

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

LISA D. STEINKUHL

ON BEHALF OF

DUKE ENERGY KENTUCKY, INC.

April 9, 2024

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ATTACHMENT:

Attachment LDS-Rebuttal-1 AG's response to Question 31

I. INTRODUCTION AND PURPOSE

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

2 A. My name is Lisa D. Steinkuhl, and my business address is 139 East Fourth Street,
3 Cincinnati, Ohio 45202.

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

5 A. I am employed by Duke Energy Business Services LLC (DEBS) as Director Rates
6 & Regulatory Planning. DEBS provides various administrative and other services
7 to Duke Energy Kentucky, Inc., (Duke Energy Kentucky or Company) and other
8 affiliated companies of Duke Energy Corporation (Duke Energy).

9 **Q. ARE YOU THE SAME LISA D. STEINKUHL THAT SUBMITTED**
10 **DIRECT TESTIMONY IN THIS PROCEEDING?**

11 A. Yes.

12 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
13 **PROCEEDING?**

14 A. The purpose of my rebuttal testimony is to respond to a number of the
15 recommendations made by the Office of the Attorney General of the
16 Commonwealth of Kentucky (AG)'s witnesses Randy Futral and Lane Kollen.
17 Specifically, I will address Mr. Futral's and Mr. Kollen's recommendations related
18 to:

19 (1) the AG witness' proposal to subtract construction payables from
20 rate base;

21 (2) the AG witness' proposal to use 2024 electric-only data to
22 calculate the uncollectible expense;

1 (3) the AG's witness' proposal of 50% sharing between the Company
2 and its customers of Director's & Officer's insurance, Board of Directors
3 compensation, and investor relations expense;

4 (4) the effects on the revenue requirement of the AG's witnesses'
5 proposals to adjust rate base for various adjustments to net plant and accumulated
6 deferred income taxes (ADIT) associated with the retirement date of East Bend
7 and the treatment of decommissioning expenses;

8 (5) the AG's witness' recommendation regarding the Company's
9 requests in this proceeding to modify and add PJM billing line items in the FAC
10 and PSM as duplicative and unnecessary to the extent the Commission enters its
11 Order in Case No. 2024-00285 deciding the same issues before it issues its Order
12 in this proceeding. Otherwise, the recommendation is that the Commission adopt
13 the AG's witness' recommendations set forth in his direct testimony from Case
14 No. 2024-00285 in this proceeding.

15 First, I will also address adjustments proposed by Mr. Futral that the
16 Company does not oppose, some of which were identified by the Company
17 through discovery and the resulting revised revenue requirement increase being
18 requested by the Company.

II. REVISED REVENUE REQUIREMENT

1 **Q. HAS THE ATTORNEY GENERAL MADE REVENUE REQUIREMENT**
2 **ADJUSTMENT RECOMMENDATIONS THAT THE COMPANY**
3 **ACCEPTS?**

4 A. Yes. There are two adjustments that Mr. Futral is recommending which the
5 Company is willing to accept. These adjustments were identified by the Company
6 through the course of answering discovery.

7 **Q. PLEASE EXPLAIN MR. FUTRAL'S ADJUSTMENTS THAT THE**
8 **COMPANY IS WILLING TO ACCEPT.**

9 A. First, as the Company noted in response to discovery question AG-DR-01-054,
10 the Company discovered two errors in the calculation of the Cash Working
11 Capital (CWC). The errors involved miscellaneous expenses and federal and state
12 income taxes which were not properly aligned with the as-filed amounts in the
13 application. The Company quantified the impact of the error to be an
14 overstatement of the CWC of \$0.051 million. The impact to the Company's
15 requested revenue requirement is a reduction of \$0.005 million and the Company
16 agrees to adjust its requested revenue requirement accordingly.

17 Secondly, the Company did not include the amortization for Duke Energy
18 Business Services LLC (DEBS) Excess Accumulated Deferred Income Taxes
19 (EDIT) as a result of the Tax Cut and Jobs Act. The Commission's Order in Case
20 No. 2019-00271 stated that \$0.214 million of DEBS EDITs allocated to Duke
21 Energy Kentucky electric should be amortized over 5-years for a revenue
22 reduction of \$0.043 million. This was included in rates effective on May 1, 2020,

1 resulting in a remaining balance of \$0.082 million as of June 30, 2023, just prior
 2 to the start of the forecast test year in Case No. 2022-00372. In Case No. 2022-
 3 00372, the Commission approved a 5-year amortization of the unamortized June
 4 30, 2023, balance of \$0.016 million. This adjustment has the effect of reducing
 5 the Company’s proposed revenue requirement increase by \$0.017 million and the
 6 Company agrees to adjust its requested revenue requirement accordingly.

7 **Q. PLEASE SUMMARIZE THE COMPANY’S REVISED REVENUE**
 8 **REQUIREMENT BASED ON THE CHANGES DISCUSSED IN YOUR**
 9 **REBUTTAL TESTIMONY.**

10 A. The following table reflects the Company’s revised revenue requirement increase
 11 based on my rebuttal testimony.

Line No.	Summary	Impact to Revenue Deficiency
1	Duke Energy Kentucky Initial Request	\$ 70,008,476
2	Cash Working Capital	(5,101)
3	DEBS EDIT Amortization	(16,587)
4	Total Adjustments to Company's Proposed Revenue Requirement	<u>\$ (21,688)</u>
5	Duke Energy Kentucky Revised Revenue Increase Request	<u><u>\$ 69,986,788</u></u>

III. CONSTRUCTION PAYABLES REDUCTION TO RATE BASE

12 **Q. PLEASE EXPLAIN MR. KOLLEN’S RECOMMENDATION TO**
 13 **SUBTRACT CONSTRUCTION PAYABLES FROM RATE BASE.**

14 A. Mr. Kollen recommends construction payables be subtracted from rate base
 15 because it represents cost-free vendor financing.

1 **Q. PLEASE EXPLAIN MR. KOLLEN’S REASONING FOR THIS**
2 **ADJUSTMENT.**

3 A. Mr. Kollen’s only reasoning for this adjustment is that the Commission has
4 adopted an adjustment to subtract construction accounts payable from rate base in
5 other utility base rate proceedings. He states the Commission adopted an
6 adjustment to subtract construction accounts payable from rate base in a Kentucky
7 Power base rate proceeding, Case No. 2020-00174, and Kentucky Power
8 subtracted construction accounts payable from rate base without dispute in its
9 next base rate proceeding, Case No. 2023-00159.

10 **Q. PLEASE EXPLAIN MR. KOLLEN’S RECOMMENDATION IN CASE NO.**
11 **2020-00174 RELATED TO SUBTRACTING CONSTRUCTION**
12 **ACCOUNTS PAYABLE FROM RATE BASE.**

13 A. Mr. Kollen’s testimony¹ stated the construction work in progress (CWIP)
14 included in rate base should be reduced by the accounts payable related to the
15 CWIP since the Company has not financed the portion of the CWIP that has
16 related accounts payable outstanding because the Company’s vendors have
17 financed that CWIP. Per the Order in Case No. 2020-00174, the Commission
18 found that rate base was the more appropriate method to calculate the revenue
19 requirement, and Kentucky Power provided no contrary evidence or objection
20 against Mr. Kollen’s proposal in the context of the calculation of rate base and

¹ *In the Matter of the Electronic Application of Kentucky Power Company for an Adjustment of Rates; Approval of Tariff Revisions; Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and Other Relief*; Case No. 2024-00092, Kollen Direct, pp. 23-24.

1 found the adjustment was reasonable and should be accepted and reflected in the
2 calculation of the revenue requirement.

3 In Case No. 2023-00159, the Attorney General again proposed an
4 adjustment to remove accounts payable from CWIP in rate base and in a
5 Settlement the parties agreed that accounts payable should be removed from
6 CWIP included in rate base. The Commission accepted the settlement adjustment
7 to remove accounts payable from CWIP included in rate base.

8 **Q. IS DUKE ENERGY KENTUCKY INCLUDING CWIP IN RATE BASE?**

9 A. No.

10 **Q. PLEASE EXPLAIN WHY THE COMPANY DISAGREES WITH THIS**
11 **ADJUSTMENT.**

12 A. The Company disagrees with this adjustment because CWIP is not included in
13 rate base in this proceeding. As Mr. Kollen noted, Duke Energy Kentucky
14 correctly subtracted cost-free vendor financing from items *included* in rate base,
15 fuel and lime inventories. It is arbitrary, unreasonable, and punitive to reduce the
16 Company's revenue requirement for items not even included in rate base.

17 **Q. PLEASE EXPLAIN THE IMPACT OF MR. KOLLEN'S PROPOSAL ON**
18 **THE COMPANY'S REVENUE REQUIREMENT.**

19 A. Mr. Kollen's recommendation results in a decrease rate base of \$17.564 million
20 and a reduction to the revenue requirement of \$1.752 million. For the reasons
21 noted above, the Commission should reject this recommendation and the resulting
22 reduction to rate base and the revenue requirement.

IV. UNCOLLECTIBLE EXPENSE

1 **Q. PLEASE EXPLAIN MR. FUTRAL’S RECOMMENDATION TO USE 2024**
2 **DATA TO CALCULATE UNCOLLECTIBLE EXPENSE.**

3 A. Mr. Futral recommends using the 2024 electric-only uncollectible factor of 0.454
4 percent to compute the Company’s projected uncollectible expense.

5 **Q. PLEASE EXPLAIN WHY THE COMPANY DISAGREES WITH THIS**
6 **ADJUSTMENT.**

7 A. The majority of Duke Energy Kentucky customers are combination customers
8 taking both electric and natural gas service. They receive one bill for electric and
9 natural gas service. Customers view their bill from Duke Energy Kentucky as one
10 bill. Given that, it is appropriate to calculate uncollectible expense based on the
11 historical percentage of uncollectible expense on a total bill basis. Of Duke
12 Energy Kentucky’s total customers, there are only approximate 9 percent that are
13 natural gas-only customers. It is also important to acknowledge that at the time of
14 filing, a full year of 2024 actuals was not available.

15 **Q. PLEASE EXPLAIN THE IMPACT OF MR. FUTRAL’S PROPOSAL ON**
16 **THE COMPANY’S REVENUE REQUIREMENT.**

17 A. As outlined above, the Company recommends the Commission reject Mr. Futral’s
18 proposal to utilize the 2024 electric-only uncollectible expense factor. Mr.
19 Futral’s recommendation results in a decrease in the amount of uncollectible
20 expense in the test year of \$2.105 million and a reduction to the revenue
21 requirement of \$2.109 million.

1 As discussed in Mr. Futral’s testimony he intentionally computed this as
2 the first adjustment which impacts the amounts of all of the other adjustments
3 recommended by the AG witnesses. If this recommendation is denied, any of the
4 AG recommendations accepted by the Commission will need to be calculated
5 using a gross up factor including the Uncollectible Factor of 0.9210 percent not
6 the gross up factor used by the AG on Table 1 of Mr. Futral’s direct testimony.

V. **DIRECTOR’S & OFFICER INSURANCE, BOARD OF DIRECTORS
COMPENSATION, AND INVESTOR RELATIONS EXPENSE**

7 **Q. PLEASE EXPLAIN MR. FUTRAL’S RECOMMENDATION OF 50**
8 **PERCENT SHARING BETWEEN THE COMPANY AND ITS**
9 **CUSTOMERS OF DIRECTOR’S AND OFFICER’S INSURANCE, BOARD**
10 **OF DIRECTORS COMPENSATION, AND INVESTOR RELATIONS**
11 **EXPENSE.**

12 A. Mr. Futral is recommending 50 percent of Director’s and Officer’s (D&O)
13 insurance, 50 percent of the Board of Directors (BOD) compensation, and 50
14 percent of investor relations expenses be disallowed arguing these expenses
15 benefit shareholders, and the costs should be shared 50/50 between ratepayers and
16 shareholders to align costs with derived benefits.

17 **Q. PLEASE EXPLAIN WHY THE COMPANY DISAGREES WITH THIS**
18 **ADJUSTMENT.**

19 A. The Company disagrees with this adjustment because 1) the expenses are prudent
20 and necessary to provide electric service to customers, and 2) the Commission has

1 recently found that the expense is appropriate and reasonable for inclusion in cost
2 of service.

3 **Q. PLEASE EXPLAIN WHY THE EXPENSE IS REASONABLE, PRUDENT,**
4 **AND NECESSARY TO PROVIDE ELECTRIC SERVICE TO**
5 **CUSTOMERS?**

6 A. It is my understanding that under Kentucky law, corporations are required to have
7 a Board of Directors.² Additionally, as I further understand, Kentucky law
8 includes provisions addressing indemnification of directors, including the
9 provision of liability insurance by corporations.³ Therefore, the fact that the
10 Company incurs these costs are no different than any other corporation organized
11 in Kentucky and these corporate governance expenses are a necessary component
12 of cost of service.

13 Further, under Kentucky law, utilities are entitled to “demand, collect, and
14 receive fair, just and reasonable rates for the services rendered or to be
15 rendered...”⁴ Therefore, it is reasonable for the Company to continue to include
16 and recover these costs in rates, as it has for decades. BOD compensation, D&O
17 liability insurance, and investor relations expenses are core elements of sound
18 utility governance-ensuring prudent decision-making, compliance with applicable
19 laws, access to capital, and long-term financial stability. These functions directly
20 support the utility’s ability to serve Kentucky customers reliably and cost-
21 effectively.

² See e.g. KRS 271B.2-020, .2-050, .8-010 et seq.

³ See e.g. KRS 271B.8-500 -.8-580.

⁴ KRS 278.030

1 Having skilled and competent officers and a Board of Directors benefits
2 customers and providing these benefits are standard in the industry and necessary
3 to ensure proper oversight and management of operating a complex utility
4 business. D&O liability insurance is not an investor perk-it is a prudent risk
5 management tool that protects the utility's leadership from claims that could
6 disrupt governance or impair the company's ability to attract qualified board
7 members. Moreover, D&O insurance helps prevent significant legal costs or
8 indemnification payouts that would otherwise fall directly on the utility and
9 ultimately its customers. It is in the public interest for these protections to be in
10 place, and for the cost to be reflected in rates.

11 Similarly, investor relations are essential for maintaining transparency,
12 supporting credit ratings, and attracting investment at favorable terms. In capital-
13 intensive industries like utilities, a lower cost of debt and equity directly reduces
14 the revenue requirement that customers must support. Kentucky customers benefit
15 from Duke Energy Corp's ability to raise capital for the utility efficiently—and
16 that benefit is realized through stable rates and reliable infrastructure.
17 Communication with debt and equity investors and potential investors is crucial to
18 the Company's ability to fund and provide utility service. Without such
19 communications, the Company's borrowing costs would increase, ultimately
20 harming customers. These costs are essential to lowering the Company's
21 financing costs, reduce investor concerns and discuss risks associated with
22 investments.

1 Importantly, Mr. Futral makes no argument that the amount of these
2 corporate governance expenses is unreasonable or imprudently incurred. He
3 merely is advocating that they should be arbitrarily shared between customers and
4 shareholders. A 50/50 sharing mechanism for governance-related costs is not
5 grounded in Kentucky precedent or cost-causation principles. Customers benefit
6 from the outcomes of good governance, effective risk management, and strong
7 financial positioning. There is no principled basis for requiring shareholders to
8 absorb half of these costs when they support the utility’s ability to provide reliable
9 service, access capital markets, and comply with regulatory mandates—all of
10 which serve Kentucky ratepayers. The Commission retains full authority to
11 disallow or adjust any expense it finds excessive or imprudent. These costs, when
12 reasonable in amount and properly documented, should be treated no differently
13 than other essential operating expenses. The regulatory process already ensures
14 that only prudent and reasonable amounts will be included in rates—there is no
15 need for an arbitrary disallowance or cost-sharing mechanism.

16 **Q. PLEASE EXPLAIN WHERE THE COMMISSION HAS RECENTLY**
17 **FOUND THAT THE EXPENSE IS APPROPRIATE AND REASONABLE**
18 **FOR INCLUSION IN COST OF SERVICE.**

19 A. In Case No. 2024-00092, the Commission approved a settlement between
20 Columbia and the AG where D&O Insurance, and Investor Relations Expense
21 were authorized for recovery. Although part of the approved settlement, the
22 Commission, nonetheless, went further in its explanation for approval of D&O
23 insurance costs stating:

1 The Commission agrees with Columbia Kentucky that these
2 expenses are legitimate business expenses that reduce the costs that
3 would be passed on to ratepayers if Columbia Kentucky's
4 executives were involved in litigation related to the operation of
5 the utility. In addition, the Commission agrees with Columbia
6 Kentucky's arguments that this insurance may reduce borrowing
7 costs.⁵

8 Similarly, as it relates to Investor Relations expense, the Commission likewise
9 found these costs are legitimate business expenses that lower the cost of debt for
10 the utility and agreed with their inclusion in the utility's revenue requirement,
11 reserving the right to continue to review the magnitude of costs in future base rate
12 proceedings to ensure the amount being recovered appropriately reflects the
13 benefits of the expense.⁶

14 **Q. PLEASE EXPLAIN THE IMPACT OF MR. FUTRAL'S PROPOSAL ON**
15 **THE COMPANY'S REVENUE REQUIREMENT.**

16 A. As outlined above, the Company recommends the Commission reject Mr. Futral's
17 proposal to deny recovery of 50 percent of D&O insurance, 50 percent BOD
18 compensation, and 50 percent investor relations expenses. Mr. Futral's
19 recommendation results in a reduction in the amount of D&O insurance expense
20 of \$0.092 million, a reduction of BOD compensation expense of \$0.012 million,
21 and a reduction of investor relations expense of \$0.029 million. These
22 adjustments will reduce the base revenue requirement by \$0.092 million, \$0.012
23 million, and \$0.030 million, respectively.

⁵ *In the Matter of the Electronic Application of Columbia Gas of Kentucky, Inc., for an Adjustment of Rates; Approval of Depreciation Study; Approval of Tariff Revisions; and Other Relief*; Case No. 2024-00092 (Ky.P.S.C. Order pp. 27-29) (Dec. 30, 2024).

⁶ *Id.*, p. 32.

VI. EAST BEND DEPRECIABLE LIFE

1 **Q. PLEASE DESCRIBE MR. KOLLEN'S PROPOSAL AS IT RELATES TO**
2 **THE DEPRECIABLE LIFE OF EAST BEND.**

3 A. Mr. Kollen recommends that the Commission reject the Company's request to
4 adjust East Bend's depreciation expense to align with a likely retirement in 2038.
5 He makes various recommendations to the revenue requirement as a result.

6 **Q. DOES THE COMPANY AGREE WITH MR. KOLLEN'S PROPOSAL?**

7 A. No. Company witnesses John Spanos discusses in his rebuttal testimony why the
8 Company disagrees with Mr. Kollen's proposal and believes that the depreciable life
9 through December 31, 2038, is the most appropriate date to include in this
10 proceeding. I discuss how rejecting this proposal impacts the revenue requirement.

11 **Q. PLEASE EXPLAIN THE IMPACT OF REJECTING MR. KOLLEN'S**
12 **PROPOSAL ON THE COMPANY'S REVENUE REQUIREMENT.**

13 A. The Company recommends that the Commission reject Mr. Kollen's proposal to
14 maintain East Bend's depreciable life through 2041. Instead, for the reasons
15 explained by Ms. Lawler and Mr. Spanos, the Commission should instead align the
16 depreciation expense with a likely retirement date of 2038. Mr. Kollen's
17 recommendation results in a decrease in depreciation expense of \$5.373 million and
18 the decrease in accumulated depreciation, net of ADIT effects, of \$1.347 million.
19 The corresponding revenue impact of \$5.272 million shown on Table 1 of Mr.
20 Futral's testimony should also be rejected. This is comprised of a reduction of
21 \$5.406 million for the decrease in depreciation expense and an increase of \$0.134
22 million for the decrease in accumulated depreciation net of ADIT impacts.

VII. DECOMMISSIONING COSTS

1 **Q. PLEASE DESCRIBE MR. KOLLEN'S PROPOSAL AS IT RELATES TO**
2 **DECOMMISSIONING COSTS.**

3 A. Mr. Kollen recommends the decommissioning expense for all the Company's
4 generating units be denied.

5 **Q. DOES THE COMPANY AGREE WITH MR. KOLLEN'S PROPOSAL?**

6 A. No. Company witnesses Mr. Spanos and Ms. Lawler discuss in their rebuttal
7 testimony why the Company disagrees with Mr. Kollen's proposal and believes
8 that the decommissioning costs should be a component of the depreciation rates. I
9 discuss how rejecting this proposal impacts the revenue requirement.

10 **Q. PLEASE EXPLAIN THE REVENUE REQUIREMENT IMPACT OF THE**
11 **COMPANY'S POSITION AS IT RELATES TO MR. KOLLEN'S**
12 **RECOMMENDATION TO DENY RECOVERY OF DECOMMISSIONING**
13 **COSTS.**

14 A. As outlined in the rebuttal testimony of the Company witnesses noted above, the
15 Company recommends the Commission reject Mr. Kollen's proposal to deny
16 recovery of the decommissioning costs. This recommendation reduced
17 depreciation expense by \$5.469 million and the decrease in accumulated
18 depreciation, net of ADIT effects, of \$1.371 million. The corresponding revenue
19 requirement decrease of \$5.365 million shown on Table 1 of Mr. Futral's
20 testimony should be rejected. This is comprised of a reduction of \$5.502 million
21 for the decrease in depreciation expense and an increase of \$0.137 million for the
22 decrease in accumulated depreciation net of ADIT impacts.

VIII. PJM BILLING LINE ITEMS

1 **Q. PLEASE DESCRIBE MR. KOLLEN'S RECOMMENDATION TO THE**
2 **COMPANY'S PROPSAL RELATED TO PJM BILLING LINE ITEMS**
3 **INCLUDED IN THE FAC AND PSM RIDERS.**

4 A. Mr. Kollen's first recommendation is the Commission should find the Company's
5 request in this proceeding duplicative and unnecessary to the extent the
6 Commission enters its Order in Case No. 2024-00285 deciding the same issues
7 before it issues its Order in this proceeding.

8 **Q. IS THE REQUEST IN THIS PROCEEDING DUPLICATIVE TO THE**
9 **CASE NO. 2024-00285 IN WHICH THE COMPANY IS REQUESTING TO**
10 **TRANSITION FROM THE PJM FIXED RESOURCE REQUIREMENT**
11 **(FRR) TO THE RELIABILTIY PRICING MODEL (RPM) CAPACITY**
12 **CONSTRUCT.**

13 A. No. The request in this proceeding is not the same as the request in Case No.
14 2024-00285 (FRR to RPM proceeding).

15 **Q. PLEASE EXPLAIN WHY THE COMPANY'S REQUEST IN THIS**
16 **PROCEEDING IS NOT DUPLICATIVE OF ITS REQUEST IN CASE NO.**
17 **2024-00285.**

18 A. The Company received approval to include certain PJM BLIs in the FAC and
19 PSM in Case No. 2017-00321, a base rate case proceeding, and per the Order in
20 Case No. 2021-00296, FAC audit proceeding, the Company was ordered not to

1 change any of the PJM BLIs included in the FAC without Commission approval.⁷
2 Given this directive, the Company has not changed any of the PJM BLIs included
3 in the FAC or PSM based on the approval in Case No. 2017-00321.

4 As discussed in the Direct Testimony of Mr. John D. Swez, the
5 Company's request in this proceeding is to address changes in the PJM BLI codes
6 related to additions, eliminations, and bifurcations of BLIs and PJM BLIs that
7 existed at the time of Case No. 2017-00321 that were not addressed in that
8 proceeding. Since the Company is currently an FRR participant, the PJM BLIs
9 associated with being an RPM participant are ***not*** addressed in this proceeding.

10 **Q. PLEASE EXPLAIN THE COMPANY'S REQUEST IN THE FRR TO RPM**
11 **PROCEEDING.**

12 A. The request in that proceeding only addresses the recovery of PJM BLIs related to
13 becoming an RPM participant. That is a separate issue and involves separate BLIs
14 related to participation in the PJM capacity markets. The Commission may or
15 may not approve the Company's application in Case No. 2024-00285, and in
16 either event, the BLIs involved in this case would be unresolved. The
17 Commission should treat the cases separately as they are different requests.

⁷ Case No. 2021-00296, *In the Matter of an Electronic Examination of the Application of the Fuel Adjustment Clause of Duke Energy Kentucky, Inc. from November 1, 2020 through April 30, 2021* (Ky. PSC March 24, 2022) ("In addition, the Commission finds that Duke Kentucky's revised FAC tariff shall remove the 'including but not limit to' language from Section 2(e) as the Commission does not allow Duke Kentucky to pass through unlisted items through the FAC rate without first gaining Commission approval.")

1 **Q. PLEASE EXPLAIN SOME OF THE CHANGES REQUESTED IN THIS**
2 **PROCEEDING THAT ARE NOT REQUESTED IN THE FRR TO RPM**
3 **PROCEEDING.**

4 A. The Company is requesting changes to the PJM BLIs included in the FAC in this
5 proceeding. In the FRR to RPM proceeding, the Company is not requesting any
6 changes to the FAC.⁸

7 The Company is also requesting changes to the PJM BLIs included in the
8 PSM in this proceeding that are not requested in FRR to RPM proceeding. For
9 example, in this proceeding, the Company is requesting recovery for new BLIs
10 such as BLI 1246, 2246, 1361, 2361, 1471, 2367, 2366, 2368, 1669, 2669, and
11 1985 which is not requested in the FRR to RPM proceeding.

12 **Q. PLEASE EXPLAIN SOME OF THE CHANGES REQUESTED IN THE**
13 **FRR TO RPM PROCEEDING THAT ARE NOT BEING REQUESTED IN**
14 **THIS PROCEEDING.**

15 A. In the FRR to RPM proceeding, the Company is requesting PJM BLIs to be
16 included in the PSM that are not requested in this proceeding. The BLIs that the
17 Company is requesting be included in the PSM in the FRR to RPM proceeding
18 are: 1610, 1650, 1661, 1662, 1663, 2605, 2625, 2630, 2650, 2661, 2662, 2663.
19 The Company is seeking to include these BLIs in the PSM because these are
20 related to participation in the RPM.

⁸ Mr. Kollen confirmed there are FAC changes in this proceeding and the Company is not requesting any FAC changes in Case No. 2024-00285. See Attachment LDS-Rebuttal-1.

1 **Q. GIVEN THESE DIFFERENCES BETWEEN THE COMPANY'S**
2 **REQUESTS IN THESE TWO PROCEEDINGS, IS THE COMPANY'S**
3 **REQUEST IN THIS PROCEEDING DUPLICATIVE OF ITS REQUEST IN**
4 **THE FRR TO RPM PROCEEDING?**

5 A. No. The requests in the two proceeding are *not* the same. The FRR to RPM
6 proceeding does not address the requested changes in this proceeding and this
7 proceeding does not address the requested changes in the FRR to RPM
8 proceeding. Therefore, this request is not duplicative and unnecessary if an Order
9 is issued in Case No. 2024-00285.

10 **Q. DOES MR. KOLLEN MAKE ANOTHER RECOMMENDATION**
11 **RELATED TO THE COMPANY'S PROPOSAL RELATED TO PJM**
12 **BILLING LINE ITEMS INCLUDED IN THE FAC AND PSM RIDERS?**

13 A. Yes. If the Commission does not find the request in this proceeding duplicative
14 and unnecessary to the extent the Commission enters its Order in Case No. 2024-
15 00285, he recommends the Commission adopt his recommendations from Case
16 No. 2024-00285 in this proceeding.

17 **Q. PLEASE EXPLAIN WHY THE COMPANY DISAGREES WITH MR.**
18 **KOLLEN'S RECOMMENDATION.**

19 A. The purpose of the testimony in Case No. 2024-00285, the FRR to RPM
20 proceeding, was to address and make recommendations regarding Duke Energy
21 Kentucky's request to modify its present PSM if the Commission approves the
22 Company's request to transition from an FRR entity to an RPM entity. His
23 recommendation in that proceeding related only to capacity-related revenues and

1 expenses associated with RPM participation. As explained above, the request in
2 this proceeding addresses recovery of BLIs other than ones related to RPM
3 participation, in fact, it does not cover BLIs associated with RPM participation at
4 all. The testimony in the FRR to RPM proceeding only addresses the BLIs
5 associated with RPM participation. Other than referring to the testimony in the
6 FRR to RPM proceeding, Mr. Kollen did not offer any other reasoning why the
7 Company's proposal in this proceeding should be denied. In its rebuttal testimony
8 in Case No. 2024-00285, the Company explained why Mr. Kollen's
9 recommendations in that proceeding were unreasonable and improper. The same
10 holds true here. The Commission should not follow Mr. Kollen's recommendation
11 that improperly conflates the issues between the two separate proceedings.

IX. CONCLUSION

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

13 A. Yes.

VERIFICATION

STATE OF OHIO)
)
COUNTY OF HAMILTON) SS:

The undersigned, Lisa D. Steinkuhl, Director Rates & Regulatory Planning, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing rebuttal testimony and that it is true and correct to the best of her knowledge, information and belief.



Lisa D. Steinkuhl, Affiant

Subscribed and sworn to before me by Lisa D. Steinkuhl on this 31ST day of March, 2025.



NOTARY PUBLIC

My Commission Expires: July 8, 2027



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

WITNESS RESPONSIBLE:
LANE KOLLEN

QUESTION NO. 31
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In Case No. 2024-00285, did the Company request any changes to the PJM BLIs to be included the FAC?

- a. If so, please explain the changes requested by the Company in Case No. 2024-00285 to the FAC tariff.
- b. Please confirm that the changes requested in this proceeding related to the FAC were not requested in Case No. 2024-00285. If your response is anything other than a confirmation, please explain your response and provide any supporting materials.

RESPONSE:

No.

- a. Not applicable.
- b. Confirmed.