

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY,)	
INC. FOR AUTHORIZATION TO ENTER INTO A)	CASE NO.
TRANSACTION AND AGREEMENT WITH AN)	2014-00287
AFFILIATE OR IN THE ALTERNATIVE,)	
APPROVAL OF DEVIATIONS FROM THE)	
REQUIREMENTS OF KRS 278.2207 AND KRS)	
278.2213(6))	

COMMISSION STAFF'S FIRST 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 nine copies of the following information, with a copy to all parties of record. The information requested herein is due on or before September 30, 2014. 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 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 requests 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 page 7 of the application, paragraph 16, which states that “during the period under which the proposed Amended and Restated Agreement is in effect and Duke Energy Miami Fort remains an affiliate of Duke Energy Kentucky, the pricing of the services provided by Duke Energy Miami Fort pursuant to the proposed Amended and Restated Agreement satisfies and complies with the provision of KRS 278.2207(1)(b).”

a. State whether it is anticipated that Duke Energy Miami Fort could become unaffiliated with Duke Kentucky but still remain the operator of Miami Fort Unit 6 (“MF6”).

b. Given that the existing Miami Fort Unit 6 Operation Agreement does not identify Duke Energy Miami Fort as the operator of MF6, confirm (1) that Duke Energy Miami Fort is the current operator of MF6 with evidence of its assignment to The Cincinnati Gas & Electric Company and (2) that there are no differences in pricing or services (outside of the Retirement Period Services included in the Amended and Restated Miami Fort Unit 6 Operation Agreement (“Amended Operation Agreement”))

between the current operating agreement and the Amended Operation Agreement. If this cannot be confirmed, provide details of the differences.

2. Refer to paragraph 11 on page 5 of the Application regarding the potential sale of Miami Fort Unit 7 ("MF7") and Miami Fort Unit 8 ("MF8") "to an unaffiliated third party or parties in the foreseeable future."

a. Explain whether Duke Energy Commercial Asset Management has found a potential purchaser for MF7 and MF8.

b. If the answer to 2.a. is yes, state whether an agreement has been reached whereby the purchaser would assume the proposed Amended Operation Agreement.

(1) If an agreement has been reached, provide a copy of that agreement.

(2) If an agreement has not yet been reached, state when Duke Energy Commercial Asset Management anticipates an agreement will be reached regarding the operational responsibilities of MF6 and whether it is still anticipated that the proposed Amended Operation Agreement will be assumed by the purchaser.

3. Paragraph 16 on page 7 of the application states, "The price to be paid by the Company for Duke Energy Miami Fort's services match Duke Energy Miami Fort's fully distributed cost, and there is no reason to believe that the price to be paid will be greater than market." Explain the basis for the latter part of the statement.

4. Refer to footnotes 28 and 29 on page 7 of the Application which reference the scenario of Duke Energy Miami Fort's being purchased by an unaffiliated third party. The footnotes state in such case, it is anticipated that the unaffiliated third party

assuming the responsibilities of the Amended Operation Agreement would require an additional fee or return. State whether Section 7.5 of the Amended Operation Agreement was included to address this possibility and whether the term "Fee" as defined on page 4 of the Amended Operation Agreement is the fee referenced in footnotes 28 and 29. If so, explain the rationale for the establishment of such a fee when an unaffiliated third-party operator has not yet been identified.



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40601

DATED SEP 16 2014

cc: Parties of Record

David S Samford
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504