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Amy B. Spiller  
Senior Counsel

**VIA FACSIMILE AND  
OVERNIGHT MAIL DELIVERY**

July 21, 2010

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, KY 40602-0615

**RECEIVED**

**JUL 22 2010**

**PUBLIC SERVICE  
COMMISSION**

Re: Duke Energy Kentucky, Inc.  
Petition for Confidential Treatment  
PSC Reference – Case No. 2009-00202

Dear Mr. Derouen:

We are in receipt of your correspondence of June 21, 2010, relative to the Petition for Confidential Treatment of documents provided by Duke Energy Kentucky in connection with its recent natural gas rate case, filed under Case No. 2009-00202. In your correspondence, you identify those documents for which confidential treatment has been granted. In doing so, you further identify three categories of documents for which such confidential treatment has been denied. In response to your findings, Duke Energy Kentucky respectfully offers the following.

Duke Energy Kentucky acknowledges that it did not submit an application for rehearing within twenty days of your June 21 correspondence. But the lack of request for review of your decision was not intended to reflect agreement that certain documents are not confidential. Rather, the lack of a response resulted from excusable neglect as your correspondence was inadvertently routed, by temporary personnel, to another member of our Legal Department. It was not routed to me, the intended recipient of your letter. Because of the erroneous routing of the letter, its immediate significance – due to a response deadline – was not immediately appreciated. But we do ask for reconsideration of your letter now.

The scope of Duke Energy Kentucky's request concerns only two categories of documents. We do not contest your decision regarding franchise payments. Rather, we seek review only of the conclusion that information regarding executive compensation and policies for retention of professional services is not confidential. For the reasons that follow, we believe that such information is subject to protection.

J. Derouen  
July 21, 2010  
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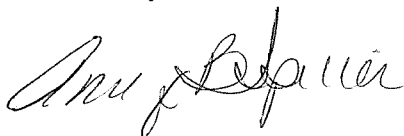
During the discovery phase of Duke Energy Kentucky's gas rate case, it was asked to provide a schedule of the salaries and other compensation of each executive officer over a period of approximately four years (see STAFF-DR-01-036). Such a schedule was produced for twenty individuals and, in that production, Duke Energy Kentucky sought confidential treatment for that information relating only to some of these executives. Notably, it did not seek to shield from disclosure information that is otherwise publicly reported in, among other sources, federal securities filings. Rather, it sought to protect salary and compensation details for those executives whose salaries are not a matter of public record. As Duke Energy Kentucky argued in its prior petition, such information, if disclosed, readily provides an unfair advantage to competitors who may be looking to attract capable and talented executives. Indeed, competitors would be given an unfair advantage in employment solicitations and negotiations if they possess historic detail about compensation packages for executives at Duke Energy. Further, as information regarding certain of these executives is not subject to disclosure under applicable federal laws, such disclosure here raises privacy considerations. Accordingly, Duke Energy Kentucky respectfully requests that the characterization of this category of documents be reconsidered.

The second category of documents with which Duke Energy Kentucky takes exception concerns policies for the retention of professional services. These professional services include, but are not limited to, the retention of counsel who assist Duke Energy's Office of the General Counsel in rendering legal advice to Duke Energy Corporation and its affiliates, including Duke Energy Kentucky. The establishment of an attorney client relationship, through the formal retention of counsel, is absolutely privileged. Thus, public disclosure of those documents used to formalize the existence of this relationship should be studiously avoided. Furthermore, the disclosure of retention policies and the specific agreements to be executed pursuant to such policies can provide both existing and prospective vendors with an unfair commercial advantage over Duke Energy Kentucky in the negotiation and consummation of future agreements for professional services to the substantial detriment of its ratepayers.

Duke Energy Kentucky welcomes the opportunity for an informal conference should you wish to further discuss its concerns with the public disclosure of the two categories of documents referenced above. In the interim, it respectfully seeks reconsideration of enumerated paragraphs 5 and 6 as set forth in your correspondence of June 21, 2010.

Should you have any questions, please do not hesitate to contact me.

Sincerely,



Amy B. Spiller