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Dianne B. Kuhnell
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VIA OVERNIGHT DELIVERY

December 15, 2008

RECEIVED

DEC 16 2008

**PUBLIC SERVICE
COMMISSION**

Ms. Stephanie Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Re: Case No. 2008-00476

Dear Ms. Stumbo:

Enclosed please find an original and nine copies each of the Responses of Duke Energy Kentucky to the Commission Staff's Supplemental Data Request in the above captioned case.

Please date-stamp the extra two copies and return to me in the enclosed envelope.

Sincerely,

Dianne Kuhnell
Senior Paralegal

cc: Hon. Dennis G. Howard II

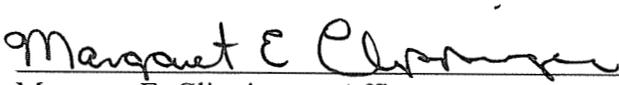
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VERIFICATION

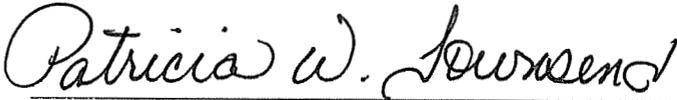
State of North Carolina)
)
County of Mecklenburg) SS:

The undersigned, Margaret E. Clippinger, being duly sworn, deposes and says that I am employed by the Duke Energy Corporation affiliated companies as Director, Financial Planning; that on behalf of Duke Energy Kentucky, Inc., I have supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing response to information requests are true and accurate to the best of my knowledge, information and belief after reasonable inquiry.



Margaret E. Clippinger, Affiant

Subscribed and sworn to before me by Margaret E. Clippinger on this 10th day of December, 2008.



NOTARY PUBLIC

My Commission Expires: 6/24/2009

Duke Energy Kentucky, Inc.
Case No. 2008-00476
Kentucky Public Service Commission
Second Set of Data Requests
Request Date: December 9, 2008
Response Due Date: December 16, 2008

KyPSC-DR-02-001

REQUEST:

Refer to Duke Kentucky's response to Item 1 of the Commission Staff's First Data Request ("Staff's First Request").

- a. Part b. of the response indicates that Duke Kentucky's actual Hurricane Ike-related costs reported as of October 31, 2008, are \$2,245,506. This represents less than half of the total estimated costs of \$4,920,819 shown in Exhibit 1 of Duke Kentucky's application. Provide a detailed description, with supporting calculations as necessary, of how the estimated amounts were derived, for the same categories shown in Exhibit 1 of the application.
- b. Duke Kentucky's actual costs as of October 31, 2008 are shown in part b. of the response. Provide a breakdown of the Duke Labor actual costs of \$1,592,985 among all the Duke Companies whose employees assisted in Duke Kentucky's service restoration.

RESPONSE:

- a. A detailed description of the methodology used to calculate the estimated cost of Ike, including actual calculations, is attached in Attachment KyPSC-DR-02-001(a). Since the Staff's First Request, additional charges to Ike have been processed bringing the actual costs much closer to the estimate.

Actual Costs reported as of November 30, 2008 are:

Duke Labor	2,105,956
Contractors	1,579,409
Materials and Supplies	180,458
Other non-labor (Food, lodging, etc)	<u>585,118</u>
Total	4,450,941

As of December 11, 2008, an additional \$204,113 of expenses have posted since November 30, bringing the actual cost to \$4,655,054.

It is anticipated that the majority of invoices will be paid by the end of the year and that the total cost will be within 5% of the original estimate.

- b. As of November 30, 2008 the total Duke labor cost is \$2,105,956. This cost includes direct labor, labor loaders such as fringe benefits, supervision and fleet/equipment costs.

The breakdown of the cost by Duke company is as follows

Duke Energy Carolinas	24,147
Duke Energy Indiana	59,741
Duke Energy Kentucky	1,538,569
Duke Energy Ohio	307,872
Service Company	<u>175,627</u>
Total	2,105,956

PERSON RESPONSIBLE: Margaret E. Clippinger/Bob Parsons

Hurricane Ike Total Cost Estimate
Duke Energy Kentucky

Summary

Duke Labor-Field Ops	1,944,106
Duke Labor-Support	452,977
Contractors	2,069,259
Materials & Supplies	224,032
Support-Lodging/Food	295,830
Followup	179,574
Other	-
Total Cost	5,165,777
Less Payroll Taxes	(104,350)
Less Capital	(8,688)
Estimated O&M	5,052,739

Notes

- 1-Estimate prepared October 3, 2008 based upon the best information available at that time
- 2-Estimate includes O&M, payroll taxes and capital costs

Details

1-Duke Labor Field Operations

Step 1 Estimate workforce by category for each day of the storm event

Field Operations provided daily estimates of the internal Power Delivery workforce assigned to storm restoration.

Estimated Mandays	
Craft	565
Scouts/Admin	229

Step 2 Calculate labor rate for Craft and Scout/Admin categories

Rate per man-day calculated from actual payroll data for 1st week of the storm event, loaded with fringe benefits, supervision and transportation costs

Estimated Rate per man-day	
Craft	2,656
Scouts/Admin	1,937

Step 3 Calculate the cost for Duke Power Delivery Field Operations

Calculate Estimated # man-days <times> estimated rate per man-day

Estimated Duke Labor	1,944,106
----------------------	-----------

1-Duke Labor Support Groups

Cost estimated as a percentage of Duke Field labor in Steps above - rate based upon prior events

Step 1 Calculate the cost for support from other Duke departments, eg Call centers, Warehousing, IT, etc

Duke Field Labor-from above	1,944,106
Support Loader	23%
Estimated Support cost	452,977

Step 1 Estimate workforce by category for each day of the storm event

Power Delivery Contract Strategy team and MW Field Operations estimated contract workforce during the event

Estimated Mandays	
Line Crews	1,485
Tree Crews	325
Misc (Scouts, etc)	2
Total	1,812

Step 2 Estimate the labor rate per man-day for each category of crew

Rates were estimated based upon prior storm experience and contracts with the various companies

Estimated Rate-\$/man-day	
Line Crews	1,250
Tree Crews	650
Misc (Scouts, etc)	675

Step 3 Calculate the cost for Contractor workforce

Calculate Estimated # man-days <times> estimated rate per man-day

Estimated Contractor cost	2,069,259
---------------------------	-----------

3-Materials & Supplies

Step 1 Material costs charged to the storm event

Materials & supplies are charged to the storm as they are removed from the company's warehouses. The estimate used the actual material charges available on October 3

Estimated material costs	224,032
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4-Support-Food / Lodging, etc

Step 1 Estimate the cost of food, lodging, local transportation, etc

The cost of support was estimated using a daily per diem type charge based upon prior storm experience and input from the Field Operations. The rate was then multiplied by the estimated number of people being supported over the course of the event.

Per Diem rate-\$/Person/day	150
Est'ed # People-days	1,972
Estimated Support cost	295,830

5-Outage Follow-up

Step 1 Estimate the cost of follow-up activities after customer power was restored

Field Operations estimated the cost to do various follow-up activities

Labor/supervision	169,178
Material	10,396
Total	179,574

6-Other

Step 1 None

Other	
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Duke Energy Kentucky, Inc.
Case No. 2008-00476
Kentucky Public Service Commission
Second Set of Data Requests
Request Date: December 9, 2008
Response Due Date: December 16, 2008

KyPSC-DR-02-002

REQUEST:

Refer to Duke Kentucky's response to Item 4 of Staff's First Request, which includes both 12-month and calendar year-to-date jurisdictional electric income statements for the period ended September 30, 2008. Provide, for comparative purposes, 12-month and calendar year-to-date Duke Kentucky electric jurisdictional income statements for the periods ended September 30, 2005, 2006 and 2007.

RESPONSE:

Please see Attachments KyPSC-DR-02-002 2005, KyPSC-DR-02-002 2006, and KyPSC-DR-02-002 2007 for Duke Energy Kentucky's electric operations income statements for the 12 months and 9 months ended September 30, 2005, September 30, 2006, and September 30, 2007.

PERSON RESPONSIBLE: William Don Wathen Jr.

The Union Light, Heat and Power Company

**Quarterly Supplemental Financial Statements
 Income Statement
 For the 12 Months Ended September 30, 2005
 (Unaudited)**

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
Revenues				
Residential Sales	96,137,623	80,492,809	0	176,630,433
Commercial Sales	79,604,568	31,980,706	0	111,585,274
Industrial Sales	40,040,625	5,665,155	0	45,705,780
Sales to Public Authorities	17,204,270	5,173,414	0	22,377,684
Public Street & Highway Lighting	1,513,706	0	0	1,513,706
Inter-Departmental Sales	108,500	58,468	0	166,968
Forfeited Discounts	0	0	0	0
Misc. Service Revenues	203,485	22,289	700,100	925,873
Revenues from Transportation	0	4,709,472	0	4,709,472
Rents from Property	603,244	34,176	(445,373)	192,047
Interdepartmental Rents	0	0	0	0
Other Revenues	284,765	41,224	0	325,989
Less Provision for Rate Refunds	0	0	0	0
Total Revenues	235,700,787	128,175,712	254,727	364,131,226
Operating Expenses				
Operation Expense	204,481,540	101,102,318	72,825	305,656,683
Maintenance Expense	4,828,680	1,788,053	140,978	6,757,711
Depreciation Expense	9,184,264	8,000,803	1,359,455	18,544,522
Amortization and Depletion	1,184,474	908,062	0	2,092,536
Taxes Other than Income Taxes	2,331,195	2,463,435	256,937	5,051,567
Income Taxes - Federal & Other	(6,316,408)	5,930,806	67,301	(318,301)
Provision of Deferred Income Taxes - Net	2,595,713	2,177,988	687,069	5,360,770
Investment Tax Credit Adjustment	0	270	(270)	0
Total Operating Expenses	218,289,458	122,371,735	2,484,295	343,145,488
NET OPERATING INCOME	17,411,328	6,803,977	(2,229,568)	20,985,738
Other Income & Deductions				
Revenues from Merchandising, Jobbing and Contract Work	0	0	326,581	326,581
Less Expense of Merchandising, Jobbing and Contract Work	0	0	(341,219)	(341,219)
Revenues from Nonutility Operations	0	0	(30,584)	(30,584)
Less Expenses from Nonutility Operations	0	0	0	0
Interest & Dividend Income	0	0	2,265,708	2,265,708
AFUDC	247,765	190,277	0	438,042
Gain on Disposition of Property	0	0	0	0
Loss on Disposition of Property	0	0	0	0
Misc. Income Deductions	0	0	(187,349)	(187,349)
Taxes Other than Income Taxes	0	0	0	0
Income Taxes - Federal & Other	0	0	(2,603,841)	(2,603,841)
Provision for Deferred Income Taxes - Net	0	0	0	0
Total Other Income & Deductions	247,765	190,277	(570,703)	(132,661)
Interest Charges				
Interest on Long Term Debt	(2,945,009)	(2,261,684)	(478,214)	(5,684,907)
Amortization of Debt Disc. And Expense	(156,978)	(120,555)	(25,490)	(303,023)
Amortization of Loss on Recacquired Debt	0	0	0	0
Interest on Debt to Assco Co	(69,816)	(53,616)	(11,337)	(134,769)
Other Interest Expense	(315,100)	(241,988)	(51,166)	(608,253)
Less Allowance for Borrowed Fund Used During Construction - Credit	(89,331)	58,757	173,964	161,390
Net Interest Charges	(3,556,234)	(2,621,086)	(392,243)	(6,569,563)
Extraordinary Items after Taxes	0	0	0	0
NET INCOME	14,102,860	3,373,188	(3,192,514)	14,283,514

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2005/Q3			
STATEMENT OF INCOME						
<p>Quarterly</p> <p>1. Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.</p> <p>2. Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter.</p> <p>3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the prior year quarter.</p> <p>4. If additional columns are needed place them in a footnote.</p> <p>Annual or Quarterly if applicable</p> <p>5. Do not report fourth quarter data in columns (e) and (f)</p> <p>6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.</p> <p>7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.</p> <p>8. Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.</p>						
Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	271,725,367	259,338,645	84,580,200	74,029,669
3	Operating Expenses					
4	Operation Expenses (401)	320-323	230,478,324	215,332,819	70,770,029	63,970,460
5	Maintenance Expenses (402)	320-323	4,443,047	4,881,413	1,444,591	1,480,797
6	Depreciation Expense (403)	336-337	12,966,972	12,313,618	4,421,949	4,192,189
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	1,560,006	1,611,013	497,851	530,172
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	3,399,561	2,110,037	518,195	-567,622
15	Income Taxes - Federal (409.1)	262-263	1,444,457	3,613,871	1,840,180	-1,385,327
16	- Other (409.1)	262-263	937,963	1,365,821	149,644	-253,372
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	2,413,000	5,268,854	-452,820	2,295,948
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	-2,075,250	1,227,318	-2,250,906	-1,258,093
19	Investment Tax Credit Adj. - Net (411.4)	266	-189,774	-191,493	-63,258	-63,831
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		259,528,806	245,078,635	81,377,267	71,457,507
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117, line 27		12,196,561	14,260,010	3,202,933	2,572,162

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2005/Q3	
STATEMENT OF INCOME FOR THE YEAR (continued)						
Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
			Current Year (c)	Previous Year (d)		
27	Net Utility Operating Income (Carried forward from page 114)		12,196,561	14,260,010	3,202,933	2,572,162
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)		617,687	597,634	307,860	171,404
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		249,142	150,664	78,762	-5,894
33	Revenues From Nonutility Operations (417)		3,171	28,074	2,672	-320
34	(Less) Expenses of Nonutility Operations (417.1)			364		
35	Nonoperating Rental Income (418)		-479,308	985,102	200,280	398,254
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		1,880,564	1,208,148	557,526	343,668
38	Allowance for Other Funds Used During Construction (419.1)		444,626	-11,603	136,521	-3,086
39	Miscellaneous Nonoperating Income (421)		11,826	3,468	868	3,428
40	Gain on Disposition of Property (421.1)		9,269			
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		2,238,693	2,659,795	1,126,965	919,242
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)	340				
45	Donations (426.1)	340	12,507	12,994	2,012	3,610
46	Life Insurance (426.2)					
47	Penalties (426.3)		791		134	
48	Exp. for Certain Civic, Political & Related Activities (426.4)		101,588	136,131	33,208	48,778
49	Other Deductions (426.5)		882,408	422,740	288,290	120,404
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		997,294	571,865	323,644	172,792
51	Taxes Applc. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	218,515		15,435	
53	Income Taxes-Federal (409.2)	262-263	-975,059	-845,115	-1,115,329	-275,560
54	Income Taxes-Other (409.2)	262-263	-294,642	138,712	-230,521	48,970
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	-2,513		-88	-17,341
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277		-15,399		
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-1,053,699	-691,004	-1,330,503	-243,931
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		2,295,098	2,778,934	2,133,824	990,381
61	Interest Charges					
62	Interest on Long-Term Debt (427)		4,547,245	3,016,875	1,505,625	1,005,625
63	Amort. of Debt Disc. and Expense (428)		102,357	42,705	-11,238	14,424
64	Amortization of Loss on Reacquired Debt (428.1)		136,071	136,071	90,714	45,357
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)	340	34,327	167,365	23,854	77,577
68	Other Interest Expense (431)	340	479,800	431,834	154,962	134,045
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		149,565	34,887	61,183	14,831
70	Net Interest Charges (Total of lines 62 thru 69)		5,150,235	3,759,963	1,702,734	1,262,197
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		9,341,424	13,278,981	3,634,023	2,300,346
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		9,341,424	13,278,981	3,634,023	2,300,346

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is:		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2005/Q3
	(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission		

STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
- 11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
						1
181,999,267	174,401,037	89,726,100	84,937,608			2
						3
159,085,523	150,967,113	71,392,801	64,365,706			4
2,935,717	3,587,175	1,507,330	1,294,238			5
6,924,302	6,668,831	6,042,670	5,644,787			6
						7
855,420	999,593	704,586	611,420			8
						9
						10
						11
						12
						13
1,438,346	1,304,401	1,961,215	805,636			14
2,333,764	2,336,829	-889,307	1,277,042			15
337,757	595,365	600,206	770,456			16
32,384	2,326,393	2,380,616	2,942,461			17
1,269,663	943,188	-3,344,913	284,130			18
-132,336	-134,055	-57,438	-57,438			19
						20
						21
						22
						23
						24
172,541,214	167,708,457	86,987,592	77,370,178			25
9,458,053	6,692,580	2,738,508	7,567,430			26

The Union Light Heat and Power Company dba Duke Energy Kentucky
 Quarterly Supplemental Financial Statements
 Income Statement
 For the 12 Months Ended September 30, 2006
 (Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non-Jurisdictional	Total Company
Revenues				
Residential Sales	92,255,873	94,267,475	0	186,523,349
Commercial Sales	99,241,340	39,119,194	0	138,360,534
Industrial Sales	40,185,622	6,618,208	0	46,803,830
Sales to Public Authorities	17,239,459	6,324,210	0	23,563,669
Public Street & Highway Lighting	1,451,829	0	0	1,451,829
Inter-Departmental Sales	168,879	86,654	0	255,532
Misc. Service Revenues	236,104	33,622	434,020	703,745
Revenues from Transportation	0	4,675,043	0	4,675,043
Rents from Property	1,445,638	34,176	1,186,955	2,666,769
Other Revenues	4,238,625	14,386	0	4,253,011
Total Revenues	256,463,369	151,172,968	1,620,975	409,257,312
Operating Expenses				
Operation Expense	188,181,503	124,484,490	73,881	312,739,874
Maintenance Expense	21,049,817	1,556,797	80,173	22,696,787
Depreciation Expense	9,824,935	6,410,229	14,651,752	30,886,916
Amortization and Depletion	1,439,721	941,462	0	2,381,182
Taxes Other than Income Taxes	5,434,644	3,276,954	279,711	8,991,310
Income Taxes - Federal & Other	(3,743,750)	3,327,822	170,588	(245,340)
Provision of Deferred Income Taxes - Net	4,452,424	(519,277)	1,749,685	5,682,832
Investment Tax Credit Adjustment	0	(24,963)	24,963	0
Total Operating Expenses	226,639,293	139,453,514	17,040,753	383,133,560
NET OPERATING INCOME	29,824,076	11,719,454	(15,419,778)	26,123,752
Other Income & Deductions				
Revenues from Merchandising, Jobbing and Contract Work	0	0	869,918	869,918
Less Expense of Merchandising, Jobbing and Contract Work	0	0	(588,352)	(588,352)
Revenues from Nonutility Operations	0	0	16,935	16,935
Interest & Dividend Income	0	0	2,987,062	2,987,062
AFUDC	400,405	307,499	0	707,904
Gain on Disposition of Property	0	0	0	0
Loss on Disposition of Property	0	0	(60,081)	(60,081)
Misc. Income Deductions	0	0	(1,880,656)	(1,880,656)
Taxes Other than Income Taxes	0	0	0	0
Income Taxes - Federal & Other	0	0	(461,315)	(461,315)
Provision for Deferred Income Taxes - Net	0	0	0	0
Total Other Income & Deductions	400,405	307,499	883,511	1,591,415
Interest Charges				
Interest on Long Term Debt	(7,121,066)	(2,438,994)	(250,463)	(9,810,523)
Amortization of Debt Disc. And Expense	(400,380)	(137,132)	(14,082)	(551,594)
Amortization of Loss on Reacquired Debt	0	0	0	0
Interest on Debt to Assoc Co	(2,514,591)	(861,257)	(88,443)	(3,464,291)
Other Interest Expense	(621,963)	(213,025)	(21,876)	(856,863)
Less Allowance for Borrowed Fund Used During Construction - Credit	181,973	167,218	266,578	515,769
Net Interest Charges	(10,476,027)	(3,483,190)	(108,286)	(14,067,503)
Extraordinary Items after Taxes	0	0	0	0
NET INCOME	19,748,454	8,543,762	(14,644,553)	13,647,664

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2006/Q3			
STATEMENT OF INCOME						
<p>Quarterly</p> <p>1. Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.</p> <p>2. Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter.</p> <p>3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the prior year quarter.</p> <p>4. If additional columns are needed place them in a footnote.</p> <p>Annual or Quarterly if applicable</p> <p>5. Do not report fourth quarter data in columns (e) and (f)</p> <p>6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.</p> <p>7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.</p> <p>8. Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.</p>						
Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	291,741,661	271,725,367	85,701,030	84,580,200
3	Operating Expenses					
4	Operation Expenses (401)	320-323	222,073,295	230,478,324	67,147,070	70,770,029
5	Maintenance Expenses (402)	320-323	16,238,198	4,443,047	4,350,554	1,444,591
6	Depreciation Expense (403)	336-337	25,374,005	12,966,972	8,578,186	4,421,949
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	1,714,401	1,560,006	553,246	497,851
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	7,445,404	3,399,561	2,634,572	518,195
15	Income Taxes - Federal (409.1)	262-263	-2,148,028	1,444,457	-2,720,548	1,840,180
16	- Other (409.1)	262-263	-534,645	937,963	-585,615	149,644
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	10,345,100	2,413,000	4,960,244	-452,820
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	3,165,778	-2,075,250	846,060	-2,250,906
19	Investment Tax Credit Adj. - Net (411.4)	266	-181,665	-189,774	-60,555	-63,258
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)		4,077,598		1,958,849	
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		273,083,689	259,528,806	82,052,245	81,377,267
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117, line 27		18,657,972	12,196,561	3,648,785	3,202,933

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2006/Q3	
STATEMENT OF INCOME FOR THE YEAR (continued)						
Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
			Current Year (c)	Previous Year (d)		
27	Net Utility Operating Income (Carried forward from page 114)		18,657,972	12,196,561	3,648,785	3,202,933
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)		618,401	617,687	212,096	307,860
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		473,317	249,142	151,300	78,762
33	Revenues From Nonutility Operations (417)		2,146	3,171		2,672
34	(Less) Expenses of Nonutility Operations (417.1)					
35	Nonoperating Rental Income (418)		-160,233	-479,308	-89,570	200,280
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		2,342,110	1,880,564	561,203	557,526
38	Allowance for Other Funds Used During Construction (419.1)		510,343	444,626	141,241	136,521
39	Miscellaneous Nonoperating Income (421)		13,378	11,826	8,724	868
40	Gain on Disposition of Property (421.1)			9,269		
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		2,852,828	2,238,693	682,394	1,126,965
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)	340				
45	Donations (426.1)	340	43,823	12,507	4,715	2,012
46	Life Insurance (426.2)					
47	Penalties (426.3)			791		134
48	Exp. for Certain Civic, Political & Related Activities (426.4)		28,368	101,588	8,585	33,208
49	Other Deductions (426.5)		1,412,328	882,408	113,083	288,290
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		1,484,519	997,294	126,383	323,644
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	209,378	218,515	95,136	15,435
53	Income Taxes-Federal (409.2)	262-263	-241,886	-975,059	-498,919	-1,115,329
54	Income Taxes-Other (409.2)	262-263	-50,570	-294,642	-103,937	-230,521
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	-121,626	-2,513	-37,230	-88
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277				
57	Investment Tax Credit Adj.-Net (411.5)		-427,167		-142,389	
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-631,871	-1,053,699	-687,339	-1,330,503
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		2,000,180	2,295,098	1,243,350	2,133,824
61	Interest Charges					
62	Interest on Long-Term Debt (427)		8,304,897	4,547,245	3,436,604	1,505,625
63	Amort. of Debt Disc. and Expense (428)		336,047	102,357	76,792	-11,238
64	Amortization of Loss on Reacquired Debt (428.1)		136,071	136,071	45,357	90,714
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)	340	3,429,550	34,327	844,911	23,854
68	Other Interest Expense (431)	340	649,701	479,800	195,078	154,962
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		541,900	149,565	138,450	61,183
70	Net Interest Charges (Total of lines 62 thru 69)		12,314,366	5,150,235	4,460,292	1,702,734
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		8,343,786	9,341,424	431,843	3,634,023
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		8,343,786	9,341,424	431,843	3,634,023

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2006/Q3	
STATEMENT OF INCOME FOR THE YEAR (Continued)						
<p>9. Use page 122 for important notes regarding the statement of income for any account thereof.</p> <p>10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.</p> <p>11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.</p> <p>12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.</p> <p>13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.</p> <p>14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.</p> <p>15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.</p>						
ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
						1
198,569,480	181,999,267	93,172,181	89,726,100			2
						3
144,137,209	159,085,523	77,936,086	71,392,801			4
14,981,810	2,935,717	1,256,388	1,507,330			5
20,622,727	6,924,302	4,751,278	6,042,670			6
						7
1,086,832	855,420	627,569	704,586			8
						9
						10
						11
						12
						13
5,298,645	1,438,346	2,146,759	1,961,215			14
-2,189,225	2,333,764	41,197	-889,307			15
-489,421	337,757	-45,224	600,206			16
7,398,163	32,384	2,947,937	2,380,616			17
2,629,967	1,269,663	535,811	-3,344,913			18
-124,254	-132,336	-57,411	-57,438			19
						20
						21
4,077,598						22
						23
						24
184,014,921	172,541,214	89,068,768	86,987,592			25
14,554,559	9,458,053	4,103,413	2,738,508			26

Duke Energy Kentucky

**Quarterly Supplemental Financial Statements
 Income Statement
 For the 12 Months Ended September 30, 2007
 (Unaudited)**

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
Revenues				
Residential Sales	114,315,533	88,631,593	0	202,947,127
Commercial Sales	127,522,552	37,127,625	0	164,650,177
Industrial Sales	49,187,098	6,437,087	0	55,624,185
Sales to Public Authorities	21,090,574	5,843,770	0	26,934,344
Public Street & Highway Lighting	1,578,458	0	0	1,578,458
Inter-Departmental Sales	43,286	38,465	0	81,751
Misc. Service Revenues	2,545,721	35,968	691,336	3,273,023
Revenues from Transportation	0	4,739,918	0	4,739,918
Rents from Property	979,540	34,176	1,057,991	2,071,617
Other Revenues	12,912,269	5,708	0	12,917,977
Total Revenues	330,178,040	142,894,307	1,749,237	474,818,584
Operating Expenses				
Operation Expense	207,010,431	117,883,707	53,653	324,947,791
Maintenance Expense	33,003,618	1,879,058	33,112	34,915,788
Depreciation Expense	29,418,505	7,151,198	1,684,993	38,255,695
Amortization and Depletion	1,792,016	613,376	0	2,405,392
Taxes Other than Income Taxes	8,858,511	4,249,419	38,659	13,146,589
Income Taxes - Federal & Other	16,168,665	(1,645,345)	302,734	16,826,055
Provision of Deferred Income Taxes - Net	1,206,870	6,109,696	1,644,431	8,960,997
Investment Tax Credit Adjustment	0	413	(413)	0
Total Operating Expenses	299,459,617	136,241,620	3,757,169	439,458,306
NET OPERATING INCOME	30,715,423	6,652,787	(2,007,932)	36,360,277
Other Income & Deductions				
Revenues from Merchandising, Jobbing and Contract Work	0	0	643,199	643,199
Less Expense of Merchandising, Jobbing and Contract Work	0	0	(331,173)	(331,173)
Revenues from Nonutility Operations	0	0	162,934	162,934
Interest & Dividend Income	0	0	3,888,999	3,888,999
AFUDC	303,503	58,322	0	361,825
Misc. Income Deductions	0	0	(3,852,987)	(3,852,987)
Income Taxes - Federal & Other	0	0	6,984,213	6,984,213
Total Other Income & Deductions	303,503	58,322	7,495,185	7,857,010
Interest Charges				
Interest on Long Term Debt	(10,817,492)	(3,705,035)	(380,474)	(14,903,001)
Amortization of Debt Disc. And Expense	(446,082)	(152,785)	(15,690)	(614,557)
Interest on Debt to Assoc Co	(622,313)	(213,145)	(21,888)	(857,346)
Other Interest Expense	(643,308)	(220,336)	(22,626)	(886,270)
Less Allowance for Borrowed Fund Used During Construction - Credit	258,634	113,323	266,622	638,579
Net Interest Charges	(12,270,561)	(4,177,978)	(174,056)	(16,622,595)
NET INCOME	18,748,365	2,533,131	5,313,196	26,594,692

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2007/Q3
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STATEMENT OF INCOME

Quarterly

1. Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.
2. Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the prior year quarter.
4. If additional columns are needed place them in a footnote.

Annual or Quarterly if applicable

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
8. Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	365,621,735	291,741,661	115,607,525	85,701,030
3	Operating Expenses					
4	Operation Expenses (401)	320-323	257,845,132	222,073,295	80,246,809	67,147,070
5	Maintenance Expenses (402)	320-323	18,295,874	16,238,198	4,555,583	4,350,554
6	Depreciation Expense (403)	336-337	25,610,728	25,374,005	8,730,638	8,578,186
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	1,857,671	1,714,401	592,619	553,246
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)		2,369,761		2,369,761	
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	10,418,038	7,445,404	3,731,681	2,634,572
15	Income Taxes - Federal (409.1)	262-263	12,662,539	-2,148,028	2,641,513	-2,720,548
16	- Other (409.1)	262-263	1,382,101	-534,645	274,314	-585,615
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	6,740,590	10,346,100	2,843,466	4,960,244
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	1,410,935	3,165,778	-8,743	846,060
19	Investment Tax Credit Adj. - Net (411.4)	266	-164,799	-181,665	-54,933	-60,555
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)		1,219,888	4,077,598	135,000	1,958,849
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		334,386,812	273,083,689	105,805,194	82,052,245
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg 117, line 27		31,234,923	18,657,972	9,802,331	3,648,785

Name of Respondent Duke Energy Kentucky, Inc.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /		Year/Period of Report End of 2007/Q3	
STATEMENT OF INCOME FOR THE YEAR (continued)							
Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)	
			Current Year (c)	Previous Year (d)			
27	Net Utility Operating Income (Carried forward from page 114)		31,234,923	18,657,972	9,802,331	3,648,785	
28	Other Income and Deductions						
29	Other Income						
30	Nonutility Operating Income						
31	Revenues From Merchandising, Jobbing and Contract Work (415)		494,393	618,401	126,497	212,096	
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		273,880	473,317	78,501	151,300	
33	Revenues From Nonutility Operations (417)		4,873	2,146	498		
34	(Less) Expenses of Nonutility Operations (417.1)						
35	Nonoperating Rental Income (418)		-397,604	-160,233	1,998	-89,570	
36	Equity in Earnings of Subsidiary Companies (418.1)	119					
37	Interest and Dividend Income (419)		3,038,762	2,342,110	897,165	561,203	
38	Allowance for Other Funds Used During Construction (419.1)		199,304	510,343	37,035	141,241	
39	Miscellaneous Nonoperating Income (421)		192,916	13,378	130,112	8,724	
40	Gain on Disposition of Property (421.1)						
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		3,258,764	2,852,828	1,114,804	682,394	
42	Other Income Deductions						
43	Loss on Disposition of Property (421.2)						
44	Miscellaneous Amortization (425)	340					
45	Donations (426.1)	340	41,184	43,823	5,291	4,715	
46	Life Insurance (426.2)						
47	Penalties (426.3)		7,133		6,153		
48	Exp. for Certain Civic, Political & Related Activities (426.4)		6,292	28,368	2,090	8,585	
49	Other Deductions (426.5)		1,693,604	1,412,328	558,637	113,083	
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		1,748,213	1,484,519	572,171	126,383	
51	Taxes Applicable to Other Income and Deductions						
52	Taxes Other Than Income Taxes (408.2)	262-263	316,042	209,378	155,391	95,136	
53	Income Taxes-Federal (409.2)	262-263	-3,841,993	-241,886	-1,809,466	-498,919	
54	Income Taxes-Other (409.2)	262-263	140,295	-50,570	54,688	-103,937	
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	-610,614	-121,626	2,337	-37,230	
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	210,564		70,188		
57	Investment Tax Credit Adj.-Net (411.5)		-423,675	-427,167	-141,225	-142,389	
58	(Less) Investment Tax Credits (420)						
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-4,630,509	-631,871	-1,808,463	-687,339	
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		6,141,060	2,000,180	2,351,096	1,243,350	
61	Interest Charges						
62	Interest on Long-Term Debt (427)		11,204,441	8,304,897	3,751,432	3,436,604	
63	Amort. of Debt Disc. and Expense (428)		318,516	336,047	106,172	76,792	
64	Amortization of Loss on Required Debt (428.1)		136,071	136,071	45,357	45,357	
65	(Less) Amort. of Premium on Debt-Credit (429)						
66	(Less) Amortization of Gain on Required Debt-Credit (429.1)						
67	Interest on Debt to Assoc. Companies (430)	340	551,053	3,429,550	273,227	844,911	
68	Other Interest Expense (431)	340	1,343,579	649,701	543,049	195,078	
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		392,938	541,900	169,651	138,450	
70	Net Interest Charges (Total of lines 62 thru 69)		13,160,722	12,314,366	4,549,586	4,460,292	
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		24,215,261	8,343,786	7,603,841	431,843	
72	Extraordinary Items						
73	Extraordinary Income (434)						
74	(Less) Extraordinary Deductions (435)						
75	Net Extraordinary Items (Total of line 73 less line 74)						
76	Income Taxes-Federal and Other (409.3)	262-263					
77	Extraordinary Items After Taxes (line 75 less line 76)						
78	Net Income (Total of line 71 and 77)		24,215,261	8,343,786	7,603,841	431,843	

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2007/Q3
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STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11. Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
						1
265,183,725	198,569,480	100,438,010	93,172,181			2
						3
173,591,346	144,137,209	84,253,786	77,936,086			4
16,791,273	14,981,810	1,504,601	1,256,388			5
20,445,988	20,622,727	5,164,740	4,751,278			6
						7
1,389,875	1,086,832	467,796	627,569			8
						9
						10
						11
2,022,532		347,229				12
						13
6,924,703	5,298,645	3,493,335	2,146,759			14
15,072,300	-2,189,225	-2,409,761	41,197			15
1,837,871	-489,421	-455,770	-45,224			16
2,239,181	7,398,163	4,501,409	2,947,937			17
2,193,296	2,629,967	-782,361	535,811			18
-107,883	-124,254	-56,916	-57,411			19
						20
						21
1,219,888	4,077,598					22
						23
						24
236,794,002	184,014,921	97,592,810	89,068,768			25
28,389,723	14,554,559	2,845,200	4,103,413			26

Duke Energy Kentucky, Inc.
Case No. 2008-00476
Kentucky Public Service Commission
Second Set of Data Requests
Request Date: December 9, 2008
Response Due Date: December 16, 2008

KyPSC-DR-02-003

REQUEST:

Refer to Duke Kentucky's response to Item 5 of Staff's First Request.

- a. Assuming Duke Kentucky's share of the actual labor costs of \$1,592,985 shown in Item 1 of its response to Staff's First Request is 68 percent of the total (the percent that Duke Kentucky employees make up of the total employees involved in the Kentucky service restoration), Duke Kentucky's actual labor costs would be \$1,083,235. Its actual overtime costs (excluding fringes or incentives) are \$349,372, meaning the difference between the assumed Duke Kentucky actual labor cost and its actual overtime costs is roughly \$734,000. Provide a complete description, with the amounts identified, of the cost components that make up the \$734,000.
- b. Paragraph 7 of the Duke Kentucky's application refers to additional employees working in call centers taking customer calls, "[i]ncluding 145 people from other departments who served as auxiliary call center representatives." Explain whether the costs of the personnel from other departments who provided time to the restoration efforts are included in Duke Kentucky's Hurricane Ike-related labor costs (either estimated or actual).
- c. The amount deducted in Exhibit 1 of the application for estimated normal Duke Kentucky labor is approximately \$132,000, which is referred to in part c. of the response to Item 5 of Staff's First Request as "[p]rimarily line persons." Explain whether the normal labor costs of the personnel "[f]rom other departments" who assisted in the service restoration efforts are included in the \$132,000.
- d. If not addressed in a prior response, explain why the amount to be deducted as the normal Duke Kentucky labor is \$132,000 rather than an amount that approximates the \$734,000 amount cited in part b. of this request.

RESPONSE:

- a. The question will be answered using current (Nov 30) information

The actual posted Duke Kentucky Labor (as provided in Question 1b) above is \$1,538,569 vs the estimated amount of \$1,083,235 cited in the question.

The components of the DE-Kentucky Labor costs are

Regular time direct labor	120,900
Supervision labor	187,044
Loaders (fringes, incentives, fleet, etc)	<u>412,856</u>
Total non-overtime labor	720,799
Overtime direct labor	349,372
Loaders (fringes, incentives, fleet, etc)	<u>468,398</u>
Total overtime labor	817,769
Total Labor	1,538,569

- b. Yes, costs from other departments were included in the estimate and are a part of the actual cost of the restoration.
- c. No.
- d. The Question will be addressed based upon November 30 data as outlined in Question 3a above.

The explanation as to what portion of the cost is incremental will be broken down into 2 separate pieces.

Overtime

The total Duke Kentucky Labor cost is \$1,538,569. Included in that cost is \$817,769 in overtime. All overtime labor cost is incremental O&M as it is clearly cost that would not have been incurred absent Ike.

Non-Overtime

The remaining non-overtime costs, as outlined in 3a, are \$720,799 and are charges made to the Ike restoration during employee's normal, regular working hours plus the cost of supervision for the event.

The employees would have normally been doing other work, such as responding to customer requests, inspecting equipment, making repairs to equipment, etc., but due to Ike, their work assignments were changed.

We know that work was cancelled as a result of Ike, but it primarily consisted of normal outage restoration from power outages that generally occur daily due to equipment failure, accidents, etc. Based upon November YTD actual cost, the average spend for a two week period on this type work is approximately \$35,000.

Most work that was scheduled still must be done. For example, sometime prior to Ike, a repair to a piece of equipment was identified and scheduled during the period of time that became Ike. Obviously the work was postponed, but still must be completed.

The Incremental O&M cost of Ike is equal to the O&M cost of Ike less the cancelled work. Now that we have actual cost data for the period of Ike plus the aftermath, we can more closely determine the actual incremental impact of the storm.

The methodology used is to compare the spending for the period prior to Ike (Jan-Aug 08) against the spending during the period of Ike and its aftermath (Sep-Nov 08). This methodology should capture both the direct impact of Ike and the postponement of work due to Ike that was re-scheduled later.

The assumption is that the increase in spending in the Sep-Nov period over the average established prior to Ike (Jan-Aug) is the incremental cost associated with Ike.

The chart below details the direct field regular (not overtime) Power Delivery O&M labor from the Duke Kentucky pay company for the period Jan-Nov 2008.

a) Average Direct O&M Labor cost/month Jan-Aug08	188,251
b) Total Actual Direct O&M Labor for period Sep-Nov 08	852,254
c) Assumed normal direct O&M labor cost for Sep-Nov 08 3 <times> item a) or 3 * 188,251	564,752
d) Difference in Actual labor and Assumed item b) less c)	287,503
e) Labor loading (fringes, incentives, fleet,etc)	385,253
f) Regular labor incremental cost item d) plus e)	672,756

<u>Summary</u>	<u>Total Ike O&M</u>	<u>Incremental O&M</u>	<u>Normal O&M</u>
Overtime labor	\$ 817,769	\$ 817,769	\$ 0
Non-overtime labor	720,799	672,756	48,043
Total	<u>\$1,538,568</u>	<u>\$1,490,525</u>	<u>\$48,043</u>

Based upon actual data, the Normal O&M is \$48,043 instead of the \$132,000 included in the estimate. All costs in excess of the \$48,043 are considered to be incremental to the Company's O&M and would not have been incurred absent Ike.

PERSON RESPONSIBLE: Margaret E. Clippinger/Bob Parsons

Duke Energy Kentucky, Inc.
Case No. 2008-00476
Kentucky Public Service Commission
Second Set of Data Requests
Request Date: December 9, 2008
Response Due Date: December 16, 2008

KyPSC-DR-02-004

REQUEST:

The December 3, 2008 edition of the Louisville Courier-Journal carried an article entitled “Utilities hope to pass on their repair costs” on the front page of its business section. In a small portion of the article devoted to Duke Energy Indiana spokesperson Angeline Protegere, referring to the estimated \$17 million Duke Indiana spent to restore electricity, stated “It will come from our earnings, but there will be no special rate request made of customers. There will be no rate increase to cover that.” Provide a thorough explanation for why two neighboring Duke electric utilities are taking such significantly different approaches in dealing with their Hurricane Ike-related storm damage costs.

RESPONSE:

The magnitude of the storm damage in the Duke Energy Kentucky and Duke Energy Ohio service territory was much more severe than the damage sustained by Duke Energy Indiana. For comparison, Duke Energy Kentucky’s repair costs as a percentage of total O&M (excluding fuel), or as a percentage of transmission & distribution O&M, was approximately double the cost incurred by Duke Energy Indiana. Accordingly, due to the significantly greater relative cost of the storm damage incurred, Duke Energy Kentucky and Duke Energy Ohio have decided to seek deferral of such costs. Duke Energy Ohio filed a distribution rate case in July 2008 and the storm restoration costs fall within the test year.

PERSON RESPONSIBLE: Paul G. Smith