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**BEFORE THE KENTUCKY  
PUBLIC SERVICE COMMISSION**

**PUBLIC SERVICE  
COMMISSION**

In The Matter Of:

THE ANNUAL COST RECOVERY FILING )  
FOR DEMAND SIDE MANAGEMENT BY ) CASE NO. 2006-00426  
THE UNION LIGHT, HEAT AND POWER )  
COMPANY D/B/A DUKE ENERGY KENTUCKY )

**ATTORNEY GENERAL'S COMMENTS REGARDING DUKE ENERGY  
KENTUCKY'S ANNUAL STATUS REPORT, APPLICATION FOR  
CONTINUATION OF THE ENERGY EDUCATION AND BILL  
ASSISTANCE (PAYMENT PLUS) PROGRAM AND THE  
PERSONALIZED ENERGY REPORT PROGRAM, AND ADJUSTMENT  
OF THE 2006 DSM COST RECOVERY MECHANISM WITH FILING OF  
THE AMENDED TARIFF SHEETS FOR GAS RIDER DSM (2<sup>nd</sup> REVISED  
SHEET No. 62) AND ELECTRIC RIDER DSM (2<sup>nd</sup> REVISED SHEET No.78)**

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and states as follows for his comments regarding Duke Energy Kentucky's ("DEK") filing for the continuation of certain of its demand side management programs, in particular the "Payment Plus" and the "Personalized Energy Report Program," and regarding DEK's cost recovery mechanism and amended tariff provisions.

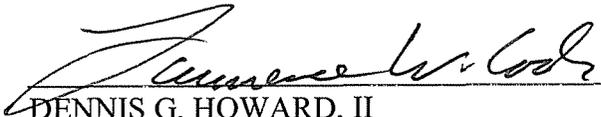
The Attorney General agrees with all of the recommendations set forth in DEK's filing of September 28, 2006, and recommends that the Commission approve same.

The Attorney General makes incidental note for the record that an informal conference in this matter was held at the Commission on November 8,

2006. During this informal conference, mention was made regarding the National Action Plan for Energy Efficiency ("the Plan"), of which DEK was one the primary sponsors. The Attorney General has not yet taken a position on this Plan. Therefore, the Attorney General neither opposes nor supports the Plan at this time.

Respectfully submitted,

GREGORY D. STUMBO  
ATTORNEY GENERAL

A handwritten signature in cursive script, appearing to read "Lawrence W. Cook", is written over a horizontal line.

DENNIS G. HOWARD, II  
LAWRENCE W. COOK  
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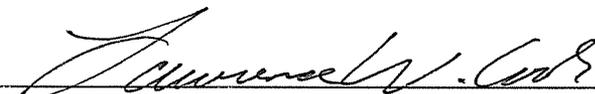
Counsel certifies that an original and ten photocopies of the foregoing Attorney General's Comments were served and filed by hand delivery to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct of the same, first class postage prepaid, to:

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This 17<sup>th</sup> day of November, 2006.

  
\_\_\_\_\_  
LAWRENCE W. COOK  
ASSISTANT ATTORNEY GENERAL