

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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**PUBLIC SERVICE  
COMMISSION**

In the Matter of:

ANNUAL COST RECOVERY FILING FOR )  
DEMAND-SIDE MANAGEMENT BY ) CASE NO. 2010-00445  
DUKE ENERGY KENTUCKY, INC. )

ATTORNEY GENERAL'S INITIAL REQUESTS FOR INFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Initial Requests for Information to Duke Energy Kentucky, Inc. [hereinafter referred to as "DEK"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Please identify the witness who will be prepared to answer questions concerning each request.
- (3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for DEK with an electronic version of these questions, upon request.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information

within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

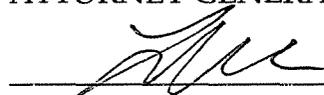
(10) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(11) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(12) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response.

Respectfully submitted,

JACK CONWAY  
ATTORNEY GENERAL



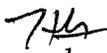
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*CERTIFICATE OF SERVICE AND NOTICE OF FILING*

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Rocco O D'Ascenzo  
Dianne Kuhnell  
Duke Energy Kentucky, Inc.  
P. O. Box 960  
Cincinnati, OH 45201

  
this \_\_\_ day of January, 2011

  
\_\_\_\_\_  
Assistant Attorney General

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DEMAND-SIDE MANAGEMENT BY  
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1. Appendix B to the filing indicates that the company's actual expenditures for the period July, 2009 through June 10, 2010 of \$1.949 mil. were significantly less (19.57%) than the projected costs for the same time frame. The company has stated that the economic downturn was the primary factor. Given that the economy has not significantly improved since then, please explain why the company is projecting that its costs for the Residential DSM Program will increase from the 2010 projected level of \$2.432 mil. to a projected level of \$2.872 mil. in 2011.
2. Confirm that the company has over-collected \$1.040 mil. under the Residential DSM (electric) program during the last reporting period.
3. With regard to the over-collection of funds for the Residential DSM (electric) during the last reporting period:
  - (a) Does the \$3.676 mil. projected program costs for the 2011 Residential DSM (electric) already reflect the reduction of \$1.040 mil.; or
  - (b) Will the company need to collect approximately \$2.635 mil. for the Residential Electric Rider DSM?
4. With regard to your response to the above, confirm that if choice (a) is correct, this would represent an increase of approximately 199.1% over the 2010 actual spending for 2010 DSM (electric) program of \$1.229 mil. If choice (b) is correct, confirm that this would represent an increase of approximately 114.38%. Regardless of which figures are correct, please provide a detailed explanation as to why such a dramatic increase in spending for the Residential DSM (electric) is needed.
5. Provide a detailed response as to why the company needs to increase spending on the overall Residential DSM Program by such a significant sum.
6. With regard to the response the company will provide to PSC 1-11, please indicate whether any DSM programs to which the company may refer in that response were ever presented to or discussed in Duke's Residential DSM Collaborative.
7. With regard to the independent entities Duke retains to administer its DSM programs, please explain whether they are compensated on the basis of lost sales.

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8. Please reference PSC 1-7 (c). Appendix B, p. 1 indicates that the company's actual lost revenues of \$856,903 for the Residential DSM (electric) program constituted 70% of the actual program expenditures. In light of the fact that Duke's customers are receiving only 30% of the benefit of the total expenditures, explain in detail how the company's program is an efficient means of achieving the goal of DSM.