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Rocco O. D'Ascenzo
Associate General Counsel

VIA OVERNIGHT DELIVERY

November 4, 2016

Talina Rose Matthews
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
Frankfort, KY 40602-0615

RECEIVED

NOV 07 2016

PUBLIC SERVICE
COMMISSION

Re: Case No. 2016-00228

**In the Matter of the Application of Duke Energy Kentucky, Inc., for an
Adjustment to Rider ASRP Rates and for Tariff Approval**

Dear Ms. Matthews:

Duke Energy Kentucky, Inc. hereby submits its responses to *Staff's Second Set of Data Requests*. In compliance with 807 KAR 5:001, the original and ten (10) paper copies have been enclosed.

Respectfully submitted,

Rocco D'Ascenzo (92796)
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Rocco.D'Ascenzo@duke-energy.com
Counsel for Duke Energy Kentucky, Inc.

cc: Rebecca Goodman (w/enclosures)

VERIFICATION

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, John A. Hill, Jr., Director, Integrity Management, Engineering and Growth, 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 A. Hill, Jr., Affiant

Subscribed and sworn to before me by John A. Hill, Jr. on this 2ND day of NOVEMBER,
2016.

ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2019



NOTARY PUBLIC

My Commission Expires: 1/5/2019

KYPSC CASE NO. 2016-00228
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Duke Energy Kentucky
Case No. 2016-00228
Staff Second Set Data Requests
Date Received: October 26, 2016

STAFF-DR-02-001

REQUEST:

Refer to the September 19, 2016 Informal Conference (“IC”) memorandum, the attachment titled “KY Accelerated Service Replacement Program,” which was provided by Duke Kentucky at the September 12, 2016 IC.

- a. Confirm that the Conclusions page of the attachment indicates that, based on more current information, only 7,000 to 8,000 of the 10,000 services originally estimated to be replaced through the Accelerated Service Replacement Program (“ASRP”) will actually need to be replaced.
- b. Confirm that the Conclusions page also indicates that the ASRP is now projected to cost from \$34 million to \$38 million, based on current trends, in comparison to the original \$50 million projection from Case No. 2015-00210.¹

RESPONSE:

- a. Yes, based on continuing trends, the Company anticipates replacing 70% to 80% of the original 10,000 ASRP services presented. The other 20% to 30% will be verifications of material type, or abandonments.

¹ Case No. 2015-00210, *Application of Duke Energy Kentucky, Inc., for a Certificate of Public Convenience and Necessity Authorizing the Implementation of an Accelerated Service Line Replacement Program, Approval of Ownership of Service Lines, and a Gas Pipeline Replacement Surcharge.* (Ky PSC Feb. 2, 2016).

- b. Yes, based on continuing trends, the Company still anticipates the new projected cost to be between \$34 million and \$38 million. This is based on a \$3,500.00 adjusted per renewal cost. Down from the original \$5,000.00 per renew cost.

PERSON RESPONSIBLE: John A. Hill, Jr.

Duke Energy Kentucky
Case No. 2016-00228
Staff Second Set Data Requests
Date Received: October 26, 2016

STAFF-DR-02-002

REQUEST:

Refer to Case No. 2015-00210, Direct Testimony of John A. Hill, Jr., page 19, lines 21-22. Provide an update on the projected annual cost of the ASRP through 2020.

RESPONSE:

The Projected Annual Cost through 2020 is expected to be as follows:

\$3 million	\$9 million	\$10 million	\$10 million	\$4 million
2016	2017	2018	2019	2020

PERSON RESPONSIBLE: John A. Hill, Jr.

REQUEST:

Refer to Duke Kentucky's September 20, 2016 supplemental response to Item 3 of the Commission Staff's First Request for Information.

- a. With regard to the accelerated replacements for qualifying customer-owned curb-to-meter services of an unidentified material type, provide the annual impact of the replacement acceleration on updated projected ASRP expenditures.
- b. Attachment 1, Schedule 2.3, of the supplemental response shows projected "Reconnaissance O&M" total cost of \$302,161 for 2017. Provide a breakdown of Reconnaissance O&M activities and associated cost per activity, and explain whether the cost per activity was originally underestimated, or whether the updated cost is higher due to the lower number of actual replacements, as explained on pages 2-3 of the supplemental response.

RESPONSE:

- a. Duke Energy Kentucky anticipates spending approximately \$1.3 million per year to replace services identified through reconnaissance as being non-protected metallic material. This cost is included in the updated projections provided in STAFF DR-02-002.
- b. Service verification during reconnaissance work – Upon excavation, if it is determined that the service material does not meet ASRP criteria for replacement,

it would cost approximately \$300 per service. The Company is estimating the number of these to be about 470 per year.

Service verification during reconnaissance work – Upon excavation, if it is determined that the service should be abandoned, it would cost approximately \$325 per service. The Company is estimating these to be about 170 per year.

Verification on ASRP identified services – Upon excavation, if it is determined that the service material does not meet ASRP criteria for replacement, it would cost approximately \$300 per service. The Company is estimating these to be 252 per year.

Verification on ASRP identified services – Upon excavation, if it is determined that the service should be abandoned, it would cost approximately \$325 per service. The Company is estimating these to be about 90 per year.

In the original Application, Duke Energy Kentucky anticipated replacing 100% of the identified services (10,000). Now that the program has been implemented, data and field verification is indicating that only approximately 70% - 80% of these services actually require replacement. The O&M cost to verify but not replace these services will be included in the ASRP program.

PERSON RESPONSIBLE: John A. Hill, Jr.