

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN APPLICATION OF DUKE ENERGY KENTUCKY, INC.)	CASE NO.
FOR AN ORDER APPROVING THE ESTABLISHMENT)	2008-00476
OF A REGULATORY ASSET)	

FIRST DATA REQUEST OF COMMISSION STAFF
TO DUKE ENERGY KENTUCKY, INC.

Duke Energy Kentucky, Inc. ("Duke Energy"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 7 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than December 1, 2008. 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 Energy shall make timely amendment to any prior responses 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 Energy fails or refuses to furnish all or part of the requested information, it 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 paragraph 8 of Duke Energy's application.

a. Duke Energy states that the costs it has incurred as part of the restoration have exceeded its average annual storm-related costs. Provide Duke Energy's average annual storm-related costs and the costs incurred to date for 2008 aside from the Hurricane Ike damage-related costs.

b. Duke Energy's estimate of Hurricane Ike damage-related costs contains actual, estimated and reasonable estimates of contingencies. Provide an update of the cost estimate based on the most recent information available and, using the same classifications as in Exhibit 1, provide the amounts of Duke Energy's known actual (not estimated) storm-related costs. Show the date on which the updated estimate is based.

c. Provide a detailed description, with supporting calculations as necessary, which identifies the amounts characterized as reasonable estimates of contingencies and which shows their derivations.

2. Refer to paragraph 9 of Duke Energy's application.

a. Duke Energy states that it does not maintain property and casualty insurance for its distribution and transmission systems because of the cost of doing so. Explain whether Duke Energy carried such insurance at any time in the past.

b. If Duke Energy has obtained a quote for this type of insurance within the past 10 years, identify the insurance provider and provide the premium and deductible quoted by the provider.

c. If Duke Energy has not received quotes for such insurance within the past 10 years, explain whether it has sought and received information from insurance providers which supports the statement that Duke Energy does not carry insurance of this type because of its cost. Provide a description of any such information Duke Energy has received. If no such information has been received, explain how Duke Energy is able to support its statement that the cost is the reason it does not carry such information.

3. Refer to paragraph 13 of Duke Energy's application, specifically, the last sentence which requests explicit language in the Commission's Order in this matter.

a. Provide citations to any prior Commission Orders which explicitly state that the amount being included in a regulatory asset was being "deferred for future recovery."

b. If the Commission authorizes the establishment of a regulatory asset as requested, the review of the costs for reasonableness and rate recovery will occur in a future rate case. Explain why Duke Energy believes the language it requests is necessary, as opposed to language which indicates that the amount is being deferred in order to be considered for recovery in a future rate case.

4. Refer to paragraph 15 of Duke Energy's application.

a. Duke Energy requests the Commission approve the request for accounting treatment no later than December 31, 2008 to reflect necessary adjustments on its books for the year ending December 31, 2008 and to avoid inaccuracies in Duke Energy's financial statements. Provide the date by which Duke Energy will close its books for the calendar year 2008. If that date is in early 2009, explain why Duke Energy requests a ruling prior to that date.

b. Duke Energy states that to avoid an anomaly in its financial records it is seeking relief by December 31, 2008 from the Commission. Provide Duke Energy's electric operations income statement for the most recent 12 months available, as well as a 2008 calendar year-to-date electric operations income statement ending the same month as the 12-months income statement.

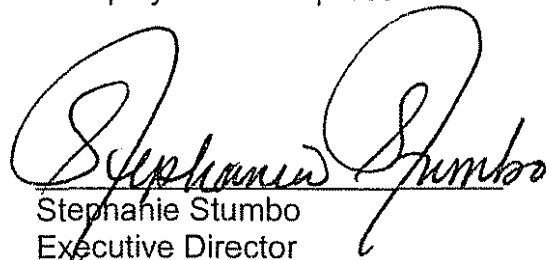
c. Provide a balance sheet for Duke Energy that corresponds to the time frame of the income statement provided which shows electric and gas plant in-service balances separately.

5. Refer to Exhibit 1 of Duke Energy's application which contains estimates of its costs related to restoring service in the aftermath of Hurricane Ike.

a. Costs identified as "Estimated Internal Duke Labor" are \$2,463,703. Provide a breakdown of this amount between the three companies, Duke Energy Kentucky, Duke Energy Ohio, and Duke Energy Carolinas, which the application indicates were involved in the Hurricane Ike restoration efforts. Also provide the amount of overtime costs by each of the three companies.

b. Costs identified as "Linemen Contractors" are \$1,831,694. Explain whether this line item contains all labor costs for non-Duke employees and crews utilized in the restoration effort referenced in paragraph 7 of Duke Energy's application.

c. Costs identified as "Estimated Amount Considered Normal Operations (Internal Duke Labor)" are listed at \$131,948. Provide a description of how this amount was derived and identify what categories of employees this represents.



Stephanie Stumbo
Executive Director
Public Service Commission
P. O. Box 615
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DATED November 21, 2008

cc: All Parties