COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE ENERGY KENTUCKY, INC., FOR: 1) AN ADJUSTMENT OF THE ELECTRIC RATES; 2) APPROVAL OF AN ENVIRONMENTAL COMPLIANCE PLAN AND SURCHARGE MECHANISM; 3) APPROVAL OF NEW TARIFFS; 4) APPROVAL OF ACCOUNTING PRACTICES TO ESTABLISH REGULATORY ASSETS AND LIABILITIES; AND 5) ALL OTHER REQUIRED APPROVALS AND RELIEF	)	CASE NO. 2017-00321

COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION TO DUKE ENERGY KENTUCKY, INC.

Duke Energy Kentucky, Inc. ("Duke Kentucky"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies in paper medium and an electronic version of its responses to the following information, with a copy to all parties of record. The information requested herein is due on or before March 23, 2018. Responses to requests for information in paper medium shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Duke Kentucky shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Duke Kentucky fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a paper containing personal information, Duke Kentucky shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide a comparison of the amortization of the East Bend ash pond regulatory asset over a 10-year period and a 23.5-year period in terms of expense and revenue requirement.

2. Provide a comparison of the amortization of the East Bend Operations and Maintenance Expense regulatory asset over a 10-year period and a 23.5-year period in terms of expense and revenue requirement.

3. Provide the number of Duke Kentucky employees that are eligible for both defined benefits and defined contribution plans.

4. Confirm that the jurisdictional cost of the company match for individuals with a defined benefit and a defined contribution plan is $1,579,761 in the test year.

5. Provide the calculation of the PJM reserve margin for Duke Kentucky for the historical period of 2015/2016, 2016/2017, and 2017/2018 Planning Years and the forecasted period of 2018/2019, 2019/2020, and 2020/2021 Planning Years.

6. Provide an update to the Rebuttal Testimony of Lisa M. Bellucci ("Bellucci Rebuttal"), Attachment LMB – Rebuttal 1, reflecting a 5-year, 10-year, and 15-year amortization periods for Duke Kentucky's unprotected excess accumulated deferred income taxes ("ADIT").

7. Provide the Major Event Days, the number of customers effected, and the length of each outage for the last 10 years.

8. Provide a revised 12-CP cost of service study, in Excel format, reflecting the Tax Cut and Jobs Act and the proposed revenue requirement as revised by the Rebuttal Testimony of Sarah E. Lawler.

9 Provide, in Excel format, a revised billing analysis (Schedule M) showing the present rates, as well as the revised proposed rates reflecting a revised increase of $30.12 million to show how Duke Kentucky is proposing to allocate the reduction in the request revenue increase.

10. Provide a calculation showing the computation of the revised Gross Revenue Conversion Factor.

11. State whether the expenses allocated to Duke Kentucky by its affiliates contain provisions for federal income tax. If so, state whether Duke Kentucky included the impact of the lower federal income tax on the revenue requirement for those expenses.

12. Provide the amount of planned outage expense for the four historical years ending in 2017 and the four prospective years following calendar year 2017, the average of the eight-year period, and the impact on the revenue requirement.

13. Provide an update to Duke Kentucky's response to Commission Staff's Second Data Request, Item 79, Attachment, to include the full year data for calendar year 2017.

14. Provide, in Excel format, the calculation of the proposed CATV rates that is contained in the Direct Testimony of Bruce L. Sailers, Attachment BLS–4.

15. Provide a comparison of the monthly bill for each month of 2017, for a sports field that has an average consumption that is served under Rate SP and, using the same average sports field, the monthly bills for 2017, if that sports field was served on Rate DS.

16. Refer to Duke Kentucky's response to Commission Staff's Fourth Data Request, Item 12.c., Attachment 2, which calculates a revised capacity credit value that incorporates the impact of the federal tax reduction and shows a Levelized Fixed Charge Rate of 6.52 percent. Provide the supporting calculation for the 6.52 percent.

17. Refer to Duke Kentucky's response to Commission Staff's Fourth Data Request, Item 15. Provide the revised tariff sheets referenced in this response.

18. Refer to the Rebuttal Testimony of April N. Edwards, Attachment ANE-Rebuttal-1 (Confidential), regarding Duke Kentucky's Master Agreement for Vegetation Management Services ("MAVMS").

a. Identify the Duke Kentucky affiliate that executed the MAVMS on behalf of Duke Kentucky.

b. Explain why the MAVMS was not broken down by smaller geographic areas, such as Duke Kentucky's service area, or a county level, or a city level in order to generate and qualify additional vendors for this contract.

c. State whether Duke Kentucky has historically sought MAVMS bids as a single service territory contract.

d. Identify all other Duke Kentucky vegetation management contractor for the past five years.

e. Provide a copy of the request for proposals associated with the MAVMS.

19. Refer to the Bellucci Rebuttal, Attachment LMB – Rebuttal 1, which estimated, using the average rate assumption method ("ARAM"), that $1,089,279.27 in protected excess ADIT may be reimbursed in 2018 (based on the estimated rate of 3.12 percent) and that $1,406,985.72 in protected excess ADIT may be reimbursed in 2019 (based on the estimated rate of 4.03 percent).

a. Identify and describe any estimates and assumptions made by Duke Kentucky in calculating the rate at which Duke Kentucky's protected excess ADIT may be amortized in the years indicated in Attachment LMB – Rebuttal 1.

b. Using the same methodology applied in Attachment LMB – Rebuttal 1, calculate and provide the "Estimated ARAM Rate" of amortization for excess protected ADIT and the total amount of protected excess ADIT that may be amortized for 2020 and for each calendar year thereafter through 2029.

c. If changes in the methodology are necessary to calculate the "Estimated ARAM Rate" or the total amount of excess deferred taxes that may be amortized for each calendar year through 2029, make the calculations and explain what change was made and why a change in the methodology was necessary.

20. Refer again to Attachment LMB – Rebuttal 1. Were the annual amortization rates and amounts identified in that exhibit calculated using depreciation rates based on the Equal Life Group ("ELG") procedure, the Average Life Group ("ALG") procedure, or some other methodology? If not otherwise provided, calculate and provide the "Estimated ARAM Rate" and the total amount of protected excess ADIT that may be amortized using ARAM for 2018 and for each calendar year thereafter through 2029 using depreciation rates based on the ELG procedure and the ALG procedure.

21. Provide copies of all attachments contained in the Bellucci Rebuttal in Excel format with all formulas intact and unprotected and will all columns and rows accessible.

22. Identify any assets, property and accounts the depreciation of which gave rise to protected excess ADIT and provide and describe:

a. The extent to which such assets, property, and accounts were depreciated as of December 31, 2017 for tax and regulatory purposes, in terms of percentage and total value;

b. The annual depreciation schedule for each such asset, property, and account for tax purposes through 2029;

c. The protected excess ADIT that arose from the depreciation of each such asset, property, and account as of December 31, 2017;

d. The aggregate ADIT, including excess ADIT and ADIT that are not excess, attributable to each such asset, property, and account as of December 31, 2017; and

e. Any other information relied on by Duke Kentucky to calculate the rate at which excess protected ADIT attributable to a particular asset, property, and account may be amortized using the ARAM method.

23. State whether Duke Kentucky has received any letter or written opinion from the Internal Revenue Service since January 1, 2010, regarding the treatment of its excess ADIT and, if so, provide a copy of the letter or written opinion.

24. Provide any letters or written opinions prepared by the Internal Revenue Service and relied on by Duke Kentucky, or its agents, to calculate its excess ADIT or to determine how or the rate at which excess ADIT may be reimbursed to ratepayers under federal tax law, regardless of whether those letters or written opinions were prepared for or at the request of Duke Kentucky.

25. Refer to Duke Kentucky's response to Commission Staff's Second Request for Information, Item 5.a. The question assumed that employees would pay 21 percent to the total cost of single coverage rather than the 20 percent listed in the response.

a. Provide an update to the response using 21 percent for single coverage.

b. What was Duke Kentucky's original adjustment for medical insurance expense and the revenue requirement contained in the application?

Gwen R. Pinson
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DATED MAR 13 2018

cc: Parties of Record

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