

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.
AND FOR TARIFF APPROVAL)	2024-00191

APPLICATION

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 is attached

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. 2022-00372.¹ In addition, the Company has attached as Exhibit 1 a certified Certificate of Existence dated June 14, 2024 evidencing that the Company is incorporated in the Commonwealth of Kentucky, has no outstanding fees or penalties, no Articles of Dissolution have been filed and its annual report has been delivered to the Secretary of State.

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. 4th St., Cincinnati, OH 45202
Rocco.D’Ascenzo@duke-energy.com
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

¹ *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).

Administration (PHMSA) for pipeline integrity.² The PMM shall be adjusted annually for capital placed in service following the test year in the 2021 Natural Gas Rate Case.³ 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.⁴ The rate of return attached to Rider PMM includes a 9.3 percent ROE.⁵

6. In its 2021 Natural Gas Rate Case 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.⁶

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.⁷ 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 standards⁸ for traceable and verifiable and complete records. Accordingly, the Company must replace approximately 14 miles of AM07 in sections over five phases at a current estimated total cost of \$215.9 million.

² *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).

³ *Id.*, p. 23.

⁴ *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.

⁵ *Id.*, p. 15.

⁶ *Id.*, p. 23.

⁷ *Id.*, pp. 21-23.

⁸ *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).⁹ Following a robust investigation, the Commission approved the Company's Phase One CPCN by Order dated February 24, 2023, in Case No. 2022-00084.¹⁰

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.¹¹ 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;¹² 3) a revenue requirement true-up;¹³ and 4) tariff language changes.¹⁴

11. On June 28, 2023, Duke Energy Kentucky filed its application for a CPCN for approval of phase two of its AM07 pipeline replacement (Phase Two). Following a robust investigation, the Commission approved the Company's Phase Two CPCN by Order dated April 2, 2024, in Case No. 2023-00210.

12. On July 3, 2023, the Company filed its Application in Case No. 2023-00209, to adjust the rate for Rider PMM to recover the projected costs of Phase Two.

⁹ *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).

¹⁰ *Id.*, Order (Ky. PSC Feb. 24, 2024).

¹¹ *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).

¹² *Id.*, p. 8.

¹³ *Id.*, p. 9.

¹⁴ *Id.*

13. By Order dated April 15, 2024, the Commission approved the Company's Application to set Rider PMM, subject to certain modifications. Among other things, these modifications included: 1) adjusting the rates to reflect the effective date being later than expected; 2) prior year projections should not be updated until the true-up filing; 3) and tariff language changes to include a true-up provision.

14. On June 14, 2024, Duke Energy Kentucky filed its application for a CPCN for approval of phase three of its AM07 pipeline replacement.

15. Consistent with the Commission's 2021 Natural Gas Rate Case Order, the rates of Rider PMM will go into effect no earlier than January 1, 2025 and are conditioned upon approval of the CPCN for AM07. Accordingly, the Company makes this Application so that if the Commission 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.

16. The Rider PMM rates that Duke Energy Kentucky seeks to implement beginning January 2025 are reflected in the Company's tariff, Ky.P.S.C. Gas No. 2 Rider PMM, Pipeline Modernization Mechanism, Fourth Revised Sheet No. 66, as attached hereto as Exhibit 2.¹⁵

17. Pursuant to the Commission's Order in Case No. 2022-00229, Duke Energy Kentucky is including a true-up for 2023 actual costs and a volumetric-based rate design. Pursuant to the Commission's Order in Case No. 2023-00209, Duke Energy Kentucky is

¹⁵ Consistent with 807 KAR 5:001: Section 16, the Company's proposed tariff in Exhibit 2 contains an effective date that is not less than thirty (30) days from the date of the filing of this Application. Notwithstanding the effective date listed on the tariff, and the anticipated Commission-ordered suspension of this filing for investigation, the Company acknowledges and intends to abide by the terms of the settlement as approved in the Commission's 2021 Natural Gas Rate Case Order whereby the Rider PMM rate included in this Application will not be implemented before January 1, 2025.

only updating prior projections for 2023, which is included in the true-up. 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

larisa.vaysman@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 1, 2024; 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.¹⁶

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.

¹⁶*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: 313295

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.

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 14th day of June, 2024, in the 233rd year of the Commonwealth.



Michael G. Adams

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
313295/0052929

KY.P.S.C. Gas No. 2
~~Third-Fourth~~ Revised Sheet No.

66

Duke Energy Kentucky, Inc.
 1262 Cox Road
 No. 66
 Erlanger, Kentucky 41018

Cancelling and Superseding
~~Second-Third Revised~~ Sheet

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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 Rider includes a true-up provision based on a two-year lag. 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.

(T)

PMM Surcharge or Credit per Ccf

Residential (Rate RS)	\$0. 14-12 / Ccf	(NR)
General Service (Rate GS)	\$0. 04-03 / Ccf	(NR)
Firm Transportation – Large (Rate FT-L)	\$0. 00084-00102 / Ccf	(I)
Interruptible Transportation (Rate IT)	\$0. 00082-00115 / 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.

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

KY.P.S.C. Gas No. 2
 Fourth Revised Sheet No. 66
 Cancelling and Superseding
 Third Revised Sheet No. 66
 Page 1 of 1

RIDER PMM

PIPELINE MODERNIZATION MECHANISM

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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 Rider includes a true-up provision based on a two-year lag. 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)	\$0.12 / Ccf	(R)
General Service (Rate GS)	\$0.03 / Ccf	(R)
Firm Transportation – Large (Rate FT-L)	\$0.00102 / Ccf	(I)
Interruptible Transportation (Rate IT)	\$0.00115 / 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. 2024-00191.

Issued: _____

Effective: August 1, 2024

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

Duke Energy Kentucky
Pipeline Modernization Mechanism ("Rider PMM")
Forecasted Period Ending December 31, 2025
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**Duke Energy Kentucky
Pipeline Modernization Mechanism ("Rider PMM")
Rider PMM by Rate Schedule**

Line No.	Rate Schedule	(A)	Weighted Gross Distribution Plant Approved KyPSC Case No. 2021-00190 (B)	2025 Projected Revenue Requirement (C)	2023 True Up Revenue Requirement (D)	Total (E)	Billing Determinants per CCF (F)	Monthly Rider PMM (G)
1	RS- Residential		86.932%	\$ 8,118,021	\$ (492,034)	\$ 7,625,987	62,184,470	\$ 0.12 Per CCF
2	GS - General Service		12.506%	1,167,855	(70,784)	1,097,071	34,302,261	\$ 0.03 Per CCF
3	FT - Firm Transportation (Includes DGS)		0.341%	31,844	(1,930)	29,914	29,220,261	\$ 0.00102 Per CCF
4	IT - Interruptible Transportation		0.221%	20,638	(1,251)	19,387	16,790,270	\$ 0.00115 Per CCF
5	Total		<u>100.000%</u>	<u>\$ 9,338,357</u>	<u>\$ (565,999)</u>	<u>\$ 8,772,358</u>		
				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

Duke Energy Kentucky
Pipeline Modernization Mechanism ("Rider PMM")
Forecasted PMM Revenue Requirement for 2025

<u>Line No.</u>	<u>(A)</u>	<u>PMM Investment December 31, 2025 (B)</u>	<u>Reference (C)</u>
Return on Investment			
<u>Rate Base</u>			
1	Net PMM Investment - Property, Plant and Equipment	\$ 89,024,203	Sch. 2.2
2	Cost of Removal	1,768,869	Sch. 2.2
3	Accumulated Reserve for Depreciation	(1,063,577)	Sch. 2.0
4	Net PP&E	<u>89,729,495</u>	
5	Accumulated Deferred Taxes on Liberalized Depreciation	(2,421,911)	Sch. 2.1
6	Net Rate Base	<u>87,307,584</u>	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	<u>\$ 7,060,564</u>	Line 6 * Line 7
<u>Operating Expenses</u>			
9	Depreciation	\$ 1,127,882	Sch. 2.0
10	Property Tax	1,137,752	Line 4 * 1.26798%
11	PSC Assessment	12,159	(Sum Line 8 thru 10) * (0.1302% / (1-0.1302%))
12	Total Operating Expenses	<u>2,277,793</u>	Sum Lines 9 thru 11
13	<u>Total Annual Revenue Requirement</u>	<u>\$ 9,338,357</u>	Line 8 + Line 12

Notes:

(1) Property taxes estimated using an effective rate of 1.26798%

(2) PSC Assessment using Fiscal Year 2023 rate of 0.1302%

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

Line No.	<u>Capital Structure</u> (A)	<u>Ratio</u> (B)	<u>Cost</u> (C)	<u>Weighted Cost</u> (D)	<u>Pre-Tax @ Effect. Tax Rate of 24.925%</u> (E)
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**

Line No.	Description (A)	Acct Number (B)	(C)	EOY 2024 (D)	Projected 2025 Additions												EOY 2025 (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)		
Gas Plant Investments ⁽¹⁾																		
Additions																		
1	Mains - Feeder	376		\$ 69,358,490	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,939,719	\$ 3,019,458	\$ 1,563,645	\$ 107,881,312
2	System M&R Station Equipment	378		\$ 89,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,029,597	\$ 260,691	\$ 132,724	\$ 3,512,612
3	Land and Land Rights	374		\$ 10,173,589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,719,400	\$ 150,000	\$ 50,000	\$ 13,092,989
4	Total Additions			\$ 79,621,679	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,688,716	\$ 3,430,149	\$ 1,746,369	\$ 124,486,913
Retirements																		
5	Mains - Feeder	376		\$ 401,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,681	\$ -	\$ -	\$ 475,140
6	System M&R Station Equipment	378		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Land and Land Rights	374		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Total Retirements			\$ 401,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,681	\$ -	\$ -	\$ 475,140
Cost of Removal																		
9	Mains - Feeder	376		\$ 1,588,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 780,200	\$ -	\$ -	\$ 2,369,023
10	System M&R Station Equipment	378		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	Land and Land Rights	374		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Total Cost of removal			\$ 1,588,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 780,200	\$ -	\$ -	\$ 2,369,023
				\$ 80,809,043														\$ 126,380,796
Accumulated Depreciation Reserve																		
			Annual Depreciation Rate	EOY 2024	Projected 2025 Depreciation Expense												13 month Average	
					Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
13	Mains - Feeder	376	1.49%	\$ 539,503	\$ 86,120	\$ 86,120	\$ 86,120	\$ 86,120	\$ 86,120	\$ 86,120	\$ 86,120	\$ 86,120	\$ 86,120	\$ 86,120	\$ 128,262	\$ 132,011		
14	System M&R Station Equipment	378	2.04%	\$ 1,615	\$ 152	\$ 152	\$ 152	\$ 152	\$ 152	\$ 152	\$ 152	\$ 152	\$ 152	\$ 152	\$ 5,303	\$ 5,746		
15	Land and Land Rights	374	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
16	Total Additions			\$ 541,118	\$ 86,272	\$ 86,272	\$ 86,272	\$ 86,272	\$ 86,272	\$ 86,272	\$ 86,272	\$ 86,272	\$ 86,272	\$ 86,272	\$ 133,565	\$ 137,757		
Retirements																		
17	Mains - Feeder	376	1.49%	\$ 3,400	\$ 498	\$ 498	\$ 498	\$ 498	\$ 498	\$ 498	\$ 498	\$ 498	\$ 498	\$ 498	\$ 590	\$ 590		
18	System M&R Station Equipment	378	2.04%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
19	Land and Land Rights	374	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
20	Total Additions			\$ 3,400	\$ 498	\$ 498	\$ 498	\$ 498	\$ 498	\$ 498	\$ 498	\$ 498	\$ 498	\$ 498	\$ 590	\$ 590		
21	Total Accumulated Depreciation Reserve			\$ 537,718	\$ 623,492	\$ 709,266	\$ 795,040	\$ 880,814	\$ 966,588	\$ 1,052,362	\$ 1,138,136	\$ 1,223,910	\$ 1,309,684	\$ 1,395,458	\$ 1,528,433	\$ 1,665,600	\$ 1,063,577	

Notes:
 (1) See Schedule 2.2 for detail of 2025 PMM eligible additions.

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

Test Year 12/31/25 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 @ 12/31/2024	13		\$ 79,621,679		\$ 401,459		\$ 1,588,823
2	Jan-25	12	\$ -	79,621,679	\$ -	401,459	\$ -	1,588,823
3	Feb-25	11	-	79,621,679	-	401,459	-	1,588,823
4	Mar-25	10	-	79,621,679	-	401,459	-	1,588,823
5	Apr-25	9	-	79,621,679	-	401,459	-	1,588,823
6	May-25	8	-	79,621,679	-	401,459	-	1,588,823
7	Jun-25	7	-	79,621,679	-	401,459	-	1,588,823
8	Jul-25	6	-	79,621,679	-	401,459	-	1,588,823
9	Aug-25	5	-	79,621,679	-	401,459	-	1,588,823
10	Sep-25	4	-	79,621,679	-	401,459	-	1,588,823
11	Oct-25	3	39,688,716	119,310,395	73,681	475,140	780,200	2,369,023
12	Nov-25	2	3,430,149	122,740,544	-	475,140	-	2,369,023
13	Dec-25	1	1,746,369	124,486,913	-	475,140	-	2,369,023
				<u>\$ 1,162,754,642</u>		<u>\$ 5,440,010</u>		<u>\$ 22,995,299</u>
14	Number of months			<u>13</u>		<u>13</u>		<u>13</u>
15	13 Month Average			<u>\$ 89,442,665</u>		<u>\$ 418,462</u>		<u>\$ 1,768,869</u>

**Duke Energy Kentucky
 Pipeline Modernization Mechanism ("Rider PMM")
 PMM Rider Billing Determinants by Rate Schedule
 for the Twelve Month Ending December, 2025**

<u>Line No.</u>	<u>Rate Schedule (A)</u>	<u>Jan-25 (B)</u>	<u>Feb-25 (C)</u>	<u>Mar-25 (D)</u>	<u>Apr-25 (E)</u>	<u>May-25 (F)</u>	<u>Jun-25 (G)</u>	<u>Jul-25 (H)</u>	<u>Aug-25 (I)</u>	<u>Sep-25 (J)</u>	<u>Oct-25 (K)</u>	<u>Nov-25 (L)</u>	<u>Dec-25 (M)</u>	<u>Total (N)</u>
1	RS - Residential (CCF) ⁽²⁾	13,140,152	12,515,291	9,561,735	5,412,219	2,332,424	1,395,072	1,017,912	894,128	993,998	1,351,999	4,153,937	9,415,603	62,184,470
2	GS - General Service (CCF) ^{(1) (2)}	7,253,123	7,044,876	5,328,727	2,515,086	1,556,514	989,359	584,177	445,616	604,940	766,037	2,138,504	5,075,302	34,302,261
3	FT - Firm Transportation (CCF)	3,985,467	3,378,305	3,023,142	2,263,781	1,945,176	1,822,219	1,611,283	1,642,614	1,695,846	2,008,994	2,603,770	3,239,664	29,220,261
4	IT - Interruptible Transportation (CCF)	1,485,308	1,397,972	1,400,586	1,320,447	1,333,355	1,341,269	1,341,490	1,342,314	1,348,501	1,490,207	1,498,570	1,490,251	16,790,270

(1) General Service includes Commercial, Industrial, OPA, Street Lighting and Interdepartmental.

(2) Per Order 2022-00229, all Rider PMM rates should be in volumetric format for the 2025 calendar year.

**Duke Energy Kentucky
Pipeline Modernization Mechanism ("Rider PMM")
PMM Revenue Requirement for 2023**

<u>Line No.</u>	<u>(A)</u>	<u>PMM Investment December 31, 2023 (B)</u>	<u>Reference (C)</u>
	Return on Investment		
	<u>Rate Base</u>		
1	Net PMM Investment - Property, Plant and Equipment	\$ 2,455,305	Sch. 4.5
2	Cost of Removal	9,632	Sch. 4.5
3	Accumulated Reserve for Depreciation	-	Sch. 4.3
4	Net PP&E	<u>2,464,937</u>	
5	Accumulated Deferred Taxes on Liberalized Depreciation	(975)	Sch. 4.4
6	Net Rate Base	<u>2,463,962</u>	Line 4 + Line 5
7	Authorized Rate of Return, Adjusted for Income Taxes	8.087%	Sch. 4.2
8	Required Return on PMM Related Investment	<u>\$ 199,261</u>	Line 6 * Line 7
	<u>Operating Expenses</u>		
9	Depreciation	\$ -	Sch. 4.3
10	Property Tax	31,081	Line 4 * 1.26091%
11	PSC Assessment	300	(Sum Line 8 thru 10) * (0.1302% / (1-0.1302%))
12	Total Operating Expenses	<u>\$ 31,381</u>	Sum Lines 9 thru 11
13	<u>Total Annual Revenue Requirement</u>	<u>\$ 230,642</u>	Line 8 + Line 12
14	Collections/(Refunds) for prior years	-	
15	Adjusted Revenue Requirement	<u>\$ 230,642</u>	
16	2023 Billed Revenues	<u>796,641</u>	
17	Total (Over)/Under Collections	<u>\$ (565,999)</u>	

Notes:

- (1) Property taxes using an effective rate of 1.26091%
- (2) PSC Assessment using Fiscal Year 2023 rate of 0.1302%
- (3) Under collection is driven by the actual in-service date later than the projected in-service date

**Duke Energy Kentucky
Rider PMM by Rate Schedule
Cost of Capital**

Line No.	<u>Capital Structure</u> (A)	<u>Ratio</u> (B)	<u>Cost</u> (C)	<u>Weighted Cost</u> (D)	<u>Pre-Tax @ Effect. Tax Rate of 24.925%</u> (E)
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 approved in Case No. 2021-00190
ROE represents rate approved for use in natural gas capital riders.

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

Line No.	Description (A)	Acct Number (B)	(C)	EOY 2022 (D)	Actual 2023 Additions												EOY 2023 (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)		
Gas Plant Investments ⁽¹⁾																		
Additions																		
1	Mains - Feeder	376		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,203,210	\$ 26,203,210
2	System M&R Station Equipment	378		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Land and Land Rights	374		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,857,760	\$ 5,857,760
4	Total Additions			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,060,970	\$ 32,060,970
Retirements																		
5	Mains - Feeder	376		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,000	\$ 142,000
6	System M&R Station Equipment	378		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Land and Land Rights	374		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Total Retirements			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,000	\$ 142,000
Cost of Removal																		
9	Mains - Feeder	376		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,221	\$ 125,221
10	System M&R Station Equipment	378		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	Land and Land Rights	374		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Total Cost of removal			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,221	\$ 125,221
Annual Depreciation Rate																		
				EOY 2022	Actual 2023 Depreciation Expense												13 month Average	
					Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Accumulated Depreciation Reserve Additions																		
13	Mains - Feeder	376	1.49%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	System M&R Station Equipment	378	2.04%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Land and Land Rights	374	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Total Additions			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retirements																		
17	Mains - Feeder	376	1.49%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	System M&R Station Equipment	378	2.04%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Land and Land Rights	374	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	Total Retirements			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Total Accumulated Depreciation Reserve			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:
 (1) See Sch 4.5 for detail of 2023 PMM eligible additions.

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

2023 Projection Filing	A	B	C	A + B + C = D	A * 5% = E	B * 3.75% = F	E + F = G	H	G - H = I	J	K	L	(I * L) / K = M	N
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 - 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
Actuals Dec-22														
Actuals Jan-23											31	335	-	-
Actuals Feb-23											28	307	-	-
Actuals Mar-23											31	276	-	-
Actuals Apr-23											30	246	-	-
Actuals May-23											31	215	-	-
Actuals Jun-23											30	185	-	-
Actuals Jul-23											31	154	-	-
Actuals Aug-23											31	123	-	-
Actuals Sep-23											30	93	-	-
Actuals Oct-23											31	62	-	-
Actuals Nov-23											30	32	-	-
Actuals Dec-23	26,061,210	-	5,857,760	31,918,970	1,303,061	-	1,303,061	-	1,303,061	1,303,061	31	1	3,570	3,570
Total	26,061,210	-	5,857,760	31,918,970	1,303,061	-	1,303,061	-	1,303,061		365		3,570	3,570

Sch. 4.3 Sch. 4.3 Sch. 4.3 Sch. 4.3

Sch. 4.3

Tax Rate 24.925%

Forecasted ADIT 890 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
Actuals Jan-23	-	-	31	335	-	-
Actuals Feb-23	-	-	28	307	-	-
Actuals Mar-23	-	-	31	276	-	-
Actuals Apr-23	-	-	30	246	-	-
Actuals May-23	-	-	31	215	-	-
Actuals Jun-23	-	-	30	185	-	-
Actuals Jul-23	-	-	31	154	-	-
Actuals Aug-23	-	-	31	123	-	-
Actuals Sep-23	-	-	30	93	-	-
Actuals Oct-23	-	-	31	62	-	-
Actuals Nov-23	-	-	30	32	-	-
Actuals Dec-23	125,221	125,221	31	1	343	343
Total	125,221		365		343	

Tax Rate 24.925%

Forecasted ADIT 86 Cost of Removal

Total Forecasted ADIT 975

TAX RATE TABLE

	Year 1	Year 2	Year 3
MACRS 15	0.05	0.095	0.0855
MACRS 20	0.0375	0.07219	0.06677

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

Test Year 12/31/23 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 @ 12/31/2022	13	\$ -	\$ -	\$ -	\$ -	\$ -	-
2	Jan-23	12	-	-	-	-	-	-
3	Feb-23	11	-	-	-	-	-	-
4	Mar-23	10	-	-	-	-	-	-
5	Apr-23	9	-	-	-	-	-	-
6	May-23	8	-	-	-	-	-	-
7	Jun-23	7	-	-	-	-	-	-
8	Jul-23	6	-	-	-	-	-	-
9	Aug-23	5	-	-	-	-	-	-
10	Sep-23	4	-	-	-	-	-	-
11	Oct-23	3	-	-	-	-	-	-
12	Nov-23	2	-	-	-	-	-	-
13	Dec-23	1	32,060,970	32,060,970	142,000	142,000	125,221	125,221
				32,060,970		142,000		125,221
14	Number of months			13		13		13
15	13 Month Average		\$	2,466,228	\$	10,923	\$	9,632