

**KyPSC Staff First Set Data Requests**  
**ULH&P Case No. 2006-00144**  
**Date Received: April 27, 2006**  
**Response Due Date: May 08, 2006**

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**KyPSC-DR-01-001**

**PUBLIC SERVICE  
COMMISSION**

**REQUEST:**

1. Is Duke proposing to discontinue its comparison tracking if its proposal to continue monthly Gas Cost Adjustment ("GCA") filings is approved?

**RESPONSE:**

If the filing is approved, Duke Energy Kentucky proposes to discontinue its comparison tracking, since such data would most likely not be required for future filings. In the event that additional analysis is required at some point in the future, quarterly filing data could be derived from the monthly filings. If the Commission wants the Company to continue the comparison tracking, the Company is willing and able to do so.

**WITNESS RESPONSIBLE: Jeff Kern**

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**KyPSC-DR-01-002**

**REQUEST:**

2. Refer to page 3 of the application.
  - a. Duke states that both the natural gas commodity and storage prices in the expected gas cost ("EGC") reflect current New York Mercantile Exchange ("NYMEX") prices. Explain whether the use of a current price for storage gas reflects how Duke prices the volumes injected into storage or if Duke will use current pricing for the gas it withdraws from storage for a given month.
  - b. Duke states that it will make appropriate adjustments to the EGC if the NYMEX price does not appear to be representative of the upcoming month's price. Explain how Duke determines that the price is not representative and how it determines the adjusted price when the NYMEX price is not used.

**RESPONSE:**

- a. Current NYMEX prices will be used to include storage injections in the weighted average commodity cost of gas portion of the EGC. Storage withdrawals will be priced out at the current inventory price of gas in storage
- b. During the pilot program, Duke Energy Kentucky used the NYMEX price for all monthly filed GCAs. Duke Energy Kentucky does not anticipate deviating from the NYMEX price except in very rare occurrences. If information becomes available after NYMEX closes for the day, but before the GCA is filed, Duke Energy Kentucky may incorporate this information into the estimated commodity portion of the EGC. Examples of incorporating information into the estimated commodity portion of the EGC would be if a hurricane changes course or intensity in such away as to alter its threat to Gulf production, or if after hours trading indicated a large shift in futures pricing.

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**KyPSC-DR-01-003**

**REQUEST:**

3. Refer to page 1 of Attachment A. Duke states that it calculates its Actual Adjustment ("AA") based on the difference between the per unit booked cost of gas and the EGC in effect for that month. A review of Duke's AA calculation in its GCA filings shows that it does not use the EGC approved by the Commission for the months involved in the AA calculation. Explain further how Duke develops the EGC used in its AA calculation.

**RESPONSE:**

All of the current monthly usage is billed at the Commission- approved EGC for the current month but within any given month there are prior month adjustments that are billed. These prior month adjustments represent cancel/re-bills, revenue recovery bills and billing adjustments. Any adjustments are billed at the EGC that was in place for the month when the usage occurred.

The total EGC revenue for the month, including EGC revenue for any adjustments, is divided by the total jurisdictional billed usage, including usage associated with any adjustments. This results in a weighted average EGC for the month which is slightly different than the filed EGC for that month. This weighted average EGC is representative of the total EGC revenue billed and is compared to the total purchased gas costs for the month to determine the "Actual Adjustment" amount. This process has been consistent since the inception of the GCA for Duke Energy Kentucky.

**WITNESS RESPONSIBLE:** Jeff Kern