

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF DUKE)
ENERGY KENTUCKY, INC., FOR: 1) AN)
ADJUSTMENT OF THE ELECTRIC RATES; 2)) CASE NO.
APPROVAL OF NEW TARIFFS; 3) APPROVAL) 2024-00354
OF ACCOUNTING PRACTICES TO ESTABLISH)
REGULATORY ASSETS AND LIABILITIES;)
AND 4) ALL OTHER REQUIRED APPROVALS)
AND RELIEF.

**DUKE ENERGY KENTUCKY, INC.'S FIRST REQUEST FOR INFORMATION
PROPOUNDED UPON THE ATTORNEY GENERAL**

Comes now Duke Energy Kentucky, Inc. (Duke Energy Kentucky or the Company), and addresses the following First Requests for Information to the Attorney General of the Commonwealth of Kentucky, Office of Rate Intervention (Attorney General) to be answered by the date specified in the Commission's Order of Procedure, and in accordance with the following instructions:

I. DEFINITIONS AND INSTRUCTIONS

1. With respect to each discovery request, all information is to be divulged that is within the knowledge, possession, or control of the parties to whom it is addressed, including their agents, employees, attorneys, and/or investigators.

2. Please identify the witness(es) who will be prepared to answer questions concerning each request.

3. 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.

4. All answers must be separately and fully stated in writing under oath.

5. Where a request calls for an answer in more than one part, each part should be separated in the answer so that the answer is clearly understandable.

6. For purpose of these discovery requests, the following terms shall have meanings set forth below:

- (a) As used herein, “document,” “documentation” and/or “record,” whether stated as the singular or the plural, means any course of binders, book, pamphlet, periodical, letter, correspondence, memoranda, including but not limited to, any memorandum or report of a meeting or telephone or other conversation, invoice, account, credit memo, debit memo, financial statement, general ledger, ledger, journal, work papers, account work papers, report, diary, telegram, record, contract, agreement, study, draft, telex, handwritten or other note, sketch, picture, photograph, plan, chart, paper, graph, index, tape, data processing card, data processing disc, data cells or sheet, check acceptance draft, e-mail, studies, analyses, contracts, estimates, summaries, statistical statements, analytical records, reports and/or summaries of investigations, opinions or reports of consultants, opinions or reports of accountants, trade letters, comparisons, brochures, pamphlets, circulars, bulletins, notices, forecasts, electronic communication, printouts, all other data compilations from which information can be obtained (translated if necessary by

defendants into usable form), any preliminary versions, drafts or revisions of any of the foregoing, and/or any other written, recorded, transcribed, punched, taped, filmed or graphic matter, however produced or reproduced and regardless of origin or location, in the possession, custody and/or control of the defendant and/or their agents, accountants, employees, representatives and/or attorneys. "Document" and "record" also mean all copies of documents by whatever means made, if the copy bears any other markings or notations not found on the original.

- (b) The terms "relating to," "referring to," "referred to," "pertaining to," "pertained to" and "relates to" means referring to, reporting, embodying, establishing, evidencing, comprising, connected with, commenting on, responding to, showing, describing, analyzing, reflecting, presenting and/or constituting and/or in any way involving.
- (c) The terms "and," "or," and "and/or" within the meaning of this document shall include each other and shall be both inclusive and disjunctive and shall be construed to require production of all documents, as above-described, in the broadest possible fashion and manner.
- (d) The term "Attorney General" shall mean Attorney General of the Commonwealth of Kentucky, Office of Rate Intervention, and shall include, but is not limited to, each and every agent, employee, servant, insurer, and/or attorney of the Attorney General. The term "you" shall be deemed to refer to the Attorney General.

- (e) The term “Commission” shall mean the Kentucky Public Service Commission.
- (f) The terms “Duke Energy Kentucky” and the “Company” shall mean Duke Energy Kentucky, Inc., its employees, agents, officers, directors, and representatives.
- (g) To “identify” shall mean:
 - (1) With respect to a document, to state its date, its author, its type (for example, letter, memorandum, chart, photograph, sound reproduction, etc.), its subject matter, its present location, and the name of its present custodian. The document may be produced in lieu of supplying the foregoing information. For each document which contains information as privileged or otherwise excludable from discovery, there shall be included a statement as to the basis for such claim of privilege or other grounds for exclusion.
 - (2) With regard to a natural person, to state his or her full name, last known employer or business affiliation, title, and last known home address.
 - (3) With regard to a person other than a natural person, state the title of that person, any trade name, or corporate name or partnership name used by that person, and the principal business address of that person.
- (h) To “produce” or to “identify and produce,” shall mean that the Office of the Kentucky Attorney General (Attorney General) shall produce

each document or other requested tangible thing. For each tangible thing which Attorney General contends is privileged or otherwise excludable from discovery, there shall be included a statement as to the basis for such claim of privilege or other grounds for exclusion.

- (i) The terms “Party or Parties” shall mean any organization, person, corporation, entity, etc., which intervened in the above-captioned proceeding and shall further include the Kentucky Public Service Commission Staff.
- (j) The terms “Agreement or Agreements” shall mean written or oral terms agreed upon by the participants and include, but are not limited to, protective agreements, confidentiality agreements, joint defense agreements, agreements to support or oppose any item or position, and any other commitments made among the Attorney General and any Intervening Party.

II. REQUESTS FOR INFORMATION

General Questions

1. Other than Messrs. Kollen, Futral, and Baudino please identify any persons, including experts, whom the Attorney General has retained or consulted regarding evaluating the Company’s Application in this proceeding.
2. For each person identified in response to Request No. 1 above, please state:
 - (a) the subject matter of the discussions/consultations/evaluations;
 - (b) the written opinions of such persons regarding the Company’s Application;
 - (c) the facts to which each person relied upon; and

- (d) a summary of the person's qualifications to render such discussions, consultations, or evaluations.

3. Please identify all proceedings in all jurisdictions in the last three years in which Messrs. Kollen, Futral, and Baudino, along with each person identified in response to Request No. 2 above, has offered evidence, including but not limited to, pre-filed testimony, sworn statements, and live testimony and analysis. For each response, please provide the following:

- (a) the jurisdiction in which the testimony, statement or analysis was pre-filed, offered, given, or admitted into the record;
- (b) the administrative agency and/or court in which the testimony, statement or analysis was pre-filed, offered, admitted, or given;
- (c) the date(s) the testimony, statement or analysis was pre-filed, offered, admitted, or given;
- (d) the identifying number for the case or proceeding in which the testimony, statement or analysis was pre-filed, offered, admitted, or given;
- (e) whether the witness was cross-examined; and
- (f) the custodian of the transcripts and pre-filed testimony, statements, or analysis for each proceeding.

4. Identify and provide all documents or other evidence that the Attorney General may seek to introduce as exhibits or for purposes of witness examination in the above-captioned matter.

5. Please provide copies of any and all documents, analysis, summaries, white papers, work papers, spreadsheets (electronic versions with cells intact), including drafts

thereof, as well as any underlying supporting materials created by Messrs. Kollen, Futral, and Baudino as part of their evaluation of the Company's Application or used in the creation of Messrs. Kollen, Futral, and Baudino's testimony.

6. Please provide copies of any and all documents not created by Messrs. Kollen, Futral, and Baudino, including but not limited to, analysis, summaries, cases, reports, evaluations, *etc.*, that Messrs. Kollen, Futral, and Baudino relied upon, referred to, or used in the development of their testimony.

7. Please provide copies of any and all presentations or publications made, written, or presented by Messrs. Kollen, Futral, Baudino, and any agent/employee of J. Kennedy and Associates in a non-adjudicative forum within the last three years involving or relating to the following: 1) utility rate-making; 2) rate of return; 3) rider cost recovery; 4) depreciation; 5) fossil-fueled electric generating unit retirements; and 5) taxes.

8. Please refer to Messrs. Kollen, Futral, and Baudino's testimony where they indicate they are testifying "on behalf of the Office of the Attorney General of the Commonwealth of Kentucky." To avoid unnecessary litigation expense and to promote judicial economy, please indicate whether the Attorney General agrees with the arguments and claims made by Messrs. Kollen, Futral, and Baudino and, if not, please identify which specific arguments or claims the Attorney General disclaims.

9. Please identify whether the Attorney General is taking any additional positions or making any additional recommendations on the Company's Application that are not being offered by the direct testimonies of Messrs. Kollen, Futral, and Baudino in this proceeding.

10. Please confirm that Messrs. Kollen, Futral, and Baudino are not electric service customers of Duke Energy Kentucky.

11. Please confirm that J. Kennedy and Associates is not an electric service customer of Duke Energy Kentucky.

12. Please state whether there are any agreements between the Attorney General and any Intervening Party to the above-captioned proceeding, or any member or affiliate of an Intervening Party to the proceeding, that concern said proceeding. For purposes of this Request, “intervening party” includes any party to have filed a motion to intervene in the above-captioned proceeding. To the extent that the Attorney General contends that any such documents are privileged, please provide a privilege log for the same.

13. Please state whether there are any agreements between the Attorney General and any entity exhibiting interest in the above-captioned proceeding, or any member or affiliate of an entity exhibiting interest to the proceeding, that concern said proceeding. For purposes of this Request, “entity exhibiting interest” includes any person, business, or corporation, including but not limited to a customer of Duke Energy Kentucky that has not filed a motion to intervene in the above-captioned proceeding. To the extent that the Attorney General contends that any such documents are privileged, please provide a privilege log for the same.

Questions for Witness Kollen

14. Please refer to the Direct Testimony of Mr. Kollen at page 4, line 17, define “non-cash expenses” and explain why cash outlays for coal and lime should not be considered in the lead lag study.

15. Please refer to the Direct Testimony of Mr. Kollen at page 8, Mr. Kollen recommends that the Commission deny the Company’s request to reinstate deferral mechanisms for generating unit planned maintenance and forced outage expense as “not necessary:”

- a. Please explain how normalized planned maintenance and forced outage expense can reflect the variability of these expenses if it is normalized?
- b. Did Mr. Kollen review the analysis conducted by the Company regarding the volatility of planned and forced outage costs?
- c. If yes, does Mr. Kollen dispute that the planned and forced outage costs are volatile?

16. Please refer to the Direct Testimony of Mr. Kollen at page 16, lines 4-6, Mr. Kollen's Direct Testimony provides, "The 27.48 collection lag days reflects the termination of the Company's receivables financing program in March 2024, which lengthened the collection lag days to 27.48 from the 1.46 days when the receivables financing program was still in effect."

- a. Confirm in Case No. 2022-00372, the Commission rejected the Attorney General's recommend calculation of 1.46 days to account for the sales of accounts receivable and concluded "Duke Kentucky's revised lead/lag study provides a reasonable measure of cash working capital because it reflects the actual cash flows of Duke Kentucky's electric operations, and the Attorney General's adjustment is not in the best interest of customers at this time." If no, please explain and provide all supporting workpapers and analysis.
- b. Confirm in Case No. 2022-00372 Duke Energy Kentucky used 27.02 revenue lag days, which was approved by the Commission. If no, please explain and provide all supporting workpapers and analysis.
- c. Confirm the Commission further found, "The revenue requirement impact of redistributing the accounts receivable financing to Duke Kentucky's

other capital components is an increase of approximately \$2.094 million, which would make a net increase of approximately \$417,000 (\$0.417 million).” If no, please explain and provide all supporting workpapers and analysis.

17. Provide all testimony and supporting workpapers from other rate cases and jurisdictions where Mr. Kollen supported and/or performed a lead lag study.

18. Please refer to the Direct Testimony of Mr. Kollen at page 25, lines 1-3, please provide citations to all Commission orders demonstrating that, “the Commission has a history of using a standalone tax return income tax calculation for ratemaking purposes wherein it does not include consolidated tax savings or consolidated tax costs.”

19. Please refer to the Direct Testimony of Mr. Kollen at page 30, line 12, does a previous Commission denial preclude the Commission from approving in this case if it finds the costs are reasonable and in the public interest?

20. Please refer to the Direct Testimony of Mr. Kollen at page 31, line 5, please provide all documentation, analysis, and workpapers that support Mr. Kollen’s statement that “usage of these [card] payment options will expand” if they become fee-free.

21. Please refer to the Direct Testimony of Mr. Kollen at pages 28-31, does Mr. Kollen dispute that since Duke Energy Kentucky’s 2019 rate case, that the Company has reduce its card payment convenience fee by 17%?

a. If yes, please explain and provide all supporting workpapers and analysis.

22. Please refer to the Direct Testimony of Mr. Kollen at pages 28-31, does Mr. Kollen dispute that eliminating the card payment fee will provide greater access and equity for those customers that rely on these cards to make their utility payment?

a. If yes, please explain and provide all supporting workpapers and analysis.

23. Please refer to the Direct Testimony of Mr. Kollen at page 60, Mr. Kollen recommends that the Commission deny the Company's proposed gas management program, concluding "The Company has provided no compelling reason to authorize this request and provided no safeguards to protect customers from unnecessary sales of 'long imbalance' gas at a loss."

- a. Do any of the Kentucky Electric Utilities have the ability to sell gas in the daily or intraday market to help balance their daily gas position?
 - i. If so, do they get recovery through the fuel adjustment clause (FAC) or through another mechanism?
 - ii. If not, how do these utilities manage their daily natural gas supply to avoid OFO penalties and imbalances on the pipeline?
- b. Do other electric utilities outside of Kentucky have the ability to sell gas in the daily or intraday market to help balance their daily gas position?
 - i. If so, how do they get recovery of these off-sets to gas expense?
 - ii. If not, how do these utilities manage their daily natural gas supply to avoid OFO penalties and imbalances on the pipeline?
- c. Do other electric utilities create large imbalances on pipelines other than TETCO?
 - i. If so, how are these imbalances managed?
 - ii. Are they subject to pipeline penalties?
 - iii. If so, how do these penalties get recovered?
- d. Has Mr. Kollen ever actively managed a natural gas position, either for an electric utility or for a natural gas transportation pipeline company?

24. Please refer to the Direct Testimony of Mr. Kollen at pages 54-58, please provide the law or regulation applicable to Duke Energy Kentucky that prevents the Kentucky Public Service Commission from approving the proposed comprehensive hedging program in this proceeding.

25. Please refer to the Direct Testimony of Mr. Kollen at pages 54-58, did Mr. Kollen review Mr. McClay's Testimony stating that under the proposal, the Company could "enter fixed price forward power purchase contracts that are financially settled on a specific future date at PJM AD Day-Ahead or Real Time LMPs"?

- a. If yes, please reconcile this with Mr. Kollen's assertion at page 55, lines 20- page 56, line 1 that "neither Witness McClay nor any other Company witness listed specific products or otherwise described in detail how the Company would use those specific products to mitigate price volatility or reduce costs."

26. Did Mr. Kollen conduct an analysis of customer exposure to daily market price volatility during periods of scheduled outages compared to forced outages?

- a. If yes, please provide this analysis and any supporting workpapers.

27. Is Mr. Kollen a Certified Depreciation Professional?

28. Please refer to the Direct Testimony of Mr. Kollen at pages 31-37, has Mr. Kollen performed any analysis regarding the rate impacts to customers of not adjusting the depreciation rates of East Bend 2 in this proceeding, assuming the plant must retire by 2038?

- a. If yes, please provide such analysis.
- b. If no, please provide the reason Mr. Kollen has not performed such an analysis.

29. Please refer to the Direct Testimony of Mr. Kollen at pages 31-37, has Mr. Kollen performed any analysis regarding the undepreciated net book value (NBV) that would remain if East Bend 2's depreciation rates were not adjusted to align with a 2038 retirement date and the unit must retire by 2038?

- a. If yes, please provide such analysis.
- b. If no, please provide the reason Mr. Kollen has not performed such an analysis.

30. Please refer to the Direct Testimony of Mr. Kollen at pages 62-63, describe the changes to the PJM Billing Line Items (PJM BLIs) that the Company requested to be included in the FAC in this proceeding.

- a. Please confirm that the Company is requesting in this proceeding to include the following PJM BLIs in the FAC: 1216, 2366, and 1999.
- b. Please confirm the Company is requesting in this proceeding to eliminate PJM BLI 2210 from the FAC tariff.
- c. If your responses to either (a) or (b) are anything other than a confirmation, please explain your response and provide any supporting materials.

31. In Case No. 2024-00285, did the Company request any changes to the PJM BLIs to be included the FAC?

- a. If so, please explain the changes requested by the Company in Case No. 2024-00285 to the FAC tariff.
- b. Please confirm that the changes requested in this proceeding related to the FAC were not requested in Case No. 2024-00285. If your response is anything other than a confirmation, please explain your response and provide any supporting materials.

32. Did the Company request any changes in the PJM BLIs to be included in the PSM in this proceeding?

- a. Please confirm the Company is requesting in this proceeding to include the following PJM BLIs in the Rider PSM: 1216, 2366, and 1999 in the net proceeds from off-system power sales.
- b. Please confirm the Company is requesting in this proceeding to include the following PJM BLIs in the Rider PSM: 1246, 2246, 1361, 2361, 2367, 1471, 2368, 1390, 2390, and 1999 in the net proceeds from non-fuel related Regional Transmission Organization charges and credits not recovered via other mechanisms.
- c. Please confirm the Company is requesting in this proceeding to include the following PJM BLIs in the Rider PSM: 1666, 2666, 1669, 2669, 1670, 2670, 1681, 2681, 1985 and 1999 in the net proceeds from capacity sales, capacity purchases, capacity performance credits and capacity performance assessments.
- d. Please confirm the Company is requesting in this proceeding to eliminate PJM BLI 2210, 1240, 1241, 1365, and 2365 from the Rider PSM.
- e. Please confirm that the changes requested in this proceeding related to Rider PSM were not requested in Case No. 2024-00285.
- f. If your responses to any of subparts (a)-(e) is anything other than a confirmation, please explain your response and provide any supporting materials.

33. Did the Company request any PJM BLI changes to the PSM in Case No. 2024-00285?

- a. If yes, please explain the changes requested in Case No. 2024-00285 to the Rider PSM.
- b. Please confirm that the changes requested in Case No. 2024-00285 are related only to PJM BLIs associated with the Reliability Pricing Model (RPM).
- c. Please confirm that currently Duke Energy Kentucky is a PJM Fixed Resource Requirement (FRR) entity not a participant in the RPM.
- d. Please confirm in Case No. 2024-00285, the Company is requesting to transition from the FRR to the RPM capacity constructs.
- e. If your response to subparts (b) through (d) are anything other than a confirmation, please explain your response and provide any supporting materials.

Questions for Witness Baudino

34. Please provide a copy of all articles, documents, textbooks (or relevant portions of such documents) cited in Mr. Baudino’s testimony and footnotes.

Questions for Witness Futral

35. Please refer to the Direct Testimony of Mr. Futral at page 15, lines 14-16, please provide all documents supporting Mr. Futral’s assertion, relative to Duke Energy Kentucky, that “[g]as customer bills increased substantially during this period due to the higher commodity price of gas leading to higher receivable balances in later months.”

36. Please refer to the Direct Testimony of Mr. Futral at pages 13-16, please confirm that Mr. Futral’s recommendation to use 2024 data in the Company’s lead/lag study only applies to the computation of lag days. If no, please explain your response.

37. Please refer to the Direct Testimony of Mr. Futral at pages 26-27, please

explain how Mr. Futral determined that a 50/50 sharing of D&O insurance, BOD compensation, and investor relations expenses between ratepayers and shareholders was appropriate for Duke Energy Kentucky as opposed to another ratio.

- a. Please provide any supporting workpapers and analysis regarding Mr. Futral's recommendation for a 50/50 sharing of D&O insurance, BOD compensation, and investor relations expenses between ratepayers and shareholders for Duke Energy Kentucky.

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.

/s/Rocco D'Ascenzo

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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 March 19, 2025; 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

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