

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
CLAIRE HUDSON
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 Claire Hudson, 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 Business Services LLC (DEBS) as Manager of
6 Financial Forecasting. DEBS provides various administrative and other services to
7 Duke Energy Kentucky Inc., (Duke Energy Kentucky or Company) and other
8 affiliated companies of Duke Energy Corporation (Duke Energy).

9 **Q. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL**
10 **BACKGROUND AND PROFESSIONAL EXPERIENCE.**

11 A. I have a Bachelor of Science degree in Accounting as well as a Master of
12 Accounting degree from the University of North Carolina at Charlotte. After
13 several years working in public accounting as an auditor, I joined Duke Energy in
14 2013 as a senior accounting analyst within the Controller's Department. Since then,
15 I have held various roles within the company including Corporate Accounting,
16 Business Support Financial Planning and Analysis, and recently was responsible
17 for the financial forecasts of Duke Energy Florida as well as Duke Energy Progress.
18 Earlier this year, I became the Forecasting Manager for Duke Energy Ohio and its
19 subsidiary, Duke Energy Kentucky, Inc.

20 **Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AS MANAGER OF**
21 **FINANCIAL FORECASTING.**

22 A. I am responsible for leading the preparation of budgets, forecasts, and financial

1 analysis for Duke Energy Kentucky’s electric and natural gas utilities, as well as
2 Duke Energy Ohio and other natural gas utilities and natural gas ventures.

3 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KENTUCKY**
4 **PUBLIC SERVICE COMMISSION?**

5 A. No.

6 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THESE**
7 **PROCEEDINGS?**

8 A. The purpose of my testimony is to adopt the testimony and schedules originally
9 submitted by Grady “Tripp” S. Carpenter in this proceeding on December 2, 2024.
10 In addition, my testimony responds to the recommendation of Randy Futral, on
11 behalf of the Office of the Attorney General of the Commonwealth of Kentucky
12 (AG) to reduce the Company’s estimated PJM Network Integrated Transmission
13 Service (NITS) fees included in the revenue requirement in this proceeding.

II. ADOPTION OF TESTIMONY AND SCHEDULES

14 **Q. PLEASE EXPLAIN WHY YOU ARE ADOPTING THE DIRECT**
15 **TESTIMONY AND SCHEDULES OF MR. CARPENTER.**

16 A. Following the filing of the Application, direct testimony, and supporting schedules,
17 in these proceedings, Mr. Carpenter took on a new role within the Company and no
18 longer has oversight over Duke Energy Kentucky’s financial forecasting. In my
19 new role as Manager of Financial Forecasting, I now have oversight over the
20 financial forecasting for Duke Energy Kentucky.

1 **Q. HAVE YOU REVIEWED THE DIRECT TESTIMONY OF MR.**
2 **CARPENTER AND THE SCHEDULES HE SPONSORED AS PART OF**
3 **THIS APPLICATION?**

4 A. Yes. I have reviewed Mr. Carpenter's testimony and the schedules that Mr.
5 Carpenter sponsored through his Direct Testimony, and I am familiar with the data
6 contained therein. This includes the information contained in Filing Requirements
7 (FR) 16(6)(a), 16(6)(b), 16(6)(d), 16(6)(e), 16(7)(b), 16(7)(c), 16(7)(d), 16(7)(f),
8 16(7)(g), 16(7)(h), and 16(7)(o); cosponsoring information contained in Schedules
9 B-2, B-2.1, B-2.2, B-2.3, B-2.4, B-2.5, B-2.6, B-2.7, B-3, B-3.1, B-3.2, and B-4 in
10 response to FR 16(8)(b), which are also supported by Company witness Mr. Sharif
11 S. Mitchell; and certain information contained in Schedule B-8 that is also
12 supported by Duke Energy Kentucky witness Ms. Danielle L. Weatherston. In
13 addition, I reviewed FR 16(6)(a), 16(6)(b) and 16(8)(d), Schedules D-2.1 through
14 D-2.16, and the forecasted data on Schedules I-1 through I-5 in response to FR
15 16(8)(i), and certain information on Schedule K in response to FR 16(8)(k).

16 **Q. DO YOU HEREBY ADOPT THE SCHEDULES AND FILING**
17 **REQUIREMENTS SPONSORED BY MR. CARPENTER AND THE**
18 **DIRECT TESTIMONY OF MR. CARPENTER THAT DISCUSSES AND**
19 **SUPPORTS THOSE SCHEDULES?**

20 A. Yes, I adopt FR 16(6)(a), 16(6)(b), 16(6)(d), 16(6)(e), 16(7)(b), 16(7)(c), 16(7)(d),
21 16(7)(f), 16(7)(g), 16(7)(h), 16(7)(o), 16(8)(b), 16(8)(d), 16(8)(i), AND 16(8)(k),
22 the information provided to Company witness Mitchell for Schedules B-2, B-2.1,
23 B-2.2, B-2.3, B-2.4, B-2.5, B-2.6, B-2.7, B-3, B-3.1, B-3.2, B-4, Schedules B-5 and

1 B-5.1 in response to FR 16(8)(b); the information provided to Company witness
2 Ms. Weatherston in support of Schedule B-8; and Schedules D-2.1 through D-2.16,
3 the forecasted data on Schedules I-1 through I-5 in response to FR 16(8)(i), and
4 certain information on Schedule K in response to FR 16(8)(k) sponsored by Mr.
5 Carpenter, along with the Direct Testimony of Mr. Carpenter that discusses and
6 supports those schedules.

7 **Q. DO YOU HAVE ANY CHANGES OR CORRECTIONS TO EITHER THE**
8 **TESTIMONY OR THE SCHEDULES?**

9 A. No.

III. REBUTTAL TESTIMONY

10 **Q. PLEASE SUMMARIZE THE RECOMMENDATION OF MR. FUTRAL AS**
11 **IT RELATES TO THE PJM NITS FEES INCLUDED IN THE COMPANY'S**
12 **RATE CASE TEST PERIOD.**

13 A. Mr. Futral recommends a reduction of \$2.292 million in the test period revenue
14 requirement associated with PJM NITS fees. He arrives at these adjustments based
15 on a starting point of \$23.576 million for 2024, the calendar year 2024 actual fees,
16 and then escalates that amount by 8.1% each year to determine the 2025 and 2026
17 amounts used to determine the projected test period amount. He arrived at the 8.1%
18 escalation based upon the difference between the 2024 actual versus 2023 actual
19 costs for the PJM NITS fees. The escalated 2025 calendar year amount using the
20 8.1% escalation percentage would be \$25.485 million (\$23.576 million actual x
21 1.081) and the 2026 calendar year amount using the 8.1% escalation percentage
22 would be \$27.549 million (\$25.485 million projected x 1.081). Half of the 2025

1 amount combined with half of the 2026 amount yields a recommended projected
2 test period amount of PJM NITS fees of \$26.517 million, which is \$2.278 million
3 less than the \$28.795 million projected by the Company.

4 **Q. DOES THE COMPANY AGREE WITH MR. FUTRAL'S**
5 **RECOMMENDATION REGARDING PJM NITS FEES? PLEASE**
6 **EXPLAIN.**

7 A. No. While the Company does not dispute Mr. Futral's recommendations, it is
8 important to acknowledge that at the time of filing, a full year of 2024 actuals was
9 not available. The Company believes its method of calculating the escalation of the
10 PJM NITS fees was and is reasonable based on the available information at the time
11 the Company prepared its Application in this proceeding. Nonetheless, the
12 Company acknowledges that the method employed by Mr. Futral produces another
13 estimate of the fees in question and if adopted by the Commission, would produce
14 a reduction to the Company's revenue requirement of approximately \$2.292 million
15 as calculated by Mr. Futral.

16 **Q. HOW DID THE COMPANY FORECAST THE LEVEL OF PJM NITS FEES**
17 **USED IN THE FORECASTED TEST PERIOD AND WHY IS THE**
18 **COMPANY'S METHOD REASONABLE?**

19 A. At the time of the filing, the most recent data available was a partial year of 2024
20 data (January-June). To yield a forecasted amount for the test period, the
21 comparison was made to the same period from 2023. At the time of the filing, the
22 provided amounts for the PJM NITS fees were our most accurate and reasonable

1 estimate of test year costs.

IV. CONCLUSION

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

3 **A. Yes.**

VERIFICATION

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

The undersigned, Claire Hudson, Manager Fin Forecasting I, 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.

Claire Hudson
Claire Hudson, Affiant

Subscribed and sworn to before me by Claire Hudson on this 2nd day of April, 2025.

Teresa Ray
NOTARY PUBLIC

My Commission Expires: 01/21/29

