

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE ENERGY)	
KENTUCKY, INC. FOR: 1) AN ADJUSTMENT)	
OF THE ELECTRIC RATES; 2) APPROVAL OF)	
AN ENVIRONMENTAL COMPLIANCE PLAN)	
AND SURCHARGE MECHANISM; 3) APPROVAL)	CASE NO.
OF NEW TARIFFS; 4) APPROVAL OF ACCOUNTING)	2017-00321
PRACTICES TO ESTABLISH REGULATORY ASSETS)	
AND LIABILITIES; AND 5) ALL OTHER REQUIRED)	
APPROVALS AND RELIEF)	

**ATTORNEY GENERAL’S REPLY IN SUPPORT OF HIS PETITION FOR
REHEARING**

Comes now the Attorney General of the Commonwealth of Kentucky (“Attorney General”), by and through his Office of Rate Intervention, and submits this Reply in Support (“Reply”) of his May 3, 2018 Petition for Rehearing (“Petition”) in this matter.

On May 3, 2018, the Attorney General filed with the Kentucky Public Service Commission (“Commission”) a Petition for Rehearing, requesting the Commission address certain errors and omissions in the Commission’s April 13, 2018 Order. On May 10, 2018, Duke Energy Kentucky Inc., (“Duke”) responded to the Attorney General’s Petition, with a document styled “Response to the Attorney General’s Petition for Rehearing of the Commission’s April 13, 2018 Order and Motion to Strike.”¹ Herein the Attorney General addresses the portions of Duke’s pleading that can be construed as a Response, and the

¹ Response to the Attorney General’s Petition for Rehearing of the Commission’s April 13, 2018 Order and Motion to Strike (“Duke Response”) (Ky. PSC May 10, 2018) at 1.

Attorney General explicitly reserves his right to respond to said motion within the seven (7) days provided by pursuant to 807 KAR 5:001 Section 5.

Attorney General's Brief and Commission's Order

The Attorney General is concerned the Commission's order contains errors and omissions that the Commission must address on rehearing.² For instance, in addition to the items presented in the Attorney General's Petition, the Commission's Order states that "[t]he Attorney General accepted 28 of Duke Kentucky's proposed adjustment to its test-year revenues and expenses; adjustments that are also acceptable to the Commission."³ The Attorney General never implicitly or explicitly "accepted" any of the 28 adjustments referenced in the Commission's order. If, perhaps, the Commission construed the Attorney General's silence on the adjustments, as acceptance, it did so improperly and unnecessarily. The order states that the Commission found all 28 of the adjustments to be acceptable. That is enough. The Attorney General bears no burden in this matter, and insofar as the Commission determined that the 28 proposed adjustments are supported by evidence and it believes them to be reasonable, there was no need to reference the Attorney General as he never took a position on any of them. This unnecessary reference to the Attorney General is

² Case No. 2012-00096, Application of Kentucky-American Water Company for a Certificate of Public Convenience and Necessity Authorizing Construction of the Northern Division Connection (Ky. PSC Jan. 23, 2014) at 4-5, citing Case No. 96-524, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Louisville Gas and Electric Company from November 1, 1994 to October 31, 1996 (Ky. PSC Mar. 11, 1999) at 2; Case No. 2009-00127, DPI Teleconnect, LLC v. Bellsouth Telecommunications, Inc. d/b/a AT&T Kentucky (Ky. PSC Mar. 2, 2012) at 3; See also See Petition at 2, where the Attorney General notes that the Commission's own order refers to the testimony of 2 witnesses as if the Attorney General filed it himself, while the Commission's order refers to the evidence provided by Mr. Glenn Watkins as being from Mr. Watkins.

³ Order (Ky. PSC Apr. 13, 2018) at 13.

one of the errors he alluded to and provided examples of in his Petition. These are the types of errors and omissions the Commission has and should grant rehearing on.⁴

Federal Income Tax

Duke's Response regarding the impact of the FIT for the first three (3) months of 2018 is notable in that the Company did not contradict the Attorney General's Petition that this is a "savings" that was not incorporated in the Commission's order. Indeed, instead of claiming that the Commission was correct in ignoring this subject in its order, the Company actually spent its time providing an alternative as to the proper calculation of the savings. Duke's Response on this subject underlines that there is *some* impact of the FIT for the first three months of 2018 and that the impact was not addressed in the Commission's order. Both parties, Duke and the Attorney General, used evidence already of record in determining their idea of a reasonable amount to return to customers. Therefore, rehearing is necessary to possibly further develop the record on this issue and necessary for the Commission to make a determination as to the level of savings customers deserve.

WHEREFORE, the Attorney General requests the Commission GRANT his Petition for Rehearing in its entirety.

⁴ Case No. 2012-00096, Application of Kentucky-American Water Company for a Certificate of Public Convenience and Necessity Authorizing Construction of the Northern Division Connection (Ky. PSC Jan. 23, 2014) at 4-5, citing Case No. 96-524, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Louisville Gas and Electric Company from November 1, 1994 to October 31, 1996 (Ky. PSC Mar. 11, 1999) at 2; Case No. 2009-00127, DPI Teleconnect, LLC v. Bellsouth Telecommunications, Inc. d/b/a AT&T Kentucky (Ky. PSC Mar. 2, 2012) at 3.

Respectfully submitted,

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