



DUKE ENERGY CORPORATION

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VIA OVERNIGHT DELIVERY

November 12, 2012

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

RECEIVED

NOV 13 2012

PUBLIC SERVICE
COMMISSION

**Re: Case No. 2012-455
In the Matter of the Application of Duke Energy Kentucky, Inc. for Approval to
Continue its GoGreen Kentucky Program**

Dear Mr. Derouen:

Enclosed please find an original and twelve copies of *Duke Energy Kentucky, Inc.'s Responses to Commission Staff's First Set of Data Requests* in the above captioned case.

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

Sincerely,

Kristen Cocanougher

cc: Dennis Howard II.

VERIFICATION

State of Ohio)
) SS:
County of Hamilton)

The undersigned, Jim Ziolkowski, being duly sworn, deposes and says that he is the Rates Manager, and that the matters set forth in the foregoing testimony are true and accurate to the best of his knowledge, information and belief.

Jim Ziolkowski
Jim Ziolkowski, Affiant

Subscribed and sworn to before me by Jim Ziolkowski on this 9th day of November 2012.

E. Minna Rolfes
NOTARY PUBLIC

My Commission Expires: 7/8/17



E. MINNA ROLFES
Notary Public, State of Ohio
My Commission Expires
July 8, 2017

VERIFICATION

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

The undersigned, Casey Mather, being duly sworn, deposes and says that he is the Managing Director, Mass Market Strategy & Market Plans, and that the matters set forth in the foregoing testimony are true and accurate to the best of his knowledge, information and belief.

Casey Mather
Casey Mather, Affiant

Subscribed and sworn to before me by Casey Mather on this 8th day of November 2012.

Patricia W. Townsend
NOTARY PUBLIC

My Commission Expires: 6/24/2014

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STAFF-DR-01-001

REQUEST:

Refer to Duke Kentucky's Application, paragraph 5, page 3. It states, "Similar green power offerings are currently available to customers of Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc."

- a. Explain whether the tariffs of the current and proposed green power offerings for Duke Energy Ohio, Inc. and Duke Energy Indiana, Inc. are identical or similar, since the advertising and promotion of these tariffs could be seen by Duke Energy customers in Indiana, Ohio, and Kentucky.
- b. What is the current pricing structure for the Renewable Energy Credit component of Duke Energy Ohio, Inc. and Duke Energy Indiana, Inc.?

RESPONSE:

- a. Please see STAFF-DR-01-001 Attachments 1, 2, and 3.

Staff-DR-01-001 Attachment (1) is a copy of Duke Energy Ohio's current Rider GP, Sheet No. 79.4.

Staff-DR-01-002 Attachment (2) is a copy of Duke Energy Indiana's current Standard Contract Rider No. 56, GOGREEN.

Staff-DR-01-003 Attachment (3) is a copy of Duke Energy Ohio's proposed revised Rider GP, Sheet No. 79.5 that was filed in the Company's pending electric distribution base rate case, Case No 12-1682-EL-AIR.

Similarities in Tariffs:

- Product value = 100 kWh blocks for all 3 states

Similarities in Promotion:

- Design and use of "GoGreen"
- Promotion Channels (Bill inserts, Email, etc)

- Educational video – Generic to all Green Power programs
- E-Newsletter (quarterly)- Same main topics and theme
- Welcome kits to subscribers – Similar form letter, confirmation and decal

Thank you letters to subscribers – Similar form letter but update on green power supported varies by state.

b. GG OH: \$1/100 kWh block or .01/kWh

GG IN: \$2/100 kWh block or .02/kWh

PERSON RESPONSIBLE: James E. Ziolkowski
Casey Mather

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O Electric No. 19
Sheet No. 79.4
Cancels and Supersedes
Sheet No. 79.3
Page 1 of 2

RIDER GP

GOGREEN RIDER

APPLICABILITY

Applicable to all customers who wish to purchase GoGreen units from the Company-sponsored GoGreen program and who enter a service agreement with the company. This rider will be available until December 31, 2011.

DEFINITION OF GOGREEN

GoGreen supports alternative energy sources brought into service on or after 1997, such as:

Wind, Solar Photovoltaic, Biomass Co-firing of Agricultural Crops, Hydro – as certified by the Low Impact Hydro Institute, Incremental Improvements in Large Scale Hydro, Coal Mine Methane, Landfill Gas, Biogas Digesters, Biomass Co-firing of All Woody Waste including mill residue, but excluding painted or treated lumber.

The GoGreen Program includes the purchase of Renewable Energy Certificates and/or Carbon Credits from the sources described above.

GOGREEN COMPETITIVE RETAIL ELECTRIC SERVICE MARKET PRICE

1. Rate RS, Rate RSLI, Rate RS3P, Rate TD-AM, Rate TD-CPP_LITE, Rate TD-LITE, Rate ORH, and Rate TD:
For all GoGreen units\$1.00 per unit per month

Minimum purchase is two (2) 100 kWh units. Additional purchases to be made in 100 kWh unit increments.

2. All other rates:
Individually calculated GoGreen Rate per service agreement which may also include carbon credits.

NET MONTHLY BILL

Customers who participate under this Rider will be billed for electric service under all standard applicable tariffs including all applicable riders.

The purchase of GoGreen units, under this rider, will be billed at the applicable GoGreen Rate times the number of GoGreen units the customer has agreed to purchase per month. The customer's monthly bill will consist of the sum of all kWh billed at the applicable rate tariffs, including all applicable riders, and the agreed to GoGreen units billed at the applicable Green Power Rate.

Filed pursuant to an Order dated November 22, 2011 in Case No. 11-3549-EL-SSO before the Public Utilities Commission of Ohio.

Issued: December 19, 2011

Effective: January 1, 2012

Issued by Julie Janson, President

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O Electric No. 19
Sheet No. 79.4
Cancels and Supersedes
Sheet No. 79.3
Page 2 of 2

TERMS AND CONDITIONS

1. The customer shall enter into a service agreement with Company that shall specify the amount in GoGreen units and price of GoGreen units to be purchased monthly. Customer shall give Company thirty (30) days notice prior to cancellation of participation in this rider.
2. Funds from the GoGreen Rate will be used to purchase Renewable Energy Certificates and/or carbon credits from renewable and environmentally friendly sources as described in the DEFINITION OF GOGREEN section and for customer education, marketing, and costs of the GoGreen Program.
3. Renewable Energy Certificate ("REC") shall mean tradable units that represent the commodity formed by unbundling the environmental attributes of a unit of renewable or environmentally friendly energy from the underlying electricity. One REC would be equivalent to the environmental attributes of one MWH of electricity from a renewable or environmentally friendly generation source.
4. Company may transfer RECs or Carbon Credits at the prevailing wholesale market prices to and from third parties, including affiliated Companies.
5. Company reserves the right to terminate the Rider or revise the pricing or minimum purchase amount of the Rider after giving 60 days notice.
6. Carbon Credit shall mean tradable units that represent the reduction of the release of a greenhouse gas in the equivalent of one ton CO₂.

Company may obtain carbon credits from purchased power, company owned generation, or purchased with funds collected from this rider.

SERVICE REGULATIONS

The billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio

Filed pursuant to an Order dated November 22, 2011 in Case No. 11-3549-EL-SSO before the Public Utilities Commission of Ohio.

Issued: December 19, 2011

Effective: January 1, 2012

Issued by Julie Janson, President

Duke Energy Indiana, Inc.
1000 East Main Street
Plainfield, Indiana 46168

IURC NO. 14
Fourth Revised Sheet No. 56
Cancels and Supersedes
Third Revised Sheet No. 56
Page 1 of 2

STANDARD CONTRACT RIDER NO. 56

Duke Energy Indiana, Inc. GOGREEN

APPLICABILITY

Applicable to any customer who wishes to purchase "Green Power" and/or Carbon Credits from the Company-sponsored "GoGreen" program.

DEFINITION OF GREEN POWER

Green Power includes energy generated from renewable and/or environmentally friendly sources, including:

Wind, Solar Photovoltaic, Biomass Co-firing of Agricultural Crops and All energy crops, Hydro – as certified by the Low Impact Hydro Institute, Incremental Improvements in Large Scale Hydro, Coal Mine Methane, Landfill Gas, Biogas Digesters, Biomass Co-firing of All Woody Waste including mill residue, but excluding painted or treated lumber.

Green Power includes the purchase of Renewable Energy Certificates and/or Carbon Credits from the sources described above.

GREEN POWER RATE

1. Rates RS and CS:

For all Green Power kWh purchased per month \$0.020 per kWh

Minimum kWh purchase is 200 kWh. Additional purchases to be made in 100 kWh block increments.

2. HLF and LLF, and all other rates:

Individually, customers will enter into a service agreement with a calculated Green Power Rate.

CARBON OFFSET RATE

1. Carbon Credits will be offered to RS and CS customers as carbon offset blocks of 500 lbs. of CO₂ purchased per month...\$4.00 per 500 lb. block per month.
2. HLF and LLF, and all other rates will have carbon credit purchases individually calculated and included in the service agreement mentioned above.

NET MONTHLY BILL

Customers who participate under this rider will be billed for electric service under all standard applicable tariffs including all applicable riders.

The purchase of Green Power, under this rider, will be billed at the applicable Green Power Rate times the amount of Green Power kWh the customer has agreed to purchase per month.

The customer's monthly bill will consist of the sum of all kWh billed at the applicable rate tariffs, including all applicable riders, and the agreed to Green Power kWh blocks billed at the applicable Green Power Rate.

Issued: July 22, 2009

Effective: July 22, 2009

Duke Energy Indiana, Inc.
1000 East Main Street
Plainfield, Indiana 46168

IURC NO. 14
Fourth Revised Sheet No. 56
Cancels and Supersedes
Third Revised Sheet No. 56
Page 2 of 2

The purchase of Carbon Credits, under this rider, will be billed at the applicable Carbon Offset Rate times the amount of carbon credit blocks the customer has agreed to purchase per month. The customer's monthly bill will consist of the sum of all kWh billed at the applicable rate tariffs, including all applicable riders, all Green Power kWh purchases, and the agreed to carbon credits blocks billed at the applicable Carbon Offset Rate.

TERMS AND CONDITIONS

1. The customer shall enter into a service agreement with Company that shall specify the amount in kWh blocks and price of Green Power to be purchased monthly, or the amount of carbon credits. Customer shall give Company thirty (30) days notice prior to cancellation of participation in this rider.
2. Funds from the Green Power Rate will be used to purchase Renewable Energy Certificates from renewable and environmentally friendly sources as described in the DEFINITION OF GREEN POWER section and for customer education, marketing, and costs of the GoGreen Program.
3. Renewable Energy Certificate ("REC") shall mean tradable units that represent the commodity formed by unbundling the environmental attributes of a unit of renewable or environmentally friendly energy from the underlying electricity. One REC would be equivalent to the environmental attributes of one MWh of electricity from a renewable or environmentally friendly generation source.
4. Funds from the Carbon Offset Rate will be used to purchase carbon offsets/credits.
5. Company may transfer RECs or Carbon Credits at the prevailing wholesale market prices to and from third parties, including affiliated Companies.
6. Company reserves the right to terminate the Rider or revise the pricing or minimum purchase amount of the Rider after giving 60 days notice.
7. Carbon Credit shall mean tradable units that represent the reduction of the release of a greenhouse gas in the equivalent of one ton CO₂.
8. Company may obtain carbon credits from purchased power, company owned generation, or purchased with funds collected from this rider.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction and Orders of the Indiana Utility Regulatory Commission and the Company's General Terms and Conditions, as filed with the Indiana Utility Regulatory Commission.

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O Electric No. 19
Sheet No. 79.5
Cancels and Supersedes
Sheet No. 79.4
Page 1 of 2

RIDER GP

GOGREEN RIDER

APPLICABILITY

Applicable to all customers who wish to purchase GoGreen units from the Company-sponsored GoGreen program and who enter a service agreement with the Company.

DEFINITION OF GOGREEN

GoGreen supports alternative energy sources brought into service on or after 1997, such as:

Wind, Solar Photovoltaic, Biomass Co-firing of Agricultural Crops, Hydro – as certified by the Low Impact Hydro Institute, Incremental Improvements in Large Scale Hydro, Coal Mine Methane, Landfill Gas, Biogas Digesters, Biomass Co-firing of All Woody Waste including mill residue, but excluding painted or treated lumber.

The GoGreen Program includes the purchase of Renewable Energy Certificates (RECs) from the sources described above.

GOGREEN COMPETITIVE RETAIL ELECTRIC SERVICE MARKET PRICE

For all GoGreen units\$1.00 per unit per month

Minimum purchase is two (2) 100 kWh units. Additional purchases to be made in 100 kWh unit increments.

NET MONTHLY BILL

Customers who participate under this Rider will be billed for electric service under all standard applicable tariffs, including all applicable riders.

The purchase of GoGreen units, under this Rider, will be billed at the applicable GoGreen Rate times the number of GoGreen units the customer has agreed to purchase per month. The customer's monthly bill will consist of the sum of all kWh billed at the applicable rate tariffs, including all applicable riders, and the agreed to GoGreen units billed at the applicable Green Power Rate.

Filed pursuant to an Order dated ____ in Case No. 12-1682-EL-AIR before the Public Utilities Commission of Ohio.

Issued: _____

Effective: ____

Issued by Julie Janson, President

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O Electric No. 19
Sheet No. 79.5
Cancels and Supersedes
Sheet No. 79.4
Page 2 of 2

TERMS AND CONDITIONS

1. The customer shall enter into a service agreement with Company that shall specify the amount of GoGreen units and price of GoGreen units to be purchased monthly. Customer shall give Company thirty (30) days notice prior to cancellation of participation in this rider.
2. Funds from the GoGreen Rate will be used to purchase RECs from renewable and environmentally friendly sources as described in the DEFINITION OF GOGREEN section and for customer education, marketing, and costs of the GoGreen Program.
3. RECs shall mean tradable units that represent the commodity formed by unbundling the environmental attributes of a unit of renewable or environmentally friendly energy from the underlying electricity. One REC would be equivalent to the environmental attributes of one MWH of electricity from a renewable or environmentally friendly generation source.
4. Company may transfer RECs at the prevailing wholesale market prices to and from third parties, including affiliated companies.
5. Company reserves the right to terminate the Rider or revise the pricing or minimum purchase amount of the Rider after giving sixty (60) days notice.

SERVICE REGULATIONS

The billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Utilities Commission of Ohio, and to the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

Filed pursuant to an Order dated _____ in Case No. 12-1682-EL-AIR before the Public Utilities Commission of Ohio.

Issued: _____

Effective: ____

Issued by Julie Janson, President

STAFF-DR-01-002

REQUEST:

In response to Item 3 of Commission Staffs Second Request for Information, in Case No. 2009-00408,¹ it states, “Duke Energy Kentucky expects to recover all of its expenses through revenues within the first three years.”

- a. Explain whether Duke Kentucky has achieved that goal.
- b. If the response to item 1.a. is negative, identify when Duke Kentucky expects to meet that goal.
- c. If program expenses are not recovered through program revenues, explain whether expenses are being recovered through customers that are not participants in the *GoGreen* program.

RESPONSE:

- a. No, this goal has not been achieved.
- b. Revenue has grown by 62% over the past 12 months due to increased customer awareness of the offer and the convergence of successful marketing campaigns and strategy. The GoGreen concept is gaining traction with customers. Duke Energy Kentucky expects to see further participation growth with continued promotion and a price reduction in 2013, to generate a self sustaining program by 1Q 2015.
- c. Duke Energy Kentucky's most recent electric base rate increase was in 2007, prior to the establishment of the Go Green program, so no Go Green program costs are included in base rates. All program costs that are not covered by the rider participants are impacting Duke Energy Kentucky's earnings.

PERSON RESPONSIBLE: Casey Mather

¹ Case No. 2009-00408, Application of Duke Energy Kentucky, Inc. for Approval of a New Green Power Pilot Program (Duke Energy's GoGreen Kentucky) (Ky. PSC Feb. 5, 2010).

STAFF-DR-01-003

REQUEST:

- a. Provide a summary of promotional and administration expenses incurred by the *GoGreen* program for each year since the program began through 2011.
- b. Explain whether the promotional and administration expenses are currently fully recovered.
- c. If the answer to part b. is no, explain when Duke Kentucky expects these expenses will begin to be fully recovered.
- d. Provide separately the actual revenues and expenses for the Green Power and Carbon Offsets programs to date for 2012.
- e. Provide separately the projected number of participants, annual revenues, and expenses for the Green Power and Carbon Offsets programs for years 2012, 2013, and 2014.

RESPONSE:

- a. 2010:
Marketing: \$150
Administrative: \$13,915
Total Marketing & Administrative Costs: \$14,065

2011:
Marketing: \$6,807
Administrative: \$8,242
Total Marketing & Administrative Costs: \$15,699
- b. Currently, the program expenses are not fully recovered by program participant contributions. The total shortfall for 2010 and 2011 is \$23,702.

c. Duke Energy Kentucky expects further participation growth to build a self sustaining program and customer base by 1Q 2015.

d. Oct. 2012 YTD

Green Power:

Revenues: \$6,950

Expenses: \$16,568

Carbon Offsets:

Revenues: \$520

Expenses: \$5,307

e.

Green Power

Projections	2012	2013	2014
Participants:	128	161	226
Revenues:	\$8,340	\$10,508	\$14,712
Expenses:	18,908	16,151	16,571
Net Revenue:	\$(10,568)	\$(5,642)	\$(1,859)

**Carbon
Projections**

	2012	2013	2014
Participants:	6	6	6
Revenues:	\$624	\$624	\$624
Expenses:	6,360	6,360	6,360
Net Revenue:	\$(5,736)	\$(5,736)	\$(5,736)

PERSON RESPONSIBLE: Casey Mather

**Duke Energy Kentucky
Case No. 2012-455
Staff First Set Data Requests
Date Received: October 31, 2012**

STAFF-DR-01-004

REQUEST:

Duke Kentucky proposes to reduce the price of the Renewable Energy Credit (“REC”) component to \$1.00 per 100 kWh block with a minimum monthly purchase of two 100 kWh blocks. Considering this reduction, explain whether Duke Kentucky still expects to fully recover the expenses incurred by the *GoGreen* program, and if so, when.

RESPONSE:

Duke Energy Kentucky’s GoGreen program revenues have grown over 60% this year. GoGreen expects continued promotion and a price reduction in 2013 to build a self sustaining program by 2015. This assumes most customers, given a choice to opt to the lower billing rate, will maintain their current contribution rate, thereby doubling their value of Renewable Energy Credits. In addition to creating more value for current subscribers, the new lower price will reach more new subscribers and help to build a larger revenue base.

PERSON RESPONSIBLE: Casey Mather

**Duke Energy Kentucky
Case No. 2012-455
Staff First Set Data Requests
Date Received: October 31, 2012**

STAFF-DR-01-005

REQUEST:

- a. Provide a summary of promotional and administration expenses incurred by the Carbon Offset program for each year since the program began through 2011.
- b. Explain whether the promotional and administration expenses are being fully recovered.
- c. If the answer to part b. is no, explain when Duke Kentucky expects these expenses will begin to be fully recovered.

RESPONSE:

- a. 2010:
Marketing: \$39,503
Administrative: \$13,915
Total M&A: \$53,418

2011:
Marketing: \$5,691
Administrative: \$9,304
Total M&A: \$14,995

- b. No.
- c. No expectations to fully recover expenses from revenue given current participation.

PERSON RESPONSIBLE: Casey Mather

**Duke Energy Kentucky
Case No. 2012-455
Staff First Set Data Requests
Date Received: October 31, 2012**

STAFF-DR-01-006

REQUEST:

Refer to page 5, Item II, B., of Duke Kentucky's 2011 annual informational report. Given the monthly number of participants is unchanged for 2011, explain whether Duke Kentucky plans any further promotional efforts for this program.

RESPONSE:

There are minimal promotional efforts to maintain the program.

PERSON RESPONSIBLE: Casey Mather

STAFF-DR-01-007

REQUEST:

Refer to the Rider GP, Second Revised Sheet No. 88, page 1, approved in Case No. 2009-00408.¹ The definition of green power and carbon offsets states the following:

Green Power includes energy generated from renewable and/or environmentally friendly sources, including:

Wind, Solar Photovoltaic, Biomass Co-firing of Agricultural Crops and All energy crops, Hydro - as certified by the Low Impact Hydro Institute, Incremental Improvements in Large Scale Hydro, Coal Mine Methane, Landfill Gas, Biogas Digesters, Biomass Co-firing of All Woody Waste including mill residue, but excluding painted or treated lumber. Green Power includes the purchase of Renewable Energy Certificates.

Carbon Offsets are financial instruments representing a reduction in greenhouse gas emissions. One Carbon Credit represents the reduction of one metric ton of carbon dioxide (CO₂) or its equivalent in other greenhouse gases. Each Carbon Offset available under this tariff represents a 500 pound (lbs) block reduction of CO₂ (approximately ¼ of a Carbon Credit).

- a. Provide the percentage breakdown of the revenues derived by the sources of renewable and/or environmentally friendly energy as defined by above for 2009, 2010, and 2011.
- b. Explain how Duke Kentucky determines that each of the renewable and/or environmentally friendly sources as defined above, is in fact a “renewable and/or environmentally friendly” source under the terms of its tariff.

RESPONSE:

- a. Green Power inventory: 100% Green E Certified wind RECs
Carbon Offset inventory: 100% Landfill Gas certified Carbon Credits
- b. Program inventory purchased in competitive open market - Green E certified RECs or Green E Climate certified Carbon Offsets.

PERSON RESPONSIBLE: Casey Mather

¹ *Id.*

**Duke Energy Kentucky
Case No. 2012-455
Staff First Set Data Requests
Date Received: October 31, 2012**

STAFF-DR-01-008

REQUEST:

Refer to footnote 2 in the Application of Case No. 2009-004083 where it states the following:

In addition, the Company is looking into the potential of an IRS 501(c)3, not-for profit corporation to operate and manage the *Duke Energy's GoGreen Kentucky* Program. Through such a not-for-profit, 100% voluntary customer monthly payments to *Duke Energy's GoGreen Kentucky* could be tax deductible. The Company is not currently asking for approval to transfer the program to a not-for-profit, but it may do so in the future.

Explain the status of Duke Kentucky's evaluation of a potential IRS 501 (c)(3) not-for profit corporation to operate and manage the Duke Energy's *GoGreen Kentucky* Program.

RESPONSE:

This has been discontinued.

PERSON RESPONSIBLE: Casey Mather