



DUKE ENERGY CORPORATION

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VIA OVERNIGHT DELIVERY

March 29, 2011

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

RECEIVED

MAR 30 2011

PUBLIC SERVICE
COMMISSION

Re: Application of Duke Energy Kentucky, Inc. for Approval of a New Green Power
Pilot Program (Duke Energy's GoGreen Kentucky)
Case No. 2009-00408

Dear Mr. Derouen:

Pursuant to the Commission's February 5, 2010 Order, enclosed please find *Duke Energy Kentucky, Inc.'s GoGreen Power and Carbon Offset Annual Informational Filing* for the Calendar Year 2010.

Please date-stamp the extra two copies and return to me in the enclosed envelope.

Sincerely,

Kristen Cocanougher

cc: Larry Cook (w/enclosures)

COMMONWEALTH OF KENTUCKY
BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

DUKE ENERGY KENTUCKY, INC
GOGREEN POWER AND CARBON OFFSET
ANNUAL INFORMATIONAL FILING
CALENDAR YEAR 2010

I. Introduction

On February 5, 2010, the Kentucky Public Service Commission (Commission) issued its Order in Case No. 2009-00408 approving the Application of Duke Energy Kentucky, Inc., (Duke Energy Kentucky) to implement a new Green Power Pilot Program, GoGreen Kentucky. GoGreen Kentucky is a voluntary program that enables customers to manage their own carbon footprints by being able to designate a monthly kWh purchase level for green power and/ or carbon offsets. GoGreen Kentucky provides customers an opportunity to purchase 100 kWh blocks of green energy at \$2.00/ block, with a minimum of 2 blocks. Customers are also afforded an opportunity to purchase carbon offset blocks, representing a 500-pound reduction in CO₂ at a price of \$4.00 per block.

GoGreen Kentucky is a pilot program approved for implementation through December 31, 2012 subject to several commitments. For example, Duke Energy Kentucky is required to seek Commission approval for any changes to the pricing and/ or sizing of blocks of either the Renewable Energy Credits (RECs) or carbon offsets. Duke Energy Kentucky does not anticipate a need for any adjustments for calendar year 2011 at this time.

As a further condition to approval, Duke Energy Kentucky committed to provide this Commission with an annual report relating to the GoGreen Kentucky program that will provide at a minimum: 1) the number of program participants; 2) the total number of RECS and carbon offsets subscribed to by participants; 3) the expenditures for education and promotion of the program; 4) the expenditures for research (customer satisfaction and

experience); 5) the actual costs of the RECs and carbon offsets; and 6) administrative costs.¹

In accordance with the Commission’s February 5, 2010 Order, Duke Energy Kentucky respectfully submits its annual informational filing for the 2010 calendar year. Duke Energy Kentucky is pleased to report that its voluntary Go Green Kentucky program is off to a good start, having exceeded participation levels of its prior green power tariff offering.

II. 2010 Annual Report

A. *Go Green*

1. **Number of active *Go Green* Residential customers by month:**

2010	Total Customers
July	21
August	23
September	23
October	24
November	36
December	43

2. **Number of Residential blocks of *Go Green* RECs sold per month:**

2010	Monthly Blocks	Total Cumulative Blocks
July	67	67
August	79	146
September	80	226
October	84	310
November	123	433
December	141	574

***Note:** One Block = 100 kWh or one tenth of a REC.

¹ Duke Energy Kentucky is required to notify the Commission of the Company’s plans for the program in writing no less than 90 days prior to the program expiration.

3. **Go Green revenues billed:**
\$918.00
4. **REC expense: N/A**
As the program has begun to accumulate funds, we are purchasing wind Green – e certified RECS in January 2011 to true-up for the launch year and sustain contributions through the first half of 2011.
5. **GoGreen Marketing Costs (education and promotion) by major category:**
Campaign Promotion costs:
Bill inserts - \$150
State landing page banner ads– no cost
Opt in Email promotion – no cost
Web page design – no cost
Portal article – no cost

Administrative costs: Labor and call center costs: \$13,915
6. **GoGreen Summary of program activities (customer satisfaction and experience), results and observations:**
The program was introduced to customers July, 2010. Duke Energy employees were introduced through a Web portal article. Bill inserts were sent to all Kentucky residential customers. An Opt-in email promoted both GoGreen and Carbon Offset programs and went to approximately 4,500 customers. Banner ads were displayed on the Kentucky Web landing page. All marketing material directed customers to the new Duke Energy GoGreen Kentucky Web page to learn more or subscribe.

Customers will receive an update on the program via semi-annual thank you letters. The schedule for mailing to subscribers is first quarter 2011 for activity third and fourth quarter 2010 and third quarter 2011 for activity first and second quarter 2011.
7. **Description of contractual arrangements with large commercial and industrial Green Power:**
There were no contractual arrangements made with large customers during 2010.
8. **Green Power generated and delivered as of December 31, 2010:**
From July through December 31, 2010, approximately 57,400 kWh of Green Power was supported and delivered as a result of cumulative blocks purchased through RECs.
9. **Calculation of CO₂ offsets from blocks of Green Power as of December 31, 2010:**
From July through December 31, 2010, the Company estimates the program led to CO₂ offsets of 54 tons.

11. **Suppliers of REC purchase:** Regional Green – e certified wind RECs
12. **Quantity of REC purchase:** 1,000
13. **Actual costs of Go Green RECs for reporting period:**
.65 per wind REC
14. **Estimated sales in the future period, in kWh for *Go Green*:**
2011 Estimates: 3,000 blocks per year
15. **Forecasted costs of RECs per kWh, including those in inventory:**
REC cost: \$.65 /Wind REC

B. Carbon Offset Program

1. Number of active Residential Carbon Offset customers by month:

2010	Total Customers
July	3
August	3
September	5
October	6
November	7
December	7

2. Number of blocks of Residential Carbon Credits sold per month:

2010	Monthly Blocks	Total Cumulative Blocks
July	6	6
August	6	12
September	8	20
October	9	29
November	14	43
December	14	57

***Note:** One Block = 500 lbs of carbon

3. Carbon Offset contributions billed for 2010:
\$176

4. **Marketing Costs (education and promotion) by major category**

Campaign promotion costs:

Press release – no cost

Bill message – no cost

Duke portal article – no cost

Duke Landing page banner ads – no cost

Duke Twitter feeds and Opt in Email – no cost

Microsite design, creative and professional fees, launch event: \$37,288

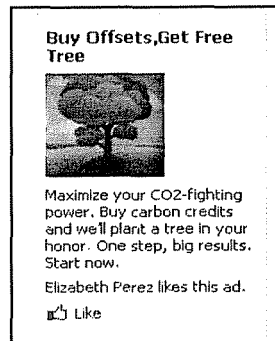
Administrative costs:

Labor and call center costs: \$13,915

5. **Summary of Carbon Offset program activities (customer satisfaction and experience), results and observations:**

For the first year of this program in Kentucky, Duke Energy Kentucky promoted Carbon Offsets with online campaign, bill messages, and a media release. Duke Energy Kentucky partnered with the Arbor Day Foundation to plant a tree for every new enrollment into the Carbon Offset program. A launch event was held at Turkeyfoot middle school in Kentucky and students helped to plant 20 trees at the school campus and participated in an educational contest for calculating carbon footprints. This was a successful launch event which earned several media and news stories.

The Company also ran banner ads from the Duke Energy Web site and Facebook which directed traffic to: www.balanceyourequation.com



Facebook ad

*From July to December 31, 2010, we estimate the enrollments led to CO₂ offsets of 28,500 lbs of Carbon or 14.25 tons.

6. **Description of contractual arrangements with large commercial and industrial Green Power and Carbon Credit customers:**

There were no contractual arrangements with large customers in 2010.

7. **Carbon offset project location:** Midwest region landfill gas.

8. **Suppliers of Carbon Credits purchase:** Element Markets LLC, Houston, Texas.

9. **Quantity of Carbon Credits purchase:** 1,000 tons at \$6 per metric ton.
10. **Estimated sales in the future period, pounds of carbon:**
2011 Carbon Offset Estimates: 500 blocks or 250,000 lbs per year
11. **Forecasted costs of Carbon Offsets per 500 pound carbon offset block:**
Carbon Credit cost: \$6 per metric ton

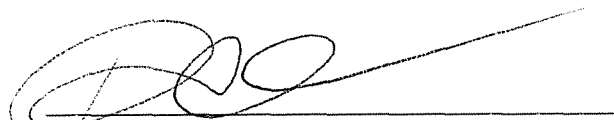
CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing filing was served on the following, via overnight mail, this 29 day of March, 2011:

Larry Cook, Assistant Attorney General
The Kentucky Office of the Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40602-2000

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.



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