

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY)
KENTUCKY, INC. FOR DEVIATION FROM)
AFFILIATE PRICING REQUIREMENTS) CASE NO. 2008-00122
AND APPROVAL OF AN INTERCOMPANY)
ASSET TRANSFER AGREEMENT)

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

Duke Energy Kentucky, Inc. ("Duke Kentucky"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 7 copies of the following information, with a copy to all parties of record. The information requested herein is due May 9, 2008. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Duke Kentucky shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any requests to which Duke Kentucky fails or refuses to furnish all or part of the requested information, it shall

provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to page 1 of the Intercompany Asset Transfer Agreement (“Agreement”) which provides that the Operating Companies maintain inventory and other assets for the operation and maintenance of their respective electric utility and, as to Duke Energy Ohio (“Duke Ohio”) and Duke Kentucky, with respect to their gas utility.

a. Describe how the Agreement applies to Duke Kentucky’s gas operations.

b. Provide examples of the types of gas assets that may be subject to transfer.

2. Since KRS 278.218 is applicable only to electric assets, state whether Duke Kentucky will agree to be bound by the same terms of that statute if it plans to transfer any gas assets.

3. Refer to Section 1.2 of the Agreement which defines “cost” to include “stores.” Describe in detail what is meant by the term “stores.”

4. Refer to Paragraph 12(b) of the Application. This paragraph refers to the transfer of “non-inventory items.” Neither the Agreement nor the Application defines “non-inventory items.” Explain the term and provide examples of potential “non-inventory items.”

5. Given that Duke Energy Carolinas, LLC may, pursuant to the conditions incorporated by Exhibit A of the Agreement, elect not to participate in the Agreement and that electric generation-related transactions with Duke Ohio must be priced in accordance with the Federal Energy Regulatory Commission's affiliate transaction pricing requirements, which are the same as the pricing requirements of KRS 278.2207(a) and (b) from which Duke Kentucky is seeking relief, explain why it is appropriate for this Commission to grant the requested relief.

6. Refer to Section 4.10 of the Agreement. Identify and describe "DE-Ohio's wholesale power marketing function."

7. Refer to the last sentence of Paragraph 8 of the Application which provides in part that the requested relief will "allow DE-Kentucky to obtain needed equipment from an affiliate on an expedited basis if the manufacturer was unable to deliver the equipment in the timeframe needed or at a competitive price." (Emphasis added). By this sentence is Duke Kentucky stating to the Commission that it will approach the market first to determine whether it is best to pursue a transaction under the Agreement? If no, describe how Duke Kentucky will determine a competitive price. Explain the response in detail.

8. Does each of the affiliates calculate unique storage, freight, and handling rates? If yes, provide the storage, freight, and handling rates, for the most recent month available, for each of the affiliates participating in the Agreement.

DATED: April 30, 2008

cc: Parties of Record


Stephanie Stumbo
Executive Director
Public Service Commission
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