EIA 923





STAFF-DR-01-010

**REQUEST:**

State the percentage of Duke Kentucky's coal, as of the date of this Order, that is delivered by:

- a. Rail;
- b. Truck; or
- c. Barge.

**RESPONSE:**

**East Bend:**

- a. 0% Rail
- b. 0% Truck
- c. 100% Barge

**Miami Fort #6:**

- a. 0% Rail
- b. 0% Truck
- c. 100% Barge

**Woodsdale:**

N/A

**PERSON RESPONSIBLE:** East Bend/Miami Fort #6: Elliott Batson, Jr.  
Woodsdale: John Swez





**Duke Energy Kentucky**  
**Case No. 2011-486**  
**Staff First Set Data Requests**  
**Date Received: January 26, 2012**

**STAFF-DR-01-011**

**REQUEST:**

- a. State Duke Kentucky's coal inventory level in tons and in number of days' supply as of October 31, 2011. Provide this information by generating station and in the aggregate.
- b. Describe the criteria used to determine number of days' supply.
- c. Compare Duke Kentucky's coal inventory as of October 31 2011 to its inventory target for that date for each plant and for total inventory.
- d. If actual coal inventory exceeds inventory target by 10 days' supply, state the reasons for excessive inventory.
- e. (1) State whether Duke Kentucky expects any significant changes in its current coal inventory target within the next 12 months.  
  
(2) If yes, state the expected change and the reasons for this change.

**EAST BEND:**

- a. As of October 31, 2011, total inventory at East Bend was 235,330.23 tons or 36.20 days.
- b. The number of days supply is computed by dividing an ending daily coal inventory figure stated in tons by the Full Load Burn per day figure of 6,500 tons.
- c. Inventory target is approximately 40 days compared to actual days inventory on October 31, 2011 of 36.20 days.
- d. N/A
- e. 1. No  
2. N/A

**MIAMI FORT #6:**

- a. As of October 31, 2011, total inventory at Miami Fort #6 was 27,037 tons or 22.5 days.
- b. The number of days supply is computed by dividing an ending daily coal inventory figure stated in tons by the Full Load Burn per day figure of 1,200 tons.
- c. Inventory target is approximately 40 days compared to the 22.5 days inventory the station had as of October 31, 2011.
- d. N/A
- e. 1. By late October 2011, Duke Kentucky was in the process of drawing down its medium sulfur stockpile and replacing such pile with a low sulfur coal in preparation of the implementation of the Cross State Air Pollution Regulation (“CSAPR”) which was to become effective January 1<sup>st</sup>, 2012. On December 30<sup>th</sup>, 2011, the Federal Appeals Court in Washington, D.C. stayed EPA’s CSAPR order. During the time the courts review the implementation of CSAPR, Miami Fort #6 has reverted to burning medium sulfur coal as this coal is the most economical coal at this time. We continue to maintain a stockpile of lower sulfur coal at the station until such time as we receive more clarity on CSAPR.  
2. N/A

**WOODSDALE:**

N/A

**PERSON RESPONSIBLE:** East Bend/Miami Fort #6: Elliott Batson, Jr.  
Woodsdale: John Swez



**Duke Energy Kentucky  
Case No. 2011-486  
Staff First Set Data Requests  
Date Received: January 26, 2012**

**STAFF-DR-01-012**

**REQUEST:**

- a. State whether Duke Kentucky has audited any of its coal contracts during the period from May 1, 2011 through October 31, 2011.
- b. If yes, for each audited contract:
  - (1) Identify the contract;
  - (2) Identify the auditor;
  - (3) State the results of the audit; and
  - (4) Describe the actions that Duke Kentucky took as a result of the audit.

**RESPONSE:**

**EAST BEND:**

- a. No.
- b. N/A
- c. N/A

**MIAMI FORT #6:**

- a. No.
- b. N/A
- c. N/A

**WOODSDALE:**

**N/A**

**PERSON RESPONSIBLE:** East Bend/Miami Fort #6: Elliott Batson, Jr.  
Woodsdale: John Swez



**Duke Energy Kentucky  
Case No. 2011-486  
Staff First Set Data Requests  
Date Received: January 26, 2012**

**STAFF-DR-01-013**

**REQUEST:**

- a. State whether Duke Kentucky has received any customer complaints regarding its FAC during the period from May 1, 2011 through October 31, 2011.
  
- b. If yes, for each complaint, state:
  - (1) The nature of the complaint; and
  - (2) Duke Kentucky's response.

**RESPONSE:**

Duke Energy Kentucky has not received any customer complaints regarding its FAC during the period from May 1, 2011 through October 31, 2011.

**PERSON RESPONSIBLE:** Lisa Steinkuhl





**Duke Energy Kentucky**  
**Case No. 2011-486**  
**Staff First Set Data Requests**  
**Date Received: January 26, 2012**

**STAFF-DR-01-014**

**REQUEST:**

- a. State whether Duke Kentucky is currently involved in any litigation with its current or former coal suppliers.
- b. If yes, for each litigation:
  - (1) Identify the coal supplier;
  - (2) Identify the coal contract involved;
  - (3) State the potential liability or recovery to Duke Kentucky;
  - (4) List the issues presented; and
  - (5) Provide a copy of the complaint or other legal pleading that initiated the litigation and any answers or counterclaims. If a copy has previously been filed with the Commission, provide the date on which it was filed and the case in which it was filed.
- c. State the current status of all litigation with coal suppliers.

**RESPONSE:**

**EAST BEND:**

- a. No.
- b. N/A
- c. N/A

**MIAMI FORT #6:**

- a. No.
- b. N/A
- c. N/A

**WOODSDALE:**

N/A

**PERSON RESPONSIBLE:** East Bend/Miami Fort #6: Elliott Batson, Jr.  
Woodsdale: John Swez



**PUBLIC STAFF-DR-01-015**

**REQUEST:**

- a. During the period from May 1, 2011 through October 31, 2011, have there been any changes to Duke Kentucky's written policies and procedures regarding its fuel procurement?
- b. If yes:
  - (1) Describe the changes;
  - (2) Provide the written policies and procedures as changed;
  - (3) State the date(s) the changes were made; and
  - (4) Explain why the changes were made.
- c. If no, provide the date Duke Kentucky's current fuel procurement policies and procedures were last changed, when they were last provided to the Commission, and identify the proceeding in which they were provided.

**RESPONSE:**

**EAST BEND:**

- a. No
- b. N/A
- c. The procurement policy was last updated on 12/01/10 from a previous version in effect as of 8/25/09. The updated fuel policy was provided to the Commission under confidential seal in Case Number 2011-249 in Confidential Staff-DR-01-015.

**Miami Fort #6:**

- a. No

- b. N/A
- c. The procurement policy was last updated on 12/01/10 from a previous version in effect as of 8/25/09. The updated fuel policy was provided to the Commission under confidential seal in Case Number 2011-249 in Confidential Staff-DR-01-015.

**CONFIDENTIAL AND PROPRIETARY TRADE SECRET (as to Attachments only)**

**Woodsdale:**

- a. No
- b. N/A
- C. Duke Energy Kentucky has no written policies or procedures that specifically deal with how natural gas is procured. However, risk policies exist that outline gas limits and how gas procurement transactions are recorded. These policies are the “Franchised Electric and Gas Risk Limit” (revision October 2011) and “Franchised Electric Risk Management Policy Manual (revision August 2011).” This response has been filed with the Commission under a Petition for Confidential Treatment.

**PERSON RESPONSIBLE:** East Bend/Miami Fort #6: Elliott Batson, Jr.  
Woodsdale: John Swez



**STAFF-DR-01-016**

**REQUEST:**

- a. State whether Duke Kentucky is aware of any violations of its policies and procedures regarding fuel procurement that occurred prior to or during the period from May 1, 2011 through October 31, 2011.
- b. If yes, for each violation:
  - (1) Describe the violation;
  - (2) Describe the action(s) that Duke Kentucky took upon discovering the violation; and
  - (3) Identify the person(s) who committed the violation.

**RESPONSE:**

**EAST BEND:**

- a. No
- b. N/A

**MIAMI FORT #6:**

- a. No
- b. N/A

**PERSON RESPONSIBLE:** Elliott Batson, Jr.



**Duke Energy Kentucky  
Case No. 2011-486  
Staff First Set Data Requests  
Date Received: January 26, 2012**

**STAFF-DR-01-017**

**REQUEST:**

Identify and explain the reasons for all changes in the organizational structure and personnel of the departments or divisions that are responsible for Duke Kentucky's fuel procurement activities that occurred during the period from May 1, 2011 through October 31, 2011.

**RESPONSE:**

**EAST BEND:**

No changes occurred during this period.

**MIAMI FORT #6:**

No changes occurred during this period.

**WOODSDALE:**

No changes occurred during this period.

**PERSON RESPONSIBLE:** East Bend/Miami Fort 6: Elliott Batson, Jr.  
Woodsdale: John Swez





**Duke Energy Kentucky  
Case No. 2011-486  
Staff First Set Data Requests  
Date Received: January 26, 2012**

**STAFF-DR-01-018**

**REQUEST:**

- a. Identify all changes that Duke Kentucky has made during the period under review to its maintenance and operation practices that also affect fuel usage at Duke Kentucky's generation facilities.
- b. Describe the impact of these changes on Duke Kentucky's fuel usage.

**RESPONSE:**

- a. No changes occurred during this time period
- b. N/A

**PERSON RESPONSIBLE: John Swez**



**Duke Energy Kentucky**  
**Case No. 2011-486**  
**Staff First Set Data Requests**  
**Date Received: January 26, 2012**

**STAFF-DR-01-019**

**REQUEST:**

List each written coal supply solicitation issued during the period from May 1, 2011 through October 31, 2011.

- a. For each solicitation, provide the date of the solicitation, the type of solicitation (contract or spot), the quantities solicited, a general description of the quality of coal solicited, the time period over which deliveries were requested, and the generating unit(s) for which the coal was intended.
- b. For each solicitation, state the number of vendors to whom the solicitation was sent, the number of vendors who responded, and the selected vendor. Provide the bid tabulation sheet or corresponding document that ranked the proposals. (This document should identify all vendors who made offers.) State the reasons for each selection. For each lowest-cost bid not selected, explain why the bid was not selected.

**RESPONSE:**

**EAST BEND/ MIAMI FORT #6:**

- a. No written solicitations were issued during this period.
- b. No written solicitations were issued during this period.

**WOODSDALE: N/A**

**PERSON RESPONSIBLE:** East Bend/Miami Fort #6: Elliott Batson, Jr.  
Woodsdale: John Swez



**Duke Energy Kentucky**  
**Case No. 2011-486**  
**Staff First Set Data Requests**  
**Date Received: January 26, 2012**

**STAFF-DR-01-020**

**REQUEST:**

List each oral coal supply solicitation issued during the period from May 1, 2011 through October 31, 2011.

- a. For each solicitation, state why the solicitation was not written, the date(s) of the solicitation, the quantities solicited, a general description of the quality of coal solicited, the time period over which deliveries were requested, and the generating unit(s) for which the coal was intended.
- b. For each solicitation, identify all vendors solicited and the vendor selected. Provide the tabulation sheet or other document that ranks the proposals. (This document should identify all vendors who made offers.) State the reasons for each selection. For each lowest-cost bid not selected, explain why the bid was not selected.

**RESPONSE:**

**EAST BEND/MIAMI FORT #6:**

- a. No oral solicitations were issued during this period.
- b. No oral solicitations were issued during this period.

**WOODSDALE: N/A**

**PERSON RESPONSIBLE:** East Bend/Miami Fort #6: Elliott Batson, Jr.  
Woodsdale: John Swez





**Duke Energy Kentucky**  
**Case No. 2011-486**  
**Staff First Set Data Requests**  
**Date Received: January 26, 2012**

**STAFF-DR-01-021**

**REQUEST:**

- a. List all intersystem sales during the period under review in which Duke Kentucky used a third party's transmission system.
- b. For each sale listed above:
  - (1) Describe how Duke Kentucky addressed, for FAC reporting purposes, the cost of fuel expended to cover any line losses incurred to transmit its power across the third party's transmission system; and
  - (2) State the line loss factor used for each transaction and describe how that line loss factor was determined.

**RESPONSE:**

- a. Duke Energy Kentucky sold 100% of its generation to the Midwest Independent System Operator, Inc. ("MISO"). These sales are made at the generating station; consequently, no third party transmission was used.
- b. Not Applicable

**PERSON RESPONSIBLE:** Lisa Steinkuhl



**Duke Energy Kentucky  
Case No. 2011-486  
Staff First Set Data Requests  
Date Received: January 26, 2012**

**STAFF-DR-01-022**

**REQUEST:**

Describe each change that Duke Kentucky made to its methodology for calculating intersystem sales line losses during the period under review.

**RESPONSE:**

Not Applicable. See response to Staff-DR-01-021.

**PERSON RESPONSIBLE:** Lisa Steinkuhl



**Duke Energy Kentucky  
Case No. 2011-486  
Staff First Set Data Requests  
Date Received: January 26, 2012**

**STAFF-DR-01-023**

**REQUEST:**

State whether, during the period under review, Duke Kentucky has solicited bids for coal with the restriction that it was not mined through strip mining or mountain top removal. If yes, explain the reasons for the restriction on the solicitation, the quantity in tons and price per ton of the coal purchased as a result of this solicitation, and the difference between the price of this coal and the price it could have obtained for the coal if the solicitation had not been restricted.

**RESPONSE:**

**EAST BEND/MIAMI FORT #6:**

Duke Energy Kentucky did not solicit bids during the period May 1, 2011 through October 31, 2011.

**WOODSDALE: N/A**

**PERSON RESPONSIBLE:** East Bend/Miami Fort #6: Elliott Batson, Jr.  
Woodsdale: John Swez