

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY, INC.)	
FOR AN ORDER APPROVING THE ESTABLISHMENT)	CASE NO.
OF A REGULATORY ASSET RELATED TO)	2010-00523
VOLUNTARY OPPORTUNITY AND OTHER POST-)	
RETIREMENT EXPENSES)	

THIRD INFORMATION REQUEST OF COMMISSION STAFF 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 seven copies of the following information, with a copy to all parties of record. The information requested herein is due no later than March 17, 2011. 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 it obtains 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, Duke Kentucky shall provide a written explanation of the specific grounds for its 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to the responses to Items 1 and 4.b. of Commission Staff's Initial Request for Information ("Staff's First Request").

a. The response to Item 1 shows the actual amount of charges under the voluntary opportunity severance plan ("VOP") as of December 31, 2010, to be \$4,502,779. Provide a breakdown of these charges by expense account as recorded in Duke Kentucky's books of account for calendar year 2010.

b. The second sentence in the response to Item 4.b. states, "All costs were accrued in calendar year 2010 but some additional adjustments may be booked in calendar year 2011." Provide the date on which Duke Kentucky's books for calendar year 2010 were closed.

c. Describe the process under which Duke Kentucky will adjust the expense balances on its books for calendar year 2010 to reflect a regulatory asset that is created and recorded on its books in calendar year 2011.

2. Refer to the response to Item 2.a. of Commission Staff's Supplemental Request for Information ("Staff's Second Request"). Explain how comparing 1) "the

employee headcount to be eliminated due to the VOP and Midwest Office Consolidation (“MWOC”)” by business unit to 2) “the total employees leaving the company due to VOP and MWOC” produces the percentage of affected employees that will not be replaced or will be replaced at a lower salary.

3. Refer to the attachment provided in response to Item 2.b. of Staff’s Second Request. Explain why the ratio of the annual labor savings to the costs of the MWOC is less than one-third the ratio of annual labor savings to the costs of the VOP.

4. Refer to the response to Item 3.b. of Staff’s Second Request.

a. Describe in detail the difficulty associated with tracking the number of service company employees leaving due to the VOP or MWOC who are not replaced.

b. Describe in detail the difficulty associated with tracking the number of service company employees leaving due to the VOP or MWOC who are replaced at lower salary levels.



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

DATED MAR 04 2011

cc: Parties of Record

Kristen Cocanougher
Duke Energy Kentucky, Inc.
139 East 4th Street, R. 25 At II
P. O. Box 960
Cincinnati, OH 45201

Rocco O D'Ascenzo
Duke Energy Kentucky, Inc.
139 East 4th Street, R. 25 At II
P. O. Box 960
Cincinnati, OH 45201