VERIFICATION

STATE OF OHIO)
)
COUNTY OF HAMILTON)

SS:

The undersigned, Bruce L. Sailers, 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. Sailers

Bruce L. Sailers, Affiant

Subscribed and sworn to before me by Bruce L. Sailers, on this 1ST day of NOVEMBER, 2017.

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
KENTUCKY INDUSTRIAL UTILITY CUSTOMER'S FIRST SET
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Duke Energy Kentucky
Case No. 2017-00321
Kentucky Industrial Utility Customer's First Set Data Requests
Date Received: October 27, 2017

KIUC-DR-01-001

REQUEST:

Please provide the cost of service evidence that supports your proposal to replace the single energy charge for Rate TT with four separate energy charges.

RESPONSE:

The cost of service study is not the source of support for the proposed design change. The design change originated from a customer bill review related to migration from Rate DT to Rate TT. Company noted that these large customer rates differed in their energy price design which could result in rate migration issues. Company then reviewed recent PJM real-time LMP data to determine if hourly energy costs support the Rate DT on-peak energy price premiums in the summer and winter seasons. Confirming that LMP data does support the on-peak premiums, the Company proposes to change the energy design for Rate TT to match the design for Rate DT. This design provides an additional price signal for on-peak energy consumption. Additional information is provided below.

Proposed Rate TT energy on-peak / off-peak ratio - Summer = (.054454/.044594) = 1.22

Proposed Rate TT energy on-peak / off-peak ratio – Winter = (.051983/.044594) = 1.17

2016 PJM real-time LMP DEK price node on-peak / off-peak ratio – Summer = 1.76

2016 PJM real-time LMP DEK price node on-peak / off-peak ratio – Winter = 1.26

PERSON RESPONSIBLE: Bruce L. Sailers

Duke Energy Kentucky
Case No. 2017-00321
Kentucky Industrial Utility Customer's First Set Data Requests
Date Received: October 27, 2017

KIUC-DR-01-002

REQUEST:

If a single energy charge for Rate TT is maintained, then what would the energy charge be assuming your entire rate increase is granted?

RESPONSE:

Using Test Period Schedule M-2.3 Page 9 of 20, total energy revenue from the proposed design = $3,404,750 + $6,886,432 = $10,291,182.

Using the same source, Test Period total energy (kWh) = 70,765,796 + 145,987,340 = 216,753,136.

A single energy rate to produce the same energy revenue would be approximately $10,291,182 / 216,753,136 = $0.047479 / kWh.

PERSON RESPONSIBLE: Bruce L. Sailers