Errata Sheet

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 Electric Rates; 2) Approval of New Tariffs; 3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and 4) All Other Required Approvals and Relief.	) Case No. 2022-00372

FILING: Rebuttal Testimony of Lisa D. Steinkuhl, Filed April 14, 2023

DATE CORRECTED: May 5, 2023

CORRECTION	LINE	PAGE
Replace "$9.939" with "$3.290"	6	5
Add "Revised" and "Revised"	Footnote 1	5
Add the following:	1-7	7
Q. DOES THE COMPANY AGREE WITH MR. FUTRAL'S RECOMMENDATIONS AS IT RELATES TO THE COMPANY'S PROPOSED PROPERTY TAX EXPENSE?		
A. No. Company witness Panizza explains why the Company disagrees with this recommendation. However, in his corrected rebuttal testimony Mr. Panizza does propose a revised property tax expense. As a result of this change, the revenue requirement being requested by the Company is reduced by $1.605 million.		
Replace revenue requirement summary table with revised revenue requirement summary table, which reflects the changes noted above		7-8

Lisa D Steinkuhl
Signature

5/5/2023
Date

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REVISED REBUTTAL TESTIMONY OF

LISA D. STEINKUHL

ON BEHALF OF

DUKE ENERGY KENTUCKY, INC.

April 14, 2023

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I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Lisa D. Steinkuhl and my business address is 139 East Fourth Street, Cincinnati, Ohio 45202.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Duke Energy Business Services LLC (DEBS) as Director Rates & Regulatory Planning. DEBS provides various administrative and other services to Duke Energy Kentucky, Inc., (Duke Energy Kentucky or Company) and other affiliated companies of Duke Energy Corporation (Duke Energy).

Q. ARE YOU THE SAME LISA D. STEINKUHL THAT SUBMITTED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is to respond to a number of the recommendations made by the Attorney General's witnesses Randy Futral and Lane Kollen. Specifically, I will address Mr. Futral's and Mr. Kollen's recommendations related to:

(1) the effects on the revenue requirement of the reversal of the Company's proposal to roll-in to base rates certain portions of the Companies Environmental Surcharge Mechanism (Rider ESM);

(2) the effects on the revenue requirement of the AG's witnesses' proposals to adjust rate base for various adjustments to net plant and accumulated deferred income taxes (ADIT) associated with the retirement date of East Bend and the treatment of decommissioning expenses;

(3) the AG witnesses' proposal to either not amortize or adjust amortization expense timing for certain regulatory assets in this proceeding as well as in the Company's Rider ESM; and

First, I will also address adjustments proposed by Mr. Futral and Mr. Kollen that the Company does not oppose, some of which were identified by the Company through discovery and the resulting revised revenue requirement increase being requested by the Company.

II. REVISED REVENUE REQUIREMENT

Q. HAS THE ATTORNEY GENERAL MADE REVENUE REQUIREMENT ADJUSTMENT RECOMMENDATIONS THAT THE COMPANY ACCEPTS?

A. Yes. There are three adjustments that Mr. Futral is recommending which the Company is willing to accept. These adjustments were identified by the Company through the course of answering discovery. Mr. Kollen also makes two recommendations that the Company is not opposing.

Mr. Baudino also makes a recommendation as it relates to the Company's proposed capital structure. While Company witness Chris Bauer explains in his rebuttal testimony why Duke Energy Kentucky disagrees with Mr. Baudino's recommendation, Mr. Bauer does revise the Company's proposed capital structure. I address the impacts of that revised capital structure on the Company's total proposed revenue requirement.

Q. PLEASE EXPLAIN MR. FUTRAL'S ADJUSTMENTS THAT THE COMPANY IS WILLING TO ACCEPT.

A. First, as the Company noted in response to discovery question AG-DR-01-112, the Company discovered an error in the calculation of the forecasted 13-month average plant in-service balances. In AG-DR-02-042, the Company quantified the impact of the error to be an understatement of the total accumulated depreciation and amortization reserve for total electric plant including allocated common was $0.121 million. The error did not impact ADIT amounts in the projected test year. The impact to the Company's requested revenue requirement is a reduction of $0.011 million and the Company agrees to adjust its requested revenue requirement accordingly.

Secondly, the Company discovered an error in the lead/lag calculation for collection lag days. Per response to AG-DR-01-096, it was determined that two changes needed to be made to the collection lag days calculation. The first change relates to using total revenues and total receivables in the calculation instead of incorrectly using a combination of electric only and total. The receivable balances had been stated on a combined electric and gas operations basis, while the revenue amounts had been stated on an electric-only basis. The second change was to remove the effect of both unbilled gas and electric revenues since the unbilled amounts are not accounted for in the accounts receivable balances. The corrections reduce the cash working capital by $4.919 million. The impact to the Company's requested revenue requirement is a reduction of $0.460 million and the Company agrees to adjust its requested revenue requirement accordingly.

Thirdly, the Company did not include the amortization for DEBS EDIT amortization approved in Case No. 2019-00271. The Commission's Order stated $0.214 million of DEBS EDITs allocated to Duke Energy Kentucky electric should be amortized over 5-years for a revenue reduction of $0.043 million. This was included in rates effective on May 1, 2020. The unamortized balance on June 30, 2023, will be $0.082 million. The 5-year amortization of the June 30, 2023 balance is $0.016 million. This adjustment has the effect of reducing the Company's proposed revenue requirement increase by $0.016 million and the Company agrees to adjust its requested revenue requirement accordingly.

Q. PLEASE DESCRIBE MR. KOLLEN'S PROPOSAL AS IT RELATES TO THE COMPANY'S REQUEST TO ROLL-IN TO BASE RATES CERTAIN PORTIONS OF RIDER ESM.

A. Mr. Kollen recommends the Commission deny the Company's request to transfer recovery of the return on four capital projects and the related depreciation expense and property tax expense from Rider ESM revenues to base revenues. As a result, he recommends the revenue requirement be reduced by $12.076 million.

Q. DOES THE COMPANY AGREE WITH MR. KOLLEN'S PROPOSAL?

A. The Company is not opposed to Mr. Kollen's recommendation to deny the Company's request to transfer the recovery of the return on and of four capital projects from Rider ESM revenues to base revenues.

Q. DOES THE COMPANY AGREE WITH MR. KOLLEN'S CALCUATION OF THE REVENUE REQUIREMENT IMAPCT OF HIS PROPOSAL?

A. No.

Q. PLEASE EXPLAIN.

A. Mr. Kollen's reduction to the revenue requirement of $12.076 million for the roll-in of certain portions of the ESM rider was provided by the Company through discovery.[1] The Company supplemented the responses to correct the calculation for various errors in the original calculation. The correct amount of revenue requirement related to certain portions of Rider ESM being rolled-in to base rates is $~~9.939~~3.290 million. The Company is willing to remove this amount from the revenue requirement and keep the return on and of the four capital projects in question in the Rider ESM.

Q. PLEASE DESCRIBE MR. KOLLEN'S PROPOSAL AS IT RELATES TO THE COMPANY'S REQUEST TO ZERO COST VENDOR FINANCING.

A. Fuel and limestone inventories are additions to rate base as other working capital. Mr. Kollen is recommending that these balances in rate base be reduced by zero-cost vendor financing in the related accounts payable amounts.

Q. PLEASE EXPLAIN THE CONCEPT OF ZERO COST VENDOR FINANCING.

A. The Company does not actually finance its purchases of fuel and lime from the date it purchases the fuel and lime from its vendors until it actually pays the vendors. The vendor actually finances the purchase for this short period of time. Mr. Kollen calls this zero-cost vendor financing.

Q. DOES MR. KOLLEN PROVIDE ANY SUPPORT OR PRECEDENT FOR THIS TYPE OF ADJUSTMENT?

[1] *See* Staff DR-03-021 Revised Supplemental and AG-DR-02-040 Revised Supplemental.

A. Yes, in the Kentucky Power Company Case No. 2020-00174 the Commission subtracted construction accounts payable and prepayments accounts payable from rate base and in the Atmos Energy Corporation Case No. 2021-00214 construction accounts payable were deducted. In the Atmos final Order, the Commission stated the following:

> In a number of recent base rate cases where the revenue requirement is determined using rate base, the Commission has accepted adjustments to remove accounts payable from working capital amounts because the utility does not finance these amounts. The same reasoning exists here. Therefore, the Commission finds that this adjustment is reasonable and is accepted.

Q. DOES THE COMPANY AGREE WITH MR. KOLLEN'S PROPOSAL?

A. Based on the Commission precedent sited above, the Company does not oppose Mr. Kollen's recommendation that the balances in rate base be reduced by the related accounts payable amounts for fuel and limestone inventory accounts. As a result, the Company has reduced rate base by $6.459 million. This reduces the revenue requirement being requested by the Company by $0.604 million.

Q DOES THE COMPANY AGREE WITH MR. BAUDINO'S RECOMMENDATIONS AS IT RELATES TO THE COMPANY'S PROPOSED CAPITAL STRUCTURE?

A. No. Company witness Bauer explains why the Company disagrees with this recommendation. However, in his testimony Mr. Bauer does propose a revised capital structure. As a result of this change in capital structure, the revenue requirement being requested by the Company is reduced by $0.370.

Q. DOES THE COMPANY AGREE WITH MR. FUTRAL'S RECOMMENDATIONS AS IT RELATES TO THE COMPANY'S PROPOSED PROPERTY TAX EXPENSE?

A. No. Company witness Panizza explains why the Company disagrees with this recommendation. However, in his corrected rebuttal testimony Mr. Panizza does propose a revised property tax expense. As a result of this change, the revenue requirement being requested by the Company is reduced by $1.605 million.

Q. PLEASE SUMMARIZE THE COMPANY'S REVISED REVENUE REQUIREMENT BASED ON THE CHANGES DISCUSSED IN YOUR REBUTTAL TESTIMONY.

A. The following table reflects the Company's revised revenue requirement increase based on my rebuttal testimony.

Line No.	Summary	Impact to Revenue Defeciency
1	**Duke Energy Kentucky Initial Request**	$ 75,176,922
2	Accumulated Depreciation	(11,272)
3	Cash Working Capital	(459,678)
4	DEBS EDIT Amortization	(16,435)
5	ESM Roll-in	(3,289,776)
6	Fuel & Lime Inventory	(603,620)
7	Capital Structure	(369,966)
8	Property Tax	(1,605,133)
9	**Total Adjustments to Company's Proposed Revenue Requirement**	$ (6,355,880)
10	**Duke Energy Kentucky Revised Revenue Increase Request**	$ 68,821,042

~~Line No.~~	~~Summary~~	~~Impact to Revenue Requirement~~
~~1~~	~~Duke Energy Kentucky Initial Request~~	~~$ 75,176,922~~
~~2~~	~~Accumulated Depreciation~~	~~(11,272)~~
~~3~~	~~Cash Working Capital~~	~~(459,678)~~
~~4~~	~~DEBS EDIT Amortization~~	~~(16,435)~~

~~5~~	~~ESM Roll-in~~	~~(9,938,525)~~
~~6~~	~~Fuel & Lime Inventory~~	~~(603,620)~~
~~7~~	~~Capital Structure~~	~~(369,966)~~
~~8~~	~~**Total Adjustments to Company's Proposed Revenue Requirement**~~	~~$(11,399,496)~~
~~9~~	~~**Duke Energy Kentucky Revised Revenue Requirement Request**~~	~~$ 63,777,426~~

III. EAST BEND RETIREMENT DATE

Q. PLEASE DESCRIBE MR. KOLLEN'S PROPOSAL AS IT RELATES TO THE RETIREMENT DATE OF EAST BEND.

A. Mr. Kollen recommends that the Commission reject the Company's request to accelerate East Bend's depreciation to align with a likely retirement in 2035. He makes various recommendations to the revenue requirement as a result.

Q. DOES THE COMPANY AGREE WITH MR. KOLLEN'S PROPOSAL?

A. No. Company witnesses John Spanos, Bill Luke, Sarah Lawler, and Scott Park discuss in their rebuttal testimony why the Company disagrees with Mr. Kollen's proposal and believes that the depreciable life through 2035 is the most appropriate date to include in this proceeding. I discuss how rejecting this proposal impacts the revenue requirement.

Q. PLEASE EXPLAIN THE IMPACT OF REJECTING MR. KOLLEN'S PROPOSAL ON THE COMPANY'S REVENUE REQUIREMENT.

A. The Company recommends that the Commission reject Mr. Kollen's proposal to maintain East Bend's depreciable life through 2041. Instead, for the reasons explained by Ms. Lawler, Mr. Spanos, Mr. Park, and Mr. Luke, the Commission should instead align the depreciation expense with a likely retirement date of 2035. Mr. Kollen's recommendation results in a decrease in depreciation expense of

$10.435 million and the decrease in accumulated depreciation, net of ADIT effects, of $2.616 million. The corresponding revenue impact of $10.208 million shown on Table 1 of Mr. Futral's testimony should also be rejected. This is comprised of a reduction of $10.452 million for the decrease in depreciation expense and an increase of $0.245 million for the decrease in accumulated depreciation net of ADIT impacts.

IV. DECOMMISSIONING COSTS

Q. PLEASE DESCRIBE MR. KOLLEN'S PROPOSAL AS IT RELATES TO DECOMMISSIONING COSTS.

A. Mr. Kollen recommends the decommissioning expense for the Company's generating units be included in the revenue requirement as a separate and standalone expense instead of including it as a component of the depreciation rates and expense. He also recommends that the Commission limit the escalation of the decommissioning cost and resulting expense to the test year and removing the estimated end of life materials and supplies from the decommissioning cost estimate. He makes various recommendations to the revenue requirement as a result of these changes.

Q. DOES THE COMPANY AGREE WITH MR. KOLLEN'S PROPOSAL?

A. No. Company witnesses John Spanos and Jeff Kopp discuss in their rebuttal testimony why the Company disagrees with Mr. Kollen's proposal and believes that the decommissioning costs should be (1) a component of the depreciation rates, (2) escalated through the probable retirement date, and (3) include the estimated end of life materials and supplies. I discuss how rejecting these proposals impact the revenue requirement.

Q. PLEASE EXPLAIN THE REVENUE REQUIREMENT IMPACT OF THE COMPANY'S POSITION AS IT RELATES TO MR. KOLLEN'S RECOMMENDATION TO TREAT DECOMMISSIONING COSTS AS A STANDALONE EXPENSE.

A. As outlined in the rebuttal testimony of the Company witnesses noted above, the Company recommends the Commission reject Mr. Kollen's proposal to treat the decommissioning costs as a separate and standalone expense in the revenue requirement. This recommendation reduced depreciation expense by $5.765 million and was offset by an increase in depreciation expense for the decommissioning costs of $4.908 million for a net reduction in depreciation expense of $0.857 million. The corresponding revenue requirement decrease of $0.859 million shown on Table 1 of Mr. Futral's testimony should be rejected.

This recommendation also decreased accumulated depreciation, net of ADIT effects, by $1.446 million and increased accumulated depreciation, net of ADIT effects, by $1.231 million for a net increase in accumulated depreciation, net of ADIT effects, of $0.215 million. This results in a recommended increase to the revenue requirement of $0.020 million. The Commission should also reject this adjustment.

Q. PLEASE EXPLAIN THE REVENUE REQUIREMENT IMPACT OF THE COMPANY'S POSITION AS IT RELATES TO THE ESCALATION OF DECOMMISSIONING COSTS.

A. As outlined in the rebuttal testimony of the Company witnesses noted above, the Company recommends the Commission reject Mr. Kollen's proposal to escalate the decommissioning costs and resulting expense only through the test year and not through the estimated retirement date. This recommendation reduced decommissioning costs in the test year by $1.563 million. The corresponding revenue requirement decrease of $1.566 million shown on Table 1 of Mr. Futral's testimony should be rejected.

This recommendation also decreased accumulated depreciation, net of ADIT effects, of $0.392 million. This results in a recommended increase to the revenue requirement of $0.037 million. The Commission should also reject this adjustment.

Q. PLEASE EXPLAIN THE REVENUE REQUIREMENT IMPACT OF THE COMPANY'S POSITION AS IT RELATES TO THE ESTIMATED END OF LIFE MATERIALS AND SUPPLIES.

A. As outlined in the rebuttal testimony of the Company witnesses noted above, the Company recommends the Commission reject Mr. Kollen's proposal to remove the estimated end of life materials and supplies from the decommissioning cost estimate. This recommendation reduced decommissioning costs in the test year by $0.757 million. The corresponding revenue requirement decrease of $0.758 million shown on Table 1 of Mr. Futral's testimony should be rejected.

This recommendation also decreased accumulated depreciation, net of ADIT effects, of $0.190 million. This results in a recommended increase to the revenue requirement of $0.018 million. The Commission should also reject this adjustment.

V. PLANNED OUTAGE O&M EXPENSE REGULATORY ASSET AMORTIZATION

Q. PLEASE DESCRIBE MR. KOLLEN'S PROPOSAL AS IT RELATES TO THE AMORTIZATION OF THE PLANNED OUTAGE O&M DEFERRAL.

A. Mr. Kollen recommends the amortization for the planned maintenance outage O&M deferrals be denied in this proceeding. Mr. Kollen argues that the Company has not met its burden to demonstrate that the expenses incurred were prudent, reasonable, and necessary.

Q. DOES THE COMPANY AGREE WITH MR. KOLLEN'S PROPOSAL?

A. No.

Q. PLEASE EXPLAIN.

A. Mr. Luke explains in his rebuttal testimony why the Company disagrees with this argument. Mr. Luke outlined in his direct testimony details around the Company's planned outages. Additionally, the Company responded to discovery Mr. Kollen asked on this exact matter.[2] Mr. Kollen failed to prove why that direct testimony and responses to discovery doesn't demonstrate that the expenses incurred were prudent, reasonable, and necessary.

[2] *See* Response to AG-DR-01-100(c), Attachment 1.

Q. IF THE COMMISSION RULES IN FAVOR OF MR. KOLLEN'S RECOMMENDATION, DOES THE COMPANY HAVE ANY ADDITIONAL RECOMMENDATION?

A. Yes. If the Commission does not allow the Company to begin amortizing these costs in rates, the Commission should approve that the balance of the regulatory asset or liability should accrue a carrying cost at the Company's long-term debt rate approved in this proceeding. The carrying costs should apply to any credit balance (*i.e.*, amounts owed to customers) or to any debit balance (*i.e.*, amounts owed to the Company) to maintain the symmetry and ensure that neither customer nor Company is deprived of the time value of money.

Q. DOES MR. KOLLEN HAVE ANY OTHER RECOMMENDATIONS REGARDING THE AMORTIZATION OF THE PLANNED OUTAGE O&M DEFERRAL?

A. Yes. Mr. Kollen recommends that if the Commission does grant amortization, that it set the amortization period to ten years instead of the five years the Company is requesting.

Q. DO YOU AGREE WITH THIS RECOMMENDATION?

A. No. The Company believes the five-year amortization period is the most appropriate period for the Company to recover its costs. At a minimum, if the Commission orders the Company to amortize the costs over ten years, it should allow the Company to accrue carrying costs at the Company's long-term debt rate.

VI. FORCED OUTAGE PURCHASED POWER EXPENSE REGULATORY ASSET AMORTIZATION

Q. PLEASE DESCRIBE MR. KOLLEN'S PROPOSAL AS IT RELATES TO THE AMORTIZATION OF THE FORCED OUTAGE PURCHASED POWER DEFERRAL.

A. Mr. Kollen recommends the amortization for the forced outage purchased power deferrals be denied in this proceeding. He makes a similar argument as he did for the planned outage O&M deferral that the Company has not met its burden of proof to demonstrate that the expenses incurred were prudent, reasonable, and necessary.

Q. DOES THE COMPANY AGREE WITH MR. KOLLEN'S PROPOSAL?

A. No.

Q. PLEASE EXPLAIN.

A. Mr. Swez explains in his rebuttal testimony why the Company disagrees with this argument. The Company responded to discovery questions Mr. Kollen asked on this describing the nature of the forced outages.[3] Mr. Kollen failed to prove why the responses to the discovery did not demonstrate that the expenses incurred were prudent, reasonable, and necessary.

[3] *See* response to AG-DR-01-100(f), Attachment 1.

Q. IF THE COMMISSION RULES IN FAVOR OF MR. KOLLEN'S RECOMMENDATION, DOES THE COMPANY HAVE ANY ADDITIONAL RECOMMENDATON?

A. Yes. The Commission should approve that the balance of the regulatory asset or liability should accrue a carrying cost at the Company's long-term debt rate approved in this proceeding. The carrying costs should apply to any credit balance (*i.e.*, amounts owed to customers) or to any debit balance (*i.e.*, amounts owed to the Company) to maintain the symmetry and ensure that neither customer nor Company is deprived of the time value of money.

Q. DOES MR. KOLLEN HAVE ANY OTHER RECOMMENDATIONS REGARDING THE AMORTIZATION OF THE FORCED OUTAGE PURCHASED POWER DEFERRAL?

A. Yes. Mr. Kollen recommends that if the Commission does grant amortization, that it set the amortization period to ten years instead of the five years the Company is requesting.

Q. DO YOU AGREE WITH THIS RECOMMENDATION?

A. No. The Company believes the five-year amortization period is the most appropriate period for the Company to recover its costs. At a minimum, if the Commission orders the Company to amortize the costs over ten years, it should allow the Company to accrue carrying costs at the Company's long-term debt rate.

Q. WHAT ELSE DOES MR. KOLLEN HAVE TO SAY ABOUT THE AMORTIZATION OF THIS DEFERRAL?

A. Mr. Kollen also argues that the Commission should not allow the amortization until it has completed its investigation in Case 2022-0190.

Q. DO YOU AGREE WITH THIS ARGUMENT?

A. No. I do not. First, although I am not an attorney, by experience in regulatory matters before the Commission leads me to conclude that the Commission has the ability to decide these sorts of issues within a base rate proceeding. Moreover, Mr. Kollen's argument in this regard is inconsistent with other positions he is taking in this proceeding. For example, Mr. Kollen argues in favor of the Company's recommendation to eliminate volatility in Rider FAC by introducing a twelve-month rolling average calculation to the clause. The volatility of fuel expense and how to address it is also being discussed and considered by the Commission in another proceeding, administrative Case 2022-00190. It makes no sense that the Commission can rule on one issue in this case but not the other, simply because a particular issue is being considered in another proceeding. The Commission has the experience, expertise, and authority to address these important issues now, and the Company submits that the Commission should do so in this case, rather than delaying.

VII. EAST BEND DEFERRED O&M AMORTIZATION

Q. PLEASE DESCRIBE MR. KOLLEN'S PROPOSAL AS IT RELATES TO THE AMORTIZATION OF THE EAST BEND O&M EXPENSE DEFERRAL RELATED TO THE ACQUISITION OF THE REMAINING OWNERSHIP OF THE GENERATING UNIT.

A. Mr. Kollen recommends the Commission extend the amortization period and recalculate the levelized recovery to reflect a probable retirement date of mid-year 2041.

Q. DOES THE COMPANY AGREE WITH MR. KOLLEN'S PROPOSAL?

A. No.

Q. PLEASE EXPLAIN.

A. The Commission approved the ten-year amortization period of this regulatory asset in Case No. 2017-00321.[4] Mr. Kollen was a witness in that proceeding and did not object to the ten-year amortization period that the Company proposed, and the Commission adopted. In fact, in that case, Mr. Kollen recommended an adjustment to the regulatory asset balance and recommended that that balance be amortized over ten years. The Commission's order found that the "10-year period is reasonable and should be approved." Mr. Kollen's recommendation is an untimely request for the Commission to reconsider its prior decision. The Commission should not be second guessed in this proceeding.

[4] *See 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; 30 Approval of New Tariffs; 4) Approval of Accounting Practices to Establish Regulatory Assets; and 5) All Other Required Approvals and Relief;* Case No 2017-00321 pp. 11 and 75 (Ky.P.S.C. Apr. 13, 2018).

VIII. COAL ASH ARO AMORTIZATION

Q. PLEASE DESCRIBE MR. KOLLEN'S PROPOSAL AS IT RELATES TO THE AMORTIZATION OF THE COAL ASH ARO IN RIDER ESM.

A. Mr. Kollen recommends the Commission extend the amortization period and recalculate the levelized recovery to reflect a probable retirement date of mid-year 2041.

Q. DOES THE COMPANY AGREE WITH MR. KOLLEN'S PROPOSAL?

A. No.

Q. PLEASE EXPLAIN.

A. No. As I explained above as it relates to the amortization of East Bend's O&M expense, the Commission has already addressed this issue in a fully-litigated case, and approved the ten-year amortization period of this regulatory asset in Case No. 2017-00321.[5] Specifically, in that proceeding, the Commission found that the Company should "amortize only the actual balance of the East Bend Coal Ash ARO regulatory asset over 10 years and recover additional costs associated with the settlement of the East Bend Coal Ash ARO in the second month after they are incurred." That is the methodology the Company has been employing ever since. Mr. Kollen's recommendation is an untimely request for the Commission to reconsider its prior decision. The Commission should not be second guessed in this proceeding and should hold true to its prior determination on this issue.

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[5] *Id.*

IX. CONCLUSION

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes.

VERIFICATION

STATE OF OHIO)
) **SS:**
COUNTY OF HAMILTON)

The undersigned, Lisa D. Steinkuhl, Director Rates & Regulatory Planning, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing corrections to her rebuttal testimony and data request responses, and that they are true and correct to the best of her knowledge, information, and belief.

Lisa D. Steinkuhl Affiant

Subscribed and sworn to before me by Lisa D. Steinkuhl on this 5th day of May, 2023.

NOTARY PUBLIC

My Commission Expires: July 8, 2027

NOTARY PUBLIC STATE OF OHIO

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

REVISED SUPPLEMENTAL AG-DR-02-040

REQUEST:

Refer to the Spiller Testimony at 4, regarding the proposed roll in of rate base included in the environmental surcharge mechanism ("Rider ESM") into base rates.

a. Provide an electronic copy of Duke Kentucky's most recent environmental surcharge filing with the Commission in electronic format with all formulas intact. Duke Kentucky's Environmental Surcharge Reports are not accessible in the Commission's public records.

b. Provide a copy of Duke Kentucky's Environmental Surcharge Report filed with the Commission on December 16, 2022, for the expense month of November 2022. Duke Kentucky's Environmental Surcharge Reports are not accessible in the Commission's public records.

c. Refer to the Environmental Surcharge Report filed with the Commission on December 16, 2022, for the expense month of November 2022, and specifically to the list of capital projects and costs incurred as reflected on ES Form 2.10. Confirm that these are the only plant-related projects that were rolled into the projected rate base amounts in the Company's pending Application. If not confirmed, explain the response in detail.

d. Refer to the Environmental Surcharge Report filed with the Commission on December 16, 2022, for the expense month of November 2022, and specifically to the list of capital projects and costs incurred as reflected on ES Form 2.10. Confirm that all of these capital projects have been completed. If not confirmed, explain the response in detail.

e. Confirm that the recovery of costs through Rider ESM is done so using quantifications from historic period costs and not projected costs. If not confirmed, explain why not in detail.

f. Indicate whether the reduction in the Rider ESM recovery will be concurrent with the corresponding increase in base rates related to the roll in. If not, explain the response in detail.

g. Provide a calculation of the Rider ESM costs that have been included in the Company's projected test year revenue requirement showing all components of rate base (plant in service, accumulated depreciation, accumulated deferred income taxes ("ADIT"), other), all components of the return on rate base, all separate operating expenses, and any related gross-ups. In addition, provide citations to the Application schedules in which each of the various components of the cost of service were included.

h. Provide copies of all workpapers used to convert, or roll-forward, all historic costs included in the Rider ESM to the projected amounts in the test year, such as changes to the level of accumulated depreciation and ADIT.

REVISED SUPPLEMENTAL RESPONSE:

a. N/A

b. N/A

c. N/A

d. N/A

e. N/A

f. N/A

g. Please see response to Revised Supplemental STAFF-DR-03-021 and STAFF-DR-03-021 Revised Supplemental Attachment 1 and STAFF-DR-03-021 Revised

Supplemental Attachment 2 for a corrected calculation of the Rider ESM costs that have been included in the Company's projected test year revenue requirement including citations to the Application schedules in which each of the various components of the cost of service were included and the impact to the revenue deficiency.

h. N/A

PERSON RESPONSIBLE: Lisa D. Steinkuhl

Duke Energy Kentucky
Case No. 2022-00372
STAFF Third Set Data Requests
Date Received: February 17, 2023

REVISED SUPPLEMENTAL STAFF-DR-03-021

REQUEST:

Refer to the response to Staff's Second Request, Item 38b. Provide the adjustment necessary to remove the proposed base rate roll in of plant in service related to Rider Environmental Surcharge Mechanism.

REVISED SUPPLEMENTAL RESPONSE:

As discussed in the response to Supplemental STAFF-DR-03-021, there were three corrections needed to the original response to STAFF-DR-03-021 for the adjustment necessary to remove the proposed base rate roll in of plant in service related to Rider Environmental Surcharge Mechanism (ESM). The first correction is the Grossed Up Weighted Average Cost of Capital of 9.346% should have been used in the original response to incorporate the income tax, Commission assessment fees, and bad debt expense impacts for the change in return on rate base. The second correction is the rate base change should have included the accumulated depreciation and deferred income tax impacts for the annualized depreciation adjustment impacted by the ESM depreciation change. The third correction is the depreciation and property tax expenses should have been grossed up for Commission assessment fees and bad debt expense. These adjustments have not changed and are included in the STAFF-DR-03-021 Revised Supplemental Attachment 1 page 1, lines 1 through 36. Pages 2 through 4 of STAFF-DR-03-021 Revised Supplemental Attachment 1 supports these adjustments.

Those corrections reduced the revenue deficiency by $9,938,525 instead of a reduction of $12,075,851 from the original response.

An additional correction needs to be made to remove all of the Rider ESM revenues from the operating revenues included in the forecasted test year. The total Rider ESM revenues in the forecasted test year per WPC-2d is $21,165,856. On Schedule D-2.18, the Rider ESM revenues of $14,528,244 were eliminated. This was the portion of the total revenues associated with the costs originally proposed to remain in Rider ESM. The pro forma forecasted operating revenue on Schedule C-2 included $6,637,612 of Rider ESM revenues related to the return on and of the specific projects being rolled into base rates (total revenues $21,165,856 less $14,528,244 eliminated on Schedule D-2.18). As part of removing all of the Rider ESM impacts from revenue deficiency, this portion of the Rider ESM revenues will need to be eliminated and grossed up for Commission assessment fees and bad debt expense. This adjustment will increase the revenue deficiency by $6,648,749.

Therefore, the revised adjustment to remove the proposed base rate roll in of plant in service related to Rider ESM is a decrease of the revenue deficiency of $3,289,776 which is a decrease in revenue requirement of $9,938,525 and a decrease in the adjusted operating revenues of $6,648,749. This adjustment has been included in STAFF-DR-03-021 Revised Supplemental Attachment 1 page 1, lines 38 through 40. The STAFF-DR-03-021 Revised Supplemental Attachment 1 also includes additional details on page 5 and 6 supporting these adjustments.

All things being equal, moving recovery of the return on and of the capital ESM projects to base rates would not have any impact to the revenue deficiency. When the Company proposed this in its original application, current revenues included ESM revenues associated with these assets at current rates and proposed revenues included ESM revenues associated with these assets at proposed rates, therefore the revenue deficiency only represented the difference in current and proposed rates. Current and proposed rates for these assets are different for two reasons: the Company requested 1) an increase in the depreciation rates and 2) a higher rate of return. The current pre-tax rate of return is 7.905%[1] and proposed pre-tax rate of return in this proceeding is 9.346%. The current depreciation rate for these projects is 2.47%[2] and the proposed depreciation rate is 6.30%. An estimate of the impacts of the increased revenue deficiency due to the proposed changes for depreciation and rate of return is in the table below which explains the drivers of the revenue deficiency reduction of $3,289,776. Please see STAFF-DR-03-021 Revised Supplemental Attachment 2 for revised Schedules A, B-1 and C-2 for further clarification of the changes.

				Forecast Period		
Line Number				Current Depreciation Rate & Rate of Return per Case No. 19-271	Proposed Depreciation Rate & Rate of Return per Application	Reduction to Revenue Deficency
1	Plant in Service FERC Acct 311	STAFF-DR-03-021 SUPP Attachment	Line number 15 Column (B)	$ (67.4)	$ (67.4)	
2	Accumulated Depreciation	STAFF-DR-03-021 SUPP Attachment	Line number 15 Column (D)	8.7	8.7	
3	Accumulated Depreciation	STAFF-DR-03-021 SUPP Attachment	Line number 20 Column (E)	2.1	2.1	
4	ADIT	STAFF-DR-03-021 SUPP Attachment	Line number 17 Column (E)	5.0	5.0	
5	ADIT	STAFF-DR-03-021 SUPP Attachment	Line number 21 Column (E)	(1.1)	(1.1)	
6	Rate Base	STAFF-DR-03-021 SUPP Attachment	Line number 23 Column (E)	$ (52.7)	$ (52.7)	
7	Rate of Return			7.905%	9.346%	
8	Return	Line 6 * Line 7		$ (4.2)	$ (4.9)	$ (0.8)
9						
10	Depreciation Exp	Line 1 * Line 14		(1.7)	(4.2)	(2.6)
11	Property Taxes	STAFF-DR-03-021 SUPP Attachment	Line number 31 Column (E)	(0.8)	(0.8)	0.0
12				$ (6.6)	$ (9.9)	$ (3.3)
13						
14	Depreciation Rate for FERC Acct 311			2.47%	6.30%	

PERSON RESPONSIBLE: Lisa D. Steinkuhl

[1] *See* AG-DR-02-040 Attachment 1, page 3 of 11.
[2] *See* AG-DR-01-115 Attachment, page 1 of 3.

DUKE ENERGY KENTUCKY, INC.
ENVIRONMENTAL SURCHARGE REPORT
PROJECTED GROSS PLANT, ACCUMULATED DEPRECIATION
AND DEPRECIATION EXPENSE

Line Number	Supporting Schedule Reference		Forecast Period	Plant in Service FERC Acct 311	Depreciation Expense [b]	Accumulated Depreciation	Revenue Requirement
			(A)	(B)	(C)	(D)	(E)
1 [a]			202306	67,432,275		6,562,479	
2			202307	67,432,275	354,019	6,916,499	
3			202308	67,432,275	354,019	7,270,518	
4			202309	67,432,275	354,019	7,624,538	
5			202310	67,432,275	354,019	7,978,557	
6			202311	67,432,275	354,019	8,332,577	
7			202312	67,432,275	354,019	8,686,596	
8			202401	67,432,275	354,019	9,040,616	
9			202402	67,432,275	354,019	9,394,635	
10			202403	67,432,275	354,019	9,748,654	
11			202404	67,432,275	354,019	10,102,674	
12			202405	67,432,275	354,019	10,456,693	
13			202406	67,432,275	354,019	10,810,713	
14							
15	B-1		13 Month Average	67,432,275		8,686,596	(58,745,679)
16							
17	B-6	Per page 2 of 6	13 Month Average ADIT				4,950,607
18							
19				Depr Exp	TY	Tax Rate [e]	
20	B-1		Change to A/D [c]	4,248,233	50%		2,124,117
21	B-1		Change to ADIT [d]	(4,248,233)		24.9251%	(1,058,876)
22							
23			Change in Rate Base				(52,729,832)
24							
25	J-1	Per page 3 of 6	Grossed Up WACC				9.346%
26							
27			Grossed Up Return				(4,928,004)
28							
29	B-3.2	Column C = sum line 1 thru line 13	7/2023-6/2024 Annual Depreciation		4,248,233	1.00168	(4,255,361)
30							
31	C-2	Column C = Line 15, (Col E - Col G) * 1.28332%	Property Taxes		753,895	1.00168	(755,160)
32							
33							**(9,938,525)**
34							
35							
36	B-3.2		Proposed Depreciation Rate			6.30%	
37							
38	C-2 / D-2.18	Per page 5 of 6	Operating Revenues		(6,637,612)	1.00168	**6,648,749**
39							
40		Total Revenue Requirment					(3,289,776)

[a] June 2023 balances per AG-DR-01-112 Attachment 2
[b] Depreciation expense base on the proposed deprecation rate from the Schedule B-3.2 and the depreciation study
[c] Average of the annualized depreciation adjustment per Sch D-2.24
[d] Adjustment to ADIT to reflect annualized depreciation as calculated on Schedule D-1 and Schedule D-2.24
[e] Per page 4 of 4

ENVIRONMENTAL SURCHARGE REPORT
PROJECTED ADIT

Line #		June 2023-June 2024 13 Month Average ADIT	Jan '23	Feb '23	Mar '23	Apr '23	May '23	13 MONTH AVERAGE Jun '23	Jul '23	Aug '23	Sep '23	Oct '23	Nov '23	Dec '23	Jan '24	Feb '24	Mar '24	Apr '24	May '24	Jun '24
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)
1	EB020290 Lined Retention Basin West	(1,208,583)	(1,242,027)	(1,244,568)	(1,245,979)	(1,247,390)	(1,248,801)	(1,250,212)	(1,243,410)	(1,236,607)	(1,229,805)	(1,223,002)	(1,216,200)	(1,209,397)	(1,202,091)	(1,194,785)	(1,187,478)	(1,180,172)	(1,172,866)	(1,165,559)
2	EB020745 Lined Retention Basin East	(433,024)	(405,853)	(412,920)	(419,987)	(427,054)	(434,121)	(441,188)	(440,076)	(438,964)	(437,853)	(436,741)	(435,630)	(434,518)	(432,482)	(430,445)	(428,409)	(426,373)	(424,336)	(422,300)
3	EB020298 East Bend SW/PW Reroute	(2,819,110)	(2,864,776)	(2,873,861)	(2,882,945)	(2,892,030)	(2,901,115)	(2,910,200)	(2,895,509)	(2,880,819)	(2,866,128)	(2,851,438)	(2,836,747)	(2,822,057)	(2,805,542)	(2,789,027)	(2,772,513)	(2,755,998)	(2,739,483)	(2,722,968)
4	EB021281 East Bend Landfill Cell 2	(489,889)	(427,448)	(440,720)	(453,991)	(467,262)	(480,534)	(493,805)	(493,597)	(493,388)	(493,180)	(492,971)	(492,763)	(492,554)	(490,696)	(488,837)	(486,979)	(485,120)	(483,262)	(481,404)
5	Total	(4,950,607)	(4,940,104)	(4,972,069)	(5,002,903)	(5,033,737)	(5,064,571)	(5,095,405)	(5,072,592)	(5,049,779)	(5,026,966)	(5,004,153)	(4,981,340)	(4,958,527)	(4,930,811)	(4,903,095)	(4,875,379)	(4,847,663)	(4,819,947)	(4,792,231)

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2022-00372
COST OF CAPITAL SUMMARY
Forecasted Test Period: Twelve Months Ended June 30, 2024

Source: Schedule J-1 Page 2 of 2

LINE NO.	CLASS OF CAPITAL	REFERENCE	13 MONTH AVG. BALANCE	% OF TOTAL	COST %	WEIGHTED COST %	GRCF [(a)]	PRETAX WEIGHTED COST %
1	Common Equity		$ 965,637,556	52.505%	10.350%	5.434%	1.3342382	7.2503%
2	Long-Term Debt	J-3	803,943,642	43.713%	4.377%	1.913%	1.0016778	1.9162%
3	Short-Term Debt	J-2	69,555,344	3.782%	4.739%	0.179%	1.0016778	0.1793%
4								
5	Total Capital		$ 1,839,136,542	100.000%		7.526%		9.346%
6								
7								

[(a)] Per Page 4 of 4

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2022-00372
COMPUTATION OF GROSS REVENUE CONVERSION FACTOR
Forecasted Test Period: Twelve Months Ended June 30, 2024

Source: Schedule H Page 2 of 2

	As Filed Duke Energy	KPSC Maint Fee Only Duke Energy	Income Tax Only Duke Energy
Operating Reveues	100.0000%	100.0000%	100.0000%
Less: KPSC Maintenance Fee	0.1493%	0.1493%	0.0000%
Uncollectible Accounts Expense	0.0182%	0.0182%	0.0000%
Total KPSC Maintenance Fee and Uncollectible Expense	0.1675%	0.1675%	0.0000%
Income Before Income Taxes	99.8325%	99.8325%	100.0000%
Less: State Income Taxes (5.0% * 99.37%)	4.9602%	0.0000%	4.9685%
Taxable Income for Federal Income Tax	94.8723%	99.8325%	95.0315%
Less: Federal Income Taxes (21%)	19.9232%	0.0000%	19.9566%
Operating Income Percentage	74.9491%	99.8325%	75.0749%
Gross Revenue Conversion Factor	1.3342382	1.0016778	1.3320034
Combined Effective Income Tax Rate			24.9251%

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2022-00372
ELIMINATE ESM REVENUE & EXPENSE
FOR THE TWELVE MONTHS ENDED JUNE 30, 2024

SCHEDULE D-2.18

WORK PAPER REFERENCE NO(S).: WPD-2.18a

RPOSE AND DESCRIPTION	AMOUNT

PURPOSE AND DESCRIPTION: To reflect the elimination of revenues and expenses recovered through Rider ESM.

			REVISED	ORIGINAL APPLICATION	REMOVAL of ESM
ESM Revenue		Per page 6 lines 48 thru 53	$ (21,165,856)	$ (14,528,244)	$ (6,637,612)
Jurisdictional allocation percentage (A)			100.000%	100.000%	100.000%
Jurisdictional amount	To Sch D-1 Summary <---		$ (21,165,856)	$ (14,528,244)	$ (6,637,612)
Environmental Reagent Expense			$ (8,162,900)	$ (8,162,900)	$ -
Amortization of Deferred Expense			(6,524,004)	(6,524,004)	$ -
Emission Allowance Expense			-	-	
Property Tax Expense			-	-	
Total Environmental Expense Eliminated from Base Rates			$ (14,686,904)	$ (14,686,904)	$ -
Jurisdictional allocation percentage (A)			100.000%	100.000%	100.000%
Jurisdictional amount	To Sch D-1 Summary <----		$ (14,686,904)	$ (14,686,904)	$ -

(A) Allocation Code - DALL

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2022-00372
ELECTRIC DEPARTMENT
REVENUE DETAIL
FOR THE TWELVE MONTHS ENDED JUNE 30, 2024

WPC-2d

Line No.	Description	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Total
1	Base Revenue													
2	Residential	10,356,086	10,161,407	9,525,546	6,925,959	6,638,851	8,490,669	10,542,408	9,863,753	8,732,352	6,871,034	6,439,456	8,041,367	102,588,888
3	Commercial	8,186,859	8,053,825	7,944,804	7,032,894	6,813,082	6,878,184	7,106,176	7,076,618	6,814,512	6,629,991	6,902,064	7,617,282	87,056,291
4	Industrial	3,236,892	3,299,786	3,255,707	2,998,643	2,966,518	2,784,795	2,780,575	2,902,763	2,711,774	2,711,491	2,815,825	3,073,884	35,538,653
5	Street Lighting	104,221	100,900	103,808	99,849	105,040	101,486	99,688	107,105	100,396	108,117	92,382	103,044	1,226,036
6	OPA	1,368,412	1,296,307	1,334,425	1,163,062	1,044,832	1,143,151	1,187,170	1,297,152	1,023,163	1,203,333	1,213,817	1,336,221	14,611,045
7	Inter-Dept	2,739	3,233	3,030	2,912	2,760	5,459	6,028	5,768	5,715	3,235	2,519	2,703	46,101
8														
9	Unbilled													
10	Residential	630,116	3,289	(1,897,581)	(93,789)	1,833,729	1,127,795	(1,484,027)	(449,565)	(1,729,528)	(139,379)	994,481	1,299,137	94,678
11	Commercial	94,707	518,177	(720,924)	5,638	347,176	(662,511)	(607,923)	(5,031)	(99,912)	(181,039)	717,022	352,070	(242,550)
12	Industrial	42,417	299,376	(378,771)	160,505	110,154	(425,867)	(282,835)	(36,282)	35,076	(98,675)	397,645	19,944	(157,313)
13	Street Lighting	0	0	0	0	0	0	0	0	0	0	0	0	0
14	OPA	1,610	76,706	(180,528)	92,153	81,074	(125,864)	(143,011)	14,816	(89,472)	24,794	154,226	26,614	(66,882)
15														
16	Base Fuel													
17	Residential	3,967,247	3,877,273	3,586,179	2,396,418	2,265,014	3,109,311	4,045,476	3,734,290	3,216,973	2,369,360	2,168,987	2,904,759	37,641,287
18	Commercial	3,740,409	3,650,391	3,631,832	3,158,229	2,976,005	3,248,429	3,358,000	3,183,392	3,106,844	2,980,932	3,024,504	3,411,620	39,470,587
19	Industrial	1,775,111	1,788,311	1,801,499	1,664,543	1,637,175	1,666,854	1,628,708	1,615,860	1,602,075	1,600,199	1,583,483	1,707,101	20,070,919
20	Street Lighting	28,907	27,969	29,260	27,798	29,391	29,398	28,725	30,285	28,326	30,320	25,745	28,618	344,742
21	OPA	607,497	617,798	640,243	568,281	499,806	556,950	582,235	560,669	544,043	530,275	533,941	567,037	6,808,775
22	Inter-Dept	1,266	1,473	1,381	1,268	1,180	2,482	2,983	2,654	2,555	1,444	1,121	1,239	21,046
23														
24	Fuel Clause													
25	Residential	1,013,330	1,090,722	914,251	515,451	662,592	724,470	913,467	1,165,521	354,341	258,972	554,277	574,820	8,742,214
26	Commercial	955,390	1,026,898	925,890	679,310	870,581	756,885	758,235	993,578	342,210	325,817	772,901	675,122	9,082,817
27	Industrial	453,406	503,073	459,270	358,030	478,929	388,377	367,762	504,331	176,464	174,902	404,653	337,817	4,607,014
28	Street Lighting	7,384	7,868	7,459	5,979	8,598	6,850	6,486	9,452	3,120	3,314	6,579	5,663	78,752
29	OPA	155,169	173,794	163,222	122,233	146,210	129,769	131,468	174,992	59,925	57,959	136,447	112,211	1,563,399
30	Inter-Dept	323	414	352	273	345	578	674	828	281	158	286	245	4,757
31														
32	Total Fuel	12,705,439	12,765,984	12,160,838	9,497,813	9,575,826	10,620,353	11,824,219	11,975,852	9,437,157	8,333,652	9,212,924	10,326,252	128,436,309
33														
34	DSM													
35	Residential	352,709	344,710	318,830	213,054	201,372	276,434	374,021	345,250	297,422	219,057	200,532	268,557	3,411,948
36	Commercial	190,471	185,887	184,942	160,825	151,545	165,418	179,155	169,840	165,756	159,038	161,363	182,016	2,056,256
37	Industrial	90,393	91,065	91,737	84,762	83,369	84,880	86,894	86,209	85,474	85,373	84,482	91,077	1,045,715
38	Street Lighting	0	0	0	0	0	0	0	0	0	0	0	0	0
39	OPA	30,935	31,460	32,603	28,938	25,451	28,361	31,063	29,913	29,026	28,291	28,487	30,252	354,780
40														
41	PSM													
42	Residential	(67,630)	(3,428)	0	(14,541)	(3,291)	0	(378,123)	(170,832)	(12,518)	(1,043)	0	0	(651,406)
43	Commercial	(63,763)	(3,228)	0	(19,163)	(4,324)	0	(313,866)	(145,630)	(12,090)	(1,312)	0	0	(563,376)
44	Industrial	(30,260)	(1,581)	0	(10,100)	(2,379)	0	(152,232)	(73,920)	(6,234)	(704)	0	0	(277,410)
45	Street Lighting	(493)	(25)	0	(169)	(43)	0	(2,685)	(1,385)	(110)	(13)	0	0	(4,923)
46	OPA	(10,356)	(546)	0	(3,448)	(726)	0	(54,420)	(25,649)	(2,117)	(233)	0	0	(97,495)
47														
48	**ESM**													
49	**Residential**	**815,073**	**809,158**	**769,480**	**637,463**	**635,687**	**750,577**	**607,729**	**592,879**	**548,378**	**457,023**	**428,337**	**488,289**	**7,540,073**
50	**Commercial**	**768,469**	**761,810**	**779,276**	**840,110**	**835,230**	**784,159**	**504,453**	**505,415**	**529,605**	**574,989**	**597,287**	**573,493**	**8,054,296**
51	**Industrial**	**364,698**	**373,207**	**386,544**	**442,779**	**459,481**	**402,373**	**244,672**	**256,544**	**273,096**	**308,661**	**312,710**	**286,963**	**4,111,728**
52	**Street Lighting**	**5,939**	**5,837**	**6,278**	**7,394**	**8,249**	**7,097**	**4,315**	**4,808**	**4,829**	**5,848**	**5,084**	**4,811**	**70,489**
53	**OPA**	**124,811**	**128,930**	**137,376**	**151,166**	**140,273**	**134,446**	**87,466**	**89,015**	**92,740**	**102,284**	**105,444**	**95,319**	**1,389,270**
54														
55	Sales for Resale	566,848	30,502	0	136,462	31,822	0	3,376,886	1,264,978	114,639	13,368	0	0	5,535,505
56														
57	Provision for Rate Refunds	0	0	0	0	0	0	0	0	0	0	0	0	0
58	Misc. Service Revenue	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	249,996
59	Rent From Electric Property	126,445	126,445	126,445	126,445	126,445	126,445	126,445	126,445	126,445	126,445	126,445	126,445	1,517,340
60	Other Electric Revenues	14,125	14,125	14,125	14,125	14,125	14,125	14,125	14,125	14,125	14,125	14,125	14,125	169,500
61	PJM Reactive	156,750	156,750	156,750	156,750	156,750	156,750	156,750	156,750	156,750	156,750	156,750	156,750	1,881,000
62														
63	Total Revenue	40,185,495	39,650,901	34,175,573	30,859,324	32,398,911	32,889,548	35,941,949	35,998,537	29,367,282	27,735,334	31,184,240	34,537,448	404,924,542

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2022-00372
OVERALL FINANCIAL SUMMARY
FOR THE TWELVE MONTHS ENDED FEBRUARY 28, 2023
FOR THE TWELVE MONTHS ENDED JUNE 30, 2024

SCHEDULE A
PAGE 1 OF 1

LINE NO.	DESCRIPTION	SUPPORTING SCHEDULE REFERENCE	JURISDICTIONAL REVENUE REQUIREMENTS BASE PERIOD	FORECASTED PERIOD	**ORIGINAL APPLICATION**	**REMOVAL of ESM**
1	Rate Base	B-1	1,126,023,530	1,123,945,032	1,176,674,865	(52,729,833)
2	Operating Income	C-2	48,705,867	30,710,145	32,212,101	(1,501,956)
3	Earned Rate of Return (Line 2 / Line 1)		4.325%	2.732%	2.738%	
4	Rate of Return	J-1	7.477%	7.526%	7.526%	
5	Required Operating Income (Line 1 x Line 4)		84,192,779	84,588,103	88,556,550	(3,968,447)
6	Operating Income Deficiency (Line 5 - Line 2)		35,486,912	53,877,958	56,344,449	(2,466,491)
7	Gross Revenue Conversion Factor	H	1.3342383	1.3342383	1.3342383	
8	Revenue Deficiency (Line 6 x Line 7)		47,347,997	71,886,035	75,176,922	(3,290,887)
9	Revenue Increase Requested	C-1	N/A	71,887,001	75,176,777	(3,289,776)
10	Adjusted Operating Revenues	C-1	N/A	371,724,429	378,362,041	(6,637,612)
11	Revenue Requirements (Line 9 + Line 10)		N/A	443,611,430	453,538,818	(9,927,388)

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2022-00372
JURISDICTIONAL RATE BASE SUMMARY
AS OF FEBRUARY 28, 2023
AS OF JUNE 30, 2024

SCHEDULE B-1
PAGE 1 OF 1

LINE NO.	RATE BASE COMPONENT	SUPPORTING SCHEDULE REFERENCE	BASE PERIOD	13 MONTH AVG. FORECAST PERIOD		ORIGINAL APPLICATION	REMOVAL of ESM
1	Adjusted Jurisdictional Plant in Service	B-2	$2,172,061,349	$2,179,630,202		$2,247,062,477	($67,432,275)
2	Accumulated Depreciation and Amortization	B-3 / B-3.2	(840,613,698)	($853,026,226)	(1)	($863,836,939)	$10,810,713
3	Net Plant in Service (Line 1 + Line 2)		1,331,447,651	1,326,603,976		$1,383,225,538	($56,621,562)
4	Construction Work in Progress	B-4	0	$0	(2)	$0	
5	Cash Working Capital Allowance	B-5	12,170,358	$5,424,742		$5,424,742	$0
6	Other Working Capital Allowances	B-5	45,233,909	$45,233,909		$45,233,909	$0
7	Other Items:						
8	Customers' Advances for Construction	B-6	0	$0		$0	
9	Investment Tax Credits	B-6	0	$0		$0	
10	Deferred Income Taxes	B-6	(207,679,505)	($201,998,261)	(3)	($205,889,990)	$3,891,729
11	Excess ADIT	B-6	(55,148,883)	($51,319,334)		($51,319,334)	$0
12	Other Rate Base Adjustments						
13	Jurisdictional Rate Base (Line 3 through Line 12)		$1,126,023,530	$1,123,945,032		$1,176,674,865	($52,729,833)

(1) Includes an average of the annualized depreciation adjustment per Schedule D-2.24.
(2) The Company is not requesting to include recovery of CWIP in base rates.
(3) Includes an adjustment to ADIT to reflect annualized depreciation as calculated on Schedule D-1 and Schedule D-2.24.

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2022-00372
JURISDICTIONAL ADJUSTED OPERATING INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED FEBRUARY 28, 2023
FOR THE TWELVE MONTHS ENDED JUNE 30, 2024

1,609,964 per COGS
1,609,964 0
Difference between fuel rev & exp s/b Derates which are not recovered in FAC

SCHEDULE C-2
PAGE 1 OF 1

LINE NO.	MAJOR ACCOUNT OR GROUP CLASSIFICATION	BASE PERIOD	ADJUSTMENTS TO BASE PERIOD AMOUNT	ADJUSTMENTS TO BASE PERIOD SCHEDULE REFERENCE	FORECASTED PERIOD	PRO FORMA ADJUSTMENTS TO FORECASTED PERIOD AMOUNT	PRO FORMA ADJUSTMENTS TO FORECASTED PERIOD SCHEDULE REFERENCE	PRO FORMA FORECASTED PERIOD	ORIGINAL APPLICATION	REMOVAL of ESM
1	OPERATING REVENUE									
2	Base	277,739,963	(10,605,071)	D-2.1	267,134,892	(25,658,142)	WPC-2e	241,476,750	248,114,362	(6,637,612)
3	Fuel Cost Revenue	129,690,085	(1,253,776)	D-2.1	128,436,309	(125,466)	WPC-2e	128,310,843	128,310,843	0
4	Other Revenue	32,643,356	(23,290,015)	D-2.1	9,353,341	(7,416,505)	WPC-2e	1,936,836	1,936,836	0
5	Total Revenue	440,073,404	(35,148,862)		404,924,542	(33,200,113)		371,724,429	378,362,041	(6,637,612)
6										
7	OPERATING EXPENSES									
8	Operation and Maintenance Expenses									
9	Production Expenses									
10	Fuel and Purchased Power Expense	166,165,507	(32,595,978)	D-2.2	133,569,529	(3,648,722)	WPC-2e	129,920,807	129,920,807	0
11	Other Production Expenses	54,109,064	(3,401,022)	D-2.3	50,708,042	(13,418,698)	WPC-2e	37,289,344	37,289,344	0
12	Total Power Production Expense	220,274,571	(35,997,000)		184,277,571	(17,067,420)		167,210,151	167,210,151	0
13										
14	Transmission Expense	26,935,758	100,458	D-2.5	27,036,216	(1,200,000)	WPC-2e	25,836,216	25,836,216	0
15	Regional Market Expense	2,448,413	458,443	D-2.6	2,906,856	0	WPC-2e	2,906,856	2,906,856	0
16	Distribution Expense	13,990,857	(114,298)	D-2.7	13,876,559	0	WPC-2e	13,876,559	13,876,559	0
17	Customer Accounts Expense	6,684,648	(900,338)	D-2.8	5,784,310	(1,802,239)	WPC-2e	3,982,071	3,983,279	(1,208)
18	Customer Service & Information Expense	331,067	(23,583)	D-2.9	307,484	0	WPC-2e	307,484	307,484	0
19	Sales Expense	2,293,171	(850,624)	D-2.10	1,442,547	(20,650)	WPC-2e	1,421,897	1,421,897	0
20	Administrative & General Expense	24,275,469	860,481	D-2.11	25,135,950	(4,489,448)	WPC-2e	20,646,502	20,646,502	0
21	Other	15,246,943	(3,568,735)	D-2.12	11,678,208	(4,271,059)	WPC-2e	7,407,149	7,407,149	0
22	Total Operation and Maintenance Expense	312,480,897	(40,035,196)		272,445,701	(28,850,816)		243,594,885	243,596,093	(1,208)
23										
24	Depreciation Expense	54,214,972	2,891,056	D-2.13	57,106,028	23,716,314	WPC-2e	80,822,342	85,070,575	(4,248,233)
25										
26	Taxes Other Than Income Taxes									
27	Other Federal Taxes	27,091	(27,091)	D-2.14	0	(91,600)		(91,600)	(91,600)	0
28	State and Other Taxes	18,428,818	2,483,479	D-2.14	20,912,297	(62,491)	WPC-2e	20,849,806	21,603,701	(753,895)
29	Total Taxes Other Than Income Taxes	18,455,909	2,456,388		20,912,297	(154,091)		20,758,206	21,512,101	(753,895)
30										
31	State Income Taxes									
32	State Income Tax - Current	(415,214)	(381,902)	D-1, E-1	(797,116)	(229,896)	D-1, E-1	(1,027,012)	(789,562)	(237,450)
33	Provision for Deferred Income Taxes - Net	2,325,642	(215,310)	D-1, E-1	2,110,332	(1,178,345)	D-1, E-1	931,987	720,913	211,074
34	Total State Income Tax Expense	1,910,428	(597,212)		1,313,216	(1,408,241)		(95,025)	(68,649)	(26,376)
35										
36	Federal Income Taxes									
37	Federal Income Tax - Current	2,052,000	(2,225,501)	D-1, E-1	(173,501)	(923,399)	D-1, E-1	(1,096,900)	(143,152)	(953,748)
38	Provision for Deferred Income Taxes - Net	2,253,331	(489,582)	D-1, E-1	1,763,749	(4,732,973)	D-1, E-1	(2,969,224)	(3,817,028)	847,804
39	Amortization of Investment Tax Credit	0	0	D-1, E-1	0	0	D-1, E-1	0	0	0
40	Total Federal Income Tax Expense	4,305,331	(2,715,083)		1,590,248	(5,656,372)		(4,066,124)	(3,960,180)	(105,944)
41										
42	Total Operating Expenses and Taxes	391,367,537	(38,000,047)		353,367,490	(12,353,206)		341,014,284	346,149,940	(5,135,656)
43										
44	Net Operating Income	48,705,867	2,851,185		51,557,052	(20,846,907)		30,710,145	32,212,101	(1,501,956)