

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BACK-UP POWER SUPPLY PLAN OF DUKE) CASE NO.
ENERGY KENTUCKY, INC.) 2017-00117

COMMISSION STAFF'S FIRST 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 eight copies of the following information, with a copy to all parties of record. The information requested herein is due on or before April 24, 2017. 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 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. Provide the planning reserve margin that is assigned to Duke Kentucky under PJM Interconnection, LLC's ("PJM") tariff.

2. Provide an analysis of the effectiveness of Duke Kentucky's most recent back-up supply plan, which covers the period of June 1, 2015, through May 31, 2017.

3. Explain what exposure Duke Kentucky will have to incremental risks related to PJM Capacity Performance requirements and penalties, and whether and how Duke Kentucky mitigates such incremental risks, if any.

4. Refer to the Application, page 5, Table 1. For the Delivery Year 2017-2018 period, provide Duke Kentucky's forecasted summer and winter peak demands.

5. Refer to the Application, pages 2-3, regarding Duke Kentucky's participation in PJM under the Fixed Resource Requirement ("FRR") option. Duke Kentucky states that it regularly evaluates the merits of exiting the FRR option in light of Duke Kentucky's relative capacity position and changing PJM, Federal Energy Regulatory Commission, or environmental rules. Explain whether the evaluation is

periodic or ongoing, and describe the types of conditions that might trigger Duke Kentucky to re-evaluate its participation in the FRR option.

6. Refer to the Application, page 4, which states that Duke Kentucky is “strongly considering enhancing the hedging portfolio” by adding business-interruption insurance product tailored to mitigate exposure to market prices from forced outages at East Bend Unit 2, Duke Kentucky’s only base load unit. Also refer to the Application, pages 18–19, regarding further negotiation on specific terms and conditions for an insurance product.

a. Provide the status of Duke Kentucky’s negotiations to obtain such insurance and when negotiations are expected to be concluded.

b. Explain whether the business interruption insurance products Duke Kentucky is considering would also mitigate any Capacity Performance penalties that could be levied against Duke Kentucky by PJM due to non-performance during a Capacity Performance assessment hour.

7. Refer to the Application, page 8, regarding a Request for Proposals (“RFP”) that was issued by Duke Kentucky on September 2, 2016.

a. Provide a copy of the RFP.

b. Define and describe a “Back Stand Energy Call Option.”

c. Define and describe a “Daily Call Option.”

DATED APR 06 2017

cc: Parties of Record


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