

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE)	
ENERGY KENTUCKY, INC. FOR AN ORDER)	
APPROVING THE ESTABLISHMENT OF A)	CASE NO.
REGULATORY ASSET FOR THE LIABILITIES)	2020-00031
ASSOCIATED WITH THE PJM EXPENSES)	
RELATED TO THE GREENHAT ENERGY, LLC)	
DEFAULT)	

COMMISSION STAFF'S SECOND 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 an electronic version of the following information. The information requested herein is due on May 1, 2020. The Commission directs Duke Kentucky to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085¹ regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency. Electronic documents shall be in portable document format (PDF), shall be searchable and shall be appropriately bookmarked.

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

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

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.

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 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. 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. Refer to Duke Kentucky's response to Commission Staff's First Request for Information (Staff's First Request), Item 2(a).

- a. Annually and by subaccount, provide the gross sale and purchase transactions included in Federal Energy Regulatory Commission (FERC) Account No.

456.1, Revenues from Transmission of Electricity of Others, for each of the past five calendar years.

b. For the base and forecasted test periods from Case No. 2019-00271,² provide the gross sale and purchase transactions included in FERC Account No. 456.1, Revenues from Transmission of Electricity of Others.

c. FERC Account No. 456.1, Revenues from Transmission of Electricity of Others, records revenues the public utility receives for the transmission of electricity over its transmission facilities.³ Explain whether Duke Kentucky owns the transmission facilities that resulted in allocation of GreenHat default charges to Duke Kentucky. If not, explain why Account No. 456111, Other Transmission Revenues, is appropriate.

d. Refer also to the application, page 6, paragraph 12.

(1) Explain how Duke Kentucky records the cost to purchase Financial Transmission Rights (FTR) and the amount of revenue received from Auction Revenue Rights (ARR).

(2) Provide the amounts Duke Kentucky has recorded in FTR expense and ARR revenue for each of the past five calendar years.

2. Refer to Duke Kentucky's response to Staff's First Request, Items 2(b) and 4. Confirm that the GreenHat default charges represent roughly 1 percent of Duke Kentucky's transmission expenses in 2018 or 2019. If confirmed, explain why Duke Kentucky does not believe these expenses are *de minimis*

² Case No. 2019-00271, *Electronic Application of Duke Energy Kentucky, Inc. for 1) An Adjustment of the Electric Rates; 2) Approval of New Tariffs; 3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and 4) All Other Required Approvals and Relief* (Application filed Sept. 3, 2019).

³ See RM04-12-000, Order No. 668, *Accounting and Financial Reporting for Public Utilities Including RTOs* (FERC, Dec. 16, 2005) at 34.

3. Refer to Duke Kentucky's response to Staff's First Request, Item 5(a).
 - a. Confirm that Duke Kentucky originally billed \$270,497.48 to customers through the Fuel Adjustment Clause (FAC) and subsequently credited that amount to customers through the FAC.
 - b. Provide the journal entries that Duke Kentucky recorded when it originally billed the GreenHat Energy, LLC (GreenHat) default charges through the FAC and when it subsequently credited those amounts through the FAC.
 - c. Explain how the GreenHat default charges resulted in an under-collection of actual fuel costs versus fuel cost included in base rates.
4. Refer to Duke Kentucky's response to Staff's First Request, Item 7. Explain why Duke Kentucky did not allocate any GreenHat default charges to off-system sales through its Profit Sharing Mechanism.



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Public Service Commission
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DATED APR 15 2020

cc: Parties of Record

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