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RECEIVED

JUN 02 2011

PUBLIC SERVICE
COMMISSION

June 2, 2011

VIA HAND-DELIVERY

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

RE: *The Joint Application of Duke Energy Corporation, Cinergy Corp., Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Diamond Acquisition Corporation and Progress Energy, Inc. for Approval of the Indirect Transfer of Control of Duke Energy Kentucky, Inc., Case No. 2011-00124*

Dear Mr. Derouen,

Enclosed, please find an original and ten copies of the following documents:

- 1) Joint Applicants' response to Staff's supplemental information requests;
- 2) Joint Applicants' response to the Attorney General's supplemental data requests;
- 3) A petition for confidentiality relating to both sets of aforementioned responses together with a single copy of the confidential information for which confidentiality is sought (a copy of the confidential information has been tendered to the Attorney General, in accordance with and pursuant to a confidentiality agreement dated May 10, 2011 between the Attorney General's Office and the Joint Applicants); and
- 4) A supplement to the Joint Applicant's original response to question 106 of the Attorney General's first set of data requests.

Please return a file-stamped copy of these documents for our records.

Sincerely,



Mark David Goss

cc: Dennis Howard (with attachment)
Larry Cook

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JUN 02 2011

PUBLIC SERVICE
COMMISSION

Duke Energy Kentucky
Case No. 2011-124
Staff Second Set Data Requests
Date Received: May 24, 2011

STAFF-DR-02-001

REQUEST:

Refer to page 9, lines 13-14 of the Direct Testimony of Stephen G. DeMay, which indicate that Duke Energy's regulated business will increase from 79 percent to approximately 88 percent after the merger.

- a. Provide the measure upon which the 79 and 88 percents were derived.
- b. Based on the same measure as indicated in part a., provide the percentages of Duke Energy's regulated business that are represented by Duke Energy Indiana, Inc., Duke Ohio and Duke Kentucky pre- and post-merger.

RESPONSE:

- a) The percentages quoted are calculated based on total operating revenues as of 12/31/2010 (see page 58 of the Duke Energy S-4, filed with the SEC on March 17, 2011). Page 140 of the S-4 shows the stand-alone and pro-forma income statements.
 - a. Duke Energy's stand-alone 2010 regulated operating revenues were \$11.34B or 79% of its total operating revenue for 2010 of \$14.27B.
 - b. Post-merger, Duke Energy's pro forma 2010 regulated operating revenues would be \$21.49B, or 88% of its total pro forma 2010 operating revenue of \$24.43B.
- b) Based on the same criteria, the proportion of total company operating revenues for Duke Energy Indiana, Duke Energy Ohio, and Duke Energy Kentucky as of December 31, 2010 are as follows:

Entity	Pre-Merger Percentage	Post-Merger Percentage
Duke Energy Indiana	17.7%	10.3%
Duke Energy Ohio (Consolidated)	23.3%	13.6%
Duke Energy Kentucky	3.4%	2.0%

PERSON RESPONSIBLE: Stephen De May

Duke Energy Kentucky
Case No. 2011-124
Staff Second Set Data Requests
Date Received: May 24, 2011

STAFF-DR-02-002

REQUEST:

Refer to the responses to Item 3 of the Commission Staff's Initial Request for Information ("Staff's First Request") and Item 34 of the Attorney General's initial Request for Information ("AG's First Request"). The response to Staff's First Request states that there will be no change in control payments as a result of the proposed merger while the response to the AG's First Request states that "Certain individuals potentially will receive additional compensation in connection with the contemplated transaction."

- a. Explain whether the additional compensation that may be provided to certain individuals within Duke Energy will be considered a "cost to achieve" the proposed merger.
- b. Explain whether the cost of any additional compensation provided to individuals within Duke Energy will be allocated among its subsidiaries, including Duke Kentucky, and whether Duke Kentucky expects to recover its share of any allocated costs from ratepayers in a future rate proceeding.

RESPONSE:

- a. To clarify, the response to the Staff-DR-01-003 was that the proposed merger will not constitute a "change in control" within the meaning of the plans maintained by Duke Energy and Duke Energy Kentucky, and therefore directors, executives, officers and employees of Duke Energy and Duke Energy Kentucky will not be eligible for change in control payments in connection with the proposed merger.

The response to AG-DR-01-034 was that certain individuals will receive additional compensation in connection with the contemplated transaction, as disclosed in the Form S-4 Registration Statement filed by Duke Energy Corporation with the Securities and Exchange Commission. In particular, the Form S-4 Registration Statement indicates that the proposed transaction will constitute a "change in control" within the meaning of the plans maintained by Progress Energy, Inc. and its affiliates, and therefore directors, executives,

officers and employees of Progress Energy, Inc. and its affiliates may be eligible for change in control payments in connection with the proposed merger.

Because directors, executives, officers and employees of Duke Energy and Duke Energy Kentucky will not be eligible for change in control payments in connection with the proposed merger, there are no change in control costs that will be considered a “cost to achieve” for these companies related to the proposed merger. Other compensation-related costs incurred by Duke Energy or Duke Energy Kentucky related to the proposed merger, such as any severance and retention, might be considered to be “costs to achieve” the proposed merger, but whether such costs will be incurred and the amount of such costs is not yet known and cannot yet be quantified. To the extent any bonus has or will be paid in connection with the proposed merger, recovery of such cost would be subject to Commission approval.

- b. As indicated in AG-DR-002(a) above, the directors, executives, officers and employees of Duke Energy and Duke Energy Kentucky will not be eligible for change in control payments in connection with the proposed merger. Other compensation-related costs, such as severance and retention, might occur post merger consummation, but whether such costs will be incurred and the amount of such costs is not yet known and cannot yet be quantified. To the extent any of these potential costs and associated savings occur and are allocated to Duke Energy Kentucky, recovery of such costs and consideration of any associated savings would be subject to Commission approval. To the extent any incremental bonuses have or will be paid in connection with the proposed merger, and are allocated to Duke Energy Kentucky, recovery of such cost would be subject to Commission approval.

PERSON RESPONSIBLE: (a) Jennifer Weber
(b) Danny Wiles/ Don Wathen

**Duke Energy Kentucky
Case No. 2011-124
Staff Second Set Data Requests
Date Received: May 24, 2011**

STAFF-DR-02-003

REQUEST:

Refer to the response to Item 6 of Staff's First Request. Provide a version of the response in at least a 10 point font.

RESPONSE:

See Staff-DR-02-003 Attachment.

PERSON RESPONSIBLE: Legal

Station	Unit	Spring/Fall Unit Rating (MW)	Summer Unit Rating (MW)	Winter Unit Rating (MW)	Commercial Operation Date	Unit Ownership	Operated by:	Station Total (MW)	
Buck	3	75	75	76	7/1/1941	100%	Duke Energy Carolinas	377	MW Buck Station Capacity
	4	38	38	39	9/1/1942	100%	Duke Energy Carolinas		
	5	128	128	131	9/1/1953	100%	Duke Energy Carolinas		
	6	128	128	131	12/1/1953	100%	Duke Energy Carolinas		
Cliffside	1	38	38	38	7/1/1940	100%	Duke Energy Carolinas	760	MW Cliffside Station Capacity
	2	38	38	38	8/1/1940	100%	Duke Energy Carolinas		
	3	61	61	61	5/1/1948	100%	Duke Energy Carolinas		
	4	61	61	61	10/1/1948	100%	Duke Energy Carolinas		
	5**	562	562	562	6/1/1972	100%	Duke Energy Carolinas		
Dan River	1	67	67	67	12/1/1949	100%	Duke Energy Carolinas	276	MW Dan River Station Capacity
	2	67	67	67	3/1/1950	100%	Duke Energy Carolinas		
	3	142	142	142	8/1/1955	100%	Duke Energy Carolinas		
Edwardsport	6	40	40	40	7/1/1944	100%	Duke Energy Indiana	160	MW Edwardsport Station Capacity
	7	45	45	45	1/1/1949	100%	Duke Energy Indiana		
	8	75	75	75	12/1/1951	100%	Duke Energy Indiana		
Gallagher	1	140	140	140	6/15/1959	100%	Duke Energy Indiana	560	MW Gallagher Station Capacity
	2	140	140	140	12/1/1958	100%	Duke Energy Indiana		
	3	140	140	140	4/15/1960	100%	Duke Energy Indiana		
	4	140	140	140	3/1/1961	100%	Duke Energy Indiana		
Lee	1	100	100	100	3/1/1951	100%	Duke Energy Carolinas	370	MW Lee Station Capacity
	2	100	100	100	7/1/1951	100%	Duke Energy Carolinas		
	3	170	170	170	12/1/1958	100%	Duke Energy Carolinas		
Riverbend	4	94	94	94	10/1/1952	100%	Duke Energy Carolinas	454	MW Riverbend Station Capacity
	5	94	94	94	11/1/1952	100%	Duke Energy Carolinas		
	6	133	133	133	8/1/1954	100%	Duke Energy Carolinas		
	7	133	133	133	11/1/1954	100%	Duke Energy Carolinas		
Wabash River	2	85	85	85	8/1/1953	100%	Duke Energy Indiana	668	MW Wabash River Station Capacity
	3	85	85	85	9/1/1954	100%	Duke Energy Indiana		
	4	85	85	85	1/1/1955	100%	Duke Energy Indiana		
	5	95	95	95	5/1/1956	100%	Duke Energy Indiana		
	6	318	318	318	8/1/1968	100%	Duke Energy Indiana		
Miami Fort	6	163	163	163	11/1/1960	100%	Duke Energy Kentucky	163	MW Miami Fort Station Capacity
Beckjord	1	94	94	94	6/23/1952	100%	Duke Energy Ohio~	862	MW Beckjord Station Capacity
	2	94	94	94	10/9/1953	100%	Duke Energy Ohio~		
	3	128	128	128	11/30/1954	100%	Duke Energy Ohio~		
	4	150	150	150	7/11/1958	100%	Duke Energy Ohio~		
	5	238	238	238	12/21/1962	100%	Duke Energy Ohio~		
	6	158	155	158	7/1/1969	37.5% Duke Energy 50% DP&L 12.5% AEP	Duke Energy Ohio~		

TOTAL CAPACITY = 4650 MW Duke Energy Share (MW)

Duke Energy Kentucky
Case No. 2011-124
Staff Second Set Data Requests
Date Received: May 24, 2011

STAFF-DR-02-004

REQUEST:

Refer to the response to Item 16 of Staff's First Request.

- a. Provide the length of the time that was required to fully integrate the Cinergy and Duke Energy service companies after the consummation of their merger.
- b. Explain whether Joint Applicants are willing to revise the merger commitment to state that it will continue for six years or until three service company audits are performed, in the event more than six years are needed to perform three audits.

RESPONSE:

- a. The Cinergy and Duke service companies were merged on July 1, 2008, which was approximately two years and three months after the closing of the Cinergy/Duke merger.
- b. Yes.

PERSON RESPONSIBLE: (a) Danny Wiles; (b) Julia S. Janson

**Duke Energy Kentucky
Case No. 2011-124
Staff Second Set Data Requests
Date Received: May 24, 2011**

STAFF-DR-02-005

REQUEST:

Refer to the response to Item 21 of Staff's First Request. Explain whether Joint Applicants are willing to restate the commitment in the last sentence of the response to read, "The Company commits to follow Kentucky law with respect to the pricing for inter-company transactions not otherwise covered by Commission-approved service agreements and will not presume to preclude the Commission from asserting any pricing methodology in a future proceeding at the Federal Energy Regulatory Commission."

RESPONSE:

Yes.

PERSON RESPONSIBLE: Julia S. Janson

Duke Energy Kentucky
Case No. 2011-124
Staff Second Set Data Requests
Date Received: May 24, 2011

STAFF-DR-02-006 PUBLIC

REQUEST:

Refer to the response to Item 32 of Staff's First Request, specifically, the Investment Analysis by Oppenheimer, Baird, and Bank of America ("Analysis") originally submitted on May 6, 2011 with the Documents Relating to Regulatory Approvals Pending Before Other Agencies.

- a. The first sentence of the fourth paragraph on page 3 of the Analysis reads, "It is well known that Duke has been struggling as of late in Ohio, going so far as indicating that it might consider selling its generation assets in that market." The last sentence of that same paragraph reads, "Eventually, we would not be surprised if Duke Ohio were sold over time, particularly if a member of the Progress management team were to run the combined entity."
 - 1) If the last sentence of the paragraph was based on information provided the authors of the Analysis by one of the Duke entities, or Progress, or an individual employed by one of the Duke entities or Progress, provide said information.
 - 2) Explain whether Joint Applicants have any present intent to sell Duke Ohio, or whether the potential sale of Duke Ohio has been considered or discussed in conjunction with the proposed merger.
- b. The second and third sentences of the second paragraph on page 13 of the Analysis, consistent with other documents submitted in response to Staff and AG data requests, refer to non-fuel synergies of 5 to 7 percent of non-fuel O&M, or around \$380 million, and fuel and dispatch synergies of \$600 to \$800 million from the combined Carolinas generation fleet over the period 2012-2016. Provide a discussion of any differences between the amounts of these synergies and those set forth in the Synergies Update filed May 19, 2011, as a supplement to the response to Item 32 of Staff's First Request.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

- a. (1) No Duke Energy or Progress Energy employee directly contributed to the investment analysis completed by Oppenheimer, Baird, or Bank of America.
- (2) There is no present intent to sell Duke Energy Ohio. From time to time as part of its regular strategic and financial review process, Duke analyzes whether certain of its businesses, operations and assets would be candidates for divestiture based on their financial or operating performance, strategic fit and/or relative value to other parties.
- b. This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: (a)(1) Stephen De May
(a)(2) James E. Rogers, Jr.
(b) Brian D. Savoy

Duke Energy Kentucky
Case No. 2011-124
Staff Second Set Data Requests
Date Received: May 24, 2011

STAFF-DR-02-007

REQUEST:

Refer to the responses to Item 32 and 47 of the AG's First Request.

- a. The annual savings stated in Item 32 of the AG's request, \$300 to \$420 million, equal 5 and 7 percent, respectively, of the projected 2012 non-fuel adjusted O&M of \$6 billion, which is the range of savings Duke Energy's Chief Financial Officer stated had been delivered, historically, in "[r]egulated utility merger transactions."
 - 1) The last sentence in the response states that Duke Kentucky "[w]ill represent approximately 1-2% of the new Duke Energy." Provide the measure upon which the 1 to 2 percent was derived and the calculation thereof.
 - 2) The response to Item 47 states that Duke Kentucky "[r]epresents approximately 1.6% of the new Duke Energy." Provide the measure upon which the 1.6 percent was derived and the calculation thereof.
- b. The responses indicate Joint Applicants believe the synergies resulting from the proposed merger will produce savings for Duke Kentucky but that the savings should be reflected over time in future rate cases. This is a departure from the approach agreed to in the Commission-approved settlement in Case No. 2005-00228¹ under which customers received credits over a period of time to insure that they received a specific level of the savings to be realized as a result of the Cinergy/Duke Energy merger.
 - 1) Explain how Duke Kentucky intends to measure the savings that it realizes over time as a result of the proposed merger.

¹ Case No. 2005-00228, Joint Application of Duke Energy Corporation, Duke Energy Holding Corp., Deer Acquisition Corp., Cougar Acquisition Corp., Cinergy Corp., The Cincinnati Gas and Electric Company, and The Union Light, Heat and Power Company for Approval of a Transfer and Acquisition of Control (Ky. PSC May 3, 2006).

- 2) Explain in detail why customers should not receive a specific level of savings in conjunction with the proposed merger in a manner similar to the approach employed in Case No. 2005-00228.

RESPONSE:

a.

1) The measure by which the 1-2% metric was computed was based on 2010 Adjusted Net Income for Duke Energy Kentucky divided by the 2010 Adjusted Net Income for pro-forma new Duke Energy, including Progress Energy. Adjusted net income excludes special items such as employee separation costs associated with Duke Energy's Voluntary Opportunity Plan, goodwill impairments and others.

Calculation:

(in millions)

Duke Energy Kentucky 2010 Adjusted Net Income	\$ 47	A
Duke Energy 2010 Adjusted Net Income	1,882	B
Progress Energy 2010 Net Income	<u>856</u>	C
Proforma New Duke Energy 2010 Adjusted Net Income	\$2,738	D = B+C

Ratio of Duke Energy Kentucky to Proforma New Duke Energy

1.7% $E = A / D$

2) The 1.6 percent measure was derived through combining the Duke Energy corporate allocation rates as of September 2010 with the estimated Progress Energy corporate allocation rates to approximate the allocation of potential non-fuel merger synergies to each business line in the new Duke Energy for financial modeling the impact of the merger to corporate costs. See calculation below:

	A	B	C = A + B	D	E = C x D
Diamond Corporate Allocation Rates as of September 2010	Allocation of Other (1)	Adjusted Alloc Rates	Duke Weighted at 65% of NewCo	Est Allocation of NewCo	
Carolinas	47%	11%	58.0%	65%	37.7%
Indiana	13%	3%	16.0%	65%	10.4%
Ohio-Reg	7%	2%	8.6%	65%	5.6%
Kentucky	2%	0%	2.5%	65%	1.6%
Commercial Power	8%	2%	9.9%	65%	6.4%
International	4%	1%	4.9%	65%	3.2%
Other	19%				
Platinum Corp Alloc Rates (estimated)			Progress weighted at 35% of NewCo		
Carolinas	55%		55%	35%	19.3%
Florida	45%		45%	35%	15.8%

(1) Corporate overhead costs allocated to "Other" segment at Duke Energy has been re-allocated to business lines for modeling purposes.

b.

1) Duke Energy Kentucky does not plan to specifically measure synergies created by the merger. Rather, it will set O&M budgets that include projected synergy savings. Achieving these budgets will be the evidence that Duke Energy Kentucky realized the expected synergy savings.

2) The proposed approach is reasonable and fair to all stakeholders and is consistent with established ratemaking principles. Utility rates are based upon utility costs. Thus, cost savings and cost increases are not reflected in rates until they are realized. We found in Case No. 2005-00228 that pre-paying expected savings was problematic as it frontloaded savings to customers based on estimates without true-up to Duke Energy Kentucky's actual experience. The proposed approach aligns savings with the point in time they are expected to materialize.

PERSON RESPONSIBLE: Brian D. Savoy
(b)(2) James E. Rogers

**Duke Energy Kentucky
Case No. 2011-124
Staff Second Set Data Requests
Date Received: May 24, 2011**

STAFF-DR-02-008 PUBLIC

REQUEST:

Refer to the response to Item 67 of the AG's First Request, specifically, Volume 3 of the confidential filing, at AG-DR-01-67P-1385. Explain whether the numbers on this page represent targeted fuel cost savings, targeted non-fuel cost savings, or a combination thereof, and whether they are exclusively for Progress, exclusively for Duke Energy, or for Progress and Duke Energy combined.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: Brian D. Savoy

**Duke Energy Kentucky
Case No. 2011-124
Staff Second Set Data Requests
Date Received: May 24, 2011**

STAFF-DR-02-009

REQUEST:

Refer to the response to Item 32 of Staff's First Request, which states, in part, that, "This response has been partially filed with the Commission under a Petition for Confidential Treatment." While the Joint Applicants did include a reference in their Petition for Confidential Treatment to Item 32 of Staff, no confidential response was filed to this request. Provide the referenced confidential response to Item 32 of the Staff.

RESPONSE:

The confidential response was filed in a separate sealed envelope and refers to the confidential documents provided in response to AG-DR-01-67.

PERSON RESPONSIBLE: Legal

**Duke Energy Kentucky
Case No. 2011-124
Staff Second Set Data Requests
Date Received: May 24, 2011**

STAFF-DR-02-010

REQUEST:

Refer to the May 19, 2011 filing by the Joint Applicants of a supplemental response to Item 32 of Staff's First Request. Was the document filed on that date prepared by Booz & Company? If no, provide the names of the persons or entities that prepared the document. If yes, explain why the preparer's name does not appear on any of the pages of the document.

RESPONSE:

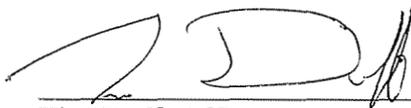
The document referenced above was communicated to both Duke Energy and Progress Energy representatives on November 8, 2010 and was prepared by Booz & Company. There is no apparent reason why Booz & Company's name is not on the document.

PERSON RESPONSIBLE: Brian D. Savoy

VERIFICATION

State of North Carolina)
)
County of Mecklenburg) SS:

The undersigned, Tim Duff, being duly sworn, deposes and says that he is the General Manager, Retail Customer & Regulated Strategy, Duke Energy Business Services LLC, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.



Tim Duff, Affiant

Subscribed and sworn to before me by Tim Duff on this 26th day of May 2011.



NOTARY PUBLIC

My Commission Expires:



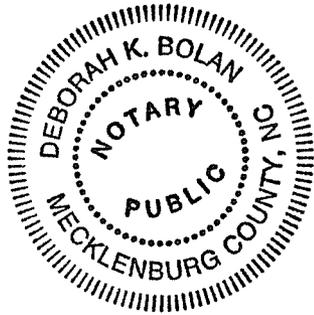
VERIFICATION

State of North Carolina)
)
County of Mecklenburg) SS:

The undersigned, Lynn Good, being duly sworn, deposes and says that she is the Group Executive & Chief Financial Officer, Duke Energy Business Services, LLC, that she has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of her knowledge, information and belief, after reasonable inquiry.

Lynn Good
Lynn Good, Affiant

Subscribed and sworn to before me by Lynn Good on this 25 day of May 2011.



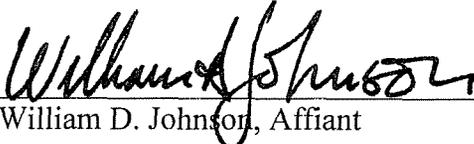
Deborah K. Bolan
NOTARY PUBLIC

My Commission Expires: 10-29-12

VERIFICATION

State of North Carolina)
)
County of Wake) SS:

The undersigned, William D. Johnson, being duly sworn, deposes and says that he is employed by Progress Energy, Inc., as Chairman, President and Chief Executive Officer; that on behalf of Progress Energy, Inc., he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.


William D. Johnson, Affiant

Subscribed and sworn to before me by William D. Johnson on this 1st day of June 2011.


NOTARY PUBLIC

My Commission Expires: 8/8/2014

VERIFICATION

State of North Carolina)
)
County of Mecklenburg) SS:

The undersigned, AR Mullinax, being duly sworn, deposes and says that he is the Senior Vice President & Chief Information Officer, Duke Energy Business Services, LLC, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

AR Mullinax
AR Mullinax, Affiant

Subscribed and sworn to before me by AR Mullinax on this 27 day of May 2011.

Deborah S. Rome Deborah S. Rome
NOTARY PUBLIC

My Commission Expires: January 24, 2015

VERIFICATION

State of Ohio)
)
County of Hamilton) SS:

The undersigned, Barry E. Pulskamp, being duly sworn, deposes and says that he is the Senior Vice President, Regulated Fleet Operations, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Barry E. Pulskamp
Barry E. Pulskamp, Affiant

Subscribed and sworn to before me by Barry E. Pulskamp on this 26th day of May 2011.



Yvonne Kaya Cook
Notary Public, State of Ohio
My Commission Expires 11-23-2013

Yvonne Kaya Cook
NOTARY PUBLIC

My Commission Expires: 11-23-2013

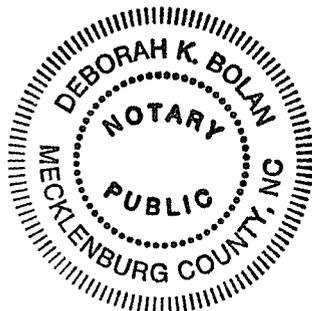
VERIFICATION

State of North Carolina)
)
County of Mecklenburg) SS:

The undersigned, James E. Rogers, Jr., being duly sworn, deposes and says that he is the Chairman, President and Chief Executive Officer of Duke Energy Corporation that he has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained therein are true and correct to the best of his information, knowledge and belief.

James E. Rogers, Jr.
James E. Rogers, Jr., Affiant

Subscribed and sworn to before me by *James E. Rogers, Jr.* on this 25th day of ~~April~~ May 2011.



Deborah K Bolan
NOTARY PUBLIC

My Commission Expires: 10-29-12

VERIFICATION

State of North Carolina)
)
County of Mecklenburg) SS:

The undersigned, Brian D. Savoy, being duly sworn, deposes and says that he is the Managing Director Corporate Financial Planning Analysis, Duke Energy Business Services, LLC, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.



Brian D. Savoy, Affiant

Subscribed and sworn to before me by Amy E Livezey on this 25th day of May 2011.



NOTARY PUBLIC

My Commission Expires: 11/16/2012

VERIFICATION

State of North Carolina)
) SS:
County of Mecklenburg)

The undersigned, Jim Stanley, being duly sworn, deposes and says that he is the Senior Vice President of Power Delivery, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.



Jim Stanley, Affiant

Subscribed and sworn to before me by Jim Stanley on this 27th day of May 2011.



NOTARY PUBLIC

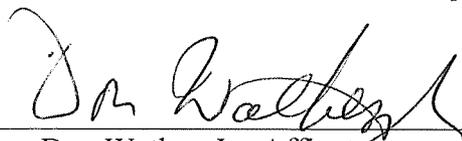


My Commission Expires: August 14, 2011

VERIFICATION

State of Ohio)
)
County of Hamilton) SS:

The undersigned, William Don Wathen Jr., being duly sworn, deposes and says that he is the General Manager and Vice President of Rates of Duke Energy Ohio and Duke Energy Kentucky, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.



William Don Wathen Jr., Affiant

Subscribed and sworn to before me by WILLIAM DON WATHEN, JR. on this 27TH day of May 2011.

ADELE M. DOCKERY
Notary Public, State of Ohio
My Commission Expires 01-05-2014



NOTARY PUBLIC

My Commission Expires: 1/5/2014

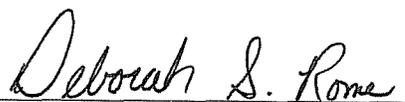
VERIFICATION

State of North Carolina)
)
County of Mecklenburg) SS:

The undersigned, Jennifer Weber, being duly sworn, deposes and says that she is the Group Executive, Human Resources & Corporate Relations, Duke Energy Business Services, LLC, that she has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of her knowledge, information and belief, after reasonable inquiry.


Jennifer Weber, Affiant

Subscribed and sworn to before me by Jennifer Weber on this 25 day of May 2011.

 Deborah S. Rome
NOTARY PUBLIC

My Commission Expires: January 24, 2015

VERIFICATION

State of North Carolina)
)
County of Mecklenburg) SS:

The undersigned, Danny Wiles, being duly sworn, deposes and says that he is the General Manager of Duke Energy & Vice President US Franchised Electric & Gas Accounting, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Danny Wiles
Danny Wiles, Affiant

Subscribed and sworn to before me by Danny Wiles on this 25 day of May 2011.

Kim V. Beal
NOTARY PUBLIC

My Commission Expires: October 24, 2014

Duke Energy Kentucky

Case No. 2011-124

Attorney General Second Set Data Requests

Date Received: May 24, 2011

RECEIVED

JUN 02 2011

AG-DR-02-001

PUBLIC SERVICE
COMMISSION

REQUEST:

Please reference the Progress SEC Form S-4, pp. 3189-3190, wherein it is stated that Progress' Board of Directors believes the transaction would, *inter alia*, bring: (a) incremental scale, scope, and regulatory diversification; (b) increased financial stability; (c) shared strategic vision and governance; (d) capital investment strategy; (e) new nuclear development capability; and (f) cost savings and efficiencies.

- a. For any or all of these anticipated results of the contemplated transaction, did Progress' Board of Directors believe any would apply to Duke Energy, Kentucky ("DEK")? If not, why not? If so, please identify which anticipated result(s) the Board believed would have application to DEK, and provide copies of any and all documents supporting your response.

RESPONSE:

Due to the geographical disparity of the merging companies in relation to the operation of Duke Energy Kentucky, Progress' Board of Directors did not assume or consider the existence of any substantial synergies relative to Duke Energy Kentucky when it made the decision to merge with Duke Energy Corporation. In general, the Progress Board of Directors recognized that increased scale, scope and regulatory diversification and resulting financial stability would provide better access to the capital markets necessary to respond to emerging industry dynamics in its current service territories (e.g., fleet and grid modernization and new generation construction programs). The Progress Board of Directors also recognized that the governance structure for the board of directors and senior management should support the strategic vision for the combined company as a whole without focus on any particular utility. The financial and credit profile of the combined company, the continued commitment to the provision of electric and gas service to its customers at reasonable rates, and the enhanced and experienced executive management leadership that will be put in place, ensure that Duke Energy Kentucky and its customers will be benefited, and not disadvantaged, by this strategic combination.

PERSON RESPONSIBLE: William D. Johnson

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-002

REQUEST:

Please reference the Progress SEC Form S-4, pp. 3190-3191, wherein it is stated the Progress Board of Directors considered certain risks inherent in Duke Energy's unregulated domestic and international business operations, as well as risks relating to Duke's regulated business operations, including its environmental and contingent liabilities.

- a. Did Progress' Board consider any such risks relevant specifically to DEK? If so, please provide copies of any and all documents relevant to that analysis.

RESPONSE:

Duke Energy Kentucky has no unregulated domestic or international business operations, so those risk factors do not apply. Progress' Board of Directors did not specifically consider any risk factors relating to Duke Energy Kentucky's regulated business operations that are unique to Duke Energy Kentucky.

PERSON RESPONSIBLE: William D. Johnson

AG-DR-02-003 PUBLIC

REQUEST:

Please reference document AG-DR-067P-0158 of the Hart-Scott Rodino filing. The document, entitled, [REDACTED] from Progress' [REDACTED], states that [REDACTED] are assumed. Confirm that this includes DEK.

- a. This same document indicates that [REDACTED] is projected to grow from [REDACTED] and that [REDACTED] is projected to grow from [REDACTED] in 2009 to [REDACTED] in 2014. Provide the projected numbers applicable to DEK.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: William D. Johnson

AG-DR-02-004 PUBLIC

REQUEST:

Please reference document AG-DR-067P-0159, which indicates that one of the key points of the [REDACTED] is that [REDACTED] apparently due to [REDACTED]. Do the Joint Applicants expect any [REDACTED] of the new ultimate corporate parent if the contemplated transaction is approved in every jurisdiction? Do they believe any such [REDACTED]

1. [REDACTED] is possible or even probable? If so, provide any and all documents depicting the impact on DEK's [REDACTED].
 - a. How do the Joint Applicants justify their testimony that the transaction will result in a new entity with improved financial strength when this document states [REDACTED] [REDACTED]?

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: William D. Johnson

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-005 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-0222. Confirm that [REDACTED]. If so, reference the ninth bullet point. Provide an answer to the stated question: [REDACTED]

[REDACTED] Please confirm that the response given here is the same response Duke provided to Progress.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: William D. Johnson

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-006 PUBLIC

REQUEST:

Reference the same document. Provide a response to the question set forth in the tenth bullet point regarding the [REDACTED]. Please confirm that the response given here is the same response Duke provided to Progress.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: William D. Johnson

AG-DR-02-007 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-0715. Under the tab labeled [REDACTED] several opportunities for [REDACTED] are identified, including [REDACTED], and the potential for [REDACTED]. Please identify which, if any, of these potential [REDACTED] will or may have application to DEK. Please discuss in detail.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: William D. Johnson

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-008 PUBLIC

REQUEST:

Please reference document AG-DR-01-67P-0769. Under [REDACTED], it is stated that [REDACTED] through 2015. Please identify how many [REDACTED] and when.

- a. Reference the same document, which indicates an increase in [REDACTED], etc. Are any of these [REDACTED] also included in the [REDACTED]? Please explain in detail.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: William Don Wathen Jr.

AG-DR-02-009 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-0775. Confirm that the [REDACTED]
[REDACTED] indicates that [REDACTED]
[REDACTED] . . .”

- a. The same document references [REDACTED] realized from [REDACTED]
Provide details as to DEK's [REDACTED] realized under this program.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: Brian D. Savoy

AG-DR-02-010 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-0845. The document indicates [REDACTED] may consider revising its [REDACTED] to allow for [REDACTED], and perhaps [REDACTED]. See also AG-DR-67P-1429 and 1434 in this regard.

- a. Please explain whether any decision has been made in this regard since the time this document was created.
- b. If so, will any portion of [REDACTED] be [REDACTED]? Please also identify when, and for what purposes.
- c. If no decision has been made, will the Joint Applicants commit to notifying the Kentucky PSC and the Attorney General's Office if and when that changes, together with complete details?

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: James E. Rogers

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-011 PUBLIC

REQUEST:

Reference the same document. At the bottom of that page, under the tab [REDACTED] one such option identified is the [REDACTED]. State whether this option could or may [REDACTED], and if so, please provide as many details as possible.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: Brian D. Savoy

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-012 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-0977. Under the tab, [REDACTED] this document states: [REDACTED]

- a. State whether [REDACTED] is, or could be, one of [REDACTED]. If so, provide all documents relevant to any such real or potential [REDACTED].

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: William D. Johnson

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-013 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-0991.

- a. Please confirm that based on the charts depicted therein, the allocation for [REDACTED] includes [REDACTED].
- b. If so, confirm that the [REDACTED] remains at [REDACTED] for 2011-2012, and [REDACTED] for 2013-2014. Of this, please identify DEK's [REDACTED] for the same time periods.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: (a) William D. Johnson
(b) Brian D. Savoy

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-014 PUBLIC

REQUEST:

Reference documents AG-DR-01-67P-1056 through 1058. Confirm that estimated [REDACTED] are as follows: [REDACTED] for 2012; [REDACTED] 2013; and [REDACTED] for 2014.

- a. Confirm that by 2014, the new company [REDACTED] [REDACTED] If so confirmed, how much of that [REDACTED] Please be as specific as possible and provide quantifications.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: William D. Johnson

AG-DR-02-015 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-1112, entitled [REDACTED]
[REDACTED] The third bullet point on the document states that [REDACTED]
[REDACTED]

Please elaborate as to whether this statement has applicability to all of the regulated utilities that will fall under the new corporate parent's control, including DEK, and the extent of its applicability to DEK.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: William D. Johnson

AG-DR-02-016 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-1736, which states that [REDACTED] of the contemplated transaction will be [REDACTED]. Please identify the [REDACTED] applicable to DEK.

- a. The same document indicates that the transaction will [REDACTED]. Please state in complete detail how this applies to DEK.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: Brian D. Savoy
Jim Stanley

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-017 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-1737, which indicates that the contemplated transaction will result in [REDACTED] Please identify the precise ways in which this will be applicable to DEK.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: Stephen De May

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-018 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-1738, which states that the Joint Applicants [REDACTED]
[REDACTED]
[REDACTED] Does this mean DEK ratepayers will [REDACTED]
[REDACTED]? Please explain in complete detail.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: James E. Rogers, Julie S. Janson, William Don Wathen Jr.,
Jim Stanley

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-019 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-1749. When do the Joint Applicants believe [REDACTED]
[REDACTED]?

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: Stephen De May

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-020 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-1844. The slide indicates that Duke will attempt to [REDACTED] Describe the Joint Applicants' [REDACTED] for Kentucky, if any, in complete detail, especially any contemplated items addressing the issue of [REDACTED].

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: Julia S. Janson

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-021 PUBLIC

REQUEST:

1. Reference document AG-DR-01-67P-1870. Under the paragraph entitled [REDACTED] the document states [REDACTED]. A similar statement regarding Duke's [REDACTED] appears at document AG-DR-01-67P-1950. In what ways does DEK see [REDACTED]? Please describe in complete detail.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: Tim Duff
William Don Wathen Jr.

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-022 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-1962. Confirm that DEK will [REDACTED]
[REDACTED]

- a. Reference document AG-DR-01-67P-2104, Duke's [REDACTED]. The document lists DEK as having [REDACTED], and an apparent projection of [REDACTED] for 2011. (i) When was this document produced? (ii) Was the 2010 figure based on actual experience, a projection, or a combination of both? (iii) Were the figures based on [REDACTED] or a combined average? Please explain in detail.
- b. Reference also document AG-DR-01-67P-2047, wherein it is stated that one of the key issues facing Duke is [REDACTED]
[REDACTED] Does DEK share this concern?
- c. Reference document AG-DR-01-67P-2111, which indicates DEK may [REDACTED]
[REDACTED] of some of its [REDACTED]. Please confirm that such a plan is projected as producing [REDACTED] for DEK of [REDACTED].

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: Tim Duff
William Don Wathen Jr.

**Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011**

AG-DR-02-023 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-1967. The documents states that DEK in its [REDACTED] [REDACTED] will be addressing the [REDACTED]. Please elaborate as to what way it will address [REDACTED].

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: Tim Duff
William Don Wathen Jr.

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-024 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-1990. Will DEK ratepayers be asked to [REDACTED]
[REDACTED]? If so,
explain why in complete detail.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: Julia S. Janson
William Don Wathen Jr.

AG-DR-02-025 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-2015. Confirm that by approximately 2012, Duke system-wide is [REDACTED]

- a. How much of that cost is projected to be borne by DEK ratepayers?
- b. Of the amount set forth in the Joint Applicants' response to subpart (a), above, please identify any portions thereof which would not be recovered under [REDACTED].

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: (a) Barry Pulskamp
(b) William Don Wathen Jr.

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-026 PUBLIC

REQUEST:

Reference documents AG-DR-01-67P-2022, 2038, 2048, 2059, 2064, 2076, 2090, 2113, 2129, 2143, 2151, 2165, 2171, 2176, 2178, 2183, 2185, 2188, 2190, 2193, 2195, 2197, 2205, 2220, 2223, 2225, 2227, 2243, 2247, 2250, 2253, 2232, 2344, 2359, 2370, 2378, 2389, 2401, 2405, 2421, 2426, 2477, 2492, 2498, 2505, 2507, 2511, 2529, 2542, 2552, 2555, 2558, 2571, 2574-2575, 2614, 2619, 2637, 2649, 2655, 2670, 2674, 2679, 2685, 2706, 2716, 2730, 2741, 2755, 2757, 2759, 2767, 2769, 2771, 2773, 2775, 2787, 2805, 2809, 2811, 2813, 2815, 2819, 2821, 2828, 2834, 2841, 2845, 2868, 2880, 2886, 2890, 2907, 2912, 2969, 2983, 2996, 3001, 3009, 3016, 3029, 3038, 3040, 3325, 3877, 3883, 3887, 3891, 3897, 3900, 3921, and 3925. The pages appear to be blank, but no privilege is cited in support of withholding any information. If any non-privileged material was redacted, please provide it. If a privilege is claimed, please assert the basis for that privilege, and state it separately for each and every document so withheld.

RESPONSE:

Upon information and belief, all blank pages that were not marked as information withheld are indeed blank pages that were separator pages between documents in Board presentation books.

PERSON RESPONSIBLE: Legal

**Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011**

AG-DR-02-027 PUBLIC

REQUEST:

Reference document AG-DR-01-67P-2025. Please indicate when this document was prepared. The document indicates [REDACTED] regarding Duke and subsidiaries. Has the [REDACTED] been completed? Have there been any more recent activities by [REDACTED]? If so, please provide complete documentation.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: Stephen De May

**Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011**

AG-DR-02-028 PUBLIC

REQUEST:

Reference documents AG-DR-01-67P-1418, 1451-1452, 2228-2232, 2262, 2293, 2325, 2466, 2543-2545, 2562-2563, 2569, 2585-2589, 2599, 2603-2605, 2608-2609, 2711, 2824-2826, 2830, 2833, 2836-2839, 2965, 3031-3036, 3050, 3052, 3071, 3097, 3106-3108, 3115-3116, 3130, 3142-3146, 3194, 3199, 3241-3243, 3386-3387, 3389-3392, 3395-3396, 3407, 3466-3487, 3490, 3502, 3504, 3515-3531, 3569-3582, 3622, 3627, 3659, 3695, 3853-3873, 3875, 3908, 3910-3920. These pages indicate "material withheld," but no privilege was cited for withholding information. Please either provide the information, or in lieu thereof cite the privilege applicable, and state it separately for each and every document so withheld.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

The request refers to documents that are confidential and proprietary and that were filed under seal. The Joint Applicants' response is therefore filed under seal.

PERSON RESPONSIBLE: Legal

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-029 PUBLIC

REQUEST:

Reference document number AG-DR-01-67P-2761, [REDACTED]
[REDACTED] One of the additional comments indicated that [REDACTED]
[REDACTED] In light of [REDACTED], what steps will the new corporate parent entity be taking to improve this crucial function?

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response has been filed with the Commission under a Petition for Confidential Treatment.

PERSON RESPONSIBLE: James E. Rogers

Duke Energy Kentucky
Case No. 2011-124
Attorney General Second Set Data Requests
Date Received: May 24, 2011

AG-DR-02-030

REQUEST:

With regard to your response to AG DR 1-106, the question asked for the same information for the Joint Applicants, not just Duke Energy. Provide the same information with regard to Progress, with regard to both the federal government and the Commonwealth of Kentucky.

RESPONSE:

The Joint Applicants object to this request to the extent that it calls for a legal conclusion. The Joint Applicants further object to the request on the basis that it is overly broad and unduly burdensome and is irrelevant to the issues before the Commission. Without waiving said objection, the Joint Applicants – including Progress Energy, Inc. – abide by all laws, regulations and rules pertaining to lobbying activities. Progress Energy, Inc. does not employ any lobbyists in Kentucky. Progress Energy, Inc. has retained the services of several lobbyists in Washington D.C., but does not believe there is any conflict to remedy.

PERSON RESPONSIBLE: William D. Johnson

VERIFICATION

State of North Carolina)
)
County of Mecklenburg) SS:

The undersigned, Tim Duff, being duly sworn, deposes and says that he is the General Manager, Retail Customer & Regulated Strategy, Duke Energy Business Services LLC, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Tim Duff
Tim Duff, Affiant

Subscribed and sworn to before me by Tim Duff on this 26th day of May 2011.

Karen J. Makepeace
NOTARY PUBLIC

My Commission Expires:



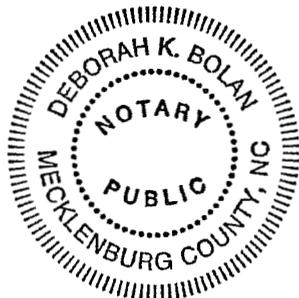
VERIFICATION

State of North Carolina)
)
County of Mecklenburg) SS:

The undersigned, Lynn Good, being duly sworn, deposes and says that she is the Group Executive & Chief Financial Officer, Duke Energy Business Services, LLC, that she has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of her knowledge, information and belief, after reasonable inquiry.

Lynn Good
Lynn Good, Affiant

Subscribed and sworn to before me by Lynn Good on this 25th day of May 2011.



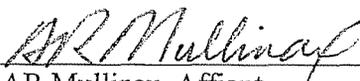
Deborah K. Bolan
NOTARY PUBLIC

My Commission Expires: 10-29-12

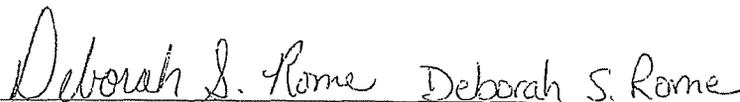
VERIFICATION

State of North Carolina)
)
County of Mecklenburg) SS:

The undersigned, AR Mullinax, being duly sworn, deposes and says that he is the Senior Vice President & Chief Information Officer, Duke Energy Business Services, LLC, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.


AR Mullinax, Affiant

Subscribed and sworn to before me by AR Mullinax on this 27 day of May 2011.


NOTARY PUBLIC

My Commission Expires: January 24, 2015

VERIFICATION

State of Ohio)
)
County of Hamilton) SS:

The undersigned, Barry E. Pulskamp, being duly sworn, deposes and says that he is the Senior Vice President, Regulated Fleet Operations, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Barry E. Pulskamp
Barry E. Pulskamp, Affiant

Subscribed and sworn to before me by Barry E. Pulskamp on this 26th day of May 2011.



Yvonne Kaye Cook
Notary Public, State of Ohio
My Commission Expires 11-23-2013

Yvonne Kaye Cook
NOTARY PUBLIC

My Commission Expires: 11-23-2013

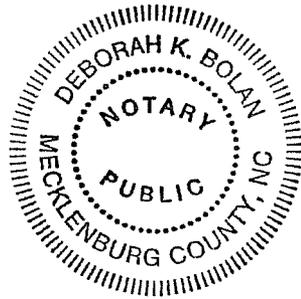
VERIFICATION

State of North Carolina)
)
County of Mecklenburg) SS:

The undersigned, James E. Rogers, Jr., being duly sworn, deposes and says that he is the Chairman, President and Chief Executive Officer of Duke Energy Corporation that he has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained therein are true and correct to the best of his information, knowledge and belief.

James E. Rogers Jr.
James E. Rogers, Jr., Affiant

Subscribed and sworn to before me by *James E. Rogers Jr.* this *25th* day of *April* ~~April~~
2011.



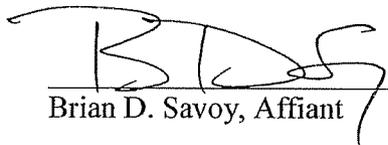
Deborah K. Bolan
NOTARY PUBLIC

My Commission Expires: *10-29-12*

VERIFICATION

State of North Carolina)
)
County of Mecklenburg) SS:

The undersigned, Brian D. Savoy, being duly sworn, deposes and says that he is the Managing Director Corporate Financial Planning Analysis, Duke Energy Business Services, LLC, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.



Brian D. Savoy, Affiant

Subscribed and sworn to before me by Amy E Livezey on this 25th day of May 2011.



NOTARY PUBLIC

My Commission Expires: 11/16/2012

VERIFICATION

State of Ohio)
)
County of Hamilton) SS:

The undersigned, William Don Wathen Jr., being duly sworn, deposes and says that he is the General Manager and Vice President of Rates of Duke Energy Ohio and Duke Energy Kentucky, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.



William Don Wathen Jr., Affiant

Subscribed and sworn to before me by WILLIAM DON WATHEN, JR. on this 27TH day of May 2011.

ADELE M. DOCKERY
Notary Public, State of Ohio
My Commission Expires 01-05-2014



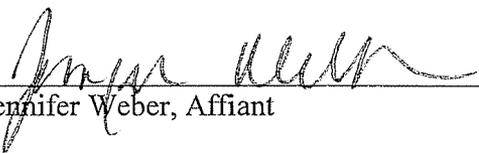
NOTARY PUBLIC

My Commission Expires: 1/5/2014

VERIFICATION

State of North Carolina)
)
County of Mecklenburg) SS:

The undersigned, Jennifer Weber, being duly sworn, deposes and says that she is the Group Executive, Human Resources & Corporate Relations, Duke Energy Business Services, LLC, that she has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of her knowledge, information and belief, after reasonable inquiry.


Jennifer Weber, Affiant

Subscribed and sworn to before me by Jennifer Weber on this 25 day of May 2011.

 Deborah S. Rome
NOTARY PUBLIC

My Commission Expires: January 24, 2015

VERIFICATION

State of North Carolina)
)
County of Mecklenburg) SS:

The undersigned, Danny Wiles, being duly sworn, deposes and says that he is the General Manager of Duke Energy & Vice President US Franchised Electric & Gas Accounting, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

Danny Wiles
Danny Wiles, Affiant

Subscribed and sworn to before me by Danny Wiles on this 25 day of May 2011.

Kimi V. Beal
NOTARY PUBLIC

My Commission Expires: October 24, 2014

RECEIVED

JUN 02 2011

COMMONWEALTH OF KENTUCKY
BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

THE JOINT APPLICATION OF DUKE)
ENERGY CORPORATION, CENERGY)
CORP., DUKE ENERGY OHIO, INC.,)
DUKE ENERGY KENTUCKY, INC.,)
DIAMOND ACQUISITION CORPORATION,)
AND PROGRESS ENERGY, INC FOR)
APPROVAL OF THE INDIRECT)
TRANSFER OF CONTROL OF)
DUKE ENERGY KENTUCKY)

Case No. 2011-0124

JOINT APPLICANTS' PETITION
FOR CONFIDENTIAL TREATMENT OF INFORMATION

Duke Energy Corporation ("Duke Energy"), Cinergy Corp., Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Diamond Acquisition Corporation, and Progress Energy, Inc. ("Progress Energy") (collectively "Joint Applicants"), pursuant to 807 KAR 5:001, Section 7, respectfully request the Commission to grant confidentiality to, and protect from public disclosure, certain information provided by Joint Applicants in response to the Commission Staff's supplemental set of information requests and the Attorney General's supplemental set of data requests in this proceeding. In support, the Joint Applicants, individually and collectively, state:

1. Joint Applicants are filing responses to the supplemental information requests of the Commission Staff and the Attorney General, dated May 24, 2011. These responses contain Confidential Information as part of the answers to Staff Supplemental Requests 6 and 8 and Attorney General Supplemental Requests 3-25 and 27-29.

2. The Kentucky Open Records Act exempts from disclosure certain information, *inter alia* proprietary information and/or sensitive commercial information. KRS 61.878(1)(c). The information identified above is confidential or proprietary information and, if openly disclosed, would permit an unfair commercial advantage to competitors of the Joint Applicant(s) that disclosed the records.

3. Staff Supplemental Requests 6 and 8 and Attorney General's Requests 3-25 and 27-29 all relate to and arise from confidential and proprietary information contained in the separate Hart-Scott-Rodino ("HSR") filings made by Duke Energy and Progress Energy with the U.S. Federal Trade Commission and U.S. Department of Justice on or about April 1, 2011. Both Duke Energy and Progress Energy tendered copies of their confidential and proprietary HSR filings to the Commission and the Attorney General on May 10, 2011, in response to the first set of information requests propounded in this proceeding. The copies were tendered under seal and also subject to a confidentiality agreement between the Joint Applicants and the Attorney General.

4. In a petition for confidential treatment filed contemporaneously with the HSR materials, the Joint Applicants pointed out the express confidentiality protections afforded by federal law and Kentucky law for such information.¹ The May 10, 2011 petition for confidential treatment also described the confidential and proprietary nature of the information included in the HSR filings. The Joint Applicants' May 10, 2011 petition for confidential treatment is incorporated herein by reference as if set forth in full.

¹ See 15 U.S.C.A § 18a(h); KRS 61.878(1)(k).

5. In responding to Staff Supplemental Requests 6 and 8 and Attorney General Supplemental Requests 3-25 and 27-29, the Joint Applicants have provided additional information relating to the documents included within the HSR materials. This additional information takes the form of quotations, calculations, summaries and characterizations arising from and relating to the confidential and proprietary information originally set forth in the Joint Applicants' HSR filings. Information such as this has routinely been afforded confidential treatment by this Commission given its sensitive nature and protection under federal procedures,² and such treatment should be provided again.

6. Disclosure of the information contained in the aforementioned Supplemental Requests would damage Joint Applicants' positions and business interests. This information reveals the business models the Joint Applicants used, the procedures followed and the factors/inputs considered - in entering into this transaction. If the Commission grants public access to the information requested, competitors and possible vendors and service providers could manipulate pricing for services to the detriment of Joint Applicants and their respective ratepayers.

7. The information for which Joint Applicants seek confidential treatment has not been publicly disclosed and is only known and available to those individuals employed by the Joint Applicants' respective companies who have a legitimate business reason to have access to the information.

8. Joint Applicants do not object to limited disclosure of the non-privileged confidential information described herein, pursuant to an acceptable protective

² See e.g. *In Re. Joint Application of PPL Corporation et al., for Approval of an Acquisition of Ownership and Control Over Utilities*, Case No. 2010-204, (Letter Granting Confidential Protection)(September 30, 2010).

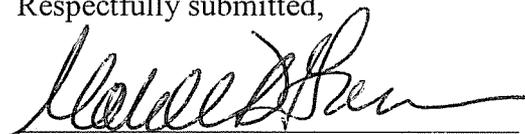
agreement, to the Attorney General or other intervenors with a legitimate interest in reviewing the same for the purpose of participating in this case.

9. In accordance with the provisions of 807 KAR 5:001 Section 7, the Joint Applicants are filing one set of the Confidential Information under seal, in unredacted format, except for redacting privileged and confidential attorney-client communications. Joint Applicants agree to make the Confidential Information available to the Attorney General's office and any other non-competitive intervenor in this case upon the execution of an appropriate confidentiality agreement by such party or parties.

WHEREFORE, Joint Applicants respectfully request that the Commission grant confidentiality to, and protect from public disclosure, certain information filed herewith under seal as set forth herein.

This 2nd day of June, 2011.

Respectfully submitted,



Mark David Goss
David S. Samford
Frost Brown Todd LLC
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Lexington, KY 40507-1749
(859) 231-0000 – Telephone
(859) 231-0011 – Facsimile

*Counsel for Joint Applicants,
Duke Energy Corporation
Cinergy Corporation
Duke Energy Ohio, Inc.
Duke Energy Kentucky, Inc.
Diamond Acquisition Corporation and
Progress Energy, Inc.*

- and -

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*Counsel for Joint Applicants,
Duke Energy Corporation
Cinergy Corporation
Duke Energy Ohio, Inc.
Duke Energy Kentucky, Inc. and
Diamond Acquisition Corporation*

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing has been served via hand delivery to the following party on this 2nd day of June 2011:

Hon. Dennis Howard
Hon. Larry Cook
Office of the Attorney General
Utility Intervention and Rate Division
1024 Capital Center Drive
Frankfort, Kentucky 40601



*Counsel for Joint Applicants,
Duke Energy Corporation
Cinergy Corporation
Duke Energy Ohio, Inc.
Duke Energy Kentucky, Inc.
Diamond Acquisition Corporation and
Progress Energy, Inc.*

RECEIVED

JUN 02 2011

PUBLIC SERVICE
COMMISSION

Duke Energy Kentucky
Case No. 2011-124
Attorney General First Set Data Requests
Date Received: April 25, 2011

AG-DR-01-106 SUPP

REQUEST:

State whether Progress and Duke ever have or currently do retain the services of lobbyists related in any manner to: (a) any employee of the federal government; and / or (b) any employee of the Commonwealth of Kentucky. If so, identify the lobbyist and employee, and explain in detail whether the retention of these services constituted a conflict of interest or potential conflict under any applicable law, and if so, why. Identify any corrective action either or both of the Joint Applicants believe may be required to remedy any conflict or potential conflict.

RESPONSE:

Objection. The Joint Applicants object to this request to the extent that it calls for a legal conclusion. The Joint Applicants further object to the request on the basis that it is overly broad and unduly burdensome and is irrelevant to the issues before the Commission. Without waiving said objection, the Joint Applicants abide by all laws, regulations and rules pertaining to lobbying activities. Adam Ingols with Daryl Owen and Associates, has a brother-in-law who works for a member of the House of Representatives from North Carolina. Also, Tracy Hammond with Dutko Worldwide, has an uncle who is a Commissioner on the Postal Rate Commission.

PERSON RESPONSIBLE: As to Objection – Legal
John Finnigan

VERIFICATION

State of Ohio)
)
County of Hamilton) SS:

The undersigned, John Finnigan, being duly sworn, deposes and says that he is the Vice President, Government & Regulatory Affairs, that he has supervised the preparation of the supplemental response to Attorney General-Data Request-01-106; and that the matters set forth in the foregoing response to said request are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

John Finnigan

John Finnigan, Affiant

Subscribed and sworn to before me by John FINNIGAN on this 17th day of May 2011.

Anita M. Schaffer

NOTARY PUBLIC

My Commission Expires:

