

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

The Application of Duke Energy Kentucky, )  
Inc., for an Adjustment to Rider PMM Rates ) Case No. 2023-00209  
and for Tariff Approval )

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**APPLICATION**

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Now comes Duke Energy Kentucky, Inc. (Duke Energy Kentucky or the Company), pursuant to KRS 278.030(1), 278.040(2), 278.509, 807 KAR 5:001, Section 14, and other applicable law, and hereby respectfully requests approval from the Kentucky Public Service Commission (Commission) to adjust its Pipeline Modernization Mechanism (Rider PMM) annual projections, charges, and tariff. In support of this Application, Duke Energy Kentucky respectfully states as follows:

**Introduction**

1. Duke Energy Kentucky is an investor-owned utility engaged in the business of furnishing natural gas and electric services to various municipalities and unincorporated areas in Boone, Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton Counties in the Commonwealth of Kentucky.

2. Pursuant to 807 KAR 5:001, Section 14(2), Duke Energy Kentucky is a Kentucky corporation originally incorporated on March 20, 1901 and a public utility as that term is defined in KRS 278.010(3). The Company attests that it is currently in good standing and is subject to the Commission’s jurisdiction. A certified copy of Duke Energy Kentucky’s certificate of good standing from the Kentucky Secretary of State and a

certificate for the following assumed name: “Duke Energy” is on file with the Kentucky Secretary of State and on file with the Commission in Case No. 2022-00372.<sup>1</sup> In addition, the Company has attached as Exhibit 1 a certified Certificate of Existence dated June 30, 2023.

3. Pursuant to 807 KAR 5:001, Section 14(1), Duke Energy Kentucky's business address is 139 East Fourth Street, Cincinnati, Ohio 45202. Duke Energy Kentucky's local office in Kentucky is Duke Energy Erlanger Ops Center, 1262 Cox Road, Erlanger, Kentucky 41018.

4. Copies of all orders, pleadings and other communications related to this proceeding should be sent to:

Rocco O. D’Ascenzo  
Deputy General Counsel  
Duke Energy Kentucky, Inc.  
139 E. 4<sup>th</sup> St., Cincinnati, OH 45202  
Rocco.D’Ascenzo@duke-energy.com  
[KYfilings@duke-energy.com](mailto:KYfilings@duke-energy.com)

5. On December 28, 2021, the Commission approved the Company’s PMM initiative as part of the settlement in Case No. 2021-00190 (2021 Natural Gas Rate Case). As stipulated, Rider PMM provides incremental cost recovery for pipeline replacement projects that are necessitated by the United States Pipeline and Hazardous Materials Safety Administration (PHMSA) for pipeline integrity.<sup>2</sup> The PMM shall be adjusted annually for

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<sup>1</sup> *In the Matter of the 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*, Application, Case No. 2022-00372 (Ky.PSC Dec. 1, 2022).

<sup>2</sup> *In the Matter of the Electronic Application of Duke Energy Kentucky, Inc., for: 1) An Adjustment of the Natural Gas Rates; 2) Approval of new Tariffs, and 3) All Other Required Approvals, Waivers, and Relief*, Order, Case No. 2021-00190 (Ky.PSC Dec. 28, 2021).

capital placed in service following the test year in the 2021 Natural Gas Rate Case.<sup>3</sup> The first Rider PMM adjustment was agreed be filed no earlier than July 1, 2022, with rates effective January 1, 2023. Rider PMM is subject to an annual revenue requirement cap of no more than a five percent increase in natural gas revenues per year.<sup>4</sup> The rate of return attached to Rider PMM includes a 9.3 percent ROE.<sup>5</sup>

6. In its Order, the Commission approved Rider PMM, within an initial limitation to the Company's AM07 Pipeline, and conditional upon receiving a certificate of public convenience and necessity (CPCN) by the Commission.<sup>6</sup>

7. AM07 is a 24 inch transmission line located north of Big Bone, Kentucky, near the I-275 corridor in Northern Kentucky, and is the backbone of Duke Kentucky's natural gas system.<sup>7</sup> AM07 was constructed in the 1950's and is made of vintage materials that are no longer industry standard. As a result, the AM07 pipeline cannot be inspected for internal corrosion and records indicate that it does not meet current PHMSA standards<sup>8</sup> for traceable and verifiable and complete records. Accordingly, the Company needs to replace approximately 14 miles of AM07 in sections over the next seven years at a total cost of \$201.6 million.

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<sup>3</sup> *Id.*, p. 23.

<sup>4</sup> *Id.*, p. 21. Natural gas revenues from this case, including base revenues, gas cost revenues and miscellaneous revenues would be the baseline for measuring this five percent cap. Additional capital that results in an increase over five percent would be eligible for the creation of a regulatory asset.

<sup>5</sup> *Id.*, p. 15.

<sup>6</sup> *Id.*, p. 23.

<sup>7</sup> *Id.*, pp. 21-23.

<sup>8</sup> *Id.*

8. On March 28, 2022, Duke Energy Kentucky filed its application for a CPCN for approval of phase one of its AM07 pipeline replacement (Phase One).<sup>9</sup> Following a robust investigation, the Commission approved the Company's Phase One CPCN by Order dated February 24, 2023, in Case No. 2022-00084.<sup>10</sup>

9. On August 1, 2022, the Company filed its Application in Case No. 2022-00229, to set the initial rate for Rider PMM to recover the projected costs of Phase One.

10. By Order dated May 26, 2023, the Commission approved the Company's Application to set Rider PMM, subject to certain modifications.<sup>11</sup> Among other things, these modifications included: 1) adjusting the rates to reflect the effective date being later than expected; 2) adjustments to the rate design to implement a volumetric-based rate instead of a fixed charge for future Rider PMM residential and general service customers beginning with 2024 Rider PMM rates;<sup>12</sup> 3) a revenue requirement true-up;<sup>13</sup> and 4) tariff language changes.<sup>14</sup>

11. On June 28, 2023, Duke Energy Kentucky filed its application for a CPCN for approval of phase two of its AM07 pipeline replacement.

12. Consistent with the Commission's Order, the rates of Rider PMM will go into effect no earlier than January 1, 2024 and are conditioned upon approval of the CPCN for AM07. Accordingly, the Company makes this Application so that if the Commission

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<sup>9</sup> *In the Matter of the Application of Duke Energy Kentucky, Inc., for a Certification of Public Convenience and Necessity Authorizing the Phase One Replacement of the AM07 Pipeline*, Application, Case No. 2022-00084 (Ky.PSC Mar. 28, 2022).

<sup>10</sup> *Id.*, Order (Ky. PSC Feb. 24, 2024).

<sup>11</sup> *In the Matter of the Application of Duke Energy Kentucky, Inc., for an Adjustment to Rider PMM Rates and for Tariff Approval*, Order, Case No. 2022-00229 (Ky. PSC May 26, 2023).

<sup>12</sup> *Id.*, p. 8.

<sup>13</sup> *Id.*, p. 9.

<sup>14</sup> *Id.*

approves the pending CPCN, rates could become effective consistent with the Commission's Order and the settlement approved in the 2021 Natural Gas Rate Case.

13. The Rider PMM rates that Duke Energy Kentucky seeks to implement beginning January 2024 are reflected in the Company's tariff, Ky.P.S.C. Gas No. 2 Rider PMM, Pipeline Modernization Mechanism, Third Revised Sheet No. 66, as attached hereto as Exhibit 2.

14. Pursuant to the Commission's Order in Case No. 2022-00229, Duke Energy Kentucky is including its PMM projections for 2024 and a volumetric-based rate design. This information is attached hereto as Exhibit 3.

WHEREFORE, Duke Energy Kentucky respectfully requests that its PMM Rider annual projections be approved as requested herein.

Respectfully submitted,

/s/Rocco O. D'Ascenzo

Rocco O. D'Ascenzo (92796)

Deputy General Counsel

Larisa M. Vaysman (98944)

Senior Counsel

Duke Energy Business Services LLC

139 East Fourth Street, 1303-Main

Cincinnati, Ohio 45202

Phone: (513) 287-4320

Fax: (513) 370-5720

rocco.d'ascenzo@duke-energy.com

*Counsel for Duke Energy Kentucky, Inc.*

**CERTIFICATE OF SERVICE**

This is to certify that the foregoing electronic filing is a true and accurate copy of the document in paper medium; that the electronic filing was transmitted to the Commission on July 3, 2023; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that submitting the original filing to the Commission in paper medium is no longer required as it has been granted a permanent deviation.<sup>15</sup>

John G. Horne, II  
The Office of the Attorney General  
Utility Intervention and Rate Division  
700 Capital Avenue, Ste 118  
Frankfort, Kentucky 40601-8204

*/s/Rocco O. D'Ascenzo* \_\_\_\_\_  
*Counsel for Duke Energy Kentucky, Inc.*

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<sup>15</sup>*In the Matter of Electronic Emergency Docket Related to the Novel Coronavirus COVID-19, Order, Case No. 2020-00085 (Ky. PSC July 22, 2021).*

**Commonwealth of Kentucky**  
**Michael G. Adams, Secretary of State**

Michael G. Adams  
Secretary of State  
P. O. Box 718  
Frankfort, KY 40602-0718  
(502) 564-3490  
<http://www.sos.ky.gov>

**Certificate of Existence**

Authentication number: 293492

Visit <https://web.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

**DUKE ENERGY KENTUCKY, INC.**

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is March 20, 1901 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 30<sup>th</sup> day of June, 2023, in the 232<sup>nd</sup> year of the Commonwealth.



*Michael G. Adams*

Michael G. Adams  
Secretary of State  
Commonwealth of Kentucky  
293492/0052929

No. 66

Cancelling and Superseding  
~~First-Second~~ Sheet No. 66  
Page 1 of 1

Duke Energy Kentucky, Inc.  
1262 Cox Road  
Erlanger, Kentucky 41018

**RIDER PMM**

**PIPELINE MODERNIZATION MECHANISM**

**APPLICABILITY**

Applicable to all customers receiving service under Rate RS, Residential Service, Rate GS, General Service, Rate IT, Interruptible Transportation, and Rate FT-L, Firm Transportation.

**RATE**

Customers shall be assessed a surcharge or credit to enable the Company to recover costs associated with compliance with regulations promulgated by the U.S. Department of Transportation Pipeline and Hazardous Materials Administration, as approved by the Kentucky Public Service Commission. The monthly billing amount calculated for each rate schedule for which this rider is eligible shall increase or decrease as shown below. This Rider shall initially be limited to the Company's AM07 Project, which is subject to approval of a certificate of public convenience and necessity by the Kentucky Public Service Commission. This Rider will not reflect costs for other pipeline projects unless approved by the Kentucky Public Service Commission.

(D)

PMM Surcharge or Credit per Ccf

Residential (Rate RS)	\$ <del>1.150.08</del> / <del>Month</del> Ccf
General Service (Rate GS)	\$ <del>2.080.02</del> / <del>Month</del> Ccf
Firm Transportation – Large (Rate FT-L)	\$ <del>0.00022-00072</del> / Ccf
Interruptible Transportation (Rate IT)	\$ <del>0.00020-00079</del> / Ccf

(IN)

(IN)

(I)

(I)

**TERM**

The Rider PMM rates shown on this page will be effective until the earlier of the effective date of new base rates or until future order by the Commission to modify or eliminate the rider.

**SERVICE REGULATIONS**

The supplying of, and billing for, service and all conditions applying thereto are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission as provided by law.

Issued by authority of an Order of the Kentucky Public Service  
Commission dated May 26, 2023, in Case No. 2022-002292023-00209.  
Issued: June 2, 2023  
Effective: June 8 January xx, 20232024  
Issued by Amy B. Spiller, President /s/ Amy B. Spiller



Duke Energy Kentucky, Inc.  
 1262 Cox Road  
 Erlanger, Kentucky 41018

**RIDER PMM**

**PIPELINE MODERNIZATION MECHANISM**

**APPLICABILITY**

Applicable to all customers receiving service under Rate RS, Residential Service, Rate GS, General Service, Rate IT, Interruptible Transportation, and Rate FT-L, Firm Transportation.

**RATE**

Customers shall be assessed a surcharge or credit to enable the Company to recover costs associated with compliance with regulations promulgated by the U.S. Department of Transportation Pipeline and Hazardous Materials Administration, as approved by the Kentucky Public Service Commission. The monthly billing amount calculated for each rate schedule for which this rider is eligible shall increase or decrease as shown below. This Rider shall initially be limited to the Company's AM07 Project, which is subject to approval of a certificate of public convenience and necessity by the Kentucky Public Service Commission. This Rider will not reflect costs for other pipeline projects unless approved by the Kentucky Public Service Commission.

PMM Surcharge or Credit per Ccf

Residential (Rate RS)	\$0.08 / Ccf	(N)
General Service (Rate GS)	\$0.02 / Ccf	(N)
Firm Transportation – Large (Rate FT-L)	\$0.00072 / Ccf	(I)
Interruptible Transportation (Rate IT)	\$0.00079 / Ccf	(I)

**TERM**

The Rider PMM rates shown on this page will be effective until the earlier of the effective date of new base rates or until future order by the Commission to modify or eliminate the rider.

**SERVICE REGULATIONS**

The supplying of, and billing for, service and all conditions applying thereto are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission as provided by law.

Issued by authority of an Order of the Kentucky Public Service Commission dated \_\_\_\_\_, in Case No. 2023-00209.

Issued: \_\_\_\_\_, 2023

Effective: January xx, 2024

Issued by Amy B. Spiller, President /s/ Amy B. Spiller

**Duke Energy Kentucky  
Pipeline Modernization Mechanism ("Rider PMM")  
Forecasted Period Ending December 31, 2024  
Table of Contents**

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

**Duke Energy Kentucky  
Pipeline Modernization Mechanism ("Rider PMM")  
Rider PMM by Rate Schedule  
Schedule 1.0**

Line No.	Rate Schedule	(A)	Weighted	2024 Projected	XXXX True Up	Total	Billing	Monthly
			Gross Distribution Plant Approved KyPSC Case No. 2021-00190	Revenue Requirement	Revenue Requirement		Determinants per CCF	Rider PMM
			(B)	(C)	(D)	(E)	(F)	(G)
1	RS- Residential		86.932%	\$ 5,171,523	\$ -	\$ 5,171,523	62,819,790	\$ 0.08 Per CCF <sup>(1)</sup>
2	GS - General Service		12.506%	743,973	-	743,973	34,579,970	\$ 0.02 Per CCF <sup>(1)</sup>
3	FT - Firm Transportation (Includes DGS)		0.341%	20,286	-	20,286	28,343,860	\$ 0.00072 Per CCF
4	IT - Interruptible Transportation		0.221%	13,147	-	13,147	16,745,680	\$ 0.00079 Per CCF
5	Total		100.000%	\$ 5,948,929	\$ -	\$ 5,948,929		
				Sch. 1.1	Sch. 4.1		Sch. 3.0	

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

<sup>(1)</sup> Per Order 2022-00229, all Rider PMM rates should be in volumetric format for the 2024 calendar year.

**Duke Energy Kentucky**  
**Pipeline Modernization Mechanism ("Rider PMM")**  
**Forecasted PMM Revenue Requirement for 2024**  
**Schedule 1.1**

<u>Line No.</u>	<u>(A)</u>	<u>PMM Investment December 31, 2024 (B)</u>	<u>Reference (C)</u>
<b>Return on Investment</b>			
<b><u>Rate Base</u></b>			
1	Net PMM Investment - Property, Plant and Equipment	\$ 55,703,133	Sch. 2.2
2	Cost of Removal	734,003	Sch. 2.2
3	Accumulated Reserve for Depreciation	(334,197)	Sch. 2.0
4	Net PP&E	56,102,939	
5	Accumulated Deferred Taxes on Liberalized Depreciation	(925,544)	Sch. 2.1
6	Net Rate Base	55,177,394	Line 4 + Line 5
7	Authorized Rate of Return, Adjusted for Income Taxes	8.087%	Sch. 1.2
8	Required Return on PMM Related Investment	\$ 4,462,196	Line 6 * Line 7
<b><u>Operating Expenses</u></b>			
9	Depreciation	\$ 770,774	Sch. 2.0
10	Property Tax <sup>(1)</sup>	707,077	Line 4 * 1.26032%
11	PSC Assessment <sup>(2)</sup>	8,882	(Sum Line 8 thru 10) * (0.1493% / (1-0.1493%))
12	Total Operating Expenses	1,486,733	Sum Lines 9 thru 11
13	<b><u>Total Annual Revenue Requirement</u></b>	<b>\$ 5,948,929</b>	Line 8 + Line 12

## Notes:

(1) Property taxes estimated using an effective rate of 1.26032%

(2) PSC Assessment using Fiscal Year 2021 rate of 0.1493%

**Duke Energy Kentucky**  
**Pipeline Modernization Mechanism ("Rider PMM")**  
**Cost of Capital**  
**Schedule 1.2**

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

Capital structure and cost of debt approved in Case No. 2021-00190

Return on equity approved in Case No. 2021-00190 for use in natural gas capital riders

Duke Energy Kentucky  
 Pipeline Modernization Mechanism ("Rider PMM")  
 Depreciation  
 Schedule 2.0

Line No.	Description (A)	Acct Number (B)	(C)	EOY 2023 (D)	Projected 2024 Additions												EOY 2024 (Q)	
					Jan (E)	Feb (F)	Mar (G)	Apr (H)	May (I)	Jun (J)	Jul (K)	Aug (L)	Sep (M)	Oct (N)	Nov (O)	Dec (P)		
<b>Gas Plant Investments <sup>(1)(2)</sup></b>																		
<b>Additions</b>																		
1	Mains - Feeder	376		\$ 22,477,541	\$ 100,800	\$ 61,600	\$ 81,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,382,200	\$ 4,354,632	\$ 2,744,264	\$ 430,272	\$ 65,632,821	
2	System M&R Station Equipment	378		\$ 14,129,852	\$ 56,000	\$ 33,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,219,452	
3	Land and Land Rights	374		\$ 5,354,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,315,829	\$ -	\$ -	\$ -	\$ 9,670,424	
4	Total Additions			\$ 41,961,988	\$ 156,800	\$ 95,200	\$ 81,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,698,029	\$ 4,354,632	\$ 2,744,264	\$ 430,272	\$ 89,522,697	
<b>Retirements</b>																		
5	Mains - Feeder	376		\$ 142,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,459	\$ -	\$ -	\$ -	\$ 401,459	
6	System M&R Station Equipment	378		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
7	Land and Land Rights	374		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
8	Total Retirements			\$ 142,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,459	\$ -	\$ -	\$ -	\$ 401,459	
<b>Cost of Removal</b>																		
9	Mains - Feeder	376		\$ 304,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,267,659	\$ 121,019	\$ 74,924	\$ -	\$ 1,768,102	
10	System M&R Station Equipment	378		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
11	Land and Land Rights	374		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
12	Total Cost of removal			\$ 304,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,267,659	\$ 121,019	\$ 74,924	\$ -	\$ 1,768,102	
<b>Accumulated Depreciation Reserve</b>																		
				<b>Annual Depreciation Rate</b>	<b>EOY 2023</b>	<b>Projected 2024 Depreciation Expense</b>												<b>13 month Average</b>
						Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
<b>Additions</b>																		
13	Mains - Feeder	376	1.49%	\$ -	\$ 27,910	\$ 28,035	\$ 28,111	\$ 28,212	\$ 28,212	\$ 28,212	\$ 28,212	\$ 28,212	\$ 28,212	\$ 28,212	\$ 72,145	\$ 77,552	\$ 80,960	
14	System M&R Station Equipment	378	2.04%	\$ -	\$ 24,021	\$ 24,116	\$ 24,173	\$ 24,173	\$ 24,173	\$ 24,173	\$ 24,173	\$ 24,173	\$ 24,173	\$ 24,173	\$ 24,173	\$ 24,173	\$ 24,173	
15	Land and Land Rights	374	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
16	Total Additions			\$ -	\$ 51,931	\$ 52,151	\$ 52,284	\$ 52,385	\$ 52,385	\$ 52,385	\$ 52,385	\$ 52,385	\$ 52,385	\$ 52,385	\$ 96,318	\$ 101,725	\$ 105,133	
<b>Retirements</b>																		
17	Mains - Feeder	376	1.49%	\$ -	\$ 176	\$ 176	\$ 176	\$ 176	\$ 176	\$ 176	\$ 176	\$ 176	\$ 176	\$ 176	\$ 498	\$ 498	\$ 498	
18	System M&R Station Equipment	378	2.04%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
19	Land and Land Rights	374	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
20	Total Retirements			\$ -	\$ 176	\$ 176	\$ 176	\$ 176	\$ 176	\$ 176	\$ 176	\$ 176	\$ 176	\$ 176	\$ 498	\$ 498	\$ 498	
21	<b>Total Accumulated Depreciation Reserve</b>			\$ -	\$ 51,755	\$ 103,730	\$ 155,838	\$ 208,047	\$ 260,256	\$ 312,465	\$ 364,674	\$ 416,883	\$ 469,092	\$ 564,912	\$ 666,139	\$ 770,774	\$ 334,197	

Notes:  
 (1) See Schedule 2.2 for detail of 2024 PMM eligible additions.  
 (2) Phase 1 AM07 is estimated to be in-service in December 2023.

**Duke Energy Kentucky  
 Pipeline Modernization Mechanism ("Rider PMM")  
 Deferred Taxes on Liberalized Depreciation  
 Schedule 2.1**

ADFIT balance when proration is applied

2024 Projection Filing	A	B	C	A + B + C = D	A * 9.5% = E	B * 7.219% = F	A * 5% = G	B * 3.75% = H	E + F + G + H = I	J	I - J = K	L	M	N	(K * N) / M = N	O
Month	Book Adds/Retires - 15 YR MACRS	Book Adds/Retires - 20 YR MACRS	Book Adds/Retires - Non-Depreciable Land	Total Book Additions/Retirements	1st Yr 15 Yr MACRS for Tax - 9.5%	1st Yr 20 Yr MACRS for Tax - 7.219%	1st Yr 15 Yr MACRS for Tax - 5%	1st Yr 20 Yr MACRS for Tax - 3.75%	Total MACRS Depreciation	Book Depreciation	Book/Tax Difference	Accumulated Book/Tax Difference	Days to Prorate	Future Days in Period	Prorated Book/Tax Difference	Prorated Accumulated Book/Tax Difference
Dec-23	\$ 22,335,541	14,129,852	\$ 5,354,595	\$ 41,819,988			1,116,777	529,869	1,646,647	-	1,646,647					
projected Jan-24	100,800	56,000	-	156,800	176,823	85,003	420	175	262,421	51,754	210,667	1,857,313	31	335	193,352	1,839,998
projected Feb-24	61,600	33,600	-	95,200	176,823	85,003	700	290	262,815	51,974	210,841	2,068,154	28	307	177,338	2,017,336
projected Mar-24	81,512	-	-	81,512	176,823	85,003	1,108	290	263,223	52,108	211,115	2,279,269	31	276	159,638	2,176,973
projected Apr-24	-	-	-	-	176,823	85,003	1,108	290	263,223	52,209	211,014	2,490,283	30	246	142,217	2,319,191
projected May-24	-	-	-	-	176,823	85,003	1,108	290	263,223	52,209	211,014	2,701,297	31	215	124,296	2,443,487
projected Jun-24	-	-	-	-	176,823	85,003	1,108	290	263,223	52,209	211,014	2,912,311	30	185	106,952	2,550,439
projected Jul-24	-	-	-	-	176,823	85,003	1,108	290	263,223	52,209	211,014	3,123,324	31	154	89,030	2,639,469
projected Aug-24	-	-	-	-	176,823	85,003	1,108	290	263,223	52,209	211,014	3,334,338	31	123	71,109	2,710,578
projected Sep-24	35,122,741	-	4,315,829	39,438,570	176,823	85,003	440,142	290	702,257	52,209	650,048	3,984,386	30	93	165,629	2,876,207
projected Oct-24	4,354,632	-	-	4,354,632	176,823	85,003	512,719	290	774,834	95,820	679,014	4,663,401	31	62	115,339	2,991,546
projected Nov-24	2,744,264	-	-	2,744,264	176,823	85,003	581,326	290	843,441	101,227	742,214	5,405,615	30	32	65,071	3,056,617
projected Dec-24	430,272	-	-	430,272	176,823	85,003	602,839	290	864,955	104,634	760,320	6,165,935	31	1	2,083	3,058,700
<b>Total</b>	<b>65,231,362</b>	<b>14,219,452</b>	<b>9,670,424</b>	<b>89,121,238</b>	<b>2,121,876</b>	<b>1,020,034</b>	<b>3,261,568</b>	<b>533,229</b>	<b>6,936,708</b>	<b>770,773</b>	<b>6,165,935</b>		<b>365</b>		<b>1,412,054</b>	
	Sch. 2.0	Sch. 2.0	Sch. 2.0	Sch. 2.0						Sch. 2.0					Tax Rate	24.925%
															<b>Forecasted ADIT</b>	<b>762,381</b> Book vs Tax Depreciation

Month	Cost of Removal Book/Tax Difference	Accumulated Book/Tax Difference	Days to Prorate	Future Days in Period	Prorated 2024 Book/Tax Difference	Prorated Accumulated Book/Tax Difference	
Dec-23	304,500	304,500	n/a	n/a	n/a	304,500	
projected Jan-24	-	304,500	31	335	-	304,500	
projected Feb-24	-	304,500	28	307	-	304,500	
projected Mar-24	-	304,500	31	276	-	304,500	
projected Apr-24	-	304,500	30	246	-	304,500	
projected May-24	-	304,500	31	215	-	304,500	
projected Jun-24	-	304,500	30	185	-	304,500	
projected Jul-24	-	304,500	31	154	-	304,500	
projected Aug-24	-	304,500	31	123	-	304,500	
projected Sep-24	1,267,659	1,572,159	30	93	322,993	627,493	
projected Oct-24	121,019	1,693,178	31	62	20,557	648,049	
projected Nov-24	74,924	1,768,102	30	32	6,569	654,618	
projected Dec-24	-	1,768,102	31	1	-	654,618	
<b>Total</b>	<b>1,768,102</b>		<b>365</b>		<b>350,118</b>		
					Sch. 2.0	Tax Rate	24.925%
						<b>Forecasted ADIT</b>	<b>163,164</b> Cost of Removal
						<b>Total Forecasted ADIT</b>	<b>925,544</b>

**Duke Energy Kentucky**  
**Pipeline Modernization Mechanism ("Rider PMM")**  
**Thirteen Month Average Additions and Retirements**  
**Schedule 2.2**

**Test Year 12/31/24 PMM Investment Summary**

Line No.	Month (A)	Number of Months (B)	PMM Capex		Retirements		Cost of Removal	
			By Month (C)	Cumulative (D)	By Month (E)	Cumulative (F)	By Month (G)	Cumulative (H)
1	Balance @ 12/31/2023	13		\$ 41,961,988		\$ 142,000		\$ 304,500
2	Jan-24	12	\$ 156,800	42,118,788	\$ -	142,000	\$ -	304,500
3	Feb-24	11	95,200	42,213,988	-	142,000	-	304,500
4	Mar-24	10	81,512	42,295,500	-	142,000	-	304,500
5	Apr-24	9	-	42,295,500	-	142,000	-	304,500
6	May-24	8	-	42,295,500	-	142,000	-	304,500
7	Jun-24	7	-	42,295,500	-	142,000	-	304,500
8	Jul-24	6	-	42,295,500	-	142,000	-	304,500
9	Aug-24	5	-	42,295,500	-	142,000	-	304,500
10	Sep-24	4	39,698,029	81,993,529	259,459	401,459	1,267,659	1,572,159
11	Oct-24	3	4,354,632	86,348,161	-	401,459	121,019	1,693,178
12	Nov-24	2	2,744,264	89,092,425	-	401,459	74,924	1,768,102
13	Dec-24	1	430,272	89,522,697	-	401,459	-	1,768,102
				\$ 727,024,576		\$ 2,883,836		\$ 9,542,041
14	Number of months			13		13		13
15	13 Month Average			\$ 55,924,967		\$ 221,834		\$ 734,003



**Duke Energy Kentucky**  
**Pipeline Modernization Mechanism ("Rider PMM")**  
**PMM Rider Billing Determinants by Rate Schedule**  
**for the Twelve Month Ending December, 2024**  
**Schedule 3.0**

<u>Line No.</u>	<u>Rate Schedule</u> (A)	<u>Jan-24</u> (B)	<u>Feb-24</u> (C)	<u>Mar-24</u> (D)	<u>Apr-24</u> (E)	<u>May-24</u> (F)	<u>Jun-24</u> (G)	<u>Jul-24</u> (H)	<u>Aug-24</u> (I)	<u>Sep-24</u> (J)	<u>Oct-24</u> (K)	<u>Nov-24</u> (L)	<u>Dec-24</u> (M)	<u>Total</u> (N)
1	RS - Residential (CCF) <sup>(2)</sup>	11,622,910	13,101,170	9,679,030	4,811,400	2,725,580	1,546,530	982,440	1,021,440	1,171,290	1,924,180	4,320,920	9,912,900	62,819,790
2	GS - General Service (CCF) <sup>(1) (2)</sup>	6,285,920	6,812,020	5,058,960	2,809,380	1,557,170	999,040	856,320	817,800	782,540	1,062,800	2,199,430	5,338,590	34,579,970
3	FT - Firm Transportation (CCF)	3,462,530	3,322,650	2,903,600	2,101,360	1,901,760	1,704,590	1,667,790	1,665,670	1,717,450	1,969,280	2,507,840	3,419,340	28,343,860
4	IT - Interruptible Transportation (CCF)	1,513,740	1,369,350	1,391,820	1,402,830	1,351,950	1,337,930	1,338,600	1,339,840	1,345,890	1,401,860	1,506,180	1,445,690	16,745,680

<sup>(1)</sup> General Service includes Commercial, Industrial, OPA, Street Lighting and Interdepartmental.

<sup>(2)</sup> Per Order 2022-00229, all Rider PMM rates should be in volumetric format for the 2024 calendar year.