

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

**ELECTRONIC APPLICATION OF DUKE)
ENERGY KENTUCKY, INC. FOR (1) AN)
ADJUSTMENT OF 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

**DIRECT TESTIMONY
AND EXHIBITS
OF
RANDY A. FUTRAL**

**ON BEHALF OF THE
OFFICE OF THE ATTORNEY GENERAL OF THE
COMMONWEALTH OF KENTUCKY**

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

MARCH 10, 2023

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DIRECT TESTIMONY OF RANDY A. FUTRAL

I. QUALIFICATIONS AND SUMMARY

1 Q. Please state your name and business address.

2 A. My name is Randy A. Futral. My business address is J. Kennedy and Associates, Inc.
3 (“Kennedy and Associates”), 570 Colonial Park Drive, Suite 305, Roswell, Georgia
4 30075.

5

6 Q. What is your occupation and by whom are you employed?

7 A. I am a utility rate and planning consultant holding the position of Director of
8 Consulting with the firm of Kennedy and Associates.

9

10 Q. Please describe your education and professional experience.

11 A. I earned a Bachelor of Business and Science degree in Business Administration with

1 an emphasis in Accounting from Mississippi State University. I have held various
2 positions in the field of accounting for a period of over 35 years, both as an employee
3 and more recently as a consultant. My experience has been focused in the areas of
4 accounting, auditing, tax, budgeting, forecasting, financial reporting, and
5 management.

6 Since 2003, I have been a consultant with Kennedy and Associates, providing
7 services to state government agencies and large consumers of utility services in the
8 ratemaking, financial, tax, accounting, and management areas.

9 From 1997 to 2003, I served both as the Corporate Controller and Assistant
10 Controller of Telscope International, Inc., an international public company providing
11 telecommunication and high-end internet access services. My tenure with Telscope
12 included responsibilities in the areas of accounting, financial reporting, budgeting,
13 forecasting, banking, and management.

14 From 1988 to 1997, I was employed by Comcast Communications, Inc., then
15 the world's third largest cable television provider, in a series of positions including
16 Regional Controller for their South Central regional office. My duties with Comcast
17 encompassed various accounting, tax, budgeting, forecasting, and managerial
18 functions.

19 From 1984 to 1988, I held various staff and senior level accounting positions
20 for both public accounting and private concerns focusing in the areas of accounting,
21 budgeting, tax, and financial reporting.

22 I have testified as an expert on ratemaking, accounting, finance, tax, and other
23 issues in proceedings before regulatory commissions at the federal and state levels on

1 numerous occasions. I have also acted as the lead expert in numerous proceedings
2 involving audits of Louisiana fuel adjustment clauses, environmental adjustment
3 clauses, purchase gas adjustment clauses, energy efficiency rider filings, and formula
4 rate plan filings resulting in written reports that were ultimately approved by the
5 Louisiana Public Service Commission.

6 I have previously testified before the Kentucky Public Service Commission
7 (“Commission”) as a witness in a Water Service Corporation of Kentucky (“Water
8 Service Kentucky”) base rate proceeding in Case No. 2022-00147, and in a Kentucky
9 Power Company fuel adjustment clause proceeding in Case No. 2022-00263. I have
10 also assisted other Kennedy and Associates’ experts on numerous occasions in
11 proceedings before the Commission, including base rate (electric, gas, and water), fuel
12 adjustment clause, and acquisition proceedings involving Duke Energy Kentucky, Inc.
13 (“Duke Kentucky” or “Company”), Water Service Kentucky, Kentucky Power
14 Company, Kentucky-American Water Company, Atmos Energy Corporation,
15 Columbia Gas of Kentucky, Inc., Kentucky Utilities Company, Louisville Gas and
16 Electric Company, Big Rivers Electric Corporation, Jackson Purchase Energy
17 Corporation, and East Kentucky Power Cooperative.¹

18
19 **Q. On whose behalf are you testifying?**

20 A. I am providing testimony on behalf of the Office of the Attorney General of the
21 Commonwealth of Kentucky (“AG”).

¹ My qualifications are further detailed in Exhibit ___(RAF-1).

1

2 **Q. What is the purpose of your testimony?**

3 A. The purpose of my testimony is to: 1) summarize the AG's adjustments to reduce Duke
4 Kentucky's requested base revenue requirement and requested rate increase, and 2)
5 address and make recommendations on specific issues that affect the base revenue
6 requirement in this proceeding.

7

8 **Q. Please summarize your testimony.**

9 A. I recommend that the Commission increase the Company's base revenues by no more
10 than \$31.326 million, a reduction of at least \$43.851 million from the Company's
11 requested base rate increase of \$75.177 million. In Table 1 on the following page, I
12 list each of the recommendations by the AG witnesses and the effect of each
13 recommendation on the Company's requested increase.² These adjustments were
14 developed in consultation with the AG, but I understand that the AG's final
15 adjustments may differ based upon discovery, testimony, and further evidence
16 presented throughout the course of this proceeding.

²The calculations of the amounts shown on the table and cited throughout my testimony are detailed in my electronic workpapers, which are filed contemporaneously with my testimony.

1

2

Table 1 Duke Energy Kentucky, Inc. Case No. 2022-00372 Base Revenue Requirement Summary of AG Recommendations For the Test Year Ended June 30, 2024 (\$ Millions)				
	Amount	KPSC	Amount	AG
	Before	Maint. Fee	After	Witness
	Gross-Up	Gross-up	Gross-Up	
Base Rate Increase Requested by Company			75.177	
Reverse Roll-In of Environmental Surcharge Mechanism ("ESM") Projects to Base Rates			<u>(12.076)</u>	Kollen
Base Rate Increase Requested by Company Without Roll-In of ESM			63.101	
Effects on Base Rate Increase of AG Rate Base Recommendations				
Reduce Fuel and Lime Inventories For Amounts Financed By Vendors			(0.604)	Kollen
Correct Error in the Accumulated Depreciation Reserve Balance			(0.011)	Futral
Reduce Cash Working Capital to Correct Revenue Lag Error in Lead/Lag Study			(0.460)	Futral
Reduce Cash Working Capital to Correct Revenue Collection Lag Days in Lead/Lag Study			(1.677)	Kollen
Reflect Changes in A/D and ADIT Due to Lower Depr. Expense - 2041 East Bend Retirement			0.245	Kollen
Reflect Changes in A/D and ADIT Due to Lower Depr. Expense - No Terminal Net Salvage			0.135	Kollen
Reflect Accumulated Decommissioning Expense, Net of ADIT			(0.115)	Kollen
Reflect Changes in Accum Decomm Costs and ADIT Due to Escalation Until Middle of Test Year			0.037	Kollen
Reflect Changes in Accum Decomm Costs and ADIT Due to Removal of Inventory Costs			0.018	Kollen
Effects on Base Rate Increase of AG Operating Income Recommendations				
Correct Error to Reflect Amortization of DEBS EDIT	(0.016)	1.00168	(0.016)	Futral
Amortize Remaining Rate Case Expenses from Case No. 2019-00271 Over 5 Years	(0.043)	1.00168	(0.043)	Futral
Reduce Property Tax Expense	(2.514)	1.00168	(2.518)	Futral
Remove Amortization Expense for Planned Outage Expense Regulatory Asset	(1.662)	1.00168	(1.665)	Kollen
Remove Amortization Expense for Forced Outage Expense Regulatory Asset	(0.364)	1.00168	(0.365)	Kollen
Reduce East Bend 2 Deferred O&M Amortization Expense by Extending Amortization Period	(2.760)	1.00168	(2.764)	Kollen
Reduce Depreciation Expense to Reflect 2041 Retirement Date for East Bend	(10.435)	1.00168	(10.452)	Kollen
Reduce Depreciation Expense to Remove Terminal Net Salvage Component of Depreciation Rates	(5.765)	1.00168	(5.775)	Kollen
Add Standalone Decommissioning Expense	4.908	1.00168	4.916	Kollen
Reduce Decommissioning Expense to Limit Escalation to Test Year	(1.563)	1.00168	(1.566)	Kollen
Reduce Decommissioning Expense to Remove Estimated End of Life Inventory Costs	(0.757)	1.00168	(0.758)	Kollen
Effects on Base Rate Increase of AG Rate of Return Recommendations				
Modify Capital Structure			(2.483)	Baudino
Reduce Return on Equity from 10.35% to 9.55%			(5.854)	Baudino
Total AG Adjustments to DEK Request			<u>(43.851)</u>	
Maximum Base Rate Increase After AG Adjustments			<u>31.326</u>	
Note: This table does not reflect recovery recommendations related to the Environmental Surcharge Mechanism itself. Those recommendations are addressed in the Direct Testimonies of Msrs. Kollen and Futral.				

3

4

5

6

7

In the subsequent sections of my testimony, I address the issues identified with my name in Table 1 in greater detail. I recommend changes to correct three errors in its application that Duke Kentucky has already acknowledged. I recommend that the Commission authorize amortization of the unamortized balance of Case No. 2019-

1 00271³ rate case expenses over five years. I also recommend that the Commission
2 reduce property tax expense to reflect the 2022 actual expense amount escalated
3 through the end of the test year for increases in electric net plant and the Company's
4 2.0% per year property tax effective rate increases.

5 I also summarize the effects of AG witness Mr. Lane Kollen's
6 recommendations to modify the base rate revenue requirement. Finally, I quantify the
7 effects of AG witness Mr. Richard A. Baudino's capital structure and rate of return
8 recommendations on the base rate revenue requirement. Table 1 lists the AG witness
9 responsible for each recommended adjustment. Some of the adjustments
10 recommended by the AG could also have a minimal effect on the computation of cash
11 working capital included in rate base. I have not attempted to synchronize the balance
12 of cash working capital related to those adjustments. It can be synchronized after all
13 other adjustments to the applicable expenses are determined as a result of the
14 adjudication in this proceeding.

15 16 **II. DUKE KENTUCKY ERRORS AND CORRECTIONS**

17
18 **Q. Did Duke Kentucky make errors in its application?**

19 A. Yes. The Company made errors in its application in the calculation of its proforma
20 adjustment schedules. When responding to discovery, Duke Kentucky acknowledged
21 that it had made at least three errors in the quantifications of certain proforma

³ Case No. 2019-00271, *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* (Ky. PSC Apr. 27, 2020).

1 adjustments and it provided the necessary corrected schedules in order to adjust the
 2 revenue requirement. I have provided below in Table 2 a list of the errors
 3 acknowledged by the Company along with the effects on the Company’s requested
 4 revenue requirement. The corrections I compute sum to a revenue requirement
 5 reduction of \$0.487 million. I will describe each of the identified errors in the
 6 discussion below.

Table 2				
Duke Energy Kentucky, Inc.				
Company Acknowledged Errors and Effects on Revenue Requirement				
(\$ Millions)				
Description	Data Response(s)	Grossed-Up Return on Rate Base Reduction	Grossed-Up Expense Reduction	Total Revenue Requirement Reduction
Accumulated Depreciation Reserve Balance	AG-DR-01-112 AG-DR-02-042	(0.011)	-	(0.011)
Revenue Lag Error in Lead/Lag Study	AG-DR-01-112	(0.460)	-	(0.460)
Amortization of DEBS EDIT	AG-DR-01-140	-	(0.016)	(0.016)
Total				<u>(0.487)</u>

7 **Q. Can you describe the first error in the Company’s application that Duke**
 8 **Kentucky has already acknowledged?**

9 A. Yes. Duke Kentucky was asked in discovery to provide plant in service and related
 10 rate base and expense amounts each month for the period January 2018 through June
 11 2024, the end of the forecast test period.⁴ The Company provided the information and
 12 stated the following in the narrative portion of the response:

13 Please note that in the process of responding to this request the Company
 14 discovered an error in the calculation of the forecasted 13-month average plant
 15 reserve balances. The forecasted 13-month average plant reserve balance in the

⁴ Duke Kentucky’s response to AG-DR-01-112. I have attached a copy of the narrative portion of this response as my Exhibit ___ (RAF-2).

1 filed schedule B-3 was understated by approximately \$100,000 and this
2 correction has been reflected in AG-DR-01-112 Attachment 2.⁵
3

4 Further discovery was issued to obtain the exact ramifications of the error in the
5 Company's application schedules.⁶ Duke Kentucky's response to that discovery
6 indicated that the 13-month accumulated depreciation balance, which represents a
7 reduction to rate base, should be increased by \$0.121 million and that there were no
8 other changes needed.⁷
9

10 **Q. What is your recommendation?**

11 A. I recommend that the Commission reduce rate base by \$0.121 million and the base
12 revenue requirement and base rate increase by \$0.011 million to correct for the error
13 identified by the Company.
14

15 **Q. Can you describe the second error you reflect in Table 2 related to the revenue**
16 **lag error in the Company's lead/lag study?**

17 A. Yes. Duke Kentucky included \$5.425 million of cash working capital in rate base in
18 its application based on the results of a lead/lag study performed on its behalf.⁸ This
19 lead/lag study utilized per books revenue and expense data for the twelve months
20 ended December 31, 2021.⁹ The level of positive cash working capital computed was

⁵ *Id.*

⁶ Duke Kentucky's response to AG-DR-02-42. I have attached a copy of this response as my Exhibit (RAF-3).

⁷ *Id.*

⁸ Application at Schedules B-1 and B-5; Direct Testimony of Paul M. Normand ("Normand Testimony"), Attachment PMN-2 through PMN-4.

⁹ *Id.*

1 alarming. Of particular concern was the calculation of the number of revenue lag days,
2 52.92. Revenue lag days are made up of service lag, billing lag, and collection lag
3 components.¹⁰ While the service lag and billing lag components seemed reasonable,
4 the collection lag in the application was computed to be 34.03 days. The collection
5 lag represents the average number of days between the time customers are billed and
6 the receivables posted and the time billings are collected, so 34.03 days appeared high.
7 Duke Kentucky was asked in discovery various details concerning its computation of
8 the collection lag days and to provide its electronic workpapers.¹¹ The accounts
9 receivable turnover ratio method, the average monthly accounts receivables balances
10 divided by the average daily revenues, was used to compute these collection lag days.¹²
11 Of particular interest was whether the receivables balances and average revenues used
12 in the calculation were based on an apples-to-apples comparison. In other words, did
13 both the revenues and receivables balances represent Duke Kentucky electric
14 operations data only, a combination of its electric and gas operations, or a mixture of
15 the two? The Company responded to the discovery by stating that the receivables
16 balances had been stated on a combined electric and gas operations basis, while the
17 revenue amounts had been stated on an electric-only basis.¹³ This error had the effect
18 of overstating the collection lag days. The discovery responses indicated that the
19 Company did not account for receivables balances separately between electric and gas
20 operations, so the Company made a recalculation to reflect a combination of electric

¹⁰ Normand Testimony at 8 – 11.

¹¹ Duke Kentucky's responses to AG-DR-01-095 and AG-DR-01-096. I have attached a copy of the narrative portions of these responses as well as a copy of the revised lead/lag study summary calculation as my Exhibit ___ (RAF-4).

¹² Normand Testimony at 9 – 10.

¹³ Duke Kentucky's responses to AG-DR-01-095 and AG-DR-01-096. See Exhibit ___ (RAF-4).

1 and gas average revenues.¹⁴ In this way, the recalculation was appropriately based on
2 an apples-to-apples comparison.

3
4 **Q. What cash working capital amount did the Company recalculate?**

5 A. The Company's recalculated cash working capital amount is a positive \$0.506 million,
6 a reduction of \$4.919 million from the \$5.425 million included in the application.¹⁵

7
8 **Q. What is your recommendation?**

9 A. I recommend that the Commission reduce rate base by \$4.919 million and the base
10 revenue requirement and base rate increase by \$0.460 million to correct for the
11 acknowledged error in the calculation of the collection lag days.

12
13 **Q. What is the revenue lag days and collection lag days computed in the Company's**
14 **lead/lag study recalculation?**

15 A. The overall revenue lag days were computed to be 45.91 days in the recalculated
16 lead/lag study, while the collection lag days were computed to be 27.02 days. Mr.
17 Kollen addresses issues he has with these collection lag days further in his Direct
18 Testimony.

19
20 **Q. Can you describe the third error you reflect in Table 2 regarding the**
21 **amortization of Duke Energy Business Services LLC ("DEBS") Excess**

¹⁴ *Id.*

¹⁵ *Id.*

1 **Accumulated Deferred Income Taxes (“EDIT”) as a result of the Tax Cut and Jobs**
2 **Act?**

3 A. Yes. The Commission’s Order in the last rate case stated that the \$0.214 million of
4 DEBS EDIT previously allocated to Duke Kentucky electric should be amortized over
5 a five-year period and returned to customers through a revenue reduction.¹⁶ The rates
6 from that Order became effective on May 1, 2020, so there will be a remaining balance
7 of \$0.082 million as of June 30, 2023 just prior to the start of the forecast test year.¹⁷
8 When asked about how the remaining DEBS EDIT amortization was reflected in the
9 application, the Company responded that it had inadvertently not included it in the
10 revenue requirement.¹⁸

11
12 **Q. Did the Company provide the amount of amortization that should be included in**
13 **the revenue requirement?**

14 A. Yes. The Company stated in discovery that the unamortized balance of the DEBS
15 EDIT as of June 30, 2023, should be amortized over five years, amounting to \$0.016
16 million per year.¹⁹ This method of amortization is reasonable.

17
18 **Q. What is your recommendation?**

¹⁶ Case No. 2019-00271, *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* (Ky. PSC Apr. 27, 2020), Order at 23.

¹⁷ Duke Kentucky’s responses to AG-DR-01-139 and AG-DR-01-140. I have attached copies of these responses as my Exhibit ___ (RAF-5).

¹⁸ Duke Kentucky’s response to AG-DR-01-140. See Exhibit ___ (RAF-5).

¹⁹ *Id.*

1 A. I recommend that the Commission reduce the base revenue requirement and base rate
2 increase by \$0.016 million to properly reflect the amortization of the unamortized
3 DEBS EDIT balance over the next five years.

4
5 **III. OPERATING INCOME ISSUES**
6

7 **A. Amortization of Remaining Case Expenses from Case No. 2019-00271**
8

9 **Q. Describe the Company's request to include amortization expense related to rate
10 case expenses from the last base rate case in the base revenue requirement.**

11 A. The Company proposes to include \$0.068 million in rate case amortization expense in
12 the base revenue requirement related to Case No. 2019-00271.²⁰ It adds this amount
13 to the \$0.227 million of rate case amortization expense related to the instant
14 proceeding to include \$0.295 million for rate case amortization expense in the base
15 revenue requirement.²¹

16
17 **Q. Can you describe the amount of rate case expenses associated with Case No.
18 2019-00271 that is being amortized as well as the remaining unamortized
19 balance?**

20 A. Yes. The Commission authorized recovery of \$0.068 million annually based on a five-
21 year amortization of the \$0.339 million in rate case expenses incurred during the

²⁰ Application at Schedule F-6.

²¹ *Id.*

1 pendency of Case No. 2019-00271.²² The Company began amortizing that rate case
2 expense balance in May 2020 and the remaining unamortized balance will be \$0.124
3 million as of June 30, 2023, just prior to the start of the forecast test period.²³
4

5 **Q. Is it reasonable to include the entire rate case amortization expense currently**
6 **being recorded for Case No. 2019-00271 in the base revenue requirement?**

7 A. No. If allowed to be recovered at the current amortization level, the asset will be fully
8 recovered approximately ten months after the end of the test year. At such time, the
9 Company would essentially be allowed to over recover these costs until such time as
10 base rates are reset in a future proceeding.
11

12 **Q. How did the Commission handle Duke Kentucky's unamortized balance of rate**
13 **case expenses associated with Case No. 2017-00321 when it issued its Order in the**
14 **last rate case proceeding, Case No. 2019-00271?**

15 A. In its Order in Case No. 2019-00271, the Commission authorized the recovery of the
16 unamortized balance of rate case expenses from Case No. 2017-00321 over a new five-
17 year period.²⁴
18

²² Case No. 2019-00271, *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* (Ky. PSC Apr. 27, 2020), Order at 15.

²³ Duke Kentucky's response to AG-DR-01-101. I have attached a copy of the narrative portion of this response, as well as a copy of the amortization details associated only with this asset provided in the Excel attachment to this response at tab Amort 0186113, as my Exhibit ___ (RAF-6).

²⁴ Case No. 2019-00271, *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* (Ky. PSC Apr. 27, 2020), Order at 15.

1 **Q. What is your recommendation?**

2 A. I recommend that the Commission authorize amortization of the unamortized balance
3 of \$0.124 million for this asset as of June 30, 2023 over five years. This amounts to
4 an amortization expense of \$0.025 million compared to the \$0.068 million included
5 by the Company in the base revenue requirement in its application. This
6 recommendation matches the Company's recommendation noted above to amortize
7 the remaining June 30, 2023 balance in DEBS EDIT over five years.

8

9 **Q. What is the effect of your recommendation?**

10 A. The effect is a \$0.043 million reduction in rate case amortization expense and in the
11 base revenue requirement and requested base rate increase, even after the gross-up for
12 Commission assessment fees and bad debt expense.

13

14 **B. Property Tax Expense**

15 **Q. Describe the Company's requested amount for property tax expense in the base
16 revenue requirement.**

17 A. The Company proposes to include \$19.741 million²⁵ in property tax expense, before a
18 reduction of \$0.754 related to retaining the costs of four capital projects in the
19 Environmental Surcharge Mechanism ("ESM") rather than including those costs in the
20 base revenue requirement. The Company included the property tax expense on the
21 four capital projects in the base revenue requirement, but the AG recommends that the

²⁵ Duke Kentucky's Excel attachment response to Staff-DR-01-056 named STAFF-DR-01-056 Attachment - KPSC Elec SFRs - 2022 at tab Forecasted Period. This amount is the sum for accounts 408040 and 408121.

costs of those projects should be retained in the ESM.²⁶

Q. Is the property tax expense amount projected for the test period by the Company reasonable?

A. No. The property tax expense projected by Duke Kentucky is excessive. Table 3 below shows some of the pertinent data involving actual and projected property tax expenses.

Table 3		
Duke Energy Kentucky, Inc.		
Property Tax Expense		
KPSC Case No. 2022-00372		
\$ Millions		
Property Tax Expense	Amount	Effective Tax Rate
2021 Actual Recorded	14.498	1.14%
2022 Actual Recorded	15.510	1.19%
Projected Test Year (July 1, 2023 through June 30, 2024) Before Removal of Expense Related to ESM Sum of Accounts 408040 and 408121	19.741	1.42%
Projected Increase - Test Year Expense Over 2022 Actual	27.3%	
Net Plant (Electric)		% Increase
2020 YE Net Plant - Schedule K	1,275.74	
2021 YE Net Plant - Schedule K	1,301.00	2.0%
2022 YE Net Plant - FR (16)(7)(h) Attachment Page 11 of 13	1,356.19	4.2%
2023 YE Net Plant - FR (16)(7)(h) Attachment Page 11 of 13	1,432.27	5.6%
2024 YE Net Plant - FR (16)(7)(h) Attachment Page 11 of 13	1,492.77	4.2%
Annual Property Tax Rate Increase Percentages - AG 2-47 WP (Percentage Increase Proposed by Company)	2%	

²⁶ Direct Testimony of AG witness Mr. Kollen.

1 Actual recorded property tax expense for Duke Kentucky's electric division
2 was \$14.498 million and \$15.510 million in 2021 and 2022, respectively. Those
3 amounts yielded effective tax rates of 1.14% and 1.19% for 2021 and 2022,
4 respectively. The effective tax rate represents the current year electric division
5 expense recorded over the amount of prior year ended electric division net plant (gross
6 plant in service less accumulated depreciation). The Company's projected test year
7 expense, prior to the removal of any ESM related expenses, was \$19.741 million. That
8 yields an effective tax rate of 1.41% of the prior year end net plant, which represents
9 a large increase over the 1.19% effective rate actually experienced for 2022.

10 Table 3 also shows that net electric plant has increased and is projected to
11 increase at moderate levels, an average of approximately 4% per year, from the end of
12 2020 until the end of 2024. Thus, it is evident that the large increase projected in
13 property tax expense is not the result of greatly increased net plant balances.

14
15 **Q. Did the Company's calculation of property tax expense focus on the level of**
16 **expense that was and would be recorded each year?**

17 A. No. This was confirmed by the Company in response to discovery.²⁷ The Company
18 was asked why the amount of projected expense used as the starting point for the
19 escalation of expense did not match the per books level of expense for 2021. Property
20 tax expense of \$14.498 million was recorded in 2021. The starting level of 2021-
21 related expense used in the Company's projections was \$15.653 million. The

²⁷ Duke Kentucky's response to AG-DR-02-047. I have attached a copy of this response as my Exhibit__ (RAF-7).

1 Company responded to the discovery request by confirming the per books amount for
2 2021 and by stating that the \$15.653 million amount was the “estimated property tax
3 expense related to 2021 provided by the various assessing authorities.”²⁸ In other
4 words, this \$15.653 million amount was the level of expense estimated for 2021 asset
5 valuations to be paid and expensed in 2022. As can be seen, this expense amount was
6 very close to the actual expense recorded in 2022 of \$15.510 million.

7
8 **Q. Was the Company’s 2021 starting point property tax expense amount**
9 **reasonable?**

10 A. No. If a 2021 level of expense was used as the starting point to escalate the expense
11 through the end of the test year, then the calculation should have started with the actual
12 level of expense recorded in 2021. Otherwise, the projected level of test year expense
13 will be overstated. The Company’s method determines an amount of expense
14 applicable to test year asset levels that would be paid and recorded in the following
15 year. It does not provide the amount that would be recorded as expense in the test
16 year.

17
18 **Q. Can you describe the Company’s escalation of the 2021 starting amount?**

19 A. Yes. The Company applied a 2.0% increase in the effective tax rates to be billed by
20 each jurisdiction each year. This increase percentage is reasonable. The Company
21 also applied this increase in the billed effective tax rates by a projected increase in
22 *gross* plant for the gas and electric divisions and then allocated that increase to the

²⁸ *Id.*

1 electric division based on the level of electric gross plant in 2021.

2
3 **Q. Is the second part of this escalation methodology reasonable?**

4 A. No. The escalation amounts should have been based on the increase in net plant for
5 just the electric division. It should not have been based on the overall Company *gross*
6 plant additions allocated to the electric division. Property taxes are based on the
7 valuation of property. The use of *net* plant (or net book value) takes into account the
8 diminished value of plant due to depreciation and represents the best way to estimate
9 taxing authority valuations.

10
11 **Q. How did the Company separately compute the property tax expense amount**
12 **associated with the ESM in its response to discovery?**

13 A. The Company correctly applied a tax effective rate to the level of *net* plant to determine
14 the applicable property tax expense amount associated with ESM plant assets.²⁹ The
15 Company's own calculation validates the use of *net* plant to determine the level of
16 effective property tax rates.

17
18 **Q. Do you consider the level of computed effective tax rates used in the Company's**
19 **property tax escalation process to be unreasonable?**

20 A. Yes. Duke Kentucky's escalation calculations yielded property tax increase
21 percentages of 14.60% for 2022, 5.26% for 2023, and 9.80% for 2024, according to

²⁹ Duke Kentucky's response to AG-DR-02-040 Attachment 3. I have attached a copy of the narrative portion of this response along with Attachment 3 as my Exhibit ___ (RAF-8).

1 its response to discovery.³⁰ These are much higher than the combination of net electric
2 plant increases and the 2.0% billed tax rate increases as reflected in Table 3 above. As
3 reflected in Table 3, the actual recorded expense increase for 2022 was only 6.98%.
4 The Company's methodology greatly overstated the 2022 increase in expense and
5 there is no reason to believe that the portions of 2023 and 2024 expense increases
6 applicable to the test year would not also be overstated.

7
8 **Q. What is your recommendation?**

9 A. I recommend that the Commission reduce the property tax expense amount to reflect
10 the 2022 actual expense escalated through the end of the test year for the increases in
11 electric net plant and the Company's 2.0% per year property tax effective rate
12 increases. I also recommend that the expense amounts used to compute the reduction
13 reflect the removal of property tax expense associated with the ESM to avoid
14 duplication of expense reductions.

15
16 **Q. What is the effect of your recommendation?**

17 A. The effect is a \$2.514 million reduction in property tax expense and a \$2.518 million
18 reduction in the base revenue requirement and requested base rate increase after the
19 gross-up for Commission assessment fees and bad debt expense.

20
21 **IV. COST OF CAPITAL ISSUES**
22

³⁰ *Id.*

1 **A. Effect of Modified Capital Structure**
2

3 **Q. Have you quantified the effect on the Company's revenue requirement of the**
4 **modified capital structure recommendation sponsored by AG witness Mr.**
5 **Richard Baudino?**

6 A. Yes. The effect is a reduction of \$2.483 million in the base revenue requirement and
7 requested base rate increase. There will be an additional effect on the ESM revenue
8 requirement, although I have not quantified this effect.

9

10 **B. Effect of Lower Return on Common Equity**

11 **Q. Have you quantified the effect on the Company's revenue requirement of the**
12 **return on equity recommendation sponsored by AG witness Mr. Richard**
13 **Baudino?**

14 A. Yes. The effect is a reduction of \$5.854 million in the base revenue requirement. There
15 will be an additional effect on the ESM revenue requirement, although I have not
16 quantified this effect.

17

18 **Q. Have you quantified the effect of each 0.10% return on common equity?**

19 A. Yes. The effect of each 0.10% return on common equity is \$0.732 million on the base
20 revenue requirement.

21 **C. AG Recommended Cost of Capital**
22

23 **Q. Can you provide a summary table showing the cost of capital components as**
24 **originally filed by the Company and with Mr. Baudino's two recommended**

1 changes?

2 A. Yes. See the Table 4 below.

3

Table 4				
Duke Energy Kentucky, Inc.				
Cost of Capital				
KPSC Case No. 2022-00372				
DEK Cost of Capital Per Filing				
	<u>Capital Ratio</u>	<u>Component Costs</u>	<u>Weighted Avg Cost</u>	<u>Grossed-Up WACC</u>
Short Term Debt	3.78%	4.74%	0.18%	0.18%
Long Term Debt	43.71%	4.38%	1.91%	1.92%
Common Equity	<u>52.51%</u>	10.35%	<u>5.43%</u>	<u>7.25%</u>
Total Capital	<u>100.00%</u>		<u>7.53%</u>	<u>9.35%</u>
DEK Cost of Capital Recommended by AG				
	<u>Capital Ratio</u>	<u>Component Costs</u>	<u>Weighted Avg Cost</u>	<u>Grossed-Up WACC</u>
Short Term Debt	6.29%	4.74%	0.30%	0.30%
Long Term Debt	43.71%	4.38%	1.91%	1.92%
Common Equity	<u>50.00%</u>	9.55%	<u>4.78%</u>	<u>6.37%</u>
Total Capital	<u>100.00%</u>		<u>6.99%</u>	<u>8.59%</u>

4

5

6 Q. Does this complete your testimony?

7 A. Yes.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

**ELECTRONIC APPLICATION OF DUKE)
ENERGY KENTUCKY, INC. FOR (1) AN)
ADJUSTMENT OF ELECTRIC RATES;)
(2) APPROVAL OF NEW TARIFFS;) CASE NO. 2022-00372
(3) APPROVAL OF ACCOUNTING PRACTICES)
TO ESTABLISH REGULATORY ASSETS AND)
LIABILITIES; AND (4) ALL OTHER)
REQUIRED APPROVALS AND RELIEF)**

EXHIBITS

OF

RANDY A. FUTRAL

ON BEHALF OF THE

**OFFICE OF THE ATTORNEY GENERAL OF THE
COMMONWEALTH OF KENTUCKY**

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

MARCH 10, 2023

EXHIBIT ____ (RAF-1)

RESUME OF RANDY A. FUTRAL – DIRECTOR OF CONSULTING

EDUCATION

Mississippi State University, BBS in Business Administration
Accounting

EXPERIENCE

J. Kennedy and Associates, Inc.
Director of Consulting

2003 - Present

Responsible for utility revenue requirements analysis, affiliate transaction auditing and analysis, fuel adjustment clause auditing and research involving tax and public reporting matters. Clients served include the Georgia Public Service Commission Staff, the Louisiana Public Service Commission (“LPSC”) and its Staff, the Florida Office of Public Counsel (“OPC”), the Office of the Attorney General of the Commonwealth of Kentucky (“KY AG”), the South Carolina Office of Regulatory Staff (“ORS”), the Houston Council for Health and Education, the Gulf Coast Coalition of Cities, the Alliance for Valley Healthcare, the Ohio Energy Group, Inc., the Kentucky Industrial Utility Customers (“KIUC”), the Municipalities of Alda, Grand Island, Kearney and North Platte, Nebraska, the City of Clinton, and the Wisconsin Industrial Energy Group, Inc.

Direct and Responsive Testimonies filed on behalf of Louisiana Public Service Commission or its Staff:

LPSC Docket No. U-23327 Southwestern Electric Power Company, Revenue Requirement Review, October 2004.

LPSC Docket No. U-21453, U-20925, U-22092 Entergy Gulf States, Inc., Jurisdictional Separation Plan, March 2006.

LPSC Docket No. U-25116 Entergy Louisiana, Inc., 2002-2004 Audit of Fuel Adjustment Clause, April 2006.

LPSC Docket No. U-23327 Southwestern Electric Power Company, Revenue Requirement Review, July 2006.

LPSC Docket No. U-21453, U-20925, U-22092 Entergy Gulf States, Inc., Jurisdictional Separation Plan, August 2006.

FERC Docket No. ER07-682 Entergy Services, Inc., Company’s Section 205 Changes to Rough Production Cost Equalization Computation, November 2007.

FERC Docket No. ER07-956 Entergy Services, Inc., Company’s 2007 Filing to be in Compliance with FERC Opinions’ 480and 480-A, March 2008.

J. KENNEDY AND ASSOCIATES, INC.

FERC Docket No. ER08-51 Entergy Services, Inc., LPSC Section 206 Filing Related to Spindletop Regulatory Asset in Rough Production Cost Equalization Computation, November 2008.

FERC Docket No. ER08-1056 Entergy Services, Inc., Company's 2008 Filing to be in Compliance with FERC Opinions' 480 and 480-A, January 2009.

LPSC Docket No. U-31066 Dixie Electric Membership Corporation, Company's Application to Implement a Storm Recovery Rate Rider, September 2009.

LPSC Docket No. U-30893 Dixie Electric Membership Corporation, Company's Application to Implement a Formula Rate Plan, September 2009.

FERC Docket No. EL09-61 (Phase I) Entergy Services, Inc., LPSC Complaint Regarding Single Operating Company Opportunity Sales, April 2010.

LPSC Docket No. U-31066 Dixie Electric Membership Corporation, Company's Application to Implement a Storm Recovery Rate Rider, May 2010.

FERC Docket No. EL10-55 Entergy Services, Inc.

LPSC Complaint Regarding Depreciation Rates, September 2010.

LPSC Docket No. U-23327, Subdocket E Southwestern Electric Power Company, 2003-2004 Fuel Audit, September 2010.

LPSC Docket No. U-23327, Subdocket F Southwestern Electric Power Company, 2009 Test Year Formula Rate Plan Filing, October 2010.

LPSC Docket No. U-23327, Subdocket C Southwestern Electric Power Company, 2007 Test Year Formula Rate Plan Filing, February 2011.

LPSC Docket No. U-23327, Subdocket D Southwestern Electric Power Company, 2008 Test Year Formula Rate Plan Filing, February 2011.

FERC Docket No. ER10-2001 Entergy Arkansas, Inc., Company's 2010 Filing to Request Approval of Changed Depreciation Rates, March 2011.

FERC Docket No. ER11-2161 Entergy Texas, Inc., Company's 2010 Filing to Request Approval of Changed Depreciation Rates, July 2011.

LPSC Docket No. U-31835 South Louisiana Electric Cooperative Association, Company's Application to Implement a Formula Rate Plan and Initial Revenue Adjustment, August 2011.

FERC Docket No. ER12-1384 Entergy Services, Inc., Company's Section 205 Filing Related to Little Gypsy 3 Cancellation Costs, September 2012.

LPSC Docket No. U-32315 Claiborne Electric Cooperative, Inc.'s Application to Implement a Formula Rate Plan and Initial Revenue Adjustment, September 2012.

FERC Docket No. ER10-1350 Entergy Services, Inc., Company's 2010 Filing to be in Compliance with FERC Opinions' 480 and 480-A, January 2014.

FERC Docket No. EL-01-88-015 Entergy Services, Inc., Company's 2005 Remand Filing to be in Compliance with FERC Opinions' 480 and 480-A, March 2016.

LPSC Docket No. U-33984 Claiborne Electric Cooperative, Inc., Formula Rate Plan Extension, October 2016.

FERC Docket No. EL09-61(Phase III) Entergy Services, Inc., LPSC Complaint Regarding Single Operating Company Opportunity Sales, November 2016.

LPSC Docket No. U-33323 Entergy Louisiana LLC, 2010-2013 Fuel Audit, July 2019.

LPSC Docket No. U-33324 Entergy Gulf States Louisiana LLC, 2010-2013 Fuel Audit, July 2019.

LPSC Docket No. U-35441 Southwestern Electric Power Company, Rate Case, July 2021 Direct, October 2021 Surrebuttal.

Direct Testimony filed on behalf of the Florida OPC:

FPSC Docket Nos. 20200241-EI, 202100178-EI, and 202100179-EI Florida Power and Light Company and Gulf Power Company, Storm Cost Audit, May 2022.

Direct Testimony filed on behalf of the KY AG and the City of Clinton:

KPSC Case No. 2022-00147 Water Service Corporation of Kentucky, Rate Case, October 2022.

Direct Testimony filed on behalf of the KY AG and KIUC:

KPSC Case No. 2022-00263 Kentucky Power Company, Fuel Adjustment Clause – Six-Month Review, December 2022.

Direct Testimony filed on behalf of the South Carolina ORS:

SCPSC Docket No. 2022-256-E Duke Energy Progress, LLC, Cost Recovery for 8 Named Storms Since 2014, January 2023.

Telscape International, Inc.

1997 - 2003

Corporate Controller

1999 - 2003

Assistant Controller

1997 - 1999

Complete responsibility and accountability for the accounting and financial functions of a \$160 million newly public company providing telecommunication and high-end internet access services. Telscape served as a telephony carrier of services domestically and to Latin and Central America targeting other service carriers as well as individuals. Reported directly to CFO and managed a staff of eleven.

- Managed the day to day processes required to produce timely and accurate financial statements, including general ledger, account reconciliations, AP, AR, fixed assets, payroll, treasury, tax, internal and external reporting.
- Worked with attorneys and auditors on mergers and acquisitions including due diligence, audits, tax and integrating the accounting functions of eleven acquisitions.
- Grew the accounting department from four to eleven employees while developing and implementing company policies and procedures.

- Instituted capital investment policy and accounts payable management for twenty-one separate entities and twenty-four bank accounts to facilitate effective use of cash flow.
- Created capital and operating budgeting and variance analysis package for five separate business lines.
- Developed the consolidations and inter-company billings process across all entities including six in Latin and Central America.
- Worked with CFO to develop financial models and business plans in raising over \$240 million over a three-year period through private preferred placements, debenture offerings and asset based credit facilities.
- Responsible for relationship management with external auditors, attorneys, and the banking community while reviewing and approving all SEC filings, including quarterly and annual reports, proxies and informational filings.
- Developed line cost accounting for revenues and carrier invoices saving thousands monthly and providing the justification for invoice reductions.

Comcast Communications, Inc.**1988 - 1997****Regional Controller****1993 - 1997****Regional Assistant Controller****1991 - 1992****Regional Senior Financial Analyst****1988 - 1991**

Complete responsibility and accountability for the accounting functions of a \$2.1 billion regional division of the world's third largest cable television provider serving approximately 490,000 subscribers. Reported to the Regional VP of Finance and managed a staff of twelve.

- Managed the day to day processes required to produce timely and accurate financial statements, including general ledger, account reconciliations, AP, AR, fixed assets and internal reporting.
- Controlled extensive budgeting, forecasting, and variance reporting for eighteen separate entities covering eight states, training employees and management throughout the region.
- Performed due diligence related to the acquisition of seven cable system entities and coordinated the integration of all accounting functions with the corporate office.

- Instituted all FCC informational and rate increase filings throughout the region based on the Cable Act of 1992.
- Responsible for the coordination of all subscriber reporting, sales and property tax filings, franchise fee and copyright filings.
- Grew the accounting department from seven to thirteen before its move to Atlanta, restaffing ninety percent of the department after the move.
- Directed all efforts throughout the region to implement Oracle as the new financial package and a new Access database for the budgeting and forecasting processes.

Storer Cable Communications, Inc
Senior Accountant for Operations

1987 - 1988

Responsibility for the accounting, budgeting, and forecasting activities of this 82,000 subscriber area for this cable television concern that was acquired by Comcast listed above. Reported to the Area VP and General Manager and managed three employees.

- Implemented new Lotus based model for budgeting and forecasting, training all management on its use.
- Transitioned financial statement preparation from the regional office level to this area office.
- Managed the day to day processes required to produce timely and accurate financial statements for six separate entities including general ledger, AP, AR, fixed assets, subscriber reporting and other internal reporting.
- Developed and maintained tracking mechanism to track progress of cable plant rebuild and the associated competitor overbuild in the area's largest cable system.

Tracey-Luckey Pecan & Storage, Inc.
Senior Accountant

1986 - 1987

Responsibility for the accounting, budgeting, and office management for a divisional office of this pecan production, processing, and storage entity annually grossing

J. KENNEDY AND ASSOCIATES, INC.

approximately \$22 million. Financial statements were produced for three entities. Reported directly to the president of the division and managed three employees.

Tarpley & Underwood, CPA's
Staff Accountant

1984 - 1986

Responsibility for the completion of monthly and quarterly client write-up for twenty-three small businesses for this regional CPA firm that is now one of the top twenty-five firms in Atlanta. Performed all payroll tax, sales tax, property tax, and income tax filings for these and other clients as well as approximately eighty individual returns per year. Reported directly to both partners with dotted line responsibility to all managers.

EXHIBIT ____ (RAF-2)

Duke Energy Kentucky
Case No. 2022-00372
Attorney General's First Set Data Requests
Date Received: January 11, 2023

AG-DR-01-112

REQUEST:

Refer to the Application generally. Provide a monthly schedule for January 2018 through June 2024 by FERC electric plant account (and by generating unit and/or power plant for the production plant accounts) showing actual plant in service, actual retirements, actual depreciation expense (excluding net salvage), actual net cost of removal expense included in depreciation expense accrual, actual salvage income included in depreciation expense accrual, actual accumulated depreciation (only for depreciation and excluding accumulated net salvage), actual regulatory liability (only for accumulated net salvage separated into accumulated cost of removal and accumulated salvage income if available), actual cost of removal charged against the regulatory liability, and actual salvage income added to the regulatory liability. For those accounts that are both electric and gas, provide an allocation to electric for purposes of this response. Provide this information in electronic spreadsheet format. Identify all costs separately that are recovered through the Company's Rider ESM instead of base rates.

RESPONSE:

For actual monthly data by FERC electric plant account for January 2018 through August 2022, see AG-DR-01-112 Attachment 1.

For projected monthly data by FERC electric plant account for September 2022 through June 2024, see AG-DR-01-112 Attachment 2. The ESM costs are being proposed to be rolled into base rates. Please note that in the process of responding to this request the

Company discovered an error in the calculation of the forecasted 13-month average plant reserve balances. The forecasted 13-month average plant reserve balance in the filed schedule B-3 was understated by approximately \$100,000 and this correction has been reflected in AG-DR-01-112 Attachment 2.

PERSON RESPONSIBLE: Huyen C. Dang – actual data
Grady “Tripp” S. Carpenter – forecasted data

EXHIBIT ____ (RAF-3)

Duke Energy Kentucky
Case No. 2022-00372
Attorney General's Second Set Data Requests
Date Received: February 16, 2023

AG-DR-02-042

REQUEST:

Refer to Duke Kentucky's response to the Attorney General's First Request, Item 112, in regard to the error discovered by the Company in the accumulated depreciation reserve balances of approximately \$100,000 reflected in the filed Schedule B-3.

a. Provide a citation to the line number(s) on Schedule B-3 that would change in order to correct the error as well as the exact amount(s) of the correction for the projected period test year.

b. Provide an updated Schedule B-3 that reflects the correction.

c. Indicate whether there should be a change to the level of ADIT reflected for the projected test year by correcting the error related to the accumulated depreciation reserve balance. If so, provide a quantification of the necessary change as well as an updated Schedule B-6.

RESPONSE:

a. In the original B-3 forecasted period, the 13-month average forecasted period accumulated depreciation balances were incorrect for all plant assets except for distribution plant. Please see AG-DR-02-042 Attachment with an updated Schedule B-3 which includes amounts of the correction on each line noted in the last column. The total impact of the error was that the total accumulated depreciation and amortization reserve for total electric plant including allocated common was understated by \$120,622 in the filed Schedule B-3.

b. Please see AG-DR-02-042 Attachment.

c. These corrections only relate to the preparation of the Schedule B-3 and do not impact ADIT amounts in the projected test year.

PERSON RESPONSIBLE: Grady "Tripp" S. Carpenter

DUKE ENERGY KENTUCKY, INC.
 CASE NO. 2022-00372
 ACCUMULATED DEPRECIATION AND AMORTIZATION
 AS OF FEBRUARY 28, 2023

STEAM PRODUCTION PLANT

SCHEDULE B-3
 PAGE 1 OF 12

Line No.	FERC Acct. No.	Company Acct. No.	Account Title	Base Period	Base Period Accumulated Balances				Original Adjusted Jurisdiction	Correction Amount	
				Total Company (1)	Total Company	Jurisdictional %	Jurisdictional Total	Adjustments			Adjusted Jurisdiction
				\$	\$		\$	\$	\$	\$	
1	310	3100	Land and Land Rights	7,076,686	103,620	100.00%	103,620		103,620	103,620	0
2	311	3110	Structures & Improvements	183,199,106	50,461,103	100.00%	50,461,103		50,461,103	50,461,103	0
3	312	3120	Boiler Plant Equipment	545,354,539	307,075,034	100.00%	307,075,034		307,075,034	307,075,034	0
4	312	3123	Boiler Plant Equip - SCR Catalyst	7,823,058	6,003,181	100.00%	6,003,181		6,003,181	6,003,181	0
5	314	3140	Turbogenerator Equipment	117,584,634	49,716,359	100.00%	49,716,359		49,716,359	49,716,359	0
6	315	3150	Accessory Electric Equipment	49,872,744	31,239,525	100.00%	31,239,525		31,239,525	31,239,525	0
7	316	3160	Miscellaneous Powerplant Equipment	24,168,159	12,051,075	100.00%	12,051,075		12,051,075	12,051,075	0
8	317	3170	ARO - Steam Production	0	41,133,033	100.00%	41,133,033	(41,133,033)	0	0	0
9			Case 2015-120 Acq of DPL Share of East Bend	9,135,880	0	100.00%	0		0	0	0
10			Completed Construction Not Classified	0	0	100.00%	0		0	0	0
11		108	Retirement Work in Progress	0	(20,745,348)	100.00%	(20,745,348)		(20,745,348)	(20,745,348)	0
12			Total Steam Production Plant	944,214,806	477,037,582		477,037,582	(41,133,033)	435,904,549	435,904,549	0

(1) Plant Investment Includes Completed Construction Not Classified (Account 106)

DUKE ENERGY KENTUCKY, INC.
 CASE NO. 2022-00372
 ACCUMULATED DEPRECIATION AND AMORTIZATION
 AS OF FEBRUARY 28, 2023

OTHER PRODUCTION PLANT

SCHEDULE B-3
 PAGE 2 OF 12

Line No.	FERC Acct. No.	Company Acct. No.	Account Title	Base	Base Period Accumulated Balances				Original Adjusted Jurisdiction	Correction Amount
				Period Total Company (1)	Total Company	Jurisdictional %	Jurisdictional Total	Adjustments		
				\$	\$		\$	\$	\$	\$
1	340	3400	Land and Land Rights	2,265,295	3,922	100.00%	3,922	3,922	3,922	0
2	340	3401	Rights of Way	0	0	100.00%	0	0	0	0
3	341	3410	Structures & Improvements	36,490,465	28,907,164	100.00%	28,907,164	28,907,164	28,907,164	0
4	342	3420	Fuel Holders, Producers, Accessories	61,138,411	7,907,805	100.00%	7,907,805	7,907,805	7,907,805	0
5	343	3430	Prime Movers	9,149,731	(2,943,009)	100.00%	(2,943,009)	(2,943,009)	(2,943,009)	0
6	344	3440	Generators	211,945,141	149,021,403	100.00%	149,021,403	149,021,403	149,021,403	0
7	344	3446	Solar Generators	15,778,050	2,412,727	100.00%	2,412,727	2,412,727	2,412,727	0
8	345	3450	Accessory Electric Equipment	19,850,612	13,114,778	100.00%	13,114,778	13,114,778	13,114,778	0
9	345	3456	Solar Accessory Electric Equipment	1,729,695	301,125	100.00%	301,125	301,125	301,125	0
10	346	3460	Miscellaneous Plant Equipment	5,157,089	3,538,346	100.00%	3,538,346	3,538,346	3,538,346	0
11			Completed Construction Not Classified	0	0	100.00%	0	0	0	0
12		108	Retirement Work in Progress		(1,056,015)	100.00%	(1,056,015)	(1,056,015)	(1,056,015)	0
13			Total Other Production Plant	363,504,489	201,208,246		201,208,246	0	201,208,246	0

(1) Plant Investment Includes Completed Construction Not Classified (Account 106)

DUKE ENERGY KENTUCKY, INC.
 CASE NO. 2022-00372
 ACCUMULATED DEPRECIATION AND AMORTIZATION
 AS OF FEBRUARY 28, 2023

TRANSMISSION PLANT

SCHEDULE B-3
 PAGE 3 OF 12

Line No.	FERC Acct. No.	Company Acct. No.	Account Title	Base Period Total Company (1)	Base Period Accumulated Balances				Original Adjusted Jurisdiction	Correction Amount	
					Total Company	Allocation %	Allocated Total	Adjusted Jurisdiction			
					\$		\$	\$	\$	\$	
1	350	3500	Land	4,883,832	0	100.00%	0	0	0	0	
2	350	3501	Rights of Way	1,595,141	738,752	100.00%	738,752	738,752	738,752	0	
3	352	3520	Structures & Improvements	7,216,591	581,508	100.00%	581,508	581,508	581,508	0	
4	353	3530	Station Equipment	35,269,633	1,639,697	100.00%	1,639,697	1,639,697	1,639,697	0	
5	353	3531	Station Equipment - Step Up	11,212,526	4,962,121	100.00%	4,962,121	4,962,121	4,962,121	0	
6	353	3532	Station Equipment - Major	13,676,954	2,516,685	100.00%	2,516,685	2,516,685	2,516,685	0	
7	353	3534	Station Equipment - Step Up Equipment	9,173,573	2,404,397	100.00%	2,404,397	2,404,397	2,404,397	0	
8	355	3550	Poles & Fixtures	17,266,490	(4,040,192)	100.00%	(4,040,192)	(4,040,192)	(4,040,192)	0	
9	356	3560	Overhead Conductors & Devices	15,226,839	2,883,507	100.00%	2,883,507	2,883,507	2,883,507	0	
10	356	3561	Overhead Conductors - Clear R/W	2,645,942	127,807	100.00%	127,807	127,807	127,807	0	
11			Completed Construction Not Classified	0	0	100.00%	0	0	0	0	
12		108	Retirement Work in Progress	0	(1,623,529)	100.00%	(1,623,529)	(1,623,529)	(1,623,529)	0	
13			Total Transmission Plant	118,167,521	10,190,753		10,190,753	0	10,190,753	10,190,753	0

(1) Plant Investment Includes Completed Construction Not Classified (Account 108)

DUKE ENERGY KENTUCKY, INC.
 CASE NO. 2022-00372
 ACCUMULATED DEPRECIATION AND AMORTIZATION
 AS OF FEBRUARY 28, 2023

DISTRIBUTION PLANT

SCHEDULE B-3
 PAGE 4 OF 12

Line No.	FERC Acct. No.	Company Acct. No.	Account Title	Base Period Total Company (1)	Base Period Accumulated Balances				Original Adjusted Jurisdiction \$	Correction Amount \$	
					Total Company \$	Allocation %	Allocated Total \$	Adjusted Jurisdiction \$			
1	360	3600	Land and Land Rights	13,127,962	0	100.00%	0	0	0	0	
2	360	3601	Rights of Way	4,942,027	3,244,321	100.00%	3,244,321	3,244,321	3,244,321	0	
3	361	3610	Structures & Improvements	1,476,490	(52,107)	100.00%	(52,107)	(52,107)	(52,107)	0	
4	362	3620	Station Equipment	81,715,289	6,005,469	100.00%	6,005,469	6,005,469	6,005,469	0	
5	362	3622	Station Equipment - Major	45,890,554	11,101,918	100.00%	11,101,918	11,101,918	11,101,918	0	
6	363	3630	Storage Battery Equipment	0	0	100.00%	0	0	0	0	
7	364	3640	Poles, Towers & Fixtures	78,493,709	30,540,220	100.00%	30,540,220	30,540,220	30,540,220	0	
8	365	3650	Overhead Conductors & Devices	150,576,966	35,473,491	100.00%	35,473,491	35,473,491	35,473,491	0	
9	365	3651	Overhead Conductors - Clear R/W	7,818,250	669,145	100.00%	669,145	669,145	669,145	0	
10	366	3660	Underground Conduit	45,247,696	9,591,603	100.00%	9,591,603	9,591,603	9,591,603	0	
11	367	3670	Underground Conductors & Devices	86,949,876	21,470,805	100.00%	21,470,805	21,470,805	21,470,805	0	
12	368	3680	Line Transformers	78,560,192	27,695,514	100.00%	27,695,514	27,695,514	27,695,514	0	
13	368	3682	Customers Transformer Installation	286,401	280,008	100.00%	280,008	280,008	280,008	0	
14	369	3691	Services - Underground	3,205,861	812,498	100.00%	812,498	812,498	812,498	0	
15	369	3692	Services - Overhead	18,667,666	10,920,666	100.00%	10,920,666	10,920,666	10,920,666	0	
16	370	3700	Meters	2,890,636	1,010,995	100.00%	1,010,995	1,010,995	1,010,995	0	
17	370	3702	AMI Meters	28,835,299	7,891,472	100.00%	7,891,472	7,891,472	7,891,472	0	
18	371	3711, 3712	Company Owned Outdoor Lighting	1,165,412	(37,732)	100.00%	(37,732)	(37,732)	(37,732)	0	
19	372	3720	Leased Property on Customers	10,096	9,652	100.00%	9,652	9,652	9,652	0	
20	373	3731	Street Lighting - Overhead	2,824,193	2,221,273	100.00%	2,221,273	2,221,273	2,221,273	0	
21	373	3732	Street Lighting - Boulevard	3,525,239	2,715,605	100.00%	2,715,605	2,715,605	2,715,605	0	
22	373	3733	Street Lighting - Cust, Private Outdoor Lighting	0	1,833,179	100.00%	1,833,179	(1,833,179)	0	0	
23	373	3734	Light Choice OLE	0	(1,291,461)	100.00%	(1,291,461)	1,291,461	0	0	
24			Completed Construction Not Classified	0	0	100.00%	0	0	0	0	
25		108	Retirement Work in Progress	0	(20,522,735)	100.00%	(20,522,735)	(20,522,735)	(20,522,735)	0	
26			Total Distribution Plant	656,009,714	151,583,799		151,583,799	(541,718)	151,042,081	151,042,081	0

(1) Plant Investment Includes Completed Construction Not Classified (Account 106)

DUKE ENERGY KENTUCKY, INC.
 CASE NO. 2022-00372
 ACCUMULATED DEPRECIATION AND AMORTIZATION
 AS OF FEBRUARY 28, 2023

GENERAL PLANT

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Line No.	FERC Acct. No.	Company Acct. No.	Account Title	Base Period Total Company (1)	Base Period Accumulated Balances					Original Adjusted Jurisdiction	Correction Amount
					Total Company	Allocation %	Allocated Total	Adjustments	Adjusted Jurisdiction		
					\$		\$	\$	\$	\$	
1	303	3030	Miscellaneous Intangible Plant	33,148,284	14,761,829	100.00%	14,761,829		14,761,829	14,761,829	0
2	390	3900	Structures & Improvements	179,856	59,727	100.00%	59,727		59,727	59,727	0
3	391	3910	Office Furniture & Equipment	404,455	19,593	100.00%	19,593		19,593	19,593	0
4	391	3910 - URR	Office Furniture & Equipment - Reserve Amortization	0	166	100.00%	166		166	166	0
5	391	3911	Electronic Data Proc Equip	6,194,920	1,899,999	100.00%	1,899,999		1,899,999	1,899,999	0
6	391	3911 - URR	Electronic Data Proc Equip - Reserve Amortization	0	32,267	100.00%	32,267		32,267	32,267	0
7	392	3920	Transportation Equipment	1,024,589	406,427	100.00%	406,427		406,427	406,427	0
8	392	3921	Trailers	296,442	205,660	100.00%	205,660		205,660	205,660	0
9	394	3940	Tools, Shop & Garage Equipment	3,699,163	1,151,444	100.00%	1,151,444		1,151,444	1,151,444	0
10	394	3940 - URR	Tools, Shop & Garage Equipment - Reserve Amortization	0	(5,733)	100.00%	(5,733)		(5,733)	(5,733)	0
11	396	3960	Power Operated Equipment	12,825	9,294	100.00%	9,294		9,294	9,294	0
12	397	3970	Communication Equipment	14,400,523	3,615,097	100.00%	3,615,097		3,615,097	3,615,097	0
13	397	3970 - URR	Communication Equipment - URR	0	10,000	100.00%	10,000		10,000	10,000	0
14			Completed Construction Not Classified	0	0	100.00%	0		0	0	0
15		108	Retirement Work in Progress	0	13,552	100.00%	13,552		13,552	13,552	0
16			Total General Plant	59,361,057	22,179,322		22,179,322	0	22,179,322	22,179,322	0
17			Total Electric Plant	2,141,257,587	862,199,702		862,199,702	(41,674,751)	820,524,951	820,524,951	0

(1) Plant Investment Includes Completed Construction Not Classified (Account 106)

DUKE ENERGY KENTUCKY, INC.
 CASE NO. 2022-00372
 ACCUMULATED DEPRECIATION AND AMORTIZATION
 AS OF FEBRUARY 28, 2023

COMMON PLANT

SCHEDULE B-3
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Line No.	FERC Acct. No.	Company Acct. No.	Account Title	Base Period Total Company (1)	Base Period Accumulated Balances					Original Adjusted Jurisdiction	Correction Amount
					Total Company	Allocation %	Allocated Total	Adjustments	Adjusted Jurisdiction		
					\$		\$	\$	\$	\$	
1		1030	Miscellaneous Intangible Plant	22,425,004	22,358,278	100.00%	22,358,278		22,358,278	22,358,278	0
2		1890	Land and Land Rights	1,041,678	0	100.00%	0		0	0	0
3		1900	Structures & Improvements	12,562,647	(282,091)	100.00%	(282,091)		(282,091)	(282,091)	0
4		1910	Office Furniture & Equipment	788,869	288,177	100.00%	288,177		288,177	288,177	0
5		1910 - URR	Office Furniture & Equipment - Reserve Amortization	0	73	200.00%	146		146	146	0
6		1911	Office Furniture & Equipment - EDP Equipment	9,095	46	100.00%	46		46	46	0
7		1911 - URR	Office Furniture & Equipment - EDP Equipment - Res. Amort	0	(7,680)	100.00%	(7,680)		(7,680)	(7,680)	0
8		1940	Tools, Shop & Garage Equipment	112,890	68,470	100.00%	68,470		68,470	68,470	0
9		1940 - URR	Tools, Shop & Garage Equipment - Reserve Amortization	0	2,400	100.00%	2,400		2,400	2,400	0
10		1970	Communication Equipment	6,131,223	5,203,642	100.00%	5,203,642		5,203,642	5,203,642	0
11		1970 - URR	Communication Equipment - Reserve Amortization	0	502,133	100.00%	502,133		502,133	502,133	0
12		1980	Miscellaneous Equipment	95,301	40,035	100.00%	40,035		40,035	40,035	0
13		1980 - URR	Miscellaneous Equipment - Reserve Amortization	0	(573)	100.00%	(573)		(573)	(573)	0
14		1990	ARO - Common Plant	0	237,098	100.00%	237,098	(261,961)	(24,863)	(24,863)	0
15			Completed Construction Not Classified	0	0	100.00%	0		0	0	0
16		108	Retirement Work in Progress	0	3,224	100.00%	3,224		3,224	3,224	0
Total Common Plant				43,166,707	28,413,232		28,413,305	(261,961)	28,151,344	28,151,344	0
Common Plant Allocated to Electric											
18		71.36%	Original Cost	30,803,762							
19		71.36%	Reserve for Depreciation		20,275,682		20,275,682	(186,935)	20,088,747	20,088,747	0
Total Electric Plant Including Allocated Common				2,172,061,349	882,475,384		882,475,384	(41,861,686)	840,613,698	840,613,698	0

(1) Plant Investment Includes Completed Construction Not Classified (Account 106)

DUKE ENERGY KENTUCKY, INC.
 CASE NO. 2022-00372
 ACCUMULATED DEPRECIATION AND AMORTIZATION
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STEAM PRODUCTION PLANT

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Line No.	FERC Acct. No.	Company Acct. No.	Account Title	13 Month Average Forecasted Period (1)	CORRECTED 13 Month Average Forecasted Period Accumulated Balances					Original Adjusted Jurisdiction	Correction Amount
					Total Company	Jurisdictional %	Jurisdictional Total	Adjustments	Adjusted Jurisdiction		
				\$	\$	%	\$	\$	\$	\$	
1	310	3100	Land and Land Rights	7,267,197	109,189	100.00%	109,189		109,189	108,998	191
2	311	3110	Structures & Improvements	185,879,874	51,441,426	100.00%	51,441,426		51,441,426	51,418,002	23,424
3	312	3120	Boiler Plant Equipment	553,244,784	308,095,773	100.00%	308,095,773		308,095,773	308,069,611	26,162
4	312	3123	Boiler Plant Equip - SCR Catalyst	7,714,318	6,823,775	100.00%	6,823,775		6,823,775	6,804,874	18,901
5	314	3140	Turbogenerator Equipment	118,509,201	49,263,265	100.00%	49,263,265		49,263,265	49,273,455	(10,190)
6	315	3150	Accessory Electric Equipment	51,143,847	31,970,633	100.00%	31,970,633		31,970,633	31,953,342	17,291
7	316	3160	Miscellaneous Powerplant Equipment	24,584,185	12,363,333	100.00%	12,363,333		12,363,333	12,356,024	7,309
8	317	3170	ARO - Steam Production	0	43,840,688	100.00%	43,840,688	(43,840,688)	0	0	0
9			Case 2015-120 Acq of DPL Share of East Bend	8,481,722	0	100.00%	0		0	0	0
10			Completed Construction Not Classified	0	0	100.00%	0		0	0	0
11		108	Retirement Work in Progress	0	(20,745,348)	100.00%	(20,745,348)		(20,745,348)	(20,745,348)	0
12			Total Steam Production Plant	956,825,128	483,162,733		483,162,734	(43,840,688)	439,322,046	439,238,958	83,088

(1) Plant Investment Includes Completed Construction Not Classified (Account 106)

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2022-00372
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF JUNE 30, 2024

OTHER PRODUCTION PLANT

SCHEDULE B-3
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Line No.	FERC Acct. No.	Company Acct. No.	Account Title	13 Month Average Forecasted Period (t) \$	CORRECTED 13 Month Average Forecasted Period Accumulated Balances					Original Adjusted Jurisdiction \$	Correction Amount \$
					Total Company \$	Jurisdictional %	Jurisdictional Total \$	Adjustments \$	Adjusted Jurisdiction \$		
1	340	3400	Land and Land Rights	2,280,504	5,043	100.00%	5,043		5,043	5,013	30
2	340	3401	Rights of Way	0	0	100.00%	0		0	0	0
3	341	3410	Structures & Improvements	36,701,684	29,623,667	100.00%	29,623,667		29,623,667	29,607,072	16,595
4	342	3420	Fuel Holders, Producers, Accessories	60,960,351	8,405,902	100.00%	8,405,902		8,405,902	8,394,494	11,408
5	343	3430	Prime Movers	6,907,974	(5,124,972)	100.00%	(5,124,972)		(5,124,972)	(5,073,353)	(51,619)
6	344	3440	Generators	213,483,294	154,828,295	100.00%	154,828,295		154,828,295	154,693,792	134,503
7	344	3446	Solar Generators	15,778,050	2,785,944	100.00%	2,785,944		2,785,944	2,777,310	8,634
9	345	3450	Accessory Electric Equipment	19,872,233	13,613,303	100.00%	13,613,303		13,613,303	13,601,830	11,473
10	345	3456	Solar Accessory Electric Equipment	1,729,695	358,981	100.00%	358,981		358,981	357,643	1,338
11	346	3460	Miscellaneous Plant Equipment	5,174,581	3,675,996	100.00%	3,675,996		3,675,996	3,672,820	3,176
12			Completed Construction Not Classified	0	0	100.00%	0		0	0	0
13		108	Retirement Work in Progress	0	(1,056,015)	100.00%	(1,056,015)		(1,056,015)	(1,056,015)	0
15			Total Other Production Plant	362,888,366	207,116,145		207,116,144	0	207,116,144	206,980,606	135,538

DUKE ENERGY KENTUCKY, INC.
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 ACCUMULATED DEPRECIATION AND AMORTIZATION
 AS OF JUNE 30, 2024

TRANSMISSION PLANT

SCHEDULE B-3
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Line No.	FERC Acct. No.	Company Acct. No.	Account Title	13 Month Average Forecasted Period (1)	CORRECTED 13 Month Average Forecasted Period Accumulated Balances				Original Adjusted Jurisdiction	Correction Amount	
					Total Company	Allocation %	Allocated Total	Adjusted Jurisdiction			
					\$		\$	\$	\$		
1	350	3500	Land	5,678,092	0	100.00%	0	0	0	0	
2	350	3501	Rights of Way	1,854,560	759,898	100.00%	759,898	759,898	759,310	588	
3	352	3520	Structures & Improvements	8,390,230	702,107	100.00%	702,107	702,107	698,873	3,234	
4	353	3530	Station Equipment	39,920,032	1,019,146	100.00%	1,019,146	1,019,146	1,031,605	(12,459)	
5	353	3531	Station Equipment - Step Up	13,036,026	5,171,684	100.00%	5,171,684	5,171,684	5,186,147	5,537	
6	353	3532	Station Equipment - Major	15,874,714	2,695,757	100.00%	2,695,757	2,695,757	2,690,777	4,980	
7	353	3534	Station Equipment - Step Up Equipment	10,665,478	2,708,883	100.00%	2,708,883	2,708,883	2,701,283	7,600	
8	355	3550	Poles & Fixtures	18,509,390	(5,564,585)	100.00%	(5,564,585)	(5,564,585)	(5,530,155)	(34,430)	
9	356	3560	Overhead Conductors & Devices	17,517,922	2,873,724	100.00%	2,873,724	2,873,724	2,873,042	682	
10	356	3561	Overhead Conductors - Clear R/W	3,076,253	166,178	100.00%	166,178	166,178	165,128	1,050	
11			Completed Construction Not Classified	0	0	100.00%	0	0	0	0	
12		108	Retirement Work in Progress	0	(2,587,798)	100.00%	(2,587,798)	(2,587,798)	(2,587,798)	0	
13			Total Transmission Plant	134,522,697	7,944,995		7,944,994	0	7,944,994	7,968,212	(23,218)

(1) Plant Investment Includes Completed Construction Not Classified (Account 106)

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2022-00372
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF JUNE 30, 2024

DISTRIBUTION PLANT

SCHEDULE B-3
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Line No.	FERC Acct. No.	Company Acct. No.	Account Title	13 Month Average Forecasted Period (1)	13 Month Average Forecasted Period Accumulated Balances					Original Adjusted Jurisdiction \$	Correction Amount \$
					Total Company \$	Allocation %	Allocated Total \$	Adjustments \$	Adjusted Jurisdiction \$		
1	360	3600	Land and Land Rights	14,002,572	0	100.00%	0	0	0	0	0
2	360	3601	Rights of Way	5,271,275	3,291,028	100.00%	3,291,028	3,291,028	3,291,028	3,291,028	0
3	361	3610	Structures & Improvements	1,574,856	(25,424)	100.00%	(25,424)	(25,424)	(25,424)	(25,424)	0
4	362	3620	Station Equipment	84,729,397	4,768,344	100.00%	4,768,344	4,768,344	4,768,344	4,768,344	0
5	362	3622	Station Equipment - Major	48,596,984	11,312,329	100.00%	11,312,329	11,312,329	11,312,329	11,312,329	0
6	363	3630	Storage Battery Equipment	0	0	100.00%	0	0	0	0	0
7	364	3640	Poles, Towers & Fixtures	83,333,055	30,990,566	100.00%	30,990,566	30,990,566	30,990,566	30,990,566	0
8	365	3650	Overhead Conductors & Devices	158,797,704	35,621,917	100.00%	35,621,917	35,621,917	35,621,917	35,621,917	0
9	365	3651	Overhead Conductors - Clear R/W	8,339,117	780,656	100.00%	780,656	780,656	780,656	780,656	0
10	366	3660	Underground Conduit	48,256,715	10,202,119	100.00%	10,202,119	10,202,119	10,202,119	10,202,119	0
11	367	3670	Underground Conductors & Devices	92,338,668	22,348,131	100.00%	22,348,131	22,348,131	22,348,131	22,348,131	0
12	368	3680	Line Transformers	82,913,299	27,662,987	100.00%	27,662,987	27,662,987	27,662,987	27,662,987	0
13	368	3682	Customers Transformer Installation	305,481	280,477	100.00%	280,477	280,477	280,477	280,477	0
14	369	3691	Services - Underground	3,419,442	852,325	100.00%	852,325	852,325	852,325	852,325	0
15	369	3692	Services - Overhead	19,903,748	11,107,185	100.00%	11,107,185	11,107,185	11,107,185	11,107,185	0
16	370	3700	Meters	3,047,358	1,077,149	100.00%	1,077,149	1,077,149	1,077,149	1,077,149	0
17	370	3702	AMI Meters	30,331,889	9,418,376	100.00%	9,418,376	9,418,376	9,418,376	9,418,376	0
18	371	3711, 3712	Company Owned Outdoor Lighting	1,232,302	(10,153)	100.00%	(10,153)	(10,153)	(10,153)	(10,153)	0
19	372	3720	Leased Property on Customers	10,769	9,668	100.00%	9,668	9,668	9,668	9,668	0
20	373	3731	Street Lighting - Overhead	2,799,022	2,239,367	100.00%	2,239,367	2,239,367	2,239,367	2,239,367	0
21	373	3732	Street Lighting - Boulevard	3,760,097	2,751,140	100.00%	2,751,140	2,751,140	2,751,140	2,751,140	0
22	373	3733	Street Lighting - Cust, Private Outdoor Lighting	0	1,867,746	100.00%	1,867,746	(1,867,746)	0	0	0
23	373	3734	Light Choice OLE	0	(1,607,509)	100.00%	(1,607,509)	1,607,509	0	0	0
24			Completed Construction Not Classified	0	0	100.00%	0	0	0	0	0
25		108	Retirement Work in Progress	0	(22,560,697)	100.00%	(22,560,697)	(22,560,697)	(22,560,697)	(22,560,697)	0
26			Total Distribution Plant	692,963,750	152,377,727		152,377,727	(260,237)	152,117,490	152,117,490	0

(1) Plant Investment Includes Completed Construction Not Classified (Account 106)

DUKE ENERGY KENTUCKY, INC.
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AS OF JUNE 30, 2024

GENERAL PLANT

SCHEDULE B-3
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Line No.	FERC Acct. No.	Company Acct. No.	Account Title	13 Month Average Forecasted Period (1)	CORRECTED 13 Month Average Forecasted Period Accumulated Balances					Original Adjusted Jurisdiction	Correction Amount
					Total Company	Allocation %	Allocated Total	Adjustments	Adjusted Jurisdiction		
					\$	%	\$	\$	\$	\$	
1	303	3030	Miscellaneous Intangible Plant	37,376,913	15,753,099	100.00%	15,753,099		15,753,099	15,807,767	(54,668)
2	390	3900	Structures & Improvements	202,337	69,053	100.00%	69,053		69,053	69,547	(494)
3	391	3910	Office Furniture & Equipment	456,050	31,688	100.00%	31,688		31,688	32,355	(667)
4	391	3910 - URR	Office Furniture & Equipment - Reserve Amortization	0	166	100.00%	166		166	166	0
5	391	3911	Electronic Data Proc Equip	6,629,656	2,037,160	100.00%	2,037,160		2,037,160	2,043,801	(6,641)
6	391	3911 - URR	Electronic Data Proc Equip - Reserve Amortization	0	32,267	100.00%	32,267		32,267	32,267	0
7	392	3920	Transportation Equipment	1,155,292	512,619	100.00%	512,619		512,619	518,087	(5,468)
8	392	3921	Trailers	334,258	223,231	100.00%	223,231		223,231	224,156	(925)
9	394	3940	Tools, Shop & Garage Equipment	4,170,777	1,367,139	100.00%	1,367,139		1,367,139	1,378,493	(11,354)
10	394	3940 - URR	Tools, Shop & Garage Equipment - Reserve Amortization	0	(5,733)	100.00%	(5,733)		(5,733)	(5,733)	0
11	396	3960	Power Operated Equipment	14,461	9,678	100.00%	9,678		9,678	9,699	(21)
12	397	3970	Communication Equipment	16,197,847	4,499,405	100.00%	4,499,405		4,499,405	4,545,813	(46,408)
13	397	3970 - URR	Communication Equipment - URR	0	10,000	100.00%	10,000		10,000	10,000	0
14			Completed Construction Not Classified	0	0	100.00%	0		0	0	0
15		108	Retirement Work in Progress	0	13,552	100.00%	13,552		13,552	13,552	0
16			Total General Plant	66,537,591	24,553,325		24,553,324	0	24,553,324	24,679,970	(126,646)
17			Total Electric Plant	2,213,737,532	875,154,925		875,154,923	(44,100,925)	831,053,998	830,985,236	68,762

(1) Plant Investment Includes Completed Construction Not Classified (Account 106)

DUKE ENERGY KENTUCKY, INC.
 CASE NO. 2022-00372
 ACCUMULATED DEPRECIATION AND AMORTIZATION
 AS OF JUNE 30, 2024

COMMON PLANT

SCHEDULE B-3
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Line No.	FERC Acct. No.	Company Acct. No.	Account Title	13 Month Average Forecasted Period (1)	CORRECTED 13 Month Average Forecasted Period Accumulated Balances				Original Adjusted Jurisdiction	Correction Amount	
					Total Company	Allocation %	Allocated Total	Adjustments			Adjusted Jurisdiction
					\$		\$	\$	\$	\$	
1		1030	Miscellaneous Intangible Plant	25,479,678	22,559,838	100.00%	22,559,838		22,559,838	22,575,506	(15,668)
2		1890	Land and Land Rights	1,183,573	0	100.00%	0		0	0	0
3		1900	Structures & Improvements	12,370,141	(2,076,468)	100.00%	(2,076,468)		(2,076,468)	(2,162,935)	86,467
4		1910	Office Furniture & Equipment	896,326	328,137	100.00%	328,137		328,137	330,332	(2,195)
5		1910 - URR	Office Furniture & Equipment - Reserve Amortization		73	100.00%	73		73	73	0
6		1911	Office Furniture & Equipment - EDP Equipment	1,336	(9,619)	100.00%	(9,619)		(9,619)	(10,099)	480
7		1911 - URR	Office Furniture & Equipment - EDP Equipment - Res. Amort		(7,680)	100.00%	(7,680)		(7,680)	(7,680)	0
8		1940	Tools, Shop & Garage Equipment	126,798	71,586	100.00%	71,586		71,586	71,770	(184)
9		1940 - URR	Tools, Shop & Garage Equipment - Reserve Amortization		2,400	100.00%	2,400		2,400	2,400	0
10		1970	Communication Equipment	6,533,621	5,096,020	100.00%	5,096,020		5,096,020	5,091,915	4,105
11		1970 - URR	Communication Equipment - Reserve Amortization		502,133	100.00%	502,133		502,133	502,133	0
12		1980	Miscellaneous Equipment	108,282	46,189	100.00%	46,189		46,189	46,520	(331)
13		1980 - URR	Miscellaneous Equipment - Reserve Amortization		(573)	100.00%	(573)		(573)	(573)	0
14		1990	ARO - Common Plant		237,098	100.00%	237,098	(237,098)	0	0	0
15			Completed Construction Not Classified		0	100.00%	0		0	0	0
16		108	Retirement Work in Progress		3,224	100.00%	3,224		3,224	3,224	0
Total Common Plant				46,699,755	26,752,358		26,752,358	(237,098)	26,515,260	26,442,586	72,674
Common Plant Allocated to Electric											
18		71.36%	Original Cost	33,324,945							
19		71.36%	Reserve for Depreciation		19,090,483		19,090,483	(169,193)	18,921,290	18,869,430	51,860
Total Electric Plant Including Allocated Common				2,247,062,477	894,245,408		894,245,406	(44,270,118)	849,975,288	849,854,666	120,622

(1) Plant Investment Includes Completed Construction Not Classified (Account 106)

EXHIBIT ____ (RAF-4)

Duke Energy Kentucky
Case No. 2022-00372
Attorney General's First Set Data Requests
Date Received: January 11, 2023

AG-DR-01-095

REQUEST:

Refer to the Direct Testimony of Paul M. Normand (“Normand Testimony”) and exhibit attachments regarding the lead/lag study he performed. Refer further to the calculation of the collection lag shown at Attachment PMN-4, page 19 of 148.

a. Provide a copy of all general ledger activity for the three accounts receivable subaccounts listed on this schedule, accounts 142200, 142100, and 232120, for the period December 31, 2021 through December 31, 2022.

b. Describe whether the various receivables balances shown in accounts 142200, 142100, and 232120 were balances associated only with electric service or whether these balances included both electric and gas service.

c. Indicate what the monthly balances listed on this schedule represent. Include in the response whether the monthly balances represent the per books receivables balances for electric only as of the last day of each month, the receivables sold each month, or something else. If they represent something other than the month end receivables balances each month for electric only, such as the average daily balances each month, provide copies of all source data workpapers in electronic format with all formulas in place used to determine the amounts depicted.

d. If not provided in response to the previous question, provide the accounts receivables balances for each day in 2021 for each separate accounts receivable balance shown in the above referenced schedule.

e. Provide the accounts receivables balances for each day in 2018, for each day in 2019, for each day in 2020, and for each day in 2022 for each separate accounts receivable balance shown in the above referenced schedule.

f. Since the Company's receivables are sold to Cinergy Receivables Company and the applicable receivables balances are reflected in account 145 and no longer reflected in account 142, explain what the balances shown in the account 142 subaccounts represent.

g. Provide the source(s) of the total electric revenues billed each month of 2021 that are shown in the first column and define the revenues depicted.

h. For the month of July 2022 as an example, provide the billed amounts for electric retail service for each individual billing cycle and the date those receivables were sold to Cinergy Receivables Company. In addition, describe how the Company tracked the accounts receivables amounts still outstanding.

RESPONSE:

a. Please see AG-DR-01-095 Attachment 1.

b. Please refer to Attachment PMN-4, page 19 of 148 and AG-DR-01-096 Attachment 1. These balances reflect receivables that arise from both electric and gas billings. Duke Energy Kentucky's customers can be either solely electric, solely gas or both gas and electric. The Company does not account for electric and gas receivables separately. Billings are processed simultaneously for gas and electric usage, and the resulting receivable is not parsed into an electric component and a gas component. Nearly all the bills for both electric and gas are paid by customers in one payment. The total of the combination bills is booked into the electric account receivable account.

c. The monthly balances for 0142200 and 0142100 on the schedule represent the per books receivables balances for both gas and electric as of the last day of each month.

For accounts that are in a credit position, those amounts are moved to a liability account, and are presented in the 0232120 account.

- d. Daily accounts receivable balances are not available.
- e. Daily accounts receivable balances are not available.
- f. Please refer to AG-DR-01-094, which describes the accounting process.

Duke Energy Kentucky serves as the administrator, or collection agent for the sold receivables. As such, the detailed receivable subledger information is maintained in the Company's billing system, and the system records entries on the Company's books. The Company serves as the collection agent for Cinergy Receivables Company LLC (CRC) and provides record-keeping and customer support functions to CRC for the sold receivables. CRC, in turn, pays Duke Energy Kentucky .05% on the amount of receivables originated for these services. This is recorded as a credit in account 0903891. As previously noted, the billing system is configured to record entries on Duke Energy Kentucky's books. To the extent that these receivables do not belong to Duke Energy Kentucky, a contra amount is recorded to 0142891 and 0173891 so as to not overstate the receivable balances on Duke Energy Kentucky's books. To the extent that the combined utilities (Duke Energy Ohio, Duke Energy Indiana, and Duke Energy Kentucky) have sold to CRC receivables in excess of CRC's borrowing capacity, CRC will record an intercompany note payable to the utilities for the excess. Duke Energy Kentucky will record an offsetting intercompany note receivable in account 0145891. Interest revenue on said note is currently calculated at LIBOR plus 250 basis points and is recorded to 0419891.

- g. Please see AG-DR-01-095 Attachment 2 supporting AG-DR-01-096 Attachment 1 the revised collection lag schedule.

- h. Please see AG-DR-01-095 Attachment 3 for a summary of July billings by

cycle. Invoices are sold to CRC daily, in accordance with the Purchase and Sale Agreement in AG-DR-01-093 Attachment 2. Monthly, during the closing cycle journal entries are recorded to reflect the transfer of ownership to CRC. Duke Energy Kentucky serves as the collection agent for these receivables. In that role, Duke Energy Kentucky maintains the records of the accounts receivables and records any subsequent transactions to the customer accounts. CRC compensates Duke Energy Kentucky for this function at .05% of receivables originated. This is recorded as a credit in the 0903891 account.

PERSON RESPONSIBLE: Danielle L. Weatherston

Duke Energy Kentucky
Case No. 2022-00372
Attorney General's First Set Data Requests
Date Received: January 11, 2023

AG-DR-01-096

REQUEST:

Refer to the Normand Testimony and exhibit attachments regarding the lead/lag study he performed. Provide electronic copies of the lead/lag study performed, along with all workpapers utilized, in live Excel format with all formulas intact.

RESPONSE:

Electronic copies of the lead lag study and workpapers utilized are provided as AG-DR-01-096 Attachments 2 through 25. Please see AG-DR-01-096 Attachment 1 for an index of the lead lag study and workpapers.

The following attachments update the original study (details below).

- AG-DR-01-096 Attachment 2 Revised Duke KY Base Period Lead Lag Summary replaces Attachment PMN-1.
- AG-DR-01-096 Attachment 3 Revised Duke KY Forecasted Period Lead Lag Summary replaces Attachment PMN-2.
- AG-DR-01-096 Attachment 5 Revised DEK AR Collection Lag AR Turnover “summary” tab of the excel worksheet replaces page 19 of 148 of Attachment PMN-4 and contains all of the support in the other tabs of the excel worksheet.

After a further review of Attachment PMN-4, page 19 of 148, it was determined that two changes need 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 electric only. The electric accounts receivable amounts (accounts 142200 and 142100), originally

included on page 19 of 148 also contained gas accounts receivables. The Company's accounts receivable balances are not split between gas and electric. When a customer is billed, the monthly revenues are recorded to separate gas and electric revenue accounts; however, the accounts receivable amount is recorded in one balance sheet account with no indication of how much was for gas or electric (account 142200 or 142100). There is no difference between the billing cycles for gas and electric customers or the payment terms. Based on these items above and the lack of an accurate method to split the receivable balances into gas and electric, the collection lag was recalculated using the total of gas and electric accounts receivables and the total gas and electric revenues included in the receivable balances. Therefore, the revenues billed amount increased and additional gas accounts receivable accounts were included. Any other collection lag calculation method would involve estimating the split of electric and gas accounts receivables based on ratios that would not consider factors affecting customer payments on a month-to-month basis. The second change to the collection lag calculation was to remove the effect of both the unbilled gas and electric revenues since the unbilled amounts are not accounted for in the accounts receivable balances. The impacts of the changes reduce the cash working capital by \$4,918,664 to \$506,078.

PERSON RESPONSIBLE: Paul M. Normand

Duke Kentucky Electric
Cash Working Capital Requirements AG-DR-01-096_Attach_3_Revised_Duke_KY_Forecasted_Period_Lead_Lag_Summary
Forecasted Period 12 Months Ended June 30, 2024
Lead Lag Summary

Line No	Forecasted Period Annual Expense (1)	(Lead) Lag Days (2)	Day Weighted Amount (3)	Source (4)	
Revenues					
1	Sales and Transportation Revenue	\$390,669,179	45.91	\$17,935,373,598	Revenues - Line 14
2	Other Revenues	\$1,936,836	45.91	\$88,918,909	Revenues - Line 22
3	Total Revenue Lag	<u>\$392,606,015</u>	<u>45.91</u>	<u>\$18,024,292,507</u>	
4					
Operation & Maintenance Expense					
6	Natural Gas	\$0	40.45	\$0	Expenses - Line 2
7	Oil	\$0	10.00	\$0	Expenses - Line 3
8	Coal	\$31,401,736	21.01	\$659,840,517	Expenses - Line 4
9	Purchased Power	\$90,298,628	11.00	\$993,284,908	Expenses - Line 5
10	Lime	\$7,527,600	18.99	\$142,953,600	Expenses - Line 6
11	Emission Fee	\$541,120	559.00	\$302,486,259	Expenses - Line 7
12	Transm of Elec By Others	\$20,970,372	11.00	\$230,674,092	Expenses - Line 8
13	Labor	\$25,155,941	15.08	\$379,307,456	Expenses - Line 9
14	STIP	\$1,221,336	231.11	\$282,268,324	Expenses - Line 10
15	LTIP	\$90,193	621.50	\$56,054,950	Expenses - Line 11
16	Employee Pensions & Benefits - Acct 926	\$5,179,290	11.52	\$59,667,737	Expenses - Line 12
17	Prepaid Expenses				
18	KY PSC Assesment Acct 928006	\$820,600	(182.50)	-\$149,759,500	Expenses - Line 14
19	Insurance - Property & Liability	\$184,403	(163.19)	-\$30,093,508	Expenses - Line 15
20	Credit Card Expense	\$30,806	45.17	\$1,391,519	Expenses - Line 16
21	Virtual Card Expense - Vendors	\$425,072	45.10	\$19,171,396	Expenses - Line 17
22	Duke Energy Business Services O&M Charges	\$3,812,219	57.10	\$217,689,568	Expenses - Line 18
23	Other O&M Expenses	\$48,403,589	68.71	\$3,325,586,202	Expenses - Line 19
24	Total Operating & Maintenance Exp Excl Acc 904	<u>\$236,062,905</u>	<u>27.49</u>	<u>\$6,490,523,519</u>	
25					
Other Taxes					
27	Miscellaneous Taxes	\$0	33.92	\$0	Expenses - Line 23
28	Franchise Tax	\$0	287.50	\$0	Expenses - Line 24
29	Property Taxes	\$19,741,464	258.28	\$5,098,751,789	Expenses - Line 25
30	Payroll Taxes & Unemployment Taxes	\$1,862,237	22.48	\$41,858,600	Expenses - Line 26
31	Unemployment Taxes	\$0	75.63	\$0	Expenses - Line 27
32	Sales & Use Taxes	\$0	34.50	\$0	Expenses - Line 28
33	Total Other Taxes	<u>\$21,603,701</u>	<u>237.95</u>	<u>\$5,140,610,388</u>	
34					
Income Taxes					
36	Federal Income Taxes	-\$541,501	36.50	-\$19,764,796	Expenses - Line 32
37	State Income Taxes	-\$888,736	36.50	-\$32,438,861	Expenses - Line 33
38	Total Income Taxes	<u>-\$1,430,237</u>	<u>36.50</u>	<u>-\$52,203,657</u>	
39					
40	Total Expenses	<u>\$256,236,369</u>	<u>45.19</u>	<u>\$11,578,930,250</u>	
41					
42	Total Working Capital Expenses	<u>\$256,236,369</u>	<u>45.19</u>	<u>\$11,578,930,250</u>	
43					
44	Revenue Lag Days		45.91		
45	Expense Lag Days		45.19		
46	Net Lag Days		<u>0.72</u>		
47					
48	Average Daily Expense			\$702,017	
49					
50	Cash Working Capital Requirement			<u>\$506,078</u>	
51					
52					
53					
54					
55					

Line No	Revenue Lag	Revenues	(Lead) Lag Days	Lag Day Source	Day Weighted Amount
1	Service Lag		15.22	See Note 1	
2					
3	Billing Lag				
4	Cycle Read Customers		3.67	See Exhibit PMN-4 Page 17	
5					
6	Collection Lag		27.02	See Exhibit PMN-4 Page 18	
7					
8	Electric Sales	<u>\$390,669,179</u>	<u>45.91</u>		<u>\$17,935,373,598</u>
9					
10	Other Transmission Revenues	\$0			\$0
11					
12	PJM Reactive Revenue	\$0			\$0
13					
14	Total Sales & Transportation Revenues	<u>\$390,669,179</u>	<u>45.91</u>		<u>\$17,935,373,598</u>
15					
16	Other Electric Rents	\$1,299,996	45.91	Line 8	\$59,681,990
17					
18	Other Transmission & Wheeling Revenues	\$169,500	45.91	Line 8	\$7,781,637
19					
20	Other Miscellaneous Revenues	\$467,340	45.91	Line 8	\$21,455,282
21					
22	Total Other Revenues	<u>\$1,936,836</u>			<u>\$88,918,909</u>
23					
24	Total Revenues	<u>\$392,606,015</u>			
25					
26					
27	Total Rev Lag Excl Non Rev Req Items	<u>\$392,606,015</u>	<u>45.91</u>		<u>\$18,024,292,507</u>

Notes:
 1. Computed as 365.25/12/2

Line No	Expense Lag	Expenses	(Lead) Lag Days	Lag Day Source	Day Weighted Amount		
1	Operation & Maintenance Expense						
2	Natural Gas	\$0	40.45	See Exhibit PMN-4 Page 19	\$0	0.00%	Fuel Adj Clause
3	Oil	\$0	10.00	See Exhibit PMN-4 Page 20	\$0	0.00%	Fuel Adj Clause
4	Coal	\$31,401,736	21.01	See Exhibit PMN-4 Page 21	\$659,840,517	5.70%	Fuel Adj Clause
5	Purchased Power	\$90,298,628	11.00	See Exhibit PMN-4 Page 22	\$993,284,908	8.58%	Fuel Adj Clause
6	Lime	\$7,527,600	18.99	See Exhibit PMN-4 Page 23	\$142,953,600	1.23%	Environmental Surcharge Mech
7	Emission Fee	\$541,120	559.00	See Exhibit PMN-4 Page 26	\$302,486,259	2.61%	
8	Transm of Elec By Others	\$20,970,372	11.00	See Exhibit PMN-4 Page 22	\$230,674,092	1.99%	
9	Labor	\$25,155,941	15.08	See Exhibit PMN-4 Page 27	\$379,307,456	3.28%	
10	STIP	\$1,221,336	231.11	See Exhibit PMN-4 Page 27	\$282,268,324	2.44%	
11	LTIP	\$90,193	621.50	See Exhibit PMN-4 Page 96	\$56,054,950	0.48%	
12	Employee Pensions & Benefits - Acct 926	\$5,179,290	11.52	See Exhibit PMN-4 Page 97	\$59,667,737	0.52%	
13	Prepaid Expenses						
14	KY PSC Assesment Acct 928006	\$820,600	-182.50	See Exhibit PMN-4 Page 122	-\$149,759,500	-1.29%	
15	Insurance - Property & Liability	\$184,403	-163.19	See Exhibit PMN-4 Page 123	-\$30,093,508	-0.26%	
16	Credit Card Expense	\$30,806	45.17	See Exhibit PMN-4 Page 126	\$1,391,519	0.01%	
17	Virtual Card Expense - Vendors	\$425,072	45.10	See Exhibit PMN-4 Page 127	\$19,171,396	0.17%	
18	Duke Energy Business Services O&M Charges	\$3,812,219	57.10	See Exhibit PMN-4 Page 129	\$217,689,568	1.88%	
19	Other O&M Expenses	\$48,403,589	68.71	See Exhibit PMN-4 Page 130	\$3,325,586,202	28.72%	
20	Total Operating & Maintenance Exp Excl Acc 904	\$236,062,905	27.49		\$6,490,523,519	56.05%	
21							
22	Other Taxes						
23	Miscellaneous Taxes	\$0	33.92	See Exhibit PMN-4 Page 140	\$0	0.00%	
24	Franchise Tax	\$0	287.50	See Note 2	\$0	0.00%	
25	Property Taxes	\$19,741,464	258.28	See Exhibit PMN-4 Page 142	\$5,098,751,789	44.03%	
26	Payroll Taxes & Unemployment Taxes	\$1,862,237	22.48	See Exhibit PMN-4 Page 28	\$41,858,600	0.36%	
27	Unemployment Taxes	\$0	75.63	See Note 1	\$0	0.00%	
28	Sales & Use Taxes	\$0	34.50	See Exhibit PMN-4 Page 143	\$0	0.00%	
29	Total Other Taxes	\$21,603,701	237.95		\$5,140,610,388	44.40%	
30							
31	Income Taxes						
32	Federal Income Taxes	-\$541,501	36.50	See Exhibit PMN-4 Page 146	-\$19,764,796	-0.17%	
33	State Income Taxes	-\$888,736	36.50	See Exhibit PMN-4 Page 147	-\$32,438,861	-0.28%	
34	Total Income Taxes	-\$1,430,237	36.50		-\$52,203,657	-0.45%	
35							
36	Total Expenses	\$256,236,369	45.19		\$11,578,930,250	100.00%	

38 Notes:
39 1. Computed as (365/4/2) + 30 days. Due 30 days after quarter ends.
40 2. NC Franchise Tax Computed as (365/2) + 105 days. Paid April 15th for prior calendar year.
41
42
43
44
45

EXHIBIT ____ (RAF-5)

Duke Energy Kentucky
Case No. 2022-00372
Attorney General's First Set Data Requests
Date Received: January 11, 2023

AG-DR-01-139

REQUEST:

Provide a schedule showing the EDIT by temporary difference for DEBS (total DEBS and allocation to Duke Kentucky-Electric Division) due to the remeasurement of ADIT resulting from the lower federal income tax rate due to the Tax Cuts and Jobs Act, the allocation of the remeasured balance to Duke Kentucky, and the amortization that has taken place based on the Commission's Order from Case No. 2019-00271 at page 23.¹

RESPONSE:

Objection. Irrelevant, overbroad, and not likely to lead to the discovery of relevant and admissible evidence. Moreover, this request is objectionable insofar as the information was provided in the 2019-00271 case in response to Discovery issued by the Attorney General (*see e.g.* Case No. 2019-00271, Response to AG-DR-01-014) and is publicly available and thus equally accessible to the Attorney General. Moreover, the issue was addressed by the Commission in that proceeding. Without waiving said objection, and to the extent discoverable, the Commission's Order stated the \$214,000 of DEBS EDITs allocated to Duke Energy Kentucky electric should be amortized over 5-years for a revenue reduction of \$43,000. This revenue reduction was included in the rates approved in Case No. 2019-00271. The rates were effective May 1, 2020.

¹ Case No. 2019-00271, *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* (Ky. PSC Apr. 27, 2020), Order at 23.

See the table below for the 5-year amortization schedule.

Year	Months	Amortization	Balance
			\$214,000
2020	7	\$24,967	\$189,033
2021	12	\$42,800	\$146,233
2022	12	\$42,800	\$103,433
2023	12	\$42,800	\$60,633
2024	12	\$42,800	\$17,833
2025	5	\$17,833	0

PERSON RESPONSIBLE: As to objection, Legal
As to response, Lisa D. Steinkuhl

Duke Energy Kentucky
Case No. 2022-00372
Attorney General's First Set Data Requests
Date Received: January 11, 2023

AG-DR-01-140

REQUEST:

Describe how the DEBS EDIT is reflected in the Duke Kentucky electric revenue requirement. Provide the amounts reflected in rate base and/or cost of capital by temporary difference and the related effect on the Duke Kentucky electric revenue requirement, if any. Provide all data, assumptions, and calculations, including electronic workpapers with all formulas intact.

RESPONSE:

The DEBS EDIT amortization was inadvertently not included in the Duke Energy electric revenue requirement in this proceeding. The Commission's order stated that the revenue requirement was to be reduced by the 5-year amortization of the \$214,000 of DEBS EDIT allocated to Duke Energy Kentucky electric not any adjustment to rate base and/or cost of capital. The unamortized balance on June 30, 2023, will be \$82,033. The 5-year amortization of the June 30, 2023, unamortized balance of \$16,407 should have been a reduction in the revenue requirement.

PERSON RESPONSIBLE: Lisa D. Steinkuhl

EXHIBIT ____ (RAF-6)

Duke Energy Kentucky
Case No. 2022-00372
Attorney General's First Set Data Requests
Date Received: January 11, 2023

AG-DR-01-101

REQUEST:

Refer to the Application generally. Provide a schedule of the amortization expense and remaining balance associated with each regulatory asset and regulatory liability for each month for the years 2018 through 2022, and for each month projected for 2023 and continuing through the end of the test year. In addition, provide the amortization period and the corresponding case number in which the Commission approved the recovery and the amortization period, if any. This request is applicable to all regulatory assets and liabilities except for the regulatory asset balances related to the Planned Outage O&M and the Forced Outage Purchased Power.

RESPONSE:

Please see AG-DR-01-101 Attachment.

PERSON RESPONSIBLE: Danielle L. Weatherston

**DEK 2019 Deferred Rate Case Expense Amortization
Per DEK Case No. 2019-00271 (4/27/20)**

Authorized Amount to Recover as of 04/20 order: \$ 339,168.00

KPSC 2008-476;
KPSC 2017-321

To be amortized for 60 months: \$ 5,652.80 (May 2020 to April 2025)

Accounting used from May 2020 to April 2025:

400AM0005 - Monthly entry:					
BU	OU	Resp Center	Account	Debit	Credit
75080	EL02	9928	0928006	5,652.80	
75080	EL02	9928	0186113		5,652.80

Amortization Schedule		Monthly Amount	Amortization in Acct 0186113	Net Balance
	Beg Bal			339,168.00
1	May-20	5,652.80	(5,652.80)	333,515.20
2	Jun-20	5,652.80	(11,305.60)	327,862.40
3	Jul-20	5,652.80	(16,958.40)	322,209.60
4	Aug-20	5,652.80	(22,611.20)	316,556.80
5	Sep-20	5,652.80	(28,264.00)	310,904.00
6	Oct-20	5,652.80	(33,916.80)	305,251.20
7	Nov-20	5,652.80	(39,569.60)	299,598.40
8	Dec-20	5,652.80	(45,222.40)	293,945.60
9	Jan-21	5,652.80	(50,875.20)	288,292.80
10	Feb-21	5,652.80	(56,528.00)	282,640.00
11	Mar-21	5,652.80	(62,180.80)	276,987.20
12	Apr-21	5,652.80	(67,833.60)	271,334.40
13	May-21	5,652.80	(73,486.40)	265,681.60
14	Jun-21	5,652.80	(79,139.20)	260,028.80
15	Jul-21	5,652.80	(84,792.00)	254,376.00
16	Aug-21	5,652.80	(90,444.80)	248,723.20
17	Sep-21	5,652.80	(96,097.60)	243,070.40
18	Oct-21	5,652.80	(101,750.40)	237,417.60
19	Nov-21	5,652.80	(107,403.20)	231,764.80
20	Dec-21	5,652.80	(113,056.00)	226,112.00
21	Jan-22	5,652.80	(118,708.80)	220,459.20
22	Feb-22	5,652.80	(124,361.60)	214,806.40
23	Mar-22	5,652.80	(130,014.40)	209,153.60
24	Apr-22	5,652.80	(135,667.20)	203,500.80
25	May-22	5,652.80	(141,320.00)	197,848.00
26	Jun-22	5,652.80	(146,972.80)	192,195.20
27	Jul-22	5,652.80	(152,625.60)	186,542.40
28	Aug-22	5,652.80	(158,278.40)	180,889.60
29	Sep-22	5,652.80	(163,931.20)	175,236.80
30	Oct-22	5,652.80	(169,584.00)	169,584.00
31	Nov-22	5,652.80	(175,236.80)	163,931.20
32	Dec-22	5,652.80	(180,889.60)	158,278.40
33	Jan-23	5,652.80	(186,542.40)	152,625.60
34	Feb-23	5,652.80	(192,195.20)	146,972.80
35	Mar-23	5,652.80	(197,848.00)	141,320.00
36	Apr-23	5,652.80	(203,500.80)	135,667.20
37	May-23	5,652.80	(209,153.60)	130,014.40

38	Jun-23	5,652.80	(214,806.40)	124,361.60
39	Jul-23	5,652.80	(220,459.20)	118,708.80
40	Aug-23	5,652.80	(226,112.00)	113,056.00
41	Sep-23	5,652.80	(231,764.80)	107,403.20
42	Oct-23	5,652.80	(237,417.60)	101,750.40
43	Nov-23	5,652.80	(243,070.40)	96,097.60
44	Dec-23	5,652.80	(248,723.20)	90,444.80
45	Jan-24	5,652.80	(254,376.00)	84,792.00
46	Feb-24	5,652.80	(260,028.80)	79,139.20
47	Mar-24	5,652.80	(265,681.60)	73,486.40
48	Apr-24	5,652.80	(271,334.40)	67,833.60
49	May-24	5,652.80	(276,987.20)	62,180.80
50	Jun-24	5,652.80	(282,640.00)	56,528.00
51	Jul-24	5,652.80	(288,292.80)	50,875.20
52	Aug-24	5,652.80	(293,945.60)	45,222.40
53	Sep-24	5,652.80	(299,598.40)	39,569.60
54	Oct-24	5,652.80	(305,251.20)	33,916.80
55	Nov-24	5,652.80	(310,904.00)	28,264.00
56	Dec-24	5,652.80	(316,556.80)	22,611.20
57	Jan-25	5,652.80	(322,209.60)	16,958.40
58	Feb-25	5,652.80	(327,862.40)	11,305.60
59	Mar-25	5,652.80	(333,515.20)	5,652.80
60	Apr-25	5,652.80	(339,168.00)	0.00

EXHIBIT ____ (RAF-7)

Duke Energy Kentucky
Case No. 2022-00372
Attorney General's Second Set Data Requests
Date Received: February 16, 2023

AG-DR-02-047

REQUEST:

Refer to the determination of 2021 property tax expense of \$15,652,921 in Duke Kentucky's response to the Attorney General's First Request, Item 141, Attachment 1, as well as the escalated property tax amounts for calendar years 2022 through 2024. Refer also to the property tax expense amount of \$14,497,979 provided for the electric operations in 2021 in the attachment of Duke Kentucky's response to the Commission Staff's First Request, Item 53.

- a. Explain all reasons why the two amounts provided for 2021 differ.
- b. Indicate whether the amounts included in Duke Kentucky's response to the Attorney General's First Request, Item 141, Attachment 1 represent only electric operations amounts. If not, explain and provide the electric operations only amounts.
- c. Provide the quantifications in electronic format with all formulas in place used to escalate property tax expense by 14.60% in 2022, 5.26% in 2023, and 9.80% in 2024. Be sure to include the assumed net plant values at the beginning of each year and the effective tax rates used in the quantifications.
- d. Provide the amount of property tax expense recorded in account 408120 for the electric operations division for each month starting January 2019 through the most recent month with available information, including months in 2023.

RESPONSE:

- a. The amount of \$14,497,979 is expense recorded in 2021 related to tax years

2020 and 2021. The amount of \$15,652,921 is the estimated property tax related to 2021 provided by the various assessing authorities.

b. The \$15,652,921 represents the estimated property tax liability for 2021 value assessments for Duke Energy Kentucky's electric operations and common assets. The electric only amount is \$15,620,178.

c. Please see AG-DR-02-047 Attachment.

d. Please see AG-DR-02-047 Attachment.

PERSON RESPONSIBLE: John R. Panizza

Duke Energy Kentucky
 Case No. 2022-00372
 Attorney General's Second Set Data Requests
 Date Received: February 17, 2023
 AG-DR-02-047

Refer to the determination of 2021 property tax expense of \$15,652,921 in Duke Kentucky's response to the Attorney General's First Request, Item 141, Attachment 1, as well as the escalated property tax amounts for calendar years 2022 through 2024. Refer also to the property tax expense amount of \$14,497,979 provided for the electric operations in 2021 in the attachment of Duke Kentucky's response to the Commission Staff's First Request, Item 53.

c. Provide the quantifications in electronic format with all formulas in place used to escalate property tax expense by 14.60% in 2022, 5.26% in 2023, and 9.80% in 2024. Be sure to include the assumed net plant values at the beginning of each year and the effective tax rates used in the quantifications.

	Property Tax Year 2021	Property Tax Year 2022	Property Tax Year 2023	Property Tax Year 2024
Projected Total Property, Plant and Equipment (Includes Gas)	2,944,372,875	3,081,412,057	3,198,529,338	3,366,925,663
Duke Energy Kentucky - Kentucky Electric				
Gross Tax Estimate	12,988,508	14,541,264	15,326,264	16,950,325
2021 DEK Electric Effective Tax Rate	0.4411%	0.4411%	0.4411%	0.4411%
Rolling Average of Projected Operating Income Increase		4.88%	6.49%	11.89%
Projected Property Tax Rate Increase		2.00%	2.00%	2.00%
Projected Electric Effective Tax Rate		0.47190%	0.47917%	0.50344%
Duke Energy Kentucky - North Carolina Common and Ohio Electric				
Tax Estimate	3,888,798	4,151,189	4,308,966	4,535,824
2021 Effective Tax Rate	0.1321%	0.1321%	0.1321%	0.1321%
Projected Tax Rate Increase		2.00%	2.00%	2.00%
Projected Effective Tax Rate		0.13472%	0.13472%	0.13472%
Duke Energy Kentucky - West Virginia Common				
Tax Estimate	13,153	13,664	13,664	13,664
Duke Energy Kentucky - Kentucky Electric Tax Planning				
Estimated Tax Savings	(1,237,537)	(767,593)	(767,593)	(767,593)
Duke Energy Kentucky - Total Electric and Common				
Total Tax Estimate	15,652,922	17,938,525	18,881,302	20,732,221
Year over Year Increase		14.60%	5.26%	9.80%

d. Provide the amount of property tax expense recorded in account 408120 for the electric operations division for each month starting January 2019 through the most recent month with available information, including months in 2023.

Month/Year	Account	Net Activity
01-2019	0408121	481,692.90
01-2019	0408040	7,548.00
02-2019	0408121	908,083.00
02-2019	0408040	7,548.00
03-2019	0408121	908,083.00
03-2019	0408040	7,548.00
04-2019	0408121	908,083.00
04-2019	0408040	7,548.00
05-2019	0408121	908,151.02
05-2019	0408040	7,548.00

06-2019	0408121	908,083.00
06-2019	0408040	7,548.00
07-2019	0408121	908,083.00
07-2019	0408040	7,548.00
08-2019	0408121	908,083.00
08-2019	0408040	7,548.00
09-2019	0408121	908,083.00
09-2019	0408040	7,548.00
10-2019	0408121	908,083.00
10-2019	0408040	7,548.00
11-2019	0408121	908,083.00
11-2019	0408040	7,548.00
12-2019	0408121	671,638.76
12-2019	0408040	(9,484.44)
2019 Total		10,307,773.24

Month/Year	Account	Net Activity
01-2020	0408121	1,047,917.00
01-2020	0408040	6,960.00
02-2020	0408121	1,047,917.00
02-2020	0408040	6,960.00
03-2020	0408121	815,582.10
03-2020	0408040	6,960.00
04-2020	0408121	1,047,917.00
04-2020	0408040	6,960.00
05-2020	0408121	1,047,917.00
05-2020	0408040	6,960.00
06-2020	0408121	1,047,917.00
06-2020	0408040	6,960.00
07-2020	0408121	1,047,917.00
07-2020	0408040	6,960.00
08-2020	0408121	1,047,917.00
08-2020	0408040	6,960.00
09-2020	0408121	503,761.60
09-2020	0408040	6,960.00
10-2020	0408121	1,047,917.00
10-2020	0408040	6,960.00
11-2020	0408121	1,047,917.00
11-2020	0408040	6,960.00
12-2020	0408121	626,674.77
12-2020	0408040	2,916.78
2020 Total		11,456,748.25

Month/Year	Account	Net Activity
01-2021	0408000	6,900.00
01-2021	0408121	1,047,917.00
02-2021	0408000	6,900.00
02-2021	0408121	1,284,931.00
03-2021	0408000	6,900.00
03-2021	0408121	1,166,424.00
04-2021	0408000	6,900.00
04-2021	0408121	1,166,424.00
05-2021	0408000	6,900.00
05-2021	0408121	1,166,424.00
06-2021	0408000	6,900.00
06-2021	0408121	1,166,424.00
07-2021	0408000	6,900.00
07-2021	0408121	1,166,424.00
08-2021	0408000	6,900.00
08-2021	0408121	1,166,424.00
09-2021	0408000	6,900.00
09-2021	0408121	1,166,424.00

10-2021	0408000	6,900.00
10-2021	0408121	1,166,424.00
11-2021	0408000	6,900.00
11-2021	0408121	1,166,424.00
12-2021	0408000	61,788.42
12-2021	0408121	1,529,626.56
2021 Total		14,497,978.98

<u>Month/Year</u>	<u>Account</u>	<u>Net Activity</u>
01-2022	0408000	8,236.00
01-2022	0408121	1,166,424.00
02-2022	0408000	8,236.00
02-2022	0408121	1,215,092.00
03-2022	0408000	8,236.00
03-2022	0408121	1,533,412.00
04-2022	0408000	8,236.00
04-2022	0408121	1,304,976.00
05-2022	0408000	8,236.00
05-2022	0408121	1,304,976.00
06-2022	0408000	8,236.00
06-2022	0408121	1,304,976.00
07-2022	0408000	8,236.00
07-2022	0408121	1,304,976.00
08-2022	0408000	8,236.00
08-2022	0408121	1,304,976.00
09-2022	0408000	8,236.00
09-2022	0408121	1,204,819.00
10-2022	0408000	8,236.00
10-2022	0408121	1,304,976.00
11-2022	0408000	8,236.00
11-2022	0408121	1,304,976.00
12-2022	0408000	(47,208.26)
12-2022	0408121	1,211,846.29
2022 Total		15,509,813.03

<u>Month/Year</u>	<u>Account</u>	<u>Net Activity</u>
01-2023	0408121	1,304,976.00
01-2023	0408000	7,524.00
2023 Total as of 2.20.23		1,312,500.00

EXHIBIT ____ (RAF-8)

Duke Energy Kentucky
Case No. 2022-00372
Attorney General's Second Set Data Requests
Date Received: February 16, 2023

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.

RESPONSE:

a. Please see AG-DR-02-040 Attachment 1 for an electronic copy of Duke Energy Kentucky's most recent environmental surcharge filing with the Commission in electronic format with all formulas intact.

b. Please see AG-DR-02-040 Attachment 2 for a copy of Duke Energy Kentucky's Environmental Surcharge Report filed with the Commission on December 16, 2022, for the expense month of November 2022.

c. Confirmed. The capital projects listed on ES Form 2.10 are the only plant-related projects that were rolled into the projected rate base amounts in the Company's

pending Application.

d. Confirmed. All of the capital projects on ES Form 2.10 have been completed.

e. Confirmed. The recovery of costs through Rider ESM is done so using quantifications from historic period costs and not projected costs.

f. The reduction in the Rider ESM recovery will be concurrent with the corresponding increase in base rates related to the roll in.

g. Please see AG-DR-02-040 Attachment 3, page 1, for a 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.

h. Please see AG-DR-01-112 Attachment 1 and AG-DR-01-112 Attachment 2 for the roll forward of the historic gross plant and accumulated depreciation reserve balances included in the Rider ESM to the projected amounts as of June 2023. Please see AG-DR-02-040 Attachment 3, page 2, for the roll forward of the projected June 2023 gross plant and accumulated depreciation reserve balances to the projected June 2024 balances. Please see AG-DR-02-040 Attachment 3, page 3, for the roll forward of the projected ADIT balances.

PERSON RESPONSIBLE: Lisa D. Steinkuhl

DUKE ENERGY KENTUCKY, INC.
ESM REVENUE REQUIREMENT
FOR THE TWELVE MONTHS ENDED JUNE 30, 2024

LINE NO.	RATE BASE COMPONENT	CITATIONS TO APPLICATION SCHEDULES	SUPPORT SCHEDULE	13 MONTH AVG. FORECAST PERIOD
1	Adjusted Jurisdictional Plant in Service	B-2 / B-2.1	Page 2, Column (A), Line 14	\$67,432,275
2	Accumulated Depreciation and Amortization	B-3	Page 2, Column (D), Line 14 + Line 18	<u>(\$8,686,596)</u>
3	Net Plant in Service (Line 1 + Line 2)			\$58,745,679
4	Deferred Income Taxes	B-6 / WPB-6	Page 3, Column (A), Line 5	<u>(4,950,607)</u>
5	Jurisdictional Rate Base (Line 3 + Line 4)			\$53,795,072
6	Rate of Return	A-1		7.526%
7	Return on Rate Base (Line 5 * Line 6)			\$4,048,617
8	Depreciation Expense	C-2	Page 2, Column (C), Line 15	4,248,233
9	State & Other Taxes -Property Tax (Line 3 * 1.288332%)	C-2		<u>753,895</u>
10	Operating Income Defeciency (Line 7 + Line 8 + Line 9)			\$9,050,745
11	Gross Revenue Conversion Factor	A-1		1.3342383
12	Revenue Deficiency (Line 10 * Line 11)			<u><u>\$12,075,851</u></u>

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

Line Number	Forecast Period	Plant in Service FERC Acct 311	Depreciation Expense ^b	Accumulated Depreciation
	(A)	(B)	(C)	(D)
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	13 Month Average	<u>67,432,275</u>		<u>8,686,596</u>
15	7/2023-6/2024 Annual		4,248,233	
16	Proposed Depreciation Rate per Schedule B-3.2			6.30%

^a June 2023 balances per AG-DR-01-100 Attachment 2

^b Depreciation expense base on the proposed depreciation rate from the Schedule B-3.2 and the depreciation study.

DUKE ENERGY KENTUCKY, INC.
 ENVIRONMENTAL SURCHARGE REPORT
 PROJECTED ADIT


		June 2023-June 2024					13 MONTH AVERAGE													
		13 Month Average ADIT																		
Line #		Jan '23	Feb '23	Mar '23	Apr '23	May '23	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)	(1,244,566)	(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)	(1,187,479)	(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	EB021261 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)

AFFIDAVIT

STATE OF GEORGIA)

COUNTY OF FULTON)

RANDY A. FUTRAL, being duly sworn, deposes and states: that the attached is his sworn testimony and that the statements contained are true and correct to the best of his knowledge, information and belief.



Randy A. Futral

Sworn to and subscribed before me on this
10th day of March 2023.



Notary Public

