

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY	)	
KENTUCKY, INC. FOR APPROVAL OF ITS	)	CASE NO.
PREMIER POWER SERVICE TARIFF AND	)	2015-00347
STANDARD CONTRACT	)	

COMMISSION STAFF'S SECOND 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 ten copies of the following information, with a copy to all parties of record. The information requested herein is due within 14 days of the date of this request. Responses to requests for information 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 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, Duke Kentucky shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should 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, page 3, numbered paragraph 5. Confirm that the last sentence in the paragraph intended to refer to Duke Kentucky's monthly fuel adjustment charge rather than to a quarterly fuel adjustment charge.

2. Refer to Duke Kentucky's response to Commission Staff's Initial Request for Information ("Staff's First Request"), Item 1.a., which states, "[a]t sized below 50 kW this product becomes less cost effective for customers and more of a commodity product." Explain what is meant by this statement.

3. Refer to Duke Kentucky's response to Staff's First Request, Item 2.

a. Refer to the response to Item 2.a.

(1) Explain whether the response indicates that Duke Kentucky believes that it cannot engage in a non-regulated activity without having a tariff approved by the Commission for the activity.

(2) Provide a listing of Duke Kentucky's non-regulated activities for which a tariff has been approved by the Commission.

(3) Provide a listing of Duke Kentucky's non-regulated activities for which a tariff has not been approved by the Commission.

b. Refer to the response to Item 2.b.

(1) Confirm that Acct. 0107000 is Construction Work in Progress ("CWIP").

(a) If this cannot be confirmed, identify the name of the account.

(b) If this can be confirmed, state to what account(s) the amounts in CWIP will be transferred upon completion of construction.

(2) Confirm that Acct. 0910100 is Miscellaneous Customer Service and Informational Expenses.

(a) If this cannot be confirmed, identify the name of the account.

(b) If this can be confirmed, confirm that this is an "above the line" account and not a "below the line" account.

4. Refer to Duke Kentucky's response to Staff's First Request, Item 3.b., and the Application, Direct Testimony of Keith L. Dale ("Dale Testimony"). The response to Item 3.b. describes a contingency allowance as "[p]ossible customer requirements that are known and will be required or are discovered during the term of the contract but are not known or required at the beginning of the project. Costs are adjusted from that period going forward in the contract." State whether that response

conflicts with the Dale Testimony, page 7, lines 9–10, which state that “[t]he monthly charge will remain the same through the term of the contract. . . .”

5. Refer to Duke Kentucky’s response to Staff’s First Request, Item 5.

a. Refer to Attachment (a)(1), page 1 of 2, which is a Premier Power Service (“PPS”) tariff of Duke Energy Indiana, Inc. (“Duke Indiana”). The second paragraph from the bottom of the page sets forth how expenses are calculated and includes the term “fuel.” The PPS tariff proposed by Duke Kentucky in this proceeding uses the term “fuel inventory” for determining the estimated expenses. Explain the meaning of these two terms as used in the tariffs of Duke Indiana and Duke Kentucky, respectively, and the reason for the difference, if any, in these terms between the two tariffs.

b. Refer to Attachment (b)(1), page 1 of 6. Provide a copy of the Settlement Agreement referred to on this page.

c. Refer to Attachment (b)(2). This attachment does not appear to be a final order approving a tariff for Duke Power. Provide a copy of the final order approving a PPS tariff for Duke Power by the North Carolina Utilities Commission.

6. Refer to Duke Kentucky’s response to Staff’s First Request, Item 7. The response states that “[e]nergy will be billed under standard tariffed rates.” Refer also to the Dale Testimony, page 7, lines 3–4, which state that “[t]he monthly charge will be all inclusive including the cost of fuel. . . .” Given that Duke Kentucky’s energy rates include base fuel costs of \$.029117, explain how a PPS customer would not be paying double fuel costs when paying for energy at the standard tariff rate and for fuel as part of the fixed monthly charge under the PPS tariff.

7. Refer to Duke Kentucky's response to Staff's First Request, Item 8. The response states that "Duke Energy reserves the right to charge for fuel usage, at the then current commercial rate, for extended generator run time greater than 40 hours per year."

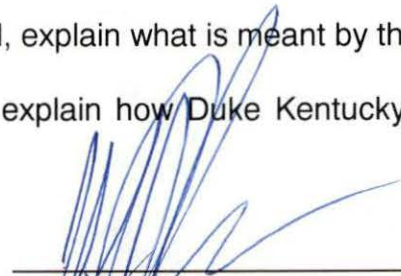
- a. Explain how the threshold of 40 hours was determined.
- b. Reconcile this statement with the Dale Testimony, page 7, lines 3–4 that "[t]he monthly charge will be all inclusive including the cost of fuel. . . ."
- c. Provide a sample calculation of the monthly service payment to be assessed under the PPS tariff. Include in the response a breakdown and description of the estimated levelized capital costs and estimated expenses used to calculate the monthly service payment.

8. Refer to Duke Kentucky's response to Staff's First Request, Item 9, regarding a fee to be charged to PPS customers to cover the cost of a site evaluation. The response states that "[t]he fee will be added to the total project costs if the customer chooses [sic] to proceed with a contract." State whether the response indicates that a nominal fee will not be charged to a customer who chooses not to proceed with a contract under the PPS tariff.

- a. If this cannot be confirmed, explain what is meant by the statement.
- b. If this can be confirmed, explain how Duke Kentucky will recover the costs of the site evaluation.

DATED DEC 29 2015

cc: Parties of Record

  
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