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Dianne B. Kuhnell  
Senior Paralegal

**VIA OVERNIGHT DELIVERY**

December 16, 2009

**RECEIVED**

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**PUBLIC SERVICE  
COMMISSION**

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

Re: Case No. 2009-00429

Dear Mr. Derouen:

Enclosed please find an original and nine copies of Duke Energy Kentucky Inc.'s Public response to Staff-DR-01-007 in Staff's First Set of Data Requests and Petition for Confidential Treatment in the above captioned case. Also enclosed in the white envelope is one set of the confidential response to Staff-DR-01-007 being filed under seal.

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

Sincerely,

Dianne B. Kuhnell  
Senior Paralegal

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**PUBLIC SERVICE  
COMMISSION**

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

BACK-UP POWER SUPPLY PLAN )  
OF DUKE ENERGY KENTUCKY, INC. ) CASE NO. 2009-00429

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**PETITION OF  
DUKE ENERGY KENTUCKY, INC.  
FOR CONFIDENTIAL TREATMENT OF INFORMATION**

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Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Requesting Party), pursuant to 807 KAR 5:001, Section 7, requests the Commission to protect as confidential certain information contained in the response to No. 7 in the Commission Staff's First Data Request dated December 3, 2009. In support thereof, Duke Energy Kentucky states:

1. Duke Energy Kentucky has filed today its responses to the Commission Staff's First Data Request dated December 3, 2009. The response to No. 7 in these responses to data requests contains the cost of various back-up power supply plans for 2010-2014. As required by 807 KAR 5:001, Section 7(2)(b), Duke Energy Kentucky is providing one copy of the information under seal.

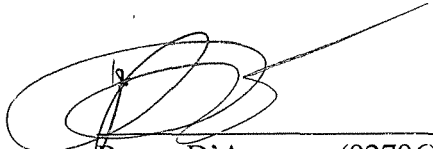
2. The Kentucky Open Records Act exempts from disclosure certain commercial information. KRS 61.878 (1)(c). To qualify for this exemption and, therefore, maintain the confidentiality of the information, a party must establish that disclosure of the commercial information would permit an unfair advantage 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.

3. Duke Energy Kentucky seeks confidential treatment for the prices for various back-up power supply plans because these prices resulted from a confidential competitive bidding process. If the prices are publicly disclosed this would deter bidders from submitting bids in response to future requests for proposals. Additionally, these prices could be used as a floor for future bids, resulting in higher prices than would be the case if the information is not publicly disclosed. Once again, this would cause competing purchasers of energy to have access to the lower cost supplies. The Commission has previously treated this type of information as confidential in Case No. 2008-00522.

4. The information for which Duke Energy Kentucky is seeking confidential treatment is not known outside of Duke Energy Kentucky, and it is not disseminated within Duke Energy Kentucky except to those employees with a legitimate business need to know and act upon the information.

5. The public interest will be served by granting this Petition, in that keeping this information confidential will afford Duke Energy Kentucky the ability to continue providing reliable service at a reasonable rate for its Kentucky consumers than would occur if the information were publicly disclosed.

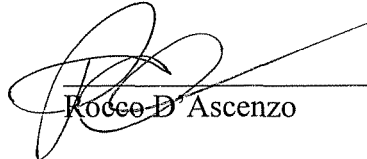
WHEREFORE, Duke Energy Kentucky respectfully requests that the Commission classify and protect as confidential the specific information described herein. Respectfully submitted,



Rocco D'Ascenzo (92796)  
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Amy B. Spiller (85309)  
Associate General Counsel  
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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was served on the following parties of record by first class, U.S. mail, postage prepaid this 16<sup>th</sup> day of December, 2009.



Rocco D'Ascenzo

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

Duke Energy Kentucky, Inc.

Case No. 2009-00429

First Set Staff Data Requests

Date Received: December 3, 2009

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PUBLIC SERVICE  
COMMISSION

STAFF-DR-01-007 PUBLIC

**REQUEST:**

Refer to pages 11 and 12 of the application. Given that Plan G is slightly less expensive than Plan F on a five-year planning horizon, with the cost for years four and five significantly less on an annual basis than the cost for years one through three, explain what consideration, if any, was given to establishing a five-year back-up power supply plan rather than a three-year plan.

**RESPONSE:**

In investigation of the 5-year plan in comparison to the 3-year plan, a data error in previous analysis on plan G was identified. With the data corrected below, plan G would be slightly less than plan F for both the 3-year and 5-year plan, making Plan G the better choice for both periods.

Below is the data table 7 and data table 8 with cost estimate for Plan G corrected (there is no change on cost estimate of other plans except Plan G):

**CONFIDENTIAL PROPRIETARY TRADE SECRET**

**Table 7 – Comparison of 2010-2012 Plan Costs**

3-Year 2010-2012 Plans	Supply Plan	Total Cost for Backup Power Supply
A	FRP Bid #13A	██████████
B	FRP Bid #24	██████████
C	FRP Bid #18	██████████
D	FRP Bid #14A	██████████
E	FRP Bid #23	██████████
F	Daily energy purchase from MISO market for all outages (forced and planned)	██████████
G	Daily energy purchase from MISO market for forced outages; Fixed Forward price purchase for planned outages	██████████

**Table 8 – Comparison of 2010-2014 Plan Costs**

5-Year 2010-2014 Plans	Supply Plan	Total Cost for Backup Power Supply
A	RFP Bid #33	██████████
B	RFP Bid #13B	██████████
C	RFP Bid #27	██████████
D	RFP Bid #32	██████████
E	RFP Bid #14B	██████████
F	Daily energy purchase from MISO market for all outages (forced and planned)	██████████
G	Daily energy purchase from MISO market for forced outages; Fixed Forward price purchase for planned outages	██████████

The variance comes from the CBM model’s projection of hourly power price shape in the future: Plan F assume Duke Kentucky will purchase power from the MISO market on daily basis as needed while Plan G will cover the planned outage using monthly Forward fixed price power contracts.

Duke Kentucky will continue with Plan G as it remains the most reasonably priced plan while achieving good balance between cost and risk mitigation.

**PERSON RESPONSIBLE:** Sufeng Zhu