KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-018

REQUEST:

In considering a potential DSM program or renewal energy project, is the avoided cost of capacity included in the cost-benefit analysis relied upon? If yes, please explain the methodology and mechanics for computing this avoided cost. If not, please explain the basis for a program evaluation without such an avoided cost estimate.

RESPONSE:

The avoided cost is not used explicitly when considering renewable projects. Instead, renewable projects are treated as supply-side resources available for consideration in the optimization model, just as conventional supply-side resources such as CTs, CCs, coal units, etc. are. The amount of firm capacity attributed to renewable resources depends on the attributes of the resource (e.g., we use 15% for wind resources). However, in scenarios that include a Renewable Portfolio Standard, the model is forced to add sufficient renewable resources to meet the standard modeled.

For DSM programs, the avoided cost of capacity is included in the benefit-cost analysis. The avoided capacity cost is computed by taking the levelized cost per kW-year for peaking capacity times the level of kW impacts.

WITNESS RESPONSIBLE: Richard G. Stevie / Diane L. Jenner / Theodore E. Schultz

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-019

REQUEST:

Provide the current estimates of Duke Kentucky avoided energy and demand costs, as relied upon in cost-benefit analyses. Provide an estimate of such costs as of 2010; 2015; 2020 (or similar periods if more readily available), consistent with IRP studies. Include summary level analysis sufficient to identify quantification of key variables included in estimates.

RESPONSE:

This information will be provided to any party upon executing a confidentiality agreement.

WITNESS RESPONSIBLE: Richard G. Stevie

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-020

REQUEST:

Consistent with the previous response regarding estimates of avoided energy and demand costs, provide any sensitivity analyses associated with estimates of:

- Carbon tax and/or cap-and-trade impacts
- IGCC carbon recapture
- Other carbon cost effects

RESPONSE:

None available for screening of programs.

WITNESS RESPONSIBLE: Richard G. Stevie

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-021

REQUEST:

Based on comments made in the December 18 interview, Duke is beginning to take carbon costs into account in its planning models and cost-benefit analyses. Please confirm or correct the following information:

- There is a 15-20% PVRR premium for non-carbon to carbon case assumptions.

RESPONSE:

While the cases performed for Duke Energy Indiana indicated premiums in this general range for one CO_2 scenario, until specific runs for the Duke Energy Kentucky 2008 IRP are performed, we do not know what the cost differential specific to Kentucky will be. The numbers cited above should not be assumed to be representative of results for Kentucky. The differential in PVRR between carbon and non-carbon cases is highly dependent on the specific CO_2 tax/allowance price assumptions used in the analysis, as well as the need for additional resources, the cost of those resources, renewable portfolio standard assumptions, etc. No analyses have been performed yet for the 2008 Duke Energy Kentucky IRP which is to be filed on July 1, 2008.

WITNESS RESPONSIBLE: Diane L. Jenner

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-022

REQUEST:

Please provide a summary statement regarding how expectations of GHG restrictions and potential taxes on carbon emissions have impacted analyses associated with the current IRP process.

RESPONSE:

No analyses have been performed yet for the 2008 Duke Energy Kentucky IRP which is to be filed on July 1, 2008. The current plans for performing the analyses include modeling at least one scenario with a CO_2 tax/emission allowance price and a renewable portfolio standard, as was done in the 2007 Duke Energy Indiana and 2007 Duke Energy Carolinas IRPs. However, the CO_2 tax/allowance prices used will probably be updated to reflect whatever our assumptions are at the time the analyses are performed.

WITNESS RESPONSIBLE: John L. Stowell / Diane L. Jenner

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-023

REQUEST:

Based on comments made in the December 18 interview, reference was made to the provision of customer financing for EE and DSM equipment, provided primarily through banks. Please provide an overview of these arrangements, including the number of customers involved, and the amount and terms of such funding.

RESPONSE:

Customer research has indicated that many consumers do not make energy efficiency improvements due to the investment costs of the improvement(s). To address this significant barrier to energy efficiency adoption, Duke Energy is pursuing a concept called Efficiency Savings Plan (ESP).

The ESP concept intends to provide universal access to energy efficiency improvements to all customers, not just those who have adequate disposable income. Research has shown that customers are more likely to make energy efficiency improvement decisions if there are positive savings to their monthly budget when the monthly cost is netted against the monthly savings of improvements. When tested against other financing or payment options, customers have shown a preference for ESP.

Still in the research and development phase, ESP will be developed to provide the lowest possible monthly financing cost for energy efficiency improvements by extending the financing term, providing competitive rates and creating a simple and easy customer experience. Based on customer research completed for ESP, charges are conceived to be applied to the monthly energy bill. In addition, there will be options for a change of residence event (moving) where customers may either pay off the remaining balance or convey the charges to the next homeowner. The program would also include a provision for disconnection (if ESP payments are not paid in a timely manner) in order to remain competitive with secured debt rates. It is intended that third parties will provide unsecured financing to support the program.

WITNESS RESPONSIBLE: Richard G. Stevie / Theodore E. Schultz

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-024

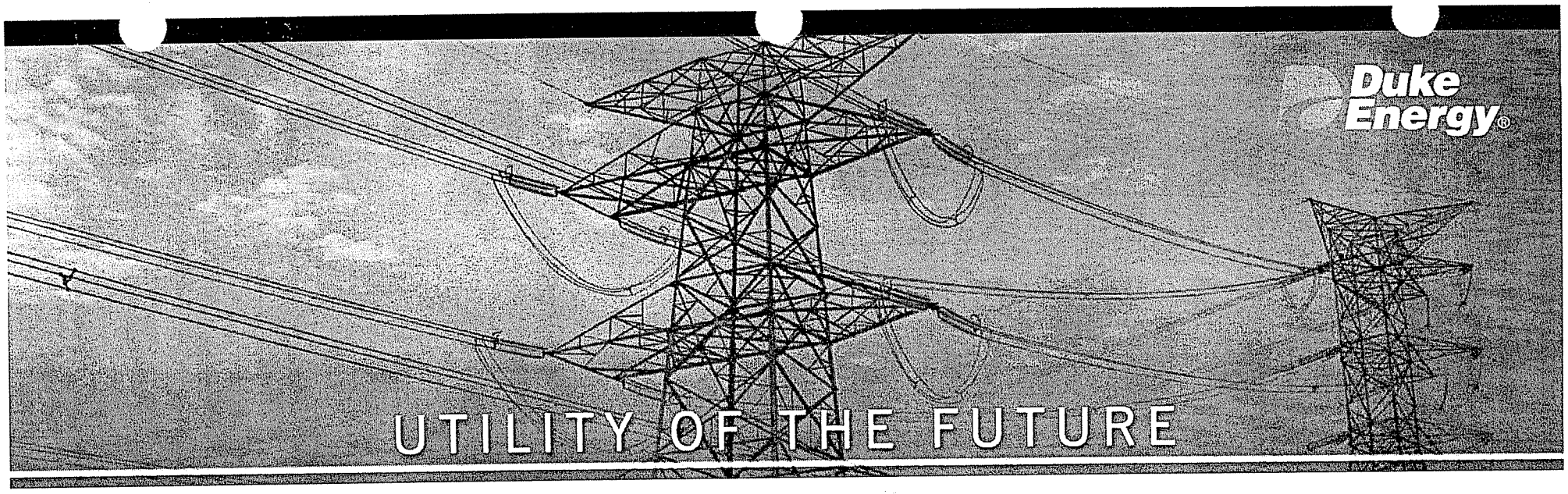
REQUEST:

Based on comments made in the December 18 interview, Duke identified the need for a "Smart-Metering" program to expand EE and DSM program benefits. Please provide any overview and analysis Duke has available regarding costs and benefits of implementation of such a program.

RESPONSE:

See the attached "Utility of the Future" presentation made to the Public Utilities Commission of Ohio Smart Metering Workshop on December 13, 2007. Please note that this presentation only discusses utility costs and utility benefits. Customer and societal benefits would also arise from deploying smart metering or a smart grid system, but such benefits are not specifically addressed in this presentation. Additionally, Duke Energy Kentucky, Inc. is currently deploying a smart metering system.

WITNESS RESPONSIBLE: Matthew W. Smith



Public Utilities Commission of Ohio

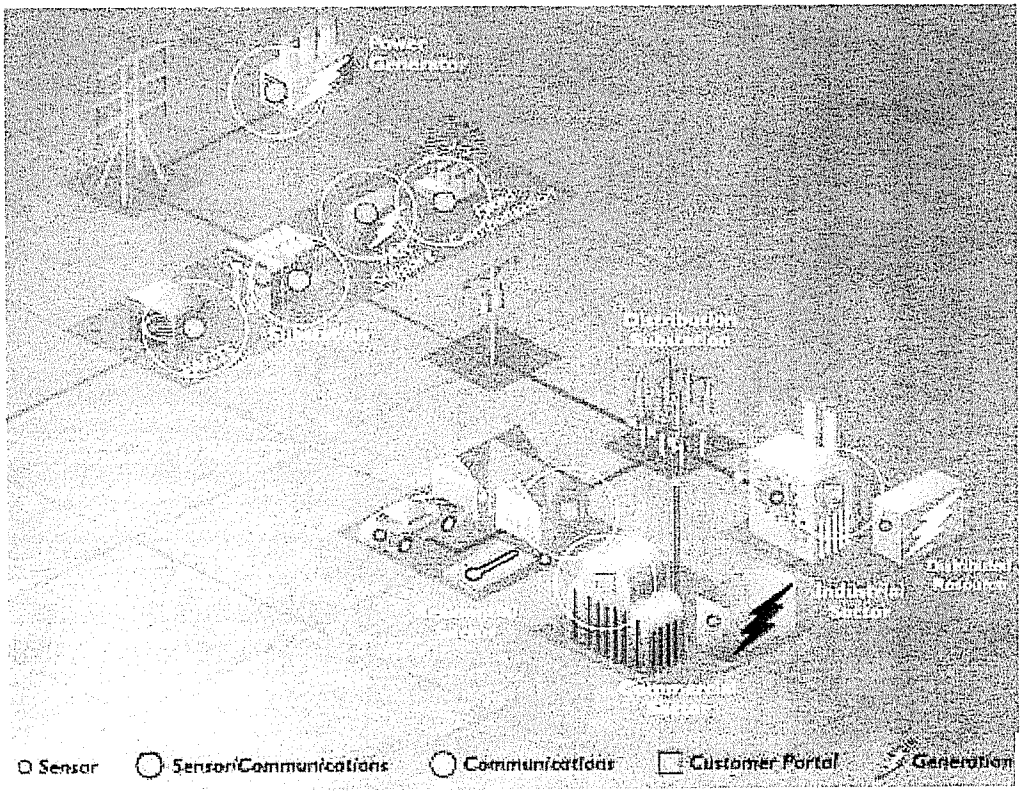
Smart Metering Workshop

December 13, 2007

Duke Energy's Utility of the Future Initiative

Vision

Our vision is to transform the operation of our electric power grid and gas distribution network by creating a networked infrastructure capable of delivering and receiving information from intelligent devices distributed across our power and gas system, automating components of the distribution system and leveraging the network for improved operational efficiencies and customer satisfaction.



Definition

Utility of the Future is a comprehensive improvement to our electric and gas delivery system to provide the right information at the right time to the right places to optimize system performance, increase reliability, reduce outages and outage duration, deliver customer benefits, and extend energy efficiency to the fullest extent possible.

Achieving the Digital Grid Vision with Technology

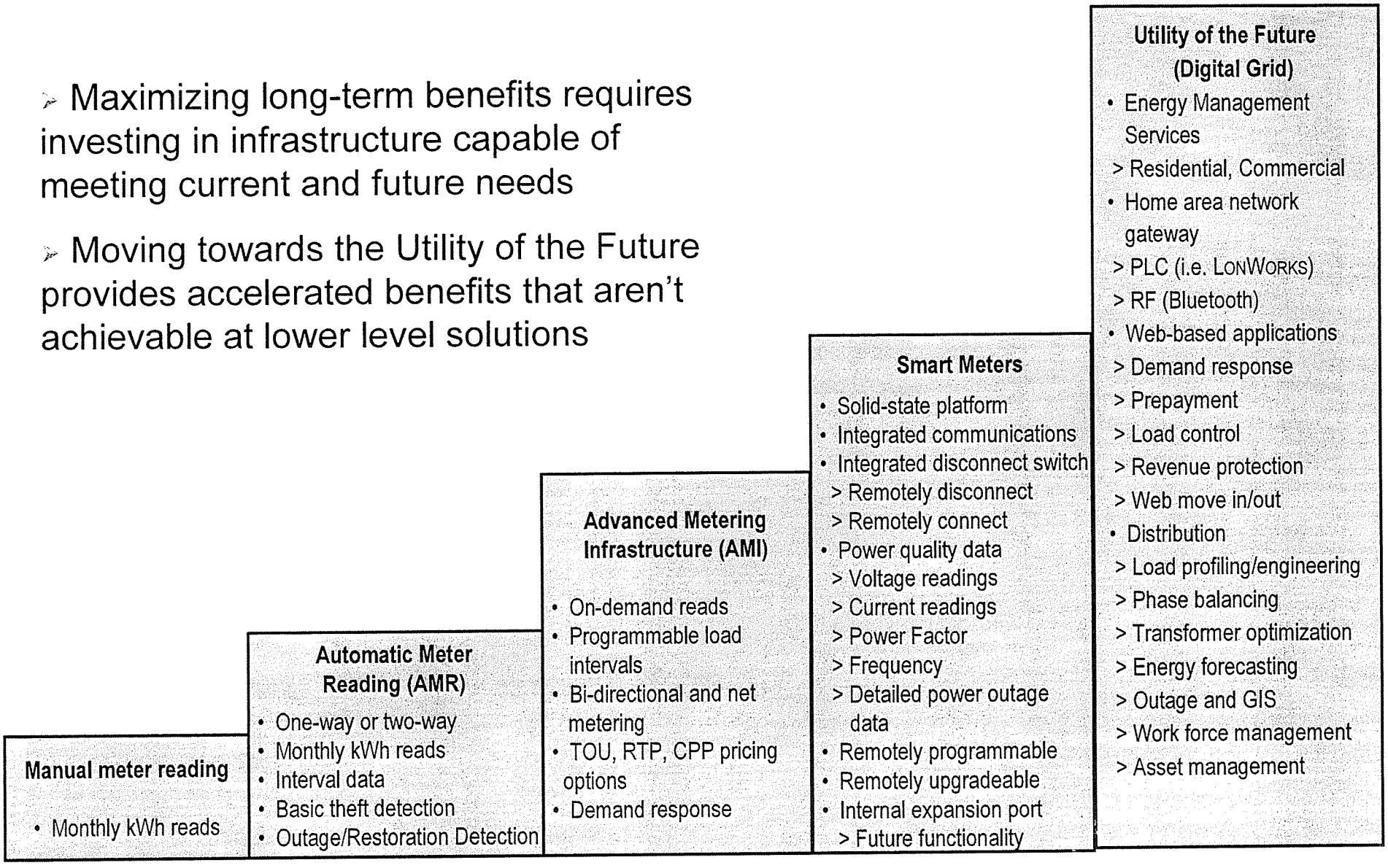
20th Century Grid	21st Century Grid
Electromechanical	Digital
One-way communications (if any)	Two-way communications
Built for centralized generation	Accommodates distributed generation
Radial topology	Network topology
Few sensors	Monitors and sensors throughout
"Blind"	Self-monitoring
Manual restoration	Semi-automated restoration and, eventually, self-healing
Prone to failures and blackouts	Adaptive protection and islanding
Manual equipment inspections	Monitor equipment remotely
Emergency decisions by committee and phone	Decision support systems, predictive reliability
Limited control over power flows	Pervasive control systems
Limited price information	Fully available price signals
Few customer choices	Many customer choices

Consider the following:

- What would it cost to read meters daily?
  - Much larger workforce, equipped with vehicles and readers
- Could service be activated (or terminated) within the same business day?
  - Much larger workforce with vehicles
- Can real-time pricing occur?
  - Need to send a price signal and have meters that can read multiple increments
- In home communications are impossible
  - Infrastructure doesn't exist
- Could prepayment plans be established?
  - Execution of turning on/off very burdensome

Utility of the Future: A Forward-looking Solution

- Maximizing long-term benefits requires investing in infrastructure capable of meeting current and future needs
- Moving towards the Utility of the Future provides accelerated benefits that aren't achievable at lower level solutions



Utility of the Future: Building for Future Needs

Interoperability and open, Internet Protocol based standards

- Helps prevent future stranded costs
- Enables easier deployment of new technologies
- Allows technology adoption without replacement

Technological Obsolescence

- Stranded assets and costs
- Proprietary technology reduces future options
- Incremental investment to build the digital grid vision after implementing AMI is unknown

Enabling the home is an open issue

- Home area networks can exist through the power line or wireless
- Messages from the back office to the home may need several mediums
- Wired and wireless should be available to communicate into the home
- Communicating exclusively through the meter may limit access to the home network

The Benefits of the Digital Grid - Operations

Metering	Reduced meter reading costs, refurbishment, replacement and testing; reduced theft; improved accuracy; fewer unoccupied premises costs; and the ability to diagnose meters remotely
Outage	Improvement in outage detection, duration and repair verification
Direct Load Control	Peak shaving for residential and commercial loads; decreased reserve generation; reduced emissions
Distribution	Reduced capacitor and substation inspection costs; improved VAR management, system voltage control, and continuous voltage monitoring; more accurate asset management; enhanced system fine-tuning
Miscellaneous	Improved call center efficiency; fewer billing exceptions; enhanced safety precautions; more pre-payment billing plans offered; reduced vehicle costs

The Benefits of the Digital Grid - Customers

Point of Service	Introduction of remote initiation, transfer, and termination of service; increased speed of automatic disconnection and reconnection; improvement in restoration speed
Tariff Optionality	Increase in the customer choice for rate plans (e.g., prepaid plans); individualized programs and additional payment conveniences (eCommerce); enable time of use and/or critical peak pricing rate offerings
Energy Services Offerings	Introduction of energy efficiency programs and energy savings for residential and non-residential customers; ability to offer load control initiatives
Service Improvements	Elimination of meter access issues and estimated meter reads; increased power quality; more reliable and better power quality
Additional Benefits	Operational benefits also accrue to customers; societal benefits enabled by infrastructure; increased customer satisfaction; upgrading of antiquated meters and equipment; enhancing safety precautions

The Benefits of the Digital Grid - Societal

Concepts evaluated in the SAIC & EPIC study

- Reduction in peak demand,
- Power quality, reliability, and system availability and capacity improvement due to improved power flow,
- Increased capital investment efficiency due to tighter design limits and optimized use of grid assets,
- Environmental benefits gained by increased asset utilization and reduced peak demand,
- Reduction in restoration time and reduced operations and maintenance due to predictive analytics and self-healing attribute of the grid,
- Other benefits due to self-diagnosing and-self healing,
- Increased safety for employees and customers,
- *Reduction in congestion cost, blackout probability, and forced outages/interruptions,*
- *Increased integration of distributed generation resources and higher capacity utilization, security and tolerance to attacks/natural disasters,*
- *Job creation and increased gross regional product,*
- *Tax savings for the utility from a depreciation increase*

Comparative Financials

SAIC study for EPIC (SDG&E system)

- Annual Societal Benefits: $69.8MM
- Discounted over 20-years and adjusted on a per-meter basis for Duke Energy Ohio's size, it equates to $355MM

ConEdison – New York AMI Filing

- Societal Benefits(15-yr PV): $261MM
- Adjusted for 20-year present value and a per-meter basis for Duke Energy Ohio's size, it equates to $75MM

Legend: Quantified by Duke Energy | Partially quantified by Duke Energy | *Not quantified by Duke Energy*

Duke Energy - Ohio

Duke Energy - Ohio Overview

Number of Meters: 1,216,000

- 456,000 Gas Meters
- 760,000 Electric Meters

- Rollout: 5 year straight line
- Total Cost: $316 – 341 Million
- Cost per Meter: $260 - $280
- NPV: ($55) – ($70) Million
- Project Life Cycle: 20 years

Cincinnati, OH

The Cincinnati deployment will configure meters (Gas and Electric) along with communication systems, both meshed wireless and digital cellular.

Distribution assets will also be connected to the network and back office integration systems. Customers will be connected to an online portal where energy information gathered from the system can be delivered to shape energy usage.

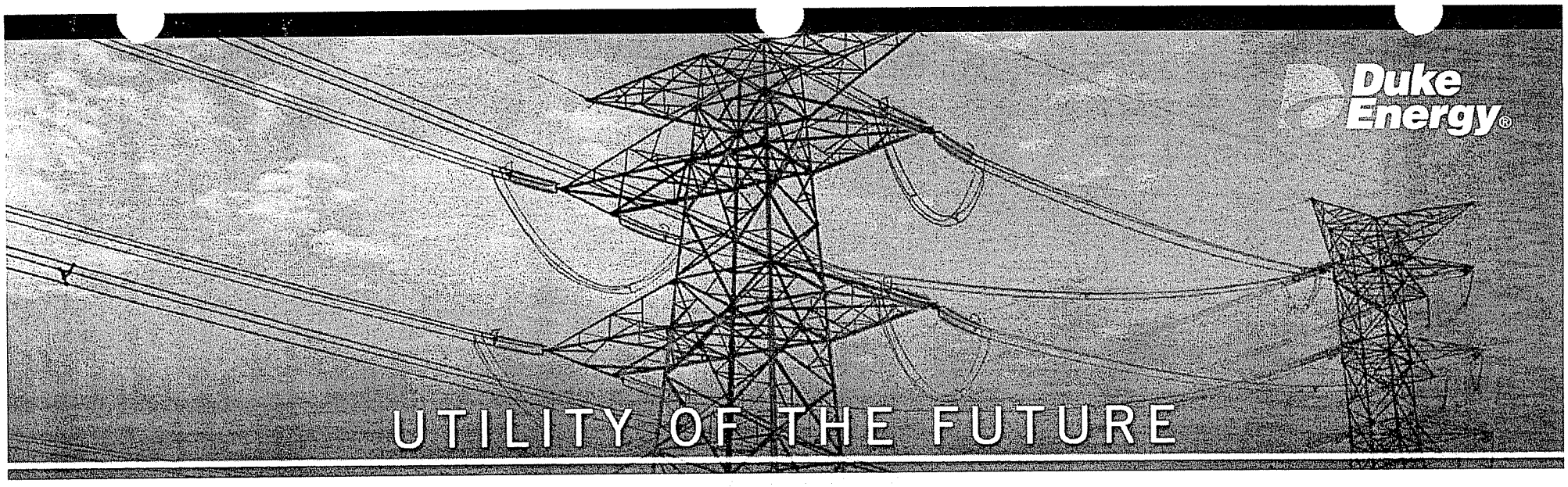
Duke Energy's Utility of the Future Initiative

Investing in infrastructure will benefit customers into the future

Achieving operational, customer and societal benefits requires investment in technology

- Full functionality and benefits of the equipment may not be realized until utility systems and customer behavior evolve

Investment in open, IP based systems will reduce the potential for stranded costs and optimize future technology adoption



Questions?

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-025

REQUEST:

Does the Company currently have tariffs that provide for interruption and/or control of customer loads? If yes, please provide the following information (excluding any customers on Time of Day rates).

Identify customer class, and specific tariff.

Number of customers on each tariff.

2006 and 2007 (as available) statistics on load interruptions – hours, amount of load interrupted, etc.

Estimate of maximum peak load that can be interrupted based on current customers.

RESPONSE:

The Company has a residential direct load control DSM program. There is no tariff for this program. The program has 7,609 participants. Rider PLM, Peak Load Management Program is also available to qualified customers. There are 53 customers using this rider. The Company will supplement the interruption data.

WITNESS RESPONSIBLE: Paul G. Smith

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-026

REQUEST:

Does the company have any customers on Time of Day (Use) rates? If yes, please provide the following information.

Identify customer class, and specific tariff.

Number of customers on each tariff.

Estimate of peak load reduction based on current customer base.

Estimate of annual load reduction based on current customer base.

RESPONSE:

The Company does have customers on two Time of Day (Use) rates. Rate TT, Time-of Day Rate for Service at Transmission Voltage and Rate DT, Time-of-Day Rate for Service at Distribution Voltage. Rate TT has 14 customers. Rate DT has 223 customers.

The Company doesn't have an estimate of the peak or annual load reduction on current customer base.

WITNESS RESPONSIBLE: Paul G. Smith

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-027

REQUEST:

Does Duke currently have an on/off peak option in current rates, aside from industrial customers currently on TOU rates? If so, please provide the tariff(s) that provide for the on/off peak option. Please provide Duke's management position regarding what conditions are likely to be required to stimulate customer interest in such a tariff option.

RESPONSE:

The Company does have customers on two Time of Day (Use) rates. Rate TT, Time-of Day Rate for Service at Transmission Voltage and Rate DT, Time-of-Day Rate for Service at Distribution Voltage. Customers served under Rates DS and DP are eligible to receive service under Rider LM, Load Management Rider.

The Company believes customer interest in the on-off peak tariff options will be stimulated by amount of potential savings the customer may received.

See KyStaff-DR-02-027 Attachment TT, KyStaff-DR-02-027 Attachment DT and KyStaff-DR-02-027 Attachment LM

WITNESS RESPONSIBLE: Paul G. Smith

RATE TT

TIME-OF-DAY RATE FOR SERVICE AT TRANSMISSION VOLTAGE

APPLICABILITY

Applicable to electric service for usual customer load requirements where the Company specifies service at a nominal transmission system voltage of 69,000 volts or higher, and the Company determines that facilities of adequate capacity are available and adjacent to the premises to be served. Electric service must be supplied at one point of delivery and the customer furnishes and maintains all transformation equipment and appurtenances necessary to utilize the service.

Service is applicable for ultimate use by the customer and is not applicable for standby, supplemental, emergency or resale service.

TYPE OF SERVICE

Alternating current 60 Hz, three phase at Company's standard transmission voltage of 69,000 volts or higher.

NET MONTHLY BILL

Computed in accordance with the following charges (kilowatts of demand are abbreviated as kW and kilowatt-hours are abbreviated as kWh):

1. Base Rate		
(a) Customer Charge	$ 500.00	per month
(b) Demand Charge		
Summer		
On Peak kW	$ 7.60	per kW
Off Peak kW	$ 1.15	per kW
Winter		
On Peak kW	$ 6.24	per kW
Off Peak kW	$ 1.15	per kW
(c) Energy Charge		
All kWh	$0.04043	per kWh

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:
Sheet No. 78, Rider DSMR, Demand Side Management Rider
Sheet No. 80, Rider FAC, Fuel Adjustment Clause
Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
Sheet No. 82, Rider PSM, Profit Sharing Mechanism

The minimum charge shall be not less than fifty percent (50%) of the highest demand charge established during the preceding eleven (11) months.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

NET MONTHLY BILL (Contd.)

For purposes of administration of the above charges, the summer is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

RATING PERIODS

The rating periods applicable to the demand charge shall be as follows:

a) On Peak Period
Summer - 11 a.m. to 8 p.m. Monday through Friday, excluding holidays.
Winter - 9 a.m. to 2 p.m. and 5 p.m. to 9 p.m., Monday through Friday, excluding holidays.

b) Off Peak Period - all hours Monday through Friday not included above plus all day Saturday and Sunday as well as New Year's Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day on the day nationally designated to be celebrated as such.

METERING

The Company may meter at secondary or primary voltage as circumstances warrant. If the Company elects to meter at secondary voltage, the kilowatt-hours registered on the Company's meter will be increased one and one-half percent (1.5%) for billing purposes.

DEMAND

The On Peak billing demand shall be the kilowatts derived from the Company's demand meter for the fifteen minute period of greatest use in the on peak rating period adjusted for power factor as provided herein. The Off Peak billing demand shall be the kilowatts derived from the Company's demand meter for the fifteen minute period of greatest use in the off peak rating period adjusted for power factor minus the On Peak billing demand. In no case shall the Off Peak billing demand be less than zero.

POWER FACTOR ADJUSTMENT

The power factor to be maintained shall be not less than 90% lagging. If the Company determines the customer's power factor to be less than 90%, the on peak and off peak billing demands will be the number of kilowatts equal to the respective on peak and off peak kilovolt amperes multiplied by 0.90.

The power factor, as determined by continuous measurement, will be derived from the intervals in which the maximum on peak and off peak kW demands are established.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

TERMS AND CONDITIONS

The initial term of contract shall be for a minimum period of five (5) years terminable thereafter by either the customer or the Company as follows:

(1) Thirty (30) days after receipt of written notice for customers with a most recent twelve (12) months average on peak demand of less than 10,000 kW.

(2) Twelve (12) months after receipt of written notice for customers with a most recent twelve (12) months average on peak demand of greater than 10,000 kW.

The Company is not obligated to extend, expand or rearrange its transmission system if it determines that existing distribution and/or transmission facilities are of adequate capacity to serve the customer's load.

If the Company offers to provide the necessary facilities for transmission voltage, in accordance with its Service Regulations, an annual facilities charge, applicable to such additional facilities, is established at twenty (20) percent of actual cost. The annual facilities charge shall be billed in twelve monthly installments to be added to the demand charge.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

RATE DT

TIME-OF-DAY RATE FOR SERVICE AT DISTRIBUTION VOLTAGE

APPLICABILITY

Applicable to electric service for customers with an average monthly demand of 500 kilowatts or greater where the Company specifies service at a nominal distribution system voltage of 34,500 volts or lower, and the Company determines that facilities of adequate capacity are available and adjacent to the premises to be served. Electric service must be supplied at one point of delivery and is not applicable for resale service.

TYPE OF SERVICE

Alternating current 60 Hz, single phase or three phase at Company's standard distribution voltage of 34,500 volts or lower.

NET MONTHLY BILL

Computed in accordance with the following charges (kilowatt of demand abbreviated as kW and kilowatt-hours are abbreviated as kWh):

1. Base Rate

(a) Customer Charge	
Single Phase	$ 7.50 per month
Three Phase	$ 15.00 per month
Primary Voltage Service	$100.00 per month
(b) Demand Charge	
Summer	
On Peak kW	$ 12.75 per kW
Off Peak kW	$ 1.15 per kW
Winter	
On Peak kW	$ 12.07 per kW
Off Peak kW	$ 1.15 per kW
(c) Energy Charge	
Summer On Peak kWh	$0.041977 per kWh
Winter On Peak kWh	$0.039977 per kWh
Off Peak kWh	$0.033977 per kWh

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006 Effective: January 2, 2007

Issued by Sandra P. Meyer, President

Low Load Factor Optional Rate – Pilot Program

Customers with annual load factors of 45% or lower are eligible to receive service at the following rates. Annual load factor is defined as the sum of the kWh during the prior year divided by the sum of the kW during the prior year divided by 730. This pilot program low load factor optional rate will remain in effect through December 31, 2007. The Company may apply to continue this pilot program beyond December 31, 2007, subject to Commission approval.

Base Rate

(a) Customer Charge	
Single Phase	$ 7.50 per month
Three Phase	$ 15.00 per month
Primary Voltage Service	$100.00 per month
(b) Demand Charge	
Summer	
On Peak kW	$ 11.90 per kW
Off Peak kW	$ 1.15 per kW
Winter	
On Peak kW	$ 10.54 per kW
Off Peak kW	$ 1.15 per kW
(c) Energy Charge	
Summer On Peak kWh	$0.044639 per kWh
Winter On Peak kWh	$0.042639 per kWh
Off Peak kWh	$0.036639 per kWh

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:
Sheet No. 78, Rider DSMR, Demand Side Management Rider
Sheet No. 80, Rider FAC, Fuel Adjustment Clause
Sheet No. 81, Rider MSR-E, Merger Savings Credit Rider – Electric
Sheet No. 82, Rider PSM, Profit Sharing Mechanism

The minimum charge shall be the Customer Charge, as stated above.

When both single and three phase secondary voltage services are required by a customer, the monthly kilowatt-hour usage and kilowatt demands shall be the respective arithmetical sums of both services.

For purposes of administration of the above Base Rate charges, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

RATING PERIODS

The rating periods applicable to the demand charge shall be as follows:

a) On Peak Period
Summer - 11 a.m. to 8 p.m. Monday through Friday, excluding holidays.
Winter - 9 a.m. to 2 p.m. and 5 p.m. to 9 p.m., Monday through Friday, excluding holidays.

b) Off Peak Period - All hours Monday through Friday not included above plus all day Saturday and Sunday, as well as New Year's Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day and Christmas Day on the day nationally designated to be celebrated as such.

METERING

The company may meter at secondary or primary voltage as circumstances warrant. If the Company elects to meter at primary voltage, kilowatt hours registered on the Company's meter will be reduced one and one-half percent (1.5%) for billing purposes.

If the customer furnishes primary voltage transformers and appurtenances, in accordance with the Company's specified design and maintenance criteria, the Demand Charge, as stated above, shall be reduced as follows:

First 1,000 kW of On Peak billing demand at $0.65 per kW.
Additional kW of On Peak billing demand at $0.50 per kW.

DEMAND

The On Peak billing demand shall be the kilowatts derived from the Company's demand meter for the fifteen minute period of greatest use in the on peak rating period adjusted for power factor as provided herein. The Off Peak billing demand shall be the kilowatts derived from the Company's demand meter for the fifteen minute period of greatest use in the off peak rating period adjusted for power factor minus the On Peak billing demand. In no case shall the Off Peak billing demand be less than zero.

POWER FACTOR ADJUSTMENT

The power factor to be maintained shall be not less than 90% lagging. If the Company determines the customer's power factor to be less than 90%, the on peak and off peak billing demands will be the number of kilowatts equal to the respective on peak and off peak kilovolt amperes multiplied by 0.90.

The power factor, as determined by continuous measurement, will be derived from the intervals in which the maximum on peak and off peak kW demands are established.

LATE PAYMENT CHARGE

Payment of the Net Monthly Bill must be received in the Company's office within twenty-one (21) days from the date the bill is mailed by the Company. When not so paid, the Gross Monthly Bill, which is the Net Monthly Bill plus 5%, is due and payable.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

TERMS AND CONDITIONS

The initial term of contract shall be for a period of three (3) years for secondary voltage service and five (5) years for primary voltage service terminable thereafter by a minimum notice of either the customer or the Company as follows:

(1) For secondary voltage service customers, as prescribed by the Company's Service Regulations.

(2) For primary voltage service customers with a most recent twelve month average demand of less than 10,000 kVA or greater than 10,000 kVA, written notice of thirty (30) days or twelve (12) months respectively, after receipt of the written notice.

The Company is not obligated to extend, expand or rearrange its transmission system if it determines that existing distribution and/or transmission facilities are of adequate capacity to serve the customer's load.

If the Company offers to provide the necessary facilities for transmission service, in accordance with its Service Regulations, an annual facilities charge, applicable to such additional facilities, is established at twenty (20) percent of actual cost. The annual facilities charge shall be billed in twelve monthly installments to be added to the demand charge.

For purposes of the administration of this rate, the Company will determine the customer's average monthly demand based upon the twelve months ending December of each year after the applicable term of service has been fulfilled by the customer. If the customer's demand is less than 500 kilowatts and the Company expects the customer's demand to remain below 500 kilowatts, then the Company will notify the customer prior to May of the succeeding year that the provisions of Rate DS, Service at Secondary Distribution Voltage or Rate DP, Service at Primary Distribution Voltage shall be applicable initiating with the June revenue month billing and shall continue until the term of service of that rate is fulfilled. In the case where a customer's average demand is estimated by the Company to be significantly greater than 500 kilowatts, the Company may, at its discretion, waive the twelve month demand history requirement in the determination of the applicability of this rate.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

RIDER LM

LOAD MANAGEMENT RIDER

APPLICABILITY

The Off Peak Provision is applicable to customers with an average monthly demand in excess of fifteen (15) kilowatts established over the most recent twelve month period receiving service under the provisions of either Rate DS, Service at Secondary Distribution Voltage, or Rate DP, Service at Primary Distribution Voltage.

OFF PEAK PROVISION

The "off peak period" for the summer season is defined as the period from 8:00 p.m. of one day to 11:00 a.m. of the following day; Friday from 8:00 p.m. to 11:00 a.m. of the following Monday; and from 8:00 p.m. of the day preceding a legal holiday to 11:00 a.m. of the day following that holiday. The "off peak period" for the winter season is defined as the period 2:00 p.m. to 5:00 p.m. and from 9:00 p.m. of one day to 9:00 a.m. of the following day; Friday from 9:00 p.m. to 9:00 a.m. of the following Monday; and from 9:00 p.m. of the day preceding a legal holiday to 9:00 a.m. of the day following that holiday. The following are recognized legal holidays as far as load conditions of the Company's system are concerned: New Year's Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, Christmas Day. If the foregoing holidays occur on a Sunday, the following Monday is considered a holiday.

The "on peak period" is defined as all hours exclusive of the "off peak period" hours set forth in the preceding paragraph.

I. For customers with an average monthly demand in excess of fifteen (15) kilowatts and not to exceed five hundred (500) kilowatts where electric service is furnished under the provisions of the Company's existing Rate DS, Service at Secondary Distribution Voltage or Rate DP, Service at Primary Distribution Voltage.

   A. For purposes of administration of this rider, the summer season, as stated above, is the period beginning June 1 and ending September 30. The winter season consists of all other days which have not been recognized in the summer season.

   B. This provision is only available as Company demand meters with a programmable time-of-use register are installed on the customer's premise. Due to the limited availability of such metering equipment and Company personnel, a demand meter will be installed as metering equipment and Company personnel are available.

   C. The customer will be required to pay the current installed cost of the time-of-use metering equipment in excess of the current installed cost of the standard demand register equipment, normally installed by the Company, which is required under the provision of Rate DS. All metering equipment shall remain the property of the Company which shall be responsible for its installation, operation, maintenance, testing, replacement or removal.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

OFF PEAK PROVISION (Contd.)

D. When a customer elects the OFF PEAK PROVISION, the monthly customer charge of the applicable Rate DS will be increased by an additional monthly charge of five dollars ($5.00) for each installed time-of-use meter. In addition, the DEMAND provision of Rate DS shall be modified to the extent that the billing demand shall be based upon the "on peak period," as defined above.

II. For customers who meet the Company's criteria for the installation of a magnetic tape recording device for billing, and where electric service is furnished under the provisions of either Rate DS, Service at Secondary Distribution Voltage, or Rate DP, Service at Primary Distribution Voltage.

A. For purposes of administration of this rider, the summer season, as stated above, is the period beginning with the meter reading date in the month of May and ending with the meter reading date in the month of September or the period beginning June 1 and ending September 30, at the Company's option. The winter season consists of all other days which have not been recognized in the summer season.

B. The "off peak period" billing demand will be taken at fifty (50) percent of the highest fifteen minute demand established during the "off peak period," as defined above.

C. When a customer elects this OFF PEAK PROVISION, the applicable monthly customer charge of Rate DS or Rate DP will be increased by an additional monthly charge of one hundred dollars ($100.00).

The DEMAND provision of the applicable Rate DS or Rate DP shall be modified to the extent that the billing demand shall be based upon the "on peak period," as defined above. However, in no case shall the billing demand be less than the "off peak period" billing demand or the billing demand as determined in accordance with the DEMAND provision of the applicable Rate DS or Rate DP, as modified.

TERMS AND CONDITIONS

The term of contract for the Off Peak Provision shall be a minimum period of one (1) year.

The Company shall not be required to increase the capacity of any service facilities in order to furnish off peak demands. The Company reserves the right, upon 30 days notice to customers affected, to change the time or times during which on peak demands may be established.

The supply and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 21, 2006 in Case No. 2006-00172.

Issued: December 22, 2006

Effective: January 2, 2007

Issued by Sandra P. Meyer, President

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-028

REQUEST:

Provide an analysis for the last 3 years of Environmental Compliance Surcharge Activity (by year) – Detail of costs deferred for collection; customer collections under the surcharge; annual balances; etc.

RESPONSE:

Not applicable – Duke Energy Kentucky, Inc. does not have an environmental surcharge mechanism.

WITNESS RESPONSIBLE: Paul G. Smith

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-029

REQUEST:

Provide an analysis for the last 3 years of DSM surcharge (as provided by 278.285) activity (by year) -- Detail of costs deferred (by program, if available) for collection; customer collections under the surcharge; annual balances; etc.

RESPONSE:

The attached files provide the calculations for the DSM riders. Page 1 of each file contains the breakdown of costs by program. It also provides information on the level of revenues collected by the riders, and the annual balances for true-up.

WITNESS RESPONSIBLE: Richard G. Stevie

Revised Appendix D

Kentucky DSM Rider

Comparison of Revenue Requirement to Rider Recovery

Residential Programs	(1) Projected Program Costs 7/2004 to 6/2005 (A)	(2) Projected Lost Revenues 7/2004 to 6/2005 (A)	(3) Projected Shared Savings 7/2004 to 6/2005 (A)	(4) Program Expenditure: 7/04 through 6/05 (B)	(5) Program Expenditures (C) Gas	(6) Program Expenditures (C) Electric	(7) Lost Revenues 7/04 through 6/05 (B	(8) Shared Savings 7/04 through 6/05 (B	(9) 2004 Reconciliation Gas (D)	(10) 2004 Reconciliation Electric (E)	(11) Rider Collection (F) Gas	(12) Rider Collection (F) Electric	(13) (Over)/Under Collection Gas (G)	(14) (Over)/Under Collection Electric (H)
Res. Conservation & Energy Education	$ 499,800	$ 7,742	$ (8,996)	$ 471,174	$ 296,368	$ 174,806	$ 77	$ (383)			NA	NA	NA	NA
Refrigerator Replacement	$ 100,000	$ 2,848	$ 4,700	$ 53,589		$ 53,589	$ 270	$ 751						
Residential Home Energy House Call	$ 150,000	$ 37,820	$ 81,750	$ 112,147	$ 70,540	$ 41,607	$ 1,205	$ 10,991			NA	NA	NA	NA
Res. Comprehensive Energy Education	$ 81,500	$ -	$ -	$ 76,856	$ 48,342	$ 28,514	$ -	$ -			NA	NA	NA	NA
Home Energy Assistance Plus	$ 75,000	$ -	$ -	$ 28,573		$ 28,573	$ -	$ -						
Power Manager	$ 750,000	$ -	$ 60,000	$ 782,927		$ 782,927	$ -	$ 21,023			NA	NA	NA	NA
Program Development Funds	$ 140,000	$ -	$ -	$ 88,578	$ 55,715	$ 32,863	$ -	$ -			NA	NA	NA	NA
Energy Star Products	$ 243,000	$ 126,096	$ 51,220	$ -	$ -	$ -	$ -	$ -			NA	NA	NA	NA
Energy Efficiency Website	$ 17,850	$ 9,577	$ 4,195	$ -	$ -	$ -	$ -	$ -						
Total	$ 2,057,150	$ 184,083	$ 192,869	$ 1,613,844	$ 470,965	$ 1,142,879	$ 1,552	$ 32,382	$ 1,735,648	$ 585,859	$ 1,800,320	$ 1,989,171	$ 406,293	$ (226,499)

(A) Amounts identified in report filed on September 30, 2004.
(B) Actual program expenditures, lost revenues, and shared savings for the period July 1, 2004 through June 30, 2005.
(C) Allocation of program expenditures to gas and electric. Uses 62.9% gas based upon saturation of gas space heating.
(D) Recovery allowed in accordance with the Commission's Order in Case No. 2004-00389.
(E) Recovery allowed in accordance with the Commission's Order in Case No. 2004-00389.
(F) Revenues collected through the DSM Rider between July 1, 2004 and June 30, 2005.
(G) Column (5) + Column (9) - Column(11).
(H) Column (6) + Column (7) + Column (8) + Column (10) - Column(12).

Commercial Programs	(1) Projected Program Costs 7/2004 to 6/2005 (A)	(2) Projected Lost Revenues 7/2004 to 6/2005 (A)	(3) Projected Shared Savings 7/2004 to 6/2005 (A)	(4) Program Expenditure: 7/04 through 6/05 (B)	(5) Lost Revenues 7/04 through 6/05 (B)	(6) Shared Savings 7/04 through 6/05 (B	(7) 2004 Reconciliation (C)	(8) Rider Collection (D)	(9) (Over)/Under Collection (E)
High Efficiency Program	$ 52,380	$ 17,482	$ 2,674	$ -	$ -	$ -			
Lighting	$ 35,690	$ 6,661	$ 3,647	$ -	$ -	$ -			
HVAC	$ 25,169	$ 5,210	$ 6,430	$ -	$ -	$ -			
Motors	$ 112,703	$ 74,709	$ 112,207	$ -	$ -	$ -	$ (1,228,123.00)	$ (811,165)	$ (416,958)
Other	$ 225,942	$ 104,062	$ 124,958	$ -	$ -	$ -			
Total									

(A) Amounts identified in report filed on September 30, 2004.
(B) Actual program expenditures, lost revenues, and shared savings for the period July 1, 2004 through June 30, 2005.
(C) Recovery allowed in accordance with the Commission's Order in Case No. 2004-00389.
(D) Revenues collected through the DSM Rider between July 1, 2004 and June 30, 2005.
(E) Column (4) + Column (5) + Column (6) + Column (7) - Column (8)

2006 Projected Program Costs, Lost Revenues, and Shared Savings

Residential Program Summary

	Costs	Lost Revenues	Shared Savings	Total	Allocation of Costs Electric	Allocation of Costs Gas	Electric Costs	Budget (Costs, Lost Revenues, & Shared Savings) Electric	Budget (Costs, Lost Revenues, & Shared Savings) Gas Costs
Residential - Current Programs/Measures									
Residential Conservation & Energy Education	$ 499,800	$ 1,283	$ (1,340)	$ 499,743	37.1%	62.9%	$ 185,426	$ 185,369	$ 314,374
Refrigerator Replacement	$ 100,000	$ 3,188	$ 2,254	$ 105,442	100.0%	0.0%	$ 100,000	$ 105,442	$ -
Home Energy House Call	$ 150,000	$ 15,771	$ 26,686	$ 192,457	37.1%	62.9%	$ 55,650	$ 98,107	$ 94,350
Residential Comprehensive Energy Education	$ 81,500	$ -	$ -	$ 81,500	37.1%	62.9%	$ 30,237	$ 30,237	$ 51,264
Home Energy Assistance Plus (continuing)	$ 75,000	$ -	$ -	$ 75,000	37.1%	62.9%	$ 27,825	$ 27,825	$ 47,175
Power Manager	$ 750,000	$ -	$ 70,463	$ 820,463	100.0%	0.0%	$ 750,000	$ 820,463	$ -
Program Development Funds	$ 140,000	$ -	$ -	$ 140,000	37.1%	62.9%	$ 51,940	$ 51,940	$ 88,060
Energy Star Products	$ 240,430	$ 126,096	$ 51,220	$ 417,746	100.0%	0.0%	$ 240,430	$ 417,746	$ -
CFL's (Compact Fluorescent Lights)									
Torchieres (Floor lamps)									
Energy Efficiency Web Site	$ 21,493	$ 9,577	$ 4,195	$ 35,265	37.1%	62.9%	$ 7,974	$ 21,746	$ 13,519
Personalized Energy Report Pilot Program	$ 109,246			$ 109,246	37.1%	62.9%	$ 40,530	$ 40,530	$ 68,716
Total Costs, Net Lost Revenues, Shared Savings	$ 2,167,469	$ 155,915	$ 153,478	$ 2,476,862			$ 1,490,011	$ 1,799,404	$ 677,458
Home Energy Assistance Pilot Program	$ 241,295							$ 139,841	$ 101,454

Small C&I DSM Program Summary

High Efficiency Program	Costs	Lost Revenues	Shared Savings	Total	Allocations Electric	Allocations Gas	Electric Costs	Budget (Costs, Lost Revenues, & Shared Savings) Electric	Budget (Costs, Lost Revenues, & Shared Savings) Gas
Lighting	$ 243,970	$ 110,558	$ 6,061	$ 360,589	100.0%	0.0%	$ 243,970	$ 360,589	NA
HVAC	$ 46,170	$ 3,657	$ (821)	$ 49,006	100.0%	0.0%	$ 46,170	$ 49,006	NA
Motors	$ 19,436	$ 8,945	$ 16,987	$ 45,368	100.0%	0.0%	$ 19,436	$ 45,368	NA
Other	$ -			$ -	100.0%	0.0%	$ -	$ -	NA
Total	$ 309,576	$ 123,159	$ 22,227	$ 454,963			$ 309,576	$ 454,963	

The Union Light Heat and Power Company
Demand Side Management Cost Recovery Rider (DSMR)
Summary of Calculations for 2006 Programs

January, 2006 through December, 2006

	Program Costs (A)
Electric Rider DSM	
Residential Rate RS	$ 1,799,404
Distribution Level Rates DS, DP, DT, GS-FL, EH & SP	$ 454,963
Gas Rider DSM	
Residential Rate RS	$ 677,458

(A) See Appendix D, page 2 of 5.

Revised Appendix D Page 4 of 5

The Union Light Heat and Power Company
Demand Side Management Cost Recovery Rider (DSMR)
Summary of Billing Determinants

Year	2006
Projected Annual Electric Sales MWH	
Rates RS	1,451,109
Rates DS, DP, DT, GS-FL, EH, & SP	2,285,632
Projected Annual Gas Sales MCF	
Rate RS	7,702,477

Revised Appendix D

The Union Light Heat and Power Company
Demand Side Management Cost Recovery Rider (DSMR)
Summary of Calculations

January, 2006 through December, 2006

Rate Schedule Riders	True-Up Amount (A)	Expected Program Costs (B)	Total DSM Revenue Requirements	Estimated Billing Determinants (C)		DSM Cost Recovery Rider (DSMR)	
Electric Rider DSM							
Residential Rate RS	$ (231,867)	$ 1,799,404	$ 1,567,537	1,451,109	mWh	$ 0.001080	$/kWh
Distribution Level Rates							
DS, DP, DT, GS-FL, EH & SP	$ (426,840)	$ 454,963	$ 28,123	2,285,632	mWh	$ 0.000012	$/kWh
Gas Rider DSM							
Residential Rate RS	$ 415,922	$ 677,458	$ 1,093,380	7,702,477	MCF	$ 0.141952	$/MCF
Total Rider Recovery			$ 2,689,040				

Customer Charge	New Numbers	Annual Revenues	Number of Customers	Monthly Customer Charge
Electric No.4				
Residential Rate RS	$ 128,187	$ 139,841	116,534	$ 0.10
Gas No. 5				
Residential Rate RS	$ 93,000	$ 101,454	84,545	$ 0.10
Total Customer Charge Revenues		$ 241,295		
Total Recovery		$ 2,930,335		

(A) (Over)/Under of Appendix D page 1multiplied by 1.0237 for 2005 for the average three-month commercial paper rate to include interest on over or under-recovery.
(B) Appendix D, page 2.
(C) Appendix D, page 4.

Appendix J
Kentucky DSM Rider

Comparison of Revenue Requirement to Rider Recovery

Residential Programs	(1) Projected Program Costs 7/2006 to 6/2007 (A)	(2) Projected Lost Revenues 7/2006 to 6/2007 (A)	(3) Projected Shared Savings 7/2006 to 6/2007 (A)	(4) Program Expenditures 7/06 through 6/07 (B)	(5) Program Expenditures (C) Gas	(6) Program Expenditures (C) Electric	(7) Lost Revenues 7/06 through 6/07 (B)	(8) Shared Savings 7/06 through 6/07 (B)	(9) 2006 Reconciliation Gas (D)	(10) 2006 Reconciliation Electric (E)	(11) Rider Collection (F) Gas	(12) Rider Collection (F) Electric	(13) (Over)/Under Collection Gas (G)	(14) (Over)/Under Collection Electric (H)
Res. Conservation & Energy Education	$ 499,800	$ 12,233	$ (8,996)	$ 383,198.00	$ 241,031	$ 142,167	$ 7,107	$ (1,710)			NA	NA	NA	NA
Refrigerator Replacement	$ 100,000	$ 5,411	$ 4,700	$ 61,127.63		$ 61,128	$ 2,378	$ (1,387)						
Residential Home Energy House Call	$ 150,000	$ 30,729	$ 26,686	$ 155,479.00	$ 97,796	$ 57,683	$ 25,180	$ 39,446			NA	NA	NA	NA
Res. Comprehensive Energy Education	$ 81,500	$ -	$ -	$ 83,132.00	$ 52,290	$ 30,842	$ -	$ -			NA	NA	NA	NA
Payment Plus	$ 150,000	$ -	$ -	$ 59,765.00		$ 59,765	$ -	$ -						
Power Manager	$ 875,000	$ -	$ 70,463	$ 723,951.77		$ 723,952	$ -	$ 348,926						
Program Development Funds	$ 140,000	$ -	$ -	$ 96,855.60	$ 60,922	$ 35,934	$ -	$ -			NA	NA	NA	NA
Energy Star Products	$ 240,430	$ 196,415	$ 51,220	$ 153,599.00	$ 96,613	$ 56,986	$ 416,013	$ 134,677			NA	NA	NA	NA
Energy Efficiency Website	$ 25,160	$ 13,499	$ 5,913	$ 2,495.79	$ 1,569	$ 927	$ 1,448	$ 1,086			NA	NA	NA	NA
Personalized Energy Report Pilot Program	$ 109,246	$ -	$ -	$ 57,772.00	$ 36,338	$ 21,434	$ -	$ -			NA	NA	NA	NA
Home Energy Assistance Pilot Program (I)	$ -	$ -	$ -	$ 4,781.00	$ 3,007	$ 1,774	$ -	$ -			$ 51,447	$ 70,760	NA	NA
Revenues collected except for HEA											$ 829,463	$ 1,528,236		
Total	$ 2,371,136	$ 258,287	$ 149,986	$ 1,782,157	$ 589,566	$ 1,192,591	$ 452,126	$ 521,038	$ (1,092,283)	$ (1,391,358)	$ 880,910	$ 1,598,996	$ (1,383,627)	$ (824,599)

(A) Amounts identified in report filed on September 30, 2006 and updated February 20, 2007.
(B) Actual program expenditures, lost revenues, and shared savings for the period July 1, 2006 through June 30, 2007 and lost revenues for this period and from prior period DSM measure installations.
(C) Allocation of program expenditures to gas and electric. Uses 62.9% gas based upon saturation of gas space heating.
(D) Recovery allowed in accordance with the Commission's Order in Case No. 2004-00389.
(E) Recovery allowed in accordance with the Commission's Order in Case No. 2004-00389.
(F) Revenues collected through the DSM Rider between July 1, 2006 and June 30, 2007.
(G) Column (5) + Column (9) - Column(11).
(H) Column (6) + Column (7) + Column (8) + Column (10) - Column(12).
(I) Revenues and expenses for the Home Energy Assistance Pilot Program. This was discontinued December 31, 2006. These values close out the programs.

Commercial Programs	(1) Projected Program Costs 7/2006 to 6/2007 (A)	(2) Projected Lost Revenues 7/2006 to 6/2007 (A)	(3) Projected Shared Savings 7/2006 to 6/2007 (A)	(4) Program Expenditures 7/06 through 6/07 (B)	(5) Lost Revenues 7/06 through 6/07 (B)	(6) Shared Savings 7/06 through 6/07 (B)	(7) 2006 Reconciliation (C)	(8) Rider Collection (D)	(9) ((Over)/Under Collection (E)
High Efficiency Program									
Lighting	$ 209,520	$ 188,899	$ 10,698	$ 310,077	$ 161,175	$ 149,211			
HVAC	$ 142,760	$ 29,368	$ 14,588	$ 8,869	$ 1,958	$ (13,763)			
Motors	$ 100,678	$ 20,842	$ 25,718	$ 2,427	$ 136	$ 95			
Other	$ 450,814	$ 298,836	$ 448,630	$ -	$ -	$ -			
Total for High Efficiency Program	$ 903,772	$ 537,945	$ 499,834	$ 321,373	$ 163,269	$ 135,543	$ 582,465	$ 249,171	$ 817,936
PowerShare®	$ 265,000	$ -	$ 107,641	$ 47,008	$ -	$ 5,569	$ -	$ 34,384	$ 12,624

(A) Amounts identified in report filed on September 30, 2006 and updated February 20, 2007.
(B) Actual program expenditures, lost revenues, and shared savings for the period July 1, 2006 through June 30, 2007 and lost revenues for this period and from prior period DSM measure installations.
(C) Recovery allowed in accordance with the Commission's Order in Case No. 2004-00389.
(D) Revenues collected through the DSM Rider between July 1, 2006 and June 30, 2007.
(E) Column (4) + Column (5) + Column (6) + Column (7) - Column (8)

2008 Projected Program Costs, Lost Revenues, and Shared Savings

Residential Program Summary

	Costs	Lost Revenues	Shared Savings	Total	Allocation of Costs Electric	Allocation of Costs Gas	Electric Costs	Budget (Costs, Lost Revenues, & Shared Savings) Electric	Budget (Costs, Lost Revenues, & Shared Savings) Gas Costs
Residential - Current Programs/Measures									
Residential Conservation & Energy Education	$ 499,800	$ 16,525	$ (3,499)	$ 512,826	37.1%	62.9%	$ 185,426	$ 198,452	$ 314,374
Refrigerator Replacement	$ 100,000	$ 6,145	$ 300	$ 106,445	100.0%	0.0%	$ 100,000	$ 106,445	$ -
Home Energy House Call	$ 150,000	$ 49,810	$ 35,700	$ 235,510	37.1%	62.9%	$ 55,650	$ 141,160	$ 94,350
Residential Comprehensive Energy Education	$ 81,500	$ -	$ -	$ 81,500	37.1%	62.9%	$ 30,237	$ 30,237	$ 51,264
Home Energy Assistance Plus (continuing)	$ 150,000	$ -	$ -	$ 150,000	37.1%	62.9%	$ 55,650	$ 55,650	$ 94,350
Power Manager	$ 875,000	$ -	$ 174,000	$ 1,049,000	100.0%	0.0%	$ 875,000	$ 1,049,000	$ -
Program Development Funds	$ 140,000	$ -	$ -	$ 140,000	37.1%	62.9%	$ 51,940	$ 51,940	$ 88,060
Energy Star Products	$ 243,000	$ 690,225	$ 63,450	$ 996,675	100.0%	0.0%	$ 243,000	$ 996,675	$ -
CFL's (Compact Fluorescent Lights)									
Torchieres (Floor lamps)									
Energy Efficiency Web Site	$ 31,110	$ 26,781	$ 2,955	$ 60,846	37.1%	62.9%	$ 11,542	$ 41,278	$ 19,568
Personalized Energy Report Pilot Program	$ 153,000	$ 121,547	$ 73,134	$ 347,681	37.1%	62.9%	$ 56,763	$ 251,444	$ 96,237
Total Costs, Net Lost Revenues, Shared Savings	$ 2,423,410	$ 911,033	$ 346,040	$ 3,680,483			$ 1,665,207	$ 2,922,280	$ 758,203
Home Energy Assistance Pilot Program	$ -							$ -	$ -

C&I DSM Program Summary

High Efficiency Program	Costs	Lost Revenues	Shared Savings	Total	Allocations Electric	Allocations Gas	Electric Costs	Budget (Costs, Lost Revenues, & Shared Savings) Electric	Budget (Costs, Lost Revenues, & Shared Savings) Gas
Lighting	$ 104,760	$ 273,388	$ 5,349	$ 383,497	100.0%	0.0%	$ 104,760	$ 383,497	NA
HVAC	$ 71,380	$ 15,925	$ 7,294	$ 94,598	100.0%	0.0%	$ 71,380	$ 94,598	NA
Motors	$ 50,339	$ 10,610	$ 12,859	$ 73,808	100.0%	0.0%	$ 50,339	$ 73,808	NA
Other	$ 225,407	$ 149,418	$ 224,415	$ 599,240	100.0%	0.0%	$ 225,407	$ 599,240	NA
Total for the High Efficiency Program	$ 451,885	$ 449,341	$ 249,916	$ 1,151,143			$ 451,885	$ 1,151,143	

High Efficiency School Incentive Program	Costs	Lost Revenues	Shared Savings	Total	Allocations Electric	Allocations Gas	Electric Costs	Budget (Costs, Lost Revenues, & Shared Savings) Electric	Budget (Costs, Lost Revenues, & Shared Savings) Gas
Lighting	$ 104,760	$ 34,963	$ 5,349	$ 145,072	100.0%	0.0%	$ 104,760	$ 145,072	NA
HVAC	$ 71,380	$ 13,323	$ 7,294	$ 91,996	100.0%	0.0%	$ 71,380	$ 91,996	NA
Motors	$ 50,339	$ 10,421	$ 12,859	$ 73,619	100.0%	0.0%	$ 50,339	$ 73,619	NA
Other	$ 225,407	$ 149,418	$ 224,415	$ 599,240	100.0%	0.0%	$ 225,407	$ 599,240	NA
Total for the High Efficiency School Incentive Program	$ 451,885	$ 208,125	$ 249,916	$ 909,927			$ 451,885	$ 909,927	

	Costs	Lost Revenues	Shared Savings	Total	Allocations Electric	Allocations Gas	Electric Costs	Budget (Costs, Lost Revenues, & Shared Savings) Electric	Budget (Costs, Lost Revenues, & Shared Savings) Gas
PowerShare® Program	$ 265,000		$ 107,641	$ 372,641	100.0%	0.0%	$ 265,000	$ 372,641	NA
Total C&I DSM Program				$ 2,433,710				$ 2,433,710	

Duke Energy Kentucky
Demand Side Management Cost Recovery Rider (DSMR)
Summary of Calculations for 2006 Programs

January, 2008 through December, 2008

	Program Costs (A)
Electric Rider DSM	
Residential Rate RS	$ 2,922,280
Distribution Level Rates Part A DS, DP, DT, GS-FL, EH & SP	$ 2,061,069
Transmission Level Rates & Distribution Level Rates Part B	$ 372,641
Gas Rider DSM	
Residential Rate RS	$ 758,203

(A) See Appendix D, page 2 of 5.

Duke Energy Kentucky
Demand Side Management Cost Recovery Rider (DSMR)
Summary of Billing Determinants

Year	2008
Projected Annual Electric Sales MWH	
Rates RS	1,450,570
Rates DS, DP, DT, GS-FL, EH, & SP	2,334,985
Rates DS, DP, DT, GS-FL, EH, SP, & TT	2,507,773
Projected Annual Gas Sales MCF	
Rate RS	6,387,044

Appendix J

Duke Energy Kentucky
Demand Side Management Cost Recovery Rider (DSMR)
Summary of Calculations

January, 2008 through December, 2008

Rate Schedule Riders	True-Up Amount (A)	Expected Program Costs (B)	Total DSM Revenue Requirements	Estimated Billing Determinants (C)		DSM Cost Recovery Rider (DSMR)	
Electric Rider DSM Residential Rate RS	$ (867,891)	$ 2,922,280	$ 2,054,389	1,450,570	mWh	$ 0.001416	$/kWh
Distribution Level Rates Part A DS, DP, DT, GS-FL, EH & SP	$ 860,878	$ 2,061,069	$ 2,921,947	2,334,985	mWh	$ 0.001251	$/kWh
Transmission Level Rates & Distribution Level Rates Part B TT	$ 13,287	$ 372,641	$ 385,928	2,507,773	mWh	$ 0.000154	$/kWh
Distribution Level Rates Total DS, DP, DT, GS-FL, EH & SP						$ 0.001405	$/kWh
Gas Rider DSM Residential Rate RS	$ (1,456,267)	$ 758,203	$ (698,065)	6,387,044	MCF	$ (0.109294)	$/MCF
Total Rider Recovery			$ 4,664,200				

Customer Charge	New Numbers	Annual Revenues	Number of Customers	Monthly Customer Charge
Electric No.4 Residential Rate RS	$ -	$ -	-	$ -
Gas No. 5 Residential Rate RS	$ -	$ -	-	$ -
Total Customer Charge Revenues		$ -		
Total Recovery		$ 4,664,200		

(A) (Over)/Under of Appendix J page 1multiplied by 1.0525 for 2007 for the average three-month commercial paper rate to include interest on over or under-recovery.
(B) Appendix D, page 2.
(C) Appendix D, page 4.

Reconciliation of Lost revenues and Shared Savings Based Upon Impact Evaluation Studies

Applicable Programs	Case 2005-00402 As Filed Lost Revenues	Shared Savings	New Values Lost Revenues	Shared Savings	Increase (Decrease) in values Lost Revenues	Shared Savings	Comments
Residential Conservation and Energy Education	$ 77	$ 383					No new values.
Refrigerator Replacement	$ 270	$ 751					Previous actual.
Residential Home Energy House Call	$ 1,025	$ 10,991					No new values.
Power Manager	$ -	$ 21,023	$ -	$ 54,193		$ 33,170	Based upon higher UCT test result
Energy Star Products							
Energy Efficiency Website							
Personal Energy Report (PER)							
C&I High Efficiency Incentive (for Businesses and Schools)							
PowerShare							

Applicable Programs	Case 2006-00426 As Filed Lost Revenues	Shared Savings	New Values Lost Revenues	Shared Savings	Increase (Decrease) in values Lost Revenues	Shared Savings	Comments
Residential Conservation and Energy Education	$ 3,931.00	$ (1,885.00)					No new values.
Refrigerator Replacement	$ 2,394.00	$ 1,653.00	$ 1,932.00	$ 143.00	$ (462)	$ (1,510)	
Residential Home Energy House Call	$ 15,426.00	$ 34,926.00					No new values.
Power Manager	$ -	$ 64,386.00	$ -	$ 215,573	$ -	$ 151,187	Based upon evaluation report
Energy Star Products	$ 45,936.00	$ 72,630.00	$ 95,594.00	$ 72,908	$ 49,658	$ 278	Based upon evaluation report
Energy Efficiency Website							
Personal Energy Report (PER)							
C&I High Efficiency Incentive (for Businesses and Schools)							
Lighting	$ 62,745.00	$ 45,681.00	$ 49,461.00	$ 79,233	$ (13,284)	$ 33,552	Based upon evaluation report
HVAC	$ 1,436.00	$ 18,277.00	$ 1,221.00	$ 3,476	$ (215)	$ (14,801)	Based upon evaluation report
Motors							
PowerShare							

Lost Revenues and Shared Savings for Appendix K Page 1 of 6

	Reconciliation of 2005 & 2006 Increase (Decrease) in values Lost Revenues	Shared Savings	Case No. 2007-00369 Lost Revenues	Shared Savings	Total Lost Revenues	Total Shared Savings
Residential Conservation and Energy Education	$ -	$ -	$ 7,107	$ (1,710)	$ 7,107	$ (1,710)
Refrigerator Replacement	$ (462)	$ (1,510)	$ 2,840	$ 123	$ 2,378	$ (1,387)
Residential Home Energy House Call	$ -	$ -	$ 25,180	$ 39,446	$ 25,180	$ 39,446
Power Manager	$ -	$ 184,357		$ 164,569	$ -	$ 348,926
Energy Star Products	$ 49,658	$ 278	$ 366,355	$ 134,399	$ 416,013	$ 134,677
Energy Efficiency Website	$ -	$ -	$ 1,448	$ 1,086	$ 1,448	$ 1,086
Personal Energy Report (PER)	$ -	$ -	$ -	$ -	$ -	$ -
C&I High Efficiency Incentive (for Businesses and Schools)						
Lighting	$ (13,284)	$ 33,552	$ 174,459	$ 115,659	$ 161,175	$ 149,211
HVAC	$ (215)	$ (14,801)	$ 2,173	$ 1,038	$ 1,958	$ (13,763)
Motors	$ -	$ -	$ 136	$ 95	$ 136	$ 95
PowerShare	$ -	$ -	$ -	$ 5,569	$ -	$ 5,569

Kentucky DSM Rider

Comparison of Revenue Requirement to Rider Recovery

Residential Programs	(1) Projected Program Costs 2003 to 2004 (A)	(2) Program Expenditures 7/03 through 6/04 (B)	(3) Program Expenditures (C) Gas	(4) Electric	(5) 2003 Reconciliation Gas (D)	(6) Electric (E)	(7) Rider Collection (F) Gas	(8) Electric	(9) (Over)/Under Collection Gas (G)	(10) Electric (H)
Res. Conservation & Energy Education	$ 600,000	$ 742,682	$ 467,146	$ 275,536			NA	NA	NA	NA
Residential Home Energy House Call	$ 140,000	$ 144,358	$ 90,801	$ 53,557			NA	NA	NA	NA
Res. Comprehensive Energy Education	$ 81,500	$ 75,368	$ 47,406	$ 27,962			NA	NA	NA	NA
Program Development Funds (I)	$ 140,000	$ 71,758	$ 45,135	$ 26,623			NA	NA	NA	NA
Program Evaluation	$ -	$ -	$ -	$ -			NA	NA	NA	NA
Power Manager	$ 750,000	$ 6,094	$ -	$ 6,094			NA	NA	NA	NA
Collaborative & Support	$ -	$ -	$ -	$ -			NA	NA	NA	NA
Home Energy Assistance Plus	$ 75,000	$ 93,446	$ 58,777	$ 34,669			NA	NA	NA	NA
	$ 1,786,500	$ 1,133,706	$ 709,265	$ 424,441	$ 1,011,431	$ 703,663	$ 15,402	$ 552,491	$ 1,705,294	$ 575,613

(A) Amounts identified in report filed on September 30, 2003.
(B) Actual program expenditures for the period July 1, 2002 through June 30, 2003.
(C) Allocation of program expenditures to gas and electric. Uses 62.9% gas based upon saturation of gas space heating.
(D) Recovery allowed in accordance with the Commission's Order in Case No. 2003-00367.
(E) Recovery allowed in accordance with the Commission's Order in Case No. 2003-00367.
(F) Revenues collected through the DSM Rider between July 1, 2003 and June 30, 2004.
(G) Column (5) + Column (3) - Column(7).
(H) Column (6) + Column (4) - Column(8).

Commercial Programs	(1) Projected Program Costs 2003 (A)	(2) Program Expenditures 7/03 through 6/04 (B)	(3) 2003 Reconciliation (C)	(4) Rider Collection (D)	(5) (Over)/Under Collection (E)
Lighting Rebate	$ -	$ -			
Thermal Energy Storage	$ -	$ -			
High Efficiency Motors	$ -	$ -			
Adjustable Speed Drives	$ -	$ -			
Small C&I Audits	$ -	$ -			
Customized Efficiency Audits	$ -	$ -			
	$ -	$ -	$ (912,448.00)	$ 315,675	$ (1,228,123)

(A) Amounts identified in report filed on September 30, 2003.
(B) Actual program expenditures for the period July 1, 2003 through June 30, 2004.
(C) Recovery allowed in accordance with the Commission's Order in Case No. 2003-00367.
(D) Revenues collected through the DSM Rider between July 1, 2003 and June 30, 2004.
(E) Column (2) + Column (3) - Column (4)

2005 Projected Program Costs, Lost Revenues, and Shared Savings
Source: Page 2 of Attachments B and C

Residential Program Summary

	Costs	Lost Revenues	Shared Savings	Total	Allocation of Costs Electric	Allocation of Costs Gas	Budget (Costs, Lost Revenues, & Shared Savings) Electric Costs	Budget (Costs, Lost Revenues, & Shared Savings) Electric	Budget (Costs, Lost Revenues, & Shared Savings) Gas Costs
Residential - Current Programs/Measures									
Residential Conservation & Energy Education	$ 499,800	$ 7,742	$ (8,996)	$ 498,546	37.1%	62.9%	$ 185,426	$ 184,171	$ 314,374
Refrigerator Replacement	$ 100,000	$ 2,848	$ 4,700	$ 107,548	100.0%	0.0%	$ 100,000	$ 107,548	$ -
Home Energy House Call	$ 150,000	$ 37,820	$ 81,750	$ 269,570	37.1%	62.9%	$ 55,650	$ 175,220	$ 94,350
Residential Comprehensive Energy Education	$ 81,500	$ -	$ -	$ 81,500	37.1%	62.9%	$ 30,237	$ 30,237	$ 51,264
Home Energy Assistance Plus (continuing)	$ 75,000	$ -	$ -	$ 75,000	37.1%	62.9%	$ 27,825	$ 27,825	$ 47,175
Power Manager	$ 750,000	$ -	$ 60,000	$ 810,000	100.0%	0.0%	$ 750,000	$ 810,000	$ -
Program Development Funds	$ 140,000	$ -	$ -	$ 140,000	37.1%	62.9%	$ 51,940	$ 51,940	$ 88,060
Residential - New Programs/Measures									
Energy Star Products	$ 243,000	$ 126,096	$ 51,220	$ 782,613	100.0%	0.0%	$ 243,000	$ 420,316	$ -
Clothes Washers									
CFL's (Compact Fluorescent Lights)									
Torchieres (Floor lamps)									
Energy Efficiency Web Site	$ 17,850	$ 9,577	$ 4,195	$ 84,537	37.1%	62.9%	$ 6,622	$ 20,394	$ 11,228
Current Programs	$ 1,796,300	$ 48,409	$ 137,454	$ 1,982,163					
New Programs	$ 260,850	$ 135,673	$ 55,415	$ 451,938					
Total Costs, Net Lost Revenues, Shared Savings	$ 2,057,150	$ 184,083	$ 192,868	$ 2,434,101			$ 1,450,700	$ 1,827,651	$ 606,450

Small C&I DSM Program Summary

High Efficiency Program	Costs	Lost Revenues	Shared Savings	Total	Allocations Electric	Allocations Gas	Budget (Costs, Lost Revenues, & Shared Savings) Electric Costs	Budget (Costs, Lost Revenues, & Shared Savings) Electric	Budget (Costs, Lost Revenues, & Shared Savings) Gas
Lighting	$ 52,380	$ 17,482	$ 2,674	$ 72,536	100.0%	0.0%	$ 52,380	$ 72,536	NA
HVAC	$ 35,690	$ 6,661	$ 3,647	$ 45,998	100.0%	0.0%	$ 35,690	$ 45,998	NA
Motors	$ 25,169	$ 5,210	$ 6,430	$ 36,809	100.0%	0.0%	$ 25,169	$ 36,809	NA
Other	$ 112,703	$ 74,709	$ 112,207	$ 299,620	100.0%	0.0%	$ 112,703	$ 299,620	NA
Total	$ 225,943	$ 104,062	$ 124,958	$ 454,963			$ 225,943	$ 454,963	

Attachment D Page 3 of 5

The Union Light Heat and Power Company
Demand Side Management Cost Recovery Rider (DCRR)
Summary of Calculations for 2005 Programs

January, 2005 through December, 2005

	Program Costs (A)
Electric Rider DSM	
Residential Rate RS	$ 1,827,651
Distribution Level Rates DS, DP, DT, GS-FL, EH & SP	$ 454,963
Gas Rider DSM	
Residential Rate RS	$ 606,450

(A) See Attachment D, page 2 of 5.

Attachment D Page 4 of 5

The Union Light Heat and Power Company
Demand Side Management Cost Recovery Rider (DCRR)
Summary of Billing Determinants

Year	2005
Projected Annual Electric Sales MWH	
Rates RS	1,400,745
Rates DS, DP, DT, GS-FL, EH, & SP	2,425,557
Projected Annual Gas Sales MCF	
Rate RS	7,099,110

The Union Light Heat and Power Company
Demand Side Management Cost Recovery Rider (DCRR)
Summary of Calculations

January, 2005 through December, 2005

Rate Schedule	True-Up Amount (A)	Expected Program Costs (B)	Total DSM Revenue Requirements	Estimated Billing Determinants (C)		DSM Cost Recovery Rider (DCRR)	
Electric Rider DSM							
Residential Rate RS	$ 585,859	$ 1,827,651	$ 2,413,510	1,400,745	mWh	$ 0.001723	$/kWh
Distribution Level Rates							
DS, DP, DT, GS-FL, EH & SP	$ (1,249,984)	$ 454,963	$ (795,020)	2,425,557	mWh	$ (0.000328)	$/kWh
Gas Rider DSM							
Residential Rate RS	$ 1,735,648	$ 606,450	$ 2,342,099	7,099,110	MCF	$ 0.329914	$/MCF
Total Recovery			$ 3,960,588				

(A) (Over)/Under of Attachment D page 1multiplied by 1.0178 for 2004 for the average three-month commercial paper rate to include interest on over or under-recovery.
(B) Attachment D, page 2.
(C) Attachment D, page 4.

Appendix D
Kentucky DSM Rider

Comparison of Revenue Requirement to Rider Recovery

Residential Programs	(1) Projected Program Costs 7/2005 to 6/2006 (A)	(2) Projected Lost Revenues 7/2005 to 6/2006 (A)	(3) Projected Shared Savings 7/2005 to 6/2006 (A)	(4) Program Expenditures 7/05 through 6/06 (B)	(5) Program Expenditures (C) Gas	(6) Program Expenditures (C) Electric	(7) Lost Revenues 7/05 through 6/06 (B)	(8) Shared Savings 7/05 through 6/06 (B)	(9) 2005 Reconciliation Gas (D)	(10) 2005 Reconciliation Electric (E)	(11) Rider Collection (F) Gas	(12) Rider Collection (F) Electric	(13) (Over)/Under Collection Gas (G)	(14) (Over)/Under Collection Electric (H)
Res. Conservation & Energy Education	$ 499,800	$ 1,283	$ (1,340)	$ 308,702.00	$ 194,173	$ 114,529	$ 3,931	$ (1,885)			NA	NA	NA	NA
Refrigerator Replacement	$ 100,000	$ 3,188	$ 2,254	$ 28,829.00		$ 28,829	$ 2,394	$ 1,653						
Residential Home Energy House Call	$ 150,000	$ 15,771	$ 26,686	$ 144,102.00	$ 90,640	$ 53,462	$ 15,426	$ 34,296			NA	NA	NA	NA
Res. Comprehensive Energy Education	$ 81,500	$ -	$ -	$ 59,189.00	$ 37,229	$ 21,960	$ -	$ -			NA	NA	NA	NA
Home Energy Assistance Plus	$ 75,000	$ -	$ -	$ 77,015.00		$ 77,015	$ -	$ -						
Power Manager	$ 750,000	$ -	$ 70,463	$ 715,396.87		$ 715,397	$ -	$ 64,386						
Program Development Funds	$ 140,000	$ -	$ -	$ 95,900.00	$ 60,321	$ 35,579	$ -	$ -			NA	NA	NA	NA
Energy Star Products	$ 240,430	$ 126,096	$ 51,220	$ 94,080.00	$ 59,176	$ 34,904	$ 45,936	$ 72,630			NA	NA	NA	NA
Energy Efficiency Website	$ 21,493	$ 9,577	$ 4,195	$ -	$ -	$ -	$ -	$ -			NA	NA	NA	NA
Personalized Energy Report Pilot Program	$ 109,246	$ -	$ -	$ 15,963.64	$ 10,041	$ 5,923	$ -	$ -			NA	NA	NA	NA
Home Energy Assistance Pilot Program	$ 241,295	$ -	$ -	$ 112,622.00	$ 70,839	$ 41,783	$ -	$ -			$ 42,967	$ 58,742	NA	NA
Revenues collected except for HEA											$ 1,941,622	$ 2,410,257		
Total	$ 2,408,764	$ 155,915	$ 153,478	$ 1,651,800	$ 522,419	$ 1,129,381	$ 67,687	$ 171,080	$ 415,922	$ (231,867)	$ 1,984,589	$ 2,468,999	$ (1,046,248)	$ (1,332,718)

(A) Amounts identified in report filed on September 30, 2005 and updated January 16, 2006.
(B) Actual program expenditures, lost revenues, and shared savings for the period July 1, 2005 through June 30, 2006 and lost revenues for this period from prior period DSM measure installations.
(C) Allocation of program expenditures to gas and electric. Uses 62.9% gas based upon saturation of gas space heating.
(D) Recovery allowed in accordance with the Commission's Order in Case No. 2004-00389.
(E) Recovery allowed in accordance with the Commission's Order in Case No. 2004-00389.
(F) Revenues collected through the DSM Rider between July 1, 2005 and June 30, 2006.
(G) Column (5) + Column (9) - Column(11).
(H) Column (6) + Column (7) + Column (8) + Column (10) - Column(12).

Commercial Programs	(1) Projected Program Costs 7/2005 to 6/2006 (A)	(2) Projected Lost Revenues 7/2005 to 6/2006 (A)	(3) Projected Shared Savings 7/2005 to 6/2006 (A)	(4) Program Expenditures 7/05 through 6/06 (B)	(5) Lost Revenues 7/05 through 6/06 (B)	(6) Shared Savings 7/05 through 6/06 (B)	(7) 2004 Reconciliation (C)	(8) Rider Collection (D)	(9) ((Over)/Under Collection (E)
High Efficiency Program									
Lighting	$ 52,380	$ 17,482	$ 2,674	$ 249,298	$ 62,745	$ 45,681			
HVAC	$ 35,690	$ 6,661	$ 3,647	$ 31,115	$ 1,436	$ 18,277			
Motors	$ 25,169	$ 5,210	$ 6,430	$ -	$ -	$ -			
Other	$ 112,703	$ 74,709	$ 112,207	$ 32,938	$ -	$ -			
Total	$ 225,942	$ 104,062	$ 124,958	$ 313,351	$ 64,181	$ 63,958	$ (426,840.00)	$ (607,225)	$ 557,917

(A) Amounts identified in report filed on September 30, 2005.
(B) Actual program expenditures, lost revenues, and shared savings for the period July 1, 2005 through June 30, 2006 and lost revenues for this period from prior period DSM measure installations.
(C) Recovery allowed in accordance with the Commission's Order in Case No. 2004-00389.
(D) Revenues collected through the DSM Rider between July 1, 2004 and June 30, 2005.
(E) Column (4) + Column (5) + Column (6) + Column (7) - Column (8)

2007 Projected Program Costs, Lost Revenues, and Shared Savings

Residential Program Summary

	Costs	Lost Revenues	Shared Savings	Total	Allocation of Costs Electric	Allocation of Costs Gas	Electric Costs	Budget (Costs, Lost Revenues, & Shared Savings) Electric	Budget (Costs, Lost Revenues, & Shared Savings) Gas Costs
Residential - Current Programs/Measures									
Residential Conservation & Energy Education	$ 499,800	$ 12,233	$ (8,996)	$ 503,037	37.1%	62.9%	$ 185,426	$ 188,663	$ 314,374
Refrigerator Replacement	$ 100,000	$ 5,411	$ 4,700	$ 110,111	100.0%	0.0%	$ 100,000	$ 110,111	$ -
Home Energy House Call	$ 150,000	$ 30,729	$ 26,686	$ 207,415	37.1%	62.9%	$ 55,650	$ 113,065	$ 94,350
Residential Comprehensive Energy Education	$ 81,500	$ -	$ -	$ 81,500	37.1%	62.9%	$ 30,237	$ 30,237	$ 51,264
Home Energy Assistance Plus (continuing)	$ 150,000	$ -	$ -	$ 150,000	37.1%	62.9%	$ 55,650	$ 55,650	$ 94,350
Power Manager	$ 875,000	$ -	$ 70,463	$ 945,463	100.0%	0.0%	$ 875,000	$ 945,463	$ -
Program Development Funds	$ 140,000	$ -	$ -	$ 140,000	37.1%	62.9%	$ 51,940	$ 51,940	$ 88,060
Energy Star Products	$ 240,430	$ 196,415	$ 51,220	$ 488,065	100.0%	0.0%	$ 240,430	$ 488,065	$ -
CFL's (Compact Fluorescent Lights)									
Torchieres (Floor lamps)									
Energy Efficiency Web Site	$ 25,160	$ 13,499	$ 5,913	$ 44,572	37.1%	62.9%	$ 9,334	$ 28,746	$ 15,826
Personalized Energy Report Pilot Program	$ 109,246			$ 109,246	37.1%	62.9%	$ 40,530	$ 40,530	$ 68,716
Total Costs, Net Lost Revenues, Shared Savings	$ 2,371,136	$ 258,287	$ 149,986	$ 2,779,409			$ 1,644,197	$ 2,052,470	$ 726,939
Home Energy Assistance Pilot Program	$ -							$ -	$ -

C&I DSM Program Summary

High Efficiency Program	Costs	Lost Revenues	Shared Savings	Total	Allocations Electric	Allocations Gas	Electric Costs	Budget (Costs, Lost Revenues, & Shared Savings) Electric	Budget (Costs, Lost Revenues, & Shared Savings) Gas
Lighting	$ 104,760	$ 153,936	$ 5,349	$ 264,045	100.0%	0.0%	$ 104,760	$ 264,045	NA
HVAC	$ 71,380	$ 16,045	$ 7,294	$ 94,718	100.0%	0.0%	$ 71,380	$ 94,718	NA
Motors	$ 50,339	$ 10,421	$ 12,859	$ 73,619	100.0%	0.0%	$ 50,339	$ 73,619	NA
Other	$ 225,407	$ 149,418	$ 224,415	$ 599,240	100.0%	0.0%	$ 225,407	$ 599,240	NA
Total for the High Efficiency Program	$ 451,885	$ 329,820	$ 249,916	$ 1,031,622			$ 451,885	$ 1,031,622	

High Efficiency School Incentive Program	Costs	Lost Revenues	Shared Savings	Total	Allocations Electric	Allocations Gas	Electric Costs	Budget (Costs, Lost Revenues, & Shared Savings) Electric	Budget (Costs, Lost Revenues, & Shared Savings) Gas
Lighting	$ 104,760	$ 34,963	$ 5,349	$ 145,072	100.0%	0.0%	$ 104,760	$ 145,072	NA
HVAC	$ 71,380	$ 13,323	$ 7,294	$ 91,996	100.0%	0.0%	$ 71,380	$ 91,996	NA
Motors	$ 50,339	$ 10,421	$ 12,859	$ 73,619	100.0%	0.0%	$ 50,339	$ 73,619	NA
Other	$ 225,407	$ 149,418	$ 224,415	$ 599,240	100.0%	0.0%	$ 225,407	$ 599,240	NA
Total for the High Efficiency School Incentive Program	$ 451,885	$ 208,125	$ 249,916	$ 909,927			$ 451,885	$ 909,927	

	Costs	Lost Revenues	Shared Savings	Total	Allocations Electric	Allocations Gas	Electric Costs	Budget (Costs, Lost Revenues, & Shared Savings) Electric	Budget (Costs, Lost Revenues, & Shared Savings) Gas
PowerShare® Program	$ 265,000		$ 107,641	$ 372,641	100.0%	0.0%	$ 265,000	$ 372,641	NA
Total C&I DSM Program				$ 2,314,189				$ 2,314,189	

Revised Appendix D

Duke Energy Kentucky
Demand Side Management Cost Recovery Rider (DSMR)
Summary of Calculations for 2006 Programs

January, 2007 through December, 2007

	Program Costs (A)
Electric Rider DSM	
Residential Rate RS	$ 2,052,470
Distribution Level Rates Part A DS, DP, DT, GS-FL, EH & SP	$ 1,941,548
Transmission Level Rates & Distribution Level Rates Part B	$ 372,641
Gas Rider DSM	
Residential Rate RS	$ 726,939

(A) See Appendix D, page 2 of 5.

Revised Appendix D Page 4 of 5

Duke Energy Kentucky
Demand Side Management Cost Recovery Rider (DSMR)
Summary of Billing Determinants

Year	2006
Projected Annual Electric Sales MWH	
Rates RS	1,472,498
Rates DS, DP, DT, GS-FL, EH, & SP	2,320,532
Rates DS, DP, DT, GS-FL, EH, SP, & TT	2,492,251
Projected Annual Gas Sales MCF	
Rate RS	6,498,195

Revised Appendix D

Duke Energy Kentucky
Demand Side Management Cost Recovery Rider (DSMR)
Summary of Calculations

January, 2007 through December, 2007

Rate Schedule Riders	True-Up Amount (A)	Expected Program Costs (B)	Total DSM Revenue Requirements	Estimated Billing Determinants (C)		DSM Cost Recovery Rider (DSMR)	
Electric Rider DSM							
Residential Rate RS	$ (1,391,358)	$ 2,052,470	$ 661,112	1,472,498	mWh	$ 0.000449	$/kWh
Distribution Level Rates Part A							
DS, DP, DT, GS-FL, EH & SP	$ 582,465	$ 1,941,548	$ 2,524,014	2,320,532	mWh	$ 0.001088	$/kWh
Transmission Level Rates & Distribution Level Rates Part B							
TT	$ -	$ 372,641	$ 372,641	2,492,251	mWh	$ 0.000150	$/kWh
Distribution Level Rates Total							
DS, DP, DT, GS-FL, EH & SP						$ 0.001237	$/kWh
Gas Rider DSM							
Residential Rate RS	$ (1,092,283)	$ 726,939	$ (365,344)	6,498,195	MCF	$ (0.056222)	$/MCF
Total Rider Recovery			$ 3,192,423				

Customer Charge	New Numbers	Annual Revenues	Number of Customers	Monthly Customer Charge
Electric No.4				
Residential Rate RS	$ -	$ -	-	$ -
Gas No. 5				
Residential Rate RS	$ -	$ -	-	$ -
Total Customer Charge Revenues		$ -		
Total Recovery		$ 3,192,423		

(A) (Over)/Under of Appendix D page 1multiplied by 1.044 for 2006 for the average three-month commercial paper rate to include interest on over or under-recovery.
(B) Appendix D, page 2.
(C) Appendix D, page 4.

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-030

REQUEST:

Does Duke currently have a "Green Energy" tariff in Kentucky? If so, provide a summary of the program, including a copy of the tariff; the current number of customers on the tariff; the premium over standard service, etc. If not, will it be submitting such a tariff for approval in the near future? If such a submission is planned, please provide information, including a summary of the program; the status of this filing; and a draft tariff; if currently available. What is the expected premium to the current standard service offering?

RESPONSE:

Duke Energy Kentucky has a voluntary "Green Energy" tariff RIDER GP GREEN POWER RIDER in place in Kentucky. The tariff provides the customer an opportunity to contribute to the acquisition of green power from renewable sources. Listed is the website for a copy of the tariff:

http://www.duke-energy.com/pdfs/DE-KY-ridergp.pdf

The Company has no customers enrolled in this program. However, plans are underway to file a new version of this rider similar to the voluntary tariff in Indiana and Ohio described as ***GoGreen Power***. The internal filing preparation for this new Kentucky tariff will begin by the end of January, 2008. This standard offering will likely begin with a $2.50 charge per 100 kWh of green energy, purchased in a minimum of 200 kWh (i.e.$5.00). The tariff will have the flexibility for special agreements for large commercial and industrial customers to purchase large blocks of renewables.

WITNESS RESPONSIBLE: James M. Lefeld

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-031

REQUEST:

On a 3 year historic calendar year basis; by year (2004-2006):

- Actual and weather adjusted sales by residential, commercial, industrial, other retail and wholesale. Provide a total.

- Actual and weather adjusted retail peak demand by residential, commercial, industrial, other retail and wholesale. Provide a total.

- Year-end customers by residential, commercial, industrial, other retail and wholesale. Provide a total.

RESPONSE:

See table below.

Data Request Response 02-031
Duke Energy Kentucky

Sales - Actual - kWh

	Residential	Commercial	Industrial	Other Retail	Wholesale	Total
2004	1,371,604,383	1,329,564,897	768,022,988	321,862,434	0	3,791,054,702
2005	1,481,110,560	1,373,341,402	785,635,758	332,141,640	0	3,972,229,360
2006	1,404,457,736	1,371,330,238	781,002,993	323,155,488	0	3,879,946,455

Sales - Weather Adjusted - kWh

	Residential	Commercial	Industrial	Other Retail	Wholesale	Total
2004	1,409,503,065	1,339,441,124	770,340,350	324,280,881	0	3,843,565,420
2005	1,415,416,995	1,351,914,486	781,024,675	327,225,245	0	3,875,581,401
2006	1,425,032,551	1,375,838,520	780,780,151	323,428,417	0	3,905,079,639

Peak - Actual - mW

	Residential	Commercial	Industrial	Other Retail	Wholesale	System Total
2004	NA	NA	NA	NA	NA	814
2005	NA	NA	NA	NA	NA	904
2006	NA	NA	NA	NA	NA	881

Peak - Weather Adjusted - mW

	Residential	Commercial	Industrial	Other Retail	Wholesale	Total
2004	NA	NA	NA	NA	NA	912
2005	NA	NA	NA	NA	NA	882
2006	NA	NA	NA	NA	NA	897

Customers - Year End

	Residential	Commercial	Industrial	Other Retail	Wholesale	Total
2004	116,524	12,896	398	1,240	0	131,058
2005	117,270	12,981	390	1,255	0	131,896
2006	118,642	13,184	391	1,318	0	133,535

WITNESS RESPONSIBLE: Richard G. Stevie

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-032

REQUEST:

Provide a listing of current generation sources: generation plant, by unit indicating date of commercial operation, fuel type, capacity. Identify any generating facilities that are currently under construction, and provide a brief description of such facilities. Please provide this information for Duke Energy Kentucky and the Duke Energy franchised system.

RESPONSE:

Duke Carolina

Data collected from FERC Form 1 (Submittal 20070521-8019, dated 5/17/2007)
** Capacity data collected from Line 7*
*** Capacity data collected from Line 8*
****Capacity data collected from Line 9*
*****Capacity data collected from Column (d)*

Station	Date of Commercial Operation	Fuel Type		Capacity (MW)
Belews Creek	1974	Coal	Oil	2270***
Marshall	1965	Coal	Oil	2110***
Dan River	1949	Coal	Oil	276***
Dan River (CT)	1968	Gas	Oil	85***
Buck	1941	Coal	Oil	369***
Buck (CT)	1970	Gas	Oil	93***
McGuire	1981	Nuclear		2200***
Catawba	1985	Nuclear		282***
Allen	1957	Coal	Oil	1145***
Lee	1951	Coal	Oil	370***
Lee (CT)	1968	Gas	Oil	84***
Cliffside	1940	Coal	Oil	760***
Riverbend	1952	Coal	Oil	454***
Riverbend (CT)	1969	Coal	Oil	120***
Buzzard Roost	1971	Gas	Oil	196***
Lincoln	1995	Gas	Oil	1268***
Oconee	1973	Nuclear		2538***
Mill Creek	2002	Gas	Oil	595***

Rockingham	2000	Gas	Oil	825***
Bridgewater	1919	Hydro		26***
Rhodhiss	1925	Hydro		31***
Cowans Ford	1963	Hydro		390***
Wylie	1925	Hydro		78***
Rocky Creek	1909	Hydro		28***
Cedar Creek	1926	Hydro		45***
Keowee	1971	Hydro		160***
Thorpe	1941	Hydro		23***
Oxford	1928	Hydro		44***
Lookout Shoals	1915	Hydro		28***
Mountain Island	1923	Hydro		62***
Fishing Creek	1916	Hydro		56***
Great Falls	1907	Hydro		30***
Dearborn	1923	Hydro		47***
Wateree	1919	Hydro		90***
Ninet-Nine Islands	1910	Hydro		20***
Buzzard Roost	1940	Hydro		16***
Nantahala	1942	Hydro		51***
Tennessee Creek	1955	Hydro		11***
Jocassee	1973	Pump Storage Hydro		680*
Bad Creek	1991	Pump Storage Hydro		1391*
Bear Creek	1954	Hydro		10****
Bryson	1925	Hydro		1****
Cedar Cliff	1952	Hydro		7****
Dillsboro	1931	Hydro		0.2****
Franklin	1925	Hydro		1****
Gaston Shoals	1908	Hydro		6****
Mission	1924	Hydro		2****
Queen's Creek	1949	Hydro		2****
Tuckasegee	1950	Hydro		3****
Tuxedo	1920	Hydro		8****

Duke Indiana

Data collected from FERC Form 1 (Submittal 20070423-8011, dated 4/23/2007)
** Capacity data collected from Line 7*
*** Capacity data collected from Line 8*
****Capacity data collected from Line 9*
*****Capacity data collected from Column (d)*

Station	Date of Commercial Operation	Fuel Type		Capacity (MW)
Edwardsport	1918	Coal	Oil	160**
Noblesville	1950	Gas		310**
Gibson	1975	Coal	Oil	2845**
Cayuga CT	1993	Gas		120**
Madison	2000	Gas		704**
Miami Wabash	1968	Oil		104**
Wabash River	1953	Coal	Oil	668**
Gallagher	1958	Coal	Oil	560**
Cayuga	1970	Coal	Oil	1005**
Wabash River Repowering	1995	Gas		281**
Cayuga Peaking	1972	Oil		11**
Cadiz	2001	Gas		129**
Connersville	1972	Oil		98**
Wheatland	1999	Gas		488**
Markland	1967	Hydro		45***
Wabash River Peaking	1967	Oil		9****

Duke Kentucky

Data collected from FERC Form 1 (Submittal 20070423-8009, dated 4/23/2007)
** Capacity data collected from Line 7*
*** Capacity data collected from Line 8*
****Capacity data collected from Line 9*
*****Capacity data collected from Column (d)*

Station	Date of Commercial Operation	Fuel Type		Capacity (MW)
East Bend	1981	Coal	Oil	414**
Miami Fort 6	1960	Coal	Oil	163**
Woodsdale GT	1992	Gas	Propane	564**

Duke Ohio

Data collected from FERC Form 1 (Submittal 20070423-8007, dated 4/23/2007)
** Capacity data collected from Line 7*
*** Capacity data collected from Line 8*
****Capacity data collected from Line 9*
*****Capacity data collected from Column (d)*

Station	Date of Commercial Operation	Fuel Type		Capacity (MW)
Miami Fort 5	1949	Coal	Oil	80***
Miami Fort 7&8 CGE	1975	Coal	Oil	640***
Zimmer CGE	1991	Coal	Oil	612***
Miami Fort GT	1971	Oil		122**
Stuart CGE	1970	Coal	Oil	913***
Killen CGE	1982	Coal	Oil	220***
Washington	2002	Gas		620***
Vermillion	2000	Gas		640***
Beckjord 1-5	1952	Coal	Oil	714***
Beckjord 6 CGE	1969	Coal	Oil	158***
Beckjord GT	1972	Oil		293**
Dicks Creek GT	1965	Gas		105**
Conesville 4 CGE	1973	Coal	Oil	312***
Fayette CC	2003	Gas		620***
Lee SC	2001	Gas		640***
Hanging Rock CC	2003	Gas		1240***

WITNESS RESPONSIBLE: Stephen P. Sandfoss

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-033

REQUEST:

For the forecast period 2007-2020 (or a similar period most readily available), provide by year:

- Expected generation capacity additions and retirements (by year), indicating type of unit, fuel type, capacity.
- Estimate of any generation sources (by year) from distributed generation, cogeneration, or other non-utility sources.
- Estimated cumulative annual effect of new DSM programs on sales and peak demand.
- Average annual estimated growth rate for:
    - Total retail customers; sales; and peak demand.
    - Residential; total retail usage per customer
    - Total retail number of customers
    - Inflation rate
    - Residential, Industrial, and total retail energy cost per kWh

RESPONSE:

- Expected generation capacity additions and retirements (by year), indicating type of unit, fuel type, capacity.

The 2003 Duke Energy Kentucky IRP showed the following generation capacity additions:

Year	Purchases/Unit Additions
2003	
2004	East Bend 2 (coal) with Back-up PSA Miami Fort 6 (coal) with Back-up PSA Woodsdale 1-6 (natural gas)
2005	
2006	

2007	
2008	
2009	
2010	
2011	25 MW Summer Purchase
2012	50 MW Summer Purchase
2013	1-70 MW PCFB Unit (coal)
2014	
2015	1-25 MW Fuel Cell (natural gas)
2016	
2017	1-25 MW Fuel Cell (natural gas)
2018	1-70 MW PCFB Unit (coal)
2019	
2020	
2021	
2022	
2023	1-70 MW PCFB Unit (coal)

There were no planned unit retirements.

- Estimate of any generation sources (by year) from distributed generation, cogeneration, or other non-utility sources.

The 2003 Duke Energy Kentucky IRP showed no distributed generation, cogeneration, or other non-utility sources.

- Estimated cumulative annual effect of new DSM programs on sales and peak demand.

  See table below.

Impacts of Energy Efficiency and Demand Response Programs

	Energy Impact	Conservation	Demand Response	Total
Year	MWh	MW	MW	MW
2007	32,946.5	8.7	13.2	21.9
2008	44,957.5	11.7	14.4	26.1
2009	52,837.8	13.7	15.7	29.4
2010	60,718.0	15.7	17.0	32.7
2011	68,598.2	17.7	17.0	34.7
2012	76,478.5	19.7	17.0	36.7
2013	84,358.7	21.7	17.0	38.7
2014	92,238.9	23.7	17.0	40.7
2015	100,119.2	25.6	17.0	42.6
2016	107,999.4	27.6	17.0	44.6
2017	115,879.6	29.6	17.0	46.6
2018	123,759.9	31.6	17.0	48.6
2019	131,640.1	33.6	17.0	50.6
2020	139,520.3	35.6	17.0	52.6

- Average annual estimated growth rate for:
    - Total retail customers; sales; and peak demand.
    - Residential; total retail usage per customer
    - Total retail number of customers
    - Inflation rate
    - Residential, Industrial, and total retail energy cost per kWh

    See table below.

	Customers		Sales		Use per Customer		Peak		Energy cost per kWh		
	Total Retail	Residential	Total Retail	Residential	Total Retail	Residential	Demand	CPI	Residential	Industrial	Total Retail
2007	133,920	118,885	3,981,262	1,444,363	29.73	12.15	874	206.397	NA	NA	NA
2008	135,452	120,187	3,975,791	1,450,570	29.35	12.07	870	211.075	NA	NA	NA
2009	136,903	121,452	4,008,670	1,466,943	29.28	12.08	875	215.522	NA	NA	NA
2010	138,184	122,581	4,054,829	1,484,872	29.34	12.11	884	220.153	NA	NA	NA
2011	139,416	123,669	4,125,020	1,512,162	29.59	12.23	898	225.072	NA	NA	NA
2012	140,624	124,736	4,189,568	1,532,684	29.79	12.29	911	230.325	NA	NA	NA
2013	141,786	125,761	4,235,805	1,544,436	29.87	12.28	920	235.686	NA	NA	NA
2014	142,877	126,719	4,276,498	1,554,312	29.93	12.27	928	241.125	NA	NA	NA
2015	143,917	127,630	4,315,082	1,563,710	29.98	12.25	935	246.639	NA	NA	NA
2016	144,934	128,522	4,352,921	1,572,401	30.03	12.23	942	252.164	NA	NA	NA
2017	145,941	129,407	4,388,272	1,578,661	30.07	12.20	948	257.771	NA	NA	NA
2018	146,935	130,280	4,422,987	1,584,517	30.10	12.16	954	263.516	NA	NA	NA
2019	147,900	131,125	4,456,433	1,589,643	30.13	12.12	960	269.403	NA	NA	NA
2020	148,832	131,936	4,488,314	1,593,481	30.16	12.08	965	275.392	NA	NA	NA

WITNESS RESPONSIBLE: Diane L. Jenner and Richard G. Stevie

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-034

REQUEST:

Provide statistics maintained on energy and demand impacts of any customers (if any) on net metering tariff. Indicate the technology employed; summarize the basic costs of interconnection and maintenance (e.g., connection charges, costs of backup power), describe any transmission issues of note, etc.

RESPONSE:

The Company doesn't maintain statistics on the impact of net metering on customers. The Company doesn't track the technology employed, basic costs of interconnection and maintenance. There are no transmission issues of note.

WITNESS RESPONSIBLE: Paul G. Smith

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-035

REQUEST:

Identify and describe what resources are currently committed to energy planning and energy conservation activities. This response should include both operating company personnel, as well as Duke Energy Corp. For Duke Energy Corp. staff, provide an estimate of percent of time spent on Duke Energy Kentucky activities.

- Full time employees – department, title, brief job descriptions.
- Educational programs re energy conservation; programs available.
- IRP process.
- Screening and administration of DSM programs.
- Other.

RESPONSE:

Integrated Resource Planning Department
Titles include Director, Integrated Resource Planning, Resource Planning Consultant, Consulting Engineer, Engineer III (2 employees), and Sr. Engineering Technologist.
The function of the department is to plan for the long-term capacity needs of Duke Energy's regulated utilities, including preparing and filing IRPs in accordance with state regulations. In years requiring an IRP filing in Kentucky, the percentage of the department's time spent on Duke Energy Kentucky activities is approximately 15%. In other years, the percentage of the department's time spent on Duke Energy Kentucky activities is approximately 5%.

Energy Efficiency Department
The function of this department is to create product-related strategies and to develop, manage, and refine products and services offered to all retail electric and gas customers across KY, OH, IN, NC, and SC. In general, employees from this department spend about 10% of their time on Duke Energy Kentucky activities.

Staff resources devoted to energy planning and energy conservation activities:

No.	Title
1	VP, Energy Efficiency (oversight of all energy efficiency and customer product related activities)

1	Executive Assistant (administrative support)
1	Administrative Specialist (administrative support)
1	Administrative Office Clerk (administrative support)
1	Director, Energy Efficiency Product Development (oversight of new product development)
1	Director, Products & Services (day-to-day management of all customer products)
1	Director, Mass Market Strategy & Market Plans (sets and manages strategy for mass market customer segments, e.g. residential, low income, builder, small/medium business)
1	Director, Large Business Strategy & Market Plans (sets and manages strategy for large business customer segments, e.g. industrial, institutional, commercial)
1	Director Energy Efficiency Operations (budgeting, reporting, project management, financial analysis)
1	Financial & Bus. Integration Services Mgr. (day-to-day management of budgets and reporting)
10	Market/Product Manager (senior-level product management)
6	Project Manager (senior-level project management)
1	Sr. Analyst MBA Rotation Program (mid-level project management)
6	Marketing Analyst (mid-level project or product management)
12	Marketing Specialist (entry-level project or product management)

Customer Market Analytics Department

Staff resources devoted to energy planning and energy conservation activities:

No.	Title	Percent for KY
1	Managing Director, Customer Market Analytics	10%
1	Manager, Load Forecasting	10%
2	Load Forecasters	10%
1	Load Forecaster	20%
1	Manager, Market Analytics	10%
1	Manager, Product Development Analytics	10%
2	Analytic Researcher	10%
1	Analytic Researcher	5%
1	Research Analyst	20%

Managing Director, Customer Market Analytics

Reviews the planning, analytical, and regulatory processes associated with the organizations involved in marketing, market research, forecasting, load research, product development analytics, and customer data management.

Manager, Load Forecasting

Supervises and participates in the preparation of the official company forecast for energy sales, peak demands, hourly loads, number of customers, and service area economy.

Load Forecaster

Prepares official company forecast for energy sales, peak demands, hourly loads, number of customers, and service area economy. Develops and implements econometric/statistical/end-

use/engineering models to prepare official forecasts. Also conveys results of forecasting efforts to appropriate groups within the company.

Manager, Market Analytics
Responsible for management and oversight of the planning, operations and regulatory functions involving market research, energy efficiency cost-effectiveness and evaluation, and customer data management.

Manager, Product Development Analytics
Responsible for supporting the analytics for product development emphasizing demand response, load management (LM) and Direct Load Control (DLC) . Also responsible to provide project management and technical expertise on special projects requested of the Customer Market Analytics department.

Analytic Researcher
Applies advanced statistical, financial, engineering and mathematical modeling and analysis to retail products, demand reduction programs, customer load and usage data, and wholesale energy markets. Specify, design and manage data requirements and methodologies, formulate quantitative applications and solutions appropriate to the specific business problem or task, and interpret results for management in a way that enables superior decisions and outcomes for the company.

Research Analyst
Under the general supervision of management or an analytic researcher, conduct data queries, market research studies, statistical analyses and database operations on customer transaction data, load data and behavioral data. Assist in the design and management of data requirements and analysis, using quantitative applications and programming languages as necessary to efficiently and effectively address business issues or conduct analytical business operations for the company.

WITNESS RESPONSIBLE: Theodore E. Schultz / Richard G. Stevie / Diane L. Jenner

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-036

REQUEST:

Does the Company currently provide programs for Energy Assistance Funding? If so, provide program details.

Does the company currently have any low-income or lifeline rates in place? If so, provide a copy of relevant tariffs or tariff provisions. Also indicate if the company provides direct support to its low-income customers. Provide amounts associated with these programs/tariffs, by year, for the three years ending December 31, 2006.

RESPONSE:

Duke Energy Kentucky, Inc. provides financial assistance to the Winter Care Program. Attached is a summary of the program. For additional information, please visit their website http://www.nkcac.org/locations/NC.html.

The Company doesn't have any low-income or lifeline rates.

The Company doesn't provide support directly to low-income customers.

The Company provided funding for the Winter Care Program of $15,163, $15,000 and $50,000 in 2004, 2005 and 2006, respectively.

WITNESS RESPONSIBLE: Paul G. Smith

WinterCare Program

WinterCare is a Duke Energy sponsored program designed to assist those in need with their heating bills during the winter season.

To apply for assistance
Eligible customers will receive a one-time payment during the year as long as funds are available. For additional information or to apply for assistance, please review the attached list of Neighborhood Centers for the county in which you live.
http://www.nkcac.org/locations/NC.html

You may also contact the Northern Kentucky Community Action Commission at 859-581-6607.

To make a donation
If you would like to share the warmth with those less fortunate in your community, contributions can be made in two ways. You may add a donation to your monthly Duke Energy bill. Most monthly bills have a special notation in the upper right-hand corner to mark your WinterCare donation. Write in the dollar amount you would like to give (in even dollar amounts) and add the amount to your bill payment.

You may also mail donations (check or money order only). Checks should be made payable to **The Northern Kentucky Community Action Commission/WinterCare Program**. Please mail donations to:

WinterCare Program
139 E. 4th Street
Cincinnati, Ohio 45202

e-Bill customer donations
Our e-Bill customers can easily make a donation by first e-mailing us the dollar amount you would like allocated to WinterCare. Then, please be sure to change your total e-Bill payment amount to include your donation to WinterCare.

All donations are tax deductible and are forwarded to the Northern Kentucky Community Action Commission for distribution to those in need.

If you have additional questions about making a contribution to WinterCare, contact us via e-mail or call us at 513-421-9500 or toll-free 1-800-544-6900.

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-037

REQUEST:

Please provide customer disconnect statistics for 2006. Compare Duke Energy Kentucky disconnect rates to industry average experience. Do reconnect charges recover actual costs? Provide analyses and/or management's opinion about whether the implementation of "Smart Meters" would reduce these costs?

RESPONSE:

Duke Energy Kentucky, Inc. had 9,487 disconnections for non-payment in 2006. The Company has a basic reconnect charge of $25. The charge for reconnection at the pole is $65. For after-hours reconnections, the reconnection charges are increased by $25. The reconnect charge is intended to recover the actual cost of performing the reconnection. A smart grid system with remote disconnect/reconnect capability could: (a.) reduce costs by eliminating the cost of manual disconnection/reconnection; (b.) reduce bad debt expense by shortening the time period for disconnecting a customer for non-payment; and (c.) increase revenues by accelerating the time period for reconnecting a customer who has paid the bill and restored credit arrangements.

WITNESS RESPONSIBLE: Paul G. Smith / Matthew W. Smith

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-038

REQUEST:

Please provide the total number of industrial customers at June 30, 2007. Of these customers, how many have opted-out of participating in the DSM program? Briefly describe the process an industrial customer must follow to opt out of the DSM program.

RESPONSE:

As of June 30, 2007, there were 385 industrial customers. Currently, only those customers receiving transmission service (Rate TT customers) have the ability to opt out. All 12 customers on Rate TT have opted-out of participating in the DSM program. Of these 12 customers, two are classified as commercial and four as governmental. Six of the 12 are classified as industrial.

WITNESS RESPONSIBLE: Richard G. Stevie

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-039

REQUEST:

Referring to Discovery Response, Item 2, to the extent that more recent reports are now available, or become available by February 22, 2008, please provide copies of such documents. Provide a summary of the current credit ratings for Duke Energy Corporation and Duke Energy Kentucky from Moody's and S&P.

RESPONSE:

Please see the Attachment KyPSC-DR-02-039(a) for the Duke Energy Corporation reports from Standard & Poor's that were published subsequent to our response to Discovery Request, Item 2. There have been no Standard & Poor's updated reports for Duke Energy Kentucky. Moody's has not issued updated reports for Duke Energy Corporation or Duke Energy Kentucky.

A summary of the current credit ratings from Standard & Poor's and Moody's has also been provided in Attachment KyPSC-DR-02-039(b), which represents an internal management report. The report summarizes ratings as of December 31, 2007. Additionally, support from S&P's and Moody's websites has been attached for the ratings summarized in this report.

To the extent credit ratings change or the rating agencies publish updated reports on Duke Energy Corporation or Duke Energy Kentucky by February 22, 2008, they will be provided at a later date.

WITNESS RESPONSIBLE: Stephen G. De May

STANDARD &POOR'S

RATINGSDIRECT®

December 10, 2007

Summary:

Duke Energy Corp.

Primary Credit Analyst:
Dimitri Nikas, New York (1) 212-438-7807; dimitri_nikas@standardandpoors.com

Table Of Contents

Summary:
Duke Energy Corp.

Credit Rating: A-/Stable/NR

Rationale

The ratings on Duke Energy reflect the consolidated credit profiles of its operating subsidiaries. Duke Energy's business risk profile is strong ('5') and its financial profile risk is viewed as intermediate. The company's business risk profile is supported by stable, regulated electric utility operations in five states that account for more than 85% of cash flow, regulatory environments that are generally supportive of credit quality, service territories with demographics that range from average to attractive, and rates that are competitive for the regions of operation. The business risk profile is further supported by management that is committed to credit quality and has consistently delivered on a timely basis in its efforts to reduce business risk and improve credit quality.

These strengths are tempered by the need to spend significant capital (about $14.6 billion from 2008 through 2010) to address environmental, maintenance, and growth needs, the bulk of which is for the regulated electric operations; residual exposure to international operations that contribute about 10% of operating income; and some uncertainty as to how the regulatory environment will evolve in Ohio after 2008 when Duke Energy Ohio's current rate stabilization plan ends.

Standard & Poor's views the regulatory environments of the operating subsidiaries as generally supportive of credit quality in light of reasonable allowed returns, timely recovery of fuel and purchased-power costs, and recovery of various environmental-related compliance costs. Given Duke Energy's plan to spend about $11.875 billion during the next three years for the regulated utility operations, timely and adequate recovery of all prudent and approved costs will be important to support credit quality. The ratings are based on expectation that Duke Energy won't pursue any large or significant new generation projects unless it has the necessary regulatory approvals and certainty that any related costs will be recovered. Standard & Poor's also expects that Duke Energy will reach some arrangement in Ohio to address the pending termination of the utility's current rate stabilization plan (RSP) in 2008, likely through a longer-term extension and a framework to buy or build new generation to address increasing demand. Importantly, any successor to the RSP is expected to continue to allow full cost recovery, mitigating risks to the utility's financial profile.

Standard & Poor's ascribes higher business risk to Duke Energy's international operations, due to the uncertainty of the local regulatory environments, especially in Brazil, and the company's residual interest in real estate development operations, in which Duke Energy is not expected to provide any financial assistance.

Duke Energy's consolidated financial risk profile should remain adequate for the rating as well as consistent with recent financial performance over the intermediate term. For the 12 months ended Sept. 30, 2007, Duke Energy generated $4.4 billion in adjusted funds from operations (FFO) leading to adjusted FFO interest coverage of 5.9x and adjusted FFO to debt of 33%, measures that are strong for the rating. Total adjusted debt for the period was $13.4 billion, leading to debt leverage of 38.7%. Duke Energy's financial risk profile is intermediate which should provide the company with some flexibility as it embarks on its large capital spending program over the next three years.

Short-term credit factors

The short-term rating on Duke Energy is 'A-2' and largely reflects the company's corporate credit rating, along with strong liquidity and stable regulated utility operations that generate the bulk of cash flow.

Duke Energy's liquidity is strong in light of expected annual debt maturities of about $521 million for the remainder of 2007, $1.54 billion in 2008, and about $943 million in 2009. As of Sept. 30, 2007, Duke Energy had a $2.65 billion master credit facility maturing in 2012 with $1.81 billion still available. The master credit facility contains a sub-limit of $850 million for Duke Energy, $800 million for Duke Energy Carolinas, $500 million for Duke Energy Ohio, $400 million for Duke Energy Indiana and $100 million for Duke Energy Kentucky. Duke Energy's liquidity is further enhanced by $1.58 billion of cash and short-term investments.

Outlook

The stable outlook on Duke Energy reflects the company's strong business risk profile and expectations of credit protection measures over the intermediate term that support the current ratings. Given Duke Energy's increasing focus on regulated operations, Standard & Poor's expects that the company will be able to arrive at constructive regulatory decisions so as to avoid meaningful increases in business risk, and thereby preserve its financial profile. Should business risk increase (either through a material, unfavorable regulatory outcome or the pursuit of unregulated operations) or the financial profile weaken, the outlook will be revised to negative and ratings may be lowered. A higher rating is currently not contemplated, especially in light of Duke Energy's large capital spending program.

STANDARD &POOR'S

RATINGSDIRECT®

December 10, 2007

Duke Energy Corp.

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Duke Energy Corp.

Major Rating Factors

Strengths:

- Regulated electric and gas operations provide more than 85% of total operating income.
- Regulated operations are jurisdictions with generally constructive regulatory environments.
- Service territory is large and diverse with largely attractive markets and above-average customer growth.
- Large and efficient regulated power generation fleet with well-managed nuclear and coal plants affording some fuel diversity, and providing for competitive rates that lead to above-average competitive position.

Corporate Credit Rating
A-/Stable/NR

Weaknesses:

- Uncertainty as to how the regulatory environment will evolve in Ohio subsequent to 2008, once Duke Energy Ohio's rate-stabilization plan ends.
- Significant capital spending to address environmental and growth needs necessitates timely recovery of expenses to preserve strong cash flow generation.
- International operations introduce a measure of political and currency risk.

Rationale

The ratings on Duke Energy reflect the consolidated credit profiles of its operating subsidiaries. Duke Energy's business risk profile is strong ('5') and its financial profile risk is viewed as intermediate. The company's business risk profile is supported by stable, regulated electric utility operations in five states that account for more than 85% of cash flow, regulatory environments that are generally supportive of credit quality, service territories with demographics that range from average to attractive, and rates that are competitive for the regions of operation. The business risk profile is further supported by management that is committed to credit quality and has consistently delivered on a timely basis in its efforts to reduce business risk and improve credit quality.

These strengths are tempered by the need to spend significant capital (about $14.6 billion from 2008 through 2010) to address environmental, maintenance, and growth needs, the bulk of which is for the regulated electric operations; residual exposure to international operations that contribute about 10% of operating income; and some uncertainty as to how the regulatory environment will evolve in Ohio after 2008 when Duke Energy Ohio's current rate stabilization plan ends.

Standard & Poor's views the regulatory environments of the operating subsidiaries as generally supportive of credit quality in light of reasonable allowed returns, timely recovery of fuel and purchased-power costs, and recovery of various environmental-related compliance costs. Given Duke Energy's plan to spend about $11.875 billion during the next three years for the regulated utility operations, timely and adequate recovery of all prudent and approved costs will be important to support credit quality. The ratings are based on expectation that Duke Energy won't pursue any large or significant new generation projects unless it has the necessary regulatory approvals and certainty

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Business Description

In April 2006, Duke Energy merged with Cinergy Corp. forming a holding company that owns four regulated electric utilities serving 3.92 million customers in central and southern North Carolina, western South Carolina, southwestern Ohio, central and southern Indiana, and northern Kentucky. In addition, the new entity serves

551,000 gas customers in southwestern Ohio and northern Kentucky. These utilities are Duke Energy Carolinas (about 50% of cash flow), Duke Energy Ohio (17%), Duke Energy Indiana (15%), and Duke Energy Kentucky (5%). In addition, Duke Energy owns and operates about 4,100 MW of generation capacity in South and Central America and owns an equity interest in National Methanol Co., a leading producer of methanol and methanol tertiary butyl ether, in Saudi Arabia. The international operations contribute about 10% of cash flow. In September 2006, the company also monetized its interest in Crescent Resources, a real estate development venture, by selling 51% of the company and eliminating future funding needs. On Jan. 1, 2007, Duke Energy spun off its gas transmission, distribution and processing operations forming Spectra Energy Corp.

Rating Methodology

The ratings on Duke Energy and its subsidiaries are based on Standard & Poor's consolidated rating methodology, which reflects significant financial and operational inter-relationships among the rated entities. The consolidated ratings on Duke Energy reflect a business risk profile that captures the relative contribution to business risk and cash flow of its subsidiaries. Without meaningful regulatory measures that can restrict the flow of funds in the company, Standard & Poor's considers Duke Energy's consolidated financial profile, while still focusing on the financial profiles of the stand-alone entities, to identify entities whose financial profile deviates from the consolidated one.

Business Risk Profile

Franchised electric operations

Duke Energy Carolinas LLC

Duke Energy Carolinas is Duke Energy's largest electric utility subsidiary, serving 2.325 million customers in central and southern North Carolina and western South Carolina and providing about 50% of total cashflow.

The North Carolina Utility Commission (NCUC) and the South Carolina Public Service Commission (SCPSC) regulate Duke Energy Carolinas in their respective jurisdictions. Standard & Poor's views the regulatory environments as generally supportive of credit quality, providing the ability to earn satisfactory returns while recovering prudently incurred capital expenditures and fuel costs while working with the utilities to constructively address new generation needs through various cost recovery frameworks.

In North Carolina, Duke Energy Carolinas' rates are frozen until the end of 2007 as part of the Clean Air legislation that was passed in early 2002. Under the rate freeze period, Duke Energy Carolinas was allowed accelerated recovery of environmental capital expenditures through existing amortizations. The legislation required that at least 70% of such expenditures be recovered from 2003 to 2009. As of Sept. 30, 2007, Duke Energy Carolinas had incurred $1.14 billion in expenditures and recovered $1.05 billion through amortizations, with total costs for compliance estimated at $2 billion. In November 2007, the NCUC approved a settlement relating to Duke Energy Carolina's June 2007 rate filing requesting a $140 million increase (3.6%) effective Jan. 1, 2008. The approval requires an annual rate reduction of $287 million that includes an earlier agreed upon reduction of $233 million reached through a settlement between the company and intervenors, and addresses two remaining issues: the treatment of ongoing savings resulting from Duke Energy's merger with Cinergy, 42% of which will be shared with ratepayers ($46 million) over three years and 58% ($80 million) of which will be recovered by the company during 2008; the recovery of development costs related to GridSouth over 010 years; and the elimination of earnings sharing under the bulk power marketing arrangement. The settlement also provided for discontinuation of the

environmental amortizations under the rate freeze instead requiring the capitalization of costs above the currently incurred $1.05 billion (another $950 million) and recovering them through a later rate filing. Finally, the settlement included a return on capital of 8.57% with an associated ROE of 11% (down from 12.5%) on a capital structure of 53% equity and 47% debt. Although the rate reduction will contribute to a modest drop in cash flow, it also provides rate stability for the intermediate term while the company is pursuing its capital spending program. The NCUC is expected to approve the settlement by the end of 2007.

The NCUC provides Duke Energy Carolinas with an annually updated fuel clause adjustment mechanism that ensures relatively timely recovery of fuel costs and avoids the accumulation of material fuel cost deferrals.

In March 2007, the NCUC issued an order giving 'general assurance' to Duke Energy Carolinas that it is appropriate for the company to conduct development work for a new nuclear plant. Significantly, the order provides that any nuclear development costs can be recovered as part of a future rate case, even if the company decides not to pursue construction of a new nuclear plant.

In May 2007, Duke Energy Carolinas filed an energy efficiency plan with the NCUC that recognizes energy efficiency as a resource alternative ('fifth fuel') to be part of a company's resource portfolio. The plan would compensate Duke Energy Carolinas for verified reductions of energy use while linking energy efficiency to the retirement of older, polluting plants. Customers would pay for energy efficiency through an annually adjusted rider based on the avoided cost of generation not needed. A hearing is expected in 2008.

In South Carolina, energy legislation was passed in May 2007 that provides for recovery of re-agent costs consumed in removal of SO2 and NOx through an annually adjusted fuel clause mechanism. Importantly, the legislation provides assurance of recovery of costs related to the project development of new nuclear generation, recovery of construction costs for new nuclear of coal fired base load generation in rates during construction and recovery of financing costs during construction for such generation. While similar legislation was passed in North Carolina, such legislation allows for cost recovery through a rate filing once the project is completed.

The SCPSC allows Duke Energy Carolinas an ROE of 12.25% on a capital structure with a 55% equity layer ensuring sufficient cash flow generation. Fuel costs are recovered through an annually adjusted fuel clause mechanism. There are no active efforts to restructure the electric utility industry in North or South Carolina, implicitly providing a measure of support to credit quality because it reinforces the company's natural monopoly position.

The 2.33 million customer base is diverse and large, of which residential and commercial account for about 71% of 2006 revenues and 62% of energy sales. Exposure to textile customers is continuing to decline, while exposure to other industrial customers (16% of revenues, 23% of sales in 2006) has not changed materially over the years. Overall customer growth has been strong at 2%. The system load factor is attractive at 58%.

Total generation capacity is 19,208 MW, and is dominated by coal-fired (7,754 MW) and nuclear power plants (Catawba, McGuire, Oconee 5,020 MW), which generate 97% of the electricity used. Nuclear fleet capacity availability remains strong at 90% but is down from prior year's due to refueling outages, reflecting Duke Power's high standards of maintenance and moderating the nuclear exposure. In response to increasing load, Duke Power is considering the potential for an additional nuclear power plant at the William States Lee III site in Cherokee County, S.C. The company is preparing an application for submission to the NRC in 2008 for two Westinghouse AP1000 units, each of which is capable of producing 1,117MW. Given the significant capital cost of such a project,

Standard & Poor's does not expect that Duke Energy will proceed with construction of new nuclear units until it has clear and certain framework to recover the related expenses, a long-term waste storage solution, and a firm and finalized reactor design to avoid undue delays and cost escalations.

To address more immediate load needs, Duke Energy Carolinas acquired an 825MW combined cycle plant in North Carolina and received a certificate of public convenience and necessity (CPCN) for a single 800MW coal-fired unit at the Cliffside Steam Station, N.C., with a total construction cost of $1.93 billion (including AFUDC). The order provides for updates in the construction costs, and Duke Energy Carolinas filed an updated cost estimate of $1.8 billion excluding $600 million of AFUDC. In July 2007, Duke Energy Carolinas entered into an EPC agreement with The Shaw Group valued at $1.29 billion, of which $950 million relates to the new Cliffside Station, with the remainder related to a flue gas desulfurization system for an existing Cliffside unit. Duke Energy Carolinas also plans to file CPCN applications for two 600-800MW combined cycle units at the existing Dan River Steam Station and Buck Steam Station sites.

The company has an above-average competitive position, because not only is it the incumbent provider of electricity in its service territory, but also it has low rates relative to state and national averages. Given the good performance of the nuclear and coal facilities, it is expected that the rate advantage will continue providing a measure of rate setting flexibility.

Duke Energy Ohio, Inc.
Duke Energy Ohio serves about 680,000 electric and 515,000 gas customers in southwest Ohio, including Cincinnati. The customer base is stable and largely residential, with a diverse mix of industrial customers, demonstrating very modest growth. No customer accounts for more than 10% of operating revenues.

The electric utility industry in Ohio has been restructured, but Duke Energy Ohio has not had to sell its power plants to a third party, leading to notional unbundling. As part of the transition to competition and given the lack of a fully developed retail supply market, the output of Duke Energy Ohio's generation facilities is sold back to those distribution customers who have not selected an alternative electricity supplier. Duke Energy Ohio operates under a rate stabilization plan (RSP), market based standard service offer (MBSSO) that ends in December 2008, and which has certain aspects that support credit quality, including the ability to recover costs on a timely basis without accruing material power cost-related deferrals. Under the RSP arrangement, Duke Energy Ohio can recover predetermined amounts for fuel and emissions allowances (Annually Adjusted Component; AAC), certain purchase-power costs (System Reliability Tracker; SRT), and variations in these costs through a quarterly fuel-clause adjustment mechanism. In addition, Duke Energy Ohio can recover all related environmental compliance, transmission, and congestion costs. Although the current framework reduces uncertainty and ensures a measure of cash flow stability, lack of a clearly defined succession plan for the RSP creates uncertainty for Duke Energy Ohio, especially in light of different approaches proposed by competing utilities in the state. In an effort to reduce this uncertainty, Duke Energy Ohio has proposed an extension to its RSP until 2010 and is currently awaiting a response from the Public Utility Commission of Ohio (PUCO). Without an RSP extension or regulatory action that ensures a steady revenue stream, Duke Energy Ohio's generation portfolio could potentially be exposed to the risks associated with operating in an open-market environment and be subject to margin volatility.

Separately from the RSP, Duke Energy Ohio received a $51 million rate increase in early 2006 to reflect capital additions to its electric distribution system.

In October 2007, the PUCO affirmed the MBSSO and maintained the current level of prices after it was initially

appealed by intervenors. The ruling provided for continuation of existing cost recovery rate components, rescinded the requirement that Duke Energy Ohio transfer its generation assets to an exempt wholesale generation company, and required the company to retain ownership through the end of the RSP period.

The Ohio Senate introduced Senate Bill 221 in September 2007 that if enacted would expand the PUCO's authority to implement a revised energy policy, regulate electric distribution prices for standard service, and implement energy efficiency standards. SB221 would allow electric distribution companies to purse a market option (based on a competitive bidding process) or an Electric Security Plan option (allow recovery of specified costs) for electricity supply with the PUCO reserving the right to require implementation of a particular option. On Oct. 31, 2007, the Ohio Senate passed SB221, which is currently pending before the Ohio House.

Duke Energy Ohio requested an increase of $34million (5.7%) in July 2007 for the gas distribution operations to be effective in the spring 2008. The company also requested continuation of a tracker for accelerated main replacement. Changes in the cost of gas for the distribution companies are passed-through to customers for Duke Energy Ohio and Duke Energy Kentucky on a dollar-for-dollar basis under the gas cost-recovery mechanism that is mandated under state law.

The legacy Duke Energy Ohio generation assets used to serve its customers are managed by the company's unregulated arm and total about 4,000 MW of mostly coal-fired generation (62% by capacity). The assets are well-managed, providing a favorable cost structure with electric rates that are competitive with regional and national averages. However, rates may rise as Duke Energy Ohio addresses various necessary environmental-compliance measures. The company's exposure to volatile commodity prices is mitigated through long-term fixed-price fuel contracts and purchases of emission allowances, as well as through the fuel cost-recovery mechanism in the RSP.

Duke Energy Indiana, Inc.
Duke Energy Indiana is a fully integrated electric utility serving a large customer base of about 770,000 customers in central and southern Indiana that demonstrates modest growth characteristics. The customer base consists of residential, agricultural, and diversified industrial customers, all of which are potentially more sensitive to increasing rates. No customer accounts for more than 10% of operating revenues.

The regulatory environment is viewed as very constructive and there are no plans for deregulation, providing further support to credit quality. Duke Energy Indiana recovers fuel costs through a monthly fuel-clause adjustment mechanism, purchased-power costs not captured in the fuel-clause adjustment mechanism through a purchased-power tracker, and substantially all emissions-compliance costs through an emissions tracker. The fuel-clause adjustment mechanism has allowed Duke Energy Indiana to address the increasing cost of coal supplies. The company can also recover all transmission costs related to participation in the Midwest Independent System Operator. In mid-2006, Duke Energy Indiana received approval from the Indiana Utility Regulatory Commission (IURC) to recover costs, including financing; operating and maintenance; and depreciation, related to $1.1 billion in environmental capital spending, providing support to credit quality. In addition, in October 2007, Duke Energy Indiana received approval from the IURC to pursue construction of a 630MW IGCC plant in Edwardsport, Ind., at a total cost of about $2 billion including AFUDC, with such costs offset by about $460 million in local, state, and federal tax incentives. The company still needs an air permit, after which construction could begin in 2008 with an estimated completion date of 2012. The IURC directed Duke Energy Indiana to also develop carbon capture and storage plans and related cost studies.

Duke Energy Indiana's generation fleet consists of 7,279 MW of mostly coal-fired generation capacity (70% by capacity).

Duke Energy Kentucky, Inc.
Duke Energy Kentucky is a subsidiary of Duke Energy Ohio, operating in Kentucky. The company operates under a constructive regulatory environment with no plans for deregulation. Duke Energy Kentucky's electric rates were increased by $49 million starting January 2007 in response to a May 2006 rate filing which also reestablished the use of a quarterly fuel clause adjustment mechanism. The rate increase addresses rate base additions and the contribution of 1,100 MW of generation capacity (at a book value of $376 million) from Duke Energy Ohio. Since the generation assets have historically been used to serve Duke Energy Kentucky's customers via contracts, their inclusion in the company's rate base provides for greater rate certainty and assurance of cost recovery. Duke Energy Kentucky is currently employing a tracker mechanism for gas main replacement costs which is under appeal. Duke Energy Kentucky attempts to mitigate gas cost volatility by prepurchasing between 20% and 75% of its winter-heating season base-load gas requirements, and up to 50% of summer season base-load gas requirements, under an arrangement approved by regulators.

Duke Energy Kentucky serves a small, modestly growing customer base of about 130,000, and has well-managed plants and a favorable cost structure providing for electric rates that are below regional and national averages. About two-thirds of revenues are from electric operations, while the balance is from natural gas.

International, real estate operations and other

Through its international energy business unit, Duke Energy International (DEI) owns, operates, or has interests in about 4,100 MW of generation facilities, primarily in Central and South America. Standard & Poor's views the overall international portfolio as having a high business-risk profile, mainly due to political and currency risks of the investments in Latin America. Political risk exists as DEI manages changing regulatory and political environments in the countries where it operates, especially Brazil, Peru, and Argentina which represent the bulk of its investment. During 2006, international operations contributed about 10% of operating income.

In September 2006, Duke Energy monetized its investment in Crescent Resources, a real estate developer with operations in the southeastern and southwestern U.S. Duke Energy currently owns 49% of Crescent Resources, and the monetization has materially reduced business risk and eliminated any related funding requirements for Duke Energy. Standard & Poor's views distributions from Crescent, which are not expected to be material, as part of Duke Energy's cash from operations.

Duke Energy has shed the majority of its unregulated operations, most notably the merchant generation assets and related proprietary trading and marketing operations. These disposals materially improved the consolidated business risk profile, and significantly reduced the need for collateral and excess liquidity that was necessary to deal with volatile market prices.

Financial Risk Profile

Accounting

Duke Energy's financial statements are prepared under U.S. GAAP. The company benefits from the use of regulatory accounting SFAS 71 (accounting for the effects of certain types of regulation), under which some incurred costs or benefits that will probably be recovered or refunded in customer rates are deferred and recorded as regulatory assets

or liabilities. Regulatory accounting applies to all of their operations, except for Duke Energy Ohio's generation assets. Duke Energy had total regulatory assets of $2.6 billion as of Sept. 30, 2007, reflecting assets expected to be recovered in future rates.

Standard & Poor's makes adjustments for certain off-balance-sheet items by capitalizing operating leases, purchase-power agreements, and under-funded pension obligations. Purchase power capacity payments are not material for Duke Energy and no related debt is imputed. For 2006, Standard & Poor's computes off-balance-sheet adjustments totaling about $1.65 billion, including $1.134 billion of postretirement benefit obligations (these incorporate amounts related to Spectra Energy, which Duke Energy spun off effective Jan. 1, 2007, and are consolidated in the company's year-end 2006 financial statements) and $516 million of capitalized operating leases. Duke Energy's $300 million receivables-securitization facility is not explicitly added back because it is already consolidated in the company's financial statements. Cinergy's accounts receivable program, which would be an off-balance-sheet obligation, had $363 million outstanding as of Dec. 31, 2006, after deducting retained interests of $210 million.

As per SFAS 142 (goodwill and other intangible assets), Duke Energy did not record any goodwill impairment during 2007. As of Sept. 30, 2007, Duke Energy had $4.65 billion of goodwill, representing about 9.5% of total assets.

For the first nine months of 2007, Duke Energy contributed $412 million to its pension funds, which Standard & Poor's views as reducing FFO.

Duke Energy's assets outside the U.S. are material and affect the company's financial statements through foreign exchange translation. As a result, for the year ended Dec. 31, 2006, Duke Energy's total equity increased by about $109 million due to favorable foreign currency translation.

Table 1

Reconciliation Of Duke Energy Corp. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)*

	--Fiscal year ended Dec. 31, 2006--								
Duke Energy Corp. reported amounts									
	Debt	**Shareholders' equity**	**Operating income (before D&A)**	**Operating income (before D&A)**	**Operating income (after D&A)**	**Interest expense**	**Cash flow from operations**	**Cash flow from operations**	**Capital expenditures**
Reported	19,840.0	26,102.0	5,023.5	5,023.5	2,832.2	1,310.3	3,937.0	3,937.0	3,757.3
Standard & Poor's adjustments									
Operating leases	516.5	--	97.5	33.1	33.1	33.1	64.4	64.4	227.1
Postretirement benefit obligations	1,134.3	--	70.0	70.0	70.0	--	80.0	80.0	--
Capitalized interest	--	--	--	--	--	56.0	(56.0)	(56.0)	(56.0)
Reclassification of nonoperating income (expenses)	--	--	--	--	1,126.6	--	--	--	--

Table 1

Reconciliation Of Duke Energy Corp. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)*(cont.)

Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	56 1	--
Minority Interest	--	702 3	--	--	--	--	--	--	--
Total adjustments	1,650 7	702 3	167 5	103 1	1,229 7	89 1	88 3	144 4	171 1

Standard & Poor's adjusted amounts

	Debt	Equity	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Capital expenditures
Adjusted	21,490 8	26,804 3	5,191 0	5,126 6	4,062 0	1,399 4	4,025 3	4,081 5	3,928 3

*Duke Energy Corp reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively) Consequently, the first section in some tables may feature duplicate descriptions and amounts

Corporate governance/Risk tolerance/Financial policies

Standard & Poor's views Duke Energy's financial policy as moderate in light of the company's consistent efforts to improve its financial profile through significant debt repayment, and fund capital spending largely through internally generated cash flows. Furthermore, Duke Energy's acquisition of Cinergy was funded with equity, eliminating the need for additional debt, other than Cinergy's debt that was assumed as part of the transaction. Furthermore, Duke Energy's management has demonstrated commitment to credit quality by disposing of higher risk operations while focusing on the company's core competencies in the regulated utility environment.

Cash flow adequacy

Duke Energy's consolidated cash flow generation should benefit from the expanded and stable franchised electric and gas operations. With the exit of the various unregulated businesses, Duke Energy's cash flow generation should become materially more stable and predictable. For the 12 months ended Sept. 30, 2007, Duke Energy generated $4.4 billion of consolidated FFO, leading to adjusted FFO interest coverage of 5.9x, which is strong for the rating. Adjusted FFO to total debt was about 33% during that same period.

Duke Energy's capital expenditures for the 12 months ending Sept. 30, 2007, have totaled about $3.65 billion, mostly directed toward the regulated electric and gas operations, leading to net cash flow to capital spending of about 88%, indicating that dividend and capital spending are largely internally funded. FFO should benefit over the intermediate term as a result of Duke Energy's decision to provide the majority of agreed-on merger-related customer credits and rebates of about $240 million in the first year of operations during 2006.

Capital structure/Asset protection

As a result of consistent debt repayments and the spin-off of Spectra Energy in January 2007, Duke Energy's debt leverage has improved materially, declining to 38.7% on Sept. 30, 2007, including various off-balance-sheet obligations such as leases and under-funded pension obligations. Given Duke Energy's significant capital spending program over the next three years, debt leverage could rise but still provide the company with sufficient headroom for the current rating.

Duke Energy's capital structure had no preferred securities as of Sept. 30, 2007. Variable rate debt totaled $1.299 billion or about 11% of total reported debt outstanding. As of the same date, Duke Energy had about $4.6 billion of goodwill (9.5% of total capital) stemming from the merger with Cinergy and recent wind power acquisitions.

In light of Duke Energy's strong liquidity, debt maturities are manageable with $521 million remaining for 2007, $1.54 billion in 2008, $943 million in 2009, $695 million in 2010, and $246 million in 2011.

Table 2

Duke Energy Corp.--Peer Comparison*

Industry Sector: Utilities

	--Average of past three fiscal years--			
	Duke Energy Corp.	**Progress Energy Inc.**	**SCANA Corp.**	**Southern Co - Deconsolidated**
Rating as of Sept. 5, 2007	A-/Stable/NR	BBB+/Stable/A-2	A-/Stable/NR	A/Stable/A-1
(Mil. $)				
Revenues	18,006.6	9,816.7	4,408.3	12,459.9
Net income from cont. oper.	1,958.0	664.7	293.7	1,447.7
Funds from oper. (FFO)	3,805.2	1,864.1	820.4	3,380.8
Capital expenditures	2,804.4	1,535.4	477.7	2,269.0
Cash and investments	1,799.9	425.7	127.7	218.1
Debt	19,186.2	12,177.4	3,653.8	14,932.8
Preferred stock	44.7	183.3	114.3	985.2
Common equity	19,193.3	8,039.0	2,576.2	9,473.0
Total capital	39,403.3	20,429.4	6,344.3	26,292.1
Adjusted ratios				
EBIT interest coverage (x)	3.2	2.1	2.5	3.8
FFO interest coverage (x)	3.9	3.6	4.7	5.5
FFO/debt (%)	19.8	15.3	22.5	22.6
Discretionary cash flow/debt (%)	(1.7)	(3.2)	(1.0)	(4.2)
Net cash flow/capex (%)	90.7	83.0	133.6	99.4
Debt/total capital (%)	48.7	59.6	57.6	56.8
Return on common equity (%)	10.7	8.2	10.8	14.0
Common dividend payout ratio (un-adj.) (%)	64.4	87.6	61.5	68.9

*Fully adjusted (including postretirement obligations).

Table 3

Duke Energy Corp.--Financial Summary*

Industry Sector: Utilities

	--Fiscal year ended Dec. 31--				
	2006	**2005**	**2004**	**2003**	**2002**
Rating history	BBB/Positive/NR	BBB/Stable/A-2	BBB/Positive/A-2	BBB+/Negative/A-2	A/Negative/A-1
(Mil. $)					
Revenues	16,724.8	16,746.0	20,549.0	18,021.0	16,189.0
Net income from cont. oper.	2,089.1	2,533.0	1,252.0	71.0	1,295.0
Funds from oper. (FFO)	4,081.5	3,115.7	4,218.5	4,025.6	3,541.6

Table 3

Duke Energy Corp.--Financial Summary*(cont.)					
Capital expenditures	3,928 3	2,270 9	2,214.1	2,657 5	4,854 5
Cash and investments	2,404 8	1,143 0	1,852 0	1,160 0	874 0
Debt	21,490 8	16,770 5	19,297 4	22,436 7	22,962 9
Preferred stock	0 0	0 0	134 0	134 0	1,565 0
Common equity	26,102 0	15,611 6	15,866 4	13,489 3	14,597 6
Total capital	48,295 1	33,131.1	36,783 8	37,761 0	41,029 5
Adjusted ratios					
EBIT interest coverage (x)	2 9	4 2	2 6	1 1	2 5
FFO interest coverage (x)	3 8	3 7	4 1	3 9	3 8
FFO/debt (%)	19 0	18 6	21 9	17 9	15 4
Discretionary cash flow/debt (%)	(7 1)	(2 2)	4 8	1 6	(5 4)
Net cash flow/capex (%)	62 8	88 5	142 4	111 9	53 6
Debt/total capital (%)	44 5	50 6	52 5	59 4	56 0
Return on common equity (%)	9 3	15 0	8 0	0.3	8 7
Common dividend payout ratio (un-adj) (%)	77 3	43 4	85 1	1,480 3	70 6

*Fully adjusted (including postretirement obligations)

Ratings Detail (As Of December 10, 2007)	
Duke Energy Corp.	
Corporate Credit Rating	A-/Stable/NR
Corporate Credit Ratings History	
21-May-2007	A-/Stable/NR
25-May-2006	BBB/Positive/NR
04-Apr-2006	BBB/Stable/NR
15-Sep-2005	BBB/Stable/A-2
10-May-2005	BBB/Watch Neg/A-2
24-Feb-2005	BBB/Stable/A-2
22-Dec-2004	BBB/Positive/A-2
10-Feb-2004	BBB/Stable/A-2
17-Jun-2003	BBB+/Negative/A-2
31-Jan-2003	A-/Negative/A-2
13-Dec-2002	A/Negative/A-1
Business Risk Profile	**1 2 3 4 [5] 6 7 8 9**
Financial Risk Profile	Intermediate

Debt Maturities

(Excluding those of Spectra Energy Corp)
2007 $521 mil. (as of Oct. 2007)
2008 $1.54 bil.
2009 $943 mil.
2010 $695 mil.
2011 $246 mil.

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

Duke Energy Credit Ratings as of December 31, 2007 [1]

	S&P Risk Profiles [2]				
	Business Risk	Financial Risk	S & P	Moody's	DBRS [3]
Duke Energy Corporation	**Excellent**	**Intermediate**	Stable	Positive	Positive
Corporate Credit Rating			A-	NA	NA
Issuer Rating			NA	Baa2	BBB
Commercial Paper			A-2	P-2	NA
Duke Energy Carolinas, LLC	**Excellent**	**Intermediate**	Stable	Positive	Stable
First Mortgage Bonds			A	A2	A
Senior Unsecured			A-	A3	A(low)
Commercial Paper			A-2	P-2	R-1(low)
Cinergy	**Excellent**	**Intermediate**	Stable	Positive	Stable
Senior Unsecured			BBB+	Baa2	BBB(high)
Duke Energy Ohio, Inc.	**Excellent**	**Intermediate**	Stable	Positive	Stable
Senior Secured Debt			A	A3	A(low)
Senior Unsecured			A-	Baa1	A(low)
Duke Energy Indiana, Inc.	**Excellent**	**Intermediate**	Stable	Stable	Stable
Senior Secured Debt			A	A3	A(low)
Senior Unsecured			A-	Baa1	BBB(high)
Duke Energy Kentucky, Inc.	**Excellent**	**Intermediate**	Stable	Positive	Stable
Senior Unsecured			A-	Baa1	A(low)

[1] Duke Energy Corporation, prior to the Cinergy merger, terminated the contract with Fitch to rate its securities effective September 30, 2003. The contract with Fitch to rate Cinergy and its subsidiaries was terminated effective July 31, 2006. Effective June 20, 2007, Fitch terminated its rating coverage of Duke Energy and its subsidiaries.

[2] On November 30, 2007, S&P U.S. Utilities & Infrastructure Ratings practice began using the business risk/financial risk matrix used by S&P's Corporate Ratings group to align all corporate ratings. Rather than indicating business risk on the familiar 10-point scale as it has in the past, S&P now ranks business risk under a 5 category scale with "Excellent" representing the lowest business risk, and financial risk under a 5 category scale with "Intermediate" representing the midpoint for financial risk.

[3] DBRS initiated ratings on Duke Energy in October 2003, on Cinergy, Duke Energy Ohio, Duke Energy Indiana and Duke Energy Kentucky in September 2005, and on Duke Energy Carolinas in April 2006 without the companies' request for these ratings.

Ratings

Duke Energy Corp.

Current Ratings

Issuer Ratings

	Date	Rating
Issuer Credit Rating		
Global Scale Rating:Foreign Currency	21-May-2007	A-/Stable/NR
Global Scale Rating:Local Currency	21-May-2007	A-/Stable/NR

Commercial Paper

Description	Rating	Date
4(2) CP prog auth amt US$1.5 bil		
Global Scale Rating	A-2	28-Jun-2007

Preferred Stock

Description	Rating	Date
Shelf Sr Unsecd/Pfd Stk Debt Filed Under SEC Rule 415 Registered-10/03/2007 (Reg:333-146483): pfd stk (prelim)		
Global Scale Rating	BBB(*prelim*)	07-Nov-2007

Senior Unsecured

Description	Rating	Date
Shelf Sr Unsecd/Pfd Stk Debt Filed Under SEC Rule 415 Registered-10/03/2007 (Reg:333-146483): sr unsecd (prelim)		
Global Scale Rating	BBB+(prelim)	07-Nov-2007

Ratings

Duke Energy Kentucky Inc.

Current Ratings

Issuer Ratings

	Date	Rating
Issuer Credit Rating		
Global Scale Rating:Foreign Currency	21-May-2007	A-/Stable/--
Global Scale Rating:Local Currency	21-May-2007	A-/Stable/--

Senior Secured

Description	Rating	Date
US$500 mil shelf Sr Secd/Sr Unsecd Debt filed under SEC Rule 415 on 08/08/2005: sr secd (prelim)		
Global Scale Rating	A+(prelim)	21-May-2007

Senior Unsecured

Description	Rating	Date	CUSIP (CINS/ISIN)
US$500 mil shelf Sr Secd/Sr Unsecd Debt filed under SEC Rule 415 on 08/08/2005: sr unsecd *(prelim)*			
Global Scale Rating	A-(prelim)	21-May-2007	
US$65 mil 6.2% deb due 03/10/2036			906888AS1
Global Scale Rating	A-	21-May-2007	
US$40 mil 5% deb due 12/15/2014			906888AQ5
Global Scale Rating	A-	21-May-2007	
US$50 mil 5.75% deb due 03/10/2016			906888AR3
Global Scale Rating	A-	21-May-2007	
US$20 mil 6.5% deb due 04/30/2008			906888AM4
Global Scale Rating	A-	21-May-2007	
US$20 mil 7.875% deb due 09/15/2009			906888AP7
Global Scale Rating	A-	21-May-2007	

www standardandpoors.com/usratingsfees.

Dates are effective dates of ratings and publication in New York. Owing to the securities law regulations, there may be a delay in the updating of this page compared to the information on the What's New Page. RatingsDirect does not publish ratings history prior to January 1, 1990.

Case No. 2007-00477
Attach. KyPSC-DR-02-039(b)
Page 1 of 3

RATING HISTORY

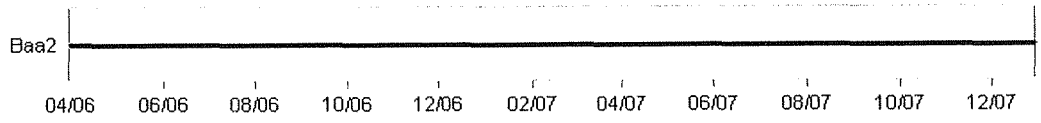
Issuer Rating History

Duke Energy Corporation

▸ Im
on

LT Issuer Rating - domestic ▸ *Graph*

:: LT Issuer Rating - domestic



Date	*Rating*	*Action*
6 APR 2006	Baa2	RATING ASSIGNED

Rating History

▸ Important information on Insured ratings

:: LT Issuer Rating - domestic ▸ *Graph*

Date	*Rating*	*Action*
6 APR 2006	Baa2	RATING ASSIGNED

:: Senior Unsecured Bank Credit Facility - domestic ▸ *Graph*

Date	*Rating*	*Action*
27 JUN 2007	Baa2	RATING ASSIGNED

:: Senior Unsec. Shelf - domestic ▸ *Graph*

Date	*Rating*	*Action*
21 NOV 2007	(P)Baa2	PROSPECTIVE RATING

:: Subordinate Shelf - domestic ▸ *Graph*

Date	*Rating*	*Action*
21 NOV 2007	(P)Baa3	PROSPECTIVE RATING

:: Commercial Paper - domestic ▸ *Graph*

Date	*Rating*	*Action*
27 JUN 2007	P-2	NEW SHORT TERM RATING

▸ Important information on Insured ratings

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3 JAN 2008, 16:34 Eastern Time

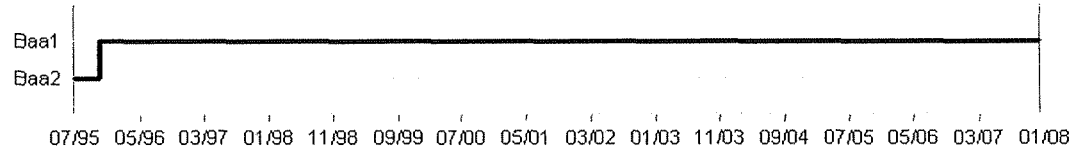
RATING HISTORY

Issuer Rating History

Duke Energy Kentucky, Inc.

Senior Unsecured - domestic ▸ *Graph*

:: Senior Unsecured - domestic



Date	*Rating*	*Action*
19 APR 2002	Baa1	Confirm Only (P.R.)
2 SEP 1999	Baa1	Confirm Only (P.R.)
2 DEC 1996	Baa1	Confirm Only (P.R.)
7 MAY 1996	Baa1	Possible Downgrade
16 NOV 1995	Baa1	RATING RAISED
28 JUL 1995	Baa2	RATING CONFIRMED

Rating History

▸ Important information on Insured ratings

:: First Mortgage Bonds - domestic ▸ *Graph*

Date	*Rating*	*Action*
8 SEP 1999	WR	CALL REDEMPTION (PARTIAL/FULL)
2 DEC 1996	A3	Confirm Only (P.R.)
7 MAY 1996	A3	Possible Downgrade
16 NOV 1995	A3	RATING RAISED
5 JUN 1989	Baa1	RATING LOWERED
17 SEP 1984	A3	RATING RAISED
20 JAN 1984	Baa2	RATING LOWERED
7 OCT 1983	A2	RATING LOWERED
26 APR 1982	Aa3	NEW RATING FORMAT
21 JAN 1949	Aa	RATING ASSIGNED

:: Senior Unsecured - domestic ▸ *Graph*

Date	*Rating*	*Action*
19 APR 2002	Baa1	Confirm Only (P.R.)
2 SEP 1999	Baa1	Confirm Only (P.R.)
2 DEC 1996	Baa1	Confirm Only (P.R.)
7 MAY 1996	Baa1	Possible Downgrade
16 NOV 1995	Baa1	RATING RAISED
28 JUL 1995	Baa2	RATING CONFIRMED

:: Senior Secured Shelf - domestic ▸ *Graph*

Date	*Rating*	*Action*
17 AUG 2005	(P)A3	PROSPECTIVE RATING
8 SEP 1999	WR	REGISTRATION WITHDRAWN
2 SEP 1999	(P)A3	Confirm Only (P.R.)
2 DEC 1996	(P)A3	Confirm Only (P.R.)
7 MAY 1996	(P)A3	Possible Downgrade

16 NOV 1995	(P)A3	RATING RAISED
6 MAY 1991	(P)Baa1	PROSPECTIVE RATING
30 MAY 1990	WR	RATING WITHDRAWN
5 JUN 1989	(P)Baa1	PROSPECTIVE RATING

:: Senior Unsec. Shelf - domestic ▸ *Graph*

Date	*Rating*	*Action*
19 APR 2002	(P)Baa1	Confirm Only (P.R.)
8 SEP 1999	(P)Baa1	PROSPECTIVE RATING
20 NOV 1998	WR	RATING WITHDRAWN
2 DEC 1996	(P)Baa1	Confirm Only (P.R.)
7 MAY 1996	(P)Baa1	Possible Downgrade
16 NOV 1995	(P)Baa1	RATING RAISED
25 MAY 1995	(P)Baa2	PROSPECTIVE RATING

:: Junior Subord. Shelf - domestic ▸ *Graph*

Date	*Rating*	*Action*
17 AUG 2005	(P)Baa2	PROSPECTIVE RATING

▸ Important information on Insured ratings

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3 JAN 2008, 16:33 Eastern Time

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-040

REQUEST:

Recognizing that utilities are generally opposed to the imposition of a renewables portfolio standard (RPS), if such a standard were considered in Kentucky, what percent do you believe would be realistic as a 2020 target? What factors, if any, would make it easier or more difficult for Duke to meet a statewide standard, based on specific service area considerations? If renewables projects are developed outside of the Duke Kentucky service area, what are the major considerations, benefits, impediments to meeting an RPS on this basis?

RESPONSE:

Duke Energy is not opposed to renewable mandates as long as they are practical, affordable and set by state legislatures. For a complete Duke Energy position statement on renewable portfolio standards see the following Company website:

http://www.duke-energy.com/environment/renewable-standards.asp

Before estimating a 2020 target the Company would recommend completing a comprehensive study of renewable energy and energy efficiency potential for the State of Kentucky. This would generally include consideration of renewable resources, impacts of Energy Efficiency, customer cost, time line for mandate requirements and general economic impacts to the State of Kentucky.

The study should be comprehensive to also included consideration of advance coal technologies and nuclear to consider the long term view of low carbon technologies. After the completion of a study an accurate estimate of a mandate percentage and approach could be made based on available regional resources.

WITNESS RESPONSIBLE: James M. Lefeld

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-041

REQUEST:

Please provide any available forecasts on the potential for DSM within the Duke Energy Kentucky service territory.

RESPONSE:

None available.

WITNESS RESPONSIBLE: Richard G. Stevie

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-042

REQUEST:

Please provide any available forecasts on the potential for utilization of renewables and distributed generation within Duke's Kentucky service area.

RESPONSE:

Duke Energy does not have any available forecasts regarding the availability of renewable resources and distributed generation resources specifically for Kentucky. The Company sees the need for state-specific research into these areas combined with Energy Efficiency potential to adequately access the potential resources and customer impacts.

According to the U.S. Department of Energy Efficiency and Renewable Energy's Wind Powering America web site, the National Renewable Energy Laboratory (NREL) is planning to validate a new wind map with higher resolution to improve the wind resource potential for the Commonwealth of Kentucky. For more information see:

http://www.eere.energy.gov/windandhydro/windpoweringamerica/wind_maps.asp

This high resolution map should yield a better understanding of the wind potential for this renewable energy source in the Commonwealth.

WITNESS RESPONSIBLE: James M. Lefeld

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-043

REQUEST:

Please describe the process by which computer-based models are deployed to run sensitivity analyses in Duke's IRP process.

Please describe the inputs to the modeling:

(a) Summarize all the cases run in the last IRP

(b) How are different supply-side and demand-side technologies pre-selected and selected in the modeling process?

(c) What input variables are employed to run sensitivity analyses?

(d) What distributional assumptions are employed for each of these variables?

(e) What statistical measures are employed to quantify the impact of individual input variables, and perhaps also combinations of variables, on results?

RESPONSE:

(a) The cases in the 2003 Duke Energy Kentucky IRP filing (Chapter 8, Section D) were:

- Base Case
- Higher Gas Price Sensitivity
- Lower Gas Price Sensitivity
- Capacity Oversupply Sensitivity
- Higher Load Forecast Sensitivity
- Lower Load Forecast Sensitivity

(b) Chapter 4 discusses the demand-side alternatives in detail. Chapter 5, Section F of the 2003 Duke Energy Kentucky IRP filing discusses the supply-side screening process in detail. Chapter 8 of the 2003 Duke Energy Kentucky IRP filing discusses the process utilized to integrate the supply-side and demand-side technologies resulting from the screening processes.

(c) The input variables that were changed from the Base Case conditions in the sensitivity analyses included higher gas prices, lower gas prices, lower market prices, higher load forecast, and lower load forecast to perform the sensitivities listed in (a) above.

(d) The sources for the higher and lower gas prices utilized were the ICF High Case and ICF Low Case fundamental forecasts performed for the Company, respectively. The source for the lower market prices utilized was an ICF Capacity Oversupply fundamental forecast case performed for the Company. The Higher and Lower load forecasts utilized assumed an estimated 80% confidence interval.

(e) None were utilized in the 2003 Duke Energy Kentucky IRP.

WITNESS RESPONSIBLE: Diane L. Jenner

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky
Case No. 2007-00477
Date Received: January 3, 2008
Response Due Date: January 14, 2008

KyPSC-DR-02-044

REQUEST:

What is the variable that is optimized within Duke's planning models? To the extent that a model's objective function is focused on minimizing cost of service, describe the elements constituting the cost measure. To the extent the objective function embodies components other than costs currently incurred by utilities (such as, for example, social welfare impacts related to environmental and health costs), describe the justification for their inclusion and the methodologies for estimating their values.

RESPONSE:

The plans produced by the optimization model that satisfy the reliability criteria were ranked from lowest to highest cost Present Value Revenue Requirements (PVRR). The costs included in PVRR are fuel, fixed and variable O&M, and emission allowance costs for both existing and new resources, purchase costs, and the capital required for new resources. No components other than costs currently incurred by utilities were included.

WITNESS RESPONSIBLE: Diane L. Jenner