

VERIFICATION

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

The undersigned, Christopher M. Jacobi, Director, Regional Financial Forecasting, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data request and that it is true and correct to the best of his knowledge, information and belief.

Christopher Jacobi
Christopher M. Jacobi Affiant

Subscribed and sworn to before me by Christopher M. Jacobi on this 14th day of November 2019.



Jenny Pattana
NOTARY PUBLIC

My Commission Expires: 06/08/2020

VERIFICATION

STATE OF OHIO)
)
COUNTY OF HAMILTON) **SS:**

The undersigned, Jeff L. Kern, Lead Rates & Regulatory Strategy Analyst, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data request and that it is true and correct to the best of his knowledge, information and belief.




Jeff L. Kern, Affiant

Subscribed and sworn to before me by Jeff L. Kern, on this 15TH day of NOVEMBER, 2019.



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



NOTARY PUBLIC

My Commission Expires: 1/5/2024

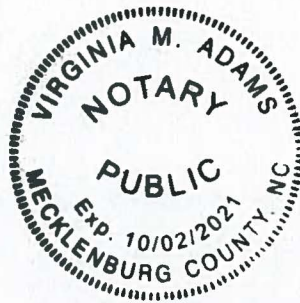
VERIFICATION

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

The undersigned, Melissa Brammer Abernathy, Manager Accounting II, Asset Accounting being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing data request and that it is true and correct to the best of her knowledge, information and belief.

Melissa B. Abernathy
Melissa Brammer Abernathy, Affiant

Subscribed and sworn to before me by Melissa Brammer Abernathy on this 20 day of November, 2019.



Virginia M. Adams
NOTARY PUBLIC

My Commission Expires: 10/2/21

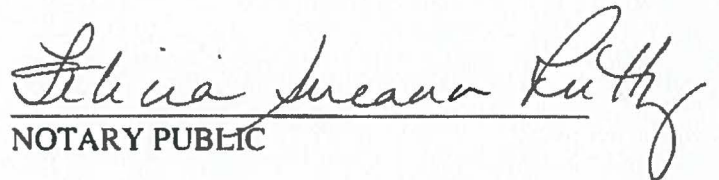
VERIFICATION

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

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 foregoing data request and that it is true and correct to the best of her knowledge, information and belief.

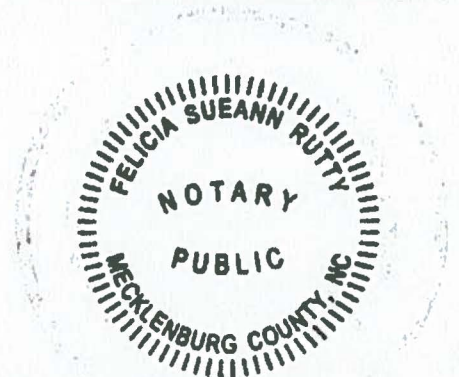

Renee Metzler Affiant

Subscribed and sworn to before me by Renee Metzler on this 15th day of 2019
2019.


NOTARY PUBLIC

My Commission Expires:

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



VERIFICATION

STATE OF FLORIDA)
)
COUNTY OF NASSAU) **SS:**

The undersigned, Dr. Roger A. Morin, Professor of Finance and a Principal in Utility Research International, 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.

Roger A. Morin

Dr. Roger A. Morin Affiant

Subscribed and sworn to before me by Dr. Roger A. Morin on this 13 day of Nov, 2019.

Karen M. Taylor
NOTARY PUBLIC

My Commission Expires:



VERIFICATION

STATE OF OHIO)
) **SS:**
COUNTY OF HAMILTON)

The undersigned, Ash M. Norton, Director Distribution Design Engineering and its subsidiary, Duke Energy Kentucky, Inc., being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing data request and that it is true and correct to the best of her knowledge, information and belief.

Ash M. Norton
Ash M. Norton, Affiant

Subscribed and sworn to before me by Ash M. Norton, on this 21ST day of November, 2019.

E. Minna Rolfes-Adkins
NOTARY PUBLIC

My Commission Expires: July 8, 2022



E. MINNA ROLFES-ADKINS
Notary Public, State of Ohio
My Commission Expires
July 8, 2022

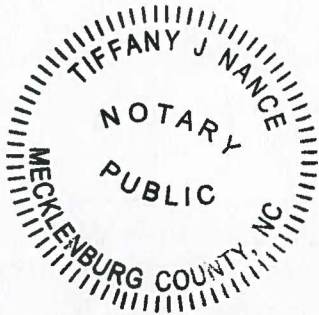
VERIFICATION


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

The undersigned, Lang W. Reynolds, Director Electrification Strategy, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data request and that it is true and correct to the best of his knowledge, information and belief.


_____ **Lang W. Reynolds Affiant**

Subscribed and sworn to before me by Lang W. Reynolds on this 19 day of November, 2019.




_____ **NOTARY PUBLIC**

My Commission Expires: February 1, 2023

VERIFICATION

STATE OF OHIO)
)
COUNTY OF HAMILTON) **SS:**

The undersigned, William Don Wathen Jr., Director of Rates & Regulatory Strategy, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data request and that it is true and correct to the best of his knowledge, information and belief.




William Don Wathen Jr., Affiant

Subscribed and sworn to before me by William Don Wathen Jr., on this 15TH day of NOVEMBER, 2019.



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



NOTARY PUBLIC

My Commission Expires: 1/5/2024

VERIFICATION

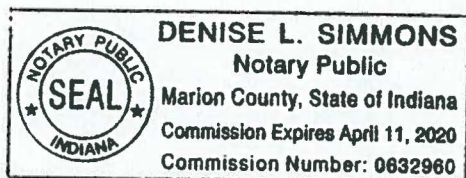
STATE OF INDIANA)
) SS:
COUNTY OF HENDRICKS)


The undersigned, Thomas Christie, Director Distribution Vegetation Management, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data request and that it is true and correct to the best of his knowledge, information and belief.



Thomas Christie, Affiant

Subscribed and sworn to before me by Thomas Christie on this 19th day of NOVEMBER, 2019.




NOTARY PUBLIC

My Commission Expires: 4-11-2020

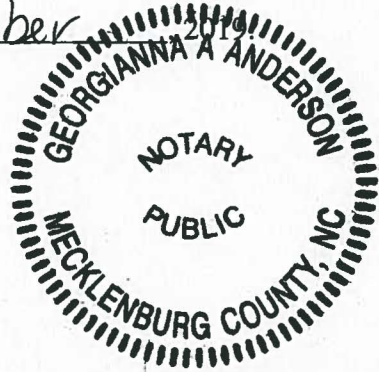
VERIFICATION

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

The undersigned, Danielle L. Weatherston, Manager Accounting II, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing data request and that it is true and correct to the best of her knowledge, information and belief.

Danielle L. Weatherston
Danielle L. Weatherston, Affiant

Subscribed and sworn to before me by Danielle L. Weatherston on this 19th day of November



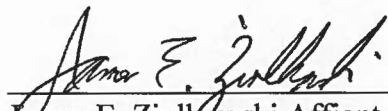
Georgianna A. Anderson
NOTARY PUBLIC

My Commission Expires: August 18, 2021

VERIFICATION

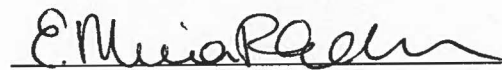
STATE OF OHIO)
)
COUNTY OF HAMILTON) SS:

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 foregoing data request 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 18th day of November, 2019.



NOTARY PUBLIC

My Commission Expires: July 8, 2022



E. MINNA ROLFES-ADKINS
Notary Public, State of Ohio
My Commission Expires
July 8, 2022

VERIFICATION

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

The undersigned, Retha Hunsicker, VP Customer Connect-Solutions, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing data request and that it is true and correct to the best of her knowledge, information and belief.


Retha Hunsicker Affiant

Subscribed and sworn to before me by Retha Hunsicker on this 12 day of November, 2019.




NOTARY PUBLIC

My Commission Expires: 9/17/2024

VERIFICATION

STATE OF OHIO)
)
COUNTY OF HAMILTON) **SS:**

The undersigned, Zachary Kuznar, Managing Director CHP Microgrid & Engineer Storage Development, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data request and that it is true and correct to the best of his knowledge, information and belief.



Zachary Kuznar, Affiant

Subscribed and sworn to before me by Zachary Kuznar, on this 14th day of November, 2019.



NOTARY PUBLIC

My Commission Expires: July 8, 2022

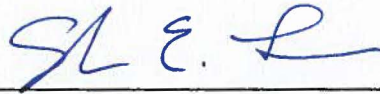


E. MINNA ROLFES-ADKINS
Notary Public, State of Ohio
My Commission Expires
July 8, 2022

VERIFICATION

STATE OF OHIO)
)
COUNTY OF HAMILTON) SS:

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 foregoing data request 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 14th day of November, 2019.



NOTARY PUBLIC

My Commission Expires: July 8, 2022

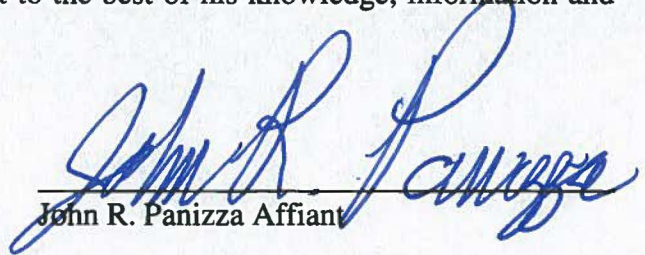


E. MINNA ROLFES-ADKINS
Notary Public, State of Ohio
My Commission Expires
July 8, 2022

VERIFICATION

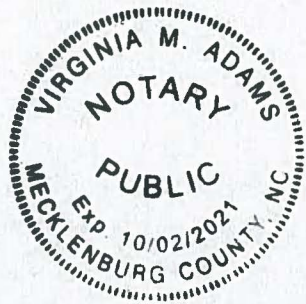
STATE OF NORTH CAROLINA)
)
) **SS:**
COUNTY OF MECKLENBURG)

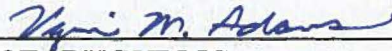
The undersigned, John R. Panizza, Director, Tax Operations, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data request and that it is true and correct to the best of his knowledge, information and belief.



John R. Panizza Affiant

Subscribed and sworn to before me by John R. Panizza on this 20 day of November, 2019.





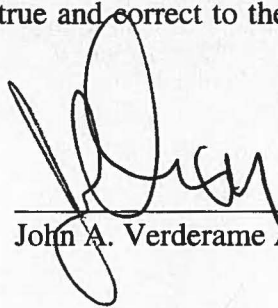
NOTARY PUBLIC

My Commission Expires: 10/2/21

VERIFICATION

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

The undersigned, John A. Verderame Managing Director, Trading and Dispatch, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data request and that it is true and correct to the best of his knowledge, information and belief.



John A. Verderame Affiant

Subscribed and sworn to before me by John A. Verderame on this 13 day of November, 2019.



NOTARY PUBLIC

My Commission Expires:

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

KyPSC Case No. 2019-00271
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**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-001

REQUEST:

Refer to the application, Volume 1, Tab 27.

- a. Also, refer to Duke Kentucky's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 1.c. If the response includes capital expenditures for filing requirements for Tabs 26 and 27, provide a breakdown of the major construction projects and the other construction projects.
- b. Provide an itemized listing of the construction projects included in Tab 27.

RESPONSE:

- a. Please see STAFF-DR-03-001(a) Attachment.
- b. Please see STAFF-DR-03-001(b) Attachment.

PERSON RESPONSIBLE: Christopher M. Jacobi

DE Kentucky
 Electric Operations
 Major Construction Projects per Tab 26
 Actual Capital Expenditures

Project ID/Description	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19
EB021409 - U2 Lime Injection System	216,440	68,100	31,410	3,340	13,520	5,110	4,930	1,105,630	317,220	35,600	141,340	345,000	214,680	152,180	327,230	553,750	481,550
WDC00004 - Install Fuel Oil System (Woodsdale)	1,209,590	1,799,790	1,972,880	1,610,250	5,260,330	4,821,510	7,431,600	4,287,240	4,746,500	2,521,630	2,281,220	1,315,820	1,998,850	1,950,650	2,285,240	251,860	351,500
M180077 - Aero Transmission Supply	-	-	-	-	-	-	-	11,290	12,950	24,370	8,510	50,990	158,570	336,640	235,690	354,260	339,750
DKY2016 - Donaldson Substation	134,950	181,220	110,080	150,430	245,070	205,140	254,810	232,460	110,830	785,780	484,610	2,532,670	1,387,380	211,240	101,130	1,282,260	725,670

Other Construction Expenditures, excluding ESM and major construction projects listed on Tab 26 of the application (FR 16(7)(f))

	2019	2020	2021
<u>DE Kentucky Electric</u>			
B4 - Fossil Ash Basin Initiative	-	1,559,678	-
BA - Fossil Steam Plants	8,736,589	21,354,863	10,853,339
BD - Environmental Fossil Plants	4,058,330	2,621,745	1,008,437
BG - Other Production Plant	12,031,465	2,411,880	8,244,880
BY - Solar Energy Production	-	-	4,012,380
CC - Capital Challenge	(5,000,000)	(5,000,000)	(5,000,000)
FF - Transmission Stations	2,610,000	4,516,000	638,938
GG - Transmission Lines	4,071,162	8,739,503	11,011,242
HB - Distribution Substation	8,872,988	6,516,868	(1,059,663)
HW - Distribution Highway Jobs	2,386,617	2,248,547	2,341,901
IK - Distrib Lines OH/UG (Line Ext)	39,578,065	23,056,958	26,630,242
IO - Distribution Improvements	5,145,300	6,852,063	4,556,605
OU - Other Utility	136,629	109,644	109,120
QQ - Meters, Panel & Panel Troughs	239,159	106,469	100,481
RR - Communication	8,698,068	8,449,161	6,905,012
TB - Equipment & Tools	166,589	157,584	159,160
TD - Other - Office Equipment	10,835,046	531,605	331,000
VS - Intangible Plant - Software	4,554,213	4,605,723	1,716,032
	<u>107,120,222</u>	<u>88,838,291</u>	<u>72,559,104</u>

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-002

REQUEST:

Refer to the application, Volume 12, Schedule L-1, page 17 of 172. Explain why the Usage alert and Outage Alert program details and eligibility are not included in Duke Kentucky's tariff.

RESPONSE:

Since program details can change, including them in the tariff would require frequent filings to keep the tariffs up to date with the current program. Therefore, the tariff simply includes the language that "Customers should contact the Company for current program specifics and eligibility." As required and directed by the Commission, the Company is willing to provide a more detailed description of the offered services in the tariff.

PERSON RESPONSIBLE: Jeff L. Kern

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-003

REQUEST:

Refer to the application, Volume 12, Schedule L-1, page 21 of 172. Explain why the Pick Your Own Due Date program specifics and eligibility are not included in Duke Kentucky's tariff.

RESPONSE:

Since program details can change, including them in the tariff would require frequent filings to keep the tariffs up to date with the current program. Therefore, the tariff simply includes the language that "Customers should contact the Company for current program specifics and eligibility." As required and directed by the Commission, the Company is willing to provide a more detailed description of the offered service in the tariff.

PERSON RESPONSIBLE: Jeff L. Kern

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-004

REQUEST:

Refer to the application, Volume 12, Schedule L-1, page 22 of 172. Indicate how Duke Kentucky informs customers of the option to have their deposit recalculated at their request if the deposit is held longer than 18 months.

RESPONSE:

Currently, customers are informed of this option in the "Security Deposit Information" section of their bill. As noted in the direct testimony of Company witness Retha Hunsicker, the Company is requesting a waiver of 807 KAR 5:006, Section 8(1)(d)(3)(a) to allow customer deposits retained for 12 months or more to be recalculated on an annual basis. This waiver request aligns with the implementation of the Company's new billing system, Customer Connect. If the waiver is granted, the Company will make the appropriate filing to revise Section VII – Deposits (Sheet No. 26) of its tariff at that time.

PERSON RESPONSIBLE: Jeff L. Kern

Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019

STAFF-DR-03-005

REQUEST:

Refer to the application, Volume 12, Schedule L-1, page 69 of 172, paragraph 12.

- a. Explain how Duke Kentucky arrived at the monthly payment amount of 1.0117 percent of the cost of the additional facility investment for those lighting customers that chose not to pay for the additional facility investment upfront.
- b. For those customers that elect to pay the cost of the additional facility investment monthly, indicate how long the monthly payments would be made.

RESPONSE:

- a. The monthly payment is calculated by dividing the Levelized Fixed Cost Rate (LFCR) of 12.14% by 12 months ($0.1214 / 12 = 0.010117$). The LFCR is calculated using the following formula:

$$\text{LFCR} = 1/(1-g) [(r + A + P + d) + (T/(1-T)(r + d - D)(r-i)/r)]$$

Where:

- g = Commercial Activity Tax: 0.260%
- r = Rate of Return: 6.711%
- A = Property Tax Rate: 0.478%
- P = Property Insurance Rate: 0.009%
- d = Sinking Fund Depreciation Rate: 4.07%
- T = Federal and State Composite Income Tax Rate: 21.390%
- D = Depreciation Rate: 6.67%
- i = Synchronized Interest Deduction: 1.68%

- b. The calculated monthly rate would be paid in perpetuity or until the equipment is taken out of service.

PERSON RESPONSIBLE: Jeff L. Kern

Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019

STAFF-DR-03-006

REQUEST:

Refer to the Direct Testimony of Melissa B. Abernathy, pages 7 and 8, regarding the costs related to the removal of asbestos from Miami Fort 6.

- a. Identify the amount of cost recovered in the base period and the forecasted test period.
- b. Identify when Duke Kentucky anticipates these costs will be fully recovered.

RESPONSE:

- a. The costs related to the removal of asbestos from Miami Fort 6 are included in the plant decommissioning estimates used to determine the terminal net salvage percent for Steam Production assets within the currently approved rates and the proposed depreciation study. The decommissioning estimates used in both studies were based on the 2017 Burns and McDonnell Decommissioning study, which included an estimate for the removal of asbestos of approximately \$6,253,000. The terminal net salvage percent was factored into the calculation of the current depreciation rates as well as the proposed depreciation rates within the respective depreciation study. The amount of depreciation expense specifically attributed to the asbestos costs is not identifiable within the base period and forecasted test period.
- b. These costs are part of the overall terminal net salvage estimate for Steam Production Assets. The depreciation rates are designed to recover the costs over the

remaining life of all Steam Production assets. As costs are incurred related to the removal of asbestos, they are charged against the Steam Production cost of removal reserve within Account 108 – Accumulated Depreciation.

PERSON RESPONSIBLE: Melissa B. Abernathy

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-007

REQUEST:

Refer to the Direct Testimony of James Michael Mosley beginning on page 12 regarding the Woodsdale Generating Station. Also, refer to the application, Volume 1, Tab 22, Filing Requirement 16(7)(b), line 3. Describe in detail the Woodsdale – New Generation capital expenditures projected for 2020 and 2021.

RESPONSE:

The capital expenditures on line 3 of Filing Requirement 16(7)(b) represent a forecasted new combustion turbine generating unit at the Woodsdale station. The assumed in-service date of this investment is after March 2021, therefore there are no amounts related to this project included for recovery in this filing.

PERSON RESPONSIBLE: Christopher M. Jacobi

Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019

STAFF-DR-03-008

REQUEST:

Refer to the Direct Testimony of Renee H. Metzler (Metzler Testimony), page 18, regarding the Description of the Short-Term Incentive (STI) Plan Design for 2019.

- a. Confirm that if the earnings per share (EPS) goal is not met, only the portion of the STI attributed to the Team Goals for Non-Executive employees who do not also participate in the long-term incentive plan (LTI) will be paid.
- b. Identify what adjustment would be necessary to remove the portions of the STI Plans from test-year expenses that would not be paid out in the event that the EPS goal was not met.
- c. Identify how many times the EPS goal was not met in the past five years.

RESPONSE:

- a. We confirm that if EPS is less than a designated minimal value, called the "circuit breaker", which is a value below the EPS minimum goal, only non-executive employees who do not participate in the Executive LTI plan will receive an STI payout, and this payout will only be related to their team's performance under their team component. A portion of the EPS incentive opportunity is paid if EPS is between the minimum goal and target goal.

- b. If EPS is less than the circuit breaker value, the adjustment to remove the portions of the STI Plans from test-year expenses that would not be paid out equals \$611,335.
- c. The EPS target goal was not met in two of the past five years; however, the minimum EPS goal was achieved in those two years resulting in a payout for the EPS portion of STI of less than 100%.

PERSON RESPONSIBLE: Renee H. Metzler

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-009

REQUEST:

Refer to the Metzler Testimony, page 31, Table 2. Confirm, for the STI – Non-Executive Incentive Plan, the Percentage Recoverable for the Safety/Environmental component and the Percentage Recoverable for the Customer Satisfaction component are incorrectly attributed.

RESPONSE:

Yes, we confirm that the Percentage Recoverable shown in Table 2 for the STI – Non-Executive Incentive Plan for the Safety/Environmental component and the Customer Satisfaction component are incorrectly attributed. The Safety/Environmental component Percentage Recoverable should be 5% and the Customer Satisfaction component Percentage Recoverable should be 10%.

PERSON RESPONSIBLE: Renee H. Metzler

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-010

REQUEST:

Refer to the Metzler Testimony, page 37, lines 18-19. Identify the percentage cost to employees of all coverages, including but not limited to dental and vision coverage.

RESPONSE:

Please refer to the Metzler Testimony, page 37, lines 13-17 for the percentage cost to employees for all coverages offered by Duke Energy, except for dental coverage which is not reflected. For dental coverage, the employee pays on average 35 percent of the premium.

PERSON RESPONSIBLE: Renee H. Metzler

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-011

REQUEST:

Refer to the Metzler Testimony, page 37, lines 21-23. Duke Kentucky states that when an employee enrolls his/her dependents in medical and dental coverage, Duke Kentucky subsidizes less of the dependent cost of coverage. Provide the percentage cost to employees for dependent medical and dental coverage as well as the total cost paid for medical and dental coverage by Duke Kentucky for dependents in the test year.

RESPONSE:

The percentage cost to Duke Energy employees for dependent coverage (premiums only) for 2019 is projected to be 29 percent for medical and 40 percent for dental. Duke Energy employees' total cost of medical coverage for dependents (premiums and out-of-pocket costs) for 2019 is projected to be 46 percent. A total cost metric is not available for dental coverage. Employees can reduce the cost of medical coverage if they (and/or their covered spouses/domestic partners, as applicable) qualify for a non-tobacco user discount and/or complete certain wellness activities.

PERSON RESPONSIBLE: Renee H. Metzler

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-012

REQUEST:

Refer to Direct Testimony of Roger A. Morin, PhD. (Moring Testimony), Attachment RAM-2. MDU Resources were excluded from the proxy group because its regulated revenues were less than 50 percent. Value Line provides a very general description of the nature of the utility holding companies' operations in the proxy group. However, it is not clear from the information provided by Value Line what the percentage of revenues is derived from regulated utility sources and non-regulated utility sources. Explain where Value Line provides this information.

RESPONSE:

Value Line does not provide the percentage of revenues from regulated sources and non-regulated sources. Such information can be gleaned from annual reports and/or 10K filings. The excerpt below from MDU Resources 2018 annual report shows that revenues from electric/gas/pipeline operations represent less than 50% of total revenues.

Part II

Item 6. Selected Financial Data

	2018
Selected Financial Data	
Operating revenues (000's):	
Electric	\$ 335,123
Natural gas distribution	823,247
Pipeline and midstream	128,923
Construction materials and contracting	1,925,854
Construction services	1,371,453
Other	11,259
Intersegment eliminations	(64,307)
	\$ 4,531,552

PERSON RESPONSIBLE: Dr. Roger A. Morin, PhD

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

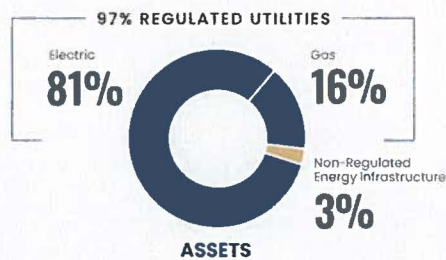
STAFF-DR-03-013

REQUEST:

Refer to Morin Testimony, Attachment RAM-2. The June 14, 2019 issue of Value Line lists Fortis, Inc., as having regulated and unregulated operations in the U.S., Canada, and the Caribbean. Provide a breakout of the regulated and unregulated operations to show that the regulated U.S. operations account for more than 50 percent of revenue.

RESPONSE:

The below graph from page 21 of Fortis 2018 Annual Report shows the breakdown of Fortis operations as between regulated and unregulated operations. The non-regulated portion represents only 3% of Fortis' operations.



PERSON RESPONSIBLE: Dr. Roger A. Morin, PhD

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-014

REQUEST:

Refer to Morin Testimony, Attachment RAM-2.

- a. The September 13, 2019 issue of Value Line lists Centerpoint Energy as having non-regulated utilities as well as non-utility operations. Provide a breakdown of the regulated utility revenues versus the non-regulated utility revenues to support the assumption that the regulated revenues are greater than 50 percent.
- b. The September 13, 2019 issue of Value Line lists Alliant Energy as having been formed through the merger of WPL holdings, IES Industries, and Interstate Power. Provide a breakdown of the regulated utility revenues versus the non-regulated utility revenues to support the assumption that the regulated revenues are greater than 50 percent.

RESPONSE:

- a. It is clear from the below excerpt from page 86 of Alliant Energy's 2018 10K report that regulated revenues represent the majority of the company's revenues.

CENTERPOINT ENERGY, INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME

	Year Ended December 31,		
	2018	2017	2016
	(In millions, except per share amounts)		
Revenues:			
Utility revenues.....	\$ 6,163	\$ 5,603	\$ 5,440
Non-utility revenues	4,426	4,011	2,088
Total	10,589	9,614	7,528
Expenses:			
Utility natural gas	1,410	1,109	983
Non-utility natural gas	4,364	3,785	1,983
Operation and maintenance	2,335	2,157	2,029
Depreciation and amortization.....	1,243	1,036	1,126
Taxes other than income taxes.....	406	391	384
Total	9,758	8,478	6,505
Operating Income	831	1,136	1,023
Other Income (Expense):			
Gain (loss) on marketable securities.....	(22)	7	326
Gain (loss) on indexed debt securities.....	(232)	49	(413)
Interest and other finance charges	(361)	(313)	(338)
Interest on Securitization Bonds.....	(59)	(77)	(91)
Equity in earnings of unconsolidated affiliates, net.....	307	265	208
Other, net	50	(4)	(29)
Total	(317)	(73)	(337)
Income Before Income Taxes	514	1,063	686
Income tax expense (benefit).....	146	(729)	254
Net Income	368	1,792	432
Preferred stock dividend requirement.....	35	—	—
Income Available to Common Shareholders	\$ 333	\$ 1,792	\$ 432
Basic Earnings Per Common Share	\$ 0.74	\$ 4.16	\$ 1.00
Diluted Earnings Per Common Share	\$ 0.74	\$ 4.13	\$ 1.00
Weighted Average Common Shares Outstanding, Basic	449	431	431
Weighted Average Common Shares Outstanding, Diluted	452	434	434

- b. As shown in the below excerpt from Alliant Energy's 2018 annual report, regulated revenues represent the vast majority of the company's revenues.

CONSOLIDATED FINANCIAL STATEMENTS

ALLIANT ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,		
	2018	2017	2016
	(in millions, except per share amounts)		
Revenues:			
Electric utility	\$3,000.3	\$2,894.7	\$2,875.5
Gas utility	446.6	400.9	355.4
Other utility	48.0	47.5	48.6
Non-utility	39.6	39.1	40.5
Total revenues	3,534.5	3,382.2	3,320.0
Operating expenses:			
Electric production fuel and purchased power	855.0	818.1	854.0
Electric transmission service	495.7	480.9	527.9
Cost of gas sold	232.3	211.4	194.3
Asset valuation charges for Franklin County wind farm	—	—	86.4
Other operation and maintenance	645.8	633.2	589.4
Depreciation and amortization	506.9	461.8	411.6
Taxes other than income taxes	104.4	105.6	102.3
Total operating expenses	2,840.1	2,711.0	2,765.9
Operating income	694.4	671.2	554.1
Other (income) and deductions:			
Interest expense	247.0	215.6	196.2
Equity income from unconsolidated investments, net	(54.6)	(44.8)	(39.6)
Allowance for funds used during construction	(75.6)	(49.7)	(62.5)
Other	7.6	17.3	16.6
Total other (income) and deductions	124.4	138.4	110.7
Income from continuing operations before income taxes	570.0	532.8	443.4
Income taxes	47.7	66.7	59.4
Income from continuing operations, net of tax	522.3	466.1	384.0
Income (loss) from discontinued operations, net of tax	—	1.4	(2.3)
Net income	522.3	467.5	381.7
Preferred dividend requirements of Interstate Power and Light Company	10.2	10.2	10.2
Net income attributable to Alliant Energy common shareowners	\$512.1	\$457.3	\$371.5
Weighted average number of common shares outstanding (basic and diluted)	233.6	229.7	227.1
Earnings per weighted average common share attributable to Alliant Energy common shareowners (basic and diluted):			
Income from continuing operations, net of tax	\$2.19	\$1.99	\$1.65
Loss from discontinued operations, net of tax	—	—	(0.01)
Net income	\$2.19	\$1.99	\$1.64
Amounts attributable to Alliant Energy common shareowners:			
Income from continuing operations, net of tax	\$512.1	\$455.9	\$373.8
Income (loss) from discontinued operations, net of tax	—	1.4	(2.3)
Net income	\$512.1	\$457.3	\$371.5

PERSON RESPONSIBLE:

Dr. Roger A. Morin, PhD

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-015

REQUEST:

Refer to Morin Testimony Attachments RAM-4 and RAM-5. Provide an update to the Attachments with the most current data available.

RESPONSE:

Dr. Morin will provide a full update of his testimony at the rebuttal phase of the case.

PERSON RESPONSIBLE: Dr. Roger A. Morin, PhD

STAFF-DR-03-016

REQUEST:

Refer to Morin Testimony Table 2, page 36. Provide an update to Table 2 with the most current data available and include a copy of the source document (page or spreadsheet) from which the data was taken.

RESPONSE:

The following table provides the original and current interest rate forecasts.

30-YR TREASURY BONDS YIELD FORECAST

	OLD	NEW
Value Line Economic Forecast	4.0	3.8
U.S. Energy Information Administration	4.6	3.9
Bureau Labor Statistics	4.2	4.0
Congressional Budget Office	4.2	3.7
Economic Report of the President 2018	4.1	4.1
White House Budget 2019	4.2	4.2
IHS (Global Insight)	3.8	3.6
AVERAGE	4.1	3.9

Please see STAFF-DR-03-016 Attachment for source documents.

PERSON RESPONSIBLE: Dr. Roger A. Morin, PhD

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-017

REQUEST:

Refer to the Morin Testimony, page 54, Table 5. Confirm that the Allowed Risk Premium ROE of 10.4 percent does not contain a flotation adjustment. If confirmed, explain why the flotation adjustment was not included.

RESPONSE:

The allowed Risk Premium ROE does not contain a flotation cost adjustment because, unlike DCF and CAPM estimates, it is not a market-based estimate, it is an accounting book return allowed by regulators which may or may not contain a flotation cost adjustment depending on the jurisdiction.

PERSON RESPONSIBLE: Dr. Roger A. Morin PhD

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-018

REQUEST:

Refer to the Direct Testimony of Ash M. Norton Testimony, page 10, line 14. Explain whether the underground cable replacement program is the Target Underground program. Provide an update to the Target Underground program.

RESPONSE:

The underground cable replacements referenced in my testimony are not the Targeted Underground Program but are a part of normal business operations. Duke Energy Kentucky has not completed any Targeted Underground projects to date, however, the Company continually evaluates locations for potential undergrounding as part of our ongoing efforts to improve reliability performance for our customers.

PERSON RESPONSIBLE: Ash Norton

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-019

REQUEST:

Refer to the Direct Testimony of Lang W. Reynolds (Reynolds Testimony), page 10, lines 17-19. Also, refer to Duke Kentucky's response to Staff's Second Request, Item 124. Since some of the components of the Fast Charge Fee, such as the Fuel Adjustment Clause and Environmental Surcharge, change monthly, explain why Duke Kentucky is only proposing to revise the rate quarterly and not monthly.

RESPONSE:

Duke Energy Kentucky is proposing to review and revise the Fast Charge Fee quarterly for sake of simplification and customer ease of use with minimal pricing changes. Statewide average Fast Charge Fees are not expected to widely vary month to month.

PERSON RESPONSIBLE: Lang Reynolds

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-020

REQUEST:

Refer to the Reynolds Testimony, page 18, lines 14-22, through page 19, lines 1-5. Explain why Duke Kentucky does not propose to split the Residential EV Charging Incentive Program participants into a control group of unmanaged charging and an experiment group of managed charging for the term of the pilot to better isolate the effects of load-managed incentives and price signals.

RESPONSE:

Duke Energy Kentucky does not propose to have an unmanaged charging control group as it would be difficult to recruit and retain EV drivers in this group without any incentives compared to the incentivized managed charging incentive experiment group.

It is the Company's goal to perform unmanaged charging in year one of the pilot and then perform managed charging in years two and three.

PERSON RESPONSIBLE: Lang Reynolds

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-021

REQUEST:

Refer to the Direct Testimony of William Don Wathen, Jr. (Wathen Testimony), page 15, lines 3-5. Explain and provide justification for how the proposed rolling 12-month average will ensure that Duke Kentucky will recover the actual costs of fuel and purchased power on a dollar-for-dollar basis and that no more and no less will be charged to its retail customers.

RESPONSE:

The true-up provision referred to in the testimony is the over- or under-recovery that is calculated by comparing the actual revenue collected from customers in a given month versus the amount of FAC revenue determined to be recoverable for the same month.

That process will not change if the Commission approves the use of a twelve-month rolling average FAC as the true-up will still be a comparison of total FAC revenue collected from customers in a given month versus the FAC revenue determined to be recoverable for the same month.

PERSON RESPONSIBLE: William Don Wathen Jr.

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-022

REQUEST:

Refer to the Wathen Testimony, page 16, lines 1-7. Explain why Duke Kentucky considers a rolling 12-month average to be a reasonable measure of actual fuel costs and purchased power given that calculated averages are sensitive to extreme outliers and highly volatile data.

RESPONSE:

The sum of the actual fuel costs and purchased power cost over a prior twelve-month period is a "reasonable" measure of fuel and purchased power costs because it represents 'actual' fuel and purchased power costs over the course of a calendar year. As Mr. Wathen describes in his testimony, the fact that Duke Energy Kentucky's fuel and purchased power costs are sensitive to outliers and can be volatile is the reason why the Company is proposing to protect customers from this volatility by using a twelve-month average rather than a one-month average to calculate the fuel rate.

The Company's proposal has zero dollar impact on the Company's financial performance but will help mitigate the impact of the volatility in what customers pay for fuel and purchased power.

There are other components of customers' rates that are highly volatile but are smoothed out. For example, the cost of planned outages, if recovered only in the months they occur would have a negative impact on customers because their rates would go up and

down depending on whether there was an outage in the prior month. Base rates are annualized to avoid this volatility. The Company's proposal is simply seeking to give customers the benefit of similar rate smoothing by essentially 'annualizing' the FAC calculation.

PERSON RESPONSIBLE: William Don Wathen Jr.

REQUEST:

Refer to the Wathen Testimony, page 18, regarding the base fuel plus rider FAC graph.

- a. Resubmit the graph with the base rate approved in Case No. 2017-00005¹ included.
- b. Explain why the base line was not included in the graph originally.

RESPONSE:

- a. The graph shown on page 18 of Mr. Wathen's testimony will be the same regardless of the rate assumed for the base fuel rate. The title of the charge is "Base Fuel plus Rider FAC (¢/kWh)." Per 807 KAR 5:056, the FAC rate is the difference between the total average fuel and purchased power costs and the fuel and purchased power rate included in base rates, or

$$FAC = F_{(m)}/S_{(m)} - F_{(b)}/S_{(b)}$$

The chart in Mr. Wathen's testimony is simply a rearrangement of this formula.

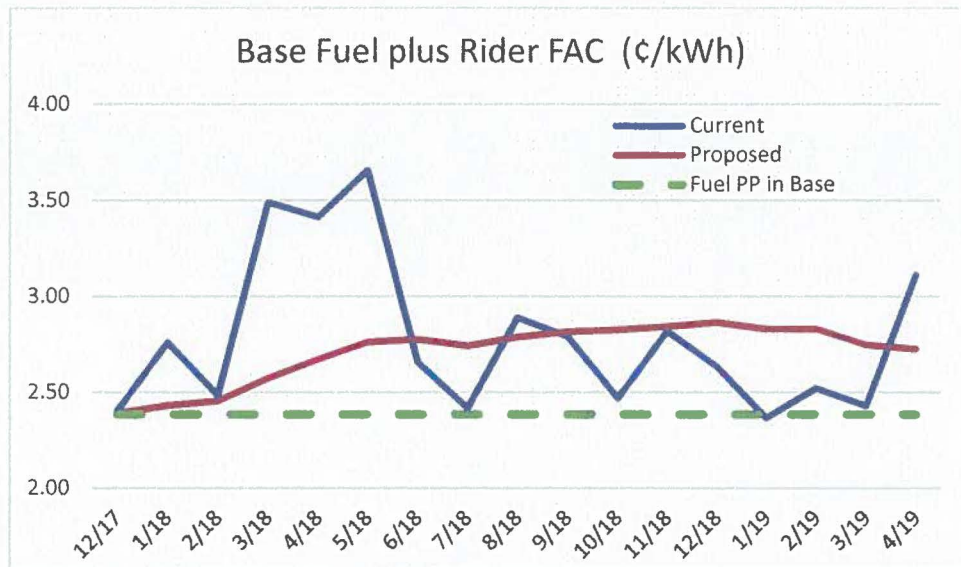
$$F_{(m)}/S_{(m)} = F_{(b)}/S_{(b)} + FAC$$

Because $F_{(m)}/S_{(m)}$ is simply the actual total fuel and purchased power costs for the current month, and this is the figure represented in the chart in Mr. Wathen's testimony, it is independent of the amount assumed for $F_{(b)}/S_{(b)}$. Changing $F_{(b)}/S_{(b)}$ will result in a different FAC rate but will not change $F_{(m)}/S_{(m)}$; consequently, the

¹ Case No. 2017-00005, *Electronic Examination of the Application of the Fuel Adjustment Clause of Duke Energy Kentucky, Inc. from November 1, 2014 through October 31, 2016* (Ky. PSC July 31, 2017).

lines on the chart in Mr. Wathen's testimony will be exactly the same as they represent $F_{(m)}/S_{(m)}$.

Nevertheless, the chart is reproduced below showing the base fuel rate component of the overall fuel and purchased power rate.



- b. The line for base fuel was not originally included because the graph was intended only to show the 'total' fuel and purchased power rates (base plus FAC) collected from customers. Reflecting the 'base' fuel rate is not a relevant fact because whatever rate is assumed for the base fuel rate would only move the dash line in the chart above but would not affect either of the other lines.

PERSON RESPONSIBLE: William Don Wathen Jr.

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

**CONFIDENTIAL STAFF-DR-03-024
(As to Attachments only)**

REQUEST:

Refer to the Direct Testimony of Thomas Christie, page 11, lines 19-23.

- a. Provide the requests for bids, related documents, and other similar documents that Duke Kentucky provided contractors when it most recently solicited bids for vegetation management and for its hazardous tree program.
- b. Describe how Duke Kentucky distributed the documents to contractors or otherwise informed contractors of the opportunity to submit a bid, whether directly or through advertising or public notices.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachments only)

- a. Please see STAFF-DR-03-024(a) Confidential Attachments 1 and 2. The most recent solicitations were enterprise wide.
- b. The requested proposals were electronically sent to all of Duke Energy's Primary Vegetation Management Contractors through Duke's web-based tool (PowerAdvocate). This was a private bid event and not public.

PERSON RESPONSIBLE: T.K. Christie

2019-00271

STAFF-DR-03-024(a)

CONFIDENTIAL

ATTACHMENTS 1 AND 2

ARE BEING FILED

UNDER SEAL

Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019

STAFF-DR-03-025

REQUEST:

Refer to Duke Kentucky's response to Commission Staff's First Request for Information (Staff's First Request), Item 54, Attachment STAFF-DR-01-054_Attachment_-_KPSE_Elec_SFRs_-_2019, tabs BASE PERIOD and FORECASTED PERIOD, Account 407305, Regulatory Debits. Provide the calculation for the monthly amounts of \$487,474; \$419,715; and \$477,095.

RESPONSE:

	Dec'18-May'19	Jun'19-Nov'19	Test Period
East Bend O&M Amortization	\$369,643	\$304,504	\$374,167
Hurricane Ike Amortization	81,878	81,878	81,878
Carbon Management Amortization	33,333	33,333	16,667
AMI Opt-Out Amortization	2,620	0	4,383
	\$487,474	\$419,715	\$477,095

PERSON RESPONSIBLE:

Danielle L. Weatherston
Christopher M. Jacobi

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-026

REQUEST:

Refer to Duke Kentucky's response to Commission Staff's First Request, Item 54, Attachment STAFF-DR-01-054_Attachment_-_KPSE_Elec_SFRs_-_2019, tabs BASE PERIOD and FORECASTED PERIOD, Account 904003, Cust Acctg-Loss On Sale-A/R. Explain why Duke Kentucky projects this expense as \$953,678 and \$1,554,931 for the base period and forecasted period, respectively, given that there is no expense in the actual portion of the base period.

RESPONSE:

Historically the loss on the sale of accounts receivable has been recorded to account 904003. The discount factor is made up of four components: 1) Loss Reserve percentage; 2) Carrying Cost percentage; 3) Servicing Fee percentage; and 4) Profit to Financing company. Late in 2016, the process related to the sale of accounts receivable was modified to be consistent with other Duke Energy jurisdictions. Three of the components – Loss Reserve percentage, Carrying Cost percentage, Profit to Financing company – are recorded to 426.5 FERC accounts, whereas the amount for the Service Fee component is credited to a 903 FERC account. The net of these components are reflected in the 904003 account in the base and forecasted period.

PERSON RESPONSIBLE: Danielle Weatherston

Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019

STAFF-DR-03-027

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 55, STAFF-DR-055_Attachment_-_DEK_Electric_COSS_-_2019_Macros_Disabled.xlsx, Customer Charge tabs, RS Residential monthly Revenue/Customer charge of \$14.29. Also, refer to the final Order in Case No. 2017-00321, footnote 129, in which the revised COSS supports a residential customer charge of \$11.31. Explain why the estimated customer fixed costs increased by \$2.00, or by over 26 percent, between the two cost-of-service studies.

RESPONSE:

The cost of service study (COSS) calculates customer charges by dividing the sum of costs that have been classified as customer-related by the number of bills for each rate class. Almost all customer-related costs are distribution-related.

In the 2017 case, the residential customer costs were approximately \$17.1 million. The residential customer costs in the current case are about \$22.0 million. Residential customer costs increased by about \$4.9 million.

An increase in residential customer operating expenses accounts for about \$3.3 million of the \$4.9 million. The remaining \$1.6 million mostly comes from the return on the customer-related rate base.

\$2.2 million of the \$3.3 million increase in residential customer operating expenses is related to Customer Accounting. Distribution O&M costs contributed another \$0.9 million of the \$3.3 million increase.

Residential customer-related rate base (on which the return is calculated) increased by about \$25.7 million. Of this amount, \$12.0 million comes from an increase in "Construction Not Classified" plant. Other contributors to the increase include Services (\$2.1 million), meters (\$2.5 million), and Customer Accounting (\$2.5 million).

PERSON RESPONSIBLE: James E. Ziolkowski

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-028

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request for Information (Staff's Second Request), Item 2(c). Explain why the actual capital expenditures are much higher overall than the projected amounts for April 2018 through August 2019.

RESPONSE:

Actual capital expenditures are higher overall than the projected amounts for April 2018 through August 2019 as a result of higher capital spending for Distribution plant, particularly in 2019. This higher capital spending for Distribution plant is driven by system and retail capacity projects and hardening and resiliency work.

PERSON RESPONSIBLE: Christopher M. Jacobi

Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019

STAFF-DR-03-029

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 8, Attachment.
Explain "Capital Challenge."

RESPONSE:

"Capital Challenge" is an offsetting credit to capital expenditures included in the company's budget to challenge the business functions to deploy capital efficiently. Additionally, the Company has overall capital budget targets that can be lower than the summation of the business functions total capital budget needs. This capital challenge is put in place so that the business function capital needs are reflected in the budget but at the same time the overall Company budget targets are reflected. The company has historically spent the capital amounts included in the budget and in the most recent budget being finalized for the 2020 budget, subsequent to the completion of the budget included in this rate case, this "Capital Challenge" has been removed from the forecast. Refer to the company's response to STAFF-DR-01-027(b) to see that, on average, the company has overspent capital budgets in recent years.

PERSON RESPONSIBLE: Christopher M. Jacobi

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-030

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 10. Provide Duke Kentucky's return on investment for the twelve months ending March 2019 and for the most recent twelve months for which information is available.

RESPONSE:

	<u>March 2019</u>	<u>September 2019</u>
Electric Operating Income	62,691,598	52,287,510
Electric Capitalization	<u>794,372,829</u>	<u>949,334,759</u>
Return on Investment	7.892%	5.508%

PERSON RESPONSIBLE: Danielle L. Weatherston

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-031

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Items 13 and 43. Confirm that Duke Kentucky would effectively only recalculate the deposit for residential customers if the customer has an unsatisfactory payment history in the past 12 months. If this cannot be confirmed, explain.

RESPONSE:

As described on page 19, lines 6-20, of the Direct Testimony of Retha Hunsicker, the Company is seeking to automatically recalculate deposits retained for 12 months or more for all residential and small-medium business customers. The Company believes it is in the best interest of its customers to ensure the deposit aligns with the customer's usage history. The Company will continue to return customer deposits as outlined in its tariff (Sheet No. 26).

PERSON RESPONSIBLE: Retha Hunsicker

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-032

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request for Information, Item 18. Explain why tampering by a customer with an advanced meter capable of transmitting usage data to Duke Kentucky would not be discovered sooner than tampering by customers served under Rider AMO-Advanced Meter Opt-out.

RESPONSE:

Prior to AMI, Duke Energy made premise visits regularly and observed the meter equipment. As our field performers were on premises, they had the ability to identify and remediate tamper situations. Since the AMI deployment, meters are observed less frequently, which now has DEK mainly detecting tamper through analytics. It will take time to develop the proper analytics to effectively detect patterns of tampering.

PERSON RESPONSIBLE: Lesley Quick

Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019

STAFF-DR-03-033

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 26.

- a. Explain why the High Bill alerts program is not included in Duke Kentucky's tariff.
- b. Explain how a customer would go about opting out of the Usage Alerts program.

RESPONSE:

- a. The High Bill Alerts program should be included in the Company's tariff. Please see STAFF-DR-03-033(a) Attachment for revised tariff sheet.
- b. Customers can easily unsubscribe from Usage Alerts by clicking "Stop receiving Usage Alerts" found within the email body of the alert message or the provided link in the text alert message (opens up a subsequence web page to complete unenrollment) - only for customers that elected to receive Usage Alerts via text.

PERSON RESPONSIBLE: Jeff L. Kern – a.
 Lesley Quick – b.

Duke Energy Kentucky, Inc.
1262 Cox Road
Erlanger, Kentucky 41018

KY.P.S.C. Electric No. 2
Third Revised Sheet No. 24
Cancels and Supersedes
Second Revised Sheet No. 24
Page 1 of 2

SECTION V - METERING

1. Installation of Meters.

Electricity will be measured by a meter or meters to be installed by Company upon Customer's premises at a point most convenient for Company's service drop, and upon the registration of said meter or meters all bills will be calculated. Company will install upon customer's premises but one meter or one unified set of meters of each standard service connection.

2. Meter Tests.

All meter tests shall be made in accordance with rules by the Kentucky Public Service Commission.

Upon written request by customer, the Company shall perform a meter test if the request is not made more frequently than once a year.

3. Monitoring of Customer Usage.

Each month the Company will monitor the usage of each customer according to the following procedure:

1. The customer's monthly usage is monitored through a "hi-lo" review process that will incorporate customer past usage and other related information to provide an expected level of usage.
2. If there is a substantial difference between the actual and estimated usages, the account will be reviewed manually to determine the appropriate usage level.
3. Where the difference is not otherwise explained, the Company may obtain a special meter read to verify the accuracy of the previous usage.
4. Where the difference is still unexplainable after taking the special meter read, the Company may test the customer's meter to determine its accuracy.
5. The Company will notify the customer of the investigation, its findings, and any refund or back billing to be made, in accordance with 807 KAR 5:006, Section 10 (4) and (5).

In addition to the monthly monitoring, the Company will immediately investigate the usage deviations brought to its attention as a result of its on-going meter reading or billing processes or customer inquiry.

Issued by authority of an Order of the Kentucky Public Service
Commission dated _____ in Case No. 2019-00271.

Issued: September 3, 2019

Effective: October 3, 2019

Issued by Amy B. Spiller, President /s/ Amy B. Spiller

Duke Energy Kentucky, Inc.
1262 Cox Road
Erlanger, Kentucky 41018

KY.P.S.C. Electric No. 2
Third Revised Sheet No. 24
Cancels and Supersedes
Second Revised Sheet No. 24
Page 2 of 2

4. Optional Monitoring Programs for Customers.

Company will offer, as available, optional alert programs for customer participation. These programs are described below. Customers should contact the Company for current program details and eligibility.

1. Usage Alerts provide enrolled customers with a mid-cycle report of their usage to date, along with projections of the end-of-cycle bill, based on historical usage and weather data. Customers will also have the opportunity to elect to receive threshold-based reports.
2. Outage Alerts provide enrolled customers with enhanced restoration information regarding their service when the customer has an outage. Company will be able to communicate with enrolled customers to make them more aware of the outage, the cause, the estimated time of restoration as well as changes to the estimated time of restoration during the outage, and notification of restoration.
3. High Bill Alerts provide enrolled customers with a mid-cycle report when their bill is projected to be 30 percent and \$30 higher than the previous month based on weather and 12 months of historical usage. In this program customers may also receive a second alert as a Continued High-Usage Message if they received a High Bill Alert the month before and, due to weather, could still see their kWh usage of the current month trending higher by 5%.

Issued by authority of an Order of the Kentucky Public Service
Commission dated _____ in Case No. 2019-00271.

Issued: September 3, 2019

Effective: October 3, 2019

Issued by Amy B. Spiller, President /s/ Amy B. Spiller

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 27.

- a. Explain what portion of the cost of the smart lighting pole is allocated to the customer receiving lighting service, what portion of the cost of the smart lighting pole is recovered from the party that will attach equipment to the smart lighting pole, e.g., cellular or other equipment, and what portion of the cost, if any, will be borne by customers more broadly.
- b. Provide an estimate of the cost difference, if any, between a smart lighting pole and a traditional lighting pole.
- c. Explain who controls and receives compensation for attachments to smart lighting poles, e.g., Duke Kentucky, the city that requested lighting, a private customer who requested lighting, etc.

RESPONSE:

- a. The full cost of the poles is currently allocated to the customer receiving lighting service. The reference to smart lighting technologies in the LED tariff is to provide the opportunity for future products and services to customers when they request them, and the technology is ready to implement. Any future technology would have to be added to the tariff at that time when those costs are known.

- b. Since the current poles do not have any “smart” technology built into them at this time, there is no difference. None of the poles in the tariff are “smart lighting poles”.
- c. There is no compensation coming to the company or going to any customer for this technology since it is not offered at this time. A separate filing specific to the technology being added will be made when the technology is ready to be implemented.

PERSON RESPONSIBLE: Jeff L. Kern

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-035

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 31. Confirm that the awarded contract was for the Midwest market as a whole.

RESPONSE:

The Duke Energy Kentucky contract awarded is part of a larger contract with the primary contractor that includes other awarded Areas/Zones in other jurisdictions.

PERSON RESPONSIBLE: T.K. Christie

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-036

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 33.

- a. Provide the account(s) to which the Hazard Tree Removal Program expenditures are capitalized,
- b. State whether any specific accounting guidance was used to develop the "danger tree" portion of the Duke Energy Capitalization Guidelines. If so, provide the relevant guidance.

RESPONSE:

- a. The Hazard Tree Removal Program expenditures are capitalized to either 356 – Overhead Conductors and Devices for Transmission or 365 – Overhead Conductors and Devices for Distribution.
- b. The activity is similar to a substantial betterment per FERC CFR Electric Plant Instruction No. 10. C., which allows for capitalization of costs that improve the condition of the asset. The removal of the danger tree protects the asset from potential future damage.

PERSON RESPONSIBLE: Melissa B. Abernathy

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-037

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 45. Explain why the meter readings are not currently displayed on the bill for rates DP, DS, DT, TT, EH, GSS, and RTP-M given that a waiver has not been granted at this point.

RESPONSE:

The Company presented new bill types, both residential and non-residential, to the Commission Staff in the 2005 timeframe, and shared examples of interval-read rates without meter readings on the bill. During that discussion, the Company shared that customers on these rates would have access to more detailed information, such as interval data, and have the ability to download the information via electronic means. The Company was not made aware of any concerns held by Commission Staff following these discussions and there have been no complaints from customers during the interim. The system providing this information will be retired and the information will be available via the Company's website beginning in late 2022, with the implementation of the Customer Connect program. The requested waiver is to align our current practice with the new Customer Connect platform.

PERSON RESPONSIBLE: Retha Hunsicker

Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019

STAFF-DR-03-038

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 47.

- a. Provide and explain the provisions of the Automatic Landlord program.
- b. Explain why the Automatic Landlord program is not included in Duke Kentucky's tariff.

RESPONSE:

- a. The Automatic Landlord Program is a program whereby property owners, landlords and/or property management companies have entered in to an agreement that allows residential or non-residential utility service to be automatically transferred in to the name of the property owner, landlord or property management company when a tenant requests service to be taken out of their name. This program allows service to automatically revert without interruption, and does not require the property owner, landlord or property management company to contact the Company to request the service be put into their name. The automatic transfer does not occur if service in the tenant's name has been disconnected for non-payment.
- b. The Company did not think that it was necessary to include the Automatic Landlord program in the tariff. As required and directed by the Commission, the Company will provide a description of the offered service in the tariff.

PERSON RESPONSIBLE: Retha Hunsicker – a.
Jeff L. Kern – b.

Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019

STAFF-DR-03-039

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 48.

- a. Since Duke Kentucky no longer plans on charging a deposit to property owners who enroll in the Revert to Owner program, confirm that a waiver of 807 KAR 5:006, Section 8, is no longer required for this program.
- b. Provide the provisions of the proposed Revert to Owner program as they stand now.

RESPONSE:

- a. The requested waiver is no longer needed.
- b. The final design of the future Revert to Owner program is near final and will allow property owners, landlords and/or property managers (collectively "landlords") to request the Company to automatically transfer utility service back to their name between tenants. Landlords will have the ability to enroll in the program via self-service on the Company's website or with a customer care specialist, and, as described in the Company's response to STAFF-DR-02-048, landlords who enroll in this program will not be assessed a deposit when starting service.

Additionally, when the Revert to Owner program is implemented in late 2022, landlords will have access to a new online portal to manage their properties, including adding and removing specific units or premises. This online portal will also allow landlords to view the status of the service at each location; i.e., if the

service is on or off, whose name the service is in, and request service to be connected or disconnected. Furthermore, landlords will be able to view and pay bills in the aggregate through the portal, and enroll in eligible billing and payment programs. The online portal will also facilitate an annual recertification process to allow landlords to verify which properties they own or manage.

PERSON RESPONSIBLE: Retha Hunsicker

Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019

STAFF-DR-03-040

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 56.

- a. State whether Duke Kentucky is aware of the 2018 Kentucky Corporation tax reform that provided a tax credit against income tax and limited liability entity for property tax paid on business inventory.
- b. State whether Duke Kentucky took a tax credit on its 2018 Kentucky corporation income tax return for the property tax paid on business inventory.
- c. Provide the 2019 Kentucky Public Service Company Property Tax Notice as issued by the Kentucky Department of Revenue.

RESPONSE:

- a. Yes, Duke Energy Kentucky was aware of the 2018 Kentucky tax reform which provided a tax credit against income and limited liability entity taxes for property tax paid on business inventory.
- b. No, Duke Energy Kentucky did not take the credit on its 2018 Kentucky return.
- c. The 2019 Kentucky Public Service Company Property Tax Notice has yet to be issued by the Kentucky Department of Revenue. The notice is expected to be received and in its final amount in the following year, first or second quarter of 2020, as similar timing in years past has proven.

PERSON RESPONSIBLE: John Panizza

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-041

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 60. Identify and explain the reason(s) Duke Kentucky's transmission expense more than doubled from 2018 to 2021.

RESPONSE:

The response to STAFF-DR-02-060 included the following explanation: "Note that 2018 included a one-time credit as a result of FERC order 494. This \$7 million credit was for RTEP charges incurred by the Company in prior periods that were never charged to customers in base rates or any riders." Therefore, transmission expense did not double from 2018 to 2021. Rather the year over year increases reflect the expected increase in expenses for network integrated transmission service (NITS).

PERSON RESPONSIBLE: Christopher M. Jacobi

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-042

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 65. Explain where the provision for upfront payment for pole foundations, brackets, or wiring equipment is located in Duke Kentucky's current tariff.

RESPONSE:

In the Company's service regulations, Section IV – Company's Installation (Sheet No. 23) states in the first paragraph that the Company "...shall not be required to install or maintain any lines or equipment, except meters, or transformers, on Customer's side of the point of delivery without cost to Customer." For avoidance of doubt, the Company is proposing the addition of paragraph 12 to the Terms of Service for Rate LED (Sheet No. 64), which states "For Lighting installations requiring investments exceeding the Company's standards and where additional facilities are required as discussed above, lighting customer must pay the cost of the additional facility investment upfront or 1.0117% of the cost of the additional facility investment amount monthly."

PERSON RESPONSIBLE: Jeff L. Kern

STAFF-DR-03-043

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Items 68 and 91, and the Reynolds Testimony, page 9, Table 1.

- a. Confirm that under Duke Kentucky's proposed treatment of the Electric Transportation Pilot Program, up to \$1,116,150 of expenses related to the program would be deferred over three years, including an estimated \$52,500 of O&M expenses related to the Electric Transit Bus Charging Program.
- b. Explain why Duke Kentucky did not propose the Electric Transportation Pilot Programs as part of its Demand-Side Management Program.

RESPONSE:

- a. Please reference Staff's Second Request, Item 122, Attachment 1 and the Direct Testimony of Sarah Lawler, page 17. Duke Energy Kentucky is requesting a deferral up to \$1,441,150 in O&M expenses over the pilot term. Please note that \$17,500 of DCFC O&M expenses have been subtracted from the budgeted amount of \$1,458,650 shown in Attachment 1. This includes an estimated \$17,500 of O&M expenses related to the Electric Transit Bus Charging Program.
- b. Duke Kentucky did not propose this pilot under the DSM program as more data is required to determine the effects of EV charging on the Duke Kentucky system. The primary purpose of these programs is to gather data and determine the ability

of customers to participate. Subsequent future programs may be proposed under the appropriate mechanisms following the conclusion of the Pilot programs.

PERSON RESPONSIBLE: Lang Reynolds

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-044

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 70. Indicate when Duke Kentucky changed its practice and began dispatching separate crews for electric and gas reconnections.

RESPONSE:

Duke Energy Kentucky began dispatching separate crews for electric and gas reconnections in July 2014.

PERSON RESPONSIBLE: Jeff L. Kern

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 75, and the Direct Testimony of Zachary Kuznar, PhD (Kuznar Testimony), page 8.

- a. Explain which market was used to project expected annual revenues of \$800,000.
- b. Refer also to Duke Kentucky's response to Staff's Second Request, Item 80. Explain whether the reduced size of the proposed battery would impact the projected annual revenues. If so, provide the revised projection.

RESPONSE:

- a. This was based on historical market data for the PJM Regulation Market for a resource following the Regulation D signal.
- b. The revenue from participating in the regulation market is largely determined by the MW size of the battery. The reduction in size from 5.5MW to 3.4MW will reduce the projected annual revenue. We are projecting an initial annual revenue of \$500,000 for this project. This was reflected in the cost benefit analysis provided as a response to STAFF-DR-02-079(b).

The projected revenue only includes the benefit provided by PJM's regulation D market for frequency regulation. It does not include what will eventually come out of FERC Order 841 in PJM once it is finalized. FERC issued its Order 841 on February 15, 2018, in which it directed regional grid operators to

remove barriers to the participation of electric storage in wholesale markets. By directing the regional grid operators to establish rules that open capacity, energy, and ancillary services markets to energy storage, the Order affirms that storage resources must be compensated for all of the services provided and moves toward leveling the playing field for storage with other energy resources.

PERSON RESPONSIBLE: Zachary Kuznar

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-046

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Items 80 and 82, Attachment. Explain whether the reduced size of the proposed battery would impact the estimated project costs. If so, provide the revised estimate and itemized breakdown of the revised cost.

RESPONSE:

Duke Energy Kentucky prepared a revised cost estimate in response to STAFF-DR-02-082. This estimate was adjusted to reflect the reduced size of the battery and the latest cost estimates we have received for similar projects. The revised estimate is slightly less than the initial \$8.2MM capex that was proposed for this project.

PERSON RESPONSIBLE: Zachary Kuznar

Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019

STAFF-DR-03-047

REQUEST:

Refer to Duke Kentucky's revised response to Staff's Second Request, Item 85, (filed Nov. 8, 2019) and the application, Schedule F-6, line 26. Explain whether the total rate case expense regulatory asset amortization was carried to Schedule C-2, as specified in footnote (A).

RESPONSE:

The total rate case expense amortization was carried to Schedule C-2 in two parts.

The current case (Case No. 2019-00271) amount of \$135,335 was carried to the *Summary of Forecasted Period Pro Forma Adjustments* at WPC-2e, line 2. The amount was then aggregated with "Other Expense" as shown on WPC-2e, line 17. That amount, (9,067,428), is then carried to Schedule C-2, line 21.

With regards to the expense amortization from Case No. 2017-00321, the amount of \$131,487 was included in account 928006 of the forecast period. The total amount of that account in the forecast period can be found on Schedule C-2.1, Page 12, line 11. The total of "Administrative & General Expenses" is then carried over to Schedule C-2, line 20.

PERSON RESPONSIBLE: Sarah E. Lawler

Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019

STAFF-DR-03-048

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 86, Attachment, page 1 of 2.

- a. Explain why Duke Kentucky assumed a 15-year book life and 15-year MACRS life.
- b. Provide a full year revenue requirement calculation that starts in December 2020 and includes any revenues resulting from the battery storage project.
- c. Refer also to the Kuznar Testimony, page 11, line 1-5. Explain how the estimated O&M expense of \$163,000 compare to the \$129,713 of depreciation and tax expense included in the revenue requirement calculation.

RESPONSE:

- a. A 15-year MACRS depreciation schedule was used based on Publication 946 How to Depreciate Property Table B-1 "Table of Class Lives and Recovery Periods" Asset Class 00.4 "Industrial Steam and Electric Generation and/or Distribution Systems" and the expected life of the assets to estimate the revenue requirement. A 15-year book life was used based on the proposed depreciation rate in Schedule B-3.2 Proposed Rates for Utility Account 363. The actual book and tax depreciation rates will be determined based on what utility account each individual asset is assigned and final approved depreciation rates by the Commission.

- b. See STAFF-DR-02-086 Attachment for the estimated revenue requirement included in the test period assuming plant in-service December 2020. As discussed in Mr. Wathen's testimony, the Company is proposing to include any revenues resulting from the battery storage project as a credit to customers through its Rider PSM and Rider FAC. See STAFF-DR-02-079(b) Confidential Attachment and AG-DR-01-109(c) Confidential Attachment for estimated frequency regulation revenues which on average are estimated to be approximately \$500,000 per year.
- c. The annual Operation and Maintenance expenses of \$163,000 are separate and distinct expenses and are not related to the \$129,713 of depreciation and property tax expenses estimated in the revenue requirement.

PERSON RESPONSIBLE:

Sarah E. Lawler – a. thru c.
John Panizza – a.

Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019

STAFF-DR-03-049

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 88, Attachment, page 1 of 2.

- a. Confirm that the revenue requirement calculation includes both the EV Fast Charging Program and the Electric Transit Bus Charging Program.
- b. Explain why Duke Kentucky assumed a 7-year book life and 7-year MACRS life. Refer also to the Reynolds Testimony, page 9, Table 1.
- c. Explain how the estimated annual O&M expenses of \$17,500 per program compare to the \$75,369 of depreciation and tax expense included in the revenue requirement calculation,

RESPONSE:

- a. Yes, the revenue requirement calculation includes both the EV Fast Charging Program and the Electric Transit Bus Charging Program.
- b. A 7-year MACRS depreciation schedule was used based on Publication 946 How to Depreciate Property Table B-2 "Table of Class Lives and Recovery Periods" Asset Class 48.38 "Equipment Installed on Customer's Premises" and the expected life of the assets to estimate the revenue requirement. A 7-year book life was used based on the expected life of the asset. The actual book and tax depreciation rates

will be determined based on what utility account each individual asset is assigned and final approved depreciation rates by the Commission.

- c. The annual Operation and Maintenance expenses of \$17,500 are separate and distinct expenses and are not related to the \$75,369 of depreciation and property tax expenses estimated in the revenue requirement.

PERSON RESPONSIBLE: Sarah Lawler – a. thru c.
John Panizza – b.

**Duke Energy Kentucky
Case No. 2019-00271
Staff's Third Set Data Requests
Date Received: November 8, 2019**

STAFF-DR-03-050

REQUEST:

Refer to the response of Staff's Second Request, Item 95, Attachments (a) and (b) and Morin Testimony, Attachment RAM-2. In Attachment RAM-2, MDU Resources were excluded from the proxy group because its regulated revenues were less than 50 percent of the total. In Attachments (a) and (b), Chesapeake Utilities is listed as having 45 percent of its revenues from its regulated unit. Explain why Chesapeake Utilities was not excluded from the proxy group.

RESPONSE:

Chesapeake Utilities was included in the group for several reasons. First, as shown below from the Company's 2018 10K on page 69, the operating income of regulated operations in 2018 represented 83% of its total operating income and the capital expenditures of regulated operations also represented 83% of the total. Second, the company is a member of Value Line's regulated utility universe of companies. Third, from a valuation perspective, the company's stock price is largely driven by the performance of the regulated components in view of the dominant role of the operating income from regulated operations.

	For the Year Ended December 31,		
	2018	2017	2016
<i>(in thousands)</i>			
Operating Revenues, Unaffiliated Customers			
Regulated Energy	\$ 332,749	\$ 316,971	\$ 302,402
Unregulated Energy	384,740	300,612	196,458
Total operating revenues, unaffiliated customers	\$ 717,489	\$ 617,583	\$ 498,860
Intersegment Revenues ⁽¹⁾			
Regulated Energy	\$ 12,532	\$ 9,339	\$ 3,287
Unregulated Energy	35,877	23,983	7,321
Other businesses	653	774	880
Total intersegment revenues	\$ 49,062	\$ 34,096	\$ 11,488
Operating Income			
Regulated Energy	\$ 79,215	\$ 74,584	\$ 71,515
Unregulated Energy	16,901	12,631	14,066
Other businesses and eliminations	(1,496)	205	402
Operating Income	94,620	87,420	85,983
Other expense	(615)	(2,342)	(2,328)
Interest charges	16,431	12,645	10,639
Income Before Income taxes	77,574	72,433	73,016
Income taxes	20,994	14,309	28,341
Net Income	\$ 56,580	\$ 58,124	\$ 44,675
Depreciation and Amortization			
Regulated Energy	\$ 31,876	\$ 28,554	\$ 25,677
Unregulated Energy	8,845	7,954	6,386
Other businesses and eliminations	81	91	96
Total depreciation and amortization	\$ 40,802	\$ 36,599	\$ 32,159
Capital Expenditures			
Regulated Energy	\$ 235,912	\$ 159,011	\$ 139,994
Unregulated Energy	38,700	26,190	23,984
Other businesses	8,364	5,902	5,398
Total capital expenditures	\$ 282,976	\$ 191,103	\$ 169,376

PERSON RESPONSIBLE: Dr. Roger A. Morin, PhD