

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY, )  
INC. FOR: AUTHORITY TO ADJUST NATURAL )  
GAS RATES; (2) APPROVAL OF A DECOUPLING ) Case No.  
MECHANISM; (3) APPROVAL OF NEW TARIFFS, ) 2018-00261  
AND (4) ALL OTHER REQUIRED APPROVALS, )  
WAIVERS AND RELIEF )

**ATTORNEY GENERAL’S RESPONSES TO DATA REQUESTS  
OF DUKE ENERGY KENTUCKY, INC.**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits the following responses to data requests of Duke Energy Kentucky, Inc. [“DEK”] in the above-styled matter.

Respectfully submitted,

ANDY BESHEAR  
ATTORNEY GENERAL



---

KENT A. CHANDLER  
REBECCA W. GOODMAN  
JUSTIN M. MCNEIL  
LAWRENCE W. COOK  
ASSISTANT ATTORNEYS GENERAL  
700 CAPITAL AVE., SUITE 20  
FRANKFORT KY 40601-8204  
(502) 696-5453  
[Kent.Chandler@ky.gov](mailto:Kent.Chandler@ky.gov)  
[Rebecca.Goodman@ky.gov](mailto:Rebecca.Goodman@ky.gov)  
[Justin.McNeil@ky.gov](mailto:Justin.McNeil@ky.gov)  
[Larry.Cook@ky.gov](mailto:Larry.Cook@ky.gov)

THIS PAGE INTENTIONALLY LEFT BLANK

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Counsel

Page 1 of 1

QUESTION No. 1

Other than Lane Kollen please identify any persons, including experts whom the Attorney General has retained or consulted regarding evaluating the Company's Application in this proceeding.

RESPONSE:

Objection. The question seeks information in violation of the work product and/or Attorney-Client privilege(s). Additionally, the question seeks information that is irrelevant. Without waiving such objections, the Attorney General states as follows:  
None.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Counsel

Page 1 of 1

QUESTION No. 2

For each person identified in (prior) response to Interrogatory No. I above, please state (1) the subject matter of the discussions/consultations/evaluations; (2) the written opinions of such persons regarding the Company's Application; (3) the facts to which each person relied upon; and (4) a summary of the person's qualifications to render such discussions, consultations or evaluations.

RESPONSE:

The Attorney General reiterates and incorporates by reference the same objections set forth in his response to Question No. 1, above. Without waiving these objections, the Attorney General states as follows: Not applicable.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Counsel

Page 1 of 1

QUESTION No. 3

Identify and provide all documents or other evidence that the Attorney General may seek to introduce as exhibits or for purposes of witness examination in the above-captioned matter.

RESPONSE:

Objection. The question seeks information that is outside of the possession and control of or not yet identified by the Attorney General. Without waiving said objection(s), any exhibits that are not already in the record will be provided in advance of the hearing to counsel for DEK and the Commission at a reasonable date agreed to between the Attorney General and counsel for DEK.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen / Counsel as to Objections

Page 1 of 1

QUESTION No. 4

Please identify all proceedings in all jurisdictions in the last three years in which Lane Kollen has offered evidence, including but not limited to, pre-filed testimony, sworn statements, and live testimony and analysis. For each response, please provide the following:

(a) the jurisdiction in which the testimony, statement or analysis was prefiled, offered, given, or admitted into the record;

(b) the administrative agency and/or court in which the testimony, statement or analysis was pre-filed, offered, admitted, or given;

(c) the date(s) the testimony, statement or analysis was pre-filed, offered, admitted, or given;

(d) the identifying number for the case or proceeding in which the testimony, statement or analysis was pre-filed, offered, admitted, or given;

(e) whether the witness was cross-examined;

(f) the custodian of the transcripts and pre-filed testimony, statements or analysis for each proceeding; and

(g) copies of all such testimony, statements or analysis.

RESPONSE:

(a)-(d). Refer to Exhibit \_(LK-1) attached to the Direct Testimony of Lane Kollen in this matter.

(e)-(f). Objection. The question seeks information which is in the public domain, is in the possession of DEK as noted in response to (a)-(d), above, and as such, DEK can access and review it themselves.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen

Page 1 of 1

QUESTION No. 5

Please provide copies of any and all documents, analysis, summaries, white papers, work papers, spreadsheets (electronic versions with cells intact), including drafts thereof, as well as any underlying supporting materials created by Lane Kollen as part of his evaluation of the Company's Application or used in the creation of Lane Kollen's testimony.

RESPONSE:

The workpapers supporting Mr. Kollen's testimony and quantifications were filed in the form of a live Excel workbook with all formulas intact simultaneous with the filing of his direct testimony. Any revisions to same will be subsequently filed with the Commission.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen

Page 1 of 1

QUESTION No. 6

Please provide copies of any and all documents not created by Lane Kollen, including but not limited to, analysis, summaries, cases, reports, evaluations, etc., that Lane Kollen relied upon, referred to, or used in the development of his testimony.

RESPONSE:

All analysis, summaries, cases, reports, evaluations, etc. that Mr. Kollen relied on are cited in his direct testimony and are publicly available, except to the extent the Company deemed certain discovery responses as confidential, or are otherwise reflected in his workpapers filed contemporaneously with his direct testimony.



The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen

Page 1 of 1

QUESTION No. 7

Please provide copies of any and all presentations or publications made, written or presented by Lane Kollen in a non-adjudicative forum within the last three years involving or relating to the following: 1) utility rate-making; 2) rate of return; 3) rider cost recovery; 4) depreciation; 5) taxes; 6) decoupling; and 7) weather normalization.

RESPONSE:

To the extent that there were any, refer to Exhibit\_\_\_(LK-1) attached to Mr. Kollen's direct testimony.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen

Page 1 of 1

QUESTION No. 8

Please refer to Mr. Kollen's testimony at page 3 where he indicates that he is testifying "on behalf of the Office of the Attorney General of the Commonwealth of Kentucky." To avoid unnecessary litigation expense and to promote judicial economy, please indicate whether the Attorney General agrees with the arguments and claims made by Mr. Kollen and, if not, please identify which specific arguments or claims the Attorney General disclaims.

RESPONSE:

The Attorney General agrees with Mr. Kollen's direct testimony, but reserves the right to restate, modify, withdraw, or include other arguments or claims in his brief, based on the entirety of the final record.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Counsel

Page 1 of 1

QUESTION No. 9

Please identify whether the Attorney General is taking any additional positions or making any additional recommendations on the Company's application that are not being offered by the direct testimony of Mr. Kollen in this proceeding.

RESPONSE:

The Attorney General intends to take “additional positions” or make “additional recommendations . . . that are not being offered by the direct testimony of Mr. Kollen in this proceeding.”

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen / Counsel as to Objections

Page 1 of 1

QUESTION No. 10

Please confirm that Mr. Kollen is not a natural gas customer of Duke Energy  
Kentucky.

RESPONSE:

Objection, the request is irrelevant, nonsensical, seeks information not likely to lead to  
the discovery of any admissible evidence and seeks to harass the Attorney General and  
his retained expert. Without waiving these objections, Mr. Kollen states: Confirmed.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen / Counsel as to Objections

Page 1 of 1

QUESTION No. 11

Please confirm that J. Kennedy And Associates is not a natural gas customer of  
Duke Energy Kentucky.

RESPONSE:

Objection, the request is irrelevant, nonsensical, seeks information not likely to lead  
to the discovery of any admissible evidence and seeks to harass the Attorney General  
and his retained expert. Without waiving these objections, Mr. Kollen states:  
Confirmed.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen

Page 1 of 1

QUESTION No. 12

Please refer to Mr. Kollen's testimony at page 7 where he states that the cash working capital method is outdated and inaccurate. Please identify whether Mr. Kollen has found the use of the one-eighth method for cash working capital acceptable in other rate cases involving other utilities.

(a) If the response is in the affirmative, please identify the proceeding, jurisdiction, case, and provide a copy of any submitted testimony addressing that issue.

(b) If the response is in the negative, has Mr. Kollen been involved in any utility rate cases where the regulatory body has approved the one-eighth method for cash working capital over Mr. Kollen's objection. If yes, please identify such proceedings, jurisdictions, including the utility and the date the regulatory body issued its order.

RESPONSE:

No.

(a) Mr. Kollen has not affirmatively supported the one-eighth method in other rate cases.

(b) Yes. Mr. Kollen opposed the use of the one-eighth method in KPSC Case No. 2000-386, a Louisville Gas and Electric Company environmental surcharge case, and in Case No. 2000-439, a Kentucky Utilities Company environmental surcharge case.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen

Page 1 of 1

QUESTION No. 13

Please refer to Mr. Kollen's testimony at page 8 where he quotes from testimony provided by Duke Energy Ohio witness Peggy A. Laub in a proceeding before the Public Utilities Commission of Ohio.

(a) Please state whether Mr. Kollen agrees with Ms. Laub's statement that a lead-lag study "invites considerable dispute over assumptions used to develop the study .... "

(b) If Mr. Kollen disagrees with the statement, please explain his basis for doing so.

RESPONSE:

(a)-(b). In some instances, there are disputes over methodology and/or assumptions, as there are in other components of the revenue requirement calculation. This does not negate the superiority of the lead/lag approach over the one-eighth approach, which also is subject to disputes over methodology and/or assumptions.

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen / Counsel as to Objection

Page 1 of 2

QUESTION No. 14

Please refer to Mr. Kollen's testimony at page 10 where he asserts that a lead/lag study could be performed "at no incremental cost."

(a) Please explain why Mr. Kollen believes there would be no incremental cost to perform a lead lag study.

(b) Does Mr. Kollen have knowledge of whether the Company has sufficient staffing levels that would allow it to perform a lead lag study? If the answer is in the affirmative, please explain the basis of Mr. Kollen's knowledge.

(c) Does Mr. Kollen believe that there would be an opportunity cost to the Company if it has in house employees perform a lead lag study?

(d) Has Mr. Kollen ever performed a lead lag study?

(e) Given the fact that the Kentucky Commission has typically accepted the one-eighth formula method for calculating cash working capital in Duke Energy Kentucky rate cases, please explain why Mr. Kollen believes it is a prudent use of the Company's resources to perform a lead lag study.

(f) Please confirm that Mr. Kollen's personal knowledge of the facts in Case No. 2017-00349 and Case No. 2018-00281 is limited to the fact that Atmos Energy Corporation did not seek recovery of the lead lag study as rate case expense.

(g) If Mr. Kollen has personal knowledge of the cost to Atmos Energy Corporation of preparing the lead lag studies, please provide a description of the basis for such knowledge.

RESPONSE:

(a) In Mr. Kollen's experience, the Company could perform a lead/lag study using in-house personnel at no incremental cost. For example, Atmos claimed that a lead/lag study would be prohibitively expensive in Case No. 2015-00343. However, it subsequently performed a lead/lag study in Case Nos. 2017-00349 and 2018-00281 using in-house personnel at no incremental cost. In response to AG 1-31 in Case No. 2017-00349, Atmos stated: "The Cash Working Capital Study was prepared entirely by Company employees. The Company did not track the time employees spent on preparing the Study. There are no incremental costs associated with the Study." The direct testimony of Mr. Joe Christian, Director of Rates and Regulatory affairs for Atmos, at page 13 lines 3-5 filed in Case No. 2018-00281 stated that he had performed the two lead/lag studies in the two Kentucky cases as well as for other Atmos jurisdictions.

(b) No.



The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

QUESTION No. 14

Page 2 of 2

- (c) No.
- (d) No. In Mr. Kollen's experience, the utility typically performs the lead/lag study due to the necessity to sample the lead and lag days on O&M and other cash expenses. Mr. Kollen does not work for utilities. Instead, Mr. Kollen reviews the utility studies and proposes corrections or other modifications.
- (e) Objection. This request is argumentative and seeks to harass the Attorney General and his retained expert. Without waiving said objection, refer to Mr. Kollen's referenced testimony on page 10 at lines 8-15. In addition, Duke Energy previously used capitalization for the return component of the revenue requirement. If capitalization is used for that purpose, the cash working capital calculation is not a direct or relevant component in the calculation of the revenue requirement. In this rate case, Duke now proposes to change from capitalization to rate base for the return component of the revenue requirement. This change necessarily makes the cash working capital calculation a direct and relevant component in the calculation of the revenue requirement.
- (f) See response to subpart (a).
- (g) See response to subpart (a).

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen

Page 1 of 1

QUESTION No. 15

Please state whether Mr. Kollen is familiar with any Commission precedent where the Commission has accepted the one-eighth methodology for calculating cash working capital.

RESPONSE:

Mr. Kollen is familiar with Commission precedent, including its recent decision to use the lead/lag approach in Case No. 2017-00349.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen / Counsel as to Objection

Page 1 of 1

QUESTION No. 16

Please state the specific facts upon which Mr. Kollen relies to support the idea that the lead lag method would produce a result substantially different from the one-eighth methodology in this case.

RESPONSE:

Objection. The question is argumentative and assumes facts not in evidence. Moreover, this request is further objectionable in that it fails to provide an adequate reference to Mr. Kollen's testimony. Without waiving said objections, Mr. Kollen has not performed a study of all lead/lag studies filed in all jurisdictions. Recently in Case No. 2015-00343, the direct testimony of Mr. Kollen at pages 29-31 cited numerous instances where this was the case for the various Atmos jurisdictions. There are also large differences between the two methods in the Duke Carolinas case cited by Mr. Kollen in his direct testimony at page 9.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen / Counsel

Page 1 of 1

QUESTION No. 17

Please refer to Mr. Kollen' s testimony on page 21. Please confirm that the AG supports the Company's request to expand the meter testing cycle to fifteen years.

RESPONSE:

Mr. Kollen's proposed adjustment is necessary to reflect the "Company's request to expand the meter testing cycle to fifteen years."

Counsel: The Attorney General's final recommendation based on the entirety of the evidence will be reflected in his post-hearing brief in this matter.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen

Page 1 of 1

QUESTION No. 18

Please refer to Mr. Kollen's testimony on page 14. Please confirm that Mr. Kollen is offering no opinion on the Company's Weather Normalization Adjustment mechanism.

RESPONSE:

Confirmed.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen

Page 1 of 1

QUESTION No. 19

Please state whether Mr. Kollen believes that public utility employees across Kentucky should pay the same proportion of health insurance costs?

RESPONSE:

Mr. Kollen relied on Commission precedent for ratemaking recovery of health insurance costs. Mr. Kollen did not address the amount that public utility employees should pay.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen

Page 1 of 1

QUESTION No. 20

Has Mr. Kollen reviewed Schedule M that was filed in the Company's application?

RESPONSE:

Yes.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs; and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen

Page 1 of 1

QUESTION No. 21

Mr. Kollen states, on page 13 line 16 of his testimony, "[t]he Company included forecast transportation revenues of \$1.405 million in the test year."

(a) Does Mr. Kollen agree that test year revenue projections should be sourced from Schedule M?

(h) Does Mr. Kollen know if the revenue value he states of \$1 .405 million contains the same components of revenues that are included in the other revenue values Mr. Kollen states in his testimony on page 13 lines 17 through 19?

(c) Does Mr. Kollen agree that the \$1.405 million revenue value is associated with interruptible transportation only?

RESPONSE:

(a) No. The Company's calculations of the revenue requirement and deficiency, including the relevant schedules, workpapers, and calculations, are detailed in the Excel workbook provided in response to Staff 1-71, which does not include Schedule M. These workpapers and calculations include the base year and test year data. The \$1.405 million in forecast transportation revenues addressed by Mr. Kollen was the amount included by the Company in account 689000 *Transportation Gas of Others* shown on the FP Rev by Product tab in that Excel workbook. This was the account referenced in AG 1-041 cited by Mr. Kollen and provided as his Exhibit\_\_\_(LK-4).

(b) Mr. Kollen relied on the Company's Excel workbook and the cited responses to discovery.

(c) Mr. Kollen neither agrees nor disagrees. The Company has other revenue accounts that include an "IC" designation, which he understands refers to interruptible customers. This account does not have an "IC" designation.



The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen

Page 1 of 1

QUESTION No. 22

Please refer to Mr. Kollen's testimony on page 33. Would Mr. Kollen agree that in its response to AG-DR-01-048(e), in which it provided a detailed explanation for the cost increase, the Company indicated that the reasons for "the cost increases were twofold?"

(a) If yes, please confirm that the other reason provided by the Company was "it was necessary to conduct the pressure testing in two phases".

(b) If no, please explain why Mr. Kollen chose not to consider the second reason offered by the Company as a reason for the increase in expense.

(c) How did Mr. Kollen determine that the second reason for the increase in expense provided by the Company in response to AG-DR-01-048e was the "primary" reason for the increase rather than it was necessary to conduct the pressure testing in two phases"?

(d) Does Mr. Kollen believe both reasons provided were potential reasons for the increase?

RESPONSE:

The referenced response speaks for itself.

(a) See response above.

(b) Mr. Kollen's focus was on the primary reason identified by the Company.

(c) Mr. Kollen relied on the Company's representation.

(d) The referenced response speaks for itself.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen / Counsel as to Objection

Page 1 of 1

QUESTION No. 23

Does Mr. Kollen believe the Company acted imprudently in conducting the pressure testing in two phases, rather than risk system integrity and reliability constraints during the winter heating season?

- (a) If the response is in the affirmative, please explain why it would have been prudent for the Company to risk the integrity and reliability of the natural gas system in order to complete the required pressure testing at one time and to prevent incurring additional expense.

RESPONSE:

Objection. The question fails to provide an adequate reference. Without waiving said objection, and assuming the request is referencing question No. 22, Mr. Kollen states as follows: Mr. Kollen did not assess whether the Company acted imprudently.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen / Counsel as to Objection

Page 1 of 1

QUESTION No. 24

Is Mr. Kollen aware that the Company made "post case referenced correspondence" with the Commission on both September 30, 2016, and March 15, 2017, that provided the reasons for the estimated increase in expense?

RESPONSE:

Objection. The question fails to provide an adequate reference. Without waiving said objection, and assuming the request is referencing question Nos. 21-23, Mr. Kollen states as follows: Mr. Kollen is aware that post case correspondence was filed. The Company cited the September 30, 2016 post case correspondence in response to AG-DR-1-048(e) attached to Mr. Kollen's direct testimony as Exhibit\_\_\_(LK-14).

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen / Counsel as to Objection

Page 1 of 1

QUESTION No. 25

Please explain why Mr. Kollen would not consider this additional post case referenced correspondence to be a request for additional increases.

RESPONSE:

Objection. Argumentative. Moreover, this request is further objectionable insofar as it fails to provide an adequate reference. Without waiving said objection, and assuming that the question is referring to question Nos. 21-24, Mr. Kollen states as follows: The correspondence speaks for itself.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen / Counsel as to Objection

Page 1 of 1

QUESTION No. 26

Please explain what Mr. Kollen believes the Commission meant by the phrase "its authorization was for accounting purposes only and that the amount to be amortized and recovered in rates shall be determined in Duke Energy Kentucky's next gas rate case." Does Mr. Kollen believe that this language meant that the Company was only allowed to recover the revised estimate or lesser amount?

RESPONSE:

Objection. The question fails to provide an adequate reference. Without waiving said objection, to the extent DEK's question is quoting from a Commission Order, Mr. Kollen states as follows: The Commission's Orders speak for themselves.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen / Counsel as to Objection

Page 1 of 1

QUESTION No. 27

Please provide references to any other forecasted period rate cases in Kentucky in which the applicant was permitted to update forecasted information based on actual results.

RESPONSE:

Objection. The question lacks any reference to Mr. Kollen's direct testimony and fails to provide any other context in order for the respondent to answer. Moreover, the question is further objectionable in that it is vague, overbroad, and seeks to harass the Attorney General and his retained expert.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen / Counsel as to Objection

Page 1 of 1

QUESTION No. 28

Does Mr. Kollen believe that it would be appropriate for Duke Energy Kentucky to update the cost of its long-term debt issuances if it would have resulted in an increase in the overall revenue requirement?

RESPONSE:

Objection. The question lacks any reference to Mr. Kollen's direct testimony and fails to provide any other context in order for the respondent to answer. Moreover, the question is further objectionable in that it is vague, overbroad, assumes facts not in evidence and seeks to harass the Attorney General and his retained expert.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen / Counsel as to Objection

Page 1 of 1

QUESTION No. 29

Does Mr. Kollen believe that it would be appropriate for Duke Energy Kentucky to update its forecasted rate base, expenses or other elements of its requested revenue requirement based on actual results?

RESPONSE:

Objection. This question is vague, overbroad and confusing. Without waiving said objection, Mr. Kollen states as follows: Mr. Kollen does not understand the question since the forecast test year does not include any months for which actual results are available.



The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen

Page 1 of 1

QUESTION No. 30

With respect to Mr. Kollen's testimony on page 26 to "give Duke an opportunity to address the union portion of the expense prior to its next base rate proceeding," does Mr. Kollen agree that this language referred to the Company's next electric base rate proceeding?

(a) With respect to this proceeding, does Mr. Kollen agree that the current union contract is effective until May 14, 2020 and therefore there will not be an opportunity for the Company to negotiate the 401 K Matching Costs for union employees until it is time to renegotiate or renew the current union contract?

(b) Does Mr. Kollen agree that the Company should have the same opportunity with regards to the union 401K matching costs as the Commission provided for in the Company's electric base rate case and give the Company the opportunity to address this issue prior to its next natural gas base rate case?

RESPONSE:

The Commission's Orders speak for themselves.

- (a) Mr. Kollen has not reviewed the union contract, but notes that this is an issue of ratemaking recovery. Ratemaking recovery is not necessarily dependent on actual costs incurred or forecast costs that may be incurred.
- (b) Mr. Kollen believes the issue should be addressed in the present case.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen / Counsel as to Objection

Page 1 of 1

QUESTION No. 31

Provide an explanation of why Mr. Kollen believes the existence of a pension benefit is the basis for whether 401(k) costs should be recovered, with no analysis of whether the pension benefit is frozen, converted to a lesser cash balance formula, etc.

RESPONSE:

Objection. Argumentative. Without waiving said objection, Mr. Kollen states as follows: Mr. Kollen relied on Commission precedent for ratemaking recovery of such costs.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen

Page 1 of 1

QUESTION No. 32

On page 26, line 14, of his testimony, Mr. Kollen states that "[t]he Commission noted this precedent, although it did not make an adjustment in the recent Duke Energy (electric) proceeding ... " Mr. Kollen references pages 22-23 of the Commission's April 13, 2018, Order in Case No. 2017-00321 for making this statement. Please provide the exact citation in the April 13, 2018, Order in Case No. 2017-00321 where the Commission "notes the precedent" being referenced by Mr. Kollen.

RESPONSE:

Order at page 22, including footnote 61.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen

Page 1 of 1

QUESTION No. 33

With respect to Mr. Kollen's testimony on pages 29 and 30 to increase employee sharing of premiums, please explain what recent precedent established increased employee sharing of premiums and an explanation of why this precedent should be applied in this case.

RESPONSE:

Refer to the referenced testimony and footnotes.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Lane Kollen

Page 1 of 1

QUESTION No. 34

With respect to Mr. Kollen's testimony on pages 29 and 30, please explain the basis for providing no recovery for LTD insurance premiums. On page 29 of his testimony, beginning on line 16, Mr. Kollen argues that "Commission precedent is to provide recovery of medical insurance premiums based on the assumption that the employee pays 21 percent of the total cost for single coverage and 33 percent of the total cost for all other types of coverage, to provide recovery of dental insurance premiums based on the assumption that the employee pays 60 percent of the total cost of coverage, and to provide no recovery for long-term disability insurance premiums." In footnote 37, Mr. Kollen cites three cases for his assertion that his recommendation is consistent with Commission precedent. Is Mr. Kollen aware of any case involving an investor-owned utility regulated by the Kentucky Public Service Commission for which the Commission required the adjustments regarding the sharing of premiums, on pages 29 and 30?

- (a) Did the Commission's Orders in the most recent rate cases for LG&E, KU, Duke Energy Kentucky, Kentucky Power, Atmos Energy, Columbia Gas, Delta Natural Gas, or Kentucky American Water Company include an adjustment similar to what is being proposed by Mr. Kollen regarding the sharing of insurance premiums.

RESPONSE:

The Commission Orders speak for themselves. However, Mr. Kollen was unable to identify Commission Orders that denied recovery for long-term disability insurance premiums and will revise his testimony accordingly.

The Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment  
Of The Natural Gas Rates; 2) Approval of a Decoupling Mechanism; 3) Approval Of New Tariffs;  
and 4) All Other Required Approvals, Waivers, And Relief  
Case No. 2018-00261  
Attorney General's Responses to DEK's Data Requests

WITNESS/RESPONDENT RESPONSIBLE:

Counsel

Page 1 of 1

QUESTION No. 35

For each of the questions above, the extent the Attorney General's own responses to any of these questions otherwise directed to Mr. Kollen would differ than that of Mr. Kollen's, please explain in detail why and how the Attorney General's responses would differ.

RESPONSE:

Objection. The question fails to provide an adequate reference to testimony and seeks to harass the Attorney General and his retained expert. Moreover, this question is further objectionable in that it seeks opinion testimony from a witness regarding the opinion of legal counsel, and thus the information it seeks is inherently privileged and is not likely to lead to the discovery of any admissible evidence. Without waiving said objections, insofar as the request seeks the Attorney General's position on the entirety of DEK's application, upon the conclusion of evidence the Attorney General will provide his positions and/or opinions in his post-hearing brief in this matter.