VERIFICATION

PROVINCE OF NOVA SCOTIA)
)
COUNTY OF HALIFAX)

SS:

The undersigned, Dr. Roger A. Morin, Emeritus Professor of Finance at the College of Business, Georgia State University and Professor of Finance for Regulated Industry at the Center for the Study of Regulated Industry at Georgia State University, 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.

Roger A. Morin

Dr. Roger A. Morin, Affiant

Subscribed and sworn to before me by Dr. Roger A. Morin on this 14th day of September 2015.

NOTARY PUBLIC

MICHAEL R. CROWELL
A Commissioner of the Supreme
Court of Nova Scotia

My Commission Expires: n/a

VERIFICATION

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, John A. Hill, Jr., 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 A. Hill, Jr., Affiant

Subscribed and sworn to before me by John A. Hill, Jr. on this 15TH day of September 2015.

NOTARY PUBLIC

ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2019

My Commission Expires: 1/5/2019

VERIFICATION

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, Gary J. Hebbeler, GM, Gas & Field Systems, 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.

Gary J. Hebbeler, Affiant

Subscribed and sworn to before me by Gary J. Hebbeler on this 14TH day of September 2015.

NOTARY PUBLIC

ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2019

My Commission Expires: 1/5/2019

VERIFICATION

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, Peggy Laub, 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.

Peggy Laub

Peggy Laub, Affiant

Subscribed and sworn to before me by Peggy Laub on this 10th day of September 2015.

Adele M. Frisch

NOTARY PUBLIC

ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2019

My Commission Expires: 1/5/2019

VERIFICATION

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, William Don Wathen Jr, Director of Rates & Regulatory Strategy – Ohio/Kentucky 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.

William Don Wathen Jr, Affiant
Director of Rates & Regulatory Strategy – Ohio/Kentucky

Subscribed and sworn to before me by William Don Wathen Jr on this 10TH day of September 2015.

NOTARY PUBLIC

My Commission Expires:

NOTARIAL SEAL STATE OF OHIO

ROCCO O. D'ASCENZO
ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Has No Expiration
Section 147.03 R.C.

VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG)

SS:

The undersigned, Phillip O. Stillman, being duly sworn, deposes and says that he is the Director of Load Forecasting and Fundamentals, being duly sworn, deposes 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.

Phillip O. Stillman, Affiant

Subscribed and sworn to before me by Phillip O. Stillman on this 10th day of September, 2015.

NANCY H. TAYLOR NOTARY PUBLIC MECKLENBURG COUNTY, NC

Nancy H. Taylor
NOTARY PUBLIC

My Commission Expires: January 26, 2017

VERIFICATION

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, Charles R. Whitlock, 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.

Charles R. Whitlock, Affiant

Subscribed and sworn to before me by Charles R. Whitlock on this 4th day of September 2015.

NOTARIAL SEAL
STATE OF OHIO

Julie M. Thompson
Notary Public, State of Ohio
My Commission Expires 11-19-2015

NOTARY PUBLIC

My Commission Expires: 11-19-2015

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Duke Energy Kentucky
Case No. 2015-00210
Staff First Set Data Requests
Date Received: September 3, 2015

STAFF-DR-01-001

REQUEST:

Refer to the application, page 6, paragraph 11, and page 8, paragraph 16. Provide, generally, how many of the roughly 35,000 interior natural gas meters in Duke Kentucky's service territory that Duke Kentucky expects to relocate as part of replacing the approximately 10,000 steel and other unprotected metallic service lines that remain part of Duke Kentucky's gas system.

RESPONSE:

Of the roughly 35,000 interior natural gas meters in Duke Energy Kentucky's service territory, there are approximately 2,200 interior meters that would be replaced/relocated to an outside location, if permissible, under the ASRP.

PERSON RESPONSIBLE: Gary Hebbeler

STAFF-DR-01-002

REQUEST:

Refer to the application, page 7, paragraph 13.

a. Explain whether a customer can refuse replacement and utility ownership of the customer's service line. Explain further whether a customer can refuse the relocation of an interior meter that is discussed in paragraph 16 on page 8.

b. Provide the sheet number of the Duke Kentucky tariff that addresses the company's ownership of customer service lines following replacement. If no such language exists, provide proposed language for inclusion in the tariff. As an example, First Revised Sheet No. 62 of the tariff of Columbia Gas of Kentucky, Inc. contains the following provision concerning extension of service lines:

> With respect to Residential and Commercial Customers that occupy premises already connected to a Company main by a service line, Company shall be responsible for operating and maintaining the Customer Service Line, and when Company determines that replacement of such Customer Service Lines is necessary, Company shall be responsible for installing the service line, and shall thereafter own the service line. If it becomes necessary for Company to replace a service line, Company shall use its best efforts to replace the line, during normal working hours and as soon as practical, after Company is made aware of the need for the replacement of the service line.

c. Provide the average percentage of customer-owned service lines of which Duke Kentucky currently assumes ownership per year.

d. Provide the average percentage of customer-owned service lines of which Duke Kentucky proposes to assume ownership per year.

RESPONSE:

a. The customer will not have an option to refuse replacement and utility ownership of the customer's service line. The replacement is necessary from an integrity management perspective. To date, Duke Energy Kentucky has not encountered a customer refusing Duke Energy Kentucky taking ownership of the service line. The taking of ownership typically comes up when the service line is in need of replacement due to an emergency. From a safety and reliability perspective, Duke Energy Kentucky believes it is in the best interest of the customer and the general public to allow the Company to take ownership of the line and make any required replacements. Duke Energy Kentucky is willing to allow a customer whose service is capable to be relocated under the ASRP, an option to refuse such relocation.

b. The Commission approved tariff language addressing the Company's ownership of service lines upon replacement as part of Case No. 2005-00042. The sheet number of the Duke Energy Kentucky tariff that addresses the company's ownership of customer service lines following replacement is **KY. P.S.C. Gas No. 2, Third Revised Sheet Number 23, page 1 of 2, Section IV** – Company's Installation, which provides as follows:

> **1. Installation and Maintenance.**
>
> Except as otherwise provided in these Service Regulations, in Service Agreements or Rate Schedules, Company will install and maintain its lines and equipment on its side of the point of delivery, but shall not be required

to install or maintain any lines or equipment, except meters and service regulators on Customer's side of the point of delivery without cost to Customer. Only Company's agents are authorized to connect Company's service to Customer's service piping.

2. Gas Service Piping.

The gas service pipe shall be installed by the Company from the Company's main in the street to the curb line at its own expense and from the curb line to the meter, including curb box and valve, at the Company's expense, subject to the Company's rules, regulations and existing prices, upon execution of an application and provided that an adequate distribution main exists in front of the Customer's building. The service piping from the curb to the meter, including street box and valve, installed at the expense of the Company, shall be maintained at the expense of the Company. No connections or work of any kind shall be done on a gas main or service piping up to the outlet of the meter by anyone who is not a qualified agent or employee of the Company.

c. Duke Energy Kentucky assumes 100% ownership for every curb to meter service the Company replaces. Duke Energy Kentucky is not aware of any customer replacing a service on their own initiative since the Company began taking ownership of these services upon replacement in 2002.

d. Duke Energy Kentucky will continue to assume 100% ownership for every curb to meter service it replaces.

PERSON RESPONSIBLE: Gary Hebbeler

Duke Energy Kentucky
Case No. 2015-00210
Staff First Set Data Requests
Date Received: September 3, 2015

STAFF-DR-01-003

REQUEST:

Refer to the application, page 8, paragraph 16.

a. Provide the amount of time Duke Kentucky expects to spend inside the customer's premises and explain how the amount of time was determined.

b. Identify and describe the criteria that will be used to determine where to place a meter being relocated to the exterior of a premise.

c. Provide a detailed breakdown of the incremental cost to relocate an interior meter to the exterior of a premise.

d. Explain whether Duke Kentucky has considered installing Automated Meter Reading meters inside the residences to reduce its meter reading expenses.

RESPONSE:

a. The amount of time Duke Energy Kentucky expects to spend inside a customer's premise, for replacing and relocating the interior natural gas service and meters to an external location, would depend on the proximity of the new location to the existing meter location. Under typical conditions for a residential customer, if the new meter set is in close proximity to the old meter set, the amount of time needed would be approximately two hours. This amount of time was determined through past experience of moving the

interior natural gas meters to an external location for services that were in an unacceptable location.

b. The criteria that will be used to determine where to place a meter being relocated to the exterior of a premise will be Duke Energy Kentucky's existing standards. See Staff-DR-01-003 Attachment - Sketch for Residential Meter Location Restrictions.

c. There is no incremental cost to relocating an interior meter to an external location because the work necessary to replace the service of an interior meter and not relocate is equivalent in cost to performing the relocation. However, if the meter is relocated outside some of the costs are classified as O&M costs as opposed to 100% of the costs being capital if the meter is left inside.

For moving a meter outside, Duke Energy Kentucky will need less customer availability. The service piping crew can install the service piping and test the piping from the main to the meter bracket and introduce natural gas into the service up to the meter bracket in-let valve. All backfilling of holes will be complete during this operation. The customer does not need to be present for any of the above tasks. Then, an appointment will be made by Duke Energy Kentucky's agent to relocate the meter, install the customer piping through the foundation wall from the outside meter to the existing customer piping inside of the home, test the customer piping, and introduce natural gas into the customer's piping to the appliances.

For services that must be replaced and are connected to interior meters that are not moved outside, the service piping crew can install the service piping from

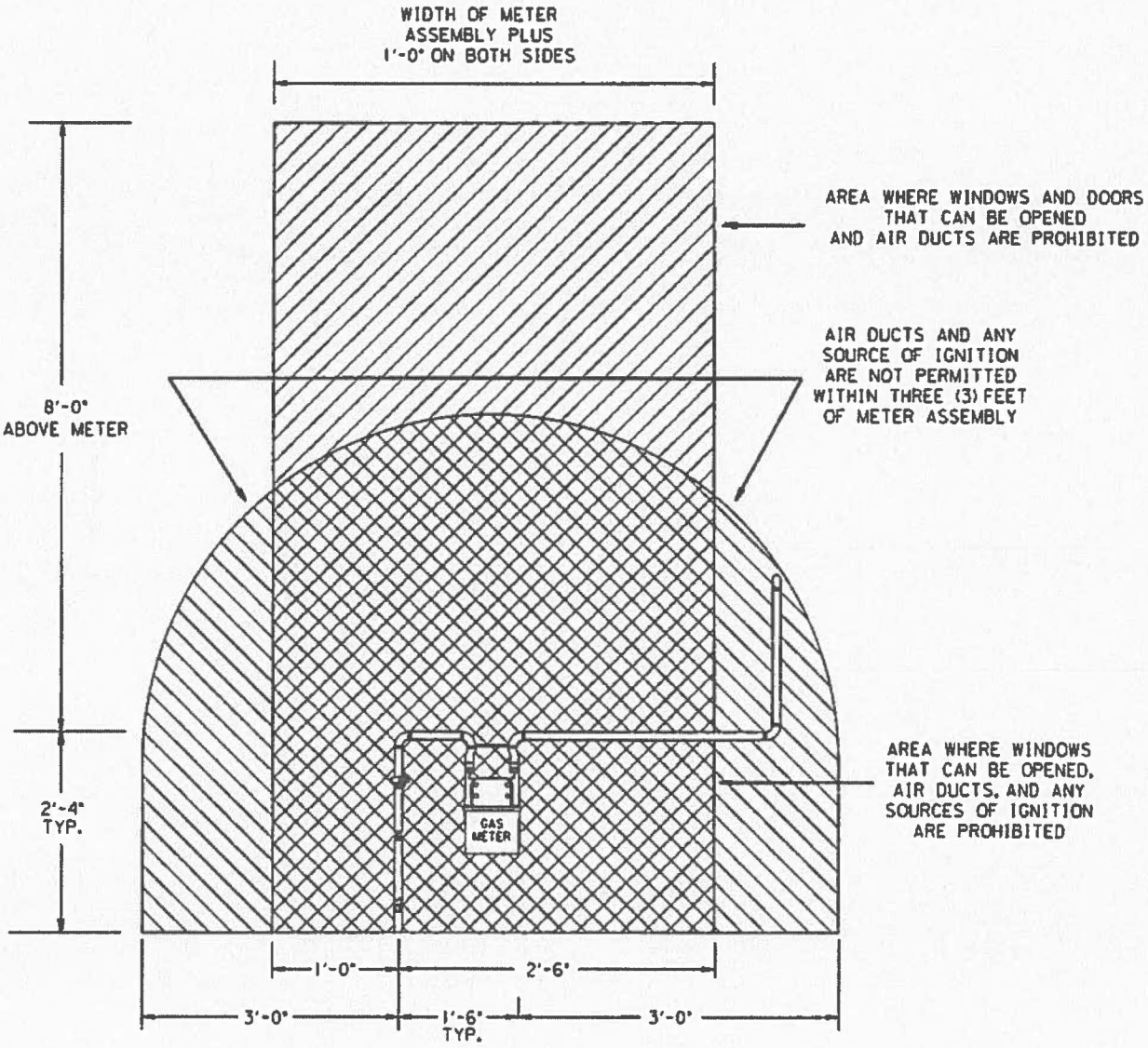
main to the exterior wall and only introduce natural gas into the service line from the main to the property line at the curb valve. Duke Energy Kentucky's agent must then drill through the foundation wall, rework the inside service piping from the foundation wall to the inside meter, test the external piping and the customer piping, complete the external piping connections, before it can introduce natural gas into the service line from the curb valve to the appliances, and backfill the outside holes. This additional process will require additional customer involvement and more time in the premises to complete the repairs.

The difference in material cost of the riser and meter bracket on an outside meter is equivalent to the additional labor premium and coordination needed to accommodate the customer's availability for the inside meter. A meter will only be replaced, inside or outside, if the age change meter date for compliance is due so the meter cost comparison is not applicable. The cost associate with an existing inside meter is all capital and the cost associated with an outside meter is both capital and O&M due to the work on the customer's piping.

d. Duke Energy Kentucky has installed Automated Meter Reading meters in several areas in Kentucky. It continues to evaluate the benefits of this technology. The Automated Meter Reading only addresses the monthly meter reading access issues. Duke Energy Kentucky must still access the interior meters to conduct inspections and if necessary to obtain actual readings.

PERSON RESPONSIBLE: Gary Hebbeler

Sketch 4 – Residential Meter Location Restrictions



Notes for Sketch 4

A. The service piping shall not be terminated nor the meter set:

(1) Within 30 inches of the left side of a basement window or door or 12 inches of the right side of the basement window or door, as you face the window or door.

(2) Within 3 feet of any source of ignition.

(3) Within 3 feet of an air duct.

(4) Below and within 8 feet of an air duct.

(5) Below and within 8 feet of a window that can be opened.

(6) Where it will be subject to damage, or;

(7) In any location that would require the connection to the main to be made under a driveway, tree or other obstruction.

B. Conditions such as multiple meter installations may require other restrictions or distances. Large meter installations for commercial or industrial application require a 10-foot separation from sources of ignition, operable windows and air ducts. Large meters shall not be placed under operable windows and air ducts.

Duke Energy Kentucky
Case No. 2015-00210
Staff First Set Data Requests
Date Received: September 3, 2015

STAFF-DR-01-004

REQUEST:

Refer to the application, page 10, paragraph 23.

a. Explain how the replacement percentage of approximately 9.6 percent of existing service lines was determined.

b. Provide the number of "total current service leaks on the system" and identify the period of time over which this number was experienced.

c. Explain how the reduction of approximately 56.6 percent of current service leaks was determined. Include all relevant spreadsheets, work papers, etc.

RESPONSE:

a. The 2014 D.O.T. Annual Gas Distribution System report filed by Duke Energy Kentucky in March 2015 noted the total number of services as 96,616. Approximately 10,000 (or 9.6%) of these services, based on the known main to curb material type, meet the criteria (non-protected metallic) proposed in the ASRP Application. See Staff-DR-01-004 Attachment.

b. At the time the Application was prepared (June 2015), there were 1,205 repaired service (Main to Meter) leaks from 2012 to 2015.

c. Approximately 57% (683 of 1205) were related to corrosion, natural forces or material/weld failures. Most leaks associated with these D.O.T. defined causes

should be eliminated when non-protected metallic services are replaced as part of ASRP.

PERSON RESPONSIBLE: John A. Hill, Jr.

NOTICE: This report is required by 49 CFR Part 191. Failure to report can result in a civil penalty not to exceed 100,000 for each violation for each day that such violation persists except that the maximum civil penalty shall not exceed $1,000,000 as provided in 49 USC 60122.	OMB NO: 2137-0522 EXPIRATION DATE: 10/31/2016

U.S Department of Transportation
Pipeline and Hazardous Materials Safety Administration

Initial Date Submitted:	03/13/2015
Form Type:	INITIAL
Date Submitted:	

ANNUAL REPORT FOR CALENDAR YEAR 2014 GAS DISTRIBUTION SYSTEM

A federal agency may not conduct or sponsor, and a person is not required to respond to, nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a current valid OMB Control Number. The OMB Control Number for this information collection is 2137-0522. Public reporting for this collection of information is estimated to be approximately 16 hours per response, including the time for reviewing instructions, gathering the data needed, and completing and reviewing the collection of information. All responses to this collection of information are mandatory. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Information Collection Clearance Officer, PHMSA, Office of Pipeline Safety (PHP-30) 1200 New Jersey Avenue, SE, Washington, D.C. 20590.

PART A - OPERATOR INFORMATION

(DOT use only) 20154110-24611

1. Name of Operator	DUKE ENERGY KENTUCKY
2. LOCATION OF OFFICE (WHERE ADDITIONAL INFORMATION MAY BE OBTAINED)	
2a. Street Address	139 EAST FOURTH STREET MAIL DROP-EX 460
2b. City and County	CINCINNATI
2c. State	OH
2d. Zip Code	45202
3. OPERATOR'S 5 DIGIT IDENTIFICATION NUMBER	20110
4. HEADQUARTERS NAME & ADDRESS	
4a. Street Address	139 EAST FOURTH STREET, RM 460-A
4b. City and County	CINCINNATI,US
4c. State	OH
4d. Zip Code	45202
5. STATE IN WHICH SYSTEM OPERATES	KY

PART B - SYSTEM DESCRIPTION

1.GENERAL

	STEEL				PLASTIC	CAST/ WROUGHT IRON	DUCTILE IRON	COPPER	OTHER	SYSTEM TOTAL
	UNPROTECTED		CATHODICALLY PROTECTED							
	BARE	COATED	BARE	COATED						
MILES OF MAIN	0.06	0	0	612.174	791.77	0	0	0	0	1404.004
NO. OF SERVICES	192	0	0	2383	85884	1	0	7458	698	96616

2.MILES OF MAINS IN SYSTEM AT END OF YEAR

MATERIAL	UNKNOWN	2" OR LESS	OVER 2" THRU 4"	OVER 4" THRU 8"	OVER 8" THRU 12"	OVER 12"	SYSTEM TOTALS
STEEL	0	159.916	191.55	208.384	38.303	14.081	612.23
DUCTILE IRON	0	0	0	0	0	0	0.00
COPPER	0	0	0	0	0	0	0.00
CAST/WROUGHT IRON	0	0	0	0	0	0	0.00
PLASTIC PVC	0	0	0	0	0	0	0.00
PLASTIC PE	0	389.290	268.355	132.623	1.502	0	791.77
PLASTIC ABS	0	0	0	0	0	0	0.00
PLASTIC OTHER	0	0	0	0	0	0	0.00
OTHER	0	0	0	0	0	0	0.00
TOTAL	0.00	549.21	459.90	341.01	39.80	14.08	1,404.00

3.NUMBER OF SERVICES IN SYSTEM AT END OF YEAR — **AVERAGE SERVICE LENGTH: 65**

MATERIAL	UNKNOWN	1" OR LESS	OVER 1" THRU 2"	OVER 2" THRU 4"	OVER 4" THRU 8"	OVER 8"	SYSTEM TOTALS
STEEL	0	1483	873	182	37	0	2575
DUCTILE IRON	0	0	0	0	0	0	0
COPPER	0	6104	1354	0	0	0	7458
CAST/WROUGHT IRON	0	0	0	1	0	0	1
PLASTIC PVC	0	0	0	0	0	0	0
PLASTIC PE	0	74414	11186	252	32	0	85884
PLASTIC ABS	0	0	0	0	0	0	0
PLASTIC OTHER	0	0	0	0	0	0	0
OTHER	698	0	0	0	0	0	698
TOTAL	698	82001	13413	435	69	0	96616

4.MILES OF MAIN AND NUMBER OF SERVICES BY DECADE OF INSTALLATION

	UNKNOWN	PRE-1940	1940-1949	1950-1959	1960-1969	1970-1979	1980-1989	1990-1999	2000-2009	2010-2019	TOTAL
MILES OF MAIN	.169	.024	.763	26.451	242.814	96.512	162.737	361.688	473.632	39.214	1404.004
NUMBER OF SERVICES	743	317	194	925	5914	5293	7777	26302	44264	4887	96616

PART C - TOTAL LEAKS AND HAZARDOUS LEAKS ELIMINATED/REPAIRED DURING THE YEAR

CAUSE OF LEAK	MAINS		SERVICES	
	TOTAL	HAZARDOUS	TOTAL	HAZARDOUS
CORROSION	9	1	268	132
NATURAL FORCES	4	0	42	19
EXCAVATION DAMAGE	17	17	134	134
OTHER OUTSIDE FORCE DAMAGE	0	0	3	0
MATERIAL OR WELDS	10	0	52	21
EQUIPMENT	3	1	1307	1104
INCORRECT OPERATIONS	1	0	60	46
OTHER	0	0	4	4

NUMBER OF KNOWN SYSTEM LEAKS AT END OF YEAR SCHEDULED FOR REPAIR : 176

PART D - EXCAVATION DAMAGE

NUMBER OF EXCAVATION DAMAGES: 151

NUMBER OF EXCAVATION TICKETS : 26466

PART E-EXCESS FLOW VALUE(EFV) DATA

NUMBER OF EFV'S INSTALLED THIS CALENDER YEAR ON SINGLE FAMILY RESIDENTIAL SERVICES: 446

ESTIMATED NUMBER OF EFV'S IN SYSTEM AT THE END OF YEAR: 11709

PART F - LEAKS ON FEDERAL LAND

TOTAL NUMBER OF LEAKS ON FEDERAL LAND REPAIRED OR SCHEDULED TO REPAIR: 0

PART G-PERCENT OF UNACCOUNTED FOR GAS

UNACCOUUNTED FOR GAS AS A PERCENT OF TOTAL INPUT FOR THE 12 MONTHS ENDING JUNE 30 OF THE REPORTING YEAR.

INPUT FOR YEAR ENDING 6/30: 1.0%

PART H - ADDITIONAL INFORMATION

PART I - PREPARER AND AUTHORIZED SIGNATURE

Randall Suttles,Operator (Preparer's Name and Title)	(513)287-3346 (Area Code and Telephone Number)
Randall.Suttles@duke-energy.com (Preparer's email address)	(Area Code and Facsimile Number)

STAFF-DR-01-005

REQUEST:

Refer to the application, pages 10-11, paragraph 24.

a. Identify all objective criteria Duke Kentucky will utilize in prioritizing its service line replacement work.

b. Explain Duke Kentucky's process for identifying, scheduling and completing the service line replacement work. Identify how these decisions are made and the individuals involved in this decision-making process.

RESPONSE:

a. The objective criteria used by Duke Energy Kentucky in prioritizing its service line replacement work are material type, system pressure, and year of installation.

b. As outlined in the Application, Duke Energy Kentucky has developed a 5-year replacement plan based on risk ranking the services using the objective criteria listed above. The plan will be adjusted as necessary by the ASRP Project Manager with executive management approval, if necessary, in accordance with internal delegation of authority guidelines.

PERSON RESPONSIBLE: John A. Hill, Jr.

Duke Energy Kentucky
Case No. 2015-00210
Staff First Set Data Requests
Date Received: September 3, 2015

STAFF-DR-01-006

REQUEST:

Refer to the application, page 12, paragraph 28.

a. Explain why Duke Kentucky proposes five years as the term of the Accelerated Service Line Replacement Program ("ASRP") when its Accelerated Main Replacement Program ("AMRP") was implemented with a term of ten years.

b. $50 million is the projection for total expenditures under the ASRP, while absent the ASRP projected expenditures are $64 million. Provide the projected level of total expenditures for the ASRP if it was implemented over a ten-year term.

c. Provide a breakdown of the major components of the costs that make up the $50 million projection of capital and Operation and Maintenance ("O&M") expenditures under the ASRP.

d. Explain why Duke Kentucky assumes a 3 percent inflation rate for O&M expenditures under the ASRP.

e. Provide the current projected five-year inflation rate from a governmental source.

RESPONSE:

a. A 5-year program was proposed as it aligned with the general resource requirements of the AMRP when approximately 2,000 services were being replaced annually as part of that program.

b. Using the same 3% inflation used for the 5-year program, total capital expenditures for the 10-year program would be approximately $54M.

c. The $50M estimate was developed using an estimate of 10,000 services with a cost/service replacement of approximately $5,000.

d. A 3% inflation factor is a general rate used for estimating multi-year projects (such as AMRP) that have historically provided reasonably accurate estimates. The inflation rate is intended to cover cost increases such as escalators in union contracts, merit increases and material costs.

e.

	CPI: (Index 1982-84=100) U.S. Bureau of Labor Statistics (BLS) & Moody's Analytics (ECCA) Forecast	
2016	**241.35**	**2.0%**
2017	**248.54**	**2.9%**
2018	**256.07**	**2.9%**
2019	**263.11**	**2.7%**
2020	**269.52**	**2.4%**

PERSON RESPONSIBLE: John A. Hill, Jr.

Duke Energy Kentucky
Case No. 2015-00210
Staff First Set Data Requests
Date Received: September 3, 2015

STAFF-DR-01-007

REQUEST:

Refer to the application, pages 17-18, paragraphs 42-44, which describe Duke Kentucky's plans for making annual filings with the Commission under the proposed ASRP.

a. The filings are proposed to be made on or about October 1, with the intent that the new or updated Rider ASRP charges will become effective the following January 1. Explain why October 1st was chosen as the proposed filing date.

b. Paragraph 7 states that the planned filings will include a "true-up for the current/previous years' actual expenditures" and will "reflect actual costs incurred as of October 1st and estimated costs for the balance of the year." Explain whether an earlier date for the annual filings, such as July 1, with a true-up of actual expenditures for the previous calendar year, has been considered by Duke Kentucky.

c. Explain whether the approach mentioned in part b. of this request, which would eliminate the need to estimate a portion of the costs to be trued-up and provide additional time for Commission review and analysis of individual annual filings, would present any problems for Duke Kentucky or is amenable to Duke Kentucky.

RESPONSE:

a. Duke Energy Kentucky usually has reasonable estimates of its capital and O&M budget for the following year in early September. Since this filing is based on projected data, the October 1st data was chosen.

b. Duke Energy Kentucky has not considered the July 1st date, but is amenable to discussing this option.

c. Duke Energy Kentucky is amenable to discussing various filing dates and options around the projected test period and true-up mechanism.

PERSON RESPONSIBLE: Peggy Laub

Duke Energy Kentucky
Case No. 2015-00210
Staff First Set Data Requests
Date Received: September 3, 2015

STAFF-DR-01-008

REQUEST:

Refer to the application, Exhibit 3, Scope of Work, page 3 of 8.

a. The first paragraph states that Duke Kentucky "initiated a program in 2013 to replace metallic unprotected services in its Kentucky service territory." Clarify when in 2013 this program began and provide the number of services that have already been replaced.

b. Explain why Duke Kentucky is proposing a five-year program in its application, considering the completion year of 2020 reflected in this section.

RESPONSE:

a. Since the initial start of the program in approximately January 2013, approximately 600 unprotected metallic services have been replaced.

b. Duke Energy Kentucky is proposing a five-year program in the Application to replace the services at approximately the same rate as the services were replaced in the AMRP. The AMRP was over a ten-year term because of the number of mains targeted and cost of the program.

PERSON RESPONSIBLE: Gary Hebbeler

Duke Energy Kentucky
Case No. 2015-00210
Staff First Set Data Requests
Date Received: September 3, 2015

STAFF-DR-01-009

REQUEST:

Refer to the application, Exhibit 4, page 35 of 45. Explain whether the 689 service lines of unknown material are proposed to be replaced as part of the ASRP.

RESPONSE:

The service lines will only be replaced as part of the ASRP if, during the investigation of the 689 service lines, the material meets the criteria for replacement as part of the ASRP. If the service does not qualify for replacement under the defined ASRP criteria, but nonetheless warrants replacement for some other reason, those specific costs will not be included in the ASRP.

PERSON RESPONSIBLE: John A. Hill, Jr. / Gary Hebbeler

Duke Energy Kentucky
Case No. 2015-00210
Staff First Set Data Requests
Date Received: September 3, 2015

STAFF-DR-01-010

REQUEST:

Refer to the Direct Testimony of Charles R. Whitlock ("Whitlock Testimony", page 2, lines 15-18, which refers to Mr. Whitlock directing the day-to-day natural gas operations of Duke Kentucky and Duke Energy Ohio, Inc. ("Duke Ohio"). Explain whether Duke Ohio is implementing or has already implemented a program similar to Duke Kentucky's proposed ASRP.

RESPONSE:

Duke Energy Ohio is seeking regulatory approval to implement a program similar to Duke Energy Kentucky's proposed ASRP.

PERSON RESPONSIBLE: Charles R. Whitlock

Duke Energy Kentucky
Case No. 2015-00210
Staff First Set Data Requests
Date Received: September 3, 2015

STAFF-DR-01-011

REQUEST:

Refer to the Whitlock Testimony, page 4, lines 16-21.

a. Provide the December 2014 Bill Comparison Report provided by the American Gas Association referenced in the testimony.

b. Identify the Kentucky investor-owned gas utilities to which Duke Kentucky compared its gas delivery rates and the point in time of the comparison.

RESPONSE:

a. Please see the enclosed CD containing STAFF-DR-01-011 Attachment - AGA BillComp Results 12-14.

b. Atmos Energy and Delta Natural Gas Company, Inc. The AGA survey reflects data as of December 2014.

PERSON RESPONSIBLE: Charles R. Whitlock

ORIGINAL

STAFF-DR-01-011

ATTACHMENT

IS FILED IN ELECTRONIC FORMAT ON CD

Duke Energy Kentucky
Case No. 2015-00210
Staff First Set Data Requests
Date Received: September 3, 2015

STAFF-DR-01-012

REQUEST:

Refer to Whitlock Testimony, page 6, lines 10-14. Provide a general description of the Accelerated Riser Replacement Program that was completed in 2012, including at minimum: (a) the number of years it was in effect; (b) the number of risers that were replaced as part of the program; and (c) the total capital cost of the program.

RESPONSE:

The flexible riser is a fitting that connects the service line to the meter assembly. Flexible riser fittings are used for outside meters. One type of flexible riser fitting is known as a service head adapter (SHA) style riser. A Riser Optimization Program was developed as a proactive program to target those factors on SHA risers that have a high propensity for leaks. The resulting Riser Optimization Program is similar to the Cast Ion Optimization System (CIMOS) and Bare Steel Maintenance Optimization System (BSMOS) programs in that both programs identify criteria associated with past activities to develop a replacement program. In fact, some of the criteria, such as operating pressure, type of pipe material, and year of installation, are the same for all of the programs. Under that program, Duke Energy Kentucky annually evaluated the activities associated with field assembled SHA risers and determined the number to be replaced.

The Accelerated Riser Program was an extension of the Riser Optimization Program and was targeted to accelerate its riser replacement program starting in 2008 and

completed the SHA riser replacement in 2012. This coincided with the schedule for completing the Ohio program and allowed Duke Energy Kentucky to coordinate the work activity of its outside contractors, and schedule the work more efficiently. This reduced the overall cost of the program.

a. The Company's tracking records indicate 18,753 SHA field assembled risers were replaced.

b. The Accelerated Riser Replacement Program ran from 2008 through 2012.

c. The total capital cost was $8,712,045.

PERSON RESPONSIBLE: Gary Hebbeler

Duke Energy Kentucky
Case No. 2015-00210
Staff First Set Data Requests
Date Received: September 3, 2015

STAFF-DR-01-013

REQUEST:

Refer to Whitlock Testimony, pages 7-8, beginning on page 7 with line 10, and continuing to page 8, line 15. For all references to "Duke Energy" or "Duke Energy's Gas Operations" rather than "Duke Energy Kentucky" explain whether the reference pertains to: (a) Duke Ohio; (b) Duke Kentucky and Duke Ohio; or (c) Duke Kentucky.

RESPONSE:

The references to "Duke Energy" or "Duke Energy's Gas Operations" in Whitlock Testimony, pages 7-8, beginning on page 7 with line 10, and continuing to page 8, line 15, are all inclusive of Duke Energy Kentucky.

PERSON RESPONSIBLE: Charles R. Whitlock

Duke Energy Kentucky
Case No. 2015-00210
Staff First Set Data Requests
Date Received: September 3, 2015

STAFF-DR-01-014

REQUEST:

Refer to Whitlock Testimony, pages 9-10. Describe in detail the safety advantages of relocating interior meters to exterior locations, beyond the improvements to customer satisfaction, convenience, and cost reduction.

RESPONSE:

The safety advantages of relocating interior meters to exterior locations extend to both the customer and the Company. Beyond the benefits associated with improvements to customer satisfaction, convenience, and cost reduction with the proposed meter relocation, the relocation enhances safety to customers through the additional exposure of the service to the general public such as neighbors, mail carriers, and other pedestrians to help detect a leak on a service on all of the jurisdictional piping including the meter. An additional safety advantage created for the Company personnel is avoidance of potential unknown hazards entering a customer home, such as animals and other dangers that may be encountered

PERSON RESPONSIBLE: Gary Hebbeler

Duke Energy Kentucky
Case No. 2015-00210
Staff First Set Data Requests
Date Received: September 3, 2015

STAFF-DR-01-015

REQUEST:

Refer to the Direct Testimony of Peggy Laub ("Laub Testimony"), Attachment PAL-1, Schedule 1.0, page 2 of 9, which indicates that the ASRP revenue requirement will be allocated among the rate schedules based on the "Weighted Customers – Services" percentages from Duke Kentucky's 2009 natural gas base rate case, Case No. 2009-00202. [1] Those percentages, according to WPFR-9v-6, page 2 of 27, in Duke Kentucky's application in that proceeding, were based on the 12-month period ending December 31, 2008.

a. Given the length of time since the "Weighted Customers – Services" used in Case No. 2009-00202 were developed, explain whether Duke Kentucky gave any consideration to using more current data to allocate its ASRP revenue requirement.

b. The numbers of residential and general service customers shown in WPFR-9v-6 in Case No. 2009-00202 were 88,348 and 6,948, respectively, while page 9 of 9 of Attachment PAL-1 shows 90,388 and 6,962 as the corresponding numbers of customers in April 2015, which reflects an increase of more than 2,000 since 2008. Using the number of customers for the 12 months ended in April 2015,

[1] *Application of Duke Energy Kentucky, Inc. for an Adjustment of Rates,* Case No. 2009-00202, (Ky. PSC Dec. 29, 2009).

provide a more current calculation of "Weighted Customers – Services" percentages.

c. Provide a breakdown of the planned 10,000 customer service line replacements by rate schedule.

d. Provide Attachment PAL-1 in Excel format with all cells unprotected and all formulas intact.

RESPONSE:

a. The Company considered the development of more current data, but elected to use data from Case No. 2009-00202 because the data in that case forms the basis for the Company's currently approved gas base rates.

b. See the table below:

Line No.							
1	Weighted Customers - Services - Twelve Months Ending April 30, 2015						
2						Weighted	
3			Rate Class	Customers(a)	Weight Fac. (b)	Customers	Ratio
4							(K403)
5			RS - Residential	89,627	1.00	89,627	90.623%
6			GS - General Service	6,870	1.22	8,381	8.474%
7			FT - Firm Transportation	93	5.66	526	0.532%
8			IT - Inter. Transportation	37	9.92	367	0.371%
9							
10			Total	96,627		98,902	100.000%

c. There are approximately 5 interruptible transmission service line replacements, 20 firm transportation replacements, 200 general service replacements and approximately 9,775 residential services replacements.

d. See Staff-DR-01-015 Attachment.

PERSON RESPONSIBLE: a, b and d: Peggy Laub
c: John A. Hill, Jr.

ORIGINAL

STAFF-DR-01-015d

ATTACHMENT

IS FILED IN ELECTRONIC FORMAT ON CD

Duke Energy Kentucky
Case No. 2015-00210
Staff First Set Data Requests
Date Received: September 3, 2015

STAFF-DR-01-016

REQUEST:

Refer to the Laub Testimony, Attachment PAL-1, Schedules 2.0 and 2.1. Explain why bonus depreciation was not utilized for depreciation and deferred tax purposes.

RESPONSE:

As of the date of the Application and of this response, Congress has not extended bonus depreciation beyond calendar year 2014. If bonus depreciation is extended, the Company will make the necessary adjustments to this filing and any future filings.

PERSON RESPONSIBLE: Peggy Laub

Duke Energy Kentucky
Case No. 2015-00210
Staff First Set Data Requests
Date Received: September 3, 2015

STAFF-DR-01-017

REQUEST:

Refer to the Laub Testimony, Attachment PAL-2, the proposed Rider ASRP tariff, Calculation of Accelerated Service Replacement Rider Revenue Requirement.

a. Explain whether Duke Kentucky is aware that provision c. concerning rate of return was approved for other gas utilities whose pipeline replacement programs were established in the context of base gas rate case proceedings, making those rates of return current for the purposes of reasonable returns on the pipeline replacement programs.

b. Explain why the proposed Rider ASRP revenue requirement calculation includes no reduction for savings in O&M expenses, which is standard in other gas utility pipeline replacement program tariffs.

RESPONSE:

a. Yes. Per Dr. Morin's Direct Testimony, Duke Energy Kentucky's current ROR of 10.375% is fairly close to his recommended ROE of 10.4%.

b. The Company does not anticipate much O&M savings, if any, as a result of this program. The current documentation requirements for Inside Piping Inspections were implemented after the last Kentucky rate case and are not included in current rates. The O&M is avoided cost. The savings anticipated will be capital in nature. See Application, page 12, line 28.

PERSON RESPONSIBLE: Peggy Laub