

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)	CASE NO.
TARIFFS; 3) APPROVAL OF ACCOUNTING)	2019-00271
PRACTICES TO ESTABLISH REGULATORY)	
ASSETS AND LIABILITIES; AND 4) ALL OTHER)	
REQUIRED APPROVALS AND RELIEF)	

ATTORNEY GENERAL'S INITIAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“Attorney General”), and submits these Initial Data Requests to Duke Energy Kentucky, Inc. (hereinafter “DEK” or the “Company”) to be answered by October 28, 2019, 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 requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (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 undersigned Counsel for the Office of Attorney General.

(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, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.

(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 regardless of the media or format in which they are stored, 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) 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) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

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1. Provide a trial balance for the Company at December 31, 2016, December 31, 2017, December 31, 2018, and the most recent month for which the accounting books have been closed in 2019. In addition, provide a chart of accounts and subaccounts and the related descriptions that matches the accounts used in the trial balance.
2. Provide a trial balance for Duke Energy Business Services LLC ("DEBS") at December 31, 2016, December 31, 2017, December 31, 2018, and the most recent month for which the accounting books have been closed in 2019. In addition, provide a chart of accounts and subaccounts and the related descriptions that matches the accounts used in the trial balance.
3. Refer to Schedule J-3 for the Forecast Period which shows a projected new long-term debt issuance of \$50 million forecast in the test year with a projected coupon rate of 4.0%. Provide the basis and all supporting documentation for the 4.0% cost, including all calculations, *e.g.*, 30-year Treasury yield plus 100 basis point risk premium.
4. Refer to the electronic workpapers provided in response to Staff 1-54 and further to Schedule J-3 for the Forecast Period. The annual interest costs in column I includes only input values. Provide the schedule with all formulas completely intact and provide the breakdown of how the interest costs were computed for each issuance.
5. Provide a monthly schedule for January 2014 through September 2019 by FERC electric plant account (and by power plant for the production plant accounts) showing actual plant in service, actual retirements, actual depreciation expense (excluding net salvage), actual net cost of removal expense included in depreciation expense accrual, actual salvage income included in depreciation expense accrual, actual accumulated depreciation (only for depreciation and excluding accumulated net salvage), actual regulatory liability (only for accumulated net salvage separated into accumulated cost of removal and accumulated salvage income if available), actual cost of removal charged against the regulatory liability, and actual salvage income added to the regulatory liability. For those accounts that are both electric and gas, provide an allocation to electric for purposes of this response. Provide this information in electronic spreadsheet format. Identify all costs separately that are recovered through the Company's Rider ESM instead of base rates.
6. Provide a schedule showing the local franchise fee rider revenue and the local franchise fee expense for each month in the base period and the test year. If the revenue and expense amounts are not equivalent in the test year, please explain why they are not and provide a reconciliation of the two amounts for each month during the test year.

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7. Refer to the Direct Testimony of Retha Hunsicker (“Hunsicker Direct”) discussing the new Customer Connect customer service platform being developed by DEBS. The following questions relate to the Customer Connect platform and program costs incurred or projected to be incurred and what has been included in the test year.
 - a. Provide the amount of capital expenditures, plant additions, depreciation expense, return on assets, and all other either directly incurred by DEK and/or allocated to it from DEBS for each historic year in which actual costs were incurred, projected for base year, projected for the test year, and projected for each year thereafter until the new project is expected to be completed.
 - b. Provide the amount of O&M expenses, either directly incurred by DEK and/or allocated to it from DEBS for each historic year in which costs were incurred, projected for base year, projected for the test year, and projected for each year thereafter until the new project is expected to be completed. If any O&M costs have been deferred or are expected to be deferred for any reason, provide the amounts and describe the deferrals.
 - c. Provide a calculation of the Customer Connect revenue requirement. Provide all detail, including all rate base components and amounts and all expense components and amounts, and all calculations that sum to the revenue requirement.
8. Refer to the Direct Testimony of Lang W. Reynolds (“Reynolds Direct”) at page 9 and of Sarah E. Lawler (“Lawler Direct”) at pages 16–18 regarding the proposed Electric Vehicle Pilot Program.
 - a. Confirm that the O&M costs of \$1.459 million contained in Table 1 of Mr. Reynolds’ Direct Testimony represent estimated amounts for the entire three-year pilot and not an annual amount.
 - b. Explain why the Company proposes that recovery of the 13-month test year average of capital costs and the associated carrying costs of the pilot program be reflected in base rates as opposed to being deferred in the same manner as the O&M costs.
 - c. Confirm that if the pilot program generates net O&M costs, O&M costs less revenues generated, the Company will seek recovery of those net costs in a subsequent rate case whereas if the pilot program generates net margins, revenues less O&M costs, those net margins will be shared between the company and

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customers as part of the rider PSM credit. If confirmed, explain why the net costs or margins should be treated differently.

- d. Does the Company project that the pilot will generate either net O&M costs or net margins? If so, provide copies of all analyses which reflect these projections.
9. Refer to Table 1 in the Direct Testimony of Thomas Christie ("Christie Direct") at page 9 in regards to routine distribution vegetation management costs.
- a. Provide the amounts of O&M spend by year by subaccount for all periods reflected in the table.
 - b. Provide the same information for 2019 to date through the last month with available actual information and provide the O&M costs by subaccount.
 - c. Provide the assumptions made for the increased cost per mile projected for 2020 and 2021.
 - d. Provide a copy of the contract with the contractor that performs the vegetation management services.
10. Refer to the Direct Testimony of William Don Wathen, Jr. ("Wathen Direct"), pages 22–23 in regards to the major storm deferral accounting treatment being sought.
- a. What is the level of baseline major storm costs included in O&M expense and sought in this proceeding and explain the derivation of that amount?
 - b. Describe whether or not the Company requests that carrying charges be added to the deferral balance. Why or why not?
 - c. Refer to footnote 7 on page 22. Provide a copy of the referenced IEEE Standards 1366 and provide the definition of "major" storms the Company envisions in its request.
 - d. Provide the amount of major storm costs incurred as O&M expenses for each year 2014 through 2019, and describe which of these amounts were deferred and recovered via separate authorization by the Commission.

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11. Provide a schedule of the amortization expense and remaining balance associated with each regulatory asset for each month for the years 2016 through 2018, for each actual month during 2019, and for each month projected for the remainder of 2019 and continuing through the end of the test year. In addition, provide the amortization period and the Case No. in which the Commission approved the recovery and the amortization period, if any.
12. Provide a detailed breakdown of the \$1,051,054 in 2018 ice storm costs that were deferred and included as a regulatory asset in the filing. Be sure to provide the costs that would have been charged to each individual FERC account if the costs had not been deferred and break down payroll costs between straight-time labor, overtime labor, and all other. If carrying charges were included, provide the amount along with a description of how the amount was determined.
13. Confirm that the Company records a regulatory asset for prepaid pension asset. If confirmed, provide the calculation of the test year amount, including all deferrals due to the difference between the pension assets and the pension liability and the unrealized gains and losses that otherwise would be recorded in accumulated other comprehensive income.
14. Refer to the electronic workpapers provided in response to Staff 1-54 and further to the worksheet tab WPB-6's which show the Accumulated Deferred Income Taxes ("ADIT") amounts by month for each account in total.
 - a. Provide another schedule in the same format for the months January 2018 through April 2019.
 - b. Provide the ADIT in accounts in accounts 190, 282, and 283 by temporary difference for each month January 2018 through March 2021.
15. Refer to the Direct Testimony of John R. Panizza ("Panizza Direct") at pages 4 and 5. Provide the balance of unprotected Excess Accumulated Deferred Income Taxes ("EDIT") in account 254 for each month December 2017 through the latest month with available data, separated between federal EDIT and state EDIT. Notate any true-ups in the balances related to actual tax returns and explain the derivation of the amortization amounts for each of the months that the amortization amounts changed for both federal EDIT and state EDIT.
16. Refer to Panizza Direct at pages 4 and 5 in regards to the state EDIT amortization period of 10 years being utilized. Indicate the date when the state EDIT was first computed and added to account 254 as a regulatory liability and cite all authorities for use of the state

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EDIT amortization period of 10 years. If the amortization period was selected as 10 years based on the Commission's authorization period for amortization of the federal EDIT in Case No. 2017-00321, so state.

17. Refer to Panizza Direct at pages 4 and 5 and to Attachment_JRP-1 and to Schedule E-1 page 3 of 3 in regards to the balances of federal and state EDIT and the amortization amounts reducing income tax expense in the test year.
 - a. Identify the source of the EDIT balances used in Attachment_JRP-1 used to compute the 10-year amortization included in the test year.
 - b. Explain why the first year ARAM percentage is used to compute amortization on the protected federal EDIT in Attachment_JRP-1 when the test year will be into the third and fourth years of the amortization. If the percentage needs to be adjusted to reflect the amount in the test year, provide the corrected Attachment_JRP-1 in the same format.
 - c. Provide the estimated ARAM percentages used to determine amortization of the federal protected EDIT for the first 5 years of amortization starting in 2018.
18. Provide a schedule showing the EDIT by temporary difference for DEBS (total DEBS and allocation to DEK-Electric Division) due to the remeasurement of ADIT resulting from the lower federal income tax rate due to the TCJA. If there was no allocation to DEK, then provide the DEBS allocation factor used to allocate/charge depreciation expense on DEBS assets to DEK-Electric Division.
19. Describe how DEBS treated the EDIT resulting from the lower federal income tax rate due to the TCJA. Provide the DEBS accounting entries.
20. Describe how the DEBS EDIT is reflected in the DEK electric revenue requirement. Provide the amounts reflected in rate base and/or cost of capital by temporary difference and the related effect on the DEK electric revenue requirement, if any. Provide all data, assumptions, and calculations, including electronic workpapers with all formulas intact.
21. Provide a copy of each of Duke Energy's most recent Cash Working Capital ("CWC") studies from each of its jurisdictions that use the lead/lag study approach. If a lead/lag study was not performed for some or all its jurisdictions, so state and explain why not.

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22. Provide a CWC study for the Company using the lead/lag study approach or explain why the Company cannot do so for this proceeding. Provide all workpapers and calculations, including electronic spreadsheets in live format with all formulas intact.
23. Provide an electronic copy, with all formulas intact, of all schedules and supporting workpapers used in the depreciation study presented in the Direct Testimony of John J. Spanos ("Spanos Direct") including but not limited to Attachment JJS-1, Table 1 at pages VI-4 through VI-6 and pages VIII-2 through VIII-4.
24. Provide the Asset Retirement Obligations recorded for the East Bend Station by FERC account/subaccount (assets and liabilities) as of September 30, 2019 for each specific legal obligation.
25. Provide the Asset Retirement Obligations recorded for the Woodsdale CTs by FERC account/subaccount (assets and liabilities) as of September 30, 2019 for each specific legal obligation.
26. Refer to Spanos Direct at page 11 lines 22-23. Provide a copy of the Burns McDonnell decommissioning studies of each generation site referenced and confirm whether these are the same ones performed as part of Case No. 2017-00321.
27. Refer to the referenced Burns McDonnell decommissioning studies in the preceding question. In regards to any Asbestos abatement and other remediation costs for the East Bend Station and the Woodsdale CTs, indicate which, if any, of the costs for each unit relates to the Asset Retirement Obligations recorded by the Company.
28. Provide a copy of the depreciation study determination of current depreciation rates and confirm whether those rates were authorized as part of Case No. 2017-00321. In addition, provide the determinations of the terminal net salvage component of the depreciation rates and the underlying workpapers support, including any conceptual or other studies used to develop the terminal net salvage estimate and/or percentage. Finally, provide the probable retirement date and service life used for each generating unit in the determination of current depreciation rates.
29. Refer to the Gannett Fleming Depreciation Study, Attachment JJS-1, Table 1 at pages VI-4 through VI-6. Provide a schedule that shows current versus proposed depreciation rates,

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survivor curves, and net salvage percentages for all categories identified in the Gannett Fleming Depreciation Study Table 1.

30. Provide an electronic copy, with all formulas intact, of all schedules and supporting workpapers used in the depreciation study presented by Mr. Spanos including but not limited to Table 1 on pages VI-4 through VI-6, and pages VIII-2, VIII-3, and VIII-4.
31. Refer to pages VIII-2 through VIII-4 of the Gannett Fleming Depreciation Study which shows an escalation of Decommissioning estimates to future values. Provide the rate of escalation assumed in these calculations and explain why that rate is appropriate. In addition, provide a copy of the source of the Decommissioning estimates before application of escalation rates to future values.
32. For each generating unit, please provide the date of installation, the probable retirement date reflected in the current depreciation rates and the probable retirement date reflected in the Gannett Fleming depreciation study. In addition, provide a copy of all studies and all other source documents relied on for the proposed probable retirement dates reflected in the Gannett Fleming depreciation study.
33. Provide a schedule and electronic spreadsheet in live format with all formulas intact showing the additional depreciation expense in the test year for each account and in total due to the proposed change in depreciation rates. In addition, on this same schedule, provide the related increase in accumulated depreciation and reduction in ADIT.
34. Refer to Panizza Direct at page 7, lines 1–13. Provide the calculations of estimated test year property tax expense, including copies of the sources of the property tax rates, in electronic format with all formulas intact.
35. Refer to Panizza Direct at page 7, lines 1–13. Provide the most current and the after increase property tax rates related to the anticipated tax rate increases and explain how each were determined.
36. Refer to Panizza Direct at page 7, lines 1–13. Quantify the projected increase amounts for property tax expense associated with the “anticipated property tax rate increases” as opposed to all other causes of projected property tax expense increases.
37. Provide the two most recent pension and OPEB actuarial reports for Duke Energy, DEO, and the Company.

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38. Provide the pension and OPEB actuarial reports for Duke Energy, DEO, and the Company and/or other support for the test year pension expense and OPEB expense included in the test year.
39. Provide a schedule showing per books actual O&M expenses and by FERC O&M/A&G expense account/subaccount for 2017, 2018, through the most recent month in 2019 and projected for the test year. Further, show the amounts separated into costs incurred directly by DEK, charges from DEO, charges from DEBS, charges from any other affiliate, less any charges from DEK to any other affiliate.
40. Refer to the response to the immediately preceding question.
 - a. Provide a schedule for each year that further details the charges from DEBS by FERC expense account/subaccount into directly assigned and allocated. For those charges that are allocated, provide the total DEBS expense, the allocation factor utilized, and the amount charged to DEK.
 - b. Provide a schedule for each year that further details the charges from DEO by FERC expense account/subaccount into directly assigned and allocated. For those charges that are allocated, provide the total DEO expense, the allocation factor utilized, and the amount charged to DEK.
41. Refer to Schedule G-1. The schedule depicts that total labor related payroll costs included in the base year is \$24.092 million and the total labor related payroll costs included in the test year is \$26.955 million. Explain all reasons why the test year payroll costs are expected to increase over the base year by almost 12%. Detail projected increases separately to projected pay increases, new program costs being included in base rates, shifts in capitalization, projected increases in overtime, and all other.
42. Provide a schedule of FTEs and payroll dollars separated between expense, capital, and other, for DEK by department and by month for 2016, 2017, 2018, budgeted in each month 2019, actual in each month 2019 for which actual information is available, and budgeted in each month 2020.
43. Provide a schedule of FTEs and payroll dollars separated between expense, capital, and other, for DEBS by department and by month for 2016, 2017, 2018, budgeted in each

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month 2019, actual in each month 2019 for which actual information is available, and budgeted in each month 2020.

44. Provide the amount of Supplemental Executive Retirement Plan (“SERP”) costs included in the test year O&M expenses. Provide the amounts broken down between DEK directly incurred costs and costs allocated separately from each other affiliate.
45. Refer to the electronic workpapers provided in response to Staff 1-54 and further to tab BASE PERIOD containing actual and projected monthly revenues and costs by subaccount during the months in the base year. Provide an update for all accounts with actual monthly data through the latest month with available data.
46. Refer to the electronic workpapers provided in response to Staff 1-54 and further to tabs BASE PERIOD and FORECAST PERIOD containing monthly revenues and costs by subaccount. Account 500000 for Supervision and Engineering – Steam Operations increases from \$2.657 million in the base year to \$3.753 million in the test year for an increase of 41%.
 - a. Provide an explanation of all known increases in the forecast year costs over the base year costs for this account.
 - b. Provide the costs recorded in this account for 2017, 2018, and separately for all the months in 2019 with information available.
47. Refer to the electronic workpapers provided in response to Staff 1-54 and further to tabs BASE PERIOD and FORECAST PERIOD containing monthly revenues and costs by subaccount. Account 502100 for Fossil Steam Expense - Other increases from \$2.721 million in the base year to \$4.511 million in the test year for an increase of 66%.
 - a. Provide an explanation of all known increases in the forecast year costs over the base year costs for this account.
 - b. Provide the costs recorded in this account for 2017, 2018, and separately for all the months in 2019 with information available.
48. Refer to Schedule C-2. Distribution expenses increase from \$15.959 million in the base year to \$17.848 million in the test year for an increase of 12%.

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- a. Provide an explanation of all known increases in the forecast year costs over the base year costs for distribution O&M expenses.
 - b. Provide the total distribution O&M costs recorded for 2017, 2018, and separately for all the months in 2019 with information available.
49. Refer to FR 16(7)(u) Attachment page 7 of 10 showing amounts by year allocated to DEK from DE Carolinas and DE Progress. Define the purpose and origin of the "Generation Capacity" costs and explain why those costs allocated to DEK have increased from \$58,191 in 2016 to \$399,132 in 2018 and projected to increase to \$913,571 during the test year.
50. Refer to the DEBS 2018 FERC Form 60 at pages 201, 301, and 302.
- a. Refer to the amount of net income after taxes reflected on page 302 at line 62 and the amount of income taxes on page 302 at lines 42-44. Explain how the service company reflected net income of approximately \$36.105 million after net income tax expense of approximately \$15.407 million in 2018 as opposed to net income and income taxes at around zero if all costs were charged to affiliates at cost.
 - b. Refer to page 201 at lines 14 and 15. The balance of Unappropriated Retained Earnings at the end of 2018 was approximately \$508.533 million and dividends paid during 2018 were \$0. Confirm that the amount of Unappropriated Retained Earnings represents profits retained at DEBS, after annual dividends to stockholders, and that those profits represent billings to affiliates in excess of actual costs on a cumulative basis.
 - c. Are any costs charged to affiliates, such as DEK, based on an equity return on investment component as opposed to just the return of component and interest charges? If so, explain and describe the basis for the equity return added to costs charged to affiliates as well as the actual return on equity percentage added during 2018 and the projected return on equity percentage for the test year.
 - d. Provide a schedule showing the monthly forecasted net income for DEBS, before and after income taxes, for each month during 2020 and the first three months of 2021.
 - e. Provide a schedule showing the monthly forecasted recovery of equity return for DEBS, including income taxes, charged to DEK, including charges directly to DEK

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from DEBS and all charges from other affiliates that include charges from DEBS. Provide all calculations, including electronic spreadsheets in live format with all formulas intact.

51. Refer to the Company's CAM at page 13 that includes the following statement:

By the terms of the Service Company Utility Service Agreement, compensation for any service rendered by the Service Company to its utility affiliates is the fully embedded cost thereof (i.e., the sum of: (i) direct costs; (ii) indirect costs; and (iii) costs of capital), except to the extent otherwise required by Section 482 of the Internal Revenue Code.

- a. Describe how the "(iii) costs of capital" is determined by DEBS each period and provide that determination for each month applicable to 2018, 2019, and projected for the test year.
 - b. Describe the source of the return on equity percentage component utilized by DEBS for the "(iii) costs of capital" for each month applicable to 2018, 2019, and projected for the test year and cite all authorities, if any.
 - c. Indicate whether the "(iii) costs of capital" includes a gross up for income taxes.
52. Refer to Lawler Direct at 9 wherein she discusses the Company's adjustment to "completely exclude all revenue and costs that will flow through the Rider PSM from the calculation of the base rate revenue requirement." Explain why the Company does not propose including these amounts in the base revenue requirement and then using these amounts as a "baseline" in the Rider PSM.
53. Refer to the electronic workpapers provided in response to Staff 1-54 and further to the worksheet tab WPC_2 which contains WPC-2a and WPC-2b showing revenue breakdowns in the base and forecast periods.
- a. Provide the calculations and all support for the sales for resale revenues in the base period and in the test year.
 - b. Explain why the sales for resale revenues decline in the test year compared to the base year by over \$4.2 million.

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- c. Explain in detail what is included in line 14 described as "Provision for Rate Refunds" and why \$1.912 million in revenue is included in the base year and \$0 is included in the test year. In addition, cite all authorities related to these amounts.

Finally, if determined that an amount should be included in the test year, provide that amount and explain how it was determined.

54. Describe in detail how the Company allocates fuel expense between off-system sales and native load. Provide a copy of all documentation of this allocation methodology.
55. Refer to the electronic workpapers provided in response to Staff 1-54 and further to tabs BASE PERIOD and FORECAST PERIOD containing monthly revenues and costs by subaccount. Refer further to the revenues reflected in account 456025 described as "RSG Rev - MISO Make Whole." Describe the source of these revenues in the base year and explain why none are projected for the test year. In addition, describe if these revenues are reflected in a separate rider instead of base rates.
56. Refer to the electronic workpapers provided in response to Staff 1-54 and further to tabs BASE PERIOD and FORECAST PERIOD containing monthly revenues and costs by subaccount. Refer further to the revenues reflected in account 456111 described as "Other Transmission Revenues." Describe the source of these revenues in the base year and explain why none are projected for the test year. In addition, describe if these revenues are reflected in a separate rider instead of base rates.
57. Indicate whether DEK is a C corporation for federal income tax purposes. If not, then describe DEK's entity status for federal income tax purposes.
58. Indicate whether DEO is a C corporation for federal income tax purposes. If not, then describe DEO's entity status for federal income tax purposes.
59. Provide a copy of DEK's 2018 federal income tax returns.
60. Provide a copy of DEO's 2018 federal income tax returns.
61. Provide a copy of Duke Energy's 2018 federal income tax returns.
62. Provide a copy of Duke Energy, DEO, and DEK's income tax allocation agreement(s).

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63. Refer to the electronic workpapers provided in response to Staff 1-54 and further to Schedule B-5 and the related tab WPB-5's. Provide a schedule in the same format as the various workpapers with the actual inventory and prepaid amounts for each month January 2018 through the most recent month for which actual information is available for all working capital balances.
64. Provide all work papers and supporting documentation used and relied upon by Dr. Morin in the preparation of his Direct Testimony and exhibits. Provide all spreadsheets in Excel format with cell formulas intact.
65. Provide all bond rating agency reports (Standard and Poor's, Moody's, Fitch) on Duke Energy and Duke Energy Kentucky from 2017 through the most recent month in 2019.
66. Provide copies of all articles and publications cited by Dr. Morin in his Direct Testimony.
67. On page 4, lines 18–19 of his Direct Testimony Dr. Morin testified that his recommended ROE range is required for Duke Energy Kentucky to “maintain its financial integrity.” Provide all analyses and quantifications performed by Dr. Morin or any and all personnel at Duke Energy and/or Duke Energy Kentucky that support this statement. Provide any spreadsheets analyses with cell formulas intact.
68. Provide any analyses performed by Dr. Morin or other persons at Duke Energy or DEK that quantify the credit metrics used by Standard and Poor's and/or Moody's showing that Dr. Morin's recommended ROE is necessary to maintain Duke Energy Kentucky's financial integrity. If no such analyses were performed, so state.
69. Provide the following:
 - a. The current authorized ROE for each Duke Energy operating company and the date that each ROE was authorized.
 - b. Provide the Commission Order authorizing each ROE listed in part a.
 - c. State whether each ROE was authorized pursuant to a fully litigated rate case or if it was based on a settlement.
70. Refer to Attachment RAM-9. Provide the Authorized Electric Returns by utility for 2019.

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71. If not provided previously, provide a copy of the source document from S&P Global Intelligence for the authorized electric returns shown in Attachment RAM-9.
72. Provide DEK's capital expenditures by year from 2019 through 2025.
73. Refer to Dr. Morin's Direct Testimony, page 62, lines 15–21. Provide copies of studies in Dr. Morin's possession showing the size effect specifically for electric and/or combination electric and gas utilities.
74. Provide DEK's historical capital structure for the last 10 years. Show the components of common stock, long-term debt, and short term debt separately. Show both the amounts and percentages for each component.
75. Provide the amount, coupon, and maturity of each long-term debt instrument issued by DEK over the last 10 years.
76. With regard to the Company's forecasted Completed Construction Not Classified amounts provided in STAFF-DR-01-054_Attachment_-_KPSC_Elec_SFRs_-_2019.xls, provide details of the following balances by individual FERC account or in the greatest level of detail indicating the specific types of Completed Construction Not Classified plant:
- (a) Balance at 11/30/2019:
- | | | |
|----|------------------|--------------|
| 1. | Steam Production | \$18,783,137 |
| 2. | Other Production | \$12,589,160 |
| 3. | Transmission | \$2,402,028 |
| 4. | Distribution | \$19,154,592 |
| 5. | General | \$9,120,817 |
- (b) Balance at 4/1/2020:
- | | | |
|----|------------------|--------------|
| 1. | Steam Production | \$33,926,886 |
| 2. | Other Production | \$18,659,133 |
| 3. | Transmission | \$5,768,928 |
| 4. | Distribution | \$66,230,170 |
| 5. | General | \$19,976,240 |
- (c) Balance at 3/31/2021:
- | | | |
|----|------------------|--------------|
| 1. | Steam Production | \$73,388,962 |
|----|------------------|--------------|

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2.	Other Production	\$22,240,536
3.	Transmission	\$16,009,088
4.	Distribution	\$133,636,875
5.	General	\$30,797,988

Provide in executable electronic (Excel) format.

77. With regard to the Company’s forecasted Completed Construction Not Classified amounts provided in STAFF-DR-01-054_Attachment_-_Kpsc_Elec_SFRs_-_2019.xls, provide all calculations showing the derivation of the “13 Month Average” balances for each line item. Provide in executable electronic (Excel) format.
78. Regarding the Company’s class cost of service study as it relates to the meter allocation factor shown in Tab: “WP FR-16(7)(v) Meters” of the Company’s CCOSS model, the meter costs are derived from the “Input Data” tab. In these regards, provide all source documents utilized to develop the “meter” costs by class for this rate case as well the corresponding meter costs developed in the same tab in the Company’s 2017 General Rate Case (Case No. 2017-00321).
79. Regarding the Company’s class cost of service study as it relates to the meter allocation factor shown in Tab: “WP FR-16(7)(v) Meters” of the Company’s CCOSS model, the meter costs are derived from the “Input Data” tab. In these regards, explain and quantify the dramatic differences in meter costs for several classes as well as in total shown in the Company’s current cost of service model to those amounts provided in the same tabs from the 2017 General Rate Case (Case No. 2017-00321):

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Meter Cost			
	Case No. 2017-00321	Case No. 2019-00271	Change
Residential	\$3,299,927	\$12,782,441	\$9,482,514
<u>Dist Secondary – DS</u>	\$2,696,699	\$2,892,747	\$196,048
<u>Dist Secondary – GS-FL</u>	-	-	-
<u>Dist Secondary – EH</u>	\$22,657	\$22,093	(\$564)
<u>Dist Secondary – SP</u>	\$2,715	\$3,451	\$736
<u>Dist Secondary - DT</u>	\$125,418	\$102,877	(\$22,541)
<u>Dist Primary – DT</u>	-	-	-
<u>Dist Primary – DP</u>	\$10,654	\$3,805	(\$6,849)
Transmission	\$16,048	\$3,619	(\$12,429)
Lighting	-	-	-
<u>Other</u>	<u>\$176,520</u>	<u>\$2,208</u>	<u>(\$174,312)</u>
TOTAL	\$6,350,638	\$15,813,241	\$9,462,603

Provide all analyses and quantifications in executable electronic (Excel) format.

80. With regard to the Company’s forecasted Customer Accounting Expense of \$5,122,347 (as per the CCOSS), please provide a detailed breakdown of this expense by category.
81. With regard to the Company’s forecasted Customer Accounting Expense of \$5,122,347 (as per the CCOSS), please explain the 53% increase in this expense account from the Company’s 2017 General Rate Case of \$3,335,314.
82. With regard to the Company’s forecasted Customer Accounting Expense of \$5,122,347 (as per the CCOSS), the Residential class is allocated 82% of the total Company amount in this case while the Residential class was only allocated 53% of the total Company amount in the Company’s 2017 General Rate Case. Please provide a detailed explanation of this dramatic increase in the relative percentage allocation to the Residential class for this account.
83. Regarding the Company’s class cost of service study as it relates to the services allocation factor shown in Tab: “WP FR-16(7)(v) Wtd services” of the Company’s CCOSS model, please explain why the class services “weighting” factors change from those used in the Company’s 2017 General Rate Case (Case No. 2017-00321) as shown below:

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Services Weighting Factor		
	Case No. 2017-00321	Case No. 2019-00271
<u>Dist Secondary – EH</u>	7	4
<u>Dist Secondary – DT</u>	7	6
<u>Dist Primary – DT</u>	7	6
<u>Dist Primary – DP</u>	7	6
<u>Transmission</u>	7	6

Provide all analyses and quantifications in executable electronic (Excel) format.

84. Provide a detailed explanation of why Primary Overhead Lines Operations expenses have increased by 43.8% (\$6,300,659 vs. \$4,382,116) and 30.7% for Secondary Overhead expenses (\$2,573,508 vs. \$1,968,777) since the Company’s 2017 General Rate Case (Case No. 2017-00321).

85. Provide a detailed explanation of why Primary Underground Lines Operations expenses have increased by 23.5% (\$883,360 vs. \$715,168) and 23.5% for Secondary Underground expenses (\$180,929 vs. \$146,480) since the Company’s 2017 General Rate Case (Case No. 2017-00321).

86. Provide a detailed explanation of why Transformers Operations expenses have increased by 218.4% (\$359,568 vs. \$112,939) since the Company’s 2017 General Rate Case (Case No. 2017-00321).

87. Provide a detailed explanation of why Distribution Load Dispatch Operations expenses have increased by 23.2% (\$578,857 vs. \$469,682) since the Company’s 2017 General Rate Case (Case No. 2017-00321).

88. Provide a detailed explanation of why Meters Operations expenses have increased by 195.0% (\$1,076,097 vs. \$364,718) since the Company’s 2017 General Rate Case (Case No. 2017-00321).

89. Provide a detailed explanation of what Other Distribution Operations expenses is, and why this expense has decreased by 46.0% (\$722,843 vs. \$1,339,434) since the Company’s 2017 General Rate Case (Case No. 2017-00321).

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90. Provide a detailed explanation of what Distribution Operations Miscellaneous Expense Adjustment is, and why this expense has decreased by 39.1% (\$2,227,726 vs. \$3,656,514) since the Company's 2017 General Rate Case (Case No. 2017-00321).
91. Provide a detailed explanation of why Customer Accounting Expenses have increased by 53.6% (\$5,122,347 vs. \$3,335,314) since the Company's 2017 General Rate Case (Case No. 2017-00321).
92. Provide a detailed explanation of what the Uncollectible Expense Adjustment (-\$2,199,572) is.
93. Provide a detailed explanation of why Customer Service and Information expenses has decreased by 44.1% (\$604,867 vs. \$1,081,198) since the Company's 2017 General Rate Case (Case No. 2017-00321).
94. Provide a detailed explanation of why Sales expenses have increased by 122.4% (\$1,497,140 vs. \$673,076) since the Company's 2017 General Rate Case (Case No. 2017-00321).
95. Provide a detailed explanation of why Administrative & General Excluding Regulatory Commission Expenses have increased by 73.4% (\$31,532,897 vs. \$18,184,699) since the Company's 2017 General Rate Case (Case No. 2017-00321).
96. Please provide the current number of Duke Kentucky jurisdictional customers (accounts) by rate schedule for each zip code within the Company's Kentucky service area. Note: street lighting accounts may be excluded from this data set, as well as those customers served at transmission or sub-transmission voltage levels. For those rate schedules that have both primary and secondary voltage customers, please separate between primary and secondary. Provide in executable electronic (Excel) format.
97. Refer to the Direct Testimony of Amy B. Spiller ("Spiller Direct"), page 20, wherein she discusses the recent completion of the Woodsdale dual-fuel system. Other than satisfying PJM's performance capacity requirements, discuss the potential benefits for ratepayers of this modification, if any.
98. Refer to Spiller Direct, page 21, wherein she discusses "smart city planning." For each technology item cited, discuss which, if any, will be placed into ratebase, and provide the

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tariff sheets, if any, in which these technologies are referenced along with any prices that are discussed.

99. Provide a list of all transmission projects that DEK is planning in its service territory in the next five (5) years. Any response should indicate whether DEK expects the project(s) to be considered "Supplemental" under PJM governing documents.
100. Refer to MISO's MTEP 19 Market Congestion Planning Study, accessible at the link below,¹ at slide 4. With regard to the Hubble to Batesville 138 kV flowgate, discuss whether this will or does already have any interconnection to the DEOK transmission zone in PJM. If so:
 - a. Provide a timeline on any potential capital spending associated with the project; and
 - b. Provide a discussion on potential retail rate ramifications for DEK customers.
101. Provide the DEBS allocation for the customer information system ("CIS") during the test period and through the end of calendar year 2022.
102. Refer to Hunsicker Direct generally. Describe what measures the new CIS system has employed to prevent early obsolescence, and to insure interoperability with other systems.
103. Refer to Hunsicker Direct generally. Describe what measures DEK or its affiliates will take to obtain customer feedback prior to the final roll-out of billing and payment processes, and the universal bill format.
104. Refer to the Direct Testimony of Melissa B. Abernathy ("Abernathy Direct"), page 7, discussing asbestos removal at Miami Fort 6. Provide a description of the areas from which asbestos is being removed; i.e., is removal occurring throughout the entire Miami Fort Station? If so, provide the total costs being allocated to DEK.
 - a. Provide the ownership allocation of unit no. 6 in effect at the time Duke Energy sold its final interests in that unit.

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<https://cdn.misoenergy.org/20190529%20SSPM2%20Item%2004a%20MTEP19%20MCPS%20Project%20Candidate%20Identification%20overview348438.pdf>

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105. Refer to the Direct Testimony of Jeff L. Kern ("Kern Direct"), Attachment JLK-1, p. 15 of 18, Electric Tariff Sheet No. 91.
 - a. Explain the proposed 70.43% increase for remote reconnections, from the current \$3.45 to \$5.88.
 - b. Provide a detailed cost breakdown with an explanation for cost items that increased.
 - c. Provide a list of all attendant costs that decreased.
 - d. Provide a detailed explanation of all steps involved in making a remote disconnection.

106. Refer to the Direct Testimony of Lesley G. Quick ("Quick Direct"), generally, and Electric Tariff Sheet No. 91. Provide a justification for adding the \$200 equipment tampering penalty, including a summary of historic costs incurred for tampering.
 - a. Explain whether DEK, to date, has taken legal action against customers or others found to have tampered with DEK equipment.
 - b. Explain what actions, if any, DEK has taken against individuals or entities who are not customers who were found to have tampered with equipment.
 - c. Provide the rationale and any cost calculations or projections for charging \$200.
 - d. In the event the Company is unable to collect the \$200 charge, explain whether the unrecovered cost would be socialized among the ratebase.

107. Refer to Quick Direct, pages 8–13, regarding the fee-free transaction proposal.
 - a. Explain whether the cost of fees on credit and debit card transactions was included in the Company's cost-of service study.
 - b. Explain whether DEK would continue to utilize the third-party payment vendor, SpeedPay, to process credit card, debit card, and electronic check payments.

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108. Refer to the Direct Testimony of Zachary Kuznar, PhD ("Kuznar Direct"), generally, regarding how the proposed battery project will provide ancillary services to PJM.
 - a. Provide a description of PJM's ancillary market, how it works, the number of participants, and how each participant is reimbursed.
109. Refer to Kuznar Direct, generally.
 - a. Describe the need the deployment of the battery is intended to address.
 - b. Provide the projected ongoing O&M costs for the battery project, and revenue requirement.
 - c. Provide all cost-benefit analyses developed with regard to the battery project.
110. Provide all projected cost savings that will result from enhanced reliability of the proposed battery.
111. Refer to the Kuznar testimony generally, wherein he states the battery project will provide increased reliability at the hospital.
 - a. Identify the hospital.
 - b. Identify the nature of the hospital's existing back-up power resources, including any auxiliary generators.
 - c. Explain how the proposed project will not result in other ratepayers subsidizing the hospital's overall power costs.
112. Refer to the Direct Testimony of Ash M. Norton ("Norton Direct"), generally. Provide a discussion of the distribution facilities DEK will be constructing in order to serve the projected load from the new Amazon hub facilities at Cincinnati-Northern Kentucky International Airport.
113. Refer to Norton Direct, pages 4–5, wherein he discusses the growth of DEK's distribution systems, and the causes for the growth.

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- a. At page 5, Mr. Norton states that a primary driver for additional investments in the distribution system will be “localized load growth.”
 - i. Provide the customer count for each of the past five (5) years, broken down by customer class.
 - ii. Provide a breakdown by class of projected localized growth on the specific circuits referred to in order to support development.
114. Refer to Norton Direct, pages 4–5, wherein he states that DEK’s forecasted test year delivery system plant in service (13-month average balance ending March 31, 2021) will be \$581.657 million, an increase of approximately \$90 million since the March 31, 2019 actual balance, and states by way of example that DEK plans to increase distribution substation transformer capacity by approximately 268 kVA. Mr. Norton states that “Investments like these have been necessary to maintain safe, reliable, efficient and economical electric delivery service for our existing customers.”
- a. Provide the cost estimate for increasing distribution substation transformer capacity by approximately 268 kVA.
 - i. Identify all alternatives considered.
 - ii. Provide all cost-benefit analyses performed, both for the chosen alternative and as applicable to all other alternatives.
 - b. State whether the need to increase distribution substation transformer capacity is driven solely by safety, reliability, efficiency, or for the “economical electric delivery service.”
 - c. If the need is safety, provide the specific safety need including any and all industry safety standards mandating the increased spending.
 - d. If the need is reliability, provide the specific industry reliability need including any and all objective industry safety standards mandating the increased spending.
 - e. If the need is efficiency, provide the specific efficiency need including any and all objective industry efficiency standards mandating the increased spending.

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- f. State whether DEK intends to seek a CPCN for the project to increase distribution substation transformer capacity. If not, why not? Identify all other CPCNs the Company intends to seek related to the distribution system.
115. Refer to Norton Direct at p. 13, wherein he states that DEK's current distribution system "is constructed for one-way power flow in a radial design with limited ability to integrate renewable energy. As time progresses, this system will eventually evolve into a self-optimizing system."
- a. Confirm that in order for renewable generation sources to be integrated directly into DEK's distribution system they would have to be located within DEK's service territory.
 - b. In light of the enactment of Senate Bill 100 in the 2019 Regular Session of the Kentucky General Assembly, regarding net metering, explain whether DEK foresees an expansion of customer-owned renewable generation within its service territory. Provide copies of any studies the Company may have conducted in this regard.
 - c. Discuss whether DEK's goal of evolving its distribution system to include self-optimization includes moving toward a multi-directional flow of power, similar to the multi-directional flow of power over a transmission system.
 - i. If so, confirm that DEK is planning on a very significant future penetration of distributed generation resources into its service territory.
116. State whether DEK will incorporate the IEEE 1547 standard for interconnection and interoperability of distributed energy resources with associated electric power system interfaces. If not, explain why not.
117. With regard to DEK's deployment of smart grid technologies, state how the Company intends to comply with FERC's approval of NERC's Critical Infrastructure Protection Standards (CIP-013-1).
118. With regard to DEK's deployment of smart grid technologies, state to what extent the Company has examined the use of technologies involving: (i) Geographic Information System (GIS); and (ii) Blockchain, as a potential means of reducing costs associated with

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the use of both current and planned smart grid technology deployments. Include in your response:

- a. whether GIS and/or Blockchain technologies could be used as cost-effective alternatives to such deployments;
 - b. whether any cost-effective GIS technologies could decrease the need and scope of any further planned ADMS and SCADA deployments;
 - c. whether GIS and/or Blockchain technologies could be used to integrate other IT and operational technologies in such a manner as to reduce costs;
 - d. whether GIS and/or Blockchain technologies can be utilized to reduce costs associated with reliability, resilience and grid security;
 - e. in the event DEK does at some point utilize GIS and/or Blockchain technologies, whether the Company could adopt existing platforms that would be interoperable with other systems, rather than creating a unique platform specially customized for the Companies' use; and
 - f. copies of any studies/analyses the Company may have conducted regarding the cost effectiveness, or cost/benefit studies regarding the use of such technologies.
119. Refer to Norton Direct, page 5, wherein he discusses the Donaldson Substation Expansion Project, which he states is driven by growth in several customer projects including the Amazon Air Hub, Erlanger Commerce Center and Marydale Business Park.
- a. Provide the residential customer count served by this substation over each of the past five (5) years.
 - b. Confirm that these three projects are driven primarily by commercial class customers. Identify any industrial class customers included in these projects.
120. Provide distribution SAIDI, CAIDI and SAIFI indices for each of the past five (5) years, with and without the inclusion of major event days.
121. Identify DEK's 10 worst performing circuits for each of the past five (5) years.

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122. Provide distribution line loss for each of the past five (5) years.
123. Refer to Norton Direct, page 6, wherein he states DEK's reliability investments "include but are not limited to, a measured deployment of self-optimizing grid technologies designed to minimize outage durations and enable faster restorations, as well as the replacement of aging infrastructure."
 - a. Provide a description of the self-optimizing technology.
 - b. Identify the circuits on which DEK intends to employ it.
 - c. Identify the aging infrastructure DEK intends to replace.
 - i. Provide the estimated average life span of the infrastructure DEK intends to replace, and the extent to which such equipment has been depreciated.
124. Provide a rank-order of all distribution capital expenditure projects during the test period, ranked from most expensive to least expensive, together with the purposes of each project.
125. Provide the total sums spent on distribution undergrounding for each of the past five (5) years, together with projected costs of distribution undergrounding during the test period.
126. Refer to Norton Direct, page 8, wherein he discusses DEK's Distribution Management System. State whether any of DEK's proposed distribution capital expenditures during the test period will include any deployment for Automated Distribution Management System (ADMS). If so:
 - a. Identify the circuits on which DEK intends to deploy the ADMS, and provide cost estimates for the deployment;
 - b. Discuss whether ADMS is duplicative of the company's abilities to use its new AMI system to locate outages; and
 - c. State whether DEK intends to seek a CPCN for such deployment. If not, why not?

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- d. State whether DEK has conducted any ADMS Testbed demonstrations in order to model and evaluate ADMS applications. If demonstrations were conducted, provide documents regarding the results of the Testbed demonstrations.
 - e. Identify the value streams DEK hopes to bring about through the deployment of ADMS.
127. Refer to Norton Direct, page 9, wherein he discusses DEK's ability to call in additional repair crews from Duke Carolinas and Florida, when necessary. State whether DEK's mutual assistance program also utilizes contract crews. If so, will DEK call in a contract crew if it is less expensive than calling in crews from Duke Carolinas or Duke Florida? If not, why not?
128. State whether DEK utilizes, or plans to utilize distributed energy resources management systems ("DERMS"). If so:
- a. Provide a discussion including the extent of such deployment and usage;
 - b. Describe the plans DEK has to incentivize the use of either customer-owned or independently owned distributed generation resources, including Qualifying Facilities; and
 - c. State whether DEK intends to seek a CPCN for such deployment. If not, why not?
129. Refer to Reynolds Direct, Footnote 3. Provide an accessible link.
130. Refer to Staff-DR-01-055 Attachment – DEK Electric COSS 2019 Average Excess Macros Disabled, and then to tab WP FR-16(7)(v) Rate Incr.
- a. Line 26 refers to Other Miscellaneous Revenues in the sum of \$165,980. Explain the source of these revenues and provide a breakdown of this total.
131. Refer to Christie Direct, pages 11-12.
- a. Confirm whether "Case No. 2017-00172" on page 11 is referring to Case No. 2017-00321.

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- b. Provide the results of the competitive bid process for vegetation management to award work in the Midwest market discussed by Mr. Christie.
132. Refer to Christie Direct, page 12. Of the 23 percent of all distribution related outages in 2018 that were due to vegetation management, what percentage were related to vegetation that originated outside the Company's right of way?
133. Refer to Christie Direct, pages 12-13. What is the test-year cost of DEK's Hazard Tree Program?
134. Refer to Christie Direct, page 14. Why are costs related to the Hazard Tree Removal Program recorded as capital assets?
135. Refer to Hunsicker Direct, page 8. Explain where, in its proceeding(s) seeking AMI meters, the Company indicated that a new CIS would be necessary to implement the experience intended.
136. Refer to the Direct Testimony of Christopher Jacobi, pages 18-19, wherein he discusses other revenue projections.
 - a. Provide the calculation, derivation and/or determination of test year PJM reactive revenues.
137. Refer to the Direct Testimonies of James Mosley ("Mosley Direct") and John Verderame ("Verderame Direct"), generally. For the past three calendar years, and for 2019 to date, provide the following, excluding "behind the meter" resources:
 - a. Total number of hours each year that each DEK generating resource produced energy.
 - b. Total number of hours each year that each DEK generating resource produced energy while economically dispatched by PJM.
 - c. Total numbers of hours each year that each DEK generating resource produced energy while being dispatched by PJM for some other reason than being economic in the supply stack (i.e. uplift, reserves, etc.)

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- d. Total number of hours each year that each DEK generating resource produced energy while “self-scheduled.”
138. Refer to Verderame Direct and Mosley Direct, generally. Explain DEK’s actual interaction and involvement in PJM’s FTR market. Any response should include a narrative explanation of DEK’s participation in annual and/or long-term products, and the magnitude of participation in either or both.
 139. Refer to Verderame Direct, page 9, wherein he states that for IRP purposes DEK uses UCAP, while PJM’s planning reserve margin is calculated on an ICAP basis. Provide a citation to PJM’s governing documents wherein they note that PJM’s planning reserve margin is calculated on an ICAP basis.
 140. Refer to Verderame Direct, pages 15–20.
 - a. Explain DEK’s considerations when determining when to “self-schedule” generating resources vs. waiting to operate pursuant to PJM’s direction.
 - b. Explain how DEK’s self-scheduling impacts Rider PSM.
 - c. Explain how if DEK only participates in PJM, how DEK makes off-system sales.
 - d. Explain, in detail, DEK’s participation in “off-system sales,” including its considerations in determining when to make off-system sales.
 141. Refer to Verderame Direct, page 19. Explain to what degree DEK’s generation costs and revenues have been modified in this Application as compared to DEK’s application in Case No. 2017-00321 considering the changes to PJM’s markets, including, but not limited to the ability to include certain operations and maintenance costs in energy bids not previously permitted.
 142. Refer to Verderame Direct, page 23, wherein he states that DEK “continues to evaluate the merits of exiting the FRR obligation and becoming a full RPM auction participant.” Provide DEK’s most-recent evaluation of such a scenario.
 143. Refer to Verderame Direct, pages 25-26. Explain the cause or causes of zones clearing the BRA at a different price than “Rest of RTO.” Explain whether DEK is aware of the cause

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or causes that led to the DEOK zone clearing at a different price than “Rest of RTO” for the auction for the 2020/2021 Delivery Year.

144. Refer to Verderame Direct, page 29, wherein he notes that he believes “East Bend meets the minimum requirements of a Capacity Performance resource in that it is a coal-fired facility that maintains a significant reserve of fuel stored on-site.”
 - a. Over the past five (5) years, provide the number of annual hours East Bend has had a “forced outage.”
 - b. Provide the primary causes of the “forced outages” provided above.
 - c. Provide the number of annual hours for the past five (5) years in which lack of fuel has been a cause of a forced outage for East Bend.
 - d. Across the Duke Energy territories, is the absence of on-site fuel a top-three (3) cause of forced outages over the past three (3) years? Any response should differentiate between base load and peaking generating resources in the event the designation affects the response.
145. Refer to Verderame Direct, page 30, wherein he notes that “To date there have been no system wide Capacity Performance Hours called by PJM that resulted in assessments or bonuses.” Explain whether this is still the case, and whether there have been any recent performance assessment intervals called by PJM. Consider this an on-going request.
146. Refer to Wathen Direct, page 10, wherein he discusses “the most recent report from the EEI Typical Bills and Average Rate Report Winter 2019 (EEI Report).” Provide a copy of the cited report.
147. Refer to Wathen Direct, page 12. Was the question and answer restated on page 12 that of the Attorney General or Mr. Lane Kollen?
148. Refer to Wathen Direct, page 14. Provide the \$/kWh average fuel and purchased power rate included in base rates.
149. Refer to Kern Direct, pages 12–13.

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- a. Explain how using two-year average PJM LMP at the DEK node as the avoided energy cost is in compliance with PURPA and the applicable Kentucky regulations.
 - b. Explain how using PJM Real-Time LMP to determine the Energy Purchase Rate for Large QFs is in compliance with PURPA and the applicable Kentucky regulations.
 - c. DEK's proposed Large QF tariff, Fifth Revised Sheet No. 94, only provides rates for purchases under the "as available" option under 807 KAR 5:054 Section 7 (4)(a). Provide the calculation used by DEK to determine the avoided costs for a large QF with a legally enforceable obligation as required in 807 KAR 5:054 Section 7 (4)(b), should the large QF choose the "avoided costs at the time the legally enforceable obligation is incurred."
150. Refer to Kern Direct, page 13, wherein he notes that the Large QF "Capacity Purchase Rate is based on the Company's avoided capacity cost calculated using data from the Company's 2018 IRP." Explain if there are any market-based price signals DEK could use to determine a reasonable capacity cost, such as results from PJM Base Residual Auctions.
151. Refer to Kuznar Direct, pages 2–3, wherein he states that the BESS will provide ancillary services through PJM's "frequency regulation market which is the primary application for the deployment of the system."
- a. Provide the BESS's Net Present Value Revenue Requirement of the ancillary service revenues/benefits over the life of the system.
 - b. Provide the BESS's Net Present Value Revenue Requirement of the costs of the system, including capital and O&M over the life of the system.
152. Refer to Kuznar Direct, page 3.
- a. Describe how many customers, the type of customers and the usage characteristics of customers that will be connected to the "islanded portion of the distribution circuit" DEK proposes to connect the BESS to.
153. Refer to Lawler Direct, page 9, and WPD-2.20a. Provide the derivation of the test year revenues and expenses for (1) Sales for Resales – Outside, (2) Ancillary Services – Reactive, (3) Rider PSM, (4) Fuel Expense and (5) Reactive Power.

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154. Refer to the Application, Schedule F-1.
- a. Identify by name the "Social Organization/Service Club" on lines 1–15 that are proposed to receive amounts in the forecasted period.
 - b. Provide a breakdown of the items included in "Various Budgeted Items" in the base period and the test-year for lines 1–15 and line 24. Any response should identify recipients by name.
155. Refer to the Application, Schedule F-2.1, line 27, "Various Budgeted Items."
- a. Explain why the test-year amount of \$177,268 exceeds the base period amount of \$66,434 by more than \$100,000, and exceeds the base period amount for all categories of \$160,382.
 - b. Provide a breakdown of the items included in "Various Budgeted Items" in the base period and the test-year. Any response should identify recipients by name.
156. Refer to the Application, Schedule F-7, line 9, "Various Budgeted Items."
- a. Explain why the test-year amount of \$599,488 exceeds the base period amount of \$286,400 by more than \$300,000, and exceeds the base period amount for all categories of \$417,032.
 - b. Provide a breakdown of the items included in "Various Budgeted Items" in the base period and the test-year. Any response should identify recipients by name.
157. Provide a copy of DEK's most recent version of its FERC Form 715 criteria.