

**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.

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**REBUTTAL TESTIMONY OF**  
**BRUCE L. SAILERS**  
**ON BEHALF OF**  
**DUKE ENERGY KENTUCKY, INC.**

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April 9, 2024

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**I. INTRODUCTION**

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

2 A. My name is Bruce L. Sailers, 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,  
6 Jurisdictional Rate Administration for Duke Energy Kentucky, Inc., (Duke  
7 Energy Kentucky or the Company) and Duke Energy Ohio, Inc. DEBS provides  
8 various administrative and other services to Duke Energy Kentucky and other  
9 affiliated companies of Duke Energy Corporation (Duke Energy).

10 **Q. ARE YOU THE SAME BRUCE L. SAILERS THAT SUBMITTED**  
11 **DIRECT TESTIMONY IN THIS PROCEEDING?**

12 A. Yes.

13 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

14 A. The purpose of my rebuttal testimony is to address the comments and  
15 recommendations by several intervening parties in this proceeding. Specifically, I  
16 respond to the following items:

- 17 • I respond to the recommendations and comments by Ms. Lisa V. Perry on  
18 behalf of Walmart as it relates to the MW threshold value to define large load  
19 additions.
- 20 • I also respond to the recommendation by Ms. Lisa V. Perry on behalf of  
21 Walmart regarding a requirement to discuss and propose the introduction of a

1 new rate for direct current fast charging (DCFC) public facing electric vehicle  
2 (EV) chargers.

- 3 • I respond to the recommendation of Mr. Justin Bieber on behalf of The Kroger  
4 Co. as it relates to the redistribution of revenue collection in Rate DS between  
5 demand charges and energy charges; Rate DS Rate Design.

## II. MW THRESHOLD VALUE FOR DEFINING NEW LARGE LOADS

6 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF MS. PERRY'S**  
7 **RECOMMENDATION REGARDING THE MW THRESHOLD VALUE**  
8 **APPROPRIATE TO IDENTIFY NEW LARGE LOADS.**

9 A. Starting on page 25 through the top of page 27 of Ms. Perry's testimony, Ms.  
10 Perry describes the Company's proposal and why she recommends the MW  
11 threshold value should be 75 MWs instead of the 20 MW value proposed by the  
12 Company.

13 **Q. DO YOU AGREE WITH MS. PERRY'S RECOMMENDATION?**

14 A. No. Ms. Perry's recommendation is too high. As a reference, the addition of 75  
15 MWs to the Company's system represents over an 8% increase in the Company's  
16 total system peak load. In addition, Ms. Perry suggests that Walmart proposes the  
17 75 MW value based on the possible aggregation of Walmart site loads in the  
18 Company's territory exposing the Walmart sites to the proposed tariff language.  
19 But the Company clearly states that the new language applies only to new load  
20 that results in significant system investment. Finally, Ms. Perry suggests that the  
21 Company's intention is focused on customers at a single site such as data centers  
22 and crypto mining facilities. But the Company does not propose such a

1 discriminatory approach in favor of a broader approach that will be subject to the  
2 Commission's review on a case-by-case basis.

3 **Q. DOES THE COMPANY PROVIDE CALCULATIONS OR OTHER**  
4 **SUPPORT FOR THE PROPOSED 20 MW VALUE?**

5 A. The Company does not have calculations to support the 20 MW value. However,  
6 the 20 MW value is based on discussions with and opinions of Company experts  
7 in distribution planning, transmission planning, generation planning, and PJM  
8 capacity planning. The Commission should reject Walmart's proposal and accept  
9 the Company's proposed 20 MW value.

### III. PUBLIC FACING DCFC RATE

10 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF MS. PERRY'S**  
11 **RECOMMENDATION REGARDING A RATE FOR PUBLIC FACING**  
12 **DCFC EV CHARGERS.**

13 A. Starting on page 27 through page 30 in Ms. Perry's testimony, Ms. Perry  
14 describes Walmart's desire to promote EV charger infrastructure to alleviate  
15 issues that impact EV adoption. Ms. Perry states that the availability of EV  
16 specific rates are important to EV charger infrastructure decisions. Walmart then  
17 recommends that the Commission require the Company to work with interested  
18 stakeholders to develop a new EV rate specifically for public-facing EV chargers.  
19 In addition, within six months of an order in this proceeding, the Company would  
20 seek approval of such rate or provide the Commission an update on the  
21 stakeholder process.

1 **Q. DO YOU AGREE WITH MS. PERRY'S RECOMMENDATION?**

2 A. No.

3 **Q. PLEASE EXPLAIN.**

4 A. First, the Company is not opposed to meeting with Walmart and other interested  
5 stakeholders to discuss non-discriminatory rate designs that are suitable for public  
6 facing DCFC EV chargers. But the Company does not agree that the objective of  
7 the discussion should be solely for public facing DCFC EV charging stations and  
8 potentially providing discounted rates to such customers if those rates are not  
9 aligned with the cost to serve such customers. Second, the Company's rates DS  
10 and DP are well positioned for such customers if they take service at the  
11 secondary distribution or primary distribution level and are less than or equal to  
12 500 kW in billing demand. Third, the Company believes that Rate RTP with  
13 appropriate baseline levels for peak demand consumption can be another potential  
14 option for such charging stations. Finally, the Company enjoys talking with its  
15 customers about their service needs and does not require a Commission order to  
16 do so. The Company is open to discussing non-discriminatory rate design for  
17 public facing DCFC EV charging with Walmart and will commit to include  
18 information on such discussion(s), or the attempts to arrange them, in the  
19 Company's next electric rate case filing. The Commission should reject  
20 Walmart's recommendation to propose a potentially non-revenue neutral new rate  
21 specific to public facing DCFC EV chargers prior to the Company's next electric  
22 rate case filing.

#### **IV. RATE DS RATE DESIGN**

1 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF MR. BIEBER'S**  
2 **RECOMMENDATION REGARDING RATE DS ENERGY AND DEMAND**  
3 **CHARGES.**

4 A. Starting on page 12 through page 22 of Mr. Bieber's testimony, Mr. Bieber  
5 recommends that the Company's proposed energy and demand charges should be  
6 adjusted to increase revenues collected through the demand charge and reduce the  
7 revenues collected through the energy charges in his opinion to align better with  
8 the Company's cost of service study (COSS). His recommendation is captured in  
9 Table JB-4 on page 19 of his testimony and in Attachment JB-2. To show how the  
10 Company collects COSS demand and energy related revenues, Mr. Bieber  
11 separates the Company's proposed energy charges into a premium component that  
12 is assigned to demand related revenue and an energy component that collects  
13 energy related revenues. His recommendation is based on the premise that the  
14 Kroger proposed charges provide better cost-based price signals to customers with  
15 varying load factor levels.

16 **Q. DO YOU AGREE WITH MR. BIEBER'S RECOMMENDATION?**

17 A. No.

18 **Q. PLEASE EXPLAIN.**

19 A. In general, the Company agrees that cost-based rates are desired and send the  
20 appropriate price signals to customers. Charges more closely associated with cost  
21 causation are preferred and generally, COSS demand related revenue  
22 requirements would be collected through demand charges. However, there are

1 other considerations that Mr. Bieber does not address that lead to my  
2 recommendation to the Commission to reject Mr. Bieber's proposal. Mr. Bieber's  
3 recommendation ignores the potential intraclass subsidization it creates regarding  
4 the pricing to smaller customers. This is contrary to the rate design of Rate DS.

5 **Q. HOW DOES MR. BIEBER'S PROPOSAL POTENTIALLY CREATE**  
6 **INTRACCLASS SUBSIDIZATION FOR SMALLER CUSTOMERS?**

7 A. Mr. Bieber proposes increasing the greater than 15 kW demand charge and  
8 decreasing the energy charge in all three energy blocks. By decreasing all the  
9 energy charges, smaller Rate DS customers, particularly those with demand less  
10 than or equal to 15 kW, receive a smaller bill increase and may not pay their fair  
11 cost of service as I explain below.

12 **Q. WHY DOES THE COMPANY CHARGE \$0/KW FOR THE FIRST 15 KW**  
13 **FOR ALL RATE DS CUSTOMERS?**

14 A. The Company uses this pricing approach as an alternate and administratively  
15 simpler means of addressing pricing challenges between very small (<15kW)  
16 customers and larger, more sophisticated customers that may approach 500kW in  
17 demand. Specifically, the very small customers consuming <= 15 kW in demand  
18 are not assessed a demand charge, a pricing structure that is a common utility  
19 practice for tariffs specifically designed for such small customers. The Company  
20 has designed the tariff to provide appropriate pricing outcomes for a wider range  
21 of customer sizes by including this feature vs. the alternative of having separate  
22 classes and more tariffs. Therefore, much like residential customers, these small  
23 Rate DS customers receive a bill where all of their charges are based on the fixed



1 customer charge and the kWh energy charges, assuming demand remains below  
2 15kW. Rate DS is thus intentionally designed to recover all the demand related  
3 revenues for the first 15 kW for all Rate DS customers through energy and fixed  
4 customer charges.

5 **Q. SHOULD THE COMMISSION APPROVE MR. BIEBER'S**  
6 **RECOMMENDATION?**

7 A. No. Mr. Bieber's recommendation may create new sources of intraclass  
8 subsidization that are not anticipated as I explained above. Despite my objections  
9 above, if the Commission is inclined to move closer to Mr. Bieber's suggestions,  
10 the Company would recommend the Commission slightly increase the demand  
11 charge for kw greater than 15 and offset that revenue increase by reducing only  
12 the final energy block. The final energy block charge should not be reduced  
13 below the COSS energy component divided by the total class kWh. The Company  
14 does not recommend making changes to the first energy block and prefers  
15 changes not be made to the second energy block. These energy blocks assist in the  
16 collection of demand related revenues for the first 15 kW of demand for Rate DS  
17 customers and enable smaller, less sophisticated Rate DS customers to receive  
18 bills containing only customer and energy charges while collecting demand  
19 related revenues.

20 **V. CONCLUSION**

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

22 A. Yes.

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 rebuttal testimony and that it is 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 26<sup>TH</sup> day of March, 2025.



Adele M. Frisch  
NOTARY PUBLIC

My Commission Expires: 1/5/2029