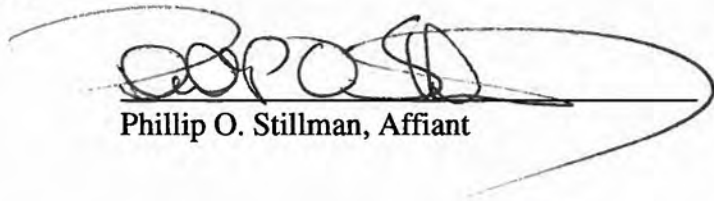


VERIFICATION

STATE OF NORTH CAROLINA)
COUNTY OF MECKLENBURG) SS:

The undersigned, Phillip O. Stillman, Director of Load Forecast & Fundamentals, 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.


Phillip O. Stillman, Affiant

Subscribed and sworn to before me by Phillip O. Stillman on this 8th day of October, 2015.



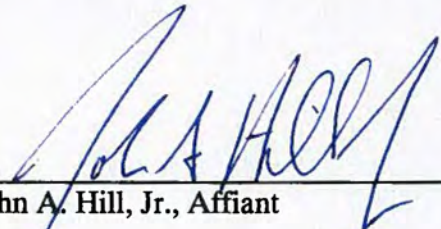
Nancy H. Taylor
NOTARY PUBLIC

My Commission Expires: January 26, 2017

VERIFICATION

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

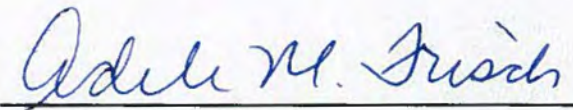
The undersigned, John A. Hill, Jr., being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.



John A. Hill, Jr., Affiant

Subscribed and sworn to before me by John A. Hill, Jr. on this 9th day of

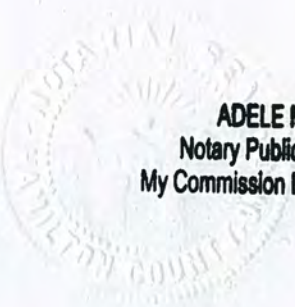
October 2015.



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 8TH day of
October 2015.


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

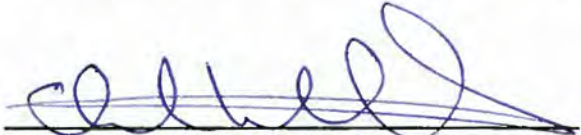

NOTARY PUBLIC

My Commission Expires: 1/5/2019

VERIFICATION

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

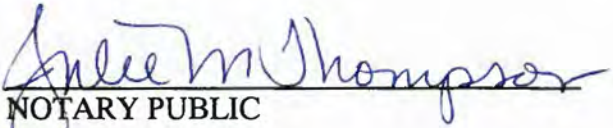
The undersigned, Charles R. Whitlock, Senior Vice President of Midwest Delivery and Gas Operations of Duke Energy Kentucky, Inc., being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true 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 5 day of October 2015.



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

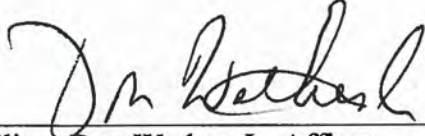

NOTARY PUBLIC

My Commission Expires: 11-19-15

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 2ND day
of October 2015.


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



NOTARY PUBLIC

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 2ND day of October 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

TABLE OF CONTENTS

<u>DATA REQUEST</u>	<u>WITNESS</u>	<u>TAB NO.</u>
STAFF-DR-02-001	Gary J. Hebbeler	1
STAFF-DR-02-002	Gary J. Hebbeler	2
STAFF-DR-02-003	Gary J. Hebbeler	3
STAFF-DR-02-004	Gary J. Hebbeler	4
STAFF-DR-02-005	Gary J. Hebbeler	5
STAFF-DR-02-006	Gary J. Hebbeler	6
STAFF-DR-02-007	Gary J. Hebbeler/Peggy Laub...	7
STAFF-DR-02-008	Gary J. Hebbeler	8
STAFF-DR-02-009	Gary J. Hebbeler	9
STAFF-DR-02-010	John A. Hill, Jr.	10
STAFF-DR-02-011	John A. Hill, Jr.	11
STAFF-DR-02-012	John A. Hill, Jr.	12
STAFF-DR-02-013	Peggy Laub	13
STAFF-DR-02-014	Legal	14
STAFF-DR-02-015	William Don Wathen, Jr.	15
STAFF-DR-02-016	Peggy Laub	16
STAFF-DR-02-017	William Don Wathen, Jr.	17

STAFF-DR-02-018

Phillip O. Stillman 18

STAFF-DR-02-019

Gary J. Hebbeler 19

Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015

STAFF-DR-02-001

REQUEST:

Refer to the application, Exhibit 2. Pertaining to the breakdown of the service replacements per grid, detail per grid how many of these service replacements are main-to-curb or curb-to-meter service lines. Provide a schedule which shows the length of pipe to be replaced by year, grid and type of service line.

RESPONSE:

Pertaining to the breakdown of the service replacements per grid and the number of service replacements which will be main-to-curb or curb-to-meter, 100% of the main-to-curb will be replaced based on Duke Energy Kentucky's record information and approximately 90% of the curb-to-meters will be replaced. The final numbers will reflect the actual findings during the time of construction.

Please see Staff-DR-02-001 Attachment. A schedule is provided which indicates the length of pipe to be replaced by year, grid and type of service line material. The approximate length of the curb-to-meter is based on the average length of service (65-ft) which is provided on the Duke Energy Kentucky annual DOT submittal, less the length of main-to-curb in Duke Energy Kentucky's records.

PERSON RESPONSIBLE: Gary J. Hebbeler

Staff DR-02-001 Services to be Replaced by Year, Grid and Type of Service

Year	Grid	M-C Count	M-C Length	M-C	C-M	C-M
				Material	Material	Length
2016	S01E01	3	15	Steel	Steel	180
2016	S01E01	2	7	Steel	Copper	123
2016	S01E01	3	54	Steel	Plastic	141
2016	S01E01	29	312	Steel	unknown	1573
2016	S01E01	1	4	Copper	Steel	61
2016	S01E01	9	119	Copper	Copper	466
2016	S01E01	18	335	Copper	Plastic	835
2016	S01E01	119	1718	Copper	unknown	6017
2016	S01E01	44	No Data	unknown	unknown	No Data
2016	S01W01	9	73	Steel	Steel	512
2016	S01W01	8	97	Steel	Plastic	423
2016	S01W01	81	1388	Steel	unknown	3877
2016	S01W01	12	211	Copper	Steel	569
2016	S01W01	108	1601	Copper	Copper	5419
2016	S01W01	52	1059	Copper	Plastic	2321
2016	S01W01	479	7652	Copper	unknown	23483
2016	S01W01	2	No Data	unknown	Plastic	No Data
2016	S01W01	36	No Data	unknown	unknown	No Data
2017	N01E01	2	18	Steel	Steel	112
2017	N01E01	3	87	Steel	Plastic	108
2017	N01E01	17	311	Steel	unknown	794
2017	N01E01	2	71	Copper	Steel	59
2017	N01E01	10	174	Copper	Copper	476
2017	N01E01	27	529	Copper	Plastic	1226
2017	N01E01	72	1365	Copper	unknown	3315
2017	N01E01	2	No Data	unknown	Plastic	No Data
2017	N01E01	12	No Data	unknown	unknown	No Data
2017	S01E01	17	147	Steel	Steel	958
2017	S01E01	10	226	Steel	Plastic	424
2017	S01E01	95	1195	Steel	unknown	4980
2017	S01E01	6	169	Copper	Steel	221
2017	S01E01	59	1322	Copper	Copper	2513
2017	S01E01	112	3014	Copper	Plastic	4266
2017	S01E01	658	11730	Copper	unknown	31040
2017	S01E01	5	No Data	unknown	Copper	No Data
2017	S01E01	4	No Data	unknown	Plastic	No Data
2017	S01E01	65	No Data	unknown	unknown	No Data
2017	S02E01	6	56	Steel	Steel	334
2017	S02E01	7	106	Steel	Copper	349
2017	S02E01	15	199	Steel	Plastic	776
2017	S02E01	58	403	Steel	unknown	3367
2017	S02E01	2	54	Copper	Steel	76
2017	S02E01	85	1613	Copper	Copper	3912
2017	S02E01	45	1068	Copper	Plastic	1857

Year	Grid	M-C Count	M-C Length	M-C Material	C-M Material	C-M Length
2017	S02E01	467	7620	Copper	unknown	22735
2017	S02E01	6	No Data	unknown	Copper	No Data
2017	S02E01	3	No Data	unknown	Plastic	No Data
2017	S02E01	47	No Data	unknown	unknown	No Data
2017	S02W02	5	34	Steel	Steel	291
2017	S02W02	5	26	Steel	Copper	299
2017	S02W02	1	23	Steel	Plastic	42
2017	S02W02	41	478	Steel	unknown	2187
2017	S02W02	32	314	Copper	Copper	1766
2017	S02W02	7	136	Copper	Plastic	319
2017	S02W02	133	1852	Copper	unknown	6793
2017	S02W02	3	No Data	unknown	Copper	No Data
2017	S02W02	1	No Data	unknown	Plastic	No Data
2017	S02W02	9	No Data	unknown	unknown	No Data
2017	S02W03	2	8	Steel	unknown	122
2017	S02W03	1	10	Copper	Plastic	55
2017	S02W03	10	263	Copper	unknown	387
2017	S02W03	1	No Data	unknown	Plastic	No Data
2017	S02W03	4	No Data	unknown	unknown	No Data
2017	S04E02	2	36	Steel	Steel	94
2017	S04E02	2	36	Steel	Plastic	94
2017	S04E02	12	35	Steel	unknown	745
2017	S04E02	2	11	Copper	Steel	119
2017	S04E02	24	309	Copper	Copper	1251
2017	S04E02	14	325	Copper	Plastic	585
2017	S04E02	155	2564	Copper	unknown	7511
2017	S04E02	3	No Data	unknown	Copper	No Data
2017	S04E02	16	No Data	unknown	unknown	No Data
2018	S02E02	1	1	Steel	Plastic	64
2018	S02E02	8	111	Steel	unknown	409
2018	S02E02	9	131	Copper	Copper	454
2018	S02E02	5	106	Copper	Plastic	219
2018	S02E02	57	888	Copper	unknown	2817
2018	S02E02	1	No Data	unknown	Plastic	No Data
2018	S02E02	4	No Data	unknown	unknown	No Data
2018	S02W01	30	311	Steel	Steel	1639
2018	S02W01	6	52	Steel	Copper	338
2018	S02W01	4	123	Steel	Plastic	137
2018	S02W01	43	562	Steel	unknown	2233
2018	S02W01	6	103	Copper	Steel	287
2018	S02W01	106	1974	Copper	Copper	4916
2018	S02W01	78	1116	Copper	Plastic	3954
2018	S02W01	656	9006	Copper	unknown	33634
2018	S02W01	1	No Data	unknown	Steel	No Data

Year	Grid	M-C Count	M-C Length	M-C Material	C-M Material	C-M Length
2018	S02W01	6	No Data	unknown	Copper	No Data
2018	S02W01	6	No Data	unknown	Plastic	No Data
2018	S02W01	51	No Data	unknown	unknown	No Data
2018	S02W02	8	44	Steel	Steel	476
2018	S02W02	1	2	Steel	Copper	63
2018	S02W02	5	91	Steel	Plastic	234
2018	S02W02	56	515	Steel	unknown	3125
2018	S02W02	5	39	Copper	Steel	286
2018	S02W02	128	1555	Copper	Copper	6765
2018	S02W02	24	597	Copper	Plastic	963
2018	S02W02	507	6331	Copper	unknown	26624
2018	S02W02	4	No Data	unknown	Copper	No Data
2018	S02W02	2	No Data	unknown	Plastic	No Data
2018	S02W02	58	No Data	unknown	unknown	No Data
2018	S03E02	2	46	Steel	Copper	84
2018	S03E02	1	5	Steel	Plastic	60
2018	S03E02	9	121	Steel	unknown	464
2018	S03E02	23	359	Copper	Copper	1136
2018	S03E02	8	299	Copper	Plastic	221
2018	S03E02	171	3132	Copper	unknown	7983
2018	S03E02	1	No Data	unknown	Steel	No Data
2018	S03E02	6	No Data	unknown	Copper	No Data
2018	S03E02	2	No Data	unknown	Plastic	No Data
2018	S03E02	46	No Data	unknown	unknown	No Data
2018	S08E02	30	1190	Steel	Steel	760
2018	S08E02	7	173	Steel	Copper	282
2018	S08E02	3	78	Steel	Plastic	117
2018	S08E02	4	36	Copper	Steel	224
2018	S08E02	57	585	Copper	Copper	3120
2018	S08E02	5	25	Copper	Plastic	300
2018	S08E02	2	76	Copper	unknown	54
2018	S08E02	1	No Data	unknown	Plastic	No Data
2018	S08E02	1	No Data	unknown	unknown	No Data
2018	S08W06	2	52	Steel	Steel	78
2018	S08W06	1	21	Steel	unknown	44
2018	S08W06	1	32	Copper	Copper	33
2018	S08W06	1	8	Copper	Plastic	57
2018	S08W06	4	108	Copper	unknown	152
2018	S08W06	2	No Data	unknown	Copper	No Data
2018	S08W06	1	No Data	unknown	unknown	No Data
2018	S10E03	49	538	Steel	Steel	2647
2018	S10E03	1	6	Steel	Copper	59
2018	S10E03	16	203	Steel	Plastic	837
2018	S10E03	4	90	Steel	unknown	170

Year	Grid	M-C Count	M-C Length	M-C Material	C-M Material	C-M Length
2018	S10E03	2	29	Copper	Steel	101
2018	S10E03	233	2883	Copper	Copper	12262
2018	S10E03	9	122	Copper	Plastic	463
2018	S10E03	18	243	Copper	unknown	927
2018	S10E03	1	No Data	unknown	Plastic	No Data
2018	S10E03	4	No Data	unknown	unknown	No Data
2018	S11E03	1	No Data	unknown	Plastic	No Data
2019	S01W02	5	76	Steel	unknown	249
2019	S01W02	5	99	Copper	Copper	226
2019	S01W02	7	144	Copper	Plastic	311
2019	S01W02	96	1700	Copper	unknown	4540
2019	S01W02	2	No Data	unknown	Copper	No Data
2019	S01W02	1	No Data	unknown	Plastic	No Data
2019	S01W02	18	1	unknown	unknown	1169
2019	S01W03	1	1	Steel	unknown	64
2019	S01W03	13	178	Copper	Copper	667
2019	S01W03	2	65	Copper	Plastic	65
2019	S01W03	40	734	Copper	unknown	1866
2019	S01W03	1	4	unknown	Plastic	61
2019	S01W03	2	No Data	unknown	unknown	No Data
2019	S03E01	1	42	Steel	Steel	23
2019	S03E01	17	385	Steel	Copper	720
2019	S03E01	2	13	Steel	Plastic	117
2019	S03E01	3	94	Steel	unknown	101
2019	S03E01	28	390	Copper	Copper	1430
2019	S03E01	7	123	Copper	Plastic	332
2019	S03E01	92	1178	Copper	unknown	4802
2019	S03E01	9	No Data	unknown	unknown	No Data
2019	S03W02	10	214	Steel	Steel	436
2019	S03W02	1	29	Steel	Copper	36
2019	S03W02	4	38	Steel	Plastic	222
2019	S03W02	66	1100	Steel	unknown	3190
2019	S03W02	4	112	Copper	Steel	148
2019	S03W02	137	1810	Copper	Copper	7095
2019	S03W02	42	762	Copper	Plastic	1968
2019	S03W02	1272	17370	Copper	unknown	65310
2019	S03W02	9	No Data	unknown	Copper	No Data
2019	S03W02	5	No Data	unknown	Plastic	No Data
2019	S03W02	104	1	unknown	unknown	6759
2019	S03W03	1	43	Steel	Copper	22
2019	S03W03	1	9	Steel	Plastic	56
2019	S03W03	1	44	Steel	unknown	21
2019	S03W03	1	1	Copper	Copper	64
2019	S03W03	2	No Data	unknown	unknown	No Data

Year	Grid	M-C Count	M-C Length	M-C Material	C-M Material	C-M Length
2019	S04E01	5	184	Steel	Copper	141
2019	S04E01	1	1	Steel	Plastic	64
2019	S04E01	3	79	Steel	unknown	116
2019	S04E01	3	22	Copper	Copper	173
2019	S04E01	1	5	Copper	Plastic	60
2019	S04E01	18	203	Copper	unknown	967
2019	S04E01	1	No Data	unknown	Plastic	No Data
2019	S04W01	9	166	Steel	Copper	419
2019	S04W01	10	95	Steel	unknown	555
2019	S04W01	20	226	Copper	Copper	1074
2019	S04W01	4	87	Copper	Plastic	173
2019	S04W01	90	1481	Copper	unknown	4369
2019	S04W01	1	No Data	unknown	Copper	No Data
2019	S04W01	1	No Data	unknown	Plastic	No Data
2019	S04W01	6	No Data	unknown	unknown	No Data
2019	S04W02	1	1	Steel	unknown	64
2019	S04W02	3	74	Copper	Copper	121
2019	S04W02	1	No Data	Copper	Plastic	No Data
2019	S04W02	35	403	Copper	unknown	1872
2019	S04W02	5	No Data	unknown	Copper	No Data
2019	S04W02	4	No Data	unknown	Plastic	No Data
2019	S04W02	17	No Data	unknown	unknown	No Data
2019	S04W03	4	25	Copper	Copper	235
2019	S04W03	1	14	Copper	Plastic	51
2019	S04W03	24	400	Copper	unknown	1160
2019	S04W03	2	No Data	unknown	Copper	No Data
2019	S04W03	7	No Data	unknown	unknown	No Data
2019	S05E03	4	41	Steel	Steel	219
2019	S05E03	1	2	Steel	unknown	63
2019	S05E03	1	8	Copper	Copper	57
2019	S05W01	2	23	Steel	Steel	107
2019	S05W01	4	69	Steel	Copper	191
2019	S05W01	3	55	Steel	Plastic	140
2019	S05W01	1	16	Steel	unknown	49
2019	S05W01	5	83	Copper	Copper	242
2019	S05W01	3	39	Copper	Plastic	156
2019	S05W01	29	487	Copper	unknown	1398
2019	S05W01	3	No Data	unknown	unknown	No Data
2019	S05W02	3	86	Steel	Steel	109
2019	S05W02	1	6	Steel	Copper	59
2019	S05W02	1	5	Steel	Plastic	60
2019	S05W02	1	12	Steel	unknown	53
2019	S05W02	1	1	Copper	Plastic	64
2019	S05W02	4	107	Copper	unknown	153

Year	Grid	M-C Count	M-C Length	M-C Material	C-M Material	C-M Length
2019	S05W02	2	No Data	unknown	Copper	No Data
2019	S05W02	3	No Data	unknown	unknown	No Data
2019	S05W04	1	4	Steel	unknown	61
2019	S06E03	6	409	Steel	Steel	No Data
2019	S06E03	2	144	Steel	Copper	No Data
2019	S06E03	4	89	Steel	Plastic	171
2019	S06W02	1	1	Steel	Copper	64
2019	S06W02	3	50	Steel	Plastic	145
2019	S06W02	19	362	Copper	Copper	873
2019	S06W02	10	157	Copper	Plastic	493
2019	S06W02	79	1191	Copper	unknown	3944
2019	S06W02	7	No Data	unknown	unknown	No Data
2019	S07E02	2	50	Steel	Steel	80
2019	S07E02	1	34	Steel	Copper	31
2019	S07E03	12	240	Steel	Steel	540
2019	S07E03	4	39	Steel	Copper	221
2019	S07E03	1	10	Steel	unknown	55
2019	S07W02	2	54	Steel	Plastic	76
2019	S07W05	1	No Data	unknown	unknown	No Data
2019	S07W06	1	No Data	Copper	unknown	No Data
2019	S07W06	1	No Data	unknown	Plastic	No Data
2019	S07W06	1	No Data	unknown	unknown	No Data
2019	S08E03	1	27	Copper	Copper	38
2019	S08W02	1	36	Copper	unknown	29
2019	S08W02	1	No Data	unknown	Copper	No Data
2019	S08W02	4	No Data	unknown	Plastic	No Data
2019	S08W02	3	72	unknown	unknown	123
2019	S08W04	1	No Data	unknown	Plastic	No Data
2019	S08W05	2	46	Steel	Plastic	84
2019	S08W05	2	69	Steel	unknown	61
2019	S09E02	4	101	Steel	Steel	159
2019	S09E02	7	265	Steel	Plastic	190
2019	S09W04	1	13	Steel	Copper	52
2019	S09W04	1	13	Steel	Plastic	52
2019	S09W04	2	84	Steel	unknown	46
2019	S09W05	5	131	Steel	Steel	194
2019	S09W05	3	70	Steel	Copper	125
2019	S09W05	2	32	Steel	Plastic	98
2019	S09W05	4	137	Steel	unknown	123
2019	S09W05	1	13	Copper	unknown	52
2019	S09W05	2	No Data	unknown	Plastic	No Data
2019	S09W05	5	No Data	unknown	unknown	No Data
2019	S10E02	2	210	Steel	Copper	No Data
2019	S10E02	1	16	Steel	Plastic	49

Year	Grid	M-C Count	M-C Length	M-C Material	C-M Material	C-M Length
2019	S10E02	1	11	Steel	unknown	54
2019	S10E02	1	85	Copper	Copper	No Data
2019	S10W02	2	No Data	unknown	unknown	No Data
2020	S03W01	1	9	Steel	Plastic	56
2020	S03W01	8	116	Steel	unknown	404
2020	S03W01	3	62	Copper	Steel	133
2020	S03W01	69	1013	Copper	Copper	3472
2020	S03W01	15	363	Copper	Plastic	612
2020	S03W01	529	7750	Copper	unknown	26635
2020	S03W01	8	No Data	unknown	Copper	No Data
2020	S03W01	4	No Data	unknown	Plastic	No Data
2020	S03W01	38	No Data	unknown	unknown	No Data

**Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015**

STAFF-DR-02-002

REQUEST:

Refer to the application, Exhibit 4, page 36 of 45, Table 10. Explain why copper and bare steel main to curb box piping was installed from 2000 to the present.

RESPONSE:

In reference to Exhibit 4, Table 10, Duke Energy Kentucky's graphical information system, GIS, is constantly being updated. The information was incorrectly entered in the system. Several copper and bare steel services in question have been updated within the GIS system. The remaining copper and bare steel services identified as being installed from 2000 to present, have been record researched and found that plastic service lines were installed from main to curb and curb to meter. These services are being updated in the GIS system.

PERSON RESPONSIBLE: Gary J. Hebbeler

**Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015**

STAFF-DR-02-003

REQUEST:

State whether Duke Kentucky plans to remove the old service line from the trench, or to cut and cap it.

RESPONSE:

Duke Energy Kentucky plans to cut and cap/seal the ends of the service line that are replaced in association with the proposed ASRP project.

PERSON RESPONSIBLE: Gary J. Hebbeler

**Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015**

STAFF-DR-02-004

REQUEST:

State whether Duke Kentucky plans to remove from houses old piping that is no longer needed after a meter is relocated to the exterior of the premises.

RESPONSE:

Duke Energy Kentucky plans to remove old piping from houses that is no longer needed after a meter is relocated to the exterior of the premises.

PERSON RESPONSIBLE: Gary J. Hebbeler

**Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015**

STAFF-DR-02-005

REQUEST:

State whether Duke Kentucky plans to install excess flow valves on each service line replaced.

RESPONSE:

Duke Energy Kentucky plans to install excess flow valves on each single residential services in which the main to curb portion of the service is replaced, and the gas pressure in the service line is between 1 psig and 60 psig.

PERSON RESPONSIBLE: Gary J. Hebbeler

STAFF-DR-02-006

REQUEST:

Refer to Duke Kentucky's response to Commission Staff's Initial Request for Information ("Staff's First Request"), Item 1, which states that the proposed Accelerated Services Replacement Program ("ASRP") will replace/relocate approximately 2,200 of the roughly 35,000 interior meters. Refer also to the Supplemental Direct Testimony of Gary J. Hebbeler ("Hebbeler Supplemental Testimony"), page 3.

- a. Provide the approximate cost Duke Kentucky incurs on an annual basis to perform meter readings and mandated inspections of interior piping, meters, etc., at the premises where the roughly 35,000 interior meters are located.
- b. Provided an estimate of the amount of "some future O&M costs" (as described in the Hebbeler Supplemental Testimony) Duke Kentucky expects to avoid by relocating roughly 6.3 percent of its interior meters as part of the proposed ASRP.
- c. Describe Duke Kentucky's plan for replacing and/or relocating the remaining interior meters.

RESPONSE:

- a. Duke Energy Kentucky does not track costs of meter reads inside versus outside. Duke Energy Kentucky, as a combined gas and electric utility, does however track the aggregate costs for all meter reads, both electric and natural gas together.

Duke Energy Kentucky's aggregate (total electric and gas) average meter reading cost is primarily driven by the volume and density (location) of the meters that we continue to read manually within a monthly billing cycle.

The total average 2015 cost, year to date, for Duke Energy Kentucky to manually read all its meters as part of a regular monthly billing cycle equates to approximately \$0.49 per meter, per month. The cost of an off-cycle meter read (outside of a regularly scheduled monthly billing cycle in which all meters in the same area are read) is significantly more.

Intuitively, the actual costs of reading interior meters are more than the average cost of reading all meters due to significant amount of additional work and maintenance required versus exterior meters. Interior meter reading requires key preparation, customer contact, accessing the correct door in the home, locating the meter, exiting the premise, and returning the key. In addition, there are other items that increase the cost for an inside meter set; customer key storage, managing special arrangements to enter facilities, and safety risk associated with entering a home such as animals, structural issues, and cleanliness/health. The annual cost for performing meter reads on a regular billing cycle for 35,000 interior meters would be the average unit cost, multiplied by the total number of meters, multiplied by 12 times per year. Please see response to Staff-DR-01-018 for the cost of mandated inspection of interior piping, meters, etc. These inspections are on a three year cycle per the current regulations. Therefore, the current annual inspection cost for 35,000 inside meters would be the number of inside meter sets inspected in a specific year multiplied by \$25.

- b. The estimated amount of “some future O&M cost” as described in Gary J. Hebbeler Supplemental Testimony that Duke Energy Kentucky expects to avoid would be \$25 (current cost per inside meter inspection), multiplied by the total number of meters relocated to an exterior location. If all 2200 meters were permitted to be relocated to an exterior location, the future avoided cost in today’s dollars is \$55,000 spread over three years or approximately \$18,300/year assuming the three year inspection cycle is equally divided over the 2200.
- c. Duke Energy Kentucky’s plan is to continue relocating the interior meters when the service is found to be out of compliance with the regulations. Duke Energy Kentucky’s plan is to continue to replace interior meters per regulations, in accordance with the age change program.

PERSON RESPONSIBLE: Gary J. Hebbeler

Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015

STAFF-DR-02-007

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 2.b.

- a. Confirm that the Commission approval in Case No. 2005-00042¹ related specifically to the installation, ownership, and maintenance of all new service lines, and that the revised tariff language addressed company ownership of those new installations.²
- b. State whether Duke Kentucky is willing revise the tariff sheet referenced in this response to clarify the company's ownership of service lines following replacement, as opposed to new installation, or whether Duke Kentucky's position is that its current tariff language sufficiently addresses ownership of service lines after replacement and that no additional language is necessary.

RESPONSE:

- a. Duke Energy Kentucky confirms that the Commission approval in Case No. 2005-00042³ granted approval to install, own and maintain all new service lines, and that the revised tariff language addressed company ownership of those new installations. Duke Energy Kentucky received approval from the Commission to

¹ Case No. 2005-00042, *An Adjustment of the Gas Rates of the Union Light, Heat and Power Company* (Ky. PSC Dec. 22, 2005).

² *Id.*, ordering paragraph 5.

³ Case No. 2005-00042, *An Adjustment of the Gas Rates of the Union Light, Heat and Power Company* (Ky. PSC Dec. 22, 2005).

take ownership of all service lines upon replacement by Order dated August 29, 2002, in Case No 2002-00089.

- b. Duke Energy Kentucky believes its tariffs are sufficient, but is willing to revise the tariff sheet to clarify the language around the ownership of the company's service lines following replacement if required.

PERSON RESPONSIBLE: a. Gary J. Hebbeler
b. Peggy Laub

STAFF-DR-02-008

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 3.c., and to the Direct Testimony of Peggy Laub ("Laub Direct Testimony"), Attachment PAL-1, pages 3 and 8.

- a. Provide the cost to relocate an interior meter to the exterior of the premises, assuming that the meter would not qualify for replacement.
- b. Explain whether the \$172,411 "O&M related to relocation of meters" in 2016 is based on relocating one-fifth, 440, of the total number of interiors Duke Kentucky intends to relocate as part of the proposed ASRP.

RESPONSE:

- a. Please refer to STAFF-DR-01-003. The cost associated with moving an interior meter to the exterior of the premises 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 O&M cost associated with moving the interior meter is approximately \$172.41 and the capital cost is approximately \$150. The materials included in the capital cost are, the gas service riser, the foundation bracket and the meter bracket, plus time to assemble the materials.

- b. The O&M amount related to relocation of meters on line 12 of schedule 1.1, attachment PAL-1 is \$172,411 and was based on the original estimate to move 1000 meters out per year.

PERSON RESPONSIBLE: Gary J. Hebbeler

**Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015**

STAFF-DR-02-009

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 3.d. Explain the frequency with which Duke Kentucky conducts inspections of the interior meters.

RESPONSE:

Duke Energy Kentucky is required to inspect inside piping to the outlet of the meter (jurisdictional) every 3 years per CFR 192.479 and 192.481. In addition, 807 KAR 5:022 Section 8(5) requires all residential size meters to be tested every 10 years.

PERSON RESPONSIBLE: Gary J. Hebbeler

**Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015**

STAFF-DR-02-010

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 4.a. Confirm that 10.35 percent (10,000/96,616) of services are proposed to be replaced on an accelerated basis.

RESPONSE:

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 10%) of these services, based on the known main to curb material type, meet the criteria (non-protected metallic) proposed in the ASRP Application. The actual number of services replaced as part of ASRP will change over time as services are replaced or abandoned through normal business activities or additional services meeting the appropriate criteria are identified through record research.

PERSON RESPONSIBLE: John A. Hill, Jr.

Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015

STAFF-DR-02-011

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 6.c. Provide a breakdown of the major components of the \$5,000 cost/service replacement estimate.

RESPONSE:

The \$5000 estimate was an average estimate over the five year program of all lengths and sizes. The actual cost of each individual replacement will vary. The estimated breakdown of the major components of the \$5,000 cost/service replacement estimate are:

1. Installation of the main to curb portion of the service line, which includes sewer camera inspection, pressure testing and connecting the new service line to the existing gas main (Approximately 40% of cost).
2. Installation of the curb to meter portion of the service, if the existing curb to meter is found to be non-protected metallic. This includes sewer camera inspection, testing of the curb to meter portion and houseline, connection to the main to curb portion of the service line and to the gas meter, and relighting the customer's appliances. If the curb to meter portion is found to be a material other than non-protected metallic, pressure testing of the existing curb to meter service line and houseline, and relighting of the customer's appliances are included in this work function.(Approximately 50% of cost)

3. All restoration, hard/soft surface, associated with the installation or testing process of the main to curb or curb to meter service line. (Approximately 10% of cost)

PERSON RESPONSIBLE: John A. Hill, Jr.

Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015

STAFF-DR-02-012

REQUEST:

Refer to the application, page 12, paragraph 28, and to Duke Kentucky's response to Staff's First Request, Items 6.b., 6.d., and 6.e.

- a. Provide the projected level of five-year total program expenditures for the ASRP assuming an inflation rate of 2.58 percent, which is the average of the rates in the response for the period 2016-2020.
- b. Provide the projected level of total program expenditures for the ASRP assuming a 2.58 percent inflation rate over a ten-year term.

RESPONSE:

- a. The projected expenditures for a five-year program assuming an inflation rate of 2.58 percent, is approximately \$49.6M.
- b. The projected expenditures for a ten-year program assuming a 2.58 percent inflation rate is approximately \$53M.

PERSON RESPONSIBLE: John A. Hill, Jr.

**Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015**

STAFF-DR-02-013

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 7. Items 7.b. and 7.c. of the response indicate that Duke Kentucky is amenable to discussing dates other than October 1 for its proposed annual ASRP filings. Compared to the "reasonable estimates" it usually has in September of its next year's budget, describe the nature of Duke Kentucky's budget estimates for the following year in June of the current year.

RESPONSE:

The Company expects to have a reasonable forecast estimate for the ASRP program for the following year by June of the current calendar year.

PERSON RESPONSIBLE: Peggy Laub

**Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015**

STAFF-DR-02-014

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 10. Provide the application submitted by Duke Energy Ohio ("Duke Ohio") for approval of a program similar to Duke Kentucky's proposed ASRP, and a summary of the record of that proceeding as of the date of the filing of this response.

RESPONSE:

Please see Staff-DR-02-01 Attachments A and B for the Company's Application and a copy of the Case Docket summarizing that proceeding.

PERSON RESPONSIBLE: Legal

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Approval of an)
Alternative Rate Plan Pursuant to Section) Case No. 14-1622-GA-ALT
4929.05, Revised Code, for an Accelerated)
Service Line Replacement Program.)

**APPLICATION FOR APPROVAL OF
AN ALTERNATIVE RATE PLAN FOR AN
ACCELERATED SERVICE LINE REPLACEMENT PROGRAM**

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TABLE OF CONTENTS

	<u>Page</u>
I. Introduction.....	1
II. Ohio Law Does Not Just Allow, but Encourages, Approval of the Accelerated Service Line Replacement Program.....	2
III. Service Line Safety Can be Efficiently Enhanced Through an Accelerated Replacement Program.....	3
IV. The Attributes of the ASRP Are Just and Reasonable.	7
V. The Proposed ASRP Meets the Statutory Definition of an Alternative Rate Plan.....	11
VI. The Proposed ASRP Meets the Three Statutory Requirements for Approval of an Alternative Rate Plan.....	12
VII. This Application for the Proposed ASRP Is Not an Application for a Rate Increase; thus, the Application Meets All Filing Requirements.....	15

Exhibit A: Proposed Tariff Sheet No. 61

I. Introduction

Much of the nation's natural gas pipeline infrastructure was installed many decades ago and, although this infrastructure continues to supply residential and commercial customers, some of it was constructed with material that is now obsolete. Maintaining the safety and reliability of this infrastructure is of utmost importance. Indeed, the federal government has imposed upon local distribution companies regulations designed to ensure that infrastructure is fit for service. The federal government has also, in response to then-recent pipeline safety incidents, announced a "pipeline safety action plan," calling for pipeline operators, including local distribution companies, to accelerate their efforts to replace pipeline facilities and take other actions to enhance the integrity of network facilities.¹

Ohio is similarly focused. The General Assembly has recently acted to enhance the safety of natural gas lines, with its overwhelming support for more stringent underground damage prevention legislation. In December 2014, Amended Substitute Senate Bill 378 was passed unanimously by the Ohio Senate and almost unanimously by the Ohio House of Representatives, just six days later. With Governor Kasich's signature, it is indisputable that Ohio's leadership recognizes the critical nature of natural gas safety issues.

But even before imposition of these federal and state requirements, the Public Utilities Commission of Ohio (Commission) understood the importance of natural gas pipeline safety. A forerunner in the regulatory arena, the Commission has encouraged the efficient and accelerated replacement of outdated natural gas infrastructure throughout Ohio, with the start of that process occurring in 2001 in Duke Energy Ohio's service territory, with the Accelerated Main Replacement Program (AMRP). The Commission's prudence has resulted in the Company's

¹ United States Department of Transportation, Briefing Room, April 4, 2011 (<http://www.dot.gov/briefing-room/us-transportation-secretary-ray-lahood-announces-pipeline-safety-action-plan>)(accessed January 8, 2015).

ability to upgrade approximately 1,100 miles of cast iron and bare steel natural gas mains² far earlier than could have otherwise been possible. The AMRP will conclude on December 31, 2015, consistent with prior Commission authorizations.³

This foresight should now be directed to service lines – the natural gas piping located in the closest proximity to homes and businesses. Without acceleration, the critically important replacement of these lines will take many decades. Thus, in response to federal and state priorities and intending to build upon the beneficial programs previously implemented under the Commission's direction, Duke Energy Ohio submits its Application for Approval of an Alternative Rate Plan for an Accelerated Service Line Replacement Program (Application).

II. Ohio Law Does Not Just Allow, but Encourages, Approval of the Accelerated Service Line Replacement Program.

1. The policy statements included by the legislature in the laws governing natural gas utilities could not be more clear. Safety is important. The policies of the state, as set forth in R.C. 4929.02, seek the availability of adequate, reliable, and reasonably priced service; the development of innovative programs for cost-effective supply-side services; the implementation of flexible regulatory treatment; and the efficient upgrading of distribution systems, thereby yielding safer and more reliable service to customers.

2. To effectuate these policies, the legislature has deemed it appropriate to allow the approval of alternative rate plans that, among other things, allow natural gas companies to pursue alternative rate plans for purposes of implementing important initiatives – such as infrastructure improvement – and enabling meaningful benefits.

² The AMRP also allowed for the replacement of approximately 105,000 service lines attached to the targeted mains, as will be more fully explained herein.

³ See, e.g., *In the Matter of the Application of Duke Energy Ohio, Inc., for an Adjustment to Rider AMRP Rates to Recover Costs Incurred in 2010*, Case No. 10-2788-GA-RDR, et al., Opinion and Order, at pp. 10-11 (May 4, 2011).

3. In 2011, the 129th General Assembly passed Amended Substitute House Bill 95 (H.B. 95), in order to reform the regulatory process and enable natural gas companies to implement beneficial programs even more efficiently. The statutory revisions resulting from H.B. 95 were intended to enable targeted focus on specific programs that can provide benefits to ratepayers and the natural gas company, reduce the number of costly base rate case proceedings, and provide incentive for innovative proposals designed to increase investment, economic development, and long-term value for ratepayers, all while retaining the Commission's regulatory oversight of natural gas companies. And the legislature specifically affirmed that such a plan can be approved outside of a rate case application.

III. Service Line Safety Can be Efficiently Enhanced Through an Accelerated Replacement Program.

4. Pipeline safety regulations have existed for decades, first taking effect in 1970. However, a continuing series of catastrophic events has caused the Pipeline and Hazardous Material Safety Administration (PHMSA) to promulgate additional federal regulations, including Distribution Integrity Management Program (DIMP) regulations. The DIMP regulations, which were first imposed upon local distribution companies such as Duke Energy Ohio in 2011, are intended to enhance safety through the identification of and reduction in pipeline integrity risks. In short, the current federal regulations, including those addressing distribution integrity management, require detailed data analysis to identify and prioritize risks and to analyze threats to the Company's natural gas distribution system. Significantly, once an elevated risk is identified, Duke Energy Ohio, as a prudent operator, **must** undertake reasonable measures to mitigate it.

5. Duke Energy Ohio's focus on the safety and reliability of its distribution infrastructure pre-dated federal integrity management regulations. Indeed, in 1987, the Company

developed programs aimed at addressing its aging main infrastructure. Over time, these programs evolved to include risks associated with service lines.

6. The natural gas service lines situated in the Duke Energy Ohio service territory are comprised of various materials (*e.g.*, steel, copper, cast iron, plastic), based on the general operating practices of the relevant time. Certain of these materials, although standard and widely accepted as safe and reliable at the time of installation, are now considered obsolete. For example, cast iron is subject to cracking and breaking and is influenced by large temperature deviations and ground movement. Corrosion is a concern for metallic pipe; a concern that has been addressed through mitigation efforts, mostly in the form of cathodic protection. But because cathodic protection was not mandated until the 1970s, there are existing metallic service lines that are not so protected.

7. A failure in a service line can have significant safety consequences, which consequences can be magnified given that service lines are located in close proximity to inhabited structures. It is also worth noting that, in most cases, service lines, such as are proposed to be addressed through the ASRP, operate at the same pressure as the main to which they are attached. The Commission appreciates these facts, having previously concluded:

[W]hile service line leaks are generally not catastrophic, they are often times categorized as hazardous and can present significant safety hazards and do have the potential to cause catastrophic damage to the customer's property and neighboring properties.⁴

8. Historically, the Company replaced failed service lines only after becoming aware of such a failure. And this practice continues to this day. These responses are site-specific (*i.e.*,

⁴ *In the Matter of the Application of Columbia Gas of Ohio, Inc., for Approval of Tariffs to Recover, Through an Automatic Adjustment Clause, Costs Associated with the Establishment of an Infrastructure Replacement Program and for Approval of Certain Accounting Treatment*, Case No. 07-478-GA-UNC, *et al.*, Opinion and Order, at pg. 29 (April 9, 2008).

concern only the premises at which the failed service line is located) and can involve premium labor dollars given that the circumstances give rise to an urgent situation. Additionally, whether through internal programs or as a result of increased federal scrutiny, Duke Energy Ohio annually replaces a limited number of service lines. The costs associated with both of these approaches are recovered through the Company's base rates.

9. Realizing the need to accelerate the replacement of service lines prior to their failure, Duke Energy Ohio began, through its AMRP, addressing the risk posed by service lines that were either of a vintage earlier than 1971 and thus not cathodically protected or comprised of other, unprotected metallic material. Specifically, where the main-to-curb and curb-to-meter segments of a service line fell under either of these categories and were connected to the cast iron or bare steel mains being replaced under the AMRP, those segments were also replaced under the AMRP. That is, a discrete group of service lines have been addressed on an accelerated basis, under the AMRP, until that program concludes at the end of 2015. And upon replacement of such service lines, Duke Energy Ohio assumes ownership of the new lines, thereby removing from individual customers the obligation to arrange and pay for what are often expensive repair services.⁵ The AMRP, therefore, has enabled Duke Energy Ohio to efficiently upgrade components of its natural gas delivery system in order to improve safety and reliability. The costs associated with the replacement of those service lines that are within the scope of the AMRP are recovered through Rider AMRP.

10. Upon the conclusion of its AMRP, Duke Energy Ohio will not have replaced all natural gas service lines in its territory that pose a potential risk as result of their composition or

⁵ See *In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Rates*, Case No. 07-589-GA-AIR, et al., Opinion and Order, pg. 16 (May 28, 2008)(authorizing Company's assumption of ownership and noting that ownership of service lines by utility advances public interest and safety).

age. Rather, the Company estimates, on the basis of available main-to-curb data, that approximately 58,000 pre-1971, steel and other unprotected metallic service lines will remain in its natural gas system when AMRP ends. Absent implementation of an accelerated program, the removal and replacement of targeted service lines would continue proactively under the Company's standard capital replacement program pursuant to the federal DIMP requirements or, on an emergency basis, upon discovery of a leak. However, the standard program has allowed for the replacement of approximately 200 service lines per year. Under that schedule, it could reasonably take Duke Energy Ohio more than 200 years to replace this aging infrastructure. But such an outcome is antithetical to PHMSA's regulations, as well as the Commission's own objective of ensuring safe and reliable natural gas distribution service. Indeed, proactive measures – to identify and replace hazards – are now required and the same authorizations issued by the Commission years ago are equally applicable now so that the next risk may be mitigated.

11. In response to federal mandates, adhering to the policies of the state as implemented by the Commission, and intending a near seamless transition, Duke Energy Ohio proposes here an alternative rate plan in the form of an ASRP to implement a new service that identifies, addresses, and accelerates these main-to-curb and associated curb-to-meter service lines. Under the ASRP, Duke Energy Ohio will, in a systematic approach like that followed in the AMRP, methodically replace pre-1971, steel and other unprotected metallic service lines.

IV. The Attributes of the ASRP Are Just and Reasonable.

12. On the basis of available data, it appears that the proposed ASRP would result in the replacement of approximately 14 percent of the Company's existing service lines and would, thereby, eliminate the potential for most, if not all, of the corrosion, natural forces, and material/weld leaks on the Company's system, resulting in a reduction of approximately 25 percent of the total current service leaks on the system. However, the Company is aware that available data is not comprehensive, due to the fact that it does not currently own all service lines in its service territory. Therefore, as part of the ASRP, the Company will seek to identify the age and material of approximately 28,000 curb-to-meter service lines for which available data may be unreliable or incomplete. This reconnaissance effort will involve an initial records review and then, as necessary, physical visits to expose service lines and confirm their composition. Once the analysis has been completed, Duke Energy Ohio will provide the results and proposed next steps to the Commission.

13. Duke Energy Ohio will use objective criteria, such as operating pressure, material type, and year of installation, to assist in the prioritization of replacement work. Geographical areas will also be reviewed so as to optimize and coordinate efforts toward scheduling and completing the necessary work. The structure of the ASRP, therefore, borrows from the organized structure that has contributed to the successful AMRP.

14. The ASRP reflects a systematic approach to accelerating the replacement of both pre-1971, steel service lines and, also, other unprotected metallic service lines currently integrated into the Company's natural gas distribution system, through coordination with qualified, outside contractors and Company crews that will reduce overall program costs and minimize disruption to and outages for customers.

15. The Company's ASRP responds to a class of hazardous risks inherent in a category of service lines that have been identified as having a high propensity to leak. Duke Energy Ohio's proposal is based upon analysis that shows that, once the AMRP is complete and absent any proactive measures, leak rates on service lines will increase. It should also be noted that the ASRP will also have the positive effect of expanding the Company's ownership of service lines – an outcome that has been determined by the Commission to be positive.⁶

16. The ASRP would also allow an opportunity, where possible and allowed, to efficiently and economically relocate meters that are currently inside a structure to a suitable external location, where such meters are associated with a service line being replaced. By relocating these natural gas meters, the Company will be able to avoid some future costs associated with the operation and maintenance (O&M) of inside meters related to compliance with the mandatory inspections and surveys on inside jurisdictional piping. Specifically, as federal rules mandate triennial inspections on inside jurisdictional piping, the Company will be able to exclude from the scope of such inspections that piping associated with meters that have been relocated to an exterior location under the ASRP. As a result, the triennial inspections will involve a lesser amount of indoor piping, allowing for the ability to perform those inspections using fewer hours of labor. In addition, relocating meters to an external location will substantially reduce customer inconvenience and will improve the customer's experience, as the Company will no longer have to enter a customer's premises to, among other things, conduct mandatory atmospheric corrosion inspections and leak surveys. Further incorporating this

⁶ See *In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Rates*, Case No. 07-589-GA-AIR, et al., Opinion and Order, pg. 16 (May 28, 2008) and *In the Matter of the Application of Columbia Gas of Ohio, Inc., for Approval of Tariffs to Recover, Through an Automatic Adjustment Clause, Costs Associated with the Establishment of an Infrastructure Replacement Program and for Approval of Certain Accounting Treatment*, Case No. 07-478-GA-UNC, et al., Opinion and Order, at pg. 29 (April 9, 2008).

relocation activity into a larger, planned program is an economical approach. Indeed, the scale of the program will enable the efforts related to meter relocations to realize savings and avoid fragmented, expensive relocations in the future.

17. Duke Energy Ohio proposes that the ASRP be implemented over an accelerated period of ten years, beginning in 2015. Over the ten-year period, the Company projects the total capital and O&M expenditures under the ASRP to be approximately \$320 million, assuming 3 percent inflation and including moving applicable meters outside and the reconnaissance costs on an additional 28,000 service lines. If, alternatively, the service lines at issue were only replaced on an ad hoc basis based upon failure of the lines or under current programs, the Company projects that the total capital expenditures would be approximately \$360 million, in 2015 dollars, without even considering the potential increase in O&M expenses resulting from requirements applicable to inside meters or the increased hazard that comes with being reactive rather than proactive concerning the safety and reliability of the natural gas distribution system. Approval of the proposed recovery mechanism for the ASRP will avoid the need for an expense associated with filing successive base rate cases, which would otherwise be necessary to avoid the earnings lag caused by an accelerated capital improvement program.

18. Consistent with the AMRP, Duke Energy Ohio proposes to assume ownership of the service lines replaced under the ASRP. The benefits to all stakeholders of having the utility own the lines instead of the customer have been acknowledged by the Commission, as indicated

above. This will yield a consistent result among customers and further “shift responsibility for maintenance and repair of service lines” to the Company.⁷

19. In connection with the ASRP, Duke Energy Ohio is also seeking approval of Rider ASRP, which will allow the Company to track and recover the costs of this system improvement effort in a manner that is consistent with, but avoids the administrative and financial burden of, annual rate cases. Specifically, the Company proposes to provide the Commission, on an annual basis, with the following: (1) the proposed reconnaissance work for the coming year; (2) the proposed construction plans for the coming year; (3) the proposed meter relocation work for the coming year; (4) the actual service line construction results and corresponding costs for the prior year; (5) the actual meter relocation results and corresponding costs for the prior year; (6) the actual reconnaissance results and corresponding costs for the prior year; and (7) a calculation to derive a monthly customer charge. Duke Energy Ohio will apply these charges to customers’ bills until the charges are updated for the following year. The proposed tariff language for Rider ASRP is attached hereto as Exhibit A.

20. The Company seeks initial Commission approval of Rider ASRP, set at zero. On December 1, 2015, the Company will submit a pre-filing notice, reflecting its intent to establish initial rates under Rider ASRP. The pre-filing notice will reflect actual costs incurred as of October 31, 2015, and estimated costs for the balance of the year. An application will then be filed in the same docket by March 1, 2016, identifying actual costs incurred in 2015 and the initial rates for inclusion in Rider ASRP. Duke Energy Ohio further proposes that this process, along with an annual reconciliation and rider true-up, continue until the ASRP is fully integrated

⁷ *In the Matter of the Application of Columbia Gas of Ohio, Inc., for Approval of Tariffs to Recover, Through an Automatic Adjustment Clause, Costs Associated with the Establishment of an Infrastructure Replacement Program and for Approval of Certain Accounting Treatment, Case No. 07-478-GA-UNC, et al., Opinion and Order, pg. 29 (April 9, 2008).*

into base rates, with the final filing to be made in the year following full completion of the ASRP-related infrastructure replacement, as determined by the Company. Notwithstanding this proposal, Duke Energy Ohio appreciates that there may exist, independent of the capital expenditures to be made in connection with the ASRP, a need for a base rate case adjustment during the course of the proposed ASRP term. Such a base rate case and the associated, detailed review would enable the Commission, through its staff, to examine the overall financial structure of the Company and, therefore, Duke Energy Ohio commits to filing at least one natural gas base rate case during the term of the ASRP. At such time, the then-existing investment in the ASRP will be incorporated into base rates and Rider ASRP will be reset to \$0.00.

21. Duke Energy Ohio also recognizes that the benefits afforded customers as a result of the ASRP will have a financial impact. This financial impact, which will predominately affect residential customers, will involve both capital and O&M costs as well as anticipated capital savings and, with regard only to meter relocations, O&M savings. To balance these factors and in an effort to lessen the overall rate impact, Duke Energy Ohio proposes residential caps applicable to Rider ASRP in the amount of \$1 per month, per bill. Such caps are limited only to Rider ASRP and do not implicate any other rates or riders, whether currently in place or implemented in the future.

V. The Proposed ASRP Meets the Statutory Definition of an Alternative Rate Plan.

22. According to R.C. 4929.01, an alternative rate plan is a natural gas company's plan, alternate to the standard approach set forth in R.C. 4909.15, for determining rates and charges. Such a plan may include, but is not limited to, methods that:

- [P]rovide adequate and reliable natural gas services and goods in the state;
- [M]inimize costs and time expended in the regulatory process;

- [T]end to assess the costs of any natural gas service or goods to the entity, service, or goods that cause such costs to be incurred;
- [A]fford rate stability;
- [P]romote and reward efficiency, quality of service, or cost containment by a natural gas company; or
- [P]rovide sufficient flexibility and incentives to the natural gas industry to achieve high quality, technologically advanced, and readily available natural gas services and goods at just and reasonable rates.⁸

23. Duke Energy Ohio is an Ohio corporation engaged in the business of supplying natural gas to approximately 426,000 customers in southwestern Ohio, all of whom will be affected by this Application, and is a public utility as defined by R.C. 4905.02 and 4905.03.

24. By minimizing the unnecessary risk of service line failures, the proposed ASRP will enhance the Company's ability to provide adequate, safe, and reliable service to customers.

25. By allowing the Company to track and recover the costs of improvements to the service lines outside of standard rate case filings, the proposed ASRP will minimize the costs and time spent on the regulatory process.

26. By allowing costs to be passed on to customers in a gradual fashion, the proposed ASRP will afford a level of rate stability.

27. The proposed ASRP fits squarely within the statutory definition of an alternative rate plan.

VI. The Proposed ASRP Meets the Three Statutory Requirements for Approval of an Alternative Rate Plan.

28. Under the provisions of R.C. 4929.05, as amended by H.B. 95, the Commission shall authorize an alternative rate plan if the natural gas company had demonstrated, and the Commission finds that the company has met the following three conditions:

⁸ R.C. 4929.01(A) (formatting altered).

- a. The natural gas company is in compliance with section 4905.35 of the Revised Code and is in substantial compliance with the policy of this state specified in section 4929.02 of the Revised Code.
- b. The natural gas company is expected to continue to be in substantial compliance with the policy of this state specified in section 4929.02 of the Revised Code after implementation of the alternative rate plan.
- c. The alternative rate plan is just and reasonable.⁹

As shown in this Application, the Company's proposal meets each one of these requirements.

29. Duke Energy Ohio is in compliance with R.C. 4905.35 and will continue to be in compliance with this provision subsequent to approval of the ASRP. Indeed, the Company does not provide any undue or unreasonable preference or advantage to any person or entity; nor does it subject any person or entity to any undue or unreasonable prejudice or disadvantage. The Company operates consistent with its Commission-approved tariffs and applies the terms and conditions thereunder in a uniform manner. Specific to the ASRP, Duke Energy Ohio will employ competitive procurements for qualified resources and/or Company resources, with the objective of realizing a cost-effective program. In this regard, there can be no undue advantage or disadvantage created. Furthermore, Duke Energy Ohio offers its regulated services to all similarly situated customers, under comparable terms and conditions, and does not offer a bundled service comprising both regulated and non-regulated products or services. Additionally, the Company does not condition the taking of any regulated service on a requirement to also purchase unregulated products or service or on the basis of the identity of the supplier offering such other products and services.

30. Duke Energy Ohio is, and expects to remain, in substantial compliance with the policies of the state as set forth in R.C. 4929.02. Indeed, certain of the state's policies are further

⁹ R.C. 4929.05(A).

advanced by the implementation of the ASRP and its related collections mechanism, Rider ASRP. For example, the ASRP promotes the availability of adequate, reliable, and reasonably priced service under R.C. 4929.02(A)(1) because, as Duke Energy Ohio replaces the pre-1971, steel and other unprotected metallic service lines, its distribution system will become safer and more reliable, and its services more reasonably priced due to anticipated capital savings. Furthermore, with the planned relocation of inside meters, the Company anticipates O&M savings. The ASRP reflects an innovative program for cost-effective supply-side services, as contemplated under R.C. 4929.02(A)(4) that, consistent with the intent behind H.B. 95, allows Duke Energy Ohio to replace infrastructure in an efficient and accelerated manner and to pass cost savings to customers at regular intervals outside of a series of frequent and potentially litigious rate cases. Consistent with R.C. 4929.02(A)(6), the ASRP will enable Duke Energy Ohio to support distributed generation, thereby recognizing the continuing emergence of competitive natural gas markets through the development and implementation of flexible regulatory treatment. The ASRP enables competition, as discussed in R.C. 4929.02(A)(8), in that there are no subsidies associated with the program. The policy objective of R.C. 4929.02(A)(10) is advanced through the ASRP in that the program will provide Duke Energy Ohio with the ability to upgrade its distribution system in an efficient manner, thereby yielding safer and more reliable service to customers.

31. As discussed herein, Duke Energy Ohio's proposed ASRP is just and reasonable and should be approved by the Commission. The ASRP builds upon the Company's already successful AMRP and responds to PHMSA's deliberate focus on system integrity and pipeline safety. Further, the ASRP is consistent with the Commission's long-standing recognition of the

need for safe and reliable natural gas service and mechanisms aimed at allowing timely recovery of the associated costs.

VII. This Application for the Proposed ASRP Is Not an Application for a Rate Increase; thus, the Application Meets All Filing Requirements.

32. The Commission has also promulgated a rule addressing filing requirements for alternative rate plans. O.A.C. 4901:1-19-06 provides filing requirements for applications seeking approval of such plans. Paragraphs (A) and (B) of that rule apply to all alternative rate plan applications. Paragraph (C), however, differentiates between applications that seek increases in rates and those that do not. Therefore, before determining what requirements are applicable to the Company's Application, it must be determined whether it is for a rate increase.

33. Paragraph (C) of O.A.C. 4901:1-19-06 provides the parameters for that distinction: "An alternative rate plan application that proposes infrastructure investment shall be considered to be for an increase in rates if the proposed rates . . . are not based upon the billing determinants and cost allocation methodology utilized by the public utilities commission in the applicant's most recent rate case proceeding."

34. This Application is made pursuant to R.C. 4929.05 and R.C. 4909.18 for approval of an alternative rate plan for a new service, applicable in incorporated communities and unincorporated territory within Duke Energy Ohio's entire service area, which includes all or part of Adams, Brown, Butler, Clinton, Clermont, Hamilton, Montgomery, and Warren Counties in Ohio. Rates for Rider ASRP are proposed to be calculated using the same billing determinants as used in the most recent rate case proceeding. That is, just as in the most recent rate case, the billing determinants for Rider ASRP will be the natural gas throughput and the number of bills issued. Such rates are also proposed to be based on the same cost allocation

factors used in the last rate proceeding. Thus, pursuant to the terms of the applicable rule, this Application is properly treated as one not seeking an increase in rates.

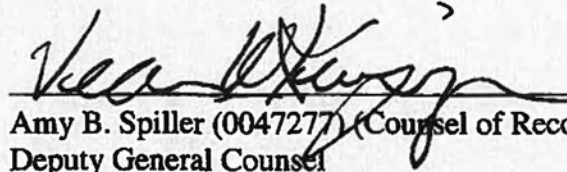
35. Furthermore, R.C. 4909.18, which addresses applications for tariff changes such as this one, specifically provides that an application for a new service may be approved by the Commission without a hearing, where it is not found that it may be unjust or unreasonable. There is not now, nor has there ever been, a Duke Energy Ohio service specifically directed at identifying and proactively replacing, on an accelerated basis, at-risk service lines that are unconnected with mains that are otherwise being addressed. Thus, this is a new service and, again, therefore not for an increase in rates.

36. Pursuant to O.A.C. 4901:1-19-06, Notice of Intent to File was served upon the director of the utilities department and the director of the service monitoring and enforcement department of the Commission on September 17, 2014, more than thirty days prior to the filing of this Application. There are no issues of alleged or actual cross subsidization created as a result of the ASRP. The program concerns a regulated service – the replacement of distribution-related infrastructure – the costs of which will be allocated among all natural gas customers. Consequently, the structure of the plan itself addresses subsidies, as identified in O.A.C. 4901:1-19-06(C)(4), in that it excludes the potential for same.

37. As demonstrated herein, all requirements have been satisfied and the proposed alternative rate plan, which is just and reasonable, should be approved.

Respectfully submitted,

DUKE ENERGY OHIO, INC.



Amy B. Spiller (0047277) (Counsel of Record)
Deputy General Counsel

Jeanne W. Kingery (0012172)

Associate General Counsel

Duke Energy Business Services LLC

139 E. Fourth Street, 1303-Main

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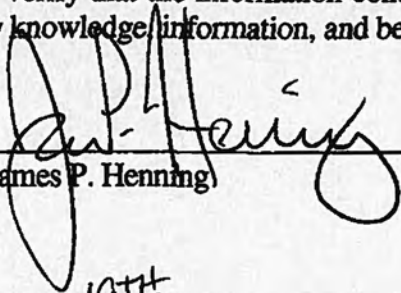
Amy.Spiller@duke-energy.com

Jeanne.Kingery@duke-energy.com

VERIFICATION

STATE OF OHIO)
)
COUNTY OF HAMILTON)

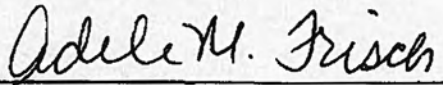
I, James P. Henning, President of Duke Energy Ohio, Inc., and Duke Energy Kentucky, Inc., being first duly sworn, hereby verify that the information contained in this Application is true and correct to the best of my knowledge, information, and belief.



James P. Henning

Sworn to and subscribed in my presence this 19th day of January, 2015.

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



Notary Public

My commission expires: 1/5/2019

VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG)

I, Stephen G. De May, Senior Vice President and Treasurer of Duke Energy Corporation, and Treasurer of Duke Energy Ohio, Inc., being first duly sworn, hereby verify that the information contained in this Application is true and correct to the best of my knowledge, information, and belief.

Stephen G. De May
Stephen G. De May

Sworn to and subscribed in my presence this 19 day of January, 2015.

Rita M. Simmons
Notary Public



My commission expires: 2-26-2018

EXHIBIT A

Duke Energy Ohio
139 East Fourth Street
Cincinnati, Ohio 45202

P.U.C.O. Gas No. 18
Original Sheet No. 61
Page 1 of 1

RIDER ASRP

ACCELERATED SERVICE LINE REPLACEMENT PROGRAM RIDER

APPLICABILITY

Applicable to all customers receiving service under the Company's sales and transportation rate schedules.

ACCELERATED SERVICE LINE REPLACEMENT PROGRAM FACTORS

All customers receiving service under Rate RS, Rate RS - Low Income, Rate RFT, Rate RFT - Low Income, Rate GS - Small, Rate GS - Large, Rate FT and Rate DGS shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the service line replacement program. Customers receiving service under Rate IT and Rate GGIT will be assessed a throughput charge in addition to their commodity delivery charge for that purpose. Rider ASRP will be updated annually.

The charges for the respective gas service schedules are:

Rate RS and RSLI, Residential Service	\$ 0.00 per month
Rate RFT and RFTLI, Residential Firm Transportation Service	\$ 0.00 per month
Rate GS-S and GS-L, General Service	\$ 0.00 per month
Rate DGS, Distributed Generation Service	\$ 0.00 per month
Rate FT-S and FT-L, Firm Transportation Service	\$ 0.00 per month
Rate IT, Interruptible Transportation Service	\$ 0.000 per CCF
Rate GGIT, Gas Generation Interruptible Transportation Rate	\$ 0.000 per CCF

These monthly charges shall remain in effect until changed by order of the Public Utilities Commission of Ohio.

Filed pursuant to an Order dated _____ in Case No.14-1622-GA-ALT before the Public Utilities Commission of Ohio.

Issued: _____

Effective: _____, _____

Issued by James P. Henning, President

CASE NUMBER:	14-1622-GA-ALT
CASE DESCRIPTION:	Duke Energy Ohio, Inc.
DOCUMENT SIGNED ON:	10/8/2015
DATE OF SERVICE:	

08/28/2015	Attorney Examiner Entry granting the motions to intervene filed by OCC and OP&E and setting forth a procedural schedule in accordance with Finding (9). - electronically filed by Sandra Coffey on behalf of Megan Addison, Attorney Examiner, Public Utilities Commission of Ohio.
08/28/2015	Notice of withdrawal as Counsel submitted by Assistant Attorney General Ryan O'Rourke on behalf of the Staff of the Public Utilities Commission of Ohio electronically filed by Kimberly L Keeton on behalf of Public Utilities Commission of Ohio.
08/28/2015	Service Notice
07/06/2015	Objections of Duke Energy Ohio, Inc., to Staff Report of Investigation electronically filed by Dianne Kuhnell on behalf of Duke Energy Ohio, Inc. and Spiller, Amy B. and Kingery, Jeanne W.
07/06/2015	Objections to the PUCO Staff's Report of Investigation by the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Serio, Joseph P. Mr.
07/06/2015	Objections to Staff Report electronically filed by Colleen L Mooney on behalf of Ohio Partners for Affordable Energy.
06/05/2015	Staff Report Filed.
06/05/2015	Service Notice
05/08/2015	Duke Energy Ohio's Reply Comments electronically filed by Carys Cochern on behalf of Kingery, Jeanne W Ms.
05/08/2015	Reply Comments by the Office of the Ohio Consumers' Counsel electronically filed by Patti Mallarnee on behalf of Moore, Kevin F. Mr.
04/24/2015	Comments on the Application of Duke Energy Ohio by the Office of the Ohio Consumers' Counsel electronically filed by Patti Mallarnee on behalf of Serio, Joseph P.
04/24/2015	Comments of Ohio Partners for Affordable Energy electronically filed by Colleen L Mooney on behalf of Ohio Partners for Affordable Energy.
04/14/2015	Service Notice
04/14/2015	Attorney Examiner Entry directing the procedural schedule set forth in Findings (3) and (4) be observed. - electronically filed by Sandra Coffey on behalf of Megan Addison, Attorney Examiner, Public Utilities Commission of Ohio.
03/19/2015	Service Notice
03/19/2015	Service Notice
03/18/2015	Attorney Examiner Entry setting procedural schedule electronically filed by Vesta R Miller on behalf of Christine M.T. Pirik, Attorney Examiner, Public Utilities Commission of Ohio.
03/11/2015	Reply of Duke Energy Ohio, Inc., to Memorandum Contra Its Motion for a Waiver electronically filed by Carys Cochern on behalf of Kingery, Jeanne W Ms.
03/10/2015	Motion to Intervene and Memorandum in Support electronically filed by Colleen L Mooney on behalf of Ohio Partners for Affordable Energy.

03/04/2015	Motion to intervene and memorandum in support filed by J. Serio on behalf of the Office of the Ohio Consumers' Counsel.
03/04/2015	Memorandum contra Duke's motion for waiver filed by J. Serio on behalf of the Office of the Ohio Consumers' Counsel.
03/03/2015	Response to Patrick Donlon's, Director of Public Utilities Commission of Ohio, letter dated February 20, 2015 electronically filed by Brenda S. Camahan on behalf of Duke Energy Ohio, Inc. and Spiller, Amy B.
02/20/2015	Response to Amy Spiller, Deputy General Counsel of Duke Energy Business Services LLC requesting additional information for application filed on behalf of PUCO Staff, Rates & Analysis Director, P. Donlon.
02/17/2015	Motion of Duke Energy Ohio, Inc. For a Waiver and Memorandum in support electronically filed by Dianne Kuhnell on behalf of Duke Energy Ohio, Inc. and Spiller, Amy B. and Kingery, Jeanne W.
01/20/2015	Application for approval of an alternative rate plan for an accelerated service line replacement program filed by J. Kingery on behalf of Duke Energy Ohio, Inc.
09/17/2014	In the matter of the notice of intent to file an application for approval of an Alternative Rate Plan electronically filed by Dianne Kuhnell on behalf of Duke Energy Ohio, Inc. and Spiller, Amy B. and Kingery, Jeanne W.

**Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015**

STAFF-DR-02-015

REQUEST:

Refer to the Direct Testimony of Charles R. Whitlock, page 4, lines 16-21, and to Duke Kentucky's response to Staff's First Request, Item 11.a. Confirm that the Excel spreadsheet provided shows that 71 of the 110 companies surveyed had lower bills for 40 therms and 71 had lower bills for 100 therms than Duke Kentucky.

RESPONSE:

The data provided in response to Staff-DR-01-011(a) can be sorted using features in Excel. Assuming the question is asking about residential bills, it appears that, as of the date of the report in question, 71 of the typical bills shown in the survey for consumption at 40 therms were lower than the bill for the same consumption for Duke Energy Kentucky. At 100 therms, sorting the data indicates that there were 72 typical bills lower than for Duke Energy Kentucky.

PERSON RESPONSIBLE: William Don Wathen Jr.

Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015

STAFF-DR-02-016

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 15.b., and to the Laub Direct Testimony, Attachment PAL-1, page 9. Explain how the billing determinants in the attachment for the 12 months ended April 30, 2015, convert to the "Customers" for that same period included in the response to Item 15.b.

RESPONSE:

Page 9 of Attachment PAL-1 shows a total of 1,075,522 residential customers for the twelve months ended April 30, 2015. The 89,627 provided in response to Staff-DR-01-015 is the 1,075,522 divided by 12 months for a weighted number of customers.

Page 9 of Attachment PAL-1 shows a total of 82,224 GS customers for the twelve months ended April 30, 2015. This number does not include the 216 unmetered GS customers. If you add the 216 customers to the 82,224 customers you get a total of 82,440 GS customers. The 6,870 provided in response to Staff-DR-01-015 is the 82,440 divided by 12 months for a weighted number of customers. In a base rate case, the non-metered GS customers are included in the cost of service study. Duke Energy Kentucky did not feel that it was appropriate to bill these non-metered GS customers for the ASRP rider and therefore, they were not included in the billing determinants on Attachment PAL-1.

PERSON RESPONSIBLE: Peggy Laub

**Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015**

STAFF-DR-02-017

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 23. Confirm that the calculated difference between actual and normal heating degree days ("HDD") in the 2015 column in the corrected table does not match the variance in the table because the total HDD shown in the column is only for the months of January through March, while the normal HDD is an annual level.

RESPONSE:

Confirmed.

PERSON RESPONSIBLE: William Don Wathen Jr.

**Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015**

STAFF-DR-02-018

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 24.

- a. Confirm that Duke Kentucky is using five years of data, including the years 2008 through 2012, in its weather normalization.
- b. Explain why five years of weather data is used to estimate normal HDD, as opposed to using more data from a longer time period.
- c. Explain why weather data from months since 2012 is not used in Duke Kentucky's weather normalization.

RESPONSE:

- a. Duke Energy Kentucky's response of using five years of data in its weather-normalization process in Item 24 of the Staff's First Request inadvertently referred to a Duke Energy Kentucky forecasting process not directly associated with weather normalization. Duke Energy Kentucky does utilize 10 years of data in its weather-normalization process. For the purpose of this Request, the 10-year period is from 2004 to 2013.
- b. Ten years of weather data was used to estimate weather normal HDDs.
- c. The time period currently used to normalize weather was the ten-year period between January 2004 to December 2013.

PERSON RESPONSIBLE: Phillip O. Stillman

Duke Energy Kentucky
Case No. 2015-00210
Staff Second Set Data Requests
Date Received: September 30, 2015

STAFF-DR-02-019

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 32, which in the last sentence refers to its response to Staff's First Request, Item 31, "for the explanation of the meter relocation and replacement." The response to Item 31 states that if an interior meter is "close to the meter age change compliance date, the meter will be replaced when moved to an exterior location." (Emphasis added.) The response to Item 31 also states that if an interior meter "is not coming due to the age change compliance, the meter will be relocated to an exterior location." (Emphasis added.)

a. Explain whether the response to Item 32 is meant to address:

(1) only those instances when, because of its age, an interior meter is replaced when the service line is relocated to an exterior location; or

(2) all instances in which an interior meter is relocated to an exterior location.

b. If the answer to part a. above is (2), explain how that is not a contradiction of the response to Staff's First Request, Item 31.

RESPONSE:

a. Included in the Duke Energy Kentucky ASRP filing is the request to relocate interior meters to the exterior of the premises, where permissible. Regardless of the final location of the meter, if a meter associated with an ASRP service line is close to a meter age change compliance date, the meter will be replaced.

- b. Staff's question above, part a., is not option 2. Duke Energy Kentucky will replace all meters associated with an ASRP service line if the meter is close to a meter age change compliance date, regardless of the final location of the meter.

PERSON RESPONSIBLE: Gary J. Hebbeler