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Dianne B. Kuhnell
Senior Paralegal

VIA OVERNIGHT DELIVERY

March 26, 2010

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

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MAR 29 2010
PUBLIC SERVICE
COMMISSION

Re: Administrative Case No. 387 – Annual Load/Demand Forecast Report

Dear Mr. Derouen:

Enclosed please find updated redacted responses to Commission data requests filed annually as ordered in Administrative Case No. 387, ¶ 2, dated October 7, 2005. These updated responses are being filed separately from the Annual Reporting of Duke Energy Kentucky upon request.

We have included the unredacted updated responses in a separate envelope to be filed under seal. Also enclosed is a Petition for Confidential Treatment for your consideration in the above referenced matter.

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

Sincerely,

Dianne B. Kuhnell
Senior Paralegal

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PUBLIC SERVICE
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COMMONWEALTH OF KENTUCKY
BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

PETITION OF DUKE ENERGY KENTUCKY, INC.
FOR CONFIDENTIAL TREATMENT OF CERTAIN INFORMATION
FILED FOR CALENDAR YEAR 2009

Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), pursuant to Commission Order filed October 7, 2005 in Administrative Case 387, respectfully requests the Commission to classify and protect certain information provided by Duke Energy Kentucky filed for calendar year 2009 as required by 807 KRS 5:080, Section 2 (1). The information Duke Energy Kentucky seeks confidential treatment (*Confidential Information*) includes base case demand and energy forecasts for the current year and the following four years (No. 6) and current scheduled outages for East Bend 2, Miami Fort 6, and Woodsdale CT 1-6 (No. 11). The response in No. 6 and No. 11 contains sensitive information, the disclosure of which would injure Duke Energy Kentucky and its competitive position and business interests. The public disclosure of the information described above would place Duke Energy Kentucky at a commercial disadvantage as it would provide a list of projected demand which could provide power marketing competitors with knowledge that will allow them potentially to manipulate the marketplace so as to unnecessarily cause consumers to pay more for electricity than they otherwise would. A list of projected outage duration will grant competitors a distinct advantage in that they would be able to anticipate Petitioners' generation needs and availability.

In support of this Motion, Duke Energy Kentucky notes that the Commission has treated this same information as confidential in the Company's response to data requests in its Case No. 2009-289.

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. Public disclosure of projected demand and energy forecasts (No. 6) would afford Duke Energy Kentucky's a distinct competitive advantage in bidding for and securing new bulk power loads and afford an obvious advantage to Duke Energy Kentucky's wholesale power purchasers and sellers in any contractual negotiations.

3. Likewise, public disclosure of information regarding Duke Energy Kentucky's plant maintenance schedules (No. 11) would provide critical "down time" information which would necessarily impair Duke Energy Kentucky's ability to negotiate with prospective contractors and vendors.

4. The information in No. 6 and No. 11 was developed 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. The aforementioned information in all four responses is distributed within 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.

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

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

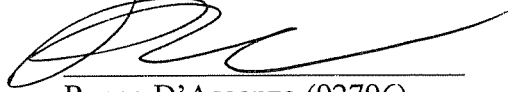
9. As noted before, the Commission has treated the same information described herein as confidential in the Company's response to data requests in its Case No. 2009-289.

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 two 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



Rocco D'Ascenzo (92796)

Senior Counsel

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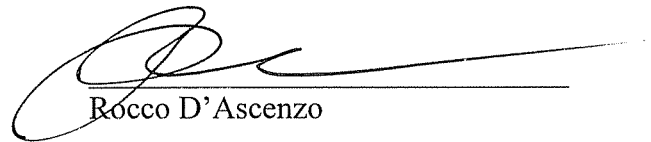
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of Duke Energy Kentucky, Inc.'s Petition for Confidential Treatment of Certain Information was served on the following by overnight mail, this 25 day of March 2010.



Rocco D'Ascenzo

Honorable Dennis G. Howard, II
Honorable David E. Spenard
Assistant Attorneys General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

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REQUEST:

3. Actual and weather-normalized monthly coincident peak demands for the just completed calendar year. Demands should be disaggregated into (a) native load demand (firm and non-firm) and (b) off-system demand (firm and non-firm).

RESPONSE:

Actual and weather-normalized monthly coincident peak native load demands for 2009 are provided in the table below. Duke Energy Kentucky does not have any off-system firm demands. The table does provide off-system non-firm demands. Weather normal values for the off-system demands are not available.

**Duke Energy Kentucky
Electric Energy Demands – Mw
2009**

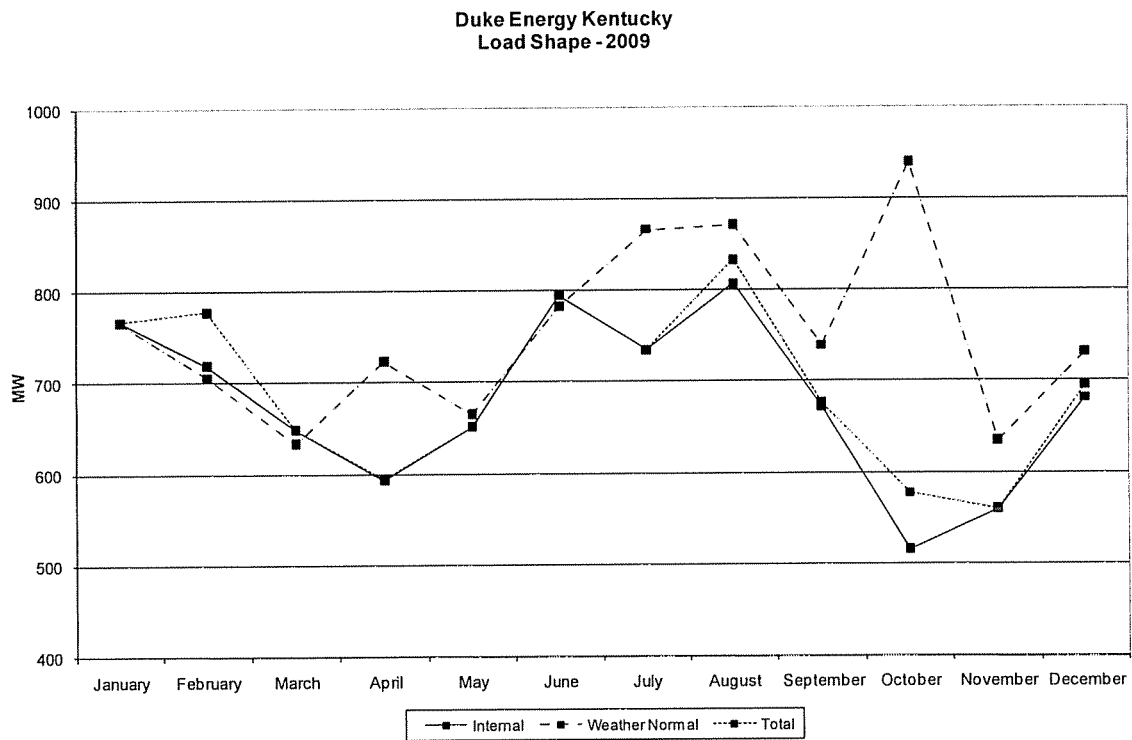
	Native	Internal	Weather Normal	Off-System Non-Firm
January	768	768	767	0
February	720	720	707	58
March	649	649	634	0
April	594	594	724	0
May	652	652	666	0
June	796	796	784	0
July	736	736	867	0
August	808	808	872	26
September	673	673	740	4
October	516	516	940	62
November	560	560	636	0
December	682	682	732	14
Max	808	808	940	62

REQUEST:

- 4. Load shape curves that show actual peak demands and weather-normalized peak demands (native load demand and total demand) on a monthly basis for the just completed calendar year.

RESPONSE:

Total is the sum of Internal and Off-System non-firm.

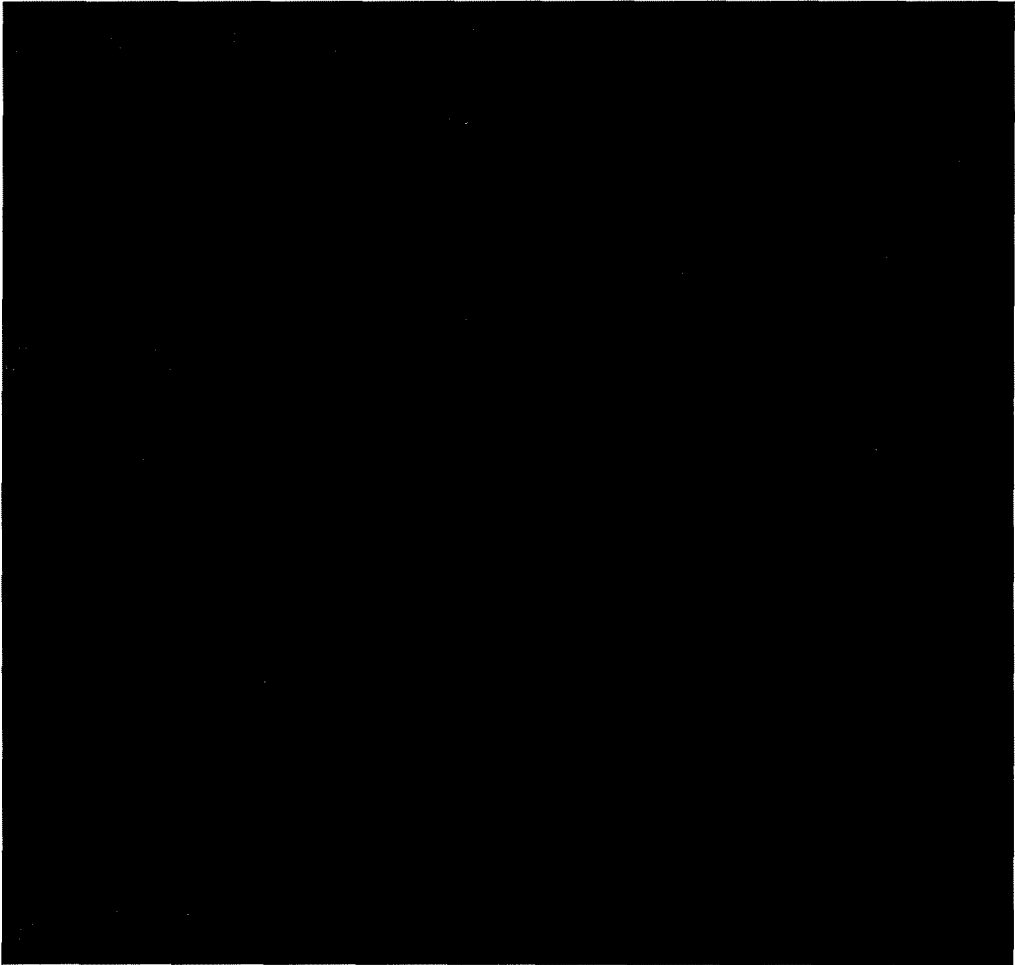


REQUEST:

- 6. Based on the most recent demand forecast, the base case demand and energy forecasts and high case demand and energy forecasts and high case demand and energy forecasts for the current year and the following four years. The information should be disaggregated into (a) native load (firm and non-firm demand) and (b) off-system load (both firm and non-firm demand).

CONFIDENTIAL PROPRIETARY TRADE SECRET

RESPONSE:



REQUEST:

7. The target reserve margin currently used for planning purposes, stated as a percentage of demand. If changed from what was in use in 2001, include a detailed explanation for the change.

RESPONSE:

As discussed in the Duke Energy Kentucky 2008 IRP filed on July 1, 2008, beginning in June 2008, Duke Energy Kentucky's reserve requirements were impacted by ReliabilityFirst, which has adopted a Resource Planning Reserve Requirement Standard that the Loss of Load Expectation (LOLE) due to resource inadequacy cannot exceed one occurrence in ten years (0.1 occurrence per year). Duke Energy Kentucky was a member of the Midwest Planning Reserve Sharing Group (PRSG) for the Planning Year June 2008-May 2009. On February 5, 2008, this group issued its preliminary report showing the required reserve margins for the Planning Year, with a minimum of 14.3% for the zone where Duke Energy Kentucky is located. This was the first year that the Midwest PRSG (with the Midwest ISO as the Group Administrator) performed this type of study, so there were many refinements to assumptions and methodologies that were anticipated to be incorporated in future studies. For that reason, the IRP was performed with a 15% reserve margin as the minimum target.

Since then, the reserve margin target has been evolving. The Midwest ISO has made changes to its tariff to include a long-term resource adequacy requirement similar to the ReliabilityFirst requirement.

The Planning Reserve Margin (PRM) that is assigned to each load serving entity (LSE) is on a UCAP (*i.e.*, unforced capacity) basis, such that the PRM on an ICAP (*i.e.*, installed capacity) basis is translated to PRM_{UCAP} by multiplying it by 1 minus the Midwest ISO system average equivalent forced outage rate excluding events outside of management control ($XEFOR_d$). Each capacity resource is valued at its unforced capacity rating (*i.e.*, installed rating multiplied by 1 minus the unit-specific $XEFOR_d$). With this methodology, units with better availability are credited with higher capacity value compared to units with poorer availability.

Compliance is assessed monthly by comparing the amount of Planning Resource Credits (PRCs)¹ with the monthly forecasted load multiplied by 1 plus the PRM_{UCAP} . For the 2010/11 Planning Year, Duke Energy Kentucky will be required to meet a PRM_{UCAP} of

¹ The categories of PRCs are Aggregate (*i.e.*, those universally deliverable), Local (*i.e.*, those locally deliverable including DR and BTMG), and External (*i.e.*, outside of MISO). 1 PRC is equal to 1 MW of UCAP capacity for generators or 1 MW of DR or BTMG.

4.5%, which is the equivalent of a PRM of 11.94% on an ICAP basis (the historical method used by Duke Energy Kentucky).

The Midwest ISO will be performing studies every year to determine the required PRM for the upcoming Planning Year, which will define the minimum reserve margin for Duke Energy Kentucky. For longer-term planning purposes, Duke Energy Kentucky believes that the result for the 2010/11 planning is somewhat indicative of what will be required in the future, so Duke Energy Kentucky will adopt approximately 11.94% reserve margin as a minimum target at this time. Duke Energy Kentucky will keep this Commission informed concerning Midwest ISO requirements in the future

REQUEST:

8. Projected reserve margins stated in megawatts and as a percentage of demand for the current year and the following 4 years. Identify projected deficits and current plans for addressing these. For each year identify the level of firm capacity purchases projected to meet native load demand.

RESPONSE:

The projected reserve margins for Duke Energy Kentucky are shown below:

Year	Projected Reserves (MW)	Projected Reserve Margin (%)	Firm Capacity Purchases Projected to Meet Demand (MW)
2010	198	23	0
2011	176	20	0
2012	325	37	0
2013	343	39	0
2014	344	39	0

There are no projected deficits.

REQUEST:

12. Identify all planned base load or peaking capacity additions to meet native load requirements over the next 10 years. Show the expected in-service date, size and site for all planned additions. Include additions planned by the utility, as well as those by affiliates, if constructed in Kentucky or intended to meet load in Kentucky.

RESPONSE:

There are no planned base load or peaking capacity additions required by Duke Energy Kentucky to meet native load requirements over the next 10 years.

REQUEST:

13. The following transmission energy data for the just completed calendar year and the forecast for the current year and the following four years:
- a. Total energy received from all interconnections and generation sources connected to the transmission system.
 - b. Total energy delivered to all interconnections on the transmission system.
 - c. Peak load capacity of the transmission system.
 - d. Peak demand for summer and winter seasons on the transmission system.

RESPONSE:

- a. All of the energy requirements of Duke Energy Kentucky are provided through the connections with the Duke Energy Ohio 69 and 138 kV system. See response to Question 6 that relates to the actual and forecasted values for energy.
- b: Since Duke Energy Kentucky does not have any generation connected to its transmission system and since the transmission system is planned, designed and operated to primarily serve the area load, and since the only two interconnections are operated normally open, there is no energy delivered from Duke Energy Kentucky to the interconnections.
- c: Neither Duke Energy Kentucky nor the electric utility industry has defined a term “peak load capacity of the transmission system.” There is no single number that defines the capacity of a transmission system due to the interconnected nature of the electric grid. Duke Energy Kentucky does perform assessments of its transmission system to ensure all firm loads can be served in a reliable manner. This ensures that the transmission system has the “capacity” required to reliably serve the load.
- d: See response to Item 6. Since Duke Energy Kentucky does not have any generation connected to its transmission system, the demand on the transmission system is equal to the Duke Energy Kentucky load requirements.

REQUEST:

14. Identify all planned transmission capacity additions for the next 10 years. Include the expected in-service date, size and site for all planned additions and identify the transmission need each addition is intended to address.

RESPONSE:

There are no transmission capacity additions planned at this time