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Anita M. Schafer  
Sr. Paralegal

**VIA OVERNIGHT DELIVERY**

October 23, 2009

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

RECEIVED

OCT 26 2009

PUBLIC SERVICE  
COMMISSION

Re: Case No. 2009-00289

Dear Mr. Derouen:

Enclosed please find for filing the responses to the requests made during the hearing of October 13, 2009.

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

Sincerely,

Anita M. Schafer  
Senior Paralegal

cc: Dennis Howard II





**Duke Energy Kentucky, Inc.**  
**Case No. 2009-00289**  
**First Set Staff Data Requests**  
**Date Corrected: October 21, 2009**

**STAFF-DR-01-008**  
**CORRECTED FOR MIAMI FORT UNIT 6**

**REQUEST:**

List all existing fuel contracts categorized as long-term (i.e., more than one year in length).  
Provide the following information for each contract:

- a. Supplier's name and address;
- b. Name and location of production facility;
- c. Date contract was executed;
- d. Duration of contract;
- e. Date(s) of each contract revision, modification, or amendment;
- f. Annual tonnage requirements;
- g. Actual annual tonnage received since the contract's inception;
- h. Percent of annual requirements received during the contract's term;
- i. Base price;
- j. Total amount of price escalations to date; and
- k. Current price paid for coal under the contract (i + j)

**RESPONSE:**

**MIAMI FORT:**

- a. **Peabody COALSALES Company**  
701 Market St.  
St. Louis, MO 63101-1826

- b. Arclar  
Saline County, IL  
  
Somerville  
Gibson Co., IN  
  
Highland  
Henderson Co., KY
- c. January 1, 2008
- d. January 2008 – December 2010.
- e. March 19, 2008  
March 27, 2008  
November 23, 2008  
December 9, 2008  
April 20, 2009
- f. 2,200,000 tons in 2008  
2,500,000 tons 2009-2010
- g.

	Arclar	Highland	Somerville	Total
2008	296,351.83	650,103.00	1,197,695.10	2,144,150
2009 Jan-April	46,982.63	185,233.00	382,991.20	615,206.56

- h. 2008 - 97.46%  
2009 - 73.82%

Duke Energy Ohio purchased this contract to serve the burn requirements at several stations operated by Duke Energy Ohio, including the Miami Fort Station. During the spring of 2009, one of Duke Energy Ohio's generating stations (not Miami Fort Station) experienced an unplanned outage. In order to control the coal pipeline, Duke Energy Ohio had to delay shipments on several of the contracts. Thus the appearance of under delivery. Although this contract was one of the contracts in which Duke Energy Ohio requested a delayed delivery, the tons delivered to Miami Fort Station and which were apportioned to Duke Energy Kentucky via unit 6 are in line with the anticipated burn at those units. Duke

Energy Ohio plans on making up all missed shipments throughout the balance of Calendar year 2009.

i.	Arclar	Highland	Somerville
2008	\$39.40/ton	\$36.31/ton	\$31.84/ton
2009	\$40.39/ton	\$37.23/ton	\$33.50/ton
2010	\$41.23/ton	\$38.66/ton	\$34.64/ton

\$3.44/ton adder on first 3,200,000 tons delivered on the contract to compensate for removal of price escalators.

\$3.50/ton adder on all tons shipped out of Somerville.

j. Fixed Pricing

k. See above response for STAFF-DR-01-008(i).

a. **The American Coal Company**  
101 Prosperous Place, Suite 125  
Lexington, KY 40509

b. Galatia Mine  
Saline County, IL

c. June 27, 2005

d. September 1, 2005 – August 31, 2015.

e. July 14, 2006  
June 1, 2008

f. 300,000 tons

g.

	Nominal	Actual
2005	100,000	92,816
2006	300,000	292,004
2007	300,000	295,509
2008	300,000	282,250
2009 Jan-April	100,000	108,145

h. 2005 - 92.8%  
2006 - 97.3%  
2007 - 98.6%  
2008 - 94.1%  
2009 - 108.1%

i. 2005 \$37.05/ton

j. 9/1/2005 – 1/31/2006 \$37.96/ton  
2/1/2006 – 7/31/2006 \$38.78/ton  
8/1/2006 – 11/12/2006 \$40.87/ton  
11/13/2006 – 12/31/2006 \$39.56/ton  
1/1/2007 – 1/31/2007 \$40.01/ton  
2/1/2007 – 7/31/2007 \$40.44/ton  
8/1/2007 – 1/31/2008 \$40.52/ton  
2/1/2008 – 5/31/2008 \$41.48/ton  
6/1/2008 – 12/31/2008 \$56.00/ton  
1/1/2009 – 12/31/2009 \$56.00/ton

Price fixed thru 2012 at \$56.00/ton per June 1, 2008 amendment

k. See above response for STAFF-DR-01-008(j).

a. **Cumberland Coal Resources, LP**  
C/O Foundation Energy Sales, Inc.  
999 Corporate Blvd., Suite 300  
Linthicum Heights, MD 21090

- b. Cumberland Mine  
Greene County, PA
- c. March 1, 2005
- d. January 1, 2006 – December 31, 2008.
- e. January 19, 2006  
January 26, 2006  
May 1, 2007  
October 1, 2007  
November 8, 2007
- f. 600,000 tons in 2006  
1,200,000 tons in 2007 and 2008
- g.

	Nominal	Actual
2006	222,381	222,405
2007	995,000	933,995
2008	1,218,000	1,204,689

- h. 2006 - 100.0%  
2007 - 92.9%  
2008 - 100.0%
- i. 2006-2008 \$40.00/ton
- j. \$0.26/ton government imposition imposed 1/1/2007
- k. \$40.26/ton

- a. **Hopkins County Coal, LLC**  
1717 South Boulder Avenue  
Tulsa, OK 74119
- b. Elk Creek Mine  
near Madisonville in Hopkins County, KY
- c. January 25, 2008



- d. January 1, 2008 – December 31, 2011.
- e. February 25, 2008  
July 10, 2008  
December 4 , 2008
- f. 300,000 tons in 2008  
Revised to 315,500 tons per December 4 amendment  
500,000 tons in 2009  
500,000 tons in 2010  
500,000 tons in 2011

g.

	Nominal	Actual
2008	315,500	314,578
2009 Jan-April	166,667	99,496

- h. 2008 - 99.7% thru December  
2009 - 59.7%

Duke Energy Ohio purchased this contract to serve the burn requirements at several stations operated by Duke Energy Ohio, including the Miami Fort Station. During the spring of 2009, one of Duke Energy Ohio's generating stations (not Miami Fort Station) experienced an unplanned outage. In order to control the coal pipeline, Duke Energy Ohio had to delay shipments on several of the contracts. Thus the appearance of under delivery. Although this contract was one of the contracts in which Duke Energy Ohio requested a delayed delivery, the tons delivered to Miami Fort Station and which were apportioned to Duke Energy Kentucky via unit 6 are in line with the anticipated burn at those units. Duke Energy Ohio plans on making up all missed shipments throughout the balance of Calendar year 2009.

- i. 2008 - \$41.19/ton  
2009 - \$44.35/ton  
2010 - \$45.35/ton

2011 - \$78.00/ton  
\$41.19 per amendment 1  
\$62.00 per amendment 3 for additional 15,500 tons in Dec. 2008

- j. See response above to STAFF-DR-01-008 (i) and (j)

**PERSON RESPONSIBLE:** Ryan Gentil (Miami Fort 6);

**Duke Energy Kentucky, Inc.**  
**Case No. 2009-00289**  
**First Set Staff Data Requests**  
**Date Requested: October 13, 2009**

**STAFF-DR-01-013**  
**POST HEARING DATA REQUEST**

**REQUEST:**

Provide a copy of the letter sent to customer as referenced in Attachment STAFF-DR-01-013 regarding any customer complaints Duke Kentucky has received regarding its FAC during the period from November 1, 2008 through April 30, 2009.

**RESPONSE:**

See Attachment STAFF-DR-01-013 POST HEARING DATA REQUEST.

**PERSON RESPONSIBLE:** Lisa Steinkuhl

November 14, 2008

Mr. William Durham  
[REDACTED]

Acct # [REDACTED]

Dear Mr. Durham,

Mr. John Geoghegan of the Kentucky Public Service Commission contacted me regarding your concern over the Fuel Adjustment Charge on your current bill. He asked that I contact you to discuss these charges. I attempted to contact you by phone, but was unsuccessful.

The Electric Fuel Adjustment is the cost (per kWh) of the fuel used to generate electricity. It varies periodically as the price of coal and oil increases or decreases. Duke Energy makes no profit on this charge since it is based on actual cost of the fuel. This charge changes monthly and is approved by the Kentucky Public Service Commission.

I have enclosed a document with the information that is provided on our web-site regarding this charge, along with a listing of charges for your account for the past twelve months.

I hope you find this information helpful. Should you need additional clarification, please contact me at 513-287-1900.

Sincerely,

Pam Johnson  
Customer Relationship Specialist

Enclosure

**Electric Fuel Cost Adjustments**

Duke Energy sets its fuel adjustment clause on a monthly basis to better reflect the current cost of fuel and purchased power. The Kentucky Public Service Commission approves the monthly change.

	<b>Nov 2008</b>	<b>Oct 2008</b>
<b>FAC<sup>(1)</sup> per kWh</b>	\$ .011150	\$ .012927
<b>Fuel Price<sup>(2)</sup></b>	\$ 11.15	\$ 12.93
<b>Typical Monthly Bill<sup>(2)</sup></b>	\$ 85.88	\$ 87.55

<sup>(1)</sup> Fuel Adjustment Clause – represents the incremental rate above or below the Company's base rate of \$0.021619 per kWh.

<sup>(2)</sup> Based on a typical monthly usage of 1,000 kWh.

The charge is adjusted monthly.

Electric Fuel Adjustment – Bill Durham – Twelve Months

<b>Month</b>	<b>Cost per kWh</b>	<b>Total Charge</b>
Oct 6 – Nov 6	\$0.01115000	\$16.86
Sep 5 – Oct 6	\$0.01292700	\$21.96
Aug 6 – Sep 5	\$0.01315700	\$37.06
Jul 8 – Aug 6	\$0.00758100	\$20.41
Jun 6 – Jul 08	\$0.00576500	\$15.39
May 08 – Jun 6	\$0.00256800	\$4.54
Apr 08 – May 08	\$0.00119700 credit	\$2.09 credit
Mar 07 – Apr 08	\$0.00288600 credit	\$6.60 credit
Feb 08 – Mar 07	\$0.00075000 credit	\$1.18 credit
Jan 09 – Feb 08	\$0.00089400 credit	\$1.54 credit
Dec 07 – Jan 09	\$0.00036100 credit	\$0.69 credit
Nov 06 – Dec 07	\$0.00145600	\$2.67
Oct 08 – Nov 06	\$0.00339700	\$6.61