

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Examination of the)	
Application of the Fuel Adjustment)	Case No. 2018-00220
Clause of Duke Energy Kentucky, Inc.)	
From November 1, 2017 Through April)	
30, 2018)	

PETITION OF DUKE ENERGY KENTUCKY, INC.
FOR CONFIDENTIAL TREATMENT OF INFORMATION
CONTAINED IN ITS RESPONSES TO COMMISSION STAFF'S
FIRST SET OF DATA REQUESTS ISSUED AUGUST 10, 2018

Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), pursuant to 807 KAR 5:001, Section 13, respectfully requests the Commission to classify and protect certain information provided by Duke Energy Kentucky in its attachments to response to Data Request No. 11, First Set, as requested by Commission Staff (Staff) in this case on August 10, 2018. The information that Staff seeks through discovery and for which Duke Energy Kentucky now seeks confidential treatment (Confidential Information) includes Duke Energy Kentucky's current fuel procurement policies and procedures.

More specifically, the Confidential Attachments provided in response to Data Request No. 11 contain sensitive information, the disclosure of which would injure Duke Energy Kentucky and its competitive position and business interest. Duke Energy Corporation's Regulated Fuels Group is responsible for the procurement of fuel and obtaining competitive pricing. Releasing this information would give potential competitors and hedging counterparties of Duke Energy Kentucky in the wholesale energy markets and financial institutions inside information about Duke Energy Kentucky's risk mitigation actions, tolerances and strategies.

Releasing this information would harm the Company and its customers in the future as competitors and counterparties would know how Duke Energy Kentucky evaluates its financial risks in the energy markets and hedges such risks. If publicly available, competitors could use this information to manipulate the market and financially harm Duke Energy Kentucky and its competitive position.

In support of this Petition, Duke Energy Kentucky states:

1. The Kentucky Open Records Act exempts from disclosure certain commercial information. KRS 61.878(1)(c). To qualify for this exemption and, therefore, maintain the confidentiality of the information, a party must establish that disclosure of the commercial information would permit an unfair advantage to competitors of that party. Public disclosure of the information identified herein would, in fact, prompt such a result for the reasons set forth below.

2. The public disclosure of the Confidential Information would provide competitors and potential vendors proprietary information regarding the fuel procurement strategies used by Duke Energy Kentucky, placing it at a commercial disadvantage as it bids into the energy markets or negotiates with various suppliers and vendors. This situation would potentially harm Duke Energy Kentucky's competitive position in the marketplace, to the detriment of Duke Energy Kentucky and its customers undermining its ability to bid on contracts against parties, who do not otherwise have to disclose such information, and who could use that information to their competitive advantage and possibly win contracts that they otherwise couldn't, absent such information

3. Further, disclosure of the aforementioned (Confidential Information) would damage Duke Energy Kentucky's competitive position and business interests, as well as, create

the risk of increased costs to its customers. If the Commission grants public access to the Confidential Information requested, potential counterparties could manipulate markets, costs, and prices to the detriment of Duke Energy Kentucky and its ratepayers by tailoring bids to correspond to and comport with Duke Energy Kentucky's prior actions and risk tolerances.

4. The Confidential Information was developed internally by Duke Energy Corporation and Duke Energy Kentucky personnel, it is not on file with any public agency in the manner as is provided in response to this Commission-issued data request. The information is not available from any commercial or other source outside Duke Energy Kentucky. The aforementioned information is distributed within Duke Energy Kentucky only to those employees who must have access for business reasons, and is generally recognized as confidential and proprietary in the energy industry.

5. Duke Energy Kentucky does not object to limited disclosure of the confidential information described herein, pursuant to an acceptable protective agreement, the Staff or other intervenors with a legitimate interest in reviewing the same for the purpose of participating in this case.

6. This information was, and remains, integral to Duke Energy Kentucky's effective execution of business decisions. And such information is generally regarded as confidential or proprietary. Indeed, as the Kentucky Supreme Court has found, "information concerning the inner workings of a corporation is 'generally accepted as confidential or proprietary.'" *Hoy v. Kentucky Industrial Revitalization Authority*, Ky., 904 S.W.2d 766, 768 (Ky. 1995).

7. In accordance with the provisions of 807 KAR 5:001, Section 13(3), the Company is filing one copy of the Confidential Information separately under seal, and one copy without the confidential information included.

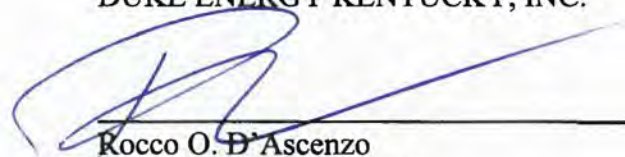
8. Duke Energy Kentucky respectfully requests that the Confidential Information be withheld from public disclosure for a period of ten years. This will assure that the Confidential Information – if disclosed after that time – will no longer be commercially sensitive so as to likely impair the interests of the Company or its customers if publicly disclosed.

9. To the extent the Confidential Information becomes generally available to the public, whether through filings required by other agencies or otherwise, Duke Energy Kentucky will notify the Commission and have its confidential status removed, pursuant to 807 KAR 5:001 Section 13(10)(a).

WHEREFORE, Duke Energy Kentucky, Inc., respectfully requests that the Commission classify and protect as confidential the specific information described herein.

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.

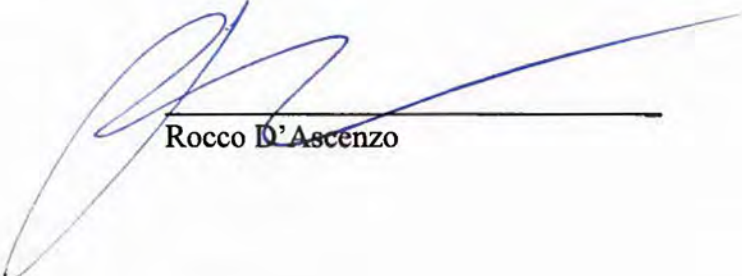


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Rocco.D'Ascenzo@duke-energy.com
Counsel for Duke Energy Kentucky, Inc.

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001 Section 8(7), this is to certify that Duke Energy Kentucky, Inc.'s August 24, 2018 electronic filing is a true and accurate copy of the documents being filed in paper medium; that the electronic filing was transmitted to the Commission directly on August 24, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; that an original and one copy of the filing is being delivered via 2nd day mail to the Commission; and that on August 24, 2018, electronic mail notification of the electronic filing will be provided to the following:

Hon. Rebecca W. Goodman
The Office of Attorney General
Utility Intervention and Rate Division
700 Capital Avenue, Ste. 20
Frankfort, Kentucky 40601
Rebecca.Goodman@ky.gov



Rocco D'Ascenzo

VERIFICATION

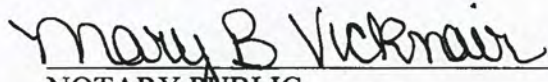
STATE OF NORTH CAROLINA)
)
) SS:
COUNTY OF MECKLENBURG)

The undersigned, Brett Phipps, Managing Direct – Fuel Procurement, 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.



Brett Phipps, Affiant

Subscribed and sworn to before me by Brett Phipps on this 20 day of August, 2018.



NOTARY PUBLIC

My Commission Expires:

MARY B VICKNAIR
NOTARY PUBLIC
Davie County
North Carolina
My Commission Expires Sept. 21, 2022


VERIFICATION

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

The undersigned, John D. Swez, Director of General Dispatch & Operations, Power Trading and Dispatch, 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.


John D. Swez, Affiant

Subscribed and sworn to before me by John D. Swez on this 13 day of August, 2018.


NOTARY PUBLIC



My Commission Expires: 9/6/20

VERIFICATION

STATE OF OHIO)
)
COUNTY OF HAMILTON) SS:

The undersigned, Theodore H. Czupik, Jr., Rates & Regulatory Strategy Manager, 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.

Theodore H. Czupik Jr.
Theodore H. Czupik, Jr., Affiant

Subscribed and sworn to before me by Theodore H. Czupik, Jr., on this 10TH day of AUGUST, 2018.

Adele M. Frisch
NOTARY PUBLIC

ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2019

My Commission Expires: 1/5/2019

KyPSC Case No. 2018-00220
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**Duke Energy Kentucky
Case No. 2018-00220
Staff First Set Data Requests
Date Received: August 10, 2018**

STAFF-DR-01-001

REQUEST:

For the period under review, provide the amount of coal purchased in tons, and the percentage of purchases that were spot versus contract.

RESPONSE:

For the period under review from November 1, 2017 through April 30, 2018, please see STAFF-DR-01-001 Attachment.

PERSON RESPONSIBLE: Brett Phipps

Duke Energy Kentucky
Case No. 2018-00220 - Staff First Set Data Requests
Coal purchased November 1, 2017 - April 30, 2018

<u>Vendor</u>	<u>Purchase Tonnage</u>	<u>Purchase Type</u>	<u>Contract #</u>	<u>Filed with Commission</u>	<u>If no, Explain why</u>
Alliance Coal LLC	109,565	Contract	DEK 30892	2/10/2016	
Alpha/Contura Coal Sales	69,132	Contract	DEK 30810	2/10/2016	
Armstrong Coal Company	34,958	Contract	DEK 30883	2/10/2016	
Central Coal	62,418	Contract	DEK 31641	3/28/2017	
Oxford Mining	89,654	Contract	DEK 31741	6/8/2017	
Armstrong Coal Company	54,327	Spot	DEK 31754	7/10/2017	
Alliance Coal LLC	101,697	Spot	DEK 31436	2/13/2017	
Alliance Coal LLC	48,145	Spot	DEK32250	1/22/2018	
KenAmerican	25,472	Spot	DEK32267	1/22/2018	
Total	<u>595,368</u>				

61% Contract
39% Spot
100% Total

STAFF-DR-01-002

REQUEST:

For the period under review, list each coal purchase made under a long-term contract (one year or greater). For each purchase list:

- a. Contract or purchase order number;
- b. The supplier's name;
- c. The location(s) of production facilities from which the coal is sourced;
- d. The method of delivery, (i.e., barge, truck, rail, other);
- e. The actual quantity received during the review period;
- f. The tonnage requirement for the review period; and
- g. Current price paid per ton.

RESPONSE:

- a. 30892
- b. Tunnel Ridge, LLC
- c. Tunnel Ridge, Ohio County, WV
- d. Barge
- e. 109,565
- f. Pro-rata amount-66,667
- g. \$41.50

- a. 30810
- b. Contura Coal Sales, LLC
- c. Cumberland Mine, Waynesburg, PA
- d. Barge
- e. 69,132
- f. Pro-rata-67,404
- g. \$42.50

- a. 30883
- b. Armstrong Coal Sales, LLC
- c. Midway Mine, Centertown, KY
- d. Barge
- e. 34,958
- f. Pro-rata-50,000
- g. \$40.00

- a. 31641
- b. Central Coal Company as agent Knight Hawk Coal LLC
- c. Knight Hawk's Prairie Eagle Mine, IL
- d. Barge
- e. 62,418
- f. Pro-rata-128,056
- g. 2017 = \$ 34.35, 1/1/2018 -3/31/2018=\$36.13, 4/1/2018-6/30/2018=\$36.28

- a. 31741
- b. Oxford Mining Company, LLC
- c. Sexton Mine, Harrison County, OH
- d. Barge
- e. 89,655
- f. Pro-rata-114,286
- g. 2017 =\$35.45, 2018=\$36.00

PERSON RESPONSIBLE: Brett Phipps

REQUEST:

- a. As of the last day of the review period, state the coal inventory level in tons, and in number of days' supply. Provide this information by generating station and in the aggregate.
- b. Describe the criteria used to determine number of days' supply.
- c. State the target coal inventory level for each generating station, and for the total system.
- d. If actual coal inventory exceeds the target inventory by ten days' supply, state the reasons for the excess inventory.
- e. (1) State whether any significant changes in the current coal inventory target are expected within the next 12 months.
(2) If so, state the expected change, and the reasons for this change.

RESPONSE:

- a. Duke Energy Kentucky's total aggregate inventory across the system as of April 30, 2018 was 281,213 tons, or 43 days.
- b. The number of days' supply is computed by dividing the ending coal inventory number stated in tons by the full load burn of 6,500 tons per day.

- c. The target coal inventory level is an annual average of 45 days for East Bend Station which is the only coal-fired generating station in the Duke Energy Kentucky fleet.
- d. Duke Energy Kentucky's coal inventory did not exceed the inventory target by ten days of supply.
- e. (1) Duke Energy Kentucky does not expect any significant changes in its current coal inventory target within the next 12 months.
(2) N/A

PERSON RESPONSIBLE: Brett Phipps

REQUEST:

List each written coal-supply solicitation issued during the period under review.

- a. For each solicitation, provide the date of the solicitation, the type of solicitation (contract or spot), the quantities solicited, a general description of the quality of coal solicited, the time period over which deliveries were requested, and the generating unit(s) for which the coal was intended.
- b. For each solicitation, state the number of vendors to whom the solicitation was sent, the number of vendors who responded, and the selected vendor. Provide the bid tabulation sheet or corresponding document that ranked the proposals. (This document should identify all vendors who made offers.) State the reasons for each selection. For each lowest-cost bid not selected, explain why the bid was not selected.

RESPONSE:

- a. Duke Energy Kentucky did not issue a written solicitation during November 1, 2017 – April 30, 2018.
- b. N/A

PERSON RESPONSIBLE: Brett Phipps

STAFF-DR-01-005

REQUEST:

List each oral coal-supply solicitation issued during the period under review.

- a. For each solicitation, state why the solicitation was not written, the date(s) of the solicitation, the quantities solicited, a general description of the quality of coal solicited, the time period over which deliveries were requested, and the generating unit(s) for which the coal was intended.
- b. For each solicitation, identify all vendors solicited and the vendor selected. Provide the tabulation sheet or other document that ranks the proposals. (This document should identify all vendors who made offers.) State the reasons for each selection. For each lowest-cost bid not selected, explain why the bid was not selected.

RESPONSE:

- a. Duke Energy Kentucky did not issue an oral coal supply solicitation during November 1, 2017 through April 30, 2018.
- b. N/A

PERSON RESPONSIBLE: Brett Phipps

**Duke Energy Kentucky
Case No. 2018-00220
Staff First Set Data Requests
Date Received: August 10, 2018**

STAFF-DR-01-006

REQUEST:

For the period under review, list each vendor from whom natural gas was purchased for generation and the quantities and the nature of each purchase (i.e., spot or contract).

RESPONSE:

Please see STAFF-DR-01-006 Attachment which lists each vendor from whom natural gas was purchased for the period of November 1, 2017 to April 30, 2018.

PERSON RESPONSIBLE: Brett Phipps

Spot / Contract	Trade Number	Trade Date	Counterpart	Delivery Period	Start	End	Buy / Sell	Qty	Qty UOM	Price	Amount
November 2017											
There were no purchases for Duke Energy Kentucky from 11/1/2017 - 11/30/2017											
December 2017											
Spot	3543050	12/27/2017	SEQUENT ENERGY	Dec 2017	12/28/2017	12/28/2017	Buy	20,000	MMBtu	3.900	\$78,000
Spot	3543327	12/28/2017	SEQUENT ENERGY	Dec 2017	12/28/2017	12/28/2017	Buy	10,000	MMBtu	5.000	\$50,000
Spot	3543587	12/29/2017	NJR Energy Serv G	Dec 2017	12/29/2017	12/29/2017	Buy	10,000	MMBtu	7.000	\$70,000
Spot	3544578	12/29/2017	SEQUENT ENERGY	Dec 2017	12/29/2017	12/29/2017	Buy	20,000	MMBtu	5.500	\$110,000
January 2018											
Spot	3543575	12/29/2017	Eco-Energy LLC	Jan 2018	01/01/2018	01/02/2018	Buy	50,000	MMBtu	4.150	\$207,500
Spot	3543576	12/29/2017	Eco-Energy LLC	Jan 2018	01/01/2018	01/02/2018	Buy	30,000	MMBtu	4.100	\$123,000
Spot	3544577	12/29/2017	NJR Energy Serv G	Jan 2018	01/02/2018	01/02/2018	Buy	20,000	MMBtu	7.000	\$140,000
Spot	3544425	01/02/2018	Eco-Energy LLC	Jan 2018	01/03/2018	01/03/2018	Buy	10,000	MMBtu	8.950	\$89,500
Spot	3544426	01/02/2018	SEQUENT ENERGY	Jan 2018	01/03/2018	01/03/2018	Buy	50,000	MMBtu	8.500	\$425,000
Spot	3544816	01/03/2018	SEQUENT ENERGY	Jan 2018	01/04/2018	01/04/2018	Buy	25,000	MMBtu	8.050	\$201,250
Spot	3544817	01/03/2018	Eco-Energy LLC	Jan 2018	01/04/2018	01/04/2018	Buy	29,139	MMBtu	8.050	\$234,569
Spot	3545169	01/04/2018	SEQUENT ENERGY	Jan 2018	01/04/2018	01/04/2018	Buy	25,000	MMBtu	8.500	\$212,500
Spot	3545172	01/04/2018	SEQUENT ENERGY	Jan 2018	01/05/2018	01/05/2018	Buy	25,000	MMBtu	7.500	\$187,500
Spot	3545239	01/04/2018	Eco-Energy LLC	Jan 2018	01/05/2018	01/05/2018	Buy	8,000	MMBtu	4.550	\$36,400
Spot	3545881	01/06/2018	Eco-Energy LLC	Jan 2018	01/06/2018	01/06/2018	Buy	13,000	MMBtu	4.000	\$52,000
Spot	3548466	01/15/2018	Eco-Energy LLC	Jan 2018	01/15/2018	01/15/2018	Buy	8,000	MMBtu	5.500	\$44,000
Spot	3548467	01/15/2018	SEQUENT ENERGY	Jan 2018	01/15/2018	01/15/2018	Buy	5,000	MMBtu	5.750	\$28,750
Spot	3548674	01/16/2018	Eco-Energy LLC	Jan 2018	01/16/2018	01/16/2018	Buy	10,000	MMBtu	5.900	\$59,000
Spot	3548754	01/16/2018	SEQUENT ENERGY	Jan 2018	01/16/2018	01/16/2018	Buy	20,000	MMBtu	13.000	\$260,000
Spot	3549034	01/17/2018	Eco-Energy LLC	Jan 2018	01/17/2018	01/17/2018	Buy	10,000	MMBtu	5.150	\$51,500
Spot	3549040	01/17/2018	SEQUENT ENERGY	Jan 2018	01/17/2018	01/17/2018	Buy	25,000	MMBtu	11.000	\$275,000
Spot	3549266	01/18/2018	SEQUENT ENERGY	Jan 2018	01/17/2018	01/17/2018	Buy	10,000	MMBtu	11.000	\$110,000
Spot	3549273	01/18/2018	NJR Energy Serv G	Jan 2018	01/17/2018	01/17/2018	Buy	8,700	MMBtu	14.000	\$121,800
Spot	3549293	01/18/2018	SEQUENT ENERGY	Jan 2018	01/18/2018	01/18/2018	Buy	5,000	MMBtu	8.000	\$40,000
February 2018											
There were no purchases for Duke Energy Kentucky from 2/1/2018 - 2/28/2018											
March 2018											
Spot	3561117	03/14/2018	NJR Energy Serv G	Mar 2018	03/13/2018	03/13/2018	Buy	4,137	MMBtu	3.250	\$13,445
Spot	3561118	03/14/2018	SEQUENT ENERGY	Mar 2018	03/13/2018	03/13/2018	Buy	4,000	MMBtu	3.750	\$15,000
Spot	3562547	03/20/2018	SEQUENT ENERGY	Mar 2018	03/19/2018	03/19/2018	Buy	7,000	MMBtu	3.750	\$26,250
Spot	3562548	03/20/2018	SEQUENT ENERGY	Mar 2018	03/20/2018	03/20/2018	Buy	8,000	MMBtu	3.300	\$26,400
Spot	3562648	03/20/2018	SEQUENT ENERGY	Mar 2018	03/20/2018	03/20/2018	Buy	14,000	MMBtu	3.650	\$51,100
Spot	3562689	03/20/2018	NJR Energy Serv G	Mar 2018	03/20/2018	03/20/2018	Buy	15,000	MMBtu	3.350	\$50,250
Spot	3562690	03/20/2018	Eco-Energy LLC	Mar 2018	03/20/2018	03/20/2018	Buy	8,000	MMBtu	2.750	\$22,000
Spot	3562972	03/21/2018	Eco-Energy LLC	Mar 2018	03/21/2018	03/21/2018	Buy	15,000	MMBtu	2.670	\$40,050
Spot	3562989	03/21/2018	SEQUENT ENERGY	Mar 2018	03/21/2018	03/21/2018	Buy	10,000	MMBtu	3.750	\$37,500
April 2018											
Spot	3566075	04/03/2018	NJR Energy Serv G	Apr 2018	04/03/2018	04/03/2018	Buy	5,000	MMBtu	3.350	\$16,750
Spot	3566171	04/04/2018	NJR Energy Serv G	Apr 2018	04/03/2018	04/03/2018	Buy	5,000	MMBtu	3.500	\$17,500
Spot	3567664	04/10/2018	SEQUENT ENERGY	Apr 2018	04/09/2018	04/09/2018	Buy	5,000	MMBtu	3.850	\$19,250
Spot	3567665	04/10/2018	SEQUENT ENERGY	Apr 2018	04/09/2018	04/09/2018	Buy	10,000	MMBtu	4.750	\$47,500
Spot	3567670	04/10/2018	NJR Energy Serv G	Apr 2018	04/10/2018	04/10/2018	Buy	5,000	MMBtu	3.350	\$16,750
Spot	3569200	04/16/2018	SEQUENT ENERGY	Apr 2018	04/16/2018	04/16/2018	Buy	5,000	MMBtu	3.250	\$16,250
Spot	3569420	04/17/2018	NJR Energy Serv G	Apr 2018	04/16/2018	04/16/2018	Buy	7,000	MMBtu	3.350	\$23,450
Spot	3569639	04/18/2018	NJR Energy Serv G	Apr 2018	04/17/2018	04/17/2018	Buy	14,000	MMBtu	3.500	\$49,000
Spot	3569645	04/18/2018	SEQUENT ENERGY	Apr 2018	04/17/2018	04/17/2018	Buy	15,000	MMBtu	3.850	\$57,750
Spot	3572291	04/30/2018	NJR Energy Serv G	Apr 2018	04/29/2018	04/29/2018	Buy	10,000	MMBtu	3.380	\$33,800

STAFF-DR-01-007

REQUEST:

For the period under review, state if there were any instances in which a natural gas generating unit could not be operated when it otherwise would have run, due to pipeline constraints or natural gas being unavailable.

RESPONSE:

During periods of higher winter or summer natural gas demand, which occur during colder or hotter weather, there can be infrequent instances of pressure changes on pipeline systems for short durations that may cause gas constraints or limit gas availability. These can be caused by factors such as, but not limited to, system imbalances between supply and demand, and specific issues on the pipeline, such as compression outages. A review of the Company's North American Electric Reliability Corporation (NERC) Generating Availability Data System (GADS) records for Woodsdale Station during this time period showed that Woodsdale Station experienced a period of low gas pressure and fuel restrictions that required the output of units 1, 2 and 3 to be removed from service for approximately 23 hours between 18:50 and 19:08 EPT on December 28, 2017, and between 17:42 and 17:44 EPT on December 29, 2017. In reviewing weather data from these dates, Cincinnati experienced much colder than normal temperatures of 20° F on December 28th, and 27° F on December 29th, which were between 17° F and 9° F below normal. In addition, please refer to the response to STAFF-DR-01-015 that provides additional detail for these three unit outages.

On December 28, 2018, Woodsdale units 2, 3, 5 and 6 received awards from PJM in the Day-Ahead (DA) market for HE 07-21 EPT and all four units were committed by PJM in the Real-Time (RT) market during HE 17 EPT. Additionally on this day, Woodsdale unit 1 was committed by PJM in the RT market during HE 18 EPT. On December 29, 2018, Woodsdale units 1 and 2 received DA awards from PJM for HE 08-12 EPT with units 1, 2, 3, 5 and 6 being committed by PJM in the RT market during HE 18 EPT.

Finally, the addition of back-up fuel oil infrastructure is targeted to be completed at Woodsdale in the spring of 2019. Once this is in service, the Woodsdale units will be able to switch to fuel oil during times of peak gas demand should there be any instances of gas curtailments.

PERSON RESPONSIBLE: John Swez
Brett Phipps

**Duke Energy Kentucky
Case No. 2018-00220
Staff First Set Data Requests
Date Received: August 10, 2018**

STAFF-DR-01-008

REQUEST:

State if there have been any changes to hedging activities for coal or natural gas purchases used for generation since the previous FAC review proceeding. If so, describe the changes in detail.

RESPONSE:

Coal:

Duke Energy Kentucky does not engage in financial hedging transactions with respect to coal purchases. Duke Energy Kentucky contracts for physical deliveries of coal through fixed term coal transactions within a balanced portfolio of purchases. The Company also maintains a portfolio with multiple suppliers to mitigate potential supply interruption risk.

Natural Gas:

Duke Energy Kentucky does not engage in any financial hedging activity for natural gas purchases used for generation.

PERSON RESPONSIBLE: Brett Phipps

REQUEST:

- a. State whether Duke Kentucky has audited any of its fuel or transportation contracts during the period under review.
- b. If so, each audited contract:
 - 1) Identify the contract;
 - 2) Identify the auditor; and
 - 3) State the results of the audit and describe the actions that Duke Kentucky took as a result of the audit.

RESPONSE:

Duke Energy Kentucky has not audited any of its fuel or transportation contracts during the period of November 1, 2017 through April 30, 2018.

PERSON RESPONSIBLE: Brett Phipps

Duke Energy Kentucky
Case No. 2018-00220
Staff First Set Data Requests
Date Received: August 10, 2018

STAFF-DR-01-010

REQUEST:

- a. State whether Duke Kentucky is currently involved in any litigation with its current or former fuel suppliers or transportation vendors.
- b. If yes, for each litigation:
 - 1) Identify the supplier or vendor;
 - 2) Identify the contract involved;
 - 3) State the potential liability or recovery to Duke Kentucky;
 - 4) List the issues presented; and
 - 5) Provide a copy of the complaint or other legal pleading that initiated the litigation and any answers or counterclaims. If a copy has previously been filed with the Commission, provide the date on which it was filed and the case in which it was filed.
- c. State the current status of all litigation with suppliers or vendors.

RESPONSE:

- a. Duke Energy Kentucky is not currently involved in any litigation with its current or former fuel suppliers or transportation vendors.
- b. N/A
- c. N/A

PERSON RESPONSIBLE: Brett Phipps

REQUEST:

- a. For the period under review, state if there have been any changes to Duke Kentucky's written policies and procedures regarding its fuel procurement.
- b. If yes:
 - 1) Describe the changes;
 - 2) Provide the written policies and procedures as changed;
 - 3) State the date(s) the changes were made; and
 - 4) Explain why the changes were made.
- c. If no, provide the date Duke Kentucky's current fuel procurement policies and procedures were last changed, when they were last provided to the Commission, and identify the proceeding in which they were provided.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachments only)

- a. No, there have not been any changes to Duke Energy Kentucky's written policies and procedures regarding its fuel procurement.
- b. N/A
- c. Please see the following:

The "Regulated Utilities Risk Management Control Manual" was updated January 2018 and "Regulated Utilities Risk Limits" documents were updated

January of 2017. These two documents are being submitted with FAC Case No. 2018-00220 as STAFF-DR-01-011 Confidential Attachments 1 and 2. The “Commodity Risk Policy” was updated January of 2014. This document was submitted with the Company’s responses to FAC Case No. 2016-00005.

The “Coal and Emissions Reducing Chemicals Procurement Procedure” was updated December of 2016 and was filed on January 20, 2017.

The “DEI and DEK Gas Trading Procedure for Off-Premise Transactions”, “Fuel and System Optimization (FSO) DEK Emissions Trading Process & Procedure Check List”, and the “Fuel Oil Emergency Procedure” were updated in March 2016, May 2015 and June 2015 respectively. These three documents were submitted with the Company’s responses to FAC Case No. 2017-00005.

PERSON RESPONSIBLE: Brett Phipps

**CONFIDENTIAL PROPRIETARY TRADE
SECRET**

**STAFF-DR-01-011
ATTACHMENT 1**

FILED UNDER SEAL

**CONFIDENTIAL PROPRIETARY TRADE
SECRET**

**STAFF-DR-01-011
ATTACHMENT 2**

FILED UNDER SEAL

**Duke Energy Kentucky
Case No. 2018-00220
Staff First Set Data Requests
Date Received: August 10, 2018**

STAFF-DR-01-012

REQUEST:

For the period under review, list all firm power commitments for (a) purchases and (b) sales. This list shall identify the electric utility, the amount of commitment in MW, and the purpose of the commitment (i.e., peaking, emergency).

RESPONSE:

Duke Energy Kentucky has no firm power commitments during these periods.

PERSON RESPONSIBLE: John Swez

**Duke Energy Kentucky
Case No. 2018-00220
Staff First Set Data Requests
Date Received: August 10, 2018**

STAFF-DR-01-013

REQUEST:

Provide a monthly billing summary of sales to all electric utilities for the period under review.

RESPONSE:

See STAFF-DR-01-013 Attachment.

PERSON RESPONSIBLE: Theodore H. Czupik Jr.

**DUKE ENERGY KENTUCKY
 POWER TRANSACTION SCHEDULE**

Supplier/Buyer	Transaction Type	kWh	Charges (\$)			
			Demand	Fuel	Other	Total
Month Ended November 30, 2017						
PJM Interconnection, LLC	Econ Sales	61,949,470	0	1,299,042	349,879	1,648,921
	Total Sales	<u>61,949,470</u>	<u>0</u>	<u>1,299,042</u>	<u>349,879</u>	<u>1,648,921</u>
Month Ended December 31, 2017						
PJM Interconnection, LLC	Econ Sales	23,497,360	0	634,377	12,853	647,230
	Total Sales	<u>23,497,360</u>	<u>0</u>	<u>634,377</u>	<u>12,853</u>	<u>647,230</u>
Month Ended January 31, 2018						
PJM Interconnection, LLC	Econ Sales	25,952,040	0	1,552,171	437,798	1,989,969
	Total Sales	<u>25,952,040</u>	<u>0</u>	<u>1,552,171</u>	<u>437,798</u>	<u>1,989,969</u>
Month Ended February 28, 2018						
PJM Interconnection, LLC	Econ Sales	8,538,960	0	191,381	29,459	220,840
	Total Sales	<u>8,538,960</u>	<u>0</u>	<u>191,381</u>	<u>29,459</u>	<u>220,840</u>
Month Ended March 31, 2018						
PJM Interconnection, LLC	Econ Sales	2,091,350	0	39,517	18,805	58,322
	Total Sales	<u>2,091,350</u>	<u>0</u>	<u>39,517</u>	<u>18,805</u>	<u>58,322</u>
Month Ended April 30, 2018						
PJM Interconnection, LLC	Econ Sales	8,290	0	(32)	624	592
	Total Sales	<u>8,290</u>	<u>0</u>	<u>(32)</u>	<u>624</u>	<u>592</u>

Legend
 Econ Sales - Economy Sales

REQUEST:

Describe the effect on the FAC calculation of line losses related to:

- a. Intersystem sales when using a third-party transmission system, and
- b. Intersystem sales when not using a third-party transmission system.

RESPONSE:

- a. Duke Energy Kentucky did not have any intersystem sales during the review period.
- b. N/A

PERSON RESPONSIBLE: Theodore H. Czupik, Jr.
John Swez

**Duke Energy Kentucky
Case No. 2018-00220
Staff First Set Data Requests
Date Received: August 10, 2018**

STAFF-DR-01-015

REQUEST:

Provide a list, in chronological order, showing by unit, any scheduled, actual, and forced outages for the period under review.

RESPONSE:

Please see STAFF-DR-01-015 Attachment.

PERSON RESPONSIBLE: John Swez

KY FAC Request
 Nov 2017-Apr 2018

UnitName	EventType	Month	Scheduled Hours	Forced Hours	Actual Hours	EventStart	EventEnd	Description
East Bend 2	MO	NOV	66.72		66.72	11/10/17 1:00	11/12/17 19:43	Lower slope leak
East Bend 2	U1	NOV		6.07	6.07	11/14/17 12:32	11/14/17 18:36	Unit Trip on Drum Level After Mill Trip
East Bend 2	MO	DEC	91.67		91.67	12/1/17 0:55	12/4/17 20:35	Boiler Tube Leak
East Bend 2	U1	DEC		63.10	63.10	12/6/17 20:34	12/9/17 11:40	Boiler Tube Leak SSH
East Bend 2	U1	FEB		53.05	53.05	2/3/18 1:37	2/5/18 6:40	Boiler Tube Leak/ SSHI Pendant
East Bend 2	PO	MAR	2,164.68		2,164.68	3/2/18 19:19	6/1/18 0:00	Spring Planned Outage-ESP rebuild and Dry Bottom Ash Conversion
Woodsdale CT1	MO	NOV	37.00		37.00	11/28/17 6:00	11/29/17 19:00	Installed rain caps on vent
Woodsdale CT1	U1	DEC		22.88	22.88	12/28/17 18:50	12/29/17 17:43	Unit taken off for fuel restrictions
Woodsdale CT1	MO	MAR	24.33		24.33	3/6/18 6:00	3/7/18 6:20	Yearly calibration by gas dept.
Woodsdale CT1	SF	APR		21.17	21.17	4/5/18 20:08	4/6/18 17:18	Undervoltage relay on generator breaker
Woodsdale CT1	MO	APR	9.83		9.83	4/10/18 6:00	4/10/18 15:50	Venting NG for propane project
Woodsdale CT2	MO	NOV	11.50		11.50	11/28/17 6:00	11/28/17 17:30	Installed rain caps on vent
Woodsdale CT2	U1	DEC		22.57	22.57	12/28/17 19:08	12/29/17 17:42	Tripped due to low incoming gas pressure
Woodsdale CT2	MO	MAR	24.33		24.33	3/6/18 6:00	3/7/18 6:20	Yearly calibration by gas dept.
Woodsdale CT2	MO	APR	5.95		5.95	4/11/18 6:00	4/11/18 11:57	Venting NG for propane project
Woodsdale CT3	MO	NOV	7.85		7.85	11/10/17 11:00	11/10/17 18:51	Separated Unit 4 for rotor outage
Woodsdale CT3	MO	NOV	127.45		127.45	11/17/17 6:00	11/22/17 13:27	Clear for Crane for Unit 4 outage
Woodsdale CT3	MO	NOV	13.00		13.00	11/29/17 6:00	11/29/17 19:00	Installed rain caps on vent
Woodsdale CT3	U1	DEC		22.73	22.73	12/28/17 19:00	12/29/17 17:44	Unit taken off for fuel restrictions
Woodsdale CT3	SF	JAN		0.27	0.27	1/5/18 16:13	1/5/18 16:29	Purge valve failed to open
Woodsdale CT3	MO	JAN	37.00		37.00	1/31/18 7:00	2/1/18 20:00	Outage due to CT4 generator rotor coming back
Woodsdale CT3	MO	MAR	24.33		24.33	3/6/18 6:00	3/7/18 6:20	Yearly calibration by gas dept.
Woodsdale CT3	MO	APR	9.22		9.22	4/11/18 6:00	4/11/18 15:13	Venting NG for propane project
Woodsdale CT4	ME	NOV	1,765.00		1,765.00	10/19/17 11:00	1/1/18 0:00	Investigate Rotor Ground
Woodsdale CT4	MO	JAN	1,377.65		1,377.65	1/1/18 0:00	2/27/18 9:39	Rotor ground
Woodsdale CT4	MO	MAR	6.67		6.67	3/7/18 6:00	3/7/18 12:40	Yearly calibration by gas dept.
Woodsdale CT4	MO	APR	5.95		5.95	4/12/18 6:00	4/12/18 11:57	Venting NG for propane project
Woodsdale CT5	MO	NOV	127.45		127.45	11/17/17 6:00	11/22/17 13:27	Outage to clear crane for U4 rotor lift
Woodsdale CT5	MO	NOV	32.42		32.42	11/29/17 8:28	11/30/17 16:53	Installed rain caps on vent
Woodsdale CT5	SF	DEC		0.57	0.57	12/27/17 17:36	12/27/17 18:10	Brush Lift Off Device failed to lift
Woodsdale CT5	MO	JAN	37.00		37.00	1/31/18 7:00	2/1/18 20:00	Outage due to CT4 generator rotor coming back
Woodsdale CT5	MO	MAR	6.67		6.67	3/7/18 6:00	3/7/18 12:40	Yearly calibration by gas dept.
Woodsdale CT5	MO	APR	1.32		1.32	4/12/18 14:00	4/12/18 15:19	Venting NG for propane project
Woodsdale CT6	MO	NOV	127.45		127.45	11/17/17 6:00	11/22/17 13:27	Outage to clear crane for U4 rotor lift
Woodsdale CT6	MO	NOV	9.07		9.07	11/30/17 7:49	11/30/17 16:53	Installed rain caps on vent
Woodsdale CT6	SF	JAN		0.55	0.55	1/2/18 5:50	1/2/18 6:23	Gas control valve did not open; Dan changed logic settings
Woodsdale CT6	MO	JAN	37.00		37.00	1/31/18 7:00	2/1/18 20:00	Outage due to CT4 generator rotor coming back
Woodsdale CT6	MO	MAR	6.67		6.67	3/7/18 6:00	3/7/18 12:40	Yearly calibration by gas dept.
Woodsdale CT6	SF	APR		0.32	0.32	4/4/18 18:42	4/4/18 19:01	Excitation did not start automatically
Woodsdale CT6	MO	APR	5.85		5.85	4/13/18 6:00	4/13/18 11:51	Venting NG for propane project

Duke Energy Kentucky
Case No. 2018-00220
Staff First Set Data Requests
Date Received: August 10, 2018

STAFF-DR-01-016

REQUEST:

For the period under review, provide the monthly capacity factor at which each generating unit operated.

RESPONSE:

East Bend

<u>Month</u>	<u>Net MWH</u>	<u>Period Hours</u>	<u>MW Rating</u>	<u>MW Hours</u>	<u>Capacity Factor</u>
November 2017	348,890	720	600	432,000	80.76%
December 2017	325,574	744	600	446,400	72.93%
January 2018	393,263	744	600	446,400	88.10%
February 2018	267,538	672	600	403,200	66.35%
March 2018	14,993	744	600	446,400	3.36%
April 2018	<u>(4,059)</u>	<u>720</u>	<u>600</u>	<u>432,000</u>	<u>-0.94%</u>
Total	1,346,199	4,344	600	2,606,400	51.65%

Total Period

<u>Woodsdale Station</u>	<u>Net MWH</u>	<u>Period Hours</u>	<u>MW Rating</u>	<u>MW Hours</u>	<u>Capacity Factor</u>
Unit 1	4,216	4,344	91	396,816	1.06%
Unit 2	5,834	4,344	91	396,816	1.47%
Unit 3	6,336	4,344	91	396,816	1.60%
Unit 4	2,187	4,344	91	396,816	0.55%
Unit 5	4,487	4,344	91	396,816	1.13%
Unit 6	<u>4,762</u>	<u>4,344</u>	91	<u>396,816</u>	<u>1.20%</u>
Total	27,822	26,064	91	2,380,896	1.17%

November 2017

Woodsdale <u>Station</u>	Net <u>MWH</u>	Period <u>Hours</u>	MW <u>Rating</u>	MW <u>Hours</u>	Capacity <u>Factor</u>
Unit 1	(97)	720	86	61,920	-0.16%
Unit 2	(99)	720	86	61,920	-0.16%
Unit 3	(91)	720	86	61,920	-0.15%
Unit 4	(96)	720	86	61,920	-0.16%
Unit 5	(113)	720	86	61,920	-0.18%
Unit 6	<u>(86)</u>	<u>720</u>	86	<u>61,920</u>	<u>-0.14%</u>
Total	(582)	4,320	86	371,520	-0.16%

December 2017

Woodsdale <u>Station</u>	Net <u>MWH</u>	Period <u>Hours</u>	MW <u>Rating</u>	MW <u>Hours</u>	Capacity <u>Factor</u>
Unit 1	(131)	744	94	69,936	-0.19%
Unit 2	(99)	744	94	69,936	-0.14%
Unit 3	(103)	744	94	69,936	-0.15%
Unit 4	(127)	744	94	69,936	-0.18%
Unit 5	245	744	94	69,936	0.35%
Unit 6	<u>160</u>	<u>744</u>	94	<u>69,936</u>	<u>0.23%</u>
Total	(55)	4,464	94	419,616	-0.01%

January 2018

Woodsdale <u>Station</u>	Net <u>MWH</u>	Period <u>Hours</u>	MW <u>Rating</u>	MW <u>Hours</u>	Capacity <u>Factor</u>
Unit 1	2,833	744	94	69,936	4.05%
Unit 2	4,257	744	94	69,936	6.09%
Unit 3	4,544	744	94	69,936	6.50%
Unit 4	(152)	744	94	69,936	-0.22%
Unit 5	3,298	744	94	69,936	4.72%
Unit 6	<u>2,663</u>	<u>744</u>	94	<u>69,936</u>	<u>3.81%</u>
Total	17,443	4,464	94	419,616	4.16%

February 2018

Woodsdale <u>Station</u>	Net <u>MWH</u>	Period <u>Hours</u>	MW <u>Rating</u>	MW <u>Hours</u>	Capacity <u>Factor</u>
Unit 1	(141)	672	94	63,168	-0.22%
Unit 2	(136)	672	94	63,168	-0.22%
Unit 3	(141)	672	94	63,168	-0.22%
Unit 4	8	672	94	63,168	0.01%
Unit 5	(144)	672	94	63,168	-0.23%
Unit 6	<u>(108)</u>	<u>672</u>	94	<u>63,168</u>	<u>-0.17%</u>
Total	(662)	4,032	94	379,008	-0.17%

March 2018

Woodsdale <u>Station</u>	Net <u>MWH</u>	Period <u>Hours</u>	MW <u>Rating</u>	MW <u>Hours</u>	Capacity <u>Factor</u>
Unit 1	1,039	744	94	69,936	1.49%
Unit 2	698	744	94	69,936	1.00%
Unit 3	713	744	94	69,936	1.02%
Unit 4	723	744	94	69,936	1.03%
Unit 5	39	744	94	69,936	0.06%
Unit 6	<u>202</u>	<u>744</u>	94	<u>69,936</u>	<u>0.29%</u>
Total	3,414	4,464	94	419,616	0.81%

April 2018

Woodsdale <u>Station</u>	Net <u>MWH</u>	Period <u>Hours</u>	MW <u>Rating</u>	MW <u>Hours</u>	Capacity <u>Factor</u>
Unit 1	713	720	86	61,920	1.15%
Unit 2	1,213	720	86	61,920	1.96%
Unit 3	1,414	720	86	61,920	2.28%
Unit 4	1,831	720	86	61,920	2.96%
Unit 5	1,162	720	86	61,920	1.88%
Unit 6	<u>1,931</u>	<u>720</u>	86	<u>61,920</u>	<u>3.12%</u>
Total	8,264	4,320	86	371,520	2.22%

PERSON RESPONSIBLE:Theodore H. Czupik, Jr.
John Swez

**Duke Energy Kentucky
Case No. 2018-00220
Staff First Set Data Requests
Date Received: August 10, 2018**

STAFF-DR-01-017

REQUEST:

- a. For the period under review, explain if Duke Kentucky made any changes to its maintenance and operation practices, or completed any specific generation efficiency improvements that affect fuel usage at Duke Kentucky's generation facilities.
- b. Describe the impact of these changes on Duke Kentucky's fuel usage.

RESPONSE:

- a. Duke Kentucky made no changes during the period from November 1, 2017 through April 30, 2018 to its maintenance and operation practices or completed any specific generation efficiency improvements that affect fuel usage at Duke Kentucky's generation facilities. The East Bend station did undergo a major outage in the spring of 2018, but this outage will not materially change fuel usage at the unit.
- b. N/A

PERSON RESPONSIBLE: John Swez

**Duke Energy Kentucky
Case No. 2018-00220
Staff First Set Data Requests
Date Received: August 10, 2018**

STAFF-DR-01-018

REQUEST:

State whether Duke Kentucky is aware of any violations of its policies and procedures regarding fuel procurement that occurred prior to or during the period under review.

RESPONSE:

Duke Energy Kentucky is not aware of any violations of its policies and procedures regarding fuel procurement that occurred prior to or during the period under review.

PERSON RESPONSIBLE: Brett Phipps

**Duke Energy Kentucky
Case No. 2018-00220
Staff First Set Data Requests
Date Received: August 10, 2018**

STAFF-DR-01-019

REQUEST:

State whether Duke Energy Kentucky is aware of any violations of 807 KAR 5:056 that occurred prior to or during the period under review.

RESPONSE:

Duke Energy Kentucky is not aware of any instances where it may have violated 807 KAR 5:056 either prior to or during the period under review.

PERSON RESPONSIBLE: Brett Phipps

**Duke Energy Kentucky
Case No. 2018-00220
Staff First Set Data Requests
Date Received: August 10, 2018**

STAFF-DR-01-020

REQUEST:

State whether all fuel contracts related to commodity and transportation have been filed with the Commission. If any contracts have not been filed, explain why they have not been filed and provide a copy.

RESPONSE:

Coal:

All contracts for long-term and short-term (spot) coal and transportation agreements have been filed with the Commission.

Natural Gas and Fuel Oil:

All master agreements for physical suppliers and master long-term transportation agreements have been filed with the Commission. The Company also files its invoices for purchases under the master agreements monthly.

PERSON RESPONSIBLE: Brett Phipps