

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE ENERGY)	
KENTUCKY, INC. FOR AN ORDER TO ENTER)	CASE NO.
INTO UP TO \$25,000,000 PRINCIPAL AMOUNT)	2024-00320
OF CAPITAL LEASE OBLIGATIONS)	

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

Duke Energy Kentucky, Inc. (Duke Kentucky), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on April 4, 2025. The Commission directs Duke Kentucky to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

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 or incomplete when made or, though correct or complete when made, is now incorrect or incomplete 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 and scanned 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 Case No. 2022-00335.² The Commission found that Duke Kentucky failed to provide sufficient evidence to support its request for authorization to enter into Capital Lease Obligations of up to a \$25 million principal amount.

² Case No. 2022-00335, *Electronic Application of Duke Energy Kentucky, Inc. for an Order to Enter into Up to \$25,000,000 Principal Amount of Capital Lease Obligations* (Ky PSC Dec. 13, 2022), Order at 5.

a. Identify the additional evidence or information Duke Kentucky provided in this matter that is sufficient to support the current request, as compared to the Application in Case No. 2022-00335.³

b. Explain why the additional evidence or information provided in response to 1a is sufficient.

2. Refer to the Application, Exhibit A. In Case No. 2022-00335, the Commission encouraged Duke Kentucky to provide specific or example information in future applications regarding potential Capital Leases, including the property being leased, the lessor, the lease amount and terms, and the use of the proceeds. Provide an update to the exhibit containing additional detail, including the categories of information identified in Case No. 2022-00335, as it pertains to this request, if available.⁴ If this information is unavailable, explain why.

3. Refer to the Application, page 6, item 7. Explain why the Application states that Duke Kentucky received approval to enter into Capital Lease Obligations in Case No. 2022-00335, when approval was denied.⁵

4. Refer to the Application, Method of Transacting Capital Leases, page 4. Refer also to Case No. 2022-00335, Duke Kentucky's response to Commission Staff's First Request for Information (Staff's First Request), Item 2.⁶

³ Case No. 2022-00335, Oct. 3, 2022 Application.

⁴ Case No. 2022-00335, Dec. 13, 2022 Order at 5.

⁵ Case No. 2022-00335, Dec. 13, 2022 Order, ordering paragraph 1.

⁶ Case No. 2022-00335, Nov. 9, 2022, Duke Kentucky's Response to Staff's First Request, Item 2 at unnumbered pages 5-6.

a. Provide examples of the journal entries for the different leasing situations.

b. In the case of an existing property lease back arrangement, explain the differences, if any, in journal entries for property that is and is not in rate base.

c. For each of the examples above, explain the specific advantages to Duke Kentucky and to Duke Kentucky's ratepayers from each set of transactions.

5. Identify and explain any differences between the response provided to Items 4 in this case, set forth above, and the response provided in response to Item 2 of Staff's First Request in Case No. 2022-00335, if any.

6. Refer to Case No. 2022-00335, Duke Kentucky's response to Staff's First Request, Item 2.⁷

7. Refer to the Application, Exhibit A. Refer also to the response in Case No. 2022-0033, Duke Kentucky's response to Staff's First Request, Item 5.⁸

a. Explain how capital leasing can be used to fund construction expenditures.

b. Define "other general corporate purposes."

c. Explain whether the lessor could be a non-regulated Duke Kentucky affiliate.

⁷ Case No. 2022-00335, Duke Kentucky's Response to Staff's First Request at unnumbered pages 5-6.

⁸ Case No. 2022-00335, Duke Kentucky's Response to Staff's First Request at unnumbered page 15.

8. Identify and explain any differences between the response provided to Items 7 in this case, set forth above, and the response provided in response to Item 5 of Staff's First Request in Case No. 2022-00335, if any.

 

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DATED MAR 27 2025

cc: Parties of Record

Case No. 2024-00320

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