



139 East Fourth Street, R. 25 At II
P.O. Box 960
Cincinnati, Ohio 45201-0960
Tel: 513-419-1837
Fax: 513-419-1846
dianne.kuhnell@duke-energy.com

Dianne B. Kuhnell.
Senior Paralegal

VIA OVERNIGHT DELIVERY

December 18, 2009

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

RECEIVED
DEC 21 2009
PUBLIC SERVICE
COMMISSION

Re: Case No. 2009-408

Dear Mr. Derouen:

Enclosed please find an original and nine copies of Duke Energy Kentucky Inc.'s Responses to Staff's Second Set of Data Requests in the above captioned case.

Please date-stamp the two copies of the letter and the filing and return to me in the enclosed envelope.

Sincerely,

Dianne B. Kuhnell
Senior Paralegal

RECEIVED

DEC 21 2009

PUBLIC SERVICE
COMMISSION

VERIFICATION

State of North Carolina)
)
County of Mecklenburg)

The undersigned, John D. Langston being duly sworn, deposes and says that I am employed by the Duke Energy Corporation affiliated companies as Market/Product Manager I; that on behalf of Duke Energy Kentucky, Inc., I have supervised the preparation of the responses to the foregoing responses to 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 inquire.



John D. Langston, Affiant

Subscribed and sworn to before me by John D. Langston on this 15th day of
December, 2009.



NOTARY PUBLIC

My Commission Expires: 01/26/2012

TABLE OF CONTENTS

<u>DATA REQUEST</u>	<u>WITNESS</u>	<u>TAB NO.</u>
STAFF-DR-02-001	John D. Langston	1
STAFF-DR-02-002	John D. Langston	2
STAFF-DR-02-003	John D. Langston	3
STAFF-DR-02-004	John D. Langston	4
STAFF-DR-02-005	John D. Langston	5

Duke Energy Kentucky, Inc.
Case No. 2009-408
Second Set Staff Data Requests
Date Received: December 7, 2009

STAFF-DR-02-001

REQUEST:

1. Refer to paragraph 7 of Duke Kentucky's application, which indicates that its GoGreen Kentucky program is a service option for residential customers. The most recent tariff for Rider GP, Duke Kentucky's existing green power rider, which went into effect January 2, 2007, states that it is applicable to all customers who want to contribute to a Company-sponsored "Green Power" fund.
 - a. Were customer classes other than residential customers eligible to participate in Rider GP? If no, explain why no customer class limitation is set out in Rider GP.
 - b. Explain why Duke Kentucky is limiting participation in its proposed GoGreen Kentucky program to residential customers.

RESPONSE:

- a. Under the Company's prior program, Rider GP, both residential and non-residential customer classes were eligible to participate.
- b. Duke Energy Kentucky is proposing to limit the participation of GoGreen Kentucky to residential customers because the Company cannot presently provide a competitive offer for a non-residential customer when compared to what the non-residential customer could obtain on its own in the market. There are more opportunities in the market for customizable programs for the individual commercial or industrial customer. As stated in the Direct Testimony of John Langston, Duke Energy Kentucky will assist commercial and industrial customers interested in obtaining offsets and RECs through referrals to providers that are better able to customize an offering taking into consideration the commercial and industrial customer's particular business objectives as they relate to green power and climate issues. Once the Company has successfully implemented the proposed GoGreen Kentucky program for residential customers, the Company will explore opportunities for expanding the GoGreen Kentucky program to non-residential customers.

PERSON RESPONSIBLE: John D. Langston

Duke Energy Kentucky, Inc.
Case No. 2009-408
Second Set Staff Data Requests
Date Received: December 7, 2009

STAFF-DR-02-002

REQUEST:

2. Refer to Item 1.b. of Duke Kentucky's response to Commission Staff's First Data Request, which refers only to Renewable Energy Credits. Explain whether the customer or Duke Kentucky will own the tradable commodity rights of the Carbon Credits.

RESPONSE:

Duke Energy Kentucky will not own the tradable commodity rights of the Carbon Credits since they will be retired as soon as they are purchased by Duke Energy Kentucky for Duke Energy Kentucky participants.

PERSON RESPONSIBLE: John D. Langston

Duke Energy Kentucky, Inc.
Case No. 2009-408
Second Set Staff Data Requests
Date Received: December 7, 2009

STAFF-DR-02-003

REQUEST:

3. Refer to Item 3.a. of Duke Kentucky's response to Commission Staffs First Data Request.
 - a. For 2010, Duke Kentucky projects that expenses will exceed revenues by \$1 13,895 for its Green Power program and \$160,920 for its Carbon Offset program. Explain Duke Kentucky's plans for recovering those expenses that exceed venues under its GoGreen program. Include in the explanation whether any of the expenses will be shared by the company, or if all expenses are expected to be recovered through revenues within the first three years of the program.
 - b. Describe, generally, the activities to be included in the Customer Acquisition line item of the two budgets represented in the response. Include in the description the reason for the variance in the amounts between the Go Green Budget and the Carbon Offset Budget for the Customer Acquisition line item.

RESPONSE:

- a. Duke Energy Kentucky expects to recover all of its expenses through revenues within the first three years.
- b. The variance between Go Green and Carbon Offset budgets can be attributed to additional funding for online social media using Facebook ads for Carbon Offsets. The ad designs have already been developed as part of a branded campaign launch in the Carolinas and can be leveraged with the launch in Kentucky. Our experience in funding various online ads showed Facebook most effective in reaching the target market.

PERSON RESPONSIBLE: John D. Langston

Duke Energy Kentucky, Inc.
Case No. 2009-408
Second Set Staff Data Requests
Date Received: December 7, 2009

STAFF-DR-02-004

REQUEST:

4. Refer to Item 7 of Duke Kentucky's response to Commission Staff's First Data Request. Duke Kentucky states that research gauging customer satisfaction and experience with the GoGreen Kentucky program will be performed by its Market Analytics group.

- a. Is similar research conducted by Duke Energy Ohio (Duke Ohio) and Duke Energy Indiana (Duke Indiana)?
 1. If yes, explain whether the results of the research indicate whether customer experience with the green power programs in those states has been favorable.
 2. Provide copies of written or online survey forms, or telephone survey scripts used by Duke Ohio or Duke Indiana to measure customer satisfaction with their GoGreen programs.
- b. Duke Kentucky indicates that the estimated cost of the market research is \$10,000 to \$15,000. Explain whether the estimate is an annual expense. Include in the explanation whether the research expense is expected to begin in the first year of the program, or if some period of time for data accumulation must occur before Duke Kentucky begins to incur research expenses.

RESPONSE:

- a. No. However; an on line Customer Satisfaction survey is currently being developed by the Market Analytics Group to be used in Indiana, Ohio, and Kentucky. Duke Energy Kentucky will supplement when the survey is available.
- b. \$ 10,000- \$15,000 is an estimate and would be an annual expense. Research expenses would be incurred right away for recruiting cost, and survey development costs.

PERSON RESPONSIBLE: John D. Langston

Duke Energy Kentucky, Inc.
Case No. 2009-408
Second Set Staff Data Requests
Date Received: December 7, 2009

STAFF-DR-02-005

REQUEST:

5. Refer to Item 9.b.1. of Duke Kentucky's response to Commission Staffs First Data Request. 3Degrees Group, Inc. and Carbon Solutions Group, LLC have been selected by Duke Energy, Inc. as third-party brokers in other projects. Explain whether Duke Kentucky also intends to use the services of 3Degrees and Carbon Solutions Group. If the services of these brokers are to be used, explain the process used in selecting the brokers and identify the factors used by Duke Kentucky in making its selections.

RESPONSE:

Renewable energy certificates (RECs) and carbon credits (CCs) are available from a number of providers, including 3Degrees Group Inc. and Carbon Solutions Group. Duke Energy will generally bid for RECs and CCs using the services of brokers that are in contact with a variety of providers on a daily basis, maintaining the markets. Duke Energy has a good understanding of these markets and can usually get pricing from more than one source for comparison purposes at the time we need to transact.

PERSON RESPONSIBLE: John D. Langston