

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE ENERGY)	
KENTUCKY, INC. FOR (1) AN ADJUSTMENT OF)	
ELECTRIC RATES; (2) APPROVAL OF NEW)	CASE NO. 2022-00372
TARIFFS; (3) APPROVAL OF ACCOUNTING)	
PRACTICES TO ESTABLISH REGULATORY)	
ASSETS AND LIABILITIES; AND (4) ALL OTHER)	
REQUIRED APPROVALS AND RELIEF)	

**ATTORNEY GENERAL’S FIRST REQUEST FOR INFORMATION ON REHEARING
TO DUKE ENERGY KENTUCKY, INC.**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention (“Attorney General”), and submits the First Request for Information on Rehearing to Duke Energy Kentucky, Inc. (hereinafter “Duke Kentucky” or the “Company”) to be answered by December 22, 2023, 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,

DANIEL J. CAMERON
ATTORNEY GENERAL



ANGELA M. GOAD
J. MICHAEL WEST
LAWRENCE W. COOK
JOHN G. HORNE II
ASSISTANT ATTORNEYS GENERAL
1024 CAPITAL CENTER DRIVE, SUITE 200
FRANKFORT, KY 40601
PHONE: (502) 696-5421
FAX: (502) 564-2698
Angela.Goad@ky.gov
Michael.West@ky.gov
Larry.Cook@ky.gov
John.Horne@ky.gov

Certificate of Service and Filing

Pursuant to the Commission's Orders and in accord with all other applicable law, Counsel certifies that the foregoing electronic filing was transmitted to the Commission on December 6, 2023, and there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

This 6th day of December, 2023,

Angela M. Aoad

Assistant Attorney General

Electronic Application of Duke Energy Kentucky, Inc. for (1) An Adjustment of Electric Rates; (2) Approval of New Tariffs; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and (4) All Other Required Approvals and Relief
Case No. 2022-00372

1. Refer to Duke Kentucky's Petition for Rehearing ("Petition") at 2 – 3. Provide the correct electric rates that would result from the removal of the \$3.290 million Environmental Surcharge Mechanism ("Rider ESM") revenues from Duke Kentucky's revenue requirement.
2. Refer to Duke Kentucky's Petition at 4 – 8.
 - a. Provide a detailed list, including the name and location, of the additional fee-free payment locations that the Company will make available to its customers to pay their electric bills.
 - b. Provide the date in which the additional fee-free payment locations listed above will be available to Duke Kentucky's customers to pay their electric bills.
 - c. Explain the arrangement that Duke Kentucky has with the fee-free payment locations. Ensure to include in the response whether Duke Kentucky has to pay a fee to these payment locations for each accepted electric bill payment, if there is a blanket fee, or if there is no fee at all.
 - d. Explain the arrangement that Duke Kentucky has with the payment locations that charge a fee to accept a customer's electric bill payment. Ensure to include in the response whether Duke Kentucky has to pay a fee to these payment locations for each accepted electric bill payment, if there is a blanket fee, or if there is no fee at all.
 - e. Provide a copy of the new contract that Duke Kentucky has entered into with Kroger to accept a customer's electric bill payment without a fee. If no contract exists, explain in detail why not.

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3. Refer to Duke Kentucky's Petition at 20, in which the Company asserts that including decommissioning costs in the depreciation rates for its solar generating assets will increase the revenue requirement by \$0.141 million.
 - a. Starting with the decommissioning cost estimate for each of the solar generating assets in 2022 dollars provided by Mr. Kopp, provide the calculation of the terminal net salvage in future dollars based on each asset's probable retirement date used by Mr. Spanos in his calculations of the depreciation rates. Provide the calculation of this amount showing all components, assumptions, and data in an Excel workbook in live format and with all formulas intact.
 - b. Starting with the decommissioning cost estimate in future dollars provided in response to part (a) of this question, provide the calculation of the \$0.141 million cited in the Company's Petition showing all components, assumptions, and data in an Excel workbook in live format and with all formulas intact.
 - c. Refer to the Attachment to Duke Kentucky's response to the Attorney General's First Request for Information, Item 121, which shows the decommissioning expense for the solar generating assets at \$0.035451 million (\$0.030397 million plus \$0.004944 million). Reconcile this expense amount to the \$0.141 million cited in the Company's Petition.
4. Refer to Duke Kentucky's Petition at 21 – 22. Duke Kentucky asserts that, “[t]he company acknowledges that a true-up of estimated expense to actuals can be appropriate for rate case expense and is open to that possibility in future cases. . . .” Explain in detail why

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awarding actual rate case expense would be appropriate in future rate cases, but not in the pending rate case.

5. Confirm that there is no Generally Accepted Accounting Principles (“GAAP”) accounting requirement to record decommissioning expense during the service lives of generating assets unless it is authorized by the regulator for recovery in regulated utility rates. If not confirmed, then provide all authoritative support relied on for the response.
6. Confirm that there is a tax penalty to recover decommissioning expense prior to the retirement of the generating unit and the incurrence of actual decommissioning costs due to the book/tax temporary difference and the asset Accumulated Deferred Income Taxes (“ADIT”) created and included in rate base during the service lives of the generating assets. If not confirmed, then provide all authoritative support relied on for the response.
7. Provide the distribution and transmission depreciation rates approved by the Commission in the pending case, and the depreciation expense in the test year separated into depreciation expense without net salvage, interim net salvage, and terminal net salvage for each distribution and transmission Federal Energy Regulatory Commission (“FERC”) plant account/subaccount. Provide all supporting workpapers, assumptions, and data in live Excel format with all formulas intact.
8. Provide a copy of all distribution and transmission decommissioning studies in support of the present depreciation rates for those plant accounts, such as the study developed by Mr. Kopp in this proceeding for generation assets. If there are no distribution and transmission decommissioning studies then explain in detail why not.

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9. Confirm that the Commission removed all decommissioning costs from Kentucky Power Company's depreciation rates for generating units in its final Order in Case 2017-00179.¹
If not confirmed, explain in detail why not.
10. Confirm that the Commission issued its final Order in Case 2017-00179, prior to the enactment of KRS 278.264 (also referred to as Senate Bill 4). If not confirmed, explain in detail why not.

¹ Case No. 2017-00179, *Electronic Application of Kentucky Power Company for (1) A General Adjustment of its Rates for Electric Service; (2) An Order Approving its 2017 Environmental Compliance Plan; (3) An Order Approving its Tariffs and Riders; (4) An Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities; and (5) An Order Granting all Other Required Approvals and Relief* (Ky. PSC. Jan. 18, 2018), Order at 75.