

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                                     |   |            |
|-------------------------------------|---|------------|
| APPLICATION OF DUKE ENERGY KENTUCKY | ) |            |
| INC. FOR APPROVAL TO CONTINUE ITS   | ) | CASE NO.   |
| GoGREEN KENTUCKY PROGRAM            | ) | 2012-00455 |

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
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 eight copies of the following information, with a copy to all parties of record. The information requested herein is due within ten days of the date of this request. 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, it 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.

1. Refer to Duke Kentucky's application, Attachment C, page 2. It states, "Duke Energy Kentucky proposes to remove the residential customer class limitation so that all customers may have an opportunity to elect to participate in the program."

a. Explain whether there have been any inquiries from customer classes, other than residential, with respect to the GoGreen Kentucky and Carbon Offset programs.

b. Explain whether Duke Energy Indiana ("Duke Indiana") and Duke Energy Ohio ("Duke Ohio") have commercial and industrial customers who participate in similar GoGreen and Carbon Offset programs.

c. Explain whether there will be additional marketing and promotional expenses incurred by Duke Kentucky if the customer class limitation is removed. If yes, provide the projected amount of expense and revenue for 2013 and 2014.

d. If the customer class limitation is removed, explain when the GoGreen Kentucky and Carbon Offset programs are expected to be self-sustaining.

2. Refer to Duke Kentucky's response to Commission Staff's First Data Request ("Staff's First Request"), Item 1. Explain whether Duke Kentucky's proposed GoGreen Kentucky Rider GP is patterned after Duke Ohio's Rider GP for ease of

advertising and promotional effort and cost, rather than for the program to be self-sustaining.

3. Refer to Duke Kentucky's response to Staff's First Request, Item 2b. It states the following:

Revenue has grown by 62% over the past 12 months due to increased customer awareness of the offer and the convergence of successful marketing campaigns and strategy. The GoGreen concept is gaining traction with customers. Duke Energy Kentucky expects to see further participation growth with continued promotion and a price reduction in 2013, to generate a self sustaining program by 1Q 2015.

The following data is provided in Duke Kentucky's response to Staff's First Request, Item 3e:

| <u>Green Power<br/>Projections</u> | <u>2012</u>       | <u>2013</u>      | <u>2014</u>      |
|------------------------------------|-------------------|------------------|------------------|
| Participants                       | 128               | 161              | 226              |
| Revenues                           | \$8,340           | \$10,508         | \$14,712         |
| Expenses                           | <u>\$18,908</u>   | <u>\$16,151</u>  | <u>\$16,571</u>  |
| Net Revenue                        | <u>(\$10,568)</u> | <u>(\$5,642)</u> | <u>(\$1,859)</u> |
| <br><u>Carbon Projections</u>      |                   |                  |                  |
| Participants                       | 6                 | 6                | 6                |
| Revenues                           | \$624             | \$624            | \$624            |
| Expenses                           | <u>\$6,360</u>    | <u>\$6,360</u>   | <u>\$6,360</u>   |
| Net Revenue                        | <u>(\$5,736)</u>  | <u>(\$5,736)</u> | <u>(\$5,736)</u> |

The projected GoGreen Kentucky net revenue shortfall for 2012, 2013, and 2014 appear to be declining based on projections, but the projected Carbon Offsets net

revenue shortfall for the same time-periods remain the same. Explain whether Duke Kentucky anticipates that the Carbon Offset program will become self-sustaining, and if so, when.

4. Refer to Duke Kentucky's response to Staff's First Request, Item 4. It states the following:

Duke Energy Kentucky's GoGreen program revenues have grown over 60% this year. GoGreen expects continued promotion and a price reduction in 2013 to build a self-sustaining program by 2015. This assumes most customers, given a choice to opt to the lower billing rate, will maintain their current contribution rate, thereby doubling their value of Renewable Energy Credits. In addition to creating more value for current subscribers, the new lower price will reach more new subscribers and help to build a larger revenue base.

a. Explain whether the assumption that most customers, given a choice to opt to the lower billing rate, will maintain their current contribution rate, thereby doubling their value of Renewable Energy Credits ("REC") has occurred with Duke Ohio's Rider GP.

b. Explain whether the \$1.00 per unit per month for all GoGreen units reached more new subscribers and helped to build a larger revenue base in Duke Ohio's service territory.

c. Explain whether Duke Indiana is considering revising its Standard Contract Rider No. 56 GoGreen Green Power Rate.

5. Refer to Duke Kentucky's response to Staff's First Request, Item 5a. Also, refer to pages 5 and 6 of Duke Kentucky's GoGreen Power and Carbon Offset Annual Information Filing for Calendar Year 2010, filed March 30, 2011 with the Commission, and page 6 of the GoGreen Power and Carbon Offset Annual Information

Filing for Calendar Year 2011, filed March 22, 2012 with the Commission. Data in the following table was provided to the Commission in Duke Kentucky's response to Staff's First Request, Item 5a., and Duke Kentucky's GoGreen Power and Carbon Offset Annual Information Filing Calendar Years 2010 and 2011:

| <u>Carbon Offset</u>                                     | <u>2010</u>       | <u>2011</u>       | <u>Total</u>      |
|--|-------------------|-------------------|-------------------|
| Revenues Billed  | <u>\$176</u>      | <u>\$672</u>      | <u>\$848</u>      |
| Campaign Promotion                                       | \$37,288          | \$5,691           | \$42,979          |
| Administration Costs<br>(Labor and Call Center<br>Costs) | <u>\$13,915</u>   | <u>\$9,304</u>    | <u>\$23,219</u>   |
| Total  | <u>\$51,203</u>   | <u>\$14,995</u>   | <u>\$66,198</u>   |
| Shortfall  | <u>(\$51,027)</u> | <u>(\$14,323)</u> | <u>(\$65,350)</u> |

The Marketing expense for 2010, per the response to Item 5a., is \$39,503, but on page 6 of Duke Kentucky's GoGreen Power and Carbon Offset Annual Information Filing Calendar Year 2010 Campaign Promotion, the number is \$37,288.


a. Explain whether the Carbon Offset program Marketing expense in response to Item 5a. is the same as the Campaign Promotion in Duke Kentucky's GoGreen Power and Carbon Offset Annual Information Filing for Calendar Year 2010 for the Carbon Offset program.

b. If the answer to part a. is yes, explain the difference between Campaign Promotion of \$37,288 and the Marketing expense of \$39,503.

c. Provide the Carbon Offset program shortfall for 2010 and 2011.

6. Provide a breakdown of Marketing and Administrative expenses for the GoGreen and Carbon Offset programs for year-to-date 2012 and the projected

Marketing and Administrative expenses for the GoGreen and Carbon Offset programs for 2013 and 2014.



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DATED NOV 20 2012

cc: Parties of Record

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