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RECEIVED

AUG 29 2014

PUBLIC SERVICE
COMMISSION

VIA HAND DELIVERY

August 29, 2014

Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RE: Case No. 2014-201

Dear Mr. Derouen:

Enclosed please find an original and twelve copies of Duke Energy Kentucky's responses to the Attorney General's Second Set of Data Requests.

Also enclosed are an original and twelve copies of the Petition of Duke Energy Kentucky, Inc. for Confidential Treatment of Information Contained in its Responses to Attorney General's Second Set of Data Requests and one copy of the Confidential Version enclosed under sealed envelope.

Please date-stamp the two extra copies of the Responses and the extra two copies of the Petition and return to me in the enclosed return envelope.

Sincerely,

Rocco D'Ascenzo
Associate General Counsel

cc: Jennifer Hans (w/enclosures)

COMMONWEALTH OF KENTUCKY
BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION

RECEIVED
AUG 29 2014
PUBLIC SERVICE
COMMISSION

In the Matter of:

The Application of Duke Energy Kentucky,)
Inc., For (1) A Certificate of Public)
Convenience And Necessity Authorizing)
the Acquisition of the Dayton Power &)
Light Company's 31% Interest in the East) Case No. 2014-00201
Bend Generating Station; (2) Approval of)
Duke Energy Kentucky, Inc.'s Assumption)
of Certain Liabilities in Connection with)
the Acquisition; (3) Deferral of Costs)
Incurred as Part of the Acquisition; and (4))
All Other Necessary Waivers, Approvals,)
and Relief.)

PETITION OF DUKE ENERGY KENTUCKY, INC.
FOR CONFIDENTIAL TREATMENT OF INFORMATION CONTAINED
IN ITS RESPONSES TO ATTORNEY GENERAL'S SECOND SET OF
DATA REQUESTS

Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), pursuant to 807 KAR 5:001, Section 13, respectfully requests the Commission to classify and protect certain information provided by Duke Energy Kentucky in its responses and attachments to Data Request Nos. 4,5,7,8 and 9 as requested by the Attorney General (AG) in this case on August 19, 2014. The information that the AG seeks through discovery and for which Duke Energy Kentucky now seeks confidential treatment (Confidential Information) shows sensitive economic information regarding the future operational costs of the Company's generation fleet, including estimates of forecasted maintenance expense and environmental compliance,

as well as confidential critical utility infrastructure described in confidential inspection logs. Specifically, Duke Energy Kentucky is requesting confidential treatment of the following:

- a) AG-DR-02-04 Response discussing future outages and scope of work to be performed;
- b) AG-DR-02-05 Attachment describing, in detail, maintenance projects considered at the East Bend station and budget estimates of costs;
- c) AG-DR-02-07 Response discussing information previously provided under seal discussing future maintenance expenditures;
- d) AG-DR-02-08 Attachment describing critical utility infrastructure consistent with KRS 61.878(1)(m), including recent inspection report of facilities at East Bend describing wastewater systems; and
- e) AG-DR-02-09 discussing information previously provided under seal regarding confidential inspection reports containing critical utility infrastructure, and various actions taken or to be taken by the Company.

This information would allow potential competitors and possible vendors to have access to the Company's estimated maintenance costs and environmental compliance costs that they could then use to anticipate the Company's future performance, including outage timing, maintenance expense, including costs of compliance and equipment needs. 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. Disclosure of the factors underlying Duke Energy Kentucky's forecasted costs of maintenance projects, including likelihood of timing of outages will grant vendors and other market participants a distinct advantage in that they would be able to anticipate the economic dispatch of East Bend in the future. Duke Energy Kentucky submits that the information contained in AG-DR-02-04, AG-DR-02-05 Attachment, and AG-DR-02-07 if openly disclosed, would give its vendors and competitors (specifically other PJM participants), access to competitively sensitive, confidential information, which in turn could cause energy and capacity 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. Competitors and vendors could use this information to anticipate the Company's future operational and maintenance costs and equipment needs and even outage timing to make decisions regarding pricing that they may not otherwise make in the absence of this information. If, for example, potential vendors had the knowledge of what Duke Energy Kentucky anticipated to spend on a particular compliance or maintenance project, Duke Energy Kentucky would lose its ability to negotiate and try to manage its costs.

3. The response to AG-DR-02-04 specifically relates to a previous response, Staff-DR-01-23 which was also submitted under seal and requesting confidential protection. And the response to AG-DR-02-07 specifically relates to AG-DR-01-01, Attachment E which was also submitted under seal and requesting confidential protection.

4. The information contained in the Attachments A through D to AG-DR-02-08 are confidential inspection records that include and contain detailed depictions, locations,

schematic drawings, and video of confidential utility infrastructure, including, but not limited to, waste water systems, which is protected for security and safety reasons as defined under KRS 61.878(1)(m)(1). If publicly released, this information would provide details regarding utility infrastructure that, in the wrong hands, could be exploited and used in ways that could create a homeland security and potential public safety risk. Therefore this information should remain confidential.

5. The information contained in the response to AG-DR-02-09 discusses various maintenance actions that have been or will be taken in response to confidential inspection reports conducted at the East Bend station. The response to AG-DR-02-09 specifically relates to AG-DR-01-12, containing inspection reports of critical utility infrastructure records that were previously submitted under seal and requesting confidential protection. Releasing the information contained in response to AG-DR-02-09 would permit future vendors and suppliers of Duke Energy Kentucky to gain an unfair competitive advantage in the marketplace. Vendors and suppliers could use this information to anticipate the Company's future costs and equipment needs and even outage timing to make decisions regarding pricing that they may not otherwise make in the absence of this information. If, for example, potential vendors had the knowledge of what Duke Energy Kentucky anticipated to spend on a particular compliance or maintenance project, Duke Energy Kentucky would lose its ability to negotiate and try to manage its costs.

6. The Confidential Information described herein was developed internally by Duke Energy Corporation and Duke Energy Kentucky personnel or on its behalf, is not on file with any public agency, and is not available from any commercial or other source outside Duke Energy Kentucky. The aforementioned Confidential Information in these 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. Duke Energy Kentucky does not object to limited disclosure of the confidential information described herein, pursuant to an acceptable protective agreement, the Attorney General or other intervenors with a legitimate interest in reviewing the same for the purpose of participating in this case.

8. This information was, and remains, integral to Duke Energy Kentucky's effective execution of business decisions. And such information is generally regarded as confidential or proprietary. Indeed, as the Kentucky Supreme Court has found, "information concerning the inner workings of a corporation is 'generally accepted as confidential or proprietary.'" *Hoy v. Kentucky Industrial Revitalization Authority*, Ky., 904 S.W.2d 766, 768 (Ky. 1995).

9. In accordance with the provisions of 807 KAR 5:001, Section 13(3), the Company is filing one copy of the Confidential Information separately under seal, and one copy without the confidential information included.

10. Duke Energy Kentucky respectfully requests that the Confidential Information be withheld from public disclosure for a period of ten 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.


11. To the extent the Confidential Information becomes generally available to the

public, whether through filings required by other agencies or otherwise, Duke Energy Kentucky will notify the Commission and have its confidential status removed, pursuant to 807 KAR 5:001 Section 13(10)(a).

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, INC.



Rocco O. D'Ascenzo
Associate General Counsel
Amy B. Spiller
Deputy General Counsel
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Counsel for Duke Energy Kentucky, Inc.

and

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Lexington, KY 40504
(859) 368-7740
e-mail: mdgoss@gosssamfordlaw.com
e-mail: david@gosssamfordlaw.com

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing filing was served on the following via overnight mail, this 29th day of August 2014:

Jennifer Hans
The Office of the Attorney General
Utility Intervention and Rate Division
1024 Capital Center Drive
Frankfort, Kentucky 40601
Jennifer.hans@ag.ky.gov



Rocco D'Ascenzo

VERIFICATION

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, J. Michael Geers, Manager EHS, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.


J. Michael Geers, Affiant

Subscribed and sworn to before me by J. Michael Geers on this 27th day of August, 2014.


NOTARY PUBLIC


My Commission Expires:

RUTH M. LOCCISANO
Notary Public, State of Ohio
My Commission Expires 06-18-2017

VERIFICATION


STATE OF INDIANA)
)
COUNTY OF HENDRICKS) **SS:**

The undersigned, Keith Pike, Director of Generation and Regulatory Strategy, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.



Keith Pike, Affiant

Subscribed and sworn to before me by Keith Pike on this 20th day of August, 2014.



NOTARY PUBLIC


My Commission Expires: 6/3/2018



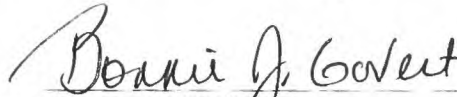
VERIFICATION

STATE OF INDIANA)
) SS:
COUNTY OF HENDRICKS)

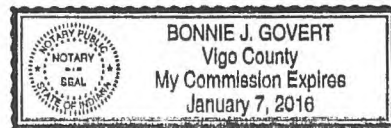
The undersigned, Steve Immel, Vice President of Midwest Regulated Operations, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.


Steve Immel, Affiant

Subscribed and sworn to before me by Steve Immel on this 20th day of August, 2014.


NOTARY PUBLIC

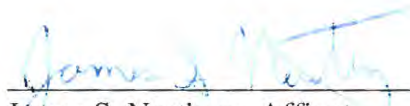
My Commission Expires:



VERIFICATION

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

The undersigned, James S. Northrup, Director of Wholesale & Renewables Analytics, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.


James S. Northrup, Affiant

Subscribed and sworn to before me by James S. Northrup on this 20 day of AUGUST, 2014.


NOTARY PUBLIC

My Commission Expires:

8/30/17

VERIFICATION

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

The undersigned, Jack Sullivan, Director of Capital Structuring, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.

Jack Sullivan

Jack Sullivan, Affiant

Subscribed and sworn to before me by Jack Sullivan on this 20th day of August, 2014.



Nancy H. Taylor

NOTARY PUBLIC

My Commission Expires: January 26, 2017

VERIFICATION

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

The undersigned, John Verderame, Director of Power Trading & Dispatch, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.



John Verderame, Affiant

Subscribed and sworn to before me by John Verderame on this 21 day of August, 2014.





NOTARY PUBLIC

My Commission Expires: 6/22/2017

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Duke Energy Kentucky
Case No. 2014-00201
Attorney General's Second Set of Data Requests
Date Received: August 19, 2014

AG-DR-02-001

REQUEST:

Reference the DEK filing in Case No. 2014-00273 (DEK's IPR). On p. 45, on the chart entitled "Estimated Environmental Impact Study" under the row labeled "CCR Rule" and under the column labelled "East Bend," the phrase "dry bottom ash conversion risks" appears. Please identify the specific bottom ash conversion risks to which the company is apparently referring.

RESPONSE:

The USEPA proposed the Coal Combustion Residuals Rule ("CCR Rule") in June of 2010. Please see the direct testimony of J. Michael Geers in this proceeding, pages 21 to 22 for a detailed description of this rulemaking and its potential implications to East Bend Station. In short, if the CCR Rule imposes requirements that ultimately make closing the existing bottom ash pond necessary, then the conversion of the unit to dry bottom ash handling and storage may represent the most economic option for future bottom ash management.

PERSON RESPONSIBLE: J. Michael Geers

Duke Energy Kentucky
Case No. 2014-00201
Attorney General's Second Set of Data Requests
Date Received: August 19, 2014

AG-DR-02-002

REQUEST:

Reference the company's response to PSC 1-22 (a), regarding the planned Spring outage at East Bend to address various boiler projects. The company responded that ". . . capital costs have been invoiced to DP&L, but they are currently withholding payment on some of these projects" Please provide:

- a. DP&L's share of the total costs for the outage in dollars;
- b. An explanation of whether the disputed sums relate solely to capital costs, O & M or both;
- c. A list of the specific projects over which DP&L is withholding payment, together with DP&L's reasons for doing so;
- d. A date on which DEK expects DP&L's payments, together with the options that exist should DP&L fail to tender its share of the costs.

RESPONSE:

- a. The outage projects are defined in Schedule 1.2-2 of the Purchase and Sale Agreement PSA. During the outage, additional work was performed that was not defined in the PSA. As of July 31, 2014, DP&L's share of the outage related costs as defined in the PSA is approximately \$6.6 Million

- b. Both. The terms of the Purchase Agreement resolved any disputes relating to the payment of Spring-outage related costs by reducing the Net Settlement Amount by:
- 1) any Outstanding Outage Costs as of closing (capped at an aggregate of \$9.5 million), and
 - 2) any Outstanding Non-Outage Costs (capped at \$1.2 million per month for O&M Costs between May and closing).
- c. See Schedule 1.2-2 of the Purchase and Sale Agreement filed on June 13, 2014. In recent years, DP&L has becoming increasingly unwilling to invest any capital or O&M at the station. DP&L's unwillingness has been driven by the fact that it is no longer operating in a regulated jurisdiction where it would be receiving any cost recovery through regulated rates for any investment in the generating plant. DP&L's view of East Bend has become that of a merchant generator and its decisions to deploy capital are driven solely by the wholesale markets in PJM, rather than by maintaining reliability for serving customers.
- d. The "Net Settlement Amount" as defined in the Purchase and Sale Agreement is the mechanism by which any outstanding payments by DP&L in favor of Duke Energy Kentucky will be reconciled upon closing of the transaction. To the extent there are outstanding amounts at closing, the Net Settlement Amount will be reduced, resulting in a lower cash outlay to DP&L.

PERSON RESPONSIBLE:

Steve Immel (a-c)

Jack Sullivan (d)

Duke Energy Kentucky
Case No. 2014-00201
Attorney General's Second Set of Data Requests
Date Received: August 19, 2014

AG-DR-02-003

REQUEST:

Reference the company's response to PSC 1-22 (c). Has DP&L withheld payment for any costs associated with the projects identified in this subpart? If so, please provide:

- a. DP&L's share of the total costs for these outage in dollars;
- b. An explanation of whether the disputed sums relate solely to capital costs, O & M or both;
- c. A list of the specific projects over which DP&L is withholding payment, together with DP&L's reasons for doing so;
- d. A date on which DEK expects DP&L's payments, together with the options that exist should DP&L fail to tender its share of the costs.

RESPONSE:

DP&L has fully reimbursed Duke Energy Kentucky its share of all Non-Outage related capital and O&M in accordance with the terms of the PSA.

a.-d. N/A.

PERSON RESPONSIBLE: Steve Immel

REQUEST:

Reference the company's response to PSC 1-23. Provide a cost estimate for each [REDACTED] item specified therein. When the [REDACTED] are completed, state:

- a. how they are expected to contribute to [REDACTED] and
- b. whether any one or more of those items will add to East Bend's expected life span, and if so, by how much.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

- a. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- b. [REDACTED]
[REDACTED]

PERSON RESPONSIBLE: Steve Immel

Duke Energy Kentucky
Case No. 2014-00201
Attorney General's Second Set of Data Requests
Date Received: August 19, 2014

AG-DR-02-005 PUBLIC
(As to Attachment Only)

REQUEST:

Reference DEK's response to AG 1-1, Attachment A (Letter from Mr. Charles A. Lantzy, DP&L's Senior Vice President of Generation Operations to Mr. Charles Gates of Duke Energy Corporation, dated Feb. 15, 2013).

- a. Explain why Mr. Lantzy stated in the first paragraph that "[t]he financial performance of Unit 2 has been extremely disappointing, over the last year or so for . . . [DP&L]."
- b. In the first paragraph, Mr. Lantzy stated that "negative financial results are projected to continue for the foreseeable future. . ." Explain what measures DEK and/or DP&L took since the date of this letter to improve the financial performance of East Bend.
 - (i) Explain whether those measures will insure positive financial performance for the remaining life of the unit.
- c. On the bottom of page 1 and continuing onto the top of page 2 of Attachment A, Mr. Lantzy requests that DEK engage in best efforts to agree upon modifications to the East Bend Unit 2 Operating Agreement ["the Agreement"]. Provide a copy of the Agreement depicting any changes to which the parties agreed since the date of this letter.

- (i) At the top of page 2, Mr. Lantzy mentions “. . . proposed capital improvements and plant upgrades.” Provide a list of all such proposals, both those that were implemented and any and all which may not have been implemented.
- d. In the next to last paragraph on page 2, Mr. Lantzy suggests a meeting “. . . to present the conclusions of our analyses and proposals.” Provide a copy of any and all materials discussing DP&L’s analyses and conclusions.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment Only)

- a. Duke Energy Kentucky does not agree with DP&L’s view regarding the operation of the East Bend station or its opinion regarding financial performance. Duke Energy Kentucky operates as regulated utility that focuses on providing reliable electric generation for its customers, and has traditional regulated utility mechanisms to recover certain costs. As such, East Bend 2 has been, and continues to be, a financially viable station for Duke Energy Kentucky. Mr. Lantzy's comments relating to disappointing financial performance from East Bend 2 are likely caused by the fact that DP&L operates in an unregulated market in which there is retail customer choice and its revenues are subject to market price volatility.
- b. See response to part a. DP&L’s statement is from a view of a merchant generator who does not have regulated utility customers for which its generation is dedicated. Due to changes in the Ohio retail choice market, DP&L’s willingness

to continue to deploy capital and O&M for the station became dependent upon revenues it can receive in the competitive markets.

c. No changes to the Operating Agreement were agreed upon subsequent to Mr. Lantzy's letter.

c-i) This was a general statement regarding the different operating and investment philosophies for East Bend between DP&L and Duke Energy Kentucky. See response to part a). DP&L's statement is from a view of a merchant generator who does not have regulated utility customers for which its generation is dedicated. Due to changes in the Ohio retail choice market, DP&L's willingness to continue to deploy capital and O&M for the station became dependent upon revenues it can receive in the competitive markets.

d. See Confidential Attachment AG-DR-02-005 *submitted under seal and pursuant to a motion for confidential protection.*

PERSON RESPONSIBLE: Steve Immel



CONFIDENTIAL ATTACHMENT
FILED UNDER SEAL

Duke Energy Kentucky
Case No. 2014-00201
Attorney General's Second Set of Data Requests
Date Received: August 19, 2014

AG-DR-02-006

REQUEST:

Reference DEK's response to AG 1-1, Attachment B (letter from Mr. Steven Immel, Vice President of Duke Midwest Regulated Operations, to Mr. Brad Scott, Vice President of Generation for DP&L, dated Feb. 15, 2013).

- a. The first paragraph of the letter states, ". . . DEK at the request of DP&L, agreed to a 60% reduction in capital expenditures over the long term." Identify the precise then-proposed capital expenditures that constituted the 60% reduction in capital expenditures to which DEK agreed.
- b. For each item of capital expenditures identified in your response to subpart (a), above, state whether that item has been identified as an item of future expense in the event the Commission approves DEK's filing in the instant case.

RESPONSE:

- a. The original 2011 budget had certain assumptions to pending environmental rules that did not occur. Duke Energy Kentucky was able to reprioritize and put off or cancel some of these projects. For example, one of the projects that was eliminated was a need of a baghouse instead of a precipitator. These environmental projects were majority of the cuts that were made.

- b. At this time the majority of cuts made are not projected to be needed but it is largely speculative based on future environmental rulings.

PERSON RESPONSIBLE: Steve Immel

Duke Energy Kentucky
Case No. 2014-00201
Attorney General's Second Set of Data Requests
Date Received: August 19, 2014

AG-DR-02-007 PUBLIC

REQUEST:

Reference DEK's response to AG 1-1, Attachment E (Confidential) (letter from [REDACTED]
[REDACTED]), wherein it is stated in the bottom
paragraph that [REDACTED]

[REDACTED]. Provide a description of each item comprising [REDACTED].

- a. Provide any necessary reconciliation to DEK's responses to item numbers 5 and 6, above.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

PERSON RESPONSIBLE: Steve Immel

Duke Energy Kentucky
Case No. 2014-00201
Attorney General's Second Set of Data Requests
Date Received: August 19, 2014

AG-DR-02-008 PUBLIC
(As to Attachments Only)

REQUEST:

Reference DEK's response to AG 1-12 (h). Regarding the "bottom ash pond final discharge pipe":

- a. Of what materials(s) is it composed?
- b. What is the pipe designed to do?
- c. What materials pass through it?
- d. Can any of the chemicals in the wet ash corrode any of the material(s) of which the pipe/culvert is composed?
- e. If it were to leak, to where would the substances that flow through the bottom ash pond final discharge pipe flow?
- f. When was the last time it was inspected? Please provide a copy of any and all reports reflecting the inspection and results.
- g. How old is it?

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachments Only)

Objection. This request is vague, overbroad, unduly burdensome in that it lacks reasonable time limitations and is irrelevant. Moreover, this question is not likely to lead to the discovery of any admissible evidence. Objecting further, the Company objects to

this request to the extent it seeks documents that are protected by the doctrines of Attorney Work Product and Attorney Client Privilege. Without waiving said objections and to the extent discoverable:

- a. The ash bottom ash pond discharge pipe, also known as a decant pipe, consists of a 36-inch corrugated metal pipe (CMP) approximately 400 feet in length. A 28-inch steel pipe is internal to this pipe for a length of 36 feet at the upstream end of the decant pipe where it exits the riser structure. Two vent structures also exit the decant pipe via corrugated metal T-sections along its length. The vent pipes are also 36-inch CMP and extend above grade.
- b. The pipe is designed to decant treated water from the surface of the bottom ash pond to the permitted (NPDES) Ohio River outfall.
- c. Treated water from the bottom ash pond.
- d. Yes, the decant pipe is made of metal which is subject to corrosion from contact with water.
- e. If the decant pipe were to leak, the leaking water would eventually make its way to the Ohio River. To the extent the decant pipe is designed to flow water to the Ohio River, such a leak would be a mechanical failure, but not a process failure.
- f. Objection. This request is vague, overbroad, unduly burdensome in that it lacks reasonable time limitations and is irrelevant. Moreover, this question is not likely to lead to the discovery of any admissible evidence. The Company further objects to this request as it seeks information that is protected by the doctrines of Attorney Work Product and Attorney Client Privilege. Without waiving said objections and to the extent discoverable, an inspection was made in April 2014.

Please See Confidential Attachments AG-DR-02-08A-C and AG-DR-02-08D (DVD) *submitted under seal and pursuant to a Motion for Confidential Protection.*

The bottom ash pond and discharge structure are both original unit equipment and were placed in service with the unit in 1981.

PERSON RESPONSIBLE:

Legal- As to objection

J. Michael Geers



CONFIDENTIAL ATTACHMENT
FILED UNDER SEAL

Duke Energy Kentucky
Case No. 2014-00201
Attorney General's Second Set of Data Requests
Date Received: August 19, 2014

AG-DR-02-009 PUBLIC

REQUEST:

Reference DEK's response to AG 1-12, Confidential Attachment A "[REDACTED]
[REDACTED]," dated July 11, 2014

- a. Confirm that at p. 2, the [REDACTED]
[REDACTED] and the following comments appear: "[REDACTED]
[REDACTED]."
- b. Please describe what [REDACTED]
[REDACTED]
- c. Please describe the function the [REDACTED] performs.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

- a. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

b. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

c. [REDACTED]
[REDACTED]
[REDACTED]

PERSON RESPONSIBLE: J. Michael Geers/Keith Pike

Duke Energy Kentucky
Case No. 2014-00201
Attorney General's Second Set of Data Requests
Date Received: August 19, 2014

AG-DR-02-010

REQUEST:

Reference DEK's response to AG 1-27. Will the results of DEK's analysis of this RFP be available to the Commission and the Attorney General before the date that DEK has requested final order in this matter?

RESPONSE:

Duke is still performing evaluation on the confidential proposals received in the Backstand RFP. Decisions regarding the RFP and Duke's plan to manage generation risk going forward will be shared in the regulatory filing to be submitted as part of the Company's back-up power supply proceeding.

PERSON RESPONSIBLE: James Northrup

Duke Energy Kentucky
Case No. 2014-00201
Attorney General's Second Set of Data Requests
Date Received: August 19, 2014

AG-DR-02-011

REQUEST:

Does DEK believe that the operation of either MF6, East Bend 2 or perhaps both plants will be cycled more frequently in the coming years? If so:

- a. Provide copies of any and all engineering studies discussing the more frequent cycling;
- b. Please state whether DEK believes there will be more frequent maintenance cycles at one or both plants; and
- c. Please identify any additional projected O & M costs associated with more frequent cycling.

RESPONSE:

Objection. This request is vague, overbroad and unduly burdensome and calls for speculation. Without waiving said objection and to the extent discoverable, Duke Energy Kentucky currently has no reason to expect that the operational profile of East Bend 2 will change significantly in the future. Further, Duke Energy Kentucky currently has no reason to expect that the operational profile of Miami Fort 6 will change significantly up to its potential retirement date in June of 2015, pending the Commission's approval of the East Bend Purchase. Should the Commission not approve the East Bend Purchase, and Duke Energy Kentucky be forced into retrofitting Miami Fort 6 for MATS rule

compliance, then we would expect Miami Fort 6 to operate at significantly lower capacity factors and cycle more frequently due to the high cost of the western bituminous/subbituminous coal blend that the unit would need to utilize.

- a. Duke Energy Kentucky has not performed any studies evaluating unit cycling.
- b. Duke Energy Kentucky witness Steve Immel has discussed the expected plant maintenance interval in direct testimony. To the extent no operational profile change is expected, the maintenance interval as discussed is not expected to change.
- c. Duke Energy Kentucky has not identified incremental O&M costs with respect to unit cycling.

PERSON RESPONSIBLE: John Verderame/Steve Immel