

**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. )

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

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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 the Attorney General of Kentucky's (AG) Second Request for Information issued on October 26, 2017 and October 27, 2017, 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 November 29, 2017 the AG issued its Second Request for Information to Duke Energy Kentucky.
4. In response to the AG's Second 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 Responses to the AG's Second Requests 1, 13, 16, 34, 35, 36 and 37, which is referred to herein as the "Confidential Information" and, broadly speaking, includes detailed information pertaining to the internal policies and procedures, contracts with outside vendors and other information.

6. Request No. 1 of the AG's Second Request for Information states as follows:

Refer to the Direct Testimony of Mr. Platz at pages 18-19 in regards to rising vegetation management costs and to the response to Staff 2-18 showing large increases, more than doubling, in the test year for vegetation management expense.

- b. Provide a copy of the RFP issued for vegetation management and a copy of all "indicative bids" received.
- f. Provide copies of all contracts with vendors in place during each of the periods indicated in the response to Staff 2-18. This would include a copy of any newly executed contract(s) related to the recently issued RFP.

7. In its response to Request No. 1, Duke Energy Kentucky is providing sensitive information regarding bids received from outside vendors and contracts with third-party vendors. This information if disclosed would give an unfair competitive advantage to other outside vendors or competitors when this type of RFP is issued in the future. Additionally, releasing this information will discourage future participation in Company-issued RFPs if vendors believe their information will be made public.

8. Request No. 13 of the AG's Second Request for Information states as follows:

Refer to the response to AG 1-27(d).

- a. Provide the journal entries in October 2016 and December 2016 to adjust gross plant and accumulated depreciation. Provide an explanation for each journal entry that includes, but

is not limited to, the nature of the costs or adjustments charged against these accounts.

- b. Provide a copy of all documents addressing the decision to retire in place or dismantle, including the results of all economic, financial, and ratemaking analyses.
- c. Provide a copy of all documents in DEK or any other affiliate's possession that address Dynegey's plans and costs to dismantle and restore the MF site, including, but not limited to, both MF5 and MF6 facilities. If none, explain why there are none.

9. In its response to Request No. 13, Duke Energy Kentucky is providing sensitive information regarding internal policies and decisions of Duke Energy Kentucky. Public disclosure of the information being provided by the Company would unnecessarily provide interested parties and Duke Energy Kentucky's competitors with access to exclusive information regarding internal policies and decision making processes. Revelation of the internal analysis undertaken by the Company would reveal the assumptions, objections and business judgment processes utilized by Duke Energy Kentucky.

10. Request No. 16 of the AG's Second Request for Information states as follows:

Refer to the ordering paragraphs in the Commission's Order in Case No. 2015-00187 dated December 15, 2015.

- a. Provide a copy of all accounting entries and other filings made by the Company in compliance with these ordering paragraphs.

11. In its response to Request No. 16 Duke Energy Kentucky is providing sensitive and proprietary information regarding Asset Retirement Obligation calculations and the annual CCR Compliance Regulatory Asset Report. This information was previously provided to the Commission and afforded confidential protection.<sup>1</sup>

12. Request No. 34 of the AG's Second Request for Information states as follows:

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<sup>1</sup> *In the Matter of Application of Duke Energy Kentucky, Inc. for an Order Approving the Establishment of a Regulatory Asset for the Liabilities Associated with Ash Pond Asset Retirement Obligations*, Case No. 2015-00187, Order, at pg. 2 (May 8, 2017).

Regarding the Company's proposed Fixed Bill program, please provide any market research the Company has completed which indicates:

- a. Dissatisfaction with the Company's current Budget Billing program in general and its true-up feature in particular;
- b. Customer interest in a Budget Billing program without the true-up feature;
- c. "Willingness to Pay" a premium to participate in a Budget Billing program without the true-up feature.

13. In its response to Request No. 34, Duke Energy Kentucky, as a courtesy, is providing sensitive and proprietary information regarding research that was conducted for the Company's affiliate, Duke Energy Florida, LLC. If such information were to be disclosed, it would likely cause injury to the Company's affiliate and severely impact the Company's ability to provide the AG or the Commission with data or documents from affiliates in the future.

14. Request No. 35 of the AG's Second Request for Information states as follows:

Refer to the Company's response to AG-DR-01-072, in which the Company describes a reduction in the forecasted test period expense to reflect assumed savings of \$2,321,137 from the AMI deployment. As specified in the Stipulation in Case No. 2016-00152, this number is intended to reflect several types of economic savings found in Conf. Exh. DLS-4 obtained in discovery in that case, including:

- a. Increased Revenues
- b. Forecasts for certain types of savings in the test year;
- c. Projected ongoing operational savings.

Provide all workpapers, reconciliations, etc. (in electronic format if available, i.e. excel) which explain how the Company arrived at the \$2,321,137 adjustment from the several types of economic savings listed above and their amounts as found in Conf. Exh. DLS-4 in Case No. 2016-00152. Further, provide Conf. Exh. DLS-4 and any accompanying or related workpapers in excel format if those documents have not otherwise been provided in the record.

15. In its response to Request No. 35, Duke Energy Kentucky is providing information regarding Confidential Attachment DLS-4, from Case No. 2016-00152. The information provided in response to this request for information was also provided as confidential attachments in Case No. 2016-00152. The information is already subject to a previously granted motion for confidential information in Case No. 2016-00152 and such request should be respected herein.

16. Request No. 36 of the AG's Second Request for Information states as follows:

Refer to the Company's response to AG-DR-01-073, in which the Company states that \$62,551 in expenses related to the AMI deployment are included in the test year in FERC Account 588.

- a. Describe the types of spending included in this figure and include details and amounts for each type. In these description, categorize each type of spending as either "ongoing" (or "recurring") vs. a "deployment cost" (or "non-recurring").
- b. Relate each type of spending included in this figure to an amount and type of spending found in Conf. Exh. DLS-4 in Case No. 2016-00152. For example, it's possible these types of expenses are in the category labeled "O&M – Recurring Costs" in Conf. Exh. DLS-4.
- c. Explain the difference between the \$62,551 and types of spending with the corresponding amount and type of sending to which it relates in Conf. Exh. DLS-4.

Provide a schedule in electronic spreadsheet format showing the Company's average daily and end of month borrowings from the Duke Energy Money Pool for each month in 2016, 2017 to date and projected for each month thereafter through the end of the test year. In addition, provide the interest rates applicable to those borrowings on a daily basis and on average for each month. Provide a copy of all source documents relied on for the projected cost of short-term debt during the test year.

17. In its response to Request No. 36, Duke Energy Kentucky is providing sensitive information regarding the breakdown of O&M expenses related to the AMI deployment, which

was taken from Confidential Attachment DLS-4 from Case No. 2016-00152. The information is already subject to a previously granted motion for confidential information in Case No. 2016-00152 and such request should be respected herein.

18. Request No. 37 of the AG's Second Request for Information states as follows:

Refer to the Company's response to AG-DR-01-74b, in which the Company describes an increase in test year operating expenses of \$490,478 due to "ongoing cost of operations" related to the AMI deployment.

- a. Describe the types of spending included in this figure and include details and amounts for each type. In these descriptions, categorize each type of spending as either "ongoing" (or "recurring") vs. a "deployment cost" (or "non-recurring").
- b. Relate each types of spending included in this figure to an amount and type of spending found in Conf. Exh. DLS-4 in Case No. 2016-00152. For example, it's possible these types of expenses are in the category labeled "O&M – Non-Recurring Costs" in Conf. Exh. DLS-4.
- c. Explain the difference between the \$490, 478 and types of spending with the corresponding amount and type of spending to which it relates in Conf. Exh. DLS-4.

19. In its response to Request No. 37, Duke Energy Kentucky is providing information regarding the breakdown of O&M expenses related to the AMI deployment, which was taken from Confidential Attachment DLS-4 from Case No. 2016-00152. The information is already subject to a previously granted for confidential information in Case No. 2016-00152 and such request should be respected herein.

20. Contemporaneous with the filing of this Motion, Duke Energy Kentucky is tendering documentation responsive to AG's Request Nos. 1, 13, 16, 34, 35, 36, and 37. The Confidential Information provided is proprietary information that is retained by Duke Energy Kentucky or its affiliates, on a "need-to-know" basis. The Confidential Information is

distributed within Duke Energy Kentucky only to the Chief Executive Officer, Senior Management the Board and employees who must have access for business reasons, and it is generally recognized as confidential and proprietary in the energy industry and in business generally.

21. 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).

22. 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.

23. 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.

24. 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.

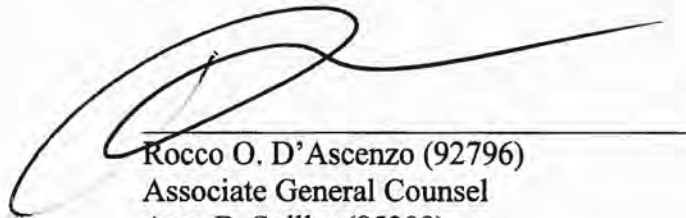
25. Duke Energy Kentucky respectfully requests that the Confidential Information be withheld from public disclosure for a period of twenty years. This will assure that the

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.

26. 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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*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 December 13, 2017; 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 second day delivery to the Commission on the 13<sup>th</sup> day of December, 2017.

  
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