

FAX

*Duke Energy Shared Services, Inc.
139 E. Fourth Street
Cincinnati, Ohio 45202*

RECEIVED

OCT 18 2010

**PUBLIC SERVICE
COMMISSION**

DATE: October 18, 2010

TO: **Docketing Division**

COMPANY: Kentucky Public Service Commission

FAX: **502-564-3460**PHONE: **502-564-3940**FROM: **Lauren Paik**FAX: **513-419-1846**PHONE: **513-419-1854**NO. OF PAGES: **8****COMMENTS:**

Please file the attached. The original will follow via overnight mail

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Kristen Cocanougher
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VIA FACSIMILE AND OVERNIGHT DELIVERY

October 18, 2010

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
Frankfort, KY 40601

RECEIVED

OCT 18 2010

**PUBLIC SERVICE
COMMISSION**Re: Case No. 2010-00203

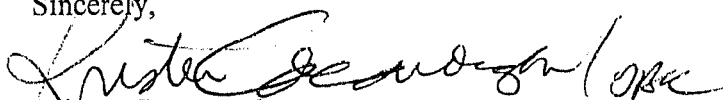
Dear Mr. Derouen:

Enclosed please find an original and twelve copies of Duke Energy Kentucky Inc.'s revised response to MISO-DR-02-005 and MISO-DR-02-012 in Midwest ISO's Second Set of Data Requests in the above captioned case.

The Data Requests have been renumbered and reformatted to correspond with the Data Request from Midwest ISO. The Data Requests have also been revised to correct the references to the page numbers in Attachment 1 of Duke Energy Kentucky's Application in this case. The original responses included page references to the Document as it is available on the Midwest ISO's website.

Please date-stamp the two copies of the letter and the Data Requests and return to me in the enclosed envelope.

Sincerely,


Kristen Cocanougher

cc: Parties of record

Duke Energy Kentucky
Case No. 2010-00203
MISO Second Set Data Request
Date Received: October 13, 2010

SECOND REVISED MISO-DR-02-005

REQUEST:

5. Appendix A to the STAFF-DR-01-006 Attachment — an Interconnection Agreement between Duke Energy Business Services, LLC acting as agent for Duke Energy Ohio, Inc. and Duke Energy Kentucky, Inc. and East Kentucky Power Cooperative, Inc. (Midwest ISO FERC Electric Tariff, 4th Rev'd Vol. No.1, Orig. Service Agmt No.2168) — contains facility schedules listing "Duke Energy-Owned Interconnection Facilities" for points of interconnection.
 - a. As to each such interconnection facility listed:
 - i. Which Duke Energy entity owns (or in the case of to-be-installed/ constructed facilities, will own) the facility?
 - ii. Identify where (if at all) that facility is listed on Attachment 1 to the DEK Application in this case.
 - b. Are any of the to-be-installed/constructed facilities included in the Midwest ISO's MTEP or PJM's RTEPP? If not, why? If so, identify each such facility and provide details regarding its inclusion in MTEP or RTEPP (or both).
 - c. As to each listed interconnection point with EKP:
 - i. Which Duke Energy entity's transmission or generation facilities are being (or will be) interconnected with EKP?
 - ii. Identify where (if at all) that interconnected facility is listed on Attachment 1 to the DEK Application in this case.
 - iii. Is a Duke Energy entity served (or to be served) through that interconnection point and, if so, which Duke Energy entity?
 - d. To the extent not already done in response to subparts (a) or (c), identify which of the transmission facilities listed on Attachment 1 to the Duke Energy Kentucky application are DEK transmission assets.

RESPONSE:

a. (i.)A

b. 1

- Mt. Zion – Boone (referred to as Buggington-Boone). – Duke Energy Ohio owns the Duke facilities associated with this interconnection point.
- Hebron Interconnection Point – Duke Energy Ohio owns the transmission facilities to which the new EKPC owned transmission substation will be connected.
- Webster Road Interconnection Point – Duke Energy Ohio owns the transmission facilities to which this new EKPC transmission substation will be connected.

a. (ii)2

- Mount Zion - Boone is listed on page 64-15 of Attachment 1 (Buffington - Boone). Webster Road and Hebron (EKPC) are not listed. They are not yet constructed.

b.B

- Objection. This Document Request seeks to elicit information regarding MTEP that is already within the possession of the Midwest ISO and thus must be construed as harassing in nature. Without waiving said objection, none of the facilities are in the PJM RTEPP. The Hebron and Webster Road facilities are listed in the MISO MTEP, as projects 2871, and 2867, respectively. These facilities are being paid for by EKPC.

c.(i)

- The Mount Zion – Boone Interconnection is between Duke Energy Ohio's Mt. Zion Station, and EKPC's Boone Station.
- EKPC's Hebron Transmission Station will be connected to Duke Energy Ohio's Miami Fort to Crescent circuit.
- EKPC's Webster Road Station will be connected to Duke Energy Ohio's Silver Grove – Kenton – Hands- Buffington circuit.

c(ii)2

- Mt Zion – Boone is listed on page 64-15 of Attachment 1. This interconnection is not for the purpose of serving Duke Energy Kentucky load.
- Miami Fort to Crescent is listed on page 64-15 of Attachment 1. Hebron is not for the purpose of serving Duke Energy Kentucky load.
- Silver Grove – Buffington is listed on page 64-15 of Attachment 1, and is not for the purpose of serving Duke Energy Kentucky load.

c(iii) Transmission Interconnections with East Kentucky Power Cooperative are associated with Duke Energy Ohio Transmission, and are for the purpose of strengthening the interconnected transmission systems of EKP, and Duke Energy

Ohio. Duke Energy Kentucky does have a delivery point at Longbranch, which is a radial feed on the EKP side of the "Mount Zion -- Boone" interconnection point. The transmission interconnection, originally known as Buffington -- Boone, and now known as Mt. Zion -- Boone, predates the delivery point, at Longbranch, by a number of years, and was not created for the purpose of delivering power to a specific load delivery point.

d. The following assets listed on Attachment 1 are Duke Energy Kentucky owned facilities:

From page 20-6 – Augustine, Belleview, Cold Spring

From Page 21-7 – Constance, Crescent, Dayton, Donaldson, Florence, Hands, Hebron, Kenton, Kentucky University, LaFarge, Longbranch, and Silver Grove

PERSON RESPONSIBLE: Ron Snead

Objection as to (bB) – Legal

Duke Energy Kentucky
Case No. 2010-00203
MISO Second Set Data Request
Date Received: October 13, 2010

REVISED MISO-DR-02-012

REQUEST:

12. *With respect to DEK's East Bend Generating Station, which Swez (p.9 ll.11-15) describes as currently "operated fully" by DEK, jointly-owned with PJM member Dayton Power and Light Company (DP&L), and receiving signals from both the Midwest ISO and PJM:*
 - a. *Is East Bend presently attached to and dependent on transmission facilities jointly-owned by Duke Energy Ohio, DP&L, and AEP? If so, identify the relevant facilities on Attachment 1 to the DEK Application in this case. If not, list the transmission delivery facilities for East Bend and their ownership, and identify those facilities, if any, which are listed on Attachment 1 to the DEK Application.*
 - b. *Is it optional for East Bend to now be "in" both PJM and the Midwest ISO, or is it required?*
 - i. *On what does that option or requirement depend (e.g., the split of its ownership between Midwest ISO and PJM members, the split membership of the owners of the attached transmission facilities, etc.)?*
 - ii. *How does that option or requirement change (if at all) if Duke Energy Ohio realigns with PJM? Explain.*
 - iii. *How does that option or requirement change (if at all) if DEK realigns with PJM? Explain.*
 - c. *Is East Bend presently pseudo-tied to either PJM or the Midwest ISO? Explain.*
 - d. *Is East Bend split between PJM and the Midwest ISO, or is it "in" each RTO to a variable and possibly overlapping amount?*

- e. *How is the load associated with East Bend now treated? Is it "in" PJM and the Midwest ISO in proportion to its ownership or some other fixed factor?*

RESPONSE:

- a. East Bend Station is connected to the Tanner's Creek to East Bend Circuit, and the East Bend to Terminal Circuit. Both of these circuits are listed on page 61-13 of Attachment 1. Duke Energy Ohio is the sole owner of these circuits.
- b. Duke Energy Kentucky's ownership share of East Bend is a Designated Network Resource in MISO and Dayton Power & Light's (DPL) share of East Bend is a capacity resource in PJM. In order for the separate shares to fulfill the obligations of a DNR, they are required to be modeled in only one market (presently, the DPL share must remain in PJM, and the Duke Energy Kentucky share in MISO).
- b (i)e. As stated in item "b," the requirement for East Bend Unit 2 to be in both MISO and PJM is related to the designation of separate ownership shares as capacity resources in each RTO.
- b (ii)d.——The realignment of Duke Energy Ohio and Duke Energy Kentucky to PJM will result in East Bend Unit 2 being modeled as directly connected to PJM.
- b (iii)e. See response to b(ii)d.
- c.f. DPL's ownership share of East Bend is currently pseudo tied to PJM. This arrangement is required in order to facilitate operations, and comply with NERC Standards. Duke Energy Kentucky is the party that is responsible for the operation of these assets (i.e., East Bend is within the metered boundaries of Duke's system and by definition the Midwest ISO).
- d.g. Currently, East Bend is split between MISO and PJM markets. While the physical unit is located within the metered boundaries of the Midwest ISO, DPL's share of East Bend Unit 2 is modeled as a discreet generating unit in PJM. Duke Energy Kentucky's share is modeled as a discreet unit by MISO. Each of the RTOs can use only that part of the unit that is in their model. Overlapping, in this context, would seem analogous to double counting energy, or capacity. This would be a violation of NERC Standards. Duke Energy does not double count capacity or energy. We also are extremely confident that DPL, MISO and PJM do not double count. Duke Energy Kentucky believes each of these parties to have a strong culture of compliance.

ch. Auxiliary load associated with East Bend is allocated to each of the joint owners, on an ownership share basis. This means the auxillary load is in the RTOs on an ownership share basis as well.

PERSON RESPONSIBLE: Ron Snead (a, cf, dg)
G.R. Burner (b, b(i)e, (ii)d, b(iii)e, ch)