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Mark David Goss
Chairman

John W. Clay
Vice Chairman

Caroline Pitt Clark
Commissioner

March 25, 2008

RE: Case No. 2007-00369

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Stumbo".

Stephanie Stumbo
Executive Director

SS/rs
Enclosure



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1024 Capital Center Drive
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Frankfort, KY 40601-8204

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ANNUAL COST RECOVERY FILING)
FOR DEMAND SIDE MANAGEMENT BY) CASE NO. 2007-00369
DUKE ENERGY KENTUCKY, INC.)

O R D E R

On November 15, 2007, Duke Energy Kentucky, Inc. ("Duke") filed an application for authority to continue two previously approved Demand-Side Management ("DSM") programs and to adjust its 2007 DSM Cost Recovery Riders.¹ The Attorney General ("AG") was granted intervention and a procedural schedule was established allowing for one round of discovery, which has been completed.

On February 11, 2008, Duke filed a motion to amend its DSM application to re-institute its HEA Program² for a 3-year period, from 2008 through 2010, to be administered under the umbrella of its existing WinterCare program. By Order dated February 25, 2008, the Commission granted Duke's motion to amend its DSM application to include a request to re-institute an HEA Program, suspended the effective date of the HEA Program, and revised the procedural schedule to allow an additional round of discovery with respect to Duke's proposed HEA Program. This additional round of discovery is now complete.

¹ The two previously approved DSM programs are the Power Management Program and the Personalized Energy Report Program.

² Duke's 1-year pilot HEA Program had been approved by the Commission in Case No. 2005-00402, The Annual Cost Recovery Filing for Demand Side Management by The Union Light, Heat and Power Company (Ky. PSC January 31, 2006).

Duke and the AG have filed a joint motion to bifurcate Duke's request to re-institute an HEA Program from the remainder of its DSM application and requested a new docket number to further consider the re-institution of the HEA Program.

Based on the parties agreement to bifurcate Duke's HEA Program application from the remainder of its DSM application, the Commission finds that request to be reasonable and a docket number shall be assigned to the HEA Program application. The Commission notes, however, that the existing procedural schedule for Duke's original DSM application provides for comments to be filed by March 24, 2008, after which this case will stand submitted for a decision. Consequently, bifurcating the HEA Program may actually delay, rather than expedite, a decision thereon. While the Commission strongly believes that the implementation of an HEA Program should not be unnecessarily delayed, we will in this instance respect the parties joint request which will allow for a full and complete investigation of Duke's proposed HEA Program.

In addition, the Commission notes that the proposed HEA Program includes adjustments to Duke's DSM cost recovery riders and these adjustments will increase the total rates charged to its residential customers for gas and electric service. Therefore, Duke should provide notice, as prescribed in 807 KAR 5:011, Section 8, of the proposed rate increases to its customers. While 807 KAR 5:011, Section 8, requires that notice be given on or before an application is filed, the Commission is authorized to grant a deviation from this regulation for good cause shown.³ Given that Duke was not made aware of a significant shortfall in funding for low-income bill payment assistance in Kentucky until the Northern Kentucky Community Action Commission informed Duke

³ See 807 KAR 5:011, Section 14.

of the situation in January 2008,⁴ the Commission finds that there is good cause to accept the amended application and to require that notice be given within 10 days of the date of this Order.

IT IS THEREFORE ORDERED that:

1. The parties' joint motion to bifurcate Duke's HEA Program application from its DSM application and to assign a separate docket number is granted.

2. Duke's HEA Program application shall be assigned the following docket number and case style: Case No. 2008-00100, Application of Duke Energy Kentucky, Inc. to Re-institute a Home Energy Assistance Program. A separate Order shall be entered establishing Case No. 2008-00100 to investigate Duke's proposed HEA Program, incorporating all relevant HEA Program filings into that new case, and establishing a procedural schedule. All future filings relating to Duke's HEA Program application shall be filed under Case No. 2008-00100.

3. Within 10 days of the date of this Order, Duke shall provide notice of the proposed DSM tariff rider increases to its customers in the manner prescribed in 807 KAR 5:011, Section 8, but Duke is granted a deviation from providing such notice prior to the filing of its amended application.

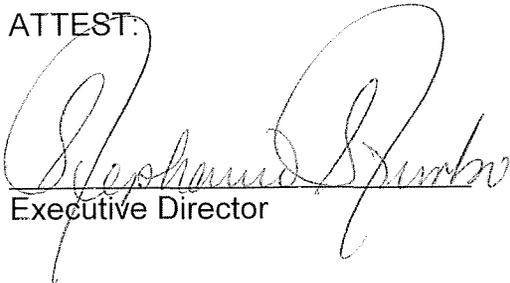
4. At the time notice is given, Duke shall file a duplicate of the notice with the Commission.

⁴ Duke Energy Kentucky, Inc.'s Responses to Commission February 29, 2008 Data Requests, No. 1.

Done at Frankfort, Kentucky, this 25th day of March, 2008.

By the Commission

ATTEST:



Stephanie Spivey
Executive Director