

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE ENERGY)	
KENTUCKY, INC. FOR AN ADJUSTMENT TO)	CASE NO.
RIDER PMM RATES AND FOR TARIFF)	2022-00229
APPROVAL)	

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 an electronic version of the following information. The information requested is due on September 16, 2022. The Commission directs Duke Kentucky to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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 the person supervising the preparation of the response on behalf of the entity that the

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

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 Duke Kentucky obtains information that indicates 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 the Application, page 3. Duke Kentucky states that the total cost of all phases of the AM07 pipeline is \$191.2 million. Also, refer to Case No. 2022-00084,² the Application, Exhibit 4, page 10, Duke Kentucky states that the total cost of all phases of the AM07 pipeline is \$181.3 million. Reconcile the discrepancy for the total cost of the project.

² Case No. 2022-00084, *Electronic Application of Duke Energy Kentucky, Inc. for a Certificate of Public Convenience and Necessity Authorizing the Phase One Replacement of the AM07 Pipeline* (filed March 29, 2022).

2. Refer to the Application, Exhibit 2, page 7 of 8. The total estimated capex is \$29.55 million. Also refer to Case No. 2022-00084, the Application page 5, paragraph 9, Duke Kentucky stated that the current estimated project cost for Phase One of the AM07 pipeline is \$32.25 million. Reconcile these estimated costs.

3. Quantify and provide a list of all operational and maintenance savings Duke Kentucky will realize through the abandonment of the existing pipe and the rebuild. Explain whether this savings is included in the calculation of Rider PMM.

4. Refer to the Application, Exhibit 2, page 2 of 8.

a. The proposed residential PMM Surcharge is \$0.67/month with a revenue requirement of \$773,284 for the residential class and \$889,527 in total. Also, refer to Case No. 2021-00190,³ Duke Kentucky's response to Staff's Post Hearing Data Request, Item 1. In the response, Duke Kentucky estimated the residential rider to be \$0.18/month with a revenue requirement of \$201,034 for the residential class and \$298,271 total. Explain why the revenue requirement and thus the surcharge increased.

b. Provide the PMM Surcharge on a per CCF basis for each rate class based upon the 2023 forecasted usage.

5. Refer to the Application, Exhibit 2, page 6 of 8 showing timing differences arising from accelerated tax depreciation. Refer also to Case No. 2022-00222,⁴ the Application, Exhibit F, showing timing differences arising from accelerated tax depreciation on the line labeled FXA02 and timing differences arising from other book-tax

³ Case No. 2021-00190. *Electronic Application of Duke Energy Kentucky, Inc. for: 1) An Adjustment of the Natural Gas Rates; 2) Approval of New Tariffs, and 3) All Other Required Approvals, Waivers, and Relief* (Ky. PSC Jan. 25, 2022).

⁴ Case No. 2022-00222, *Application of Atmos Energy Corporation to Establish PRP Rider Rates for the Twelve Month Period Beginning October 1, 2022* (filed July 29, 2022), Application, Exhibit F.

differences on the line labeled FXA01, including differences in the manner in which pipeline replacements are expensed as repairs for tax purposes.

a. State whether Duke Kentucky expects to engage any accelerated expensing of the project at issue in this matter for federal tax purposes other than accelerated tax depreciation.

b. If Duke Kentucky does not expect to engage in accelerated expensing of the project for federal tax purposes other than accelerated depreciation, explain why Duke Kentucky does not expect to engage in any such accelerated tax expensing.

c. If Duke Kentucky does expect to engage in accelerated expensing of the project for federal tax purposes other than accelerated depreciation, describe the accelerated expensing Duke Kentucky expects to engage in, and provide a spreadsheet showing all timing differences arising from such accelerated expensing in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

6. Refer to the Application, Exhibit 2, page 5 of 8.

a. Explain how retirements on Line No. 5 were projected, including why no retirements were reflected in September, October, and November 2023.

b. Explain how retirements on Line Nos. 6 and 7 were projected, including why no retirements were reflected on those lines.

c. Explain why the manner in which Duke Kentucky projected retirements is reasonable.

d. If the retirements reflected on Line Nos. 5, 6, and 7 represent a netting of values that partially cancel each other out, provide a breakdown of those values for each month and explain what they represent.

7. Provide Exhibit 2 to the Application in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.



Linda C. Bridwell, PE
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Public Service Commission
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DATED SEP 02 2022

cc: Parties of Record

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