

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ELECTRONIC APPLICATION OF DUKE)
ENERGY KENTUCKY, INC., FOR: 1) AN)
ADJUSTMENT OF THE ELECTRIC RATES; 2)) CASE NO.
APPROVAL OF NEW TARIFFS; 3) APPROVAL) 2024-00354
OF ACCOUNTING PRACTICES TO ESTABLISH)
REGULATORY ASSETS AND LIABILITIES;)
AND 4) ALL OTHER REQUIRED APPROVALS)
AND RELIEF.

REBUTTAL TESTIMONY OF
JACOB S. COLLEY
ON BEHALF OF
DUKE ENERGY KENTUCKY, INC.

April 9, 2025

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I. INTRODUCTION AND PURPOSE

1 Q. **PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Jacob S. Colley, and my business address is 525 South Tryon Street,
3 Charlotte, North Carolina 28202.

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

5 A. I am employed by Duke Energy Carolinas, LLC (DEC) as Director of Customer
6 Regulatory Planning, Support, and Compliance. DEC is a subsidiary of Duke
7 Energy Corporation (Duke Energy) which provides various services to Duke
8 Energy Kentucky, Inc., (Duke Energy Kentucky or Company) and other affiliated
9 companies of Duke Energy.

10 Q. **ARE YOU THE SAME JACOB S. COLLEY THAT FILED DIRECT**
11 **TESTIMONY IN THIS PROCEEDING?**

12 A. Yes.

13 Q. **WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THESE**
14 **PROCEEDINGS?**

15 A. The purpose of my Rebuttal Testimony is to respond to the recommendations made
16 by Mr. Lane Kollen on behalf of the Kentucky Attorney General (KYAG) to deny
17 the Company's proposal to expand the availability of fee-free payment options to
18 include payments by debit, credit, prepaid cards, and electronic check (collectively,
19 Card Payments) through the Card Payment channel. The effect of this
20 recommendation is a reduction in processing fees of \$0.319 million and a reduction
21 to the revenue requirement of \$0.321 million.

II. DISCUSSION

1 **Q. PLEASE BRIEFLY SUMMARIZE THE COMPANY’S FEE FREE CARD**
2 **PAYMENT PROPOSAL.**

3 A. The Company’s fee-free residential Card Payment proposal is designed to address
4 of one of the largest residential customer frustrations with the billing and payment
5 experience and take a vital step to creating greater equity and access to an important
6 payment option. This is achieved through eliminating the per transaction
7 convenience fee associated with Card Payments made by residential customers.
8 Under the expanded fee free proposal, Duke Energy Kentucky would instead pay
9 the \$1.25 per transaction fee for Card Payments to the third-party credit card
10 payment processor, Speedpay, and those costs would become part of the
11 Company’s Cost of Service.

12 **Q. WHY SHOULD THE COMMISSION APPROVE THE COMPANY’S FEE**
13 **FREE CARD PAYMENT PROPOSAL?**

14 A. As noted above and in my direct testimony, the requirement to pay a transaction
15 fee when making a card payment for utility service is one of the primary frustrations
16 a customer experiences when paying their Duke Energy Kentucky bill. It is
17 imperative that the Company continue to innovate and find ways to improve the
18 customer experience, and one way to do that is by enhancing the payment
19 experience.

20 Also, the importance of fee-free Card Payments extends to some of our most
21 vulnerable customers. The Commission should approve the fee free Card Payment
22 proposal as it is a crucial step in providing more inclusive access to payment

1 methods, especially for unbanked or underbanked customers who may rely on
2 prepaid or debit cards. Prepaid and reloadable debit cards are becoming more
3 prevalent as workers' paychecks, Social Security benefits, tax refunds, and
4 unemployment benefits are increasingly distributed via these card types. In offering
5 these inclusive fee-free payment options to residential customers, the Company is
6 not only addressing a significant customer frustration but also providing all
7 customers, regardless of their financial situation, with access to a convenient and
8 fee-free payment option.

9 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF MR. KOLLEN'S**
10 **RECOMMENDATIONS REGARDING THE COMPANY'S FEE FREE**
11 **CARD PAYMENT PROPOSAL.**

12 A. Mr. Kollen recommends that the Commission reject the fee free card payment
13 proposal as he believes the elimination of the fees would result in expanded
14 utilization of the payment channel, thus increasing the revenue requirement for
15 those costs in future base rate proceedings. Mr. Kollen also implies the elimination
16 of Card Payment fees would unfairly shift costs to all customers, including those
17 who do not use the card payment channel.

18 **Q. MR. KOLLEN STATES THAT ELIMINATION OF CARD FEES WOULD**
19 **RESULT IN EXPANDED USAGE OF THE CARD PAYMENT CHANNEL,**
20 **THUS DRIVING UP EXPENSES FOR FUTURE BASE RATE**
21 **PROCEEDINGS. HOW DO YOU RESPOND TO THIS CLAIM?**

22 A. While it is possible that utilization of the Card payment channel will expand, or
23 decline, it is not guaranteed. As stated in my direct testimony, the Company

1 calculated the amount to include in the revenue requirement for Card Payment fees
2 by utilizing actual transaction counts according to current Card Payment channel
3 usage. The Company did not need to account for payment channel switching, as
4 future customer behavior is unknown and using more conservative methodology in
5 the proforma (vs. adding a growth factor) was reasonable.

6 Mr. Kollen’s argument suggests that if the Commission were to approve the
7 Company’s proposal, the Card Payment channel costs will increase and that the
8 Company will be unfairly passing those costs to customers in future rate cases. His
9 argument fails to note that if, conversely, the Card Payment channel costs were to
10 increase in the interim above the revenue requirement set in this case, between rate
11 cases, the Company would not be able to recover those costs. The Company is
12 simply listening to its customers – they have requested this benefit, and we are
13 striving to meet their needs.

14 If future usage of the Card Payment channel increases, or decreases, it will
15 be addressed in future rate proceedings. Also as discussed in my testimony, to
16 ensure Card Payment fees remain affordable for customers, the Company has
17 recently negotiated a 17% reduction in the Card Payment transaction fee from \$1.50
18 to \$1.25 for residential payments. This reduction demonstrates the Company’s
19 efforts to minimize the cost impacts on all customers as we understand the
20 importance of access to the Card Payment channel.

1 **Q. DO YOU AGREE WITH MR. KOLLEN'S IMPLICATION THAT**
2 **REMOVING CARD PAYMENT FEES WOULD UNFAIRLY SHIFT COSTS**
3 **TO ALL CUSTOMERS?**

4 A. No, I do not agree with this characterization. First, Mr. Kollen solely focused on
5 costs, and failed to address the drivers of the proposal, which is to address a major
6 customer billing and payment pain point and to provide more accessible payment
7 options. The proposal does this by aligning this mainstream payment option with
8 the Company's other current payment options which are built into the cost of
9 service and paid for by all customers. This payment option should be looked at no
10 differently. By incorporating these fees into the general cost of service, the
11 Company aims to provide more equitable access to all payment methods, especially
12 benefiting those who rely on and use this payment channel albeit with a fee now.
13 When we consider the needs of our most vulnerable customers, we know that there
14 are customers that are not able to use fee free payment options due to either being
15 unbanked or underbanked, or simply because their employer or a governmental
16 agency is utilizing a loadable card to issue payroll or benefit dollars. For example,
17 as pointed out in my direct testimony, nearly 50% of DEK's agency assistance
18 recipients utilized the Card Payment channel at least once compared to only 19%
19 of non-recipients.

20 **III. CONCLUSION**

21 **Q. DOES THIS CONCLUDE YOUR PRE-FILED REBUTTAL TESTIMONY?**

22 A. Yes.

VERIFICATION

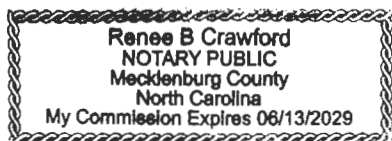
STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG) SS:

The undersigned, Jacob S. Colley, Director – Customer Regulatory Planning, Support & Compliance, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing rebuttal testimony and that it is true and correct to the best of his knowledge, information and belief.



Jacob S. Colley, Affiant

Subscribed and sworn to before me by Jacob S. Colley on this 25 day of March, 2025.





NOTARY PUBLIC

My Commission Expires: 6/13/29