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**VIA ELECTRONIC FILING**

June 14, 2023

Ms. Linda Bridwell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

**Re: Case No. 2022-00084**

In the Matter of the Electronic Application of Duke Energy Kentucky, Inc. for a Certificate of Public Convenience and Necessity Authorizing the Phase One Replacement of the AM07 Pipeline

Dear Ms. Bridwell:

In accordance with the Commission's February 24, 2023 Order, Paragraph 2 in the above-captioned case, Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company) hereby notifies the Commission of a material increase in costs for the approved project. The estimated project costs for Phase One have increased due to multiple factors: (1) higher than anticipated costs for real estate easement acquisition and other property acquisition costs; (2) increases in labor and materials expenses for contractor construction costs following competitive bids; and (3) materials and supply costs increasing above what was initially budgeted due to supply chain constraints. Please see Attachment 1 for an updated cost estimate table.

I certify that the electronically filed documents are true and accurate copies of the original documents and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means. Pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085, no paper copies of this filing will be made.

Respectfully submitted,

/s/Rocco D'Ascenzo

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Line AM07 Pipeline Replacement Phase 1			
<u>Spend Type</u>	<u>Initial Estimate</u>	<u>Current Forecast</u>	<u>Delta</u>
Land	\$1,227,774	\$5,240,606	\$4,012,832 (no contingency needed)
Material	\$3,308,100	\$7,174,417	\$3,866,317 (No contingency needed)
Construction	\$15,924,300	\$20,402,868	\$4,478,568 (\$400,000 of this is contingency)

Land: Property Value for initial land estimate is significantly under-valued compared to comparables received during appraisals. Recent easements acquired by other utilities and agencies on our project right of way required our property values/costs to significantly increase.

Material: The cost of steel spiked during the time the Company needed to procure material. Also, the Company needed to procure more material than initially estimated for the Queens Ct station.

Construction: rates for contractors in received bids were much higher than expected, as has been the case across all projects industry wide.

Due to these unforeseen changes, the total project is anticipated to increase in cost from the originally estimated \$32.25 million at filing to a total updated estimate of \$42.6 million.