

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ANNUAL COST RECOVERY FILING FOR)	
DEMAND SIDE MANAGEMENT BY DUKE)	CASE NO.
ENERGY KENTUCKY, INC.)	2007-00369

O R D E R

On August 15, 2007, Duke Energy Kentucky, Inc. ("Duke Kentucky") filed a motion with the Commission seeking approval to amend the application filing deadline and effective date for its next annual demand-side management ("DSM") programs. Duke Kentucky also requests that its current DSM programs and rates be continued until the Commission issues its Orders in the next annual DSM application.

In previous years, the Commission has reviewed Duke Kentucky's DSM programs annually, with Duke Kentucky filing its applications by September 30 and the Commission using its best efforts to issue final Orders by the following January 1. In its motion, Duke Kentucky notes that changes were made in its PowerShare program as a part of a settlement agreement approved in Case No. 2006-00172.¹ In compliance with the settlement agreement, Duke Kentucky filed an amendment to Case No. 2006-00426² to incorporate the new PowerShare CallOption program as part of its

¹ Case No. 2006-00172, An Adjustment of the Electric Rates of The Union Light, Heat and Power Company d/b/a Duke Energy Kentucky, Inc.

² Case No. 2006-00426, The Annual Cost Recovery Filing for Demand Side Management by The Union Light, Heat and Power Company d/b/a Duke Energy Kentucky.

approved DSM program. The Commission approved the amendment to Duke Kentucky's DSM program in its May 15, 2007 Order.

In its motion, Duke Kentucky describes the process it follows when preparing for the annual DSM filing with the Commission. Duke Kentucky notes that the current schedule requiring an application by September 30, 2007 will not provide sufficient time for it to properly evaluate the affects of the new PowerShare CallOption program and a new Power Manager direct load program. Duke Kentucky states that it believes it can perform the analysis and have adequate time to complete the DSM application process if it were permitted to file the DSM application by November 15, 2007. Noting the time the Commission has needed to review previous DSM applications, Duke Kentucky notes the Commission would probably rule on the 2007 DSM application on or around February 15, 2008. Given this situation, Duke Kentucky requests that it be permitted to file its 2007 DSM application by November 15, 2007 and that it be allowed to continue its existing DSM programs and rates until the Commission issues its decision on the 2007 DSM application.

In the event the Commission does not approve any existing DSM program for which Duke Kentucky seeks continued approval, Duke Kentucky requests that the Commission provide an adequate amount of time for it to notify customers and terminate the program. The Commission will address this subject in the final Order on the 2007 DSM application.

Based upon the evidence of record, and being sufficiently advised, the Commission finds Duke Kentucky's request to delay the filing of its 2007 DSM application until November 15, 2007 is reasonable and should be approved. The

Commission also finds it reasonable that all subsequent annual DSM applications should be filed by November 15. The delay in filing the 2007 DSM application will make it unlikely the Commission will have ruled on that application prior to the expiration of the existing DSM programs and DSM rates. Duke Kentucky should continue its existing DSM programs and DSM rates until such time as the Commission issues a decision on the 2007 DSM application.

IT IS THEREFORE ORDERED that:

1. Duke Kentucky's request to delay the filing of its 2007 DSM application is granted and that application shall be filed with the Commission no later than November 15, 2007.
2. All subsequent annual DSM applications shall be filed no later than November 15 of the applicable year.
3. Duke Kentucky's request to continue its existing DSM programs and DSM rates while the 2007 DSM application is pending before the Commission is approved.

Done at Frankfort, Kentucky, this 18th day of September, 2007.

By the Commission

ATTEST:



Executive Director