



James P. Henning  
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**VIA OVERNIGHT DELIVERY**

December 17, 2014

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

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DEC 17 2014

PUBLIC SERVICE  
COMMISSION

**Re: Duke Energy Kentucky Article in Platt's Megawatt Daily, Case No. 2014-00201**

Dear Mr. Derouen:

Thank you for your letter dated December 17, 2014, inquiring about the apparent inconsistency that appeared in Platt's Megawatt Daily article on December 7, 2014. It should be noted that the article misquotes Duke Energy's spokesperson in respect to how Duke Energy Kentucky, Inc. (Duke Energy Kentucky of Company) will satisfy its fixed resource requirement (FRR) plan if and when the Miami Fort Unit 6 generator is retired. Duke Energy Kentucky became aware of this error following the article's publication, and immediately reached out to Megawatt Daily to inform them of the mistake and to seek correction. The author of the story has acknowledged the error and has agreed to run a correction in a follow-up story that will appear in the publication later this month.

Although the article accurately states that Duke Energy Kentucky has not yet made the final decision to retire Miami Fort Unit 6, nonetheless as was testified to in Case No. 2014-00201, upon retirement, the megawatts associated with Miami Fort Unit 6 will be replaced with the megawatts attributed to the newly acquired 31% interest in the East Bend generating station.

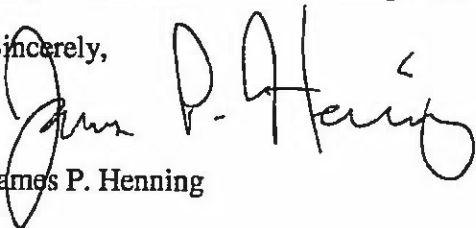
Although there are still several steps that must take place before Duke Energy Kentucky can make the final decision to retire Miami Fort Unit 6, the Company is taking appropriate steps to arrive at the final decision. First, the purchase of the 31% interest in the East Bend generating station must close. This closing is targeted to occur by the end of December 2014. Second, as a member of PJM, the Company's ability to retire any generating unit is dependent upon receiving PJM's acquiescence by way of a generation deactivation request process that requires a reliability study to be performed by PJM. Under PJM's rules, they have ninety days to complete this study once requested. This assessment has not yet been requested by the Company and

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performed by PJM because the Company just recently received this Commission's approval to purchase the East Bend generating station interest and the transaction has not yet closed. Duke Energy Kentucky intends to initiate this PJM process shortly.

We apologize for the confusion this article may have caused. Duke Energy Kentucky's intention has always been to use the newly acquired interest in East Bend capacity, following this Commission's approval, to replace any retired capacity and satisfy its FRR obligations as was described in testimony. Duke Energy Kentucky will abide by the Commission's order approving the purchase and commits to keep the Commission apprised of any new developments.

Sincerely,

A handwritten signature in black ink, appearing to read "James P. Henning". The signature is written in a cursive style with a large, looped initial "J".

James P. Henning

cc: Jennifer Hans (w/enclosure)