

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY, INC.)
FOR APPROVAL TO ESTABLISH A REGULATORY) CASE NO.
ASSET) 2016-00159

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 the original and three copies in paper medium, and an electronic version of the following information. The information requested herein is due within ten days of the date of this request. 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 responses to Commission Staff's Initial Request for Information ("Staff's Initial Request"), Items 3.a. and 3.c., where Duke Kentucky lists its revised estimate of the cost of the proposed project at \$2.185 million and states that, absent any deferral of the costs, they will be charged to Account 863 – Maintenance of Mains.

a. Provide the total amount of Operation and Maintenance Expense contained in Duke Kentucky's base rates.

b. Also refer to the application, paragraph 16, where Account 874, Mains and Services Expenses, is mentioned. Provide the total amount of expenses for Account 874, Mains and Service Expenses, that are included in base rates.

c. Provide the total amount of expenses for Account 863, Maintenance of Mains Expenses, that are included in base rates.

d. By account, provide the total amount of Operation and Maintenance Expenses for the last five calendar years and year-to-date amounts for the current year. This response should include Accounts 863 and 874.

e. Explain why Account 863, Maintenance of Mains Expenses, is mentioned in the response to Item 3.a., but Account 874 is mentioned in paragraph 16 of the application. Provide clarification as necessary.

f. Explain why Duke Kentucky believes it is necessary to create a regulatory asset for the proposed \$2.185 million in costs for the proposed project.

g. Explain whether Duke Kentucky has incurred other costs in the past which were not considered to be included in base rates but regulatory asset treatment was not sought for such costs. If so, identify the cases and explain how such costs were treated in Duke Kentucky's accounting records.

h. If Duke Kentucky's request is granted by the Commission, provide the date when Duke Kentucky would begin amortization of the regulatory asset.

2. Refer to the response to Staff's Initial Request, Item 3.a.

a. By year, for the past five years, provide the level of Contract Labor, Material, Company Labor, and Contingency costs.

b. Recognizing that each of the cost items that make up the \$2,185,380.50 estimated total cost were not specifically included in base rates in the last rate case, explain for each specific item why Duke Kentucky considers it to be an incremental cost.

3. Does Duke Kentucky believe that any cost that was not specifically included in the expense items that were used to determine the revenue requirement in the last case to be an incremental cost? Explain why or why not.

4. If the Commission authorizes Duke Kentucky to defer the estimated \$2.2 million as requested, is Duke Kentucky opposed to current amortization of the deferred amount? Explain your response.



Aaron D. Greenwell
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Public Service Commission
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DATED **JUN 13 2016**

cc: Parties of Record

Case No. 2016-00159

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