

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

In the Matter of:

ELECTRONIC APPLICATION OF DUKE ENERGY)	
KENTUCKY, INC. FOR: 1) AN ADJUSTMENT OF)	
THE ELECTRIC RATES; 2) APPROVAL OF NEW)	
TARIFFS; 3) APPROVAL OF ACCOUNTING TO)	CASE NO. 2019-00271
ESTABLISH REGULATORY ASSETS AND)	
LIABILITIES; AND 4) ALL OTHER REQUIRED)	
APPROVALS AND RELIEF)	

**NORTHERN KENTUCKY UNIVERSITY’S SUPPLEMENTAL REQUESTS FOR
INFORMATION TO DEK**

Comes now the intervenor, Northern Kentucky University (“Northern Kentucky University” or “NKU”), by and through counsel, and submits these Supplemental Requests for Information to Duke Energy of Kentucky, Inc. (“DEK” or “the Company”) to be answered by the date specified in the Commission’s Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Please identify the witness who will be prepared to answer questions concerning each request.
- (3) Please repeat the question to which each response is intended to refer. NKU can provide counsel for DEK with an electronic version of these questions, upon request.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information

within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from counsel for NKU.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify counsel for NKU as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall

include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or

transmitted information, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) NKU reserves the right to pose additional preliminary data requests on or before the due date specified in the Commission's procedural schedule.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Dennis G. Howard, II". The signature is stylized and cursive.

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NKU'S SUPPLEMENTAL REQUESTS FOR INFORMATION TO DEK
CASE NO. 2019-00271

1. With respect to the Company's response to NKU-DR-01-12, please provide the following information:
 - a. Please explain why the Company chose to utilize the production stacking method instead of the summer/winter method for allocating production demand related costs.
 - b. Please explain how the production stacking method reflects class cost of service with respect to the allocation of production demand related costs.
 - c. Has Duke Energy Kentucky previously utilized the production stacking method for allocating production demand related costs in a rate case? If yes, please identify all such instances.
 - d. Has the production stacking method previously been accepted by the Kentucky Public Service Commission for allocating production demand related costs? If yes, please identify all such instances.
 - e. Has any affiliate of Duke Energy Kentucky recommended the use of the production stacking method for allocating production demand related costs in a rate case before another state regulatory commission? If yes, please identify all such instances.
 - f. Is Duke Energy Kentucky aware of whether the production stacking method has been approved in other state regulatory jurisdictions for allocating production demand related costs? If yes, please identify all such instances.

2. With respect to the Company's response to NKU-DR-01-12, please provide the following information:
 - a. Please identify all instances where Duke Energy Kentucky has recommended the allocation of production demand related costs using the 12 CP method.
 - b. Please identify all instances where the Kentucky Public Service Commission has accepted the 12 CP method for the allocation of production demand related costs in Duke Energy Kentucky rate cases.
3. Regarding "Electric Vehicle/Transportation Pilot Programs," reference DEK response to NKU-DR-1-008 at the language "the Company does not expect costs to exceed revenues, based on existing utilization rates. However, if this were to happen the Company would seek recovery of these costs in a subsequent rate case." Admit that it is foreseeable DEK might seek recovery of these costs in a subsequent rate case. If DEK denies the assertion, explain in detail the reasons for the denial.
4. Admit as is evidenced by this case, and by the definition of a monopoly, DEK can seek an adjustment in its rates to capture its costs to provide service to its customers and to garner the opportunity to earn a reasonable return on its investment? If DEK denies the assertion, explain in detail the reasons for the denial.
 - a. Cite to any time in DEK's history when the company did not capture its costs to serve its customers and earn a profit, regardless of whether the company considered the profit reasonable or not.
 - b. Admit that a private company providing electric vehicle charging stations does not have the opportunity to seek governmental intervention to seek recovery of its costs to provide service, an adjustment in its rates, and an opportunity to earn a reasonable return on its rates. If DEK denies the assertion, explain in detail the reasons for the denial.
5. Reference DEK response to Kroger-DR-01-003(d) regarding the Amazon Air Hub facility and an incentive electric rate. If DEK offers an electric incentive rate to Amazon, will DEK seek to offset any discount to Amazon by in turn allocating costs to the remaining DEK customers? If yes, explain in detail.

6. Reference DEK response to OAG-DR-01-007. Is there a revenue requirement for the new Customer Connect service platform and program costs incurred or projected to be incurred in DEK's test year? If yes, please provide the number in dollars.
7. Reference DEK response to OAG-DR-01-010(b.). If the major storm deferral accounting treatment requested by DEK is granted, confirm that DEK will request carrying charges on its deferral balance.
 - a. At what percentage rate will DEK set the carrying charge?
8. Reference DEK response to OAG-DR-01-039. In its answer to the question, the Company states it "inadvertently excluded \$914,966 of intercompany A&G rent expense in Account 931008, from the test period." There are other answers in which the Company states it mistakenly or inadvertently included or excluded certain costs or expenses. (See, for example, DEK response to STAFF-DR-02-086 where the company neglected to include amortization of rate case expense from the prior rate case.) Please provide a comprehensive schedule with a correction of all errors the company has identified as having been made in its Application along with the correct revenue number DEK is requesting, if different than what was originally filed. If the cost of service and revenue allocation for classes has changed as a result of these errors, please provide revised schedules with the correct class cost of service and correct class revenue allocation.
9. Reference the Application in general and the United States Federal Reserve's decision to cut interest rates by 0.25%, from 2.0% to 1.75%. Will this decrease in the borrowing rate affect DEK's analysis of cost its capital performed by Dr. Morin? Explain your answer in detail with any applicable calculations needed to revise Dr. Morin's testimony, if necessary.
10. Reference DEK response to OAG-DR-01-086. DEK states its increase in Transmission Operations expenses since the Company's 2017 General Rate Case (\$359,568 vs. \$112,939) is due to an increase in environmental maintenance expense in account 595. Please explain.
11. Reference DEK response to OAG-DR-01-094. DEK states the increase in Sales expenses since the Company's General Rate Case (\$1,497,140 vs. \$673,076) "is due to increases in expenses for labor and consultants in the forecasted period." Provide a breakdown for the years 2014 through the forecasted test year listing the labor and consultants' expenses by cost and type of expense.

12. Reference DEK response to OAG-DR-01-097 regarding the ability to produce energy from the Woodsdale units when natural gas is not available or uncertain such as during an Operational Flow Order (OFO) or “in the event that there are natural gas pressure issues on the pipeline.” In DEK’s analysis, planning and forecasting, how often does the Company anticipate it will encounter problems with access to natural gas thus requiring DEK to operate Woodsdale on fuel oil? Please limit the answer to access to natural gas, irrespective to the price of same.
13. Reference DEK’s Application in general. Does DEK intend on updating its sales forecasts based on the most recent summer month’s temperatures? If no, why not?
14. Reference DEK response to OAG-DR-01-110. The question asked for “projected cost savings that will result from enhanced reliability of the proposed battery.” The answer as provided by DEK referenced DEK’s answer to STAFF-DR-02-080 and AG-DR-01-109. DEK does not provide an actual dollar amount in either reference. Can DEK quantify any cost savings? If yes, please provide the actual dollar amount.
 - a. If the answer is no, please explain why DEK cannot quantify any cost savings.
15. Reference DEK response to STAFF-DR-02-075 wherein DEK states nonperformance during distribution system outages could result in penalties or charges from PJM in the context of Kuznar’s testimony at page 3, where he states: “If an outage occurs on the distribution circuit, the battery will be unable to participate in PJM but will be able to provide enhanced reliability by operating in island mode, maintaining power to customers for a period of time.” Explain in detail the type and amount of penalties DEK could incur if it decides the battery would be offered in the Day-Ahead market.
16. Reference DEK response to STAFF-DR-02-078. Provide the net revenues by dollar amount that DEK expects to credit to customers in Rider FAC and Rider PSM for each year of the life of the battery storage project, if approved by the PSC. Use projections if necessary.
17. Reference DEK response to STAFF-DR-02-083. Please describe the equipment warranty and guarantee on the battery storage system, inclusive of the costs and terms in years.

CERTIFICATE OF SERVICE

I certify that the foregoing is a true and accurate copy of the same document being filed in paper medium with the Commission; that the electronic filing was transmitted to the Commission on November 12, 2019; that there are no parties that the Commission has excused from participation by electronic means in this proceeding; and that one original and one copy of the filing in paper medium are being delivered to the Commission within two (2) business days.



Dennis G. Howard, II