

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Application of Duke Energy)	
Kentucky, Inc. for an Order Declaring the)	Case No. 2020-00385
Construction of Solar Facilities is an)	
Ordinary Extension of Existing Systems in)	
the Usual Course of Business)	

**PETITION OF DUKE ENERGY KENTUCKY, INC. FOR
CONFIDENTIAL TREATMENT OF INFORMATION CONTAINED IN ITS
RESPONSES TO COMMISSION STAFF’S FIRST SET OF INFORMATION
REQUESTS ISSUED FEBRUARY 1, 2021**

Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), pursuant to 807 KAR 5:001, Section 13, respectfully requests the Commission to classify and protect certain information provided by Duke Energy Kentucky in its responses to Commission Staff’s (Staff) First Request for Information, items 2, 3, 9, 13, and 15, submitted on February 1, 2021. The information that Staff seeks through discovery and for which Duke Energy Kentucky now seeks confidential treatment (Confidential Information), generally includes sensitive lease pricing information, market forecasts, specific customer account information, and competitive vendor pricing.

In support of this Petition, Duke Energy Kentucky states:

1. The Kentucky Open Records Act exempts from disclosure certain critical infrastructure information per KRS 61.878(1)(m). To qualify for this exemption and, therefore, maintain the confidentiality of the information, a party must establish that disclosure of the record would expose a vulnerability in providing the location of public

utility critical systems. Public disclosure of the information identified herein would, in fact, prompt such a result for the reasons set forth below.

2. The information contained in the Confidential Information for which the Company is seeking confidential protection relates to a specific customer's premise, negotiated lease structures, competitive vendor pricing, including amount of and pricing of specific services and market forecasts for Renewable Energy Credits (RECs). Specifically, the Confidential Information identifies the sensitive negotiated lease pricing. This information details how the customer and the Company were able to value and negotiate reasonable prices for access to the customer's premise for the installation of a solar facility. Additionally, the Confidential Information contained in response to STAFF-DR-01-003 includes confidential pricing curves for RECS through 2022 and STAFF-DR-01-009 includes detailed information pertaining to the requests for bids from outside contractors who responded to a solicitation, the disclosure of which would injure Duke Energy Kentucky and its competitive position and business interests. Releasing this information would give those vendors access to each-other's costs which would act to the detriment of Duke Energy Kentucky and its customers in the future as vendors would know how competing suppliers price their commodities.

3. The Commission has previously recognized that responses to a bid solicitation are confidential.¹ In addition, Duke Energy Kentucky has entered into a non-disclosure agreement with this customer to keep their identity and load information confidential. The customer is concerned that the release of this information could

¹ *In the Matter of the Electronic Examination of the Application of the Fuel Adjustment Clause of Duke Energy Kentucky, Inc. from May 1, 2019 through October 31, 2019*, Order, Case No. 2020-00008 (Ky. P.S.C. April 10, 2020).

compromise their competitive position in the marketplace. Releasing this information to the public would place the Company and the customer both at a competitive disadvantage and may disadvantage the Company as it attempts to negotiate future contracts with customers or for access leases or for construction of similar projects in the future. Potential vendors of the Company would know what the Company forecasts as its costs for projects and potentially adjust its bids on future projects based upon that information. Competitors of the customer would have access to the customer's forecasted load.

4. The Confidential Information is distributed within Duke Energy Kentucky, only to those who must have access for business reasons and is generally recognized as confidential and proprietary in the energy industry.

5. The Confidential Information for which Duke Energy Kentucky is seeking confidential treatment is not known outside of Duke Energy Corporation.

6. Duke Energy Kentucky does not object to limited disclosure of the Confidential Information described herein, pursuant to an acceptable protective agreement, with the Attorney General or other intervenors with a legitimate interest in reviewing the same for the purpose of participating in this case.

7. This information was, and remains, integral to Duke Energy Kentucky's effective execution of business decisions and safety of its systems. And such information is generally regarded as confidential or proprietary. Indeed, as the Kentucky Supreme Court has found, "information concerning the inner workings of a corporation is 'generally accepted as confidential or proprietary.'" *Hoy v. Kentucky Industrial Revitalization Authority*, 904 S.W.2d 766, 768 (Ky. 1995).

8. In accordance with the provisions of 807 KAR 5:001, Section 13(3), the Company is filing one copy of the Confidential Information separately under seal, and one copy without the confidential information included.

9. Duke Energy Kentucky respectfully requests that the Confidential Information be withheld from public disclosure for a period of ten years. This will assure that the Confidential Information – if disclosed after that time – will no longer be commercially sensitive so as to likely impair the interests of the Company or its customers if publicly disclosed.

10. To the extent the Confidential information becomes generally available to the public, whether through filings required by other agencies or otherwise, Duke Energy Kentucky will notify the Commission and have its confidential status removed, pursuant to 807 KAR 5:001 Section 13(10)(a).

WHEREFORE, Duke Energy Kentucky, Inc., respectfully requests that the Commission classify and protect as confidential the specific information described herein.

Respectfully submitted,

/s/ Rocco O. D'Ascenzo

Rocco O. D'Ascenzo (92796)

Deputy General Counsel

Duke Energy Business Services LLC

139 East Fourth Street, 1303-Main

Cincinnati, Ohio 45202

Phone: (513) 287-4320

Fax: (513) 287-4385

E-mail: rocco.d'ascenzo@duke-energy.com

Counsel for Duke Energy Kentucky, Inc.

CERTIFICATE OF SERVICE

This is to certify that the foregoing electronic filing is a true and accurate copy of the document being filed in paper medium; that the electronic filing was transmitted to the Commission on February 15, 2021; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and the original filing in paper medium will be delivered to the Commission pending further instruction from Case No. 2020-00085.²

/s/ Rocco O. D'Ascenzo
Rocco O. D'Ascenzo

² *In the Matter of Electronic Emergency Docket Related to the Novel Coronavirus COVID-19*, Order, Case No. 2020-00085 (Ky. P.S.C. March 16, 2020).

KyPSC Case No. 2020-00385
TABLE OF CONTENTS

<u>DATA REQUEST</u>	<u>WITNESS</u>	<u>TAB NO.</u>
STAFF-DR-01-001	Larry Watson Legal	1
STAFF-DR-01-002	Larry Watson	2
STAFF-DR-01-003	Todd Beaver	3
STAFF-DR-01-004	Larry Watson	4
STAFF-DR-01-005	Scott Park	5
STAFF-DR-01-006	Larry Watson	6
STAFF-DR-01-007	Larry Watson	7
STAFF-DR-01-008	Larry Watson	8
STAFF-DR-01-009	Larry Watson	9
STAFF-DR-01-010	Larry Watson	10
STAFF-DR-01-011	Larry Watson	11
STAFF-DR-01-012	Larry Watson	12
STAFF-DR-01-013	Larry Watson	13
STAFF-DR-01-014	Legal	14
STAFF-DR-01-015	Larry Watson	15

**Duke Energy Kentucky
Case No. 2020-00385
Staff First Set Data Requests
Date Received: February 1, 2021**

STAFF-DR-01-001

REQUEST:

Refer to Duke Kentucky's Application, pages 3 and 4, paragraph 8, discussing three previous small solar facilities that were determined to be in the ordinary course of business. State whether Duke Kentucky contends it could construct as much solar capacity as it wants without obtaining a Certificate of Public Convenience and Necessity (CPCN) so long as it constructs the facilities in increments of 2-3 MWs. If not, identify the point or points at which Duke Kentucky contends that the construction of solar generating facilities in increments of 2-3 MWs would require a CPCN. Explain each basis for your response.

RESPONSE:

Objection. Calls for a legal conclusion. Without waiving said objection and to the extent discoverable, Duke Energy Kentucky does not contend that the Company could construct as much solar capacity as it wants without obtaining a Certificate of Public Convenience and Necessity (CPCN) so long as it constructs the facilities in increments of 2-3 MWs. The Company filed this request seeking Commission determination whether or not such installations do constitute ordinary extensions in the existing system as it has done previously, and as the Commission has previously established for similar renewable projects involving landfill gas. The Company will follow a similar process for future small installations like this, for the Commission to determine whether a CPCN is necessary. See e.g., *In re: Application of East Kentucky Power Cooperative, Inc., for an Order Declaring that the Hardin County Landfill Gas to Energy Project to be an Ordinary Extension of an*

Existing System in the Usual Course of Business, Order, Case No 2005-00164, (Ky.P.S.C. July 8, 2005); finding that 2.4 MW landfill gas generating facility at a cost of approximately \$5 million was an ordinary extension; *In re: Application of East Kentucky power Cooperative, Inc. for an Order Declaring the Pendleton County Landfill Gas to Energy Project to be an Ordinary Extension of Existing Systems in the Usual Course of Business*, Order, Case No. 2006-0033, (Ky. P.S.C. March 10, 2006); finding 3.2 MW landfill gas generator with a cost of approximately \$5 Million was an ordinary extension; *In re: Application of East Kentucky Power Cooperative for an Order Declaring that the Maysville-Mason County Landfill Gas to Energy Project to be an Ordinary Extension of the Existing System in the Usual Course of Business*, Order, Case No. 2007-00509, (Ky. P.S.C. March 26, 2008); finding 1.6 MW landfill gas generator with a cost of approximately \$2.5 Million was an ordinary extension; *In re: Application of East Kentucky Power Cooperative, Inc. for an Order Declaring the Glasgow Landfill Gas to Energy Project to be an Ordinary Extension of Systems in the Usual Course of Business, and a Joint Application of Farmers Rural Electric Cooperative and East Kentucky Power Cooperative, Inc. for Approval to Enter into a Ten Year Purchased Power Agreement and Approval of a Special Contract*, Order Case No. 2014-00292, (Ky. P.S.C. April 02, 2015); finding, among other things, the Glasgow project 1 MW landfill gas project was properly classified as an ordinary extension of existing systems in the usual course of business and a CPCN, pursuant to KRS 278.020(1) is not required for construction. The Commission went on to state that EKPC's prior landfill CPCNs were approved because they were relatively small-sized projects exempt from CPCN requirements, the facilities are system resources and their capacity, energy and environmental attributes are shared by all of EKPC's member-owners. The Commission further stated that the facility at issue in tat

case was different because EKPC was selling the output to a single member, but nonetheless, approved the transaction. *See also, In the Matter of the Application of East Kentucky Power Cooperative, Inc., for an Order Declaring the Expansion of the Bavarian Landfill Gas to Energy Project to be an Ordinary Extension of Existing Systems in the Usual Course of Business*, Case No. 2015-00284, (Ky. P.S.C. Jan. 13, 2016); Denying EKPC's request to be relieved from filing for a declaratory order for similar ordinary extensions, finding that each project requires a fact-specific determination whether it constitutes an ordinary extension. The Commission further found that EKPC could instead request a staff legal opinion with an attempt at a 30 day response to determine whether future landfill gas projects required a CPCN.

Smaller, distributed generation (DG) projects, such as the Aero project, represent a phased, measured and incremental approach to support renewable project development anticipated in the Company's integrated resource plan (IRP) by developing smaller, more distributed solar sites in this region. Siting solar in the Duke Energy Kentucky service area is particularly challenging due to limitations in terms of parcel size, developable land, topography (slope), availability of land, and distribution circuit limitations that would be suitable for larger scale solar installation. While the Company would certainly agree that a CPCN is required for larger scale, transmission-tied solar installations; the Company respectfully suggests that, like the Commission has previously determined with landfill gas projects, a smaller-scale, distribution tied solar, consistent with the IRP, and that are system resources benefitting all customers does not rise to the level of requiring a CPCN.

Specific to the proposed Aero project, Duke Energy Kentucky respectfully states that this proposed Solar Installation Project qualifies as an ordinary extension of an existing system in the ordinary course of business for the following reasons:

a. The Solar Installation Project will not result in wasteful duplication of plant, equipment or property.

i. The size of these installations is not material insofar as adding significant generation capacity on the Company's system.

ii. The approximate 2 MWs of capacity is consistent with what was projected as being necessary in the Company's last IRP filed in 2018.

b. The Solar Installation Project will not conflict with the existing certificates or service of other utilities operating in the same area and under the jurisdiction of the Commission.

c. The Solar Installation Project will not involve sufficient capital outlay to materially affect the existing financial condition of Duke Energy Kentucky.

d. The Solar Installation Project will not itself result in increased charges to Duke Energy Kentucky's customers in that the estimated approximately \$5 million capital investment is not significant enough to drive an application for an increase in customer rates.

e. Customers will benefit immediately once the resource is placed in service inasmuch as all of the zero-cost fuel energy that is generated by these facilities will be used to offset the Company's total load requirements otherwise served by generation whose fuel or energy purchases are included in and recoverable through the Company's fuel adjustment clause.

PERSON RESPONSIBLE: Larry Watson/Legal

REQUEST:

Refer to Duke Kentucky's Application, pages 4-6, paragraph 9(c).

- a. Explain whether Duke Kentucky is aware of whether the lease payment [REDACTED]

[REDACTED]

- b. [REDACTED]

[REDACTED]

c. Aside from the roof top solar installation, explain whether Duke Kentucky is working with Amazon in satisfying its sustainability goals and, if so, how.

- d. [REDACTED]

[REDACTED]

- e. [REDACTED]

[REDACTED]

[REDACTED]

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

[REDACTED] Duke Energy Kentucky and Amazon executed a lease agreement [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

c. Currently, aside from the rooftop solar facility, the Company is not actively working with Amazon to satisfy their sustainability goals. The Company has provided information about the Green Source Advantage program to Amazon and other large customers. Duke Energy Kentucky is always supportive of working with all of our customers to support their energy goals, including sustainability.

[REDACTED]

PERSON RESPONSIBLE: Larry Watson

**Duke Energy Kentucky
Case No. 2020-00385
Staff First Set Data Requests
Date Received: February 1, 2021**

**PUBLIC STAFF-DR-01-003
(As to Attachment Only)**

REQUEST:

Refer to Duke Kentucky's Application, pages 4-7, paragraph 9(e).

a. Provide any analyses or estimates performed by or on behalf of Duke Kentucky to determine the net revenue that is expected to be generated and shared with customers from the sale of RECs from the proposed solar facility.

b. Provide any analyses or estimates Duke Kentucky has performed to determine any revenue that will be generated from the installation of the solar facility.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment Only)

a. See STAFF-DR-01-003(a) Confidential Attachment. The Amerex daily REC pricing curves only project out through 2022 for both curves used for the evaluation. Therefore, the attachment response reflects the near term projections of net revenue. Duke Energy Kentucky will continue to maximize the revenue from the sale of these RECs.

b. Aside from the aforementioned RECs, the Company does not anticipate additional revenues generated directly from this installation. The Project will be tied to the distribution grid. As a result, the installation will not be separately dispatched into PJM. The energy output instead will be used to serve localized load on the circuit, reducing the customers' demand in PJM, thereby reducing energy market purchases. This should offset the need for the Company's other/additional generation to satisfy the needs on that circuit,

that in theory, could be sold into the PJM Energy Market. The Company has not determined, what if any additional energy could potentially be sold into the market from the Company's other generation due to the presence of this facility. Nonetheless, to the extent the Company is able to increase its energy sales as a result of this, customer will receive such benefits in accordance with the terms of the Company's profit sharing mechanism, Rider PSM.

PERSON RESPONSIBLE: Todd Beaver

**CONFIDENTIAL PROPRIETARY TRADE
SECRET**

**STAFF-DR-01-003(a) CONFIDENTIAL
EXCEL ATTACHMENT**

FILED UNDER SEAL

REQUEST:

Refer to Duke Kentucky's Application, pages 8 and 9, paragraph 12.

- a. Explain how the experience Duke Kentucky gains from the operation of a small solar facility will shorten the learning curve of having to operate a large solar facility.
- b. Explain whether there are any Duke Kentucky affiliates operating large solar facilities and why Duke Kentucky could not access that experience in the event of carbon legislation.
- c. Explain how the experience Duke Kentucky gains from the operation of the small solar facility at issue in this matter will differ from the experience Duke Kentucky has gained operating other small solar facilities in Kentucky.

RESPONSE:

- a. The Project would be the first rooftop mounted, grid-tied, large scale renewable resource for Duke Energy Kentucky. If approved, this project will also represent one of the largest rooftop installations in the Commonwealth. This project will provide valuable experiences to draw upon for potential future rooftop projects. The Aero project represents a way for Duke Energy Kentucky to deploy solar of scale on a large, customer-owned rooftop that is consistent with the IRP. As stated previously, siting stand-alone solar in the Duke Energy Kentucky service area is particularly challenging due to limitations in

terms of parcel size, developable land, topography (slope), availability of land, and distribution circuit limitations that would be suitable for larger scale solar installation.

This Solar Installation Project will help Duke Energy Kentucky in advancing our rooftop development and operational experience, revising rooftop specifications, coordinating with customers to creatively develop grid-tied renewable projects while also supporting their sustainability goals, developing solar in more developed areas, building solar adjacent to a large airport, etc.

b. The Company owns and operates three ground mounted solar facilities in Duke Energy Kentucky. Neither Duke Energy Kentucky, nor its affiliates, have any other operating projects in the Commonwealth or tied to the transmission system located in Kentucky. The Company continues to evaluate options to develop solar in Kentucky consistent with the IRP.

c. The Aero Solar Installation Project would be Duke Energy Kentucky's first rooftop solar facility in Kentucky. The Project reflects a creative partnership with a large customer to support a customer-sited, distribution grid-tied project consistent with the IRP. This differs from the distribution-tied solar facilities in Kentucky that are ground-mounted. Ground mounted facilities require different operations and maintenance requirements (mowing, site upkeep) versus a rooftop that does not have the same groundskeeping requirements. Due to the limitations in terms of parcel size, developable land, topography, and the availability of land within the Duke Energy Kentucky service area; creative partnerships provide additional opportunities for the Company to develop customer-sited, distributed renewable generation projects consistent with the IRP.

PERSON RESPONSIBLE: Larry Watson

**Duke Energy Kentucky
Case No. 2020-00385
Staff First Set Data Requests
Date Received: February 1, 2021**

STAFF-DR-01-005

REQUEST:

Refer to Duke Kentucky's Application, page 9, paragraph 13. The analysis for Duke Kentucky's 2018 Integrated Resource Plan (IRP) was conducted in late 2017 and is approximately three years old. Explain whether Duke Kentucky has conducted any further analyses on cost-effectiveness of generation technologies and how these technologies would be added to Duke Kentucky's generation fleet.

RESPONSE:

The Company routinely examines cost effectiveness of generation from time to time to verify and update assumptions. The Company did perform a high-level analysis in the fall of 2020. This analysis confirmed the viability of renewable technologies to varying degrees based upon assumptions regarding carbon regulation. However, this analysis was preliminary, and the Company has not completed a full IRP analysis since its last filing with the Commission. The Company is currently performing its analysis for its next IRP, which is due to be filed in June 2021 per the Commission's Order in Case No. Case No. 2018-00195. The analysis is ongoing, and the Company expects to complete the analysis in advance of the filing of its IRP in June.

PERSON RESPONSIBLE: Scott Park

Duke Energy Kentucky
Case No. 2020-00385
Staff First Set Data Requests
Date Received: February 1, 2021

STAFF-DR-01-006

REQUEST:

Explain in detail the current need for the proposed solar project.

RESPONSE:

As part of its most recent IRP, filed June 21, 2018, in Case No. 2018-00195, Duke Energy Kentucky, among other things, projected a slow load growth in the near-term with demand accelerating in the latter half of the 2020s, but nonetheless, due to customer desire for renewable investments to diversify its generation portfolio, identified the need for renewable resources in the coming years. The Company's analysis identified a need for approximately 10 MW of solar resources beginning in 2019, with annual 10 MW installations coming online. Further, as explained in its Application, Duke Energy Kentucky believes that the need exists to continue procurement of solar now, and to take advantage of the federal tax credits currently that are phasing down each year as well as the existing market conditions that have made such investments more affordable. The proposed Aero solar installation project represents a phased, measured and incremental approach to support renewable project development anticipated in the IRP

PERSON RESPONSIBLE: Larry Watson

**Duke Energy Kentucky
Case No. 2020-00385
Staff First Set Data Requests
Date Received: February 1, 2021**

STAFF-DR-01-007

REQUEST:

Provided the estimated annual increase in operation and maintenance expenses arising from the proposed solar facility, and explain how the expected expenses were determined.

RESPONSE:

The estimated annual increase in operation and maintenance (O&M) expenses for the proposed Aero solar facility is approx. 2.0%. The projected annual increase in O&M expenses at this facility are based on standard Duke Energy Kentucky budgeting assumptions based on standard market information.

PERSON RESPONSIBLE: Larry Watson

**Duke Energy Kentucky
Case No. 2020-00385
Staff First Set Data Requests
Date Received: February 1, 2021**

STAFF-DR-01-008

REQUEST:

Provide the estimated useful life of the proposed solar facility, and explain how that estimate was made.

RESPONSE:

The estimated useful life is 25 years and is consistent with the life used in the evaluation for the Crittenden and Walton projects. This estimated life is also consistent with the depreciation study provided as part of the most recent rate case filing.

PERSON RESPONSIBLE: Larry Watson

**Duke Energy Kentucky
Case No. 2020-00385
Staff First Set Data Requests
Date Received: February 1, 2021**

**PUBLIC STAFF-DR-01-009
(As to Attachments Only)**

REQUEST:

State whether Duke Kentucky has solicited or obtained bids for the construction of the proposed solar facility, and if so, provide any requests for proposal or similar solicitation of bids sent to potential contractors and any bids received from contractors.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachments Only)

Duke Energy Kentucky has solicited and obtained bids for the construction of the proposed Aero solar facility. This process is governed by our existing corporate Supply Chain processes. Duke Kentucky obtained bids on January 15, 2021 for the construction of the proposed solar facility and those bids are under review. See STAFF-DR-01-009 Confidential Attachments 1 and 2 for the Request for Proposal (RFP) and bids received respectively. STAFF-DR-01-009 Confidential Attachment 1 contains the main document, and scope of work. The RFP contained templates for contracts that would be negotiated/executed assuming approval, and a contractor is selected. The Company is currently evaluating the bids received to ensure compliance with the scope of work and project parameters. The summary of the bid responses provided have not been fully analyzed, clarified, or discussed with the bidders and have not been negotiated.

PERSON RESPONSIBLE: Larry Watson

**CONFIDENTIAL PROPRIETARY TRADE
SECRET**

**STAFF-DR-01-009 CONFIDENTIAL
PDF ATTACHMENT 1**

FILED UNDER SEAL

**CONFIDENTIAL PROPRIETARY TRADE
SECRET**

**STAFF-DR-01-009 CONFIDENTIAL
EXCEL ATTACHMENT 2**

FILED UNDER SEAL

**Duke Energy Kentucky
Case No. 2020-00385
Staff First Set Data Requests
Date Received: February 1, 2021**

STAFF-DR-01-010

REQUEST:

Explain how Duke Kentucky chose or will choose the contractors that will perform the work to construct the solar facility, and explain why that method is reasonable for ensuring the least cost.

RESPONSE:

Duke Energy Kentucky will select the contractor that will perform the work through the established Duke Energy Supply Chain processes which will include both a technical and commercial evaluation. This established evaluation process ensures that the contractor meets the technical requirements and experience to meet the cost, schedule, and quality requirements articulated in the RFP. In conjunction with the technical evaluation, the Company accesses the commercial aspects of the bids, including pricing, to ensure that it selects the contractor that provides the most value and cost effective way to construct this project to the benefit of all Duke Energy Kentucky customers.

PERSON RESPONSIBLE: Larry Watson

Duke Energy Kentucky
Case No. 2020-00385
Staff First Set Data Requests
Date Received: February 1, 2021

STAFF-DR-01-011

REQUEST:

Identify all other sites considered by Duke Kentucky for the location of the proposed generating facility, and explain why the roof of the new Amazon Air Hub Facility was chosen, including a discussion of whether that location was determined to be the least cost alternative location for the facility. If no other sites were considered, explain why no other sites considered and how Duke Kentucky was able to determine that the proposed site is the appropriate and least cost location to suit Duke Kentucky's needs.

RESPONSE:

Siting solar in the Duke Energy Kentucky service area is particularly challenging due to limitations in terms of parcel size, developable land, topography (slope), availability of land, and distribution circuit limitations that would be suitable for larger scale solar installation. While the Company has continued to evaluate sites suitable to support solar development, this site was proposed by the customer as a potential creative partnership opportunity that makes their new, large facility roof available to support a grid-tied solar facility. While no other alternative rooftop locations were evaluated as part of this effort; this specific facility is unique in terms of the extremely large physical sizing of the facility that can support a solar project of this scale on one roof, the new roof is being built to adequately support solar, and the customer had a willingness to make the rooftop available through a creative and innovative partnership agreement that is supportive of their

sustainability goals. While solar is feasible on other rooftops, no other customer has proposed this type of arrangement and older, existing roofs require additional due diligence to determine if the facility and roof can support the new solar. Duke Energy Kentucky continues to evaluate other sites and opportunities for solar development, but this is the only rooftop being considered at this time.

PERSON RESPONSIBLE: Larry Watson

**Duke Energy Kentucky
Case No. 2020-00385
Staff First Set Data Requests
Date Received: February 1, 2021**

STAFF-DR-01-012

REQUEST:

State whether Duke Kentucky evaluated the increased risk, if any, of placing the proposed solar facility on the roof of the Amazon Air Hub Facility as opposed to placing it at a standalone site, and if so, provide the results of that evaluation.

RESPONSE:

Duke Energy Kentucky has evaluated known risks relative to building solar on rooftop facilities. This is one of the reasons this project was considered since it is being built on a new, large rooftop that is able to accommodate solar of this scale without having to retrofit or upgrade the host building. This building is being constructed to current building codes and standards and will have all of the necessary safety equipment installed and protocols established. The underlying customer has significant experience in incorporating solar facilities on their roof and also has worked with the Company through the lease agreement to articulate best management practices to limit the amount of risk of this facility. The equipment specified in this RFP also takes into account the most up to date standards associated with rooftop solar development limits the potential risks at this site. The lease agreement also limits Duke Energy Kentucky's liability at this site.

PERSON RESPONSIBLE: Larry Watson

PUBLIC STAFF-DR-01-013

REQUEST:

Identify any additional expected costs likely to arise from the placement of the proposed solar facility on the roof of the Amazon Air Hub Facility as opposed to placing it at a standalone site, including the cost of any additional insurance necessary due to the placement and any expected cost to indemnify Amazon for any loss arising from the placement of the proposed solar facility on the Amazon Air Hub Facility.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

Duke Energy Kentucky has found that rooftop solar is built at a slight premium over ground mount systems. The utilization of this roof [REDACTED] [REDACTED] helps in driving down the capital and O&M costs. Costs to interconnect the system are consistent with ground mount systems. Finding sites suitable for solar in the Duke Energy Kentucky service area is particularly challenging due to limitations in terms of parcel size, developable land, topography (slope), availability of land, and distribution circuit limitations that would be suitable for larger scale solar installation. Due to these challenges, Duke Energy Kentucky continues to work with customers to identify opportunities to support grid-tied, distributed customer-sited locations capable of supporting solar of this scale in the Duke Energy Kentucky service

area; this includes evaluating land, parking lots, rooftops and other adaptive reuse of sites such as landfills.

The costs and challenges of siting solar generation in urban areas and near load centers are critical to understand and quantify. The Company believes that the potential cost premium may be offset by the potential benefits of reduced O&M, energy losses, and land availability or use challenges.

There are no additional expected costs for additional insurance due to placement or costs to indemnify Amazon for any loss arising from placement of the proposed solar facility on the Amazon Air Hub Facility.

PERSON RESPONSIBLE: Larry Watson

Duke Energy Kentucky
Case No. 2020-00385
Staff First Set Data Requests
Date Received: February 1, 2021

STAFF-DR-01-014

REQUEST:

State whether Duke Kentucky contends that the proposed solar facility is an extension of an existing solar facility. If so, identify the solar facility for which the proposed solar facility is an extension and describe the location of the existing facility.

RESPONSE:

Objection. Calls for a legal opinion. Without waiving said objection, and to the extent discoverable, please see response to STAFF-DR-01-001. Consistent with the Commission's determinations in similar situations involving construction of small renewable generation facilities, the Aero project constitutes a small sized, renewable generation facility that constitutes a system resource where the capacity, energy, and environmental attributes are shared by all customers. See e.g., *In re: Application of East Kentucky Power Cooperative, Inc. for an Order Declaring the Glasgow Landfill Gas to Energy Project to be an Ordinary Extension of Systems in the Usual Course of Business, and a Joint Application of Farmers Rural Electric Cooperative and East Kentucky Power Cooperative, Inc. for Approval to Enter into a Ten Year Purchased Power Agreement and Approval of a Special Contract*, Order Case No. 2014-00292, pp. 8-9, (Ky. P.S.C. April 02, 2015); noting that the Commission had approved five previous deviations for landfill-gas projects for EKPC, based upon, among other things, that the facilities were system

resources and their capacity, energy, and environmental attributes were shared among all members.

Answering further, the facility at issue is an extension of the Company's generation portfolio and will be tied to its distribution system, thereby extending both systems.

PERSON RESPONSIBLE: Legal

**Duke Energy Kentucky
Case No. 2020-00385
Staff First Set Data Requests
Date Received: February 1, 2021**

**PUBLIC STAFF-DR-01-015
(As to Attachments Only)**

REQUEST:

Provide a copy of the lease agreement or the proposed lease agreement for the site at which Duke Kentucky intends to place the proposed solar facility.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachments Only)

Please see STAFF-DR-01-015 Confidential Attachments 1 and 2.

PERSON RESPONSIBLE: Larry Watson

**CONFIDENTIAL PROPRIETARY TRADE
SECRET**

**STAFF-DR-01-015 CONFIDENTIAL
PDF ATTACHMENT 1**

FILED UNDER SEAL

**CONFIDENTIAL PROPRIETARY TRADE
SECRET**

**STAFF-DR-01-015 CONFIDENTIAL
PDF ATTACHMENT 2**

FILED UNDER SEAL