

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BACK-UP POWER SUPPLY PLAN OF DUKE) CASE NO.
ENERGY KENTUCKY, INC.) 2012-00220

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION
TO DUKE ENERGY KENTUCKY, INC.

Duke Energy Kentucky, Inc. ("Duke Kentucky"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due within 10 days of the date of this request. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Duke Kentucky shall make timely amendment to any prior response if they obtain information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Duke Kentucky fails or refuses to furnish all or part of the requested information, it shall

provide a written explanation of the specific grounds for their failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to pages 2 and 3 of the application.

a. Given its status as a direct subsidiary of Duke Energy Ohio, Inc., explain whether Duke Kentucky is treated as a separate load-serving entity for purposes of complying with the PJM Resource Adequacy Requirements.

b. Provide the planning reserve margin that is assigned to Duke Kentucky under PJM's tariff.

2. Refer to page 3 of the application.

a. Duke Kentucky states that it will make fixed-price financial swap contracts for scheduled outages in the 2013-2014 period when market conditions appear economic. Describe the process Duke Kentucky will use to determine if such contracts are economic. Identify how far in advance of a scheduled outage Duke Kentucky expects to make such a determination.

b. Duke Kentucky states that it will continue to evaluate its back-up power supply during the 2013-2014 period and will make any adjustments necessary due to changing conditions. Explain whether the evaluation is periodic, ongoing, or if it is triggered by certain conditions, such as the economy, weather, or other factors.

3. Refer to page 12 of the application. Duke Kentucky states: "If prices appear to be increasing, Plan G provides the flexibility to make forward contract purchases for long-term periods. If prices are flat or falling, the Company can postpone these purchases."

a. Explain the parameters that will be used to determine whether "prices appear to be increasing" so as to trigger the making of forward contract purchases for long-term periods.

b. If the Commission approves Plan G, is Duke Kentucky willing to file the details of any forward contract purchases within 30 days of entering into the purchase?

4. Refer to Table 1 on page 4 of the application. For the 2013-2014 period, provide Duke Kentucky's forecasted summer and winter peak demands.

5. Explain whether Duke Kentucky has performed any analysis of back-up power supply transactions that occurred during the period 2010-2012 comparing the cost-effectiveness of actual transactions to other back-up power supply options it considered in conjunction with Case No. 2009-00429. Include with the explanation a narrative description of the analysis and all correspondence and workpapers prepared relative to the analysis. If no analysis has been performed, explain why.

6. Refer to page 13 of the application.

a. Duke Kentucky states it has used the same back-up power supply plan strategy since the Commission approved the company's plans in Case No. 2007-00044¹ and 2009-00429.² Explain whether there are any changes in its proposed back-up plan that Duke Kentucky would consider a significant change from the plans approved in those cases.

b. In Case No 2009-00429, Duke Kentucky proposed back-up supply plans for a three-year period. Explain why Duke Kentucky is proposing a back-up supply plan for a two-year period in the instant case.



Jeff Derouen
Executive Director
Public Service Commission
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DATED NOV 21 2012

cc: Parties of Record

¹ Case No. 2007-00044, *Back-Up Power Supply Plan of Duke Energy Kentucky, Inc.* (Ky PSC Mar. 29, 2007).

² Case No. 2009-00429, *Back-Up Power Supply Plan of Duke Energy Kentucky, Inc.* (Ky PSC Dec. 22, 2009).

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