

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE ENERGY )	
KENTUCKY, INC. FOR AUTHORITY TO 1) ADJUST )	CASE NO.
NATURAL GAS RATES 2) APPROVAL OF A )	2018-00261
DECOUPLING MECHANISM 3) APPROVAL OF )	
NEW TARIFFS 4) AND FOR ALL OTHER )	
REQUIRED APPROVALS, WAIVERS, AND RELIEF )	

COMMISSION STAFF'S FOURTH 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 in paper medium and an electronic version of the following information. The information requested herein is due within 14 days of the entry of this Request for Information. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked. Further, 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 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, it 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 generally. Provide the calculation and support for any adjustments to Duke Kentucky's regulatory liability or asset for the amortization of excess accumulated deferred income taxes (ADIT), both protected and unprotected, due to the change in Kentucky's state income tax to five percent.

2. Refer to Duke Kentucky's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 88.

- a. Identify and explain what costs are incurred by Duke Kentucky in its third party/contractor program with Project Resources Group.

b. Identify all costs in the base period and forecasted test year that Duke Kentucky will incur relative to the contract with Project Resources Group.

3. Refer to Duke Kentucky's response to Commission Staff's Third Request for Information (Staff's Third Request), Item 18.b. Provide supporting documentation, including the calculation, for the hourly rate of \$78.24.

4. Refer to Duke Kentucky's response to Staff's Third Request, Item 19. Indicate whether Duke Kentucky would be willing to include in its tariff a statement that residential customers with satisfactory payment records would not be charged an additional deposit unless their classification of service changes or the customer requests that their deposit be recalculated pursuant to 807 KAR 5:006, Section 8(1)(d)(3). If so, provide revised tariff sheets reflecting the same. If not, explain why not.

5. Refer to Duke Kentucky's response to Staff's Third Request, Item 26.b.

a. Explain the large increase in Duke Kentucky's stand-alone qualified pension plan costs from the base period to the forecasted test year (\$124,890 to \$422,096). Include support for all cost increases.

b. Provide any changes in the assumptions and amount of the net periodic benefit cost in the base period and forecasted test period since the filing of the application.

6. Refer to Duke Kentucky's response to Staff's Third Request, Item 28.

a. Provide the date that the \$20 million dividend will be paid to Duke Energy Ohio.

b. Confirm that the increase in common equity is the net of Duke Kentucky's net income for the forecasted test period and the dividend paid to Duke Energy Ohio. If this cannot be confirmed, provide the reason for the increase in common equity.

7. Refer to Duke Kentucky's response to the Attorney General's First Supplemental Request for Information, Item 5, regarding payroll costs.

a. Explain the increase in capital expenditures from calendar year 2015 to 2016.

b. Explain the increase in total payroll labor costs from calendar year 2015 to 2016.

8. Refer to the Direct Testimony of Roger A. Morin, PhD, page 25, lines 2-6.

a. State whether Chesapeake Utilities (Chesapeake) should be eliminated from the proxy group based on the October 30, 2018 announcement of Chesapeake's acquisition of WildHorse Resource Development Corp.

b. If Duke Kentucky agrees that Chesapeake should be eliminated, provide updates to the DCF model.



Gwen R. Pinson  
Executive Director  
Public Service Commission  
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DATED DEC 06 2018

cc: Parties of Record

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