1. Please compare and contrast the facts and legalities of pending Case No. 2014-00078 which Duke filed with the Kentucky Public Service Commission and Case No. EL14-45-000 that Duke filed with the Federal Energy Regulatory Commission (FERC).

    a. Please explain why Duke cannot or will not request PJM to indemnify it for the purchased gas in the present case, but it is requesting PJM to indemnify it for purchased gas in the FERC case.

2. Please reference Duke's Response to AG 1-1. The Attorney General requested the witness Lisa Steinkuhl to provide her definition of "tight" and "operational restrictions," but only the definition of "tight" was provided. Please provide the definition of "operational restrictions" as interpreted by Lisa Steinkuhl in her testimony at page 3, lines 4-6.

3. Reference Duke's Response to AG 1-2(g) where the Attorney General asked if Duke had access to other gas supplies and delivery that could have eliminated or mitigated the issues encountered in the subject case. Duke responded, "No, the Woodsdale Station is not presently capable of receiving natural gas from any other pipelines."

    a. Is it possible for Duke to obtain access to other gas supplies and delivery at the Woodsdale Station? Please identify and discuss: (i) any measures the company could take, or would have to take in order to obtain such other gas supplies and delivery; and (ii) the feasibility of doing so, including distances between known pipelines/laterals and the Woodsdale station. Please explain your answer in detail.

    b. Please advise if it would be beneficial to the ratepayers, in instances such as the facts of the pending case, for Duke to have access to other gas supplies and delivery in the future.

    c. Is it possible that if Duke would have had access to other gas supplies and delivery at the Woodsdale Station, then the pending gas issues might or could have been mitigated or eliminated? If so, under what circumstances? Please discuss in detail.

d. Please discuss whether storage of any type, including storage on the Woodsdale site for LNG, CNG or propane could prevent or at least mitigate against the possibility of a recurrence of the issues which gave rise to Duke's filing the instant case. Please discuss your answer in detail.

4. Reference the company's responses to: (i) AG 1-2 (a) which states, in pertinent part: "If the Company had been directed by PJM to physically procure natural gas to make the Woodsdale units available, and subsequently not compensated, then there may be grounds for a possible [FERC] complaint"; (ii) AG 1-2 (i), which states in pertinent part: "As summarized previously, Duke Energy Kentucky procured physical natural gas to reliably support the day ahead unit awards for Woodsdale,. . . ."; and (iii) PSC 1-9, which states in pertinent part, "….on the two days, January 7 and 8, when PJM specifically instructed the Company to purchase natural gas, the units did in fact clear in the Day-Ahead market as well as run to a significant extent in the Real-Time market,…".

   a. Please clarify whether the procurement of physical gas was at PJM's direction, by the company's choice, or some other reason.

   b. Did PJM fail to compensate the company for any gas Duke physically procured to make the Woodsdale units available? If so, provide such sums in both mcf and dollar terms.

5. Reference the company's filing in Case No. 2014-00164. Please confirm that this filing identifies five (5) pipeline owner/operators which supply gas to the company's LDC operations.

   a. Please provide the approximate distance between the city gate for Duke, Kentucky's LDC operation and the location of the Woodsdale units in Butler County, Ohio.

6. Reference Duke's Response to AG 1-2(h) where Duke responded that, "Duke Energy Corporation does not have a subsidiary with the sole responsibility to focus on gas procurement/supply issues. Duke Energy Kentucky is ultimately responsible for procuring its own natural gas for its generation. The centralized fuels group procures gas on Duke Energy Kentucky's behalf, and is highly experienced and knowledgeable. The fuels personnel coordinate closely with the generation dispatch personnel to ensure gas supply is procured and scheduled as needed to meet the needs of the committed and awarded gas facilities. Additionally, the fuels personnel coordinate with the various pipelines to manage deliveries and imbalances as needed."

    a. Please clarify whether the "centralized fuels group" and "generation dispatch personnel" work for Duke Energy Corporation, Duke Energy Kentucky, or any other affiliate or subsidiary.

    b. Please clarify whether Duke Energy, Kentucky personnel are responsible for actual decisions to procure gas for the Woodsdale units.

7. Please reference Duke's Response to AG 1-3. In response to the Attorney General's question of whether PJM's actions or demands concerning the facts of the pending case caused Duke to incur costs or penalties, Duke responded, in pertinent part that, "Duke Energy Kentucky's customers were not harmed by the financial mechanics of the PJM market during this time period. In fact, overall, for these months in question, the customer benefited from the operation of the Woodsdale units within the PJM market. The PJM market provided enough credits to cover the cost of running the Woodsdale unit, per the offer made to PJM for each generating unit, to at least keep the unit financially whole in the market as being proposed."

    a. Provide a summary of both losses the company incurred and profits it earned in sales from its Woodsdale units into the PJM market for the period January 1, 2014 through March 31, 2014 .

    b. With regard to the company's statement, "The PJM market provided enough credits to cover the cost of running the Woodsdale unit… to at least keep the unit financially whole…": (i) explain if this is net of any and all fuel costs Duke incurred for the Woodsdale units during the period at issue; and (ii) if Duke sustained a substantial loss on gas due to the PJM market, and PJM is not indemnifying or reimbursing for this loss, how is the unit financially whole?

c. Please expound on Duke's assertion that the customers were not harmed from the financial mechanics of the PJM market. According to Duke's testimony filed herein, in the months of January and February 2014 there were substantial non-native gas financial losses in direct correlation with PJM's actions.

   i. Please confirm that: (1) pursuant to Duke's recommended solution in this case, and in accordance with its response to PSC 1-2, the costs that are the subject of the instant case would be included in costs under Rider PSM, and then all such costs would be set-off against off-system sales revenues in accordance with all other provisions of Rider PSM, thus diminishing any potential revenues that would inure to ratepayers' benefit; and (2) ratepayers will in fact be harmed to their detriment if the Commission approves the substantial loss of money to pass through the Rider PSM.

8. 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, or any consultants acting on behalf of any or all of the above entities, investigate whether utilizing the TGT pipeline could have proven beneficial to the applicant and/or to its ratepayers either during the times 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.

9. Please reference the company's responses to AG 1-11, and the attachment thereto, page 1 of 1. For each month set forth in the attached document entitled "Woodsdale Units 1-6 Service Hours – January 2012 through March 2014," provide the variance between actual service hours and the hours of operation which the company had projected for each month prior to the occurrence of each operating month.

10. Reference Duke's Response to AG 1-16 where the Attorney General asks if he has any concerns going forward regarding natural gas availability and costs. Duke responds that, "The natural gas market is a dynamic market and Duke Energy Kentucky cannot predict prices going forward or if natural gas will be available

at current costs. Natural gas prices are forecasted to remain in the range of current prices for the foreseeable future given the increase in domestic gas supply. Duke Energy Kentucky does not have concerns over the procurement of the needed natural gas supply for its generation needs. Duke Energy Kentucky buys competitively priced natural gas supply at the prevailing spot market price that exists at the time of the purchase." Please answer the original question posed. Does the applicant have any concerns that the cost of natural gas necessary to run its gas fired units, after the large increase in price over the winter of 2013-2014, will be affordable for the end-user?

11. Reference Duke's Response to AG 1-20(b) in which Duke refers the Attorney General to the company's response to PSC 1-3.

    a. Duke asserts that the amount of lost opportunity payments was $554,531.66 in January, $79,001.36 in February, and $0 in March. Please provide the lost opportunity payment data for April and May (to date) if available.

    b. Duke asserts that the lost opportunity payments are not being used to offset the gas loss due to the fact that the lost opportunity payments are going to flow through the Rider PSM or FAC. Please confirm that in this case since the gas loss stemmed from the non-native load that the credit of the lost opportunity payments will flow through Rider PSM; hence, offsetting the actual gas loss sustained.