

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 NATURAL GAS RATES;	)	CASE NO.
2) APPROVAL OF NEW TARIFFS; AND 3) ALL	)	2025-00125
OTHER REQUIRED APPROVALS, WAIVERS,	)	
AND RELIEF.	)	

DUKE ENERGY KENTUCKY, INC.'S
INITIAL POST-HEARING BRIEF

Duke Energy Kentucky, Inc. (Duke Energy Kentucky or the Company), by counsel, pursuant to the October 31, 2025 Order of the Kentucky Public Service Commission (Commission), and other applicable law, hereby tenders to the Commission its Initial Post-Hearing Brief (Brief) in support of the adoption of the Joint Stipulation and Recommendation that was filed with the Commission on October 20, 2025 (Joint Stipulation), respectfully stating as follows:

I. INTRODUCTION

Duke Energy Kentucky must regularly make prudent investments in its natural gas delivery system to assure that all of its customers have safe, adequate, and reasonable service. In addition, ever-evolving federal regulations place more stringent requirements upon natural gas utilities with regard to pipeline integrity, which further requires the Company to invest in its system and undertake substantial pipeline replacement projects. Duke Energy Kentucky has carefully managed its operations and maintenance (O&M) expenses since its last natural gas base rate filing in 2021; however, the savings offered by

prudent management decisions are not sufficient to absorb the large capital costs associated with maintaining and updating its natural gas infrastructure.

Duke Energy Kentucky filed the Joint Stipulation with the knowledge that the compromise reached with the Office of the Attorney General of the Commonwealth of Kentucky (Attorney General) afforded it sufficient revenues to recover its reasonable costs of providing safe and reliable natural gas service, as well as a clear path for funding its pipeline replacement projects – including, as presented in this case, the replacement of Aldyl-A pipe – while at the same time assuring customers that no future increases in natural gas base rates would be likely to occur for at least three years. The Joint Stipulation also provides for valuable additional financial assistance to the Company’s low-income customers. Through considerable negotiations, Duke Energy Kentucky and the Attorney General have agreed on and submitted a compromise that delicately balances their respective priorities, positions, and requirements. The Joint Stipulation was carefully negotiated at arms-length by capable, knowledgeable parties and is fair, just, and reasonable in every respect. Accordingly, for the reasons set forth herein, Duke Energy Kentucky respectfully requests the Commission to accept and approve the Joint Stipulation in its entirety and without modification.

II. PROCEDURAL BACKGROUND

On April 17, 2025, Duke Energy Kentucky filed a Notice of Intent to File an Application seeking an adjustment of its natural gas rates and other approvals. The Company filed its Application on June 2, 2025. On June 5, 2025, the Commission issued a No Deficiency Letter. The Company filed its proof of publication of customer notice on July 17, 2025.

On May 1, 2025, the Attorney General moved to intervene. The Commission granted the Attorney General's motion on May 5, 2025. There were no other intervenors. On September 3, 2025, the Attorney General filed direct testimony. Duke Energy Kentucky filed rebuttal testimony on October 3, 2025. The Company, the Attorney General, and Commission Staff also engaged in substantial discovery.

On October 20, 2025, the Company and the Attorney General filed the Joint Stipulation resolving all issues in the case. Among other things, the Joint Stipulation recommends approval of a base rate increase for natural gas service of \$21.624 million. A hearing was held in this case on October 28, 2025. Following the hearing, on October 31, 2025, the Commission issued an Order for post-hearing requests for information and briefing. That same day, Commission Staff issued post-hearing requests for information to Duke Energy Kentucky, and the Company responded to the post-hearing requests for information on November 14, 2025.

III. ARGUMENT

A. Standard of Review

Duke Energy Kentucky is a “utility” under KRS 278.010(3) and is therefore subject to the Commission’s jurisdiction under KRS 278.040.¹ It is firmly settled that “the regulation of public utilities has and does serve a public purpose. It has a substantial relation to the public welfare, safety and health and, in a real degree, promotes these objects.”² The Commission is a creature of statute and has only those powers that are granted to it by the

¹ Duke Energy Kentucky, Inc.’s Application for Authority to Adjust Natural Gas Rates, Approval of New Tariffs, and for All Other Required Approvals and Relief (Application), p. 2 (June 2, 2025).

² *City of Florence v. Owen Elec. Coop., Inc.*, 832 S.W.2d 876, 882 (Ky. 1992).

General Assembly.³ The Commission's jurisdiction is therefore limited to "rates" and "service" of the Company.⁴ The Kentucky Supreme Court has noted that "rates are merely the means designed for achieving a predetermined objective, which in this instance was how much additional revenue should the Company be allowed to earn."⁵ The Company's rates may be increased pursuant to the procedures set forth in KRS 278.180, 278.190, and 278.192, and the Commission regulations promulgated thereunder.

It is well established that "[t]he manifest purpose of the Public Service Commission is to require and insure fair and uniform rates, prevent unjust discrimination, and prevent ruinous competition."⁶ Therefore, the Commission's statutory mandates provide "an integrated, comprehensive system aimed at providing stability and notice to all entities involved in the rate process."⁷ In undertaking this process, "the Commission has discretion in working out the balance of interest necessarily involved and...it is not the method, but the result, which must be reasonable."⁸ The Commission has considerable discretion to

³ *Commonwealth ex rel. Stumbo v. Ky. Pub. Serv. Comm'n*, 243 S.W.3d 374, 378 (Ky. Ct. App. 2007); *Cincinnati Bell Tel. Co. v. Ky. Pub. Serv. Comm'n*, 223 S.W.3d 829, 836 (Ky. Ct. App. 2007); *Pub. Serv. Comm'n v. Jackson Cnty. Rural Elec. Coop., Inc.*, 50 S.W.3d 764, 767 (Ky. Ct. App. 2000); *Boone Cnty. Water & Sewer Dist. v. Pub. Serv. Comm'n*, 949 S.W.2d 588, 591 (Ky. 1997); *Simpson Cnty. Water Dist. v. City of Franklin*, 872 S.W.2d 460, 462 (Ky. 1994).

⁴ See KRS 278.040; see also *Pub. Serv. Comm'n v. Blue Grass Nat. Gas Co.*, 197 S.W.2d 765, 768 (Ky. Ct. App. 1946) (citing *Smith v. S. Bell Tel. & Tel. Co.*, 104 S.W.2d 961 (Ky. Ct. App. 1937); *Benzinger v. Union Light, Heat & Power Co.*, 170 S.W.2d 38 (Ky. Ct. App. 1943); *Peoples Gas Co. v. City of Barbourville*, 165 S.W.2d 567 (Ky. Ct. App. 1942)) ("We have held that the jurisdiction of the Public Service Commission is clearly and unmistakably limited to the regulation of rates and service of utilities.").

⁵ *Ky. Power Co. v. Energy Regul. Comm'n*, 623 S.W.2d 904, 908 (Ky. 1981).

⁶ *Simpson Cnty.*, 872 S.W.2d at 464 (citing *City of Olive Hill v. Pub. Serv. Comm'n*, 203 S.W.2d 68 (Ky. Ct. App. 1947)).

⁷ *Cincinnati Bell*, 223 S.W.3d at 837-39 (citing KRS 278.160, 278.180(1), 278.190, 278.260, 278.270, and 278.390).

⁸ *Ky. Indus.*, 983 S.W.2d at 498 (citing *Fed. Power Comm'n v. Hope Nat. Gas Co.*, 320 U.S. 591 (1944)); see also *Nat'l-Southwire Aluminum Co. v. Big Rivers Elec. Corp.*, 785 S.W.2d 503, 515 (Ky. Ct. App. 1990) (citing *Louisville & Jefferson Cnty. Metro. Sewer Dist. v. Joseph E. Seagram & Sons, Inc.*, 211 S.W.2d 122 (Ky. Ct. App. 1948)) ("We are primarily concerned with the product and not with the motive or method which produced it.").

take into account the multitude of factors affecting the rates of a utility. Indeed, the Kentucky Court of Appeals has commented on the breadth of this discretion:

It is certainly broad enough to consider such things as replacement cost, debt retirement, operating cost, and at least some excess capacity in order to insure continuation of adequate service during periods of high demand and some potential for growth and expansion. It also allows for consideration of whether expansion investments were prudently or imprudently made, and whether a particular utility is investor owned or a cooperative operation. Any of these factors might be extremely significant in varying situations when determining what ultimately would be a fair, just and reasonable rate and would allow for a balancing of interests.⁹

However, the Commission ultimately must approve rates that are “fair, just and reasonable.”¹⁰ Accordingly, the approved rates must “enable the utility to operate successfully, to maintain its financial integrity, to attract capital and to compensate its investors for the risks assumed.”¹¹ By contrast, an unreasonable rate “has been construed in a rate-making sense to be the equivalent of confiscatory.”¹² In considering the rates to be authorized in this case, the Commission must consider both the present and the future impact of such rates on Duke Energy Kentucky’s financial condition – not only to avoid confiscation but also to support the Company’s financial condition and avoid a credit downgrade that will increase the costs of the Company borrowing on behalf of customers.¹³ It is critically important for Duke Energy Kentucky to obtain reasonable, supportive credit

⁹ *Nat’l-Southwire*, 785 S.W.2d at 512.

¹⁰ KRS 278.030(1).

¹¹ *Nat’l-Southwire*, 785 S.W.2d at 512-13 (quoting *Commonwealth ex rel. Stephens v. S. Cent. Bell Tel. Co.*, 545 S.W.2d 927 (Ky. 1976)).

¹² *Pub. Serv. Comm’n v. Dewitt Water Dist.*, 720 S.W.2d 725, 730 (Ky. 1986) (citing *Commonwealth ex rel. Stephens*, 545 S.W.2d 927).

¹³ See *Dewitt Water Dist.*, 720 S.W.2d at 730 (citing *McCardle v. Indianapolis Water Co.*, 272 U.S. 400 (1926)) (“When considering the concept of confiscation, the future as well as the present must be considered. It must be determined whether the rates complained of are yielding and will yield a sum sufficient to meet operating expenses.”).

metrics to maintain strong credit quality.¹⁴ As the applicant, the Company bears the burden of proof.¹⁵

B. The Joint Stipulation Provides a Fair, Just, and Reasonable Resolution of All Issues in Duke Energy Kentucky's Application and Should Be Approved by the Commission in Its Entirety and Without Modification.

Duke Energy Kentucky and the Attorney General, each representing diverse interests and viewpoints,¹⁶ have reached a complete settlement of all issues raised in this proceeding and have tendered the Joint Stipulation to the Commission for consideration and approval. The Company and the Attorney General acknowledge that the Joint Stipulation is not binding on the Commission, but believe it is entitled to careful consideration. Further, when viewed in its entirety, the Joint Stipulation constitutes a reasonable resolution of all issues in this proceeding.¹⁷ For the reasons set forth herein, the Joint Stipulation should be approved in its entirety and without modification.

1. The Joint Stipulation's Proposed Revenue Increase is Fair, Just, and Reasonable.

The Joint Stipulation recommends a total revenue requirement of \$175,700,142 for the forecasted test year, which spans from January 1, 2026, to December 31, 2026.¹⁸ To achieve this revenue, the Joint Stipulation recommends an annual increase in Duke Energy Kentucky's natural gas base rates of \$21,624,453.¹⁹ For the average residential customer

¹⁴ See generally Direct Testimony of Thomas J. Heath, Jr. on Behalf of Duke Energy Kentucky, Inc. (June 2, 2025).

¹⁵ *Energy Regul. Comm'n v. Ky. Power Co.*, 605 S.W.2d 46, 50 (Ky. Ct. App. 1980) (citing *Lee v. Int'l Harvester Co.*, 373 S.W.2d 418 (Ky. Ct. App. 1963)).

¹⁶ See Supplemental Testimony of Sarah E. Lawler in Support of Settlement on Behalf of Duke Energy Kentucky, Inc. (Lawler Supplemental), p. 7 (Oct. 20, 2025).

¹⁷ See *id.*

¹⁸ See Joint Stipulation, pp. 2-3.

¹⁹ See *id.*, p. 3.

who consumes 51 CCF of natural gas, this would amount to a 13.7 percent increase over existing rates.²⁰ The residential rate increase is slightly below the overall 14.0 percent increase, which results from the Joint Stipulation's agreed-upon revenue requirement.²¹ To arrive at the proposed revenue requirement, the Company and the Attorney General agreed on several adjustments, which are described below.

a. Correct Error for Amount of Accumulated Deferred Income Taxes (ADIT) Applicable to Regulatory Assets

The Joint Stipulation recommended acceptance of Attorney General witness Randy A. Futral's proposal to correct the ADIT applicable to regulatory assets, which resulted in a \$0.009 million decrease in the revenue requirement.²²

b. Remove Deferred Rate Case Expense, Net of ADIT

For purposes of compromise and settlement, Duke Energy Kentucky agreed to remove rate case expense regulatory assets from rate base, as described in Attorney General witness Futral's Direct Testimony, which resulted in a \$0.058 million decrease in the revenue requirement.²³

c. Cash Working Capital (CWC)

In another compromise, Duke Energy Kentucky and the Attorney General agreed that the Company's CWC included in rate base shall be (\$1,344,296), which resulted in a \$0.137 million decrease in the revenue requirement.²⁴ This reduction is the result of the

²⁰ *See id.*

²¹ *See id.*, Attachment A.

²² *See id.*, p. 4.

²³ *See id.*

²⁴ *See* Joint Stipulation, p. 4. At hearing, Company witnesses Sarah E. Lawler and Daniel S. Dane testified that the negative CWC amount indicated that Duke Energy Kentucky managed its working capital function well. *See* Sarah E. Lawler Cross-Examination, Hearing Video Record (HVR), 9:41:06 (Oct. 28, 2025); Daniel S. Dane Cross-Examination, HVR, 10:02:00 (Oct. 28, 2025).

Company agreeing to two recommendations made by Attorney General witness Lane Kollen: removing prepaid expenses from CWC and including long-term debt expense in CWC.²⁵ The Rebuttal Testimony of Company witness Daniel S. Dane detailed Duke Energy Kentucky's reasons for rejecting these recommendations; however, in resolution of these issues and for settlement purposes in this case, the Company agreed to accept the above two recommendations.²⁶

d. Remove Corporate Alternative Minimum Tax (CAMT) Deferred Tax Asset

The Joint Stipulation also recommended acceptance of Attorney General witness Kollen's proposal to remove the CAMT deferred tax asset from rate base, which resulted in a \$0.281 million decrease in the revenue requirement.²⁷

e. Reduce Mains and Services Expense to Correct Filing Error

As part of the Joint Stipulation, Duke Energy Kentucky agreed to correct the Company's Mains and Service Expenses, as described in Attorney General witness Futral's Direct Testimony, which resulted in a \$0.261 million decrease in the revenue requirement.²⁸

f. Reduce Mains and Services Expense to Reflect Lower Leak and Locate Costs

As another concession, Duke Energy Kentucky agreed to one-half of the adjustment proposed by Attorney General witness Futral regarding expense associated with the

²⁵ See Joint Stipulation, p. 4; Lawler Supplemental, pp. 10-11.

²⁶ See Lawler Supplemental, p. 11.

²⁷ See Joint Stipulation, pp. 4-5.

²⁸ See *id.*, p. 5.

Company's leak and locate costs.²⁹ This resulted in a \$0.336 million decrease in the revenue requirement.³⁰ This concession was a negotiated compromise of positions by the Company and the Attorney General. As Company witness Adam Long explained in his rebuttal testimony submitted on October 3, 2025, the Company's current locating contractor's labor contract rates expire in 2026, and at that time, those current rates will be three years old. Duke Energy Kentucky will be soliciting bids for new locating contract labor rates prior to that expiration and expects the costs to increase dramatically based upon experience in other jurisdictions.³¹ In resolving this issue, the parties have agreed to an increase in this expense that is closer to what the Company forecasts based upon experience.

g. Summary

As part of negotiating the Joint Stipulation, Duke Energy Kentucky offered concessions on several proposed adjustments that it otherwise disagreed with. Thus, the Joint Stipulation makes it clear that both the Company and the Attorney General do not concede that their respective positions, had the case been fully litigated, are incorrect.³² Moreover, the Company and the Attorney General agreed that the Joint Stipulation applies only to the facts of this case and has no precedential value in any future proceeding.³³ Despite these caveats, the outcome of the proposed revenue adjustments is fair, just, and reasonable and should be approved without modification.

²⁹ *See id.*

³⁰ *See id.*

³¹ *See* Rebuttal Testimony of Adam Long, p. 3.

³² *See id.*, p. 13.

³³ *See id.*

2. The Joint Stipulation Relies on Reasonable Calculations for Rate Base and Cost of Capital.

The Joint Stipulation further provides for an agreed-upon 13-month average rate base for the forecasted test period of \$548,954,315.³⁴ The cost of capital is further agreed to be as follows: authorized return on equity (ROE) of 9.8 percent for natural gas base rates; authorized ROE of 9.7 percent for natural gas capital riders; a long-term debt rate of 5.051 percent; a short-term debt rate of 3.784 percent; a capital structure comprised of 52.649 percent equity, 44.086 percent long-term debt, and 3.265 percent short-term debt; and a weighted average cost of capital (WACC) of 7.511 percent.³⁵

The ROE recommendation is nearly a full one percent lower than that recommended by Company witness Joshua C. Nowak, but also 0.2 percent higher than that recommended by Attorney General witness Richard A. Baudino.³⁶ The proposed ROE is consistent with ROEs recently approved by the Commission.³⁷ The proposed ROE also results in a reduction to revenue requirement of \$3.680 million.³⁸ Further, in keeping with recent Commission precedent, namely Duke Energy Kentucky's recently decided electric base rate case, the Joint Stipulation recommends an ROE of 9.7 percent for the Company's capital riders, such as the existing Pipeline Modernization Mechanism (Rider PMM).³⁹

³⁴ See Joint Stipulation, p. 3.

³⁵ See *id.*, pp. 3-4.

³⁶ See Lawler Supplemental, p. 13; *In the Matter of the Electronic Application of Duke Energy Kentucky, Inc. for: 1) An Adjustment of the Electric Rates; 2) Approval of New Tariffs; 3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and 4) All Other Required Approvals and Relief*, Case No. 2024-00354, Final Order (Ky. P.S.C. Oct. 2, 2025).

³⁷ See Lawler Supplemental, p. 13.

³⁸ See *id.*, p. 14.

³⁹ See *id.*, pp. 13-14.

3. The Joint Stipulation's Recommendation to Establish an Aldyl-A Pipe and Service Replacement Program (AA Replacement Program) With Recovery Through Rider PMM is Reasonable.

The Joint Stipulation further recommends that the Commission approve Duke Energy Kentucky's proposal to establish a five-year AA Replacement Program with recovery through Rider PMM.⁴⁰ The AA Replacement Program shall commence following the completion of the Company's current AM07 replacement program, estimated to occur in 2027.⁴¹ Duke Energy Kentucky will file a separate annual certificate of public convenience and necessity (CPCN) application for each year/phase of the five-year AA Replacement Program that would be subject to Commission determination of need.⁴² Rider PMM charges for the AA Replacement Program will not be included in Rider PMM charges until such applications are approved by the Commission.⁴³ Rider PMM will work as follows:

- The Company will continue to make annual applications with the Commission to update Rider PMM, including reconciliation of prior period costs to actuals, on or before July 1 of each year, consistent with the current practice for AM07.⁴⁴
- Rider PMM will continue to use forecasted 13-month average plant in-service balances for purposes of calculating the annual revenue requirement.⁴⁵

⁴⁰ See Joint Stipulation, p. 5.

⁴¹ See *id.*

⁴² See *id.*

⁴³ See *id.*, pp. 5-6.

⁴⁴ See *id.*, p. 6.

⁴⁵ See *id.*

- The rate base included in the Rider PMM filing will not include Construction Work in Process (CWIP) and plant in-service will include Allowance for Funds Used During Construction (AFUDC) consistent with the exclusion of CWIP from and the inclusion of AFUDC in plant in service in the rate base amounts reflected in the Company's base rate case filings.⁴⁶
- The revenue requirement would then be allocated to customer classes consistent with the cost of service study approved in this case and updated in future natural gas base rate cases.⁴⁷
- The new Rider PMM rate shall be effective the first billing cycle of January of each year.⁴⁸
- The Company shall file an annual CPCN application for each year of the AA Replacement Program. The Company will split the replacements into geographic sections and prioritize replacements in accordance with the Company's distribution integrity management program (DIMP).⁴⁹
- The Rider shall be subject to an annual revenue requirement cap of no more than a 5 percent increase in natural gas revenues per year. For purposes of determining the 5 percent cap, the natural gas revenues, including base revenues, gas cost revenues and miscellaneous revenues of \$175,700,142

⁴⁶ See Joint Stipulation, p. 6.

⁴⁷ See *id.*

⁴⁸ See *id.*

⁴⁹ See *id.*, p. 7.

shall be the baseline for measuring the 5 percent annual cap on increases for the duration of the Rider.⁵⁰

- The revenue requirement in excess of the 5 percent annual cap that is not recovered through Rider PMM shall be eligible for deferral to a regulatory asset and shall include carrying costs on the deferrals less the related ADIT at the approved WACC without gross-up for income taxes. Such deferrals shall be eligible for amortization in the Company's next natural gas base rate proceeding.⁵¹
- The rate of return (ROR) used for calculating the Rider PMM (and any other capital-related natural gas adjustment mechanism) shall include a ROE of 9.7 percent and long-term and short-term debt rates approved in this proceeding and as may be modified in future natural gas base rate cases.⁵²
- Rider PMM is subject to renewal, if authorized by the Commission either as part of a natural gas base rate proceeding or as part of a separate application filed in accordance with KRS 278.509.⁵³

4. The Joint Stipulation's Recommendation for Shareholder Funded Customer Assistance is Reasonable.

Under the Joint Stipulation, Duke Energy Kentucky and the Attorney General agreed that Company shareholders will provide an incremental \$40,000 per year for three years of shareholder funds for customer assistance programs.⁵⁴ This incremental funding

⁵⁰ See *id.*

⁵¹ See *id.*

⁵² See Joint Stipulation, pp. 7-8.

⁵³ See *id.*, p. 8.

⁵⁴ See *id.*

will be divided equally (\$20,000 each per year) between the Company's Home Energy Assistance Program (HEA) and Share the Light Program.⁵⁵ This new shareholder funding is incremental to the up to \$50,000 per year that is already provided to each of these programs (up to \$50,000 for the Share the Light program and \$50,000 for the HEA program).⁵⁶

5. The Joint Stipulation's Proposed Rate Design is Fair, Just, and Reasonable.

As part of the Joint Stipulation, Duke Energy Kentucky and the Attorney General agreed to allocate the recommended revenue increase as follows: 65.2 percent to Rate RS, 28.7 percent to Rate GS, 4.9 percent to Rate FT-L, and 1.2 percent to Rate IT.⁵⁷ Moreover, an agreement was reached that, regarding the residential class, the monthly customer charge should increase by \$2.50 from \$17.50 to \$20.00 per month.⁵⁸ All of this is reflected in Attachments C and D to the Joint Stipulation.

6. The Proposed Three-Year Stay-Out Provision is Unique to a Settled Case.

A term of the Joint Stipulation that can be imposed in no other manner is a "stay out" provision, in which a utility voluntarily foregoes its right to seek an adjustment of its rates for a predetermined period of time. In this case, Duke Energy Kentucky and the Attorney General agreed to a three-year stay-out provision by which the Company agreed that it will not file an application to adjust the base rates for its natural gas business until such time as any proposed adjustment would only become effective at the conclusion of

⁵⁵ *See id.*

⁵⁶ *See id.*; Duke Energy Kentucky's Response to Staff's Post-Hearing Data Request 01-007 (Nov. 14, 2025).

⁵⁷ *See id.*, p. 10.

⁵⁸ *See* Joint Stipulation, p. 8.

the Commission's suspension period under KRS 278.190, on or after January 1, 2029.⁵⁹ In other words, Duke Energy Kentucky may make a filing for a rate adjustment prior to that date; however, the Company's proposed rates would not be able to become effective prior to January 1, 2029.⁶⁰

The only exceptions to this stay-out provision are: the deferral of costs as permissible under the Commission's standard for deferrals;⁶¹ emergency rate relief to avoid material impairment or damage to the Company's credit or operations;⁶² adjustments to the operation of any of Duke Energy Kentucky's cost recovery surcharge mechanisms;⁶³ or rate relief or accounting treatment for costs or programs required due to changes in law or regulations, such as changes in tax rates and environmental compliance costs.⁶⁴

7. The Remaining Terms of the Joint Stipulation Reasonably Resolve All Remaining Issues.

The Joint Stipulation's terms reasonably resolve all remaining issues set forth in Duke Energy Kentucky's Application. All tariff language changes that were included in the Company's Application should be approved as proposed,⁶⁵ including:

- Updating Rider WNA with revised base load and heat sensitivity factors;
- Revising reconnection charges consistent with prior Commission orders;

⁵⁹ See *id.*

⁶⁰ See *id.*

⁶¹ See *id.*, pp. 8-9; *In the Matter of the Application of East Kentucky Power Cooperative, Inc. for an Order Approving Accounting Practices to Establish a Regulatory Asset Related to Certain Replacement Power Costs Resulting From Generation Forced Outages*, Case No. 2008-00436, Order (Ky. PSC Dec. 23, 2008).

⁶² See Joint Stipulation, p. 9; KRS 278.190(2).

⁶³ See Joint Stipulation, p. 9. Examples include the Company's Gas Cost Adjustment, Weather Normalization Adjustment, Demand-Side Management tariff, Rider PMM, etc.

⁶⁴ See *id.*, pp. 9-10.

⁶⁵ See *id.*, p. 10.

- Eliminating the seasonal soft close option;
- Updating charges for Meter Pulse Service installation;
- Revising the Company's Curtailment Plan for Management of Available Gas Supplies to recognize Rate IT, Interruptible Transportation, and other curtailment plan features;
- Clarifying charges to the Company's Rate FRAS and Rate IMBS as related to supplier non-compliance with OFOs; and
- Clarifying textual change to the Company's Local Government Fee tariff sheet.⁶⁶

Finally, the Joint Stipulation appropriately recommends that rate case expense be amortized over a three-year period, without carrying charges, beginning with the effective date of the revised tariffs.⁶⁷

IV. CONCLUSION

Duke Energy Kentucky respectfully requests that the Commission issue an Order approving the Joint Stipulation in its entirety and without modification. The compromises made and the balances struck in the Joint Stipulation are fair, just, and reasonable. They allow Duke Energy Kentucky to move forward with critical replacement of pipeline infrastructure in order to comply with federal regulations and will assist the Company in maintaining its financial condition and assuring that natural gas base rates will not change, subject to limited exceptions, for three years. The Joint Stipulation also provides for valuable additional financial assistance to the Company's low-income customers. Duke

⁶⁶ See Application, pp. 14-15.

⁶⁷ See Joint Stipulation, p. 10.

Energy Kentucky appreciates the time and attention the Commission, Commission Staff, and the Attorney General have devoted to this matter and expresses its willingness to continue to be a constructive partner in assuring that Kentuckians' energy needs are adequately and safely served at fair, just, and reasonable rates.

WHEREFORE, on the basis of the foregoing, Duke Energy Kentucky respectfully requests that the Commission:

- 1) Approve the Joint Stipulation in its entirety and without modification; and
- 2) Grant all other relief to which Duke Energy Kentucky may be entitled.

This 21st day of November 2025.

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.

/s/Rocco D'Ascenzo

Rocco O. D'Ascenzo (92796)
Deputy General Counsel
Larisa M. Vaysman (98944)
Associate General Counsel
Duke Energy Business Services LLC
139 East Fourth Street
Cincinnati, OH 45202
Phone: (513) 287-4320
Fax: (513) 370-5720
Rocco.D'Ascenzo@duke-energy.com
Larisa.Vaysman@duke-energy.com

And

Elizabeth M. Brama, *Pro Hac Vice*
Valerie T. Herring (99361)
TAFT STETTINIUS & HOLLISTER LLP
2200 IDS Center
80 South Eighth Street
Minneapolis, MN 55402
Phone: (612) 977-8400
Fax: (612) 977-8650
EBrama@taftlaw.com
VHerring@taftlaw.com

Counsel for Duke Energy Kentucky, Inc.

CERTIFICATE OF SERVICE

This is to certify that the foregoing electronic filing is a true and accurate copy of the document in paper medium; that the electronic filing was transmitted to the Commission on November 21, 2025; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that submitting the original filing to the Commission in paper medium is no longer required as it has been granted a permanent deviation.⁶⁸

/s/Rocco D'Ascenzo

Counsel for Duke Energy Kentucky, Inc.

⁶⁸ *In the Matter of Electronic Emergency Docket Related to the Novel Coronavirus COVID-19*, Case No. 2020-00085, Order (Ky. P.S.C. July 22, 2021).