

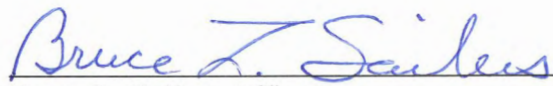
KyPSC Case No. 2025-00125
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VERIFICATION

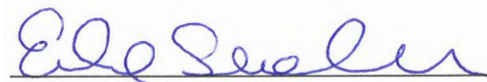
STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, Bruce L. Sailors, Director Jurisdictional Rate Administration, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing testimony and that it is true and correct to the best of his knowledge, information and belief.



Bruce L. Sailors Affiant

Subscribed and sworn to before me by Bruce L. Sailors on this 30th day of July, 2025.



NOTARY PUBLIC

My Commission Expires: July 8, 2027

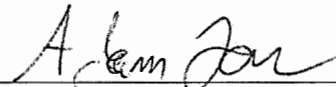


EMILIE SUNDERMAN
Notary Public
State of Ohio
My Comm. Expires
July 8, 2027

VERIFICATION

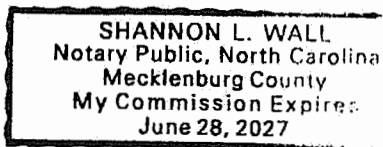
STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG) **SS:**

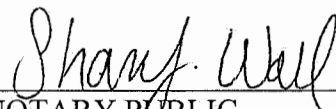
The undersigned, Adam Long, VP, Chief Operations Officer, Natural Gas Business, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests and that the answers contained therein are true and correct to the best of his knowledge, information and belief.



Adam Long Affiant

Subscribed and sworn to before me by Adam Long on this 6 day of August, 2025.





NOTARY PUBLIC

My Commission Expires: 6/28/2027

VERIFICATION

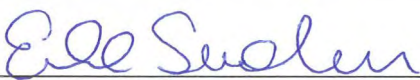
STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, Jefferson “Jay” P. Brown, Director Rates & Regulatory Planning, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests and that the answers contained therein are true and correct to the best of his knowledge, information and belief.



Jefferson “Jay” P. Brown Affiant

Subscribed and sworn to before me by Jefferson “Jay” P. Brown on this 1st day of August, 2025.



NOTARY PUBLIC

My Commission Expires: July 8, 2027

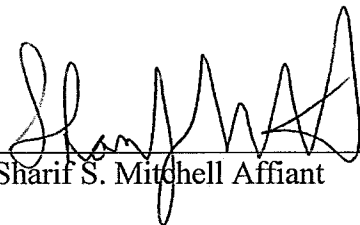


EMILIE SUNDERMAN
Notary Public
State of Ohio
My Comm. Expires
July 8, 2027

VERIFICATION

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

The undersigned, Sharif S. Mitchell, Manager of Accounting II, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests and that the answers contained therein are true and correct to the best of his knowledge, information and belief.

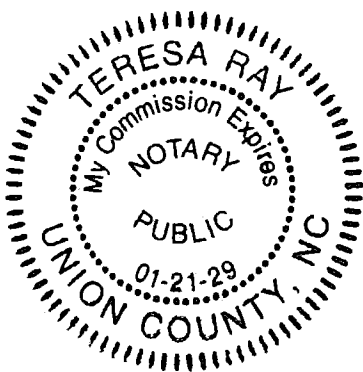


Sharif S. Mitchell Affiant

Subscribed and sworn to before me by Sharif S. Mitchell on this 5th day of August, 2025.



NOTARY PUBLIC



My Commission Expires: 01/21/29

VERIFICATION

STATE OF MASSACHUSETTS)
) SS:
COUNTY OF MIDDLESEX)

The undersigned, Daniel S. Dane, President, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests and that the answers contained therein are true and correct to the best of his knowledge, information and belief.



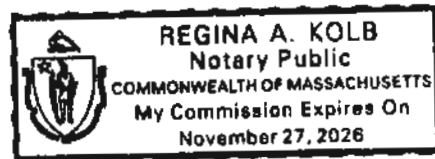
Daniel S. Dane Affiant

Subscribed and sworn to before me by Daniel S. Dane on this 6th day of August, 2025.



NOTARY PUBLIC

My Commission Expires: Nov. 27, 2026



VERIFICATION

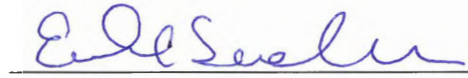
STATE OF OHIO)
)
COUNTY OF HAMILTON) SS:

The undersigned, Douglas J. Heitkamp, Manager, Rates & Regulatory Strategy, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests and that the answers contained therein are true and correct to the best of his knowledge, information and belief.



Douglas J. Heitkamp Affiant

Subscribed and sworn to before me by Douglas J. Heitkamp on this 11th day of August, 2025.



NOTARY PUBLIC

My Commission Expires: July 8, 2027

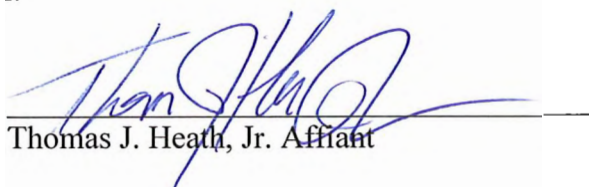


EMILIE SUNDERMAN
Notary Public
State of Ohio
My Comm. Expires
July 8, 2027

VERIFICATION

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

The undersigned, Thomas J. Heath, Jr., Director Corporate Finance, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data request and that the answers contained therein are true and correct to the best of his knowledge, information and belief.


Thomas J. Heath, Jr. Affiant

Subscribed and sworn to before me by Thomas J. Heath, Jr. on this 5th day of August, 2025.


NOTARY PUBLIC



My Commission Expires: 01/21/29

Duke Energy Kentucky
Case No. 2025-00125
STAFF's Third Request for Information
Date Received: July 30, 2025

STAFF-DR-03-001

REQUEST:

Refer to Duke Kentucky's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 2. The response was unresponsive. Provide the percentage loss range for each stage as well as the percentage loss that would trigger a stage change, for example from a Stage 2 to Stage 3.

RESPONSE:

The Company does not use a percentage loss range. Typical operating pressures range between 500 psi and 1000 psi. PSI below 500 would prompt consideration of interruptions at Stage 1. PSI below 400 would prompt consideration of curtailments at Stage 2. PSI below 300 would prompt consideration of curtailments at Stage 3.

PERSON RESPONSIBLE: Adam Long

Duke Energy Kentucky
Case No. 2025-00125
STAFF's Third Request for Information
Date Received: July 30, 2025

STAFF-DR-03-002

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 5(b), Attachment STAFF-DR-02-005. The information provided did not indicate which year the data represents. For each response, please signify the year for which the provided information corresponds.

- a. Provide the information included in STAFF-DR-02-005 for calendar years 2023, 2024, and 2025 to date.
- b. Confirm that any customer usage while an account is in seasonal soft close status is ultimately billed to the customer once they come off seasonal soft close status. If not confirmed, explain the response.

RESPONSE:

- a. STAFF-DR-02-005 Attachment originally included the year as indicated through the name of the tab in the Excel file. Please see STAFF-DR-03-002 Attachment with the year indicated in the row above the column headings of the data. Each Reference Number represents a customer account. The Reference Numbers do not necessarily represent the same customer account across years.
- b. The seasonal soft close process always attempts to bill the customer for the usage when they come off seasonal soft close. However, this is not always possible. For example, if a gas-only customer is put on seasonal soft close and then the customer moves

over the summer without notifying the Company, unbilled gas usage is not charged to the new customer upon new customer move-in.

PERSON RESPONSIBLE: Bruce L. Sillers

For Year 2023:

Reference Number **Usage/CCF**

1	4
2	41
3	0
4	10
5	4
6	1
7	0
8	0
9	6
10	0
11	0
12	48
13	0
14	30
15	3
16	1
17	7
18	1
19	4
20	0
21	17
22	0
23	0
24	0
25	0
26	0
27	32
28	3
29	0
30	1
31	0
32	0
33	0
34	0
35	0
36	7
37	0
38	0
39	4
40	9
41	4
42	0

<u>Reference Number</u>	<u>Usage/CCF</u>
43	0
44	0
45	10
46	0
47	2
48	0
49	0
50	6
51	0
52	0
53	0
54	0
55	8
56	10
57	0
58	0
59	9
60	4
61	0
62	4
63	1
64	0
65	0
66	0
67	1
68	3
69	0
70	13
71	0
72	0
73	0
74	0
75	0
76	0
77	15
78	0
79	0
80	0
81	27
82	0
83	0
84	0
85	0

<u>Reference Number</u>	<u>Usage/CCF</u>
86	1
87	44
88	0
89	20
90	0
91	0
92	9
93	8
94	0
95	0
96	2
97	1
98	0
99	1
100	2
101	0
102	5
103	0
104	1
105	0
106	0
107	0
108	40
109	0
110	0
111	0
112	0
113	0
114	0
115	2
116	2
117	41
118	1
119	5
120	109
121	1
122	0
123	0
124	44
125	0
126	3
127	0
128	8

<u>Reference Number</u>	<u>Usage/CCF</u>
129	0
130	1
131	86
132	1
133	0
134	22
135	0
136	4
137	0
138	0
139	0
140	15
141	44
142	0
143	0
144	1
145	8
146	10
147	0
148	0
150	2
151	3
152	30
153	0
154	0
155	0
156	0
157	0
158	2
159	40
160	7
161	5
162	9
163	15
164	2
165	0
166	44
167	40
168	0
169	0
170	5
171	30
172	0

<u>Reference Number</u>	<u>Usage/CCF</u>
173	9
174	7
175	8
176	40
177	0
178	0
179	0
180	30
181	4
182	109
183	0
184	0
185	7
186	0
187	0
188	15
189	1
190	2
191	20
192	0
193	44
194	3
195	15
196	0
197	1
198	0
199	4
200	2
201	7
202	10
203	0
204	0
205	0
206	3
207	0
208	0
209	4

For Year 2024:

Reference Number **Usage/CCF**

1	1
2	5
3	1
4	0
5	0
6	49
7	0
8	0
9	0
10	0
11	0
12	0
13	0
14	1
15	0
16	0
17	0
18	0
19	0
20	0
21	0
22	0
23	0
24	0
25	0
26	0
27	0
28	0
29	0
30	0
31	0
32	30
33	0
34	0
35	0
36	0
37	0
38	0
39	0
40	0
41	0
42	0

<u>Reference Number</u>	<u>Usage/CCF</u>
43	0
44	0
45	1
46	0
47	0
48	0
49	0
50	0
51	0
52	10
53	0
54	2
55	0
56	0
57	2
58	0
59	19
60	0
61	1
62	45
63	0
64	2
65	5
66	2
67	0
68	0
69	0
70	0
71	0
72	29
73	0
74	0
75	3
76	0
77	0
78	0
79	1
80	0
81	0
82	17
83	5
84	0
85	0

<u>Reference Number</u>	<u>Usage/CCF</u>
86	9
87	15
88	0
89	0
90	0
91	0
92	1
93	0
94	0
95	17
96	9
97	0
98	0
99	0
100	0
101	1
102	0
103	0
104	0
105	0
106	0
107	0
108	0
109	2
110	2
111	0
112	0
113	0
114	0
115	0
116	44
117	1
118	0
119	0
120	0
121	10
122	0
123	4
124	33
125	1
126	0
127	0
128	0

<u>Reference Number</u>	<u>Usage/CCF</u>
129	1
130	0
131	0
132	0
133	0
134	0
135	0
136	0
137	0
138	43
139	1
140	0
141	0
142	0
143	0
144	67
145	1
146	28
147	1
148	4
149	24
150	0
151	0
152	0
153	0
154	0
155	1
156	0
157	0
158	6
159	0
160	0
161	0
162	0
163	0
164	0
165	0
166	0
167	0
168	1
169	0
170	0
171	2

<u>Reference Number</u>	<u>Usage/CCF</u>
172	0
173	29
174	2
175	2
176	0
177	2
178	0
179	0
180	0
181	1
182	0
183	0
184	0
185	0
186	14
187	0
188	5
189	17
190	0
191	0
192	0
193	0
194	4
195	44
196	1
197	0
198	17
199	0
200	0
201	0
202	45
203	1
204	0
205	9
206	0
207	67
208	5
209	0
210	1
211	0
212	0
213	17
214	1

<u>Reference Number</u>	<u>Usage/CCF</u>
215	17
216	0
217	0
218	0

For Year 2025:

Reference Number **Total Usage/CCF**

1	0
2	0
3	0
4	0
5	0
6	0
7	1
8	0
9	0
10	0
11	0
12	7
13	0
14	0
15	0
16	0
17	0
18	0
19	0
20	0
21	0
22	0
23	0
24	10
25	0
26	0
27	0
28	2
29	0
30	0
31	0
32	3
33	0
34	0
35	0
36	2
37	0
38	0
39	0
40	0
41	0
42	0

<u>Reference Number</u>	<u>Total Usage/CCF</u>
43	29
44	0
45	0
46	0
47	0
48	2
49	2
50	15
51	0
52	0
53	0
54	24
55	0
56	0
57	0
58	0
59	0
60	0
61	0
62	0
63	0
64	0
65	6
66	0
67	0
68	0
69	0
70	0
71	8
72	0
73	1
74	2
75	1
76	0
77	2
78	17
79	0
80	0
81	0
82	6
83	0
84	0
85	1

<u>Reference Number</u>	<u>Total Usage/CCF</u>
86	0
87	0
88	0
89	0
90	2
91	0
92	0
93	0
94	0
96	0
97	0
98	0
99	0
100	0
101	0
102	0
103	0
104	0
105	0
106	0
107	0
108	0
109	0
110	0
111	0
112	0
113	0
114	0
115	26
116	12
117	0
118	0
119	0
120	4
121	9
122	0
123	0
124	0
125	0
126	0
127	0
128	0
129	16

<u>Reference Number</u>	<u>Total Usage/CCF</u>
130	0
131	0
132	0
133	1
134	5
135	0
136	0
137	0
138	0
139	0
140	0
141	0
142	0
143	0
144	0
145	0
146	0
147	0
148	0
149	0
150	0
151	0
152	0
153	2
154	0
155	0
156	4
157	0
158	5
159	0
160	10
161	3
162	0
163	0
164	0
165	0
166	0
167	0
168	0
169	1
170	0
171	0
172	1

<u>Reference Number</u>	<u>Total Usage/CCF</u>
173	0
174	0
175	0
176	0
177	0
178	0
179	0
180	0
181	0
182	0
183	0
184	3
185	0
186	0
187	0
188	0
189	3
190	1
191	0
192	0

Duke Energy Kentucky
Case No. 2025-00125
STAFF's Third Request for Information
Date Received: July 30, 2025

STAFF-DR-03-003

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 5(c). Indicate the number of times Duke Kentucky mistakenly placed a natural gas only customer in seasonal soft close status for billing purposes for the period 2020 through 2025, by month for each year.

RESPONSE:

The seasonal soft close service was not implemented in 2020. The service was primarily in response to the COVID-19 pandemic. For 2021, data is not available. The table below is provided for years 2022 – 2025.

Year	Month	Gas Only Customers Placed on Seasonal Soft Close
2022	April	1
2022	May	2
2023	April	1
2023	May	25
2023	June	8
2023	July	4
2023	August	3
2024	March	1
2024	April	2
2024	May	4
2024	June	5
2024	July	3
2025	May	3
2025	June	3

PERSON RESPONSIBLE: Bruce L. Sailors

Duke Energy Kentucky
Case No. 2025-00125
STAFF's Third Request for Information
Date Received: July 30, 2025

STAFF-DR-03-004

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 6(a). Explain whether the scenario in the response has occurred before and that is the basis for the requested change.

RESPONSE:

The situation may have occurred, but the Company is not aware and cannot confirm whether or not the scenario has occurred since suppliers have not voluntarily provided that insight. The basis for the requested change is to proactively eliminate the potential financial incentive to suppliers for the situation to occur. The Company addresses this issue by proposing changes that are now industry standard.

PERSON RESPONSIBLE: Bruce L. Sailors

Duke Energy Kentucky
Case No. 2025-00125
STAFF's Third Request for Information
Date Received: July 30, 2025

STAFF-DR-03-005

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 6(b). Confirm that Duke Kentucky has no actual expense related to this fee. If not confirmed, explain the response.

RESPONSE:

Confirmed. The proposed fee is intended to promote supplier compliance with OFO requirements and align with industry standards aimed at discouraging non-compliance by Brokers (customer suppliers). This measure will also help Duke Energy Kentucky mitigate the risk of incurring pipeline penalties due to supplier non-compliance.

PERSON RESPONSIBLE: Bruce L. Sailors

Duke Energy Kentucky
Case No. 2025-00125
STAFF's Third Request for Information
Date Received: July 30, 2025

CONFIDENTIAL STAFF-DR-03-006
(As to Attachment only)

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 6(c)(1)–(2), STAFF-DR-02-006 Attachment.

- a. The response did not address (1) and (2) of Item 6(c) in that it did not include the fees paid by the supplier under the current tariff and the fees the supplier would have paid if the proposed tariff were in effect. Provide a full response to Item 6(c)(1) and (2).
- b. Indicate how many customers the under-/over-deliveries listed in STAFF-DR-02-006 Attachment represent.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment only)

- a. STAFF-DR-02-006 Attachment contains three tabs.
 - i. The first tab, named "Part C" provides the OFO non-compliance event days along with a column designating Over or Under Deliveries. In addition, the non-compliance event days are counted by month and displayed in cells D6 through G11. Please see STAFF-DR-03-006 Confidential Attachment as a revision to STAFF-DR-02-006 Attachment and to provide a response by supplier. The new "Part c" tab, corrects the count of OFO non-compliance event days for a total of 15

non-compliance OFO days consisting of 10 Under Delivery days and 5 Over Delivery days.

- ii. The second tab, named “Part c(1)”, provides the fees paid by each supplier on each of the 10 OFO Under Delivery days. STAFF-DR-02-006 Attachment, tab Part c(1), is revised and included here as STAFF-DR-03-006 Confidential Attachment, tab Part c(1). The revised confidential attachment includes the day of the Under Delivery in Column A. The amount of the fee paid by each supplier is included in Column F and the amount of the fees that would be paid by each supplier under the tariff proposal is provided in Column M.
- iii. The third tab, named “Part c(2)”, provides the fees paid, negative numbers representing the dollars paid to the suppliers from the Company, by each supplier on each of the 5 OFO Over Delivery days. STAFF-DR-02-006 Attachment, tab Part c(2), is revised and included here as STAFF-DR-03-006 Confidential Attachment, tab Part c(2). The revised attachment includes the day of the Over Delivery in Column A. The amount of the fee paid by the Company to each supplier is included in Column F and the amount of the fees that would be paid by each supplier under the tariff proposal is provided in Column M.

b. There are a total of seven (7) brokers active with the Company. The brokers are considered customers of the Company and they purchase gas supplies for one or more end use customers and it would not be clear to the Company how many end use customers would have been non-compliant on each day. However, the Company can state that during

January 2024, four (4) out of the seven (7) active brokers were non-compliant on one or more OFO days. During the month of October 2024, two (2) brokers were non-compliant on one or more OFO days. During the month of January 2025, three (3) brokers were non-compliant on one or more OFO days.

PERSON RESPONSIBLE: Bruce L. Sailors

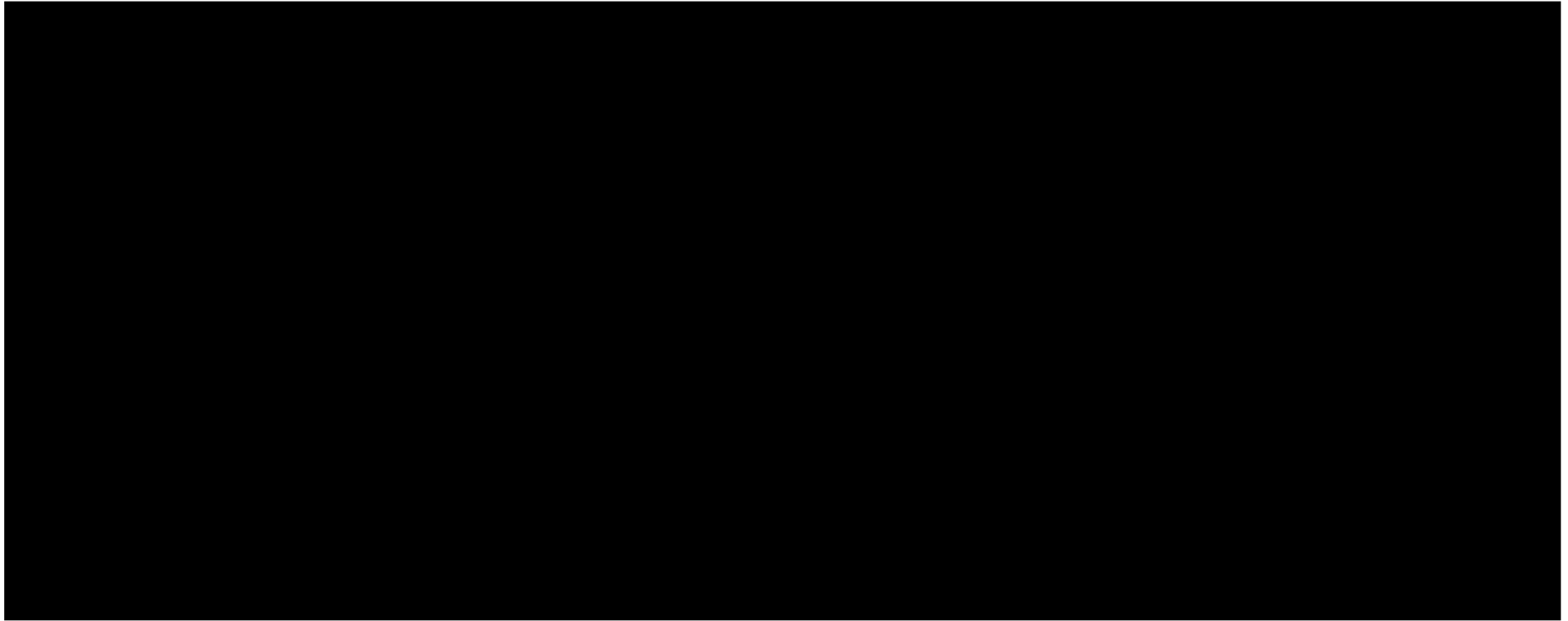
CONFIDENTIAL PROPRIETARY TRADE SECRET

Duke Energy Kentucky
Case No. 2025-00125
STAFF-DR-03-006 CONF Attachment
Page 1 of 1

Non-Compliance Dates	KY OFOs	
	Under/Over Deliveries	Days of Non-Compliance
1/15/2024	Under	X
1/16/2024	Under	X
1/17/2024	Under	X
1/20/2024	Under	X
1/21/2024	Under	X
1/22/2024	Under	X
10/3/2024	Over	X
10/4/2024	Over	X
10/5/2024	Over	X
10/6/2024	Over	X
10/12/2024	Over	X
1/13/2025	Under	X
1/14/2025	Under	X
1/20/2025	Under	X
1/21/2025	Under	X

	Number of Days		
	Under Deliveries	Over Deliveries	Total
January-24	6	0	6
October-24	0	5	5
January-25	4	0	4
	10	5	15

CONFIDENTIAL PROPRIETARY TRADE SECRET



CONFIDENTIAL PROPRIETARY TRADE SECRET



Duke Energy Kentucky
Case No. 2025-00125
STAFF's Third Request for Information
Date Received: July 30, 2025

STAFF-DR-03-007

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 25. Based on the map provided.

- a. Explain how Duke Kentucky would prioritize the Aldyl-A projects.
- b. Identify and include any Aldyl-A projects that will require a Certificate of Public Convenience and Necessity application. Include in this explanation, whether Duke Kentucky has considered requesting a different project or rider structure, similar to Kentucky-American Water Company's Qualified Infrastructure Program or Delta Natural Gas Company's pipeline replacement rider, for its pipeline modernization mechanism (PMM or Rider PMM). If Duke Kentucky has not considered a different capital rider structure, explain why not.

RESPONSE:

- a. Duke Energy Kentucky will utilize Distribution Integrity Management Program (DIMP) metrics to determine the replacement priority. The main DIMP metric is leak rate.
- b. The Company is proposing to include all Aldyl-A projects replacements in an annual CPCN filing each year of the program. The Company did not consider other rider structures because Rider PMM was already approved.

PERSON RESPONSIBLE: Adam Long
Jefferson "Jay" P. Brown

Duke Energy Kentucky
Case No. 2025-00125
STAFF's Third Request for Information
Date Received: July 30, 2025

STAFF-DR-03-008

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 21. Confirm that Duke Kentucky uses the uniform system of accounts prescribed by the Commission pursuant to KRS 278.220. If confirmed, explain why Duke Kentucky is using 297 and 294 for plant accounts instead of liabilities and other credits.

RESPONSE:

The Powerplant fixed asset management system uses utility plant accounts that begin with the number '3' for the electric operations and utility plant accounts that begin with the number '2' for gas operations. The system cannot have different utility segments utilizing the same utility accounts, therefore the number '2' was chosen to be used for the gas operations plant accounts. Account 297 corresponds with account 397 in the uniform system of accounts and 294 corresponds to account 394.

PERSON RESPONSIBLE: Sharif S. Mitchell

STAFF-DR-03-009

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 24.

a. Provide the number of miles and locations for all high consequence area segments and medium consequence area segments identified as Aldyl-A pipe.

b. List the total footage of each type of pipe (Aldyl-A and other vintage plastic pipe, etc.) that Duke Kentucky plans to replace annually from 2026 to 2032 as part of its Rider PMM and explain in detail how Duke Kentucky selected each of these segments for replacement.

c. List the total footage of each type of pipe (Aldyl-A and other vintage plastic pipe, etc.) that Duke Kentucky plans to replace annually from 2026 to 2032 outside of its Rider PMM and explain in detail how Duke Kentucky selected each of these segments for replacement.

d. Identify any segments of pipe selected for replacement other than by risk ranking based on prior leak history and explain why these segments were selected for replacement ahead of segments of pipe that pose a higher risk of failure.

RESPONSE:

a. The terms "high consequence" and "medium consequence" in Federal code reference transmission pipelines. Distribution piping (including Aldyl-A pipe) is typically located in more densely populated areas like highways, streets, and alongside structures and do not use the identifiers for consequence areas.

b. Please see STAFF-DR-03-009 Attachment. The Aldyl-A pipe was selected due to susceptibility to brittle-like, slow crack growth failures of early PE gas pipe resin formulations. The Company anticipates that the only vintage plastic pipe material to be replaced will be Aldyl-A.

c. Duke Energy Kentucky does not have an estimate for any pipe to be replaced outside of the Rider PMM for Aldyl-A. Any pipe outside of the Rider PMM that would be replaced aside from pipe damaged by construction or outside forces would be replaced depending on local leak rates determined each year. These replacements are not planned in advance and are reactive to survey information such as leak surveys or damage to service mains and services.

d. Cast iron was previously replaced due to graphitization concerns and the potential for joint leaks as a program. Any metallic mains and services that are not in compliance with PHMSA cathodic protection (CP) standards would be replaced if other options to correct low CP readings are not practical or successful, even if these mains and services are not leaking.

PERSON RESPONSIBLE: Adam Long

STAFF DR-3-009b

Proposed Schedule for Aldyl-A Replacement¹

	2026	2027	2028 ²	2029	2030	2031	2032	Total
Miles of Main	0	0	5	8	8	8	8	38
Estimated Cost	\$0	\$0	\$ 7,482,560	\$ 11,223,850	\$ 11,223,850	\$ 11,223,850	\$ 11,223,850	\$ 52,377,960
Number of Services	0	0	764	1,173	1,173	1,173	1,173	5,455
Estimated Cost	\$0	\$0	\$ 4,519,860	\$ 6,779,790	\$ 6,779,790	\$ 6,779,790	\$ 6,779,790	\$ 31,639,020
								\$ 84,016,980

¹ The Company anticipates that the only vintage plastic pipe material to be replaced will be Aldyl-A

² 70% ramp up

Duke Energy Kentucky
Case No. 2025-00125
STAFF's Third Request for Information
Date Received: July 30, 2025

STAFF-DR-03-010

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 25. Using the estimates provided in this response, provide a table containing the following information for the years 2020 through 2032: (1) the actual cost expended; (2) the recovery amount collected through Rider PMM; (3) for the years that no actuals have been recorded, provide the chart using the estimates provided in the response to Item 25; (4) miles of pipeline replaced or added each year; and (5) service connections replaced.

RESPONSE:

Based off the scope of this question, Duke Energy Kentucky believes that the reference to Staff's Second Request, Item 25 was intended to reference Staff's Second Request, Item 24. Item 24 listed the estimates to replace Aldyl-A mains and services for years 2028 through 2032. For parts 1 and 2 of this request no actual costs have been expended, and no costs have been recovered through Rider PMM. For parts 3 through 5 of this request please see STAFF-DR-03-010 Attachment.

PERSON RESPONSIBLE: Adam Long
Jefferson "Jay" P. Brown

Proposed Schedule for Aldyl-A Replacement

	2028 ¹	2029	2030	2031	2032	Total
Miles of Main	5	8	8	8	8	38
Estimated Cost	\$ 7,482,560	\$ 11,223,850	\$ 11,223,850	\$ 11,223,850	\$ 11,223,850	\$ 52,377,960
Number of Services	764	1,173	1,173	1,173	1,173	5,455
Estimated Cost	\$ 4,519,860	\$ 6,779,790	\$ 6,779,790	\$ 6,779,790	\$ 6,779,790	\$ 31,639,020
						\$ 84,016,980

¹ 70% ramp up

Duke Energy Kentucky
Case No. 2025-00125
STAFF's Third Request for Information
Date Received: July 30, 2025

STAFF-DR-03-011

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 27. State whether 2024 data is available. If so, explain whether Duke Kentucky has evaluated if there is a material difference between 2023 and 2024 data and provide any such analysis.

RESPONSE:

Yes, 2024 data is currently available. The performance of a lead-lag study, however, involves a time intensive process. As such, Duke Energy Kentucky has not re-performed the lead-lag study using 2024 data. In addition, Mr. Dane had previously determined, based on discussions with the Company, that the Company's processes had not materially changed between 2023 and 2024.

PERSON RESPONSIBLE: Daniel S. Dane

Duke Energy Kentucky
Case No. 2025-00125
STAFF's Third Request for Information
Date Received: July 30, 2025

STAFF-DR-03-012

REQUEST:

Refer to Duke Kentucky's response to Staff's Second Request, Item 28 and Item 30.

Explain the need for a bank lag in the lead lag study in light of the DEBS agreement.

RESPONSE:

The revenue lag, including the bank lag, is not affected by the DEBS agreement. The revenue lag reflects the timing between when the Company provides service and when customers pay for that service and the cash becomes available to the Company. The DEBS agreement relates to the payment of expenses by affiliates (i.e., shared services expenses).

A bank lag was not included in the analysis of shared services expense leads.

PERSON RESPONSIBLE: Daniel S. Dane

Duke Energy Kentucky
Case No. 2025-00125
STAFF's Third Request for Information
Date Received: July 30, 2025

STAFF-DR-03-013

REQUEST:

Refer to the Direct Testimony of Douglas J. Heitkamp (Heitkamp Direct Testimony), pages 16-17. Explain why Duke Kentucky chose 50 percent as the amount to eliminate of the subsidy/excess revenues.

RESPONSE:

The decision of how much to reduce the subsidy/excess of revenues between rate classes was guided by two common ratemaking objectives, covered in Chapter 8 of the American Gas Association book *Gas Rate Fundamentals* (fourth edition), of “fairness or equity” and “gradualism.” The objective of fairness and equity in ratemaking means rates should be based on the cost of providing service. The objective of gradualism in ratemaking calls for changes in rate pricing to be imposed in a manner that customers can adjust and any adverse impacts on customer’s operations are minimized.

Guided by these ratemaking objectives and the results of the cost of service study a 50 percent elimination of the subsidy/excess revenues was appropriate. Complete elimination of the subsidy/excess would not be in accordance with the objective of gradualism. Using the proposed revenue increase in this case, if the subsidy/excess were eliminated (100 percent) a rate class (Rate IT) would experience double digit percentage rate decreases while other rate classes (Rate RS and GS) experienced double digit rate increases. Additionally, any subsidy/excess elimination greater than 61.86 percent, at the proposed revenue increase, causes a rate decreases for some (Rate IT) while causing double

digit rate increases for others. These results would be contrary to long accepted ratemaking principles.

In the Company's last base gas rate case, Case No. 2021-00190, the Company proposed to eliminate 40 percent of the subsidy/excess revenues in the cost of service study in both the initial filing and as part of the stipulation reached in the case. The Commission in its Order on December 28, 2021, chose a different method of eliminating the subsidy/excess but the overall effect was a greater than 40 percent elimination of subsidy/excess revenues.

Given overall ratemaking principles, the results of the cost of service study in this case, and outcome of the immediate past gas base rate case, a 50 percent elimination of the subsidy/excess revenues between classes is a reasonable result.

PERSON RESPONSIBLE: Douglas J. Heitkamp

Duke Energy Kentucky
Case No. 2025-00125
STAFF's Third Request for Information
Date Received: July 30, 2025

STAFF-DR-03-014

REQUEST:

Refer to the Heitkamp Direct Testimony, page 16. Provide an example of the rate design Duke Kentucky would propose, using the proposed revenue increase in this proceeding, if the subsidy/excess revenues between rate classes were fully eliminated.

RESPONSE:

Please see STAFF-DR-03-014 Attachment for the proposed Customer Charge Analysis/Minimum Bill Rationale that comes from the Cost of Service Study as a result of fully eliminating the subsidy/excess revenues between rate classes.

The information contained in STAFF-DR-03-014 Attachment is what is then used by Company Witness Bruce L. Sailors to create the Schedule M's which calculate the charges for each rate class. The Company has not proposed rate design changes for Rates RS, GS, FT, and IT in this proceeding. The change in the subsidy/excess adjustment would not prompt rate design changes but would require recalculation of proposed rates through Schedule M's.

PERSON RESPONSIBLE: Douglas J. Heitkamp, as to Attachment
Bruce L. Sailors, as to Rate Design

DUKE ENERGY KENTUCKY, INC.
CASE NO: 2025-00125
CUSTOMER CHARGE ANALYSIS / MINIMUM BILL RATIONALE
TWELVE MONTHS ENDING DECEMBER 31, 2026

DATA: 12 MONTH FORECASTED PERIOD
TYPE OF FILING: "X" ORIGINAL UPDATED REVISED
WORK PAPER REFERENCE NO(S): SCHEDULE E-3.2e, WPE-4d

CUSTOMER CHARGE ANALYSIS
PAGE 1 of 1
WITNESS RESPONSIBLE:
DOUGLAS J. HEITKAMP

LINE NO.	DESCRIPTION	RS RESIDENTIAL	GS GEN SERV	FT-L FIRM TRANS	IT INTERUPT TRANS
1	Rate Base	\$ 189,278,382	\$ 32,632,912	\$ 1,877,758	\$ 460,036
2	Operating Expense	\$ 24,404,108	\$ 3,692,383	\$ 285,525	\$ 68,887
3	Return @ 8.01%	\$ 15,163,091	\$ 2,614,223	\$ 150,427	\$ 36,853
4	Operating Expense Plus Return	\$ 39,567,199	\$ 6,306,606	\$ 435,952	\$ 105,740
5	Less: Revenue Credits	\$ 681,745	\$ 68,193	\$ 4,666	\$ 1,062
6	Customer Cost Component (Revenue Requirement)	\$ 38,885,454	\$ 6,238,413	\$ 431,286	\$ 104,678
7	Total Customers	98,278	7,417	135	19
8	Annual Revenue / Customer	\$ 395.67	\$ 841.10	\$ 3,194.71	\$ 5,509.37
9	Monthly Revenue / Customer	<u>\$ 32.97</u>	<u>\$ 70.09</u>	<u>\$ 266.23</u>	<u>\$ 459.11</u>

DUKE ENERGY KENTUCKY, INC.
GAS COST OF SERVICE STUDY
CASE NO: 2025-00125
CALCULATION PROPOSED REVENUE DISTRIBUTION
REFLECTING A PROPOSED REVENUE SUBSIDY/EXCESS ELIMINATION COMPONENT

WORK PAPER REFERENCE:
WP FR-16(7)(v) - XII
WITNESS RESPONSIBLE:
DOUGLAS J. HEITKAMP
PAGE 1

						Present Revenues	Inter Class Subsidization	Inter Class Subsidization	Rate Increase	Proposed Revenues	Proposed	ROR	Proposed Increase
Line No.	Rate Class	Rate Base (A)	Present Revenues (B)	Net Operating Income (C)	Present ROR (D)	At Average ROR (E)	Overcollected (Undercollected) (F)	times 100.00% (G)	(allocated to class based on Rate Base) (H)	0.00% Interclass Subsidization (I)	Percent Increase (J)	At Proposed Rates (K)	Less (Subsidy) Excess (L)
		FR-16(7)(v)-8	FR-16(7)(v)-8	WP - Pres NOI	(C) / (A)	(B) + (((D) Line 5 * (C)) / (1-FIT))	(B) - (E)	(F) * 100.00%	(H) Line 5 * ((A) / (A) Line 5)	(B) - (G) + (H)	((H) - (G)) / (B)	(((((H) - (G)) * (1-FIT)) + (C)) / (A)	(H) - (G)
1	Rate RS	\$ 357,814,499	\$ 94,137,279	\$ 15,720,119	4.3934%	\$ 94,321,452	\$ (184,173)	\$ (184,173)	\$ 17,046,874	\$ 111,368,326	18.304%	8.197724%	\$ 17,231,047
2	Rate GS	141,969,246	40,671,741	4,246,082	2.9908%	43,265,263	(2,593,522)	(2,593,522)	6,763,650	50,028,913	23.007%	8.197724%	9,357,172
3	Rate FT-L	43,563,893	7,347,846	3,488,183	8.0071%	5,377,535	1,970,311	1,970,311	2,075,456	7,452,991	1.431%	8.197723%	105,145
4	Rate IT	10,483,655	1,967,238	1,102,682	10.5181%	1,159,854	807,384	807,384	499,459	1,659,313	-15.653%	8.197723%	(307,925)
5	Total	\$ 553,831,293	\$ 144,124,104	\$ 24,557,066	4.4340%	\$ 144,124,104	\$ -	\$ -	\$ 26,385,439	\$ 170,509,543	18.307%	8.197724%	\$ 26,385,439
									Reduced by increase in reconnection charges				
									Increase Including Incr to Recon Chg \$ 26,387,364				
<u>MISCELLANEOUS REVENUES:</u>													
6	Interdepartmental (Incl in GS)		0						Interdepartmental (Incl in GS)	0			
7	Bad Check Charges		21,480						Bad Check Charges	21,480			
8	Reconnection Charges		8,664						Reconnection Charges	10,589			
9	Late Payment Charges		358,320						Late Payment Charges	358,320			
10	Special Contracts (Rate FT-L)		677,460						Special Contracts (Rate FT-L)	677,460	\$851,990 increase in Spec Contract included in overall		
11	Other Misc		21,852						Other Misc	21,852			rate incr. above
12	Revenue Transp of Gas - Interco								Revenue Transp of Gas - Interco	0			
13	Total Misc		1,087,776						Total Misc	1,089,701			
14	Total Company		145,211,880						Total Company	171,599,244			

Duke Energy Kentucky
Case No. 2025-00125
STAFF's Third Request for Information
Date Received: July 30, 2025

STAFF-DR-03-015

REQUEST:

Refer to the Heitkamp Direct Testimony, page 17, lines 9-10. Also, refer to Case No. 2021-00190, the Direct Testimony of James E. Ziolkowski, page 16. In its prior rate case Duke Kentucky proposed to eliminate 40 percent of the subsidy/excess revenues between customer classes, based on present revenues. Explain if the 40 percent elimination of the subsidy/excess revenues between customer classes in Case No. 2021-00190 was successful in reducing the subsidy/excess revenues between customer classes so that each class is paying rates that more closely reflect their costs of service.

RESPONSE:

It is difficult to definitively conclude whether the results of the subsidy/excess revenue elimination in Case No. 2021-00190 were successful, so that each class is paying rates that more closely reflect their costs of service. The cost of service study is performed at period in time using data that is mainly backward looking (i.e., usage statistics from a prior twelve-month period). Several years have elapsed between the cost of service performed in 2021-00190 and the cost of service study performed in this case. Additionally, the Commission's Order in Case No. 2021-00190 included a different subsidy/excess revenue elimination method from the Company's proposed 40 percent elimination of subsidy/excess revenue.

However, upon review of the results of the proposed cost of service study in Case No. 2021-00190, before any elimination to the subsidy/excess was applied the over collected (under collected) revenue as a percentage of the present revenues were 2.63% for

Rate RS and (7.61%) for Rate GS. In the current case, before any elimination to the subsidy/excess is applied, the results are (0.20%) for Rate RS and (6.38%) for Rate GS. This would indicate the two largest rate classes, Rate RS and GS, which make up approximately 94% of present revenues, are paying rates that more closely reflect their costs of service going into this case. The results for Rate FT-L and IT did not see improvement.

Case No. 2021-00190		
Present Revenues (A)	Inter Class Subsidization Overcollected (Undercollected) (B)	Inter Class Subsidization as a Percent of Revenues (C) (C) = (B) / (A)
\$ 75,382,959	\$ 1,981,401	2.6%
28,525,719	(2,171,962)	-7.6%
5,452,147	(155,386)	-2.8%
1,782,710	345,947	19.4%
\$ 111,143,535	\$ -	-

Source: WP FR-15(7)(v)

Case No. 2025-00125		
Present Revenues (A)	Inter Class Subsidization Overcollected (Undercollected) (B)	Inter Class Subsidization as a Percent of Revenues (C) (C) = (B) / (A)
\$ 94,137,279	\$ (184,173)	-0.2%
40,671,741	(2,593,522)	-6.4%
7,347,846	1,970,311	26.8%
1,967,238	807,384	41.0%
\$ 144,124,104	\$ -	-

Source: WP FR-15(7)(v)-8

PERSON RESPONSIBLE: Douglas J. Heitkamp

**Duke Energy Kentucky
Case No. 2025-00125
STAFF's Third Request for Information
Date Received: July 30, 2025**

**CONFIDENTIAL STAFF-DR-03-016
(As to Attachment (c) only)**

REQUEST:

Refer to the Direct Testimony of Thomas Heath, Jr. (Heath Direct Testimony), pages 19-20.

a. Provide an explanation and support for utilizing the Bloomberg implied forward curve. If alternative forecasted rates could have been used, explain why they were not utilized.

b. Explain the use of a 25-basis point credit spread added to the interest rate for the forecast period long-term commercial paper. Provide justification for the interest rate addition in the response.

c. For the expected debt issuances of \$100 million and \$150 million, explain the appropriateness of utilizing a weighted average of the 5-year, 10-year, and 15-year U.S. Treasury yield and the respective added basis point credit spreads. Include in the response how each respective adder was derived.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment (c) only)

a. Bloomberg uses market data, including real-time trades, to derive an implied forward curve. A forward curve is meant to be indicative of where future rates are expected to be based on current market data and activity. While there are other forecasted forward rates that are available, Bloomberg is widely regarded as the market standard and

the system in which Duke Energy has access and utilizes to pull market data and forward curves.

b. The 25 basis point credit spread used for the Company's LT Commercial Paper rate is the estimated credit spread over 1 month SOFR for the Company's Commercial Paper borrowings over time. Historically, the Company's Commercial Paper rate versus 1 month SOFR supports using a credit spread in this range. Please see STAFF-DR-03-016(b) Attachment for a historical comparison of these rates.

c. The Company compiles forecasted LTD rates by weighting the 5-year, 10-year, and 15-year US Treasuries plus a credit spread for each of those tenors. The average life of Duke Energy Kentucky's outstanding debt portfolio is approximately 10 years as of March 31, 2025. The weighting of the 5-year, 10-year, and 15-year US Treasuries (plus credit spreads) is reflective of the approximately 10-year average of the LTD portfolio as of March 31, 2025. Estimated credit spreads for Duke Energy Kentucky were determined by comparing the actual credit spreads on each of the Company's last three debt issuances to indicative credit spreads for Piedmont Natural Gas near the date of the Company's debt issuances. The Company believes Piedmont to be the closest comparison within the Duke Energy enterprise as it issues smaller tranching unsecured debt, similar to Duke Energy Kentucky. Please refer to STAFF-DR-03-016(c) Confidential Attachment for support of how the company calculated the forecasted LTD rate for the forecasted debt issuances.

PERSON RESPONSIBLE: Thomas J. Heath, Jr.

	Weighted Average CP rate	1M SOFR	Difference
12/31/2022	4.61%	4.30%	0.31%
3/31/2023	5.25%	4.82%	0.43%
6/30/2023	5.39%	5.06%	0.33%
9/30/2023	5.55%	5.31%	0.24%
12/31/2023	5.63%	5.40%	0.23%
3/31/2024	5.51%	5.32%	0.19%
6/30/2024	5.50%	5.33%	0.17%
9/30/2024	5.13%	4.84%	0.29%
12/31/2024	4.71%	4.33%	0.38%
3/31/2024	4.58%	4.32%	0.26%
6/30/2024	4.61%	4.32%	0.29%
Average	5.13%	4.85%	0.28%

CONFIDENTIAL PROPRIETARY TRADE SECRET

STAFF-DR-03-016(c) Confidential Attachment

FILED UNDER SEAL

Duke Energy Kentucky
Case No. 2025-00125
STAFF's Third Request for Information
Date Received: July 30, 2025

STAFF-DR-03-017

REQUEST:

Refer to the Heath Direct Testimony, page 23, lines 4-13, which states that Duke Kentucky is the only regulated operating company within the Duke Energy organization that relies upon the Rule 144A or Section 4(a)(2) private placement markets for financing. Provide whether Duke Kentucky has considered borrowing from other Duke Energy operating companies that have access to public markets.

RESPONSE:

As noted in Heath Direct Testimony, page 10, line 19 through page 11, line 13, the Company does borrow from Duke Energy Corporation and other Duke Energy operating companies (under the Duke Energy Utility Money Pool Agreement) on a short-term basis. Short-term borrowings from other operating companies only occurs when those entities have available cash-on-hand to lend. These short-term borrowings are at lower rates than would be available to the Company on a standalone basis.

In addition, the Company has \$25 million of Commercial Paper borrowed from Duke Energy Corporation classified as long-term debt. Commercial Paper is a short-term obligation by its nature, but certain amounts are classified as long-term based on the Company's intent and ability to utilize such borrowings as long-term financings. This intent and ability is supported by reserving a portion of the Company's available borrowing capacity under the Duke Energy Master Credit Facility, which reduces the amount of available short-term liquidity. Additional Commercial Paper could be borrowed from Duke

Energy Corporation and designated as long-term debt, but this would further reduce the Company's short-term liquidity.

There are multiple considerations regarding the concept of borrowing from other operating affiliates on a long-term basis. First, entering into long-term borrowings with other Duke Energy operating companies would likely require approval from the Commission and the utility commission regulating the affiliate. The Company believes it is unlikely that a utility commission would allow another operating company to subsidize the Company's long-term debt requirements without some form of compensation to the other operating company. In addition, incremental debt financing at the other operating company would negatively impact that utility's capital structure and credit profile.

PERSON RESPONSIBLE: Thomas J. Heath, Jr.