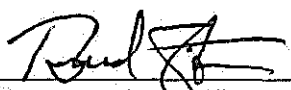


VERIFICATION

STATE OF OHIO)
)
COUNTY OF HAMILTON) SS:

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 3rd day of October, 2022.



NOTARY PUBLIC

My Commission Expires: July 8, 2027



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

VERIFICATION

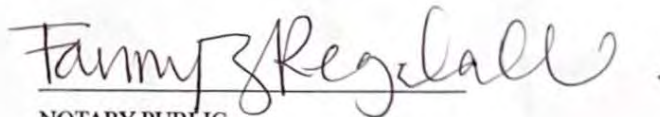
STATE OF NORTH CAROLINA)
) SS:
COUNTY OF MECKLENBURG)

The undersigned, John Robson, Director Gas Distribution Finance, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the data requests and that it is true and correct to the best of his knowledge, information, and belief.



John Robson Affiant

Subscribed and sworn to before me by John Robson on this 4th day of October
2022.



NOTARY PUBLIC

FANNY Z REGALADO
Notary Public
Union Co., North Carolina
My Commission Expires Jan. 2, 2025

My Commission Expires: Jan 2, 2025

KyPSC Case No. 2022-00229
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Duke Energy Kentucky
Case No. 2022-00229
STAFF Second Set Data Requests
Date Received: September 27, 2022

STAFF-DR-02-001

REQUEST:

Refer to Duke Kentucky’s response to Commission Staff’s First Request for Information (Staff’s First Request), Item 2.

- a. Provide an itemized breakdown of the estimated \$32.25 million construction cost for Phase One of the AM07 pipeline project.
- b. Identify those portions of the work expected to be completed after December 31, 2022.

RESPONSE:

- a. The current project cost of the project is broken down via the different activities below:

Task	Total
Design	\$2.5M
Land	\$1.25 M
Construction	\$25M
Materials	\$3.5M

\$32.25 M

- b. Phase One construction will commence following approval of the Company’s application in Case No 2022-00084. As stated in the Company’s application in that case, we anticipate commencing construction in early 2023.¹ As such, under current estimates, **all** portions of the work are expected to be completed **after December 31, 2022** and completed by late fall of 2023.

PERSON RESPONSIBLE: Bradley A. Seiter

¹ Application, Case No 2022-00084 pg. 7.

**Duke Energy Kentucky
Case No. 2022-00229
STAFF Second Set Data Requests
Date Received: September 27, 2022**

STAFF-DR-02-002

REQUEST:

Refer to Duke Kentucky's response to Staff's First Request, Item 3. Identify the minimal savings and minimal increase in operation and maintenance costs Duke Kentucky expects due to Phase One of the AM07 pipeline project.

RESPONSE:

Regulatory requirements from CFR 192 are the same regardless of vintage of pipe so patrolling, inspections, cathodic protection adequacy, maintenance of valves is done at the same frequency. As a result, the savings and difference in operation and maintenance costs are negligible.

PERSON RESPONSIBLE: Bradley A. Seiter

Duke Energy Kentucky
Case No. 2022-00229
STAFF Second Set Data Requests
Date Received: September 27, 2022

STAFF-DR-02-003

REQUEST:

Refer to Duke Kentucky’s response to Staff’s First Request, Item 6, stating that “the retirement costs were projected based on needed work to abandon the pipeline” and that there was “no netting of values” to calculate retirement costs.

- a. Explain in more detail how the retirement costs were projected.
- b. Explain how the methodology used to project retirements mirrors “how the actual retirements will occur.”
- c. Confirm that “Retirements” does not reflect the removal of any portion of the existing pipeline or other existing equipment from plant in service, and explain why it does not reflect the removal of any portion of the existing pipeline or other equipment from plant in service. If it cannot be confirmed, explain why.
- d. Explain why retirement costs “based on needed work to abandon the pipeline” are reflected as a reduction to the 13-month average cost of the project at issue in this matter.
- e. Explain how the “retirement costs” compare to the negative salvage value for the plant being retired, as calculated through past depreciation, and the reason for any differences in the “retirement costs” and negative salvage value.
- f. Identify any existing plant that will be taken out of service due to Phase One of the AM07 pipeline project, provide the original cost or estimated original cost of that plant by account, and if applicable, explain how that original cost was estimated.

RESPONSE:

a. Retirement Costs/Cost of removal were project based on several activities that typically happen during retirement. The cost includes testing for contamination, excavation of the line every 1000 feet to verify abandonment, grouting of the pipe to 50% volume under all roadways, flaring or cross compression of gas, and capping the open ends. The assumption of the estimate was for a worst-case scenario.

b. The process for retirement costs/cost of removal will be followed as laid out in the answer to section a. If the pipe is tested and considered to be “clean”, then no grouting work will be required, and the line will be capped and backfill/restoration work will commence. This scenario would result in lower retirement costs than projected in the estimate.

c. Retirement costs refers to costs incurred for both abandonment of assets in place and the cost of removal for abandoned above ground assets. It is not typical for buried assets to be removed from the ground once abandoned.

d. The Retirement Costs/Costs of Removal based on needed work to abandon the pipeline were inadvertently included as a reduction to the 13-month average cost of the project. These costs should have been included in Cost of Removal section of Schedule 2.0 as an increase to the 13-month average costs of the project.

e. In a normal retirement, salvage would be netted with any retirement costs, therefore reducing the overall costs. With the AM07 pipeline project, since we will abandon the existing plant in place, there will be no salvaged values.

f. For phase one of the AM07 Pipeline replacement, 9,400 feet of 24 inch Steel Gas Mains with a vintage year of 1955 will be retired. This existing plant in Duke Energy Kentucky’s asset management system has a value of approximately \$142,000 based on

the feet and vintage. This plant is accounted for in FERC Utility Account 376 in the Company plant account 27605 – Gas Mains – Feeder.

PERSON RESPONSIBLE: Bradley A. Seiter – a. thru c.
Lisa D. Steinkuhl – d.
Sharif Mitchell – e. and f.

**Duke Energy Kentucky
Case No. 2022-00229
STAFF Second Set Data Requests
Date Received: September 27, 2022**

STAFF-DR-02-004

REQUEST:

Confirm that retiring existing plant in service will reduce rates, even if there is no rate base change due to a corresponding adjustment to accumulated depreciation because the retirement will result in a reduction to depreciation expense. If this cannot be confirmed, explain why.

RESPONSE:

Confirmed. Retiring existing plant in service will result in a reduction to depreciation expenses which will reduce rates.

PERSON RESPONSIBLE: Lisa D. Steinkuhl

**Duke Energy Kentucky
Case No. 2022-00229
STAFF Second Set Data Requests
Date Received: September 27, 2022**

STAFF-DR-02-005

REQUEST:

Explain how salvage value was calculated for the pipeline and other equipment being replaced in Phase One of the AM07 pipeline project.

RESPONSE:

We do not anticipate any salvage values with the retirement of existing plant for the install of Phase One of the AM07. The existing plant will be abandoned in place.

PERSON RESPONSIBLE: Sharif Mitchell