

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                                     |   |                     |
|-------------------------------------|---|---------------------|
| AN INVESTIGATION OF THE RELIABILITY | ) |                     |
| MEASURES OF KENTUCKY'S              | ) | ADMINISTRATIVE      |
| JURISDICTIONAL ELECTRIC             | ) | CASE NO. 2011-00450 |
| DISTRIBUTION UTILITIES              | ) |                     |

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

Duke Energy Kentucky, Inc. ("Duke Kentucky"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due no later than September 6, 2013. Responses to requests for information shall be appropriately bound, tabbed and indexed. 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 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, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should 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.

1. Refer to the Direct Testimony of Leroy S. Taylor, Jr. ("Taylor Testimony").<sup>1</sup> At numerous points throughout the Taylor Testimony, the terms "worse performing circuit," "worse circuit" and "worst circuit" are used to indicate language utilized by the Commission in its order in this case establishing the circuit level reporting requirements to be filed annually. Identify any portion of the Commission's order in this matter which establishes the reporting requirements as a "worst-performing circuit" methodology, or where the terms "worse performing circuit," "worse circuit" or "worst circuit" are used other than in describing the previous reporting requirements as ordered in Administrative Case No. 2006-00494.<sup>2</sup>

2. On pages 4-5 of the Taylor Testimony, the term "circuit-by-circuit benchmarking" is used repeatedly to describe the reporting requirements set forth in the Commission's order, along with details as to why Duke believes the additional data collection and reporting requirements ordered by the Commission are "not an

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<sup>1</sup> Direct Testimony of Leroy S. Taylor, Jr. on Behalf of Duke Energy Kentucky, Inc., p. 6, filed Aug. 8, 2013.

<sup>2</sup> Administrative Case No. 2006-00494, *An Investigation of the Reliability Measures of Kentucky's Jurisdictional Electric Distribution Utilities and Certain Reliability Maintenance Practices* (Ky. PSC Oct. 26, 2007).

appropriate benchmark for measuring reliability.” Identify where in the Commission’s Order issued in this case on May 30, 2013 (“May 30 Order”), the reporting requirements are referred to as a benchmark to be imposed by the Commission upon the utilities, or alternatively, what specific language in the order leads Duke to believe the requirements are to be used as a “circuit-by-circuit benchmarking” tool.

3. Refer to the Taylor Testimony, page 6, at lines 12-15. Mr. Taylor states that with respect to the management of their systems, many utilities, including Duke, take “a holistic view of the system and employ a reliability strategy that is focused upon consistently and strategically replacing or retrofitting weakness in the entire system from a design standpoint rather than try to solve all problems on a particular circuit.” Mr. Taylor further states, at line 23 on page 6, that circuit-by-circuit reporting is “inconsistent with the prioritization employed by Duke Energy Kentucky.” Identify which portion of the Commission’s May 30 Order specifically prohibits Duke from prioritizing its system reliability management in the manner currently utilized by the utility.

4. On page 6, at lines 21-22, of the Taylor Testimony, Mr. Taylor states a common theme throughout his testimony, i.e., that Duke’s strategy for performance management focuses on attempting to “fix the worst problems on all its circuits rather than all problems on the worst circuit.”

a. Identify what portion of the Commission’s May 30 Order prohibits Duke from addressing problems with its individual circuits and overall system in accordance with its policy, as stated by Mr. Taylor.

b. Does Duke currently make its customers aware of its stated policy to prioritize particular circuits and provide information to those customers to indicate what level of priority their respective circuit is assigned?

5. Refer to the Taylor Testimony, page 9, at lines 5-7. Mr. Taylor states that Duke will “incur additional costs for the enhanced data collection and reporting that is required by this change in the reporting requirements.” Additionally, at lines 10-11, Mr. Taylor states that the “costs will eventually be passed through in the Company’s rates.”

a. Provide a breakdown of the estimated annual cost of Duke’s current reliability performance data collection and reporting methodology.

b. Provide a breakdown of the estimated cost Duke anticipates to be incurred as a result of the updated reported requirements ordered by the Commission.

c. With the understanding that the Commission’s Order does not require corrective actions to be taken for any specific circuit, explain the additional costs Duke will incur by reporting the corrective actions taken for those circuits identified by Duke as requiring such action.

6. Refer to the Taylor Testimony, page 9, at lines 13-14. The statement is made that the reporting requirements ordered by the Commission include “developing a corrective action plan for any circuit failing the 5-year rolling average of various performance indices.” However, the Commission’s order states that for each circuit whose System Average Interruption Duration Index or System Average Interruption Frequency Index value in a given year is higher than the rolling five-year average for that circuit, excluding MEDs (Major Event Days), the utility shall provide “a Corrective Action Plan which describes any measures the utility has completed or plans to

complete to improve the circuit's performance."<sup>3</sup> Does Duke believe there is a difference between its belief that the Commission's intent is to require corrective action for "any circuit failing the 5-year rolling average" and the Commission's stated requirement that the utilities describe "any measures the utility has completed or plans to complete?"

7. On page 9 of the Taylor Testimony, there is discussion of a similar order issued in Ohio that has been in place since before 2006. Additionally, at lines 16-17, Mr. Taylor states that Duke estimates "an additional 12 man-hours per circuit will be required to comply with the collecting and reporting of this requirement."

a. Provide the case name, docket number, and date of the order issued in Ohio that is referenced on page 9, lines 14-15 in the Taylor Testimony.

b. Indicate whether the estimated 12 additional man-hours per circuit will be required on a weekly, monthly, or yearly basis.

8. Refer to the Taylor Testimony, page 9, line 18, through page 10, line 4. Mr. Taylor provides a discussion regarding the re-allocation of resources within Duke to address the Commission's reporting requirements. Specifically, the statement is made that Duke will be forced to "re-deploy capital from programs already earmarked for reliability enhancements that benefit the entire system performance to address these so-called worst circuits" and that Duke "has a wide variety of existing reliability programs and processes that will be re-directed to the so-called 'worst circuits' by curtailing these programs on other circuits."

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<sup>3</sup> Final Order, p. 9 (May 30, 2013).

a. Provide detailed information related to the programs currently in existence within Duke that are earmarked to address reliability enhancements as indicated in its response.

(1) Include any information available to indicate the process in place to review and analyze the performance of individual circuits annually based upon the reliability indices.

(2) Include any information available to determine which circuits require corrective action, as well as what corrective action plans will be enacted to address any reliability concerns.

(3) Estimate the amount of time Duke and its staff invests in the process of analyzing the reliability and prescribing corrective action plans within the programs currently in place that are referenced in Duke's response.

b. Identify the estimated annual costs of the programs and processes identified previously that Duke believes will be negatively impacted by the Commission's reporting requirements.

c. Compare the estimated annual cost of the programs currently in place to the projected cost that Duke anticipates to incur as a result of the Commission's reporting requirements.

9. Refer to the Taylor Testimony, page 11, at lines 2-4. The statement is made that the Commission's May 30 Order in this case "will cause the Company to shift to an emphasis upon acute care that is directed towards particular problem areas and not the well-being of the whole system." Indicate language in the Commission's order which specifically prescribes for utilities how to address problems on its system.

10. Refer to the Taylor Testimony, page 11, lines 15-19. Mr. Taylor states that “the degree of particularity required by the Final Order removes much of the discretion that utility operations managers currently have to manage their entire system, thereby shifting responsibility for achieving system reliability away from the utility and towards a regulatory trigger that may or may not be accurate.”

a. Given the Commission’s stated requirement that the utilities describe “any measures the utility has completed or plans to complete,”<sup>4</sup> explain how the Commission’s May 30 Order removes managerial oversight and attempts to micro-manage any decision to be made by Duke staff.

b. Identify language in the Commission’s order in this case which establishes a “regulatory trigger,” as stated by Mr. Taylor.

11. On page 12 of the Taylor Testimony, at lines 16-17, Mr. Taylor claims that as a result of the Commission’s reporting requirements, “approximately one-half of every utility’s circuits will fail the reliability test in any given year.” Provide evidence and any calculations utilized to support Duke’s claim that one-half of all circuits in Kentucky will fall below the five-year averages annually.

12. Refer to the Taylor Testimony, page 13, at lines 7-9. Mr. Taylor states that Duke “thinks that the final Order with respect to any reporting should be issued as a regulation so that the requirement is clear going forward.” Pursuant to KRS 278.230(c), “Every utility, when required by the commission, shall file with it any reports, schedules, classifications or other information that the commission reasonably requires. The commission shall prepare and distribute to the utilities blank forms for any information required under this chapter.”

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<sup>4</sup> May 30 Order, p. 9.

a. Does Duke believe the reporting requirements established in the Commission's order in this case are covered by this specific statute?

(1) If so, explain why a regulation should be enacted to supplement statute that currently exists.

(2) If not, explain why Duke believes the requirement to provide records related to the reliability indices and circuit information for individual circuits falling outside of the five-year averages should be classified as something other than "reports, schedules, classifications or other information that the commission reasonably requires," as stated in the Commission's statutes.

b. Does Duke believe that the reporting requirements ordered in Administrative Case No. 2006-00494, and in place prior to this case, should have been issued as a regulation?

13. Refer to the Taylor Testimony, page 12, at lines 10-14. Mr. Taylor proposes that the Commission eliminate the circuit-level reporting requirements, but should the Commission decide to require some additional level reporting, "the Commission should reduce the administrative burden of any reporting requirement to a reasonable level." Provide any alternative reporting requirements that Duke believes to be "reasonable" for the Commission to consider.



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DATED           AUG 23 2013          

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