

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BACK-UP POWER SUPPLY PLAN OF DUKE) CASE NO.
ENERGY KENTUCKY, INC.) 2009-00429

COMMISSION STAFF'S FIRST DATA REQUEST

Pursuant to 807 KAR 5:001, Duke Energy Kentucky, Inc. ("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 December 14, 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 its 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. Explain whether approval of Duke Kentucky's proposed back-up power supply plan will cause any change in its planning reserve margin as compared to the planning reserve margin reflected in its 2008 integrated resource plan.

2. 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 Midwest Independent System Operator, Inc.'s ("MISO") Resource Adequacy Requirements.

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

c. Explain whether East Bend 2 and Miami Fort 6 are each regarded as capacity resources as the term "capacity resource" is used in the first sentence on page 3.

3. Refer to page 3 of the application.

a. Duke Kentucky states that it may use fixed-price financial swap contracts for the scheduled outages in 2010 if they are 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 its proposed back-up power supply plan is the same plan strategy the Commission approved in Case No. 2007-00044.¹ Explain whether there are any changes in its proposed back-up plan that Duke Kentucky would consider a significant change from the plan approved in Case No. 2007-00044.

c. Duke Kentucky states that it will continue to evaluate its back-up power supply during the 2010-2012 period and will make any adjustments necessary due to changing conditions. Explain whether the evaluation is periodic or ongoing, or if it is triggered by certain conditions such as the economy, weather, or other factors.

4. Refer to Table 1 on page 4 of the application.

a. Verify that the ratings shown for Woodsdale Units 1 – 6 are the individual ratings such that the total ratings are six times those shown in the table.

b. For the 2010--2012 period, provide Duke Kentucky's forecasted summer and winter peak demands.

5. Refer to Table 2 – Scheduled Outages for Plants on pages 5 and 6 of the application. Explain why the longest scheduled outages for both East Bend 2 and Miami Fort 6 are scheduled in 2012. Include in the explanation the calendar periods in which the outages are expected to occur.

6. Refer to Table 6 – Bid Summary on pages 7 through 9 of the application.

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

a. For Bid 35-Insurance – Market/Fixed, explain how the two amounts indicated in the Option Premium column relate to the two amounts in the Strike Price column.

b. Do either of the amounts in the Option Premium column for Bid 35 represent the deductible for the insurance product? If not, provide the deductible amount for the insurance bid.

7. Refer to pages 11 and 12 of the application. Given that Plan G is slightly less expensive than Plan F on a five-year planning horizon, with the cost for years four and five significantly less on an annual basis than the cost for years one through three, explain what consideration, if any, was given to establishing a five-year back-up power supply plan rather than a three-year plan.

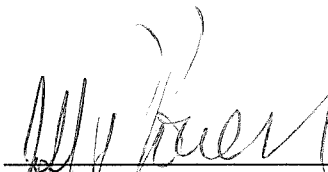
8. Explain whether Duke Kentucky has performed any analysis of back-up power supply transactions that occurred during the period 2007-2009 comparing the cost-effectiveness of actual transactions to other back-up power supply options it considered in conjunction with Case No. 2007-0044. Include with the 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.

9. Refer to page 13 of the application. Duke Kentucky states that it believes another long-term supply plan could involve exchanging some capacity at the existing plants for capacity owned by other companies.

a. Explain whether Duke Kentucky can, or currently does, exchange capacity with Duke Energy affiliates or any non-affiliated utilities.

b. Explain whether any of Duke Energy's affiliates currently exchange capacity for purposes of back-up power supply.

10. Refer to page 13 of the application. Duke Kentucky states that it conducted a risk analysis of the proposed insurance product using a hypothetical forced outage rate of 25 percent for Miami Fort 6 and East Bend 2. Explain why a forced outage rate of 25 percent was used rather than 5 percent as indicated in Table 3 – EFOR for Plants for 2010-2012 on page 6 of the application.



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DATED DEC - 3 2009

cc: Parties of record

Case No. 2009-00429

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