

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 NATURAL GAS)	CASE NO.
RATES; 2) APPROVAL OF NEW TARIFFS, AND)	2021-00190
3) ALL OTHER REQUIRED APPROVALS,)	
WAIVERS, AND RELIEF)	

COMMISSION STAFF'S THIRD 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 an electronic version of the following information. The information requested is due on August 18, 2021. The Commission directs Duke Kentucky to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. 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

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

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 that indicates 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, Schedule L-1, page 10 of 88, Application for Service.
 - a. Provide the personal information requested of each new potential customer, explain why each item is needed, and for each one, indicate whether the information is required in order for the customer to receive service or if it is optional for the customer to provide.

b. Indicate whether Duke Kentucky has a standard Application for Service. If so, provide a copy.

2. Refer to the Application, Schedule L-2.2, page 23 of 92, Budget Billing Plan Description. With the proposed change to revise the bill amount after three, six, and nine months if the budget bill amount compared to the actual amount exceeds a Company-set threshold, explain what differentiates the annual budget billing plan from the quarterly budget billing plan.

3. Refer to the Application, the Direct Testimony of Benjamin Passty, Ph.D., page 13, lines 9–10.

a. For the energy forecast, the rolling 30-year period is used for the weather normalization adjustment (WNA). Explain why a 30-year period is not used for the updated WNA.

b. Provide an update to the baseload and heat sensitivity factor using a 20-year WNA.

c. Provide an update to the baseload and heat sensitivity factor using a 30-year WNA.

4. Refer to Duke Kentucky's Response to Commission Staff's Second Request for Information (Staff's Second Request), Item 2.

a. Explain whether the information in the tables provided with this response is conveyed to customers when they sign up for the budget billing programs. If so, explain how the information is conveyed to customers. If not, explain why not.

b. Indicate whether the tables provided with the response apply no matter whether the actual amount exceeds or is less than the budget bill amount.

5. Refer to Duke Kentucky's Response to Staff's Second Request, Item 6.
 - a. Explain how the provided information supports a bad check charge of \$11.00.
 - b. Explain whether Duke Kentucky's current \$11.00 bad check charge includes labor expense. If so, provide the amount that represents labor expense.
 - c. Explain why the bad check charge should not be broken down into two separate charges, one for ACH return items and one for deposited checks, seeing as they have different charges associated with them.
6. Refer to Duke Kentucky's Response to Staff's Second Request, Item 15c. Explain why the weighted tenor average is 20.5 years.
7. Provide the article entitled "Comparative Evaluation of the Predictive Risk Premium Model, the Discounted Cash Flow Model and the Capital Asset Pricing Model for Estimating the Cost of Common Equity" (2013) in which Dylan W. D'Ascendis was an author.
8. Refer to Duke Kentucky's Response to Staff's Second Request, Item 17a.
 - a. Explain why it is reasonable to include non-price regulated companies in any of the analyses and yet restrict the utility proxy group to a small number of natural gas utilities.
 - b. The commodity notwithstanding, explain why it would be unreasonable to include water utilities in the utility proxy group. Include in the response an analysis of risk comparing a proxy group of water utilities to both the utility proxy group and the non-price regulated proxy group.

9. Refer to Duke Kentucky's Response to Staff's Second Request, Item 18c, and to the Direct Testimony of Dylan W. D'Ascendis (D'Ascendis Testimony), page 12, line 12–15. Explain whether the lack of size consideration in S&P and Moody's bond ratings implies flaws within their rating methodologies.

10. Refer to Duke Kentucky's Response to Staff's Second Request, Item 18, and to D'Ascendis Testimony, pages 44–48.

a. Explain whether Mr. D'Ascendis has ever proposed a negative size adjustment in any regulatory proceeding. If so, include in the response the docket/case number and copies of expert testimony and exhibits in PDF format.

b. Explain whether Mr. D'Ascendis has ever proposed a negative credit risk adjustment in any regulatory proceeding. If so, include in the response the docket/case number and copies of expert testimony and exhibits in PDF format.

c. Of the utilities included in the Utility Proxy Group, performing an identical analysis to the one provided in the expert testimony, explain which would require a negative size adjustment.

d. Of the utilities included in the Utility Proxy Group, performing an identical analysis to the one provided in the expert testimony, explain which would require a negative credit risk adjustment.

11. Refer to Duke Kentucky's Response to Staff's Second Request, Item 24. Provide the expert testimony and exhibits regarding return on equity for the cases in attachments 1, 2, and 3 in PDF format.

12. Refer to Duke Kentucky's Response to Staff's Second Request, Item 29, and to D'Ascendis Testimony, page 37, lines 8–12.

a. Explain whether Mr. D'Ascendis has utilized the two-year Bloomberg Betas in any other regulatory proceedings.

b. Explain whether the two-year Bloomberg Betas are reflective of the temporary risks associated with the COVID-19 pandemic, or if they are reflective of a more permanent shift in utility stock performance in relation to the market.

13. Refer to Duke Kentucky's Response to Staff's Second Request, Attachment STAFF-DR-02-016_Attachment.xlsx, tabs "PRPM WP 3" – "PRPM WP 12". Explain the meaning of negative closing prices shown under column E.

14. Refer to Duke Kentucky's Response to Staff's Second Request, Item 31. If a landlord has a property not enrolled in the Revert-to-Owner program and also has a deposit on file for that property, explain whether the deposit is returned to the landlord when service is transferred out of their name into their tenant's name.

15. Refer to Duke Kentucky's Response to Staff's Second Request, Item 37. For 2017 through present, indicate, by year, what percentage of reconnections were handled by Duke Kentucky employees and what percentage were handled by third-party contractors.

16. Refer to Duke Kentucky's Response to Staff's Second Request, Item 38, Attachment STAFF DR-02-038(a), page 3 of 3. Explain why the proposed amounts of \$1,000 and \$700 were not adjusted given the lower cost justification amounts.

17. Refer to Duke Kentucky's Response to Staff's Second Request, Item 50. The response provided does not answer the request for information. Provide a full response to the previous request of Staff's Second Request, Item 50.

18. Refer to Duke Kentucky's Response to Staff's Second Request, Item 52.

a. Provide a narrative description of how the amount of \$369,396 was derived.

b. Provide the amount of the \$369,396 that is attributable to residential customers.

19. Refer to Duke Kentucky's Response to Staff's Second Request, Item 59. Confirm that the \$34,642 of the Executive Long Term Incentive (LTI) plan is included in the revenue requirement.

20. Confirm that Duke Energy must achieve predetermined Earnings per Share (EPS) "Circuit Breaker" in order for the LTI to be granted.

a. If included, state what the EPS Circuit Breaker level is.

b. State in detail how the payout will be reduced if Duke Energy's EPS is less than or equal to the EPS circuit Breaker.

21. Refer to the Direct Testimony of Jake J. Stewart, page 28, Table 2. Provide the metrics used to determine the Non-EPS components of the Short Term Incentive (STI).

a. Provide the conditions and levels used to determine the 5 percent weight for the Reliability portion of STI.

b. Provide the conditions and levels used to determine the 5 percent weight for the Safety/Environmental portion of STI.

c. Provide the conditions and levels used to determine the 5 percent weight for the O&M portion of STI.

d. Provide the conditions and levels used to determine the 10 percent weight for the Customer Satisfaction portion of STI.

22. Provide the conditions and levels used to determine the 25 percent weight for the Teams portion of STI.

23. Refer to Duke Kentucky's Response to Staff's Second Request, Item 67a.

a. Provide a Revised Schedule M and N based upon the revised cost of service study (COSS).

b. Refer to the final Order in Case No. 2018-00261,² page 15. The Commission stated it did not support the residential class subsidizing another rate classes. In both COSSs, the residential class is over contributing to the propose rate of return and thus is subsidizing other rate classes.

(1) Provide a revised revenue allocation that will remove the residential subsidy based upon the filed COSS with the minimum system methodology applied to the mains.

(2) Provide a revised revenue allocation that will remove the residential subsidy based upon the revised COSS with the zero-intercept method applied to the mains.

24. Refer to Duke Kentucky's Response to Staff's Second Request, Item 70b.

a. Explain why a customer would request electronic gas meter information.

b. Indicate the amount charge to a customer when they request electronic gas meter information.

² Case No. 2018-00261, *Electronic Application of Duke Energy Kentucky, Inc. for Authority to 1) Adjust Natural Gas Rates 2) Approval of a Decoupling Mechanism 3) Approval of New Tariffs 4) and for All Other Required Approvals, Waivers, and Relief* (Ky. PSC Mar. 27, 2019).

c. Identify the tariff provision that allows for the assessment of a fee when a customer requests electronic gas meter information.

25. Refer to Duke Kentucky's Response to Staff's Second Request, Item 71.

a. The response to part b. does not answer the request for information. Provide a full response to the previous request of Staff's Second Request, Item 71b.

b. Confirm that Duke Kentucky has been charging the \$15 field collection fee since at least 2009 without having the fee in the tariff.


c. Provide the amount Duke Kentucky has collected for the field collection fee by year since 2009.

d. Indicate whether Duke Kentucky is proposing to include the field collection fee in its tariff.

26. Refer the response to the Attorney General's First Request, Item 15(k).

a. For the projects listed in the response, provide a list of the projects that were included in the base period.

b. For the difference in capital spend between the base period and the list of additions by work order noted in the response above, state which amounts are attributable to projects less than one million dollars, and, any amounts that would be included in the forecasted portion of the base period.


_____ for _____
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DATED AUG 04 2021

cc: Parties of Record

Case No. 2021-00190

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