COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| 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 OF NEW TARIFFS; 4) APPROVAL OF ACCOUNTING PRACTICES TO ESTABLISH REGULATORY ASSETS AND LIABILITIES; AND 5) ALL OTHER REQUIRED APPROVALS AND RELIEF | ) | CASE NO. 2017-00321 |

**ATTORNEY GENERAL'S SUPPLEMENTAL 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 Supplemental 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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ATTORNEY GENERAL

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1. 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.

   a. Provide all supporting calculations and documentation for the amount of vegetation management expense projected in the test year. This would include the rates and quantities being projected.

   b. Provide a copy of the RFP issued for vegetation management and a copy of all "indicative bids" received.

   c. Provide the rates paid and quantities trimmed in 2015, 2016, and in the base year corresponding to the amounts incurred in the table for those periods in the response to Staff 2-18.

   d. Provide the quantities required in a "full system inspection and trim cycle" described by Mr. Platz.

   e. Describe all efforts and the progress of such related to the possible combination with sister utilities "with the hope of leveraging economies of scale to offer greater contracting opportunities for vendors."

   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.

2. Refer to the Attachment to the response to AG 1-23.

   a. Provide the attachment in electronic format with all formulas intact, including all supporting spreadsheets, calculations, and supporting documentation.

   b. In the same format as provided, provide the actual 2017 deferral balance amounts per month starting January 2017 through the last month with actual data available for the East Bend O&M deferral. Provide in electronic format with all formulas intact, including all supporting spreadsheets, calculations, and supporting documentation.

   c. Provide all computational support by operating expense for the "MF6 Base," i.e., non-fuel operating expense, maintenance expense, depreciation expense, etc. Provide the source of the data used for this purpose.

d. To the extent the MF6 Base does not include depreciation expense, property tax expense, or other taxes, then provide these amounts using the same time period and sources used for the MF6 Base amounts that were used for other expenses in the calculation of the deferrals.

e. Confirm that the Company discontinued depreciation expense when MF6 was retired. If it was continued in some form, then please describe, including the effects on accumulated depreciation and ADIT, if any.

f. Provide the calculation of the carrying costs in electronic spreadsheet live format with all formulas intact.

g. Confirm that the Company did not reduce the monthly cumulative deferrals by ADIT before applying the long-term debt interest rate. If this is correct, explain why it did not do so and provide the monthly ADIT recorded on the Company's accounting books related to this temporary difference.

3. Provide the actual per books balance of the Carbon Management Research regulatory asset through the last month with actual data available and provide a forecast of each of the payment amounts and dates to the Carbon Management Research Group expected through March 31, 2018.

4. Refer to the response to AG 1-1, which provides the trial balance by month through September 2017.

a. Describe the Deferred DSM Costs in account 182401. Confirm that the DSM costs, including interest on over/under recoveries are recovered through the Company's DSM rider, not through the base revenue requirement.

b. Provide the Deferred DSM Costs for each month of the base year and the test year. Indicate whether this deferred cost was removed in some manner from the electric capitalization used to calculate the revenue requirement and deficiency in this proceeding. If not, explain why not. If so, demonstrate that it was removed.

c. Describe the Other Reg Assets - Gen Acct in account 182318.

d. Provide a schedule showing the balance of each regulatory asset included in account 182318 for each month during the base year and test year and for each of the most recent 12 months for which actual information is available. In addition, for each regulatory asset included in this account, indicate whether the regulatory asset was specifically authorized by the Commission. If so, provide the Case number and page cite. In addition, for each regulatory asset included in this account, indicate why the Company believes it is appropriate to include in capitalization and rate base.

e. Describe the Coal Ash Spend – Retail (NC & MW) in account 182471. Describe the references to "Retail" and to "NC" and "MW." Describe the origin of these costs and explain why they should be included in capitalization and rate base for Kentucky retail ratemaking.

f. Provide a schedule showing the balance of account 182471 for each month during the base year and test year and for each of the most recent 12 months for which actual information is available. In addition, indicate whether the regulatory asset was specifically authorized by the Commission. If so, provide the Case number and page cite.

g. Describe the Deferred Gas Integrity Costs in account 182715. Confirm that the Deferred Gas Integrity Costs are recovered through the PRP rider. Demonstrate that this cost is not included in electric capitalization used to calculate the electric revenue requirement and deficiency in this proceeding.

h. Describe the Unappr Undistr Subsid Earnings in account 216100. Identify each subsidiary and provide the Unappr Undistr Subsid Earnings for each subsidiary at the end of each month during the base year and test year. Provide all workpapers in support of the amounts provided. Explain why this component of common equity should be included in the capitalization for Kentucky retail ratemaking purposes.

5. Provide the general business credit for increasing research activities actually reflected on the standalone DEK federal income tax returns for each year 2012 through 2016, forecasted for 2017, 2018, and 2019, forecast for the test year, all on a total Company, electric, and gas basis, and provide the credit reflected in the calculation of income tax expense in the test year revenue requirement. If the Company did not or does not budget and/or forecast this credit, then so state and explain why it does not do so.

6. Provide the EEI expense by FERC account for each year 2012 through 2016, forecasted for 2017, 2018, and 2019 and forecasted for the test year. Provide the expense for each period allocated to lobbying and other advocacy activities. In addition, provide the EEI expense and amount allocated to lobbying and other advocacy activities included in the test year revenue requirement. For all expenses other than lobbying and advocacy activities, please identify specific expenses in the test year and describe how the expense benefits regulated ratepayers.

7. Provide the EPRI expense by FERC account for each year 2012 through 2016, forecasted for 2017, 2018, and 2019 and forecasted for the test year. Provide the expense for each period allocated to lobbying and other advocacy activities. In addition, provide the EEI expense and amount allocated to lobbying and other advocacy activities included in the test year revenue requirement. For all expenses other than lobbying and advocacy activities, please identify specific expenses in the test year and describe how the expense benefits regulated ratepayers.

8. Provide the interest income by FERC account for each month from January 2012 through the most recent month in 2017 for which actual information is available, and each month forecasted for the remainder of 2017, 2018, and through March 2019 on a total Company basis and allocated to electric. Provide the calculation of the interest income included in the calculation of the test year revenue requirement, if any, including all electronic spreadsheets in live format and with all formulas intact, and identify the schedule, workpapers, and line items where this income is included.

9. Provide separately the monthly average daily balance of cash and short-term investments (by type of investment) for each month from January 2012 through the most recent month in 2017 for which actual information is available, and each month forecasted for the remainder of 2017, calendar year 2018, and through March 2019 on a total Company basis and allocated to electric.

10. Indicate whether the Company receives rental income on MF common facilities. If so, provide the rental income by FERC account for each year 2012 through 2016, forecasted for 2017, 2018, and 2019, forecast for the test year, and the amount included in the calculation of the test year revenue requirement, if any. Provide the calculation of and all other support for the amount included in the calculation of the test year revenue requirement, if any, including all electronic spreadsheets in live format and with all formulas intact, and identify the schedule, workpapers, and line items where this income is included.

11. Refer to the "BP Rev by Product" and the "FP Rev by Product" worksheet tabs in the Excel filing schedules provided in response to Staff 1-71.

    a. Explain why the Company shows no revenues in the base period forecast months and no revenues in the forecast period months for account 456025 even though there were actual revenues in every month of the base period actual months.

    b. Provide the actual revenues recorded in account 456025 for each month January 2012 through the most recent month for which actual amounts are available.

c. Explain why the Company shows no revenue in the base period forecast months and no revenues in the forecast period months for account 453625 even though there were actual revenue in the first four base period actual months.

d. Provide the actual revenues recorded in account 453625 for each month January 2012 through the most recent month for which actual amounts are available.

e. Explain why the Company shows no revenues in the base period forecast months and no revenues in the forecast period months for account 457105 even though there were actual revenues in several of the base period actual months.

f. Provide the actual revenues recorded in account 457105 for each month January 2012 through the most recent month for which actual amounts are available.

g. Explain why the Company shows no revenues in the base period forecast months and no revenues in the forecast period months for account 457204 even though there were actual revenues in every month of the base period actual months.

h. Provide the actual revenues recorded in account 457204 for each month January 2012 through the most recent month for which actual amounts are available.

12. Refer to the response to AG 1-4.

a. Indicate whether the average loss percentages in the table are stated as percentages or as decimals. For example, in 2011, the loss percentage is stated as .039. Indicate whether this is 3.9% or .039%.

b. Provide a table showing the average loss percentages for each month in calendar years 2012 through 2016, each month for which actual information is available in 2017, each month in the base year, and each month in the test year. Provide all support for the average loss percentages used for the test year. In addition, provide the effect of the loss factor on base revenues under present rates and non-fuel operating expense in the test year, along with all support for your calculations.

13. 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 Dynegy'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.

14. Refer to the response to AG 1-31.

a. Provide a copy of all agreements between Dynegy and Duke Energy Kentucky or any affiliate of DEK that address the operation, maintenance, dismantling and/or other ongoing assets, liabilities and costs associated with DEK's ownership of MF 6.

b. Confirm that Dynegy, or a contractor engaged by Dynegy, will dismantle MF 6 and remediate the MF site, not DEK, and that DEK will reimburse Dynegy for the costs it incurs on behalf of DEK.

15. Provide a history for each month from January 2012 through November 2017 and for each FERC electric plant account (and by power plant for the production plant accounts) of actual plant in service, actual retirements, actual accumulated depreciation (for depreciation excluding accumulated net salvage), actual regulatory liability (for accumulated net salvage separated into accumulated cost of removal and accumulated salvage income if available), actual cost of removal, and actual salvage income. For those accounts that are both electric and gas, provide an allocation to electric for purposes of this response. Provide this information in electronic spreadsheet format.

16. 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.

b. Identify all rate base and expense amounts related to the ARO, including actual costs and the related regulatory assets, that are included in the Company's test year base and environmental surcharge revenue requirements. Provide the resulting test year base and environmental surcharge total revenue requirements and all workpapers and electronic calculations in live format with all formulas intact.

17. Provide a schedule showing the local franchise fee rider revenue and the local franchise fee expense for each month in the base period and the test year. If the revenue and expense amounts are not equivalent in the test year, please explain why they are not and provide a reconciliation of the two amounts for each month during the test year.

18. Refer to the response to AG 1-11. Explain why replacement power costs that are not recoverable through the FAC should be recoverable through base rates. Cite and provide copies of all authorities relied on. If none, then so state.

19. Refer to the Excel filing schedules provided in response to Staff 1-71 and further to cell AA 98 in worksheet tab "Rate Base Ratios" which shows the adjustment amount of $50,651,286 to reduce ADIT, increasing capitalization, for non-utility ADIT. Refer further to worksheet tab "WPB-6's" that shows the breakdown of this 13-month average amount by ADIT FERC account.

a. Describe the source of the non-utility ADIT included in each FERC account.

b. Identify the subaccount number(s) and ending balance(s) for all amounts on the books of DEK at December 31, 2016 and for the end of the test year that represents the temporary differences associated with the non-utility ADIT balances that produce the ADIT.

c. Confirm that the Company did not reduce total Company capitalization in the filing for the temporary difference(s) associated with the non-utility ADIT. If confirmed, explain all reasons why it did not do so.

20. Refer to the present Rider PSM. Provide all calculation components for the test year under the present rider, assuming that it remains in effect with no changes. Provide all support for your calculations, including electronic spreadsheets in live format with all formulas intact and all support documents or other support for assumptions and/or other input amounts.

21. Refer to the proposed Rider PSM. Provide all calculation components for the test year under the proposed rider, assuming it is adopted with no modifications. Provide all support for your calculations, including electronic spreadsheets in live format with all

formulas intact and all support documents or other support for assumptions and/or other input amounts.

22. Provide all calculation components for each month 2014 through 2016 and the months in 2017 for which actual information is available for the Rider PSM.

23. Provide the total Company off-system sales margins and the amount shared with customers through Rider PSM for each year 2012 through 2016, forecasted for 2017, 2018, and 2019, forecast for the test year, and the amount included in the calculation of the test year revenue requirement, if any. Provide the calculation of the amount included in the calculation of the test year revenue requirement, if any, including all electronic spreadsheets in live format and with all formulas intact, and identify the schedule, workpapers, and line items where this income is included.

24. Refer to the definition of the term "C" in the present PSM rider.

    a. Did the Company recover any of the costs of the additional East Bend capacity acquired in 2015 through the PSM rider? If so, then please provide the costs (separated into individual costs, e.g., operating expense, depreciation expense, return on investment, etc.,) included in the PSM rider for each month starting with the month in which the additional East Bend capacity was acquired through the most recent month for which actual information is available. Also provide the budgeted and/or forecasted costs that would be included in the PSM rider for each month through the end of the test year, assuming no changes are adopted to the present PSM rider.

    b. Reconcile the additional East Bend O&M expenses that were deferred into the regulatory asset authorized in Case No. 2014-00201 and the depreciation expenses that were deferred into the regulatory asset authorized in Case No. 2015-00120 to the costs that were recovered through the PSM rider, if any, addressed in part (a) of this question. Demonstrate that there was no double counting of the East Bend O&M expenses and depreciation recovered through the PSM rider and recorded as regulatory assets.

25. Refer to the response to AG 1-7. The following table provides an excerpt of the Company's O&M expenses by FERC account incurred directly by DEK in 2015 through 2018, the first 3 months of 2019 and annualized for 2019.

**DIRECTLY INCURRED DEK EXPENSES**

| Account | 2015 | 2016 | 2017 | 2018 | Jan-Mar 2019 | Annual 2019 |
|---|---|---|---|---|---|---|
| 502 | 10,992 | 10,797 | 11,234 | 17,166 | 5,275 | 21,100 |
| 506 | 1,246 | 1,171 | 1,033 | 1,334 | 180 | 720 |
| 512 | 8,772 | 9,464 | 5,906 | 13,807 | 4,366 | 17,464 |
| 513 | 1,196 | 1,436 | 1,147 | 6,567 | 2,515 | 10,060 |

a. Provide the forecast for these accounts for calendar year 2019.

b. Provide an explanation, including all quantitative support, for the substantial increases in the forecast expenses in 2018 compared to prior years, especially compared to 2017.

c. Provide an explanation, including all quantitative support, for the substantial increases and reductions in the forecast expenses in 2019 (both forecast for calendar year 2019 provided in response to part (a) of this question and annualized 2019 shown on the table) compared to prior years, especially compared to 2018.

26. Refer to the response to AG 1-7. The following table provides an excerpt of the Company's O&M expenses by FERC account incurred through DEBS charges to DEK in 2015 through 2018, the first 3 months of 2019 and annualized for 2019.

**DEBS CHARGES TO DEK**

| Account | 2015 | 2016 | 2017 | 2018 | Jan-Mar 2019 | Annual 2019 |
|---|---|---|---|---|---|---|
| 510 | 2,229 | 2,452 | 2,084 | 3,014 | 760 | 3,040 |
| 565 | 9,972 | 11,410 | 14,400 | 16,478 | 4,202 | 16,808 |
| 904 | 1,778 | -14 | 556 | 1,912 | 379 | 1,516 |
| 928 | 681 | 700 | 703 | 3,025 | 179 | 716 |

a. Provide the forecast for these accounts for calendar year 2019.

b. Provide an explanation, including all quantitative support, for the substantial increases in the forecast expenses in 2018 compared to prior years, especially compared to 2017.

c. Provide an explanation, including all quantitative support, for the substantial increases and reductions in the forecast expenses in 2019 (both forecast for calendar year 2019 provided in response to part (a) of this question and annualized 2019 shown on the table) compared to prior years, especially compared to 2018.

27. Refer to the Duke Energy Business Services, Inc. ("DEBS") 2016 FERC Form 60 at pages 201, 301, and 302.

a. Refer to the amount of net income after taxes reflected on page 302 at line 62 and the amount of income taxes on page 302 at lines 42-44. Explain how the service company reflected net income of approximately $26.9 million after net income tax expense of approximately $20.9 million in 2016 and net income of approximately $21.3 million after net income tax expense of approximately $18.3 million in 2015 as opposed to net income and income taxes at around zero if all costs were charged to affiliates at cost.

b. Refer to page 201 at lines 14 and 15. The balance of Unappropriated Retained Earnings at the end of 2016 was approximately $421.9 million and dividends paid during 2016 were approximately $5.9 million. Confirm that the amount of Unappropriated Retained Earnings represents profits retained at DEBS, after annual dividends to stockholders, and that those profits represent billings to affiliates in excess of actual costs on a cumulative basis.

c. Are any costs charged to affiliates, such as DEK, based on an equity return on investment component as opposed to just the return of component and interest charges? If so, explain and describe the basis for the equity return added to costs charged to affiliates as well as the actual return on equity percentage added during 2016 and the projected return on equity percentage for the test year.

d. Provide a schedule showing the monthly forecasted net income for DEBS, before and after income taxes, for each month during 2018 and the first three months of 2019.

e. Provide a schedule showing the monthly forecasted recovery of equity return for DEBS, including income taxes, charged to DEK, including charges directly to DEK from DEBS and all charges from other affiliates that include charges from DEBS. Provide all calculations, including electronic spreadsheets in live format with all formulas intact.

28. Refer to the Company's CAM at page 13 that includes the following statement:

By the terms of the Service Company Utility Service Agreement, compensation for any service rendered by the Service Company to its utility affiliates is the fully embedded cost thereof *(i.e.,* the sum of: (i) direct costs; (ii) indirect costs; and (iii) costs of capital), except to the extent otherwise required by Section 482 of the Internal Revenue Code.

a. Describe how the "(iii) costs of capital" is determined by DEBS each period and provide that determination for each month applicable to 2016, 2017, and projected for the test year.

b. Describe the source of the return on equity percentage component utilized by DEBS for the"(iii) costs of capital" for each month applicable to 2016, 2017, and projected for the test year and cite all authorities, if any.

29. Refer to the Company's response to STAFF-DR-02-009, in which Staff requested details on the Budget Billing and Fixed Bill programs. The Company's response only provided details on the Budget Billing program. Provide relevant details on the Fixed Bill Program including, but not limited to:

a. The process by which customers will be recruited, fixed bill amounts quoted, customer acceptance (or rejection) of the quote registered, and enrolled in the program;

b. Any early exit fees associated with program participation;

c. The process the Company will follow when calculating customers' Fixed Bill quotes, including all cost items, estimates, and assumptions employed in such calculations;

d. Any advisements to which the Company is willing to commit regarding the incremental cost of the Fixed Bill program included in Customers' Fixed Bill amounts.

30. Regarding the Company's proposed Fixed Bill program, provide:

a. A description of the fuel cost price hedging strategies to be employed, including the instruments the Company plans to use.

b. A description of the process to be used annually to determine the amount of instruments to be purchased given the electric volumes of enrolled participants.

31. Regarding the Company's proposed Fixed Bill program:

a. Provide all program costs Fixed Bill program participants will bear, including marketing, recruiting, enrollment, administration, hedging strategy execution, and others.

b. Provide an estimate of these costs for a typical program year for residential customers, using the annual kWh volume levels the Company employed in determining the typical bill impacts presented in the current rate case. Include all workpapers, calculations, estimates, and assumptions employed in calculating this estimate.

c. For any Fixed Bill program costs not borne by participants, identify which party will bear such costs (i.e. company or non-participating customers).

d. Describe what assurances and reports the Company will provide to the Commission annually to ensure that non-participating customers have not borne these costs.

32. Regarding the Company's proposed Fixed Bill program, describe all activities the Company will take to ensure all associated risks will be borne by shareholders and/or participating customers, and not non-participating customers, including:

a. The risk of an imperfect hedge, i.e., the difference between the volume of hedging instruments purchased and the fuel required to serve Fixed Bill customers;

b. The hedge timing risk, i.e., the difference in hedging instrument prices between the date the quotes are calculated/issued and the date by which customer enrollment ends;

c. Reports and/or fuel commodity adjustment calculation modifications the Company will provide to the Commission to ensure that non-participating customers have not borne these risks;

d. Any commitment the Company is willing to make that it will not self-insure the commodity price risk inherent in the Fixed Bill program;

e. If the Company is unwilling to make a commitment not to self-insure the commodity price risk inherent in the Fixed Bill program, describe how the Company will ensure that non-participating customers avoid incremental commodity prices over and above the commodity prices assumed in Fixed Bill quote calculations in years in which the Company's Fixed Bill program is "out of the money".

33. Provide the marketing materials the Company plans to use to promote the Fixed Bill program. If these marketing materials have not yet been developed, provide the marketing materials currently used to promote the Fixed Bill program in other Duke Energy jurisdictions.

34. 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.

35. Refer to the Company's response to AG-DR-01-072, in which the Company describes a reduction in the forecasted test period expenses to reflect assumed savings of $2,321,137 from the AMI deployment. As specified in the Stipulation in Case No. 2016-00152[1], this number is intended to reflect several types of economic savings found in Conf. Exh. DLS-4 obtained in discovery in that case, including:

[1] Stipulation filed December 6, 2016 in Case No. 2016-00152, page 4.

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.

36. 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 descriptions, 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.

37. Refer to the Company's response to AG-DR-01-074.b, 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.

38. Refer to the Company's response to AG-DR-01-079, which states "Once Duke Energy Kentucky customers have a certified AMI meter, they can view and download their hourly interval usage data through the Company's web portal." This response does not answer the AG's question, which was "Provide an update of the development of the interval usage data download capability." In providing an update on the interval usage data download capability, include in the Company's revised response:

a. What software the Company has purchased to enable this capability, if any;

b. Descriptions of any development efforts the Company has underway related to this capability, if any;

c. Descriptions of any testing of this capability the Company has completed;

d. Descriptions of the current use of this capability in other jurisdictions in which the Company's sister business units (DEO, DEC, DEP, etc.) operate;

e. Other updates on the development of this capability which the Company believes would provide confidence to the AG that the capability will be available to customers once their AMI meters become certified.

39. Refer to the Company's responses to AG-DR-01-081, which states that 874 customers are currently enrolled in the usage alert program.

a. Provide an example of a usage alert a customer has received (anonymized so as to remove any customer-specific identification).

b. What was the effective date (or "as of" date) of the count of 874 customers enrolled?

c. What was the count of customers with certified AMI meters on that date?

d. Describe the marketing efforts the Company is using to promote the usage alert program currently and provide examples customers receive.

e. Describe, in detail, the marketing efforts the Company plans to implement to promote the usage alert program once the AMI meter deployment is complete.

40. Refer to the Company's responses to AG-DR-01-082, which does not propose a remedy to the fact that the Company's proposed clean tariff sheet includes no reduced reconnection fee for customers with smart meters as required in the Stipulation to which the Company agreed in Case No. 2016-00152. The Company explains that including a reduced reconnection fee for customers with smart meters in its proposed clean tariff sheet "creates a corresponding need to adjust the Company's other assumed test year revenues as a result of the reduction in reconnection revenues." This does not appear to be a proposed resolution as requested by the AG in AG-DR-01-082. Furthermore this justification appears to be a Company problem and not a customer problem. In addition, the Company appears to have calculated what the smart meter reconnection fee should be ($25 rather than $75 for non-AMI customers) in its response to AG-DR-01-083. Describe any commitment the Company is willing to make to correct this deficiency in the proposed clean tariff sheet per the Stipulation to which the Company agreed in Case No. 2016-00152.

41. Refer to the Company's responses to AG-DR-01-089.

a. Provide attachments AG-DR-01-089 b(1) and AG-DR-01-089 b(2) in Excel spreadsheets with all numeric values and calculations intact.

b. Of the approximately 180 circuits/sections which are candidates for undergrounding over the next 3 years as shown in attachment AG-DR-01-089 b(1), estimate the number which would be undergrounded if the Company's $15 million request for undergrounding over the next 3 years is approved.
c. Estimate the number of customers served by the estimated number of circuits/sections which would be undergrounded if the Company's $15 million request for undergrounding over the next 3 years is approved.

d. Of the circuits/sections which are candidates for undergrounding over the next 10 years as shown in attachment AG-DR-01-089 b(2), estimate the number which would be undergrounded if the Company's $66 million request for undergrounding over the next 10 years is approved.

e. Estimate the number of customers served by the estimated number of circuits/sections which would be undergrounded if the Company's $66 million request for undergrounding over the next 10 years is approved.

42. Reference the Public Utilities Commission of Ohio ["PUCO"] Case no. 15-298-GE-CSS regarding Duke Energy of Ohio, Inc. ["DEO"], regarding the unfortunate events involving the Easterling family.

a. Confirm that DEO is DEK's immediate parent affiliate.

b. Confirm that DEK and DEO share many of the same employees between them.

c. Confirm the public report in *The Columbus Dispatch* dated October 11, 2017[2] that PUCO has opened a new investigation into DEO's disconnection practices.

d. State what measures DEK follows to insure that it adheres to 807 KAR 5:006 § 14 (1)(d)(3), 807 KAR 5:006 § 16 and the Cabinet for Health and

[2] Accessible at: http://www.dispatch.com/news/20171011/puco-orders-new-probe-of-duke-energys-disconnection-practices

Family Services certificate of need provisions identified in 807 KAR 5:006 §16.

e. Identify any and all measures DEK implemented following the issuance of PUCo's above-referenced order regarding winter disconnections.