

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF THE ADJUSTMENT  
OF GAS RATES OF DUKE ENERGY KENTUCKY, INC.**

**CASE NO. 2018-00261**

**BASE PERIOD UPDATE**

**Duke Energy Kentucky, Inc.**  
**Case No. 2018-00261**  
**Base Period Update**  
**Table of Contents**

<b>Tab #</b>	<b>Filing Requirement</b>	<b>Description</b>	<b>Sponsoring Witness</b>
35	807 KAR 5:001 Section 16(7)(o)	Complete monthly budget variance reports, with narrative explanations, for the 12 months prior to base period, each month of base period, and subsequent months, as available.	Michael Covington Nick Giaimo
44	807 KAR 5:001 Section 16(8)(a)	Jurisdictional financial summary for both base and forecasted periods detailing how utility derived amount of requested revenue increase.	Sarah E. Lawler
45	807 KAR 5:001 Section 16(8)(b)	Jurisdictional rate base summary for both base and forecasted periods with supporting schedules which include detailed analyses of each component of the rate base.	Sarah E. Lawler Cynthia S. Lee Nick Giaimo John R. Panizza James E. Ziolkowski Michael Covington
46	807 KAR 5:001 Section 16(8)(c)	Jurisdictional operating income summary for both base and forecasted periods with supporting schedules which provide breakdowns by major account group and by individual account.	Sarah E. Lawler
47	807 KAR 5:001 Section 16(8)(d)	Summary of jurisdictional adjustments to operating income by major account with supporting schedules for individual adjustments and jurisdictional factors.	Sarah E. Lawler Cynthia S. Lee Nick Giaimo James E. Ziolkowski
48	807 KAR 5:001 Section 16(8)(e)	Jurisdictional federal and state income tax summary for both base and forecasted periods with all supporting schedules of the various components of jurisdictional income taxes.	John R. Panizza
49	807 KAR 5:001 Section 16(8)(f)	Summary schedules for both base and forecasted periods (utility may also provide summary segregating items it proposes to recover in rates) of organization membership dues; initiation fees; expenditures for country club; charitable contributions; marketing, sales, and advertising; professional services; civic and political activities; employee parties and outings; employee gifts; and rate cases.	Sarah E. Lawler
50	807 KAR 5:001 Section 16(8)(g)	Analyses of payroll costs including schedules for wages and salaries, employee benefits, payroll taxes, straight time and overtime hours, and executive compensation by title.	Sarah E. Lawler Renee H. Metzler
51	807 KAR 5:001 Section 16(8)(h)	Computation of gross revenue conversion factor for forecasted period.	Sarah E. Lawler
52	807 KAR 5:001 Section 16(8)(i)	Comparative income statements (exclusive of dividends per share or earnings per share), revenue statistics and sales statistics for 5 calendar years prior to application filing date, base period, forecasted period, and 2 calendar years beyond forecast period.	Michael Covington Nick Giaimo
53	807 KAR 5:001 Section 16(8)(j)	Cost of capital summary for both base and forecasted periods with supporting schedules providing details on each component of the capital structure.	John L. Sullivan, III
54	807 KAR 5:001 Section 16(8)(k)	Comparative financial data and earnings measures for the 10 most recent calendar years, base period, and forecast period.	Cynthia S. Lee Nick Giaimo Michael Covington John L. Sullivan, III

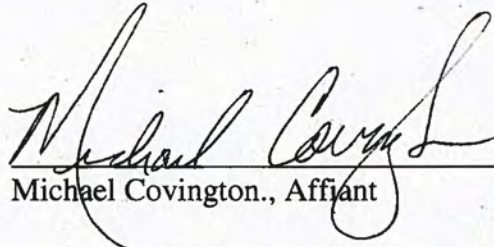
**Duke Energy Kentucky, Inc.**  
**Case No. 2018-00261**  
**Base Period Update**  
**Table of Contents**

<b>Tab #</b>	<b>Filing Requirement</b>	<b>Description</b>	<b>Sponsoring Witness</b>
55	807 KAR 5:001 Section 16(8)(l)	Narrative description and explanation of all proposed tariff changes.	Bruce L. Sailors
56	807 KAR 5:001 Section 16(8)(m)	Revenue summary for both base and forecasted periods with supporting schedules which provide detailed billing analyses for all customer classes.	Bruce L. Sailors
57	807 KAR 5:001 Section 16(8)(n)	Typical bill comparison under present and proposed rates for all customer classes.	Bruce L. Sailors
-	-	Work Papers	Various

**VERIFICATION**

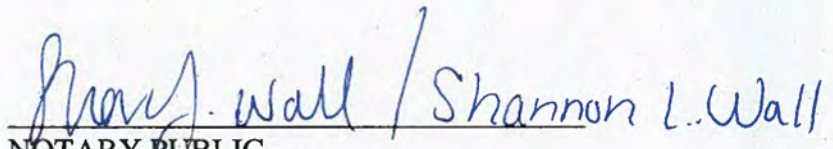
STATE OF NORTH CAROLINA     )  
  )  
COUNTY OF MECKLENBURG     )     **SS:**

The undersigned, Michael Covington, Director, Gas Utilities & Infrastructure Accounting, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the supplemental filing requirements and that it is true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Michael Covington., Affiant

Subscribed and sworn to before me by Michael Covington on this 4<sup>th</sup> day of January 2019.

**SHANNON L. WALL**  
Notary Public, North Carolina  
Mecklenburg County  
My Commission Expires  
June 28, 2022

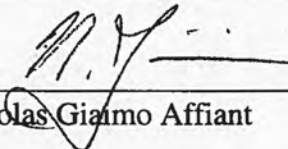
  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: 6/28/22

**VERIFICATION**

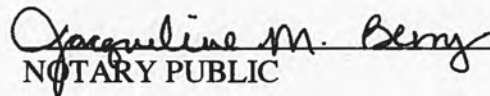
**STATE OF NORTH CAROLINA**     )  
  )  
**COUNTY OF MECKLENBURG**     )     **SS:**

The undersigned, Nicholas Giaimo, Director, RU Gas Operations Finance, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the supplemental filing requirements and that it is true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Nicholas Giaimo Affiant

Subscribed and sworn to before me by Nicholas Giaimo on this 9<sup>th</sup> day of January, 2019.



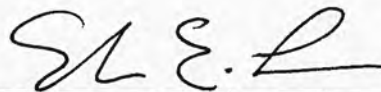
  
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NOTARY PUBLIC

My Commission Expires: 11/29/2021

**VERIFICATION**

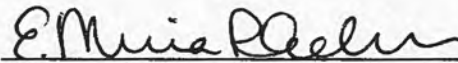
STATE OF OHIO                    )  
  )     SS:  
COUNTY OF HAMILTON        )

The undersigned, Sarah E. Lawler, Director Rates & Regulatory Planning, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the supplemental filing requirements and that it is true and correct to the best of her knowledge, information and belief.



\_\_\_\_\_  
Sarah E. Lawler Affiant

Subscribed and sworn to before me by Sarah E. Lawler on this 9<sup>th</sup> day of January, 2019.



\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: July 8, 2022



**E. MINNA ROLFES-ADKINS**  
Notary Public, State of Ohio  
My Commission Expires  
July 3, 2022

**VERIFICATION**

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

The undersigned, Cynthia S. Lee, Director, Asset Accounting, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the supplemental filing requirements and that it is true and correct to the best of her knowledge, information and belief.

  
\_\_\_\_\_  
Cynthia S. Lee Affiant

Subscribed and sworn to before me by Cynthia S. Lee on this 8 day of JAN.,  
2019.



  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: 10/2/21

VERIFICATION

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

The undersigned, John R. Panizza, Director, Tax Operations, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the supplemental filing requirements and that it is true and correct to the best of his knowledge, information and belief.

*John R. Panizza*  
\_\_\_\_\_  
John R. Panizza Affiant

Subscribed and sworn to before me by John R. Panizza on this 3 day of JAN., 2019.

*Virginia M. Adams*  
\_\_\_\_\_  
NOTARY PUBLIC  
Commission Expires: 10/2/21  
VIRGINIA M. ADAMS  
NOTARY PUBLIC  
PUBLIC  
EXP. 10/02/2021  
MECKLENBURG COUNTY NC



**VERIFICATION**

STATE OF OHIO                    )  
  )     SS:  
COUNTY OF HAMILTON        )

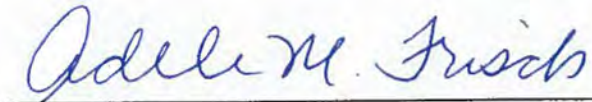
The undersigned, James E. Ziolkowski, Director, Rates & Regulatory Planning, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the supplemental filing requirements and that it is true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
James E. Ziolkowski Affiant

Subscribed and sworn to before me by James E. Ziolkowski on this 14<sup>th</sup> day of JANUARY, 2019.



**ADELE M. FRISCH**  
Notary Public, State of Ohio  
My Commission Expires 01-05-2024

  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: 1/5/2024

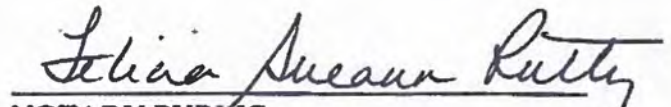
**VERIFICATION**

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

The undersigned, Renee Metzler, Managing Director – Retirement and Health and Welfare, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the supplemental filing requirements and that it is true and correct to the best of her knowledge, information and belief.

  
Renee Metzler Affiant

Subscribed and sworn to before me by Renee Metzler on this 14<sup>th</sup> day of January  
2019.

  
NOTARY PUBLIC

My Commission Expires:

**FELICIA SUEANN RUTTY**  
**NOTARY PUBLIC**  
**MECKLENBURG COUNTY, NC**  
My Commission Expires 9-17-2023

**VERIFICATION**

STATE OF OHIO                    )  
  )     SS:  
COUNTY OF HAMILTON        )

The undersigned, Bruce L. Sailers, Pricing and Regulatory Solutions Manager, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the supplemental filing requirements and that it is true and correct to the best of his knowledge, information and belief.

Bruce L. Sailers  
Bruce L. Sailers, Affiant

Subscribed and sworn to before me by Bruce L. Sailers, on this 14<sup>th</sup> day of January, 2019.



ADELE M. FRISCH  
Notary Public, State of Ohio  
My Commission Expires 01-05-2024

Adele M. Frisch  
NOTARY PUBLIC

My Commission Expires: 1/5/2024

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION**

In The Matter of:

The Electronic Application of Duke )  
Energy Kentucky, Inc., for: 1) An )  
Adjustment of the Natural Gas Rates; 2) ) Case No. 2018-00261  
Approval of a Decoupling Mechanism; )  
3) Approval of New Tariffs; and 4) All )  
Other Required Approvals, Waivers, and )  
Relief. )

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**PETITION OF DUKE ENERGY KENTUCKY, INC.  
FOR CONFIDENTIAL TREATMENT OF INFORMATION  
CONTAINED IN ITS APPLICATION REGARDING AN  
ADJUSTMENT OF NATURAL GAS RATES**

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Comes now Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), by counsel, pursuant to 807 KAR 5:001, Section 13, and respectfully requests the Commission to classify and protect certain information provided by the Company in its Application for an adjustment of its natural gas rates, respectfully stating as follows:

1. The information for which Duke Energy Kentucky seeks confidential treatment is contained in: (a) the Confidential Attachments to Filing Requirement 807 KAR 5:001, Section 16(7)(o) [Tab 35]; and (b) the Confidential Attachments to the Direct Testimony of Renee H. Metzler (RHM-1(a) - (g) and RHM-7(a) - (c)). Collectively, these documents are referred to herein as the "Confidential Information" and, broadly speaking, include detailed operations and maintenance (O&M) and Capital expenses incurred by the Company on a monthly basis, financial projections, and information relating to the compensation of non-senior executive employees and shared employees of the Company.

2. With regard to the Confidential Attachments provided in FR 807 KAR 5:001, Section 16(7)(o) [Tab 35], Duke Energy Kentucky is providing the consolidated Duke Energy Ohio/Duke Energy Kentucky Financial Reporting Summaries (FRS) monthly managerial reports. These consolidated FRS reports contain narrative explanations of variances for the combined companies and show the financial condition of the combined companies on a monthly basis. In addition, the Company is including its Company-specific monthly Regulatory O&M and Capital Reports (ROCR) that contain highly detailed variance descriptions and explanations for O&M and Capital expenditures, respectively.

3. The foregoing information relating to the Company's detailed monthly Capital and O&M expenses as well as the combination of Duke Energy Kentucky and Duke Energy Ohio's monthly financial positions and drivers are self-evidently confidential and proprietary in nature. Individually, any of these documents would provide competitors with tremendous insight into the Company's financial condition, Capital and O&M philosophies, policies, practices, and expenses. Gaining access to this information would be extremely valuable to the Company's competitors and vendors. If released, this information would put the Company at a competitive disadvantage in future negotiations with potential vendors and even potentially inhibit the Company's ability to properly manage its costs.

4. With regard to Confidential Attachments RHM-1(a) – (g) and RHM-7(a) – (c), Duke Energy Kentucky is providing information which arises from and relates to the personal compensation figures and policies of the Company, the Company's employees, and shared employees. Specifically, Confidential Attachment RHM-1(a) – (g) includes

the library of Duke Energy Corporation (Duke Energy) Compensation Policies, including its: (a) 2018 Compensation Guidelines and Administration Policy; (b) Change of Schedule; (c) ECA Guidelines; (d) Exempt Supplemental Pay Policy; (e) Higher Class Premium Pay; (f) Shift Differential Policy; and (g) Rotating Shift Guideline. Confidential Attachment RHM-7(a) – (c) includes Duke Energy's: (a) 2018 Short-Term Incentive Plan and Union Employee Incentive Plans; (b) 2018 Restricted Stock Award Plan; and (c) 2018 Executive Long-Term Incentive Plan. These documents provide intimate details on the nature, function, scope, and operation of the Company's incentive compensation plans.

5. The foregoing information relating to employee compensation and benefits is self-evidently confidential and proprietary in nature. Individually, any of these documents would provide competitors with tremendous insight into the Company's compensation philosophies, policies and practices. Taken together, these documents represent the accumulation of decades of "best practices" in human capital management. Gaining access to this information would be extremely valuable to the Company's competitors who might desire to poach from Duke Energy Kentucky's talent pool. Moreover, it would impose a significant and material obstacle to the Company's efforts to continue to recruit and retain a skilled labor force.

6. The Kentucky Open Records Act exempts from disclosure information that, due to its confidential and proprietary nature, would permit "an unfair commercial advantage to competitors of the entity that disclosed the records" if openly disclosed.<sup>1</sup> The Confidential Information was, and remains, integral to Duke Energy Kentucky's effective execution of business decisions. Indeed, as the Kentucky Supreme Court has

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<sup>1</sup> See KRS 61.878(1)(c)1.

found, "information concerning the inner workings of a corporation is 'generally accepted as confidential or proprietary.'"<sup>2</sup>

7. The information for which Duke Energy Kentucky is seeking confidential treatment was either developed internally, or acquired on a proprietary basis, by Duke Energy Corporation and Duke Energy Kentucky personnel, is not on file publicly with any public agency, and is not publicly available from any commercial or other source. 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 utility industry.

8. Duke Energy Kentucky does not object to limited disclosure of the Confidential Information described herein, pursuant to an acceptable protective agreement entered into with any intervenors with a legitimate interest in reviewing the same for the sole purpose of participating in this case.

9. In accordance with the provisions of 807 KAR 5:001, Section 13(2)(e), the Company is filing one copy of the Confidential Information separately under seal, and the appropriate number of copies with the Confidential Information redacted. Due to the pervasive nature of the Confidential Information within each of the Confidential Attachments and FR, Duke Energy Kentucky is requesting confidential treatment for the Confidential Information in totality.

10. Duke Energy Kentucky respectfully requests that the Confidential Information be withheld from public disclosure for a period of twenty years. This will assure that the Confidential Information – if disclosed after that time – will no longer be

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<sup>2</sup> *Hoy v. Kentucky Industrial Revitalization Authority*, Ky., 904 S.W.2d 766, 768 (Ky. 1995).

commercially sensitive so as to likely impair the interests of the Company or its employees if publicly disclosed.

11. 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.,



Rocco O. D'Ascenzo (92796)  
Deputy General Counsel  
Duke Energy Business Services LLC  
139 East Fourth Street, 1303-Main  
Cincinnati, Ohio 45201  
(513) 287-4320  
rocco.d'ascenzo@duke-energy.com

And

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L. Allyson Honaker  
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2365 Harrodsburg Road, Suite B-325  
Lexington, KY 40504  
(859) 368-7740  
david@gosssamfordlaw.com  
allyson@gosssamfordlaw.com



**CERTIFICATE OF SERVICE**

This is to certify that the foregoing electronic filing is a true and accurate copy of the document being filed in paper medium; that the electronic filing was transmitted to the Commission on August 31, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a copy of the filing in paper medium is being overnighted to the Commission on the 31<sup>st</sup> day of August 2018 and a copy of the filing in paper medium is also being overnighted to the following:

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



Rocco O. D'Ascenzo