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Dianne B. Kuhnell
Senior Paralegal

VIA HAND DELIVERY

July 1, 2009

RECEIVED

JUL 01 2009

PUBLIC SERVICE
COMMISSION

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

Re: In the Matter of Application of Duke Energy Kentucky, Inc. For An Adjustment
of Gas Rates
Case No. 2009-00202

Dear Mr. Derouen:

Enclosed is an original and ten copies of Duke Energy Kentucky's Application in the above-referenced case. Please note that the filing is composed of ten volumes.

Also enclosed is a Petition for Confidential Treatment for the Attachment DLD-5 of the Testimony of David L. Doss enclosed in volume eight of the Application. The redacted version of the Attachment DLD-5 is included in the filing and the un-redacted version is included in the sealed envelope stamped "Confidential."

Please date stamp and return the extra copies of the Application, Petition and cover sheets for the ten volumes of the filing in the enclosed self-addressed overnight envelope.

Very truly yours,

Dianne B. Kuhnell
Senior Paralegal

cc: Hon. Dennis G. Howard (w/encl.)

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
JUL 01 2009
PUBLIC SERVICE
COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE GAS RATES)
OF DUKE ENERGY KENTUCKY, INC,) CASE NO. 2009-00202

APPLICATION, NOTICE AND STATEMENT

Pursuant to KRS 278.180 and 807 KAR 5:001 Section 10, Duke Energy Kentucky, Inc., (Duke Energy Kentucky) respectfully states as follows:

1. Duke Energy Kentucky is a corporation organized and existing under the laws of the Commonwealth of Kentucky. Duke Energy Kentucky's principal office and principal place of business is 1697 A Monmouth Street, Newport Shopping Center, Newport, Kentucky 41071, and its mailing address is P.O. Box 960, Cincinnati, Ohio 45201. Pursuant to 807 KAR 5:001, Section 10(1)(b)(3), a certified copy of its Articles of Incorporation, as amended, is at Volume 1, Tab 6, of this filing, and is incorporated by reference.

2. Duke Energy Kentucky purchases, sells, stores and transports natural gas in Boone, Campbell, Gallatin, Grant, Kenton and Pendleton Counties, Kentucky. Duke Energy Kentucky also generates electricity, which it distributes and sells in Boone, Campbell, Grant, Kenton and Pendleton Counties, Kentucky. Duke Energy Kentucky is a "utility" as defined in KRS 278.010(3) and is subject to the Commission's jurisdiction pursuant to KRS 278.040.

3. Duke Energy Kentucky's present gas rates and charges, which are based on costs incurred during the twelve months ended September 30, 2006, were authorized by this Commission by Order dated December 22, 2005, in Case No. 2005-00042.

4. Duke Energy Kentucky seeks to adjust its gas distribution rates to a new total of \$142,175,683, which reflects an increase from its current rates of approximately \$17,494,336 million. The amounts of the proposed new total rates is at Volume 5, Schedule A, of this filing, and is incorporated by reference. The proposed new charges and the impact of the proposed adjustment on each customer class is provided at Tab 1 of this Application, Notice and Statement, and is incorporated by reference. Duke Energy Kentucky states that it will implement this adjustment effective July 31, 2009.

5. The primary reason for this requested adjustment is that Duke Energy Kentucky's earned rate of return on capitalization obtained from its gas operations is 3.48%, which is insufficient to ensure the continued reliable and safe delivery of gas service to Duke Energy Kentucky's customers. In accordance with 807 KAR 5:001 Section 10(1)(b)(1), a more detailed statement of the reasons for the adjustment is provided in the direct testimony of Company witnesses Ms. Julia S. Janson and Mr. William Don Wathen Jr., filed contemporaneously with this Application, Notice and Statement, and is incorporated by reference.

6. Pursuant to KRS 278.192(1) and 807 KAR 5:001 Section 10(1)(b), Duke Energy Kentucky has utilized a forward-looking test period for the twelve months ending January 31, 2011. This test period corresponds to the first twelve calendar month period the proposed rates will be in effect following the six-month suspension of the proposed rates.

7. Pursuant to 807 KAR 5:001, Section 10(1)(b)(2), Duke Energy Kentucky certifies that its annual reports, including the annual report for year ending 2008, are on file with this Commission as required by 807 KAR 5:006, Section 3(1). Duke Energy Kentucky's formal certification to this effect is at Volume 1, Tab 5, of this filing, and is incorporated by reference.

8. Pursuant to 807 KAR 5:001, Section 10(1)(b)(3), Duke Energy Kentucky states that a certified copy of its Articles of Incorporation, as amended, is at Volume 1, Tab 6, of this filing, and is incorporated by reference.

9. Pursuant to 807 KAR 5:001, Section 10(1)(b)(5), Duke Energy Kentucky states that it is a corporation in good standing with the Secretary of State of the Commonwealth of Kentucky. A certificate to that effect, dated within sixty (60) days of the date of filing this application, is attached at Volume 1, Tab 6, of this filing, and is incorporated by reference.

10. Pursuant to 807 KAR 5:001, Section 10(1)(b)(6), Duke Energy Kentucky states that its legal name is Duke Energy Kentucky, Inc. It has an assumed name of "The Union Light Heat & Power Company." Pursuant to KRS 365.015, Duke Energy Kentucky has filed a Certificate of Assumed Name with the Secretary of State. A certified copy of the Certificate of Assumed Name is attached at Volume 1, Tab 8, of this filing, and is incorporated by reference.

11. The aggregate total revenue from Duke Energy Kentucky's non-regulated incidental activities exceeds the lesser of 2% of Duke Energy Kentucky's total revenue or \$1 million annually; therefore, Duke Energy Kentucky is required under KRS 278.2203

and 278.2205 to submit a cost allocation manual with this filing. A copy of the cost allocation manual is attached at Volume 10 of this filing and is incorporated by reference.

12. Pursuant to 807 KAR 5:001, Section 10(1)(b)(8), Duke Energy Kentucky states that its proposed tariffs and proposed tariff changes are provided at Volume 6, Section L of this filing, and is incorporated by reference. The effective date of the proposed tariffs and proposed tariff changes is July 31, 2009.

13. Pursuant to 807 KAR 5:001, Section 10(1)(b)(9), Duke Energy Kentucky states that it has complied with 807 KAR 5:011, Section 9(2) and 807 KAR 5:001, Section 10(3) and (4) by delivering to the newspapers of general circulation in its service territory area a copy of a Legal Notice for publishing once a week for three consecutive weeks in a prominent manner, the first of said publications to be made within seven (7) days of the date of this application. A copy of the Legal Notice is attached at Volume 1, Tab 11 of this Application, Notice and Statement, and is incorporated by reference. Duke Energy Kentucky states that it will implement this adjustment effective July 31, 2009

14. Pursuant to 807 KAR 5:001, Section 10(2), Duke Energy Kentucky states that it has filed with the Executive Director of this Commission a written notice of its intention to file this application, and mailed a copy to the Utility Intervention and Rate Division of the Attorney General's office, the sole intervenor in Duke Energy Kentucky's last gas rate case. A copy of the written notice is attached at Volume 1, Tab 1, of this filing, and is incorporated by reference.

15. Pursuant to 807 KAR 5:001, Section 10(4)(f), Duke Energy Kentucky states that it will post a copy of this filing at its place of business on the date on which this

application is filed and it will remain posted until this Commission has finally determined Duke Energy Kentucky's gas rates.

16. Pursuant to 807 KAR 5:001, Section 6, Duke Energy Kentucky states that its financial exhibit is provided at Volume 4, Tabs 65-73, of this filing, and is incorporated by reference.

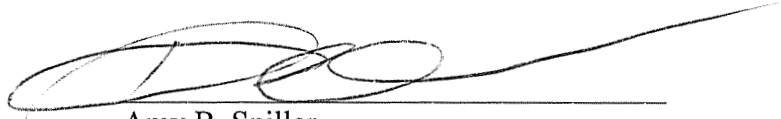
17. In further support of its application, Duke Energy Kentucky has provided ten volumes of information, the contents of which are described in the table of contents attached at Tab 2 of this Application, Notice and Statement.

18. In its application, Duke Energy Kentucky is proposing a new rate design in the form of a modified straight fixed variable decoupling methodology. Duke Energy Kentucky also proposes to amend the calculation of its current Gas Cost Adjustment Rider calculation to include (i) uncollectible expenses associated with the natural gas commodity and (ii) carrying costs for natural gas storage expenses. Duke Energy Kentucky is also proposing to add a new and optional tariff service offering called Meter Pulse Service (Rate MPS) for customers who have energy management systems that enable them to track their energy usage on a real-time basis. Duke Energy Kentucky's request is supported by the direct testimony of Mr. Gary J. Hebbeler, Mr. Robert M. Parsons, Mr. Wathen and Mr. James E. Ziolkowski at Volume 8 and 9 of this filing, and is incorporated by reference.

WHEREFORE, Duke Energy Kentucky respectfully prays that its proposed adjustment of gas rates and changes to existing tariffs and service regulations, be approved as requested herein.

Respectfully submitted,

Duke Energy Kentucky, Inc

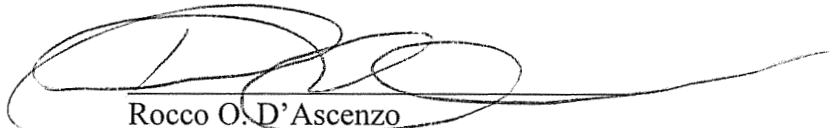


Amy B. Spiller
Associate General Counsel
Rocco O. D'Ascenzo.
Senior Counsel
P. O. Box 960
Room 2500, Atrium II
139 East Fourth Street
Cincinnati, Ohio 45201-0960
(513) 419-1852

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing Application, Notice and Statement has been served by hand delivery to the following parties on this 15th day of July, 2009:

Hon. Dennis Howard
Office of Attorney General
Utility Intervention and Rate Division
1024 Capital Center Drive
Frankfort, Kentucky 40601



Rocco O. D'Ascenzo
Amy B. Spiller



2009-00202

JULIE S. JANSON
President

Duke Energy Ohio, Inc.
Duke Energy Kentucky, Inc.
139 E. Fourth Street
EA503
Cincinnati, OH 45202

513-419-5757
513-419-5842 fax
julie.janson@duke-energy.com

VIA OVERNIGHT MAIL

June 1, 2009

RECEIVED

JUN 01 2009

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Notice of Duke Energy Kentucky, Inc.'s Intent to File a General Natural Gas Rate Case

Dear Mr. Derouen:

Duke Energy Kentucky, Inc ("Duke Energy Kentucky" or the "Company") notifies the Commission that it will file a general natural gas rate case in four weeks or reasonably soon thereafter.¹ Duke Energy Kentucky will use a forward-looking test period for this case.

In Duke Energy Kentucky's last general natural gas rate case, the Commission ordered the Company to file its next gas rate case to coincide with the completion of the Accelerated Main Replacement Program ("AMRP"). Duke Energy Kentucky's AMRP is scheduled to be completed in 2010 as anticipated, and within the forecasted test period proposed in this case.²

Duke Energy Kentucky is providing a copy of this notice to the Attorney General's Utility Intervention and Rate Division. We will work diligently with the Commission and our other stakeholders to seek a constructive resolution. Thank you for your consideration.

Sincerely,

Julie S. Janson
President, Duke Energy Kentucky, Inc.

JSJ/ ROD

¹ Duke Energy Kentucky provides this notice pursuant to Commission regulation 807 KAR 5:001 Section 10(2).

² *In the Matter of: An Adjustment of the Gas Rates of The Union Light, Heat & Power Company*, Case No 2005-00042, (Order at 113) (December 22, 2005).

NOTICE

Duke Energy Kentucky, Inc. (Duke Energy Kentucky) hereby gives notice that it seeks approval by the Kentucky Public Service Commission (Commission) of an adjustment of gas rates to become effective on and after July 31, 2009. The Commission has docketed this proceeding as Case No. 2009-00202.

The proposed gas rates are applicable to the following communities:

Alexandria	Erlanger	Melbourne
Bellevue	Fairview	Newport
Boone County	Falmouth	Park Hills
Bromley	Florence	Pendleton County
Butler	Fort Mitchell	Ryland Heights
Campbell County	Fort Thomas	Silver Grove
Cold Spring	Fort Wright-Lookout Heights	Southgate
Covington	Gallatin County	Taylor Mill
Crescent Park	Glencoe	Union
Crescent Springs	Grant County	Villa Hills
Crestview	Highland Heights	Visalia
Crestview Hills	Independence	Walton
Crittenden	Kenton County	Warsaw
Dayton	Kenton Vale	Wilder
Dry Ridge	Lakeside Park	Woodlawn
Edgewood	Latonia Lakes	Williamstown
Elsmere	Ludlow	

DUKE ENERGY KENTUCKY PRESENT AND PROPOSED RATES

The present and proposed rates charged in all territories served by Duke Energy Kentucky are as follows. The current GCA Rate in effect as of July 1, 2009, is \$0.5690 per Ccf.

<u>Rate</u>	<u>Base Rate</u>	+	<u>GCA</u>	=	<u>Total Rate</u>
Residential Service - Rate RS					
Present Rates					
Monthly Customer Charge:	\$12.00				\$12.00
All Ccf	\$0.26687		\$0.5690		\$0.83587
Proposed Rates					
Monthly Customer Charge:	\$30.00				\$30.00
All Ccf	\$0.19966		\$0.5690		\$0.76866
General Service - Rate GS					
Present Rates					
Monthly Customer Charge:	\$30.00				\$30.00
All Ccf	\$0.20949		\$0.5690		\$0.77849
Proposed Rates					
Monthly Customer Charge:	\$47.50				\$30.00
All Ccf	\$0.22786		\$0.5690		\$0.79686
Interruptible Transportation Service - Rate IT					
Present Rates					
Administrative Charge:	\$430.00				\$430.00
All Ccf	\$0.076260				\$0.076260

Proposed Rates

Administrative Charge:	\$430.00	\$430.00
All Ccf	\$0.1015	\$0.1015

**Firm Transportation Service-
Large - Rate FT-L**

Present Rates

Monthly Customer Charge:	\$430.00	\$430.00
All Ccf	\$0.17713	\$0.17713

Proposed Rates

Monthly Customer Charge:	\$430.00	\$430.00
All Ccf	\$0.19252	\$0.19252

Rate MPS, Meter Pulse Service

Proposed Rates

Monthly Charge: Variable

Rate MPS is an optional program available to customers that request the Company to install gas meter pulse equipment, a meter-related service not otherwise provided by the Company. Gas meter pulse equipment connects the Company's gas meter (used for billing) to the customer's energy management system and provides an input data signal that is proportional to the amount of gas consumed during a specific time interval. Duke Energy Kentucky proposes to charge a basic one-time fee of \$500 for the installation of the gas meter pulse equipment. The Company may also charge to recover certain incremental costs, such as index replacement, meter replacement if necessary or additional service calls, as outlined in the proposed tariff sheet. The customer must provide either a regulated 24 volts DC, or 120 volts AC electric supply, to an area 2' x 2', approximately 20' away from any gas pipeline flanges or gas pressure relief devices.

In addition, Duke Energy Kentucky proposes to change the text of the following tariffs:

**Rider AMRP
Accelerated Main Replacement Program Rider**

Proposed Rate

This tariff is hereby cancelled and withdrawn. Any references on individual tariffs were deleted.

**Rider MSR-G
Merger Savings Credit Rider-Gas**

Proposed Rate

This tariff is hereby cancelled and withdrawn. Any references on individual tariffs were deleted.

Gas Cost Adjustment Clause

Present Rate**DEFINITIONS**

For purposes of this tariff:

- (A) "Average Cost" means the cost of gas supplies, including associated transportation and storage charges and propane, which results from the application of suppliers' rates currently in effect, or reasonably expected to be in effect during the three-month period, on purchased volumes during the twelve-month period ending with the reporting period, divided by the corresponding sales volume. This includes the cost of all gas supplies acquired through hedging instruments, including the cost of the hedging

instruments themselves, acquired under a hedging plan approved by the Commission and under the terms and conditions of this tariff.

Proposed Rate
DEFINITIONS

For purposes of this tariff:

- (A) "Average Cost" means the cost of gas supplies, including associated transportation and storage charges and propane, which results from the application of suppliers' rates currently in effect, or reasonably expected to be in effect during the three-month period, on purchased volumes during the twelve-month period ending with the reporting period, divided by the corresponding sales volume. This includes the cost of all gas supplies acquired through hedging instruments, including the cost of the hedging instruments themselves, acquired under a hedging plan approved by the Commission and under the terms and conditions of this tariff. Also included are carrying costs for gas stored underground. In addition net charge offs and collection fees less late payment charges related to gas costs billed to customers are included.

Rate AS, Pooling Service For Interruptible Gas Transportation

Present Rate
LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable.

Proposed Rate
LATE PAYMENT CHARGE

Payment of the total amount due must be received in the Company's office by the due date shown on the bill. When not so paid, an additional amount equal to one and one-half percent (1.5%) of the unpaid balance is due and payable.

IMPACT OF PROPOSED RATES

The foregoing proposed rates designed to recover Duke Energy Kentucky's revenue deficiency reflect an increase in electric revenues of approximately \$17.5 million or 14.03% to Duke Energy Kentucky. The estimated amount of this increase per customer class is as follows:

Rate RS – Residential Service	\$14,811,787	18.38%
Rate GS – Commercial Service	\$ 1,904,380	6.13%
Rate GS – Industrial Service	\$ 117,142	3.19%
Rate GS – Other Public Authority Service	\$ 172,893	3.42%
Rate FT-L – Firm Transportation Service	\$ 178,314	7.16%
Rate IT – Interruptible Transportation Service	\$ 309,820	29.23%

The average monthly bill for each customer class to which the proposed rates will apply will increase approximately as follows:

Rate RS – Residential Service	\$ 13.29	16.2%
Rate GS – Commercial Service	\$ 24.68	6.1%
Rate GS – Industrial Service	\$ 42.67	3.2%
Rate GS – Other Public Authority Service	\$ 38.83	3.4%
Rate FT-L – Firm Transportation Service	\$ 174.81	7.2%

Rate IT – Interruptible Transportation Service

\$ 1,075.75

29.2%

The rates contained in this notice are the rates proposed by Duke Energy Kentucky; however, the Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such action may result in rates for consumers other than the rates in this notice.

Any corporation, association, or person may, by written request, within thirty (30) days after publication of this notice of the proposed rate changes, request to intervene; intervention may be granted beyond the thirty (30) day period for good cause shown. Requests to intervene should be submitted to the Kentucky Public Service Commission, P. O. Box 615, 211 Sower Boulevard, Frankfort, Kentucky 40602-0615, and shall set forth the grounds for the request including the status and interest of the party.

Intervenors may obtain copies of the application and other filings made by the Company by contacting Ms. Dianne Kuhnell of Duke Energy Kentucky at 139 East Fourth Street, Rm 2500, AT II, Cincinnati, OH 45202 or by telephone at (513) 419-1837. A copy of the application and other filings made by the Company is available for public inspection at the Commission's office in Frankfort, Kentucky, and at the following Company offices: 1697 A Monmouth Street, Newport, KY 41071.

For further information contact:

PUBLIC SERVICE COMMISSION
COMMONWEALTH OF KENTUCKY
P. O. BOX 615
211 SOWER BOULEVARD
FRANKFORT, KENTUCKY 40602-0615
(502) 564-3940

DUKE ENERGY KENTUCKY
1697 A MONMOUTH STREET
NEWPORT, KENTUCKY 41071
(513) 287-3842

Duke Energy Kentucky
Case No. 2009-00202
Forecasted Test Period Filing Requirements
Table of Contents

Vol. #	Tab #	Filing Requirement	Description	Sponsoring Witness
1	1	KRS 278.180	30 days' notice of rates to PSC.	Julia S. Janson
1	2	807 KAR 5:001 Section 8 (1)	Full name and P.O. address of applicant and reference to the particular provision of law requiring PSC approval.	Julia S. Janson
1	3	807 KAR 5:001 Section 8 (2)	The original and 10 copies of application plus copy for anyone named as interested party.	Julia S. Janson
1	4	807 KAR 5:001 Section 10 (1)(b)(1)	Reason adjustment is required.	William Don Wathen
1	5	807 KAR 5:001 Section 10 (1)(b)(2)	Statement that utility's annual reports, including the most recent calendar year, are filed with PSC. 807 KAR 5:006, Section 3 (1).	Brenda R. Melendez
1	6	807 KAR 5:001 Section 10 (1)(b)(3) and (5)	If utility is incorporated, certified copy of articles of incorporation and amendments or out of state documents of similar import. If they have already been filed with PSC refer to the style and case number of the prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	Julia S. Janson
1	7	807 KAR 5:001 Section 10 (1)(b)(4)	If applicant is limited partnership, certified copy of limited partnership agreement. If agreement filed with PSC refer to style and case number of prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	Julia S. Janson
1	8	807 KAR 5:001 Section 10 (1)(b)(6)	Certified copy of certificate of assumed name required by KRS 365.015 or statement that certificate not necessary.	Julia S. Janson
1	9	807 KAR 5:001 Section 10 (1)(b)(7)	Proposed tariff in form complying with 807 KAR 5:011 effective not less than 30 days from date application filed.	James E. Ziolkowski
1	10	807 KAR 5:001 Section 10 (1)(b)(8)	Proposed tariff changes shown by present and proposed tariffs in comparative form or by indicating additions in italics or by underscoring and striking over deletions in current tariff.	James E. Ziolkowski
1	11	807 KAR 5:001 Section 10 (1)(b)(9)	Statement that notice given, see subsections (3) and (4) of 807 KAR 5:001, Section 10 with copy.	Julia S. Janson
1	12	807 KAR 5:001 Section 10 (2)	If gross annual revenues exceed \$1,000,000, written notice of intent filed at least 4 weeks prior to application. Notice shall state whether application will be supported by historical or fully forecasted test period.	Julia S. Janson
1	13	807 KAR 5:001 Section 10 (4) (a)	Sewer utilities shall give the required typewritten notice by mail to all of their customers pursuant to KRS 278.185.	Julia S. Janson
1	14	807 KAR 5:001 Section 10 (4)(b)	Applicants with twenty (20) or fewer customers affected by the proposed general rate adjustment shall mail the required typewritten notice to each customer no later than the date the application is filed with the commission.	Julia S. Janson

Duke Energy Kentucky
Case No. 2009-00202
Forecasted Test Period Filing Requirements
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Vol. #	Tab #	Filing Requirement	Description	Sponsoring Witness
1	15	807 KAR 5:001 Section 10 (4)(c)	Except for sewer utilities, applicants with more than twenty (20) customers affected by the proposed general rate adjustment shall give the required notice by one (1) of the following methods: 1. A typewritten notice mailed to all customers no later than the date the application is filed with the commission; 2. Publishing the notice in a trade publication or newsletter which is mailed to all customers no later than the date on which the application is filed with the commission; or 3. Publishing the notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made within seven (7) days of the filing of the application with the commission.	Julia S. Janson
1	16	807 KAR 5:001 Section 10 (4)(d)	If notice is published, an affidavit from the publisher verifying that the notice was published, including the dates of the publication with an attached copy of the published notice, shall be filed with the Commission no later than forty-five (45) days of the filed date of the application.	Julia S. Janson
1	17	807 KAR 5:001 Section 10 (4)(e)	If notice is mailed, a written statement signed by the utility's chief officer in charge of Kentucky operations verifying the notice was mailed shall be filed with the Commission no later than thirty (30) days of the filed date of the application.	Julia S. Janson
1	18	807 KAR 5:001 Section 10 (4)(f)	All utilities, in addition to the above notification, shall post a sample copy of the required notification at their place of business no later than the date on which the application is filed which shall remain posted until the commission has finally determined the utility's rates.	Julia S. Janson
1	19	807 KAR 5:001 Section 10 (5)	Notice of hearing scheduled by the commission upon application by a utility for a general adjustment in rates shall be advertised by the utility by newspaper publication in the areas that will be affected in compliance with KRS 424.300.	Julia S. Janson
1	20	807 KAR 5:001 Section 10 (8)(a)	Financial data for forecasted period presented as pro forma adjustments to base period.	Robert M. Parsons, Jr.
1	21	807 KAR 5:001 Section 10 (8)(b)	Forecasted adjustments shall be limited to the 12 months immediately following the suspension period.	Robert M. Parsons, Jr.
1	22	807 KAR 5:001 Section 10 (8)(c)	Capitalization and net investment rate base shall be based on a 13 month average for the forecasted period.	Robert M. Parsons, Jr.

Duke Energy Kentucky
Case No. 2009-00202
Forecasted Test Period Filing Requirements
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Vol. #	Tab #	Filing Requirement	Description	Sponsoring Witness
1	23	807 KAR 5:001 Section 10 (8)(d)	After an application based on a forecasted test period is filed, there shall be no revisions to the forecast, except for the correction of mathematical errors, unless such revisions reflect statutory or regulatory enactments that could not, with reasonable diligence, have been included in the forecast on the date it was filed. There shall be no revisions filed within thirty (30) days of a scheduled hearing on the rate application.	Robert M. Parsons, Jr.
1	24	807 KAR 5:001 Section 10 (8)(e)	The commission may require the utility to prepare an alternative forecast based on a reasonable number of changes in the variables, assumptions, and other factors used as the basis for the utility's forecast.	Robert M. Parsons, Jr.
1	25	807 KAR 5:001 Section 10 (8)(f)	Reconciliation of rate base and capital used to determine revenue requirements.	Robert M. Parsons, Jr.
1	26	807 KAR 5:001 Section 10 (9)(a)	Prepared testimony of each witness supporting its application including testimony from chief officer in charge of Kentucky operations on the existing programs to achieve improvements in efficiency and productivity, including an explanation of the purpose of the program.	All witnesses
1	27	807 KAR 5:001 Section 10 (9)(b)	Most recent capital construction budget containing at minimum 3 year forecast of construction expenditures.	Gary J. Hebbeler
1	28	807 KAR 5:001 Section 10 (9)(c)	Complete description, which may be in prefiled testimony form, of all factors used to prepare forecast period. All econometric models, variables, assumptions, escalation factors, contingency provisions, and changes in activity levels shall be quantified, explained, and properly supported.	Stephen R. Lee
1	29	807 KAR 5:001 Section 10 (9)(d)	Annual and monthly budget for the 12 months preceding filing date, base period and forecasted period.	Stephen R. Lee
1	30	807 KAR 5:001 Section 10 (9)(e)	Attestation signed by utility's chief officer in charge of Kentucky operations providing: 1. That forecast is reasonable, reliable, made in good faith and that all basic assumptions used have been identified and justified; and 2. That forecast contains same assumptions and methodologies used in forecast prepared for use by management, or an identification and explanation for any differences; and 3. That productivity and efficiency gains are included in the forecast.	Julia S. Janson
1	31	807 KAR 5:001 Section 10 (9)(f)	For each major construction project constituting 5% or more of annual construction budget within 3 year forecast, following information shall be filed: 1. Date project began or estimated starting date; 2. Estimated completion date; 3. Total estimated cost of construction by year	Gary J. Hebbeler

Duke Energy Kentucky
Case No. 2009-00202
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Vol. #	Tab #	Filing Requirement	Description	Sponsoring Witness
			exclusive and inclusive of Allowance for Funds Used During construction ("AFUDC") or Interest During construction Credit; and 4. Most recent available total costs incurred exclusive and inclusive of AFUDC or Interest During Construction Credit.	
1	32	807 KAR 5:001 Section 10 (9)(g)	For all construction projects constituting less than 5% of annual construction budget within 3 year forecast, file aggregate of information requested in paragraph (f) 3 and 4 of this subsection.	Gary J. Hebbeler
1	33	807 KAR 5:001 Section 10 (9)(h)	Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information: 1. Operating income statement (exclusive of dividends per share or earnings per share); 2. Balance sheet; 3. Statement of cash flows; 4. Revenue requirements necessary to support the forecasted rate of return; 5. Load forecast including energy and demand (electric); 6. Access line forecast (telephone); 7. Mix of generation (electric); 8. Mix of gas supply (gas); 9. Employee level; 10. Labor cost changes; 11. Capital structure requirements; 12. Rate base; 13. Gallons of water projected to be sold (water); 14. Customer forecast (gas, water); 15. MCF sales forecasts (gas); 16. Toll and access forecast of number of calls and number of minutes (telephone); and 17. A detailed explanation of any other information provided.	Stephen R. Lee Stephen G. De May #6, #13, #16 & #17 Not applicable
1	34	807 KAR 5:001 Section 10 (9)(i)	Most recent FERC or FCC audit reports.	Brenda R. Melendez
1	35	807 KAR 5:001 Section 10 (9)(j)	Prospectuses of most recent stock or bond offerings.	Stephen G. De May
1	36	807 KAR 5:001 Section 10 (9)(k)	Most recent FERC Form 1 (electric), FERC Form 2 (gas), or the Automated Reporting Management Information System Report (telephone) and PSC Form T (telephone).	Brenda R. Melendez
2	37	807 KAR 5:001 Section 10 (9)(l)	Annual report to shareholders or members and statistical supplements for the most recent 5 years prior to application filing date.	Stephen G. De May
2	38	807 KAR 5:001 Section 10 (9)(m)	Current chart of accounts if more detailed than Uniform System of Accounts charts.	Brenda R. Melendez

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Vol. #	Tab #	Filing Requirement	Description	Sponsoring Witness
2	39	807 KAR 5:001 Section 10 (9)(n)	Latest 12 months of the monthly managerial reports providing financial results of operations in comparison to forecast.	Stephen R. Lee
2	40	807 KAR 5:001 Section 10 (9)(o)	Complete monthly budget variance reports, with narrative explanations, for the 12 months prior to base period, each month of base period, and subsequent months, as available.	Stephen R. Lee
3	41	807 KAR 5:001 Section 10 (9)(p)	SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued during prior 2 years and any Form 10-Qs issued during past 6 quarters.	Stephen G. De May
4	42	807 KAR 5:001 Section 10 (9)(q)	Independent auditor's annual opinion report, with any written communication which indicates the existence of a material weakness in internal controls.	Stephen G. De May
4	43	807 KAR 5:001 Section 10 (9)(r)	Quarterly reports to the stockholders for the most recent 5 quarters.	David L. Doss
4	44	807 KAR 5:001 Section 10 (9)(s)	Summary of latest depreciation study with schedules itemized by major plant accounts, except that telecommunications utilities adopting PSC's average depreciation rates shall identify current and base period depreciation rates used by major plant accounts. If information has been filed in another PSC case, refer to that case's number and style.	John J. Spanos
4	45	807 KAR 5:001 Section 10 (9)(t)	List all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with application. Include each software, program, or model; its use; identify the supplier of each; briefly describe software, program, or model; specifications for computer hardware and operating system required to run program	Robert M. Parsons, Jr.
4	46	807 KAR 5:001 Section 10 (9)(u)	If utility had any amounts charged or allocated to it by affiliate or general or home office or paid any monies to affiliate or general or home office during the base period or during previous 3 calendar years, file: 1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each allocation or payment; 2. method and amounts allocated during base period and method and estimated amounts to be allocated during forecasted test period; 3. Explain how allocator for both base and forecasted test period was determined; and 4. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during base period is reasonable.	David L. Doss

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Vol. #	Tab #	Filing Requirement	Description	Sponsoring Witness
4	47	807 KAR 5:001 Section 10 (9)(v)	If gas, electric or water utility with annual gross revenues greater than \$5,000,000, cost of service study based on methodology generally accepted in industry and based on current and reliable data from single time period.	Donald L. Storck
4	48	807 KAR 5:001 Section 10 (9)(w)	Local exchange carriers with fewer than 50,000 access lines need not file cost of service studies, except as specifically directed by PSC. Local exchange carriers with more than 50,000 access lines shall file: 1. Jurisdictional separations study consistent with Part 36 of the FCC's rules and regulations; and 2. Service specific cost studies supporting pricing of services generating annual revenue greater than \$1,000,000 except local exchange access: a. Based on current and reliable data from single time period; and b. Using generally recognized fully allocated, embedded, or incremental cost principles.	Not applicable
4	49	807 KAR 5:001 Section 10 (10)(a)	Jurisdictional financial summary for both base and forecasted periods detailing how utility derived amount of requested revenue increase.	Robert M. Parsons, Jr.
4	50	807 KAR 5:001 Section 10 (10)(b)	Jurisdictional rate base summary for both base and forecasted periods with supporting schedules which include detailed analyses of each component of the rate base.	Robert M. Parsons, Jr.
4	51	807 KAR 5:001 Section 10 (10)(c)	Jurisdictional operating income summary for both base and forecasted periods with supporting schedules which provide breakdowns by major account group and by individual account.	Robert M. Parsons, Jr.
4	52	807 KAR 5:001 Section 10 (10)(d)	Summary of jurisdictional adjustments to operating income by major account with supporting schedules for individual adjustments and jurisdictional factors.	Robert M. Parsons, Jr.
4	53	807 KAR 5:001 Section 10 (10)(e)	Jurisdictional federal and state income tax summary for both base and forecasted periods with all supporting schedules of the various components of jurisdictional income taxes.	Robert M. Parsons
4	54	807 KAR 5:001 Section 10 (10)(f)	Summary schedules for both base and forecasted periods (utility may also provide summary segregating items it proposes to recover in rates) of organization membership dues; initiation fees; expenditures for country club; charitable contributions; marketing, sales, and advertising; professional services; civic and political activities; employee parties and outings; employee gifts; and rate cases.	Robert M. Parsons, Jr.
4	55	807 KAR 5:001 Section 10 (10)(g)	Analyses of payroll costs including schedules for wages and salaries, employee benefits, payroll taxes, straight time and overtime hours, and executive compensation by title.	Jay R. Alvaro

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Vol. #	Tab #	Filing Requirement	Description	Sponsoring Witness
4	56	807 KAR 5:001 Section 10 (10)(h)	Computation of gross revenue conversion factor for forecasted period.	Robert M. Parsons, Jr.
4	57	807 KAR 5:001 Section 10 (10)(i)	Comparative income statements (exclusive of dividends per share or earnings per share), revenue statistics and sales statistics for 5 calendar years prior to application filing date, base period, forecasted period, and 2 calendar years beyond forecast period.	Stephen R. Lee
4	58	807 KAR 5:001 Section 10 (10)(j)	Cost of capital summary for both base and forecasted periods with supporting schedules providing details on each component of the capital structure.	Stephen G. De May
4	59	807 KAR 5:001 Section 10 (10)(k)	Comparative financial data and earnings measures for the 10 most recent calendar years, base period, and forecast period.	Stephen R. Lee
4	60	807 KAR 5:001 Section 10 (10)(l)	Narrative description and explanation of all proposed tariff changes.	James E. Ziolkowski
4	61	807 KAR 5:001 Section 10 (10)(m)	Revenue summary for both base and forecasted periods with supporting schedules which provide detailed billing analyses for all customer classes.	James E. Ziolkowski
4	62	807 KAR 5:001 Section 10 (10)(n)	Typical bill comparison under present and proposed rates for all customer classes.	James E. Ziolkowski
4	63	807 KAR 5:001 Section (10)(3)	Amount of change requested in dollar amounts and percentage for each customer classification to which change will apply. a. Present and proposed rates for each customer class to which change would apply. b. Electric, gas, water and sewer utilities-the effect upon average bill for each customer class to which change would apply. c. Local exchange companies-include effect upon average bill for each customer class for change in basic local service.	James E. Ziolkowski
4	64	807 KAR 5:001 Section 10 (4)(c)(d)(e)(f)	If copy of public notice included, did it meet requirements?	Julia S. Janson
4	65	807 KAR 5:001 Section 6(1)	Amount and kinds of stock authorized.	Stephen G. De May
4	66	807 KAR 5:001 Section 6(2)	Amount and kinds of stock issued and outstanding.	Stephen G. De May
4	67	807 KAR 5:001 Section 6(3)	Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise.	Stephen G. De May
4	68	807 KAR 5:001 Section 6(4)	Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking fund provisions.	Stephen G. De May

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Vol. #	Tab #	Filing Requirement	Description	Sponsoring Witness
4	69	807 KAR 5:001 Section 6(5)	Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with amount of interest paid thereon during the last fiscal year.	Stephen G. De May
4	70	807 KAR 5:001 Section 6(6)	Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year.	Stephen G. De May
4	71	807 KAR 5:001 Section 6(7)	Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.	Stephen G. De May
4	72	807 KAR 5:001 Section 6(8)	Rate and amount of dividends paid during the five (5) previous fiscal years, and the amount of capital stock on which dividends were paid each year.	Stephen G. De May
4	73	807 KAR 5:001 Section 6(9)	Detailed income statement and balance sheet.	Robert M. Parsons, Jr.
5	-	807 KAR 5:001 Section 10(10) (a) through (k)	Schedule Book (Schedules A-K)	Various
6	-	807 KAR 5:001 Section 10(10) (l) through (n)	Schedule Book (Schedules L-N)	Various
7	-	-	Work papers	Various
8	-	807 KAR 5:001 Section 10(9)(a)	Testimony (Volume 1 of 2)	-
9	-	807 KAR 5:001 Section 10(9)(a)	Testimony (Volume 2 of 2)	-
10	-	KRS 278.2205(6)	Cost Allocation Manual	Brenda R. Melendez
-	-	807 KAR 5:056 Section 1(7)	Coal Contracts	Not Applicable-

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
JUL 01 2009
PUBLIC SERVICE
COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE GAS RATES)
OF DUKE ENERGY KENTUCKY, INC.) CASE NO. 2009-00202

PETITION OF DUKE ENERGY KENTUCKY, INC.
FOR CONFIDENTIAL TREATMENT OF INFORMATION
CONTAINED IN THE LIBERTY CONSULTING GROUP'S FINAL REPORT AUDIT
OF MERGER-RELATED AGREEMENTS DATED MAY 19, 2009 AND SUBMITTED AS
ATTACHMENT DLD-5 TO TESTIMONY OF DAVID L. DOSS .

Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), pursuant to 807 KAR 5:001, Section 7, respectfully requests the Commission to classify and protect certain information provided in Liberty Consulting Group's Final Report Audit of Merger Related Agreements Duke Energy Kentucky (Audit Report). Duke Energy Kentucky is providing a copy of the Audit Report as an Attachment (Attachment DLD-5) to the Direct Testimony of Company witness David L. Doss in this proceeding. The Audit Report, along with a similar Petition for Confidential Treatment was filed on or about May 26, 2009, in Case No. 2005-00228, and is currently awaiting a decision. Duke Energy Kentucky is simply requesting that the Audit Report included in this Case as DLD-5 be afforded the same level of protection as the Commission determines in Case No. 2005-00228.

The information Duke Energy Kentucky seeks confidential treatment (Confidential Information) includes but is not limited to: (1) a summary of 2007 affiliate transactions across the Duke Energy Corporation holding Company structure (Duke Energy); (2) overall governance and labor charges, including labor to and from affiliates across Duke Energy; (3)

Corporate allocation percentages from various departments to Duke Energy Kentucky; (4) inter-company charges to affiliates and detailed requests for service to affiliates. All of the above-described Confidential Information contains sensitive business and financial information, the disclosure of which would injure Duke Energy Kentucky, and its affiliates, and compromise the companies' respective competitive positions and business interests.

In support of this Petition, Duke Energy Kentucky states:

1. The Kentucky Open Records Act exempts from disclosure certain commercial information. KRS 61.878 (1)(c). To qualify for this exemption and, therefore, maintain the confidentiality of the information, a party must establish that disclosure of the commercial information would permit an unfair advantage to competitors of that party. Public disclosure of the information identified herein would, in fact, prompt such a result for the reasons set forth below.

2. The Audit Report details a comprehensive audit of the various agreements and by necessity the Audit Report describes sensitive financial information and other business operations of Duke Energy Kentucky as well as the other parties to the various agreements. Duke Energy Kentucky on its own behalf, as well as on behalf of the other entities whose financial and business operation information is described in the Audit Report, respectfully request that certain limited information described in this petition be withheld from public disclosure and be maintained under seal.

3. The Confidential Information contained in pages 7-8 and 24 depicts summaries of affiliate transactions including costs. Disclosure would make public the operating costs of not only Duke Energy Kentucky, but also of its affiliated regulated utilities and affiliated non-regulated companies under the Duke Energy Holding Company structure, which are

permitted to provide one another goods and services under Commission- approved agreements. Disclosing this information would provide Duke Energy Kentucky's competitors, as well as competitors of its sister utilities and non-regulated affiliated companies with insight into how the utilities in the Duke Energy Holding Company structure operate. This information could provide a distinct competitive advantage to vendors in bidding for and securing new contracts for services to Duke Energy Kentucky, not to mention its affiliates. It could also provide a competitive advantage to a competitor of Duke Energy Kentucky, its sister utilities mentioned in the Audit Report, and the affiliated non-regulated companies listed.

3. Pages 49, 51-64 and 72-73, 102 of the Audit Report list and describe information regarding overall charges from Duke Energy Business Services (DEBS) to Duke Energy Kentucky, its sister utilities, and its non-regulated affiliates. The information includes, but is not limited to, labor charges for the individual business units, corporate governance allocations, Duke Energy Kentucky's allocated costs for various departments, and costs for the various utility operating companies and non-utility affiliates in Duke Energy. Public disclosure would afford vendors a distinct competitive advantage in bidding for and securing new contracts for services provided to Duke Energy Kentucky and its affiliates. Disclosure would also afford an obvious advantage to competitors of Duke Energy Kentucky or any of its listed affiliates, in any contractual negotiations and would necessarily impair Duke Energy Kentucky's or its affiliates ability to negotiate with prospective contractors and vendors.

4. The Confidential Information contained in tables and charts on pages 80-99 details the charges, for loaded labor, materials, vehicle expense, outside services, and journal entries by and between the regulated utilities and non regulated affiliates in Duke Energy. The

information also includes descriptions and estimated and actual costs of specific services that were requested during the audit period by and between the various companies in Duke Energy. These services were performed according to the various Commission –approved service agreements. The information would afford competitors of any of the named companies, a distinct competitive advantage in bidding for and securing new contracts for services. It would give competitors keen insight on how the various named entities operate and what the exact costs include. Further, public disclosure would afford an obvious advantage to competitors in any contractual negotiations and would necessarily impair Duke Energy Kentucky’s ability to negotiate with prospective contractors and vendors.

5. The Confidential Information contained in pages 105-106 pertains to the Commission-approved Utility Money Pool Agreement. The Money Pool Agreement allows the parties to more efficiently use cash by pooling daily excess and deficits of funds. The Confidential Information details the participation levels of all of the parties to the agreement, including Duke Energy Kentucky. It also includes Duke Energy Kentucky’s monthly borrowing under this agreement. This information is maintained internally by Duke Energy Kentucky personnel, is not on file with any public agency, and is not available from any commercial or other source outside Duke Energy Kentucky. Releasing the information will give potential creditors and lenders insight into sensitive and confidential financial operations of Duke Energy Kentucky.

6. The information contained in all the pages mentioned above that Duke Energy Kentucky wishes to protect from public disclosure has already been requested confidential protection in Case No. 2005-228 filed on May 26, 2009. Duke Energy Kentucky is requesting this same protection here.

7. The aforementioned Confidential Information in all pages listed is distributed within Duke Energy and Duke Energy Kentucky only to those employees who must have access for business reasons, and is generally recognized as confidential and proprietary in the energy industry.

8. The information for which Duke Energy Kentucky is seeking confidential treatment is not known outside of Duke Energy.

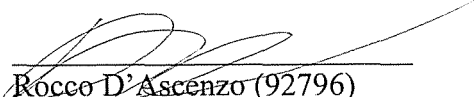
9. Duke Energy Kentucky does not object to limited disclosure of the confidential information described herein, pursuant to an acceptable protective agreement, to intervening Parties to this proceeding with a legitimate interest in reviewing the same.

10. In accordance with the provisions of 807 KAR 5:001 Section 7, the Company is providing the Commission one copy of the Confidential Material highlighted and ten copies without the confidential information. Duke Energy Kentucky has taken steps to only seek confidential treatment of the sensitive information contained in the responses, and in the interest of disclosure is only seeking confidential treatment of specifically identified information.

WHEREFORE, Duke Energy Kentucky, Inc. respectfully requests that the Commission classify and protect as confidential the specific information described herein.

Respectfully submitted,

DUKE ENERGY KENTUCKY


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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of Duke Energy Kentucky, Inc.'s Petition for Confidential Treatment of Information Contained in The Liberty Consulting Group's Final Report Audit of Merger-Related Agreements dated May 19, 2009 and Submitted as Attachment to Testimony of David L. Doss was served on the following by overnight mail, this 1st day of July 2009.

Hon. Dennis Howard
Office of Attorney General
Utility Intervention and Rate Division
1024 Capital Center Drive
Frankfort, Kentucky 40601


Rocco D'Ascenzo

Amy B. Spiller