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MAR 28 2013

PUBLIC SERVICE  
COMMISSION

March 27, 2013

**VIA OVERNIGHT DELIVERY**

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

**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 2012.

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

Should you have any questions, please do not hesitate to contact me.

Very truly yours,

E. Minna Rolfes  
Paralegal to Rocco D'Ascenzo

EMR  
Enclosures

cc: Larry Cook (w/enclosures)

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION**

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**DUKE ENERGY KENTUCKY, INC**  
**GOGREEN POWER AND CARBON OFFSET**  
**ANNUAL INFORMATIONAL FILING**  
**CALENDAR YEAR 2012**

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## 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 CO<sub>2</sub> at a price of \$4.00 per block.

GoGreen Kentucky was approved as a pilot program approved for implementation through December 31, 2012 subject to several commitments. For example, Duke Energy Kentucky was 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.

On October 2, 2012, in Case No. 2012-00455, Duke Energy Kentucky filed its application to continue its GoGreen Kentucky Program as a permanent voluntary service offering to customer but with some modification, including but not limited to reducing the price of the service. On or about December 14, 2012, the Commission approved Duke Energy Kentucky's application, including amending the price/block of green energy to \$1.00/block, permitting participation among non-residential customers, and to discontinue Carbon Offsets in calendar year 2012.

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.<sup>1</sup>

In accordance with the Commission’s February 5, 2010 Order in Case No. 2009-00408, and consistent with the Commission’s December 14, 2012 Order in Case No. 2012-00455, Duke Energy Kentucky respectfully submits its annual informational filing for the 2012 calendar year.

II. 2012 Annual Report

A. Go Green

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

2012	Total Customers
January	83
February	88
March	88
April	93
May	99
June	103
July	101
August	100
September	105
October	112
November	113
December	114

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

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<sup>1</sup> 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.

2012	Monthly Blocks	Total Cumulative Blocks
January	303	303
February	317	620
March	316	936
April	330	1,266
May	356	1,622
June	366	1,988
July	362	2,350
August	359	2,709
September	375	3,084
October	391	3,475
November	397	3,872
December	399	4,271

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

3. *Go Green* revenues billed: \$7,748
4. REC expense:  
2012: REC Acquisition Cost of \$800 for 1,000 Wind RECs
5. *GoGreen* Marketing Costs by major category:  
Campaign Promotion & Distribution Costs: \$10,928
  - Bill inserts and messages – April and May
  - Duke Energy Kentucky Web Site Landing page banner ads
  - Duke Energy Kentucky Online services promotional ads
  - Duke website Green Power Educational video
  - Electronic Quarterly Newsletters – for subscribers
  - Opt-in Email green power stand alone promotion
  - Email “In the Know” promotion
  - Customer Thank You letter - subscriber update twice a year
  - Welcome kits and decals – for new subscribers

Administrative costs: Labor and call center costs: \$7,951

6. *GoGreen* Summary of program activities, results and observations:

In 2012, *GoGreen* Kentucky had 51 new residential enrollments, far exceeding goal, with a growth of 37% in total month end customers for the year. Revenues billed were \$7,748.

Customers subscribing to the program received an update on the program via semi-annual Thank You letters in March and September. “Refer a Friend” cards were placed within this 6 Month *GoGreen* Customer Thank You letter. For new customers, welcome letter packets including recognition badge decals were distributed.

Several new initiatives began. Opt-in emails were sent to customers who indicated they would like to receive green promotions – open rates were good but click through rates were low, indicating a need for different content. Duke energy bills contained inserts and messages soliciting customers. Current customers received quarterly e-newsletters discussing renewable energy, benefits of the program, and provided an opportunity for customer feedback. A green power educational video was produced to reach new customers by explaining benefits of the program and how it works. Website updates for content and graphics were also completed.

Throughout the year, Duke Energy Kentucky utilized effective low cost channels and customers were directed to the Duke Energy GoGreen Kentucky Web page to learn more, view the video or subscribe.

- Bill inserts and messages - April and May
- State landing page banner ads – March and May-Dec
- “In The Know” email to educate and acquire customers - April
- Online Services promotional ads – March and May-Dec

Campaign activity was focused in April for Earth month and in the Fall.

7. Description of contractual arrangements with large commercial and industrial Green Power:  
There were no contractual arrangements with large customers in 2012.
8. Green Power generated and delivered as of Dec. 31 2012:  
From January through December 31, 2012, approximately 427,100 kWh of Green Power was supported and delivered as a result of cumulative blocks purchased through RECs.  
Since 2010, 749 MWH have been supported.
9. Calculation of CO<sub>2</sub> offsets from blocks of Green Power as of Dec. 31, 2012:  
Since July 2010, the Company estimates the program has led to CO<sub>2</sub> offsets of 705 tons.
10. Suppliers of REC purchase: Regional Green –e certified wind RECs
11. Quantity of REC purchase: 1,000
12. Actual costs of Go Green RECs for reporting period: \$.80 per REC
13. Estimated sales in the future period, in kWh for *Go Green*:  
2013 Estimates: 4,788 total blocks

14. Forecasted costs of RECs per kWh, including those in inventory:  
REC cost: \$.50 - \$1.00

B. Carbon Offset Program

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

2012	Monthly Customers
January	7
February	7
March	7
April	6
May	6
June	6
July	6
August	6
September	6
October	6
November	5
December	5

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

2012	Monthly Blocks	Total Cumulative Blocks
January	14	14
February	14	28
March	14	42
April	13	55
May	13	68
June	13	81
July	13	94
August	13	107
September	13	120
October	13	133
November	11	144
December	11	155

\*Note: One Block = 500 lbs of carbon

3. Carbon Offset contributions billed for 2012: \$560

4. Marketing Costs (education and promotion) by major category  
Campaign promotion costs: \$7,825
  - Duke Landing page banner ads
  - Micro site maintenance, hosting and professional feesAdministrative costs: Labor and call center costs: \$7,325
  
5. Summary of Carbon Offset program activities (customer satisfaction and experience), results and observations:  
Duke Energy Kentucky promoted Carbon Offsets with low cost online channels including banner ads and online services ads. Online channels directed traffic to: [www.balanceyourequation.com](http://www.balanceyourequation.com)  
\*From January to December 31, 2012, we estimate the enrollments led to CO<sub>2</sub> offsets of 77,500 lbs of Carbon or 38.75 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 2012.
  
7. Carbon offset project location: Midwest region landfill gas.
  
8. Suppliers of Carbon Credits purchase: Element Markets LLC
  
9. Quantity of Carbon Credits purchase: No additional carbon credit purchases were needed in 2012.
  
10. Estimated sales in the future period, pounds of carbon:  
2012 Carbon Offset Estimates: Less than 50 blocks (program closing)
  
11. Forecasted costs of Carbon Offsets per 500 pound carbon offset block: \$6 per ton or \$1.50 per block (in inventory)



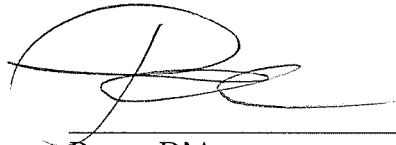
**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that copies of the GoGreen Rider Annual Informational Filing was delivered or mailed, postage prepaid, in the United States Mail, this 29<sup>th</sup> day of March, 2013 to the following:

Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602-0615

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.



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