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VIA OVERNIGHT DELIVERY

July 18, 2006

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

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JUL 19 2006

PUBLIC SERVICE
COMMISSION

Re: In the Matter of an Adjustment of the electric Rates of The Union Light, Heat
and Power Company d/b/a Duke Energy Kentucky, Inc.
Case No. 2006-00172

Dear Ms. O'Donnell:

I am writing to correct a missing page (page 31) from the testimony of Richard G. Stevie that was inadvertently omitted from volume 14 of our May 31, 2006 filing in the above-referenced case. Enclosed is an original and ten copies for the filing.

I apologize for this inconvenience. Thank you for your consideration in this matter.

Very truly yours,

John J. Finnigan, Jr.
Associate General Counsel

JJF/sew

cc: Hon. Dennis G. Howard (w/encl.)
Hon. Elizabeth E. Blackford (w/encl.)
Hon. David G. Boehm (w/encl.)
Hon. Michael L. Kurtz (w/encl.)

1 market. Because market prices are highly variable, customer credits have varied
2 dramatically from year to year. In 2000 and 2001, customer credits were
3 relatively high and these credits produced excellent customer participation.
4 However, volatility in market prices has at times resulted in relatively low credits
5 for customers that have the ability to curtail load. These low credits drastically
6 reduced participation in the PowerShare[®] program. So, while the PowerShare[®]
7 program has great potential value to Duke Energy Kentucky in providing needed
8 capacity, it has been valued less by customers because of market-based credits
9 could be low. This has discouraged customers willingness to invest in the
10 equipment necessary to take advantage of the PowerShare[®] program.

11 **Q. PLEASE DESCRIBE THE RTP PROGRAM.**

12 A. Duke Energy Kentucky's RTP program (Rate RTP – Experimental Real Time
13 Pricing Program) consists of a two-part rate: an access charge for the customer's
14 historic load that is billed at standard tariff rates (commonly referred to as the
15 "CBL"); and an energy charge for the customer's incremental or decremental
16 energy usage that is billed at a real time price. Once customers receive
17 information on the next day hourly prices, they can adjust their energy usage to
18 either increase loads during low price times and/or decrease usage during high
19 priced times. Currently, the Duke Energy Kentucky customer accounts that
20 participate in RTP provide an expected peak load reduction of about 2 MWs.

21 **Q. WHAT IS THE LOAD IMPACT OF DUKE ENERGY KENTUCKY'S**
22 **LOAD MANAGEMENT PROGRAMS?**