

Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet



Commonwealth of Kentucky
Public Service Commission
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P.O. Box 615
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Telephone: (502) 564-3940
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David L. Armstrong
Chairman

James Gardner
Vice-Chairman

John W. Clay
Commissioner

Honorable Mark R. Overstreet
Attorney at Law
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KY 40602-0634

August 19, 2008

RE: Case No. 2008-00308

Please see enclosed data request from Commission Staff in the above case.

If you need further assistance, please contact my staff at (502) 564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Stumbo".

Stephanie Stumbo
Executive Director

SS/tw
Enclosure

Steven L. Beshear
Governor

Leonard K. Peters
Secretary
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Amy B. Spiller
Associate General Counsel
Duke Energy Kentucky, Inc.
139 East Fourth Street, EX 400
Cincinnati, OH 45202



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John W. Clay
Commissioner

Honorable Allyson K. Sturgeon
Attorney at Law
E.ON U.S. Services, Inc.
220 West Main Street
Louisville, KY 40202

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David L. Armstrong
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Errol K. Wagner
Director Regulatory Services
American Electric Power
101A Enterprise Drive
P. O. Box 5190
Frankfort, KY 40602

August 19, 2008

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter or

JOINT APPLICATION OF DUKE ENERGY)	
KENTUCKY, INC., KENTUCKY POWER)	
COMPANY, KENTUCKY UTILITIES COMPANY)	
AND LOUISVILLE GAS AND ELECTRIC)	
COMPANY FOR AN ORDER APPROVING)	CASE NO.
ACCOUNTING PRACTICES TO ESTABLISH)	2008-00308
REGULATORY ASSETS AND LIABILITIES)	
RELATED TO CERTAIN PAYMENTS MADE TO)	
CARBON MANAGEMENT RESEARCH GROUP)	
AND THE KENTUCKY CONSORTIUM FOR)	
CARBON STORAGE)	

FIRST DATA REQUEST OF COMMISSION STAFF

Duke Energy Kentucky, Inc. ("Duke Energy"), Kentucky Power Company ("Kentucky Power"), Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") (collectively "Joint Applicants"), pursuant to 807 KAR 5:001, are requested to file with the Commission the original and 8 copies of the following information, with a copy to all parties of record. The information requested herein is due within 14 days from the date of this data 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 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.

Any of the Joint Applicants 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 any of the Joint Applicants 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.

1. The Joint Applicants met with Commission Staff on January 17, 2008 to discuss their intent to request an accounting deferral. Explain in detail the reasons for the 7-month delay between that meeting and the July 25, 2008 filing of the Joint Application in this case.

2. Refer to paragraph 5 of the Joint Application. The next-to-last sentence of the paragraph indicates that representatives of two of the Joint Applicants are members of the University of Kentucky Center for Applied Energy Research Advisory Board. Identify which of the Joint Applicants serve on the Advisory Board and provide the names of the individuals who represent the two Joint Applicants on the Advisory Board.

3. Refer to paragraph 14 of the Joint Application. With regard to Duke Energy's funding match of up to \$200,000 to the Carbon Management Research Group ("CMRG"), provide the following information.

a. State the date that Duke Energy anticipates making its initial contribution to CMRG, whether the \$200,000 initial contribution will be in a lump sum or in installments, and whether subsequent contributions, if made, will be at intervals of 12 months or at the beginning of each calendar year.

b. The paragraph indicates that Duke Energy will consider future participation in funding on a year-to-year basis contingent upon "progress made, work product reviews in subsequent years and CMRG's ability to secure additional funding sources." For each of these contingencies, identify Duke Energy's specific expectations of CMRG and any benchmarks or goals CMRG must achieve in order for Duke Energy to continue to make contributions.

c. Has CMRG agreed to any benchmarks or goals with respect to its progress to be made in subsequent years, its future work product, or its securing of additional funding? If yes, provide copies of each document which indicates such agreement by CMRG.

d. Is it Duke Energy's intention to seek rate recovery of the deferred contributions when it files its next general rate application, based on the level of contributions it has made at that time? Explain the response in detail.

4. Refer to paragraph 14 of the Joint Application. With regard to Kentucky Power's funding match of up to \$200,000 to CMRG, provide the following information:

a. State the date that Kentucky Power anticipates making its initial contribution to CMRG, whether the \$200,000 initial contribution will be in a lump sum or in installments, and whether subsequent contributions, if made, will be at intervals of 12 months or at the beginning of each calendar year.

b. The paragraph indicates that Kentucky Power will review the funding on a year-to-year basis contingent upon "progress made, additional funding sources secured and work product reviews in subsequent years." For each of these contingencies, identify Kentucky Power's specific expectations of CMRG and any benchmarks or goals CMRG must achieve in order for Kentucky Power to continue to make contributions.

c. Has CMRG agreed to any benchmarks or goals with respect to its progress to be made in subsequent years, its future work product, or its securing of additional funding? If yes, provide copies of each document which indicates such agreement by CMRG.

d. Is it Kentucky Power's intention to seek rate recovery of the deferred contributions when it files its next general rate application, based on the level of contributions it has made at that time? Explain the response in detail.

5. Refer to paragraph 14 of the Joint Application. The last sentence states that KU and LG&E have "jointly agreed to provide up to \$200,000 a year for ten years."

a. Is it correct to interpret the language of the sentence, plus the absence of certain language from the sentence, to mean that KU's and LG&E's funding commitment to CMRG is not subject to (1) Commission approval of the Joint Application

and (2) the types of contingencies identified in Items 2(b) and 3(b) of this request. If the response to either part (1) or (2) is no, explain the response in detail.

b. State the date that LG&E and KU anticipate making their initial contribution to CMRG, whether the \$200,000 initial contribution will be in a lump sum or in installments, and whether subsequent contributions, if made, will be at intervals of 12 months or at the beginning of each calendar year.

c. Is it KU's and LG&E's intention to seek rate recovery of the deferred contributions when they file their next general rate applications, based on the level of contributions they have made at that time? Explain the response in detail.

6. Refer to paragraph 15 of the Joint Application. With regard to KU's and LG&E's joint contribution of up to \$1.8 million to the Kentucky Consortium of Carbon Storage ("KCCS"), provide the following information.

a. State how the \$1.8 million contribution to KCCS will be allocated between KU and LG&E.

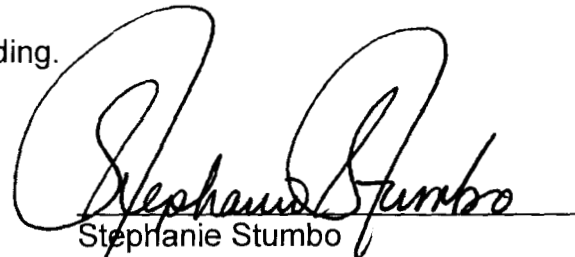
b. Provide a schedule of the dates that KU and LG&E expect to make these contributions and the amount of each contribution.

c. Is it the intention of KU and LG&E to seek rate recovery through amortization of the regulatory assets resulting from these deferrals at the time of their next general rate applications, based on the level of contributions they have made at that time? Explain the response in detail.

7. Refer to Paragraph 15 of the Joint Application. Explain in detail the commitment by Duke Energy to study carbon sequestration at its East Bend Generating Station. The explanation should include, at a minimum, a complete description of the

study, a timetable for conducting the study, the names of each participant in the study, and a schedule of the expected dates and amounts of contributions by each participant.

8. Other than the funding by the Joint Applicants and the associated matching funds available through the former Governor's Office of Energy Policy (now part of the Department of Energy Development and Independence), are additional funds anticipated from other sources? If yes, identify the potential contributors and, to the extent publicly available, the amount of the funding.



Stephanie Stumbo
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED: August 19, 2008

cc: Parties of Record

Case No. 2008-00308