

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY, INC.)
FOR AN ADJUSTMENT TO RIDER NM RATES AND) CASE NO.
FOR TARIFF APPROVAL) 2023-00413

**PETITION FOR CONFIDENTIAL TREATMENT OF DUKE ENERGY
KENTUCKY, INC. FOR CERTAIN RESPONSES TO THE ATTORNEY
GENERAL OF THE COMMONWEALTH OF KENTUCKY’S
JANUARY 18, 2024 FIRST REQUEST FOR INFORMATION**

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. 4, as requested by the Attorney General of the Commonwealth of Kentucky (Attorney General) in this case on January 18, 2024. The information the Attorney General seeks through discovery and for which Duke Energy Kentucky now seeks confidential treatment is contained in the response to Data Request No. 4, and includes transmission and distribution avoided cost data (collectively, Confidential Information). The public disclosure of the information described would place Duke Energy Kentucky at a commercial disadvantage as it negotiates contracts with various suppliers and vendors and could 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). In particular, KRS 61.878(1)(c)(1) excludes

from the Open Records Act:

Records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records.

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

2. The Confidential Information in the response to Data Request No. 4 includes data on transmission and distribution avoided costs. The Company requests that this Confidential Information be afforded confidential treatment pursuant to KRS 61.878(1)(c)(1), and additionally requests that AG-DR-01-004 Confidential Attachment be treated as confidential in its entirety pursuant to 807 KAR 5:001, Section 13(2)(a)(3)(b).

3. AG-DR-01-004 Confidential Attachment was developed internally by Duke Energy Kentucky personnel, is not on file with any public agency, and is not available from any commercial or other source outside Duke Energy Kentucky. The aforementioned information is distributed within Duke Energy Kentucky only to those employees who must have access for business reasons.

4. If publicly disclosed, this Confidential Information could give competitors an advantage in bidding for and securing new resources. Similarly, disclosure would afford an undue advantage to Duke Energy Kentucky's vendors and suppliers as they would enjoy an obvious advantage in any contractual negotiations to the extent they could calculate Duke Energy Kentucky's avoided costs and their components.

5. Public disclosure of this information would reveal the business model Duke Energy Kentucky uses - the procedure it follows and the factors and inputs it considers - in evaluating the economic viability of various generation related projects. Public disclosure

would give Duke Energy Kentucky's contractors, vendors and competitor's access to Duke Energy Kentucky's cost and operational parameters, as well as insight into its contracting practices. Such access would impair Duke Energy Kentucky's ability to negotiate with prospective contractors and vendors and could harm Duke Energy Kentucky's competitive position in the power market, ultimately affecting the costs to serve customers.

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, Ky.*, 904 S.W.2d 766, 768 (Ky. 1995).

7. 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 if publicly disclosed.

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

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 Confidential Information described herein.

Respectfully submitted,

/s/ Larisa M. Vaysman

Rocco O. D'Ascenzo (92796)

Deputy General Counsel

Larisa M. Vaysman (98944)

Associate General Counsel

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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 in paper medium; that the electronic filing was transmitted to the Commission on February 2, 2024; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that submitting the original filing to the Commission in paper medium is no longer required as it has been granted a permanent deviation.¹

/s/ Larisa M. Vaysman

Counsel for Duke Energy Kentucky, Inc.

¹*In the Matter of Electronic Emergency Docket Related to the Novel Coronavirus COVID-19, Order, Case No. 2020-00085 (Ky. PSC July 22, 2021).*

VERIFICATION

STATE OF OHIO)
)
COUNTY OF HAMILTON) SS:

The undersigned, Bruce Sailors, Director Jurisdictional Rate Administration, 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.

Bruce L. Sailors
Bruce Sailors Affiant

Subscribed and sworn to before me by Bruce Sailors on this 30TH day of JANUARY, 2024.



Adele M. Frisch
NOTARY PUBLIC

My Commission Expires: 1/5/2029

VERIFICATION

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

The undersigned, Melissa Adams, Director Analytics, 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 her knowledge, information and belief.

Melissa Adams
Melissa Adams, Affiant

Subscribed and sworn to before me by Melissa Adams on this 23rd day of January, 2024.

Peggy Holton
NOTARY PUBLIC



My Commission Expires: 12/22/2026

VERIFICATION

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, Dominic Melillo, Director Asset Management, 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.

Dominic Melillo
Dominic Melillo Affiant

Subscribed and sworn to before me by Dominic Melillo on this 23rd day of January, 2024.

Emilie Sunderman
NOTARY PUBLIC

My Commission Expires: July 8, 2027



EMILIE SUNDERMAN
Notary Public
State of Ohio
My Comm. Expires
July 8, 2027

VERIFICATION

STATE OF INDIANA)
)
COUNTY OF HENDRICKS) SS:

The undersigned, Timothy J. Hohenstatt, Director Transmission Planning, 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.



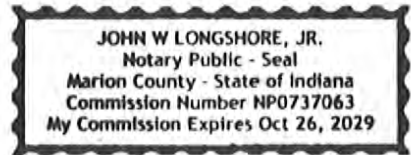
Timothy J. Hohenstatt, Affiant

Subscribed and sworn to before me by Timothy J. Hohenstatt on this 26th day of January 2024.



NOTARY PUBLIC

My Commission Expires: 10/26/29



KyPSC Case No. 2023-0413
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Duke Energy Kentucky
Case No. 2023-00413
Attorney General's First Set Data Requests
Date Received: January 18, 2024

AG-DR-01-001

REQUEST:

Please provide an illustration of the difference in the customer's total bill and any applicable excess generation credits during a single month between NM I and NM II for a residential customer on Rate RS using the following assumptions:

- a. Customer's gross electric power usage during the month before any netting from the customer-generator of 2,000 kWh;
- b. Monthly kWh generation of the customer-generator during the month 2,500 kWh;
- c. Avoided Cost Excess Generation Credit (ACEGC) of \$0.057132. In the illustration, include each charge and/or credit separately stated and described. Show the amounts for a customer on NM I and on NM II. To the extent that the Company requires additional assumptions to present the illustration, please identify the assumption and explain how it was calculated.

RESPONSE:

A key assumption needed to perform a net metering example bill calculation is the amount of the generation from the solar facility that is consumed on-site and how much is sent to the distribution system. The Company will assume that all energy from the solar facility is consumed on-site first. In this example, 2,000 kWh is consumed by the home from the solar facility leaving 0 kWh consumed by the home from the grid. This simplifies the example, but the attachment is robust enough so that the amount consumed on-site from the solar facility can be input. Please see AG-DR-01-001 Attachment. The NM I Bill =

\$14.70 with 500 kWh added to the NM I kWh bank for use in a future month. The NM II Bill = \$13.00 with \$27.30 added to the NM II credit bank for use in a future month.

PERSON RESPONSIBLE: Bruce L. Sailors

Duke Energy Kentucky
Case No. 2023-00413
Attorney General's First Set Data Requests
Date Received: January 18, 2024

AG-DR-01-002

REQUEST:

Please provide the same illustration as requested in Question (1) above except assume that the monthly kWh generation of the customer-generator during the month is 1,500 kWh.

RESPONSE:

See the response to AG-DR-01-001 for information on the Company's calculation assumptions. In this example, 1,500 kWh are consumed by the home from the solar facility leaving 500 kWh consumed from the grid. No kWh is sent to the grid. Also see AG-DR-01-002 Attachment. In this example, the NM I bill = the NM II bill = \$80.65.

PERSON RESPONSIBLE: Bruce L. Sailors

Example Bill Calculation for NM I and NM II Comparison

Consumption Assumptions:

Gross Power Consumption:	2,000	
Solar Facility Production:	1,500	
Solar Energy Consumed On-site:	1,500	Must be <= the lesser of Gross Power Consumption and Solar Facility Production to be valid.
Net Energy Consumed from Grid:	500	
Excess Generation Sent to Grid:	-	
Net Metering I - Net Billed kWh	500	

Rate RS - January 2024 Charges		Net Metering I Bill	Net Metering II Bill
Customer Charge & Minimum Bill (\$)	\$ 13.000000	\$ 13.00	\$ 13.00
Energy Charge (\$/kWh)	\$ 0.099654	\$ 49.83	\$ 49.83
Rider PSM (\$/kWh)	\$ (0.003700)	\$ 1.85	\$ 1.85
HEA Charge (\$)	\$ 0.300000	\$ 0.30	\$ 0.30
Rider DSM (\$/kWh)	\$ 0.001352	\$ 0.68	\$ 0.68
Rider FAC (\$/kWh)	\$ 0.014570	\$ 7.29	\$ 7.29
Rider ESM (%)	10.55%	\$ 7.70	\$ 7.70
Net Metering II ACNEGC	\$ 0.057132		\$ -

Net Metering I Bill:	\$ 80.65
Net Metering I - kWh Bank Addition	-

Net Metering II Bill:	\$ 80.65
Credit Used:	\$ -
Credit Bank Addition:	\$ -

REQUEST:

Please provide a narrative explaining how transmission and distribution avoided capacity costs are developed for its DSM tariffs.

RESPONSE:

Duke Energy Kentucky Avoided T&D Methodology

First, a total base year avoided T&D rate (in \$/kW-year) (TBYAT&D) is developed as the sum of an avoided Transmission rate (ATR) and an avoided Distribution rate (ADR), where ATR and ADR are calculated separately for O&M costs (ATROM and ADROM respectively) and Capital Expenditures (ATRC and ADRC respectively). Avoided O&M rates are based on an average annual transmission and distribution O&M cost, indexed to base year dollars, and divided by average peak kW load. Avoided Capital rates are based on an average annual transmission and distribution Capital cost indexed to base year dollars, divided by average peak kW load growth, and multiplied by a real levelized fixed charge rate.

$$\text{TBYAT\&D} = \text{ATROM} + \text{ADROM} + \text{ATRC} + \text{ADRC}$$

$$\text{ATROM} + \text{ADROM} = (\text{Average Load Growth Related T and D O\&M Expense}) / (\text{Average Projected Peak Retail Load})$$

$$\text{ATRC} + \text{ADRC} = ((\text{Average Load Growth Related T and D Capital Expenditures}) / (\text{Average Projected Retail Load Growth})) * \text{Levelized Fixed Charge Rate}$$

Second, the base year avoided T&D rate was escalated over time using Moody's Analytics Forecast of the U.S. Bureau of Labor Statistics Producer Price Index for Electric Power Distribution.

PERSON RESPONSIBLE: Melissa Adams

Duke Energy Kentucky
Case No. 2023-00413
Attorney General's First Set Data Requests
Date Received: January 18, 2024

PUBLIC AG-DR-01-004
(As to Attachment only)

REQUEST:

Please provide the supporting workpapers, including Excel workbooks with formulas, used to develop the following components of the ACEGC:

- a. Generation capacity avoided cost
- b. Transmission capacity avoided cost
- c. Distribution capacity avoided cost

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment only)

Please see Confidential Attachment BLS-3 filed as an attachment to Mr. Sailers' testimony.

- a. No additional workpapers.
- b. Please see AG-DR-01-004 Confidential Attachment for transmission capacity avoided cost inputs. Also, see the response to AG-DR-01-003 for additional information.
- c. Please see AG-DR-01-004 Confidential Attachment. Also, see the response to AG-DR-01-003 for additional information.

PERSON RESPONSIBLE:

Bruce L. Sailers
Melissa Adams (Attachment)

**CONFIDENTIAL PROPRIETARY TRADE
SECRET**

**AG-DR-01-004
CONFIDENTIAL ATTACHMENT**

FILED UNDER SEAL

Duke Energy Kentucky
Case No. 2023-00413
Attorney General's First Set Data Requests
Date Received: January 18, 2024

AG-DR-01-005

REQUEST:

Please explain how DEK would estimate the impact of a 10 kW rooftop solar generator on the need for transmission capacity on the DEK system. If the Company does not believe that a 10 kW rooftop solar generator would change its future need for transmission facilities, provide an explanation for your belief.

RESPONSE:

Due to the random, intermittent, and non-dispatchable nature of such exports of energy back to the grid, they are not valued for purposes of transmission capacity.

PERSON RESPONSIBLE: Tim Hohenstatt

Duke Energy Kentucky
Case No. 2023-00413
Attorney General's First Set Data Requests
Date Received: January 18, 2024

AG-DR-01-006

REQUEST:

With regard to Mr. Sailer's testimony on page 19, what type of evidence would the Company require to support the inclusion of an avoided transmission capacity cost component in the ACEGC?

RESPONSE:

The Company notes that the ACEGC only applies to random, intermittent, non-dispatchable exports of energy, not the entire energy production from the customer-generators facility. Specifically, the ACEGC does not apply to self-consumed energy. In order for the Company to support the inclusion of an avoided transmission capacity cost in the ACEGC, the resources must not be random, intermittent and non-dispatchable.

PERSON RESPONSIBLE: Tim Hohenstatt

Duke Energy Kentucky
Case No. 2023-00413
Attorney General's First Set Data Requests
Date Received: January 18, 2024

AG-DR-01-007

REQUEST:

With regard to Mr. Sailors' testimony on page 20, what type of evidence would the Company require to support the inclusion of an avoided distribution capacity cost component in the ACEGC?

RESPONSE:

The Company notes that the ACEGC only applies to random, intermittent, non-dispatchable exports of energy, not the entire energy production from the customer-generators facility. Specifically, the ACEGC does not apply to self-consumed energy. In order for the Company to support the inclusion of an avoided distribution capacity cost in the ACEGC, the resources must not be random, intermittent and non-dispatchable.

PERSON RESPONSIBLE: Nick Melillo

Duke Energy Kentucky
Case No. 2023-00413
Attorney General's First Set Data Requests
Date Received: January 18, 2024

AG-DR-01-008

REQUEST:

Please explain how DEK would estimate the impact of an 8 kW rooftop solar generator on the need for distribution capacity on the DEK system. Include in your response an identification of distribution facilities that could be avoided (e.g., primary lines, secondary lines). If the Company does not believe that an 8 kW rooftop solar generator would change its future need for distribution facilities, provide an explanation for your belief.

RESPONSE:

Due to the random, intermittent, and non-dispatchable nature of such exports of energy back to the grid, they are not valued for purposes of distribution capacity.

PERSON RESPONSIBLE: Nick Melillo