

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 NATURAL GAS)	CASE NO.
RATES; 2) APPROVAL OF NEW TARIFFS, AND)	2021-00190
3) ALL OTHER REQUIRED APPROVALS,)	
WAIVERS, AND RELIEF)	

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

Duke Energy Kentucky, Inc. (Duke Kentucky), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested herein is due on July 14, 2021. The Commission directs Duke Kentucky to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085¹ regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency. 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

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

association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Duke Kentucky shall make timely amendment to any prior response if Duke Kentucky obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Duke Kentucky fails or refuses to furnish all or part of the requested information, Duke Kentucky shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

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

1. Refer to the Application, Schedule B-2.3, page 8 of 8, Gross Additions and Retirements, and Transfers. Provide an itemized list of projected projects that represent the total additions to Gas Plant including Allocated Common of \$47,138,138 for the forecasted test period.

2. Refer to the Application, Schedule L-2.2, page 23 of 92, Budget Billing Plan Description. The proposed tariff indicates that after three, six, and nine months, a bill message will be sent with a new bill amount if the budget bill amounts compared to actual amounts exceeds a set threshold. Provide threshold that will be used to implement this provision.

3. Refer to the Application, Schedule L-2.2, page 24 of 92, Landlord Programs. Explain whether Duke Kentucky will notify landlords participating in this program when service to one of their properties is switched from the tenant's name into the landlord's name.

4. Refer to the Application, Schedule L-2.2, page 37 of 92, proposed revision to the Full Requirements Aggregation Service and page 54 of 92, proposed revision to Interruptible Monthly Balancing Service. Explain how suppliers would be aware of the North American Energy Standards Board deadline for a timely nomination cycle.

5. Refer to the Application, Schedule L-2.2, page 69 of 92, proposed Government Mandate Adjustment (Rider GMA). Confirm that the rate under Rider GMA for Residential Service and General Service will not be multiplied by the billed usage because those rates would be per month instead of per Ccf.

6. Refer to the Application, Schedule L-2.2, page 73 of 92, Bad Check Charge. Provide detailed cost support for the Bad Check Charge.

7. Refer to the Direct Testimony of Amy B. Spiller (Spiller Testimony), page 16, line 11, through page 18, line 3. Regarding the COVID-19 pandemic,

a. Of the 16,280 accounts, quantify how many of these accounts were gas only, electric only, and gas/electric combination.

b. Provide the total amount for gas only, electric only, and gas/electric combination that have defaulted on their payment plan and subsequently been disconnected.

8. By month, provide the number of gas only, electric, only, and gas/electric combination customers that have been disconnected since October 2020.

9. Refer to Spiller Testimony, page 16, lines 20–22, which indicates that third-party credit and debit card fees were waived for customers who paid their Duke Kentucky utility bill by credit or debit card during the initial months of the pandemic.

a. Confirm that the third-party credit and debit card fees go directly to the third-party processing company and are not collected by Duke Kentucky, who then remits the fees to the third-party processing company.

b. If confirmed, indicate how Duke Kentucky had the authority to waive the credit and debit card processing fees.

10. Refer to Spiller Testimony, page 26, line 9, through page 30, line 13, regarding the proposed Rider GMA.

a. Explain whether Duke Kentucky would commit to extending the time between filing rate cases if Rider GMA were approved. If the answer is yes, provide the rate case filing interval to which Duke Kentucky would commit.

b. List each Duke Energy subsidiary that currently uses a rider similar to Duke Kentucky's proposed Rider GMA.

(1) For each Duke Energy subsidiary listed, state the frequency of its general rate adjustment proceedings for the ten years prior to implementing such a rider.

(2) For each Duke Energy subsidiary listed, state the frequency of its general rate adjustment proceedings since adopting such a rider.

c. List the jurisdictions in which a Duke Energy operating subsidiary's application to implement a rider similar to Duke Kentucky's proposed Rider GMA was denied, and provide the most recent order from the state's utility regulatory commission denying the requested rider.

d. List the jurisdictions in which a Duke Energy operating subsidiary's application to implement a rider similar to Duke Kentucky's proposed Rider GMA was granted, and provide the most recent order from the state's utility regulatory commission granting the requested rider.

11. Refer to Spiller Testimony, page 28, lines 1–13, which discusses the pipeline safety-related investments that could be eligible for inclusion in Rider GMA.

a. Provide the capital spend by Duke Kentucky for the past ten calendar years that resulted from regulations promulgated by the U.S. Department of Transportation Pipeline and Hazardous Materials Administration (PHMSA).

b. Provide the projected capital spend by Duke Kentucky for the next ten calendar years that will result from regulations promulgated by PHMSA.

12. Refer to Spiller Testimony, page 29, lines 13–16, which states that Rider GMA would alleviate the need for multiple successive rate cases to bring eligible facilities into rates and provide a less volatile impact to customer rates as compared to base rate proceedings.

a. Provide a comparative analysis with detailed discussion and supporting workpapers and assumptions to corroborate the contention that approval of Rider GMA would result in less frequent general rate cases.

b. Provide support for the assertion that bringing Rider GMA eligible projects into rates through Rider GMA would provide a less volatile impact to customer rates as compared to base rate proceedings.

13. Refer to Spiller Testimony, page 30, lines 10–12, which states that Rider GMA will be subject to an annual true-up and reconciliation to ensure that Duke Kentucky does not over- or under-collect for these mandates. Also refer to the Testimony of Sarah E. Lawler (Lawler Testimony), page 10, lines 3–8, which states that Duke Kentucky will make annual applications with the Commission to update Rider GMA. Explain whether the annual true-up and reconciliation will be a separate filing or if it will be included with the Rider GMA annual application.

14. Refer to Spiller Testimony, page 37, lines 7–13, regarding the Sewer Line Inspection Program.

a. Provide any analysis that was performed to support the need for this program.

b. Explain how issues surrounding sewer and gas lines were handled prior to the development of this program.

c. Explain how are the costs associated with the implementation of this program accounted for in Duke Kentucky's operation and maintenance plan.

d. Explain what affect this program will have relative to Duke Kentucky's Distribution Integrity Management Plan (DIMP).

e. Explain how the effectiveness of the program is evaluated and measured.

f. Explain whether this program is unique to Duke Kentucky or offered in other Duke Energy affiliated companies.

15. Refer to the Direct Testimony of Chris Bauer (Bauer Testimony) and Duke Kentucky's response to Commission Staff's First Request for Information (Staff's First Request), Item 54, STAFF-DR-01-054_Attachment_-_KPSC_GAS_SFRs-2021.xlsx.

a. Refer to page 14 of the Bauer Testimony, lines 1–9 and tab SCH_J2 – Forecast of the Excel Spreadsheet.

(1) Provide the supporting calculation for the 1.3405 percent interest rate for the Sale of Accounts Receivable.

(2) Provide the supporting calculation for the 0.2905 percent for the Notes Payable to Associated Companies and the \$89,577,642 balance.

(3) Explain what the Current Maturities of \$5,769,231 represents.

b. Refer to page 14, lines 10–13, and Tab SCH_J3 – Forecast of the Excel spreadsheet. Provide the one-month LIBOR as of February 2021 and supporting calculation of the LT Commercial Paper interest rate of 0.541 percent.

c. Refer to page 14, lines 13–20, and Tab SCH_J3 – Forecast of the Excel spreadsheet. Provide the supporting calculations for the future \$50.0 million debt issuance of 3.686 percent and \$70.0 million debt issuance of 3.896 percent.

16. Refer to the Direct Testimony of Dylan W. D'Ascendis (D'Ascendis Testimony). Provide all exhibits and workpapers in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

17. Refer to D'Ascendis Testimony generally.

a. Provide the most recent ROE award for each Duke Kentucky affiliate, the state Commission, case number, the date of the order and whether the case proceeding was fully litigated or settled.

b. Provide the most recent ROE award for each of the companies' state affiliates in the gas proxy group, the date of the award, and whether the case was fully litigated or settled.

18. Refer to D'Ascendis Testimony, page 4, lines 9–11.

a. Explain why it is reasonable to include size and credit risk adjustments to Duke Kentucky's ROE recommendation, rather than to loosen criteria for the proxy group and form a wider-ranging sample.

b. Explain whether including these adjustments shows flaws in the selection of the proxy group as a representative sample of similar-risk utilities on which to form an ROE calculation.

c. Explain whether size and credit risk adjustments are already inherent to ROE's derived from similar risk proxy groups and whether including these adjustments is akin to "double dipping."

19. Refer to D'Ascendis Testimony, page 12, lines 1–15. Provide the Standard & Poor's (S&P) and Moody's rating reports for Duke Kentucky' for the last two years.

20. Refer to D'Ascendis Testimony, page 13, lines 10–24, and page 14, lines 1–8. With Duke Kentucky being a combination natural gas and electric utility and such a small sample size of natural gas utilities, explain why it would not be appropriate to include

combination gas and electric utilities in the proxy group in order to achieve a more significant sample size.

21. Refer to D'Ascendis Testimony, page 13, lines 12–24, and page 14, lines 1–8.

a. Confirm whether Duke Kentucky meets all the proxy group requirements.

b. Explain the rationale for the 60 percent cutoff in criteria (ii) and provide the percentage of fiscal year 2020 total operating income and total assets attributable to regulated gas distribution operations for Duke Kentucky.

22. Refer to D'Ascendis Testimony, page 15, lines 5–7. Explain whether the analysis to determine the relative risk between Duke Kentucky and the Utility Proxy Group as to whether or not explicit adjustments need to be made to the Utility Proxy Group results is subjective in nature.

23. Refer to D'Ascendis Testimony, page 19, lines 4–14, and the other analyses in general.

a. Explain why it is reasonable to include high and low outliers in the ROE results, rather than remove them.

b. Explain why it is reasonable to use the average of the mean and median results for the ROE estimates, rather than just the median, a resistant measure of center in the presence of outliers.

24. Refer to D'Ascendis Testimony, page 20, lines 9–15.

a. Provide a list of Duke Kentucky affiliate state commissions that have accepted or rejected the Predictive Risk Premium Model (PRPM) analysis for estimating

ROE. Include in the response the case number, year and a copy of the Commission's Order.

b. Provide a copy of the article referenced in footnote 10.

25. Refer to D'Ascendis Testimony, page 21, lines 8–20.

a. Provide the data sources, the historical returns, including how the PRPM model inputs were calculated, and the historical monthly yield on long-term U.S. Treasuries.

b. Provide a more detailed explanation of the GARCH model calculations. Include in the explanation what a GARCH variance and a GARCH coefficient represents.

c. Refer to Attachment DWD-3, page 2.

(1) Explain how a long-term average predicted variance and a spot predicted variance is calculated and the differences between the two calculations.

(2) Provide a further explanation of the current market conditions and how that leads to the recommendation to use an average of long-term average and spot predicted variances.

d. Explain why the current rate for 30-year treasuries do not already embody investors' expectations for the future and, as opposed to forecasted rates, and could not be used in the model.

e. Provide a revised PMRP analysis using the current risk free rate and current corporate bond rates.

26. Refer to D'Ascendis Testimony, page 23, lines 12–17, and to Attachment DWD-3, pages 10–11. Explain how a bond yield of 3.44 percent was derived from the attached forecasts on pages 10–11 of attachment DWD-3.

27. Refer to the D'Ascendis Testimony, page 29, lines 1–15, and page 30, Table 4.

a. Explain the differences between the data used to derive the prospective equity risk premium using measures of capital appreciation and income returns from Value Line for the S&P 500 less projected Aaa corporate bond yields (10.77 percent) and the same calculations using data from Bloomberg Professional Services (12.17 percent).

b. Explain why the narrower S&P 500 was used in the calculations as opposed to relying solely on the broader Value Line Summary and Index.

28. Refer to D'Ascendis Testimony, page 31, lines 5–8, and page 32, Table 5. If not answered above, explain the differences in data obtained from Value Line as compared to data obtained from Bloomberg Professional Services in the calculations.

29. Refer to D'Ascendis Testimony, page 37, lines 8–19.

a. Compare and contrast the advantages and disadvantages of using the two year Bloomberg Betas versus the five year Value Line Betas in the CAPM calculations.

b. Provide a revised CAPM and ECAPM analyses using current 30-year Treasury rates as the risk free rate.

30. Refer to D'Ascendis Testimony, page 38. Provide support or reasoning for utilizing S&P 500 returns as representative of total market return.

31. Refer to Direct Testimony of Retha I. Hunsicker (Hunsicker Testimony), page 17, line 8, through page 18, line 10, regarding the Revert to Owner Program. Explain how the deposit policy will be administered in regards to landlords that enroll in the Revert to Owner Program.

32. Refer to Hunsicker Testimony, page 17, lines 15–16. Provide sample screen shots of the Landlord Experience Portal.

33. Refer to Hunsicker Testimony in general. Provide the annual Operation & Maintenance expense for the current and new CIS system for 2018, 2019, 2020, 2021, and 2022.

34. Refer to Direct Testimony of Jeff L. Kern (Kern Testimony), page 17, lines 9–20.

a. Explain why a new Gas Transaction Information System (GTIS) was implemented.

b. Explain whether transportation customers or third-party suppliers not being able to post offers for purchase, sale or trade is not more transparent and efficient than the new system that only permits suppliers to elect to have their imbalance positions displayed.

35. Refer to Kern Testimony, page 16, lines 1–7, regarding changes to the Meter Pulse Service rate schedule (Rate MPS).

a. Confirm that the bulk of the proposed increases to Rate MPS are the result of labor being added into the calculation.

b. Explain why labor has not be included in Rate MPS in the past.

36. Refer to the Kern Testimony, Attachment JLK-2. Also refer to Case No. 2018-00261 (2018 Rate Case), the Direct Testimony of Bruce L. Sailors, Exhibit BLS-2.² In the instant case, the cost of service study estimates a fixed residential customer cost of \$31.44. In the 2018 Rate Case, and as seen in Exhibit BLS-2, the cost of service study estimated a fixed residential customer cost of \$24.61. Explain why the fixed component increased over 27 percent.

37. Refer to Kern Testimony, Attachment JLK-4, cost justification for the reconnection charge.

a. Indicate whether reconnections are performed by Duke Kentucky employees or contract labor.

b. Provide supporting calculations for the percentages used to calculate the total cost per hour.

c. Explain the line labeled “Contracted Rate for Gas Reconnection (Seasonal).”

38. Refer to Kern Testimony, Attachment JLK-5, cost support for Meter Pulse Service.

a. Provide detailed support for the Labor Hourly Rate of \$128.04 on line 12.

b. Provide support for the equipment charges.

39. Refer to Lawler Testimony, page 4, lines 3–7.

² Case No. 2018-00261, *Electronic Application of Duke Energy Kentucky, Inc. for Authority to 1) Adjust Natural Gas Rates 2) Approval of a Decoupling Mechanism 3) Approval of New Tariffs 4) and For All Other Required Approvals, Waivers, and Relief* (filed Aug. 31, 2018).

a. Provide an itemized break out of the capital investment that results in the difference between the \$772 million 13-month average gross utility plant in the forecasted test period and the \$589 million gross 13-month average of gross utility plant in the 2018 rate case.

b. For each project, explain whether a CPCN was received, and if so, provide the corresponding case number granting the CPCN, and if not, provide the reason why Duke Kentucky did not apply for a CPCN.

40. Refer to Lawler Testimony, page 6, lines 14–21. Explain in detail the basis for Duke Kentucky’s assertion that the rate base approach is the more appropriate method of calculating the revenue requirement in this case.

41. Refer to Lawler Testimony, page 7, line 14, through page 10, line 1. Duke Kentucky is requesting approval of Rider GMA.

a. Explain whether filing an application at the actual occurrence of a governmental directive or mandate results in a similar result as filing an application under the guise of Rider GMA.

b. Provide any efficiencies gained through filing an application through Rider GMA versus individual pipe replacement program or federal tax rider applications.

c. Explain whether non-tax components of the proposed Rider GMA will require a CPCN or not. If not, explain why.

42. Refer to Lawler Testimony, page 9, line 16, through page 10, line 10, which explains how Rider GMA will be implemented. Given that the proposed Tariff GMA will be established on a prospective basis annually, and that Duke Kentucky will request a

CPCN for any Rider GMA eligible projects that require a CPCN, explain the timing for including a project in the annual Rider GMA calculation in relation to applying for a CPCN.

43. Refer to Motsinger Testimony, page 7, lines 12–15. Non-reoccurring revenues, minimum use contract revenues, and other revenues are projected based on historical trends or by individual budget centers. Explain whether or not 2020 was used in forecasting the historical trends, and if so, whether the data is adjusted for the COVID-19 pandemic.

44. Refer to the Direct Testimony of Benjamin Walter Bohdan Passty, PhD. (Passty Testimony), page 7, lines 3–4. Provide the survey data that indicates that many large utilities utilize an approach consistent with Duke Kentucky’s load forecasting methodology.

45. Refer to Passty Testimony, page 7, line 23, and page 8, lines 1–2.

- a. Provide the drivers behind the higher volumes.
- b. Provide the drivers behind the increase in the growth rate of expected customers.

46. Refer to Passty Testimony, page 12, lines 6–18. Mr. Passty discusses how the mean percent error measures the reliability of the various weather normals. Mr. Passty states that there is slightly greater mean square error for the years beginning with 2011 when using the 30-year normal instead of the 10-year normal.

- a. Confirm that this implies that the 10-year normal tends to overestimate the weather estimates. If confirmed, explain whether this implies the 30-year forecast is a more accurate estimate of weather.
- b. Provide the comparison of the 30-year normal to the 20-year normal.

47. Refer to Passty Testimony, page 12, line 19, through page 14, line 2.
- a. Provide the proposed weather normalization adjustment (WNA) model in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.
 - b. Provide the WNA base load (BL) and sensitivity to heating degree day estimate (HSF) from the 2018 Rate Case
48. Refer to Passty Testimony, Exhibit BWP-1. Provide a comparison of the current energy forecast as presented in Exhibit BWP-1 to that forecasted in the 2018 rate case. Include a column for annual growth rates.
49. Refer to the Direct Testimony of Leslie G. Quick (Quick Testimony), page 6, and page 7, lines 1-10. Regarding the Mobile App and social media channels, explain the cybersecurity plans in place.
50. Refer to Quick Testimony, page 9, line 13, through page 10, line 2, regarding the late payment fee policy. Provide detailed cost support for Duke Kentucky's late payment charge.
51. Refer to Quick Testimony, page 10, line 19, through page 11, line 2, which states that the collection of late payment fees assists in reducing the incremental delinquency-related costs included in the cost of service, such as collection, bad debts, or disconnections. Explain whether the cost of disconnection is recovered through the reconnection charge.
52. Refer to Quick Testimony, page 11, lines 3-9, regarding the amount of revenue reflected in the test year associated with late payment fees.

a. Explain how the amount of \$369,396 was derived and provide the underlying data used to arrive at that amount.

b. Provide the amount of late fee revenue reflected in the test year that is attributable to residential customers and the underlying data used to arrive at that amount.

53. Refer to the Direct Testimony of Jeffrey R. Setser generally. Provide the total costs allocated from DEBS to Duke Kentucky (gas operations only) for the last ten years

54. Refer to the Direct Testimony of Jake J. Stewart (Stewart Testimony), page 5, lines 13–15.

a. Provide the annual number of employees per year since 2015 that Duke Kentucky has lost to other national gas companies and contractors.

55. Provide the number of executives per year since 2015 that Duke Kentucky has lost to other natural gas companies and contractors.

56. Refer to Stewart Testimony, page 15, lines 1–4.

a. Provide an update to the expired United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union contract.

b. If this contract has been settled, provide the next contract.

c. If b. is confirmed, provide the annual agreed upon wage increases.

57. Refer to Stewart Testimony, page 16, lines 2–3, and Table 1.

a. Provide the total amount paid for each short-term incentive (STI) plan component for 2020.

b. Provide the total amount forecasted to be paid out for each STI plan component in the forecasted test year.

58. Refer to Stewart Testimony, page 18, lines 1–4. State in detail how the payouts for all other measures not related to EPS will be reduced if EPS is less than or equal to the EPS circuit breaker.

59. Refer to Stewart Testimony, page 23, lines 4–23.

a. For the forecasted test period, provide the long term incentive (LTI) amount included for the Executive LTI program.

b. For the forecasted test period, provide the LTI amount included for the Restricted Stock Units.

60. Refer to Stewart Testimony, page 27, lines 6–11. For the forecasted test period, provide the amount for each component included in the STI that would be rewarded if the “circuit breaker” is met.

61. Refer to Stewart Testimony, page 33, lines 16–20. State whether for those enrolling in the HDHP option, what amounts, if any, are included in the employee’s HSA that require no additional contribution, or are automatically included for selecting the HDDP option.

62. Refer to Stewart Testimony, page 33, lines 21–23. Of the 29.1 percent of total medical coverage, provide the total amount paid by employees for premiums and the total amount paid for out-of-pocket costs for the forecasted test period.

63. Refer to the Direct Testimony of Brian R. Weisker (Weisker Testimony), page 9, lines 14–16. Provide an itemized list detailing the \$79 million in capital expenditures in 2020.

64. Refer to Weisker Testimony, page 30, lines 1–19. Regarding the anticipated replacement of certain sections of the AM07 pipeline to meet Mega Rule requirements, provide the following:

a. The threat category of the 14-mile section of pipeline that was included in Duke Kentucky’s Transmission Integrity Management Plan.

b. The number of High Consequence Areas (HCA) that are identified on the AM07 pipeline.

c. The number of HCA identified on the 14-mile of section to be replaced.

d. A reference in support of the statement starting on line 17: “PHMSA regulations encourage the replacement of the type of material that was used to construct the AM07 pipeline.”

65. Refer to the Direct Testimony of James E. Ziolkowski (Ziolkowski Testimony), page 7, lines 8–9. Explain why no costs were functionalized as storage.

66. Refer to Ziolkowski Testimony, page 9, lines 1–4.

a. Explain whether the average in excess method is commonly used in gas cost of service studies (COSS).

b. Explain whether Duke Kentucky evaluated other COSS methodologies, and if so, explain why they were not utilized.

67. Refer to Duke Kentucky’s response to Staff’s First Request, Item 54, Staff-DR-01-054_Attachment_-_DEK_Gas_COSS_2021_Macros_Disabled.xlsx.

a. Refer to tab WP FR-17-(7)(v)-Mains (Plastic) and tab WP FR-16(7)(v)-Plastic Summary.

(1) Confirm that the minimum system method was applied in the calculation of the customer and demand components.

(2) Recently, the Commission expressed its concern about the demand/customer expense allocation for distribution plant classifications and the Commission's preference for the zero-intercept method.³ Although this concern has been expressed in electric rate cases, the same concept applies to natural gas in that if the zero-intercept analysis does not provide reasonable results, then this indicates little relationship between the number or cost and the number of customers, and therefore increasing the customer charge based on an arbitrary allocation is unreasonable. Provide an update to the COSS in Excel spreadsheet format with all formulas, columns and rows unprotected and fully accessible for the instances where the minimum system was applied.

b. Provide the average and excess allocation factors from the 2018 and current case.

68. Provide a revised Schedule M where all riders are separately identified. Provide in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

69. Refer to Duke Kentucky's response to Staff's First Request, Item 39. Provide, as separately stated totals, the total employer contributions to 401(k) expenses and for defined benefits for the forecasted test period. In addition to stated totals, provide this information detailing the total contributions for union and non-union employees.

³ See Case No. 2020-00131, *Electronic Application of Meade County Rural Electric Cooperative Corporation for an Adjustment in Rate* (Ky. PSC Sept 16, 2020), Order at 12.

70. Refer to Duke Kentucky's response to Staff's First Request, Item 49, Attachment 2, page 1 of 11.

a. Explain how the amounts included in the "Revenue at Present Rates" and "Revenue at Proposed Rates" columns for the following line items were derived, and provide the underlying data used to arrive at those amounts:

- (1) Bad Check Charges;
- (2) Reconnection Charges;
- (3) Field Collection Charges; and
- (4) Other Misc.

b. Explain what is included in the Other Misc. line item.

71. Refer to Duke Kentucky's response to Staff's First Request, Item 52, regarding non-recurring charges.

- a. Provide the amount of the field collection charge.
- b. Provide detailed cost support for the field collection charge.
- c. Identify the tariff provision that allows for the assessment of a field collection charge.



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DATED JUN 29 2021

cc: Parties of Record

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