

KyPSC Case No. 2024-00354
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VERIFICATION

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, Bruce Sailers, Director Jurisdictional Rate Administration, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests and that the answers contained therein are true and correct to the best of his knowledge, information and belief.

Bruce L. Sailers
Bruce Sailers Affiant

Subscribed and sworn to before me by Bruce Sailers on this 24TH day of FEBRUARY, 2025.



Adele M. Frisch
NOTARY PUBLIC

My Commission Expires: 1/5/2029

VERIFICATION

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

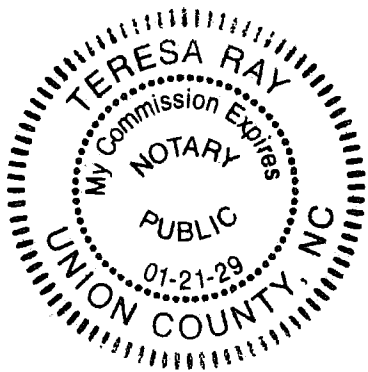
The undersigned, Grady S. Carpenter III, Director Regional Financial Forecasting, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests and that the answers contained therein are true and correct to the best of his knowledge, information and belief.

Grady S. Carpenter III
Grady S. Carpenter III Affiant

Subscribed and sworn to before me by Grady S. Carpenter III on this 19th day of February, 2025.

Teresa Ray
NOTARY PUBLIC

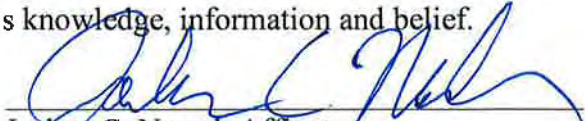
My Commission Expires: 01/21/29



VERIFICATION

COMMONWEALTH OF)
MASSACHUSETTS) SS:
COUNTY OF MIDDLESEX)

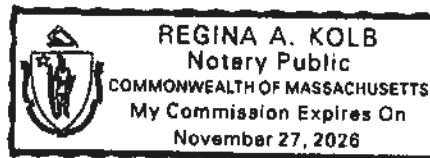
The undersigned, Joshua C. Nowak, Vice President, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests and that it is true and correct to the best of his knowledge, information and belief.


Joshua C. Nowak Affiant

Subscribed and sworn to before me by Joshua C. Nowak on this 20th day of February 2025.


NOTARY PUBLIC

My Commission Expires: 11/27/2026



VERIFICATION

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

The undersigned, Sarah Lawler, VP Rates & Regulatory Strategy, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of her knowledge, information and belief.



Sarah Lawler Affiant

Subscribed and sworn to before me by Sarah Lawler on this 20th day of February, 2025.



NOTARY PUBLIC

My Commission Expires: July 8, 2027



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

Duke Energy Kentucky
Case No. 2024-00354
WALMART Second Set of Data Requests
Date Received: February 12, 2025

WALMART-DR-02-001

REQUEST:

Please provide a narrative explanation for the reason(s) why the Company was unable to earn its authorized return after the 2022 Rate Case, specifically identifying whether the reason(s) include a failure of load to materialize.

RESPONSE:

The most significant driver of the Company's inability to earn its authorized return after the 2022 electric base rate case is the increased capital investments necessary for the safety and reliability of the system. The depreciation, property taxes and return on this investment are the primary drivers of the need for new rates. Additionally, operations and maintenance expense has also increased. Finally, less load growth than anticipated in that case is also a driver of the Company's inability to earn its authorized return since the time of the last electric rate case.

PERSON RESPONSIBLE: Sarah E. Lawler

Duke Energy Kentucky
Case No. 2024-00354
WALMART Second Set of Data Requests
Date Received: February 12, 2025

WALMART-DR-02-002

REQUEST:

Please refer to the Direct Testimony of Amy B. Spiller at p. 19, line 21 to p. 20, line 5 and answer the following:

- a. How much of the \$250 million investment in electric infrastructure was associated with economic development that did not materialize?
- b. With respect to the Response to Question 2(a), please provide information concerning the timing of the investments made in support of any economic development that did not materialize.

RESPONSE:

- a. None of the investment in electric infrastructure was for economic development that did not materialize.
- b. N/A

PERSON RESPONSIBLE: Marc W. Arnold

Duke Energy Kentucky
Case No. 2024-00354
WALMART Second Set of Data Requests
Date Received: February 12, 2025

WALMART-DR-02-003

REQUEST:

Please refer to the Direct Testimony of Bruce Sailors at p. 11, lines 11-15 and answer the following:

- a. Explain why the Company proposes to apply these new provisions to loads of 20 MW or greater as opposed to some other size.
- b. For purposes of calculating the 20 MW size, is the Company aggregating load under common ownership, or focusing on the size of a single site?
- c. Please explain your answer to Question 3(c).
- d. Describe specifically what will be considered "significant system investments."

RESPONSE:

- a. The 20 MW value is developed as a reasonable value for the Duke Energy Kentucky system based on input from transmission, generation, and distribution capacity planners.
- b. The 20 MW load increase is not necessarily at a single site but is a concentrated load addition impacting grid investments from a single customer.
- c. Objection. This request is vague and confusing as written given that it is susceptible to differing interpretations. Without waiving said objection, the Company assumes an explanation of the answer to 3(b) is desired. The answer to 3(b) speaks for itself but for emphasis, the Company is looking for those load additions for a customer that result in significant system investments.

- d. Consistent with the Company's line extension policy which focuses on changes to the Company's distribution system, a significant system investment in the proposed Rate DT and Rate TT tariff sheets is considered to be \$1 million or more in total production and transmission system investment.

PERSON RESPONSIBLE: As to objection, Legal
As to response, Bruce L. Sailors

Duke Energy Kentucky
Case No. 2024-00354
WALMART Second Set of Data Requests
Date Received: February 12, 2025

WALMART-DR-02-004

REQUEST:

Please refer to the Direct Testimony of Grady S. Carpenter at p. 6, line 16 to p. 7, line 8 and answer the following:

- a. As part of calculating operating revenues, does the Company assume that all future forecasted load as calculated by Company witness Ibrar A. Khera will be interconnected and taking service from the Company during the test year?
- b. If the forecasted load includes new customers not yet interconnected and taking service from the Company, how does the Company account for the possibility that future forecasted load does not materialize in the test year and will not provide revenue(s) to the Company?
- c. Does the Company require that new load be at a certain point in development before it is included in the test year load forecast? If so, please provide a narrative explanation for all such requirements.
- d. Please explain what Company witness Carpenter means when he says that the "projected revenue...was calculated by applying average realizations to...sales forecasts."

RESPONSE:

- a. The forecasted load in the test year of July 2025 through June 2026 was considered to be interconnected and taking service. This forecasted load was used to calculate operating revenue.

- b. The forecast does not include any new large customer not yet interconnected.
- c. The load forecasting team follows a structured process to determine whether a potential new customer should be incorporated into the forecast. The load forecasting team closely monitors and tracks any developments related to new large customers. The load forecasting team works with the Company's Economic Development team to assess the likelihood of the potential load materializing. The new load is only added into the forecast when there is a high likelihood of load materializing. Typically, the start of construction and a signed agreement with the Company serve as key indicators that the new load is likely to materialize. The load forecasting team works with Large Account Managers and Economic Development team to determine the size and timing of the new load.
- d. For purposes of the financial forecast, electric operating revenues are calculated by applying the tariff charges and base customer charges to forecasted residential customer counts and residential kWh sales. The projected operating revenues for non-residential customers are calculated by applying historical average revenue per kWh to the projected kWh sales forecasts from Company witness Ibrar Khera. Schedule D-2.16 then adjusts forecasted retail revenues to match retail revenues calculated per Schedule M. Please see response to AG-DR-02-052.

PERSON RESPONSIBLE:

Grady "Tripp" S. Carpenter – a., d.
Ibrar A. Khera – b., c.

Duke Energy Kentucky
Case No. 2024-00354
WALMART Second Set of Data Requests
Date Received: February 12, 2025

WALMART-DR-02-005

REQUEST:

Identify all state regulatory commission decisions since 2015 that have authorized a vertically integrated electric utility to recover a return on equity ("ROE") of 10.60 percent or higher, including in your response the regulatory commission issuing the decision, the electric utility, the case number, the date of the decision, and whether the case was litigated or settled.

RESPONSE:

ROE determinations over the last decade provide limited analytical value unless they can be placed in the proper context as capital market conditions have varied considerably since 2015. For example, the prior decade was marked by the COVID-19 pandemic, record-low interest rates, and historically high inflation. Of particular note, the cost of capital has increased since 2015 as demonstrated by current interest rates. Since January 1, 2025, the average yield on the 30-year Treasury bond has been 4.81 percent. As shown in Attachment JCN-7 to Mr. Nowak's Direct Testimony, the quarterly average 30-year Treasury bond yield did not reach that level from 2015 through 2024. In fact, prior to July 2023, the quarterly average 30-year Treasury bond yield did not exceed 4.00 percent and was as low as 1.37 percent. As such, prior authorized ROEs reflect capital market conditions of a lower cost of capital environment than the current environment. Nonetheless, while Mr. Nowak has not performed an exhaustive review, he is aware of the following cases in which a state regulatory commission has authorized an ROE for a

company categorized as a vertically integrated electric utility of 10.60 percent or higher since 2015:

Regulatory Commission	Electric Utility	Case Number	Decision Date	Litigated or Settled	Return on Equity (%)
California Public Utilities Commission	Southern California Edison Co.	A22-04-009 Advice Letter 5120-E (U 338-E)	12/22/2023	Litigated	10.75%
California Public Utilities Commission	Pacific Gas and Electric Co.	A22-04-008 Advice Letter 4813-G/7046- E	12/22/2023	Litigated	10.70%
California Public Utilities Commission	San Diego Gas & Electric Co.	A22-04-012 Advice Letter 4300-E / 3239-G	12/22/2023	Litigated	10.65%
Regulatory Commission of Alaska	Alaska Electric Light Power	U-22-078	8/31/2023	Litigated	11.45%
Florida Public Service Commission	Florida Power & Light Co.	20210015-EI	10/4/2022	Settled	10.80%
Florida Public Service Commission	Florida Power & Light Co.	20210015-EI	10/26/2021	Settled	10.60%
Regulatory Commission of Alaska	Alaska Electric Light Power	U-16-086	11/15/2017	Settled	11.95%

PERSON RESPONSIBLE: Joshua C. Nowak

Duke Energy Kentucky
Case No. 2024-00354
WALMART Second Set of Data Requests
Date Received: February 12, 2025

WALMART-DR-02-006

REQUEST:

Identify all state regulatory commission decisions since 2015 that have authorized an increase in ROE for a vertically integrated electric utility of at least 50 basis points (from the then authorized ROE), including in your response the regulatory commission issuing the decision, the electric utility, the case number, the date of the decision, and whether the case was litigated or settled.

RESPONSE:

As stated in response to WALMART-DR-02-005, ROE determinations over the last decade provide limited analytical value unless they can be placed in the proper context as capital market conditions have varied considerably since 2015 as the period was marked by the COVID-19 pandemic, record-low interest rates, and historically high inflation. In fact, over the first half of the requested analytical period, interest rates generally declined. As shown in Attachment JCN-7 to Mr. Nowak's Direct Testimony, the quarterly average 30-year Treasury bond yield generally declined from nearly 3.00 percent in 2015 to less than 2.00 percent in 2020. It is far less likely for a regulatory commission to increase an authorized ROE between two cases over a five-year period in a declining cost of capital environment. Nonetheless, while Mr. Nowak has not performed an exhaustive review, he is aware of the following cases in which a state regulatory commission has authorized an increase of at least 50 basis points in an authorized ROE for a company categorized as a vertically integrated electric utility since 2015:

Regulatory Commission	Electric Utility	Case Numbers	Decision Dates	Litigated or Settled	Return on Equity (%)
Kentucky Public Service Commission	Duke Energy Kentucky Inc.	2022-00372 and 2019-00271	10/12/2023 and 4/24/2020	Litigated	9.75% from 9.25%
Washington Utilities and Transportation Commission	Puget Sound Energy Inc.	UE-240004 and UE-220066	1/15/2025 and 12/22/2022	Litigated	9.90% from 9.40%
Florida Public Service Commission	Tampa Electric Company	20240026-EI and 20210034-EI	12/3/2024 and 10/21/2021	Litigated	10.50% from 9.95%
Arizona Corporation Commission	Arizona Public Service Co.	E-01345A-22-0144 and E-01345A-19-0236	3/5/2024 and 11/2/2021	Litigated	9.55% from 8.90%
California Public Utilities Commission	Southern California Edison Co.	A22-04-009 Advice Letter 5120-E (U 338-E)	12/22/2023 and 12/15/2022	Litigated	10.75% from 10.05%
California Public Utilities Commission	Pacific Gas and Electric Co.	A22-04-008 Advice Letter 4813-G/7046-E	12/22/2023 and 12/15/2022	Litigated	10.70% from 10.00%
California Public Utilities Commission	San Diego Gas & Electric Co.	A22-04-012 Advice Letter 4300-E / 3239-G	12/22/2023 and 12/15/2022	Litigated	10.65% from 9.95%
North Carolina Utilities Commission	Duke Energy Carolinas LLC	E-7 Sub 1276 and E-7, Sub 1214	12/15/2023 and 3/31/2021	Litigated	10.10% from 9.60%
Vermont Public Utility Commission	Green Mountain Power Corp.	23-1852-TF and 22-0175-TF	8/23/2023 and 8/31/2022	Litigated	9.58% from 8.57%

PERSON RESPONSIBLE:

Joshua C. Nowak