### **VERIFICATION**

| STATE OF OHIO      | ) |     |
|--------------------|---|-----|
|                    | ) | SS: |
| COUNTY OF HAMILTON | ) |     |

The undersigned, Bradley A. Seiter, Sr. Project Manager, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that they are true and correct to the best of his knowledge, information and belief.

Bradley A. Seiter Affiant

Subscribed and sworn to before me by Bradley A. Seiter on this 1340 day of September, 2022.

NOTARY PUBLIC

My Commission Expires: July 8, 2027



EMILIE SUNDERMAN Notary Public State of Ohio My Comm. Expires July 8, 2027

### VERIFICATION

| STATE OF OHIO      | ) |     |
|--------------------|---|-----|
|                    | ) | SS: |
| COUNTY OF HAMILTON | ) |     |

The undersigned, Lisa Steinkuhl, Director Rates & Reg Planning, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained are true and correct to the best of her knowledge, information, and belief.

Stenbull

Lisa Steinkuhl Affiant

Subscribed and sworn to before me by Lisa Steinkuhl on this 13th day of September, 2022.

NOTARY PUBLIC

My Commission Expires: July 8, 2027



EMILIE SUNDERMAN Notary Public State of Ohio Comm. Expires July 8, 2027

# VERIFICATION

STATE OF North Carolina COUNTY OF Mecklin burg ) SS:

The undersigned, Rodney Smith, Senior Tax Manager - EY, being duly sworn. deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests and that it is true and correct to the best of his knowledge, information and belief.

14

Rodney Smith Affiant

Subscribed and sworn to before me by Rodney Smith on this gth day of September 2022.

KELLENA RORIE NOTARY PUBLIC Mecklenburg County, NC My Commission Expires 08/21/2023

NOTARY PUBLIC

My Commission Expires: 8/21/2023

# KyPSC Case No. 2022-00229 TABLE OF CONTENTS

| DATA REQUEST    | <u>WITNESS</u>                | TAB NO. |
|-----------------|-------------------------------|---------|
| STAFF-DR-01-001 | Brad Seiter                   | . 1     |
| STAFF-DR-01-002 | Brad Seiter                   | . 2     |
| STAFF-DR-01-003 | Brad Seiter<br>Lisa Steinkuhl | 3       |
| STAFF-DR-01-004 | Lisa Steinkuhl                | 4       |
| STAFF-DR-01-005 | Rodney Smith                  | 5       |
| STAFF-DR-01-006 | Brad Seiter                   | . 6     |
| STAFF-DR-01-007 | Lisa Steinkuhl                | 7       |

### **REQUEST:**

Refer to the Application, page 3. Duke Kentucky states that the total cost of all phases of the AM07 pipeline is \$191.2 million. Also, refer to Case No. 2022-00084,<sup>1</sup> the Application, Exhibit 4, page 10, Duke Kentucky states that the total cost of all phases of the AM07 pipeline is \$181.3 million. Reconcile the discrepancy for the total cost of the project.

### **RESPONSE:**

The total estimated costs of all phases of the AM07 pipeline is \$181.3 million as stated in Case No. 2022-00084. The cost of all phases of the AM07 per page 3 of the Application inadvertently used an earlier estimate from Case No. 2021-00190. The estimated costs were updated since the filing of the Company's natural gas rate case application in Case No. 2021-00190 and were reflected in the Company's application in Case No. 2022-00084.

PERSON RESPONSIBLE: Bradley A. Seiter

<sup>&</sup>lt;sup>1</sup> Case No. 2022-00084, *Electronic Application of Duke Energy Kentucky, Inc. for a Certificate of Public Convenience and Necessity Authorizing the Phase One Replacement of the AM07 Pipeline* (filed March 29, 2022)

### **REQUEST:**

Refer to the Application, Exhibit 2, page 7 of 8. The total estimated capex is \$29.55 million. Also refer to Case No. 2022-00084, the Application page 5, paragraph 9, Duke Kentucky stated that the current estimated project cost for Phase One of the AM07 pipeline is \$32.25 million. Reconcile these estimated costs.

### **RESPONSE:**

The estimated project cost of \$32.25 million is the total estimated project cost including contingency for Phase One of the AM07 pipeline regardless of when the spend will be placed in-service. The project is estimated to be placed in-service in September, 2023 but will have several months of post in-service trailing charges as the project winds down. Therefore, some of the Phase One charges will occur in the first quarter of 2024. The \$29.55 million is the estimated project costs for Phase One of AM07 placed in-service in 2023 in the Company's financial systems.

### **PERSON RESPONSIBLE:** Bradley A. Seiter

# **REQUEST:**

Quantify and provide a list of all operational and maintenance savings Duke Kentucky will realize through the abandonment of the existing pipe and the rebuild. Explain whether this savings is included in the calculation of Rider PMM.

## **RESPONSE:**

There will not be any material operational and maintenance (O&M) savings realized through the abandonment of the existing pipe and the rebuild. Any minimal savings will be offset by the minimal increase in O&M costs due to the new regulating facility.

Rider PMM does not include any savings or incremental O&M costs related to Phase 1 of the AM07 pipeline.

| PERSON RESPONSIBLE: | Bradley A. Seiter |
|---------------------|-------------------|
|                     | Lisa D. Steinkuhl |

### **REQUEST:**

Refer to the Application, Exhibit 2, page 2 of 8.

- a. The proposed residential PMM Surcharge is \$0.67/month with a revenue requirement of \$773,284 for the residential class and \$889,527 in total. Also, refer to Case No. 2021-00190,<sup>1</sup> Duke Kentucky's response to Staff's Post Hearing Data Request, Item 1. In the response Duke Kentucky estimated the residential rider to be \$0.18/month with a revenue equipment of \$201,034 for the residential class and \$298,271 total. Explain why the revenue requirement and thus the surcharge increased.
- b. Provide the PMM Surcharge on a per CCF basis for each rate class based upon the 2023 forecasted usage.

#### **RESPONSE:**

a. The revenue requirement increased mainly due to the updated in-service date of the Property,
Plant and Equipment in Exhibit 2 page 7 of 8 to September 2023 from the in-service date in
response to Staff's Post Hearing Data request, Item 1 in Case No. 2021-00190 of December
2023. The increase in the 13-month average of Net Property Plant drove the increase in the
required return on PMM related investment, depreciation, and property taxes.

<sup>&</sup>lt;sup>1</sup> Case No. 2021-00190, Electronic Application of Duke Energy Kentucky, Inc. for: 1) An Adjustment of the Natural Gas Rates; 2) Approval of New Tariffs, and 3) All Other Required Approvals, Waivers, and Relief (Ky. PSC Jan. 25, 2022).

b. Please see the chart below for the PMM Surcharge on a per CCF basis for each rate class based on 2023 forecasted usage. Based on the typical usage of 57 ccf, the charge to a customer would be \$0.71 rather than the proposed \$0.67.

| Line |   | Weighted<br>Gross Distribution Plant<br>Approved KyPSC | 2023 Projected<br>Revenue | XXXX True Up<br>Revenue |       |         | Billing<br>Determinants | N         | Aonthly |         |
|------|---|--|---------------------------|-------------------------|-------|---------|-------------------------|-----------|---------|---------|
| No.  | Rate Schedule                           | hedule Case No. 2021-00190                             |                           | Requirement             | Total |         | CCF                     | Rider PMM |         |         |
|      | (A)                                     | (B)  | (C)                       | (D)                     |       | (E)     | (F)                     |           | (G)     |         |
|      |   |  |                           |                         |       |         |                         |           |         |         |
| 1    | RS- Residential                         | 86.932%  | \$ 773,284                | \$-                     | \$    | 773,284 | 62,523,023              | \$        | 0.01237 | Per CCF |
| 2    | GS - General Service                    | 12.506%  | 111,244                   | -                       |       | 111,244 | 37,845,238              | \$        | 0.00294 | Per CCF |
| 3    | FT - Firm Transportation (Includes DGS) | 0.341%   | 3,033                     | -                       |       | 3,033   | 27,065,157              | \$        | 0.00011 | Per CCF |
| 4    | IT - Interruptible Transportation       | 0.221%   | 1,966                     | -                       |       | 1,966   | 16,655,397              | \$        | 0.00012 | Per CCF |
| 5    | Total                                   | 100.000%   | \$ 889,527                | \$-                     | \$    | 889,527 |                         |           |         |         |

PERSON RESPONSIBLE:

Lisa D. Steinkuhl

### **REQUEST:**

Refer to the Application, Exhibit 2, page 6 of 8 showing timing differences arising from accelerated tax depreciation. Refer also to Case No. 2022-00222,<sup>1</sup> the Application, Exhibit F, showing timing differences arising from accelerated tax depreciation on the line labeled FXA02 and timing differences arising from other book-tax differences on the line labeled FXA01, including differences in the manner in which pipeline replacements are expensed as repairs for tax purposes.

- a. State whether Duke Kentucky expects to engage any accelerated expensing of the project at issue in this matter for federal tax purposes other than accelerated tax depreciation.
- b. If Duke Kentucky does not expect to engage in accelerated expensing of the project for federal tax purposes other than accelerated depreciation, explain why Duke Kentucky does not expect to engage in any such accelerated tax expensing.
- c. If Duke Kentucky does expect to engage in accelerated expensing of the project for federal tax purposes other than accelerated depreciation, describe the accelerated expensing Duke Kentucky expects to engage in, and provide a spreadsheet showing all timing differences arising from such accelerated expensing in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

<sup>&</sup>lt;sup>1</sup> Case No. 2022-00222, Application of Atmos Energy Corporation to Establish PRP Rider Rates for the Twelve Month Period Beginning October 1, 2022 (filed July 29, 2022), Application Exhibit F.

# **RESPONSE:**

- a. Duke Energy Kentucky does not currently expect to engage in any accelerated expensing of the projects at issue for federal income tax purposes.
- b. The IRS has not yet issued guidance for tax repairs on gas transmission and distribution property. The IRS has stated that guidance is being developed, but no timeframe of when it will be issued is known. This guidance has been forthcoming for several years now.
- c. N/A

# **PERSON RESPONSIBLE:** Rodney Smith

### **REQUEST:**

Refer to the Application, Exhibit 2, page 5 of 8.

- a. Explain how retirements on Line No. 5 were projected, including why no retirements were reflected in September, October, and November 2023.
- b. Explain how retirements on Line Nos. 6 and 7 were projected, including why no retirements were reflected on those lines.
- c. Explain why the manner in which Duke Kentucky projected retirements is reasonable.
- d. If the retirements reflected on Line Nos. 5, 6, and 7 represent a netting of values that partially cancel each other out, provide a breakdown of those values for each month and explain what they request.

#### **RESPONSE:**

a. This retired pipeline is being abandoned in place which involves removing gas from the line, going through an environmental checklist and then cutting and capping the line. The retirement costs were projected based on needed work to abandon the pipeline. The date of projected retirement was estimated based on the in-service date of Phase One of the AM07 pipeline and the work needed after the line is abandoned. The retirement was estimated to be completed in December in the Company's financial systems. The assumptions regarding the projections will be trued-up to actuals in the next annual filing; therefore, the customers pay no more or no less than the actual costs incurred.

- b. There are no retirements for land or land rights and the station being installed is new, so there is no existing station to retire. That only leaves the abandonment costs for the pipeline.
- c. The methodology used to project retirements is reasonable because it is attempting to mirror how the actual retirements will occur.
- d. There is no netting of values.

PERSON RESPONSIBLE: Bradley A. Seiter

# **REQUEST:**

Provide Exhibit 2 to the Application in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

# **RESPONSE:**

Please see STAFF-DR-01-007 Attachment for the excel spreadsheet format of Exhibit 2 to the Application.

PERSON RESPONSIBLE: Lisa D. Steinkuhl

Application Exhibit 2 Summary Page 1 of 8

#### Duke Energy Kentucky Pipeline Modernization Mechanism ("Rider PMM") Forecasted Period Ending December 31, 2023 Table of Contents

#### Schedule Description

- 1.0 PMM Rates by Rate Schedule
- 1.1 Revenue Requirement
- 1.2 Cost of Capital
- 2.0 Plant Additions and Depreciation
- 2.1 Deferred Taxes on Liberalized Depreciation
- 2.2 PMM Additions and Retirements
- 3.0 Billing Determinants

Application Exhibit 2 Schedule 1.0 Page 2 of 8

#### Duke Energy Kentucky Pipeline Modernization Mechanism ("Rider PMM") Rider PMM by Rate Schedule

| Line<br><u>No.</u> | <u>Rate Schedule</u><br>(A)             | Weighted<br>Gross Distribution Plant<br>Approved KyPSC<br><u>Case No. 2021-00190</u><br>(B) | 2023 Projected<br>Revenue<br><u>Requirement</u><br>(C) | XXXX True Up<br>Revenue<br><u>Requirement</u><br>(D) | <u>Total</u><br>(E) | Billing<br>Determinants<br><u># of Bills / CCF</u><br>(F) | Monthly<br><u>Rider PMM</u><br>(G) |              |
|--------------------|---|---|--|--|---------------------|---|------------------------------------|--------------|
| 1                  | RS- Residential                         | 86.932%   | \$ 773,284   | \$-\$  | 773,284             | 1,156,418   | \$ 0.67                            | Per Customer |
| 2                  | GS - General Service                    | 12.506%   | 111,244  | -  | 111,244             | 92,746  | \$ 1.20                            | Per Customer |
| 3                  | FT - Firm Transportation (Includes DGS) | 0.341%  | 3,033  | -  | 3,033               | 27,065,157  | \$ 0.00011                         | Per CCF      |
| 4                  | IT - Interruptible Transportation       | 0.221%  | 1,966  | -  | 1,966               | 16,655,397  | \$ 0.00012                         | Per CCF      |
| 5                  | Total                                   | 100.000%  | \$ 889,527   | \$-\$  | 889,527             |   |                                    |              |
|                    |   |   | Sch. 1.1   | Sch. 4.1   |                     | Sch. 3.0  |                                    |              |

The cap for the annual PMM revenue requirement is no more than 5% increase in natural gas revenue per year Natural gas revenue is defined to include base, gas cost and miscellaneous revenue

#### Application Exhibit 2 Schedule 1.1 Page 3 of 8

#### Duke Energy Kentucky Pipeline Modernization Mechanism ("Rider PMM") Forecasted PMM Revenue Requirement for 2023

| Line<br>No. |  | <br>A Investment<br>mber 31, 2023 | Reference                                      |
|-------------|--|-----------------------------------|--|
|             | (A)  | (B)                               | (C)  |
|             | Return on Investment                                   |                                   |  |
|             | Rate Base  |                                   |  |
| 1           | Net PMM Investment - Property, Plant and Equipment     | \$<br>8,364,433                   | Sch. 2.2                                       |
| 2           | Cost of Removal  | -                                 | Sch. 2.2                                       |
| 3           | Accumulated Reserve for Depreciation                   | (15,873)                          | Sch. 2.0                                       |
| 4           | Net PP&E   | 8,348,560                         |  |
| 5           | Accumulated Deferred Taxes on Liberalized Depreciation | (35,162)                          | Sch. 2.1                                       |
| 6           | Net Rate Base  | <br>8,313,398                     | Line 4 + Line 5                                |
| 7           | Authorized Rate of Return, Adjusted for Income Taxes   | 8.087%                            | Sch. 1.2                                       |
| 8           | Required Return on PMM Related Investment              | \$<br>672,305                     | Line 6 * Line 7                                |
|             | Operating Expenses                                     |                                   |  |
| 9           | Depreciation   | \$<br>105,327                     | Sch. 2.0                                       |
| 10          | Property Tax   | 110,567                           | Line 4 * 1.32438%                              |
| 11          | PSC Assessment   | 1,328                             | (Sum Line 8 thru 11) * (0.1493% / (1-0.1493%)) |
| 12          | Total Operating Expenses                               | <br>217,222                       | Sum Lines 9 thru 12                            |
| 13          | Total Annual Revenue Requirement                       | \$<br>889,527                     | Line 8 + Line 12                               |

Notes:

(1) Property taxes estimated using an effective rate of 1.32438%(2) PSC Assessment using Fiscal Year 2021 rate of 0.1493%

Application Exhibit 2 Schedule 1.2 Page 4 of 8

#### Duke Energy Kentucky Pipeline Modernization Mechanism ("Rider PMM") Cost of Capital

| Line<br><u>No.</u> | <u>Capital Structure</u><br>(A) | <u>Ratio</u><br>(B) | <u>Cost</u><br>(C) | Weighted<br><u>Cost</u><br>(D) | Pre-Tax @ Effect.<br><u>Tax Rate of 24.925%</u><br>(E) |
|--------------------|---------------------------------|---------------------|--------------------|--------------------------------|--|
| 1                  | Short term Debt                 | 2.617%              | 1.667%             | 0.044%                         | 0.044%   |
| 2                  | Long term Debt                  | 46.039%             | 3.656%             | 1.683%                         | 1.683%   |
| 3                  | Equity                          | 51.344%             | 9.300%             | 4.775%                         | 6.360%   |
| 4                  | Total                           | 100.000%            |                    | 6.502%                         | 8.087%   |

Capital structure and cost of debt approved in Case No. 2021-00190 Return on equity approved in Case No. 2021-00190 for use in natural gas capital riders

#### Application Exhibit 2 Schedule 2.0 Page 5 of 8

#### Duke Energy Kentucky Pipeline Modernization Mechanism ("Rider PMM") Depreciation

| Line<br><u>No.</u> | Description<br>(A)                                | Acct<br><u>Number</u><br>(B) | (C) | EOY<br><u>2022</u><br>(D) |      | <u>an</u><br>(E) | <u>Feb</u><br>(F) | <u>Mar</u><br>(G) | <u>Apr</u><br>(H) |      | <u>May</u><br>(I) | Projected 2<br>Jun<br>(J) | 023 Addition:<br>Jul<br>(K) | <u>Aug</u><br>(L) | <u>Sep</u><br>(M) | <u>Oct</u><br>(N) | <u>Nov</u><br>(O) | Dec<br>(P) | EOY<br><u>2023</u><br>(Q) |
|--------------------|---|------------------------------|-----|---------------------------|------|------------------|-------------------|-------------------|-------------------|------|-------------------|---------------------------|-----------------------------|-------------------|-------------------|-------------------|-------------------|------------|---------------------------|
|                    | Gas Plant Investments <sup>(1)</sup><br>Additions |                              |     |                           |      |                  |                   |                   |                   |      |                   |                           |                             |                   |                   |                   |                   |            |                           |
| 1                  | Mains - Feeder                                    | 376                          |     | \$                        | - \$ | - \$             | - \$              | -                 | \$                | - \$ | - \$              | - \$                      | -                           | \$                | - \$ 16,014,245   | \$ 1,143,875 \$   | 953,229 \$        | 953,229    | \$ 19,064,578             |
| 2                  | System M&R Station Equipment                      | 378                          |     | \$                        | - \$ | - \$             | - \$              |                   | \$                | - \$ | - \$              | - \$                      |                             | \$                | - \$ 7,650,507    | \$ 546,465 \$     | 455,387 \$        | 455,387    | \$ 9,107,746              |
| 3                  | Land and Land Rights                              | 374                          |     | \$                        | - \$ | - \$             | - \$              |                   | \$                | - \$ | - \$              | - \$                      |                             | \$                | - \$ 1,158,643    | \$ 82,760 \$      | 68,967 \$         | 68,967     | \$ 1,379,337              |
| 4                  | Total Additions                                   |                              |     | \$                        | - \$ | - \$             | - \$              | -                 | \$                | - \$ | - \$              | - \$                      | -                           | \$                | - \$ 24,823,395   | \$ 1,773,100 \$   | 1,477,583 \$      | 1,477,583  | \$ 29,551,661             |
|                    | Retirements                                       |                              |     |                           |      |                  |                   |                   |                   |      |                   |                           |                             |                   |                   |                   |                   |            |                           |
| 5                  | Mains - Feeder                                    | 376                          |     | \$                        | - \$ | - \$             | - \$              |                   | \$                | - \$ | - \$              | - \$                      | -                           | \$                | -\$-              | \$-\$             | - \$              | 308,000    | \$ 308,000                |
| 6                  | System M&R Station Equipment                      | 378                          |     | \$                        | - \$ | - \$             | - \$              |                   | \$                | - \$ | - \$              | - \$                      | -                           | \$                | -\$-              | \$-\$             | - \$              | -          | \$-                       |
| 7                  | Land and Land Rights                              | 374                          |     | \$                        | - \$ | - \$             | - \$              |                   | \$                | - \$ | - \$              | - \$                      | -                           | \$                | -\$-              | \$-\$             | - \$              | -          | \$ -                      |
| 8                  | Total Retirements                                 |                              |     | \$                        | - \$ | - \$             | - \$              | -                 | \$                | - \$ | - \$              | - \$                      | -                           | \$                | -\$-              | \$-\$             | - \$              | 308,000    | \$ 308,000                |
|                    | Cost of Removal                                   |                              |     |                           |      |                  |                   |                   |                   |      |                   |                           |                             |                   |                   |                   |                   |            |                           |
| 9                  | Mains - Feeder                                    | 376                          |     | \$                        | - \$ | - \$             | - \$              |                   | \$                | - \$ | - \$              | - \$                      |                             | \$                | - \$ -            | \$-\$             | - \$              |            | \$-                       |
| 10                 | System M&R Station Equipment                      | 378                          |     | \$                        | - \$ | - \$             | - \$              |                   | \$                | - \$ | - \$              | - \$                      |                             | \$                | - \$ -            | \$-\$             | - \$              |            | \$-                       |
| 11                 | Land and Land Rights                              | 374                          |     | \$                        | - \$ | - \$             | - \$              |                   | \$                | - \$ | - \$              | - \$                      |                             | \$                | - T               | \$-\$             |                   |            | Ŷ                         |
| 12                 | Total Cost of removal                             |                              |     | \$                        | - \$ | - \$             | - \$              | -                 | \$                | - \$ | - \$              | - \$                      | -                           | \$                | -\$-              | \$-\$             | - \$              | -          | \$ -                      |

|    |  |     | Annual       |      |      |      |            |      |     |      |       |               |             |         |      |            |            |           |         | 13 month  |
|----|--|-----|--------------|------|------|------|------------|------|-----|------|-------|---------------|-------------|---------|------|------------|------------|-----------|---------|-----------|
|    |  |     | Depreciation | EOY  |      |      |            |      |     |      | Proje | cted 2023 Dep | reciation I | Expense |      |            |            |           |         | Average   |
|    | Accumulated Depreciation Reserve       |     | Rate         | 2022 | Ja   | n    | <u>Feb</u> | Mar  | Apr | May  |       | Jun           | Jul         | Aug     |      | <u>Sep</u> | <u>Oct</u> | Nov       | Dec     |           |
|    | Additions                              |     |              |      |      |      |            |      |     |      |       |               |             |         |      |            |            |           |         |           |
| 13 | Mains - Feeder                         | 376 | 1.49%        | \$   | - \$ | - \$ | - \$       | - \$ |     | - \$ | - \$  | - \$          | -           | \$      | - \$ | - \$       | 19,884 \$  | 21,305 \$ | 22,488  |           |
| 14 | System M&R Station Equipment           | 378 | 2.04%        | \$   | - \$ | - \$ | - \$       | - \$ |     | - \$ | - \$  | - \$          | -           | \$      | - \$ | - \$       | 13,006 \$  | 13,935 \$ | 14,709  |           |
| 15 | Land and Land Rights                   | 374 | 0.00%        | \$   | - \$ | - \$ | - \$       | - \$ |     | - \$ | - \$  | - \$          | -           | \$      | - \$ | - \$       | - \$       | - \$      | -       |           |
| 16 | Total Additions                        |     |              | \$   | - \$ | - \$ | - \$       | - \$ |     | - \$ | - \$  | - \$          | -           | \$      | - \$ | - \$       | 32,890 \$  | 35,240 \$ | 37,197  |           |
|    |  |     |              |      |      |      |            |      |     |      |       |               |             |         |      |            |            |           |         |           |
| 21 | Total Accumulated Depreciation Reserve |     |              | \$   | - \$ | - \$ | - \$       | - \$ |     | - \$ | - \$  | - \$          | -           | \$      | - \$ | - \$       | 32,890 \$  | 68,130 \$ | 105,327 | \$ 15,873 |

Notes:

(1) See Schedule 2.2 for detail of 2023 PMM eligible additions.

#### Duke Energy Kentucky Pipeline Modernization Mechanism ("Rider PMM") Deferred Taxes on Liberalized Depreciation

ADFIT balance when proration is applied

| 2023 Proje | ction Filing | Α                                  | В                                  | С  | A + B + C = D                           | A * 5% = E                            | B * 3.75% = F                         | E + F = G                   | н                 | G -H = I               | J                                     | К                  | L                        | (G * L) / K = M                    | N   |
|------------|--------------|------------------------------------|------------------------------------|--|---|---------------------------------------|---------------------------------------|-----------------------------|-------------------|------------------------|---------------------------------------|--------------------|--------------------------|------------------------------------|---|
|            | Month        | Book Adds/Retires -<br>15 YR MACRS | Book Adds/Retires - 20<br>YR MACRS | Book Adds/Retires -<br>Non-Depreciable<br>Land | Total Book<br>Additions/<br>Retirements | 1st Yr 15 Yr<br>MACRS for Tax -<br>5% | 1st Yr 20 Yr MACRS<br>for Tax - 3.75% | Total MACRS<br>Depreciation | Book Depreciation | Book/Tax<br>Difference | Accumulated<br>Book/Tax<br>Difference | Days to<br>Prorate | Future Days in<br>Period | Prorated<br>Book/Tax<br>Difference | Prorated<br>Accumulated<br>Book/Tax<br>Difference |
|            | Dec-22       |                                    |                                    |  |   |                                       |                                       |                             |                   |                        | -                                     |                    |                          |                                    | -   |
| projected  | Jan-23       |                                    |                                    |  |   |                                       |                                       |                             |                   | -                      | -                                     | 31                 | 335                      | -                                  | -   |
| projected  | Feb-23       |                                    |                                    |  |   |                                       |                                       |                             |                   | -                      | -                                     | 28                 | 307                      | -                                  | -   |
| projected  | Mar-23       |                                    |                                    |  |   |                                       |                                       |                             |                   | -                      | -                                     | 31                 | 276                      | -                                  | -   |
| projected  | Apr-23       |                                    |                                    |  |   |                                       |                                       |                             |                   | -                      | -                                     | 30                 | 246                      | -                                  | -   |
| projected  | May-23       |                                    |                                    |  |   |                                       |                                       |                             |                   | -                      | -                                     | 31                 | 215                      | -                                  | -   |
| projected  | Jun-23       |                                    |                                    |  |   |                                       |                                       |                             |                   | -                      | -                                     | 30                 | 185                      | -                                  | -   |
| projected  | Jul-23       |                                    |                                    |  |   |                                       |                                       |                             |                   | -                      | -                                     | 31                 | 154                      | -                                  | -   |
| projected  | Aug-23       |                                    |                                    |  |   |                                       |                                       |                             |                   | -                      | -                                     | 31                 | 123                      | -                                  | -   |
| projected  | Sep-23       | 16,014,245                         | 7,650,507                          | 1,158,643                                      | 24,823,395                              | 200,178                               | 71,724                                | 271,902                     |                   | 271,902                | 271,902                               | 30                 | 93                       | 69,279                             | 69,279  |
| projected  | Oct-23       | 1,143,875                          | 546,465                            | 82,760   | 1,773,100                               | 219,243                               | 78,554                                | 297,797                     | 32,890            | 264,907                | 536,809                               | 31                 | 62                       | 44,998                             | 114,277   |
| projected  | Nov-23       | 953,229                            | 455,387                            | 68,967   | 1,477,583                               | 243,073                               | 87,093                                | 330,166                     | 35,240            | 294,926                | 831,735                               | 30                 | 32                       | 25,857                             | 140,133   |
| projected  | Dec-23       | 645,229                            | 455,387                            | 68,967   | 1,169,583                               | 275,335                               | 104,170                               | 379,505                     | 37,197            | 342,308                | 1,174,042                             | 31                 | 1                        | 938                                | 141,071   |
|            | Total        | 18,756,578                         | 9,107,746                          | 1,379,337                                      | 29,243,661                              | 937,829                               | 341,540                               | 1,279,369                   | 105,327           | 1,174,042              | •                                     | 365                | •                        | 141,071                            |   |
|            |              | Sch. 2.0                           | Sch. 2.0                           | Sch. 2.0                                       | Sch. 2.0                                |                                       |                                       |                             | Sch. 2.0          |                        |                                       |                    |                          | Tax Rate                           | 24.925%   |

Forecasted ADIT 35,162

#### KyPSC Case No. 2022-00229 STAFF-DR-01-007 Attachment

Application Exhibit 2 Schedule 2.2 Page 7 of 8

#### Duke Energy Kentucky Pipeline Modernization Mechanism ("Rider PMM") Thirteen Month Average Additions and Retirements

#### Test Year 12/31/23 PMM Investment Summary

| Line |                      | Number of | PM         | M Capex          |                 | Retirements   |                   | Cost of Removal |                   |  |  |
|------|----------------------|-----------|------------|------------------|-----------------|---------------|-------------------|-----------------|-------------------|--|--|
| No.  | Month                | Months    | By Month   | <u>Cumulativ</u> | e <u>By Mon</u> | <u>th Cur</u> | nulative <u>B</u> | <u>y Month</u>  | <b>Cumulative</b> |  |  |
|      | (A)                  | (B)       | (C)        | (D)              | ( E)            |               | (F)               | ( G)            | ( H)              |  |  |
|      |                      |           |            |                  |                 |               |                   |                 |                   |  |  |
| 1    | Balance @ 12/31/2022 | 13        |            | \$               | -               | \$            | -                 | \$              | -                 |  |  |
| 2    | Jan-23               | 12        | \$-        |                  | - \$            | -             | - \$              | -               | -                 |  |  |
| 3    | Feb-23               | 11        | -          |                  | -               | -             | -                 | -               | -                 |  |  |
| 4    | Mar-23               | 10        | -          |                  | -               | -             | -                 | -               | -                 |  |  |
| 5    | Apr-23               | 9         | -          |                  | -               | -             | -                 | -               | -                 |  |  |
| 6    | May-23               | 8         | -          |                  | -               | -             | -                 | -               | -                 |  |  |
| 7    | Jun-23               | 7         | -          |                  | -               | -             | -                 | -               | -                 |  |  |
| 8    | Jul-23               | 6         | -          |                  | -               | -             | -                 | -               | -                 |  |  |
| 9    | Aug-23               | 5         | -          |                  | -               | -             | -                 | -               | -                 |  |  |
| 10   | Sep-23               | 4         | 24,823,395 | 24,823           | 3,395           | -             | -                 | -               | -                 |  |  |
| 11   | Oct-23               | 3         | 1,773,100  | 26,596           | 5,495           | -             | -                 | -               | -                 |  |  |
| 12   | Nov-23               | 2         | 1,477,583  | 28,074           | 1,078           | -             | -                 | -               | -                 |  |  |
| 13   | Dec-23               | 1         | 1,477,583  | 29,551           | L,661 3         | 08,000        | 308,000           | -               | -                 |  |  |
|      |                      |           |            | \$ 109,045       | 5,628           | \$            | 308,000           | \$              | -                 |  |  |
| 14   | Number of months     |           |            |                  | 13              |               | 13                |                 | 13                |  |  |
| 15   | 13 Month Average     |           |            | \$ 8,388         | 3,125           | \$            | 23,692            | \$              | -                 |  |  |

Application Exhibit 2 Schedule 3.0 Page 8 of 8

#### Duke Energy Kentucky Pipeline Modernization Mechanism ("Rider PMM") PMM Rider Billing Determinants by Rate Schedule for the Twelve Month Ending December, 2023

| Line<br><u>No.</u> | <u>Rate Schedule</u><br>(A)                | <u>Jan-23</u><br>(B) | <u>Feb-23</u><br>(C) | <u>Mar-23</u><br>(D) | <u>Apr-23</u><br>(E) | <u>May-23</u><br>(F) | <u>Jun-23</u><br>(G) | <u>Jul-23</u><br>(H) | <u>Aug-23</u><br>(I) | <u>Sep-23</u><br>(J) | <u>Oct-23</u><br>(K) | <u>Nov-23</u><br>(L) | <u>Dec-23</u><br>(M) | <u>Total</u><br>(N) |
|--------------------|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| 1                  | RS - Residential (Number of Customers)     | 96,662               | 96,519               | 96,678               | 96,477               | 96,383               | 96,096               | 95,892               | 95,818               | 95,844               | 96,101               | 96,712               | 97,235               | 1,156,418           |
| 2                  | GS - General Service (Number of Customers) | 7,944                | 7,944                | 7,935                | 7,816                | 7,693                | 7,599                | 7,532                | 7,514                | 7,522                | 7,581                | 7,775                | 7,892                | 92,746              |
| 3                  | FT - Firm Transportation (CCF)             | 3,606,770            | 2,914,649            | 2,936,959            | 1,971,667            | 1,850,915            | 1,616,123            | 1,552,284            | 1,614,994            | 1,581,597            | 1,935,595            | 2,415,104            | 3,068,500            | 27,065,157          |
| 4                  | IT - Interruptible Transportation (CCF)    | 1,515,504            | 1,365,505            | 1,385,967            | 1,309,634            | 1,327,458            | 1,314,060            | 1,314,190            | 1,393,968            | 1,319,910            | 1,492,703            | 1,500,891            | 1,415,607            | 16,655,397          |