

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.	)	

SUPPLEMENTAL TESTIMONY OF

SARAH E. LAWLER

IN SUPPORT OF SETTLEMENT

ON BEHALF OF

DUKE ENERGY KENTUCKY, INC.

October 20, 2025

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I. INTRODUCTION AND PURPOSE

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

2 A. My name is Sarah E. Lawler, and my business address is 139 East Fourth Street,
3 Cincinnati, Ohio 45202.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by Duke Energy Business Services LLC (DEBS), as Vice
6 President, Rates and Regulatory Strategy for Kentucky and Ohio. DEBS provides
7 various administrative and other services to Duke Energy Kentucky, Inc., (Duke
8 Energy Kentucky or Company) and other affiliated companies of Duke Energy
9 Corporation (Duke Energy).

10 **Q. ARE YOU THE SAME SARAH E. LAWLER THAT SUBMITTED**
11 **DIRECT TESTIMONY IN THIS PROCEEDING?**

12 A. Yes.

13 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY IN**
14 **THIS PROCEEDING?**

15 A. My supplemental testimony is filed in support of the Joint Stipulation and
16 Recommendation (Stipulation) filed with the Kentucky Public Service
17 Commission (Commission) on October 20, 2025, in this proceeding. My
18 supplemental testimony will describe how the Stipulation results in a fair, just and
19 reasonable settlement of the issues in this case.

II. OVERVIEW OF THE STIPULATION

1 **Q. ARE YOU FAMILIAR WITH THE STIPULATION FILED IN THIS**
2 **PROCEEDING?**

3 A. Yes. As, Vice President, Rates and Regulatory Strategy for Duke Energy
4 Kentucky and Ohio, my responsibilities include the establishment and
5 implementation of rates for Duke Energy Kentucky. I participated in negotiating
6 the Stipulation.

7 **Q. WHO ARE THE PARTIES TO THE STIPULATION?**

8 A. The Stipulation is between the Attorney General of the Commonwealth of
9 Kentucky (AG), the only other party to the proceeding, and Duke Energy
10 Kentucky (collectively, the Parties).

11 **Q. PLEASE EXPLAIN WHY THE PARTIES WERE WILLING TO**
12 **COMPROMISE.**

13 A. Each Party recognizes that the settlement process can promote administrative
14 efficiency. Full litigation is time consuming and expensive for all parties involved
15 and the litigation can produce unexpected and undesirable results for the Parties.
16 Settlement provides an opportunity for each Party to reach an outcome that
17 achieves a result the Parties believe is reasonable and preferable to the outcome
18 that could result from a full litigation of each individual issue in an evidentiary
19 hearing and allows for Parties to agree to terms that could not otherwise be
20 required by the Commission, such as a base rate case stay-out provision and
21 shareholder funded customer assistance. Settlement also provides the framework

1 to avoid any need for costly and time-consuming appeals that may follow a
2 Commission decision in a fully litigated case.

3 **Q. PLEASE SUMMARIZE THE KEY TERMS OF THE STIPULATION.**

4 A. The Stipulation expressly reflects the Parties' agreement on all issues in this
5 proceeding. Duke Energy Kentucky's total natural gas base revenue requirement
6 is \$175,700,142. The total revenue requirement is comprised of \$109,786,792 in
7 base revenues, \$63,910,850 in gas cost revenues and \$2,002,500 of miscellaneous
8 revenues. The total revenue requirement represents an increase of approximately
9 \$21.624 million over the test year revenue that would be collected at current rates.
10 The Stipulation provides that new rates are to be effective on a service rendered
11 basis following the Commission's Order in this proceeding.

12 Stipulation Attachment A provides a summary of the Company's revenue
13 requirement as filed in its Application and the adjustments agreed to in the
14 Stipulation to arrive at the final overall revenue requirement increase for natural
15 gas service. While the respective positions of the Parties would be different if this
16 case was fully litigated, the Stipulation – as a whole – is the product of good faith
17 negotiations to arrive at a fair, just and reasonable outcome.

18 The Stipulation resolves all issues among the Parties, including the
19 following major points: 1) the overall revenue requirement, including various
20 adjustments agreed-upon for purposes of settlement; 2) establishing an Aldyl-A
21 pipe and service replacement program (AA Replacement Program) with recovery
22 through the Company's existing Pipeline Modernization Mechanism (Rider
23 PMM) to enable the Company to receive timely recovery of this necessary

1 replacement; 3) cost of capital, including rate of return; 4) the residential
2 customer charge; and 5) a commitment by the Company to add incremental
3 shareholder dollars to existing customer assistance programs. Finally, the
4 settlement provides an enhanced benefit to customers in that the Company has
5 agreed to a lengthy “stay-out,” to January 1, 2029, for increases in natural gas
6 base rates. This is significant insofar as an agreement to a base rate case stay-out
7 is not achievable outside of a settlement. In addition to the revenue requirement
8 summarized above, other key provisions of the settlement “package” are as
9 follows:

- 10 • The revenue requirement for base rates is based on a Return on Equity
11 (ROE) of 9.80 percent;
- 12 • The ROE for natural gas riders, such as the Company’s Rider PMM is
13 9.70;
- 14 • The Company’s long-term and short-term debt rates included in the
15 cost of capital are 5.051 percent and 3.784 percent, respectively;
- 16 • The Company’s capital structure is 52.649 percent equity and 47.351
17 percent debt, including 44.086 percent long-term debt and 3.265
18 percent short-term debt;
- 19 • Duke Energy Kentucky’s Weighted Average Cost of Capital (WACC)
20 is 7.511 percent;
- 21 • The Company’s proposal to recover credit card processing fees
22 through base rates is accepted, consistent with the Commission’s

1 recent decision in the Company's electric base rate case, Case No.
2 2024-00354;¹

- 3 • The Company's AA Replacement Program proposal with rider
4 recovery through Rider PMM;
- 5 • The residential customer charge will be increased by \$2.50, to \$20.00
6 per month. The customer charges for other rate classes will be adjusted
7 as proposed in the Company's Application. The remainder of the
8 increase allocable to each rate class will be allocated to the volumetric
9 charge. The rate design and accompanying tariff changes are included
10 in Attachments B and C to the Stipulation;
- 11 • The Company's proposed tariff language changes, as amended and
12 agreed upon through the Company's responses to discovery will be
13 approved;
- 14 • The Parties agree to the allocation of the base revenue requirement as
15 shown in Stipulation Attachment D;
- 16 • The Parties agree to several adjustments to the Company's as-filed
17 revenue requirement, including the following corrections identified
18 during the course of discovery in this proceeding:
 - 19 ○ Correction of ADIT applicable to regulatory assets as
20 described in the AG's Testimony of witness Randy A.

¹ *In the Matter of the 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 (Ky. P.S.C. Oct. 2, 2025).

1 Futral. The result of this adjustment is a reduction to the
2 revenue requirement of \$0.009 million.

3 ○ Correction of the Company's Mains and Service Expenses
4 as described in Mr. Futral's Testimony. The result of this
5 adjustment is a reduction to the revenue requirement of
6 \$0.261 million.

7 Additionally, the Parties, as part of the settlement negotiations, have
8 agreed to the following additional adjustments for settlement purposes only:

- 9 • Removal of rate case expense regulatory assets from rate base as
10 described in Mr. Futral's Testimony. The result of this adjustment is a
11 reduction to the revenue requirement of \$0.058 million.
- 12 • A reduction to the revenue requirement of \$0.137 million related to
13 Cash Working Capital (CWC) by agreeing to two recommendations
14 made by the AG's Testimony of witness Lane Kollen: removing
15 prepaid expenses from and including long-term debt expense within
16 CWC. The parties agree that the Company's CWC included in rate
17 base shall be (\$1,344,296).
- 18 • Removal of the corporate alternative minimum tax (CAMT) deferred
19 tax asset (DTA) as described in Mr. Kollen's Testimony. The result of
20 this adjustment is a reduction to the revenue requirement of \$0.281
21 million.

- A reduction of the revenue requirement of \$0.336 million related to mains and services leak and locate costs equal to 50 percent of Mr. Futral's recommended adjustment.
- The Parties agree that all other items not specifically mentioned, should be approved as filed in the Company's Application.

This settlement, as a total package, provides a fair, just and reasonable resolution of all issues. The Parties held a productive settlement discussion where issues were debated to come up with a fair balance of all issues. The Company was willing to concede issues that were important to the AG in exchange for issues that were of greater importance to the Company, and vice versa. Together, this settlement "package" allows the Company to agree to many of the terms and conditions that were of interest to the AG, which the Company would not have otherwise agreed, including the lengthy stay-out provision and shareholder funded customer assistance. Thus, the Company submits that the Commission should evaluate this Settlement as a total package producing a reasonable resolution and not as individual terms and conditions.

Q. PLEASE DESCRIBE THE ATTACHMENTS TO THE STIPULATION.

A. Attachment A to the Stipulation includes a detailed calculation of the revenue requirement increase agreed to by the Parties. Attachment B includes two copies of the Company's proposed tariff rate sheets, showing the new rates and any language changes as proposed in the Company's application as modified through responses to discovery and agreed to in the Stipulation. The first copy shows the rates in a "tracked changes form" and the second version is in a clean form.

1 Attachment C to the Stipulation is the proof of revenue sheets that provide an
2 overview of the proposed rates by service type with the total increase shown.
3 Attachment D to the Stipulation is a revised allocation of the base revenue
4 requirement to reflect the final agreed upon revenue requirement.

5 **Q. DOES THE STIPULATION ADDRESS AND RESOLVE ALL OF THE**
6 **PROPOSALS MADE IN THE COMPANY’S APPLICATION?**

7 A. Yes. As described above, the Stipulation serves to resolve the contested and
8 uncontested issues in this proceeding.

III. CALCULATION OF THE AGREED UPON
REVENUE REQUIREMENT

9 **Q. PLEASE EXPLAIN THE ADJUSTMENTS MADE TO ARRIVE AT THE**
10 **STIPULATED REVENUE REQUIREMENT.**

11 A. As I previously mentioned, the negotiations considered numerous issues that were
12 of importance in achieving the final recommended revenue requirement. The
13 Company’s Application included testimony and documents that supported a
14 proposed overall increase of approximately \$26.4 million in revenue. The
15 Attorney General, following discovery and investigation, filed expert testimony of
16 Mr. Futral that supported a recommended increase of approximately \$19.4
17 million. The Company (and the Commission) then had an opportunity to conduct
18 further discovery, and the Company filed Rebuttal Testimony on October 3, 2025.
19 This Rebuttal Testimony explained the Company’s disagreement with the AG’s
20 positions and calculations.

1 The Parties started with the specific items identified by the AG's witness
2 as the outline of issues to discuss regarding the overall revenue requirement
3 calculation. These items included the following issues:

- 4 • Correction of ADIT applicable to Regulatory Assets
- 5 • Removal of Deferred Rate Case Expense;
- 6 • CWC Adjustments;
- 7 • CAMT DTA;
- 8 • Unbilled Revenues;
- 9 • Adjustments to Mains and Services Expense;
- 10 • Credit Card Processing Fees; and
- 11 • Return on Equity;

12 As was reflected in the Company's Rebuttal Testimony, the Company
13 opposed the AG's recommended adjustments except for those that were adjusting
14 for errors the Company had determined in response to discovery. Through
15 negotiations, the Company and the AG were able to come to a reasonable
16 compromise on each of these items, that on balance, represents a fair resolution of
17 the issues in total. In the spirit of compromise, the Company was willing to accept
18 most of the AG's adjustments in exchange for the AG's acceptance of the
19 Company's position on others. For some of the items, a balance and meeting of
20 the minds was required to come to a reasonable resolution between the Parties.
21 Attachment A to the Stipulation includes a detailed list of the agreed-upon
22 adjustments that comprise the final proposed revenue requirement increase.

1 **Q. PLEASE EXPLAIN THE ISSUE RELATED TO THE CORRECTION OF**
2 **ADIT'S APPLICABLE TO REGULATORY ASSETS.**

3 A. The Company's Application inadvertently included an incorrect amount of ADIT
4 as an offset to rate case expenses in rate base. Consistent with Mr. Futral's
5 recommendation, the Parties have agreed to reduce the revenue requirement by
6 \$0.009 million to correct the error.

7 **Q. PLEASE EXPLAIN THE ISSUE OF DEFERRED RATE CASE EXPENSE**
8 **NET OF ADITS AND HOW IT WAS RESOLVED.**

9 A. The Company's Application proposed to include deferred rate case expenses in
10 rate base, and Mr. Futral recommended the costs should be removed from rate
11 base while still including the annual amortization in the test year expenses. The
12 Parties have agreed to this adjustment resulting in a reduction to the Company's
13 revenue requirement of \$0.058 million.

14 **Q. PLEASE EXPLAIN THE ISSUES RELATED TO CWC AND HOW**
15 **THOSE WERE RESOLVED.**

16 A. The Company's Application in this case proposed to include an allowance for
17 CWC in rate base of \$0.032 million. Messrs. Kollen and Futral, in their Direct
18 Testimony, recommended four negative adjustments to CWC that would reduce
19 CWC in rate base by \$10.7 million and reduce the Company's total revenue
20 requirement by \$1.069 million. The four adjustments were recommended to:

21 1. Reduce CWC to reflect revenue collection lag days for 2024
22 instead of the 2023 period used for all other CWC assumptions
23 (\$0.126 million reduction in revenue requirement);

2. Reduce CWC to remove prepaid expenses (\$0.011 million reduction in revenue requirement);
3. Reduce CWC to include long-term debt interest expense (\$0.126 million reduction in revenue requirement); and
4. Reduce CWC to reflect an incorrect assumption around the Company's now terminated Cinergy Receivables Company (\$0.807 million reduction in revenue requirement).

Company Witness Dan Dane's Rebuttal Testimony detailed the Company's reasons for rejecting these adjustments however, in resolution of these issues and for settlement purposes in this case, the Parties have agreed to accept the AG's recommendations related to the long-term debt interest expense and prepaid expenses issues only. This results in a reduction to the revenue requirement is \$0.137 million. The CWC included in rate base agreed to by the parties is (\$1,344,296).

Q. PLEASE DESCRIBE THE ISSUE OF CAMT DTA AND HOW IT WAS RESOLVED.

A. The Company's Application proposed to include a DTA related to its expected CAMT expense in rate base. Mr. Kollen recommended that the Commission reject including the CAMT DTA in rate base because Duke Energy Kentucky as a stand-alone entity does not meet CAMT requirements. Company Witness John R. Panizza addressed the Company's reasons why the Commission should reject this argument in his Rebuttal Testimony. In resolution of this issue, however, as part of the comprehensive settlement package, the Parties have agreed to this

1 adjustment resulting in a reduction to the Company's revenue requirement of
2 \$0.281 million.

3 **Q. PLEASE EXPLAIN THE ISSUE REGARDING UNBILLED REVENUES**
4 **AND HOW THAT WAS RESOLVED.**

5 A. The Company based its test year revenues and billing determinants in its
6 Application on billed revenues and billed Mcf. Mr. Kollen recommended using
7 unbilled revenues which would reduce the revenue requirement by \$0.050
8 million. The Parties have agreed to use billed revenues and billed Mcf as
9 proposed in the Company's Application which would result in no change to the
10 Company's originally requested revenue requirement.

11 **Q. PLEASE EXPLAIN THE ISSUE REGARDING THE COMPANY'S MAINS**
12 **AND SERVICE EXPENSE AND HOW THAT WAS RESOLVED.**

13 A. As explained in discovery, the Company's Application inadvertently overstated
14 its test year expenses related to mains and service expenses. Consistent with Mr.
15 Futral's recommendation, the Parties have agreed to reduce the revenue
16 requirement by \$0.261 million to correct the error.

17 **Q. PLEASE EXPLAIN THE ISSUE REGARDING THE COMPANY'S MAINS**
18 **AND SERVICE LEAK AND LOCATE COSTS AND HOW THAT WAS**
19 **RESOLVED.**

20 A. Mr. Futral recommended reducing the Company's revenue requirement by \$0.671
21 million. Company Witness's Jay Brown and Adam Long provide reasons why the
22 Commission should reject this adjustment in their Rebuttal Testimony. In
23 resolution of this issue, the Parties have agreed to a reduction to the Company's

1 revenue requirement of \$0.336 million or 50 percent of Mr. Futral's
2 recommended adjustment.

3 **Q. PLEASE EXPLAIN THE ISSUE REGARDING CARD PAYMENT**
4 **PROCESSING FEES AND HOW IT WAS RESOLVED.**

5 A. The Company's Application proposed to expand the availability of fee-free
6 payment options to include payments by debit, credit, prepaid cards, and
7 electronic check (collectively, Card Payments) through the Card Payment
8 channel. Mr. Kollen recommended that the Commission reject this proposal and
9 reduce the revenue requirement by \$0.239 million. The Parties have agreed in
10 settlement to include Card Payment fees in the revenue requirement as proposed
11 in the Company's Application, which results in no change to the Company's
12 originally requested revenue requirement.

13 **Q. PLEASE DESCRIBE THE ISSUE OF THE COMPANY'S ROE AND HOW**
14 **THAT WAS RESOLVED.**

15 A. In its Application, Duke Energy Kentucky proposed a ROE of 10.75 percent as
16 supported by the Direct Testimony and analysis of Joshua Nowak. The AG's
17 Witness, Richard Baudino, recommended a ROE of 9.6 percent. As part of the
18 negotiation of this settlement, the Company and the AG have agreed to a ROE of
19 9.8 percent for base rates and 9.7 percent for the Company's Rider PMM. This
20 ROE is consistent with ROEs recently approved by the Commission. The fact that
21 the Company is agreeing to a lower ROE for its proposed Rider PMM is also
22 consistent with recent Commission precedent, namely the Company's recently

1 decided electric base rate case.² Applying this lower ROE reduces the Company's
2 revenue requirement by \$3.680 million.

3 **Q. CAN YOU PLEASE PROVIDE SOME COLOR AROUND HOW THE ROE**
4 **WAS REACHED IN THIS SETTLEMENT?**

5 A. As I said previously, this settlement as a package, is what the Parties agreed is a
6 fair, just and reasonable resolution of all issues. Both the Company and the AG
7 were willing to negotiate and concede issues of lesser importance in exchange for
8 issues of greater importance for each. For example, the Company is willing to
9 agree to a base rate case stay-out for its natural gas operations and provide an
10 incremental \$0.040 million per year for 3 years of shareholder funds for customer
11 assistance programs in exchange for certainty with its ROE at the agreed upon
12 level and the inclusion of the AA Replacement Program in its Rider PMM.

13 **Q. WHAT IS THE WACC FOR DUKE ENERGY KENTUCKY'S NATURAL**
14 **GAS OPERATIONS AS A RESULT OF THIS SETTLEMENT?**

15 A. As a result of the settlement, the agreed upon WACC is 7.511 percent as shown in
16 the following table.

Final Stipulated Capital Structure and WACC				
Class of capital	13 month average	% to total	Cost	Wtd Cost
Common Equity	1,187,101,737	52.649%	9.800%	5.160%
Long-Term Debt	994,013,497	44.086%	5.051%	2.227%
Short-Term Debt	73,621,738	3.265%	3.784%	0.124%
Total Capital	2,254,736,972	100.000%		7.511%

² *Id.*

1 **Q. PLEASE EXPLAIN HOW THE TOTAL AMOUNT OF THE INCREASE**
2 **IN REVENUES AS PROPOSED IN THE STIPUALTION IS FAIR, JUST**
3 **AND REASONABLE.**

4 A. The increase agreed upon in the Stipulation is fair, just, and reasonable because it
5 is the result of a negotiated compromise, in consideration of all terms of the
6 Stipulation by knowledgeable and capable parties. By vigorously pursuing their
7 respective positions, stakeholders, including customers, the Company, and its
8 shareholders, were represented and their priorities were recognized and protected
9 through the Stipulation. The initial revenue proposal by the Company and the AG
10 in this proceeding represented the best possible outcome based upon the facts, as
11 understood by each of the Parties at the commencement of this case. Since that
12 time, substantial data was exchanged, and the Parties engaged in extensive
13 negotiations to arrive at an outcome that is fair, just, and reasonable to Duke
14 Energy Kentucky's customers and its shareholders. The compromise of the
15 revenue increase, rate design, and recovery of certain costs has resulted from
16 these negotiations and reflects the best judgment of the Parties, including their
17 respective experts, as to a fair resolution of all issues. The base rates agreed upon
18 provide sufficient revenue for Duke Energy Kentucky to operate and provide safe,
19 reliable, and reasonable natural gas service to its customers while also providing a
20 fair return to its shareholders. The Stipulation as a total package provides a fair
21 and reasonable outcome that the Commission should approve.

IV. AA REPLACEMENT PROGRAM AND RIDER PMM

Q. PLEASE EXPLAIN THE COMPANY’S AA REPLACEMENT PROGRAM AND THE RECOVERY OF COSTS THROUGH RIDER PMM AS RESOLVED IN THE STIPULATION.

A. The Company’s proposed AA Replacement program will replace approximately 38 miles of Aldyl-A pipes at an estimated cost of approximately \$52 million. The program also includes replacing approximately 5,455 service lines at an estimated cost of \$32 million.³ Each year, the Company will file for approval of a CPCN to replace Aldyl-A pipes and services prioritized based upon risk and geographical area. After approval of the CPCN, the Company will replace the pipes and services detailed in the CPCN and the costs of the program will be included in Rider PMM.

Q. WHAT IS THE TERM OF THE AA REPLACEMENT PROGRAM AND RIDER PMM RECOVERY?

A. The Company’s Application proposed extending the Rider PMM for five years, beginning after the completion of the AM07 pipeline replacement project. The Company may seek to extend the term either as part of a subsequent rate case or through a separate application filed in accordance with KRS 278.509.

Q. PLEASE SUMMARIZE HOW RIDER PMM WORKS AND IS ADJUSTED?

A. Rider PMM is adjusted annually for capital placed in-service based on a forecasted 13-month average rate base. The application to adjust Rider PMM will be filed no earlier than July 1 each year with new rates effective on the first

³ See Company response to STAFF-DR-02-024.

1 billing cycle of January. Because the AA Replacement Program will start after the
2 AM07 project is complete, this means that the first Rider PMM rate adjustment
3 including the costs of the AA Replacement Program will go into effect no earlier
4 than January 2028.

5 Rider PMM is calculated on a per ccf charge for all rate classes. The
6 revenue requirement calculated in the rider will be allocated between the rate
7 classes as outlined in Paragraph Number 17 in the Stipulation.

8 The rider will also be subject to an annual revenue requirement cap of no more
9 than a 5 percent increase in natural gas revenues per year. For purposes of
10 determining the 5 percent cap, the Parties agree that the natural gas revenues,
11 including base revenues, gas cost revenues and miscellaneous revenues of
12 \$175,700,142 outlined in Paragraph Number 1 of the Stipulation shall become the
13 baseline for measuring the 5 percent annual cap on increases for the duration of
14 the rider. The revenue requirement in excess of the 5 percent annual cap that is
15 not recovered through Rider PMM shall be eligible for deferral to a regulatory
16 asset and shall include carrying costs on the deferrals less the related accumulated
17 deferred income taxes at the approved WACC without gross-up for income taxes.
18 Such deferrals shall be eligible for amortization in the Company's next natural gas
19 base rate proceeding;

20 Finally, as previously discussed, the ROE used for calculating the Rider
21 PMM shall be 9.7 percent.

V. OTHER SETTLEMENT TERMS

1 **Q. DID THE PARTIES NEGOTIATE ANY ADDITIONAL TERMS? IF SO,**
2 **PLEASE EXPLAIN.**

3 A. Yes, Duke Energy Kentucky will provide an incremental \$40,000 per year of
4 shareholder funds for 3 years for customer assistance programs. This incremental
5 funding will be divided equally (\$20,000 each) between the Company's two
6 existing bill assistance programs, the Home Energy Assistance (HEA) program
7 and the Company's Share the Light program. This incremental funding is in
8 addition to the shareholder funds already provided in these programs.

9 As part of its Share the Light program, Duke Energy currently contributes
10 \$25,000 in shareholder funds and matches, dollar for dollar, up to an additional
11 \$25,000 in customer contributions. This settlement results in an additional
12 \$20,000 in guaranteed shareholder funding for the next three years. Similarly,
13 Duke Energy Kentucky currently provides \$50,000 in annual shareholder
14 contributions into the HEA program. This settlement results in a total of \$70,000
15 per year of shareholder funds for the HEA over the next three years.

16 **Q. ARE THERE ANY OTHER NOTEWORTHY ISSUES REGARDING THE**
17 **PROPOSED TARIFFS?**

18 A. Yes. The Parties have also agreed that the Company's fixed residential customer
19 charge should be increased by \$2.50 to \$20.00. The Company proposed other
20 tariff language changes in its application. The Parties agree that those changes
21 should be approved.

1 **Q. WHAT EVIDENCE SHOULD THE COMMISSION CONSIDER THAT**
2 **EACH CONSTITUENCY WAS VIGOROUSLY REPRESENTED IN THE**
3 **NEGOTIATIONS THAT LED TO THIS SETTLEMENT?**

4 A. The Parties supported their positions in the record through pre-filed direct and
5 rebuttal testimony and the submission of, and responses to, numerous data
6 requests. The Stipulation reveals the sincerity of the negotiations on all sides
7 when compared to the initial positions supported. The result is that the Parties
8 made appropriate concessions to ensure their priorities were reflected in the final
9 compromise. Accordingly, the Stipulation must be viewed in its entirety rather
10 than evaluated on the basis of any discrete term or issue. The Stipulation was
11 negotiated in the context of an overall result, including the impact on customers
12 and the Company's financial operation.

13 **Q. DO YOU HAVE AN OPINION REGARDING THE REASONABLENESS**
14 **OF THE STIPULATION?**

15 A. Yes. The Stipulation is the result of extensive, good faith negotiation among
16 knowledgeable and capable parties. The Stipulation is a reasonable compromise
17 that produces rates that are fair and in the best interests of all concerned. Duke
18 Energy Kentucky requests that the Commission approve the Stipulation in its
19 entirety and without modification.

VI. CONCLUSION

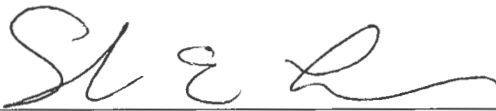
20 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

21 A. Yes.

VERIFICATION

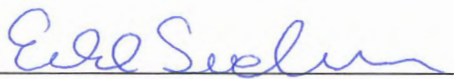
STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, Sarah E. Lawler, VP Rates & Regulatory Strategy OH/KY, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing testimony and that the information contained therein is true and correct to the best of her knowledge, information, and belief.



Sarah E. Lawler Affiant

Subscribed and sworn to before me by Sarah E. Lawler on this 14th day of October, 2025.



NOTARY PUBLIC

My Commission Expires July 8, 2027



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