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

REBUTTAL TESTIMONY OF

LINDSAY B. PHILEMON

ON BEHALF OF

DUKE ENERGY KENTUCKY, INC.

October 3, 2025

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I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH DUKE ENERGY CAROLINAS, LLC.

A. My name is Lindsay B. Philemon, and my business address is 525 South Tryon Street, Charlotte, North Carolina 28202. I am employed by Duke Energy Carolinas, LLC (DEC) as Manager of Customer Governance and Compliance. DEC is a subsidiary of Duke Energy Corporation (Duke Energy) which provides various services to Duke Energy Kentucky, Inc., (Duke Energy Kentucky or Company) and other affiliated companies of Duke Energy.

Q. ARE YOU THE SAME LINDSAY B. PHILEMON WHO FILED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes.

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

A. The purpose of my Rebuttal Testimony is to respond to the recommendations made by Mr. Lane Kollen on behalf of the Kentucky Attorney General (KYAG) to deny the Company's proposal to expand the availability of fee-free payment options to include payments by debit, credit, prepaid cards, and electronic check (collectively, Card Payments) through the Card Payment channel. The effect of Mr. Kollen's recommendation is a reduction to the revenue requirement of $0.239 million.

II. DISCUSSION

Q. PLEASE BRIEFLY SUMMARIZE THE COMPANY'S FEE-FREE CARD PAYMENT PROPOSAL.

A. The Company's fee-free residential Card Payment proposal is designed to address one of the largest residential customer frustrations with the billing and payment experience and is a vital step to creating greater equity in payment options for all customers. This is achieved through elimination of the per transaction convenience fees associated with Card Payments made by residential customers. Under the expanded fee-free proposal, Duke Energy Kentucky would instead pay the $1.25 per transaction fee for Card Payments to the third-party credit card payment processor, Speedpay, and those costs would become part of the Company's cost of service.

Q. WHY SHOULD THE COMMISSION APPROVE THE COMPANY'S FEE-FREE CARD PAYMENT PROPOSAL?

A. As noted above and in my direct testimony, the requirement to pay a transaction fee when making a card payment for utility service is one of the primary frustrations a customer experiences when paying their Duke Energy Kentucky bill. It is imperative that the Company continue to innovate and find ways to improve the customer experience, and one way to do that is by enhancing the payment experience.

Also as discussed in my direct testimony, the importance of fee-free Card Payments extends to some of our most vulnerable customers. The Commission should approve the fee-free Card Payment proposal as it is a crucial step in providing more inclusive access to payment methods, especially for unbanked or underbanked customers who may rely on prepaid or debit cards. Prepaid and reloadable debit cards are becoming more prevalent as workers' paychecks, Social Security benefits, tax refunds, and unemployment benefits are increasingly distributed via these card types. In offering these inclusive fee-free payment options to residential customers, the Company is not only addressing a significant customer frustration but also providing all customers, regardless of their financial situation, with access to a convenient and fee-free payment option.

Q. PLEASE PROVIDE A BRIEF SUMMARY OF MR. KOLLEN'S RECOMMENDATIONS REGARDING THE COMPANY'S FEE-FREE CARD PAYMENT PROPOSAL.

A. Mr. Kollen recommends that the Commission reject the fee-free card payment proposal as he believes the elimination of the fees would result in expanded utilization of the payment channel, thus increasing the revenue requirement for those costs in future base rate proceedings. Mr. Kollen also implies the elimination of Card Payment fees would unfairly shift costs to all customers, including those who do not use the Card Payment channel.

Q. MR. KOLLEN STATES THAT ELIMINATION OF CARD FEES WOULD RESULT IN EXPANDED USAGE OF THE CARD PAYMENT CHANNEL, THUS DRIVING UP EXPENSES FOR FUTURE BASE RATE PROCEEDINGS. HOW DO YOU RESPOND TO THIS CLAIM?

A. While it is possible that utilization of the Card Payment channel will expand, or decline, it is not guaranteed. In addition to claiming that utilization of the Card Payment channel will increase, Mr. Kollen also claims that approval of the fee-free Card Payment program proposal will result in concomitant internal payment processing expense reductions. As stated in my direct testimony, the Company calculated the amount to include in the revenue requirement for Card Payment fees by utilizing actual transaction counts according to current Card Payment channel usage. The Company did not account for payment channel switching, as future customer behavior is unknown and using more conservative methodology in the proforma (vs. adding a growth factor) was reasonable.

Mr. Kollen's argument suggests that if the Commission were to approve the Company's proposal, the Card Payment channel costs will increase and that the Company will be unfairly passing those costs to customers in future rate cases. His argument fails to note that if, conversely, the Card Payment channel costs were to increase in the interim above the revenue requirement set in this case, between rate cases, the Company would not be able to recover those costs. The Company is simply listening to its customers – they have requested this benefit, and we are striving to meet their needs.

If future usage of the Card Payment channel increases, or decreases, it will be addressed in future rate proceedings along with any possible concomitant payment processing expense reductions. Also as discussed in my testimony, to ensure Card Payment fees remain affordable for customers, the Company has recently negotiated a 17 percent reduction in the Card Payment transaction fee from $1.50 to $1.25 for residential payments. This reduction demonstrates the Company's efforts to minimize the cost impacts on all customers as we understand the importance of access to the Card Payment channel.

Q. DO YOU AGREE WITH MR. KOLLEN'S IMPLICATION THAT REMOVING CARD PAYMENT FEES WOULD UNFAIRLY SHIFT COSTS TO ALL CUSTOMERS?

A. No, I do not agree with this characterization. First, Mr. Kollen solely focused on costs, and failed to address the drivers of the proposal, which is to address a major customer billing and payment pain point and to provide more accessible payment options. The proposal does this by aligning this mainstream payment option with the Company's other current fee-free payment options which are built into the cost of service and paid for by all customers. This payment option should be looked at no differently. By incorporating these fees into the general cost of service, the Company aims to provide more equitable access to all payment methods, especially benefiting those who rely on and use this payment channel albeit with a fee now. When we consider the needs of our most vulnerable customers, we know that there are customers that are not able to use fee-free payment options due to either being unbanked or underbanked, or simply because their employer or a governmental agency is utilizing a loadable card to issue payroll or benefit dollars. For example, as pointed out in my direct testimony, nearly 50 percent of the Company's agency assistance recipients utilized the Card Payment channel at least once compared to only 19 percent of non-recipients.

Q. HAS THE COMMISSION RECENTLY RULED ON THIS SAME RECOMMENDATION IN THE COMPANY'S MOST RECENT ELECTRIC BASE RATE CASE? IF SO, PLEASE SUMMARIZE THE ORDER.

A. Yes, In Case No. 2024-00354 on page 35 of the Order, the Commission rejected Mr. Kollen's recommendation stating that "…the Commission finds that credit card payments are not materially different from other customer accounts expenses and can be appropriately included in Duke Kentucky's test year expenses. Including these expenses in the test year and removing the per transaction fee will reduce customer frustration with payment options and could allow Duke Kentucky to negotiate a lower fee. Therefore, the Commission finds that the Attorney General's adjustment should be rejected, and Duke Kentucky's proposal should be accepted."[1] For the same reasons, the Commission should reject Mr. Kollen's recommendation in this proceeding.

III. CONCLUSION

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

A. Yes.

[1] *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, Order, p. 35 (Ky. P.S.C. Oct. 2, 2025).

VERIFICATION

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

The undersigned, Lindsay B. Philemon, Manager, Customer Governance & Compliance, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the rebuttal testimony, and the answers contained therein are true and correct to the best of her knowledge, information, and belief.

Lindsay B. Philemon
Lindsay B. Philemon, Affiant

Subscribed and sworn to before me by Lindsay B. Philemon this 3rd day of October, 2025.

TIFFANY ROBINSON
NOTARY
PUBLIC
MECKLENBURG COUNTY, NC

Tiffany Robinson
NOTARY PUBLIC

My Commission Expires: February 4, 2026