

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF)	
DUKE ENERGY KENTUCKY, INC., EAST)	
KENTUCKY POWER COOPERATIVE, INC.,)	
KENTUCKY UTILITIES COMPANY, AND)	
LOUISVILLE GAS AND ELECTRIC)	CASE NO. 2017-00410
COMPANY FOR APPROVAL OF)	
TRANSACTIONS RELATED TO THE)	
RESTORE AGREEMENT)	

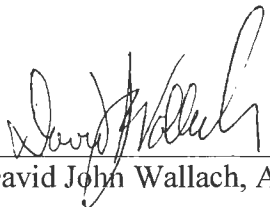
RESPONSE OF
DUKE ENERGY KENTUCKY, INC., EAST KENTUCKY POWER
COOPERATIVE, INC., KENTUCKY UTILITIES COMPANY, AND
LOUISVILLE GAS AND ELECTRIC COMPANY TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
DATED NOVEMBER 8, 2017

FILED: NOVEMBER 30, 2017

VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG) **SS:**

The undersigned, David John Wallach, Principal Engineer, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.



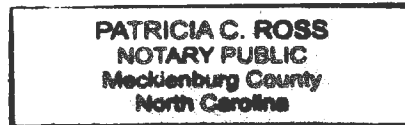
David John Wallach, Affiant

Subscribed and sworn to before me by David John Wallach on this 21 day of November, 2017.



NOTARY PUBLIC

My Commission Expires: 10-17-2019



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF DUKE)
ENERGY KENTUCKY, INC., EAST KENTUCKY)
POWER COOPERATIVE, INC., KENTUCKY)
UTILITIES COMPANY, AND LOUISVILLE GAS)
AND ELECTRIC COMPANY FOR APPROVAL OF)
TRANSACTIONS RELATED TO THE RESTORE)
AGREEMENT)

Case No.
2017-00410

CERTIFICATE

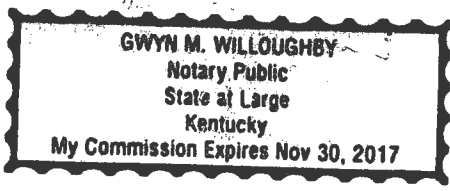
STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Robert C. Brewer, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff's First Request for Information in the above-referenced case dated November 8, 2017 and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

Robert C. Brewer

Subscribed and sworn before me on this 15th day of November 2017.

Gwyn M. Willoughby
Notary Public #500144



VERIFICATION

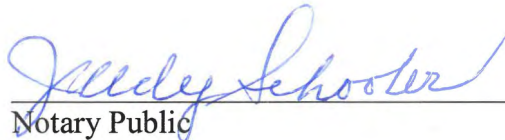
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Thomas A. Jessee**, being duly sworn, deposes and says that he is Vice President, Transmission for Louisville Gas and Electric Company and Kentucky Utilities Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



Thomas A. Jessee

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 29th day of November 2017.



(SEAL)

Notary Public

My Commission Expires:
JUDY SCHOOLER
Notary Public, State at Large, KY
My commission expires July 11, 2018
Notary ID # 512743

**DUKE ENERGY KENTUCKY, INC., EAST KENTUCKY POWER COOPERATIVE,
INC., KENTUCKY UTILITIES COMPANY, AND LOUISVILLE GAS AND ELECTRIC
COMPANY**

**Response to the Commission Staff's First Request for Information
Dated November 8, 2017**

Case No. 2017-00410

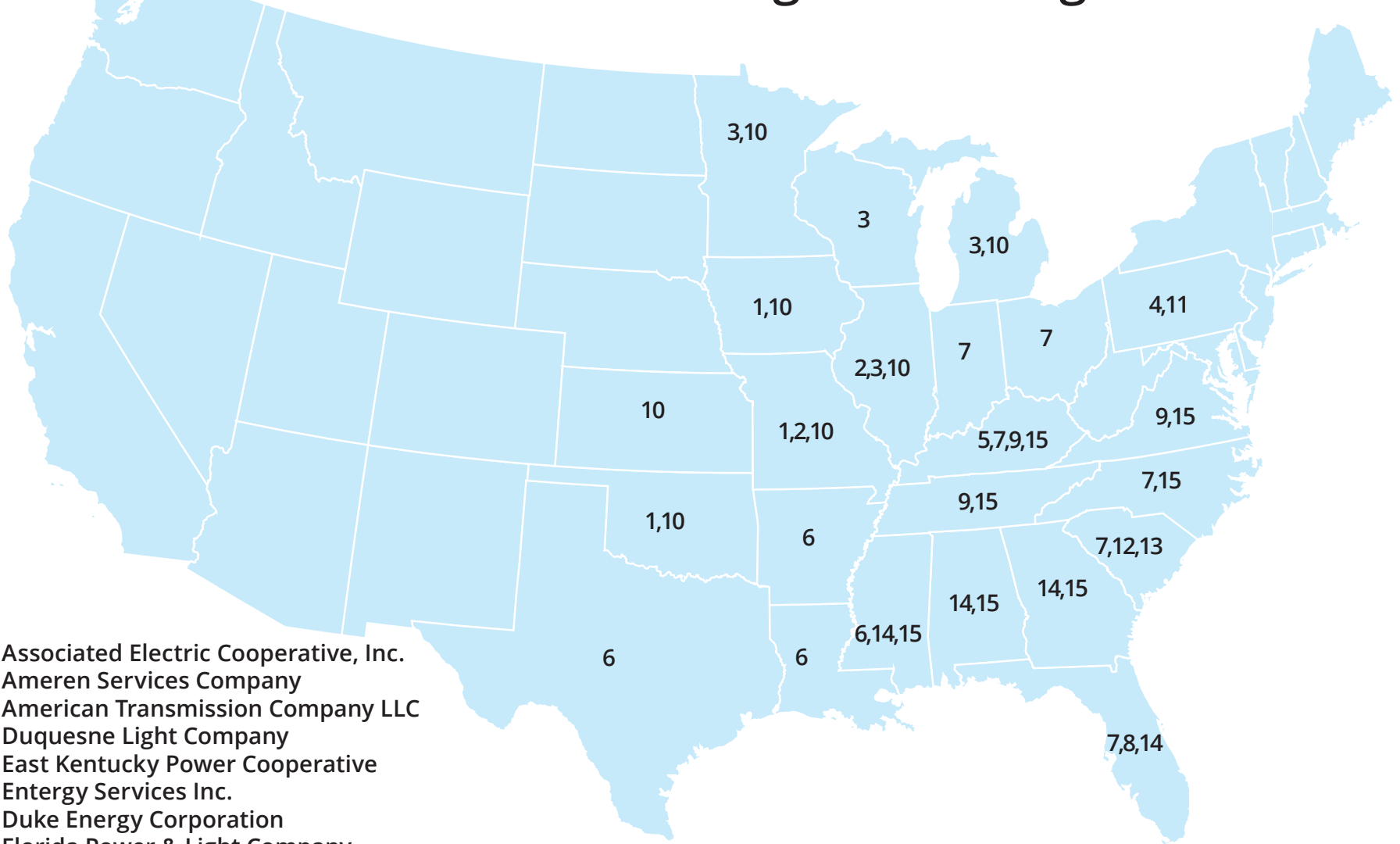
Question No. 1

Witness: David John Wallach / Robert C. Brewer / Thomas A. Jessee

- Q-1. Refer to the Joint Application at numbered paragraph 12, which lists the utilities participating in the Agreement for Regional Equipment Sharing for Transmission Outage Restoration ("RESTORE Agreement"). Provide a map identifying the utilities participating in the RESTORE Agreement and their associated service territories or the areas in which they provide electric services to retail customers.
- A-1. Attached is a map that represents the states in which the Participants to the RESTORE Agreement provide service.

While the Applicants listed PowerSouth Energy Cooperative ("PowerSouth") as a participant in paragraph 12 of the Application, PowerSouth is not shown on the map as PowerSouth is not currently planning to participate.

Service Areas of RESTORE Agreement Signatories



- 1 Associated Electric Cooperative, Inc.
- 2 Ameren Services Company
- 3 American Transmission Company LLC
- 4 Duquesne Light Company
- 5 East Kentucky Power Cooperative
- 6 Entergy Services Inc.
- 7 Duke Energy Corporation
- 8 Florida Power & Light Company
- 9 LG&E and KU Energy LLC
- 10 International Transmission Company
- 11 PPL Electric Utilities Corporation
- 12 South Carolina Public Service Authority Santee Cooper
- 13 South Carolina Electric & Gas Company
- 14 Southern Company Services, Inc.
- 15 Tennessee Valley Authority

**DUKE ENERGY KENTUCKY, INC., EAST KENTUCKY POWER COOPERATIVE,
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**Response to the Commission Staff's First Request for Information
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Case No. 2017-00410

Question No. 2

Witness: David John Wallach / Robert C. Brewer / Thomas A. Jessee

- Q-2. Refer to the Joint Application, footnote 3, regarding the need to have approval from the Federal Energy Regulatory Commission ("FERC") as to certain aspects of the RESTORE Agreement. State when an application is expected to be filed at FERC for approval of the RESTORE Agreement.
- A-2. The application for prior authorization for disposition and acquisition of FERC jurisdictional facilities is expected to be filed at FERC in early December 2017. FERC approval of the RESTORE Agreement itself is not required and therefore will not be sought.

**DUKE ENERGY KENTUCKY, INC., EAST KENTUCKY POWER COOPERATIVE,
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**Response to the Commission Staff's First Request for Information
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Case No. 2017-00410

Question No. 3

Witness: David John Wallach / Robert C. Brewer / Thomas A. Jessee

- Q-3. Refer to the Joint Application at numbered paragraph 14 regarding the “long lead times” associated with purchasing a transformer. Generally describe the process involved in acquiring a transformer and the amount of time for such a transaction to complete.
- A-3.
- Prepare Request for Proposal (“RFP”) – Typical transformer specifications consist of two components: 1) General specification that is applicable to all transformers and 2) Specific requirements for the transformer that is being acquired. Two weeks (typical).
 - Solicit Quotations – RFP is submitted to six to eight vendors. Depending on the sense of urgency, the bid package is expected to be returned in three to four weeks.
 - Bid Evaluation – There can be multiple requests for additional information to confirm that the utility understands the proposal. Often times, additional clarification is needed to properly compare the bids to confirm that the lowest evaluated bid is selected. Four weeks (typical)
 - Delivery – Once the vendor has been selected and awarded a purchase order (“PO”), the lead time for delivery of the transformer to its final destination (on site) typically ranges 36 to 52 weeks. The two primary drivers behind the variability in lead time include the complexity of the unit and market demand.
 - Assembly and final testing – Once the transformer is on the foundation, it will be fully assembled and tested prior to final acceptance. Two weeks (typical)

**DUKE ENERGY KENTUCKY, INC., EAST KENTUCKY POWER COOPERATIVE,
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**Response to the Commission Staff's First Request for Information
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Case No. 2017-00410

Question No. 4

Witness: David John Wallach / Robert C. Brewer / Thomas A. Jessee

- Q-4. Refer to the Joint Application at numbered paragraph 15 concerning the purchase price of a transformer or component sold under the RESTORE Agreement.
- a. Identify the types of costs that would be considered "other acquisition costs."
 - b. Identify the types of costs that would be considered "reasonable costs and expenses of the seller."
- A-4.
- a. Other acquisition costs could include:
 - Costs associated with preparing RFP for the replacement transformer,
 - Procurement costs including time for the bid evaluation,
 - Cost of modifications to the storage area to accommodate the replacement transformer if there are significant physical differences between the unit that was sold and the replacement unit.
 - Depending on the FOB destination agreed to in the purchase agreement, the seller may have costs associated with offloading the transformer, assembly, oil filling and acceptance testing.
 - b. Reasonable costs and expense of the seller could include:
 - Cost of providing oversight of crews doing work on Seller's property to test transformer and prepare for shipment;
 - Depending on the specific situation, seller could agree to perform work to prepare the transformer for shipment. This could incur costs for: electrical testing, oil removal and storage, disassembly.

**DUKE ENERGY KENTUCKY, INC., EAST KENTUCKY POWER COOPERATIVE,
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**Response to the Commission Staff's First Request for Information
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Case No. 2017-00410

Question No. 5

Witness: David John Wallach / Robert C. Brewer / Thomas A. Jessee

- Q-5. Refer to the Joint Application at numbered paragraph 16 regarding transformers in service or in inventory. For each Joint Applicant, provide the number and type of transformers that are currently in its inventory.
- A-5. See attached. A Petition for Confidential Protection of this information is filed simultaneously herewith.

**Attachment pages provided under
confidential seal have been removed.**

**DUKE ENERGY KENTUCKY, INC., EAST KENTUCKY POWER COOPERATIVE,
INC., KENTUCKY UTILITIES COMPANY, AND LOUISVILLE GAS AND ELECTRIC
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**Response to the Commission Staff's First Request for Information
Dated November 8, 2017**

Case No. 2017-00410

Question No. 6

Witness: David John Wallach / Robert C. Brewer / Thomas A. Jessee

Q-6. Refer to the Joint Application at footnote 14 regarding the Appendix B to the RESTORE Agreement.

- a. What condition(s) would cause a Joint Applicant to change the type of transformer that has been committed to under the RESTORE Agreement.
- b. For each Joint Applicant, provide a copy of Appendix B to the RESTORE Agreement identifying the transformers committed and the associated original book value of each transformer.

A-6.

- a. If the transformer that is committed to RESTORE by a participant is removed from inventory and used by participant for its own needs, then there is a "grace period" allowing the participant to purchase a replacement spare. While the voltage class will remain the same, it is possible to purchase a spare with a different MVA rating, which is allowed provided it meets the minimum requirement outlined in the sharing agreement.

Further, a Joint Applicant can choose the voltage classes in which it elects to participate. System needs may change over time, which may warrant participation in other voltage classes.

- b. See attached. Appendix B is provided pursuant to a Petition for Confidential Protection. Note that certain non-responsive information has been redacted in whole. In addition, the associated original book value of each transformer for each Joint Applicant is contained below and is provided pursuant to the same Petition.

CONFIDENTIAL INFORMATION REDACTED		
Company	Serial Number	Original Book Value
Duke Energy Ohio, Inc. ¹		\$
EKPC		\$
EKPC		\$
EKPC		\$
LG&E/KU		\$
LG&E/KU		\$
LG&E/KU		\$

¹ This spare is not on Duke Energy Kentucky's books, but is an available spare to Duke Energy Kentucky when need arises and would be transferred using normal channels.

**Attachment pages provided under
confidential seal have been removed.**