

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

In the Matter of:

The Electronic Application of Duke )  
Energy Kentucky, Inc., for: 1) An )  
Adjustment of the Natural Gas Rates; 2) ) Case No. 2018-00261  
Approval of a Decoupling Mechanism; 3) )  
Approval of New Tariffs; and 4) All )  
Other Required Approvals, Waivers, and )  
Relief. )

**DUKE ENERGY KENTUCKY, INC.'S APPLICATION FOR AUTHORITY TO**  
**ADJUST NATURAL GAS RATES, APPROVAL OF A DECOUPLING**  
**MECHANISM, APPROVAL OF NEW TARIFFS, AND FOR ALL OTHER**  
**REQUIRED APPROVALS, WAIVERS, AND RELIEF**

Applicant, Duke Energy Kentucky, Inc., (Duke Energy Kentucky or the Company), pursuant to KRS 278.180, KRS 278.190, KRS 278.192, 807 KAR 5:001 Section 14 and Section 16, and other applicable law, hereby applies to the Kentucky Public Service Commission (Commission) for authority to adjust its natural gas rates, approval of new tariffs, including, but not limited to, establishment of a decoupling mechanism through a weather normalization adjustment (WNA), approval of new tariffs, and for all other required approvals, waivers, and relief (collectively this Application).

As set forth in the Company's Notice of Intent filed on August 1, 2018, in accordance with KRS 278.180(1), KRS 278.192, and 807 KAR 5:001, Section 16(2), this Application is supported by a fully forecasted test period consisting of the twelve months ending March 31, 2020. The Notice of Intent was served upon the Attorney General of the Commonwealth of Kentucky, Office of Rate Intervention. A copy of the Notice of Intent is attached hereto at Vol. 1, Tab 1 of the filing requirements.

In support of this Application, Duke Energy Kentucky respectfully states as follows:

**Introduction**

1. Duke Energy Kentucky is a “utility” as defined in KRS 278.010(3) and is subject to the Commission’s jurisdiction pursuant to KRS 278.040. In accordance with 807 KAR 5:001, Section 14(1), Duke Energy Kentucky is a Kentucky corporation with its principal office and principal place of business at 139 East Fourth Street Cincinnati, Ohio 45202. The Company’s local office in Kentucky is Duke Energy Envision Center, 4580 Olympic Boulevard, Erlanger, Kentucky 41018. The Company further states that its electronic mail address for purposes of this matter is KYfilings@duke-energy.com.

2. Duke Energy Kentucky is a utility engaged in the gas and electric business. Duke Energy Kentucky purchases, sells, stores and transports natural gas in Boone, Bracken, Campbell, Gallatin, Grant, Kenton and Pendleton Counties, Kentucky. Duke Energy Kentucky also generates electricity, which it distributes and sells in Boone, Campbell, Grant, Kenton and Pendleton Counties.

3. Pursuant to 807 KAR 5:001, Section 14(2), Duke Energy Kentucky states that it was originally incorporated in the Commonwealth of Kentucky on March 20, 1901, and attests that it is currently in good standing in said Commonwealth. Pursuant to 807 KAR 5:001, Section 14(2), a certified copy of Duke Energy Kentucky’s certificate of good standing from the Kentucky Secretary of State is attached at Volume 1, Tab 5, of this filing, and is incorporated by reference. Duke Energy Kentucky has on file with the Office of the Secretary of State a certificate for the following assumed name: “Duke Energy.” The required certificate of assumed name is attached at Volume 1, Tab 9 of this

filing, and is incorporated by reference.

4. This Application constitutes notice to the Commission pursuant to KRS 278.180(1) of the changes proposed to be made to Duke Energy Kentucky's natural gas rates. Duke Energy Kentucky's Statutory Notice is attached to this Application. Duke Energy Kentucky is filing its Certificate of Notice to the public of the changes in its tariffs that result in increased rates, which Certificate is attached hereto at Volume 1, Tab 12 of this Application.

5. Pursuant to 807 KAR 5:001 Section 8, on August 1, 2018, Duke Energy Kentucky filed with the Commission, its notice of intent to use electronic filing procedures in this proceeding. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

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**Adjustment of Natural Gas Rates**

6. Duke Energy Kentucky's present natural gas rates and charges, which are based on costs incurred during the twelve months ended January 31, 2011 were authorized by this Commission by Order dated December 29, 2009, in Case No. 2009-00202.<sup>1</sup>

7. In accordance with the provisions of KRS 278.180, KRS 278.190, and KRS 278.192, Duke Energy Kentucky requests Commission approval of a change in existing rates, including but not limited to a change in its depreciation rates, establishment of new rates based upon rate base, and changes in terms, conditions and tariffs for natural gas service. Duke Energy Kentucky proposes to implement and change its existing rates and tariffs to those rates and charges set forth in the proposed tariff(s) attached hereto at Schedule L contained in Volume 12, Tab 55 of this Application. A comparison of the present and proposed rates and charges is attached hereto in the notice contained in Volume 1, Tab 12 and in Volume 12, Schedule L of this Application.

8. Aside from minimum use agreements related to natural gas line extensions, Duke Energy Kentucky currently has no special contracts for natural gas service.

9. Duke Energy Kentucky seeks to adjust its natural gas base rates to a new total of \$105.9 million, which reflects an increase from its current rates of approximately \$10.5 million. The increase in base rates takes into account the offsetting impact of cost-effective energy efficiency in terms of adjustments to the Company's load forecast as used in its application. The monthly residential natural gas bill increase (total bill) due to

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<sup>1</sup> *In the Matter of the Application of Duke Energy Kentucky, Inc., for an Adjustment of Rates*, Case No. 2009-00202, Ky P.S.C. December 29, 2009.



the proposed natural base rates will be 10.2 percent or approximately \$5.78 for a customer using 53 ccf of natural gas (the average monthly consumption of a Duke Energy Kentucky residential customer). The amounts of the proposed new total rates are at Volume 12, Tab 44, Schedule A, of this filing, and are incorporated by reference. The proposed new charges and the impact of the proposed adjustment on the typical bill for each customer class are provided at Volume 12, Tab 57, Schedule N of this Application, and are incorporated by reference. Duke Energy Kentucky states that it will implement this adjustment effective October 1, 2018.

10. In its application, Duke Energy Kentucky is proposing clarifying language changes to several tariffs and service regulations, as well as, to establish and implement a new decoupling mechanism through a WNA, similar to those that have been in effect for other Kentucky natural gas utilities for many years.<sup>2</sup> The purpose of the WNA is to adjust billing-cycle residential and commercial gas sales for normal temperatures on a real-time basis. The implementation of the WNA clause will mitigate the drastic fluctuations in both costs to customers and earnings and return on equity for the Company due to temperature variations.

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<sup>2</sup> See e.g. *In the Matter of the Application of Louisville Gas & Electric Company to Adjust its Gas Rates and to Increase its Charges for Disconnecting Service, Reconnecting Service and Returned Checks*, Case No. 2000-080 K.Y. P.S.C. Sept. 27, 2000, approving LGE's WNA for an initial three year term; *In the Matter of the Application of Louisville Gas and Electric Company for Permanent Approval of its Weather Normalization Adjustment Clause*, Case No. 2009-00172, KY. P.S.C. Jul. 21, 2009, approving permanent WNA Clause; *In the Matter of the Application of Western Kentucky Gas Company for an Adjustment of Rates*, Case No. 1999-00070 Ky P.S.C. Dec. 21, 1999, approving the WNA for Western Kentucky Gas Company (n/k/a Atmos); *In the Matter of the Application of Atmos Energy Corporation for and Adjustment of Rates and Tariff Modifications* Case No. 2013-00148, Ky.P.S.C. April 22, 2014, Approving permanent WNA Clause for Atmos; *In the Matter of the Application of Columbia Gas of Kentucky, Inc. for Authority to Permanently Adopt a Weather Normalization Adjustment Mechanism*, Case No. 97-299 Ky. P.S.C. Dec. 1, 1997, Approving Columbia Gas's application to permanently adopt a WNA.

### **Support for Change in Existing Rates and Tariffs**

11. In accordance with 807 KAR 5:001 Section 16(1)(b)(1), Duke Energy Kentucky states that the primary reason for this requested change in rates, terms, conditions and tariffs is that Duke Energy Kentucky's earned rate of return on rate base obtained from its current natural gas operations is 4.66 percent, which makes it extremely difficult for the Company to continue providing safe, reasonable and reliable service to its customers and is insufficient to afford Duke Energy Kentucky a reasonable opportunity to earn a fair return on its investment property that is used to provide such service while attracting necessary capital at reasonable rates. In addition, the Company is seeking to recover, through amortization, certain regulatory assets, including but not limited to, natural gas pipeline pressure testing costs and amortization of certain regulatory liabilities.

12. In accordance with 807 KAR 5:001 Section 16(1)(b)(1), a more detailed statement of the reasons for the adjustment is provided in the direct testimony of Company witnesses Ms. Amy B. Spiller, Mr. William Don Wathen, Jr., and Ms. Sarah E. Lawler, as well as others, filed contemporaneously with this Application, and incorporated by reference.

13. Duke Energy Kentucky certifies that its annual reports, including the annual report for year ending December 31, 2017, are on file with this Commission as required by 807 KAR 5:006, Section 4(1).

14. The aggregate total revenue from Duke Energy Kentucky's non-regulated incidental activities exceeds the lesser of 2 percent of Duke Energy Kentucky's total revenue or \$1 million, annually; therefore, Duke Energy Kentucky is required under KRS

278.2203 and KRS 278.2205 to submit a cost allocation manual (CAM) with this filing. The Company periodically submits its CAM to the Commission when material changes are made. The Company last provided the Commission with a copy of its CAM by overnight delivery on March 31, 2018. A copy of the current CAM is included in Volumes 16 – 17 of this filing, and is incorporated by reference.

15. Pursuant to 807 KAR 5:001, Section 16(1)(b)(8), Duke Energy Kentucky states that its proposed tariffs and proposed tariff changes are provided at Volume 12, Tab 55, Schedule L of this filing, and is incorporated by reference. The effective date of the proposed tariffs and proposed tariff changes is October 1, 2018.

16. Pursuant to 807 KAR 5:001, Section 16(1)(b)(5), Duke Energy Kentucky states that it has complied with 807 KAR 5:011, Section 16(2) and 807 KAR 5:001, Sections 17(3) and (4) by delivering to the newspapers of general circulation in its service territory area a copy of a Legal Notice for publishing once a week for three consecutive weeks in a prominent manner, the first of said publications to be made no later than the date this application is filed with the Commission. A copy of the Legal Notice is attached at Volume 1, Tab 12, of this Application, Notice and Statement, and is incorporated by reference. Duke Energy Kentucky states that it will implement this adjustment effective October 1, 2018.

17. Pursuant to 807 KAR 5:001, Section 17, Duke Energy Kentucky states that it has filed with the Executive Director of this Commission a written notice of its intention to file this application, and mailed a copy to the Utility Intervention and Rate Division of the Attorney General's office. A copy of the written notice is attached at Volume 1, Tab 1, of this filing, and is incorporated by reference.

18. Pursuant to 807 KAR 5:001, Section 17, Duke Energy Kentucky states that it will post a copy of this filing at its place of business on the date on which this application is filed and it will remain posted until this Commission has finally determined Duke Energy Kentucky's natural gas rates and will also be posted, within five business days of the date of filing this application with the Commission, on Duke Energy Kentucky's website [www.duke-energy.com](http://www.duke-energy.com) which will contain a hyperlink to the Commission's website where this application can be viewed.

19. Pursuant to 807 KAR 5:001, Section 12, Duke Energy Kentucky states that its financial exhibit is provided at Volume 1, Tab 3, of this filing, and is incorporated by reference.

20. Duke Energy Kentucky supports its request for a change in existing rates and tariffs for natural gas service with the verified testimony and attachments of the following:

- a. Amy B. Spiller, State President, Duke Energy Kentucky;
- b. Tyler Barbare, Director, Gas Technical Field Operations;
- c. Michael Covington, Director, Natural Gas Utilities and Infrastructure Accounting;
- d. Gary Hebbeler, Vice President, Natural Gas Operations
- e. Sarah E. Lawler, Director Rates, and Regulatory Planning;
- f. Cynthia S. Lee, Director, Asset Accounting;
- g. Renee Metzler, Managing Director Retirement and Health and Welfare;
- h. Roger A. Morin, PhD, Principal, Utility Research International;



- i. John Panizza, Director, Tax Operations;
- j. Benjamin Walter Bohdan Passty Ph.D., Lead Load Forecasting Analyst;
- k. Robert (“Beau”) H. Pratt, Director, Regional Financial Forecasting;
- l. Bruce L. Sailors, Pricing and Regulatory Solutions Manager;
- m. Jeffrey R. Setser, Director of Allocations and Reporting;
- n. John J. Spanos, Gannet Fleming Valuation and Rate Consultants, LLC;
- o. William Don Wathen Jr., Director, Rates and Regulatory Strategy, Ohio and Kentucky; and
- p. James E. Ziolkowski, Director, Rates and Regulatory Planning.

21. Duke Energy Kentucky further supports its request for a change in its existing rates and tariffs for natural gas service with the following attachments complying with the requirements of 807 KAR 5:001, Sections 14, 16, and 17:

<b>Tab</b>	<b>Filing Requirement</b>	<b>Description</b>
4	807 KAR 5:001 Section 14(1)	Name, Address, Facts
5	807 KAR 5:001 Section 14(2)	Corporation in good standing
6	807 KAR 5:001 Section 14(3)	LLC- in good standing
7	807 KAR 5:001 Section 14(4)	LP- Agreement
8	807 KAR 5:001 Section 16(1)(b)(1)	Reason for Rate Adjustment
9	807 KAR 5:001 Section 16(1)(b)(2)	Certificate of Assumed Name
10/ Also Schedule L, Tab 55	807 KAR 5:001 Section 16(1)(b)(3)	New/revised Tariff w/ effective date
11/ Also Schedule L, Tab 55	807 KAR 5:001 Section 16(1)(b)(4)	Proposed Tariff Changes
12	807 KAR 5:001 Section 16(1)(b)(5)	Statement about Customer

		Notice
13	807 KAR 5:001 Section 16(2)	Notice of Intent
14	807 KAR 5:001 Section 16(3)	Compliance with 807 KAR 5:051, Section 2
15	807 KAR 5:001 Section 16(6)(a)	Financial Data
16	807 KAR 5:001 Section 16(6)(b)	Forecasted Adjustments
17	807 KAR 5:001 Section 16(6)(c)	Capitalization and Rate Base
18	807 KAR 5:001 Section 16(6)(d)	No Revisions to Forecast
19	807 KAR 5:001 Section 16(6)(e)	Alternative Forecast
20	807 KAR 5:001 Section 16(6)(f)	Reconciliation of Rate Base and Capital
21/ Testimony Vol. 13-15	807 KAR 5:001 Section 16(7)(a)	Testimony
22	807 KAR 5:001 Section 16(7)(b)	Capital Construction Budget
23	807 KAR 5:001 Section 16(7)(c)	Description of Factors Supporting Forecast
24	807 KAR 5:001 Section 16(7)(d)	Annual and Monthly Budgets
25	807 KAR 5:001 Section 16(7)(e)	Attestation
26	807 KAR 5:001 Section 16(7)(f)	Major Construction Projects
27	807 KAR 5:001 Section 16(7)(g)	Other Construction Projects
28	807 KAR 5:001 Section 16(7)(h)	Financial Forecasts
28	807 KAR 5:001 Section 16(7)(h)(1)	Operating Income Statement
28	807 KAR 5:001 Section 16(7)(h)(2)	Balance Sheet
28	807 KAR 5:001 Section 16(7)(h)(3)	Statement of Cash Flows
28	807 KAR 5:001 Section 16(7)(h)(4)	Revenue Requirements
28	807 KAR 5:001 Section 16(7)(h)(5)	Load Forecast
28	807 KAR 5:001 Section 16(7)(h)(6)	Access Line Forecast (telephone)
28	807 KAR 5:001 Section 16(7)(h)(7)	Mix of Generation
28	807 KAR 5:001 Section 16(7)(h)(8)	Mix of Gas Supply
28	807 KAR 5:001 Section 16(7)(h)(9)	Employee Level
28	807 KAR 5:001 Section 16(7)(h)(10)	Labor Cost Changes
28	807 KAR 5:001 Section 16(7)(h)(11)	Capital Structure Requirement
28	807 KAR 5:001 Section 16(7)(h)(12)	Rate Base
28	807 KAR 5:001 Section 16(7)(h)(13)	Gallons of Water to be sold
28	807 KAR 5:001 Section 16(7)(h)(14)	Customer Forecast (gas/water)
28	807 KAR 5:001 Section 16(7)(h)(15)	Sales Volume Forecast (gas)
28	807 KAR 5:001 Section 16(7)(h)(16)	Toll and Access Forecast (telephone)
28	807 KAR 5:001 Section 16(7)(h)(17)	A Detailed Explanation of Other Info.
29	807 KAR 5:001 Section 16(7)(i)	FERC Audit Reports
30	807 KAR 5:001 Section 16(7)(j)	Stock or Bond Prospectus
31	807 KAR 5:001 Section 16(7)(k)	FERC Form 2

32	807 KAR 5:001 Section 16(7)(l)	Annual Reports to Stockholders (2 yrs.)
33	807 KAR 5:001 Section 16(7)(m)	Chart of Accounts
34	807 KAR 5:001 Section 16(7)(n)	12 months Managerial Reports
35	807 KAR 5:001 Section 16(7)(o)	Monthly Budget Variance Reports
36	807 KAR 5:001 Section 16(7)(p)	Utility 10-Ks, 8-Ks, 10-Qs
37	807 KAR 5:001 Section 16(7)(q)	Independent Auditor Opinion Report
38	807 KAR 5:001 Section 16(7)(r)	Quarterly Reports to Stockholders (5 qtrs.)
39/ Attachment JJS-1	807 KAR 5:001 Section 16(7)(s)	Depreciation Study Summary
40	807 KAR 5:001 Section 16(7)(t)	List of Computer Software, Hardware, etc.
41	807 KAR 5:001 Section 16(7)(u)	Affiliate Allocations/Charges
42	807 KAR 5:001 Section 16(7)(v)	Cost of Service Study
43	807 KAR 5:001 Section 16(7)(w)	Incumbent Local Exchange Carriers
44/ Vol. 12	807 KAR 5:001 Section 16(8)(a)	Financial Summaries
45/ Vol. 12	807 KAR 5:001 Section 16(8)(b)	Rate Base Summary
46/ Vol. 12	807 KAR 5:001 Section 16(8)(c)	Operating Income Statements
47/ Vol. 12	807 KAR 5:001 Section 16(8)(d)	Summary of Adjustments to Operating Income
48/ Vol. 12	807 KAR 5:001 Section 16(8)(e)	Federal and State Income Tax Summary
49/ Vol. 12	807 KAR 5:001 Section 16(8)(f)	Summary of Membership Dues
50/ Vol. 12	807 KAR 5:001 Section 16(8)(g)	Payroll Costs
51/ Vol. 12	807 KAR 5:001 Section 16(8)(h)	Gross Revenue Conversion Factor
52/ Vol. 12	807 KAR 5:001 Section 16(8)(i)	Comparative Income Statements
53/ Vol. 12	807 KAR 5:001 Section 16(8)(j)	Cost of Capital Summary
54/ Vol. 12	807 KAR 5:001 Section 16(8)(k)	Financial Data and Earnings Measures
55/ Vol. 12	807 KAR 5:001 Section 16(8)(l)	Narrative Description of Tariff Changes
56/ Vol. 12	807 KAR 5:001 Section 16(8)(m)	Revenue Summaries

57/ Vol. 12	807 KAR 5:001 Section 16(8)(n)	Typical Bill Comparison
58	807 KAR 5:001 Section 16(9)	Deficiency Notification
59	807 KAR 5:001 Section 17(1)	Sample Notices Posted
60	807 KAR 5:001 Section 17(2)	Customer Notice Method
61	807 KAR 5:001 Section 17(3)	Proof of Notice
62	807 KAR 5:001 Section 17(4)	Customer Notice Content
Vol. 16 – 17	KRS 278.2203 and 278.2205	Cost Allocation Manual

22. Pursuant to KRS 278.192(1) and 807 KAR 5:001 Section 16(1)(a)(2), Duke Energy Kentucky has utilized a forward-looking test period for the twelve months ending March 31, 2020. This test period corresponds to the first twelve calendar month period the proposed rates will be in effect following the six-month suspension of the proposed rates.

23. The testimony and exhibits to this Application demonstrate that the rates, terms, conditions and tariffs proposed are fair, just, and reasonable under KRS 278.030.

#### **New Tariffs/Services/Mechanisms**

24. Pursuant to the Commission’s statutory rate-making authority to allow recovery of costs through fair, just, and reasonable rates embodied in KRS 278.180, KRS 278.183, KRS 278.192, and as confirmed by the Supreme Court of the Commonwealth of Kentucky in *Kentucky Public Service Comm’n v. Commonwealth ex rel. Conway*, 324 S.W.3d 373 (Ky. 2010), Duke Energy Kentucky is seeking to establish one new adjustment mechanism as part of this case related to weather normalization.

#### **Weather Normalization Adjustment Mechanism (Rider WNA)**

25. Duke Energy Kentucky is proposing to implement a WNA mechanism as part of this proceeding. Duke Energy Kentucky’s proposed WNA mechanism will be applicable to customers served under Rate Schedules Residential Service (RS) and General Service (GS). Similar to other WNA clauses approved by this Commission for



other natural gas utilities, Duke Energy Kentucky's WNA is designed to adjust residential and commercial gas sales to reflect normal temperatures on a real-time basis. Consequently, the WNA acts to mitigate the volatility of that portion of the customer's gas bill arising from Duke Energy Kentucky's natural gas distribution charges and which are affected by variation in temperatures. Therefore, the WNA can serve to dampen the impact of temperature variations on customers' bills by adjusting the Duke Energy Kentucky-portion of the customer's bill (namely the distribution charge) based on normal temperatures from November through April of the applicable winter heating season.

26. Similarly, the WNA will serve to mitigate fluctuations in Duke Energy Kentucky's earnings that would otherwise result from temperature variations during the period to which the WNA is applicable by facilitating some portion of the Company's revenue recovery based on normal temperatures, regardless of variations in weather conditions.

27. Duke Energy Kentucky is proposing to file, by each June 30 following the preceding winter season of each year, a report on the operation of the WNA during the preceding winter heating season. This annual report will be similar to WNA reports filed by other jurisdictional natural gas utilities regarding their own WNA clauses.

28. Duke Energy Kentucky is proposing that its WNA be made a permanent part of the Company's natural gas service and tariffs, as this Commission has authorized permanent WNA mechanisms for the other Kentucky natural gas utilities.<sup>3</sup>

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<sup>3</sup> The Commission has previously issued orders making permanent the WNA mechanisms for Columbia Gas, Delta Natural Gas Company, and Louisville Gas & Electric in Case Nos. 1997-00299, 2001-00197, and 2009-00172, respectively.

### **New and Modified Programs, Policies, and Tariffs**

29. In connection with this application, the Company is proposing to implement, without limitation, certain new programs, policies, and tariffs, and to modify existing policies and tariffs as follows:

- a. Duke Energy Kentucky is seeking, to the extent necessary, a waiver pursuant to KRS 278.210 and 807 KAR 5:022 Section 8(5) to amend its natural gas meter testing schedule from a ten-year testing parameter to a fifteen-year schedule, so to align the testing timeline with the useful/depreciable life of the natural gas advanced/automated meter reading modules (AMR) approved as part of Case No. 2016-152 (AMI Deployment Case).
- b. As part of the Company's AMI Deployment Case, the Commission approved, among other things, a fifteen-year, depreciable life of the AMI/AMR modules attached to the Company's natural gas meters. Because these modules are directly connected to the natural gas meter, and said meters must be removed from a customer premises and transported back to the Company's meter testing facility to conduct the required accuracy testing, there is a substantial likelihood for these modules to be damaged as part of the testing process.
- c. So to align the Company's processes for testing natural gas meters with the life of the devices, and eliminate the additional costs of removal and replacing these devices as part of the testing protocol, the Company is seeking to adjust its natural gas meter testing process to a fifteen-year

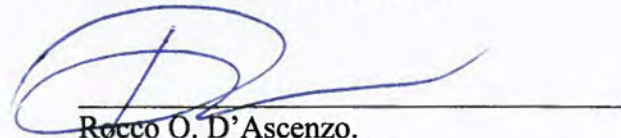
cycle. The Company's testimony demonstrates that moving the current testing process to a fifteen-year cycle will not cause additional concerns regarding metering accuracy.

WHEREFORE, Duke Energy Kentucky respectfully requests the Kentucky Public Service Commission to enter an Order:

1. Approving the new and revised rates and tariff sheets for natural gas service;
2. Authorizing Duke Energy Kentucky to establish a regulatory asset to track and defer for future recovery rate case expenses of this instant case and a regulatory liability to defer for future refund tax refunds due customers from the Company's current Rider ASRP;
3. Approving the proposed amortization of the following new and existing regulatory assets:
  - a. Rate case-related expense;
  - b. Deferred pipeline testing expenses previously authorized by the Commission;
  - c. Rider ASRP tax refunds;
  - d. Any and all other requested or necessary deferrals;
4. Approving Duke Energy Kentucky's proposed depreciation rates;
5. Approving establishment of a permanent Weather Normalization Adjustment Mechanism;
6. Granting all other relief to which Duke Energy Kentucky may be entitled.

Respectfully submitted,

Duke Energy Kentucky, Inc.,



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And

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**CERTIFICATE OF SERVICE**

This is to certify that the foregoing electronic filing is a true and accurate copy of the document being filed in paper medium; that the electronic filing was transmitted to the Commission on August 31, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a copy of the filing in paper medium is being overnighted to the Commission on the 31st day of August, 2018 and a copy of the filing in paper medium is also being overnighted to the following:

Hon. Rebecca W. Goodman  
The Office of Attorney General  
Utility Intervention and Rate Division  
700 Capital Ave., Ste 20  
Frankfort, Kentucky 40601



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Rocco O. D'Ascenzo