

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter of:

The Electronic Application of Duke Energy)
Kentucky, Inc., for: 1) An Adjustment of the)
Electric Rates; 2) Approval of an) Case No. 2017-00321
Environmental Compliance Plan and)
Surcharge Mechanism; 3) Approval of New)
Tariffs; 4) Approval of Accounting Practices to)
Establish Regulatory Assets and Liabilities;)
and 5) All Other Required Approvals and)
Relief.)

**MOTION OF DUKE ENERGY KENTUCKY, INC.
FOR CONFIDENTIAL TREATMENT FOR CERTAIN
RESPONSES TO REQUEST FOR INFORMATION**

Comes now Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), by counsel, pursuant to 807 KAR 5:001, Section 13 and other law, and respectfully requests the Commission to classify and protect certain information provided by the Company in its Responses to Commission Staff's (Staff) Fourth Request for Information issued on February 14, 2018, respectfully stating as follows:

1. On August 2, 2017 Duke Energy Kentucky filed a Notice of Intent to File an Application seeking adjustment of its electric rates and other approvals.
2. On September 1, 2017 Duke Energy Kentucky filed an Application seeking an adjustment of its electric rates and other approvals.
3. On February 14, 2018 Staff issued its Fourth Request for Information to Duke Energy Kentucky.
4. In response to Staff's Fourth Request for Information, Duke Energy Kentucky is

providing certain information for which it requests confidential treatment.

5. The information for which Duke Energy Kentucky seeks confidential treatment is contained in its Response to Staff's Fourth Request 12, which is referred to herein as the "Confidential Information" and, broadly speaking, includes operational assumptions and investments.

6. Request No. 12 of Staff's Fourth Request for Information states as follows:

Refer to the Application, the Direct Testimony of Bruce L. Sailors ("Sailors Testimony"), page 17, lines 10-20, which relates to Duke Kentucky's proposed changes to its Cogeneration and Small Power Production Seal and Purchase – 100 kW or Less Tariff.

c. Provide the location of the avoided capacity cost in the record of Case No. 2014-00273¹ which supports the capacity purchase rate proposed in this proceeding.

7. In its response to Request No. 12, Duke Energy Kentucky is providing detailed forecasted financial data and company cost assumptions, which would damage Duke Energy Kentucky's competitive position and business interests if publically disclosed. This information contains confidential and proprietary trade secret information that underlies the Company's avoided cost calculations, some of which were derived from independent third party consultants using their own proprietary business models. If the Commission grants public access to the information, it may undermine the Company's ability to manage its costs and potentially reduce them as potential future suppliers could potentially manipulate the market and undermine Duke Energy Kentucky's ability to manage its costs. This is particularly so with respect to third party vendors and bidders to requests for proposals for construction of new generating facilities as these third parties would have knowledge of the Company's own cost assumptions. This

¹ Case No. 2014-00273, *2014 Integrated Resource Plan of Duke Energy Kentucky, Inc.* (Ky. PSC Sept. 23, 2015)

information would enable these potential providers to submit responses they otherwise would not have been able to, absent such information.

8. The Kentucky Open Records Act and applicable precedent exempts the Confidential Information from disclosure. *See* KRS 61.878(1)(a); KRS 61.878(1)(c)(1); *Zink v. Department of Workers Claims, Labor Cabinet*, 902 S.W.2d 825 (Ky. App. 1994); *Hoy v. Kentucky Industrial Revitalization Authority*, 907 S.W.2d 766, 768 (Ky. 1995).

9. Furthermore, some of the information for which Duke Energy Kentucky is seeking confidential treatment was either developed internally, or acquired on a proprietary basis, by Duke Energy Kentucky personnel or an affiliate of the Company, is not on file publicly with any public agency, and is not publicly available from any commercial or other source. The aforementioned information is distributed within Duke Energy Kentucky only to those employees who must have access for business reasons.

10. Duke Energy Kentucky does not object to limited disclosure of the Confidential Information described herein, pursuant to an acceptable protective agreement entered into with any intervenors with a legitimate interest in reviewing the same for the sole purpose of participating in this case.

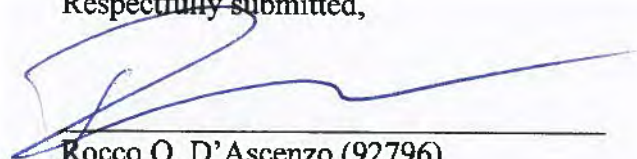
11. In accordance with the provisions of 807 KAR 5:001, Section 13(2)(e), the Company is filing one copy of the Confidential Information separately under seal, and the appropriate number of copies with the Confidential Information redacted.

12. Duke Energy Kentucky respectfully requests that the Confidential Information be withheld from public disclosure for a period of twenty years. This will assure that the Confidential Information – if disclosed after that time – will no longer be commercially sensitive so as to likely impair the interests of the Company if publicly disclosed.

13. 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).

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

Respectfully submitted,



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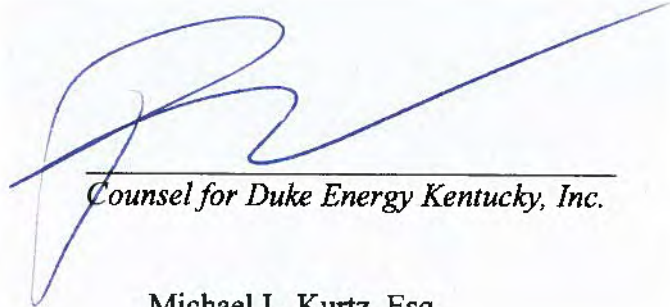
and

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Counsel for Duke Energy Kentucky, Inc.

CERTIFICATE OF SERVICE

This is to certify that the foregoing electronic filing is a true and accurate copy of the document being filed in paper medium; that the electronic filing was transmitted to the Commission on February 26, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a copy of the filing in paper medium is being delivered via overnight delivery to the parties of record on the 26th day of February 2018.



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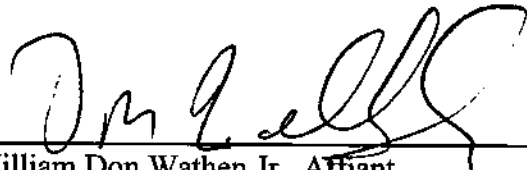
Counsel for The Kroger Company

Counsel for the Kentucky School Board Association

VERIFICATION


STATE OF OHIO)
)
COUNTY OF HAMILTON) SS:

The undersigned, William Don Wathen Jr., Director of Rates & Regulatory Strategy, 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 19TH day of FEBRUARY, 2018.



NOTARY PUBLIC

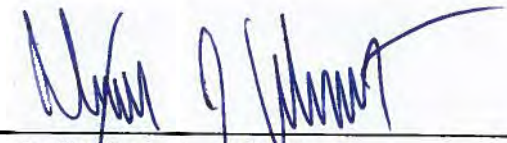
ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2019

My Commission Expires: 1/5/2019

VERIFICATION

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

The undersigned, Sasha Weintraub, SVP Customer Solutions, 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.



Sasha Weintraub, Affiant

Subscribed and sworn to before me by Sasha Weintraub on this 19 day of February, 2018.



NOTARY PUBLIC

My Commission Expires: 7/27/19



VERIFICATION

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

The undersigned, Bruce L. Sailors, Pricing and Regulatory Solutions Manager, 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.

Bruce L. Sailors
Bruce L. Sailors, Affiant

Subscribed and sworn to before me by Bruce L. Sailors, on this 19th day of FEBRUARY, 2018.

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

KYPSC CASE NO. 2017-00321
STAFF 4TH SET OF DATA REQUESTS
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**Duke Energy Kentucky
Case No. 2017-00321
Staff Fourth Set Data Requests
Date Received: February 14, 2018**

STAFF-DR-04-001

REQUEST:

Refer to the Application, Volume 13, Schedule L, page 3 of 15. The section related to Rate DT states that language referencing an expired pilot program has been removed. Provide details of the pilot program, the number of customers currently being serviced under the program, and the effect on those customers of ending the program.

RESPONSE:

The details of the pilot program are documented in Schedule L-2.1 page 22 of 138. There are no customers participating in this pilot program and therefore customers will not be impacted by removing the pilot language.

PERSON RESPONSIBLE: Bruce L. Sailors

**Duke Energy Kentucky
Case No. 2017-00321
Staff Fourth Set Data Requests
Date Received: February 14, 2018**

STAFF-DR-04-002

REQUEST:

Refer to the Application, Volume 13, Schedule L, page 5 of 15. This page states that the new proposed rider rates for Rider GSS are derived from the cost-of-service study ("COSS"). Provide the location of the values in the COSS which support the proposed rates.

RESPONSE:

Values that support the proposed rates are found on tables FR-16(7)(v)-7 page 1 of 18 line 20 and FR-16(7)(v)-11 page 1 of 18 line 20. These values are utilized along with test period billing determinants to derive the Rider GSS rates. For details on the calculation, see the Excel file delivered electronically in response to NKU's first set of discovery request number 1 tab named RTP WORKSHEET in file NKU-DR-01-001 Attachment 2.XLSM.

PERSON RESPONSIBLE: Bruce L. Sailors

Duke Energy Kentucky
Case No. 2017-00321
Staff Fourth Set Data Requests
Date Received: February 14, 2018

STAFF-DR-04-003

REQUEST:

Refer to the Application, Volume 13, Schedule L, page 7 of 15. This page states that Rate OL, Outdoor Lighting Service, is cancelled and withdrawn and that all remaining participants are moved to UOLS and, as applicable, OL-E. State where in the billing analysis (schedule M of the Application) these customers are shown at both current and proposed rates. If the information is not separately and clearly shown in Schedule M (including the rate class to which customers are being transferred), provide the information in Excel format with the formulas intact and unprotected. Include in the response the largest percentage increase that any customer will receive as a result of being transferred.

RESPONSE:

The Rate OL customers appear under the Rate OL page of the Base Period Supplemental Schedule M-2.2 and M-2.3 pages 18 of 22 filed in response to the deficiency letter Company received on the original filing of this case. One month of information is captured for these customers during the base period, December 2016. This information (number of lights and usage) is expected to remain constant each month until customers no longer wish to maintain these lights. In the Test Period, the energy is captured in the Rate UOLS energy and the equipment and maintenance is now under Rate OL-E. In terms of energy, former Rate OL customers will pay the same percentage increase as all

other customers served under Rate UOLS. Under OL-E, lights formerly under Rate OL no longer receive a charge for equipment. This would be a bill decrease for these lights. The equipment cost is considered fully recovered for these lights. However, a maintenance charge remains and under Rate OL-E, this rate can be increased every 3 years based on the cost of maintenance. At this time, there is no increase to this maintenance charge for former lights served under Rate OL.

PERSON RESPONSIBLE: Bruce L. Sailors

Duke Energy Kentucky
Case No. 2017-00321
Staff Fourth Set Data Requests
Date Received: February 14, 2018

STAFF-DR-04-004

REQUEST:

Refer to the Application, Volume 13, Schedule L, page 8 of 15. This page states that Rate NSP, Private Outdoor Lighting, is cancelled and withdrawn and that all remaining participants are moved to UOLS and, as applicable, OL-E. State where in the billing analysis (schedule M of the application) these customers are shown at both current and proposed rates. If the information is not separately and clearly shown in Schedule M (including the rate class to which customers are being transferred), provide the information in Excel format with the formulas intact and unprotected. Include in the response the largest percentage increase that any customer will receive as a result of being transferred.

RESPONSE:

The Rate NSP customers appear under the Rate NSP page of the Base Period Supplemental Schedule M-2.2 and M-2.3 pages 20 of 22 filed in response to the deficiency letter that the Company received on the original filing of this case. One month of information is captured for these customers during the base period, December 2016. This information (number of lights and usage) is expected to remain constant each month until customers no longer wish to maintain these lights. In the Test Period, the energy is captured in the Rate UOLS energy and the equipment and maintenance is now under Rate OL-E. In terms of energy, former Rate NSP customers will pay the same percentage

increase as all other customers served under Rate UOLS. Under OL-E, lights formerly under Rate NSP no longer receive a charge for equipment. This would be a bill decrease for these lights. The equipment cost is considered fully recovered for these lights. However, a maintenance charge remains and under Rate OL-E, this rate can be increased every 3 years based on the cost of maintenance. At this time, there is no increase to this maintenance charge for former lights served under Rate NSP.

PERSON RESPONSIBLE: Bruce L. Sailors

**Duke Energy Kentucky
Case No. 2017-00321
Staff Fourth Set Data Requests
Date Received: February 14, 2018**

STAFF-DR-04-005

REQUEST:

Refer to the Application, Volume 13, Schedule L-1, page 62 of 148. Explain why Duke Kentucky is requiring a minimum 10-year term of service for Rate LED and whether this is required in other Duke Energy jurisdictions.

RESPONSE:

A 10-year minimum term of service is required to promote the recovery of the cost of constructing the lighting system for a customer while spreading out the cost recovery over a reasonable length of time. A longer term is not requested since it is not reasoned that customers will accept a longer minimum term given the speed of technology change.

PERSON RESPONSIBLE: Bruce L. Sailors

STAFF-DR-04-006

REQUEST:

Refer to the Application, Volume 13, Schedule L-1, page 63 of 148, Section 4. Explain the question mark that appears at the end of this section.

RESPONSE:

The “?” is a typographical error with incorrect punctuation. It should be a period, “.”.

Bullet #4 should read as:

4. KWh consumption for Company-owned fixtures shall be estimated in lieu of installing meters. Monthly kWh estimates will be made using the following formula:

$$\text{kWh} = \text{Unit Wattage} \times (4160 \text{ hours per year} / 12 \text{ months}) / 1,000$$
 for equipment not listed above.

PERSON RESPONSIBLE: Bruce L. Sailors

Duke Energy Kentucky
Case No. 2017-00321
Staff Fourth Set Data Requests
Date Received: February 14, 2018

STAFF-DR-04-007

REQUEST:

Refer to the Application, Volume 13, Schedule L-1, page 87 of 148, section 2.e. Explain why Duke Kentucky is not proposing to include in its tariff the specific regional transmission organization billing codes it is proposing to charge or credit customers through the fuel adjustment clause.

RESPONSE:

Duke Energy Kentucky did not include specific PJM billing line items (BLIs) on its proposed fuel adjustment clause (FAC) tariff because it did not believe that the information would be meaningful to most customers. The Company provided a thorough explanation of its proposal in the filed direct testimony of witness John D. Swez. The Company would not be opposed to including a list of the specific PJM BLIs on its FAC tariff if requested to by the Commission. If such a list is included on the tariff, it may be necessary for the Company to request that additional fuel related PJM BLIs be added to the tariff if the Company is charged new BLIs by PJM.

PERSON RESPONSIBLE: William Don Wathen Jr.

**Duke Energy Kentucky
Case No. 2017-00321
Staff Fourth Set Data Requests
Date Received: February 14, 2018**

STAFF-DR-04-008

REQUEST:

Refer to the Application, Volume 13, Schedule L-1, page 89 of 148. Explain why Duke Kentucky is not proposing to include in its tariff the specific regional transmission organization billing codes it is proposing to charge or credit customers through the profit sharing mechanism.

RESPONSE:

Duke Energy Kentucky did not include specific PJM billing line items (BLIs) on its proposed profit sharing mechanism (PSM) tariff because it did not believe that the information would be meaningful to most customers. The Company provided a thorough explanation of its proposal in the filed direct testimony of witness John D. Swez. The Company would not be opposed to including a list of the specific PJM BLIs on its PSM tariff if requested to by the Commission. If such a list is included on the tariff, it may be necessary for the Company to request that additional fuel and/or non-fuel related PJM BLIs be added to the tariff if the Company is charged new BLIs by PJM.

PERSON RESPONSIBLE: William Don Wathen Jr.

STAFF-DR-04-009

REQUEST:

Refer to the Application, Volume 13, Schedule L-2.2, page 92 of 152. Explain the comment that appears in the right-hand margin on this page.

RESPONSE:

The comment that appears in the right-hand margin on the referenced page was a comment inserted as part of the internal review and discussion of proposed and potential tariff language changes and was inadvertently left in the version filed in the Company's application. The comment should have been deleted before the redlined sheets were filed and should be ignored.

PERSON RESPONSIBLE: Bruce L. Sailors

STAFF-DR-04-010

REQUEST:

Refer to the Application, Volume 13, Schedule L-2.2, page 111 of 152. Explain the comment that appears in the right-hand margin on this page and why it is reasonable to limit pole attachments to distribution lines.

RESPONSE:

The comment that appears in the right-hand margin on the referenced page was a comment inserted as part of the internal review and discussion of proposed and potential tariff language changes and was inadvertently left in the version filed in the Company's application. The comment should have been deleted before the redlined sheets were filed and should be ignored. Notwithstanding the above response, this comment was directed toward a discussion of non-distribution poles such as lighting poles. The Company believes it is unreasonable for a third party or customer to request an attachment to a pole that a different customer is funding under a lighting tariff for the sole purpose of lighting.

PERSON RESPONSIBLE: Bruce L. Sailors

Duke Energy Kentucky
Case No. 2017-00321
Staff Fourth Set Data Requests
Date Received: February 14, 2018

STAFF-DR-04-011

REQUEST:

Refer to the Application, Volume 13, Schedule L-2.2, pages 118 and 120 of 152. Duke Kentucky is proposing to add the following language to its cogeneration tariffs: No capacity purchase will be made if QF cannot satisfy Company's capacity need or Company does not have a capacity need. Explain how this language is not in violation of 807 KAR 5:054, Section 6.

RESPONSE:

This sentence refers to the capacity payment and does not impact energy credits available to the QF. Specifically, 807 KAR 5:054 Section 7.5 lists multiple items that should be considered before determining the avoided cost value offered to the QF. Section 7.5.b states, "Ability of the electric utility to avoid costs due to deferral, cancellation, or downsizing of capacity additions, and reduction of fossil fuel use." If a QF cannot satisfy Company capacity requirements, such as PJM requirements for capacity resources, then the QF cannot and should not qualify for the capacity payment. Likewise, if Company does not have a capacity need and no costs are avoided. However, at such time when costs are avoided, the capacity payment would be available to the QF if it meets capacity requirements, namely PJM requirements for capacity resources.

PERSON RESPONSIBLE: Bruce L. Sailors

REQUEST:

Refer to the Application, the Direct Testimony of Bruce L. Sailors ("Sailors Testimony"), page 17, lines 10-20, which relate to Duke Kentucky's proposed changes to its Cogeneration and Small Power Production Sale and Purchase - 100 kW or Less Tariff.

a. Lines 15- 16 state Duke Kentucky intends to recover revenues for the required energy purchases through the fuel adjustment clause as an economy energy purchase. State whether there are any customers currently being served under this tariff and, if so, the current accounting for recording such purchases.

b. Provide supporting documentation for the proposed energy purchase rate which Duke Kentucky states is based on the avoided energy cost equal to a two-year average PJM Interconnection, LLC Locational Marginal Price at the Duke Kentucky node.

c. Provide the location of the avoided capacity cost in the record of Case No. 2014-00273 which supports the capacity purchase rate proposed in this proceeding.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment C only)

- a. Currently, there are no customers taking service under this tariff. Duke Energy Kentucky is aware of one customer that is in the process of entering into a

purchase power agreement to enable them to take service under this tariff in the near future.

- b. See STAFF-DR-04-012b Attachment.XLSX for supporting calculation.
- c. The value is based on inputs used in the IRP. The Company is not aware if the calculation itself is in the record of Case No. 2014-00273. The resulting value is based on data embedded in the IRP model. See STAFF-DR-04-012c Attachment 1.XLSX for the summary supporting calculation. Notwithstanding the value referenced in Attachment 1, the Company also provides STAFF-DR-04-012c Attachment 2.XLSX which calculates a revised value that incorporates the impacts of the federal tax rate reduction to 21%. The revised capacity credit value is \$3.77 / kW-month. Company proposes to make this revision upon Commission approval. In addition, Company provides CONFIDENTIAL STAFF-DR-04-012c Attachment 3.XLSX (filed under the seal of a Petition for Confidential Treatment) for detailed supporting calculations of the avoided capacity cost.

PERSON RESPONSIBLE: Bruce L. Sailors

STAFF-DR-04-012 b
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AND A COPY ON CD

STAFF-DR-04-012 c
Attachment 1
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STAFF-DR-04-012 c

Attachment 2

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STAFF-DR-04-012 c
CONFIDENTIAL
Attachment 3
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UNDER SEAL ON
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REQUEST:

Refer to the Sailers Testimony, page 19, lines 14- 16, which relates to Rate RTP.

- a. Provide the location of the values in the COSS which support each of the combined proposed energy delivery charge and ancillary services charge rates.
- b. State the reasons for combining the rates and the effect it will have on Rate RTP customers.

RESPONSE:

- a. Values that support the proposed rates are found on tables FR-16(7)(v)-7 page 1 of 18 line 20 and FR-16(7)(v)-11 page 1 of 18 line 20. These values are utilized along with test period billing determinants to derive the Rider RTP rates. For details on the calculation, see the Excel file delivered electronically in response to NKU's first set of discovery request number 1 tab named RTP WORKSHEET in file NKU-DR-01-001 Attachment 2.XLSM.
- b. In part, these rates were separated years ago when deregulated retail electricity markets for generation were developing across the country. Given that Duke Energy Kentucky is an integrated electric utility with bundled rates, there is opportunity to simplify the RTP tariff by eliminating the separation of these values. The combination of the rates by itself should not impact RTP customers other than simplifying information in the tariff sheet and on their bill. Separate

from the combination of these rates, rate increases for RTP customer classes are documented in Schedule M.

PERSON RESPONSIBLE: Bruce Sailors

**Duke Energy Kentucky
Case No. 2017-00321
Staff Fourth Set Data Requests
Date Received: February 14, 2018**

STAFF-DR-04-014

REQUEST:

Refer to the Sailers Testimony, page 20, lines 16-21. Confirm that all customers taking service under Rider GSS are being charged all three rates which Duke Kentucky is now proposing to combine into one rate. If this cannot be confirmed, explain.

RESPONSE:

The proposed Rider GSS Monthly Transmission and Distribution Reservation Charge does not include a reservation charge for ancillary services.

PERSON RESPONSIBLE: Bruce L. Sailers

**Duke Energy Kentucky
Case No. 2017-00321
Staff Fourth Set Data Requests
Date Received: February 14, 2018**

STAFF-DR-04-015

REQUEST:

Refer to Duke Kentucky's response to Commission Staff's Second Request for Information, Item 64, Attachments 1 and 2. Provide these attachments in Excel spreadsheet with the formulas intact and unprotected or the location of same in the record of this proceeding.

RESPONSE:

Please see Staff-DR-04-015 Attachment 1, Attachment 2, and Attachment 3 provided on CD. Note that as a result of the change in the Tax Cuts and Jobs Act, the tax rate input to the LFCR has been changed. This leads to revised charges for all the poles and fixtures as shown in the attachments. Upon Commission approval, the tariff sheet will be revised with the new charges.

PERSON RESPONSIBLE: Bruce L. Sailors

STAFF-DR-04-015

Attachment 1

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AND A COPY ON CD

STAFF-DR-04-015

Attachment 2

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AND A COPY ON CD

STAFF-DR-04-015

Attachment 3

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ELECTRONICALLY

AND A COPY ON CD

REQUEST:

Refer to Duke Kentucky's response to Commission Staff's Third Request for Information ("Staff's Third Request"), Item 4, Revised Attachment BLS-2.

- a. Refer also to the Application, Volume 13, Schedule L-1, page 22 of 148.

Explain why it is reasonable to increase the customer charge for Rate DS three-phase customers from \$15.00 to \$34.28 as shown in Schedule L-1, given the \$25.05 COSS supported customer charge calculated for Rate DS in Revised Attachment BLS-2.

- b. Given the COSS supported customer charge of \$261.05 calculated for Rate TT in Revised Attachment BLS-2, state whether Duke Kentucky believes it appropriate to reduce the current customer charge of \$500.00 for Rate TT. If not, explain.

RESPONSE:

- a. As footnoted in Revised Attachment BLS-2, the Rate DS customer charge displayed of \$25.05 is an average value for single phase and three phase customers. The average charge for all Rate DS customers under current rates and using Test Period billing determinants would be \$10.96. The single phase Rate DS customer charge is currently \$7.50 and the three phase customer charge is \$15.00. As shown, the average is between the two values. Likewise, the COSS supported average value of \$25.05 is between the proposed single phase charge of \$17.14 and the proposed three phase charge of \$34.28. The charge is reasonable since the company maintains the current charge ratio

between single phase customers and three phase customers with the overall dollars collected supported by the COSS.

b. The current Rate TT customer charge of \$500 is greater than the COSS supported value. Therefore, the Company elected to keep the value at its current level for consistency. The Company defers to the Commission to determine whether the current charge of \$500.00 is inappropriate. The Company is amenable to revising the charges in Rate TT to maintain the collection of revenue requirements at the Commission determined appropriate customer charge level.

PERSON RESPONSIBLE: Bruce L. Sailors

STAFF-DR-04-017

REQUEST:

Refer to Duke Kentucky's response to Staff's Third Request, Item 10, Attachment, page 3 of 3, Fixed Bill Plan Description section.

a. This section states, "Customer's usage will be reviewed regularly and significant changes in Customer's consumption behavior may require the Fixed Bill amount to be recalculated before the 12-month period ends." Given this language, explain how Duke Kentucky's proposal can be considered a "fixed" bill plan.

b. Explain why the premium proposed to be used in the calculation of a fixed bill is not mentioned in this section.

RESPONSE:

a. The language in the Fixed Bill description is designed to address moral hazard associated with customer participation and will be disclosed to customers prior to enrollment. In the case that a customer's actual usage is more than 30% higher than their expected weather adjusted usage, Duke Energy Kentucky will send customers warning letters for excessive increases in their usage. If the excessive usage continues at such a high rate, Duke Energy Kentucky will have the right to remove them from the program or adjust their fixed bill amount to reflect the increased usage.

b. The premium was not mentioned in the Fixed Bill description because it has not yet been finalized for inclusion in the program. If the proposed program is

approved by the Commission, at the time, the premium to be charged to customers in the program will be determined, it will be added into the referenced section of the compliance tariff.

PERSON RESPONSIBLE: Sasha Weintraub

**Duke Energy Kentucky
Case No. 2017-00321
Staff Fourth Set Data Requests
Date Received: February 14, 2018**

STAFF-DR-04-018

REQUEST:

Provide a sample calculation for a fixed bill customer showing all line items that would be included in the calculation.

RESPONSE:

See Attachment STAFF-DR-04-018.xlsx.

PERSON RESPONSIBLE: Sasha Weintraub

STAFF-DR-04-018

Attachment

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ELECTRONICALLY

AND A COPY ON CD

**Duke Energy Kentucky
Case No. 2017-00321
Staff Fourth Set Data Requests
Date Received: February 14, 2018**

STAFF-DR-04-019

REQUEST:

Refer to Duke Kentucky's response Northern Kentucky University's Initial Request for Information, Item 1. Provide an updated Schedule M in Excel spreadsheet format with the formulas intact and unprotected which incorporates the changes made to Rates DT-Primary and DT-Secondary as set forth in this response.

RESPONSE:

See file STAFF-DR-04-019 ATTACHMENT.XLSM provided on CD.

PERSON RESPONSIBLE: Bruce L. Sailors

STAFF-DR-04-019
Attachment
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AND A COPY ON CD

Duke Energy Kentucky
Case No. 2017-00321
Staff Fourth Set Data Requests
Date Received: February 14, 2018

STAFF-DR-04-020

REQUEST:

Refer to Duke Kentucky's response to the Attorney General's Second Request for Information, Item 40. The second page of the response states, "The Company proposes this revised sheet No. 91 as a remedy to the issue raised above subject to an appropriate revenue adjustment." Provide the revenue adjustment that would be appropriate and the supporting calculation for the adjustment.

RESPONSE:

Please see Rebuttal Testimony of Bruce Sailors filed February 14, 2018 for a discussion of this issue. The Company believes its initial proposed reconnection charge is reasonable. That said, the Company is amenable to changing the remote electric reconnection charge from the proposed \$25.00 to \$3.45 providing that there is a corresponding adjustment to reflect the increase in other revenues in order for the Company to recovery its full revenue requirement. Test year reconnection charge revenues are \$198,096. A reduction in these revenues of 86.2 percent (*i.e.*, $1 - (\$3.45 / \$25.00)$) leaves a shortfall of $86.2 \text{ percent} * \$198,096 = \$170,759$. If the revised electric remote reconnection charge of \$3.45 is accepted by the Commission, the Company requests additional revenue recovery of \$165,124 from Rate RS and \$5,635 from Rate DS to be collected through the respective energy charges. Revised Rate RS, Rate DS,

and Electric Reconnection Charge tariff sheets will be provided upon Commission order in this proceeding.

PERSON RESPONSIBLE: Bruce L. Sailors