COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE ENERGY KENTUCKY, INC. FOR (1) AN ADJUSTMENT OF 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	)	CASE NO. 2022-00372

COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION
TO DUKE ENERGY KENTUCKY, INC.

Duke Energy Kentucky, Inc. (Duke Kentucky), pursuant to 807 KAR 5:001E, is to file with the Commission an electronic version of the following information. The information requested is due on April 12, 2023. The Commission directs Duke Kentucky to the Commission's July 22, 2021 Order in Case No. 2020-00085[1] 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

[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).

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 Duke Kentucky obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete 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 and scanned 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 5:001E, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, Schedule L, page 9 of 16, which states that, for Rate NSU, text is added and deleted to cancel the pending termination of the tariff sheet in favor of a replacement of all old lighting technology with LED as fixtures fail. Also refer to Duke Kentucky's response to Commission Staff's Third Request for Information (Staff's Third Request), Item 7, in which Duke Kentucky confirms that Rate NSU will terminate on

December 31, 2026. Reconcile the information in Schedule L with confirmation that Rate NSU will terminate on December 31, 2026.

2. Refer to the Application, Schedule L-1, page 164 of 189, Local Government Fee, and pages 185–186 of 189, Rider ILIC, Incremental Local Investment Charge. For the expanded costs to be recovered from customers in the Local Government Fee tariff and for the costs to be recovered under Rider ILIC, explain how Duke Kentucky has historically recovered those costs.

3. Refer to the Direct Testimony of Amy B. Spiller, page 27, line 18 through page 28, line 2 and page 30, line 14 through page 31, line 13.

a. For the calendar years 2018 through 2022, the base period, and the forecasted test period, provide the costs of incremental system investments required pursuant to a local ordinance or franchise.

b. For the forecasted test period, confirm that all costs of incremental system investments required pursuant to a local ordinance or franchise have been removed from base rates. If confirmed, explain how the costs were excluded. If this cannot be confirmed, explain why these costs were not excluded.

c. Explain any other steps Duke Kentucky has taken to address the franchise or locality investment costs with each municipality Duke Kentucky has taken issue with, including but not limited to filing a legal action in state court.

4. Refer to the Direct Testimony of Sarah E. Lawler page 14.

a. Provide a complete sample of Duke Kentucky's Fuel Adjustment Clause (FAC) rate sheet filings as if the proposed twelve-month average was approved for the expense months of July 2021 through October 2022.

b. Explain how the proposed change to the FAC would impact Duke Kentucky's FAC rate sheet calculations for Schedule 4, Final Fuel Cost Schedule; Schedule 5, Over or (Under) Recovery Schedule; and Schedule 6, Regional Transmission Organization Resettlements.

c. If the Commission were to approve the 12-month average calculation change to its FAC as proposed by Duke Kentucky, explain how Duke Kentucky would implement the change and roll in any under or over recoveries from prior FAC rates.

5. Refer to the Direct Testimony of Sarah E. Lawler, page 14, lines 19–23.

a. Explain why Duke Kentucky chose to propose a 12-month average for the FAC instead of a three or six-month average.

b. Also, refer to the Direct Testimony of Sarah E. Lawler, page 15, illustration. Provide an updated illustration of how Duke Kentucky's FAC rate would look like compared to the monthly FAC rate if Duke Kentucky were to use a three-month average and a six-month average.

6. Refer to the Direct Testimony of Sarah E. Lawler, page 15, lines 3–8.

a. Explain what deferral accounting authority from the Commission Duke Kentucky currently has in regards to its FAC.

b. Explain in detail how changing the FAC rate from a monthly calculation to a 12-month average calculation would not change Duke Kentucky's current deferral accounting in regards to its FAC.

7. Refer to the Direct Testimony of Sarah E. Lawler, page 17, lines 1–4. Explain how Duke Kentucky would track recovery of its fuel related expenses through the

proposed twelve-month average FAC rate calculation to ensure that Duke Kentucky is not under or over recovering from its customers.

8. Refer to the Direct Testimony of Bruce L. Sailers, page 26, lines 17–19. Explain why Duke Kentucky is proposing to fold the Brownfield Redevelopment Program into Rider DIR, Development Incentive Rider.

9. Refer to Duke Kentucky's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 59. For each account, provide a comparison of depreciation expense using the existing and proposed depreciation rates.

10. Refer to Duke Kentucky's response to Staff's Third Request, Item 16.

a. Provide the balance for land for East Bend and Woodsdale.

b. Explain whether Duke Kentucky proposes to include the value of land in the proposed Generating Asset True-Up Mechanism.

c. For the 2022 capital additions to East Bend, explain each specific project and provide the total plant in service additions.

11. Refer to Duke Kentucky's response to Staff's Third Request, Item 23, in which Duke Kentucky explains how it determines the cost a customer must pay for a change in installation when the primary distribution main line system is impacted. Provide the provision in Duke Kentucky's current tariff that allows it to charge a customer for the costs of changes to the primary distribution main line system when the customer is seeking only a change in their installation.

12. Refer to Duke Kentucky's response to Staff's Third Request, Item 10(c), in which Duke Kentucky states that for changes or extensions greater than $1 million or greater than three times the estimated gross annual revenue, customers have the option

of a minimum bill agreement or paying a contribution in aid of construction (CIAC) amount equal to the cost less the three-year estimated gross revenues. Explain why the option of paying a CIAC amount equal to the cost less the three-year estimated gross revenues is not included in the tariff.

13. Beginning from May 2020 to the most recent available month, provide Duke Kentucky's monthly net income, equity balance, and earned ROE. Exclude from the monthly net income any expenses that were subsequently deferred to a regulatory asset.

14. Provide Duke Kentucky's current distribution system engineering and planning manual(s) and any relevant guides, requirements, and standards. If Duke Kentucky's current distribution planning manual criteria and processes were updated in the last 5 years, provide the analysis that was used to update the criteria and processes.

15. Provide a list of Duke Kentucky's distribution system planning criteria and processes and explain in detail how each is evaluated when addressing system needs, including but not limited to capacity and asset health.

16. Describe how Duke Kentucky sizes equipment for capacity upgrades. If there are standard sizes, provide the appropriate reference used.

17. Confirm that Duke Kentucky has implemented IEEE 1547-2018. If confirmed, explain the process that was used and the resulting default and optional smart inverter settings available to interconnecting facilities. If not implemented, explain why.

18. Explain how Duke Kentucky integrated, if at all, smart inverter functionality into its distribution system planning process and assumptions. Include how smart inverter setting have altered distribution system planning criteria.

19. Confirm that Duke Kentucky currently offers automated load management, also known as electric vehicle energy management system, options for connecting electric vehicle charging customers. If confirmed, explain the process in place and the available options to customers. If not, explain why not.

20. Provide details regarding Duke Energy Inc.'s experience with Automated Network Management (ANM) and similar flexible interconnection options. Include in your response:

a. Details regarding any pilot programs that have been conducted that use ANM. Include in the final evaluations of the pilot programs if completed.

b. Provide the different forms of flexible interconnection Duke Energy, Inc. has offered, and which technologies were leveraged for each type.

21. Confirm that Duke Kentucky subtracts BTM load when evaluating capacity constraints at substations. Include in the response, how capacity constraints at substations are defined, identified, the solutions considered, and how solutions are chosen.

22. Reference Confidential Attachment "CONF Attachment PLH-3 LABELED.xlsx," "Rev Rq_Benefits" tab.

a. Reference cell Q12, which lists variable benefits as $[redacted] in 2025 (Year 1). Identify how this figure was calculated, include an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

b. Reference cell V12, which lists capacity/capital deferral benefits as [redacted] in 2025 (Year 1). Identify how this figure was calculated and include an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

23. Reference Confidential Attachment "CONF Attachment PLH-3 LABELED.xlsx," "Results - C&I and Residential" tab. Reference cell S6, which lists the customer credit as [redacted] cents/kWh in Year 1. Explain how this was calculated and provide an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

24. Refer to the Application, Volume 13, Direct Testimony of Paul Halstead (Halstead Direct Testimony) beginning at 13, line 18.

a. Describe the methodology for calculating each individual fixed and variable benefit considered for Duke Kentucky's system and its customers.

b. Identify the specific tabs and cells in Confidential Attachment PLH-3 where Duke Kentucky has separately quantified these individual benefits.

c. If the methodologies for calculating each individual benefit are not supported in the attachment, attach all supporting workpapers for the calculations in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible. If Duke Kentucky did not quantify these benefits in the course of developing its bill credit, explain why not.

25. Refer to the Halstead Direct Testimony at 12, lines 6–10.

a. Explain the decision to use 105 percent of Clean Energy Connection (CEC) program costs in its Subscription Fee Formula.

b. Explain why Duke Kentucky subtracts 75 percent of capital deferral/capacity benefits in its Subscription Fee Formula.

c. Explain why Duke Kentucky subtracted only capital deferral/capacity benefits from CEC program costs in its Subscription Fee Formula, but not variable benefits.

d. Explain the assumption of 100 percent participation for the entire CEC program life. Explain the impact on the Subscription Fee if participation was less than 100 percent.

26. Refer to the Halstead Direct Testimony at 16, lines 13–19.

a. Explain the desired payback for the NPV of the bill credit.

b. Clarify whether the subscription fee is an input into the bill credit calculation.

Linda C. Bridwell

Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED MAR 30 2023

cc: Parties of Record

*Angela M Goad
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Joe F. Childers
Childers & Baxter PLLC
300 Lexington Building, 201 West Sho
Lexington, KENTUCKY 40507

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Carrie H Grundmann
Spilman Thomas & Battle, PLLC
110 Oakwood Drive, Suite 500
Winston-Salem, NORTH CAROLINA 27103

*John G Horne, II
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Maria-Laura Coltre
Sheppard Mullin Richter & Hampton LLP
2099 Pennsylvania Avenue NW, Suite 1
Washington, DISTRICT OF COLUMBIA 20006

*Debbie Gates
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45201

*Joshua Smith
Sierra Club
2101
Webster St. , Suite 1300
Oakland, CALIFORNIA 94612

*J. Michael West
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Elizabeth Brama
Taft Stettinius & Hollister LLP
1717 Dixie Highway, Suite 340
Covington, KENTUCKY 41011-4707

*Kate Huddleston
Sierra Club Environmental Law Program
2101 Webster Street
Suite 1300
Oakland, CALIFORNIA 94612

*Minna Sunderman
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45201

*Hannah Wigger
Sheppard Mullin Richter & Hampton LLP
2099 Pennsylvania Avenue NW, Suite 1
Washington, DISTRICT OF COLUMBIA 20006

*Honorable Kurt J Boehm
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Paul Werner
Sheppard Mullin Richter & Hampton LLP
2099 Pennsylvania Avenue NW, Suite 1
Washington, DISTRICT OF COLUMBIA 20006

*James W Gardner
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KENTUCKY 40507

*Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45202

*Rocco O D'Ascenzo
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45201

*Jody Kyler Cohn
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Larisa Vaysman
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45201

*Rebecca C. Price
Sturgill, Turner, Barker & Moloney
155 East Main Street
Lexington, KENTUCKY 40507

*Sarah Lawler
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45201

*Steven W Lee
Spilman Thomas & Battle, PLLC
1100 Brent Creek Blvd., Suite 101
Mechanicsburg, PENNSYLVANIA 17050

*M. Todd Osterloh
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KENTUCKY 40507

*Valerie T. Herring
Attorney
Taft Stettinius & Hollister LLP
2200 IDS Center
80 South 8th Street
Minneapolis, MINNESOTA 55402-215