

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC EXAMINATION BY THE PUBLIC	)	
SERVICE COMMISSION OF THE	)	
ENVIRONMENTAL SURCHARGE MECHANISM	)	CASE NO.
OF DUKE ENERGY KENTUCKY, INC. FOR THE	)	2025-00237
SIX-MONTH BILLING PERIOD ENDING MAY 31,	)	
2025	)	

ORDER

On September 29, 2025, pursuant to KRS 278.183, the Commission initiated a six-month review of Duke Energy Kentucky, Inc.'s (Duke Kentucky) environmental surcharge mechanism (ESM) for the six-month billing period ending May 31, 2025. Duke Kentucky filed prepared testimony<sup>1</sup> pursuant to the September 29, 2025 Order and responded to two requests for information from Commission Staff.<sup>2</sup> There were no intervention requests in this proceeding.

On February 2, 2026, Duke Kentucky requested that this case be submitted for decision by the Commission based on the existing record without an evidentiary hearing.<sup>3</sup> The matter now stands submitted for a decision.

LEGAL STANDARD

KRS 278.183(3) requires, in pertinent part, that:

---

<sup>1</sup> Direct Testimony of Libbie Miller (Miller Direct Testimony) (filed Oct. 23, 2025).

<sup>2</sup> Duke Kentucky's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Oct. 23, 2025); Duke Kentucky's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Dec. 2, 2025).

<sup>3</sup> Duke Kentucky's Request to Submit the Case on the Record (filed Feb. 2, 2026).

At six (6) month intervals, the commission shall review past operations of the environmental surcharge of each utility, and after hearing, as ordered, shall, by temporary adjustment in the surcharge, disallow any surcharge amounts found not just and reasonable and reconcile past surcharges with actual costs recoverable pursuant to subsection (1) of this section.

Additionally, KRS 278.183(5) states

The commission shall retain all jurisdiction granted by this section and KRS 278.020 to review the environmental surcharge authorized by this section and any complaints as to the amount of any environmental surcharge or the incorporation of any environmental surcharge into the existing base rate of any utility.

### PROPOSAL

Duke Kentucky reported that its ESM rate base at the end of October 2024 was \$52,446,749 and that its ESM rate base at the end of March 2025 was \$51,532,130.<sup>4</sup> Duke Kentucky calculated its ESM return on rate base during the period to be \$2,292,609.<sup>5</sup> Duke Kentucky also incurred \$16,481,602 in environmental operating expenses, including depreciation expense and the amortization of regulatory assets, during the review period.<sup>6</sup>

Duke Kentucky's surcharge has a monthly true-up mechanism for differences in revenues used to calculate and bill the monthly factor. Duke Kentucky stated that it did not experience any additional over- or under-recoveries.<sup>7</sup>

---

<sup>4</sup> Duke Kentucky's Response to Staff's First Request, Item 1 at 1.

<sup>5</sup> Duke Kentucky's Response to Staff's First Request, Item 1 at 4.

<sup>6</sup> Duke Kentucky's Response to Staff's First Request, Item 1 at 5.

<sup>7</sup> Duke Kentucky's Response to Staff's First Request, Item 2.

As approved in its last base rate case, Case No. 2022-00372,<sup>8</sup> Duke Kentucky used a return on equity of 9.65<sup>9</sup> percent and a gross revenue conversion factor of 1.3342383,<sup>10</sup> for an overall rate of return of 8.822 percent.<sup>11</sup> Duke Kentucky updated the rate of return authorized by the Commission in Case No. 2024-00354,<sup>12</sup> effective for the October 2025 expense month.<sup>13</sup> The approved pre-tax rate of return in Case No. 2024-00354 is 9.102 percent.<sup>14</sup> The Commission finds this approach reasonable.

### DISCUSSION

Based on the information provided by Duke Kentucky in this matter, the amounts billed by Duke Kentucky for the six-month billing period ending May 31, 2025, generally appear to be reasonable. Thus, the Commission finds that the amounts billed by Duke Kentucky through its environmental surcharge for the period under review should be approved.

IT IS THEREFORE ORDERED that:

1. The amounts billed by Duke Kentucky through its environmental surcharge for the six-month billing period ending May 31, 2025, are approved.

---

<sup>8</sup> Case No. 2022-00372, *Electronic Application of Duke Energy Kentucky, Inc. for (1) an Adjustment of 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* (Ky. PSC Oct. 12, 2023) at 41–42.

<sup>9</sup> Case No. 2022-00372, Oct. 12, 2023 Order at 41–42.

<sup>10</sup> Case No. 2022-00372, Application, Volume 10, Schedule A

<sup>12</sup> Case No. 2024-00354, *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* (Ky. PSC Oct. 2, 2025) at 51.

<sup>13</sup> Miller Direct Testimony at 6.

<sup>14</sup> Miller Direct Testimony at 6.

2. Duke Kentucky shall utilize a pre-tax rate of return of 9.102 percent after the October 2025 expense month.

3. This case is closed and removed from the Commission's docket.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

PUBLIC SERVICE COMMISSION

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Commissioner

  
\_\_\_\_\_  
Commissioner

ATTEST:

  
\_\_\_\_\_  
Executive Director



\*Duke Energy Kentucky, Inc.  
139 East Fourth Street  
Cincinnati, OH 45202

\*Duke Energy Kentucky, Inc.  
139 East Fourth Street  
Cincinnati, OH 45202

\*Larisa Vaysman  
Duke Energy Kentucky, Inc.  
139 East Fourth Street  
Cincinnati, OH 45201

\*Rocco O D'Ascenzo  
Duke Energy Kentucky, Inc.  
139 East Fourth Street  
Cincinnati, OH 45201

\*Sheena McGee Leach  
Duke Energy Kentucky, Inc.  
139 East Fourth Street  
Cincinnati, OH 45201