

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY,	)	
INC. FOR APPROVAL OF A NEW GREEN POWER	)	CASE NO.
PILOT PROGRAM (DUKE ENERGY'S GOGREEN	)	2009-00408
KENTUCKY )	)	

COMMISSION STAFF'S FIRST DATA REQUEST

Pursuant to 807 KAR 5:001, Duke Energy Kentucky ("Duke Kentucky") 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 on or before November 23, 2009. 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 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 their failure to completely and precisely respond.

Careful attention should 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 7 of Duke Kentucky's application, which indicates that customer funds may be used for the development of Duke Kentucky's own renewable energy projects, or to purchase Renewable Energy Credits ("RECs") and/or Carbon Offsets. A Carbon Offset represents a 500-pound block of CO<sub>2</sub> reduction, the equivalent of approximately one-fourth of a Carbon Credit.

a. Describe Duke Kentucky's plans to develop its own renewable energy projects. Include how Duke Kentucky would recover the costs for its own renewable energy through Rider GP, or otherwise.

b. If customer funds are used to purchase RECs or Carbon Credits, both tradable commodity units, explain whether the customer or Duke Kentucky owns the tradable commodity rights.

c. If the customer owns the tradable commodity rights, explain what happens to those rights if the customer ceases to participate in the proposed green power program.

2. Refer to paragraph 7 of the application.

a. Duke Kentucky states that similar power offerings are currently available to customers of Duke Energy Ohio, Inc. ("Duke Ohio") and Duke Energy Indiana, Inc. ("Duke Indiana").

(1) Does Duke Kentucky intend to use marketing materials in Kentucky similar to those used by its Midwest affiliates? If yes, provide the marketing materials produced for the green power offerings from Duke Ohio and Duke Indiana.

(2) Does Duke Kentucky plan to partner with Duke Ohio and Duke Indiana to purchase RECs and Carbon Offsets? If yes, explain the advantages to Duke Kentucky for participating in such a partnership.

b. Under Duke Kentucky's program, either RECs or Carbon Offsets, or both, may be purchased.

(1) Explain why Duke Kentucky decided to offer both options, rather than just RECs or Carbon Offsets.

(2) Given the choice between 200 kWh of RECs or a 500-pound block of Carbon Offsets, explain whether one will be more environmentally responsible than the other. Include in the response how a typical residential customer will be able to make that determination.

3. Refer to paragraph 8 of the application. Duke Kentucky states that amounts collected under its proposed GoGreen Kentucky program will be used for the acquisition of RECs and/or Carbon Offsets and "to cover the costs of educational materials, marketing materials and advertising" the program.

a. Provide the budget for administrative costs, educational materials, marketing materials and advertising costs for the program.

b. Explain how Duke Kentucky's proposed rates for Green Power and Carbon Offsets were derived. The response should reflect how the market prices for the two commodities and the budgeted data provided in response to part a. of this request were used in developing the proposed rates.

4. Refer to the paragraph 9 of the application. Explain how and when Duke Kentucky plans to notify participating customers of a change in the price of green power when it determines that a price change is necessary.

5. Explain whether the RECs to be offered under the proposed plan are only for the environmental attributes of each 100 kWh block of power, or if Duke Kentucky can actually offset 100 kWh of its own generation for each 100 kWh block purchased.

6. Refer to paragraph 10 of the application, which indicates that 30 days' notice is required for a customer to request removal from the program. Explain the need for 30 days' notice and identify in what form(s), written, telephonic, or electronic, the notice must be made.

7. Refer to paragraph 11 of the application, which states that Duke Kentucky will file an annual report of costs for, among other things, expenditures for research. Describe the types of research in which the company expects to participate and the projected costs of each type thereof.

8. Refer to pages 5 and 6 of the Direct Testimony of John D. Langston ("Langston Testimony"). Duke Kentucky requests authority to adjust, up or down, the price paid per 100 kWh block of Green Power and for the price paid per Carbon Offset block. Explain whether Duke Kentucky considered offering Green Power and Carbon Offset blocks at fixed amounts while allowing the number of kWh or Carbon Offset blocks to vary. Include in the explanation why one method is preferable over the other.

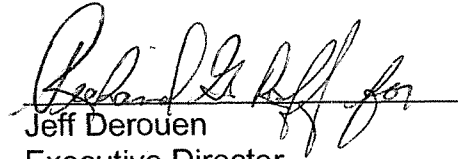
9. Refer to page 16 of the Langston Testimony. Duke Kentucky states that Green Power, RECs and Carbon Offsets are openly traded in a competitive marketplace and that their prices fluctuate.

a. Explain how Duke Kentucky will obtain these commodities and provide the costs it expects to incur in doing so. Include in the explanation whether Duke Kentucky will use third parties to obtain the commodities. Also include a description of the REC market and the Carbon Offset market.

b. If third parties are to be used: (1) provide the name of each of the parties, the services they provide and the commodities each party will obtain and (2) explain how each party will be selected and provide the fees they will charge.

c. Explain whether prices of Green Power, RECs and Carbon Offsets have fluctuated over the three most current calendar years (2007, 2008 and 2009). Provide examples of the price fluctuations with cites to the sources of the information.

10. Refer to Attachment JDL-1 to the Langston Testimony, the proposed tariff rider, Rider GP. Explain how Duke Kentucky chose three years as the term of its proposed green power pilot program.

  
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DATED NOV 12 2009

cc: All Parties

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