

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|--------------------------------------|---|------------|
| ELECTRONIC APPLICATION OF DUKE |) | |
| ENERGY KENTUCKY, INC. FOR AN ORDER |) | |
| AUTHORIZING THE ISSUANCE OF |) | CASE No. |
| UNSECURED DEBT AND LONG-TERM NOTES, |) | 2020-00321 |
| EXECUTION AND DELIVERY OF LONG-TERM |) | |
| LOAN AGREEMENTS, AND USE OF INTEREST |) | |
| RATE MANAGEMENT INSTRUMENTS. |) | |

ATTORNEY GENERAL’S INITIAL DATA REQUESTS

The intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, hereby submits the following Initial Data Requests to Duke Energy Kentucky, Inc. [hereinafter “DEK” or “the Company”] to be answered by the date specified in the Commission’s Orders of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) 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. The Office of the Attorney General can provide counsel for DEK with an electronic version of these questions, upon request.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity

that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, request clarification directly from 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, 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.

(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, 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,
DANIEL CAMERON
ATTORNEY GENERAL



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Certificate of Service and Filing

Pursuant to the Commission's Orders dated March 16, 2020 and March 24, 2020 in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that an electronic copy of the forgoing was served and filed by e-mail to the parties of record. Further, the Attorney General will submit the paper originals of the foregoing to the Commission within 30 days after the Governor lifts the current state of emergency.

This 23rd day of October, 2020



Assistant Attorney General

Electronic Application of Duke Energy Kentucky, Inc. for an Order
Authorizing the Issuance of Unsecured Debt and Long-Term Notes, etc.
Case No. 2020-00321
Attorney General's Initial Data Requests

1. Provide the interest rates applicable to both the Deutsche Bank Indenture, and the Bank of New York Indenture.
 - a. Explain whether these interest rates are fixed or variable.
2. Identify all long-term debt ("LTD") issuances which will be expiring in the next five (5) years.
3. Identify any LTD which could be redeemable early if conditions are favorable enough to warrant such early redemption.
4. Reference Case No. 2012-00575, DEK's response to Staff-DR-1-4 (a), wherein DEK stated that it ". . . does not currently have an active First Mortgage Bond Indenture, therefore any secured debt issuance will require the creation of a mortgage indenture." Reference also Exhibit A ("Summary of Bonds/Debentures Pricing Parameters") to the application in the instant case, in which DEK identifies ". . . [u]p to \$250,000,000 of first mortgage bonds (the "Bonds") or unsecured indebtedness (the "Debentures"), or any combination thereof, in one or more series."
 - a. Explain whether DEK now has a first mortgage bond indenture in effect. If not, is it seeking authority to create that indenture in the instant case, or will it do so in a future case?
5. Reference Case No. 2012-00575, DEK's response to Staff-DR-1-4 (a), wherein DEK stated, ". . . secured debt tends to give rise to greater administrative and compliance requirements. At time of issue, Duke Kentucky will consider the costs and benefits associated with secured versus unsecured debt and select the overall most cost effective method of raising debt financing." Explain whether DEK currently has any secured debt financing, and if not, whether such issuances might be possible in the future. Include in your response: (i) a discussion of the administrative and compliance requirements associated with secured debt financing; and (ii) whether secured debt financing could be favorable under current market conditions.
6. Regarding DEK's request for permission to use interest rate management instruments:
 - a. Identify the last case in which DEK obtained Commission approval to use such instruments;
 - b. Provide a discussion and explanation of all uses of such instruments since DEK's last case in which it obtained Commission approval to use such instruments;

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- c. Provide an analysis of all cost savings achieved as a result of using such instruments, together with the costs of utilizing these instruments.
7. Explain whether the issuance of new debt will affect DEK's equity position, and if so, how.
 8. Explain whether the Covid-19 crisis will: (i) lead to increased short-term debt borrowing activity; and (ii) affect DEK's ability to access capital markets, and if so, how.
 9. Reference Exhibit C. Provide a comprehensive explanation and breakdown of the proposed capital expenditures, by year, in the following areas. Include in your explanation an explanation of any retirements:

| | 2020 | 2021 | 2022 |
|--------------------|------------|------------|------------|
| Grid Modernization | \$22.361 M | \$19.629 M | \$21.093 M |
| Major Projects | \$55.538 M | \$32.289 M | \$83.715 M |
| Maintenance | \$96.745 M | \$75.574 M | \$72.514 M |