

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	)	Case No.
TARIFFS; 3) APPROVAL OF ACCOUNTING	)	2019-00271
PRACTICES TO ESTABLISH REGULATORY	)	
ASSETS AND LIABILITIES; AND 4) ALL OTHER	)	
REQUIRED APPROVALS AND RELIEF	)	

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on February 20, 2020 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on February 20, 2020 in this proceeding;
- A written log listing, inter alia, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on February 20, 2020

A copy of this Notice, the certification of the digital video record, and hearing log have been served upon all persons listed at the end of this Notice. Parties desiring to view the digital video recording of the hearing may do so at <https://youtu.be/JnAyaiAe0wM>.

Parties wishing an annotated digital video recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 23<sup>rd</sup> day of July 2020.



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Kent A. Chandler  
Acting Executive Director  
Public Service Commission of Kentucky

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 )  
OF ACCOUNTING PRACTICES TO ESTABLISH )  
REGULATORY ASSETS AND LIABILITIES; AND )  
4) ALL OTHER REQUIRED APPROVALS AND )  
RELIEF )

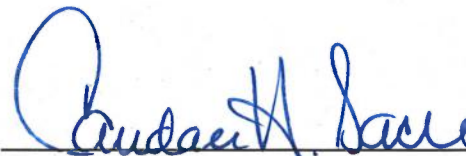
CASE NO.  
2019-00271

CERTIFICATION

I, Candace H. Sacre, hereby certify that:

1. The attached DVD contains a digital recording of the Formal Hearing conducted in the above-styled proceeding on February 20, 2020. The Formal Hearing Log, Exhibits, and Exhibit List are included with the recording on February 20, 2020;
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the Formal Hearing of February 20, 2020; and
4. The Formal Hearing Log attached to this Certificate accurately and correctly states the events that occurred at the Formal Hearing of February 20, 2020, and the time at which each occurred.

Signed this 16<sup>th</sup> day of July, 2020.



Candace H. Sacre  
Administrative Specialist III



Stephanie Schweighardt  
Notary Public State at Large ID# 614400  
Commission Expires: January 14, 2023



Date:	Type:	Location:	Department:
2/20/2020	Public Hearing\Public Comments	Hearing Room 1	Hearing Room 1 (HR 1)

Witness: Thomas Christie; Brian Collins; Jeff Kern; Lane Kollen; Sarah Lawler; Ash Norton; Lang Reynolds; Don Wathen; Glenn Watkins; Jim Ziolkowski  
 Judge: Robert Cicero; Talina Mathews  
 Clerk: Candace Sacre

Event Time	Log Event
8:29:26 AM	Session Started
8:29:27 AM	Vice Chairman Cicero Note: Sacre, Candace
	We're now back on the record. Mr. D'Ascenzo, do you have another witness?
8:29:32 AM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace
	We sure do.
8:29:33 AM	Vice Chairman Cicero Note: Sacre, Candace
	I thought so.
8:29:35 AM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace
	For its next witness, Duke Energy Kentucky would call Lang Reynolds.
8:29:46 AM	Vice Chairman Cicero Note: Sacre, Candace
	Witness is sworn.
8:29:54 AM	Vice Chairman Cicero Note: Sacre, Candace
	You may proceed.
8:29:56 AM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace
	Thank you, Your Honor.
8:29:59 AM	Atty D'Ascenzo Duke Kentucky - witness Reynolds Note: Sacre, Candace
	Direct Examination. Mr. Reynolds, would you please state your name, position with the company, and business address for the record, please?
8:30:15 AM	Atty D'Ascenzo Duke Kentucky - witness Reynolds Note: Sacre, Candace
	And, Mr. Reynolds, did you cause to file testimony and Responses to Data Requests in this proceeding?
8:30:22 AM	Atty D'Ascenzo Duke Kentucky - witness Reynolds Note: Sacre, Candace
	Do you have any corrections or changes to either of those?
8:30:28 AM	Atty D'Ascenzo Duke Kentucky - witness Reynolds Note: Sacre, Candace
	And, if you were asked the same questions, then your responses would be the same?
8:30:34 AM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace
	Thank you, Mr. Reynolds. Your Honor, the witness is available for cross examination.
8:30:38 AM	Atty Boehm Kroger Note: Sacre, Candace
	No questions, Your Honor.
8:30:39 AM	Vice Chairman Cicero Note: Sacre, Candace
	Mr. McNeil?
8:30:40 AM	Asst Atty Gen McNeil Note: Sacre, Candace
	Yes, thank you.

8:30:42 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace Cross Examination. Good morning, Mr. Reynolds. So as part of Duke Kentucky's EV pilot program proposal, it includes five EV fast-charging stations with two charging points each, is that correct?

8:31:04 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace Isn't it true that EV charging stations can be built by private businesses right now already?

8:31:13 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace And you provided currently-built stations in the Duke service territory, and I think it was 15 Level 2 and one DCFC charging stations that are both 24-hour accessible and nonproprietary. Does that sound right?

8:31:29 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace That was your - actually that was your attachment to Rebuttal 1, LDBR Rebuttal 1.

8:32:03 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace Okay, and it shows that there is one proprietary private network station, Carey Nissan?

8:32:17 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace So Duke Kentucky customers have - they have access to those 15 stations already, correct?

8:32:27 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace And I believe you stated in your testimony that private business is not really keeping up with the projected demand for EV infrastructure, EV growth, and EV vehicles, so did you look at the utilization rates of those existing charging point stations?

8:32:58 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace I understand that, yeah, but did you look at these 15 stations themselves and see how they're being used right now by Duke Kentucky customers?

8:33:12 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace You don't have access, so you don't know?

8:33:24 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace Do you have any anecdotal notion of how often their used at all?

8:33:35 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace Do you know whether any new private stations are being planned or under construction now in the service territory?

8:33:47 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace Page 5 of your testimony, you mentioned, when the testimony was filed, there were 320 electric vehicles in Duke Kentucky territory registered and about 2200 vehicles in Kentucky overall?

8:34:05 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace And then you refer to an attachment to your testimony which was a study projecting growth, suggesting that modest growth rates there could be 35,000 EVs in the Duke Kentucky territory by 2030. Does that sound correct?

8:34:27 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace Well, the statement's at page 5 of the testimony, but it's referring to the study in Attachment 1.

8:34:37 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace I think, with a high growth rate assumption, 25 percent market share, you mentioned there could be 175,000 electric vehicles in Duke Kentucky territory by 2030?

8:34:59 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace And the first estimate would be about, you say, 1625 combined Level 2 and DCFC charging stations; high growth rate, over 5000 combined charging stations will be needed for infrastructure?

8:35:14 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace Do you think that sound optimistic for the growth rate?

8:35:43 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace Right, I understand, but it's all in that growth rate. What that actually turns out to be is what will determine the infrastructure needed?

8:35:55 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace Also, on page 5, you sort of say - actually, I think this might have also been in response to - I'm sorry. It is page 5, Duke Kentucky projects minimal revenues from the EV Fast Charge program to begin with, but you expect that to increase as adoption rates increase.

8:36:21 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace I believe it was page 5, let me - actually, I have another cite for you. It is in response to the AG's First Data Request, Item 8. I'll let you get there.

8:37:05 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace Okay, it's Subpart D.

8:37:29 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace Okay, and isn't it true in this program, if there's a revenue deficit, that customers would be required to pay those costs in the next Duke Kentucky rate case?

8:37:46 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace And you're proposing a ten-year useful life for the Fast Charge stations, is that right?

8:37:52 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace And the total cost of the project is about two-point-eight million dollars?

8:38:04 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace So, with the risk that customers could end up paying for it if the revenues aren't there at first and then don't come along later, again, why not have shareholders pay for this type of pilot project before you've gathered the necessary data to show EV adoption rates are hitting that market you're assuming and the program will be beneficial in the future?

8:38:49 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace Wouldn't you agree though that if the growth is beginning to occur, that private business will also come in and fill that void?

8:39:08 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace So do you think ten charging points with a useful life of ten years is going to accelerate that in any meaningful way?

8:39:31 AM Asst Atty Gen McNeil  
Note: Sacre, Candace I have no further questions.

8:39:33 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. Howard?

8:39:34 AM Atty Howard NKU  
Note: Sacre, Candace Yes, please.

8:39:40 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace Cross Examination. Good morning, Mr. Reynolds. How are you? What is your definition of a monopoly?

8:40:05 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	Does Duke have a guaranteed service territory?
8:40:13 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	Is that guaranteed under the law, to the best of your knowledge? I'm not asking - you're not an attorney, but, to the best of your knowledge, can any -
8:40:34 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	Can any other electric supplier encroach into Duke's service territory?
8:40:41 AM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	I'm going to object, Your Honor. The witness has already said he's not an attorney. He's not familiar with the certified territories and what that means.
8:40:51 AM	Vice Chairman Cicero Note: Sacre, Candace	I'll sustain, and you can make the statement that Duke has a territory that's dedicated to Duke.
8:40:59 AM	Atty Howard NKU Note: Sacre, Candace	Thank you, Mr. Vice Chairman. I appreciate that.
8:41:05 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	Unless Duke's ratepayers generate their own electricity, are they captive to Duke?
8:41:24 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	Do you agree that, in the private sector, if a business is operating at the highest level of efficiency, that it still might not be in a situation where it can compete?
8:41:43 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	I doesn't matter.
8:41:59 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	Is it possible that a private business, operating inefficiently, and if it doesn't make a profit, it has no way to get governmental intervention to increase its profit. Would you agree with that?
8:42:26 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	With a private business, is there any way for it to increase its profit aside from just retooling or doing something with its business?
8:42:41 AM	Atty Howard NKU Note: Sacre, Candace	Let me rephrase that, if I may, Mr. Vice Chairman.
8:42:46 AM	Vice Chairman Cicero Note: Sacre, Candace	I think that's a good idea.
8:42:52 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	A private business cannot come before this Commission and ask for an adjustment to its rates, can it?
8:43:11 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	In your opinion, is it fair for a utility - well, first of all, we are here today because Duke wants an increase in its rates, correct, amongst other things?
8:43:32 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	And that's in the normal course of business that, if Duke needs an increase in its rates, it has to come before this Commission to get authorization to do so, correct?
8:43:48 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	Do you think it's fair for a utility with a virtually guaranteed profit to compete against a private business that cannot seek governmental relief by an increase in its costs?

8:44:12 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace You stated that a private business cannot come before this Commission and ask for an increase in its rates, correct?

8:44:22 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace And you, as a utility, are here to ask for an increase in its rates, in your rates, correct?

8:44:34 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace Do you think its fair that you can come in and ask for an increase in your rates and a private enterprise cannot?

8:44:57 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace If the EV programs are approved, have you agreed with several of Mr. Kollen's recommended conditions?

8:45:07 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace You've agreed to limit the investment and O&M costs in the dollars in Table 1 of your testimony which is found at page 9?

8:45:23 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace You've agreed all revenues generated from the EV program should be recorded as an offset to deferred O&M costs?

8:45:50 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace You agree the EV fast charge fee getting similar treatment if ordered by the Commission?

8:46:01 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace The EV Fast Charge fee, that should be afforded similar treatment afforded by the Commission? Let's look at your rebuttal, page 4, if I may. Maybe that'll help.

8:46:37 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace Look at your, I don't have a particular line at the moment, the EV Fast Charge fee.

8:46:51 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace What condition do you agree to with regard to the Fast Charge fee?

8:47:15 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace Duke would maintain documents to produce a cost-benefit study, correct? That's at page 6 of your rebuttal.

8:47:43 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace You agree, that being Duke, with a limit on expanding the program until the pilot expires, correct? That's at page 7 of your rebuttal.

8:48:06 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace You agree, being Duke, to use the VW funds as an offset to the deferral requested within the EV fast charging program? That's at page 8 of your rebuttal.

8:48:32 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace And, with regard to the VW funds, if they become available, those funds would be used to reduce investment dollars and not expenses, correct?

8:49:21 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace And we agree that your responses to those questions were if the VW funds become available, depending on the caveats placed thereon, correct?

8:49:38 AM Atty Howard NKU - witness Reynolds  
Note: Sacre, Candace In response to a question asked by the AG's Office, if I understood correctly, you said that the lack of infrastructure is a barrier to the market. Do I recall that answer correctly?



8:49:51 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	I'm not really sure. I just wrote down that there was a response to the Attorney General's Office where you said that, given the lack of infrastructure, that creates a barrier to the market and, thus, EV industry from really taking off, something akin to that.
8:50:23 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	As a general rule, and just basic economics, if I may, as a general rule in economics, if there's a market, business will come and serve that market. Would you agree with that?
8:50:57 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	Well, if there's a market for pizza, we'll just say, private enterprise will step forward and take care of that market, will it not?
8:51:35 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	So it's your opinion that a monopoly should step forward and fill what you believe to be a void that private enterprise is not addressing?
8:52:08 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	And you believe it's proper for a monopoly to compete against private enterprise in the EV market?
8:52:38 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	I'd like a yes or no answer to that question, if I may.
8:52:44 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	Do you believe it's proper for a monopoly, Duke, to step forward and compete against a private market in the EV market? Yes or no?
8:53:09 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	I'm not asking whether you're distorting the market. I'm asking is Duke attempting to compete against the private enterprise in the EV market with this program?
8:53:33 AM	Vice Chairman Cicero Note: Sacre, Candace	So just yes or no is fine.
8:53:34 AM	Atty Howard NKU Note: Sacre, Candace	I'm deferring. That's all I wanted, is a yes or no.
8:53:42 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	So is that a yes?
8:53:48 AM	Vice Chairman Cicero Note: Sacre, Candace	It's a basic question. He's not asking you whether Duke's distorting the market. He's just asking a monopoly versus private industry. It's a yes or no answer. Basic economics. That's all he's asking.
8:54:11 AM	Vice Chairman Cicero Note: Sacre, Candace	I think you can. He's asking for your opinion. It's your opinion. It's not - it's your opinion. That's all it is. You're testifying to your opinion.
8:54:35 AM	Vice Chairman Cicero Note: Sacre, Candace	There you go.
8:54:36 AM	Atty Howard NKU Note: Sacre, Candace	Thank you, Mr. Reynolds. Those are all the questions I have, Mr. Vice Chairman. Thank you.
8:54:41 AM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. Mr. Nguyen?
8:54:42 AM	Asst Gen Counsel Nguyen PSC Note: Sacre, Candace	No questions, Your Honor.
8:54:44 AM	Vice Chairman Cicero Note: Sacre, Candace	Commissioner Mathews?
8:54:45 AM	Commissioner Mathews Note: Sacre, Candace	No questions.

8:54:48 AM Vice Chairman Cicero  
Note: Sacre, Candace So I have a couple of questions for you.

8:54:51 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace Examination. You were asked earlier by the Attorney General about existing charging stations, and, apparently, there are some existing behind the meters. Is that what you said?

8:55:07 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace So, in doing this analysis on whether there should be additional charging stations and whether the growth should be promoted by Duke or private industry, have you contacted these customers of yours and asked about the activity? Has it been successful, unsuccessful? What's the efficiency usage? In other words, what's the percentage that they're being used? Some kind of analysis that says, yes, it would be good; no, it's not effective?

8:56:00 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace You haven't asked them, so you don't know whether they'd give you the information or not?

8:56:08 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace Would there be a reason why Duke wouldn't have, given that this is, as you've stated, an effort by Duke to promote electric vehicle usage because a barrier to entry is not enough infrastructure and these charging stations are being promoted with the idea that it will encourage more people to buy cars, why wouldn't Duke take the step to find out how much the existing stations are being utilized?

8:57:17 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace So you have asked them, and they've been reluctant to share the data?

8:57:33 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace Is there a reason for the reluctance? I mean, I'm kind of surprised. I would think that their business would increase as electric vehicles become more popular, and it wouldn't matter who owned the charging stations. Whatever is convenient, whoever owns the car will go to that charging station. I can't imagine that someone is going to pull up to a charging station and look to see what the rate is and saying, "I'm not going to charge because that one's x-tenths of a cent higher than it is at the other station."

8:58:11 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace The question was, why is there reluctance to share this information? I don't quite see it.

8:58:26 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace Okay, If Duke has information that indicates that there's a reluctance to share by operators, I'd like to see it, okay? If there isn't anything that's been formally done, I'd like you to say, "No, nothing's been formally done."

8:58:48 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace I just asked specific site. You've gone and mentioned other Duke territories that have charging stations where operators are reluctant to share that information. Do you have that data?

8:59:09 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace That's okay. We can ask for it on a post-hearing data request

8:59:29 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace I realize that. I'm looking - you're looking at a pilot program with ten charging stations, right?

8:59:36 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace And Duke has a territory of 144,000 customers, correct?

8:59:40 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace And how many electric vehicles did you say exist in Northern Kentucky right now?

8:59:48 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace Three hundred and twenty. What would you say is the territory square mileage is for Northern Kentucky, the Duke territory?

8:59:59 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace It doesn't really matter. It's a three-county area that exists with, tell me again, how many vehicles? Three hundred and twenty?

9:00:20 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace But wouldn't there have to be some kind of promotion by Duke that actually indicates to the market that, if you buy a car, there is going to be some quick availability? I just don't know where the ten stations are going to be enough to promote actual electric vehicle purchases in Northern Kentucky.

9:00:44 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace And I'd be happy if you'd install more, too. We're just trying to find out whether it should be paid by shareholders or whether it should be included in a base rate.

9:00:54 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace The other question I had for you is, you talked about EV benefits for all customers, right?

9:01:04 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace What are those benefits, just for my edification?

9:01:33 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace How does that help Duke Kentucky when their electric vehicle electricity, number one, is going to be generated by a fossil plant generator in a territory that's already razor thin on the capacity availability, that this would increase that utilization of the plant and possibly force Duke into a position where they were buying more from PJM. I understood your study is for all of Kentucky, and your pilot program is for Duke territory, and I'm trying to figure out how Duke territory customers are going to benefit from this program given those prior conditions that I just mentioned.

9:03:01 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace Are these health, economic, social? What are they?

9:03:24 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace That's a pretty far stretch right there, but we'll let that one go.

9:03:43 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace I'm not going to ask where Duke, specifically, buys the coal for the East Bend plant, but I would be willing to bet that some of it comes from out of state, and the electricity that's being generated would be from that coal going to out-of-state coal producers. Would that be a fair statement?

9:04:04 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace I am.

9:04:15 AM Vice Chairman Cicero  
Note: Sacre, Candace Okay, we don't need to review it. I don't have any other questions.

9:04:17 AM Commissioner Mathews  
Note: Sacre, Candace I have one.

9:04:17 AM Vice Chairman Cicero  
Note: Sacre, Candace Oh, go ahead.

9:04:33 AM Commissioner Mathews - witness Reynolds  
Note: Sacre, Candace Examination. To the question about is Duke crowding out private enterprise, we had a comment yesterday from Greenlots. What is their business model?

9:05:00 AM	Vice Chairman Cicero Note: Sacre, Candace	One last comment. The Commission has been looking very hard at DSM programs by all the utilities in the state, and Duke is one of the few utilities that has managed to maintain their DSM programs because of their capacity utilization, so I understood what you said in your prior comments about how this is going to help. But you're already adding some major customers in Northern Kentucky, which I'm not going to mention by name, but which the demand is going to be rather high, and, in order to maintain your margins for PJM on your utilizations. That's one of the reasons why the DSM programs were left in place. That wasn't a question; that was a statement.
9:05:48 AM	Vice Chairman Cicero Note: Sacre, Candace	Now, we get to go back to Mr. D'Ascenzo and see if he wants to redirect.
9:05:54 AM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	I just have a few questions.
9:05:57 AM	Atty D'Ascenzo Duke Kentucky - witness Reynolds Note: Sacre, Candace	Redirect Examination. Mr. Reynolds, you spoke - do you recall answering questions about the long-term benefits of this proposed pilot?
9:06:07 AM	Atty D'Ascenzo Duke Kentucky - witness Reynolds Note: Sacre, Candace	Are there any short-term benefits for customers?
9:06:19 AM	Atty D'Ascenzo Duke Kentucky - witness Reynolds Note: Sacre, Candace	And do you recall questions from counsel from NKU about the company participating in the market for electric charging?
9:06:36 AM	Atty D'Ascenzo Duke Kentucky - witness Reynolds Note: Sacre, Candace	And you had made a comment that we weren't trying to distort the market. Could you expand upon that a little bit? How are we not distorting the market by participating in only fast charging stations?
9:07:12 AM	Atty D'Ascenzo Duke Kentucky - witness Reynolds Note: Sacre, Candace	And who made that determination about the amount of infrastructure that's needed for Northern Kentucky?
9:07:32 AM	Atty D'Ascenzo Duke Kentucky - witness Reynolds Note: Sacre, Candace	And, in your direct testimony, did you include any kind of study or analysis about where these potential charging stations could be located?
9:07:58 AM	Atty D'Ascenzo Duke Kentucky - witness Reynolds Note: Sacre, Candace	And so would you characterize that as independent?
9:08:07 AM	Atty D'Ascenzo Duke Kentucky - witness Reynolds Note: Sacre, Candace	And, the location of these fast charging stations that are in this study, is this where the company would consider putting its stations?
9:08:32 AM	Atty D'Ascenzo Duke Kentucky - witness Reynolds Note: Sacre, Candace	And can you speak a little bit about the characteristics of the locations in this study?
9:08:50 AM	Atty D'Ascenzo Duke Kentucky - witness Reynolds Note: Sacre, Candace	Why are travel patterns important for the determination of where these facilities could be located?
9:09:08 AM	Atty D'Ascenzo Duke Kentucky - witness Reynolds Note: Sacre, Candace	And, along those highway corridors, do only Duke Energy Kentucky customers use those highways?
9:09:21 AM	Atty D'Ascenzo Duke Kentucky - witness Reynolds Note: Sacre, Candace	And, in the company's pilot for those fast charging stations, can you speak a little bit about what will happen with the revenues for that infrastructure?

9:09:56 AM Atty D'Ascenzo Duke Kentucky - witness Reynolds  
Note: Sacre, Candace And does that go directly back to - if this program is approved, will those revenues then go back to Duke Energy Kentucky's customers?

9:10:05 AM Atty D'Ascenzo Duke Kentucky - witness Reynolds  
Note: Sacre, Candace And do you know how that happens?

9:10:11 AM Atty D'Ascenzo Duke Kentucky - witness Reynolds  
Note: Sacre, Candace And do you know whether other revenues such as all system sales from our generating assets also flow through that Rider DSM?

9:10:24 AM Atty D'Ascenzo Duke Kentucky - witness Reynolds  
Note: Sacre, Candace Do you know whether our generating assets are in base rates?

9:10:32 AM Atty D'Ascenzo Duke Kentucky - witness Reynolds  
Note: Sacre, Candace Thank you, and I think one final question. Do you know whether other regulated utilities across the country are making similar types of investments into charging stations?

9:11:00 AM Atty D'Ascenzo Duke Kentucky - witness Reynolds  
Note: Sacre, Candace Do you know if there are any in Kentucky?

9:11:10 AM Atty D'Ascenzo Duke Kentucky  
Note: Sacre, Candace Thank you. No further questions.

9:11:13 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. Boehm?

9:11:14 AM Atty Boehm Kroger  
Note: Sacre, Candace No questions, Your Honor.

9:11:16 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. McNeil?

9:11:17 AM Asst Atty Gen McNeil  
Note: Sacre, Candace Just a couple of follow up.

9:11:21 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace Recross Examination. Mr. Reynolds, so other utilities, Duke Energy Kentucky has multiple unregulated affiliate utilities, correct?

9:11:31 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace Duke Energy Kentucky has multiple unregulated affiliate utility companies, correct?

9:11:43 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace So why doesn't Duke Energy overall have one of the unregulated affiliates enter the EV market with a pilot program like this and, you know, sort of take on the role that Duke Energy Kentucky is proposing here?

9:12:15 AM Asst Atty Gen McNeil - witness Reynolds  
Note: Sacre, Candace Wouldn't it make sense though to test that in an unregulated market and see if the results hold before you ask the captive ratepayers of Kentucky to bear that risk?

9:12:40 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace Examination. Is there a reason for that?

9:13:16 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace So Duke Ohio does not have any EV stations in Southeast Ohio?

9:13:39 AM Vice Chairman Cicero - witness Reynolds  
Note: Sacre, Candace And you're waiting for approval?

9:13:47 AM Vice Chairman Cicero  
Note: Sacre, Candace I'm sorry. Go ahead, Mr. McNeil.

9:13:48 AM Asst Atty Gen McNeil  
Note: Sacre, Candace No further questions.

9:13:49 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. Howard?

9:13:50 AM Atty Howard NKU  
Note: Sacre, Candace I have two, if I may, please.

9:13:54 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	Recross Examination. Mr. Reynolds, did I understand one of your prior answers to the Vice Chairman where he asked about whether a request by Duke for information from current EV station providers, when Duke asked for that information, it wasn't necessarily provided?
9:14:25 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	Do you know why it wasn't provided?
9:14:38 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	Did they, perhaps, say they didn't want to provide it because they saw you as competition?
9:15:03 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	Are you aware of a decision by this Commission in 2015 where it denied Delta Natural Gas a request to ask ratepayers to pay for infrastructure for compressed natural gas fueling stations?
9:15:28 AM	Atty Howard NKU - witness Reynolds Note: Sacre, Candace	And you're not familiar where the Commission said we refuse to have Delta's ratepayers pay for this infrastructure?
9:15:37 AM	Atty Howard NKU Note: Sacre, Candace	That's all the questions I have, Mr. Vice Chairman.
9:15:39 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Nguyen?
9:15:40 AM	Asst Gen Counsel Nguyen PSC Note: Sacre, Candace	Nothing, Your Honor.
9:15:41 AM	Vice Chairman Cicero Note: Sacre, Candace	Commissioner Mathews?
9:15:42 AM	Commissioner Mathews Note: Sacre, Candace	No questions.
9:15:43 AM	Vice Chairman Cicero - witness Reynolds Note: Sacre, Candace	Examination. So I guess my last question is, how will Duke make the location of the charging stations known to your customers?
9:16:20 AM	Vice Chairman Cicero - witness Reynolds Note: Sacre, Candace	And what's the technology that's going to be used? I understand it's kind of like Beta versus VHS. There's Tesla's version, Nissan's version, and what's this charging technology?
9:17:14 AM	Vice Chairman Cicero - witness Reynolds Note: Sacre, Candace	What's the average charging time for a vehicle?
9:17:27 AM	Vice Chairman Cicero - witness Reynolds Note: Sacre, Candace	So, if you were to use 24 hours, you said, for every minute of every day, you'd get 48 vehicles at the most in an entire day, take it times 30, I don't know how much impact it's going to have.
9:17:50 AM	Vice Chairman Cicero Note: Sacre, Candace	I don't have any other questions. Do you have any other redirect?
9:17:54 AM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	No, Your Honor.
9:17:55 AM	Vice Chairman Cicero Note: Sacre, Candace	Everybody else is okay. May this witness be excused?
9:18:00 AM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	Yes, please.
9:18:09 AM	Vice Chairman Cicero Note: Sacre, Candace	You may call your next witness.
9:18:12 AM	Atty Honaker Duke Kentucky Note: Sacre, Candace	We would call Ash Norton.
9:18:30 AM	Vice Chairman Cicero Note: Sacre, Candace	Witness is sworn.

9:18:36 AM Vice Chairman Cicero  
Note: Sacre, Candace Ms. Honaker?

9:18:40 AM Atty Honaker Duke Kentucky - witness Norton  
Note: Sacre, Candace Direct Examination. Good morning. Can you please state your name for the record?

9:18:47 AM Atty Honaker Duke Kentucky - witness Norton  
Note: Sacre, Candace And you go by Ash, correct?

9:18:50 AM Atty Honaker Duke Kentucky - witness Norton  
Note: Sacre, Candace And what is your position with the company and your business address?

9:19:10 AM Atty Honaker Duke Kentucky - witness Norton  
Note: Sacre, Candace And the title is a change from what the test listed?

9:19:16 AM Atty Honaker Duke Kentucky - witness Norton  
Note: Sacre, Candace And did you cause testimony and Responses to Data Requests to be filed in this proceeding?

9:19:22 AM Atty Honaker Duke Kentucky - witness Norton  
Note: Sacre, Candace And, with the correction to the business address and the title, are there any other corrections you wish to make?

9:19:55 AM Atty Honaker Duke Kentucky - witness Norton  
Note: Sacre, Candace Are there any others?

9:20:16 AM Atty Honaker Duke Kentucky - witness Norton  
Note: Sacre, Candace Are those all the corrections you have to make?

9:20:19 AM Atty Honaker Duke Kentucky - witness Norton  
Note: Sacre, Candace So, if I were to ask you those same questions today, with those corrections, would your responses be the same?

9:20:25 AM Atty Honaker Duke Kentucky - witness Norton  
Note: Sacre, Candace Is it your desire and intent for these to be included into the record of this proceeding?

9:20:31 AM Atty Honaker Duke Kentucky  
Note: Sacre, Candace She's available for cross.

9:20:32 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. Boehm?

9:20:33 AM Atty Boehm Kroger  
Note: Sacre, Candace No questions, Your Honor.

9:20:35 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. McNeil?

9:20:36 AM Asst Atty Gen McNeil  
Note: Sacre, Candace Yes, thank you.

9:20:38 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace Cross Examination. Good morning, Ms. Norton. I want to start with Duke's Response to Attorney General's Data Request 2-76. So, in this question, we had asked you to confirm that, and I'm looking at Subpart B now, the four-year period from 2017 to 2020, "Duke Energy Kentucky will have spent two-hundred-and-thirty-nine-point-five million in upgrading its distribution system, representing an average of fifty-nine-point-seven-five million per year." Is that true? Do you confirm that?

9:21:51 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace Okay, and then C, "Confirm that over the four-year period from 2013 to 2016 Duke Energy Kentucky spent eighty-two-point-three million, representing an average of twenty-point-five-seven million per year." Can you confirm that as well?

9:22:06 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace And, D, so that translates to an overall increase of a hundred-and-ninety-point-four-seven percent in that latter four-year period over that prior four-year period. Is that correct?

9:22:21 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace So you tell me - your testimony kind of touches on a couple of different things, but what's the primary driver behind that increase?

9:22:38 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace Okay, so certain circuits, certain customers? I mean, you talked about age of assets in your testimony, the liability, customer expectations, but, primarily, it's certain load growth in certain circuits you would say?

9:23:09 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace Okay, so, as far as customer expectations regarding quality and reliability of service, would you say there's any shortfall between what customers expect and what Duke Energy Kentucky provides?

9:23:39 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace Do you think reliability in your system was lacking before those improvements in the last few years?

9:23:50 AM Asst Atty Gen McNeil  
Note: Sacre, Candace May I approach, Vice Chair?

9:23:52 AM Vice Chairman Cicero  
Note: Sacre, Candace Yes, you may.

9:24:17 AM Asst Atty Gen McNeil  
Note: Sacre, Candace What I'm handing to you is an Excel sheet provided by the U.S. Energy and Information Administration on Reliability, I believe it was nationwide, and I just selected Kentucky, and I highlighted the investor-owned utilities on this sheet.

9:24:43 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace I know it's a little bit small, but can you read - can you ascertain what's on here?

9:24:49 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace Okay, so you see Duke Energy Kentucky, third from the bottom?

9:24:55 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace This is year 2018, just to be clear. Does it look like on all these - I mean, this is SAIDI, SAIFI, CAIDI, so average interruption and duration outages, both with and without major event days, and there are other categories with loss of supply. But does it generally look like Duke Energy Kentucky has the lowest scores here among all the investor-owned utilities?

9:25:36 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace I mean, I wouldn't compare you to the others. There are co-ops listed on here as well, but you have better numbers than some of the co-ops, the cooperative electric utilities in Kentucky. Would you say that's a fair statement?

9:25:55 AM Vice Chairman Cicero  
Note: Sacre, Candace That's a good thing, by the way, okay?

9:25:59 AM Asst Atty Gen McNeil  
Note: Sacre, Candace I didn't mean to imply otherwise.

9:26:02 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace So, by and large, Duke Energy Kentucky, it's reliability is very good comparatively in the State of Kentucky? Would you say that's a fair statement?



9:26:25 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace Going forward, are we going to see the same type of investment, or is the work you've done to upgrade those certain circuits - I mean, has that work been done? Are we going to see the same type of investment in the distribution system going forward?

9:27:00 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace With these investments, do you think that ability to maintain has sort of been preserved?

9:27:29 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace Understood, so you also discuss sort of briefly in your testimony the self-optimizing grid?

9:27:34 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace You say that might take about ten years to fully implement?

9:27:41 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace Sure, I mean, so what kind of costs are we talking about for that? Do you have any idea?

9:27:55 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace Substantial costs? I mean, are we talking about the same type of investment that we've seen in the system the past few years to get that where it needs to be?

9:28:27 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace Okay, so part of it's there, but there will be more requested as needed to upgrade the system?

9:28:52 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace So you haven't set a date of ten years? You're saying that's possible? As it goes along, you would adjust your timeline?

9:29:21 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace Were you here when Ms. Spiller testified yesterday?

9:29:25 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace Okay, she sort of indicated that, as far as undergrounding programs going forward, it's a targeted, selective program. Can you characterize that in more detail?

9:29:56 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace So, when you say it's customer driven, is it certain customers for reliability purposes are calling you, asking you for underground facilities, underground wires?

9:30:13 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace How do you make that calculation? How many times has it failed, so when you say it's prudent to underground?

9:30:39 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace So, essentially, right now, it's on a case-by-case basis, that each is his own?

9:30:50 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace So there's no target? Duke doesn't say we want to underground so many miles per year? It's just based on as things come up?

9:31:04 AM Asst Atty Gen McNeil - witness Norton  
Note: Sacre, Candace Yeah, I don't mean to say - I'm saying target as a word, not the specific program. You don't have a measure by which you say "We should probably underground so many miles this year?" It's just case by case as things occur?

9:31:22 AM Asst Atty Gen McNeil  
Note: Sacre, Candace I have no further questions.

9:31:23 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. Howard?

9:31:25 AM	Atty Howard NKU Note: Sacre, Candace	Yes, please, just a few.
9:31:26 AM	Asst Atty Gen McNeil Note: Sacre, Candace	I'm sorry. May I mark this as AG Exhibit 2?
9:31:29 AM	Vice Chairman Cicero Note: Sacre, Candace	Yeah, I'm sorry, I meant to ask you. AG Exhibit?
9:31:32 AM	Asst Atty Gen McNeil Note: Sacre, Candace	Two.
9:31:33 AM	ATTORNEY GENERAL EXHIBIT 2	
9:31:38 AM	Atty Howard NKU - witness Norton Note: Sacre, Candace	Cross Examination. Good morning, Ms. Norton. If you would, please, reference your prefiled testimony at page 17. On this page, is there a table?
9:32:04 AM	Atty Howard NKU - witness Norton Note: Sacre, Candace	And it's marked Figure 1, Duke Energy Kentucky, Distribution Poles, Age, Distribution Spring 2019, correct?
9:32:23 AM	Atty Howard NKU - witness Norton Note: Sacre, Candace	This table, does this depict the poles of the distribution system across Duke Energy Kentucky, all the poles?
9:32:36 AM	Atty Howard NKU - witness Norton Note: Sacre, Candace	If I'm reading this correctly, poles that are between the ages of 80 and 90 years, that's 1,563, correct?
9:32:53 AM	Atty Howard NKU - witness Norton Note: Sacre, Candace	Poles that are between 90 and 100 years old, you have eight, correct?
9:33:06 AM	Atty Howard NKU - witness Norton Note: Sacre, Candace	Hundred ten. I'm sorry, 90 to 100, I'm sorry, you have 283 poles, correct?
9:33:12 AM	Atty Howard NKU - witness Norton Note: Sacre, Candace	And then between the years of 100 to 110 years old you have eight, correct?
9:33:22 AM	Atty Howard NKU - witness Norton Note: Sacre, Candace	Then you also have unknown of 173, correct?
9:33:30 AM	Atty Howard NKU - witness Norton Note: Sacre, Candace	And, if I'm just looking at the poles that are between 100 and 110 years old, that takes us back to, what? Nineteen-o-nine or thereabouts?
9:33:46 AM	Atty Howard NKU - witness Norton Note: Sacre, Candace	Just trying to keep it in context for me, that's like 55 years after the Civil War, is that correct?
9:34:00 AM	Atty Howard NKU Note: Sacre, Candace	That's all the questions I have, Mr. Vice Chairman.
9:34:03 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay. Thank you. Mr. Nguyen?
9:34:08 AM	Asst Gen Counsel Nguyen PSC Note: Sacre, Candace	Mr. Bellamy has this.
9:34:09 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Bellamy?
9:34:10 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	Cross Examination. How are you doing? I have just a couple of questions. Do you have this - I think in your testimony and then the Filing Requirement 16-7-B -
9:34:33 AM	Staff Atty Bellamy PSC Note: Sacre, Candace	I do have an extra copy.

9:34:34 AM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	I have it electronically. Let me pull it up.
9:34:53 AM	Staff Atty Bellamy PSC Note: Sacre, Candace	I have a paper copy, if you need it.
9:34:56 AM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	I just have it electronically.
9:34:58 AM	Staff Atty Bellamy PSC Note: Sacre, Candace	Sure, I can furnish this. This is the same thing I gave Mr. Jacobi yesterday.
9:35:05 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay.
9:35:28 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	Based on Mr. Jacobi's testimony and I think in your direct testimony, you contributed information that was included in this tab, is that correct?
9:35:38 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	Do you know - and, again, there's the normal recurring construction, and then there's the seven projects below that and then the total. Of the seven large project below that, do you know which projects were - I guess, firstly, you contributed information regarding the distribution/transmission projects, is that correct?
9:35:58 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	Okay, and which projects would fit into that category of the seven larger projects?
9:36:05 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	Lines 7 and 8, okay, and I have - and this is a question that Mr. Jacobi - I guess, before I get to that, how did you - could you kind of explain the process? because Mr. Jacobi kind of explained that this is a portion of the five-year capital budget which was created in collaboration with the various business groups with him, the forecasting group, providing some information, and then back and forth between the business groups, and I was - with respect to that five-year capital budget, from your perspective, what was your role in preparing the capital expenditure budget that was used to create these projected capital expenditures?
9:37:07 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	Not creating the document, but I'm talking about actually - because he said that these numbers were based on the five-year capital expenditure budget created as part of the 2019 annual budget, so are you familiar with the five-year capital budget that is created with each annual budget?
9:37:30 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	So, as far as you know, you're not technically directly involved in preparing that five-year capital expenditure budget?
9:37:53 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	So you - you may have some projects that you and your team foresee, and you all would, at some point, provide those to finance, and what happens to that information beyond that to prepare the five-year capital budget, you're not necessarily sure?
9:38:24 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	With respect to the normal recurring construction, Mr. Jacobi was asked to provide a breakdown of that at Staff Request 3, Item 1.
9:38:40 AM	Staff Atty Bellamy PSC Note: Sacre, Candace	And I have another copy of that, Rocco, if you need me to distribute it.

9:38:50 AM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	We have it.
9:38:55 AM	Atty Honaker Duke Kentucky Note: Sacre, Candace	May I approach?
9:38:57 AM	Vice Chairman Cicero Note: Sacre, Candace	You may.
9:39:17 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	And I know this was provided by Mr. Jacobi, so, I guess, firstly, if you could look at attachment - it's the third page of what I just gave you, so it's page 1 of 1, and it's the attachment that has 2019, 2020, and 2021, and it has the items broken up, and then it has the total at the bottom. Have you seen a budget with this breakdown similar to this before?
9:39:52 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	Are you familiar with any of the categories that are listed there, in the left-hand side?
9:40:01 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	Do you know - by looking at this, can you identify any of those categories that would have been for transmission/distribution based on projects that were provided by your transmission/distribution group for Duke Kentucky?
9:40:40 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	But you don't necessarily know what underlying projects would have been used to formulate these budget capital expenditures, is that correct?
9:40:59 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	In your direct testimony and I think the Attorney General had asked you about the primary driver with respect to the capital expenditures, and you indicated that you thought the primary driver was specific localized distribution projects, and on page 5 of your direct testimony, it's that last paragraph and then on to page 6, and you kind of mentioned the primary driver, and you mention the localized growth on specific circuits necessitates investment, and then, on page 6, you have a list of three projects. Are those the three projects that you are referring to that are the localized projects primarily driving the increase in distribution/transmission spending?
9:42:23 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	Beyond these projects, you're seeing additional localized growth that you think is driving the distribution/transmission budget increase?
9:42:37 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	If that is the case, why are the projected loads not increasing significantly?
9:43:15 AM	Staff Atty Bellamy PSC - witness Norton Note: Sacre, Candace	And I understand that there might be someone moving into an area where there would be additional load in that area, but, if the overall load isn't changing and there's load growing in one area, wouldn't that mean there would have to be similar load leaving another area?

9:43:51 AM Staff Atty Bellamy PSC - witness Norton  
Note: Sacre, Candace No. I understand that, but you're saying that overall load is not really changing, but, still, load growth is driving the distribution spending because you needed additional distribution and transmission facilities where that load is growing. But if you do have load growing in at least one area but you're not seeing overall load growth, wouldn't that necessarily mean that you're losing effectively the equal amount of load somewhere else? If you're having load growth in one area, wouldn't the overall load growth increase?

9:44:57 AM Vice Chairman Cicero - witness Norton  
Note: Sacre, Candace Examination. So let me ask a question while he's pondering. I'm familiar with the area where the large growth is, and you're indicating that there's adjacent growth in that territory that is causing this additional spending?

9:45:29 AM Vice Chairman Cicero - witness Norton  
Note: Sacre, Candace But in the adjacent area to where the other major customer is?

9:45:36 AM Vice Chairman Cicero - witness Norton  
Note: Sacre, Candace So do you have a list of who those customers are that could be provided post hearing?

9:45:39 AM POST-HEARING DATA REQUEST  
Note: Sacre, Candace VICE CHAIRMAN CICERO - WITNESS NORTON  
Note: Sacre, Candace LIST OF CUSTOMERS IN TERRITORY ADJACENT TO MAJOR CUSTOMER CAUSING ADDITIONAL TRANSMISSION/DISTRIBUTION SPENDING

9:45:48 AM Vice Chairman Cicero  
Note: Sacre, Candace Okay. Does that take care of your -

9:45:49 AM Staff Atty Bellamy PSC  
Note: Sacre, Candace Yeah.

9:46:12 AM Staff Atty Bellamy PSC - witness Norton  
Note: Sacre, Candace Cross Examination (cont'd). There has been some questions previously regarding lighting for cities and whether or not Duke has a tariff that would allow upgrading for current facilities as opposed to installing entirely new facilities to allow customers to use an LED bulb and reduce their usage. From an engineering perspective, has Duke Kentucky's distribution/transmission group looked at not necessarily whether it would be permitted in the tariff or not but just from a functional perspective whether it would be possible and how that would work to upgrade existing facilities to allow those customers to use LED lights versus traditional lights?

9:47:33 AM Staff Atty Bellamy PSC - witness Norton  
Note: Sacre, Candace With respect to the new customers, including Amazon and the Erlanger Commerce Center and the Marydale Business Center, do you have any information regarding the extent to which the loads from those customers are reflected in revenue?

9:47:54 AM Staff Atty Bellamy PSC - witness Norton  
Note: Sacre, Candace The new customers - a lot of the spending, you indicated, is driven by localized customers, and with respect to the ones you listed, here, on page 6, the Amazon Air Hub, the Erlanger Commerce Center, and the Marydale Business Center, do you have any information regarding the extent to which their projected loads are included in the loads that were used to calculate the revenues for the forecasted test year?

9:48:22 AM Staff Atty Bellamy PSC - witness Norton  
Note: Sacre, Candace So you don't know whether they were the extent to which they were?

9:48:33 AM	Staff Atty Bellamy PSC Note: Sacre, Candace	Okay, thank you. I don't have any more questions.
9:48:36 AM	Vice Chairman Cicero Note: Sacre, Candace	Commissioner Mathews?
9:48:37 AM	Commissioner Mathews - witness Norton Note: Sacre, Candace	Examination, Can we go back to some, I guess, wording differences? You said the targeted undergrounding program is not being implemented in DEK, correct?
9:48:52 AM	Commissioner Mathews - witness Norton Note: Sacre, Candace	And that was, I think, proposed in the last rate case?
9:48:58 AM	Commissioner Mathews - witness Norton Note: Sacre, Candace	And the Commission did not accept that, so how does the program where, and I may be paraphrasing what you said, I still think you said targeting or we're targeting, I guess targeting with a capital T versus targeting with a small t. I'm confused. How does the spending that you're doing now on undergrounding differ from what was proposed, and how are those decisions made? Is there a cost-benefit analysis that say a new customer's being located? Is there a cost-benefit analysis with the trade-off between reliability and the cost of undergrounding versus above-grounding, which I know is not a word, but more traditional installments? How does that work? I mean, who does that? Do you do that cost-benefit analysis?
9:50:29 AM	Commissioner Mathews - witness Norton Note: Sacre, Candace	Similar to a pipeline replacement program for a gas utility?
9:51:05 AM	Commissioner Mathews - witness Norton Note: Sacre, Candace	And how is that? What's the metric that makes you decide, yes, undergrounding?
9:51:29 AM	Commissioner Mathews - witness Norton Note: Sacre, Candace	So does that change your spending on vegetation management?
9:51:46 AM	Commissioner Mathews - witness Norton Note: Sacre, Candace	What is the percentage of the increase in the average spend going forward that's new load versus replacement? Do you know what the breakdown is there?
9:52:13 AM	Commissioner Mathews Note: Sacre, Candace	Can you write that out in a question that makes sense?
9:52:19 AM	Commissioner Mathews - witness Norton Note: Sacre, Candace	And then I guess my question is, you know, when you're doing the analysis, how do you determine the value of that reliability? I mean, there are utilities that would be very happy with your reliability metrics, and that's a good thing. I guess, how do you determine - I don't want to say what's good enough because everybody wants power 24 hours a day and, they want it with no fluctuations, but -
9:53:26 AM	Commissioner Mathews - witness Norton Note: Sacre, Candace	I mean, expectations are very high about everything, right? We want our internet to work fast. We want our power to be on all the time. We don't want any interruptions, but sometimes that last increment is a very expensive increment to get to perfect, and I believe testimony maybe in the last rate case was the customers want perfect power. They want no normal fluctuations. The price reflection is sometimes high. I wouldn't know because it's, clearly, not what I aspired to.

9:54:18 AM	Commissioner Mathews - witness Norton Note: Sacre, Candace	I would like to see that analysis of the percentage that's replacement, percentage that's new, and then I'd like to see a breakdown of replacement using more traditional above-ground lines versus the undergrounding. Wha's the cost differential for a replacement and then for new, and if that's per mile, per service connection, however that metric is best presented?
9:54:54 AM	Commissioner Mathews Note: Sacre, Candace	That's it.
9:55:05 AM	Commissioner Mathews - witness Norton Note: Sacre, Candace	So does the customer pay the difference?
9:55:22 AM	Commissioner Mathews - witness Norton Note: Sacre, Candace	But, if there's a transformer that needs to be replaced or a facility that needs to be replaced, but that's not the case?
9:55:34 AM	Commissioner Mathews - witness Norton Note: Sacre, Candace	Not even the difference between the overhead and the underground?
9:55:45 AM	Vice Chairman Cicero Note: Sacre, Candace	I don't have any questions. She took care of most of them.
9:55:50 AM	Vice Chairman Cicero Note: Sacre, Candace	Do you have any redirect?
9:55:51 AM	Atty Honaker Duke Kentucky Note: Sacre, Candace	No.
9:55:52 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Boehm? Mr. McNeil? Mr. Howard?
9:55:53 AM	Atty Boehm Kroger Note: Sacre, Candace	No questions.
9:55:54 AM	Asst Atty Gen McNeil Note: Sacre, Candace	I don't have any.
9:55:55 AM	Atty Howard NKU Note: Sacre, Candace	No, thank you.
9:55:56 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Bellamy?
9:55:57 AM	Staff Atty Bellamy PSC Note: Sacre, Candace	(Shook head negatively.)
9:55:58 AM	Vice Chairman Cicero Note: Sacre, Candace	May this witness be excused?
9:56:00 AM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	Yes, please.
9:56:01 AM	Vice Chairman Cicero Note: Sacre, Candace	So, since it's 10 o'clock, let's take a break till 10:15, okay, and then we'll start back in. We're in recess.
9:56:15 AM	Session Paused	
10:14:36 AM	Session Resumed	
10:14:37 AM	Vice Chairman Cicero Note: Sacre, Candace	We're back on the record.
10:14:40 AM	Atty Honaker Duke Kentucky Note: Sacre, Candace	We will call Thomas Christie.
10:14:58 AM	Vice Chairman Cicero Note: Sacre, Candace	Witness is sworn.
10:15:06 AM	Vice Chairman Cicero Note: Sacre, Candace	So, before you start, just a kind of a housekeeping thing here. We will determine, after the next couple of witnesses, how late we're going to go, okay?

10:15:18 AM Vice Chairman Cicero  
Note: Sacre, Candace All right, Ms. Honaker, go ahead.

10:15:21 AM Atty Honaker Duke Kentucky - witness Christie  
Note: Sacre, Candace Direct Examination. It's still morning, so good morning. Can you please state your name for the record?

10:15:29 AM Atty Honaker Duke Kentucky - witness Christie  
Note: Sacre, Candace That's what I started to say. You prefer T.K., correct?

10:15:34 AM Atty Honaker Duke Kentucky - witness Christie  
Note: Sacre, Candace And did you cause testimony and certain Responses to Data Requests to be filed in this proceeding?

10:15:39 AM Atty Honaker Duke Kentucky - witness Christie  
Note: Sacre, Candace And I should ask you to state your title with the company and your business address before I said that.

10:15:51 AM Atty Honaker Duke Kentucky - witness Christie  
Note: Sacre, Candace And do you have any corrections to make to your testimony or any of your Data Request Responses at this time?

10:15:57 AM Atty Honaker Duke Kentucky - witness Christie  
Note: Sacre, Candace If I were to ask you those same questions today, your answers would be the same?

10:16:00 AM Atty Honaker Duke Kentucky - witness Christie  
Note: Sacre, Candace And is it your desire and intent to incorporate those into the record of this proceeding?

10:16:05 AM Atty Honaker Duke Kentucky  
Note: Sacre, Candace The witness is available for cross.

10:16:07 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. Boehm?

10:16:08 AM Atty Boehm Kroger  
Note: Sacre, Candace No questions, Your Honor.

10:16:09 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. McNeil?

10:16:10 AM Asst Atty Gen McNeil  
Note: Sacre, Candace Yes, thank you.

10:16:12 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace Cross Examination. Good morning, Mr. Christie. I have just a few questions for you. First, in your direct at page 5, you discuss the hazard tree removal program and sort of it being spurred on by this emerald ash bore infestation. I'm just curious. Can you tell us is that still going on? Do you have any idea how long that will last?

10:17:14 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace Do you see this, in the hazard tree removal program, as having significant increases in costs in the next few years because of this?

10:17:53 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace Okay, but you did mention it's more of a focus now because of this infestation?

10:17:57 AM Asst Atty Gen McNeill - witness Christie  
Note: Sacre, Candace Is that right in the right of way where these dead trees are?

10:18:36 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace So you'll keep doing that until this abates at some point?

10:19:09 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace In response to Attorney General's Data Request 2-55, you gave the overall cost of vegetation management for Fiscal Year 2019 through October as four-point-eight-seven million.

10:19:30 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace Yes, the second, 55.



10:19:33 AM Atty Honaker Duke Kentucky  
Note: Sacre, Candace It's the last one, I think, in your binder.

10:19:52 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace So is that correct? It was four-point-eight-seven million for 2019 up through October?

10:20:01 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace Do you have a final 2019 year number available?

10:20:09 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace Six million? Could you provide a post-hearing data request just specifying the exact number?

10:20:16 AM POST-HEARING DATA REQUEST  
Note: Sacre, Candace ASST ATTY GEN McNEIL - WITNESS CHRISTIE  
Note: Sacre, Candace 2019 FISCAL YEAR TOTAL COST FOR HAZARD TREE REMOVAL PROGRAM

10:20:21 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace So, with that number, do you expect vegetation management costs to continue to rise at the three-point-five percent sort of assumed rate through 2020 and 2021?

10:21:20 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace Do you have any sort of goal for, if you went to market for a contract term, how long you'd want to lock in rates or -

10:21:46 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace So, in the increasing costs, are those still Duke primarily to the labor pool and contract rates of the available contractors for this work?

10:21:56 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace Yeah, the increase, the increased costs, the rising costs.

10:23:03 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace So have you seen that, you know, your vendor right now or others have had now any success in trying to mitigate those losses and retain those employees, the contract employees?

10:24:16 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace Okay, so, given these ongoing challenges and sort of the near term outlook, has Duke Energy Kentucky looked at bringing that service back in house at all?

10:25:13 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace But, this labor shortage and scarcity in the rates that utilities are paying, that's a nationwide problem, right, or, at least, regionalized?

10:26:25 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace So, at what point will Duke Kentucky do another cost-benefit analysis of that in house?

10:26:47 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace I mean, is there sort of a point internally, where costs rise to this point, we're going to have to consider that there's an informal discussion about that?

10:27:31 AM Asst Atty Gen McNeil - witness Christie  
Note: Sacre, Candace Nothing's set?

10:27:33 AM Asst Atty Gen McNeil  
Note: Sacre, Candace Okay, no further questions.

10:27:37 AM Atty Howard NKU  
Note: Sacre, Candace No questions. Thank you.

10:27:39 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. Nguyen?

10:27:40 AM Asst Gen Counsel Nguyen PSC  
Note: Sacre, Candace Mr. Bellamy.

10:27:41 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Bellamy?
10:27:42 AM	Staff Atty Bellamy PSC Note: Sacre, Candace	No questions.
10:27:43 AM	Commissioner Mathews Note: Sacre, Candace	No questions.
10:27:46 AM	Vice Chairman Cicero Note: Sacre, Candace	Wow. I do have some questions.
10:27:50 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	Examination. So I've looked at the costs that have increased from 2014 up to 2018. Increased, like, 330 percent, and you've gone out and you've put out RFPs for not only a territory, for Duke's territory, which I think you were doing in the past, but for the localized Northern Kentucky area, and you still weren't - how many vendors was that put out to, that proposal?
10:28:46 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	So you took the vendors that showed up at the other Duke territories and invited them to bid on the Duke territory in Kentucky?
10:29:41 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	And, of those that were evaluated, how many qualified?
10:29:59 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	So how many did provide pricing?
10:30:14 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	I'm talking about in Kentucky
10:30:18 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	Going forward? Was that the last time the contract was offered?
10:30:24 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	So it's a one-year contract with a two-year extension available?
10:30:30 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	It was three years? This time, I thought I heard you answer the Attorney General that it was a one with a possible two.
10:30:47 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	So when they received their last contract was when you were in here for your last rate case?
10:31:38 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	So what kind of escalation do you provide for in your three-year contracts?
10:32:37 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	But your 2020 forecast shows a million-dollar increase over 2019?
10:32:46 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	No. From seventeen-nine to 19 million. This is your testimony on page 9. There's a chart there, Table 1.
10:33:13 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	Yes, I'm looking at the - I m looking at total cost per mile. I'm sorry. It was a thousand-dollar increase. I'm sorry. I was looking at the wrong thing.
10:34:30 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	Your spend on the out-of-the-right-of-way for trees appears to remain pretty constant. It's not really - it doesn't show that it's increasing. It's been pretty steady. Within a hundred thousand dollars or something like that?
10:35:12 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	Do you have any idea what it costs for other electric utilities to do vegetation management in contiguous areas like Goin Electric or -

10:35:42 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	How about AEP in Northern Kentucky - or Northeastern Kentucky?
10:38:04 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	So, one last question, did you provide a copy of the vegetation master services contract that was -
10:38:17 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	Well, why is everything redacted on a confidential document?
10:38:36 AM	Vice Chairman Cicero - witness Christie Note: Sacre, Candace	I got two pages. Everything else looks like this.
10:38:45 AM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	Do you know which data request number that is, sir? It might be on the upper right-hand corner.
10:38:54 AM	Vice Chairman Cicero Note: Sacre, Candace	Staff Data Request 2-030, Confidential Attachment 11. I would think, since you're submitting it in a confidential manner to the Public Service Commission, by the fact that we're protecting it, means it doesn't have to be redacted.
10:39:22 AM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	We'll look into that, sir.
10:39:24 AM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. I don't have any other questions for you, Mr. Christie. Do you have any redirect, Ms. Honaker?
10:39:30 AM	Atty Honaker Duke Kentucky Note: Sacre, Candace	I do not.
10:39:32 AM	Vice Chairman Cicero Note: Sacre, Candace	Does anyone else have any additional cross exam?
10:39:34 AM	Asst Gen Counsel Nguyen PSC Note: Sacre, Candace	No, sir.
10:39:35 AM	Vice Chairman Cicero Note: Sacre, Candace	May this witness be excused?
10:39:37 AM	Atty Honaker Duke Kentucky Note: Sacre, Candace	Yes.
10:39:38 AM	Atty Samford Duke Kentucky Note: Sacre, Candace	Your Honor, we'd like to call Sarah Lawler next.
10:39:38 AM	Vice Chairman Cicero Note: Sacre, Candace	Thank you.
10:40:04 AM	Vice Chairman Cicero Note: Sacre, Candace	Witness is sworn.
10:40:10 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Samford?
10:40:11 AM	Atty Samford Duke Kentucky Note: Sacre, Candace	Thank you, Your Honor.
10:40:12 AM	Atty Samford Duke Kentucky - witness Lawler Note: Sacre, Candace	Direct Examination. Ms. Lawler, did you case certain testimony and Responses to Data Requests to be filed in the record of this case?
10:40:17 AM	Atty Samford Duke Kentucky - witness Lawler Note: Sacre, Candace	Do you have any corrections or additions or updates to that testimony?
10:40:21 AM	Atty Samford Duke Kentucky - witness Lawler Note: Sacre, Candace	If I were to ask you the same questions, would your answers be the same?
10:40:24 AM	Atty Samford Duke Kentucky - witness Lawler Note: Sacre, Candace	Is it your desire and intent to put these into the record of the case?

10:40:28 AM Atty Samford Duke Kentucky - witness Lawler  
Note: Sacre, Candace And, before I forget, what's your name?

10:40:31 AM Atty Samford Duke Kentucky - witness Lawler  
Note: Sacre, Candace And your title and business address?

10:40:39 AM Atty Samford Duke Kentucky  
Note: Sacre, Candace Thank you, Your Honor. The witness is available for cross examination.

10:40:46 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. Boehm?

10:40:47 AM Atty Boehm Kroger  
Note: Sacre, Candace Just very briefly.

10:40:49 AM Atty Boehm Kroger - witness Lawler  
Note: Sacre, Candace Cross Examination. Good morning, Ms. Lawler. The description of your testimony is that you provide testimony supporting Duke's overall revenue requirement for the test period and certain adjustments to the test period financial data. Is that correct?

10:41:06 AM Atty Boehm Kroger - witness Lawler  
Note: Sacre, Candace Duke submitted a projected test year in this case, is that right?

10:41:11 AM Atty Boehm Kroger - witness Lawler  
Note: Sacre, Candace And what is the twelve months in the test year?

10:41:21 AM Atty Boehm Kroger - witness Lawler  
Note: Sacre, Candace Can you explain why its good policy to allow a utility company to base rates on a future test year?

10:41:43 AM Atty Boehm Kroger  
Note: Sacre, Candace Thank you. Those are all the questions I have.

10:41:45 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. McNeil?

10:41:46 AM Asst Atty Gen McNeil  
Note: Sacre, Candace Yes, thank you.

10:41:49 AM Asst Atty Gen McNeil - witness Lawler  
Note: Sacre, Candace Cross Examination. Good morning, Ms. Lawler. First, I'd like to talk about a recommendation made by Mr. Kollen, a financing offset to fuel and MMS inventories, so is it correct that Duke Energy Kentucky put an amount in rate base, about nineteen and a half million for fuel, about eighteen-point-seven million for materials and supplies, but then did not offset those inventories with (inaudible) accounts payables?

10:42:30 AM Asst Atty Gen McNeil - witness Lawler  
Note: Sacre, Candace Okay. Wouldn't you agree that a portion of both inventories amounts was being financed by the respective vendors while they're still accounts payables?

10:42:53 AM Asst Atty Gen McNeil - witness Lawler  
Note: Sacre, Candace Wouldn't you agree the company is neither entitled to include them in rate base nor earn a return on costs that the company did not finance?

10:43:30 AM Asst Atty Gen McNeil - witness Lawler  
Note: Sacre, Candace There's no - so there's not a a portion - there's not a lag between while it's still accounts payable from the vendor to Duke Energy Kentucky that you're earning a return on?

10:43:51 AM Asst Atty Gen McNeil - witness Lawler  
Note: Sacre, Candace And I guess we might disagree. Mr. Kollen proposed the lead-lag method for cash working capital, and, of course, Duke proposed wanting one-eighth O&M methodology. so, if it were under the lead lag proposal, would that be true? Do you know?

10:44:20 AM Asst Atty Gen McNeil - witness Lawler  
Note: Sacre, Candace Are you answering the question under cash working capital only using the one-eighth O&M methodology that Duke Kentucky has proposed? You're saying that's an appropriate way to offsetting in there that is included?

10:44:39 AM Asst Atty Gen McNeil - witness Lawler  
Note: Sacre, Candace So there isn't anything in rate base that you're including that you shouldn't be earning a return on, in the company's eyes?

10:44:48 AM Asst Atty Gen McNeil - witness Lawler  
Note: Sacre, Candace Okay. Would you agree it would be inappropriate for the company to include something in rate base that was vendor financed? If you were, if it were something you were including in rate base, you were earning a return on it, it was vendor financed, would that be inappropriate? That customers would end up paying?

10:45:21 AM Asst Atty Gen McNeil - witness Lawler  
Note: Sacre, Candace Well, I understand that's your position, okay, so Duke Energy Kentucky, we've established, did propose to calculate cash working capital using the one-eighth O&M methodology in this case, correct?

10:45:51 AM Asst Atty Gen McNeil - witness Lawler  
Note: Sacre, Candace In your rebuttal, you state Ohio and Indiana are states that require Duke Energy Kentucky affiliates to file a lead-lag study. Is that correct?

10:46:06 AM Asst Atty Gen McNeil - witness Lawler  
Note: Sacre, Candace I'm sorry. Indiana and Ohio.

10:46:28 AM Asst Atty Gen McNeil - witness Lawler  
Note: Sacre, Candace Right, isn't Duke Ohio the parent company of Duke Energy Kentucky?

10:46:36 AM Asst Atty Gen McNeil - witness Lawler  
Note: Sacre, Candace So, in terms of producing a lead-lag study, administrative expense and burden is sort of lessened by the fact that the parent company is already doing one in Ohio. Is that fair to say?

10:46:56 AM Asst Atty Gen McNeil - witness Lawler  
Note: Sacre, Candace Duke Energy Ohio does not file a lead-lag study?

10:47:08 AM Asst Atty Gen McNeil - witness Lawler  
Note: Sacre, Candace What about in Indiana?

10:47:44 AM Vice Chairman Cicero - witness Lawler  
Note: Sacre, Candace Examination. How does Duke evaluate whether to do a lead-lag study in one regulated district versus another?

10:48:21 AM Vice Chairman Cicero - witness Lawler  
Note: Sacre, Candace Based on that comment, the Commission, the Kentucky Commission encouraged you to do a lead-lag study -

10:48:30 AM Vice Chairman Cicero - witness Lawler  
Note: Sacre, Candace Based on your comment, did the Kentucky Commission, the Public Service Commission, encourage Duke to do a lead-lag study?

10:48:39 AM Vice Chairman Cicero - witness Lawler  
Note: Sacre, Candace So your comment was, it's based on jurisdictional directives, and it's a very costly study to perform. You haven't done one in Indiana for quite some time, and I was wondering is it because you've done it for Kentucky for the last - this is only the third rate case you've had in I don't know how many years, so what was the driving factor to do a lead-lag study in the Kentucky -

10:49:06 AM Vice Chairman Cicero - witness Lawler  
Note: Sacre, Candace Oh, okay, that's right.

10:49:12 AM Vice Chairman Cicero  
Note: Sacre, Candace Okay, sorry. Go on with your cross.

10:49:18 AM	Vice Chairman Cicero - witness Lawler Note: Sacre, Candace	You haven't done one in Indiana, and you haven't done one in Kentucky either?
10:49:30 AM	Asst Atty Gen McNeil - witness Lawler Note: Sacre, Candace	Cross Examination (cont'd). Let me ask, regarding the customer information system, I believe that Ms. Hunsinker was asked, do you know if Duke Energy Kentucky requested to refer any of the expenses for implementing that system as a regulatory asset included in the rate base in this case?
10:51:04 AM	Asst Atty Gen McNeil Note: Sacre, Candace	Okay. Thank you for clarifying. No further questions.
10:51:09 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Howard?
10:51:10 AM	Atty Howard NKU Note: Sacre, Candace	Yes, please.
10:51:12 AM	Atty Howard NKU - witness Lawler Note: Sacre, Candace	Cross Examination. Good morning. Does Duke have the ability, currently, to request deferral accounting for any major storm's costs cause a financial impact to Duke earnings?
10:51:30 AM	Atty Howard NKU - witness Lawler Note: Sacre, Candace	Looking at recent history, Duke filed a rate case in 2006, correct?
10:51:40 AM	Atty Howard NKU - witness Lawler Note: Sacre, Candace	You filed a rate case in 2017, correct?
10:51:44 AM	Atty Howard NKU - witness Lawler Note: Sacre, Candace	And we have the current case today?
10:51:48 AM	Atty Howard NKU - witness Lawler Note: Sacre, Candace	Since 2007, how many major storms has Duke Energy Kentucky experienced?
10:52:01 AM	Atty Howard NKU - witness Lawler Note: Sacre, Candace	From 2007 until today?
10:52:07 AM	Atty Howard NKU - witness Lawler Note: Sacre, Candace	In your filing, would you accept, subject to check, that Hurricane Ike came through Kentucky in 2008?
10:52:18 AM	Atty Howard NKU - witness Lawler Note: Sacre, Candace	And you sought a regulatory asset for storm damage associated with that hurricane?
10:52:30 AM	Atty Howard NKU - witness Lawler Note: Sacre, Candace	And that was in 2008, correct?
10:52:35 AM	Atty Howard NKU - witness Lawler Note: Sacre, Candace	How many cases has Duke filed since 2007? Again, that's -
10:52:49 AM	Atty Howard NKU - witness Lawler Note: Sacre, Candace	The storm was in 2008.
10:52:52 AM	Atty Howard NKU - witness Lawler Note: Sacre, Candace	Okay, so, since 2008, you've filed - your next rate case was in 2017, correct?
10:53:00 AM	Atty Howard NKU - witness Lawler Note: Sacre, Candace	Which was roughly nine years after you sought the regulatory asset?
10:53:06 AM	Atty Howard NKU - witness Lawler Note: Sacre, Candace	And then we have the current case today?
10:53:08 AM	Atty Howard NKU Note: Sacre, Candace	That's all I have, Mr. Vice Chairman.
10:53:11 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Nguyen?
10:53:12 AM	Asst Gen Counsel Nguyen PSC Note: Sacre, Candace	Mr. Bellamy is handling this one.

10:53:13 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Bellamy?
10:53:14 AM	Staff Atty Bellamy PSC Note: Sacre, Candace	Yes.
10:53:17 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler Cross Examination. Mr. Jacobi, I had asked him a question about how depreciation was calculated for the projected plant in service during the forecasted test period. Could you kind of explain that? He deferred to you, actually. Do you know how it's done?
10:53:56 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler And you put them - sorry to interrupt you, but you put them in those six categories that are listed?
10:54:28 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler So do you know - so then you get the composite depreciation rate for those six categories, and then you look when the projected additions are going to be placed into service in the forecasted test year, and you apply the rate to that property based on when it goes into service in those particular months?
10:55:06 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler And the 13-month average is calculated for each of those six categories, so you're applying the particular rate to the 13-month average for each category?
10:55:19 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler With respect to transmission plant, distribution plant, general plant, and common plant, he indicated that those are unchanged from the previous, and I know the steam plant production and other plant production - or other production plant were changed. Are the composite rates with respect to those six categories - because I know it would be made up of composite rates of the things that are within those categories, but are the larger composite rates for the larger six categories anywhere in the record that you're aware of?
10:56:15 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler You responded in your rebuttal testimony to a number of the adjustments proposed by Mr. Kollen related to cash working capital and the timing of payments, and I think the AG's attorney kind of addressed a little bit of that with you, but Mr. Kollen proposed excluding certain amounts of inventory based on the accounts payable, and then he also proposed setting the cash working capital to zero.
10:57:04 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler You argue that the Commission has previously allowed Duke Kentucky and other utilities to use the one-eighth method to calculate the cash working capital, correct?
10:57:12 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler But you agree that the one-eighth method is intended to provide an estimate of the cash working capital, is that correct?
10:57:22 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler But the purpose of the one-eighth method is to provide an estimate the cash working capital, and performing a lead-lag study would be a method of actually attempting to calculate the cash/working capital. Is that correct?

10:57:37 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler Okay, so it's basically - I understand that the lead-lag study would have assumptions in there, so it wouldn't be an actual calculation, but, basically, the one-eighth method and the lead-lag study are two separate methods of getting to an estimate of what the cash working capital will be during the forecasted test period. Is that correct?
10:58:03 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler Could you kind of explain the purpose of allowing a return on cash working capital when setting cost-based rates from your perspective?
10:58:22 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler What's the cost that's being recovered when you're getting a return on the cash working capital?
10:58:36 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler So, just in general terms, would you agree that allowing return on cash working capital is intended to cover the costs associated with Duke financing unexpense until it receives the revenue to cover that expense?
10:58:57 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler And the one-eighth method is, again, one method of estimating the lag between the utility's expense and its receipt of revenue, correct?
10:59:14 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler Other than the fact that the Commission has previously allowed Duke Kentucky and other utilities to use the one-eighth method to estimate the cash working capital, do you have any basis for believing that the one-eighth method provides a reasonable estimate of Duke's cost-of-financing expenses until it receives the revenue to cover those expenses?
10:59:39 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler Okay, how come?
10:59:57 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler I understand it's used by other people, and it's been used for a while. I'm just curious, under Duke's current operating circumstances, do you have any reason to believe it's a reasonable method for estimating Duke's cash working capital?
11:00:19 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler Do you agree that Duke sells its receivables to an affiliate, Cinergy Receivables Company, LLC?
11:00:29 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler Does it sell its receivables almost immediately after billing?
11:00:35 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler What is the timeframe like? A day, or is it, literally, immediately?
11:00:49 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler Does Duke Kentucky pay financing charge to that affiliate to cover its delay in collection of those receivables?
11:00:59 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler Does Duke Kentucky pay a financing charge to the affiliate to cover the affiliate's delay in collecting the receivables?
11:01:11 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler Would you dispute that?
11:01:22 AM	Vice Chairman Cicero Note: Sacre, Candace	That can be verified easy enough, right?
11:01:27 AM	Vice Chairman Cicero Note: Sacre, Candace	And, whatever that rate is, that I'm sure they're charging, you can provide that as well?



11:01:28 AM POST-HEARING DATA REQUEST  
Note: Sacre, Candace STAFF ATTY BELLAMY PSC - WITNESS LAWLER  
Note: Sacre, Candace CINERGY CORP. FINANCE CHARGE FOR PURCHASE OF DUKE ENERGY KENTUCKY ACCOUNTS RECEIVABLES

11:01:38 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace By selling receivables to an affiliate, the effect of that is that Duke significantly reduces the delay in its receipt of revenue as compared to a utility that does not sell its receivables. Is that correct?

11:02:05 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace Would you agree that the one-eighth method was intended to estimate cash working capital of a utility that has not sold its receivables in that manner?

11:02:23 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace Do you know whether or not the one-eighth method for estimating cash working capital was intended to be used by a utility that sells its receivables immediately?

11:02:44 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace And I know you said the one-eighth method's been around for a long time. Is it somewhat of a new phenomenon for utilities to sell their cash receivables?

11:02:53 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace How long has that practice been?

11:03:01 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace And, by new, I mean, you know, it's not something that's been going on for 50 years, has it? Selling accounts receivables?

11:03:17 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace You mentioned Duke Indiana and Duke Ohio. Do they sell their receivables in a similar manner?

11:03:35 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace And you mentioned that, in Ohio, if Duke Kentucky wants to recover - I'm sorry. You mentioned, in Ohio, if Duke Ohio wants to recover cash working capital that Ohio requires Duke Kentucky to do a lead-lag study. Is that correct?

11:04:08 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace But you said that Duke Ohio hasn't filed a lead-lag study in Ohio, correct?

11:04:17 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace And so, in Ohio, Duke is not recovering any cash working capital?

11:04:38 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace So at the retail Ohio level, no cash working capital is included in rate base?

11:04:53 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace Is there a reason - I guess, is the reason that you don't do a lead-lag study in Ohio because you know that it would be a negative number, so you might as well just not do it and just accept zero cash working capital?

11:05:18 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace You mentioned that Mr. Kollen's other adjustments - Mr. Kollen's other adjustments with respect to the inventory, you do agree that there is some lag in when Duke actually is required to pay expenses. Is that correct?

11:05:44 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace And you indicated that there was no need to make those adjustments because that lag in the payment was covered through the cash working capital, correct?

11:05:56 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler And, generally, the cash working capital, the amount that's included in rate base would - if it's including both the delay in having to pay expenses and the delay in receiving revenue, it would be a composite number of those reflecting the delay, the extent to which one might exceed the other, the extent to which the delay in receiving revenue would exceed the delay in having to pay the expenses, and, together, those would be used to calculate the cash working capital if you were using the lead-lag method, correct?
11:06:37 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler You mentioned that FERC uses the one-eighth method. Do you know if they allow Duke affiliates to recover financing charges from the collection affiliate? And I guess - you've indicated you don't know necessarily whether those financing charges are even paid, but so you -
11:07:03 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler Yeah, well, even Kentucky, I guess, but you indicated that, and maybe you don't know this because, as I understand it, when the receivables are sold to the affiliate, there is some finance charge, and my question is whether or not FERC allows the portion that's attributed to transmission, allows that finance charge to be recovered from ratepayers along with the one-eighth cash working capital?
11:07:50 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler In your rebuttal, you refer to some other utilities that use the one-eighth method in Kentucky, I think, Atmos Energy and some others. I was just curious, do you know - the utilities that you refer to, do you know whether or not they sell their accounts receivables in the manner that Duke does?
11:08:17 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler In your rebuttal testimony, at page 23 and 24, discusses - and I'm switching gears, here, just so you know. It's something different completely. Your rebuttal testimony talks about the conditional acceptance of the Customer Connect charge, and you kind of discussed this with the Attorney General a little bit, and, I guess, why you accepted the adjustment if you could defer the expenses and also receive a carrying cost on the deferral. I guess, why is it Duke's intention that it would be reasonable to defer and also receive the carrying costs until the next rate case?
11:09:44 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler Is - the Customer Connect plant assets, are those held by Duke Kentucky, or are they held by Duke Kentucky Business Services?
11:09:56 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler The Customer Connect assets, would those be plant assets that would be held in a Duke Kentucky account, or are those assets that would be held by Duke Kentucky Business Services?
11:10:09 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler The capital.
11:10:28 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler With respect to Duke's proposal to create the deferral, would it be Duke's intention to defer only the amounts expended for the development and implementation of the Customer Connect program or for all of the O&M associated with the program?
11:10:54 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler In your rebuttal testimony, at page 29, you talked about the regional transmission and expansion planning expense incurred May and June of 2018.

11:11:11 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler Page 25 of your rebuttal, and I think Duke was proposing to refund just the two-month period as opposed to Mr. Kollen's proposal to refund the whole amount, and the proposal is to amortize it over five years. I was curious why the five years if it's two months of expense?
11:12:03 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler So you chose the five years because you felt like then that's a reasonable estimate when you would come in for the next rate case such that the full amount would be refunded but there would not be any over-refund of that amount, correct?
11:12:15 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler On similar lines, Duke Kentucky is proposing to recover rate case expense from this case and amortize that over five years, but there's also, as I understand it, a rate case expense from the previous case that ended in 2018, which at the time was set to amortize over five years, and is Duke proposing to include that in rates at still - let me rephrase that. A portion of that rate case expense from the last case has already been amortized as we're now about two years out from the last rate case, correct?
11:13:00 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler If it were to continue to amortize over five years, there's about two and a half, three years of amortization left, correct?
11:13:10 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler With respect to the rates that are proposed here, has Duke included the amortization of the rate case expense from the previous case?
11:13:19 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler And is it included at an amortization rate of five years from the previous rate case?
11:13:25 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler Such that it would end in about two and a half years, midway through?
11:13:32 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler So, given what you just said with respect to the amortization of the RTEP expense, insuring that there's not an over-refund, would the same apply to rate case expense in the previous rate case and, such that, based on the balance at the time that the order is entered, that amount should be then amortized over five years from the date of the order to ensure that there's not an over-recovery?
11:14:06 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler So you said in the rate case you've included the amortization of the previous rate case expense at a rate which will have it - it will be fully amortized in about two and a half years, and you indicated with respect to the RTEP that you chose five years because you didn't want it to be over-refunded.
11:14:37 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler With the rate case expense from the previous case, if its amortizing at a rate that it will be completely amortized in two and a half years, if you all then stayed out the five years, the remaining balance would have been collected twice, basically, correct?
11:15:01 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler So would you agree that it would be reasonable to, with respect to the remaining balance of that, to set it to reamortize it to a five-year period?
11:15:18 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler From the date of the beginning of the forecasted test period.

11:15:30 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler On the same basis as the current rate case expense do, which is five years from the date of the -
11:15:48 AM	Vice Chairman Cicero - witness Note: Sacre, Candace	Lawler Examination. Just so it runs concurrently, there's no reason not to, is there?
11:15:57 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler You disagreed with Mr. Kollen's proposal to remove the regulatory asset for rate case expense from rate base, correct?
11:16:08 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler And I think he had argued that shareholders benefited from the rate case, and then, in your testimony, I think it was, at page 13, at line 16, you disagreed with his assertion and argued that - you disagreed that only shareholders benefit from the costs incurred to develop, file, and litigate rate cases, correct?
11:16:38 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler Do you acknowledge that the shareholders do benefit from rate cases in increasing rates and setting the rate of return at a rate that is deemed to be reasonable?
11:17:02 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler And, the actual rate case expense that is being amortized over five years, the actual cost would be collected from ratepayers, correct?
11:17:16 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler If you include it in a rate base, then the actual costs and the carrying costs of the rate case would be collected from ratepayers, correct?
11:17:23 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler So no costs of the rate case would be borne by shareholders?
11:17:31 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler If you amortize the rate case expense for five years but do not put it in a rate case, then ratepayers would pay the actual cost, but the carrying costs would be borne by the shareholders, correct?
11:17:43 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler If you amortize the rate case expense over five years but do not include the rate case expense in rate base, the actual cost of the rate case would be recovered from ratepayers but the carrying costs would be borne by the shareholders in that case?
11:18:05 AM	Staff Atty Bellamy PSC - witness Note: Sacre, Candace	Lawler Do you not see that as an equitable distribution of the costs?
11:18:45 AM	Staff Atty Bellamy PSC Note: Sacre, Candace	I don't have any other questions. Thank you.
11:18:48 AM	Vice Chairman Cicero Note: Sacre, Candace	Commissioner Mathews?
11:18:49 AM	Commissioner Mathews Note: Sacre, Candace	I don't have any.
11:18:51 AM	Vice Chairman Cicero - witness Note: Sacre, Candace	Lawler Examination. I'm just curious, on the sale of receivables and the one-eighth method, do any of the other Duke jurisdictions adjust for sale of receivables?
11:19:06 AM	Vice Chairman Cicero - witness Note: Sacre, Candace	Lawler Similar to what is being proposed by Mr. Kollen or is it -
11:19:54 AM	Vice Chairman Cicero - witness Note: Sacre, Candace	Lawler So there are different variations of the methodology?

11:20:06 AM Vice Chairman Cicero - witness Lawler  
Note: Sacre, Candace As far as the storm damage and request to set up a regulatory asset without the actual storm taking place, what is the thought process behind that?

11:21:54 AM Vice Chairman Cicero - witness Lawler  
Note: Sacre, Candace It's the company's position that they would still come to the Public Service Commission to determine what a major storm is?

11:22:06 AM Vice Chairman Cicero - witness Lawler  
Note: Sacre, Candace So, in other words, you set up this regulatory asset or liability, I think, right now, it's established, your O&M, at \$1,000,000 or something like that?

11:22:19 AM Vice Chairman Cicero - witness Lawler  
Note: Sacre, Candace And, sometimes, you spend more, and, sometimes, you spend less, according to what you're stating in your testimony, and you go forward, and it's a seven-hundred-thousand, or it's a three-hundred-thousand, whatever. But, one year, it's a one-point-three-million, and you want to establish this regulatory asset, you're going to come to the Commission and say, "We believe we have major storm damage, and we need to increase?"

11:23:14 AM Vice Chairman Cicero - witness Lawler  
Note: Sacre, Candace Well, I know, right now, whenever there is a major storm, then Duke comes into the Commission and requests to establish the regulatory asset.

11:23:24 AM Vice Chairman Cicero - witness Lawler  
Note: Sacre, Candace If there hasn't been a storm, Duke doesn't come in and say, "We've over-collected, so we want to give the money back."

11:23:42 AM Vice Chairman Cicero  
Note: Sacre, Candace Okay. Anybody have any other questions? Mr. Samford?

11:23:45 AM Atty Samford Duke Kentucky  
Note: Sacre, Candace Just a couple, Your Honor.

11:23:46 AM Atty Samford Duke Kentucky - witness Lawler  
Note: Sacre, Candace Redirect Examination. Ms. Lawler, you were mentioning - well, there was some talk about cash working capital. Do you recall that?

11:24:09 AM Atty Samford Duke Kentucky - witness Lawler  
Note: Sacre, Candace So that facility has been in place for, at least, a decade and, really, probably 14 or 15 years?

11:24:18 AM Atty Samford Duke Kentucky - witness Lawler  
Note: Sacre, Candace And has the company had rate cases in those 15 years?

11:24:23 AM Atty Samford Duke Kentucky - witness Lawler  
Note: Sacre, Candace Has the company ever had a rate case where the return was set based on rate base?

11:24:40 AM Atty Samford Duke Kentucky - witness Lawler  
Note: Sacre, Candace And did this cash working capital come up as an issue in that context?

11:24:45 AM Atty Samford Duke Kentucky - witness Lawler  
Note: Sacre, Candace Now, in prior cases, it was based upon capitalization, correct?

11:24:51 AM Atty Samford Duke Kentucky - witness Lawler  
Note: Sacre, Candace But one of the filing requirements is that there's a reconciliation between capitalization and rate base, correct?

11:24:58 AM Atty Samford Duke Kentucky - witness Lawler  
Note: Sacre, Candace And I think you said this earlier, but even though Indiana and Ohio, the state commissions, have a little bit different rules than Kentucky has, one of the equalizers is FERC has the same jurisdiction over all three states, correct?

11:25:13 AM Atty Samford Duke Kentucky - witness Lawler  
Note: Sacre, Candace And so the one-eighth method has been consistently applied by FERC for Duke Energy Ohio, Duke Energy Kentucky, and Duke Energy Indiana, correct?

11:25:23 AM Atty Samford Duke Kentucky - witness Lawler  
Note: Sacre, Candace And that's even after this receivables facility has been in place?

11:25:26 AM Atty Samford Duke Kentucky  
Note: Sacre, Candace Thank you.

11:25:28 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. Boehm?

11:25:29 AM Atty Boehm Kroger  
Note: Sacre, Candace (Shook head negatively.)

11:25:30 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. McNeil?

11:25:31 AM Asst Atty Gen McNeil  
Note: Sacre, Candace I don't have anything further.

11:25:32 AM Atty Howard NKU  
Note: Sacre, Candace Yes, please.

11:25:33 AM Vice Chairman Cicero  
Note: Sacre, Candace Yes, Mr. Howard.

11:25:35 AM Atty Howard NKU - witness Lawler  
Note: Sacre, Candace Cross Examination. Ms. Lawler, I just want some clarification, if I may, on the mechanics on the storm deferral. Earlier, in response to a question, you agreed that if the company experiences a storm and there's a significant financial impact, like with Ike, the company can come in, like with Ike in 2008, and ask for a regulatory asset, correct?

11:26:09 AM Atty Howard NKU - witness Lawler  
Note: Sacre, Candace And that's up to the discretion of the company?

11:26:14 AM Atty Howard NKU - witness Lawler  
Note: Sacre, Candace In questions from the Vice Chairman and then your responses, did I hear that you would be coming in on an annual basis and advising the Commission if there had been a storm or not and then, on an annual basis, either truing up or down the difference in the dollars banked?

11:28:25 AM Atty Howard NKU - witness Lawler  
Note: Sacre, Candace I mean, the biggest part of this Application and your proposal is, by avoiding having to approach the Commission and having a regulatory asset forced on damage, your mechanism would help this Commission avoid those type of proceedings, correct?

11:28:52 AM Atty Howard NKU - witness Lawler  
Note: Sacre, Candace And so an annual filing would be contradictory to your intention?

11:29:04 AM Atty Howard NKU - witness Lawler  
Note: Sacre, Candace So we go back to Duke as it currently stands - you had a storm in 2008, you requested and received a regulatory in 2008, and you didn't ask for recovery from the ratepayers until 2017 by way of a rate application, correct?

11:29:31 AM Atty Howard NKU - witness Lawler  
Note: Sacre, Candace And that's because, during that interim, while your costs may have gone up relative to the storm, there could have been other offsetting costs that could have gone down. and, as a consequence, Duke's needs come in for a rate case, you know, it didn't happen for nine years, correct?

11:29:55 AM Atty Howard NKU - witness Lawler  
Note: Sacre, Candace Well, that's my point, here, is that why should the company be allowed to have a storm deferral mechanism when the current regulatory compact with the opportunity for the company to request a regulatory asset and defer those costs already exists?

11:30:39 AM Atty Howard NKU - witness Lawler  
Note: Sacre, Candace If it's so volatile in this particular situation, why did it take Duke eight years or nine years to come in for a rate case?

11:30:52 AM Atty Howard NKU - witness Lawler  
Note: Sacre, Candace That went down, and, as a consequence, helped you avoid the need to come in sooner?

11:31:08 AM Atty Howard NKU - witness Lawler  
Note: Sacre, Candace But that's single issue ratemaking, is it not?

11:31:14 AM Atty Howard NKU - witness Lawler  
Note: Sacre, Candace And if Duke gets this particular storm deferral mechanism, will the other electric companies come in and request that?

11:31:23 AM Atty Howard NKU  
Note: Sacre, Candace That's all the questions I have, Mr. Vice Chairman.

11:31:27 AM Vice Chairman Cicero  
Note: Sacre, Candace Anything else, Mr. Bellamy?

11:31:29 AM Staff Atty Bellamy PSC  
Note: Sacre, Candace I did have one just follow up.

11:31:30 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace Cross Examination. With respect to the forecasted test period, there's forecasted capital additions and then your forecasting depreciation with respect to those additions, and then you're also, on top of that, forecasting the deferred tax liabilities with respect to that depreciation, is that correct, or are you?

11:32:13 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace Do you calculate the additions to that balance? How do you calculate the additions to that balance based on when the plant's going into service?

11:32:26 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace Yeah, just the deferred tax balance that's offsetting rate base.

11:32:36 AM Staff Atty Bellamy PSC - witness Lawler  
Note: Sacre, Candace I just meant for the forecasted period because it has to be an estimate. I didn't know if there was somewhere in the schedules where it's estimated.

11:32:44 AM Staff Atty Bellamy PSC  
Note: Sacre, Candace Okay. Thank you.

11:32:48 AM Vice Chairman Cicero  
Note: Sacre, Candace Commissioner Mathews?

11:32:48 AM Commissioner Mathews  
Note: Sacre, Candace (Shook head negatively.)

11:32:50 AM Atty Samford Duke Kentucky  
Note: Sacre, Candace Your Honor, can I ask one more question related to what Mr. Howard was just asking?

11:32:54 AM Vice Chairman Cicero  
Note: Sacre, Candace I was going to ask one more question about that myself.

11:32:56 AM Atty Samford Duke Kentucky  
Note: Sacre, Candace Well, go right ahead.

11:32:58 AM Vice Chairman Cicero - witness Lawler  
Note: Sacre, Candace Examination. Just to clarify, the initial request was to establish a regulatory liability or asset, whichever way it went, without coming to the Commission for approval?

11:33:13 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, that could be an issue. Go ahead.
11:33:18 AM	Atty Samford Duke Kentucky - witness Lawler Note: Sacre, Candace	Redirect Examination. Ms. Lawler, is it true that customers are still paying for recovery from Hurricane Ike which occurred 12 years ago?
11:33:28 AM	Atty Samford Duke Kentucky - witness Lawler Note: Sacre, Candace	So, under Mr. Howard's proposal, that would continue to be the case, where recovery of storm damage may be taking place a decade after the event?
11:33:41 AM	Atty Samford Duke Kentucky - witness Lawler Note: Sacre, Candace	Have - the customers who have been customers over that intervening 12 years, have they been able to receive any sort of credit for years where there has not been major storm activity?
11:33:53 AM	Atty Samford Duke Kentucky - witness Lawler Note: Sacre, Candace	And so, under the company's proposal, would both of those problems be remedied?
11:33:58 AM	Atty Samford Duke Kentucky Note: Sacre, Candace	Thank you, Your Honor.
11:34:00 AM	Vice Chairman Cicero Note: Sacre, Candace	Any other questions?
11:34:03 AM	Atty Howard NKU Note: Sacre, Candace	If I may have just one moment -
11:34:09 AM	Atty Howard NKU Note: Sacre, Candace	Yes, one question, if I may.
11:34:10 AM	Vice Chairman Cicero Note: Sacre, Candace	Uh-huh.
11:34:11 AM	Atty Howard NKU - witness Lawler Note: Sacre, Candace	Recross Examination. Ms. Lawler, isn't it the general rule that the company will recover or request recovery of the storm damage costs within five years?
11:34:31 AM	Atty Howard NKU Note: Sacre, Candace	That's all the questions I have, Mr. Vice Chairman.
11:34:33 AM	Vice Chairman Cicero Note: Sacre, Candace	May this witness be excused?
11:34:34 AM	Atty Samford Duke Kentucky Note: Sacre, Candace	Yes, sir.
11:34:35 AM	Vice Chairman Cicero Note: Sacre, Candace	Thank you.
11:34:43 AM	Atty Honaker Duke Kentucky Note: Sacre, Candace	We'll call Jim Ziolkowski.
11:35:10 AM	Vice Chairman Cicero Note: Sacre, Candace	Witness is sworn.
11:35:25 AM	Atty Honaker Duke Kentucky - witness Ziolkowski Note: Sacre, Candace	Direct Examination. Good morning. Can you please state your name for the record?
11:35:30 AM	Atty Honaker Duke Kentucky - witness Ziolkowski Note: Sacre, Candace	And what is your position with the company and your business address?
11:35:40 AM	Atty Honaker Duke Kentucky - witness Ziolkowski Note: Sacre, Candace	And did you cause testimony and Responses to Data Requests to be filed in this proceeding?
11:35:46 AM	Atty Honaker Duke Kentucky - witness Ziolkowski Note: Sacre, Candace	Do you have any corrections to make to any of those documents?



11:35:50 AM	Atty Honaker Duke Kentucky - witness Ziolkowski Note: Sacre, Candace	If I were to ask you those same questions today, would your responses be the same?
11:35:55 AM	Atty Honaker Duke Kentucky - witness Ziolkowski Note: Sacre, Candace	And is it your desire and intent to incorporate those into the record of this proceeding?
11:35:59 AM	Att Honaker Duke Kentucky Note: Sacre, Candace	The witness is available for cross.
11:36:01 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Boehm?
11:36:02 AM	Atty Boehm Kroger Note: Sacre, Candace	Thank you.
11:36:03 AM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	Cross Examination. Good morning, Mr. Ziolkowski. You discussed the three cost of service studies that Duke Energy Kentucky has prepared in this case in your testimony, is that right?
11:36:21 AM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	And those cost of service studies are the average of the 12 CP method, the average in excess method, and the production stacking method?
11:36:33 AM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	And you recommend that the Commission approve the average 12 CP method. Is that right?
11:36:42 AM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	You state - in your testimony, you refer to Workpaper FR 16-75, page 1, and you state that this workpaper shows the present rates of return by class. Is that right?
11:37:07 AM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	It's page 27, line 3.
11:37:33 AM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	So you state here that this workpaper shows the present rates of return by class. Is that right?
11:37:42 AM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	And that workpaper, generally, shows that some classes are paying - or that Duke is earning a higher return on some classes than on others?
11:37:52 AM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	And you filed testimony in Duke's last rate case in Kentucky, Is that right?
11:37:58 AM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	And you recommended in that case also that the Commission adopt the 12 CP method. Is that right?
11:38:07 AM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	And the Commission adopted that proposal in their Final Order?
11:38:22 AM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	Duke's original filing in the last rate case, which was in 2017, requested a forty-eight-point-six-million-dollar rate increase. Does that sound about right?
11:38:35 AM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	And that came down because, largely because, of a TCJA. Is that right?
11:38:46 AM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	And I'm just talking about your proposed increase.

11:38:51 AM Atty Boehm Kroger - witness Ziolkowski  
Note: Sacre, Candace And the proposed increase in that case was at the forty-eight-point-six-million was - that equated to an average rate increase of fifteen-point-eight percent. Does that sound about right?

11:39:05 AM Atty Boehm Kroger - witness Ziolkowski  
Note: Sacre, Candace And, in this case, you are proposing a slightly smaller rate increase but in the same range, forty-five-point-six-million-dollar increase?

11:39:16 AM Atty Boehm Kroger - witness Ziolkowski  
Note: Sacre, Candace And that equates to a fourteen-point-seven percent average rate increase?

11:39:24 AM Atty Boehm Kroger - witness Ziolkowski  
Note: Sacre, Candace Now, in the 2017 case, you proposed a five percent reduction - I'm sorry - a ten percent reduction in subsidies when allocating rates?

11:39:44 AM Atty Boehm Kroger - witness Ziolkowski  
Note: Sacre, Candace And, in this case, you are proposing a five percent reduction in subsidies. Is that right?

11:39:53 AM Atty Boehm Kroger - witness Ziolkowski  
Note: Sacre, Candace And the Commission accepted the ten percent subsidy reduction in the Final Order?

11:40:05 AM Atty Boehm Kroger - witness Ziolkowski  
Note: Sacre, Candace And, back to page 27 of your direct testimony, you state, again, you state Workpaper FR-16-75, page 1, indicates that there are - that there is a significant difference in the returns by class. Is that right?

11:40:23 AM Atty Boehm Kroger  
Note: Sacre, Candace Thank you. Those are all the questions I have.

11:40:25 AM Vice Chairman Cicero  
Note: Sacre, Candace Mr. McNeil?

11:40:26 AM Asst Atty Gen McNeil  
Note: Sacre, Candace Just a few, yes.

11:40:28 AM Asst Atty Gen McNeil - witness Ziolkowski  
Note: Sacre, Candace Cross Examination. Mr. Ziolkowski, good morning. Your direct at page 20, if you'll look there real quick, line 8, in that paragraph, there, and you're discussing - and this is part of a response to a question that started on the previous page about methods used to allocate distribution-related costs to various rate classes, and so, at line 10, there, you say, "As an example, investment in meters tend to be directly associated with the cost of metering the various customer groups." Is that just a general statement? Are you speaking about a certain investment in this case, or is that just a general statement of allocation?

11:41:31 AM Asst Atty Gen McNeil  
Note: Sacre, Candace May I approach, Vice Chair?

11:41:33 AM Vice Chairman Cicero  
Note: Sacre, Candace You may.

11:41:49 AM Asst Atty Gen McNeil  
Note: Sacre, Candace So I'm handing out a Workpaper, the same one that Mr. Boehm was referencing, FR-16-7B, page 5, and this is both one from this case and one from the previous rate case.

11:42:06 AM Vice Chairman Cicero  
Note: Sacre, Candace Do you want to establish it as AG Exhibit -

11:42:08 AM Asst Atty Gen McNeil  
Note: Sacre, Candace No. 3, yeah, please.

11:42:10 AM Vice Chairman Cicero  
Note: Sacre, Candace - No. 3?

11:42:11 AM ATTORNEY GENERAL EXHIBIT 3

11:42:23 AM	Asst Atty Gen McNeil - witness Ziolkowski Note: Sacre, Candace	Does that look correct, that the top page is from Case No. 2017-00321 and the page behind it is from this case, they're the same Workpaper?
11:42:35 AM	Asst Atty Gen McNeil - witness Ziolkowski Note: Sacre, Candace	Okay, that was correct, so, looking at line 2, residential, and then all the way over to the final column, that same K407 allocator you were speaking of, the meter cost allocation, so, in the last rate page, the first page, here, it was fifty-one-point-nine-six-one percent, and then, flipping over to this second page, that same cost allocator to residential for meters in this case is eighty-point-eight-three-three percent.
11:43:07 AM	Asst Atty Gen McNeil - witness Ziolkowski Note: Sacre, Candace	Can you explain that substantial increase?
11:43:31 AM	Asst Atty Gen McNeil - witness Ziolkowski Note: Sacre, Candace	So it is almost all due to the smart meter implementation?
11:43:50 AM	Asst Atty Gen McNeil - witness Ziolkowski Note: Sacre, Candace	Is it fair to say that no other class saw an increase of that sort of magnitude, between the cases in neither cost allocation?
11:44:23 AM	Asst Atty Gen McNeil Note: Sacre, Candace	Thank you. I'd like to move all of my three exhibits into evidence at this time.
11:44:29 AM	Vice Chairman Cicero Note: Sacre, Candace	So moved.
11:44:30 AM	ATTORNEY GENERAL EXHIBIT 2 Note: Sacre, Candace Note: Sacre, Candace	ASST ATTY GEN McNEIL - WITNESS NORTON U.S. ENERGY AND INFORMATION ADMINISTRATION 2018 KENTUCKY RELIABILITY METRIC INVESTOR-OWNED UTILITIES
11:44:31 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Howard?
11:44:31 AM	ATTORNEY GENERAL EXHIBIT 3 Note: Sacre, Candace Note: Sacre, Candace	ASST ATTY GEN McNEIL - WITNESS ZIOLKOWSKI 2017-00321 and 2019-00271 PAGE 5 DUKE ENERGY KENTUCKY, INC. ELECTRIC COST OF SERVICE STUDIES
11:44:31 AM	Asst Atty Gen McNeil Note: Sacre, Candace	I have no more questions.
11:44:32 AM	Atty Howard NKU Note: Sacre, Candace	No questions. Thank you, Mr. Vice Chairman.
11:44:35 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Nguyen?
11:44:36 AM	Asst Gen Counsel Nguyen PSC Note: Sacre, Candace	Yes, just very briefly.
11:44:38 AM	Asst Gen Counsel Nguyen - witness Ziolkowski Note: Sacre, Candace	Cross Examination. Good morning, Mr. Ziolkowski. Can you refer to Duke Kentucky's Response to Staff's Third Request, Item 69, so the question that was posed by Staff in this discovery request was for the provision or support that the zero intercept method produces statistically unreliable results for pole cost allocation, conductor cost allocation, and transformer cost allocation, correct?
11:45:27 AM	Asst Gen Counsel Nguyen - witness Ziolkowski Note: Sacre, Candace	And the response was, if you skip down to the next page, was that the company, Duke Kentucky, did not have enough data in the proper form for detail to prepare such a zero intercept modeling. Is that correct?

11:45:46 AM Asst Gen Counsel Nguyen - witness Ziolkowski  
Note: Sacre, Candace Can you explain or provide any more details as to why Duke Kentucky didn't have the data in the proper form or detail to perform such a modeling?

11:47:12 AM Asst Gen Counsel Nguyen - witness Ziolkowski  
Note: Sacre, Candace So even the data that has for a particular group asset, say, for the transformers, you're saying that that particular group is too broad to make any appropriate modeling for that particular group?

11:47:56 AM Asst Gen Counsel Nguyen - witness Ziolkowski  
Note: Sacre, Candace Okay, so, on a going-forward basis, Duke Kentucky could establish those accounts in a more granular detail to provide the proper data in the right format and detail to conduct a zero intercept analysis?

11:48:31 AM Asst Gen Counsel Nguyen - witness Ziolkowski  
Note: Sacre, Candace Okay. Well, what about pole costs? What sort of details or formats that Duke Kentucky did not have in the right manner for Duke Kentucky to perform a zero intercept model?

11:49:36 AM Asst Gen Counsel Nguyen - witness Ziolkowski  
Note: Sacre, Candace Okay, so, for conductor costs, for the conductors as well?

11:49:46 AM Asst Gen Counsel Nguyen - witness Ziolkowski  
Note: Sacre, Candace Okay, so, for those three assets, would Duke Kentucky be able to work at obtaining the data in a granular enough format and detail sothat, in the next rate case, Duke Kentucky would be able to perform a zero intercept analysis for these three categories?

11:50:45 AM Asst Gen Counsel Nguyen - witness Ziolkowski  
Note: Sacre, Candace And I think that's fair enough because - would you say that it's industry standard for - in terms of cost allocation, to perform a zero intercept analysis and if that analysis provides unreliable results, then you would utilize the minimum intercept method?

11:52:08 AM Asst Gen Counsel Nguyen - witness Ziolkowski  
Note: Sacre, Candace Okay, okay, so has Duke Kentucky ever done a zero intercept analysis for the pole cost, transformer cost, or the -

11:52:36 AM Asst Gen Counsel Nguyen - witness Ziolkowski  
Note: Sacre, Candace Do you know if Duke Indiana has conducted any zero intercept analysis for - or let me ask you this. Have you done any cost of service studies for Duke Indiana?

11:52:58 AM Asst Gen Counsel Nguyen - witness Ziolkowski  
Note: Sacre, Candace Does Duke Ohio perform any cost of service studies?

11:53:06 AM Asst Gen Counsel Nguyen - witness Ziolkowski  
Note: Sacre, Candace Any for the pole costs, transformer, and - I forgot what the other category was - the conductor for zero intercept analysis performed for those three assets?

11:53:34 AM Asst Gen Counsel Nguyen - witness Ziolkowski  
Note: Sacre, Candace For the same reasons as here, in Kentucky?

11:53:59 AM Asst Gen Counsel Nguyen  
Note: Sacre, Candace Those are all the questions I have. Thank you.

11:54:01 AM Vice Chairman Cicero  
Note: Sacre, Candace Commissioner Mathews?

11:54:02 AM Commissioner Mathews  
Note: Sacre, Candace I don't have any questions.

11:54:06 AM Vice Chairman Cicero - witness Ziolkowski  
Note: Sacre, Candace Examination. On the cost of service study, Duke is proposing to raise the fixed charge for residentil from 11 to fourteen-twenty-nine, is that right?

11:54:23 AM Vice Chairman Cicero - witness Ziolkowski  
Note: Sacre, Candace And the reason given is that the increase in residential costs were from an increase in operating expenses, mostly customer accounting and the return on customer-related rate base, specifically, from construction not classified as plant.

11:54:52 AM Vice Chairman Cicero - witness Ziolkowski  
Note: Sacre, Candace It may not be. It may be our summary, but that's the summary that I have as to the reason for it. Can you go into a little bit more specific?

11:55:39 AM Vice Chairman Cicero - witness Ziolkowski  
Note: Sacre, Candace What would be classified as customer accounting?

11:55:54 AM Vice Chairman Cicero - witness Ziolkowski  
Note: Sacre, Candace So here's why I'm asking the question. When Duke came in last time, they had lowest fixed charge or base charge of any of the utilities in Kentucky, and so, when their cost of service study showed that it should be eleven-twenty-nine, the Commission basically said, "Fine, that's reasonable."

11:56:16 AM Vice Chairman Cicero - witness Ziolkowski  
Note: Sacre, Candace Now, two years later, it's another 27 percent increase is what's being requested by Duke, and I'm wondering what happened over two years that's responsible for another 27 percent increase that they're requesting in a cost of service study that's identified as customer accounting which may be billing or some other administrative overhead that seems to be responsible for this increase?

11:57:08 AM Vice Chairman Cicero - witness Ziolkowski  
Note: Sacre, Candace So you're saying that the source for the increase didn't originate with you; you just put it into the model?

11:57:46 AM Vice Chairman Cicero  
Note: Sacre, Candace Do we have enough information to analyze the customer accounting increase that's been in the forecast? We do?

11:57:58 AM Vice Chairman Cicero - witness Ziolkowski  
Note: Sacre, Candace Okay, if we don't, I'll just do it as a post-hearing data request. If we find out that we're okay, then I'll just wait until I find out from Staff what it's all about.

11:58:09 AM Vice Chairman Cicero  
Note: Sacre, Candace I don't have any other questions. Do you have redirect?

11:58:12 AM Atty Honaker Duke Kentucky  
Note: Sacre, Candace I've got a few. I'm just going to have a few.

11:58:14 AM Atty Honaker Duke Kentucky - witness Ziolkowski  
Note: Sacre, Candace Redirect Examination. Do you recall questions from Kroger's counsel a few minutes ago about the subsidy excess?

11:58:22 AM Atty Honaker Duke Kentucky - witness Ziolkowski  
Note: Sacre, Candace And he asked you about possibly removing or going to a ten percent instead of the five percent to remove the subsidy like we did in the last rate case?

11:58:36 AM Atty Honaker Duke Kentucky - witness Ziolkowski  
Note: Sacre, Candace Okay. If the Commission were to increase this subsidy percentage to the ten percent that we did in the last rate case, would that impact residential customers' rates?

11:59:16 AM Atty Honaker Duke Kentucky - witness Ziolkowski  
Note: Sacre, Candace And that's because the residential customers are being subsidized by some of the other classes, correct?

11:59:22 AM Atty Honaker Duke Kentucky - witness Ziolkowski  
Note: Sacre, Candace And do you have any idea what the impact would be to the residential customers if that was done just at a high level at all what that impact would be?

11:59:51 AM Atty Honaker Duke Kentucky - witness Ziolkowski  
Note: Sacre, Candace Okay, and do you also recall questions from that Attorney General's counsel about meter costs for residential customers?

11:59:59 AM Atty Honaker Duke Kentucky - witness Ziolkowski  
Note: Sacre, Candace Do you know how many electric customers Duke Energy Kentucky has?

12:00:12 PM Atty Honaker Duke Kentucky - witness Ziolkowski  
Note: Sacre, Candace And how many of those are residential?

12:00:19 PM Atty Honaker Duke Kentucky - witness Ziolkowski  
Note: Sacre, Candace So a big majority is residential?

12:00:26 PM Atty Honaker Duke Kentucky - witness Ziolkowski  
Note: Sacre, Candace Then I just have a few questions for you to try to clear up some other stuff. Were you present in the room when there were questions asked a witness about the LED lighting and the tariffs?

12:00:36 PM Atty Honaker Duke Kentucky - witness Ziolkowski  
Note: Sacre, Candace Are you familiar with the LED lighting tariffs?

12:00:39 PM Atty Honaker Duke Kentucky - witness Ziolkowski  
Note: Sacre, Candace And do you know - there's been questions about whether or not that can just be a retrofit or if equipment has to be actually changed out or what happens with that. Can you kind of explain what that entails?

12:03:39 PM Atty Honaker Duke Kentucky  
Note: Sacre, Candace I have nothing further.

12:03:41 PM Vice Chairman Cicero - witness Ziolkowski  
Note: Sacre, Candace So can I ask one question regarding your example? You said that the capital costs primarily drive it, not the fact that the electricity rate is a portion of the tariff, so the question is, you said that some can be replaced if the mast can just be taken off and a new one put on; other ones, it's a fibreglass pole, the whole thing needs to be replaced. How do you come up with the average cost, knowing that there's different types of situations, some less capital intensive; some more capital intensive? Do you come up with an average cost, or just is it everything as if it was new on a capital basis, starting over?

12:04:50 PM Vice Chairman Cicero - witness Ziolkowski  
Note: Sacre, Candace So it's componentized?

12:04:55 PM Vice Chairman Cicero - witness Ziolkowski  
Note: Sacre, Candace Okay, so what about situations where you know there's a safety issue with a pole that's 30 years old, and even though they're not going to put up an LED light, it has to be replaced. How - does that work into normal O&M, or is that something that goes through the tariff as a - with the attitude that - the capital base?

12:05:55 PM Vice Chairman Cicero - witness Ziolkowski  
Note: Sacre, Candace So I guess I'm not sure on your answer. If the pole existed and they didn't do anything, would Duke be replacing it under - they find out that the pole failed prior to the end of its useful life. Would that be considered O&M or a capital expenditure?

12:06:40 PM Vice Chairman Cicero - witness Ziolkowski  
Note: Sacre, Candace Which is basically my accounting question. My accounting question is, is everything done on a capitalized basis, or are there situations where it's done on a typical O&M basis?

12:07:01 PM	Vice Chairman Cicero - witness Ziolkowski Note: Sacre, Candace	But the pole replacement is always capitalized?
12:07:14 PM	Vice Chairman Cicero Note: Sacre, Candace	All right. Do you have other questions, Mr. Boehm?
12:07:15 PM	Atty Boehm Kroger Note: Sacre, Candace	Yes, Your Honor.
12:07:17 PM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	Recross Examination. I just want to follow up on the questions from counsel regarding the rate allocation that we discussed a few minutes ago. I think that you stated that the reason that you did not propose to do a ten percent reduction in the subsidies in this case, whereas, you did it in the last case, was because, in this case, when you applied a ten percent reduction, it brought the residential rates above 20 percent. Is that right?
12:07:54 PM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	Now, that statement is based on the company's proposed revenue requirement, correct?
12:08:01 PM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	And that's a forty-five-point-six-million-dollar increase. Is that right?
12:08:12 PM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	Now, in the last case, the 2017 case, Duke proposed about a forty-nine-million-dollar rate increase, but, in the Commission's Final Order, it ended up being about an eight-million-dollar rate increase. Is that correct?
12:08:31 PM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	And that equated to a fifteen-point-eight percent increase going down to about a two-point-seven-percent increase?
12:08:42 PM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	In your experience, in rate cases in Kentucky and in other states, do utilities usually get approval of one hundred percent of their requested rate increase?
12:09:06 PM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	And if the Commission did approve a reduction - approved Duke's case but reduced the revenue requirement from Duke's request, that would bring down everyone's rates, correct?
12:09:24 PM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	And that could conceivably bring down the residential rate well below 20 percent?
12:09:38 PM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	Do you think it's reasonable for the Commission to consider the rate increase that each class will receive in the rate allocation at the rate that the Commission - at the rate increase that the Commission ultimately approves?
12:10:03 PM	Atty Boehm Kroger - witness Ziolkowski Note: Sacre, Candace	I'll restate. That wasn't stated very well. Is it reasonable for the Commission to consider the approved rate increase instead of Duke's proposed rate increase when determining what percent rate increase is reasonable for each customer class?
12:11:09 PM	Atty Boehm Kroger Note: Sacre, Candace	Thank you. Those are all the questions I have.
12:11:11 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. McNeil?
12:11:12 PM	Asst Atty Gen McNeil Note: Sacre, Candace	I don't have anything further.

12:11:13 PM	Atty Howard NKU Note: Sacre, Candace	Nothing further.
12:11:14 PM	Asst Gen Counsel Nguyen PSC Note: Sacre, Candace	Just one quick question, Your Honor.
12:11:18 PM	Asst Gen Counsel Nguyen PSC - witness Ziolkowski Note: Sacre, Candace	Recross Examination. And this could be done as a post-hearing data request or if you know it off the top of your head, Duke Kentucky is proposing to increase the real time pricing rate, the energy delivery charge for that rate schedule. Is that correct?
12:11:43 PM	Asst Gen Counsel Nguyen PSC Note: Sacre, Candace	Okay, then I could ask him. Thank you.
12:11:50 PM	Vice Chairman Cicero Note: Sacre, Candace	Commissioner Mathews?
12:11:51 PM	Commissioner Mathews Note: Sacre, Candace	(Shook head negatively.)
12:11:52 PM	Vice Chairman Cicero Note: Sacre, Candace	May this witness be excused?
12:11:54 PM	Vice Chairman Cicero Note: Sacre, Candace	You may be excused. Thank you.
12:12:02 PM	Vice Chairman Cicero Note: Sacre, Candace	We're going to go into recess, and let's make it 1:15.
12:12:14 PM	Session Paused	
1:16:33 PM	Session Resumed	
1:16:35 PM	Vice Chairman Cicero Note: Sacre, Candace	We're back on the record. I understand there might be members of the public that wanted to make a statement. I'm going to give you an opportunity. Normally, we do it at the beginning, but since you came all the way down here, we're going to give you five minutes to make a comment. If you'd like to, step up to the microphone.
1:17:04 PM	PUBLIC COMMENT - ALISA DARROW McDOWELL Note: Sacre, Candace	My name is Alisa Darrow McDowell, and I'm a resident of Northern Kentucky, and we would be, we are a ratepayer, for Duke, and, forgive me, I'm not prepared. I thought it would be at the end, so I'm just going to have to babble for five minutes. (Click on link for further comments.)
1:20:36 PM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. Was there anyone else that was from the public that wanted to speak?
1:20:50 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay. We can't wait, so we have to move on.
1:20:56 PM	Vice Chairman Cicero Note: Sacre, Candace	At this point, Mr. D'Ascenzo, you have two witnesses left, or is it Ms. Honaker?
1:21:03 PM	Atty Honaker Duke Kentucky Note: Sacre, Candace	I'm doing this one. Call Jeff Kern.
1:21:23 PM	Vice Chairman Cicero Note: Sacre, Candace	Witness is sworn.
1:21:29 PM	Vice Chairman Cicero Note: Sacre, Candace	Ms. Honaker?
1:21:31 PM	Atty Honaker Duke Energy - witness Kern Note: Sacre, Candace	Direct Examination. Good afternoon. Can you please state your name for the record?
1:21:37 PM	Atty Honaker Duke Kentucky - witness Kern Note: Sacre, Candace	And what is your position with the company and your business address?



1:21:51 PM	Atty Honaker Duke Kentucky - witness Kern Note: Sacre, Candace	And did you cause testimony and Responses to certain Data Requests to be filed in this proceeding?
1:21:57 PM	Atty Honaker Duke Kentucky - witness Kern Note: Sacre, Candace	And do you have any corrections to make to any of those documents?
1:22:01 PM	Atty Honaker Duke Kentucky - witness Kern Note: Sacre, Candace	If I were to ask you those same questions today, would your answers be the same?
1:22:05 PM	Atty Honaker Duke Kentucky - witness Kern Note: Sacre, Candace	And is it your desire and intent to incorporate those documents into the record of this proceeding?
1:22:09 PM	Atty Honaker Duke Kentucky Note: Sacre, Candace	The witness is available for cross.
1:22:11 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Boehm?
1:22:12 PM	Atty Boehm Kroger Note: Sacre, Candace	Thank you, Your Honor.
1:22:13 PM	Atty Boehm Kroger - witness Kern Note: Sacre, Candace	Cross Examination. Good afternoon, Mr. Kern. You sponsored a Schedule M as a part of your testimony. Is that correct?
1:22:20 PM	Atty Boehm Kroger - witness Kern Note: Sacre, Candace	Do you have Schedule M in front of you?
1:22:24 PM	Atty Boehm Kroger - witness Kern Note: Sacre, Candace	Can you please turn to Schedule M-2.1?
1:22:35 PM	Atty Boehm Kroger - witness Kern Note: Sacre, Candace	This is in the test period.
1:22:54 PM	Atty Boehm Kroger - witness Kern Note: Sacre, Candace	Schedule M-2.1 is the test period revenues at current rates for the 12 months ended March 31, 2021. Is that right?
1:23:26 PM	Atty Boehm Kroger - witness Kern Note: Sacre, Candace	Line 29, column D, this is in kilowatt hours, but it's four million forty-five thousand approximately megawatt hours of sales. Is that right?
1:23:44 PM	Atty Boehm Kroger - witness Kern Note: Sacre, Candace	Is this the projected, the total projected, sales for Duke Energy in the test period?
1:23:57 PM	Atty Boehm Kroger - witness Kern Note: Sacre, Candace	And so this is the amount of sales that Duke is proposing to use in order to set rates?
1:24:05 PM	Atty Boehm Kroger - witness Kern Note: Sacre, Candace	Were you in the room yesterday when Mr. Passty was on the stand?
1:24:12 PM	Atty Boehm Kroger - witness Kern Note: Sacre, Candace	Do you have Mr. Passty's testimony in front of you?
1:24:18 PM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	May I approach, Your Honor?
1:24:19 PM	Vice Chairman Cicero Note: Sacre, Candace	You may.
1:24:27 PM	Atty Boehm Kroger - witness Kern Note: Sacre, Candace	Can you please turn to Attachment BWP-2? Now, yesterday, I discussed this schedule with Mr. Passty, and we discussed specifically the industrial column, and we discussed how the projected industrial sales were increased by approximately 30 percent between 2020 and 2022. Do you recall that?

1:25:03 PM	Atty Boehm Kroger - witness Kern Note: Sacre, Candace	And we also discussed how this impacted total consumption, and we discussed how the total sales increased by approximately six-and-a-half percent between 2020 and 2022. Do you recall that?
1:25:20 PM	Atty Boehm Kroger - witness Kern Note: Sacre, Candace	And those numbers sound generally reasonable to you?
1:25:28 PM	Atty Boehm Kroger - witness Kern Note: Sacre, Candace	And I think sort of a loose end from that testimony was that we never got down to what total sales the company was using in its test period. Do you agree that we didn't discuss that?
1:25:48 PM	Atty Boehm Kroger - witness Kern Note: Sacre, Candace	And so this number from Schedule M 2.1, line 29, column D, that's the number that will be used, as you said, to set rates, correct?
1:26:03 PM	Atty Boehm Kroger - witness Kern Note: Sacre, Candace	And you would agree that, based on the projection done by Mr. Passty, the total sales will increase over this number by about six percent? That was my calculation. Does that sound about right?
1:26:28 PM	Atty Boehm Kroger Note: Sacre, Candace	Thank you. Those are all the questions I have.
1:26:32 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. McNeil?
1:26:33 PM	Asst Atty Gen McNeil Note: Sacre, Candace	Yes, thank you.
1:26:37 PM	Asst Atty Gen McNeil - witness Kern Note: Sacre, Candace	Cross examination. Good afternoon, Mr. Kern. We've covered some of the grounds on customer charge, but I won't belabor the point, but I want to hit a few things with you. Part of your rebuttal, you state that the increase to the residential rate, RS customer charge, is going to be a twenty-seven-point-three percent or thereabouts for someone with zero usage. Is that correct? That's the baseline customer charge?
1:27:05 PM	Asst Atty Gen McNeil - witness Kern Note: Sacre, Candace	And then, prior to the previous Rate Case 2017-00321, Duke Kentucky's customer charge was \$4.50. Is that right?
1:27:17 PM	Asst Atty Gen McNeil - witness Kern Note: Sacre, Candace	So, if Duke's fourteen-dollar proposal is accepted, would that be about a 211-percent increase in a matter of three years or so, subject to check?
1:27:29 PM	Asst Atty Gen McNeil - witness Kern Note: Sacre, Candace	Zero usage, that's the baseline entrance point, okay.
1:27:38 PM	Asst Atty Gen McNeil - witness Kern Note: Sacre, Candace	Page 4 of your rebuttal, you give a few, toward the middle of the page and down, you give a few examples of sort of a volumetric versus fixed price set-ups, different industries. You talk about cell phone plans, cable TV, car rental companies.
1:28:02 PM	Asst Atty Gen McNeil - witness Kern Note: Sacre, Candace	As far as cell phone plans, cable TV, you don't - you say, you pay a fixed charge; you don't pay for how much you view. Is that essentially what you said?
1:28:12 PM	Asst Atty Gen McNeil - witness Kern Note: Sacre, Candace	Aren't there tiers to a cable TV? You know, you can go up to a different plan, you get more channels. Is that right?
1:28:19 PM	Asst Atty Gen McNeil - witness Kern Note: Sacre, Candace	Same thing with a cell phone plan. If you want more data, you can pay for more data, a higher tier. Is that right?

1:28:29 PM Asst Atty Gen McNeil - witness Kern  
Note: Sacre, Candace Below that, so that's a measure of volumetric differential. Is that correct?

1:28:34 PM Asst Atty Gen McNeil - witness Kern  
Note: Sacre, Candace And then, with a car rental company, you can rent a car for one day; you can rent a car for 30 days. Is that true?

1:28:44 PM Asst Atty Gen McNeil - witness Kern  
Note: Sacre, Candace And, those examples, those are competitive industries, are they not?

1:28:50 PM Asst Atty Gen McNeil - witness Kern  
Note: Sacre, Candace So it's not quite the same when a customer has a choice between those different vendors as it is with being captive to Duke Kentucky Energy, is it?

1:29:39 PM Asst Atty Gen McNeil - witness Kern  
Note: Sacre, Candace But, again, there still remain tiers within that?

1:29:53 PM Asst Atty Gen McNeil - witness Kern  
Note: Sacre, Candace What about the marginal cost of one additional byte of data? I mean, how would you characterize the cost of that? Small or large?

1:30:11 PM Asst Atty Gen McNeil - witness Kern  
Note: Sacre, Candace And then, finally, your rebuttal at page 5, you reference Attachment JLK-2 from your direct testimony, and that's a chart that shows the Duke Energy Kentucky customer charge in relation to other utilities in the state, what is now and what it would be at fourteen and sort of saying, "Look, we're kind of at the bottom right now; our proposal is at the median." But, in and of itself, that's not a good argument for increasing the customer charge, is it?

1:30:46 PM Asst Atty Gen McNeil - witness Kern  
Note: Sacre, Candace Which, exactly, flows from that.

1:30:57 PM Asst Atty Gen McNeil  
Note: Sacre, Candace No further questions.

1:30:59 PM Atty Howard NKU  
Note: Sacre, Candace No questions.

1:31:00 PM Vice Chairman Cicero  
Note: Sacre, Candace Mr. Nguyen?

1:31:01 PM Asst Gen Counsel Nguyen PSC  
Note: Sacre, Candace Yes, thank you.

1:31:08 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Cross Examination. Good afternoon, Mr. Kern. Do you recall that Duke Kentucky is proposing to increase the energy delivery charge rates for rates, real-time price?

1:31:19 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace And that's based on the cost of service study, correct?

1:31:24 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace If you don't know off the top of your head, we can request this as a post-hearing Data Request, but could you identify where in the cost of service that rate is supported?

1:31:43 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace If you can refer to Duke Kentucky's Response, which you sponsored, to Staff's Second Request for Information, Item 171, in particular, 171-A-1 and A-2, and this is in regards to the customer charge for rate DS on secondary. Okay, and the Response provided is, "Support for the lowering of the customer charge for rate DS secondary to \$15 for single-phase and \$30 for three-phase as the weighted average of the two customer charges aligns with the cost of service study results." Is that correct?

1:32:38 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Okay, so, if you go down to the Response to Item 171-A-2, and this is in respect to the increasing of the rate DT secondary distribution, correct?

1:32:58 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Right, and the Response provides that the increase in those rates is because - is not reflective of or consistent with - well, it's not reflective of the cost of service study because the results from one cost of service study to the next could vary significantly because of the low customer for that particular rate schedule, correct?

1:33:29 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Okay, so, with respect to the two methods, the one in which you rely on in the cost of service study to increase the rate DS secondary and then the other to not rely on cost of service, does that support different philosophies with respect to rate design?

1:34:33 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Okay, so what you did or what Duke Kentucky proposes in this case is the increase is based upon the increase for that customer class as a whole, that's been allocated as a whole?

1:34:44 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace And then your other point was is that you can leave the rates the same and -

1:34:55 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace But not for the rate DT secondary, correct? You propose to increase that?

1:35:06 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Right, so why did you - why did Duke Kentucky propose to increase that even though the current customer charge for rate DT secondary single-phase and for the three-phase is already greater than the cost of service study result?

1:35:51 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Right, so I'm asking you why you chose to increase it as opposed to just leaving it the same?

1:36:43 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace So, may I ask, why did the company choose to leave the rate TT the same?

1:37:05 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Just judgment?

1:37:19 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Can you refer now to your Response to Staff's - or Duke Kentucky's Response to Staff's Third Request for Information, Item 5-B? This is in regards to the rate LED customers who choose to pay the cost of additional facility investment, either on a monthly basis instead of an upfront payment. Do you know why would a customer choose to pay a monthly rate for perpetuity or until the equipment is taken out of service rather than an upfront payment?

1:38:18 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Well, let me ask you this. Why did Duke Kentucky provide that option?

1:38:40 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Would - a customer who elects to pay a monthly rate as opposed to an upfront cost for the additional facility, would that customer at some point in time be overpaying for the additional equipment? For example, if that particular equipment is fully depreciated, would that customer, because the payments for that extends into perpetuity or when that facility is taken down, would that customer incur - experience an overpayment for that additional cost?

1:39:34 PM Vice Chairman Cicero - witness Kern  
Note: Sacre, Candace Examination. So I guess my question is why should Duke overcollect on something that there's no cost involved once the asset's been paid for?

1:40:11 PM Vice Chairman Cicero - witness Kern  
Note: Sacre, Candace Well, the rest of the rates are either a fixed rate or based on usage. In this case?

1:40:19 PM Vice Chairman Cicero - witness Kern  
Note: Sacre, Candace That they're going to continue to pay for forever if it's not taken out of service?

1:40:33 PM Vice Chairman Cicero - witness Kern  
Note: Sacre, Candace I think the question is because you made the payment convenient that means you should just keep collecting the money?

1:40:51 PM Vice Chairman Cicero - witness Kern  
Note: Sacre, Candace That can easily be established and put in the tariff and it said it's got a five-year life, we'll collect five years or whether it's six years or whatever it is, and then, after that, it's free to the customer. I'm just curious.

1:41:13 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Cross Examination (cont'd). What would the additional investment - what would the facilities associated with those additional investments be?

1:41:25 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace So the rate LED is either for the option to pay up front or on a monthly basis for additional facility investments, correct?

1:41:37 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace So what are those additional facilities that are needed for that investment for that customer? Has Duke Kentucky identified those particular type of additional facilities that would be required?

1:41:55 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Okay, so I guess, based upon those type of facilities or assets, you could determine the useful life of that and then gear the monthly payments based upon the depreciable life plus whatever else, correct?

1:42:24 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Are you familiar with the usage alert or the outage alert or the pick your own due date programs?

1:42:39 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace So, in response to Staff's Third Data Request, Items 2 and 3, you can turn to it if you like, but the Response provided that, if directed by the Commission, Duke Kentucky would include a more detailed description of these programs and its tariffs because the tariffs as proposed do not include any detail or description.

1:43:08 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace As a post-hearing data request, could you provide the additional language that Duke Kentucky would recommend including in the tariffs for these particular programs?

1:43:28 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Are you familiar with the - well, are you familiar with the changes, the proposed additional changes, to Duke Kentucky's tariff under the terms and services regarding charge for reconnection of service?

1:43:54 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace And the reason why I ask that is that I didn't want you to refer to its Volume 12 in the Application, so the last sentence in paragraph C provides, and I'll quote it, "At the company's discretion, particularly dangerous or repeated instances of tampering may result in the customer being required to take service under Rider AMO and being subject to the charges associated with that rider." Do you recall that official language?

1:44:25 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace And Rider AMO is the Advanced Meter Opt Out rider for residential customers. Is that correct?

1:44:33 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace The term "particularly dangerous," does that apply only to instances of tampering, or could it include other dangerous situations?

1:44:48 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace And then the language that says "repeated instances of tampering," is there a certain number of items that meter is tampered with that would then trigger that customer to be served another Rider AMO?

1:45:25 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace So it's within the context of the tampering or no?

1:45:45 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace In your experience with respect to customers tampering with meters, is that typically done in a willful and intentional manner, in a willful and intentional way to bypass service?

1:46:08 PM Vice Chairman Cicero - witness Kern  
Note: Sacre, Candace Examination. So who actually makes the determination or who is going to be the one that makes the determination of how many times or if it is egregious enough that they need to be charged \$2,000?

1:46:32 PM Vice Chairman Cicero - witness Kern  
Note: Sacre, Candace So they would have the subjective?

1:46:50 PM Vice Chairman Cicero - witness Kern  
Note: Sacre, Candace Somebody is determining that because they just asked the question and said how many times.

1:47:05 PM Vice Chairman Cicero - witness Kern  
Note: Sacre, Candace I understand the fees are laid out. The subjective part is who is subjected to those defined fees that you've laid out in the tariff, and I think right now -

1:47:21 PM Vice Chairman Cicero - witness Kern  
Note: Sacre, Candace Whoever is caught tampering one time would get a \$2,000 penalty?

1:47:29 PM Vice Chairman Cicero - witness Kern  
Note: Sacre, Candace Two hundred, thousand, whatever it is, they would -

1:47:46 PM Vice Chairman Cicero - witness Kern  
Note: Sacre, Candace I'm still at the place I was at. I was talking about the \$2,000.

1:47:55 PM Vice Chairman Cicero - witness Kern  
Note: Sacre, Candace I'm missing something totally here.

1:47:59 PM Vice Chairman Cicero - witness Kern  
Note: Sacre, Candace You just mentioned the \$2,000.

1:48:02 PM Asst Gen Counsel Nguyen PSC  
Note: Sacre, Candace It's two hundred for residential and a thousand for non-residential.

1:48:43 PM Vice Chairman Cicero - witness Kern  
Note: Sacre, Candace And there's no fee associated with that?

1:48:52 PM Vice Chairman Cicero  
Note: Sacre, Candace My apologies. I thought I heard two thousand both from there and from there. Sorry, go ahead.

1:49:01 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Cross Examination (cont'd). Under the Rider AMO, there's a \$25 per month fee, but there's also a one-time fee of a hundred dollars. Is the customer subjected, if they are caught, repeated tampering -

1:49:17 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace So the hundred dollars and also the \$25 per month in addition to either the \$200 or the thousand-dollar penalty or fine?

1:49:33 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace How will residential customers be notified - well, let me back up and clarify. The Rider AMO applies only to residential customers, is that correct?

1:49:52 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Subject to check, I'm pretty sure that in the tariff language, itself, it's residential customers.

1:50:06 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Well, I'll just ask. How will residential customers be notified that they will be placed under Rider AMO under this proposal? So, if they're caught repeated instances of tampering they'll be placed under - based upon Duke Kentucky's decision to place that particular customer under the Rider AMO and subjected to the monthly meter readings, physical meter readings, how will that particular customer be notified that he or she will be placed under this Rider AMO along with the hundred-dollar one-time payment and the \$25 per month?

1:50:55 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Who would?

1:51:03 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Let me do this. I can I ask that as a post-hearing data request.

1:51:05 PM POST-HEARING DATA REQUEST  
Note: Sacre, Candace ASST GEN COUNSEL NGUYEN PSC - WITNESS KERN  
Note: Sacre, Candace NOTIFICATION TO RESIDENTIAL CUSTOMER OF PLACEMENT UNDER RIDER AMO

1:51:15 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace And will residential customers that are placed under Rider AMO under this proposal have a way to transition off of Rider AMO?

1:51:36 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Another question for someone else or post-hearing?

1:51:40 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace There's only Mr. Wathen left, I believe.

1:51:50 PM Asst Gen Counsel Nguyen PSC - witness Kern  
Note: Sacre, Candace Well, we'll do it as a post-hearing data request.

1:51:51 PM POST-HEARING DATA REQUEST  
Note: Sacre, Candace ASST GEN COUNSEL NGUYEN PSC - WITNESS KERN  
Note: Sacre, Candace PROCESS FOR TRANSITIONING OFF RIDER AMO

1:51:54 PM Asst Gen Counsel Nguyen PSC  
Note: Sacre, Candace Those are all the questions I have.

1:51:56 PM Vice Chairman Cicero  
Note: Sacre, Candace Commissioner Mathews?

1:51:57 PM Commissioner Mathews  
Note: Sacre, Candace I don't have any.

1:51:58 PM	Vice Chairman Cicero Note: Sacre, Candace	I don't have any. Do you have any redirect?
1:52:00 PM	Atty Honaker Duke Kentucky Note: Sacre, Candace	No, Your Honor.
1:52:04 PM	Vice Chairman Cicero Note: Sacre, Candace	Any others? May this witness be excused?
1:52:06 PM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	Yes, please.
1:52:11 PM	Atty Samford Duke Kentucky Note: Sacre, Candace	Your Honor, we'd like to call as our final witness for the company Mr. Don Wathen.
1:52:26 PM	Vice Chairman Cicero Note: Sacre, Candace	Witness is sworn.
1:52:34 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Samford?
1:52:36 PM	Atty Samford Duke Kentucky Note: Sacre, Candace	Thank you. Your Honor.
1:52:37 PM	Atty Samford Duke Kentucky - witness Wathen Note: Sacre, Candace	Direct Examination. Mr. Wathen, would you please state your name, title, and business address for the record, please?
1:52:54 PM	Atty Samford Duke Kentucky - witness Wathen Note: Sacre, Candace	And you cause certain testimony and Responses to Data Requests to be filed in the record of this case?
1:52:59 PM	Atty Samford Duke Kentucky - witness Wathen Note: Sacre, Candace	Do you have any corrections, additions or updates to that testimony?
1:53:20 PM	Atty Samford Duke Kentucky - witness Wathen Note: Sacre, Candace	With that one addition or correction, if I were to ask you the same question, would your answers be the same?
1:53:25 PM	Atty Samford Duke Kentucky - witness Wathen Note: Sacre, Candace	Is it your desire and intent to incorporate your testimony and record Responses to Data Requests in this case?
1:53:25 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Boehm?
1:53:33 PM	Atty Samford Duke Kentucky Note: Sacre, Candace	Your Honor, tender the witness for cross examination.
1:53:36 PM	Atty Boehm Kroger Note: Sacre, Candace	No questions, Your Honor.
1:53:37 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. McNeil?
1:53:38 PM	Asst Atty Gen McNeil Note: Sacre, Candace	Yes, thank you.
1:53:41 PM	Asst Atty Gen McNeil - witness Wathen Note: Sacre, Candace	Cross Examination. Good afternoon, Mr. Wathen. I really just have questions on one issue. In your rebuttal testimony, you address an adjustment suggested by Mr. Kollen related to the transmission, operating, and maintenance expenses and Mr. Kollen' s adjustment to refund a portion of that?
1:54:14 PM	Asst Atty Gen McNeil - witness Wathen Note: Sacre, Candace	Right, just the RTEP and transmission costs?



1:54:17 PM Asst Atty Gen McNeil - witness Wathen  
Note: Sacre, Candace Thank you, so, in your rebuttal, you make sure to mention that you're using and you do a calculation for illustrative purposes to kind of use Mr. Kollen's reasoning and you make your own calculation to show how you think the company is under-recovered on some of those costs. Is that correct?

1:54:47 PM Asst Atty Gen McNeil - witness Wathen  
Note: Sacre, Candace And so you say you were using Accounts 560 to 576 on page 4. Is that correct?

1:54:56 PM Asst Atty Gen McNeil - witness Wathen  
Note: Sacre, Candace I didn't see that footnote in there, and you go on to say that Mr. Kollen did not include Accounts 575 and 576 in his own calculations. Is that right?

1:55:16 PM Asst Atty Gen McNeil - witness Wathen  
Note: Sacre, Candace Can I have you turn to Duke's Response to Staff's Data Request No. 2, Item 60?

1:55:41 PM Asst Atty Gen McNeil - witness Wathen  
Note: Sacre, Candace You did not. I'm sorry, but it relates directly to this, so -

1:55:45 PM Atty Honaker Duke Kentucky  
Note: Sacre, Candace Who sponsored it?

1:55:46 PM Asst Atty Gen McNeil  
Note: Sacre, Candace That was Jacobi and Weatherston. Sorry, I should have told you beforehand.

1:56:02 PM Asst Atty Gen McNeil  
Note: Sacre, Candace I have a copy, here, if you want, Rocco.

1:56:08 PM Vice Chairman Cicero  
Note: Sacre, Candace You may.

1:56:08 PM Atty D'Ascenzo Duke Kentucky  
Note: Sacre, Candace I have one. May I approach?

1:56:20 PM Asst Atty Gen McNeil - witness Wathen  
Note: Sacre, Candace Okay, so I know you didn't sponsor this, but looking at this Response to Staff, do you agree that it shows that Staff asked for Duke Kentucky's actual transmission expense for the five-year period ending December 31, 2018, and projected transmission expense for the years 2019 through 2021?

1:56:41 PM Asst Atty Gen McNeil - witness Wathen  
Note: Sacre, Candace And so can you see, there, that those amounts are included, and it has Accounts 560 through 574 for those requested years. Do you see that those are the accounts that are included in the Response?

1:57:01 PM Asst Atty Gen McNeil - witness Wathen  
Note: Sacre, Candace Well, that - Mr. Kollen, would you agree that Mr. Kollen used the Responses provided - well, subject to check, that his calculations used the Response provided here in his calculations and that -

1:57:18 PM Asst Atty Gen McNeil - witness Wathen  
Note: Sacre, Candace Would you agree that this Response sort of self-defines the transmission expenses for that period?

1:57:34 PM Asst Atty Gen McNeil - witness Wathen  
Note: Sacre, Candace But you do agree that it was an error not to include those other two accounts in this Response?

1:58:32 PM Asst Atty Gen McNeil - witness Wathen  
Note: Sacre, Candace So you have your Attachment WDW - Rebuttal 2 available?

1:58:48 PM Asst Atty Gen McNeil - witness Wathen  
Note: Sacre, Candace So page 3 of 18, there, if you'll turn there, so can you see here that this page is where Accounts 575 and 576 are listed?

1:59:04 PM	Asst Atty Gen McNeil - witness Wathen Note: Sacre, Candace	Does the headline on line 113, there, for the 575 Accounts read as regional market expenses?
1:59:13 PM	Asst Atty Gen McNeil - witness Wathen Note: Sacre, Candace	I mean, does this define itself as transmission costs?
1:59:41 PM	Asst Atty Gen McNeil - witness Wathen Note: Sacre, Candace	To your knowledge, does FERC still today consider 575 and 576 transmissoin expense accounts?
2:00:28 PM	Asst Atty Gen McNeil Note: Sacre, Candace	Okay. No further questions.
2:00:30 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Howard?
2:00:32 PM	Atty Howard NKU Note: Sacre, Candace	No questions. Thank you.
2:00:32 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Nguyen?
2:00:34 PM	Asst Gen Counsel Nguyen PSC Note: Sacre, Candace	Mr. Bellamy is handling it.
2:00:35 PM	Staff Atty Bellamy PSC Note: Sacre, Candace	I did have just a couple of quick questions.
2:00:35 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Bellamy?
2:00:38 PM	Staff Atty Bellamy PSC - witness Wathen Note: Sacre, Candace	Cross Examinatoin. And I think you might have just answered one of them actually. If you look at your Rebuttal Attachment No. 1, you list what you indicated are the transmission costs, and then, for the period 2007, in the first column, there, that has the actual expenses 2007 to April 2018, and you have approximately almost seventeen million, and you don't have any amounts for Account 175 included in there, and I think you just said that's because those accounts weren't created until 2006 or -
2:01:44 PM	Staff Atty Bellamy PSC - witness Wathen Note: Sacre, Candace	So that's why there's no balance there because it would have been reflected above?
2:01:55 PM	Staff Atty Bellamy PSC - witness Wathen Note: Sacre, Candace	With respect to the regional transmission expansion or the RTEP expense that was refunded, is that an amount - when those expenses were incurred, are those expenses that would have been offset against revenue from PJM in order to determine the amounts that would go to ratepayers through the PSM rider?
2:02:32 PM	Staff Atty Bellamy PSC - witness Wathen Note: Sacre, Candace	What about with respect to the transmission costs, here, that you're - in the years 2012 through 2018, you're showing the total cost in those years. Would any portion of those costs have been expenses that would have been offset against the revenue through the PSM rider?
2:03:33 PM	Staff Atty Bellamy PSC Note: Sacre, Candace	And I might confer and maybe send a post-hearing data request to see if you can check those numbers, but I don't have any other questions.
2:03:41 PM	Vice Chairman Cicero Note: Sacre, Candace	Commissioner Mathews?
2:03:43 PM	Commission Mathews Note: Sacre, Candace	No questions.

2:03:44 PM	Vice Chairman Cicero Note: Sacre, Candace	I don't have any questions. Any redirect?
2:03:47 PM	Atty Samford Duke Kentucky Note: Sacre, Candace	No, Your Honor.
2:03:48 PM	Vice Chairman Cicero Note: Sacre, Candace	Any other questions?
2:03:51 PM	Vice Chairman Cicero Note: Sacre, Candace	Does that conclude your list of witnesses?
2:04:35 PM	Vice Chairman Cicero Note: Sacre, Candace	Congratulations. May this witness be at least excused for today, depending how much longer he's supposed to continue?
2:04:52 PM	Atty Samford Duke Kentucky Note: Sacre, Candace	Your Honor, that concludes our witnesses.
2:04:56 PM	Vice Chairman Cicero Note: Sacre, Candace	Normally, I would let the AG go next, but I'm going to save his witness for last and ask, Mr. Howard, have you got a witness?
2:05:06 PM	Atty Howard NKU Note: Sacre, Candace	Yes, Mr. Vice Chairman.
2:05:07 PM	Vice Chairman Cicero Note: Sacre, Candace	If you'd like to call him, we'll take him first, and then we're going to do Mr. Kollen.
2:05:11 PM	Atty Howard NKU Note: Sacre, Candace	Yes, if you're inclined to have him go on the stand, we'll be glad to do so.
2:05:14 PM	Vice Chairman Cicero Note: Sacre, Candace	We'll see if anybody has any questions for him. Do you have any questions?
2:05:18 PM	Atty Honaker Duke Kentucky Note: Sacre, Candace	I've got a few. Not many.
2:05:41 PM	Vice Chairman Cicero Note: Sacre, Candace	Witness is sworn.
2:05:48 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Howard?
2:05:49 PM	Atty Howard NKU Note: Sacre, Candace	Thank you, Mr. Vice Chairman.
2:05:50 PM	Atty Howard NKU - witness Collins Note: Sacre, Candace	Direct Examination. Mr. Collins, would you state your full name, please?
2:05:56 PM	Atty Howard NKU - witness Collins Note: Sacre, Candace	And your address?
2:06:06 PM	Atty Howard NKU - witness Collins Note: Sacre, Candace	And by whom are you employed?
2:06:11 PM	Atty Howard NKU - witness Collins Note: Sacre, Candace	Have you been retained by NKU to file testimony in this case?
2:06:16 PM	Atty Howard NKU - witness Collins Note: Sacre, Candace	Have you also sponsored answers to certain discovery requests?
2:06:24 PM	Atty Howard NKU - witness Collins Note: Sacre, Candace	Your testimony in those requests or your answers to those requests, those have been entered into the record, have they not?
2:06:32 PM	Atty Howard NKU - witness Collins Note: Sacre, Candace	If I were to ask you the same questions that appear in the testimony and if those same questions were asked of you today in the discovery requests, would they be the same?

2:06:44 PM	Atty Howard NKU - witness Collins Note: Sacre, Candace	Do you have any changes at all to be made to those?
2:06:47 PM	Atty Howard NKU Note: Sacre, Candace	Mr. Vice Chairman, subject to cross.
2:06:50 PM	Vice Chairman Cicero Note: Sacre, Candace	Ms. Honaker?
2:06:53 PM	Atty Honaker Duke Kentucky - witness Collins Note: Sacre, Candace	Cross Examination. Good afternoon. I just have a couple of questions for you. Were you in the room yesterday when there was some discussion with Amy Spiller regarding Duke's sustainability goals to be carbon neutral?
2:07:08 PM	Atty Honaker Duke Kentucky - witness Collins Note: Sacre, Candace	Are you aware that NKU has the same sustainability goals and the same timeframe to reach those goals?
2:07:19 PM	Atty Honaker Duke Kentucky - witness Collins Note: Sacre, Candace	Are you aware that their commitment is to have sustainability, the zero, achieving carbon neutrality by 2050?
2:07:36 PM	Atty Honaker Duke Kentucky - witness Collins Note: Sacre, Candace	And, as part of that, is it to reduce the energy usage and their transportation emissions?
2:07:44 PM	Atty Howard NKU Note: Sacre, Candace	Now, Mr. Vice Chairman, at this point in time, counsel is referring to a particular document. Is it okay if the witness sees that document?
2:07:53 PM	Vice Chairman Cicero Note: Sacre, Candace	If you want - I think she was - his answers were acceptable?
2:07:58 PM	Atty Honaker Duke Kentucky Note: Sacre, Candace	Yes, and I think he's already seen this document this morning, but -
2:08:03 PM	Vice Chairman Cicero Note: Sacre, Candace	If you want to validate that by showing it to him, go ahead.
2:08:15 PM	Vice Chairman Cicero - witness Collins Note: Sacre, Candace	Examination. So, your answers, you stand by them, and they're satisfactory?
2:08:21 PM	Atty Honaker Duke Kentucky Note: Sacre, Candace	I'll go ahead and hand this out, and we'll just move to mark it and introduce it into evidence as well, Your Honor
2:08:32 PM	Atty Samford Duke Kentucky Note: Sacre, Candace	It'll be Duke Exhibit 3, Your Honor.
2:08:34 PM	Vice Chairman Cicero Note: Sacre, Candace	Duke Exhibit 3.
2:08:35 PM	DUKE KENTUCKY EXHIBIT 3 Note: Sacre, Candace Note: Sacre, Candace	ATTY HONAKER DUKE KENTUCKY - WITNESS COLLINS NKU NEWS NOV 2019 - NKU JOINS THE CINCINNATI 2030 DISTRICT FOR URBAN SUSTAINABILITY
2:08:49 PM	Vice Chairman Cicero Note: Sacre, Candace	Does that conclude your cross?
2:08:50 PM	Atty Honaker Duke Kentucky Note: Sacre, Candace	That's all the questions I have, yes.
2:08:52 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Boehm?
2:08:53 PM	Atty Boehm Kroger Note: Sacre, Candace	No questions, Your Honor.
2:08:54 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. McNeil?
2:08:56 PM	Asst Atty Gen McNeil Note: Sacre, Candace	I don't have any questions.

2:08:57 PM	Staff Atty Bellamy PSC Note: Sacre, Candace	No questions.
2:08:58 PM	Vice Chairman Cicero Note: Sacre, Candace	Staff has no questions. I have no questions.
2:09:03 PM	Vice Chairman Cicero Note: Sacre, Candace	No redirect. May this witness be excused?
2:09:03 PM	Atty Howard NKU Note: Sacre, Candace	No redirect.
2:09:05 PM	Atty Howard NKU Note: Sacre, Candace	Yes.
2:09:06 PM	Vice Chairman Cicero Note: Sacre, Candace	Thank you.
2:09:09 PM	Vice Chairman Cicero Note: Sacre, Candace	So, according to my list, I show, besides Mr. Kollen - did we do Glenn Watkins?
2:09:21 PM	Asst Atty Gen McNeil Note: Sacre, Candace	No.
2:09:22 PM	Vice Chairman Cicero Note: Sacre, Candace	Is he here to - available as a witness?
2:09:26 PM	Vice Chairman Cicero Note: Sacre, Candace	Well, let's take - I know there's going to be a lot of questions for Mr. Kollen, and I'm saving him for last.
2:09:26 PM	Asst Atty Gen McNeil Note: Sacre, Candace	Yes.
2:09:32 PM	Asst Atty Gen McNeil Note: Sacre, Candace	I appreciate that. Thank you, Your Honor. With that, the Attorney General's Office would call Mr. Glenn Watkins to the stand.
2:09:50 PM	Vice Chairman Cicero Note: Sacre, Candace	Witness is sworn.
2:09:58 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. McNeil?
2:10:10 PM	Asst Atty Gen McNeil - witness Watkins Note: Sacre, Candace	Direct Examination. Mr. Watkins, would you please state your full name, title, and business address for the record?
2:10:21 PM	Asst Atty Gen McNeil - witness Watkins Note: Sacre, Candace	Are you the same Glenn Watkins who submitted direct testimony in this matter and responded to Data Requests?
2:10:27 PM	Asst Atty Gen McNeil - witness Watkins Note: Sacre, Candace	Do you have any additions or corrections to your testimony or Responses?
2:10:31 PM	Asst Atty Gen McNeil - witness Watkins Note: Sacre, Candace	If you were asked the same questions today, would your answers remain the same?
2:10:36 PM	Asst Atty Gen McNeil Note: Sacre, Candace	He's available for cross examination, Your Honor.
2:10:38 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. A'scenzo?
2:10:39 PM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	Thank you.
2:10:40 PM	Atty D'Ascenzo Duke Kentucky - witness Watkins Note: Sacre, Candace	Cross Examination. Good afternoon, Mr. Watkins, so can you just confirm for me, sir, that the purpose of your testimony is limited to the company's proposal to increase its customer charge?

2:10:59 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And you're not offering any other opinions in your written testimony on any other aspect of the company's case, right?

2:11:05 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And you are also not addressing any other customer charges for any other customer class, correct?

2:11:13 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Thank you. Would you please turn to page 2, line 16, of your testimony. You mention that the Commission approved an increase to the company's residential customer charge from \$4.50 to \$11 per month in Case No. 2017-00321. Do you see that?

2:11:36 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace So is it fair to say that, in preparing your testimony in this case, you have reviewed the Commission's Order from that case?

2:11:52 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And thank you for that clarification, and you also provided testimony on behalf of the Kentucky Attorney General in that case?

2:12:01 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Thank you, and, in that case, your testimony, among other things, also addressed the company's proposal to increase its residential customer charge, is that correct?

2:12:14 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And, in that case, do you recall what your recommendation was?

2:12:27 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Thank you, so that was to maintain the company's then four-dollar-and-fifty-cent charge?

2:12:35 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And you would agree with me, sir, that in the company's 2017 electric rate case, the Commission did approve a higher customer charge ultimately?

2:12:48 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And that was the current eleven-dollar charge, right?

2:12:54 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And would you agree with me, sir, that, in the Commission's Order, the Commission found that the company's revised cost of service study in that case supported a residential customer charge of \$11.31?

2:13:19 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And that's fine. Thank you for clarifying that, and the Commission's Order in that case went on to state that that \$11.31 includes all costs identified as customer related in the company's cost of service study, did it not?

2:13:45 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Okay, and the Commission accepted the company's cost of service study in that case, right?

2:13:52 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And would you agree with me, sir, that the cost of service study that the company is proposing in this case does not differ in terms of methodology from that of the last case?

2:14:04 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Thank you, and, in both of those cases, do you recall - well, let me rephrase that. In this case, the company's cost of service study was performed by company witness James Ziolkowski, correct?

2:14:18 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And do you recall if Mr. Ziolkowski was also the witness that performed and supported the cost of service study also?

2:14:30 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Okay, and would you agree with me that, in both cost of service studies, the current one and the last one, that the company's witness classified every rate base and expense item as energy related, demand related, or customer related?

2:15:38 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And let's talk about that just for a moment, your disagreement, sir. On page 13 of your testimony, around line 10, in this case, you state that you believe residential customer charges approved by commissions throughout the country are a matter of policy, correct?

2:15:55 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And you, sir, are familiar with - let me rephrase that, you are generally familiar with the customer charges of other investor-owned utilities in the Commonwealth of Kentucky, correct?

2:16:10 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace But you did not perform any study or analysis comparing Duke Energy Kentucky's current or proposed electric residential charge to that of any of the other investor-owned utilities?

2:17:01 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And I understand that, sir, but, again, you believe that establishing a residential customer charge or any customer charge is a matter of policy by the Commission, correct?

2:17:44 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Do you know what LG&E's current fixed charge is?

2:17:55 PM Atty D'Ascenzo Duke Kentucky  
Note: Sacre, Candace Your Honor, may I approach, please?

2:17:57 PM Vice Chairma Cicero  
Note: Sacre, Candace You may.

2:17:59 PM Atty D'Ascenzo Duke Kentucky  
Note: Sacre, Candace Thank you. Let's mark this as Duke Energy's Exhibit 4.

2:18:04 PM DUKE KENTUCKY EXHIBIT 4

2:18:42 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Mr. Watkins, do you have in front of you what's been marked as Duke Energy Kentucky Exhibit No. 4?

2:18:49 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And I would like to draw your attention to the middle of the page under the heading Rate that says "Basic Service Charge Per Day." day. Do you see that?

2:18:58 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Would you agree with me that LG&E actually charges a daily fixed charge?

2:19:05 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And that is 45 cents per day, correct?

2:19:10 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And would you agree with me, sir, subject to check, that depending upon the number of days in a month, that on-a-per-day charge, that would equate to between \$12.60 and \$13.95?

2:19:37 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And do you know whether LG&E's fixed residential customer charge included distribution system costs that were upstream of the customer service line?

2:19:57 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Okay, fair enough, and are you familiar with Kentucky Utilities' residential customer charge?

2:20:18 PM Atty D'Ascenzo Duke Kentucky  
Note: Sacre, Candace Your Honor, may I approach, please?

2:20:19 PM Vice Chairman Cicero  
Note: Sacre, Candace Yes, you may.

2:20:33 PM Vice Chairman Cicero  
Note: Sacre, Candace This will be marked Duke Exhibit 5?

2:20:35 PM Atty D'Ascenzo Duke Kentucky  
Note: Sacre, Candace Yes, sir.

2:20:36 PM DUKE ENERGY KENTUCKY EXHIBIT 5

2:20:37 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Mr. Watkins, do you have in front of you what has just been marked as Duke Energy Kentucky Exhibit 5?

2:21:00 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And, again, I would like to draw your attention to the middle of the page under the section Rate that says "Basic Service Charge Per Day." Do you see that?

2:21:10 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And would you agree with me, sir, that their daily service charge is 53 cents?

2:21:17 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And, again, doing a little bit of math, would you agree with me that, depending upon the number of days in a given month, KU's customers would pay between \$14.84 and \$16.43?

2:21:42 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And, again, would your answer be the same regarding whether or not KU's fixed residential customer charge includes distribution system costs upstream of customer service line?

2:21:57 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace You don't recall? Is that correct?

2:22:05 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Do you know what Kentucky Powers' current residential customer charge is?

2:22:25 PM Atty D'Ascenzo Duke Kentucky  
Note: Sacre, Candace Fair enough. Your Honor, may I approach?

2:22:26 PM Vice Chairman Cicero  
Note: Sacre, Candace Yes, you may.

2:22:27 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Let's mark this as Duke Energy Kentucky's Exhibit 6.

2:22:48 PM Vice Chairman Cicero  
Note: Sacre, Candace Please mark as Duke Kentucky Exhibit 6.

2:22:49 PM DUKE KENTUCKY EXHIBIT 6

2:23:05 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Mr. Watkins, do you have in front of you what was just marked as Duke Energy Kentucky Exhibit No. 6?

2:23:11 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And I'd like to draw your attention to, sir, to the top of the page, under the section Rate. Do you see that?

2:23:18 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And do you see where it lists "Service Charge?"

2:23:22 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And would you agree with me, sir, that Kentucky Power's monthly service charge for residential service is \$14 per month for this tariff?



2:23:34 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And, again, do you know, sir, whether Kentucky Power's fixed residential customer charge includes distribution system costs upstream of the customer service line?

2:23:43 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Okay, fair enough. Are you aware that there are rural electric cooperatives in the Commonwealth of Kentucky?

2:23:57 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And do you know what co-op that would have been for?

2:24:02 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace It was Bluegrass, okay. Are you familiar at all with Duke Energy Kentucky's service territory in Northern Kentucky?

2:24:22 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Fair enough. That's accurate. Do you happen to know whether there are any electric cooperatives that their service territory shares a border with Duke Energy Kentucky?

2:24:37 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Would you agree subject to check that there are?

2:24:41 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace You would not agree?

2:24:45 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Fair enough. Would you agree that electric cooperatives have tariffs filed before this Commission?

2:24:55 PM Atty D'Ascenzo Duke Kentucky  
Note: Sacre, Candace Your Honor, may I approach?

2:24:56 PM Vice Chairman Cicero  
Note: Sacre, Candace You may.

2:25:08 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace I'm going to be handing you two documents, sir.

2:26:19 PM Vice Chairman Cicero  
Note: Sacre, Candace Please mark as Duke Energy Kentucky Exhibits 7 and 8.

2:26:20 PM DUKE ENERGY EXHIBITS 7 and 8

2:26:37 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And, Mr. Watkins, do you have what I just handed you as Duke Energy Kentucky Exhibit No. 7?

2:26:46 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Let's focus on that one. Would you agree with me that the service territories in Kentucky are what they are?

2:26:57 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Fair enough. I'd like to draw your attention to the center of the tariff that is marked Schedule I - Farm and Home. Do you see under, it looks like, Item B. Available, it says it's to farm and residential customers?

2:27:19 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And I'd like to draw your attention to Item D., where it says Rate. Could you tell me, sir, what the customer charge is under Rate for that tariff?

2:27:35 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace And I'd like to draw your attention to what was previously marked as Duke Energy Ohio Exhibit No. 8, and, again, would you please take a look at the middle of the tariff where it says "Schedule 1-D - Farm and Home - Inclining Block?" Do you see that?

2:28:00 PM Atty D'Ascenzo Duke Kentucky - witness Watkins  
Note: Sacre, Candace Would you tell me, sir, under Item D. below that, what is the monthly customer charge?

2:28:10 PM	Atty D'Ascenzo Duke Kentucky - witness Watkins Note: Sacre, Candace	And, again, for both of those tariffs, sir, do you know whether in calculating those monthly customer charge whether it includes distribution system costs that are upstream from the customer service line?
2:28:32 PM	Atty D'Ascenzo Duke Kentucky - witness Watkins Note: Sacre, Candace	Mr. Watkins, referring to page 12 of your testimony, lines 19 and 20, you state that consumers and the market have a clear preference for volumetric pricing. Do you see that?
2:28:48 PM	Atty D'Ascenzo Duke Kentucky - witness Watkins Note: Sacre, Candace	You have not performed any independent research or studies to support that statement, correct?
2:30:19 PM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	Fair enough. No further questions, Your Honor.
2:30:23 PM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	Yes, please.
2:30:25 PM	Vice Chairman Cicero Note: Sacre, Candace	So moved.
2:30:26 PM	DUKE KENTUCKY EXHIBIT 4 Note: Sacre, Candace Note: Sacre, Candace	ATTY D'ASCENZO DUKE KENTUCKY - WITNESS WATKINS LG&E RESIDENTIAL TIME-OF-DAY DEMAND SERVICE TARIFF SHEET
2:30:27 PM	DUKE KENTUCKY EXHIBIT 5 Note: Sacre, Candace Note: Sacre, Candace	ATTY D'ASCENZO DUKE KENTUCKY - WITNESS WATKINS KU RTOD - DEMAND TARIFF SHEET
2:30:28 PM	DUKE KENTUCKY EXHIBIT 6 Note: Sacre, Candace Note: Sacre, Candace	ATTY D'ASCENZO DUKE KENTUCKY - WITNESS WATKINS KENTUCKY POWER RESIDENTIAL SERVICE TARIFF SHEET
2:30:29 PM	DUKE KENTUCKY EXHIBIT 7 Note: Sacre, Candace Note: Sacre, Candace	ATTY D'ASCENZO DUKE KENTUCKY - WITNESS WATKINS OWEN ELECTRIC COOPERATIVE SCHEDULE I - FARM AND HOME TARIFF SHEET
2:30:30 PM	DUKE KENTUCKY EXHIBIT 8 Note: Sacre, Candace Note: Sacre, Candace	ATTY D'ASCENZO DUKE KENTUCKY - WITNESS WATKINS OWEN ELECTRIC COOPERATIVE SCHEDULE 1-D - FARM & HOME - INCLINING BLOCK TARIFF SHEET
2:30:31 PM	Atty Boehm Kroger Note: Sacre, Candace	No questions, Your Honor.
2:30:32 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Howard?
2:30:33 PM	Atty Howard NKU Note: Sacre, Candace	No questions.
2:30:36 PM	Asst Gen Counsel Nguyen PSC Note: Sacre, Candace	No questions, Your Honor.
2:30:37 PM	Vice Chairman Cicero Note: Sacre, Candace	Commissioner Mathews?
2:30:38 PM	Commissioner Mathews Note: Sacre, Candace	(Shook head negatively.)
2:30:39 PM	Vice Chairman Cicero Note: Sacre, Candace	I don't have any questions. Do you have any redirect?
2:30:42 PM	Asst Atty Gen McNeil Note: Sacre, Candace	Just a couple. Thank you.
2:30:45 PM	Asst Atty Gen McNeil - witness Watkins Note: Sacre, Candace	Redirect Examination. Mr. Watkins, in your opinion, is it a good practice to consider a comparison with other utilities in setting a customer charge?

2:31:19 PM	Asst Atty Gen McNeil - witness Watkins Note: Sacre, Candace	In your opinion, is there a fundamental difference between an investor-owned and a cooperative electric utility?
2:32:36 PM	Asst Atty Gen McNeil - witness Watkins Note: Sacre, Candace	No further questions.
2:32:38 PM	Vice Chairman Cicero Note: Sacre, Candace	Does anyone else have any questions? May this witness be excused?
2:32:43 PM	Vice Chairman Cicero Note: Sacre, Candace	Thank you very much for appearing.
2:32:47 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay. By my count, I have just Mr. Kollen left.
2:32:52 PM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	That's correct.
2:32:57 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay, so we'll take a break until a quarter till, and then we're going to go the rest of the way.
2:33:20 PM	Session Paused	
2:44:38 PM	Session Resumed	
2:44:44 PM	Vice Chairman Cicero Note: Sacre, Candace	Witness is sworn.
2:45:12 PM	Vice Chairman Cicero Note: Sacre, Candace	So are there any other issues before we get into the testimony of the last witness? I'll go over the timing for data requests and for briefs and all that at the very end, but other than that, there's -
2:45:28 PM	Atty Samford Duke Kentucky Note: Sacre, Candace	That's all I'm aware of, Your Honor.
2:45:31 PM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Nguyen, is that about -
2:45:33 PM	Asst Gen Counsel Nguyen PSC Note: Sacre, Candace	I'm not aware of anything else, Your Honor.
2:45:35 PM	Vice Chairman Cicero Note: Sacre, Candace	All right. Good.
2:45:39 PM	Vice Chairman Cicero Note: Sacre, Candace	All right. I think we've got all the parties now.
2:45:43 PM	Asst Atty Gen McNeil Note: Sacre, Candace	My apologies, Vice Chair.
2:45:53 PM	Vice Chairman Cicero Note: Sacre, Candace	The witness has been sworn in, and he's all yours.
2:45:57 PM	Asst Atty Gen McNeil Note: Sacre, Candace	Thank you.
2:45:57 PM	Asst Atty Gen McNeil - witness Kollen Note: Sacre, Candace	Direct Examination. Mr. Kollen, would you please state your full name, title, and business address for the record?
2:46:16 PM	Asst Atty Gen McNeil - witness Kollen Note: Sacre, Candace	Are you the same Lane Kollen who submitted direct testimony in this matter and responded to data requests?
2:46:22 PM	Asst Atty Gen McNeil - witness Kollen Note: Sacre, Candace	Do you have any additions or corrections to your testimony or responses?
2:47:19 PM	Asst Atty Gen McNeil - witness Kollen Note: Sacre, Candace	Okay, so with that change, if you were asked the same questions today, would your answers remain the same?
2:47:29 PM	Asst Atty Gen McNeil Note: Sacre, Candace	The witness is now available for cross examination.

2:47:32 PM Vice Chairman Cicero  
Note: Sacre, Candace Mr. Samford?

2:47:33 PM Atty Samford Duke Kentucky  
Note: Sacre, Candace Yes, sir, Your Honor, thank you.

2:47:35 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Cross examination. Hello, Mr. Kollen, how are you today? Welcome back to Kentucky. If you're here any more often, you have to start paying taxes.

2:47:48 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Let me begin. We've talked a little bit - well, first, some preliminaries. You're a certified public accountant, correct?

2:47:59 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace And then you have some other certifications to go along with that?

2:48:15 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Okay. You're not an engineer though, correct?

2:48:19 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace And you're not an attorney?

2:48:21 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace So you're not qualified really to render any legal opinions in this case?

2:48:28 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace And would you be qualified to render any judgment as to engineering practices?

2:48:52 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Okay. Have you ever prepared a depreciation study for an electric plant before?

2:49:16 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Okay. Would you agree with me that the purpose of a depreciation study is to help match cost recovery to the utilization of utility assets?

2:49:50 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace And are you aware of the capital investments that have been made by the company since its last rate case in 2017?

2:50:23 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Okay, and just by - you don't have to give me a precise number, of course, but what's an order of magnitude of the total amount of that new capital investment?

2:50:34 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Would you agree with me that the increase in additional plant could have an impact upon depreciation rate or the depreciation expense without necessarily changing the life and service of a particular facility?

2:51:37 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Do you happen to have your testimony handy?

2:51:40 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Would you please look at page 54 of your testimony?

2:51:51 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Now, that particular question and answer has to do, I believe, with the service life of the Woodsdale CTs. Is that correct?

2:52:56 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace And, beginning on line 8 of that page, I believe you're quoting from a Data Request Response perhaps from the company's last IRP filing. Is that correct?

2:53:07 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Would you mind to read that sentence that starts out "The company responded. . .?"

2:53:21 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Yes, would you just mind to read through the end of that paragraph?

2:53:52 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Okay, and then the next sentence as well?

2:54:08 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Okay, so the company said, in response to the question of the IRP, that the remaining life span of the units can be extended, correct?

2:54:47 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace But you would agree with me that that answer from the company in the IRP case doesn't say that the units would be extended?

2:55:11 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace It's also not claiming that they will go beyond 2032, correct?

2:55:19 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Correct, and 40 years is sort of an industry standard, would you not agree?

2:56:13 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace I think you're referring to page 55 of your testimony, correct?

2:56:17 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Let's look at that for a moment. You list a couple of CT units there. Do you know how much investment was made in those units after they were originally brought on line?

2:56:31 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Could it be substantial investment?

2:56:58 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace And those particular investments that you've cited, those are really products of the market and regulations and rules that were in effect at the time those units were constructed, correct?

2:57:12 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Sure, the units that you cite on page 55 of your testimony, they were built and investments were made based upon the economics of the time, the laws in effect at the time, the availability of fuel at the time, correct?

2:58:04 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace And you are reading my mind because I was going to ask you about that next. The ultra low sulphur diesel investment, that was made to be able to help the units comply with the capacity performance rule in PJM, correct?

2:58:48 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Are you aware of what the capacity performance penalties could be for a utility of these particular units?

2:59:01 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace And have you done any independent analysis to determine whether or not that investment made sense as regard to mitigating risk from capacity performance?

2:59:11 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace But does that same investment necessarily extend the life of the units?

2:59:33 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace But you've not performed any independent analysis? That's just sort of your seat-of-the-pants opinion?

3:00:11 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace And I guess I'm trying to get you to point me in the record where they say that they're absolutely going to continue to operate it past 2032.

3:00:26 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace But you keep prefacing your answer with if, and then it's based upon some sort of economic analysis or situation analysis based upon what happens 12 years from now.

3:00:42 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Would you agree it's impossible to know what exact environmental rules will be in effect 12 years from now?

3:01:00 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Which was, again, for a different purpose than necessarily extending its life, correct?

3:01:47 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Are you familiar with the rebuttal testimony filed by Mr. Jacobi in this case?

3:01:54 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Do you recall there where he pointed out that your analysis did not undertake or didn't do an analysis of variance in contractor expenses during the test year?

3:04:00 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace So, as we sit here today, you don't have any reason to dispute Mr. Jacobi's rebuttal testimony concerning contractor expenses?

3:04:52 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace But you were here when he was questioned about that yesterday, correct?

3:05:01 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Are you familiar with Ms. Lawler's rebuttal testimony on Customer Connect O&M expense?

3:05:09 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace And are you familiar with the sort of conditional acceptance of your recommendation on that point?

3:05:44 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace And I think she also had said that it would also report all actual Customer Connect charges. Do you agree with that?

3:05:58 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace And it would include a carrying charge?

3:06:27 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Sure, and I think her third condition was that the recovery would be allowed over the - or the amortization period would be equal to the service life for the equipment.

3:06:42 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Is it your opinion - I'm switching gears here now to the credit card/debit card transaction fees. Is it your opinion that waiving the transaction fee for credit and debit card transactions will make customers more likely to pay their bills?

3:07:07 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Is it your opinion that waiving the transaction fee for credit and debt card transactions will make it less likely that customers will have questions about their service?

3:08:34 PM Vice Chairman Cicero  
Note: Sacre, Candace Can I ask one question here?

3:08:36 PM Atty Samford Duke Kentucky  
Note: Sacre, Candace Sure.

3:08:38 PM Vice Chairman Cicero - witness Kollen  
Note: Sacre, Candace Examination. As far as the receivables, I'm not quite sure that it would reduce the receivables. Right now, it's sold to an affiliate, but what would make a customer pay their bill sooner just because they could pay by credit card? You could still have the grace period taken the whole time by the customer before they actually use a credit card to pay, so there still be a receivables that are outstanding, and Duke still requires that. They just receive their money sooner because then it's up to the affiliate to make sure the payment is collected when the grace period - I do believe there's a reduction in bad debt. I'm just not certain where your belief that there would be a reduction in the -

3:09:41 PM Vice Chairman Cicero  
Note: Sacre, Candace I'm sorry. Go ahead.

3:09:44 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Cross examination (cont'd). Is it your opinion that waiving the transaction fee for credit/debit card transactions would make customers less likely to report an outage?

3:09:55 PM Atty Samford Duke Kentucky - witness Kollen  
Note: Sacre, Candace Is it your opinion that waiving the transaction fee for credit/debit card transactions will increase the number of customers who have paperless billing?

3:10:13 PM Atty Samford Duke Kentucky  
Note: Sacre, Candace Those are all the questions, Your Honor.

3:10:16 PM Vice Chairman Cicero  
Note: Sacre, Candace Okay. Mr. Boehm?

3:10:17 PM Atty Samford Duke Kentucky  
Note: Sacre, Candace No redirect, Your Honor.

3:10:17 PM Atty Boehm Kroger  
Note: Sacre, Candace No questions, Your Honor.

3:10:18 PM Atty Howard NKU  
Note: Sacre, Candace No questions, Mr. Vice Chairman.

3:10:22 PM Vice Chairman Cicero  
Note: Sacre, Candace Thank you. Mr. Bellamy?

3:10:25 PM Staff Atty Bellamy PSC  
Note: Sacre, Candace I just have a couple of questions.

3:10:29 PM Staff Atty Bellamy PSC - witness Kollen  
Note: Sacre, Candace Cross examination. With respect to the cash working capital adjustment, is it your assertion that Duke Kentucky's cash working capital should be set to zero because they didn't file a lead-lag study or because its actual practices are not approximated by the one-eighth method?

3:13:45 PM Staff Atty Bellamy PSC - witness Kollen  
Note: Sacre, Candace With respect to the payroll expense, you were kind of asked about Mr. Jacobi's rebuttal, and he seemed to criticize your opinion in the sense that payroll expense might have gone down but contractor expense went up, and it's not really fair to look at one and not the other. I was questioning about your opinion as you just explained it, is your opinion with respect to payroll expense not necessarily that it should be reduced because actual payroll expense was lower than projected but that the projection, itself, was not a reasonable projection, and, therefore, you're proposing a different methodology for projecting it?

3:15:36 PM Staff Atty Bellamy PSC - witness Kollen  
Note: Sacre, Candace With respect to your opinion regarding the depreciation expense, you indicated, from the previous forecasted test period here, I think you indicated that there was a change in depreciation expense. What was the total change, I'm sorry, including the rate and the increase in plant?

3:16:10 PM Staff Atty Bellamy PSC - witness Kollen  
Note: Sacre, Candace Okay, so - and the seven million is -

3:16:19 PM Staff Atty Bellamy PSC - witness Kollen  
Note: Sacre, Candace - the result of the rate change?

3:16:33 PM Staff Atty Bellamy PSC - witness Kollen  
Note: Sacre, Candace So it would be the effect of applying the old rate to the increased because there's more plant in service that you're applying the rate to?

3:17:08 PM Staff Atty Bellamy PSC - witness Kollen  
Note: Sacre, Candace And my understanding, with respect to the production plant, the change in the rate is in part due to increased spending on production facilities - or, I'm sorry, an increase in plant in service with respect to certain production facilities that have not been placed into - or which didn't actually extend the life necessarily, and so he increased the rate to reflect the recovery of that over. Is that correct?

3:20:05 PM Staff Atty Bellamy PSC - witness Kollen  
Note: Sacre, Candace And I think you answered the question that I was kind of about to ask, and that was, if you accept the increase in plant, if you were applying at the old rate, applying the old rate, you accept the increase in plant, that would increase the depreciation expense, if the increase in plant would also change the rate, how do you justify accepting one and not the other, and you kind of explained that, I think, just now. Would that be the reason for that?

3:21:18 PM Staff Atty Bellamy PSC - witness Kollen  
Note: Sacre, Candace You indicated that you - I'm switching gears here - that you, when you were talking about the payroll expense, that, you know, you looked at payroll expense; you didn't look at every expense. Did you undertake to determine which plant additions proposed in the rate case were reasonable additions or whether or not the spending was reasonable or the projects were necessary?

3:21:58 PM Staff Atty Bellamy PSC  
Note: Sacre, Candace Okay. I don't have any other questions. Thank you.

3:22:03 PM Commissioner Mathews  
Note: Sacre, Candace Nothing.

3:22:08 PM Vice Chairman Cicero  
Note: Sacre, Candace I expected many more questions of Mr. Kollen, but I'm not going to ask any any other questions.

3:22:22 PM Vice Chairman Cicero  
Note: Sacre, Candace No other? Last call. May this witness be excused?

3:22:36 PM Vice Chairman Cicero  
Note: Sacre, Candace I believe that takes care of all the testimony, is that correct? There's no other witnesses?

3:22:40 PM Atty Howard NKU  
Note: Sacre, Candace Correct.

3:22:43 PM Vice Chairman Cicero  
Note: Sacre, Candace So now we need to establish time lines, so how about February 26th for all the parties with post-hearing data requests to have their requests submitted in writing to the different parties?



3:23:15 PM	Vice Chairman Cicero Note: Sacre, Candace	And a response by March 6th. Does that sound reasonable?
3:23:23 PM	Atty Samford Duke Kentucky Note: Sacre, Candace	The only thing I would say, Your Honor, is I know different folks have spring break that first week of March sometime, so could we have just a couple of days into the next week?
3:23:33 PM	Vice Chairman Cicero Note: Sacre, Candace	Well, keep in mind your statutory date is April 2nd, and what it's going to boil down to is, are the parties going to want to file briefs? And I think you're probably going to want to file briefs, and if you're going to want to file briefs, that'll be done simultaeously, but then we always give the Applicant extra time to file a response to the briefs, so I need time for Staff to have an opportunity to go through everything.
3:24:10 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay, so can we have the simultaneous briefs filed 3/16? Quang, is that what we talked about? Three-sixteen? That's a Monday, right?
3:24:32 PM	Vice Chairman Cicero Note: Sacre, Candace	And then a reply brief by 3/20, okay? That will give us, basically, two weeks to finalize the order, so does that work for everybody?
3:24:49 PM	Asst Atty Gen McNeil Note: Sacre, Candace	That's fine for us
3:24:50 PM	Atty Howard NKU Note: Sacre, Candace	Yes, Mr. Vice Chair.
3:24:54 PM	Asst Gen Counsel Nguyen Note: Sacre, Candace	To the extent that Staff can get the post-hearing data requests before the 26th, we'll do that, so that will give additional time.
3:25:02 PM	Att Samford Duke Kentucky Note: Sacre, Candace	That would be helpful.
3:25:03 PM	Vice Chairman Cicero Note: Sacre, Candace	And, since that is the most comprehensive of the requests, that might give you some extra time anyway.
3:25:08 PM	Atty Samford Duke Kentucky Note: Sacre, Candace	I think that would be helpful. We appreciate that accommodation.
3:25:12 PM	Vice Chairman Cicero Note: Sacre, Candace	So are there any other motions, any other issues before we wrap up and adjourn?
3:25:25 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay, I'm glad you made that point because he was not here to give testimony.
3:25:31 PM	Asst Atty Gen McNeil Note: Sacre, Candace	Mr. Setser, we will submit questions for him as a post-hearing data request as well.
3:25:32 PM	Asst Gen Counsel Nguyen PSC Note: Sacre, Candace	And Staff has post-hearing data requests for Mr. Setser as well.
3:25:38 PM	Session Note Entry Note: Sacre, Candace	Other than that, are we good? Commissioner Mathews, do you have anything?
3:25:42 PM	Commissioner Mathews Note: Sacre, Candace	Making sure Staff thinks that's enough time. Good?
3:25:45 PM	Asst Gen Counsel Nguyen PSC Note: Sacre, Candace	Sure.
3:25:48 PM	Vice Chairman Cicero Note: Sacre, Candace	Okay. This meeting is adjourned. Thank you.
3:26:00 PM	Session Ended	



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<b>Name:</b>	<b>Description:</b>
Attorney General Exhibit 2	U.S. Energy and Information Administration 2018 Kentucky Reliability Metric Investor-Owned Utilities
Attorney General Exhibit 3	2017-00321 and 2019-00271 Page 5 Duke Energy Kentucky, Inc. Electric Cost of Service Studies
Duke Kentucky Exhibit 3	NKU News Nov 2019 - NKU Joins the Cincinnati 2030 District for Urban Sustainability
Duke Kentucky Exhibit 4	LG&E RTOD-Demand Tariff Sheet
Duke Kentucky Exhibit 5	KU RTOD-Demand Tariff Sheet
Duke Kentucky Exhibit 6	Kentucky Power Residential Service Tariff Sheet
Duke Kentucky Exhibit 7	Owen Electric Cooperative Schedule I - Farm and Home Tariff Sheet
Duke Kentucky Exhibit 8	Owen Electric Cooperative Schedule 1-D - Farm & Home - Inclining BlockTariff Sheet

Data Year	Utility Number	Utility Name	State	Ownership	EIE Standard											Other Standard												
					SADJ With MED	SAFJ With MED	CAADJ With MED	SADJ Without MED	SAFJ Without MED	CAADJ Without MED	SADJ With MED Minus LOS	SAFJ With MED Minus LOS	CAADJ Minus MED	Number of Customers	Highest Dist. Voltage	Outages Recorded	SAFJ With MED	SAFJ With MED	CAADJ With MED	SADJ Without MED	SAFJ Without MED	CAADJ Without MED	Number of Customers	Inactive Accounts (Inches)	Momentary Interruptions	Highest Dist. Voltage	Outages Recorded	
2018	1708	Big Sandy Rural Elec Coop Corp	KY	Cooperative	780,180	4,510	172,864	448,790	3,770	119,042	720,320	4,110	173,495	12,746	132	Y												
2018	1898	Blue Grass Energy Coop Corp	KY	Cooperative	440,680	1,622	271,813	157,133	1,118	149,346	426,896	1,470	268,324	57,278	73	N												
2018	2056	City of Bowling Green - (KY)	KY	Municipal	63,440	1,218	52,085	37,285	0,440	44,384	33,976	1,502	61,914	26,577	73	Y												
2018	3987	Clark Energy Coop - (KY)	KY	Cooperative	653,173	2,246	280,616	133,142	1,197	112,078	633,252	2,042	181,914	26,827	26.0	Y												
2018	4622	Consolidated Water Electric, Inc - (KY)	KY	Cooperative	222,468	3,226	161,985	289,298	2,644	161,178	479,292	2,192	181,885	27,684	68.8	N												
2018	6194	Farmers Rural Electric Coop - (KY)	KY	Cooperative	144,010	1,033	134,479	126,400	0,873	143,643	153,970	0,940	161,798	24,583	25.0	Y												
2018	7420	City of Glasgow - (KY)	KY	Municipal	156,470	1,039	124,624	126,400	0,873	143,643	153,970	0,940	161,798	24,583	25.0	Y												
2018	7502	City of Glasgow - (KY)	KY	Municipal	378,400	3,030	124,624	378,400	3,030	124,884	367,500	2,650	122,881	15,318	12.5	N												
2018	8292	East Kentucky Energy Coop - (KY)	KY	Cooperative	546,540	2,780	241,389	123,340	1,140	108,183	541,140	0,880	632,421	26,391	24.9	Y												
2018	8575	Eastern Energy Coop - (KY)	KY	Cooperative	576,500	2,668	218,078	270,100	2,222	121,557	524,500	2,333	224,818	50,128	12.5	Y												
2018	8905	Eastern Piedmont Energy Corporation	KY	Cooperative	408,576	2,150	227,245	122,816	1,379	88,052	464,848	1,874	246,105	29,726	14.4	Y												
2018	8984	Eastern Piedmont Energy Corporation	KY	Cooperative	240,550	2,890	60,455	107,300	1,590	67,484	228,340	2,090	106,297	57,159	14.4	Y												
2018	10171	Kentucky Utilities Co	KY	Investor Owned	411,330	1,337	307,651	100,140	0,830	107,677	308,620	1,100	353,291	536,033	34.5	Y												
2018	11249	Laneville Gas & Electric Co	KY	Cooperative	460,680	1,482	331,100	85,720	0,860	97,409	467,840	1,443	338,073	420,114	34.5	Y												
2018	12243	Letcher County Rural E C C	KY	Cooperative	590,770	2,038	248,645	118,250	1,290	61,667	499,010	1,300	258,564	29,708	12.5	N												
2018	13851	Madison County Rural E C C	KY	Cooperative	736,348	3,000	274,448	65,131	1,056	61,677	729,826	2,819	356,895	35,440	12.5	Y												
2018	14268	City of Owensboro - (KY)	KY	Municipal	280,000	1,510	172,185	108,000	1,080	101,867	281,867	1,080	258,895	61,610	15.0	Y												
2018	14269	City of Owensboro - (KY)	KY	Municipal	78,756	0,974	78,805	48,704	0,903	53,936	78,756	0,974	78,805	27,113	15.0	Y												
2018	14371	City of Paducah - (KY)	KY	Municipal	103,630	1,270	81,512	48,330	1,030	44,941	103,520	1,270	61,512	22,640	15.0	Y												
2018	14724	Peoples Rural Electric Coop	KY	Cooperative	372,300	3,370	110,475	216,630	2,320	92,944	346,790	2,325	120,205	47,197	25.0	Y												
2018	15386	City of Princeton - (KY)	KY	Municipal	4,144	0,073	58,767	4,144	0,073	58,767	329,700	1,587	207,750	3,797	12.4	N												
2018	15387	Salmon River Electric Coop	KY	Cooperative	334,700	1,689	198,185	93,520	0,976	85,799	336,390	1,970	186,294	92,015	12.4	N												
2018	17044	South Kentucky Coop Corp	KY	Cooperative	297,350	2,285	124,853	118,550	1,250	84,648	296,890	1,300	166,294	37,997	25.0	Y												
2018	17994	South Kentucky Coop Corp	KY	Cooperative	287,859	2,285	124,853	201,354	2,187	131,611	278,802	1,970	166,294	37,997	25.0	Y												
2018	18488	Taylor County Rural E C C	KY	Cooperative	144,100	1,690	90,053	86,500	1,300	64,646	143,690	1,480	80,148	26,521	13.0	Y												
2018	19182	Tracy County Elec Member Corp	KY	Cooperative	144,100	1,690	90,053	86,500	1,300	64,646	143,690	1,480	80,148	26,521	13.0	Y												
2018	19446	Dana Energy Member Corp	KY	Investor Owned	115,020	0,940	222,123	52,020	2,620	121,522	159,620	0,830	246,453	142,200	13.5	Y												
2018	20130	Wayne Rural Elec Coop Corp	KY	Investor Owned	332,570	2,685	122,232	434,200	2,418	121,522	307,150	2,330	131,371	65,270	13.5	Y												
2018	22053	Wayne Power Co	KY	Investor Owned	624,300	2,584	244,440	494,200	2,342	201,748	604,490	2,433	249,240	186,072	36.0	Y												

DUKE ENERGY KENTUCKY, INC.  
 ELECTRIC COST OF SERVICE STUDY  
 CASE NO: 2017-00321  
 ALLOCATION FACTORS FOR COST OF SERVICE STUDY  
 TWELVE MONTHS ENDING DECEMBER 31, 2018

Work Paper FR-16(7)(v)  
 Witness Responsible:  
 James E. Ziolkowski  
 Page 5

COMPUTATION OF METER ALLOCATION FACTORS

LINE NO.	RATE GROUP	AVERAGE NO. OF CUSTOMERS (1)	METER COST (a) (2)	AVERAGE METER COST (3)	WEIGHTED COST FACTOR (4)	WEIGHTED CUSTOMERS (5)	WEIGHTED CUSTOMERS ALLOC K409 (6)	METER COST ALLOC K407 (7)
1	<b>Retail:</b>							
2	Residential	126,269	\$ 3,299,927	26	1	126,269	51.951%	51.961%
3	Dist Secondary - DS	12,827	\$ 2,696,699	210	8	102,616	42.219%	42.463%
4	Dist Secondary - GS-FL	171	\$ -	0	0	171	0.070%	0.000%
5	Dist Secondary - EH	104	\$ 22,657	218	8	832	0.342%	0.357%
6	Dist Secondary - SP	16	\$ 2,715	170	7	112	0.046%	0.043%
7	Dist Secondary - DT	150	\$ 125,418	836	32	4,800	1.975%	1.975%
8	Dist Primary - DT	37	\$ -	0	0	37	0.015%	0.000%
9	Dist Primary - DP	10	\$ 10,654	1065	41	410	0.169%	0.168%
10	Transmission	11	\$ 16,048	1459	56	616	0.253%	0.253%
11	Lighting	394	\$ -	0	0	394	0.162%	0.000%
12	Other	11	\$ 176,520	16047	617	6,787	2.792%	2.780%
13	Total Retail excl RTP Incremental	140,000	\$ 6,350,638			243,044	99.994%	100.000%
14								
15	<b>RTP Incremental:</b>							
16	Dist Secondary - DS	6	\$ -	0	0	6	0.002%	0.000%
17	Dist Secondary - DT	4	\$ -	0	0	4	0.002%	0.000%
18	Dist Primary - DT	0	\$ -	0	0	0	0.000%	0.000%
19	Dist Primary - DP	0	\$ -	0	0	0	0.000%	0.000%
20	Transmission	4	\$ -	0	0	4	0.002%	0.000%
21	Total RTP Incremental	14	\$ -			14	0.006%	0.000%
22								
23	Total Retail	140,014	\$ 6,350,638			243,058	100.000%	100.000%

(a) Source: Metering Support

DUKE ENERGY KENTUCKY, INC.  
 ELECTRIC COST OF SERVICE STUDY  
 CASE NO: 2019-00271  
 ALLOCATION FACTORS FOR COST OF SERVICE STUDY  
 TWELVE MONTHS ENDING DECEMBER 31, 2018

Work Paper FR-16(7)(v)  
 Witness Responsible:  
 James E. Ziolkowski  
 Page 5

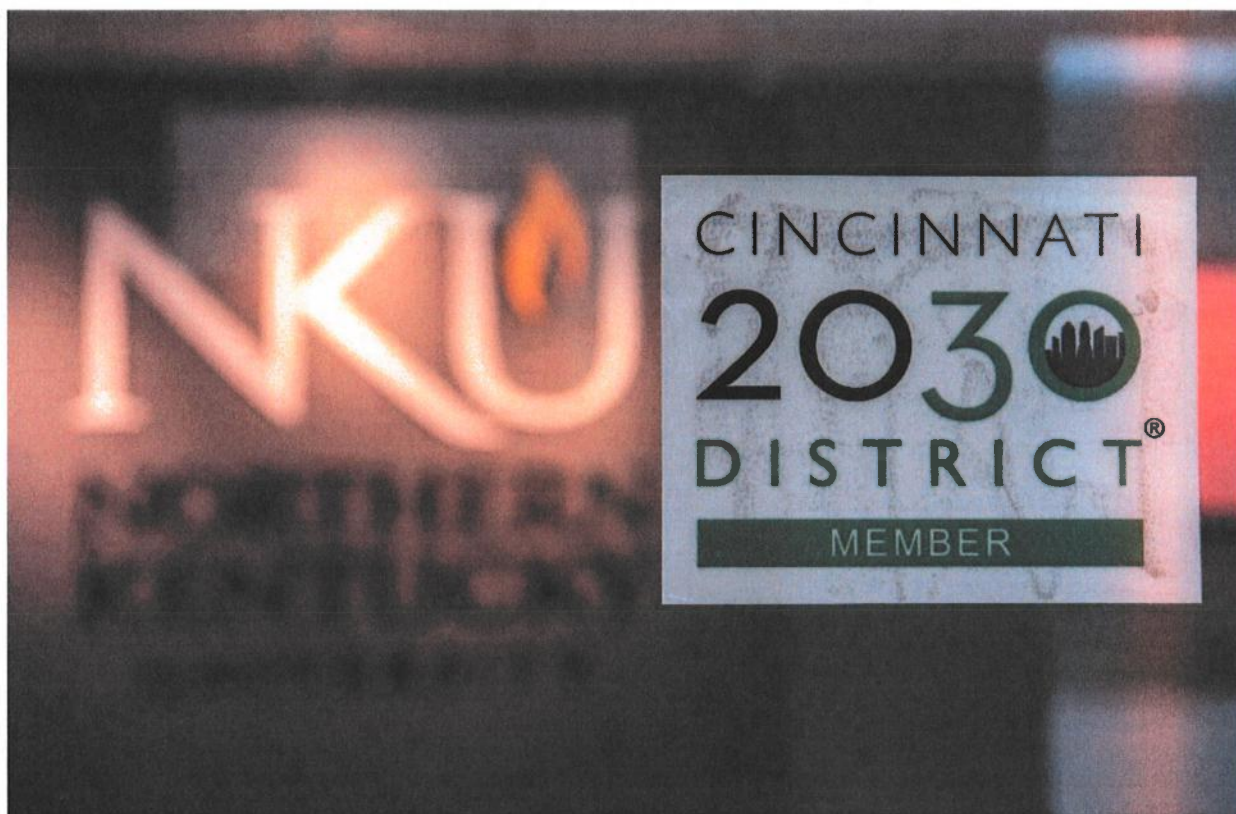
COMPUTATION OF METER ALLOCATION FACTORS

LINE NO.	RATE GROUP	AVERAGE NO. OF CUSTOMERS (1)	METER COST (a) (2)	AVERAGE METER COST (3)	WEIGHTED COST FACTOR (4)	WEIGHTED CUSTOMERS (5)	WEIGHTED CUSTOMERS ALLOC K409 (6)	METER COST ALLOC K407 (7)
1	<b>Retail:</b>							
2	Residential	128,431	\$ 12,782,441	100	1	128,431	82.078%	80.833%
3	Dist Secondary - DS	12,968	\$ 2,892,747	223	2	25,936	16.576%	18.293%
4	Dist Secondary - GS-FL	172	\$ -	0	0	172	0.110%	0.000%
5	Dist Secondary - EH	103	\$ 22,093	214	2	206	0.132%	0.140%
6	Dist Secondary - SP	14	\$ 3,451	247	2	28	0.018%	0.022%
7	Dist Secondary - DT	155	\$ 102,877	664	7	1,085	0.693%	0.651%
8	Dist Primary - DT	37	\$ -	0	0	37	0.024%	0.000%
9	Dist Primary - DP	10	\$ 3,805	381	4	40	0.026%	0.024%
10	Transmission	11	\$ 3,619	329	3	33	0.021%	0.023%
11	Lighting	468	\$ -	0	0	468	0.299%	0.000%
12	Other	11	\$ 2,208	201	2	22	0.014%	0.014%
13	Total Retail excl RTP Incremental	142,380	15,813,241			156,458	99.991%	100.000%
14								
15	<b>RTP Incremental:</b>							
16	Dist Secondary - DS	4	-	0	0	4	0.003%	0.000%
17	Dist Secondary - DT	4	-	0	0	4	0.003%	0.000%
18	Dist Primary - DT	0	-	0	0	0	0.000%	0.000%
19	Dist Primary - DP	0	-	0	0	0	0.000%	0.000%
20	Transmission	4	-	0	0	4	0.003%	0.000%
21	Total RTP Incremental	12	-			12	0.009%	0.000%
22								
23	Total Retail	142,392	\$ 15,813,241			156,470	100.000%	100.000%

(a) Source: Metering Support

# NKU JOINS THE CINCINNATI 2030 DISTRICT FOR URBAN SUSTAINABILITY

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Northern Kentucky University underscores its commitment to achieving carbon neutrality by joining the Cincinnati 2030 District, which is part of an international network of cities developing a new model for urban sustainability. NKU is the first organization in Kentucky to join this collective.

The 2030 District cities collaborate on common goals to reduce building energy use, water consumption, and transportation emissions by 50% by 2030. Facilitated locally by Green Umbrella, the Cincinnati 2030 District provides private-public partnerships and resources to help advance sustainability goals. The Cincinnati 2030 District is also focused on increasing occupant health by 50%, in addition to the overarching district goals. The organization's commitment to sustainability aligns with NKU's goal of achieving carbon neutrality by 2050.

“Our sustainability strategy has six main goals, one of which is to ‘expand external partnerships that inform NKU sustainability efforts and



strengthen our regional impact.’ NKU established “no mow zones” around campus in 2017.

This partnership shows our support for sustainability and that we remain dedicated to our 2050 commitment,” said Tiffany Budd, sustainability operations coordinator at NKU. “It’s an honor to be a member of an exceptional cohort of like-minded organizations with a collective goal of creating a more efficient and healthier environment for all generations to live and work in our community.”

NKU has implemented many sustainability efforts across campus, including establishing an on-campus community garden, providing alternative transportation methods and creating ‘no mow’ zones to return areas of the campus back to its natural state. NKU also partnered with CMTA on an energy performance contract that will reduce energy use and save the university over \$386,000. For more information about sustainability initiatives at NKU, visit [here \(https://inside.nku.edu/sustainability.html\)](https://inside.nku.edu/sustainability.html).

**About NKU:** Founded in 1968, we are a growing metropolitan university of more than 14,000 students served by more than 2,000 faculty and staff on a thriving suburban campus near Cincinnati. Located in the quiet suburb of Highland Heights, Kentucky—just seven miles southeast of Cincinnati—we have become a leader in Greater Cincinnati and Kentucky by providing a private school education for a fraction of the cost. While we are one of the fastest growing universities in Kentucky, our professors still know our students' names. For more information, visit [nku.edu](http://nku.edu).

###NKU###





# Louisville Gas and Electric Company

P.S.C. Electric No. 12, First Revision of Original Sheet No. 7  
Canceling P.S.C. Electric No. 12, Original Sheet No. 7

Standard Rate

## RTOD-Demand Residential Time-of-Day Demand Service

### APPLICABLE

In the territory served.

### AVAILABILITY

Available as an option to customers otherwise served under Rate RS.

1. Service under this rate schedule is limited to a maximum of five hundred (500) Customers taking service on Rates RTOD-Demand and RTOD-Energy combined that are eligible for Rate RS. Company will accept Customers on a first-come-first-served basis.
2. This service is also available to Customers on Standard Rate GS (where the Rate GS service is used in conjunction with a Rate RS service to provide service to a detached garage and energy usage is no more than 300 kWh per month) who demonstrate power delivered to such detached garage is consumed, in part, for the powering of low emission vehicles licensed for operation on public streets or highways. Such vehicles include:
  - a. battery electric vehicles or plug-in hybrid electric vehicles recharged through a charging outlet at Customer's premises,
  - b. natural gas vehicles refueled through an electric-powered refueling appliance at Customer's premises.
3. A Customer electing to take service under this rate schedule who subsequently elects to take service under Rate RS may not be allowed to return to this optional rate for twelve (12) months from the date of exiting this rate schedule.

### RATE

Basic Service Charge per day:	\$0.45			
Plus an Energy Charge per kWh:	Infrastructure	Variable	Total	I/I
	\$0.02095	\$0.03206	\$0.05301	
Plus a Demand Charge per kW:				
Base Hours:	\$ 3.48			
Peak Hours:	\$ 7.62			

"Variable" shall be the rate comprised of costs, such as fuel, that fluctuate with the production of energy used by customers.

"Infrastructure" shall be the rate comprised of costs associated with meeting system demand that do not fluctuate directly with energy usage as well as the portion of fixed customer-related expenses not recovered in the Basic Service Charge.

### ADJUSTMENT CLAUSES

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Demand Side Management Cost Recovery Mechanism	Sheet No. 86
Fuel Adjustment Clause	Sheet No. 85
Off-System Sales Adjustment Clause	Sheet No. 88
Environmental Cost Recovery Surcharge	Sheet No. 87
Home Energy Assistance Program	Sheet No. 92
Franchise Fee	Sheet No. 91
School Tax	Sheet No. 91

**DATE OF ISSUE:** November 5, 2019  
**DATE EFFECTIVE:** With Bills Rendered  
On and After November 27, 2019  
**ISSUED BY:** /s/ Robert M. Conroy, Vice President  
State Regulation and Rates  
Louisville, Kentucky

Issued by Authority of an Order of the  
Public Service Commission in Case No.  
2019-00206 dated October 22, 2019

<b>KENTUCKY</b> <b>PUBLIC SERVICE COMMISSION</b>
<b>Gwen R. Pinson</b> Executive Director 
<b>EFFECTIVE</b> <b>11/27/2019</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

**DUKE KENTUCKY EXHIBIT 4**

# Kentucky Utilities Company

P.S.C. No. 19, First Revision of Original Sheet No. 7  
Canceling P.S.C. No. 19, Original Sheet No. 7

Standard Rate

RTOD-Demand

Residential Time-of-Day Demand Service

## APPLICABLE

In the territory served.

## AVAILABILITY

Available as an option to Customers otherwise served under Rate RS.

1. Service under this rate schedule is limited to a maximum of five-hundred (500) Customers taking service on Rates RTOD-Demand and RTOD-Energy combined that are eligible for Rate RS. Company will accept Customers on a first-come-first-served basis.
2. This service is also available to Customers on Standard Rate GS (where the Rate GS service is used in conjunction with a Rate RS service to provide service to a detached garage and energy usage is no more than 300 kWh per month) who demonstrate power delivered to such detached garage is consumed, in part, for the powering of low emission vehicles licensed for operation on public streets or highways. Such vehicles include:
  - a. battery electric vehicles or plug-in hybrid electric vehicles recharged through a charging outlet at Customer's premises,
  - b. natural gas vehicles refueled through an electric-powered refueling appliance at Customer's premises.
3. A Customer electing to take service under this rate schedule who subsequently elects to take service under Rate RS may not be allowed to return to this optional rate for twelve (12) months from the date of exiting this rate schedule.

## RATE

Basic Service Charge per day:	\$0.53			
Plus an Energy Charge per kWh:	Infrastructure	Variable	Total	I/I
	\$0.01276	\$0.03234	\$0.04510	
Plus a Demand Charge per kW:				
Base Hours:	\$3.44			
Peak Hours:	\$8.90			

"Variable" shall be the rate comprised of costs, such as fuel, that fluctuate with the production of energy used by customers.

"Infrastructure" shall be the rate comprised of costs associated with meeting system demand that do not fluctuate directly with energy usage as well as the portion of fixed customer-related expenses not recovered in the Basic Service Charge.

## ADJUSTMENT CLAUSES

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Demand-Side Management Cost Recovery Mechanism	Sheet No. 86
Fuel Adjustment Clause	Sheet No. 85
Off-System Sales Adjustment Clause	Sheet No. 88
Environmental Cost Recovery Surcharge	Sheet No. 87
Home Energy Assistance Program	Sheet No. 92
Franchise Fee	Sheet No. 90
School Tax	Sheet No. 91

**DATE OF ISSUE:** November 5, 2019  
**DATE EFFECTIVE:** With Bills Rendered  
On and After November 27, 2019  
**ISSUED BY:** /s/ Robert M. Conroy, Vice President  
State Regulation and Rates  
Lexington, Kentucky

Issued by Authority of an Order of the  
Public Service Commission in Case No.  
2019-00205 dated October 22, 2019

<b>KENTUCKY</b> <b>PUBLIC SERVICE COMMISSION</b>
<b>Gwen R. Pinson</b> Executive Director 
<b>EFFECTIVE</b> <b>11/27/2019</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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KENTUCKY POWER COMPANY

P.S.C. KY. NO. 11 2<sup>nd</sup> REVISED SHEET NO. 6-1  
CANCELLING P.S.C. KY. NO. 11 1<sup>st</sup> REVISED SHEET NO. 6-1

**TARIFF R.S.  
(Residential Service)**

**AVAILABILITY OF SERVICE.**

Available for full domestic electric service through 1 (one) meter to individual residential customers including rural residential customers engaged principally in agricultural pursuits.

**RATE.** (Tariff Codes 015, 017, 022)

Service Charge..... \$ 14.00 per month  
Energy Charge: ..... 9.684¢ per KWH

**MINIMUM CHARGE.**

This tariff is subject to a minimum monthly charge equal to the Service Charge.

**ADJUSTMENT CLAUSES.**

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Fuel Adjustment Clause	Sheet No. 5
System Sales Clause	Sheet No. 19
Franchise Tariff	Sheet No. 20
Demand-Side Management Adjustment Clause	Sheet No. 22
Federal Tax Cut Tariff	Sheet No. 23
Residential Energy Assistance	Sheet No. 25
Capacity Charge	Sheet No. 28
Environmental Surcharge	Sheet No. 29
School Tax	Sheet No. 33
Purchase Power Adjustment	Sheet No. 35
Decommissioning Rider	Sheet No. 38

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**DELAYED PAYMENT CHARGE.**

Bills under this tariff are due and payable within fifteen (15) days of the mailing date. On all accounts not paid in full by the next billing date, an additional charge of 5% of the unpaid portion will be made.

**VOLUNTEER FIRE DEPARTMENTS** (Tariff Code 024)

Volunteer Fire Departments may qualify pursuant to KRS 278.172 for this tariff but will be required to provide a completed Form 990 and update it annually.

(Cont'd on Sheet No. 6-2)

DATE OF ISSUE: November 16, 2018  
DATE EFFECTIVE: Service Rendered On And After November 1, 2018  
ISSUED BY: /s/ Matthew A. Horeled  
TITLE: Director, Regulatory Services  
By Authority of an Order of the Public Service Commission  
In Case No. 2018-00311 Dated October 30, 2018

**KENTUCKY  
PUBLIC SERVICE COMMISSION**

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**Gwen R. Pinson**  
Executive Director

*Gwen R. Pinson*

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**EFFECTIVE**  
**11/1/2018**  
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR Entire Territory Served  
Community, Town or City

P.S.C. KY. NO. 6

15th Revised SHEET NO. 1

CANCELING P.S.C. KY. NO. 6

14th Revised SHEET NO. 1

Owen Electric Cooperative, Inc.

(Name of Utility)

CLASSIFICATION OF SERVICE

**SCHEDULE I - FARM AND HOME**

- A. Applicable - to entire territory served.
- B. Available - to farm and residential consumers.
- C. Type of Service - Single phase, 60 cycles, 120/240 volt.
- D. Rate

Customer Charge	All kWh
\$20.00	\$0.08245 (R)

- E. Terms of Payment - the above rates are net, the gross being five percent (5%) higher. In the event the current monthly bill is not paid within fifteen (15) days from the date bill was rendered, the prompt payment discount shall be forfeited and the gross amount shall apply.

\* The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per KWH determined in accordance with the "Fuel Adjustment Clause".

This tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240, and as approved by the Commission Order of March 31, 1981.

DATE OF ISSUE August 21, 2017  
Month / Date / Year

DATE EFFECTIVE Service rendered on and after September 1, 2017  
Month / Date / Year

ISSUED BY [Signature]  
(Signature of Officer)

TITLE President /CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. 2017-00018 DATED August 7, 2017

**KENTUCKY  
PUBLIC SERVICE COMMISSION**

**Gwen R. Pinson**  
Executive Director

*Gwen R. Pinson*

EFFECTIVE  
**9/1/2017**  
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR Entire Territory Served  
Community, Town or City

P.S.C. KY. NO. 6

7th Revised SHEET NO. 3

CANCELLING P.S.C. KY. NO. 6

6th Revised SHEET NO. 3

Owen Electric Cooperative, Inc.

(Name of Utility)

CLASSIFICATION OF SERVICE

**SCHEDULE 1-D – FARM & HOME – INCLINING BLOCK**

- A. Applicable – to the entire territory served.
- B. Available – to all consumers eligible for Schedule 1–Farm and Home. One year minimum commitment required.
- C. Type of Service – Single Phase, 60 cycle, 120/240 volt.

D. Rate

Customer Charge (no usage)	\$15.78 per meter, per month
Energy Charge per kWh	
0-300 kWh	\$0.06549 (R)
301-500 kWh	\$0.08799 (R)
Over 500kWh	\$0.11799 (R)

- E. Terms of Payment – the above rates are net, the gross being five percent (5%) higher. In the event the current monthly bill is not paid within fifteen days from the date the bill was rendered, the prompt payment discount will be forfeited and the gross amount shall apply.

The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per kWh determined in accordance with the Fuel Adjustment Clause.

The tariff is subject to the Energy Emergency Control Program as filed with the Kentucky Energy Regulatory Commission (now the Public Service Commission) on February 23, 1981, in Administrative Case No. 240, and as approved by the Commission Order of March 31, 1981.

DATE OF ISSUE August 21, 2017  
Month / Date / Year

DATE EFFECTIVE Service rendered on or after September 1, 2017  
Month / Date / Year

ISSUED BY [Signature]  
(Signature of Officer)

TITLE President/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. 2017-00018 DATED August 7, 2017



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