

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE ENERGY )	
KENTUCKY, INC. FOR AUTHORITY TO 1) ADJUST )	CASE NO.
NATURAL GAS RATES 2) APPROVAL OF A )	2018-00261
DECOUPLING MECHANISM 3) APPROVAL OF )	
NEW TARIFFS 4) AND FOR ALL OTHER )	
REQUIRED APPROVALS, WAIVERS, AND RELIEF )	

COMMISSION STAFF'S POST-HEARING 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 in paper medium and an electronic version of the following information. The information requested herein is due on or before February 22, 2019. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

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 applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. 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. Confirm whether Duke Kentucky's current monthly customer charge of \$16.00 includes the Home Energy Assistance (HEA) Program \$0.10-per-meter fee. If not, explain how the Home Energy Assistance Program fee is billed and provide a copy of the billing format.

2. Duke Kentucky's HEA Program charges residential customers \$0.10 for each gas and each electric meter, and for the most recently reported period collected approximately \$109,000 from gas customers and \$152,000 from electric customers. State

the amount, in dollars or cents per meter, matched or contributed by Duke Kentucky annually to the HEA Program.<sup>1</sup>

3. Provide a breakdown of expenses, including administrative costs, for the HEA Program in 2018.

4. In Case No. 2008-00100,<sup>2</sup> the Commission entered an Order on September 25, 2008, that approved Duke Kentucky's request to reinstate the HEA Program but stated a concern with the proposed 15 percent level of cost to be charged by the Northern Kentucky Community Action Commission (NKCAC) to administer the HEA Program. That Order also directed Duke Kentucky to file annual progress reports setting forth specific information related to its HEA Program, including "NKCAC's actual administrative costs associated with the HEA Program." Since then, Duke Kentucky's annual progress reports disclose the amount of the administrative costs of the HEA Program, and those costs are approximately 15 percent of the HEA funds distributed to customers.

a. State whether the administrative costs reported by Duke Kentucky in its annual progress reports are the administrative costs incurred by Duke Kentucky to have NKCAC administer the HEA Program, or whether the reported administrated costs are NKCAC's actual administrative costs associated with the HEA Program.

b. If the reported administrative costs are NKCAC's actual administrative costs associated with the HEA Program, provide all documents in Duke Kentucky's possession that demonstrate NKCAC's actual administrative costs to

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<sup>1</sup> Case No. 2018-00370, Electronic Annual Cost Recovery Filing For Demand Side Management By Duke Energy Kentucky, Inc. (filed Nov. 15, 2018).

<sup>2</sup> Case No. 2008-00100, Application of Duke Energy Kentucky, Inc. to Reinstitute a Home Energy Assistance Program (Ky. PSC Sept. 25, 2008).

administer the Duke Kentucky HEA Program. If Duke Kentucky does not possess such documents, explain in detail the basis for Duke Kentucky's belief that paying an administrative fee of 15 percent is reasonable.

5. Explain whether Duke Kentucky would agree to raise the HEA Program fee to \$0.25 per meter per month in order to be in line with other Kentucky gas utility energy assistance programs.

6. Explain in full detail whether Duke Kentucky would agree to use shareholder funds to match 100 percent of customer contributions to the HEA Program.

7. Provide the name of the Duke Kentucky employee that manages its various demand-side management and assistance programs.

8. Pursuant to 807 KAR 5:022, Section 3(4) each gas utility is required to conduct periodic tests of all meters in accordance with a specified schedule, and under 807 KAR 5:006, Section 4(4), each gas utility is required to file quarterly meter test reports.

a. Confirm that Duke Kentucky files quarterly meter reports with the Commission in accordance with 807 KAR 5:006, Section 4(4).

b. If Duke Kentucky does file quarterly meter reports, explain in full detail how Duke Kentucky transmits the quarterly meter reports to the Commission.

c. Provide copies of the 2018 reports.

9. In response to Staff's Third Request for Information, Item 11, Mr. Barbare stated that if Duke Kentucky fails to conduct a periodic meter test as required by 807 KAR 5:022, Section 3(4), Duke Kentucky provides official notification to the Commission.

Explain in full detail if this notification is provided with the quarterly meter test reports, or if Duke Kentucky utilizes a different notification process.

10. Provide Duke Kentucky's regulated return on equity (ROE) for gas operations for 2018.

11. Provide Duke Kentucky's updated capital structure reflecting the October 2018 debt issuances.

12. Reference Duke Kentucky's response to Commission Staff's Third Request for Information, Item 24(b) as well as the corresponding attachment. In this response, Duke Kentucky provides a breakdown of forecasted plant additions by month in an Excel spreadsheet.

a. The months of June 2018 through December 2018 are now historical in nature. Provide an update as to the status of these projects.

b. Explain in full detail if Duke Kentucky actually spent the amounts listed on the spreadsheet on gas plant additions for the months of June through December 2018.

c. Elaborate on any projects completed during this period and explain how they were classified when recorded.

d. Explain why the amounts spent on gas plant additions tend to be large amounts on a quarterly basis, but very small amounts for the other months.

13. Explain how Duke Kentucky would propose to structure the rate design if it were to increase the revenue required by Rate GS so that the rate of return at proposed rates was 4.5 percent.

14. Provide the amount that rates would increase for Rate GS if 100 percent of the subsidies were to be removed.

15. Explain in full detail when the subsidization of Rate GS began and the reason why this subsidization occurred.

16. Provide the total number of Duke Kentucky employees for the base period.

17. Provide the total number of Duke Kentucky employees for the forecasted test period.

18. Provide the exact number of meter reading positions that Duke Kentucky has eliminated up to the present.

19. Provide the exact number of meter reading positions that Duke Kentucky will eliminate in the future.

20. Explain whether Duke Kentucky would agree to include the Pick Your Own Due Date Program that is currently in its electric tariff in the gas tariff. If not, explain why not.

21. Refer to Duke Kentucky's response to Commission Staff's Second Request for Information, Item 6(b), in which Duke Kentucky agreed to include the provisions of the Adjusted Due Date Program in its gas tariff. Explain whether Duke Kentucky would agree to include the provisions of the Adjusted Due Date Program in its electric tariff.

22. Explain Duke Kentucky's process to allow customers to opt out of receiving a full bill, and instead receive a condensed bill.

23. If customers can opt out of receiving the full bill by checking a box on the bill, provide a sample bill showing where that box is located and explain why such a box

does not appear on the bill format currently in Duke Kentucky's tariff on file with the Commission.

24. Provide the number of Duke Kentucky customers that have opted out of receiving the full bill to date.

25. Refer to Attachment D of the Joint Stipulation and Recommendation (Joint Stipulation).

a. Explain why the reconnection charge increase appears to be quantified in both the present and proposed revenue columns.

b. Provide a revised Attachment D.

26. Provide an updated Schedule M reflecting any changes from the Joint Stipulation.

27. Refer to Attachment A of the Joint Stipulation, and provide all documentation and spreadsheets utilized in calculating the total decrease of \$220,697 to the revenue requirement for deferred integrity management expense deferral.

28. Refer to the Joint Stipulation, page 5, paragraph 7, in which it states that the parties agree that Duke Kentucky "shall recover the actual costs of the pressure testing integrity management deferral authorized in Case No. 2016-00159." Provide the specific monetary amount that is agreed to in this portion of the Stipulation regarding the previously approved deferrals for integrity management expense.

29. Refer to the Direct Testimony of Lane Kollen, page 19. Provide Duke Kentucky's and its affiliates' salary and wage increases for calendar years 2015 through 2018, the base period and the forecasted test period.



30. With regard to Duke Kentucky's proposed Weather Normalization Adjustment (WNA) Rider tariff and mechanism, state whether data from the 41 months referenced in the Passty Direct Testimony, beginning on line 16 of page 13, is used in any way to adjust the 30-year Normal Degree Day calculation defined in the proposed WNA tariff. If not, state whether 41 months of class customer usage and temperature data is used only to define the relationship between sales and temperature in the calculation of the Residential and General Service classes' Base Load (BL) and Heat Sensitivity Factor (HSF), which are established in this proceeding and which will be used until established again in Duke Kentucky's next base rate proceeding.

31. State whether Duke Kentucky believes that aligning its proposed WNA tariff more closely with that of Atmos would cause its BL and HSF calculation to be based on inappropriately short periods, as Atmos's WNA tariff states that it will calculate its customer classes' BL and HSF annually.



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DATED     **FEB 08 2019**    

cc: Parties of Record



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