

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

The Application of Duke Energy Kentucky,)
Inc., for an Order Declaring the)
Construction of Solar Facilities is an) Case No. 2017-00155
Ordinary Extension of Existing Systems in)
the Usual Course of Business)

PETITION OF DUKE ENERGY KENTUCKY, INC.
FOR CONFIDENTIAL TREATMENT OF INFORMATION
CONTAINED IN ITS RESPONSES TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION
DATED APRIL 27, 2017

Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), pursuant to 807 KAR 5:001, Section 13, respectfully requests the Commission to classify and protect certain information provided by Duke Energy Kentucky in its response to Data Request No. 9 as requested by Commission Staff (Staff) in this case on April 27, 2017. The information that Staff seeks through discovery and for which Duke Energy Kentucky now seeks confidential treatment (Confidential Information), shows specific customer personal information, including, but not limited to, names and residential addresses.

In support of this Petition, Duke Energy Kentucky states:

1. The Kentucky Open Records Act exempts from disclosure certain information, including personal information, the disclosure of which would constitute a clearly unwarranted invasion of privacy. KRS 61.878 (1)(a). Whether a disclosure of personal information rises to the level of an unwarranted invasion of privacy subject necessitating protection entails a "comparative weighing of antagonistic interests" in which

the privacy interest in non-disclosure is balanced against the general rule of inspection and its underlying policy of openness for the public good.”¹ The disclosure of a person’s identity and residential address constitutes an unwarranted invasion as there exists a possibility of those who could use such information to the detriment of innocent persons. There is no need for individual customers who have had conversations with the Company regarding potential rights of way and easement issues to be publicly disclosed.

2. Duke Energy Kentucky does not object to limited disclosure of the confidential information described herein, pursuant to an acceptable protective agreement, with the Attorney General or other intervenors with a legitimate interest in reviewing the same for the purpose of participating in this case.

3. In accordance with the provisions of 807 KAR 5:001, Section 13(3), the Company is filing one copy of the Confidential Information separately under seal, and one copy without the confidential information included.

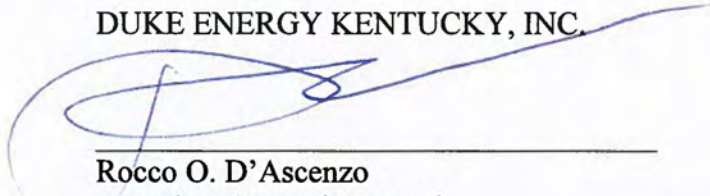
4. Duke Energy Kentucky respectfully requests that the Confidential Information be withheld from public disclosure indefinitely. This will assure that the Confidential Information will not become available to the general public. To the extent the Confidential information becomes generally available to the public, whether through filings required by other agencies or otherwise, Duke Energy Kentucky will notify the Commission and have its confidential status removed, pursuant to 807 KAR 5:001 Section 13(10)(a).

¹ *Kentucky Bd. of Examiners of Psychologists v. Courier-Journal & Louisville Times Co.*, 826 S.W.2d 324 (Ky. 1992).

WHEREFORE, Duke Energy Kentucky, Inc., respectfully requests that the Commission classify and protect as confidential the specific information described herein.

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.



Rocco O. D'Ascenzo
Associate General Counsel
Duke Energy Business Services, LLC
139 East Fourth Street, 1303 Main
Cincinnati, Ohio 45202
Phone: (513) 287-4320
Fax: (513) 287-4385
E-mail: rocco.d'ascenzo@duke-energy.com

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing filing was served on the following via
overnight mail, this 11th day of May 2017:

Rebecca W. Goodman
The Office of the Attorney General
Utility Intervention and Rate Division
700 Capital Avenue, Suite 20
Frankfort, Kentucky 40601



Rocco D'Ascenzo

DEK Case No. 2017-00155
TABLE OF CONTENTS

<u>DATA REQUEST</u>	<u>WITNESS</u>	<u>TAB NO.</u>
STAFF-DR-01-001	Andrew S. Ritch	1
STAFF-DR-01-002	John Swez	2
STAFF-DR-01-003	John Swez	3
STAFF-DR-01-004	William Don Wathen, Jr.	4
STAFF-DR-01-005	Larry Watson	5
STAFF-DR-01-006	Larry Watson	6
STAFF-DR-01-007	Larry Watson	7
STAFF-DR-01-008	Larry Watson	8
STAFF-DR-01-009	Larry Watson Andrew S. Ritch	9
STAFF-DR-01-010	Larry Watson	10
STAFF-DR-01-011	Larry Watson	11
STAFF-DR-01-012	Larry Watson	12

VERIFICATION


STATE OF OHIO)
) **SS:**
COUNTY OF HAMILTON)

The undersigned, Andrew Ritch, Wholesale Renewable Manager IV, 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.



Andrew Ritch., Affiant

Subscribed and sworn to before me by Andrew Ritch on this 2ND day of May, 2017.



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 and 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

Subscribed and sworn to before me by William Don Wathen Jr. on this 2ND day of May, 2017.

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


NOTARY PUBLIC

My Commission Expires: 1/5/2019

**Duke Energy Kentucky
Case No. 2017-00155
Staff First Set Data Requests
Date Received: April 27, 2017**

STAFF-DR-01-001

REQUEST:

Refer to the Application, paragraph 6(b), regarding net proceeds from the sale of renewable energy certificates (“RECs”) derived from the proposed Solar Facilities flowing back to customers through Duke Kentucky’s profit-sharing mechanism Rider PSM. Explain whether Duke Kentucky is referring to a potential future option for net proceeds to flow to Duke Kentucky’s customers if Kentucky implements a renewable portfolio standard or whether Duke Kentucky has current plans to sell RECs derived from the proposed Solar Facilities in the market and flow net proceeds receive to Duke Kentucky customers.

RESPONSE:

Presently there is a market for Kentucky-sited solar renewable energy certificates (SRECs) in Ohio. Duke Energy Kentucky intends to sell the accumulated SRECs at regular intervals into the Ohio market at the highest price attainable in the market at that time. The net proceeds from these regular sales will be shared with customers in accordance with the Company’s profit-sharing mechanism, Rider PSM. If Kentucky implements a renewable energy portfolio standard, or if Duke Energy Kentucky finds itself needing SRECs to meet a future compliance obligation, then these SRECS could be used to satisfy Duke Energy Kentucky’s own compliance obligation.

PERSON RESPONSIBLE: Andrew S. Ritch

REQUEST:

Refer to the Application, paragraph 6(b), regarding the possibility of dispatching generation from proposed Solar Facilities into PJM Interconnection LLC (“PJM”). Describe the circumstances or timeline under which Duke Kentucky anticipates that energy generated by the proposed Solar Facilities could be dispatched into PJM.

RESPONSE:

All three of the proposed solar facilities will be connected to the Duke Energy Kentucky distribution system, thus from a PJM perspective they are behind the meter facilities. For every MWhr of generation produced by each of the three sites, the amount of Duke Energy Kentucky customer demand as seen by PJM will be reduced by an equal amount. The following is an illustrative example to better explain: In an hour where the solar facilities aren’t producing any output, customer demand is 500 MW. In the next hour, the solar facilities are now producing 7 MW of output. If the amount of customer demand is unchanged, the amount of customer demand seen by PJM will now be 493 MW.

Since the facilities are behind the meter, they don’t directly participate in the PJM energy markets similar to East Bend Unit 2 or Woodsdale Units 1-6. However, since the output of solar facilities reduces the Duke Energy Kentucky customer demand as seen by PJM, the amount of load bought from PJM in both the Day-Ahead or Real-Time markets

is reduced. Unless the facilities are in a scheduled or forced outage, when ambient conditions allow for generation to be produced, the units will generate electricity and typically be dispatched to their highest available output.

PERSON RESPONSIBLE: John Swez

**Duke Energy Kentucky
Case No. 2017-00155
Staff First Set Data Requests
Date Received: April 27, 2017**

STAFF-DR-01-003

REQUEST:

Confirm that Duke Kentucky's current plan is to serve only its native load with the energy generated by the proposed Solar Facilities.

RESPONSE:

As described in STAFF-DR-002, production from the solar facilities directly reduces Duke Energy Kentucky customer demand as seen by PJM since the facilities are located behind the meter. Thus, only native load will be directly served from additional generation from the proposed solar facilities. Since customer demand as seen by PJM is reduced, less load is purchased from PJM and less fuel cost is allocated to native load.

PERSON RESPONSIBLE: John Swez

**Duke Energy Kentucky
Case No. 2017-00155
Staff First Set Data Requests
Date Received: April 27, 2017**

STAFF-DR-01-004

REQUEST:

Refer to the Application, paragraph 6(b). Explain what Duke Kentucky means when it states that it “will not seek to recover the costs of this construction outside of base rates.”

RESPONSE:

Duke Energy Kentucky has no plans to seek recovery of the solar facilities’ construction costs via existing or yet-to-be proposed riders. Consequently, the only forum available for recovery of such costs is a general base rate case.

PERSON RESPONSIBLE: William Don Wathen Jr.

**Duke Energy Kentucky
Case No. 2017-00155
Staff First Set Data Requests
Date Received: April 27, 2017**

STAFF-DR-01-005

REQUEST:

Refer to the Application, paragraph 8, regarding Walton 1 Solar Facility.

- a. Provide the basis for the estimated \$4.38 million in construction costs.
- b. Explain whether the \$4.38 million in construction costs includes anticipated upgrade/rebuild of 0.5 miles of distribution lines to support the proposed Walton 1 facility.

RESPONSE:

- a. The \$4.38 million estimate in construction costs for the Walton 1 Solar facility is based on current market pricing provided by approved Duke Energy suppliers for solar panels and inverters, estimates provided by Engineering, Procurement and Construction (EPC) contractors to design and build the project as a result of a competitive Request for Proposals (RFP) process, the cost of land currently under contract, estimates from the Duke Energy Kentucky (DEK) distribution and transmission organizations on the cost of upgrades necessary to interconnect to the grid, and Duke Energy Project Management estimates to manage, provide oversight and account for project risk.
- b. The cost estimate does include anticipated upgrades/rebuilds of the 0.5 miles of distribution lines to support the facility.

PERSON RESPONSIBLE: Larry Watson

REQUEST:

Refer to the Application, paragraph 9, regarding Walton 2 Solar Facility.

- a. Provide the basis for the estimated \$4.5 million in construction costs.
- b. Explain whether the \$4.5 million in construction costs includes anticipated upgrade/rebuild of 0.75 miles of distribution lines to support the proposed Walton 2 facility.

RESPONSE:

- a. The \$4.5 million estimate in construction costs for the Walton 2 Solar facility is based on current market pricing provided by approved Duke Energy suppliers for solar panels and inverters, estimates provided by Engineering, Procurement and Construction (EPC) contractors to design and build the project as a result of a competitive Request for Proposals (RFP) process, the cost of land currently under contract, estimates from the Duke Energy Kentucky (DEK) distribution and transmission organizations on the cost of upgrades necessary to interconnect to the grid, and Duke Energy Project Management estimates to manage, provide oversight and account for project risk.
- b. The cost estimate does include anticipated upgrades/rebuilds of the 0.75 miles of distribution lines to support the facility.

PERSON RESPONSIBLE: Larry Watson

REQUEST:

Refer to the Application, paragraph 10, regarding the proposed Crittenden Solar Facility.

- a. Provide the basis for the estimated \$5.94 million in construction costs.
- b. Explain whether Duke Kentucky anticipates the need to upgrade/rebuild any of the distribution lines to support the proposed Crittenden facility.

RESPONSE:

- a. The \$5.94 million estimate in construction costs for the Crittenden Solar facility is based on current market pricing provided by approved Duke Energy suppliers for solar panels and inverters, estimates provided by Engineering, Procurement and Construction (EPC) contractors to design and build the project as a result of a competitive Request for Proposals (RFP) process, the cost of land currently under contract, estimates from the Duke Energy Kentucky (DEK) distribution and transmission organizations on the cost of upgrades necessary to interconnect to the grid, and Duke Energy Project Management estimates to manage, provide oversight and account for project risk.
- b. The cost estimate does include anticipated costs to interconnect the project to the existing 3-phase distribution lines that are located on the parcel.

PERSON RESPONSIBLE: Larry Watson

**Duke Energy Kentucky
Case No. 2017-00155
Staff First Set Data Requests
Date Received: April 27, 2017**

STAFF-DR-01-008

REQUEST:

Provide the basis for the estimated \$44,000 annual operation and maintenance costs for each of the proposed Solar Facilities.

RESPONSE:

The current plan is for operations and management (O&M) activities for the three sites will be provided by Duke Energy Kentucky's generation personnel. An estimate was provided that included company labor and expenses, material and replacements plans and the use of contract labor for vegetation management (mowing), thermal imaging of panels, and annual housekeeping (trash collection/portable restroom maintenance). To realize economies of scale, the cost estimate provided is for all three sites (Walton 1, Walton 2 and Crittenden) and the project team averaged those estimated costs over the thirty years and then allocated an equal share of the O&M estimate across all three sites.

PERSON RESPONSIBLE: Larry Watson

REQUEST:

Refer to the Application, Attachment 1, page 1 of 1, regarding land purchases.

- a. State whether the land for each of the three proposed Solar Facilities has been purchased, and, if not, provide the status for each of the proposed land purchases.
- b. State whether any notice has been provided to persons who own property in close proximity to or adjacent to each of the proposed Solar Facility sites. If notice has been provided, provide a copy of all notices.
- c. State whether any meetings were held with persons who own property in close proximity or adjacent to each of the proposed Solar Facility sites. If meetings were held, provide a list of persons invited, attendees, and meeting notes.
- d. Provide a description of the mitigation plans, if any, for each of the proposed Solar Facility sites.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

- a. Duke Energy Kentucky plans to purchase the land for Walton 1 & 2 and Crittenden sites.
 1. Walton 1&2 are co-located on the same parcel of land. Duke Energy Kentucky executed a purchase option with the owners of the property located in Kenton County on October 20th, 2016. The property was

actively for sale. The initial purchase option was for six (6) months with a three (3) month extension. The option period ends July 20, 2017 and Duke Energy Kentucky will need to either execute the purchase agreement or terminate by then.

2. Crittenden – Duke Energy Kentucky executed a purchase option with the owners of the property located in Grant County on January 4, 2017. The property was actively for sale. The initial purchase option was for three (3) months but was extended by one (1) month to allow for additional real estate due diligence evaluation. The option period ends May 20, 2017 and Duke Energy Kentucky will need to either execute the purchase agreement or terminate.

b. While informal discussions with some of the adjacent property owners have occurred, no formal notice has been provided to persons who own property in close proximity to or adjacent to each of the proposed Solar Facility sites to date, pending resolution of this proceeding. Duke Energy Kentucky intends to publicize and host community open houses to discuss the projects, their schedules and gather feedback from adjacent property owners once the Company knows the course of proceeding forward with the facilities.

c. See response to part b above. Additionally, Duke Energy Kentucky has scheduled meetings with local governmental stakeholders in Grant and Kenton Counties to make them aware of the potential project and that the Company has made the pending filing. The Company has met with leadership of Kenton County so far to date. Although no public meetings have been held to date to make the adjacent

property owners aware of the projects, Company Real Estate personnel have talked with several adjacent property owners in order to secure additional easement rights. Those discussions are summarized below:

1. Kenton County:

i. Deputy Judge Executive/County Administrator on May 5, 2017.

The Company advised the Deputy Judge Executive/County Administrator of the pending filing before the Public Service Commission that would allow us, through an ordinary extension, to build utility-owned solar facilities the Company's Northern Kentucky Service territory. The Company explained that if approved, one of those facilities would be located in Kenton County. The Company identified the potential Kenton County location and offered to brief the Judge Executive when he is available. We advised the county that, if we are approved for the site, we plan to send letters to residents that will include an invitation to an Open House where they can learn more about the project. We are in the process of trying to schedule a site visit for the Judge Executive and Kenton County Commissioners.

2. Walton 1 & 2 –

- i. [REDACTED]. Meetings on 1/28/17 & 2/11/17 regarding acquiring potential distribution line easement. Decided not to secure easement from [REDACTED].

ii. [REDACTED]. Meetings 2/8/17, 2/15/17, and 3/4/17 regarding distribution line easement to serve Walton 1 interconnect. Secured easement from [REDACTED].

iii. [REDACTED]
[REDACTED]. 2/17/17 meeting regarding acquiring potential distribution line easement. Decided not to secure easement from [REDACTED]

3. Crittenden

i. [REDACTED]. Phone conversations on 3/10/17 and 3/13/17 regarding the potential for a “shading” easement to allow for additional site clearing on the Crittenden site if necessary. Decided not to move forward with shading easement.

Should the Commission grant this Application, Duke Energy Kentucky will provide notice to persons who own property in close proximity to or adjacent to the Solar Facility sites and will host community open houses to discuss the projects, their schedules and gather feedback from adjacent property owners.

d. Mitigation Plans

1. Walton 1 & 2 – The Walton property is located in predominantly agricultural area of Kenton County. From aerial imagery and site visits, one property owner to the East lives within close proximity to the site and may have visual impacts due to their home’s proximity to the property line and potential panel placement. To mitigate those visual impacts, Duke

Energy Kentucky is planning to provide additional screening of native, drought-tolerant, evergreen vegetation and screening attached to the parameter fence along the property line at this location (Depicted in attached “Site Buffer Plan”). Costs to maintain the visual screening are included in the O&M estimate.

2. Crittenden – The Crittenden property is located on an agricultural site in Grant County. There is a residential neighborhood to the North of the site that was developed by the current owner of the property that Duke Energy Kentucky will be acquiring. To mitigate potential visual impacts from the subdivision entry road (Clairborne Drive) and residences immediately adjacent to the proposed site, Duke Energy Kentucky worked with the current property owner and voluntarily committed to a 75-foot greenspace, visual buffer from the property line immediately adjacent to Clairborne Drive (depicted in the “Crittenden Conceptual Site Plan”). This greenspace buffer will ensure that no solar panels or equipment will be placed in that buffer. The property owner also requested that Duke Energy Kentucky retain the flag pole in its current location and Duke Energy Kentucky agreed to that as well. The greenspace buffer will include the planting of native, drought-tolerant, vegetation and screening attached to the parameter fence in that area to minimize visual impact of the solar installation. Costs to maintain the buffer are included in the O&M estimate.

PERSON RESPONSIBLE: Larry Watson/ Andrew Ritch

**Duke Energy Kentucky
Case No. 2017-00155
Staff First Set Data Requests
Date Received: April 27, 2017**

STAFF-DR-01-010

REQUEST:

Provide a copy of public comments, if any, that Duke Kentucky has received regarding the proposed project.

RESPONSE:

The Company has not received any public comments regarding the proposed projects.

PERSON RESPONSIBLE: Larry Watson

**Duke Energy Kentucky
Case No. 2017-00155
Staff First Set Data Requests
Date Received: April 27, 2017**

STAFF-DR-01-011

REQUEST:

Provide the site selection criteria Duke Kentucky considered for each of the Solar Facility sites.

RESPONSE:

The Company has been exploring locations for a small solar installation of less than 10MWs in its service territory for approximately twelve months. Due to geographical limitations in terms of size, topography (slope), availability of land and distribution circuit limitations that would be suitable for a single 7-10 MW installation, the Company began to explore the possibility of multiple, but smaller, installations in lieu of a single, larger installation. As a result of this exploration, the Company identified the three locations described in the application that are suitable for such smaller investments. The sites were identified and selected based on an evaluation of the following criteria: located within Duke Energy Kentucky service area, predominant land use of area, topography of parcel, wetlands/floodplain on site, amount of potential clearing, availability and cost of land, and electrical interconnection.

PERSON RESPONSIBLE: Larry Watson

REQUEST:

Explain whether Duke Kentucky has selected a vendor to construct the proposed Solar Facilities or whether Duke Kentucky will utilize its own, or a related entity's staff to construct the proposed Solar Facilities. If a vendor will construct the proposed Solar Facilities, explain the process Duke Kentucky used to select the vendor, a list of bidders, and a copy of any report prepared in order to evaluate and select the vendor.

RESPONSE:

Duke Energy Kentucky will construct the proposed solar facilities using a qualified EPC contractor. Project and construction oversight will be provided by Duke Energy employees.

The EPC contractor will be selected through a qualification and competitive process governed by Duke Energy Corp's internal sourcing policies that includes: a comprehensive RFP; receiving and clarifying proposals; evaluating proposals; and negotiating detailed terms with short listed vendors. Duke Energy Kentucky is in the process of evaluating proposals and has not yet selected the EPC contractor.

PERSON RESPONSIBLE: Larry Watson