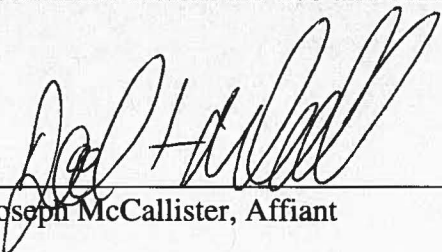


VERIFICATION

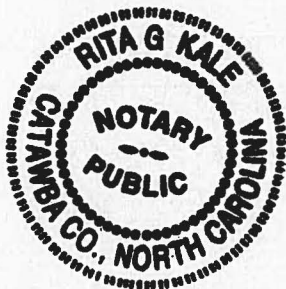
STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG) SS:

The undersigned, Joseph McCallister, Director of Natural Gas Oil & Emissions, 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.



Joseph McCallister, Affiant

Subscribed and sworn to before me by Joseph McCallister on this 18th day of June, 2014.





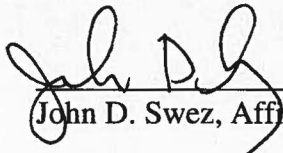
NOTARY PUBLIC – Rita G. Kale

My Commission Expires: 6/17/2017

VERIFICATION

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

The undersigned, John D. Swez, 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..



John D. Swez, Affiant

Subscribed and sworn to before me by John D. Swez on this 16th day of June, 2014.



NOTARY PUBLIC – Rita G. Kale



My Commission Expires: 6/17/2017

TABLE OF CONTENTS

DATA REQUEST

WITNESS

TAB NO.

AG-DR-01-008
SUPPLEMENTAL

John Swez/Joseph McCallister..... 1

AG-DR-02-008
SUPPLEMENTAL

John Swez/Joseph McCallister..... 2

AG-DR-01-008 SUPPLEMENTAL

REQUEST:

Reference the testimony of Mr. Swez at page 4, lines 4-5, where the witness states that Woodsdale's simple cycle combustion turbines typically burn gas delivered from the TETCO pipeline and page 3, lines 7-9, where the applicant is connected to two separate gas transmission lines, TETCO and Texas Gas.

- a. Explain in detail why the Texas Gas transmission line is not discussed to any length in the application.
- b. Explain in detail what services Texas Gas provides to the applicant.
- c. State whether the Texas Gas pipeline could have provided some assistance to the applicant during the gas procurement situation described in the application.

RESPONSE:

- a. Texas Gas Transmission (TGT) is not an option at this time for the Woodsdale Station. Duke Energy Kentucky did not schedule TGT for gas supply to the Woodsdale Station nor could it use TGT to move gas away from the station for sales. Duke Energy Kentucky did investigate this possibility during the time in question, but it was determined that this was not a feasible option. In addition, historically, TETCO has been a better option for the customer.

- b. Duke Energy Kentucky has the following three service agreements with Texas Gas; Hourly Overrun Transportation (HOT), Park and Loan Agreement (PAL) and IT (Interruptible Service Agreement). Please see AG-DR-01-008-Supplemental Attachments A, B, and C, respectively. The agreements were established in October 2012 after the company learned of a maintenance matter that required agreements to be put in place to accommodate the accounting and invoicing for 346 dekatherms (dth's) of imbalance gas. For background, while Duke Energy Kentucky personnel were performing maintenance, although natural gas was not consumed by Woodsdale generating units, the pressure decreased on the pipeline which created minimal measurement gas flows and resulted in an imbalance on TGT. As such, TGT needed to invoice and bill Duke Energy Kentucky but could not as agreements were not in place between the companies. As a result, there was a need to establish agreements between Duke Energy Kentucky and TGT to accommodate the accounting and invoicing. Subsequently, according to TGT the gas measurement volumes were a false flow. A prior period adjustment was made in January 2013 to take these volumes to zero. The charges for HOT and PAL on the previous invoices were reversed to zero. For clarification, these agreements have not been utilized for generation purposes and remain in place for operational maintenance purposes only.
- c. See response to part a above. Although the Company established contracts with TGT for maintenance purposes, these contracts were not intended to provide, and could not accommodate, needed volumes necessary to run the station. Previously, when the Company did have such transportation contracts with TGT, the

Company experienced pressure issues on the pipeline due to the geographic location of the Woodsdale station along the pipeline route.

PERSON RESPONSIBLE: John Swez/Joseph McCallister



3800 Frederica Street
P.O. Box 20008
Owensboro, Kentucky 42304
Phone: 270-926-8686

TO: Mr. Travis Payne
Duke Energy Kentucky
travis.payne@duke-energy.com

DATE: November 6, 2012

Enclosed please find:	<u>Contract Number(s)</u>	<u>Internal Request Number(s)</u>
<input type="checkbox"/> Amendment		
<input type="checkbox"/> ECI Agreement		
<input type="checkbox"/> TPA Agreement		
<input type="checkbox"/> EFT Addendum		
<input type="checkbox"/> FT Agreement		
<input checked="" type="checkbox"/> HOT Service Agreement	32668	5657
<input checked="" type="checkbox"/> IT Agreement	32667	5656
<input type="checkbox"/> Letter Agreement		
<input type="checkbox"/> NNS Agreement		
<input type="checkbox"/> OBA Agreement		
<input type="checkbox"/> PAL Agreement		
<input checked="" type="checkbox"/> PAL Exhibit	32669	5658
<input type="checkbox"/> Precedent Agreement		
<input type="checkbox"/> SNS Agreement		
<input type="checkbox"/> STF Agreement		
<input type="checkbox"/> Storage Service Agreement		
<input type="checkbox"/> TAPS Agreement		
<input type="checkbox"/> Umbrella Agreement		
<input type="checkbox"/> Rate Agreement		

Action:

- Return both executed originals; one fully executed original will be returned for your files.
- Return one fully executed original agreement for our files.
- Retain fully executed original for your files.

Please call me if you have any questions regarding the above.

Sincerely,

Lynn Wilkerson

Lynn Wilkerson
Marketing Services

Request No. 5657

Rate Schedule HOT
Agreement No. 32668
Dated: October 22, 2012

This Agreement is entered into by and between Texas Gas Transmission, LLC ("Texas Gas") and Duke Energy Kentucky, Inc., ("Customer").

Services under this Agreement are provided pursuant to Subpart B or Subpart O, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Texas Gas FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Texas Gas' then-current Tariff, the language of the Tariff will control.

Delivery Point: Woodsdale, Meter No. 1234

Term: This Agreement shall be effective beginning October 22, 2012 and shall remain in effect for a term of five years or until terminated by Texas Gas or Customer upon at least thirty (30) days prior written notice.

Rate: The rate for this Agreement shall be the maximum applicable rate (including all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff) unless the parties have entered into an associated discounted or negotiated rate letter agreement.

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement:
Exhibit A, Contract Notice Address

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

rw Texas Gas Transmission, LLC Signature: *David W. Moseley* Date: 10/22/12 *YJB 10/23/12*
Name: DAVID W. MOSELEY Title: V.P., Southern/Midwest Markets

Duke Energy Kentucky, Inc. Signature: *Joseph F. McCall* Date: 11/1/12
Name: Joseph F. McCall Title: Director Gas Op & Maint

EXHIBIT A

AGREEMENT NO.: 32668

EFFECTIVE DATE: October 22, 2012

Contract Notices:

Customer Correspondence:

Duke Energy Kentucky, Inc.
526 S Church St ECO1X
Charlotte, NC 28201

Texas Gas Correspondence:

Texas Gas Transmission, LLC
3800 Frederica Street
Owensboro, KY 42301

Attention: Contract Administration (Contractual matters)
 Commercial Accounting (Invoice matters)
 Customer Services (Scheduling and Allocation matters)

(270)926-8686



3800 Frederica Street
 P.O. Box 20008
 Owensboro, Kentucky 42304
 Phone: 270-926-8686

TO: Mr. Travis Payne
 Duke Energy Kentucky
 travis.payne@duke-energy.com

DATE: November 6, 2012

Enclosed please find:	<u>Contract Number(s)</u>	<u>Internal Request Number(s)</u>
<input type="checkbox"/> Amendment		
<input type="checkbox"/> ECI Agreement		
<input type="checkbox"/> TPA Agreement		
<input type="checkbox"/> EFT Addendum		
<input type="checkbox"/> FT Agreement		
<input checked="" type="checkbox"/> HOT Service Agreement	32668	5657
<input checked="" type="checkbox"/> IT Agreement	32667	5656
<input type="checkbox"/> Letter Agreement		
<input type="checkbox"/> NNS Agreement		
<input type="checkbox"/> OBA Agreement		
<input type="checkbox"/> PAL Agreement		
<input checked="" type="checkbox"/> PAL Exhibit	32669	5658
<input type="checkbox"/> Precedent Agreement		
<input type="checkbox"/> SNS Agreement		
<input type="checkbox"/> STF Agreement		
<input type="checkbox"/> Storage Service Agreement		
<input type="checkbox"/> TAPS Agreement		
<input type="checkbox"/> Umbrella Agreement		
<input type="checkbox"/> Rate Agreement		

Action:

- Return both executed originals; one fully executed original will be returned for your files.
- Return one fully executed original agreement for our files.
- Retain fully executed original for your files.

Please call me if you have any questions regarding the above.

Sincerely,

Lynn Wilkerson

Lynn Wilkerson
 Marketing Services

Request No.: 5656

Rate Schedule IT
Agreement No.: 32667
Dated: October 22, 2012

This Agreement is entered into by and between Texas Gas Transmission, LLC, ("Texas Gas") and Duke Energy Kentucky, Inc. ("Customer").

Services under this Agreement are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Texas Gas FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Texas Gas' then-current Tariff, the language of the Tariff will control.

Receipt and Delivery Point(s): Customer may utilize receipt and delivery points located in Service Zone(s) SL, 1, Fayetteville Lateral, Greenville Lateral, 2, 3, and 4.

Contract Demand(s): 50,000 MMBtu per day

Term: This Agreement shall be effective beginning October 22, 2012 and shall remain in effect for a term of five years or until terminated by Texas Gas or Customer upon at least thirty (30) days prior written notice.

Rate: The rate for service shall be the maximum applicable rate (including all other applicable charges Texas Gas is authorized to charge pursuant to its Tariff) unless the parties have entered into an associated discounted or negotiated rate letter agreement.

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement:
Exhibit A, Contract Notice Address

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

sw

Texas Gas Transmission, LLC

Signature:

[Handwritten Signature]

Date:

10/22/12

*48
10/23/12*

Name:

DAVID W MOSELEY

Title:

V.P., Southern/Midwest Markets

Duke Energy Kentucky, Inc.

Signature:

[Handwritten Signature]

Date:

11/1/12

Name:

Joseph F. McCallister

Title:

Director Gas, Oil & Power

EXHIBIT A

AGREEMENT NO.: 32667

EFFECTIVE DATE: October 22, 2012

Contract Notices:

Customer Correspondence:

Duke Energy Kentucky, Inc.
526 S Church St ECO1X
Charlotte, NC 28201

Texas Gas Correspondence:

Texas Gas Transmission, LLC
3800 Frederica Street
Owensboro, KY 42301

Attention: Contract Administration (Contractual matters)
 Commercial Accounting (Invoice matters)
 Customer Services (Scheduling and Allocation matters)

(270)926-8686



3800 Frederica Street
P.O. Box 20008
Owensboro, Kentucky 42304
Phone: 270-926-8686

TO: Mr. Travis Payne
Duke Energy Kentucky
travis.payne@duke-energy.com

DATE: November 6, 2012

Enclosed please find:	Contract Number(s)	Internal Request Number(s)
<input type="checkbox"/> Amendment		
<input type="checkbox"/> ECI Agreement		
<input type="checkbox"/> TPA Agreement		
<input type="checkbox"/> EFT Addendum		
<input type="checkbox"/> FT Agreement		
<input checked="" type="checkbox"/> HOT Service Agreement	32668	5657
<input checked="" type="checkbox"/> IT Agreement	32667	5656
<input type="checkbox"/> Letter Agreement		
<input type="checkbox"/> NNS Agreement		
<input type="checkbox"/> OBA Agreement		
<input type="checkbox"/> PAL Agreement		
<input checked="" type="checkbox"/> PAL Exhibit	32669	5658
<input type="checkbox"/> Precedent Agreement		
<input type="checkbox"/> SNS Agreement		
<input type="checkbox"/> STF Agreement		
<input type="checkbox"/> Storage Service Agreement		
<input type="checkbox"/> TAPS Agreement		
<input type="checkbox"/> Umbrella Agreement		
<input type="checkbox"/> Rate Agreement		

Action:

Return both executed originals; one fully executed original will be returned for your files.

Return one fully executed original agreement for our files.

Retain fully executed original for your files.

Please call me if you have any questions regarding the above.

Sincerely,

Lynn Wilkerson

Lynn Wilkerson
Marketing Services

Request No. 5658

Rate Schedule PAL
Contract No.: 32669
Dated: October 22, 2012
Deal Type: Loan

This Agreement is entered into by and between Texas Gas Transmission, LLC ("Texas Gas") and Duke Energy Kentucky, Inc. ("Customer").

Services under this Agreement are provided pursuant to Subpart B or Subpart G, Title 18, of the Code of Federal Regulations. Service is subject to and governed by the applicable Rate Schedule and the General Terms and Conditions of the Texas Gas FERC Gas Tariff ("Tariff") as they exist or may be modified from time to time and such are incorporated by reference. In the event the language of this Agreement conflicts with Texas Gas' then-current Tariff, the language of the Tariff will control.

Point(s): Point information shall be listed on Exhibit A.

Term: This Agreement shall be effective beginning October 22, 2012 and shall remain in effect for a primary term of five (5) years.

Rate: The rate for service shall be specified on Exhibit A.

Exhibit(s): The following Exhibit(s) are attached and made a part of this Agreement:
Exhibit A, Quantity/Point/Rate Information
Exhibit B, Contract Notice Address

IF YOU ARE IN AGREEMENT WITH THE FOREGOING, PLEASE INDICATE IN THE SPACE PROVIDED BELOW.

dw
Texas Gas Transmission, LLC

Signature:

David W. Maseley

Date:

10/22/12

203
10/23/12

Name:

DAVID W MASELEY

Title:

V.P., Southern/Midwest Markets

Duke Energy Kentucky, Inc.

Signature:

Joseph F. McCallister

Date:

11/1/12

Name:

Joseph F. McCallister

Title:

Director of e-Barr

Rate Schedule PAL
Contract No.: 32669
to PAL Service Agreement dated October 22, 2012

EXHIBIT A

Maximum Daily Loan/Loan Payback Quantity:	1,000 MMBtu
Maximum Total Loan/Loan Payback Quantity:	1,000 MMBtu
Daily Charge per MMBtu:	Texas Gas' effective maximum tariff rate
Point of Service:	1234

EXHIBIT B

AGREEMENT NO.: 32669

EFFECTIVE DATE: October 22, 2012

Contract Notices:

Customer Correspondence:

Duke Energy Kentucky, Inc.
526 S Church St ECO1X
Charlotte, NC 28201

Texas Gas Correspondence:

Texas Gas Transmission, LLC
3800 Frederica Street
Owensboro, KY 42301

Attention: **Contract Administration (Contractual matters)**
 Commercial Accounting (Invoice matters)
 Customer Services (Scheduling and Allocation matters)

(270)926-8686

Duke Energy Kentucky
Case No. 2014-00078
Attorney General's Second Set of Data Requests
Date Received: June 16, 2014

AG-DR-02-008 SUPPLEMENTAL

REQUEST:

Please reference Duke's Response to AG 1-8.

- a. Explain why the equipment for Texas Gas Transmission ("TGT") has not been utilized for several years.
- b. Why does Duke not have a current agreement with TGT?
- c. Duke states that it investigated the possibility of utilizing the TGT pipeline during the time in question, but determined it was not a feasible option. Please explain why Duke concluded that using the TGT pipeline was not feasible during the time in question. Please provide copies of any and all reports, memoranda and/or other documents regarding this investigation.
- d. Following the occurrence of the events which are the subject of the instant case, did Duke Energy Kentucky, its parent company(ies), and/or any other affiliates or subsidiaries of Duke's ultimate parent entity, investigate whether utilizing the TGT pipeline could have proven beneficial to the applicant and/or to its ratepayers either during the time periods relevant to the instant case, or at any time in the future? If so, please provide copies of any and all reports, memoranda and/or other documents regarding any and all such investigations.
- e. Please explain why TETCO has historically been a better option for the customer in detail.

- f. Please explain why according to Duke the TGT pipeline is not a good option as opposed to TETCO.
- g. Please explain whether having access to both TETCO and the TGT pipelines, during the time in question, could or would have been beneficial for Duke concerning the gas procurement issues/financial losses.

RESPONSE:

- a. Please see response to AG-DR-02-003. To date, there has not been a need for deliveries from Texas Gas as Duke Energy Kentucky has not experienced issues with TETCO. The Company has previously experienced pressure issues with respect to Texas Gas Pipeline delivery due to the Woodsdale Stations' geographic location along the Texas Gas Pipeline. The Texas Gas pipeline would hold Woodsdale to 1/16 and 1/24 flow rates due to drawing down pressure, being located on the north end of the Texas Gas pipeline. TETCO pipeline is able to serve Woodsdale without those issues.
- b. Duke Energy Kentucky has the following three service agreements with Texas Gas; Hourly Overrun Transportation (HOT), Park and Loan Agreement (PAL) and IT (Interruptible Service Agreement). The agreements are utilized for billing purposes in the event an imbalance is created while performing maintenance. TETCO has historically provided the needed flexibility in hourly and daily burns, and provides for daily and monthly operational balancing that was unavailable with Texas Gas. Additionally, TETCO is able to service Woodsdale without the pressure issues that have been experienced on the Texas Gas pipeline. In

summary, TETCO has been a reliable and flexible supply source to serve Woodsdale without the pressure issues that were experienced with Texas Gas.

- c. See response to part a) and b) above. It is possible that Texas Gas could be a potential option in the event of a significant pipeline delivery issue on TETCO. To do so would require inspections and facility upgrades. Such upgrades would not resolve the pressure issues experienced historically because of the station's geographic location in relation on the Texas Gas pipeline. Based on previous experience and the availability of TETCO as outlined in part a), the pressure issues prevented Texas Gas from being a viable and reliable option. Duke Energy Kentucky could have further discussions with Texas Gas and evaluate in the event of a significant delivery issue on TETCO.
- d. Please see responses to part a), b), and c) above.
- e. Please see responses to part a), b), and c) above.
- f. Please see responses to part a), b), and c) above.
- g. Please see responses to part a), b), and c) above. See also response to AG-DR-02-003.

PERSON RESPONSIBLE: John Swez/Joe McCallister