

KyPSC Case No. 2020-00041
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**Duke Energy Kentucky
Case No. 2020-00041
Staff Third Set Data Requests
Date Received: April 21, 2020**

STAFF-DR-03-001

REQUEST:

Refer to Duke Kentucky's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 2, Confidential Attachment; Case No. 2019-00388,¹ Duke Kentucky's response to Commission Staff's First Request for Information; Item 5; and Case No. 2018-00261,² Duke Kentucky's application, Schedule B-1, page 1 of 1. Explain why Duke Kentucky excluded Allowance for Funds Used During Construction (AFUDC) in the minimum usage calculation given that AFUDC is included in the total project estimate and Duke Kentucky's base rates.

RESPONSE:

AFUDC was inadvertently left out of the original estimate but has now been calculated. Based on forecasted project spend to complete the project, the AFUDC has been calculated as \$185,200 for the Incremental Customer Facilities, which amounts to approximately \$33,700 on an annualized basis over the ten-year contract term. The contract contemplates actual costs would be charged and the figures included in the contract were meant to be estimates. At the completion of the project, all actual project costs including AFUDC will be used to calculate the Annual Usage Requirements as referenced in Section 2.2 of the

¹ Case No. 2019-00388, *Electronic Application of Duke Energy Kentucky, Inc. for a Certificate of Public Convenience and Necessity Authorizing the Construction of a Gas Pipeline from Erlanger, Kentucky to Hebron, Kentucky* (Ky. PSC Mar. 27, 2020).

² Case No. 2018-00261, *Electronic Application of Duke Energy Kentucky, Inc. for Authority to 1) Adjust Natural Gas Rates 2) Approval of a Decoupling Mechanism 3) Approval of New Tariffs 4) and for All Other Required Approvals, Waivers, and Relief* (Ky. PSC Mar. 27, 2019).

Natural Gas Service Minimum Usage Agreement. The updated cost estimate will be provided to the customer as part of on-going project updates.

PERSON RESPONSIBLE: Ronald O. Mays

**Duke Energy Kentucky
Case No. 2020-00041
Staff Third Set Data Requests
Date Received: April 21, 2020**

STAFF-DR-03-002

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 6. Explain in full detail why the customer is allocated costs from only phase 1 of the UL60 pipeline, and not also allocated costs from phase 2.

RESPONSE:

Phase 1 of the UL60 pipeline is necessary to provide natural gas service to the customer (as well as to ensure adequate pressure exists in the system to maintain service to existing upstream customers) and, as such, the customer is allocated an appropriate share of those costs. Given that phase 2 of the UL60 pipeline is downstream of this customer's project, it does not directly support the delivery of natural gas to this customer, and is intended to support the overall system integrity and serve customers downstream of the customer's site, no phase 2 costs should be allocated to the customer.

PERSON RESPONSIBLE: Ronald O. Mays