

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DUKE ENERGY)
KENTUCKY, INC. FOR AN ORDER)
AUTHORIZING THE ISSUANCE OF)
UNSECURED DEBT AND LONG-TERM)
NOTES, EXECUTION AND DELIVERY OF) CASE NO. 2006-00563
LONG-TERM LOAN AGREEMENTS, AND USE)
OF INTEREST RATE MANAGEMENT)
INSTRUMENTS)

SECOND DATA REQUEST OF COMMISSION STAFF TO
DUKE ENERGY KENTUCKY, INC.

Duke Energy Kentucky, Inc. ("Duke Kentucky"), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. The information requested herein is due not later than 10 days from the date of this request. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to Item 1(a) of Duke Kentucky's response to the Commission Staff's first data request. Duke Kentucky has explained that it is unlikely that it will issue

secured debt in the near term due to the restrictions that would be placed on its assets if it uses secured debt.

a. Identify the type of restrictions that issuing secured debt would place on Duke Kentucky's assets.

b. Does issuing unsecured debt rather than secured debt provide any cost savings for Duke Kentucky?

c. If the answer to (b) is yes, provide an estimate of the amount of savings Duke Kentucky could experience.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

DATED March 19, 2007

cc: All Parties