

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DUKE ENERGY)	
KENTUCKY, INC. FOR AN ORDER)	
APPROVING THE ESTABLISHMENT OF A)	
REGULATORY ASSET FOR THE LIABILITIES)	Case No. 2021-00405
ASSOCIATED WITH THE RETIREMENT OF)	
CERTAIN PROPANE-AIR FACILITIES)	

PETITION OF DUKE ENERGY KENTUCKY, INC.
FOR CONFIDENTIAL TREATMENT OF INFORMATION
CONTAINED IN ITS RESPONSES TO COMMISSION STAFF'S
SECOND SET OF DATA REQUESTS ISSUED DECEMBER 6, 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 response to Data Request No. 6, as requested by Commission Staff (Staff) in this case on December 6, 2021. The information that Staff seeks through discovery and for which Duke Energy Kentucky now seeks confidential treatment (Confidential Information), shows fuel costs, including costs associated with labor.

The response in Data Request No. 6 contains sensitive information, the disclosure of which would injure Duke Energy Kentucky and its competitive position and business interests. The Company's response includes confidential fuel pricing. The public disclosure of the information described above would place Duke Energy Kentucky at a commercial disadvantage as it negotiates contracts with various suppliers and vendors and potentially

harm Duke Energy Kentucky's competitive position in the marketplace, to the detriment of Duke Energy Kentucky and its customers.

In support of this Petition, Duke Energy Kentucky states:

1. The Kentucky Open Records Act exempts from disclosure certain commercial information. KRS 61.878(1)(c). To qualify for this exemption and, therefore, maintain the confidentiality of the information, a party must establish that disclosure of the commercial information would permit an unfair advantage to competitors of that party. Public disclosure of the information identified herein would, in fact, prompt such a result for the reasons set forth below.

2. Public disclosure of negotiated fuel pricing would afford Duke Energy Kentucky's competitors a distinct competitive advantage in bidding for and securing new fuel sources and would give an obvious advantage to Duke Energy Kentucky's wholesale power purchasers and sellers in any contractual negotiations.

3. The Confidential Information was developed internally by Duke Energy Corporation and Duke Energy Kentucky personnel, is not on file with any public agency, and is not available from any commercial or other source outside of Duke Energy Kentucky. The aforementioned 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.

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

5. 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.

6. This information was, and remains, integral to Duke Energy Kentucky's effective execution of business decisions. 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).

7. 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.

8. 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.

9. 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,

DUKE ENERGY KENTUCKY, INC.

/s/Larisa Vaysman

Larisa Vaysman

Sr. Counsel

Duke Energy Business Services LLC

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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 December 13, 2021; and that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

/s/Larisa Vaysman

Larisa Vaysman

VERIFICATION

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

The undersigned, Adam Long, VP Gas Pipeline Operations, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained are true and correct to the best of his knowledge, information, and belief.

Adam Long (handwritten signature)
Adam Long Affiant

Subscribed and sworn to before me by Adam Long on this 9 day of December 2021.

SHANNON L. WALL
Notary Public, North Carolina
Mecklenburg County
My Commission Expires
June 28, 2022

Shanny Wall (handwritten signature)
NOTARY PUBLIC

My Commission Expires: 6/28/2022

VERIFICATION

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

The undersigned, Brian Weisker, SVP, Chief Op Off Natural Gas, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained are true and correct to the best of his knowledge, information, and belief.

Brian Weisker
Brian Weisker Affiant

Subscribed and sworn to before me by Brian Weisker on this 9th day of Dec,
2021.

SHANNON L. WALL
Notary Public, North Carolina
Mecklenburg County
My Commission Expires
June 28, 2022

Shannon L. Wall
NOTARY PUBLIC

My Commission Expires: 6/28/2022

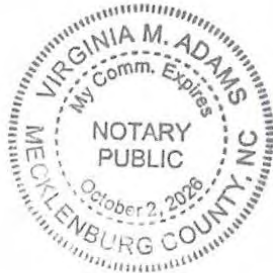
VERIFICATION

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

The undersigned, David Raiford, Manager Accounting I, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information, and belief.

David Raiford
David Raiford Affiant

Subscribed and sworn to before me by David Raiford on this 10 day of December, 2021.



Virginia M. Adams
NOTARY PUBLIC

My Commission Expires: 10/2/26

VERIFICATION


STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, Sarah E. Lawler, VP Rates & Regulatory Strategy, OH/KY, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained are true and correct to the best of her knowledge, information and belief.




Sarah E. Lawler Affiant

Subscribed and sworn to before me by Sarah E. Lawler on this 9th day of December, 2021.



NOTARY PUBLIC


My Commission Expires:

 **ROCCO O. D'ASCENZO**
ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Has No Expiration
Section 147.03 R.C.

VERIFICATION

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

The undersigned, Sarah Stabley, Managing Director, Gas Supply Optimization & Pipeline Services, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information, and belief.



Sarah Stabley Affiant

Subscribed and sworn to before me by Sarah Stabley on this 8 day of Dec,
2021.



NOTARY PUBLIC

My Commission Expires: March 1, 2025

JANET P CURETON
NOTARY PUBLIC
Mecklenburg County
State of North Carolina

VERIFICATION

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

The undersigned, Bryan Manges, Director Gas Utility & Infrastructure, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.



Bryan Manges Affiant

Subscribed and sworn to before me by Bryan Manges on this 13 day of Dec.

2021.





NOTARY PUBLIC

My Commission Expires: 03-01-24

KyPSC Case No. 2021-00405
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**Duke Energy Kentucky
Case No. 2021-00405
STAFF Second Set Data Requests
Date Received: December 6, 2021**

STAFF-DR-02-001

REQUEST:

Refer to Duke Kentucky's response to Commission Staff's First Request for Information (Staff's First Request), Item 2(a). Provide the date that the Ohio Supreme Court affirmed the Ohio Power Siting Board's 2019 decision.

RESPONSE:

The Ohio Supreme Court affirmed the Ohio Power Siting Board's 2019 decision on September 22, 2021.

PERSON RESPONSIBLE: Brian Weisker

**Duke Energy Kentucky
Case No. 2021-00405
STAFF Second Set Data Requests
Date Received: December 6, 2021**

STAFF-DR-02-002

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 4(b) and the Ohio Power Siting Board's November 21, 2019 Order in Case No. 16-253-GA-BTX, page 28 and 88.¹

Confirm that Duke Energy Ohio, Inv. Planned to begin the decommissioning process for the Erlanger Cavern after the winter of 2020-2021. If confirmed, state when this plan was delayed and describe the precipitating event.

RESPONSE:

The decommissioning planning process commenced as planned following the winter of 2020-2021. Physical decommissioning is scheduled to commence as planned following the winter 2021-2022.

PERSON RESPONSIBLE: Brian Weisker

¹ Case No. 16-253-GA-BTX, *In the Matter of the Application of Duke Energy Ohio, Inc. for a Certificate of Environmental Compatibility and Public Need for the C314V Central Corridor Pipeline Extension Project.* (Ohio Power Siting Board, Nov. 21, 2019).

Duke Energy Kentucky
Case No. 2021-00405
STAFF Second Set Data Requests
Date Received: December 6, 2021

STAFF-DR-02-003

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 5, Attachment and Item 8. Confirm that Duke Kentucky proposes to reduce its proposed regulatory asset balance of \$1,370,255 annually. If this cannot be confirmed, explain and provide the proposed amortization amount.

RESPONSE:

Denied; the Company does not propose to reduce its proposed regulatory asset balance of approximately \$3.6 million by \$1,370,255 annually. The Company is proposing that the net plant in-service balances be moved from where the costs currently reside today in plant accounts on the balance sheet to a regulatory asset on the balance sheet. As outlined in the application paragraph 19 and in response to STAFF-DR-01-008, the Company is proposing to continue to amortize the net book value of the assets included in the regulatory asset at the same rate they are being depreciated in customer rates today. The propane inventory portion of the regulatory asset will remain in the regulatory asset and not be amortized until the Company requests recovery in a future proceeding. Therefore, it would be improper and unnecessary to offset the regulatory asset by the revenue requirement included in rates today.

PERSON RESPONSIBLE: Sarah Lawler

**Duke Energy Kentucky
Case No. 2021-00405
STAFF Second Set Data Requests
Date Received: December 6, 2021**

STAFF-DR-02-004

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Items 7(b) and 8. Confirm that Duke Kentucky is proposing to defer recovery of any difference to a future proceeding. If confirmed, explain the phrase "alleviate customers of the costs" and explain why this deferral is a benefit to Duke Kentucky's customers. If this cannot be confirmed, explain.

RESPONSE:

Confirmed. The Company's proposal alleviates costs to customers by charging customers at the lower cost of gas in the GCA as opposed to the higher cost of propane. Additionally, the Company's proposal defers the impact to customers until a future proceeding and in that future proceeding, the Company would propose to amortize the costs over a certain period of time as opposed to charging customers for the costs all in one month in the GCA.

PERSON RESPONSIBLE: Sarah Lawler

**Duke Energy Kentucky
Case No. 2021-00405
STAFF Second Set Data Requests
Date Received: December 6, 2021**

STAFF-DR-02-005

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 7(d). State the last date that Duke Kentucky utilized the Erlanger Cavern to provide system reliability.

RESPONSE:

The last date that Duke Energy Kentucky utilized the Erlanger Cavern to provide system reliability was on February 20, 2020; where 23,426 gallons of propane were used.

PERSON RESPONSIBLE: Sarah Stabley

**Duke Energy Kentucky
Case No. 2021-00405
STAFF Second Set Data Requests
Date Received: December 6, 2021**

PUBLIC STAFF-DR-02-006

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 7(e). Provide a breakdown of Duke Kentucky's estimated \$1.6 million to sell the remaining propane at wholesale and truck it out.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

Please see STAFF-DR-02-006 Confidential Attachment Column B "Erlanger – KY" for the support of the estimated \$1.6 million to sell the remaining propane at wholesale and truck out.

When the analysis of the \$1.6 million was completed, the inventory of the Erlanger plant was [REDACTED] gallons. There is working gas that cannot be trucked out which accounts for approximately [REDACTED] gallons. The remaining [REDACTED] could have been trucked out and sold in the propane wholesale market. The estimated cost to install trucking facilities at the Erlanger plant to allow for the trucking out of the propane supplies is [REDACTED]. The estimated cost of staffing the plant to truck out the propane is [REDACTED]. The market price of the propane at the time the analysis was completed was [REDACTED] per gallon. Per our propane supplier, the cost they would have paid for supplies at Erlanger was the market price of [REDACTED] minus [REDACTED] in variable costs for trucking out the propane. That market price minus the variable charges verses the weighted average cost of gas in

the Erlanger cavern in addition to the other costs referenced above ([REDACTED] and [REDACTED]) totals approximately \$1.6 million.

PERSON RESPONSIBLE: Sarah Stabley

**CONFIDENTIAL PROPRIETARY TRADE
SECRET**

**STAFF-DR-02-006 CONFIDENTIAL
ATTACHMENT**

FILED UNDER SEAL

Duke Energy Kentucky
Case No. 2021-00405
STAFF Second Set Data Requests
Date Received: December 6, 2021

STAFF-DR-02-007

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 9.

- a. Relative to the completion and in-service date of the Central Corridor Pipeline Project, explain when Duke Kentucky proposed to begin clearing propane from the Erlanger Cavern and approximately how long this process is expected to last.
- b. Provide the actual date that Duke Kentucky requires a decision to ensure its can properly account for the Erlanger Cavern.

RESPONSE:

- a. Duke Energy Kentucky will begin utilizing propane from the Erlanger Cavern in January 2022. Duke Energy Kentucky expects to complete removal of any usable volumes of propane from the cavern by the end of March 2022. The removal of any residual propane that was unable to be pumped out of the cavern for usage in the Duke Energy Kentucky distribution system will likely complete in the late fall of 2022 or early spring of 2023.
- b. Based on currently available information, Duke Energy Kentucky requires a decision by January 31st, 2022 to ensure it can properly account for the Erlanger Cavern.

PERSON RESPONSIBLE: Brian Weisker – a., b.
Bryan Manges – b.

**Duke Energy Kentucky
Case No. 2021-00405
STAFF Second Set Data Requests
Date Received: December 6, 2021**

STAFF-DR-02-008

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 10. Provide the date that Duke Kentucky last performed a decommissioning study for the Erlanger Cavern.

RESPONSE:

The date of the Arcadis decommissioning study was March 29, 2018. Duke Energy Kentucky received a cost estimate for the Erlanger Cavern closure from Lane Power & Energy Solutions, a cavern engineering and construction firm, on August 31, 2021.

PERSON RESPONSIBLE: Brian Weisker