

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY, INC.)	
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND)	
NECESSITY AUTHORIZING THE IMPLEMENTATION)	CASE NO.
OF AN ACCELERATED SERVICE LINE REPLACEMENT)	2015-00210
PROGRAM, APPROVAL OF OWNERSHIP OF SERVICE)	
LINES, AND A GAS PIPELINE REPLACEMENT)	
SURCHARGE)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO DUKE ENERGY KENTUCKY, INC.

Duke Energy Kentucky, Inc. ("Duke Kentucky"), pursuant to 807 KAR 5:001, is to file with the Commission an original and two copies in paper medium and an electronic version of the following information. The information requested herein is due on or before October 13, 2015. Responses to requests for information in paper medium shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the 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.

Duke Kentucky shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Duke Kentucky fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a paper containing personal information, Duke Kentucky shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the application, Exhibit 2. Pertaining to the breakdown of the service replacements per grid, detail per grid how many of these service replacements are main-to-curb or curb-to-meter service lines. Provide a schedule which shows the length of pipe to be replaced by year, grid and type of service line.

2. Refer to the application, Exhibit 4, page 36 of 45, Table 10. Explain why copper and bare steel main to curb box piping was installed from 2000 to the present.

3. State whether Duke Kentucky plans to remove the old service line from the trench, or to cut and cap it.

4. State whether Duke Kentucky plans to remove from houses old piping that is no longer needed after a meter is relocated to the exterior of the premises.

5. State whether Duke Kentucky plans to install excess flow valves on each service line replaced.

6. Refer to Duke Kentucky's response to Commission Staff's Initial Request for Information ("Staff's First Request"), Item 1, which states that the proposed Accelerated Services Replacement Program ("ASRP") will replace/relocate approximately 2,200 of the roughly 35,000 interior meters. Refer also to the Supplemental Direct Testimony of Gary J. Hebbeler ("Hebbeler Supplemental Testimony"), page 3.

a. Provide the approximate cost Duke Kentucky incurs on an annual basis to perform meter readings and mandated inspections of interior piping, meters, etc., at the premises where the roughly 35,000 interior meters are located.

b. Provide an estimate of the amount of "some future O&M costs" (as described in the Hebbeler Supplemental Testimony) Duke Kentucky expects to avoid by relocating roughly 6.3 percent of its interior meters as part of the proposed ASRP.

c. Describe Duke Kentucky's plan for replacing and/or relocating the remaining interior meters.

7. Refer to Duke Kentucky's response to Staff's First Request, Item 2.b.

a. Confirm that the Commission approval in Case No. 2005-00042¹ related specifically to the installation, ownership, and maintenance of all new service lines, and that the revised tariff language addressed company ownership of those new installations.²

¹ Case No. 2005-00042, *An Adjustment of the Gas Rates of the Union Light, Heat and Power Company* (Ky. PSC Dec. 22, 2005).

² *Id.*, ordering paragraph 5.

b. State whether Duke Kentucky is willing to revise the tariff sheet referenced in this response to clarify the company's ownership of service lines following replacement, as opposed to new installation, or whether Duke Kentucky's position is that its current tariff language sufficiently addresses ownership of service lines after replacement and that no additional language is necessary.

8. Refer to Duke Kentucky's response to Staff's First Request, Item 3.c., and to the Direct Testimony of Peggy Laub ("Laub Direct Testimony"), Attachment PAL-1, pages 3 and 8.

a. Provide the cost to relocate an interior meter to the exterior of the premises, assuming that the meter would not qualify for replacement.

b. Explain whether the \$172,411 "O&M related to relocation of meters" in 2016 is based on relocating one-fifth, 440, of the total number of interiors Duke Kentucky intends to relocate as part of the proposed ASRP.

9. Refer to Duke Kentucky's response to Staff's First Request, Item 3.d. Explain the frequency with which Duke Kentucky conducts inspections of the interior meters.

10. Refer to Duke Kentucky's response to Staff's First Request, Item 4.a. Confirm that 10.35 percent (10,000/96,616) of services are proposed to be replaced on an accelerated basis.

11. Refer to Duke Kentucky's response to Staff's First Request, Item 6.c. Provide a breakdown of the major components of the \$5,000 cost/service replacement estimate.

12. Refer to the application, page 12, paragraph 28, and to Duke Kentucky's response to Staff's First Request, Items 6.b., 6.d., and 6.e.

a. Provide the projected level of five-year total program expenditures for the ASRP assuming an inflation rate of 2.58 percent, which is the average of the rates in the response for the period 2016-2020.

b. Provide the projected level of total program expenditures for the ASRP assuming a 2.58 percent inflation rate over a ten-year term.

13. Refer to Duke Kentucky's response to Staff's First Request, Item 7. Items 7.b. and 7.c. of the response indicate that Duke Kentucky is amenable to discussing dates other than October 1 for its proposed annual ASRP filings. Compared to the "reasonable estimates" it usually has in September of its next year's budget, describe the nature of Duke Kentucky's budget estimates for the following year in June of the current year.

14. Refer to Duke Kentucky's response to Staff's First Request, Item 10. Provide the application submitted by Duke Energy Ohio ("Duke Ohio") for approval of a program similar to Duke Kentucky's proposed ASRP, and a summary of the record of that proceeding as of the date of the filing of this response.

15. Refer to the Direct Testimony of Charles R. Whitlock, page 4, lines 16-21, and to Duke Kentucky's response to Staff's First Request, Item 11.a. Confirm that the Excel spreadsheet provided shows that 71 of the 110 companies surveyed had lower bills for 40 therms and 72 had lower bills for 100 therms than Duke Kentucky.

16. Refer to Duke Kentucky's response to Staff's First Request, Item 15.b., and to the Laub Direct Testimony, Attachment PAL-1, page 9. Explain how the billing

determinants in the attachment for the 12 months ended April 30, 2015, convert to the “Customers” for that same period included in the response to Item 15.b.

17. Refer to Duke Kentucky’s response to Staff’s First Request, Item 23. Confirm that the calculated difference between actual and normal heating degree days (“HDD”) in the 2015 column in the corrected table does not match the variance in the table because the total HDD shown in the column is only for the months of January through March, while the normal HDD is an annual level.

18. Refer to Duke Kentucky’s response to Staff’s First Request, Item 24.

a. Confirm that Duke Kentucky is using five years of data, including the years 2008 through 2012, in its weather normalization.

b. Explain why five years of weather data is used to estimate normal HDD, as opposed to using more data from a longer time period.

c. Explain why weather data from months since 2012 is not used in Duke Kentucky’s weather normalization.

19. Refer to Duke Kentucky’s response to Staff’s First Request, Item 32, which in the last sentence refers to its response to Staff’s First Request, Item 31, “for the explanation of the meter relocation and replacement.” The response to Item 31 states that if an interior meter is “close to the meter age change compliance date, the meter will be replaced when moved to an exterior location.” (Emphasis added.) The response to Item 31 also states that if an interior meter “is not coming due to the age change compliance, the meter will be relocated to an exterior location.” (Emphasis added.)

a. Explain whether the response to Item 32 is meant to address:

(1) only those instances when, because of its age, an interior meter is replaced when the service line is relocated to an exterior location; or

(2) all instances in which an interior meter is relocated to an exterior location.

b. If the answer to part a. above is (2), explain how that is not a contradiction of the response to Staff's First Request, Item 31.



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DATED **SEP 30 2015**

cc: Parties of Record

Case No. 2015-00210

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