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 NEW TARIFFS; 3) APPROVAL OF ACCOUNTING PRACTICES TO ESTABLISH REGULATORY ASSETS AND LIABILITIES; AND 4) ALL OTHER REQUIRED APPROVALS AND RELIEF	)))))))	CASE NO. 2019-00271

<u>COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION TO DUKE ENERGY KENTUCKY, INC.</u>

Duke Energy Kentucky, Inc. (Duke Kentucky), pursuant to 807 KAR 5:001, is to file with the Commission the original and an electronic version of the following information. The information requested herein is due on November 26, 2019. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

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 Duke Kentucky 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, Duke Kentucky 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 applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. 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. Refer to the application, Volume 1, Tab 27.

a. Also, refer to Duke Kentucky's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 1.c. If the response includes capital expenditures for filing requirements for Tabs 26 and 27, provide a breakdown of the major construction projects and the other construction projects.

b. Provide an itemized listing of the construction projects included in Tab 27.

2. Refer to the application, Volume 12, Schedule L-1, page 17 of 172. Explain why the Usage Alert and Outage Alert program details and eligibility are not included in Duke Kentucky's tariff.

3. Refer to the application, Volume 12, Schedule L-1, page 21 of 172. Explain why the Pick Your Own Due Date program specifics and eligibility are not included in Duke Kentucky's tariff.

4. Refer to the application, Volume 12, Schedule L-1, page 22 of 172. Indicate how Duke Kentucky informs customers of the option to have their deposit recalculated at their request if the deposit is held longer than 18 months.

5. Refer to the application, Volume 12, Schedule L-1, page 69 of 172, paragraph 12.

a. Explain how Duke Kentucky arrived at the monthly payment amount of 1.0117 percent of the cost of the additional facility investment for those lighting customers that choose not to pay for the additional facility investment upfront.

b. For those customers that elect to pay the cost of the additional facility investment monthly, indicate how long the monthly payments would be made.

6. Refer to the Direct Testimony of Melissa B. Abernathy, pages 7 and 8, regarding the costs related to the removal of asbestos from Miami Fort 6.

a. Identify the amount of cost recovered in the base period and the forecasted test period.

b. Identify when Duke Kentucky anticipates these costs will be fully recovered.

7. Refer to the Direct Testimony of James Michael Mosley beginning on page 12 regarding the Woodsdale Generating Station. Also, refer to the application, Volume 1, Tab 22, Filing Requirement 16(7)(b), line 3. Describe in detail the Woodsdale – New Generation capital expenditures projected for 2020 and 2021.

8. Refer to the Direct Testimony of Renee H. Metzler (Metzler Testimony), page 18, regarding the Description of the Short Term Incentive (STI) Plan Design for 2019.

a. Confirm that if the earnings per share (EPS) goal is not met, only the portion of the STI attributed to the Team Goals for Non-Executive employees who do not also participate in the long-term incentive plan (LTI) will be paid.

b. Identify what adjustment would be necessary to remove the portions of the STI Plans from test-year expenses that would not be paid out in the event that the EPS goal was not met.

c. Identify how many times the EPS goal was met in the past five years.

9. Refer to the Metzler Testimony, page 31, Table 2. Confirm, for the STI – Non Executive Incentive Plan, the Percentage Recoverable for the Safety/Environmental component and the Percentage Recoverable for the Customer Satisfaction component are incorrectly attributed.

10. Refer to the Metzler Testimony, page 37, lines 18–19. Identify the percentage cost to employees of all coverages, including but not limited to dental and vision coverage.

11. Refer to the Metzler Testimony, page 37, lines 21–23. Duke Kentucky states that when an employee enrolls his/her dependents in medical and dental coverage,

Duke Kentucky subsidizes less of the dependent cost of coverage. Provide the percentage cost to employees for dependent medical and dental coverage as well as the total cost paid for medical and dental coverage by Duke Kentucky for dependents in the test year.

12. Refer to Direct Testimony of Roger A. Morin, PhD. (Morin Testimony), Attachment RAM-2. MDU Resources was excluded from the proxy group because its regulated revenues were less than 50 percent. Value Line provides a very general description of the nature of the utility holding companies' operations in the proxy group. However, it is not clear from the information provided by Value Line what the percentage of revenues is derived from regulated utility sources and non-regulated utility sources. Explain where Value Line provides this information.

13. Refer to Morin Testimony, Attachment RAM-2. The June 14, 2019 issue of Value Line lists Fortis, Inc., as having regulated and unregulated operations in the U.S., Canada, and the Caribbean. Provide a breakout of the regulated and unregulated operations to show that the regulated U.S. operations account for more than 50 percent of revenue.

14. Refer to Morin Testimony, Attachment RAM-2.

a. The September 13, 2019 issue of Value Line lists Centerpoint Energy as having non-regulated utilities as well as non-utility operations. Provide a breakdown of the regulated utility revenues versus the non-regulated utility revenues to support the assumption that the regulated revenues are greater than 50 percent.

b. The September 13, 2019 issue of Value Line lists Alliant Energy as having been formed through the merger of WPL holdings, IES Industries, and Interstate

Power. Provide a breakdown of the regulated utility revenues versus the non-regulated utility revenues to support the assumption that the regulated revenues are greater than 50 percent.

15. Refer to Morin Testimony Attachments RAM-4 and RAM-5. Provide an update to the Attachments with the most current data available.

16. Refer to Morin Testimony Table 2, page 36. Provide an update to Table 2 with the most current data available and include a copy of the source document (page or spreadsheet) from which the data was taken.

17. Refer to the Morin Testimony, page 54, Table 5. Confirm that the Allowed Risk Premium ROE of 10.4 percent does not contain a flotation adjustment. If confirmed, explain why the flotation adjustment was not included.

18. Refer to the Direct Testimony of Ash M. Norton Testimony, page 10, line 14. Explain whether the underground cable replacement program is the Target Underground program. Provide an update to the Target Underground program.

19. Refer to the Direct Testimony of Lang W. Reynolds (Reynolds Testimony), page 10, lines 17–19. Also, refer to Duke Kentucky's response to Staff's Second Request, Item 124. Since some of the components of the Fast Charge Fee, such as the Fuel Adjustment Clause and Environmental Surcharge, change monthly, explain why Duke Kentucky is only proposing to revise the rate quarterly and not monthly.

20. Refer to the Reynolds Testimony, page 18, lines 14–22, through page 19, lines 1–5. Explain why Duke Kentucky does not propose to split the Residential EV Charging Incentive Program participants into a control group of unmanaged charging and

an experiment group of managed charging for the term of the pilot to better isolate the effects of load-managed incentives and price signals.

21. Refer to the Direct Testimony of William Don Wathen, Jr. (Wathen Testimony), page 15, lines 3–5. Explain and provide justification for how the proposed rolling 12-month average will ensure that Duke Kentucky will recover the actual costs of fuel and purchased power on a dollar-for-dollar basis and that no more and no less will be charged to its retail customers.

22. Refer to the Wathen Testimony, page 16, lines 1–7. Explain why Duke Kentucky considers a rolling 12-month average to be a reasonable measure of actual fuel costs and purchased power given that calculated averages are sensitive to extreme outliers and highly volatile data.

23. Refer to the Wathen Testimony, page 18, regarding the base fuel plus rider FAC graph.

a. Resubmit the graph with the base rate approved in Case No. 2017-00005[1] included.

b. Explain why the base line was not included in the graph originally.

24. Refer to the Direct Testimony of Thomas Christie, page 11, lines 19–23.

a. Provide the requests for bids, related documents, and other similar documents that Duke Kentucky provided contractors when it most recently solicited bids for vegetation management and for its hazardous tree program.

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[1] Case No. 2017-00005, *Electronic Examination of the Application of the Fuel Adjustment Clause of Duke Energy Kentucky, Inc. from November 1, 2014 through October 31, 2016* (Ky. PSC July 31, 2017).

b. Describe how Duke Kentucky distributed the documents to contractors or otherwise informed contractors of the opportunity to submit a bid, whether directly or through advertising or public notices.

25. Refer to Duke Kentucky's response to Commission Staff's First Request for Information (Staff's First Request), Item 54, Attachment STAFF-DR-01-054_Attachment_-_KPSC_Elec_SFRs_-_2019, tabs BASE PERIOD and FORECASTED PERIOD, Account 407305, Regulatory Debits. Provide the calculation for the monthly amounts of $487,474; $419,715; and $477,095.

26. Refer to Duke Kentucky's response to Staff's First Request, Item 54, Attachment STAFF-DR-01-054_Attachment_-_KPSC_Elec_SFRs_-_2019, tabs BASE PERIOD and FORECASTED PERIOD, Account 904003, Cust Acctg-Loss On Sale-A/R. Explain why Duke Kentucky projects this expense as $953,678 and $1,554,931 for the base period and forecasted period, respectively, given that there is no expense in the actual portion of the base period.

27. Refer to Duke Kentucky's response to Staff's First Request, Item 55, STAFF-DR-055_Attachment_-_DEK_Electric_COSS_2019_Macros_Disabled.xlxs, Customer Charge tab, RS Residential monthly Revenue/Customer charge of $14.29. Also, refer to the final Order in Case No. 2017-00321, footnote 129, in which the revised COSS supports a residential customer charge of $11.31. Explain why the estimated customer fixed costs increased by $2.00, or by over 26 percent, between the two cost-of-service studies.

28. Refer to Duke Kentucky's response to Staff's Second Request for Information (Staff's Second Request), Item 2(c). Explain why the actual capital

expenditures are much higher overall than the projected amounts for April 2018 through August 2019.

29. Refer to Duke Kentucky's response to Staff's Second Request, Item 8, Attachment. Explain "Capital Challenge."

30. Refer to Duke Kentucky's response to Staff's Second Request, Item 10. Provide Duke Kentucky's return on investment for the twelve months ending March 2019 and for the most recent twelve months for which information is available.

31. Refer to Duke Kentucky's response to Staff's Second Request, Items 13 and 43. Confirm that Duke Kentucky would effectively only recalculate the deposit for residential customers if the customer has an unsatisfactory payment history in the past 12 months. If this cannot be confirmed, explain.

32. Refer to Duke Kentucky's response to Staff's Second Request for Information, Item 18. Explain why tampering by a customer with an advanced meter capable of transmitting usage data to Duke Kentucky would not be discovered sooner than tampering by customers served under Rider AMO-Advanced Meter Opt-out.

33. Refer to Duke Kentucky's response to Staff's Second Request, Item 26.

a. Explain why the High Bill Alerts program is not included in Duke Kentucky's tariff.

b. Explain how a customer would go about opting out of the Usage Alerts program.

34. Refer to Duke Kentucky's response to Staff's Second Request, Item 27.

a. Explain what portion of the cost of the smart lighting pole is allocated to the customer receiving lighting service, what portion of the cost of the smart lighting pole is recovered from the party that will attach equipment to the smart lighting pole, e.g., cellular or other equipment, and what portion of the cost, if any, will be borne by customers more broadly.

b. Provide an estimate of the cost difference, if any, between a smart lighting pole and a traditional lighting pole.

c. Explain who controls and receives compensation for attachments to smart lighting poles, e.g., Duke Kentucky, the city that requested lighting, a private customer who requested lighting, etc.

35. Refer to Duke Kentucky's response to Staff's Second Request, Item 31. Confirm that the awarded contract was for the Midwest market as a whole.

36. Refer to Duke Kentucky's response to Staff's Second Request, Item 33.

a. Provide the account(s) to which the Hazard Tree Removal Program expenditures are capitalized.

b. State whether any specific accounting guidance was used to develop the "danger tree" portion of the Duke Energy Capitalization Guidelines. If so, provide the relevant guidance.

37. Refer to Duke Kentucky's response to Staff's Second Request, Item 45. Explain why the meter readings are not currently displayed on the bill for rates DP, DS, DT, TT, EH, GSS, and RTP-M given that a waiver has not been granted at this point.

38. Refer to Duke Kentucky's response to Staff's Second Request, Item 47.

a. Provide and explain the provisions of the Automatic Landlord program.

b. Explain why the Automatic Landlord program is not included in Duke Kentucky's tariff.

39. Refer to Duke Kentucky's response to Staff's Second Request, Item 48.

a. Since Duke Kentucky no longer plans on charging a deposit to property owners who enroll in the Revert to Owner program, confirm that a waiver of 807 KAR 5:006, Section 8, is no longer required for this program.

b. Provide the provisions of the proposed Revert to Owner program as they stand now.

40. Refer to Duke Kentucky's response to Staff's Second Request, Item 56.

a. State whether Duke Kentucky is aware of the 2018 Kentucky Corporation tax reform that provided a tax credit against income tax and limited liability entity for property tax paid on business inventory.

b. State whether Duke Kentucky took a tax credit on its 2018 Kentucky corporation income tax return for the property tax paid on business inventory.

c. Provide the 2019 Kentucky Public Service Company Property Tax Notice as issued by the Kentucky Department of Revenue.

41. Refer to Duke Kentucky's response to Staff's Second Request, Item 60. Identify and explain the reason(s) Duke Kentucky's transmission expense more than doubled from 2018 to 2021.

42. Refer to Duke Kentucky's response to Staff's Second Request, Item 65. Explain where the provision for upfront payment for pole foundations, brackets, or wiring equipment is located in Duke Kentucky's current tariff.

43. Refer to Duke Kentucky's response to Staff's Second Request, Items 68 and 91, and the Reynolds Testimony, page 9, Table 1.

a. Confirm that under Duke Kentucky's proposed treatment of the Electric Transportation Pilot Program, up to $1,116,150 of expenses related to the program would be deferred over three years, including an estimated $52,500 of O&M expenses related to the Electric Transit Bus Charging Program.

b. Explain why Duke Kentucky did not propose the Electric Transportation Pilot Programs as part of its Demand-Side Management Program.

44. Refer to Duke Kentucky's response to Staff's Second Request, Item 70. Indicate when Duke Kentucky changed its practice and began dispatching separate crews for electric and gas reconnections.

45. Refer to Duke Kentucky's response to Staff's Second Request, Item 75, and the Direct Testimony of Zachary Kuznar, PhD (Kuznar Testimony), page 8.

a. Explain which market was used to project expected annual revenues of $800,000.

b. Refer also to Duke Kentucky's response to Staff's Second Request, Item 80. Explain whether the reduced size of the proposed battery would impact the projected annual revenues. If so, provide the revised projection.

46. Refer to Duke Kentucky's response to Staff's Second Request, Items 80 and 82, Attachment. Explain whether the reduced size of the proposed battery would impact the estimated project costs. If so, provide the revised estimate and itemized breakdown of the revised cost.

47. Refer to Duke Kentucky's revised response to Staff's Second Request, Item 85, (filed Nov. 8, 2019) and the application, Schedule F-6, line 26. Explain whether the total rate case expense regulatory asset amortization was carried to Schedule C-2, as specified in footnote (A).

48. Refer to Duke Kentucky's response to Staff's Second Request, Item 86, Attachment, page 1 of 2.

a. Explain why Duke Kentucky assumed a 15-year book life and 15-year MACRS life.

b. Provide a full year revenue requirement calculation that starts in December 2020 and includes any revenues resulting from the battery storage project.

c. Refer also to the Kuznar Testimony, page 11, lines 1–5. Explain how the estimated O&M expenses of $163,000 compare to the $129,713 of depreciation and tax expense included in the revenue requirement calculation.

49. Refer to Duke Kentucky's response to Staff's Second Request, Item 88, Attachment, page 1 of 2.

a. Confirm that the revenue requirement calculation includes both the EV Fast Charging Program and the Electric Transit Bus Charging Program.

b. Explain why Duke Kentucky assumed a 7-year book life and 7-year MACRS life. Refer also to the Reynolds Testimony, page 9, Table 1.

c. Explain how the estimated annual O&M expenses of $17,500 per program compare to the $75,369 of depreciation and tax expense included in the revenue requirement calculation.

50. Refer to the response to Staff's Second Request, Item 95, Attachments (a) and (b) and Morin Testimony, Attachment RAM-2. In Attachment RAM-2, MDU Resources were excluded from the proxy group because its regulated revenues were less than 50 percent of the total. In Attachments (a) and (b), Chesapeake Utilities is listed as having 45 percent of its revenues from its regulated unit. Explain why Chesapeake Utilities was not excluded from the proxy group.

51. Refer to Duke Kentucky's response to Staff's Second Request, Item 98. The response was incomplete. Provide the most recent allowed returns (fully or partially litigated or settled) for each of the regulated subsidiaries of the holding companies in the proxy group and the date of the awarded returns.

52. Provide the CAPM, ECAPM, Historical Risk Premium, and Allowed Risk Premium ROE estimates using the current 30-year U.S. Treasury Bond. Include all supporting documents in Excel spreadsheet format with all formulas unprotected and all rows and columns fully accessible.

53. Refer to Duke Kentucky's response to Staff's Second Request, Item 117, and Schedule L-2.2, pages 174 and 176 of 180. State when Duke Kentucky discontinued the Payment Advantage Program and how customers were notified of the change.

54. Refer to Duke Kentucky's response to Staff's Second Request, Item 122, Attachment 1, and the Reynolds Testimony at 9. State whether the incentive payment for the Residential EV Charging Program will be $1,063 or $563. If the intended incentive payment is $1,063, provide a corrected STAFF-DR-02-122 Attachment 1.

55. Refer to Duke Kentucky's response to Staff's Second Request, Item 123(a). Duke Kentucky states, "As Mr. Reynolds discusses on Lines 3-7, the electric usage that

the charging station generates will be billed under the charging station customer's existing commercial rate – those rates are discussed by Mr. Kern." Confirm that this statement is referencing the Electric Transit Bus Charging Program and not the Fast Charge Fee.

56. Refer to Duke Kentucky's response to Staff's Second Request, Item 123(c).

a. Provide Staff-DR-02-123 Attachment 1 in Excel spreadsheet format with all formulas intact and unprotected and with all columns and rows accessible.

b. Provide support for the number of kWh per month used in the EV Fast Charge Fee Calculation.

c. Explain the component in Staff-DR-02-123 Attachment 1 that is labeled "CC Adder."

d. Identify the components of the calculation that could change quarterly.

57. Refer to Duke Kentucky's response to Staff's Second Request, Item 124. Explain how Duke Kentucky proposes to reflect the monthly changes in its Fuel Adjustment Clause and Environmental Surcharge Mechanism in the quarterly rate calculation.

58. Refer to Duke Kentucky's response to Staff's Second Request, Item 129, and the Reynolds Testimony, page 6. Explain how the pilot will be limited to 36 months if the participants must contract for the excepted life of the charging station.

59. Refer to Duke Kentucky's response to Staff's Second Request, Item 130, Attachment, pages 3–6 of 6. Confirm that "Program Implementation Costs" are the costs of the participants and not Duke Kentucky. If this cannot be confirmed, explain the nature of the implementation costs.

60. Refer to Duke Kentucky's response to Staff's Second Request, Item 130, Attachment, page 5, and Item 131, and the Reynolds Testimony at 9, Table 1. Explain the differences in the proposed incentives and the medium level incentives.

61. Refer to Duke Kentucky's response to Staff's Second Request, Item 130, Attachment, page 1 of 6, and Item 131. Confirm that the "no incentive" scenario has the highest rate impact measure score. If this cannot be confirmed, explain.

62. Refer to Duke Kentucky's response to Staff's Second Request, Items 132 and 135, and the Reynolds Testimony, Attachment LWR-1. Confirm that benefits to Duke Kentucky's ratepayers mostly accrue from managed charging. If confirmed, explain why Duke Kentucky does not propose a more aggressive approach to managed charging as part of the program.

63. Refer to Duke Kentucky's response to Staff's Second Request, Item 133. Explain whether Duke Kentucky has evaluated whether level two charging station installation costs have changed significantly since 2013.

64. Refer to Duke Kentucky's response to Staff's Second Request, Item 139.b. Confirm that three of the five pilot programs consist entirely of incentive payments, which are not part of Duke Kentucky's existing tariffed rates. If confirmed, explain why Duke Kentucky contends that "no changes to the tariffs would be required."

65. Refer to Duke Kentucky's response to Staff's Second Request, Item 140, the Reynolds Testimony, page 18, lines 14–22, through page 19, lines 1–5, and Attachment LWR-1. Explain whether Duke Kentucky's proposed load-managed incentive satisfies the definition of "managed charging" used in Attachment LWR-1.

66. Refer to Duke Kentucky's response to Staff's Second Request, Item 157.

a. For the period of September 2017 through August 2019, provide the expense of fuel (F), sales (S), and the resulting Fuel Adjustment Clause (FAC) rate noted as $/kWh using the proposed rolling 12 months average in Excel spreadsheet format with all formulas intact and unprotected and with all columns and rows accessible.

b. For the period of September 2017 through August 2019, provide a comparison of the rolling 12 months average FAC rate against the base rate approved in Case No. 2017-00005.

67. Refer to Duke Kentucky's response to Staff's Second Request, Item 159.

a. Explain each basis for Duke Kentucky's contention that revenue arising from Regulation and Frequency Response Service Reserves and Synchronized Reserves are "[f]uel costs (F)" as that term is used in 807 KAR 5:056, Section 1(3), including whether and, if so, why Duke Kentucky contends those revenues fall under subpart (a), (b), (c), (d), or (e) of Section 1(3).

b. Explain whether Duke Kentucky contends that all costs to generate energy to charge the batteries that will be used in the proposed battery project, whether the generation is owned by Duke Kentucky or purchased, are "[f]uel costs (F)" as that term is used in 807 KAR 5:056, Section 1(3), and explain each basis for Duke Kentucky's contention, including whether and, if so, why Duke Kentucky contends those costs fall under subpart (a), (b), (c), (d), or (e) of Section 1(3).

c. Explain whether Duke Kentucky contends that all costs to transmit energy from the point of generation to charge the batteries that will be used in the proposed battery project, whether the transmission and distribution assets are owned by Duke Kentucky or not, are "[f]uel costs (F)" as that term is used in 807 KAR 5:056, Section

1(3), and explain each basis for Duke Kentucky's contention, including whether and, if so, why Duke Kentucky contends those costs fall under subpart (a), (b), (c), (d), or (e) of Section 1(3).

d. Describe what is included in PJM billing line items 1200, 1205, 1210, 1215, 1220, 1225, 1303, 1313, 1314, and 1999, and explain each basis for Duke Kentucky's contention that those items are "[f]uel costs (F)" as that term is used in 807 KAR 5:056, Section 1(3), including whether and, if so, why Duke Kentucky contends those revenues fall under subpart (a), (b), (c), (d), or (e) of Section 1(3).

68. Refer to Duke Kentucky's response to Staff's Second Request, Item 161. Provide the total net amounts that Duke Kentucky expects to be in each deferral at the end of each fiscal year from 2019 through 2024.

69. Refer to Duke Kentucky's response to Staff's Second Request, Item 166. Provide support that the zero-intercept method produces statistically unreliable results for Duke Kentucky for the following:

a. Pole cost allocation;

b. Conductor cost allocation; and

c. Transformer cost allocation.

70. Refer to Duke Kentucky's response to Staff's Second Request, Item 169, STAFF-DR-02-169_Attachment.xlsx, and its response to Staff's First Request, Item 54, STAFF-DR-01-054_Attachment_-_KPSC_Elec_SFRs_-_2019.xlsx, at tab "WPB-6's". Provide an itemized break down of lines 145, 146, and 147, tab "WPB-6's" of STAFF-DR-01-054_Attachment_-_KPSC_Elec_SFRs_-_2019.xlsx showing the itemized balances as of March 2020 and the monthly changes during the forecasted test year similar to the

itemized break down of lines 144 and 148 provided in STAFF-DR-02-169_Attachment.xlsx.

71. Refer to Duke Kentucky's response to Staff's Second Request, Item 169.f., Attachment, page 22 of 23, and STAFF-DR-01-054_Attachment_-_KPSC_Elec_SFRs_-_2019, tab "WPB-6's," lines 144–164 of the spreadsheet for March 2020 through March 2021.

a. Explain why Duke Kentucky only applies the pro-rata method to the monthly ADIT changes in lines 145 and 146 of the spreadsheet, i.e., items in account 282, but does not apply the pro-rata method to lines 144, 145, and 148 of the spreadsheet, i.e., items in accounts 190, 281, and 283.

b. If Duke Kentucky contends that the pro-rata method should be applied to the monthly changes to accounts 190, 281, and 283 reflected in lines 144, 145, and 148 of the spreadsheet to calculate the amount of ADIT that should be included in rate base in the forecasted test year, explain why the monthly change in line 151 of the spreadsheet only reflects the monthly changes in lines 146 and 147 of the spreadsheet.

c. Confirm that to calculate the pro-rata amount of ADIT in account 282 that should be included in rate base in the forecasted test year, as Duke Kentucky attempts to do in lines 151 through 154 of the spreadsheet, that the sum of the amounts in cells F146 and F147 should be added to the sum of the pro-rata changes in cells G153 through R153. If this cannot be confirmed, provide the calculation. If this can be confirmed, provide a revised schedule in Excel spreadsheet format, with formulas intact and unprotected and all lines and columns accessible.

d. Confirm that to calculate the pro-rata amount of protected excess ADIT that should be included in rate base in the forecasted test year, as Duke Kentucky attempts to do in lines 161 through 164 of the spreadsheet, that the sum of the amount in cell F157 should be added to the sum of the pro-rata changes in cells G163 through R163. If this cannot be confirmed, provide the calculation. If this can be confirmed, provide a revised schedule in Excel spreadsheet format, with formulas intact and unprotected and all lines and columns accessible.

e. State whether Duke Kentucky contends that a 13-month average, the pro-rata method, or some other method should be used to calculate the extent to which the unprotected excess ADIT and the deferred tax assets and liabilities reflected in accounts 190, 281, and 283 at lines 144, 145, and 148 of the spreadsheet are included in rate base during the forecasted test year; explain the basis of your response; and provide a revised schedule reflecting those contentions in Excel spreadsheet format, with formulas intact and unprotected and all lines and columns accessible.

72. Refer to Duke Kentucky's response to Staff's Second Request, Item 53.

a. Explain why the credit spread for the current Sale of Accounts Receivables is five basis points higher in the instant case than in Case No. 2017-00321. Provide support for this higher credit spread.

b. Explain why the credit spread for the incremental interest over the 1-month LIBOR is approximately ten basis points higher in the instant case than in Case No. 2017-00321. Provide support for this higher credit spread.

73. Refer to Duke Kentucky's response to Staff's Second Request, Item 171.b, Account 368, Line Transformer. Explain why the customer allocation decreased by almost 8 percent.

74. Refer to Duke Kentucky's response to Staff's Second Request, Item 172.

a. Provide the total annual amortization of excess protected ADIT using the average rate assumption method for the years 2020 and 2021 (as opposed to estimating it by carrying forward to the 2018 amortization amount), and provide workpapers showing the calculations in excel spreadsheet format with formulas intact.

b. If Duke Kentucky is not able to provide the total annual amortization of excess protected ADIT using the average rate assumption method for the years 2020 and 2021 as requested in subpart a. of this request, provide the total amortization of excess ADIT for the years 2020 and 2021 using the "ALTERNATIVE METHOD" described in Tax Cuts and Jobs Act,[2] and provide workpapers showing the calculations in excel spreadsheet format with formulas intact.

75. Refer to Duke Kentucky's response to Staff's Second Request, Item 172.d.

a. Explain how Duke Kentucky's completion of its 2017 tax return reduced the amortization of excess protected ADIT using the average rate assumption method in 2018 from $90,773.22 per month in Case No. 2017-00321 to $36,580.00 per month in this case despite the fact that Duke Kentucky's calculation of the total excess protected ADIT increased from $34,912,797.00 in Case No. 2017-00321 to $47,193,845.00.

[2] Pub. L. No. 115-97, § 13001, 131 Stat 2054, 2099-2100 (2017).

b. State whether the amortization rate of $438,961 per year (or $36,580.00 per month) calculated for 2018 in this case is the actual amortization rate permitted in 2018 using the average rate assumption method or if the rate provided in this case includes a true-up for past amortization at a rate faster than permitted by the average rate assumption method.

c. If the amortization rate of $438,961 per year (or $36,580.00 per month) for 2018 includes a true-up for past amortization at a rate faster than permitted by the average rate assumption method, provide the actual amortization rate for excess protected ADIT for 2018 using the average rate assumption method.

d. Provide the actual monthly amortization of excess protected and unprotected ADIT that Duke Kentucky recorded from April 1, 2018, through March 31, 2019, and to the extent that those monthly amounts differ from the amortization included in Duke Kentucky's current base rates, explain any impact on the current revenue requirement.

76. Refer to Duke Kentucky's response to Staff's Second Request, Item 172.f, STAFF-DR-02-172(f)_Attachment.xlsx.

a. Provide a brief description of each column heading in the "DEK Electric" tab of the spreadsheet, e.g., DEFTAX_RATE_BEG_EFFECT_DATE, BEG_FAS109_AT_CURRENT_RATE, etc.

b. Identify and describe each type of item that generated the excess deferred tax assets included as part of the net excess protected ADIT for Duke Kentucky in the spreadsheet.

c. Provide a version of STAFF-DR-02-172(f)_Attachment.xlsx, tab "DEK Electric" with all formulas intact showing how the FED_ARAM_NOT_FLOWTHRU column for each item is calculated from the timing differences for each item.

d. If STAFF-DR-02-172(f)_Attachment.xlsx, tab "DEK Electric" was generated by a program and the program is not able to produce the spreadsheet with formulas intact, in lieu of providing the spreadsheet with all formulas intact, explain how Duke Kentucky calculated the FED_ARAM_NOT_FLOWTHRU column from the timing differences by describing how it generally calculated each cell in the spreadsheet from other cells until it ultimately calculated FED_ARAM_NOT_FLOWTHRU for an item and show how it calculated the FED_ARAM_NOT_FLOWTHRU for the items on line 452, line 813, and line 10054 of tab "DEK_Electric" the spreadsheet, including all formulas.

77. Refer to Duke Kentucky's response to the Attorney General's First Request for Information (Attorney General's First Request), Item 16. Explain why Duke Kentucky is not amortizing state excess ADIT.

78. Refer to Duke Kentucky's response to the Attorney General's First Request, Items 39, 41, and 46. To the extent that these responses identify errors in the base period or forecasted period, explain the revenue requirement impact.

79. Refer to Duke Kentucky's response to the Attorney General's First Request, Items 41 and 93. Explain how the increase in Customer Connect program cost relate to the decreased Customer Service and Information expenses.

80. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 81. Explain why the change in account referenced in the response is appropriate.

81. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 106(c). Identify the Kentucky law or regulation that gives utilities the authority to charge fees that are meant as a deterrent instead of being cost-based.

82. Refer to Duke Kentucky's response to Northern Kentucky University's First Request for Information (NKU's First Request), Item 8. Explain whether this response indicates that Duke Kentucky proposes to defer costs that exceed revenues for the EV Fast Charging Program to a regulatory asset.

83. Refer to Duke Kentucky's response to NKU's First Request, Item 13. State whether ancillary service market revenues will offset the revenue requirement of the proposed battery and provide supporting calculations.

84. Separately identify the total amount recorded as a "repair" expense for tax purposes but capitalized for book purposes in 2016, 2017, 2018, the base period, and the forecasted test period, including projected amounts in future periods.

85. Provide a revised revenue requirement calculation that incorporates all corrections or revisions identified through discovery responses and list any changes made.

Gwen R. Pinson

Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED NOV 0 8 2019

cc: Parties of Record

*L Allyson Honaker
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*Kent Chandler
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*David S Samford
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45202

*Debbie Gates
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45201

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Dennis G Howard II
Howard Law PLLC
740 Emmett Creek Lane
Lexington, KENTUCKY 40515

*Minna Sunderman
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45201

*William Don Wathern, Jr.
Director Rates & Reg. Strategy
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45201

*Rebecca W Goodman
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Justin M. McNeil
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Rocco O D'Ascenzo
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45201

*Honorable Kurt J Boehm
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202