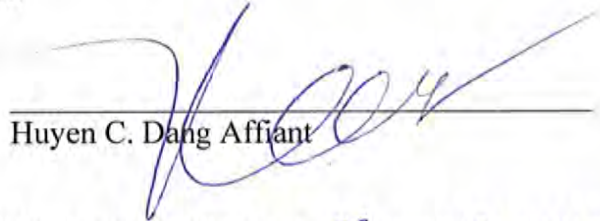


VERIFICATION

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

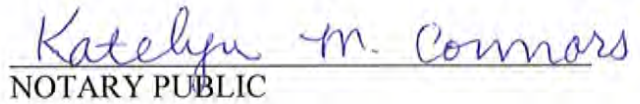
The undersigned, Huyen C. Dang, Director of Accounting, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing rehearing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.



Huyen C. Dang Affiant

Subscribed and sworn to before me by Huyen C. Dang on this 23 day of January
2024.





NOTARY PUBLIC

My Commission Expires: July 25, 2026
Mecklenburg County, North Carolina

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF CUMBERLAND)

The undersigned, John J. Spanos, President of Gannett Fleming Valuation and Rate Consultants, LLC, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing rehearing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.



John J. Spanos, Affiant

Subscribed and sworn to before me by John J. Spanos on this 22nd day of January, 2024.



NOTARY PUBLIC

My Commission Expires: February 20, 2027

Commonwealth of Pennsylvania - Notary Seal
Cheryl Ann Rutter, Notary Public
Cumberland County
My commission expires February 20, 2027
Commission number 1143028
Member, Pennsylvania Association of Notaries

KyPSC Case No. 2022-00372
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Duke Energy Kentucky
Case No. 2022-00372
Attorney General's Second Set Rehearing Data Requests
Date Received: January 12, 2024

AG-RHDR-02-001

REQUEST:

Refer to Duke Kentucky's response to the Attorney General's First Request for Information on Rehearing ("First Request on Rehearing"), Item 3(a). Specifically, refer to the Excel workbooks that Duke Kentucky provided as Attachments 1, 2, and 3. The Attorney General's original request specifically asked for the Excel workbook underlying the calculations in live Excel format with all formulas intact. However, the Excel workbooks provided do not include all formulas. For example, Attachment 1, Column G provided the decommissioning costs in future dollars for the solar assets, but only as values, not the result of calculations, which is what Item 3(a) requested. Further example is Attachment 1, Column K provided the terminal net salvage percentages, but only as values, not the result of calculations. Provide a revised version of each of the Excel workbooks with all formulas intact. If not provided, then explain in detail as to why Duke Kentucky cannot or will not provide this information.

RESPONSE:

Attachments 1, 2, and 3 from the First Request on Rehearing did not include formulas because the calculations are performed in the Gannett Fleming depreciation models. The attachments to this response have taken the built in formulas from the Gannett Fleming models and inserted into the cells where the live formulas or calculations were derived. Please see AG-RHDR-02-001 Attachments 1 through 3. A few key formulas are the escalation from the decommissioning costs to the future decommissioning costs in AG-

RHDR-02-001 Attachment 1. This takes the decommissioning cost and escalates to the estimated retirement year by the 2.5%.

PERSON RESPONSIBLE: John J. Spanos

DUKE ENERGY KENTUCKY

CALCULATION OF TERMINAL NET SALVAGE PRECENT

UNIT (1)	ESTIMATED RETIREMENT YEAR (2)	TOTAL DECOMMISSIONING COSTS (CURRENT \$) (3)	TOTAL DECOMMISSIONING COSTS (FUTURE \$) (4)	ESTIMATED TERMINAL RETIREMENTS (5)	TERMINAL NET SALVAGE (%) (6)=(4)/(5)
SOLAR PRODUCTION					
CRITTENDEN	2047	412,300	783,491	(1,273,955)	(62)
WALTON	2047	586,200	1,113,952	(1,772,107)	(63)

DUKE ENERGY KENTUCKY

INTERIM NET SALVAGE

<u>ACCOUNT</u>	<u>INTERIM NET SALVAGE (%)</u>	<u>ORIGINAL COST AS OF 12/31/2021</u>	<u>2021 ORIGINAL COST AS A PERCENT OF TOTAL</u>	<u>WEIGHTED AVERAGE OF INTERIM NET SALVAGE (%)</u>
SOLAR				
3446	(5)	9,813,805.60	85.9%	(4.29)
3456	(4)	1,616,958.75	14.1%	(0.57)
SOLAR TOTAL		11,430,764.35	100%	(5)

DUKE ENERGY KENTUCKY
 CALCULATION OF WEIGHTED NET SALVAGE PERCENT

LOCATION	TERMINAL RETIREMENTS			INTERIM RETIREMENTS			TOTAL RETIREMENTS	WEIGHTED AVERAGE NET SALVAGE % (9)=(3)*(4)+(6)*(7)
	AMOUNT	% OF TOTAL	NET SALVAGE (%)	AMOUNT	% OF TOTAL	NET SALVAGE (%)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
SOLAR PRODUCTION								
CRITTENDEN	(1,273,955.02)	26.65	(62)	(3,506,735.84)	73.35	(5)	(4,780,690.86)	(20)
WALTON	(1,772,106.74)	26.65	(63)	(4,877,966.75)	73.35	(5)	(6,650,073.49)	(20)

Duke Energy Kentucky
Case No. 2022-00372
Attorney General's Second Set Rehearing Data Requests
Date Received: January 12, 2024

AG-RHDR-02-002

REQUEST:

Refer to Duke Kentucky's response to the Attorney General's First Request on Rehearing, Item 5. The original question specifically asked Duke Kentucky to, "[c]onfirm that there is no Generally Accepted Accounting Principles ("GAAP") accounting requirement to record decommissioning expense during the service lives of generating assets unless it is authorized by the regulator for recovery in regulated utility rates." The Company's response failed to address GAAP requirements, but instead addressed its understanding of the FERC USOA requirements. Provide a response to the original question as posed. If not provided, then explain in detail as to why Duke Kentucky cannot or will not provide a response.

RESPONSE:

The Company is not aware of any Generally Accepted Accounting Principles (GAAP) accounting requirement to record decommissioning expense during the service lives of generating assets unless it is authorized by the regulator for recovery in regulated utility rates. However, please see the Company's response to AG-RHDR-01-005 as it relates to FERC USOA which the utility follows consistent with KRS 278.220.

PERSON RESPONSIBLE: Huyen C. Dang

Duke Energy Kentucky
Case No. 2022-00372
Attorney General's Second Set Rehearing Data Requests
Date Received: January 12, 2024

AG-RHDR-02-003

REQUEST:

Refer to Duke Kentucky's response to the Attorney General's First Request on Rehearing, Item 9. The original question asked Duke Kentucky to, "[c]onfirm that the Commission removed all decommissioning costs from Kentucky Power Company's depreciation rates for generating units in its final Order in Case 2017-00179.¹ If not confirmed, explain in detail why not." The Company's response states in part, "[o]bjection. This request seeks a legal opinion..." The response also states that, "[m]oreover, this request is objectionable insofar as it misstates and misconstrues facts." Further refer to the Settlement Agreement attached to the Commission's Order in Case 2017-00179, which states in paragraph 7, page 10 that, "Kentucky Power has adjusted depreciation rates for Big Sandy Unit 1 and for the Mitchell Plant to remove terminal net salvage costs." In addition, the Commission's final Order in Case No. 2017-00179, states on page 75, "Kentucky Power's proposed depreciation rates, with the exception of the changes proposed in the Settlement are approved."

- a. As originally requested, confirm that the Commission approved the settlement agreement that removed all decommissioning costs from Kentucky Power

¹ Case No. 2017-00179, *Electronic Application of Kentucky Power Company for (1) A General Adjustment of its Rates for Electric Service; (2) An Order Approving its 2017 Environmental Compliance Plan; (3) An Order Approving its Tariffs and Riders; (4) An Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities; and (5) An Order Granting all Other Required Approvals and Relief* (Ky. PSC. Jan. 18, 2018), Order at 75.

Company's depreciation rates for generating units in its final Order in Case 2017-00179. If not confirmed, explain in detail why not.

- b. Provide the specific facts that Duke Kentucky asserts are misstated or misconstrued in the original request. If none, then so state. In addition, provide all specific evidence relied on by the Company to make this claim. If none, then so state

RESPONSE:

- a. Objection. This request is irrelevant, duplicative, and thus is interpreted as intended to harass. The Commission's Order speaks for itself. Notwithstanding the aforementioned objection, the Company's response to AG-RHDR-01-009 explains, thus confirming, that the Commission's Order in Case No. 2017-00179, dated January 18, 2018, approved a settlement wherein *Kentucky Power and the settling parties agreed* to remove terminal net salvage costs for Big Sandy Unit 1 and Mitchell Plant, but that *Kentucky Power retained the right to propose updated depreciation rates to include terminal net salvage in future proceedings.* (Stipulation attached to Order at para. 7b, *emphasis added*) Moreover, the Commission's Order clearly states that "Because Kentucky Power recovers the costs associated with the decommissioning of coal-related assets at Big Sandy through the Decommissioning Rider, those costs are not included for recovery in base rates." (Order at 41). The Order goes on to state that "...for the twelve months ending September 30, 2018, Kentucky power will recover approximately \$20.2 million through the Decommissioning Rider." (Id).

Moreover, the Company further confirms that the Commission's decision in Duke Energy Kentucky's electric base rate case, Case No. 2017-00321, dated April 13, 2018, was issued several months *after* the Kentucky Power decision

referenced by the Attorney General in its above question in AG-DR-RHDR-01-009. The Commission’s decision in Case No. 2017-00321 was the result of a *fully-litigated proceeding* in which the Commission concluded that “Duke Kentucky’s recommendation on the treatment of terminal net salvage value in the computing the depreciation rates for generating units is reasonable in order to avoid intergenerational inequity and should be approved.”²

- b. The question posed seeks confirmation that “the Commission removed all decommissioning costs from Kentucky Power Company’s depreciation rates.” This statement fails to acknowledge that the Commission’s Order in that case was approving a settlement, wherein Kentucky Power agreed in consideration of all issues resolved via the settlement, to remove such costs in lieu of litigating the issue(s). The statement that the Commission “removed” could be construed to mean that the Commission acted on its own in removing such costs and deciding the issue on the merits of the case, which would be a misstatement of what occurred. By contrast, the Commission did act on its own in Duke Energy Kentucky’s Case No. 2017-00321, where the issue was fully litigated, and the Commission found the costs should be included in rates. Moreover, the question further neglects to acknowledge that the settlement ultimately approved by the Commission in Case No. 2017-179, included Kentucky Power’s reservation of the right to include terminal net salvage in depreciation rates in future proceedings, thereby indicating that the issue was not determined with any finality.

PERSON RESPONSIBLE: Legal

² *In the Matter of the Electronic Application of Duke Energy Kentucky, Inc. for: 1) An Adjustment of the Electric Rates; 2) Approval of an Environmental Compliance Plan and Surcharge Mechanism; 3) Approval of New Tariffs; 4) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and 5) All Other Required Approvals and Relief*, Case No. 2017-00321 (Opinion and Order pg. 27)(April 13, 2018).