

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF DUKE)	
ENERGY KENTUCKY, INC. OF A NATURAL GAS)	CASE NO.
SERVICE MINIMUM USAGE AGREEMENT AND)	2020-00041
A PETITION FOR CONFIDENTIAL TREATMENT)	

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

Duke Energy Kentucky, Inc. (Duke Kentucky), pursuant to 807 KAR 5:001, is to file with the Commission the original and an electronic version of the following information. The information requested herein is due on March 23, 2020. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Duke Kentucky shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct

when made, is now incorrect in any material respect. For any request to which Duke Kentucky fails or refuses to furnish all or part of the requested information, Duke Kentucky shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Duke Kentucky shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Natural Gas Service Minimum Usage Agreement (Agreement), page 1. The Agreement states that Duke Kentucky has evaluated the economic feasibility of providing the requested service to the proposed Customer using its standard feasibility evaluation methodologies, and has determined that construction of the Incremental Customer Facilities necessary to serve the customer is not economically feasible without a guaranteed minimum amount of natural gas consumption for a period of ten years.

- a. Explain in full detail how Duke Kentucky determined the period of ten years and why it is reasonable.

- b. Provide the cost-benefit analysis or similar feasibility study performed.

c. If not included in the cost-benefit analysis provided in the response to Item 1(b) above, explain how Duke Kentucky segregated construction activities and costs between Incremental Customer Facilities and Additional Company Facilities.

2. Refer to the Agreement, pages 1–2, Section 1.2.

a. Provide the length of the service line.

b. Explain why the last sentence of this Section is appropriate.

3. Refer to the Agreement, page 2, Section 2.2, and Case No. 2019-00388,¹ Duke Kentucky's response to Commission Staff's First Request for Information, Item 5(a).

a. Identify and describe the difference between the estimated construction costs of the Total Project Facilities.

b. State whether the estimated construction costs for the Total Project Facilities includes project contingencies.

c. Provide detailed cost support for the estimated construction costs of the Incremental Customer Facilities.

d. Explain why the minimum usage requirement set forth in Attachment A will be adjusted based on the total actual costs to construct the Total Project Facilities instead of the total actual costs to construct the Incremental Customer Facilities.

4. Refer to the Agreement, page 2, Section 2.3.

a. Explain whether, and if so how, this rate will be charged to the customer.

¹ Case No. 2019-00388, *Electronic Application of Duke Energy Kentucky, Inc. for a Certificate of Public Convenience and Necessity Authorizing the Construction of a Gas Pipeline from Erlanger, Kentucky to Hebron, Kentucky* (Ky. PSC, filed Oct. 21, 2019).

b. Explain whether, and if so how, this rate will be included in the Delivery Component.

5. Refer to the Agreement, page 3, Section 3.3.

a. Confirm that, as used in this section, “project” refers to the customer’s new or expanded natural gas consuming facilities, which are the subject of this Agreement. If this cannot be confirmed, provide the definition of “project” as used in this Section.

b. Explain whether the maximum reimbursement relates only to the Incremental Customer Facilities or the Total Project Facilities.

c. Explain whether Duke Kentucky would abandon the entire Total Project Facilities or just the Incremental Customer Facilities in the event that the customer abandons any phase of the project for any reason prior to the In-Service Date.

6. Refer to the Agreement, page 3, Sections 4.1 and 4.2. Explain whether Duke Kentucky is assisting the customer with the construction of the natural gas pipeline.

7. Refer to the Agreement, page 4, Sections 5.2 and 5.3. Confirm that the referenced “Delivery Component” consists of all non-commodity tariffed rates and charges applicable to this rate schedule. If this cannot be confirmed, provide the definition of “Delivery Component” as used in these Sections.

8. Refer to the Agreement, page 5, Section 5.6. Regarding reductions to the Annual Usage Requirement from Involuntary Curtailment Days, reconcile the statements “such reduction in Annual Usage Requirements shall apply *only to the annual period in which the curtailment occurs* and shall not reduce the Cumulative Total Annual Usage Requirement obligations of Customer reflected on Attachment A” and “Any reduction in

Annual Usage Requirements established pursuant to this Section 5.6 *shall be added to the next annual period hereunder or to Customer's final invoice* under this Agreement in the event such reduction occurs in the final year hereof" (emphasis added).

9. Refer to the Agreement, page 5, Section 5.7, and explain whether Duke Kentucky will be requiring any type of deposit from the customer.

10. Refer to the Agreement, page 5, Section 6.1. If known, provide the type of pipeline that the customer will be installing.

11. Refer to the Agreement, page 6, Section 6.2. Identify which odorants Duke Kentucky may deem necessary to add to the natural gas provided to the customer.

12. Refer to the Agreement, Attachment A.

a. To the extent not addressed in the response to Item 1 above, provide a schedule that shows that the cost of the Incremental Customer Facilities that will be fully recovered from the customer.

b. Explain whether the annual usage requirements represent the minimum usage required to fully recover the Incremental Customer Facilities or the expected usage of the customer during the Agreement's ten-year term.



Kent A. Chandler
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DATED MAR 12 2020

cc: Parties of Record

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