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April 27, 2011

VIA UPS NEXT DAY AIR SAVER

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RECEIVED

APR 28 2011

PUBLIC SERVICE
COMMISSION

Re: Case No. 2010-00124 - Requests For Information

Dear Mr. Derouen:

Enclosed for filing in the above-captioned matter with the Commission are an Original and ten (10) copies of Stand Energy Corporation's First Requests for Information to Duke Energy Kentucky, Inc.

Thank you for your prompt attention to this filing.

Sincerely,

John M. Dosker
General Counsel

Encls.
Cc: Parties of Record

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In The Matter of:

APR 28 2011

THE JOINT APPLICATION OF DUKE ENERGY) PUBLIC SERVICE
CORPORATION; CINERGY CORP; DUKE) COMMISSION
ENERGY OHIO, INC; DUKE ENERGY)
KENTUCKY, INC.; DIAMOND ACQUISITION) Case No. 2011-00124
CORPORATION; AND PROGRESS ENERGY)
INC., FOR APPROVAL OF THE INDIRECT)
TRANSFER OF CONTROL OF DUKE ENERGY)
KENTUCKY, INC.)

**STAND ENERGY CORPORATION'S FIRST REQUESTS FOR INFORMATION
TO DUKE ENERGY KENTUCKY, INC.**

Intervenor, Stand Energy Corporation ("SEC"), by and through counsel, submits the following requests for information, pursuant to 807 KAR 5:001 for response from Duke Energy Kentucky, Inc. ("Duke") in accordance with the following definitions and instructions:

DEFINITIONS

1. "Affiliate" means, in relation to any Person, any entity controlled, directly or indirectly, by such Person, any entity that controls, directly or indirectly, such Person, or any entity directly or indirectly under common control with such Person. For this purpose, "control" of any entity or Person includes, but is not limited to, ownership of a majority of the voting power of the entity or Person or by contractual means or otherwise.

2. "Any" means each, every, and all Persons, Documents, Documentation, and Correspondence, places or things to which the term refers to or concerns.
3. "Communication(s)" means, but is not limited to, all forms of interaction or communication whether written, printed, oral, pictorial, electronic or by any other medium.
4. "PSC" or "Commission" refers to the Kentucky Public Service Commission, including its Members, Directors, personnel, employees and consultants.
5. "Staff" refers to the Staff of the Kentucky Public Service Commission.
6. "Consumer(s)" means all customers, end-users, and consumers, without limit, that receive at least natural gas distribution services from Atmos.
7. "Concerning" or "concerning" is used in its broadest sense when used with reference to a stated subject; "concerning" shall mean and include both of the following: (i) containing, comprising, constituting, stating, setting forth, recording, relating to, recording, including, negating or manifesting in any way, whether in whole or in part, that subject; and (ii) alluding to, describing, discussing, reflecting, interpreting, identifying, regarding, contradicting, referring to, or in any way pertaining to, whether in whole or in part, that subject.
8. "Correspondence(s)" means, without limiting its general meaning, all letters, telegrams, faxes, emails, notices, messages, memoranda and other written or electronic Communications.
9. "Document(s)" or "Documentation(s)" when used herein, means all originals of any nature whatsoever, identical copies, and all non-identical copies thereof, pertaining to any medium upon which intelligence or information is recorded in your possession, custody, or control regardless of where located; including without limiting the generality of the following: punchcards, printout sheets, movie film, slides, phonograph records, photographs, microfilm,

video media, notes, memoranda, ledgers, work sheets, books, magazines, notebooks, diaries, calendars, appointment books, registers, charts, tables, papers, agreements, contracts, purchase orders, checks and drafts, acknowledgments, invoices, authorizations, budgets, analyses, projections, transcripts, minutes of meetings of any kind, correspondence, telegrams, drafts, discs or tapes, and computer produced interpretations thereof, instructions, announcements, schedules, price lists, electronic copies, and mechanical or electric sound recordings and transcripts thereof. In all cases, "Document(s)" or "Documentation(s)" shall also mean all written, printed, reproduced, recorded, typed, graphic, photographic, or electronic matter in your possession, custody, or control, including without limitation books, manuals, pamphlets, periodicals, correspondence, letters, memoranda, faxes, telegrams, electronic mail ("email") messages and attachments, reports, records, studies, transcripts, work papers, working papers, notes, charts, graphs, indices, data sheets, and all drafts thereof, and every copy of a document which contains handwritten or other notations not otherwise duplicated in the original or any other copy. In all cases, where originals and/or non-identical copies are not available, "Document(s)" or "Documentation(s)" shall also mean identical copies of original documents and copies of non-identical copies.

10. "Distribution Facilities" refers to equipment owned, operated, and/or controlled by Duke Energy that are directly or indirectly related to or associated with its provision of natural gas and electricity distribution delivery and related services to Consumer(s), from the location of the equipment controlled by the Consumer and up to and including all the facilities, plant, and equipment that serve the Consumer.
11. "Identifications" or "Identify" or "Identity" or "Identified" when used herein shall mean that you are required to provide the requested information as the context requires it, and also, when

used in reference to: (a) a natural individual, require you to state his or her full name, residential and business address, business title(s), and the entity(s) that the Person works for and/or worked for at the time of the transaction or activity inquired into and at the time of the inquiry; (b) a corporation, require you to state its full corporate name and any names under which it does business, its state of incorporation, the address of its principal place of business, and the addresses of all of its offices; (c) a business, require you to state the full name or style under which the business is conducted, its business address or addresses, the type of businesses in which it is engaged, the geographic areas in which it conducts those businesses, and the identity of the person or persons who own, operate, and control the business; (d) a Document or Documentation, require you to state the number of pages and the nature of the document (for example and without limitation, letter or memorandum, its title, its date, the name or names of its authors and recipients, and its present location and custodian, and whether or not it is claimed that such document is privileged and, if so, the type of privilege claimed and a statement of all the circumstances which will be relied on to support such claim of privilege; (e) Correspondence(s), to identify the Document(s) and/or Documentation(s) which refer to or evidence the Correspondence; (f) Communication, if written, to identify the Document(s) or Documentation(s) which refer to or evidence the Communication, and to the extent engaged in orally or otherwise, to provide the date, manner, place, and substance of the Communication.

12. "Load" means the consumption of Consumers that received and/or are currently receiving local distribution service (whether standard-offer or otherwise) from the local distribution company.
13. "Person(s)" includes any natural person, corporate entity, firm, partnership, association, joint venture, cooperative, municipality, city, county, irrigation district, drainage district or other

special district or political subdivision, or federal, state or local governmental body, department, or agency, entity or group of persons, unless the context clearly indicates that only an individual person is referred to.

14. "Studies" means without limitation reports, analyses, studies, investigations, reviews, summaries, audits, forecasts, opinions, opinion Documents, justification Documents, and all drafts and prior versions of such Documents.
15. "Supplier" means without limitation, a marketer, supplier, alternate commodity supplier, capacity, supply, and/or commodity management provider, Pool operator, aggregator, or governmental aggregator but does not include system supply unless specifically requested.
16. "You" or "Your" or "Yourself" refers to the party to which or whom these discovery requests are directed, including all Affiliates, joint partnerships, corporate parents, subsidiaries, departments, divisions, officers, agents, consultants, employees, contractors, predecessors, successors and assigns, whether present or former.

INSTRUCTIONS FOR ANSWERING

1. Each response, document or objection should be immediately preceded by the corresponding request or sub-request to which it responds.
2. Each response must be supplemented by timely amendments if subsequent information renders any response incorrect in any material respect.
3. For each response, please identify the individual who prepared the response or the person(s) under whose supervision the response was prepared.

4. For these responses, please provide an oath or certification that the responses are true and accurate to the best of the preparer's knowledge, information and belief after reasonable inquiry.
5. Each request shall be deemed continuing in nature and must be updated immediately upon receipt of any new, further or different information that is responsive to the request.
6. With respect to any request consisting of separate parts or subparts, a complete response to each subpart is required as if the subpart were set forth as a separate request.
7. If any request cannot be answered in full after reasonable inquiry, please provide the response to the extent available, state why the request cannot be answered in full, and provide any information within your knowledge concerning the description, existence, availability, and custody of any unanswered portions.
8. In responding to these requests, please provide information from all files in the possession of, owned by, controlled by, or accessible to you, as well as all files maintained or controlled by officers, employees, agents or consultants or other representatives of your organization.
9. If no information or document is responsive to any request, please so state in the response.
10. If any document requested is not in your possession but you know or believe it to exist, please so state and identify to the best of your ability the last known location of the document and its custodian.
11. If any document requested or related to any request has been destroyed or discarded, please state the date the document was destroyed, the person or entity responsible for its destruction, the reason for its destruction, and provide a description of the contents of the document.
12. If any information or Documentation is not available in the exact form requested, please provide any available information or documents that best respond to the request.

13. For any information or Documents maintained by computer or data storage mechanism, please state the name of the file from which the information came, how the data is stored (CD, diskette, tape, etc.), the computer or media program in which it is stored, the name of the Person who collected or entered the information, and how the Document or information can be transmitted and retrieved.
14. The singular form of a word shall be interpreted as plural, and the plural form as singular, to the extent appropriate in order to respond to the scope of these requests and to make the request inclusive rather than exclusive.
15. "And" and "or" shall be construed either disjunctively or conjunctively as appropriate to respond to the scope of these requests.
16. Any objection to a request should provide a list of all information or documents withheld, describe the character and specific subject matter of the information withheld, including a description of the number of documents withheld and a summary of the information contained in such documents, and should clearly state the specific objection asserted and the grounds on which the objection is based.

REQUESTS FOR INFORMATION

Stand - Duke 1:

On April 11, 2011, the American Anti-Trust Institute ("AAI") moved to intervene in the FERC proceeding of the proposed merger of Exelon Energy and Public Service Enterprise Group, Inc. (PSEG) in Pennsylvania and Maryland. The filing states the merger will be the largest electricity merger ever to require federal regulatory approval and create a utility with the largest generation portfolio in the United States. In its intervention, the AAI argues that the proposed merger puts competition and the welfare of dozens of wholesale and millions of retail electricity consumer in

the PJM region at risk. Given the fact that the Duke-Progress merger will form an even larger utility than the Exelon-PSEG merger, do the Joint Applicants anticipate and expect the AAI to intervene in your FERC case and raise similar objections?

Stand - Duke 2:

According to comments recently filed by the AAI with FERC concerning public utility mergers - the current merger wave, in which many mergers are undertaken for the purpose of strategic positioning in the future deregulated regime, (e.g., Exelon-PSEG, Duke-Progress), could be viewed as a direct challenge by the combined companies to the viability of deregulation. Mergers during the volatile transition period between regulation and deregulation can foreclose future competition. According to AAI, large electric utility mergers should be subjected to a temporary moratorium until policies and conditions are established for assuring that competition will indeed be an adequate replacement for regulation. Given the fact that the Governor of Kentucky has recently announced his administration's policy on competition, why should the Kentucky Public Service Commission approve a merger that will, more likely than not, undermine the potential for vigorous competition in any deregulated electricity marketplace and thereby potentially fail "the public interest" standard for mergers?

Stand - Duke 3:

Will the proposed merger affect transmission of electricity? If so, please identify anyone who could potentially be disadvantaged by not having equal and fair access to transmission if the merger is approved.

Stand - Duke 4:

Author Raymond S. Hartman summarized the findings of various scholars who have performed retrospective studies of mergers. Hartman found that a vast majority (60% - 80%) of mergers failed to achieve the savings claimed in pre-merger productivity/efficiency studies for two principal reasons: 1) the gains are usually over-estimated (or non-existent) and the actual costs of integrating the two companies are usually underestimated. Why should the Commission accept any of Duke's claims of savings in this case?

Stand - Duke 5:

What financial incentive will Duke Energy Kentucky have to maximize electric efficiencies if it faces reduced electric competition in its post-merger service territory?

Stand - Duke 6:

When Columbia merged with NiSource in the 1990's, the combined companies claimed merger savings with this Commission related to outsourcing their IT functions to IBM. The ensuing years brought a huge mess to NiSource, customers and suppliers as everyone realized IBM, even with substantial numbers of former NiSource employees, did not understand the business and was not able to fix problems effectively or efficiently. Eventually, the IT functions were returned in-house at substantial cost. What percentage of the Duke Energy and Progress Energy computer systems are capable of communicating with the other and exchanging data without massive programming changes and attendant costs? Identify the systems and IT functions performed by each system that are not capable of communicating with the other company's computers?

Stand - Duke 7:

Identify any employee of Duke Energy and its affiliates (regulated or unregulated) or Progress Energy and its affiliates (regulated and unregulated), and their title, who has discussed or referred to competitively sensitive information with employees of one of the other company's during the pendency of any Federal or State Regulatory review of the proposed merger?

Stand - Duke 8:

Describe the record keeping employed by the Joint Applicants to maintain records of all contacts between employees of the two companies regarding competitively sensitive information?

Stand - Duke 9:

Describe any and all "joint activities" being undertaken or proposed to be undertaken by the two companies, or their regulated or unregulated affiliates, consistent with the DOJ and FTC guidelines for "competitor collaborations"?

Stand - Duke 10:

Identify the Herfindahl-Hirschman Market Share Index ("HHI") for the combined companies and any other market participant in each of the relevant post-merger geographic markets?

Stand - Duke 11:

Do Duke Energy and Progress Energy or their regulated or unregulated affiliates, have any present or future plans for any joint selling arrangements? If so, identify the companies and describe the joint selling arrangement.

Stand - Duke 12:

Describe all premerger acquisitions and asset transfers planned or executed by the two companies.

Stand - Duke 13:

Identify and describe all premerger wholesale power contracts entered into by either Duke Energy or Progress Energy or their regulated or unregulated affiliates with other parties and with each other.

Stand - Duke 14:

Please describe the Product Market of the combined companies post-merger including whether the product market of the combined companies will vary and if so how and why it will vary?

Stand - Duke 15:

Joint Applicants Exhibit M, the Direct Testimony of Don Wathen, Jr., page 8 line 8, indicates that Duke Energy Kentucky may file for an electric rate increase in Kentucky in June 2011. Does the company still intend to file an electric rate case in Kentucky in June 2011?

Stand - Duke 16:

Joint Applicants Exhibit M, the Direct Testimony of Don Wathen, Jr., page 8 line 10, indicates that Duke Energy Kentucky could file for a natural gas rate increase in Kentucky as early as June

2011. Instead of stating the companies' intention whether or not to file a gas rate case, Mr. Wathen discusses the agreed 18 month "stay out" provision, included in the last Duke Gas Rate Case Stipulation. That "stay out" provision expires June 2011. It would be appropriate for the company to answer this direct and relevant question: When does the company intend to file its next gas rate case in Kentucky?

Stand - Duke 17:

Will the proposed merger eliminate actual or potential electricity or natural gas competition in any retail market?

Stand - Duke 18:

Will the proposed merger raise wholesale electricity prices in any wholesale market?

Respectfully Submitted,


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CERTIFICATE OF SERVICE

I hereby certify that a copy of Stand Energy Corporation's First Set of Information Requests to Duke Energy Kentucky, Inc. were served upon the following parties of record via U.S. Mail postage prepaid on April 27, 2011.

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