

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE)	
ENERGY KENTUCKY, INC. FOR 1) AN)	
ADJUSTMENT OF THE ELECTRIC RATES; 2))	
APPROVAL OF NEW TARIFFS; 3) APPROVAL)	CASE NO.
OF ACCOUNTING PRACTICES TO)	2019-00271
ESTABLISH REGULATORY ASSETS AND)	
LIABILITIES; AND 4) ALL OTHER REQUIRED)	
APPROVALS AND RELIEF)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION
ON REHEARING TO DUKE ENERGY KENTUCKY, INC.

Duke Energy Kentucky, Inc. (Duke Kentucky), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested herein is due on July 6, 2020. The Commission directs Duke Kentucky to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085¹ regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency. All responses 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

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

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 Duke Kentucky 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, Duke Kentucky 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. Refer to the Application, Tab 22 (Capital Budget); the Direct Testimony of Christopher M. Jacobi at 23; the Direct Testimony of James Michael Mosley at 16-17; and the Direct Testimony of Ash M. Norton at 27-28. Explain whether the Capital Budget provided was the budget used to prepare the balance sheet for the forecasted portion of

the base period and for the forecasted test period. If not, provide the budget that was actually used to prepare the balance sheet for the forecasted portion of the base period and for the forecasted test period.

2. Refer to the application, Tab 22. Provide this budget with projects recovered through Duke Kentucky's Environmental Surcharge Mechanism (ESM) and showing construction work in progress (CWIP) as of December 31, 2018, for projects recovered through Duke Kentucky's ESM.

3. Refer to the application, Schedule B-2.2, page 1 of 2. Confirm that the adjustment to remove assets recovered through Duke Kentucky's ESM is based on the gross plant in service balances as of November 30, 2019. If this cannot be confirmed, explain how the adjustment was calculated.

4. Refer to the application, Schedule B-2.3, pages 1 through 12. Provide an Excel spreadsheet with the additions and the retirements for each month from December 2019 through March 2020 for each account shown on Schedule B-2.3. The additions and retirements should be those that were used when filing the application to project changes in each account as shown on Schedule B-2.3 from the end of the base period to the beginning of the forecasted test period.

5. Refer to Duke Kentucky's response to Staff's Second Request for Information, Item 6, STAFF-DR-02-006 Attachment and Item 7, STAFF-DR-02-007 Attachment.

a. Explain how Duke Kentucky projected the retirements in projected months of the base period and forecasted test period.

b. State whether Duke Kentucky used the same method to project retirements in each month between the based period and the forecasted test period, and, if not, explain why it did not do so.

c. Identify all projects that correspond to the additions shown on STAFF-DR-02-006 Attachment and STAFF-DR-02-007 Attachment during the base period and the forecasted test period and in the months between the base period and the forecasted test period; and

(1) Describe each such project;

(2) Provide the total cost of each such project used to project additions;

(3) Provide the date when Duke Kentucky expected each such project to be placed in service;

(4) Identify the month in which the cost of each such project was included as an addition to plant in service; and

(5) State whether the cost for the project is or will be recovered through Duke Kentucky's ESM.

6. Refer to the application, Schedule B-2.3, page 2, in which Duke Kentucky identifies a 13-month average plant balance of \$69,086,452, which it indicated would be recovered through its ESM.

a. Provide the monthly plant in service balances used to calculate the 13-month average plant adjustment.

b. Identify all projects included in the 13-month average; and for each such project:

- (1) Provide the total cost used to calculate the 13-month average;
- (2) Provide the actual or expected in-service date; and
- (3) Identify the month of the base or forecasted test period in

which the project was included in plant in service to calculate plant in service in the base and forecasted periods.

7. Provide the Allowance for Funds Used During Construction rate used in the base period and the forecasted test period.

8. Provide the projected CWIP balance by plant account as of December 31, 2020.

9. Regarding the monthly payment option in Rate LED for additional necessary facilities, explain why the proposed option was not structured similar to Duke's Rate OL-E, Outdoor Lighting Equipment Installation, in which customers pay a monthly system charge, which could be reduced by an upfront payment, through the expiration of the term of the initial agreement and a monthly maintenance charge for the life of the system.

10. Indicate whether Duke Kentucky would be willing to revise the Rate LED monthly payment option proposal for additional necessary facilities to be similar to Rate OL-E. If so, provide revised tariff language reflecting such.

11. For both the original proposal in this case and if the proposal was structured similar to Rate OL-E, assuming an additional necessary facilities investment of \$10,000, an Agreement term of 10 years, and a useful life of 15 years, provide a side-by-side comparison of what a customer who pays the entire cost upfront would pay over the life of the facilities and what a customer who chooses to pay monthly would pay over the life of the facilities.

12. If Duke Kentucky would not be willing the structure the proposed option similar to Rate OL-E, explain what would happen under the original proposal if the customer terminated the agreement early.

13. For both the original proposal in this case and if the proposal was structured similar to Rate OL-E, explain who would be responsible for replacing the additional facilities in the event they needed to be replaced.

14. Provide the cost justification for the LED pole foundations, brackets, and wiring in Excel format with all formulas intact and cells unprotected.

15. Confirm that the ROE updates to Rate LED involve only the pole foundations, brackets, and wiring. If this cannot be confirmed, provide the updated Rate LED cost justifications in Excel format with all formulas intact and cells unprotected.



Lindsey L. Flora
Deputy Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED JUN 17 2020

cc: Parties of Record

Case No. 2019-00271

*L Allyson Honaker
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45202

*David S Samford
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Debbie Gates
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45201

*J. Michael West
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Dennis G Howard II
Howard Law PLLC
740 Emmett Creek Lane
Lexington, KENTUCKY 40515

*Minna Sunderman
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45201

*William Don Wathern, Jr.
Director Rates & Reg. Strategy
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45201

*Rocco O D'Ascenzo
Duke Energy Kentucky, Inc.
139 East Fourth Street
Cincinnati, OH 45201

*Jody Kyler Cohn
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Honorable Kurt J Boehm
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202