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Rocco.D'Ascenzo@duke-energy.com
Rocco O. D'Ascenzo
Deputy General Counsel

VIA OVERNIGHT DELIVERY

RECEIVED

January 31, 2019

FEB 01 2019

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

**PUBLIC SERVICE
COMMISSION**

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 Second 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
(513) 287-4320
(513) 287-4385 (f)
Rocco.D'Ascenzo@duke-energy.com
Counsel for Duke Energy Kentucky, Inc.

Enclosures: As stated
cc: Rebecca Goodman

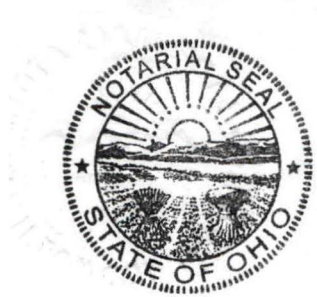
VERIFICATION

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
Kathie Swaney, Affiant

Subscribed and sworn to before me by Kathie Swaney on this 30th day of JANUARY, 2019.



ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2024

Adele M. Frisch
NOTARY PUBLIC

My Commission Expires: 1/5/2024

VERIFICATION

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

The undersigned, Sarah E. Lawler, Director Rates & Regulatory Planning, 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.



Sarah E. Lawler Affiant

Subscribed and sworn to before me by Sarah E. Lawler on this 29th day of January, 2019.



NOTARY PUBLIC

My Commission Expires:



ROCCO O. D'ASCENZO
ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Has No Expiration
Section 147.03 R.C.

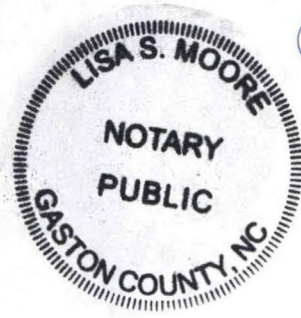
VERIFICATION

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

The undersigned, 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 Keith Bone on this 23rd day of January, 2019.



Lisa S. Moore
NOTARY PUBLIC

My Commission Expires: 04-13-2019

VERIFICATION

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

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 29 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 Second Set Data Requests
Date Received: January 23, 2019

STAFF-DR-02-001

REQUEST:

Refer to Duke Kentucky's response to Commission Staff's First Request for Information (Staff's First Request), Item 3.

- a. Explain the credit balances in February and December 2018 for actual storm costs.
- b. Explain in detail why actual storm-related expenses in 2017 exceeded the budgeted amount by over \$1.4 million.

RESPONSE:

- a. An invoice in the amount of \$105,082.48 was accrued in error in Dec 2017 and that accrual was reversed in February 2018 which resulted in a credit balance for February 2018. The December 2018 credit balance was a result of a reduction in the estimated accrual originally booked in Nov 2018.
- b. Duke Energy Kentucky incurred 3 MED's in 2017. A severe thunderstorm occurred on March 1, 2017 that cost \$1.8M, a severe thunderstorm on July 7, 2017 cost \$.1M and a wind event on November 18, 2017 that cost \$.5M.

PERSON RESPONSIBLE: Kathie Swaney

**Duke Energy Kentucky
Case No. 2018-00416
STAFF Second Set Data Requests
Date Received: January 23, 2019**

STAFF-DR-02-002

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 4. Explain Duke Kentucky's internal process for determining when to seek Commission authorization to establish a regulatory asset for storm-related expenses.

RESPONSE:

The Company monitors storm expenses on an ongoing basis and compares the expenses to that which is already recovered in current rates. If the amount of actual (or estimated) storm expenses in excess of those already recovered in current rates is significant enough to meet the criterion of "an extraordinary, nonrecurring expense which could not have reasonably been anticipated in the utility's planning" as outlined by the Commission, a request for deferral authority will be filed with the Commission. The Company evaluates whether to make a deferral request on a case by case basis when one discreet storm meets this criteria.

PERSON RESPONSIBLE: Sarah E. Lawler

**Duke Energy Kentucky
Case No. 2018-00416
STAFF Second Set Data Requests
Date Received: January 23, 2019**

STAFF-DR-02-003

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 5. Identify and explain what assets are covered by the insurance policy.

RESPONSE:

All Real Property (i.e. generation facilities, substations, offices, propane storage, etc.)
EXCEPT for land, distribution and transmission poles, and wires.

PERSON RESPONSIBLE: E. Keith Bone

**Duke Energy Kentucky
Case No. 2018-00416
STAFF Second Set Data Requests
Date Received: January 23, 2019**

STAFF-DR-02-004

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 6. Provide an update to the amount of the deferred estimated storm expenses attributable to the November Ice Storm.

RESPONSE:

There are no further updates as January actuals are not yet available. 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: Dani Weatherston

Duke Energy Kentucky
Case No. 2018-00416
STAFF Second Set Data Requests
Date Received: January 23, 2019

STAFF-DR-02-005

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 7.e.

- a. Provide an update to the response to Item 7.e. if necessary.
- b. Explain the differences in the Application, Exhibit 2 and the response to Item 7.e.
- c. State the amount of the regulatory asset for which Duke Kentucky is requesting and provide a schedule supporting that cost.

RESPONSE:

- a. No update, as January 2019 actuals are not yet available.
- b. Application Exhibit 2 was an estimate. The Item 7.e. response was based on updated information related to internal labor and contractor costs; including actualization of costs, where available.
- c. The regulatory asset as of 12/31/2018 is \$1,201,762. See Item 7.e as supporting schedule of costs.

PERSON RESPONSIBLE: Kathie Swaney