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 INITIAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these initial Data Requests to Duke Energy Kentucky, Inc. [hereinafter "DEK" or "Company"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

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

(3) Repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for DEK with an electronic version of these questions, upon request.

(4) 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.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words ''document'' or ''documents'' are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings

and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

Respectfully submitted,

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General

1. Provide a trial balance of all income statement and balance sheet accounts for each month January 2015 through the most recent month for which actual data is available. Provide a detailed description of the costs included in each account not specifically listed in the FERC Uniform System of Accounts ("USOA"), including all subaccounts whether listed in the USOA or not.

2. Provide an electronic copy, with all formulas intact, of all workpapers utilized by the witnesses in the filing of the instant case, which have not already been provided. This includes, but is not limited to, all schedules and supporting workpapers used in the depreciation study presented by Mr. Spanos including Table 1 and Schedules V-III-2, V-III-3, and V-III-4.

Revenues

3. Refer to the Direct Testimony of Mr. Passty at 12 wherein he describes the years used for the weather normalization of revenues.

    a. What is the source of the temperature data for 2011 through 2015 used to weather normalize revenues?

    b. What is the source of the temperature data used to quantify the revenue variation due to actual temperatures compared to normal temperature for the Company's financial reporting?

4. Provide the Company's retail load (energy) forecast and actual sales by customer class both with and without losses for each year 2010 through 2016 and each of the months in 2017 for which actual data is available and the forecast only for each month thereafter through the end of the test year.

5. Refer to the Direct Testimony of Ms. Jett at 10 regarding the use of the Company's landfills by others, including generating stations not owned by the Company of affiliates. Do the other entities using the landfills pay anything for the use of the landfills, and is this revenue reflected in the Application? If so, where?

6. Refer to the Direct Testimony of Ms. Jett at 10 regarding the creation of Poz-O-Tec. Does the Company sell the Poz-O-Tec, and is this revenue reflected in the Application? If so, where?

<u>O&M Expenses</u>

7. Provide a schedule showing per books actual O&M expenses by month and by FERC O&M/A&G expense account/subaccount from January 2015 through the most recent month for which actual expense is available and projected for each month thereafter through the end of the test year. Further, show the amounts separated into costs incurred directly by DEK, charges from DEO, charges from DEBS, charges from any other affiliate, less any charges from DEK to any other affiliate.

8. Refer to the response to the immediately preceding question.

    a. Provide a schedule for each month that further details the charges from DEBS by FERC expense account/subaccount into directly assigned and allocated. For those charges that are allocated, provide the total DEBS expense, the allocation factor utilized, and the amount charged to DEK.

    b. Provide a schedule for each month that further details the charges from DEO by FERC expense account/subaccount into directly assigned and allocated. For those charges that are allocated, provide the total DEO expense, the allocation factor utilized, and the amount charged to DEK.

9. Refer to the chart on page 7 of the Direct Testimony of Mr. Wathen. Provide the chart and related data backup in electronic format with all formulas intact.

<u>Outage Maintenance Expense and Replacement Power Costs</u>

10. Refer to the Direct Testimony of Mr. Doss at page 5 lines 9-19 regarding the average maintenance expense included in the test year.

    a. Provide a schedule showing the actual outage maintenance expense by FERC account for each of the four years separately for the East Bend and Woodsdale units along with the same information for each of the two projected years.

    b. Explain how the outage maintenance expense was estimated for the two projected years of expense. Provide a copy of all workpapers, including calculations or source documents, relied upon.

    c. Indicate whether the averaging calculations were adjusted to account for the ownership change percentages of the East Bend Station occurring in 2015. Explain your response.

d. Provide a description of the scope of any major maintenance outages that occurred during each of the historical four years and that are assumed and for each of the two projected years which are used in the averaging calculation.

11. Refer to the Direct Testimony of Mr. Doss at page 5 lines 9-19 regarding the replacement power costs forecasted in the test year.

    a. Provide a schedule showing the actual amounts of replacement power cost for each of the years 2013-2016 and for 2017 to date separately for the East Bend and Woodsdale units along with the same for the projected test year. In addition, please describe what considerations would need to be made when reviewing historical replacement power costs associated with the ownership change percentages of the East Bend Station occurring in 2015.

    b. Explain how the projected replacement power costs from the GenTrader production cost model were determined and describe any known assumption changes from the levels experienced during the last four actual years.

    c. Provide copies of all input and output sources from GenTrader used to source the test year forecasted costs.

12. Refer to the Direct Testimony of Mr. Pratt at page 21 lines 3-4 and WPD-2.30a.

    a. Explain why the projected East Bend maintenance expense was approximately half of the expense incurred in each of the years 2012 through 2016, which prompted the apparent need for a levelization proforma adjustment.

    b. Provide the amount of actual East Bend maintenance expense incurred through the last month with data available in 2017.

13. Explain the differences in the types of expenses considered in the East Bend maintenance expense in proforma adjustment D-2.30 and the planned outage O&M expense considered in proforma adjustment D-2.33.

14. Refer to the Direct Testimony of Mr. Pratt at page 21 lines 9-14 and proforma adjustment D-2.34. Provide copies of the source documents for the projected RTEP costs and provide a five year history of such costs from 2012-2016 and 2017 to date. If the projected RTEP costs are higher than the historical annual amounts, provide and quantify all reasons why this is the case.

15. Refer to WPD-2.34a.

a. Provide the RTEP expense for each month January 2015 through the most recent month for which actual information is available and thereafter the projected RTEP expense for the remainder of 2017 and 2018 through the end of the test year.

b. Provide all support for the projected RTEP charges through the end of the test year and the allocations of the DEO/DEK load zone to DEK.

Outside Services

16. Refer to WPF-5b. Provide all support for the outside services expense for "other non-specific," "Staff – General and Administrative Spt," and "STAFF – Staffing" projected for the test year.

Incentive Compensation

17. Identify and provide a copy of each incentive compensation plan that will be in effect at Duke Energy Business Services, LLC ("DEBS"), Duke Energy Ohio ("DEO"), and/or the Company during the test year in addition to those attached as exhibits to the Direct Testimony of Mr. Silinski. If no other incentive compensation plans exist for Duke Energy Kentucky or any of its affiliates for which charges could be assigned or allocated to Duke Energy Kentucky other than the ones provided, so state.

18. Provide the amount of incentive compensation expense pursuant to the Duke Energy Short Term Incentive ("STI") Plan included in the test year revenue requirement for each target metric used for this plan during the test year. Separately provide the expense projected to be incurred directly by the Company and the costs incurred through charges from DEBS, DEO, and/or any other affiliates. In addition, provide these amounts by FERC O&M and/or A&G expense account/subaccount.

19. Provide the amount of incentive compensation expense pursuant to the Duke Energy Long Term Incentive ("LTI") Plan included in the test year revenue requirement for each target metric used for this plan during the test year. Separately provide the costs projected to be incurred directly by the Company and the costs incurred through charges from DEBS, DEO, and/or any other affiliates. In addition, provide these amounts by FERC O&M and/or A&G expense account.

20. Provide the Duke Energy LTI Plan target metrics for DEBS, DEO, and the Company applicable to the test year. Describe how each metric is calculated and the source of the data used for the calculations. Provide the Company's and DEBS's projected actual performance against each of these metrics in the test year.

Regulatory Assets and Related Amortization

21. Provide a schedule of the amortization expense and remaining balance associated with each regulatory asset for each month for the years 2013 through 2016, for each actual month during 2017, and for each month projected for the remainder of 2017 and continuing through the end of the test year. In addition, provide the amortization period and the Case No. in which the Commission approved the recovery and the amortization period, if any. If there was no regulatory asset amortization in the years prior to the test year and the amortization expense in the test year relates only to the proforma adjustments summarized by Mr. Wathen on pages 33-35 of his Direct Testimony, so state.

22. Refer to Table 1 of Mr. Wathen's Direct Testimony at page 33. For each of the projected regulatory asset balances listed, please provide a schedule showing each of the individual expenses (by FERC O&M or A&G expense account) or costs deferred that sum to the balances provided.

23. Refer to the Direct Testimony of Ms. Lawler at 12 wherein she states:

> The third regulatory asset is associated with the Company's acquisition of the 31 percent interest in the East Bend Generating Station (East Bend) as approved in Case No. 2014-0020 I. In that case, the Commission authorized the Company to defer the incremental operations and maintenance expenses above amounts that were currently reflected in base rates associated with the acquisition of the 31 percent interest in East Bend, the incremental retirement costs associated with the retirement of Miami Fort Unit 6 Generating Station (MF6), carrying costs on the unrecovered balance based upon the Company's actual cost of debt, and any other incremental costs related to the assumed liabilities or otherwise necessary to effectuate the purchase of East Bend.

a. Provide a copy of all calculations supporting each of the components of the deferrals included in this regulatory asset, including, but not limited to, the calculation of the carrying costs based on the Company's cost of debt.

b. Indicate if the regulatory asset reflects any offsets for the reductions in operating expenses (non-fuel O&M expense, depreciation, ad valorem taxes, etc.) due to the retirement of MF6. If not, explain why not.

24. Refer to WPD-2.21b. Confirm that the depreciation expense shown in column (a) is the amount that was added to per books accumulated depreciation and that is reflected in the rate base in the revenue requirement and not the depreciation expense shown in column (c).

Depreciation and Decommissioning

25. Refer to the Direct Testimony of Mr. Kopp at page 8 wherein he addresses indirect costs included in the decommissioning cost estimates that he developed and states the following:

> This category includes costs expected to be incurred by the Company during the decommissioning process, which would be in addition to the direct costs paid to a demolition contractor.

a. Confirm that another term for such "indirect" costs is "owners" costs. If the terms are not interchangeable, then please distinguish between indirect and owners costs.

b. Indicate whether Mr. Kopp was directed to include indirect costs in the decommissioning cost estimates. If so, please provide a copy of all correspondence, notes, or other documentation of such direction.

c. Confirm that Mr. Kopp is not an expert on regulatory accounting. If denied, then provide all qualifications as an expert in this area.

d. Confirm that Mr. Kopp is not an expert on depreciation expense for ratemaking. If denied, then provide all qualifications as an expert in this area.

e. Confirm that Mr. Kopp is not an expert on recovery of costs through the ratemaking process. If denied, then provide all qualifications as an expert in this area.

26. Refer to JK-1 Attachment at page 12, paragraph 3.2.1, regarding Miami Fort 6.

a. Describe the "retire in place" status of Miami Fort 5, owned by Dynegy and retired in place on December 31, 2007.

b. Describe all "retire in place" activities and costs incurred by Dynegy for Miami Fort 5. For example, did Dynegy remove precipitators or any other facilities similar to the activities that Mr. Kopp assumes that DEK will perform to retire MF6 in place? If Mr. Kopp does not have this information, then indicate whether he attempted to obtain this information during his site visit or in some other manner or form so that he could compare it to his independent estimate. If Mr. Kopp does not have and did not attempt to obtain this information through inspection and/or in some other manner of form, then please explain why he did not do so.

27. Refer to the Direct Testimony of Mr. Miller at page 14.

    a. Provide all accounting entries to record the retirement of Miami Fort Unit 6 since June 1, 2015.

    b. Describe in detail all actions taken to retire in place/remediate Miami Fort Unit 6 to date.

    c. Provide the actual accounting entries to record the costs incurred to retire in place/remediate Miami Fort Unit 6 through the most recent month for which actual information is available and projected by month and by FERC account through the end of the test year.

    d. Provide the actual gross plant and accumulated depreciation for MF6 by month from January 2015 through the most recent month for which actual information is available and projected by month through the end of the test year.

28. Provide the Asset Retirement Obligations recorded for Miami Fort Unit 6 by FERC account/subaccount (assets and liabilities) just prior to retirement on May 31, 2015 and as of May 31, 2017 for each specific legal obligation.

29. Provide the Asset Retirement Obligations recorded for the East Bend Station by FERC account/subaccount (assets and liabilities) as of May 31, 2017 for each specific legal obligation.

30. Provide the Asset Retirement Obligations recorded for the Woodsdale CTs by FERC account/subaccount (assets and liabilities) as of May 31, 2017 for each specific legal obligation.

31. Provide the current estimated retirement dates for Miami Fort Units 7 and 8 owned by Dynegy and DP&L if known. Identify the source and provide a copy of that information.

32. Refer to the Burns McDonnell Decommissioning Cost Estimate Study which details Asbestos abatement and other remediation costs for Miami Fort Unit 6, East Bend Station, and the Woodsdale CTs. Indicate which, if any, of the costs included in the decommissioning study for each unit relates to the Asset Retirement Obligations recorded by the Company.

33. Refer to the Direct Testimony of Mr. Miller at page 16 line 21 through page 17 line 14. Describe the possible alternatives to ownership and decommissioning of Miami Fort 6 that the Company is in the process of exploring.

34. Provide a copy of the depreciation study(ies) underlying the current depreciation rates and cite all cases in which those rates were authorized. If not indicated in the depreciation study(ies), provide the terminal net salvage component of the depreciation rates and the underlying workpapers support, including any conceptual or other studies used to develop the terminal net salvage estimate and/or percentage. If not indicated in the depreciation study(ies), provide the probable retirement date and service life used for each unit in the study(ies).

35. Provide all depreciation rate calculations using the Average Life Group (ALG) methodology instead of the Equal Life Group ("ELG") methodology. Provide this information in hard copy and in electronic format (Excel) with all formulas intact.

36. Provide a schedule that shows current versus proposed depreciation rates in the same format as the Gannett Fleming Depreciation Study Table 1.

37. Refer to Schedule V-III-4 of the Gannett Fleming Depreciation Study which shows the escalation of the 2016 based Burns McDonnell Decommissioning estimates to future values. Provide the rate of escalation assumed in these calculations and explain why that rate is appropriate.

38. For each generating unit, please provide the date of installation, the probable retirement date reflected in the current depreciation rates and the probable retirement date reflected in the Gannett Fleming depreciation study. In addition, provide a copy of all studies and all other source documents relied on for the proposed probable retirement dates reflected in the Gannett Fleming depreciation study.

39. Provide a schedule and electronic spreadsheet in live format with all formulas intact showing the additional depreciation expense in the test year due to the proposed change in depreciation rates. In addition, on this same schedule, provide the related increase in accumulated depreciation and reduction in ADIT.

40. With regard to Meters investment, provide the following amounts included in the Company's forecasted test year, and where each of these amounts can be found in the record:

    a. total Smart Meter gross investment;
    b. total Smart Meter depreciation reserve;
    c. total Smart Meter depreciation expense;
    d. number of residential Smart Meters;
    e. residential Smart Meter gross investment;
    f. residential Smart Meter depreciation reserve; and,
    g. residential Smart Meter depreciation expense.

Property Tax Expense

41. Refer to the Direct Testimony of Ms. Bellucci at page 3, lines 15-19. Provide the calculations of estimated test year property tax expense supplied to Mr. Pratt, including copies of the sources of the property tax rates, in electronic format with all formulas intact.

42. Refer to the Direct Testimony of Ms. Bellucci at page 5, lines 18-21. Provide the most current and the after increase property tax rates related to the anticipated tax rate increases and explain how each were determined.

43. Refer to the Direct Testimony of Ms. Bellucci at page 5, lines 18-21. Quantify the projected increase amounts for property tax expense associated with the "anticipated property tax rate increases" as opposed to all other causes of projected property tax expense increases.

Pension and OPEB Expenses

44. Provide the two most recent pension and OPEB actuarial reports for Duke Energy, DEO, and the Company.

45. Provide the pension and OPEB actuarial reports for Duke Energy, DEO, and the Company and/or other support for the test year pension expense and OPEB expense included in the test year.

Off-System Sales Margins and PSM

46. Refer to the Direct Testimony of Ms. Lawler at 10 wherein she discusses the Company's adjustment to "completely exclude all revenue and costs that will flow through the Rider PSM from the calculation of the base rate revenue requirement." Explain why the Company does not propose including these amounts in the base revenue requirement and then using these amounts as a "baseline" in the Rider PSM.

47. Refer to WPC-2a and WPC-2b.

    a. Provide the calculations and all support for the sales for resale revenues in the base period and in the test year.

    b. Explain why the sales for resale revenues decline in the test year compared to the base year.

48. Describe in detail how the Company allocates fuel expense between off-system sales and native load. Provide a copy of all documentation of this allocation methodology.

<u>Merger Costs to Achieve</u>

49. Refer to the Direct Testimony of Ms. Lawler at 12 wherein she discusses the Company's adjustment to remove costs to achieve ("CTA") related to the Duke Energy acquisition of Piedmont Natural Gas.

    a. Provide the CTA related to the Duke Energy acquisition of Progress Energy by FERC O&M and A&G account for each month January 2015 through the most recent month for which actual information is available and projected for each month thereafter through the end of the test year.

    b. Provide the CTA related to the Duke Energy acquisition of Piedmont Natural Gas by FERC O&M and A&G account for each month January 2015 through the most recent month for which actual information is available and projected for each month thereafter through the end of the test year.

<u>Income Tax Expense</u>

50. Describe in detail how the Company records the effects of bonus depreciation on current income tax expense and deferred income tax expense. For example, if an asset with a tax basis of $100 enters service on April 1, 2018 and bonus depreciation is 40%, then does the current income tax expense for April 2018 reflect a deduction of $40 and does deferred income tax expense reflect a temporary difference of $40, all else equal, or is there some allocation to the months during the calendar year?

51. Provide the Section 199 deduction for DEK on a standalone basis for each year 2010 through 2016 and projected for 2017. Confirm in your response that the standalone deductions provided in your response are not reduced or eliminated due to the inability of Duke Energy or DEO to take the Section 199 deduction on the consolidated income tax return.

52. Indicate whether DEK is a C corporation for federal income tax purposes. If not, then describe DEK's entity status for federal income tax purposes.

53. Indicate whether DEO is a C corporation for federal income tax purposes. If not, then describe DEO's entity status for federal income tax purposes.

54. Provide a copy of DEK's 2015 and 2016 federal income tax returns.

55. Provide a copy of DEO's 2015 and 2016 federal income tax returns.

56. Provide a copy of Duke Energy's 2015 and 2016 federal income tax returns.

57. Provide a copy of Duke Energy, DEO, and DEK's income tax allocation agreement(s).

58. Refer to the Direct Testimony of Ms. Bellucci at 5, where in she dicusses the use of the statutory Kentucky income tax rate instead of the Effective Kentucky income tax rate. Provide the affect, in dollars, that using the effect Kentucky income tax rate rather than the statutory rate would have.

<u>Fuel Inventory</u>

59. Refer to WPB-5.1i. Provide a schedule in the same format with the actual inventory amounts for each month January 2015 through November 2016 and June 2017 through the most recent month for which actual information is available.

<u>Accumulated Deferred Income Taxes</u>

60. Refer to WPB-6a and WPB-6b.

    a. Provide another schedule in the same format for the months January 2016 through April 2017.

    b. Provide another schedule in the same format for the months December 2017 through February 2018.

    c. Provide the ADIT in account 190 temporary difference for each month January 2016 through March 2019.

<u>Cost of Capital</u>

61. Provide all work papers and supporting documentation used and relied upon by Dr. Morin in the preparation of his Direct Testimony and exhibits, which have not already been provided. Provide all spreadsheets in Excel format with cell formulas intact.

62. Provide Excel spreadsheet versions of Dr. Morin's exhibits with cell formulas intact.

63. Provide all bond rating agency reports (Standard and Poor's, Moody's, Fitch) on Duke Energy from 2014 through the most recent month in 2017.

64. Provide copies of all articles and publications cited by Dr. Morin in his Direct Testimony.

65. On page 5, line 1 of his Direct Testimony Dr. Morin testified that his recommended ROE range is required for Duke Energy Kentucky to "maintain its financial integrity". Please provide all analyses and quantifications that support this statement. Please provide any spreadsheets analyses with cell formulas intact.

66. Provide any analyses performed by Dr. Morin or other persons at Duke Energy that quantify the credit metrics used by Standard and Poor's and/or Moody's showing that Dr. Morin's recommended ROE is necessary to maintain Duke Energy Kentucky's financial integrity. If no such analyses were performed, please so state.

67. Provide a copy of the Company's guidelines and/or all written criteria that describe when, what (type), how, and how much short-term debt will be issued and outstanding at any time. If the Company has no written guidelines and/or written criteria, so state.

68. 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.

<u>Environmental Surcharge Mechanism</u>

69. Refer to the Direct testimony of Ms. Jett at page 15 lines 4-16 wherein she states:

> The Commission has already granted CPCN authorization for the Company to begin construction of these projects in Case No. 2016-00398.

a. Confirm that the Commission has not authorized the ARO amortization for Pond Closure, which the Company seeks to recover through the proposed Environmental Surcharge.

b. Provide the ARO amortization expense projected for the test year. Indicate whether this expense is included in the test year base revenue requirement. Identify where in the filing this amount is shown or otherwise included.

c. Provide a schedule showing the ARO asset, ARO liability, and accumulated amortization for Pond Closure at month end for each month from January 2017 through the end of the test year. Also provide all calculations and source documents relied on to quantify these amounts.

d. Provide a schedule showing the projected cash expenditures for the Pond Closure for each month from January 2017 through the end of the test year.

e. Confirm that ARO amortization expense is not deductible for income tax purposes and that the expense must be grossed up for income taxes in the calculation of the revenue requirement. Explain your response.

70. Describe how the Company's proposed environmental surcharge addresses the sale of emission allowances.

71. Provide the revenues and margins from the sale of emission allowances by FERC account/subaccount each month January 2015 through the most recent month for which actual information is available and projected for each month thereafter through the end of the test year.

<u>AMI</u>

72. Refer to the Direct Testimony of Mr. Henning at page 35, lines 15-20. Provide a schedule showing all cost savings related to the AMI initiative that are reflected in the forecasted test period by FERC account.

73. Refer to the Direct Testimony of Mr. Henning at page 35, limes 15-20. Provide a schedule showing all costs related to the AMI initiative that are reflected in the forecasted test period by FERC account.

74. Reference the Stipulation approved by the Commission in Case No. 2016-00152, page 4, paragraph 4.a, which states "The Parties agree that in its next base electric rate case, estimated to be filed before December 31, 2019, Duke Energy Kentucky shall make appropriate adjustments to its rate case test period to reflect: 1) the projected deployment costs [or actual costs if deployment is completed]; 2) ongoing costs of operations; 3) an adjustment to reflect the non-fuel-related portion of the Benefit Type: Increased Revenues reflected in Confidential Exhibit DLS-4 . . ."

a. Provide a copy of Confidential Exhibit DLS-4 from Case No. 2016-00152.

b. Projected capital costs (item 1, above) are located in Volume 1, Attachments FR 16(7)(b) and 16(7)(f), line 13. Pease indicate where item 2 and 3 are quantified in rate case test period adjustments or other locations in the Company's rate case Application, along with amounts for each item.

c. Provide all workpapers, worksheets, calculations, estimates, assumptions, and other materials used to develop the rate case test year adjustments associated with the above-referenced items 2 and 3 from approved Stipulation paragraph

4.a. The amounts provided in response to 1.b should appear in/tie to amounts indicated in these materials.

75. Reference the Stipulation approved by the Commission in Case No. 2016-00152, page 4, paragraph 4.a, which states "The Parties agree that in its next base electric rate case, estimated to be filed before December 31, 2019, Duke Energy Kentucky shall make appropriate adjustments to its rate case test period to reflect: . . . 4) an adjustment to reflect the Operational Savings to date if a historic test year, and, if a forecasted test year, the forecasted Operational Savings that would be obtained during that test year; and 5) a pro-forma adjustment to account for the projected ongoing Operational Savings as reflected in Confidential Exhibit DLS-4, adjusted to factor in any Operational Savings degradation that may accrue due to the establishment of an electric AMI opt-out tariff as described below."

a. Confirm that these amounts are represented in Company witness Lawless schedule D-1, Column D-2.26, adjustment "Customer Accounts Expense" of $2,321,137 on line 17 (also reported on Lawler exhibit WPC-2e). If any of the "Operational Savings" associated with items 4 and 5 from approved Stipulation paragraph 4.a are presented elsewhere in the Company's application, please indicate the locations and amounts.

b. Provide all workpapers, worksheets, calculations, estimates, assumptions, and other materials used to develop the rate case test year adjustments associated with items 4 and 5 from approved Stipulation paragraph 4.a. The amounts provided in response to 2.a should appear in/tie to amounts indicated in these materials.

76. Reference the Stipulation approved by the Commission in Case No. 2016-00152, page 3, paragraph 2, which states, "The Parties agree that Duke Energy Kentucky shall establish a regulatory asset for the actual costs of the balance of the undepreciated value of the existing metering infrastructure upon retirement, including related inventory, as a result of the Metering Upgrade. The Parties agree that in its next base rate case, Duke Energy Kentucky shall propose an amortization period of fifteen years, for this regulatory asset, without carrying charges, for inclusion in the revenue requirement in the Company's electric base rates."

a. Indicate where the regulatory asset and associated cost recovery (without carrying charges) specified in the approved Stipulation are quantified in rate case test period adjustments or other locations in the Company's rate case Application, along with the amounts for regulatory assets and cost recovery (without carrying charges).

b. Provide all workpapers, worksheets, calculations, estimates, assumptions, and other materials used to calculate the amounts provided in the response to 3.a. The amounts provided in response to 3.a should appear in/tie to amounts indicated in these materials.

77. Reference the Stipulation approved by the Commission in Case No. 2016-00152, pages 3-4, paragraphs 3.a, 3.b, and 3.c, which states that any AMI cost-overruns must be specifically identified on an itemized basis in further rate cases, that there will be no degradation of promised AMI capabilities or benefits due to cost overruns, and that the Company will seek additional cost-saving opportunities from AMI deployment.

a. Relative to the costs provided in confidential exhibit DLS-4 provided by the Company in Case No. 2016-00152, please identify the source of, and quantify the amount of, any cost-overruns included in the rate case test period.

b. Identify the source of, and estimate the ultimate amount and impact of, any cost-overruns the Company has become aware of, or believes to be likely, relative to confidential exhibit DLS-4 now that the AMI deployment is underway.

c. If any cost-overruns are identified or likely, please explain any and all accommodations the Company will make to ensure no degradation in capabilities or benefits.

d. Describe any efforts the Company may have conducted to seek additional cost-saving opportunities from AMI since the CPCN was conditionally approved. Please describe and quantify the benefits of any additional savings opportunities which may have been identified through these efforts.

78. Reference the Stipulation approved by the Commission in Case No. 2016-00152, page 9, paragraph 6, related to the Peak Time Rebate pilot the Company must conduct. Provide an update of the development of the Peak Time Rebate pilot.

79. Reference the Stipulation approved by the Commission in Case No. 2016-00152, page 12, paragraph 7, related to customer access to interval usage data. Provide an update of the development of the interval usage data download capability.

80. Reference the Stipulation approved by the Commission in Case No. 2016-00152, paragraph 8, page 12, related to semi-annual deployment update reports. Provide a target date for the delivery of the first semi-annual deployment update report.

81. Reference the Stipulation approved by the Commission in Case No. 2016-00152, paragraph 8, page 13, related to the usage alert program. Provide an update on the development of the usage alert program.

82. Reference the Stipulation approved by the Commission in Case No. 2016-00152, paragraph 9, page 13, related to revisions in reconnection fees for customers with smart meters (to reflect the reduced cost of reconnections for customers with smart meters) the Company promised in its next rate case. The proposed clean tariff provided by the Company in this case shows no revision to reconnection fees for customers with smart meters. Explain why no revision of reconnection fees was included in the proposed clean tariff provided by the Company in this case, and propose a remedy to this apparent oversight.

83. Refer to FR 16(1)(b)(5) Exhibit A, page 23 of 33. Provide all workpapers and calculations used to determine the proposed costs in sections (A) through (F). Further, provide explanations of the costs and how they were determined, including any assumptions.

Cost of Service

84. For each of the last three calendar years, provide monthly peak demands for total retail Duke Energy Kentucky. In this response, please also provide the date and time of each monthly coincident peak demand. Provide in executable electronic format (Excel).

85. For each of the last three calendar years, provide monthly coincident peak demands for each retail Duke Energy Kentucky customer class (as utilized in the class cost of service study). In this response, please also provide the date and time of each monthly coincident peak demand. Provide in executable electronic format (Excel).

86. For each generating unit included in the Company's Kentucky jurisdictional rate base, provide the following:

   a. gross investment as of 12/31/16;
   b. depreciation reserve as of 12/31/16;
   c. annualized depreciation expense for 2016;
   d. gross investment as of the end of the forecasted test year;
   e. depreciation reserve as of the end of the forecasted test year; and,
   f. depreciation expense during the forecasted test year.

   In this response, please indicate for each unit if the amount reported is total unit output or only Duke Energy Kentucky's share. Provide in executable electronic format.

87. For each generating unit included in the Company's Kentucky jurisdictional rate base, provide the installed net capacity as of:

 a. 12/31/16; and
 b. Forecasted test year.

88. For each residential facility served, provide each customer's (physical location) billed KWH for each billing month during the most recent 12-month period available along with the number of days included in each bill. In this response, exact account numbers are not required, however, please provide a unique numerical identification for each account. In this response, please provide by physical location as individual customers and accounts may change over the course of the year. Provide this information in executable electronic format (Excel).

Additional

89. Reference the Stipulation approved by the Commission in Case No. 2016-00152, paragraph 10, page 14, which states, "Duke Energy Kentucky commits that for any future 'major AMR or AMI meter investments, distribution grid investments for DA' [Distribution Automation] or 'SCADA or volt/var resources' that require a CPCN, the Company will include a detailed cost-benefit analysis similar to what was submitted in this case." The Company is proposing a significant investment ($67 million over several years) for Rider DCI, "targeted undergrounding", in this case.

 a. Provide a cost-benefit analysis for targeted undergrounding in accordance with the Company's commitment in Case No. 2016-00152, paragraph 10.

 b. Identify the circuit/tap sections targeted for undergrounding for the first 3 years ($15 million) of the program.

 c. Locate the circuit/tap sections targeted for undergrounding on a map.

 d. For each circuit/tap section targeted, provide the length of undergrounding.

 e. For each circuit/tap section targeted, provide the count of customers served by the section to be undergrounded.

 f. For each circuit/tap section targeted, provide SAIDI and SAIFI data, both with and without Major Event Days.

 g. For each circuit/tap section targeted, provide SAIDI and SAIFI data, both with and without Major Event Days.

h. Estimate the impact on Company-wide SAIDI and SAIFI, both with and without Major Event Days, from undergrounding these circuit/tap sections.

Include in your responses all workpapers, worksheets, calculations, estimates, assumptions, and other materials used to calculate the amounts.

90. Provide a copy of the Company's 2015 and 2016 FERC Form 1.

91. Refer to the Direct Testimony of Mr. Henning, wherein he discussed the Company's "Site Readiness" program. Provide the funds, both source of and amount, offered by Duke, for each year since 2012.

92. Refer to the Direct Testimony of Ms. Jett, wherein she describes the current status of the CCR and ELG final rules. Does DEK, DEO and Duke Energy believe the status of the CCR and ELG rules are final and not subject to change or alteration by the current administration? If not, why not. Explain your answer fully.

93. Refer to the Direct Testimony of Mr. Kopp, page 5, wherein he discusses contingency costs. Does the Company believe that the recovery of these costs meets the definition of "known and measurable" in order to be afforded recovery? If so, why? Explain your answer fully.

94. How much do customers of all classes spend each year on DSM, including lost revenues and shareholder incentives? Provide this amount by class, each year since 2006 and to-date in 2017.

95. Refer to the Direct Testimony of Mr. Platz, page 19, wherein he states "customers are demanding highly reliable service that minimizes the number of voltage fluctuations." Provide the number of customer comments or complaints the Company has received in the last ten years regarding "voltage fluctuations," by class and by year.