COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE ENERGY KENTUCKY, INC. TO BECOME A FULL PARTICIPANT IN THE PJM INTERCONNECTION LLC, BASE RESIDUAL AND INCREMENTAL AUCTION CONSTRUCT FOR THE 2027/2028 DELIVERY YEAR AND FOR NECESSARY ACCOUNTING AND TARIFF CHANGES	)	Case No. 2024-00285

ATTORNEY GENERAL'S INITIAL DATA REQUESTS

The intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention ["OAG"], hereby submits the following Initial Data Requests to Duke Energy Kentucky, Inc. ["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 OAG can provide counsel for DEK with an electronic version of these questions in native format, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the Companies receive or generate 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 OAG.

(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 Companies have objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify OAG 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 Companies, 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 electronic volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations and Orders.

(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,

RUSSELL COLEMAN
ATTORNEY GENERAL

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Certificate of Service

Pursuant to the Commission's Orders 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.

This 4th day of October, 2024

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Assistant Attorney General

1. Regarding cost-benefit analyses:

   a. Please provide all workpapers associated with the cost benefit analysis included in Mr. Swez's Attachment JDS-1 to his Direct Testimony. Please provide the workpapers electronically with all formulae intact and no pasted values.

   b. For the analysis included in Attachment JDS-1, provide a step by step explanation of how the analysis was performed, describe what modeling analyses were conducted, and state what models were used. It seemed from Mr. Swez's description that 4 scenarios (modeling runs were performed). Please explain how all the data points were developed if in fact just 4 modeling runs were performed.

   c. Explain why in the JDS-1 analysis, the Company assumed it was sufficient to only consider being short or long by 9%, i.e., why didn't the Company consider being short or long by an even greater amount? Please provide any workpapers, electronically with all formulae intact created in deciding on these assumptions.

   d. Explain why in the JDS-1 analysis, the Company assumed it was sufficient to only consider clearing prices between 50 and 500, i.e., why didn't the Company consider lower or higher values? Please provide any workpapers, electronically with all formulae intact created in deciding on these assumptions.

   e. Provide a copy of all cost-benefit studies or any other kind of analyses regarding switching from the FRR to the RPM construct that were performed by or on behalf of DEK or any other party, including PJM, within the last eight years and that were not included in the Company's filing in this proceeding. Provide the studies and/or analyses electronically with all formulae intact and no pasted values.

   f. Provide a copy of all cost-benefit studies or any other kind of analyses regarding switching from the FRR to the RPM construct that measured the annual revenue requirement and/or the cumulative net present value of the annual revenue requirements over the forecast study period. Provide the studies and/or analyses electronically with all formulae intact and no pasted values. If no such studies or analyses have been performed, then explain why not.

2. Confirm or deny the following regarding the Company's analysis reflected in Exhibit JDS-1, and provide detailed explanations:

   (i) That the Company's analysis quantifies only the effect on the Company's net capacity costs and revenues from switching to the RPM construct.

   (ii) That the Company's analysis does not reflect the effects of retiring owned capacity and/or adding owned capacity and/or making changes in the amount of capacity and/or pricing of capacity pursuant to bilateral agreements in response to forecasts of capacity costs resulting from the BRAs and IAs and/or any financial hedges against the forecasts of those capacity costs.

3. Confirm or deny the following and provide explanations:

   a. That DEK's immediate parent entity is Duke Energy, Ohio ("DEO").

   b. That DEK and DEO share the same transmission system, and that transmission-related costs are allocated between the two companies.

   c. That DEO participates in PJM solely as a transmission owner.

   d. That DEO: (i) does not own any of its own generation resources; (ii) owns its own distribution system located entirely within Ohio; and (iii) procures power for its customers' use from other sources, including the PJM market.

   e. That in the most recent PJM auction, no new generation resources were identified within the DEOK zone. If so confirmed, does DEK believe that in the next PJM auction, prices for the DEOK zone will increase? Provide all forecasts and other support for your response.

4. Regarding bilateral sales or off-system sales.

   a. Explain whether DEK provides power to DEO through bilateral sales or off-system sales. Include in your response a description of the accounting entries DEK makes to record power sales to DEO.

   b. For the last eight years, provide a list by year and by category of bilateral sales or off-system sales that DEK made to DEO, and for each include the sales type, the maximum capacity, the energy, and the cost.

   c. For the last eight years, provide a list by year and by category of bilateral sales or off-system sales that DEK made to MISO, and for each include the sales type, the maximum capacity, the energy, and the cost.

   d. For the last eight years, provide a list by year and by category of bilateral sales or off-system sales that DEK made to any party other than DEO or MISO, and for each include the sales type, the maximum capacity, the energy, and the cost.

5. Does DEK agree that one result of DEK's change to become an RPM participant is that there could be increased prices within the DEOK zone, which could result in the region becoming less economically competitive? Whether DEK agrees or disagrees please provide a detailed explanation.

6. Identify the approximate date when DEK believes it will have to procure a new capacity resource, and the reason(s) why the Company believes such new capacity will be necessary. If DEK's answer would be different depending on whether DEK is an FRR or a RPM participant, please provide an answer for each case.

7. Identify all transmission projects planned for the DEOK transmission system and the DEOK zone over the next 5 years. Explain also whether the projects you identify in your response are included within the "Submission of Supplemental Projects for Inclusion in the Local Plan," also referred to as the "DEOK Local Plan 2024" filed with PJM.

8. Would DEK be willing to hold all neighboring transmission owners harmless from cost increases arising from the proposed transaction? If not, explain fully why not. If so, explain how this could be accomplished.

9. Do DEK customers subsidize DEO customers? If so, please explain.

10. Explain the following:

    a. How the dispatch/operation/operating life expectation of the East Bend generation plant ("East Bend") would change in the event the Company becomes an RPM participant as opposed to an FRR participant.

    b. How the dispatch/operation/operating life expectation of East Bend would change in the event the Company's application for a CPCN in Case No. 2024-00152 is approved, and its application in the instant case is also approved. For purposes of these questions, this scenario shall be referenced as "Scenario 1."

    c. How the dispatch/operation/operating life expectation of East Bend would change in the event the Company's application for a CPCN in Case No. 2024-00152 is approved, but its application in the instant case is denied. For purposes of these questions, this scenario shall be referenced as "Scenario 2."

    d. Provide any projections DEK (or any entity on its behalf) may have conducted regarding additional revenues to be shared with ratepayers in Rider PSM, under both Scenario 1 and Scenario 2.

e. Provide any modeling studies/workpapers developed to derive the projections referenced in part d above. Provide the analyses electronically with all formulae intact and no pasted values.

11. Explain the impact of a potential Commission approval of the application in the instant case on the potential for increased off-system sales.

    a. Explain the impact of a potential Commission approval of the application in the instant case on any additional off-system sales / purchases to / from each of LG&E-KU, EKPC and Kentucky Power Co.

    b. Provide a list of the interconnections between DEK and the other utilities identified in subpart a, above.

    c. Explain the impact of a potential Commission approval of the application in the instant case on any additional off-system sales / purchases to / from Duke Energy, Indiana ("DEI"), and Duke Energy, Ohio ("DEO").

12. Explain the potential cost impact on neighboring utilities of the proposed change from FRR status to RPM status. Include in your response how much load of each of the neighboring utilities is served on DEK's transmission system. In other words, how much of the LG&E-KU load is served over the DEK transmission system, how much EKPC load is served over the DEK transmission system, etc.

13. Explain the impact of a potential Commission approval of the application in the instant case on any additional off-system sales / purchases from any other MISO and/or PJM market participants.

14. Explain how a potential Commission approval of the application in the instant case would benefit or harm the following companies:

    a. DEO
    b. DEI
    c. EKPC

15. In the event the Commission approves the application in the instant case, provide a discussion regarding potential impacts on the Company's demand response programs.

16. In the event the Commission approves the application in the instant case, explain the potential impacts on DEK's participation in PJM's: (i) ancillary services market; and (ii)

energy markets (both day ahead and real-time). Include in your response the potential for any changes in the amount of revenues from ancillary market participation.

17. Explain whether DEK engages in any market transactions (energy, capacity or ancillary services) with TVA. If so, discuss the potential impact of a Commission approval of the application in the instant case on any type or sort of transactions with TVA.

18. Please discuss the following:

    a. Whether a potential Commission approval of the application in the instant case could enhance or degrade the potential for bilateral sales, whether inside PJM or elsewhere.

    b. When DEK sells power to DEO, is this considered a bilateral sale? If it is not currently considered a bilateral sale, would it be considered one if the Commission approves the application in the instant docket?

19. Reference DEK Tariff Sheet No. 2, 77th Revised Sheet No. 82, "Rider PSM Profit Sharing Mechanism," pages 1-3. Provide a complete word description of the current PJM Billing Line Items ["BLIs"] identified therein. Also, provide a complete description of all proposed changes to the tariff, and identify which BLIs would no longer be applicable in the event the Commission approves the application.

20. Please respond to the following:

    a. Confirm that in the event the Commission should approve the application in the instant case, DEK would not incur any PJM penalties. Provide all support relied on for your response.

    b. Explain also whether RPM participants are at greater risk or more susceptible to any PJM penalties than FRR entities. Provide all support for your response.

    c. Discuss the situation in which if DEK were to acquire resources outside of the DEOK zone, either by a purchase or a PPA, it would be exposed to potential PJM penalties if PJM were to increase the minimum capacity construct Minimum Internal Generation Requirement. Provide all support for your response.

    d. Discuss the situation in which if DEK were to acquire resources outside of the DEOK zone, it would be exposed to zonal pricing risk. Provide all support for your response.

e. Did DEK perform any analysis to determine whether FRR or RPM participation poses a greater risk for customers? If so, provide the analysis with all formulae intact and no pasted values. If not: (i) explain why not; and (ii) please provide DEK's view as to which could cause greater harm to customers, and explain in detail. Provide all support for your response.

21. Reference the application, paragraph 9. Discuss whether in the event of large load growth in DEI and/or DEO, the potential for either bilateral or off-system sales from DEK would be enhanced.

22. Reference the application, paragraph 9.

    a. Provide a discussion regarding historical zonal separation within the DEOK zone, and its impacts and ramifications going forward, both in the event the Commission should approve the application in the instant case, and in the event it should deny the application.

    b. Explain whether the risk of zone separation for DEK would be reduced by switching to RPM status. Provide all support for your response.

23. Explain whether the potential transition to RPM status would impact the reserve margin that PJM requires from DEK. Provide all support for your response.

24. Regarding the risk of potential capacity performance penalties:

    a. Discuss any potential measures DEK might have to take to mitigate the risk of potential capacity performance penalties in the event the Commission approves the application in the instant docket. Provide all support for your response.

    b. Discuss also whether the cost of such mitigation measures could outweigh the current or future costs DEK incurs to avoid FRR penalties. Provide all support for your response.

25. Reference the Swez testimony at 11:12-13.

    a. Explain the types of constraints that exist on the DEOK transmission system that pose an inability to import power. Describe also the types of improvements that would be necessary in order to allow the system to import more power.

    b. Explain whether any constraints exist that may limit the ability of DEK to conduct bilateral sales and off-system sales.

26. Explain for how long a period of time DEK would be required to remain an RPM participant, if its application is approved.

27. Reference the Swez testimony at 36:22 – 37:9.

    a. Explain whether there could be some PJM billings in which PJM BLI 1600 could be greater than revenues received in PJM BLI 2600. If so: (i) explain whether the Company has conducted any analyses regarding the potential frequency of such occurrences; and (ii) explain whether a hedging product may be necessary to mitigate this risk exposure.

    b. Reference further the Swez testimony at 45:22 through 46:4. If due to any unforeseen developments the costs of RPM participation should exceed benefits, explain whether DEK would consider altering the sharing mechanism so that ratepayers receive 100% of all benefits.

28. Regarding the staff who will monitor PJM RPM developments:

    a. Explain whether the staff will be employed by DEK, or Duke Energy Business Services ("DEBS").

    b. Explain whether the switch to RPM from FRR will require adding additional personnel, whether with DEK or DEBS.

29. Explain whether DEK would be able, if necessary, to meet its native load demand with its own resources, without participating in PJM on either the current FRR or the proposed RPM basis. If DEK has conducted any studies or analyses in this regard, please provide copies of all such items.

    a. Does DEK believe the only way it can meet its native load would be through participating in PJM on an RPM basis?

30. Explain whether the increase in prices in PJM's recent Base Residual Auction influenced DEK's decision to file its application in this case, and if so, how. Provide all support for your response.

31. Explain the basis upon which DEO participates in PJM. Include in your response whether there any plans to change this status. If so, explain why; if not, explain why not. Provide all support for your response.

32. Explain the basis upon which DEI participates in MISO, and whether there is any approximate equivalent to such status in PJM. Include in your response the degree to which DEI participates in MISO auctions. Provide all support for your response.

33. Explain whether Duke (Carolinas) has plans to join PJM, and if so, whether its participation will be on an RPM or FRR basis.

34. Has DEK evaluated how much it will pay annually in transmission costs to PJM based on its proposed RPM status? If so, provide the results of all such evaluations, and explain whether that sum represents an increase or decrease. If DEK has not conducted any such evaluations, explain why not.

35. Can DEK confirm that a portion of the PJM transmission charges it presently incurs based on its current status as an FRR participant includes a share of costs for public policy projects in some other states that have renewable energy portfolio mandates?[1] Explain whether the Company's proposed change to RPM status will, or could increase the amount of any such charges. Provide an estimate of the change in the charges DEK will be responsible to pay under the RPM status.

36. In the event the Commission approves the application in the instant case, explain whether DEK intends to generate more or less power from its East Bend coal plant. Provide all support for your response.

37. For each of the past 10 years, provide the following historical data:

    a. Annual peak demand for the DEK system and DEOK zone, and the specific hours when peaks occurred.
    b. Annual energy requirement for the DEK system.
    c. Annual generation and costs by unit for each of DEK's generating units (costs broken down by fuel, fixed and variable O&M, emissions, etc).
    d. Annual fuel consumption, MBTUs, fuel units, and costs for each of DEK's generating units.
    e. Annual DEK bilateral sales and purchases, by purchase and sales categories (MWs, MWhs and costs).
    f. Annual DEK off-system sales and purchases by categories (MWs, MWhs and costs).
    g. For each of the 10 years, provide DEK's calculation of its reserve margin target as required by PJM.
    h. For each of the 10 years, provide DEK's load and resource balance table showing all capacity resources and how DEK satisfied its Reserve Margin requirement.
    i. For each of the past 10 years, provide a copy of the FRR capacity plan that the Company submitted to PJM.

[1] *See, e.g.,* "Illinois Climate Bill Could Force $2B in Transmission Upgrades, PJM Says," by John Norris, *RTO Insider*, Aug. 14, 2022.

38. For each of the next 10 years, provide a projection of the following data, under the assumption that DEK continues as an FRR participant:

    a. Annual peak demand for the DEK system and DEOK zone, and the specific hours when peaks are expected to occur.
    b. Annual energy requirement for the DEK system.
    c. Annual generation and costs by unit for each of DEK's generating units (costs broken down by fuel, fixed and variable O&M, emissions, etc).
    d. Annual fuel consumption, MBTUs, fuel units, and costs by each of DEK's generating units.
    e. Annual DEK bilateral sales and purchases, by purchase and sales categories (for MWs, MWhs and costs).
    f. Annual DEK off-system sales and purchases by categories (for MWs, MWhs and costs).
    g. For each of the next 10 years, provide DEK's calculation of its projected required reserve margin target.
    h. For each of the next 10 years, provide DEK's projected load and resource balance analysis (showing each owned resource and its seasonal MW capacity and each purchased resource and its seasonal MW capacity) and the resulting reserve margin requirement compared to PJM minimum requirements.

39. For each of the next 10 years, provide a projection of the following data, under the assumption that DEK becomes an RPM auction participant:

    a. Annual peak demand for the DEK system and DEOK zone, and the specific hours when peaks are expected to occur.
    b. Annual energy requirement for the DEK system.
    c. Annual generation and costs by category for each of DEK's generating units (fuel, fixed and variable O&M, emissions, etc).
    d. Annual fuel consumption, MBTUs, fuel units, and costs by each of DEK's generating units.
    e. Annual DEK bilateral sales and purchases, by purchase and sales categories (for MWs, MWhs and costs).
    f. Annual DEK off-system sales and purchases, by purchase and sales categories (for MWs, MWhs and costs).
    g. For each of the next 10 years, provide DEK's calculation of its projected required reserve margin target.
    h. For each of the next 10 years, provide DEK's projected load and resource balance analysis (showing each owned resource and its seasonal MW capacity and each purchased resource and its seasonal MW capacity) and the resulting reserve margin requirement compared to PJM minimum requirements.

i. For any future year that the Company has submitted copies of FRR capacity plans or has developed FRR capacity plans, but has not yet submitted those, please provide copies of those plans.

40. Please provide evidence of the sudden load growth at a rate faster than the Company can construct or acquire additional baseload generation. Provide the old and new load forecasts that show the sudden load growth and provide all assumptions supporting the new load forecast.

41. Please provide a list of potential capacity retirements in the DEOK zone (type of capacity, name of units, date of potential retirements). Explain how the potential retirements of the Company's generating units in the DEOK zone impact the Company's proposal and the cost-benefit, including the increase or decrease in net capacity costs and the revenue requirement impacts on customers to transition from the FRR to RPM construct. Also, explain how the potential retirements of other companies' generating units in the DEOK zone impact the Company's proposal and the cost-benefit, including the increase or decrease in net capacity costs and the revenue requirement impacts on customers to transition from the FRR to RPM construct. Provide all support relied on for your responses.

42. Explain why DEK would want to transition to the RPM and rely on the PJM auction for capacity, at a time when the Company is aware of shrinking reserve margins in PJM and higher capacity prices, which would hurt the Company in purchasing from the market.

43. See paragraph 6 of the Application, which states the Company, ". . . . is limited in its ability to sell any excess capacity in those auctions." Please explain how the Company is permitted to sell excess capacity in the RPM auction, and how it is limited to do so.

44. See paragraph 13 of the Application: ". . . the Company requests herein a modification to Rider PSM to include the PJM BLIs that the Company will begin being billed by PJM once it commences participation in the RPM BRA and IAs and any costs or revenues in bilateral markets to meet PJM's FERC-approved reliability requirements."

    a. Explain the Company's justification for including those two items in Rider PSM.
    b. Explain why the Company believes it appropriate to require customers to provide recovery of or receive credit for 100% of these net capacity costs, and not continue the sharing percentage that current is in place.

45. Refer to paragraph 19 of the Application.

    a. Explain why the Company anticipates that transition to the RPM construct will provide greater flexibility to meet the reliability needs of customers, and to respond to unanticipated changes in customer demand.

b. Explain what the FRR minimal zonal capacity requirement is.

c. Explain what risks the Company will take on by transitioning to the RPM construct, and why the Company believes those risks would be less harmful to customers compared to the risks of the FRR discussed in Paragraph 19 of the Application.

46. See paragraph 20 of the Application. If the Company were to continue as an FRR participant, why does the Company necessarily believe it would have to accept a large energy intensive customer locating in its service territory if the Company did not have sufficient capacity to serve that customer?

47. Refer to Witness Swez's direct testimony at p. 8:

a. Explain how the 9.3 MW of nameplate solar capacity was determined to be considered net firm summer capacity of 3.9 MW. Please show the calculations used to determine that capacity accreditation.
b. What is the net firm winter capacity value for that solar capacity and how would it be determined?
c. Provide a description of the Company's demand response program capacity and the capacity accreditation value (summer and winter net firm capacity).
d. Provide information about all potential bilateral capacity purchases Mr. Swez was referring to at line 11.

48. Refer to Witness Swez's direct testimony at p. 10:4, which mentions future zonal separation. Please provide background and explain this situation further.

49. Refer to Witness Swez's direct testimony at p. 14:18, and provide evidence that DEK's typical long capacity position has been 9%. Show evidence of the long position, and what length of time that has been typical.

50. Refer to Witness Swez's direct testimony at p. 15:18, which explains that if market capacity costs were high, and DEK has a long capacity position that would lead to negative financial consequences if DEK were to remain an FRR participant. Explain this result further, as it seems counter-intuitive. In other words, if DEK has excess capacity and market costs are high it seems DEK would make a profit selling the excess capacity in the capacity market. Is the explanation related to the holdback provision required for FRR participants?

51. Refer to Witness Swez's direct testimony at p. 18, and provide the Company's logic for the assumptions selected associated with replacement capacity costs discussed between

lines 9 and 14. Similarly provide the same for the subsequent incremental auction assumptions discussed between lines 15 and 18.

52. Refer to Witness Swez's direct testimony at p. 18:7, which states that Table 2 shows a graphical representation of the reserve margin. Provide all workpapers, electronically with all formulae intact used to create that table.

53. Refer to Witness Swez's direct testimony at p. 23:14. Provide the analysis that determined the current year's zonal requirement is 4.4%, and the previous yearly requirement was 29.3%.

54. Refer to Witness Swez's direct testimony at p. 25, specifically the flowchart in Table 3. Provide any spreadsheets that were constructed that used the flowchart shown in that Table. Provide this electronically, with all formulae intact and no pasted values.

55. Given that the heat map analysis appears to be strictly based on analyses of capacity impacts, explain why the Company did not consider energy cost impacts. For example, if the Company had excess capacity such as 9%, that would allow the Company to sell the capacity bilaterally, and would allow the Company to sell more energy in the PJM energy market, which would provide customer benefits. Please explain why these types of impacts were not evaluated.

56. Refer to Witness Swez's direct testimony at p. 32, which states: "In lower capacity price environments as has generally been the case, the FRR physical penalty option tends to be a lower cost alternative than the financial option, thus this is one benefit to remaining an FRR entity."

    a. Please provide evidence/support for the statement the FRR physical penalty option tends to be a lower cost alternative than the financial option.

    b. Provide evidence/support for the statement that in times of higher PJM capacity market prices "the equivalent financial cost of a physical capacity performance penalty is roughly equal to the financial capacity performance penalty."

57. Refer to Witness Steinkuhl's direct testimony at p. 7:16-21 wherein she states: ". . . the Company is requesting authorization to change the sharing percentage for these net capacity transactions (revenues and costs) separately from other Rider PSM components with customers to receive 100 percent of the net benefit or cost of participation in the PJM capacity auctions and capacity transactions in the bilateral markets to meet PJM's FERC-approved reliability requirements."

    a. For each of the BLIs specified in the CAP term as shown in Attachment LDS-1 page 2 of 3, explain why the Company believes the allocations should be 100% to customers and 0% to the Company rather than 90% to customers and 10% to the Company or some other lesser allocation to customers and greater allocation to the Company.

b. For BLIs 1600 and 2600, explain why the Commission should modify the allocation to 100% to customers and 0% to the Company from the present 90% to customers and 10% to the Company.

58. In the event the Company retires existing capacity, the cost of which is recovered through base rates and replaces the capacity in the BRA/IA, the cost of which will be recovered through the PSM rider, confirm this circumstance could result in excess recovery of costs that no longer will be incurred. Explain your response and provide all support relied on for your response. In addition, provide a proposal that would ensure there is no excess recovery in this circumstance.

59. In the event the Company retires existing capacity and replaces the capacity in the BRA/IA, confirm that such purchases would essentially self-effectuate the Company's decision and ensure the related recovery of the costs incurred through the PSM in lieu of seeking a CPCN for replacement capacity from the Commission. Provide a proposal that includes relevant safeguards to ensure the Commission retains oversight over the Company's decision to replace the capacity in the BRA/IA and recover the costs incurred through the PSM rather than through owned capacity or bilateral agreements to purchase the capacity and recover the costs through the base revenue requirement or through a PPA type of rider.

60. Confirm that net capacity purchases in the BRA/IA are subject to greater cost volatility compared to owned capacity or bilateral agreements to purchase the capacity. Explain how the Company plans to mitigate the risk of the greater cost volatility from net capacity purchases in the BRA/IA that will be reflected in the PSM rider charges to customers. In your explanation, address whether there is value in limiting the net capacity purchases in some manner to limit the cost volatility on customers.

61. Refer to Witness Steinkuhl's direct testimony at p. 7:11-13 wherein she states: "The Company is also requesting authority to amend its Rider PSM to include any capacity transactions in bilateral markets to meet PJM's reliability requirements."

a. Provide a more detailed explanation of this request, including the circumstances pursuant to which the recovery for such capacity transactions would be excluded from the base revenue requirement and instead recovered through the PSM rider.

b. Confirm that this request results in a significant change in the form of recovery, shifting from recovery through the base revenue requirement, in which base rates are reset infrequently and at multiple year intervals compared to recovery through the PSM rider on a monthly basis, essentially ensuring nearly real-time recovery of capacity costs similar to the recovery of fuel and economy energy purchases through the FAC on a monthly basis. If confirmed, explain why the Company believes this significant change in the form of recovery is justified.

c. Confirm that capacity costs recovered through the base revenue requirement are allocated on production demand, unlike the costs recovered through the PSM rider, which are allocated on energy. If confirmed, explain why the Company believes this significant change in the allocation of capacity costs is justified.

62. In the event the Commission approves the application in the instant case, explain whether the change to RPM status will increase DEK's share of RTEP costs.

63. Explain whether DEK would be required to pay all or any portion of uplift charges in the event the change to RPM status is approved.

64. Explain whether the proposed change to RPM status will have any impact on DEK's fuel costs.

65. Explain whether the proposed change to RPM status is expected to have any impact on DEK's credit status.