

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.)

**DUKE ENERGY KENTUCKY, INC.'S FIRST SET OF
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
DOCUMENTS PROPOUNDED UPON THE KROGER COMPANY**

Comes now Duke Energy Kentucky, Inc. (Duke Energy Kentucky), and addresses the following First Set of Data Requests to The Kroger Company (Kroger) to be answered by the date specified in the Commission's Order of Procedure, and in accordance with the following instructions:

I. DEFINITIONS AND INSTRUCTIONS

1. With respect to each discovery request, all information is to be divulged that is within the knowledge, possession or control of the parties to whom it is addressed, including their agents, employees, attorneys and/or investigators.

2. Please identify the witness(es) who will be prepared to answer questions concerning each request.

3. These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the

scope of these requests between the time of the response and the time of any hearing conducted hereon.

4. All answers must be separately and fully stated in writing under oath.

5. Where an interrogatory calls for an answer in more than one part, each part should be separated in the answer so that the answer is clearly understandable.

6. For purpose of these discovery requests, the following terms shall have meanings set forth below:

(a) As used herein, “document,” “documentation” and/or “record,” whether stated as the singular or the plural, means any course of binders, book, pamphlet, periodical, letter, correspondence, memoranda, including but not limited to, any memorandum or report of a meeting or telephone or other conversation, invoice, account, credit memo, debit memo, financial statement, general ledger, ledger, journal, work papers, account work papers, report, diary, telegram, record, contract, agreement, study, draft, telex, handwritten or other note, sketch, picture, photograph, plan, chart, paper, graph, index, tape, data processing card, data processing disc, data cells or sheet, check acceptance draft, e-mail, studies, analyses, contracts, estimates, summaries, statistical statements, analytical records, reports and/or summaries of investigations, opinions or reports of consultants, opinions or reports of accountants, trade letters, comparisons, brochures, pamphlets, circulars, bulletins, notices, forecasts, electronic communication, printouts, all other data compilations from which information can be obtained (translated if necessary by defendants into

usable form), any preliminary versions, drafts or revisions of any of the foregoing, and/or any other written, recorded, transcribed, punched, taped, filmed or graphic matter, however produced or reproduced and regardless of origin or location, in the possession, custody and/or control of the defendant and/or their agents, accountants, employees, representatives and/or attorneys. "Document" and "record" also mean all copies of documents by whatever means made, if the copy bears any other markings or notations not found on the original.

- (b) The terms "relating to," "referring to," "referred to," "pertaining to," "pertained to" and "relates to" means referring to, reporting, embodying, establishing, evidencing, comprising, connected with, commenting on, responding to, showing, describing, analyzing, reflecting, presenting and/or constituting and/or in any way involving.
- (c) The terms "and," "or," and "and/or" within the meaning of this document shall include each other and shall be both inclusive and disjunctive and shall be construed to require production of all documents, as above-described, in the broadest possible fashion and manner.
- (d) The term "Kroger" shall mean the Kroger Co., and shall include, but is not limited to, each and every agent, employee, servant, insurer and/or attorney of Kroger. The term "you" shall be deemed to refer to Kroger.
- (e) The term "Commission" shall mean the Kentucky Public Service Commission.
- (f) The term "Duke Energy Kentucky" shall mean Duke Energy Kentucky,

Inc., its employees, agents, officers, directors and representatives.

- (g) To “identify” shall mean:
 - (1) With respect to a document, to state its date, its author, its type (for example, letter, memorandum, chart, photograph, sound reproduction, etc.), its subject matter, its present location, and the name of its present custodian. The document may be produced in lieu of supplying the foregoing information. For each document which contains information as privileged or otherwise excludable from discovery, there shall be included a statement as to the basis for such claim of privilege or other grounds for exclusion.
 - (2) With regard to a natural person, to state his or her full name, last known employer or business affiliation, title and last known home address.
 - (3) With regard to a person other than a natural person, state the title of that person, any trade name, or corporate name or partnership name used by that person, and the principal business address of that person.
- (h) To “produce” or to “identify and produce,” shall mean that Kroger shall produce each document or other requested tangible thing. For each tangible thing which Kroger contends is privileged or otherwise excludable from discovery, there shall be included a statement as to the basis for such claim of privilege or other grounds for exclusion.
- (i) The terms “Party or Parties” shall mean any organization, person,

corporation, entity, etc., which intervened in the above-captioned proceeding and shall further include the Kentucky Public Service Commission Staff.

II. REQUESTS FOR INFORMATION

1. Other than Mr. Bieber, please identify any persons, including experts whom Kroger has consulted, retained, or consulted with regard to evaluating the Company's Application in this proceeding.

2. For each person identified in (prior) response to Interrogatory No. 1 above, please state (1) the subject matter of the discussions/consultations/evaluations; (2) the written opinions of such persons regarding the Company's Application; (3) the facts to which each person relied upon; and (4) a summary of the person's qualifications to render such discussions/consultations/evaluations.

3. For each person identified in response to Interrogatory No. 1 above, please identify all proceedings in all jurisdictions in which the witness/persons has offered evidence, including but not limited to, pre-filed testimony, sworn statements, and live testimony. For each response, please provide the following:

- (a) the jurisdiction in which the testimony or statement was pre-filed, offered, given, or admitted into the record;
- (b) the administrative agency and/or court in which the testimony or statement was pre-filed, offered, admitted, or given;
- (c) the date(s) the testimony or statement was pre-filed, offered, admitted, or given;
- (d) the identifying number for the case or proceeding in which the testimony

or statement was pre-filed, offered, admitted, or given; and

(e) whether the person was cross-examined.

4. Identify and provide all documents or other evidence that Kroger may seek to introduce as exhibits or for purposes of witness examination in the above-captioned matter.

5. Please identify all proceedings in all jurisdictions in the last three years in which Mr. Bieber has offered evidence, including but not limited to, pre-filed testimony, sworn statements, and live testimony and analysis. For each response, please provide the following:

(a) the jurisdiction in which the testimony, statement or analysis was pre-filed, offered, given, or admitted into the record;

(b) the administrative agency and/or court in which the testimony, statement or analysis was pre-filed, offered, admitted, or given;

(c) the date(s) the testimony, statement or analysis was pre-filed, offered, admitted, or given;

(d) the identifying number for the case or proceeding in which the testimony, statement or analysis was pre-filed, offered, admitted, or given;

(e) whether the witness was cross-examined;

(f) the custodian of the transcripts and pre-filed testimony, statements or analysis for each proceeding; and

(g) copies of all such testimony, statements or analysis.

6. Please provide copies of any and all documents, analysis, summaries, white papers, work papers, spreadsheets (electronic versions with cells intact), including drafts thereof, as well as any underlying supporting materials created by Mr. Bieber as part of his evaluation of the Company's Application or used in the creation of Mr. Bieber's testimony.

7. Please provide copies of any and all documents not created by Mr. Bieber, including but not limited to, analysis, summaries, cases, reports, evaluations, *etc.*, that Mr. Bieber relied upon, referred to, or used in the development of his testimony.

8. Please provide any and all studies, analysis, and presentations that Mr. Bieber has created or publicly made within the last three years that involve utility regulation, rate-making, cost of service, use of riders, taxes, or the recently passed Jobs and Tax Act that is discussed in Mr. Bieber's testimony.

9. Please confirm that Mr. Bieber is not a Certified Public Accountant.

10. Referring to Mr. Bieber's testimony on Pages 3 – 9 that the Company's revenue requirement should be adjusted due to the "Tax Reform Act," does Mr. Bieber agree that all provisions of the Tax Reform Act impacting the company's test year revenue requirement should be factored into the Company's revenue requirement in this case?

(a) To the extent Mr. Bieber does not agree that all impacts of the Tax Reform Act that impact the Company's test year revenue requirement should be factored into the Company's revenue requirement, please list and explain which provisions of the Tax Reform should be ignored or disallowed by the Commission?

11. Please confirm that with respect to his recommendation on Page 3 that the Company prepare an amortization schedule to address the excessive accumulated deferred income tax (ADIT) balance, Mr. Bieber is not recommending a particular amortization period in this case.

12. Referring to Mr. Bieber's testimony on Page 6 recommending that excess ADITs be returned to customers "as quickly as possible," does Mr. Bieber agree that under the Tax

Reform Act, any such amortization of the excessive ADIT balance must be done by using the Average Rate Assumption Method based upon the vintage account data of the utility.

- (a) If Mr. Bieber disagrees, what is his understanding of the amortization required under the Tax Reform Act?
- (b) Has Mr. Bieber performed any calculations regarding the amount of the excess ADITs of Duke Energy Kentucky that must be amortized?
 - i. If the answer is in the affirmative, provide all such calculations in electronic format with cells intact, including supporting work papers and information relied upon to perform such calculations.
- (c) Has Mr. Bieber performed any calculations regarding the amortization period of the excess ADITs?
 - i. If the response is in the affirmative, provide all such calculations in electronic format with cells intact, including supporting work papers and information relied upon to perform such calculations.

13. Please provide all calculations and analysis performed, including work papers, in electronic format with formulas intact that support Mr. Bieber's position that the reduction in the corporate tax rate under the Tax Reform Act results in \$10.6 million reduction in the company's cost of service.

14. Provide all summaries, analysis, of the Tax Reform Act performed or relied upon by Mr. Bieber in formulating his opinions and recommendations in this case.

15. Are there other aspects of the Tax Act that could have an impact on Duke Energy Kentucky's rates?

16. What other aspects of the Tax Act did the witness review and take into account in

preparing and submitting his testimony?

17. What aspects of the Tax Reform Act did Mr. Bieber reject as inapplicable to formulating his opinions and preparing and submitting his testimony?

18. Regarding Mr. Bieber's proposal that 50 percent of the corporate tax rate revenue requirement reduction should be used to offset interclass subsidies, does Mr. Bieber agree that the Kentucky Public Service Commission has authority to allow the allocations of such impacts to be used to offset other rate increases to customers and customer classes?

(a) If the answer is in the affirmative, please provide any and all cases, opinions, or commission orders that Mr. Bieber relies upon in reaching such conclusion.

19. Refer to Mr. Bieber's statement on Page 12, regarding single issue rate making, is it Mr. Bieber's position that the Commission does not have regulatory authority to consider single issue ratemaking?

(a) If the answer is in the affirmative, please provide any and all statutes, case law, Kentucky Public Service Commission decisions, or staff opinions, relied upon by Mr. Bieber to support such a conclusion.

(b) If the answer is in the negative, does Mr. Bieber believe that the Commission should not engage in single issue rate making as a general policy?

20. Referring to Mr. Bieber's testimony on Page 13 where he provides "generally accepted criteria that can be used to determine the appropriateness of cost and rider mechanisms", provide any and all case law, orders, or commission opinions that support Mr. Bieber's position.

21. Is Mr. Bieber aware of any other situations where the Kentucky Public Service Commission has approved rider mechanisms that do not meet those three conditions?

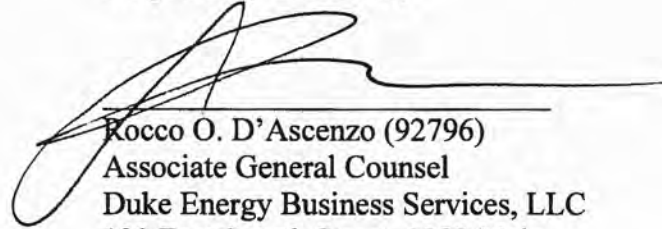
(a) If the response is in the affirmative, please provide such case citations or Commission orders.

22. Referring to Page 14 of his testimony, is Mr. Bieber opposed to the Company implementing the targeted underground program itself?

23. Assuming Mr. Bieber is not testifying against the targeted underground program itself, is it Mr. Bieber's position that because Duke Energy Kentucky did not include its targeted underground program in its base rate case test year, that it should not implement the program?

24. If the Company adjusted its test year revenue requirement to include the estimated costs of the targeted underground program, would this alleviate Mr. Bieber's concern?

Respectfully submitted,



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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 January 17, 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 second day delivery to the Commission on the 17th day of January, 2018.


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