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*E. Minna Rolfes*  
Paralegal  
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March 28, 2013

RECEIVED

MAR 29 2013

PUBLIC SERVICE  
COMMISSION

**VIA OVERNIGHT DELIVERY**

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

**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.

Should you have any questions or concerns, please do not hesitate to contact me.

Very truly yours,

E. Minna Rolfes  
Paralegal to Rocco D'Ascenzo

EMR  
Enclosures

557645

[www.duke-energy.com](http://www.duke-energy.com)

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED  
MAR 20 2013  
PUBLIC SERVICE  
COMMISSION

A Review of The Adequacy of )  
Kentucky's Generation Capacity and ) Administrative  
Transmission System ) Case No. 387

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**DUKE ENERGY KENTUCKY, INC.'S  
PETITION FOR THE CONFIDENTIAL TREATMENT OF CERTAIN  
INFORMATION FILED FOR CALENDAR YEAR 2012**

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Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company) respectfully submits this petition in accordance with 807 KAR 5:001 Section 13, seeking the confidential treatment of certain information filed for calendar year 2012:

1. On October 7, 2005, the Commission issued an Order in this proceeding requiring Duke Energy Kentucky to file responses to Commission's questions in Administrative Case No. 387 within the annual report filed with the Commission. On June 25, 2009, the Commission requested the Company file its annual load/demand forecast separately from its annual report filed with the Commission.

2. The Commission's regulations, in 807 KAR 5:001, provide that any person requesting confidential treatment of any material file a petition setting forth the grounds, pursuant to KRS 61.870 *et seq.*, upon which the Commission should classify that material as confidential.

3. Kentucky Revised Statute § 61.878(1)(c)(1) provides that records confidentially disclosed to an agency or required to be disclosed to the agency be exempt from Kentucky's open records statutes, KRS 61.870 *et seq.* where the records are

generally recognized as confidential or proprietary, and which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records.

4. Duke Energy Kentucky submits that the following information, if openly disclosed, could present antitrust issues by giving its competitors access to competitively sensitive, confidential information, which in turn could cause energy prices to consumers to be above competitive rates, and would permit competitors of Duke Energy Kentucky to gain an unfair competitive advantage in the marketplace:

- a. Scheduled outages or retirements of generating capacity during the current year and the following four years.

5. The above information, if openly disclosed, would grant competitors a distinct advantage in that they would be able to anticipate Duke Energy Kentucky generation costs. With this information, a competitor could take actions that in the absence of this information it would not take. Such actions might include adjusting its prices, either to win contracts on which Duke Energy Kentucky may also be bidding — business the competitors otherwise would not be in a position to win, or to set its prices artificially high to take advantage of such knowledge, the latter action obviously forcing consumers to pay higher prices for power.

6. The Commission granted confidential protection to this response to this same data request as part of the Company's annual updates in prior years.

7. Pursuant to 807 KAR 5:001 Section 13(2), Duke Energy Kentucky has attached to this Petition, under seal, one copy of No. eleven (11) of the Responses to the Commission's Information Requests and two copies of No. eleven (11) of the Responses to the Commission's Information Requests with the confidential material omitted or

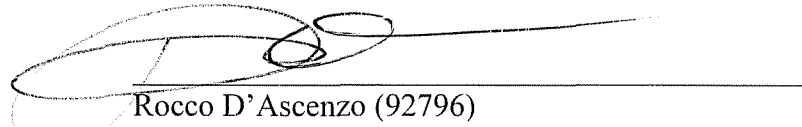
otherwise redacted. Duke Energy Kentucky respectfully requests that the Confidential Information be withheld from public disclosure for a period of five years. This will assure that the Confidential Information – if disclosed after that time – will no longer be commercially sensitive so as to likely impair the interests of the Company or its customers if publicly disclosed.

WHEREFORE, Duke Energy Kentucky respectfully request that the Commission:

1. Accept this Petition for filing;
2. Grant the information delineated herein confidential treatment in accordance with 807 KAR 5:001 Section 13 and KRS 61.870 *et seq.*

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.

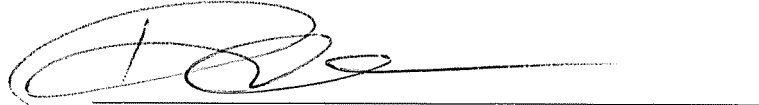


Rocco D'Ascenzo (92796)  
Associate General Counsel  
Amy B. Spiller (85309)  
Deputy General Counsel  
139 East Fourth Street  
1303 Main  
Cincinnati, Ohio 45201-0960  
Phone: (513) 287-4320  
Fax: (513) 287-4385  
e-mail: [rocco.d'ascenzo@duke-energy.com](mailto:rocco.d'ascenzo@duke-energy.com)

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing filing was served on the following via  
overnight mail, this 21<sup>st</sup> day of March, 2013:

Kentucky Public Staff  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky, 40601



Rocco D'Ascenzo

VERIFICATION

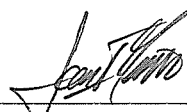
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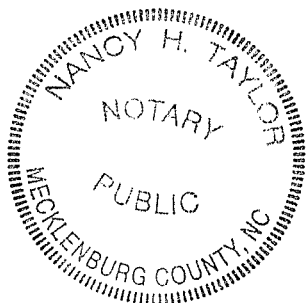
STATE OF NORTH CAROLINA )  
 ) SS:  
COUNTY OF MECKLENBURG )

The undersigned, Jose Merino, being duly sworn, deposes and says that he is employed by the Duke Energy Corporation affiliated companies as Director, Load Forecasting for Duke Energy Business Services, LLC; that on behalf of Duke Energy Kentucky, Inc., he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief after reasonable inquiry.



\_\_\_\_\_  
Jose Merino

Subscribed and sworn to before me by Jose Merino on this 8 day of March 2013.



*Nancy H. Taylor*  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: *January 26, 2017*

VERIFICATION

STATE OF NORTH CAROLINA )  
 ) SS:  
COUNTY OF MECKLENBURG )

The undersigned, Robert A. Mc Murry, being duly sworn, deposes and says that he is employed by the Duke Energy Corporation affiliated companies as Director Product Cost Modification & Analytics for Duke Energy Business Services, LLC; that on behalf of Duke Energy Kentucky, Inc., he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief after reasonable inquiry.

*Robert A. Mc Murry*  
Robert A. Mc Murry

Subscribed and sworn to before me by Robert A. Mc Murry on this 12<sup>th</sup> day of

~~March~~ 2013.

*JRS*

*February*

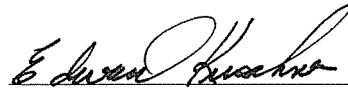
*Jimmie O. Stroud*  
NOTARY PUBLIC  
JIMMIE O. STROUD  
NOTARY PUBLIC  
GASTON COUNTY, NC  
MY COMMISSION EXPIRES 10/31/2013

My Commission Expires: *October 31, 2013*

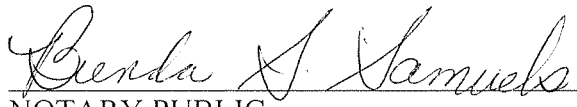
VERIFICATION

State of Indiana            )  
  )     SS:  
County of Hendricks        )

The undersigned, Edward Kirschner, being duly sworn, deposes and says that he is the Director of Transmission Planning, that he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief, after reasonable inquiry.

  
\_\_\_\_\_  
Edward Kirschner, Affiant

Subscribed and sworn to before me by Edward Kirschner on this 1<sup>st</sup>  
day of March 2013.

  
\_\_\_\_\_  
NOTARY PUBLIC

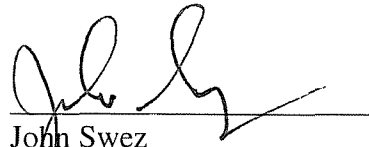
My Commission Expires: May 14, 2016



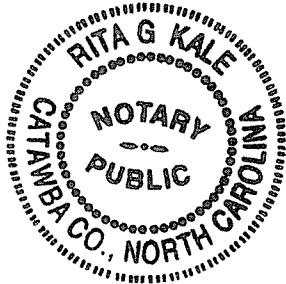
VERIFICATION

STATE OF NORTH CAROLINA            )  
  )  
COUNTY OF MECKLENBURG            )        SS:

The undersigned, John Swez, being duly sworn, deposes and says that he is employed by the Duke Energy Corporation affiliated companies as Director, Generation Dispatch & Operations for Duke Energy Business Services, LLC; that on behalf of Duke Energy Kentucky, Inc., he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief after reasonable inquiry.

  
\_\_\_\_\_  
John Swez

Subscribed and sworn to before me by John Swez on this 20 day of March 2013.



  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: 6/17/2017

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**Duke Energy Kentucky  
Administrative Case No. 387**

**STAFF-DR-01-003**

**REQUEST:**

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 2012 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.

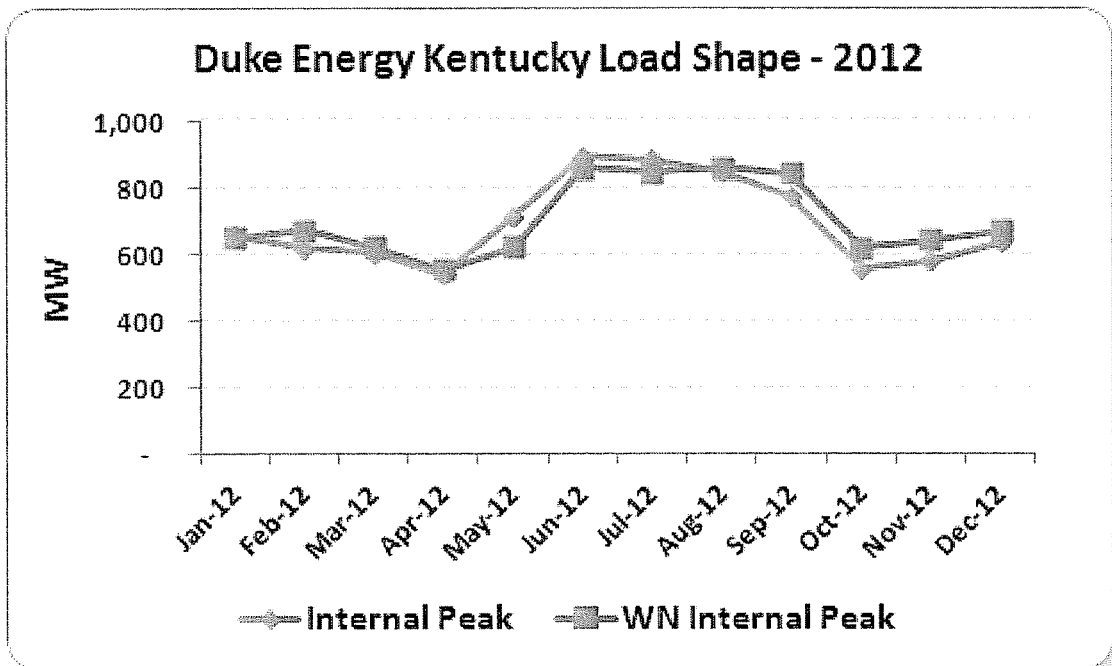
<b>2012 Duke Energy Kentucky Electric Energy Demands - MW</b>						
	1	2	3 = 1 + 2	4	5	6 = 3 + 5
	Native Peak	Demand Response	Internal Peak	WN Internal Peak	Off-System Non-Firm	Total
Jan-12	659	-	659	649		659
Feb-12	619	-	619	675		619
Mar-12	605	-	605	622		605
Apr-12	542	-	542	553		542
May-12	717	-	717	623		717
Jun-12	878	17	896	861		896
Jul-12	885	-	885	845		885
Aug-12	852	-	852	862		852
Sep-12	774	-	774	844		774
Oct-12	559	-	559	620		559
Nov-12	583	-	583	643		583
Dec-12	635	-	635	671		635

**PERSON RESPONSIBLE:** Jose Merino

**REQUEST:**

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:**



**PERSON RESPONSIBLE:** Jose Merino

**Duke Energy Kentucky  
Administrative Case No. 387**

**STAFF-DR-01-006**

**REQUEST:**

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).

**RESPONSE:**

Base case native load demand and energy forecasts and high case native load demand and energy forecasts are provided in the table below. Duke Energy Kentucky does not have any off-system firm energy sales or demands. The second table provides forecasts of off-system non-firm energy. A forecast of off-system non-firm demands is not available.

**Duke Energy Kentucky - Native Electric Forecast**

Year	Demand-MW		Energy-MWh	
	Base	High	Base	High
2013	897	935	3,933,834	4,087,179
2014	913	953	3,960,252	4,114,627
2015	930	973	4,002,317	4,164,002
2016	943	988	4,057,877	4,216,059
2017	949	995	4,086,215	4,245,500

**Duke Energy Kentucky - Non-Firm Electric Forecast**

Year	Demand-MW		Energy-MWh	
	Base	High	Base	High
2013	n/a	n/a	67,533	n/a
2014	n/a	n/a	n/a	n/a
2015	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a
2017	n/a	n/a	n/a	n/a

**PERSON RESPONSIBLE:** Jose Merino

**REQUEST:**

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:**

The planning reserve margin used for 2013 resource planning is 13.7%. The IRP models utilize the full capacity of the unit ratings to perform dispatch, so the reserve margin needs to be developed on an installed capacity rating. This is calculated using these steps:

1. Calculation of the PJM Forecast Pool Requirement is based on the unforced capacity (UCAP) of the Duke Energy Kentucky system. This utilizes the PJM equivalent demand forced outage rate (EFORd) and the PJM installed reserve margin based on the installed capacity for the DEOK (Duke Energy Ohio Kentucky) Zone. DEOK is the PJM zone applicable to the Duke Energy Kentucky service territory. Based on future years the Forecast Pool Requirement is 8.10%.
2. The Forecast Pool Requirement based on UCAP is then translated to a Duke Energy Kentucky reserve margin by accounting for the load serving entity's EFORd. The 3-year average EFORd for Duke Energy Kentucky based on 2010-2012 tested values is 9.35%, and the resulting reserve margin based on installed capacity is 19.2%. This is the reserve margin that would be applied to the Duke Energy Kentucky peak that is coincident with the PJM peak.
3. For 2013, PJM's forecast assumes that the DEOK zone is 95.4% coincident with the PJM peak. Translating the 19.2% reserve margin applied to the Duke Energy Kentucky peak which is based on installed capacity for the coincident PJM peak into a reserve margin used for planning purposes results in a reserve margin of 13.7%.

**PERSON RESPONSIBLE:** Robert Mc Murry

**Duke Energy Kentucky  
Administrative Case No. 387**

**STAFF-DR-01-008**

**REQUEST:**

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 (DEK) are shown below:

Year	Projected Reserves (MW)	Projected Reserve Margin (%)
2012	196	23.2
2013	180	21.0
2014	167	19.2
2015	29	3.3
2016	21	2.3

The DEK increase in resource requirement in 2015/6 is due primarily to the anticipated retirement of Miami Fort Unit 6 (MF6). The MF6 summer Maximum Net Dependable Capacity (MNDC) is 163 MWs and represents approximately 15% of the DEK generation resources. In order to meet an 13.7% reserve margin requirement in 2015/6, firm capacity purchases would be considered.

Duke Energy Kentucky is currently evaluating options including energy efficiency and demand response resources, purchase power agreements, new CT or CC generation, or purchase of existing assets to satisfy the 2015/6 need. The Company is continuing to evaluate whether there are cost effective compliance and fuel procurement strategies that may allow delaying the MF6 retirement.

**PERSON RESPONSIBLE:** Robert Mc Murry

**Duke Energy Kentucky  
Administrative Case No. 387**

**STAFF-DR-01-011  
PUBLIC**

**REQUEST:**

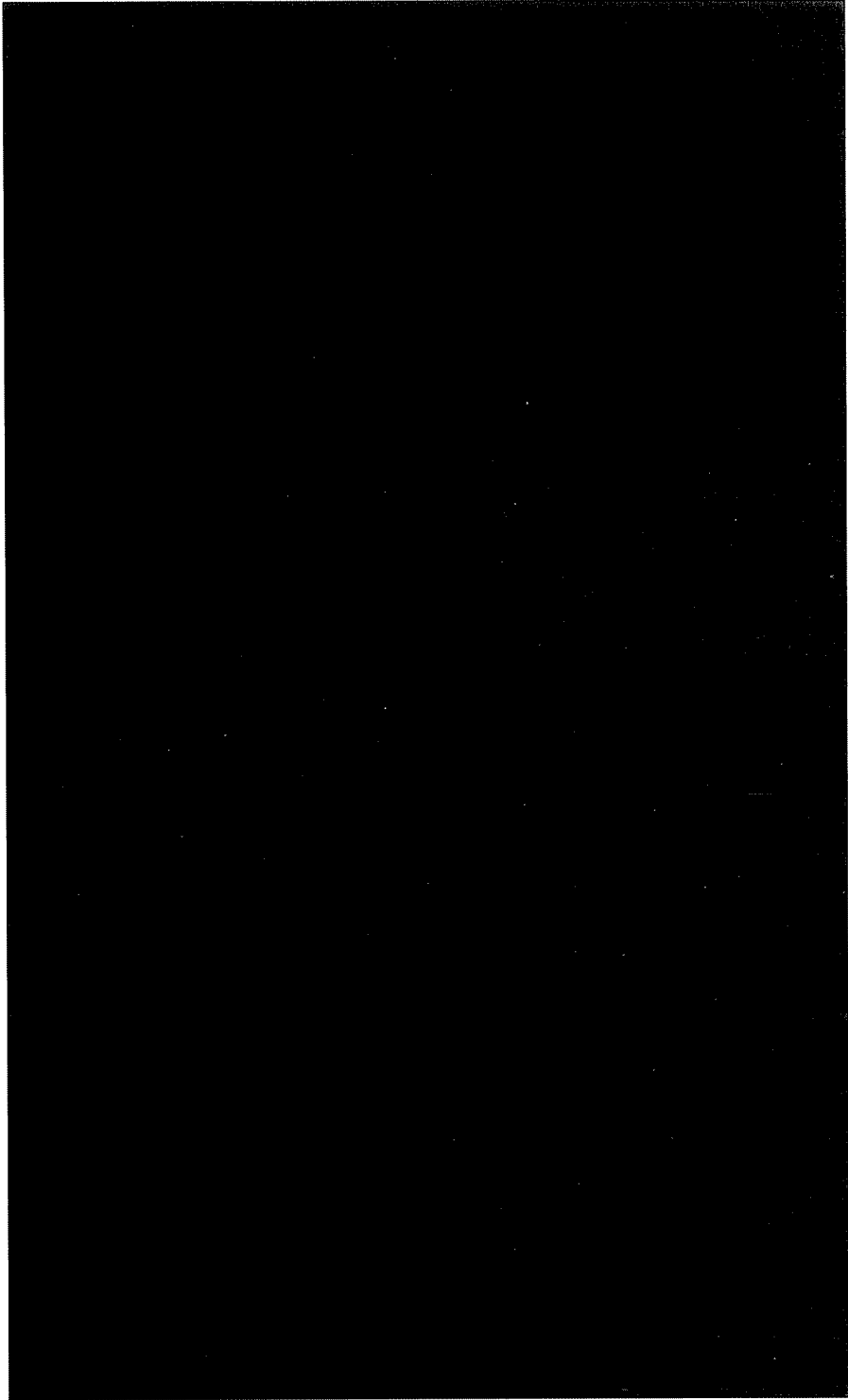
A list that identifies scheduled outages or retirements of generating capacity during the current year and the following four years.

**RESPONSE:**

**CONFIDENTIAL PROPRIETARY TRADE SECRET**







**PERSON RESPONSIBLE:** John Swez

**Duke Energy Kentucky  
Administrative Case No. 387**

**STAFF-DR-01-012**

**REQUEST:**

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:**

The only base load or peaking capacity need for the next 10 years is in 2015 due to the expected retirement of Miami Fort 6 (MF6). Duke Energy Kentucky is currently evaluating options including energy efficiency and demand response resources, purchase power agreements, new CT or CC generation, or purchase of existing assets to satisfy this need. The Company is continuing to evaluate whether there are cost effective compliance and fuel procurement strategies that may allow delaying the MF6 retirement.

The evaluation of these options is ongoing during 2013.

**PERSON RESPONSIBLE:** Robert Mc Murry

**REQUEST:**

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 interconnection to another utility (aside from Duke Energy Ohio) is operated normally open, there is no energy delivered from Duke Energy Kentucky to the interconnection.
- 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.

**PERSON RESPONSIBLE:**

- a - Jose Merino
- b, c - Ed Kirschner
- d - Jose Merino

**Duke Energy Kentucky  
Administrative Case No. 387**

**STAFF-DR-01-014**

**REQUEST:**

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.

**PERSON RESPONSIBLE:** Ed Kirschner