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**VIA OVERNIGHT DELIVERY**

RECEIVED

JAN 11 2019

PUBLIC SERVICE  
COMMISSION

January 10, 2019

Ms. Gwen R. Pinson  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd  
Frankfort, KY 40601

Re: **Case No. 2018-00416**

In the Matter of an Application of Duke Energy Kentucky, Inc. For an Order Approving the Establishment of a Regulatory Asset

Dear Ms. Pinson:

Duke Energy Kentucky, Inc. hereby submits the original and six (6) copies of its Responses to Commission Staff's First Request for Information, with a copy to all parties of record, pursuant to 807 KAR 5:001.

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

Respectfully submitted,

Rocco D'Ascenzo (92796)  
Deputy General Counsel  
Duke Energy Kentucky, Inc.  
139 East Fourth Street, 1303 Main  
Cincinnati, Ohio 45202  
Phone: (513) 287-4320  
Fax: (513) 287-4385  
Rocco.D'ascenzo@duke-energy.com  
Counsel for Duke Energy Kentucky, Inc.

Enclosures: As stated  
cc: Rebecca Goodman

**VERIFICATION**

**RECEIVED**

STATE OF OHIO                    )  
  )  
  )       **SS:**  
COUNTY OF HAMILTON        )

JAN 11 2019  
PUBLIC SERVICE  
COMMISSION

The undersigned, Terry D. Bates, Supervisor DCC 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.



\_\_\_\_\_  
Terry D. Bates Affiant

Subscribed and sworn to before me by Terry D. Bates on this 2<sup>ND</sup> day of JANUARY, 2019.



\_\_\_\_\_  
NOTARY PUBLIC

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

My Commission Expires: 1/5/2019

**VERIFICATION**

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

The undersigned, Cicely Hart, VP Engineering, Customer Delivery, being duly sworn, deposes and says that she 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 her knowledge, information and belief.

Cicely Hart  
Cicely Hart, Affiant

Subscribed and sworn to before me by Cicely Hart on this 2<sup>ND</sup> day of January, 2019.



Paula M. Rosemar  
NOTARY PUBLIC Paula M. Rosemar

My Commission Expires: 3-17-23

Resident: Hendricks County

**VERIFICATION**

**STATE OF OHIO** )  
 ) **SS:**  
**COUNTY OF HAMILTON** )

The undersigned, Kathie Swaney, Manager Finance 1, being duly sworn, deposes and says that she 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 her knowledge, information and belief.

  
Kathie Swaney, Affiant

Subscribed and sworn to before me by Kathie Swaney on this 4<sup>th</sup> day of January, 2019.

  
NOTARY PUBLIC

My Commission Expires: July 8, 2022



**E. MINNA ROLFES-ADKINS**  
Notary Public, State of Ohio  
My Commission Expires  
July 8, 2022

VERIFICATION

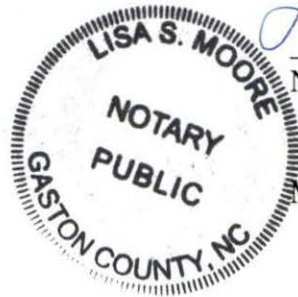
STATE OF NORTH CAROLINA )  
 ) SS:  
COUNTY OF MECKLENBURG )

The undersigned, E. Keith Bone, Director Insurance Management, 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.

E Keith Bone  
E. Keith Bone, Affiant

Subscribed and sworn to before me by E. Keith Bone on this 3rd day of January, 2019.

Lisa S. Moore  
NOTARY PUBLIC  
My Commission Expires: 04-13-2019



VERIFICATION

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

The undersigned, Danielle L. Weatherston, Manager Accounting II, being duly sworn, deposes and says that she 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 her knowledge, information and belief.

Danielle L. Weatherston  
Danielle L. Weatherston, Affiant

Subscribed and sworn to before me by Danielle L. Weatherston on this 3<sup>rd</sup> day of January, 2019.

Georgianna A. Anderson  
NOTARY PUBLIC



My Commission Expires: August 18, 2021

**KyPSC Case No. 2018-00416**  
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**Duke Energy Kentucky**  
**Case No. 2018-00416**  
**STAFF First Set Data Requests**  
**Date Received: December 27, 2018**

**STAFF-DR-01-001**

**REQUEST:**

Refer to the application, paragraph 6, regarding the level of sustained outages and the total number of customers who experienced an outage. Confirm that the difference between the 26,482 sustained outages and the 29,474 Duke Kentucky customers who were without power reflects the number of customers who experienced an outage that is not a sustained outage.

**RESPONSE:**

Paragraph 6 of the application incorrectly stated that 29,474 customers were without power due to the November Ice Storm. The correct total is 26,482. The original number of 29,474 was the number of customer calls. Please see report below for reference. The sustained data reflects customers in Kentucky that were without power during the declared storm time frame. The momentaries (5-minute outages and below) should not be included in the outage total as they were mainline (circuit/recloser restored) quick on/off blips. At this time, we do not report momentaries as true outages.

Summary Statistics								Report Date:	
Outage Management		Date Range: 11/14/2018 11:57:22 PM to 11/18/2018 6:50:22 PM					1/7/2019 10:27:25 AM		
Office	Still Out		Total Customer Interruption Statistics					Restored	
	Customers	Events	Sustained	Momentary	Sustained CAIDI	Events	Customer Calls	Customers	Events
<b>Grand Total:</b>	0	0	231840	217613	41,031.2	2653	84169	449453	2653
<a href="#">Brecon</a>	0	0	25785	16200	5,392.4	330	10360	41985	330
<a href="#">City</a>	0	0	35256	36142	7,536.0	459	11890	71398	459
<a href="#">Fairfield</a>	0	0	21335	10684	2,653.7	199	7630	32019	199
<a href="#">Florence</a>	0	0	26482	26374	7,461.9	469	10067	52856	469
<a href="#">Hamlet</a>	0	0	33897	35387	1,935.1	196	8978	69284	196
<a href="#">Hartwell</a>	0	0	43681	44636	9,214.6	518	21300	88317	518
<a href="#">Little Miami</a>	0	0	16457	18893	2,440.5	200	4146	35350	200
<a href="#">Todhunter</a>	0	0	28947	29297	4,396.9	282	9798	58244	282

**PERSON RESPONSIBLE:** Terry D. Bates



**Duke Energy Kentucky  
Case No. 2018-00416  
STAFF First Set Data Requests  
Date Received: December 27, 2018**

**STAFF-DR-01-002**

**REQUEST:**

Refer to the application, paragraph 9, which states “[m]ore than 1,200 Duke Energy employees and contractors responded to the storm by assessing damage, preparing material for the field, assigning jobs to crews, removing damaged vegetation, repairing down lines and equipment and providing support services.” Provide a list of contractors that were involved in the restoration process.

**RESPONSE:**

**Distribution Line**

- Midwest – 32
- Bowlin – 84

TOTAL 116 Distribution Line

**Vegetation**

- Asplundh Tree Service – 34

TOTAL 34 Vegetation

**PERSON RESPONSIBLE:** Cicely Hart

**Duke Energy Kentucky  
Case No. 2018-00416  
STAFF First Set Data Requests  
Date Received: December 27, 2018**

**STAFF-DR-01-003**

**REQUEST:**

Refer to the application, paragraph 10.

- a. Provide a schedule listing the 2018 monthly budgeted and actual storm restoration expenses incurred by Duke Kentucky.
- b. Provide a schedule listing Duke Kentucky's budgeted and actual storm-related expenses for calendar years 2015 through 2017.

**RESPONSE:**

See STAFF-DR-01-003 Attachment.

**PERSON RESPONSIBLE:** Kathie Swaney

2015-2018 Total Storm Costs  
 DEK

Jan		Feb		Mar		Apr		May		Jun		2018 Jul		Aug		Sep		Oct		Nov		Dec		Total		2017		2016		2015	
Act	Bud	Act	Bud	Act	Bud	Act	Bud	Act	Bud	Act	Bud	Act	Bud	Act	Bud	Act	Bud	Act	Bud	Act	Bud	Act	Bud	Act	Bud	Act	Bud	Act	Bud	Act	Bud
6,618	83,333	(67,034)	83,333	10,556	83,333	1,047	83,333	118,261	83,333	315,332	83,333	19,778	83,333	21,005	83,333	24,924	83,333	268,924	83,333	1,842,375	83,333	(424,606)	83,333	2,137,181	1,000,000	2,410,631	1,000,000	1,009,968	1,000,000	738,104	1,000,000

**Duke Energy Kentucky  
Case No. 2018-00416  
STAFF First Set Data Requests  
Date Received: December 27, 2018**

**STAFF-DR-01-004**

**REQUEST:**

Explain whether Duke Kentucky has developed any internal protocols to classify the severity of a storm that occurs within its service territory. Include in this explanation whether Duke Kentucky has adopted the IEEE 1366 Standard for Major Event Day and how Duke Kentucky determines when storm-related expenses should be filed with the Commission for authorization to establish those expenses as a regulatory asset.

**RESPONSE:**

Duke Energy has guidelines for declaring a storm and at what level. See STAFF-DR-01-004 Attachment, which displays the criteria for each level. Duke Energy has adopted the IEEE Standard for Major Event Day classification.

**PERSON RESPONSIBLE:** Cicely Hart

## Duke Energy – Recommended Event Levels

*This chart is a guide, provides decision data points, no single data point should dictate event level or escalation criteria*

Senior Level IC Considerations	Event Level				Notes
	0 (Normal Operations)	1	2	3	
<b>Impacted Service Area</b>	Normal planned work or minor isolated damage	Damage isolated to circuits assigned to individual Operations Centers	Damage isolated to single or individual Distribution Zones	Forecasted or actual damage impacts circuits and infrastructure across multiple zones	
<b>Initial ETR</b>	< 6 hours	> 6 hours but not to exceed 12 hours	> 12 hours but not to exceed 24hours	Exceeds 24 hours	
<b>Logistical Support Considerations</b>	Ops Center logistics needs coordinated by existing leaders and Work Management staff	Ops Center logistics needs coordinated by existing leaders and Work Management staff	Zone Logistic element capable of managing supplies and services for crews working within zone (System Logistics activation may be required)	Major supplies and services as well as staging sites and RMAG support may be needed for restoration	
<b>Line/Veg/Contract Crew DA Requirements</b>	On-duty resources	Ops Center on-duty and resources called-out capable of covering all requirements for repair, clean up and restoration	Zone on-duty and called-out resources capable of supporting all requirements for repair, clean up and restoration	Multiple Zone assets needed in support of 1 or more affected zones and/or Off system (MAG) assets required	
<b>Financial Consideration</b>	Normal Operating conditions	Charge code may be enacted for minor asset movement	Charge code may be enacted for minor asset movement. Storm Purchasing Process implementation and/or MED designation maybe anticipated	Charge codes required to support multiple movements and RMAG resources. Storm Purchasing Process required and/or MED designation is anticipated	
<b>Declared Operational Support chain</b>	DCC to Field IC (Sr Craftsman on site)	DCC to Ops Center IC	DCC to Zone IC	DCC to Region IC	
<b>Additional Notifications</b>	None	PIO/LNO	PIO/LNO/System Logistics/C&M VPs	Other Region ICs IST/Logistics Contractors	Additional internal or external entities

**REQUEST:**

Refer to the application, paragraph 11.

- a. Provide the most recent quotes for the insurance referenced in this paragraph by Duke Kentucky.
- b. Explain whether Duke Kentucky has revisited the issue of carrying insurance in light of the November Ice Storm and provide Duke Kentucky analysis of this issue.

**RESPONSE:**

- a. Under our master property policy, transmission and distribution poles and wires are excluded from coverage by our insurers and they have declined to provide a quote for this coverage.
- b. All of Duke Energy's non-nuclear assets are insured under a common insurance policy and premiums are allocated to each business unit based on the value/replacement costs of the business unit's assets.

Total 2018 Duke Energy Property Premiums = \$30,940,000

Total 2018 Duke Energy Kentucky Electric Property Premiums = \$237,500

Total 2018 Duke Energy Kentucky Gas Property Premiums = \$3,500

Grand Total 2018 Duke Energy Kentucky Property Premiums = \$241,000

Property premiums are developed using ratios of 5-year loss history and prior year asset valuations.

Duke Energy Kentucky has had zero property losses in the last 5 years. Therefore, their property premium is strictly based on asset valuations.

**PERSON RESPONSIBLE:** Keith Bone

**Duke Energy Kentucky**  
**Case No. 2018-00416**  
**STAFF First Set Data Requests**  
**Date Received: December 27, 2018**

**STAFF-DR-01-006**

**REQUEST:**

Refer to the application, paragraph 15.

- a. By what date does Duke Kentucky request a final Order in this matter?
- b. Confirm that Duke Kentucky has recorded the expenses associated with the November Ice Storm repair and restoration efforts as a deferred asset for accounting purposes only as permitted to the Commission's December 12, 2016 Order in Case No. 2016-00180.<sup>1</sup>

**RESPONSE:**

- a. The Company has deferred these expenses as of December 31, 2018 as permitted in the Commission's December 12, 2016 Order in Case No. 2016-00180. If the Commission denies the Company's deferral request in this instant case, the Company will have to expense these costs in 2019. The Company requests a final Order in this matter as soon as reasonably and practicably possible so as to ensure our books and records are updated on a timely basis.
- b. As of December 31, 2018, Duke Energy Kentucky has deferred in a 186 (Miscellaneous Deferred Debits) account \$1,201,762 in estimated storm costs attributable to the November Ice Storm.

**PERSON RESPONSIBLE:** Danielle Weatherston

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<sup>1</sup> Case No. 2016-00180, *Application of Kentucky Power Company for an Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities Related to the Extraordinary Expenses Incurred by Kentucky Power Company in Connection with the Two 2015 Major Storm Events* (Ky. PSC Dec. 12, 2016).



**Duke Energy Kentucky**  
**Case No. 2018-00416**  
**STAFF First Set Data Requests**  
**Date Received: December 27, 2018**

**STAFF-DR-01-007**

**REQUEST:**

Refer to the application, Exhibit 2.

- a. For “Estimated Amount Considered Normal Operations,” provide the period on which the amounts are based and a detailed description of how these costs were determined and calculated.
- b. Provide a detailed breakdown of any contingency costs, showing the actual amounts and estimated amounts separately.
- c. Provide the amount of operations and maintenance expenses that have actually been expensed to date.
- d. Provide the capital costs incurred by Duke Kentucky as a result of the November Ice Storm.
- e. Provide an updated Exhibit 2 based on the most recent information available for the estimated and actual costs. Show the date on which the updated costs are based.

**RESPONSE:**

- a. The period for the estimated amount considered normal operations was Thursday, Nov 15<sup>th</sup>, 2018 – Friday, Nov 16<sup>th</sup>, 2018. The amount represents the actual straight time internal labor costs for the period.
- b. No contingency costs were included.
- c. Total O&M costs expensed to date are \$1,432,979 including \$231,217 of internal Duke Energy Kentucky labor.

- d. \$9,868 capital costs have been incurred to date.
- e. See STAFF-DR-01-007 Attachment for an updated Exhibit 2. Costs included in this attachment are based on costs incurred as of December 31, 2018.

**PERSON RESPONSIBLE:** Kathie Swaney

Exhibit 2  
Page 1 of 1

2018 November Ice Storm Restoration Estimate  
Duke Energy Kentucky

<u>November Ice Storm (O&amp;M including Payroll taxes)</u>	<u>Kentucky Estimated O&amp;M Expense</u>
Estimated Internal Duke Energy Kentucky Labor	\$ 365,893
Linemen Contractors	\$ 815,937
Tree Trimming Contractors	\$ 155,009
Subtotal Contractor Estimate	\$ 970,946
Materials & Supplies Expensed	\$ 3,469
Other Non-Labor Expenses (Food, Lodging, etc.)	\$ 92,671
<b><i>Total Kentucky O&amp;M Cost Projection Estimate for November Ice Storm Restoration</i></b>	<b><u>\$1,432,979</u></b>
Estimated Amount Considered Normal Operations (Internal Duke Energy Kentucky Labor)	\$ 231,217
<b><i>Total Estimated Incremental O&amp;M Impacts to Kentucky</i></b>	<b><u>\$1,201,762</u></b>

**Duke Energy Kentucky  
Case No. 2018-00416  
STAFF First Set Data Requests  
Date Received: December 27, 2018**

**STAFF-DR-01-008**

**REQUEST:**

State whether any transmission lines were damaged as a result of the November Ice Storm. If there were transmission line restoration costs due to the November Ice Storm, provide the amount of those costs and whether they are included as part of the proposed regulatory asset.

**RESPONSE:**

There was no damage to Duke Energy Kentucky transmission lines during this event.

**PERSON RESPONSIBLE:** Cicely Hart

**Duke Energy Kentucky  
Case No. 2018-00416  
STAFF First Set Data Requests  
Date Received: December 27, 2018**

**STAFF-DR-01-009**

**REQUEST:**

Explain the financial impact to Duke Kentucky if the Commission were to deny Duke Kentucky's request for authority to establish a regulatory asset for the November Ice Storm costs and those costs are therefore required to be recorded as an expense.

**RESPONSE:**

Costs would be expensed immediately on the income statement.

**PERSON RESPONSIBLE:** Kathie Swaney