

VERIFICATION

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, David A. Klein, Project Manager I, 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 A. Klein, Affiant

Subscribed and sworn to before me by David A. Klein on this 24th day of September, 2018.



SHELIA J. ROGERS
Notary Public, State of Ohio
My Commission Expires 10-17-2022



NOTARY PUBLIC

My Commission Expires: 10-17-2022

KyPSC Case No. 2018-00198
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Duke Energy Kentucky
Case No. 2018-00198
Staff Second Set Data Requests
Date Received: September 14, 2018

STAFF-DR-02-001

REQUEST:

Refer to Duke Kentucky's response to Commission Staff's First Request for Information (Staff's First Request), Item 1. Duke Kentucky asserts that the total cost of the Accelerated Service Line Replacement Program (ASRP) has risen from approximately \$34 million-\$38 million to \$42.3 million due to the amount of service lines needing replaced increasing to an estimated 11,574 service lines.

- a. Provide the initial number of service lines that Duke Kentucky proposed to replace under the ASRP project in Case No. 2015-00210.¹
- b. Explain why the projected service line replacements have increased.

RESPONSE:

- a. 10,000.
- b. The initial estimate of 10,000 service lines assumed that as reconnaissance work was performed, approximately 30% would result in services that needed to be replaced. As the project has progressed, the actual amount of services that need to be replaced as part of the reconnaissance efforts has been higher than originally estimated. The reconnaissance verification digs have resulted in approximately 80% needing to be replaced and therefore the total estimated service lines to be replaced has increased.

PERSON RESPONSIBLE: David Klein

¹ Case No. 2015-00210, *Application of Duke Energy Kentucky, Inc. for a Certificate of Public Convenience and Necessity Authorizing the Implementation of an Accelerated Service Line Replacement Program, Approval of Ownership of Service Lines, and a Gas Pipeline Replacement Surcharge* (Ky. PSC Feb. 2, 2016).

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 2.

- a. Explain in full detail why the cost per service line increased from approximately \$2,647 in 2016 to \$4,156 in 2017.
- b. Explain in full detail why the cost per service line decreased from \$4,156 in 2017 to \$3,652 for January 1, 2018-July 31, 2018.
- c. Provide evidentiary support for Duke Kentucky's 2018 and 2019 projected estimated cost of \$3,652 per service line.

RESPONSE:

- a. In 2016 the service lines with high priority were targeted. Many of these were older services and the service line had already been abandoned so installing a new service line was not required. Unknown records were also higher priority and many were already abandoned. Because these lines were abandoned, only verification was needed resulting in less work on services and driving down the average cost per service. In 2016 the rate of renewal was 66%. In 2017 the renewal rate was 90% services renewed. Lower priority services were targeted, services with good records and known renewals, causing the rise in the average cost per service.
- b. As mentioned above, in 2017 the renewal rate was 90% services renewed. Lower priority services were targeted, services with good records and known renewals,

causing the rise in the average cost per service. In 2018 more lower priority services were targeted again. YTD in 2018 the renewal rate has been 88%. Slightly lower renewal rate, resulting in a lower average cost per service in 2018.

c. The projected estimated cost for 2018 and 2019 is based on the average cost for 2016 and 2017 as calculated below:

	Lines Completed		AVG \$/Service
2016	1643	\$4,349,410.16	\$2,647.24
2017	3285	\$13,652,490.42	\$4,156.01
	4928	\$18,001,900.58	\$3,652.98

PERSON RESPONSIBLE: David Klein