

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY,)	
INC. FOR (1) A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY)	
AUTHORIZING THE CONSTRUCTION OF AN)	CASE NO.
ADVANCED METERING INFRASTRUCTURE; (2))	2016-00152
REQUEST FOR ACCOUNTING TREATMENT;)	
AND (3) ALL OTHER NECESSARY WAIVERS,)	
APPROVALS, AND RELIEF)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
THE ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("AG"), pursuant to 807 KAR 5:001, is to file with the Commission the original in paper medium and an electronic version of the following information. The information requested herein is due on or before August 15, 2016. Responses to requests for information in paper medium shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to 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.

The AG 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 the AG fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. A party filing a paper containing personal information 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 Direct Testimony of Paul Alvarez (“Alvarez Testimony”), page 6, line 1, which states that cost-benefit analysis is standard practice in smart meter applications, and to pages 19 and 20, where a bullet-point list of data supporting a cost-benefit analysis is presented.

a. Other than the bullet-point items listed on pages 19 and 20, what items of data are typically provided by a utility in the “standard practice” statement?

b. Identify the data items from pages 19 and 20, and others identified in the response above to Item 1.a., that Duke Energy Kentucky failed to include in its cost-benefit analysis.

c. Explain why Mr. Alvarez believes that it is industry standard practice for a utility to request regulatory approval to upgrade or replace its meter

system as part of a rate case and provide a list of those cases which reflect this practice, identifying the jurisdiction and citing the case number and style.

d. Identify any cases submitted to the Kentucky Public Service Commission that include meter system upgrades or replacements (or other requests for certificates of public convenience and necessity) as part of a rate case.

2. Refer to the Alvarez testimony, pages 7–8. Provide the reasons why the undepreciated meter costs should be included in the cost benefit analysis.

3. Refer to the Alvarez testimony, page 9, lines 5–6, which state that “customers will pay carrying costs on the stranded assets until the next rate case is filed and adjudicated, which may be a number of years.” Identify the carrying costs referred to in this statement.

4. Refer to the Alvarez Testimony, page 16, lines 13–17. Explain why the AG would be denied “the opportunity to have a say in the offer, design, and promotional characteristics which determine the benefits that time-varying rates deliver” if time-varying rate schedules were proposed in a case that was not a rate case.

5. Refer to the Alvarez Testimony, page 17, lines 8–11. Explain why the AG would be denied “the opportunity to state its opposition to default demand rates, increasing the likelihood that such rates could become some type of presumptive outcome of smart meter deployment in the future” if a default demand rate was proposed in a case that was not a rate case.

6. Refer to the Alvarez Testimony, page 22.

a. Refer to the first bullet point. Identify the parameters that Mr. Alvarez and the AG would propose to accomplish the recommendation set forth in this bullet point.

b. Refer to the third bullet point. Clarify the intent of this bullet point and explain why the Commission should address rate design parameters in this proceeding.

c. Refer to the fourth bullet point. Explain why it is necessary to establish specific requirements for a time-varying rate option in this proceeding rather than waiting until the proceeding in which such a rate option is proposed.

7. State whether Mr. Alvarez and the AG are supportive of the depreciation lives requested by Duke Kentucky for the proposed meters and modules. If they are not supportive, provide a specific recommendation regarding depreciation lives.



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DATED JUL 29 2016

cc: Parties of Record

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