

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE ENERGY)	
KENTUCKY, INC. FOR A CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY FOR)	2016-00268
DRY BOTTOM ASH CONVERSION OF THE)	
EAST BEND GENERATING STATION)	

COMMISSION STAFF'S FIRST 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 six copies in paper medium and an electronic version of the following information. The information requested herein is due on or before September 28, 2016. 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 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 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, page 11. It is stated that:

a. The estimated annual cost of trucking fly ash to the landfill and its placement is \$480,000. Confirm that this expense is already being incurred by Duke Kentucky and that it is not a new or incremental expense.

b. The estimated annual cost of trucking fly ash to the landfill and its placement is \$480,000, and the incremental cost of trucking dry bottom ash to the landfill is \$240,000. Refer also to the Application, page 4, which states that approximately 20 percent of the ash produced at East Bend is bottom ash. Explain why an approximate 25 percent increase in the volume of materials moved would result in a 50 percent increase in cost.

c. The incremental Operations and Maintenance expense is estimated at \$310,000 annually. Provide a breakdown showing the components making up the \$310,000 expense.

2. Refer to the Application, Exhibit 4.
 - a. Describe Burns & McDonnell Engineering Company, Inc.'s ("Burns & McDonnell") on-going role in the dry bottom ash conversion project.
 - b. Have Duke Kentucky and Burns & McDonnell entered into any contractual arrangements related to the dry bottom ash conversion project? If so, provide copies of all such documents.
3. Refer to the Application, Exhibit 4, page 8 of 78. Explain what is meant by a Level 3 project schedule.
4. Refer to the Application, Exhibit 4, page 10 of 78.
 - a. Describe United Conveyor Corporation's ("UCC") qualifications to design and furnish an under-boiler Submerged Flight Conveyor system.
 - b. Provide the economic and locations of like systems that UCC has furnished.
5. Refer to the Application, Exhibit 4, page 11 of 78.
 - a. Provide a complete description of all options and technologies that Duke Kentucky considered to convert to a dry bottom ash system.
 - b. Provide the financial analysis that was performed for each alternative.
 - c. If not already included in each analysis, provide a present value revenue requirement for each alternative.
6. Refer to the Application, Exhibit 4, page 23 of 78.
 - a. Explain the basis for determining that a 15 percent markup factor is appropriate for this project.

b. Explain the basis for determining that a 3 percent escalation factor for materials and labor is appropriate for this project.

c. Explain the basis for determining that a 10 percent project definition contingency is appropriate for this project.

d. Explain the basis for determining that a 5 percent owner contingency is appropriate for this project.

7. Refer to the Application, Exhibit 4, Appendix H. Explain whether Duke Kentucky intends to issue Requests for Proposals ("RFP") for each of the contracts as recommended by Burns & McDonnell, or whether Duke Kentucky will use another method to select its vendors and contractors.

8. Refer to the Direct Testimony of Joseph Miller ("Miller Testimony"), pages 3 and 6. Explain whether Duke Kentucky is required by permit to combine its fly ash, scrubber slurry, and lime to make Poz-O-Tec for placement in its landfill, or whether that is Duke Kentucky's choice.

9. Refer to the Miller Testimony, page 5. Provide an update on the evaluation process regarding the closure and repurposing of the east pond at the East Bend station, including the time frame when an application will be filed.

10. Refer to the Miller Testimony, page 10, regarding the modification to the existing Title 5 permit.

a. Fully explain the reason for the modification.

b. Does Duke Kentucky anticipate any issues regarding receiving approval for the modification?

c. Explain the impact on the bottom ash project if Duke Kentucky does not receive approval.

11. Refer to the Direct Testimony of Brandon Delis ("Delis Testimony"), page 7, and Exhibit 4, Appendix K, page 76 of 78.

a. Indicate where on Exhibit K the amounts for AFUDC debt and equity are shown.

b. Confirm that the items listed under Duke Internal Cost in the amount of \$1,125,802 on page 7 of the Delis Testimony are not included on Appendix K.

c. Page 7 of the Delis Testimony shows a project total of \$23,172,311, and Exhibit 4, Appendix K, page 76 of 78, shows a total project cost of \$20,638,280. Reconcile these two amounts.

12. Refer to the Direct Testimony of Daniel Hartmann ("Hartmann Testimony"), page 2. Explain Duke Kentucky's current process for collecting and handling of fly ash produced at East Bend. Explain what changes, if any, to this process will occur because of the wet bottom ash conversion project.

13. Refer to the Hartmann Testimony, page 3. Fully explain the bottom ash, economizer ash and pyrites dewatering process after the Submerged Flight Conveyor system is installed.



Talina R. Mathews
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DATED SEP 14 2016

cc: Parties of Record

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