

VERIFICATION

STATE OF OHIO)
) **SS:**
COUNTY OF HAMILTON)

The undersigned, William Don Wathen Jr, Director of Rates & Regulatory Strategy OH/KY, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing filing, and that the submitted errata to the Stipulation and Recommendation and the revisions to Attachment PAL-2, Rider ASRP, are true and correct to the best of his knowledge, information and belief.



William Don Wathen Jr, Affiant.

Subscribed and sworn to before me by William Don Wathen Jr, on this 30th day of January 2016.

ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2019



NOTARY PUBLIC

My Commission Expires: 1/5/2019

- a. Duke Energy Kentucky will implement an annual \$1.00 cap on Rider ASRP rate increases for the monthly charge to residential customers. (For example, in year one the monthly Rider ASRP charge to residential customers will not exceed \$1.00. In year two, the monthly Rider ASRP charge will not exceed \$2.00, etc.)
- b. Duke Energy Kentucky agrees not to relocate interior natural gas meters as part of its ASRP except for those meters the current location of which violates applicable federal or state code (*e.g.*, piping located under cement patios). The cost to relocate any interior natural gas meter due to a discovered code violation is recoverable under Rider ASRP.
- c. The Parties agree that the Return on Equity (ROE) for purposes of calculating the Rider ASRP revenue requirement shall be established at 9.7 percent. The 9.7 percent ROE shall be only used for purposes of calculating the Rider ASRP revenue requirement and the Company shall continue to use the ROE established in its last base natural gas rate case for all other purposes (*e.g.*, allowance of funds used during construction). The 9.7 percent ROE for Rider ASRP shall remain in effect until the Company files its next natural gas base rate proceeding. The 9.7 percent ROE established and agreed upon by this Stipulation is not to be used as precedent by either Party for future Company filings and each Party reserves the right to advocate and support a different ROE as part of the Company's next base natural gas rate and or any future rate proceeding.

- a. Duke Energy Kentucky will implement an annual \$1.00 cap on Rider ASRP rate increases for the monthly charge to residential customers. (For example, in year one the monthly Rider ASRP charge to residential customers will not exceed \$1.00. In year two, the monthly Rider ASRP charge will not exceed \$2.00, etc.)
- b. Duke Energy Kentucky agrees not to relocate interior natural gas meters as part of its ASRP except for those meters the current location of which violates applicable federal or state code (*e.g.*, piping located under cement patios). The cost to relocate any interior natural gas meter due to a discovered code violation is recoverable under Rider ASRP.
- c. The Parties agree that the Return on Equity (ROE) for purposes of calculating the Rider ASRP revenue requirement shall be established at 9.7 percent. The 9.7 percent ROE shall be only used for purposes of calculating the Rider ASRP revenue requirement and the Company shall continue to use the ROE established in its last base natural gas rate case for all other purposes (*e.g.* allowance of funds used during construction). The 9.7 percent ROE for Rider ASRP shall remain in effect until the Company files its next natural gas base rate proceeding. The 9.7 percent ROE established and agreed upon by this Stipulation is not to be used as precedent by either Party for future Company filings and each Party reserves the right to advocate and support a different ROE as part of the Company's next base natural gas rate and or any future rate proceeding.

Errata Sheet

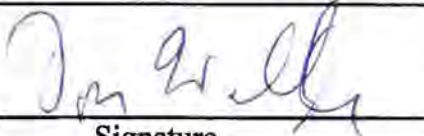
**COMMONWEALTH OF KENTUCKY
BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION**

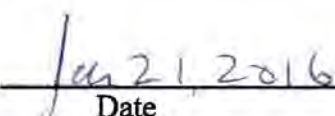
The Application of Duke Energy Kentucky,)
Inc., for a Certificate of Public Convenience)
and Necessity Authorizing the) Case No. 2015-00210
Implementation of an Accelerated Service)
Line Replacement Program, Approval of)
Ownership of Service Lines, and a Gas)
Pipeline Replacement Surcharge)

FILING: Stipulation and Recommendation, Filed December 17, 2015

DATE CORRECTED: January 19, 2016

CORRECTION	LINE	PAGE
Insert the word "Rider" before "ASRP charge"	3	3


Signature


Date

Duke Energy Kentucky, Inc.
4580 Olympic Blvd.
Erlanger, Kentucky 41018

Ky. P.S.C. Gas No. 5
Original Sheet No. 63
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RIDER ASRP

ACCELERATED SERVICE REPLACEMENT PROGRAM RIDER

APPLICABILITY

Applicable to all customers receiving service under the Company's sales and transportation rate schedules.

CALCULATION OF ACCELERATED SERVICE REPLACEMENT RIDER REVENUE REQUIREMENT

The ASRP Rider revenue requirement includes the following:

- a. ASRP-related Plant In-Service not included in base gas rates minus the associated ASRP-related accumulated depreciation and accumulated deferred income taxes;
- b. Retirement and removal of plant related to ASRP construction;
- c. The rate of return on the net rate base is the overall rate of return on capital, using the capital structure and debt rates from the most recent base gas rate case and using a 9.7% ROE, grossed up for federal and state income taxes;
- d. Depreciation expense on the ASRP-related Plant In-Service less retirements and removals;
- e. Property taxes related to ASRP and;
- f. Operation and Maintenance Costs for reconnaissance and relocation of meters.

Deleted: authorized in the Company's latest base gas rate case

ACCELERATED SERVICE REPLACEMENT PROGRAM FACTORS

All customers receiving service under Rate RS and Rate GS shall be assessed a separate monthly charge that will enable the Company to complete the service replacement program. This monthly charge is in addition to the Customer Charge component of their applicable rate schedule, as well as any other applicable monthly charges. Customers receiving service under Rate DGS, Rate FT-L, Rate IT and Rate SSIT will be assessed a separate throughput charge in addition to their commodity delivery charge, for that purpose.

Rider ASRP will be updated annually, to reflect the anticipated impact on the Company's revenue requirements of net plant additions and projected operations and maintenance expense during the upcoming calendar year. Such adjustments to the Rider will become effective with the first billing cycle of January, and will reflect the allocation of the required revenue increase based on the revenue distribution approved by the Commission. After each year, the Company will submit a balancing adjustment to true-up the actual costs with the projected program costs for the preceding year. Any balancing adjustment will become effective with the first billing cycle on or after the effective date of the change.

Deleted: ,

Deleted: in order

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Deleted: most recent twelve months ended December

The charges for the respective gas service schedules for the revenue month beginning January 2016 is:

Rate RS, Residential Service	\$0.35/month
Rate GS, General Service	\$0.35/month
Rate DGS, Distributed Generation Service	\$0.00008/CCF
Rate FT-L, Firm Transportation Service – Large	\$0.00008/CCF
Rate IT, Interruptible Transportation Service	\$0.00008/CCF
Rate SSIT, Spark Spread Interruptible Transportation Rate	\$0.00008/CCF

Issued by authority of an Order of the Kentucky Public Service Commission dated ____ in Case No. 2015-

Issued: _____

Effective: February 2, 2016
Issued by James P. Henning, President



Duke Energy Kentucky, Inc.
4580 Olympic Blvd.
Erlanger, Kentucky 41018

Ky. P.S.C. Gas No. 5
Original Sheet No. 63
Page 1 of 1

RIDER ASRP

ACCELERATED SERVICE REPLACEMENT PROGRAM RIDER

APPLICABILITY

Applicable to all customers receiving service under the Company's sales and transportation rate schedules.

CALCULATION OF ACCELERATED SERVICE REPLACEMENT RIDER REVENUE REQUIREMENT

The ASRP Rider revenue requirement includes the following:

- a. ASRP-related Plant In-Service not included in base gas rates minus the associated ASRP-related accumulated depreciation and accumulated deferred income taxes;
- b. Retirement and removal of plant related to ASRP construction;
- c. The rate of return on the net rate base is the overall rate of return on capital, using the capital structure and debt rates from the most recent base gas rate case and using a 9.7% ROE, grossed up for federal and state income taxes;
- d. Depreciation expense on the ASRP-related Plant In-Service less retirements and removals;
- e. Property taxes related to ASRP and;
- f. Operation and Maintenance Costs for reconnaissance and relocation of meters.

ACCELERATED SERVICE REPLACEMENT PROGRAM FACTORS

All customers receiving service under Rate RS and Rate GS shall be assessed a separate monthly charge that will enable the Company to complete the service replacement program. This monthly charge is in addition to the Customer Charge component of their applicable rate schedule, as well as any other applicable monthly charges. Customers receiving service under Rate DGS, Rate FT-L, Rate IT and Rate SSIT will be assessed a separate throughput charge in addition to their commodity delivery charge, for that purpose.

Rider ASRP will be updated annually to reflect the anticipated impact on the Company's revenue requirements of net plant additions and projected operations and maintenance expense during the upcoming calendar year. Such adjustments to the Rider will become effective with the first billing cycle of January, and will reflect the allocation of the required revenue increase based on the revenue distribution approved by the Commission. After each year, the Company will submit a balancing adjustment to true-up the actual costs with the projected program costs for the preceding year. Any balancing adjustment will become effective with the first billing cycle on or after the effective date of the change.

The charges for the respective gas service schedules for the revenue month beginning January 2016 is:

Rate RS, Residential Service	\$0.35/month
Rate GS, General Service	\$0.35/month
Rate DGS, Distributed Generation Service	\$0.00008/CCF
Rate FT-L, Firm Transportation Service – Large	\$0.00008/CCF
Rate IT, Interruptible Transportation Service	\$0.00008/CCF
Rate SSIT, Spark Spread Interruptible Transportation Rate	\$0.00008/CCF

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