

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE ENERGY)	
KENTUCKY, INC. FOR 1) AN ADJUSTMENT OF)	CASE NO. 2025-00125
THE NATURAL GAS RATES; 2) APPROVAL OF)	
NEW TARIFFS; AND 3) ALL OTHER REQUIRED)	
APPROVALS, WAIVERS, AND RELIEF)	

**ATTORNEY GENERAL’S SECOND REQUEST FOR INFORMATION TO
DUKE ENERGY KENTUCKY, INC.**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention (“Attorney General”), and submits the Second Request for Information to Duke Energy Kentucky, Inc. (hereinafter “Duke Kentucky” or the “Company”) to be answered by August 15, 2025, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that

the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout, which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda

of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the

control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

RUSSELL COLEMAN
ATTORNEY GENERAL



ANGELA M. GOAD
J. MICHAEL WEST
LAWRENCE W. COOK
T. TOLAND LACY
JOHN G. HORNE II
ASSISTANT ATTORNEYS GENERAL
1024 CAPITAL CENTER DRIVE, SUITE 200
FRANKFORT, KY 40601
PHONE: (502) 696-5421
FAX: (502) 564-2698
Angela.Goad@ky.gov
Michael.West@ky.gov
Larry.Cook@ky.gov
Thomas.Lacy@ky.gov
John.Horne@ky.gov

Certificate of Service and Filing

Pursuant to the Commission's Orders and in accord with all other applicable law, Counsel certifies that the foregoing electronic filing was transmitted to the Commission on August 1, 2025, and there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

This 1st day of August, 2025,



Assistant Attorney General

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
Attorney General's Second Request for Information

1. Refer to Duke Kentucky's response to the Attorney General's First Request for Information ("Attorney General's First Request"), Item 1(f). Duke Kentucky's answer is nonresponsive to the question posed. As originally requested, provide an organizational chart (i.e. group structure chart, corporate hierarchy diagram, entity organizational chart, or a company structure chart) that demonstrates a simplistic demonstration of all the parent companies/holding companies/affiliated companies that are associated with Duke Kentucky. For example, Duke Energy Corporation ("Duke Energy") would be at the top of the organizational chart, with the holding companies/subsidiaries underneath of Duke Energy.
2. Refer to Duke Kentucky's response to the Attorney General's First Request, Items 2(a) – (j). Duke Kentucky asserts that no executive employees are paid by Duke Kentucky, and the Company does not track employee labor costs that are allocated from one company/utility to another.
 - a. Explain in detail why Duke Kentucky should recover executive employee labor costs if the Company will not provide evidence into the record that these costs are fair, just, and reasonable.
 - b. Explain in detail which company pays Duke Kentucky's executive employee labor costs.
 - c. Explain in detail whether Duke Kentucky has requested to know the executive employee labor costs. If so, why does Duke Kentucky not know this information? If not, explain why not.

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- d. As originally posed, provide answers to the Attorney General's First Request, Items 2(a) – (j).
3. Refer to Duke Kentucky's response to the Attorney General's First Request, Items 3(a) – (j). Duke Kentucky asserts that the Company does not track salaried employees whose labor costs are allocated from one company/utility to another.
 - a. Explain in detail why Duke Kentucky should recover salaried employee labor costs that are allocated to the Company if it will not provide evidence into the record that these costs are fair, just, and reasonable.
 - b. Explain in detail whether Duke Kentucky has requested to know the salaried employee total labor costs for those that are allocated to the Company. If not, why not?
 - c. As originally posed, provide answers to the Attorney General's First Request, Items 3(a) – (j).
4. Refer to Duke Kentucky's response to the Attorney General's First Request, Items 4(a) – (j). Duke Kentucky asserts that the Company does not track non-salaried employees whose labor costs are allocated from one company/utility to another.
 - a. Explain in detail why Duke Kentucky should recover non-salaried employee labor costs that are allocated to the Company if it will not provide evidence into the record that these costs are fair, just, and reasonable.
 - b. Explain in detail whether Duke Kentucky has requested to know the non-salaried employee total labor costs for those that are allocated to the Company. If not, why not?

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- c. As originally posed, provide answers to the Attorney General's First Request, Items 4(a) – (j).
- 5. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 5.
 - a. Explain why Duke Kentucky does not budget number of employees or number of vacant positions.
 - b. If Duke Kentucky does not budget number of employees or number of vacant positions then how can the Commission determine whether the included labor costs in the revenue requirement are fair, just, and reasonable? Explain in detail.
 - c. Provide a response as originally requested to the Attorney General's First Request, Item 5.
- 6. Refer to Duke Kentucky's response to the Attorney General's First Request, Items 6(a) – (e). Consider this an ongoing request during the pendency of this case.
- 7. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 7. Duke Kentucky asserts that the requested revenue requirement includes \$54,044 of expenses related to corporate jet and helicopter expenses ("corporate aviation expenses") allocated from Duke Energy Business Services ("DEBS").
 - a. Explain in detail how the corporate aviation expenses benefit Kentucky ratepayers, if at all.
 - b. Explain whether DEBS compares the corporate aviation expenses with available commercial flight expenses, and then utilizes the least expensive option. If not, explain in detail why not.

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- c. Provide a copy of the corporate aviation policies for Duke Kentucky, Duke Energy, Duke Energy Ohio, Inc. ("Duke Ohio"), and DEBS. If no policies exist, explain why not.
 - d. Explain in detail whether the employees utilizing the corporate jet and helicopters are salaried or hourly employees.
 - e. Explain whether Duke Kentucky believes corporate aviation is an extravagance. If not, explain why not.
 - f. Explain whether Duke Kentucky believes that Duke Energy's/DEBS' utilization of corporate aviation is in direct conflict with the company wide statements and policies on climate change. If not, explain why not.
 - g. Provide a breakdown of the total corporate aviation expenses allocated to Duke Kentucky – Gas between those necessary for aerial patrol and all other.
8. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 8.
- a. Provide the number of Advanced Metering Infrastructure ("AMI"), Automated Meter Reading ("AMR") Infrastructure, and manual read meters that Duke Kentucky currently has for its natural gas customers.
 - b. Explain why Duke Kentucky still has natural gas customers with manual read meters.
9. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 13.
- a. If the Commission approves the termination of the soft close program as the Company requests, explain how it will affect the customers who use the soft close program. For example, will they pay a higher fee/bill per month/year if the soft

close program terminates. Provide any additional issues that customers who use the soft close program may encounter if terminated, in addition to potential monetary issues.

- b. Explain how the Operational Flow Orders tariff changes will affect Duke Kentucky's natural gas customers monetarily and otherwise.
 - c. Explain how the proposed Curtailment Plan for Management of Available Gas supplies will affect Duke Kentucky's natural gas customers monetarily and otherwise.
10. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 14. Duke Kentucky admitted in the response that the pending natural gas rate increase request represents the third natural gas rate increase in the past six years on the natural gas only customers, and the seventh rate increase in the past approximately seven years on Duke Kentucky's combination customers (four electric rate increases and three natural gas rate increases, including the pending rate increase requests). Explain in detail if Duke Kentucky is concerned as to how its natural gas only and combination (electric and natural gas) customers will continue to afford/pay their bills in the face of the aforementioned rate increases. If Duke Kentucky is not concerned about affordability of rates to its customers then explain why not.
11. Refer to Duke Kentucky's response to the Attorney General's First Request, Items 15(a) and (b).
- a. Explain how Duke Kentucky's proposal to use the rate of return approved by the Commission in the pending case to calculate the return on rate base associated with

capital pipeline replacement projects in future Pipeline Modernization Mechanism (“Rider PMM”) filings adheres to Commission precedent when the Company confirmed in its response that Rider PMM received a lower ROE than what was approved for base rates in Case No. 2021-00190.

- b. Explain how Duke Kentucky’s proposal to use the rate of return approved by the Commission in the pending case to calculate the return on rate base associated with capital pipeline replacement projects in future Rider PMM filings adheres to Commission precedent, when the Company confirmed in its response that the Commission provided a lower ROE to Duke Kentucky’s Earnings Sharing Mechanism (“ESM”) in Case No. 2022-00372, and stated that, “[t]he Commission continues to view capital riders, such as the ESM, as providing lower risk to the utility due to the automatic cost recovery and true-up components in the ESM and Duke Kentucky’s gas pipeline replacement program. As such, the Commission finds that a 10-basis point reduction in the ROE component of the ESM from 9.75 percent to 9.65 percent is fair, just, and reasonable.”¹
12. Refer to Duke Kentucky’s response to the Attorney General’s First Request, Item 16(b).

As originally requested, provide documentation supporting Duke Kentucky’s forecasted increase in natural gas customers.
13. Refer to Duke Kentucky’s response to the Attorney General’s First Request, Item 16(c).

¹ Case No. 2022-00372, *Electronic Application of Duke Energy Kentucky, Inc. for 91) An Adjustment of Electric Rates; 92) Approval of new Tariffs; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and (4) All Other Required Approvals and Relief* (Ky. PSC Oct. 12, 2023), Order at 41 – 42.

Provide the number of customers that Duke Kentucky provides both electric and natural gas service (combination customers) to versus the number of natural gas only customers in the Kentucky service territory.

14. Refer to Duke Kentucky's response to the Attorney General's First Request, Items 18(a) – (d).
- a. Continue to provide the account balances for Share the Light (formerly WinterCare), Home Energy Assistance, Neighborhood Energy Saver Program, the Payment Plus Program, and the Weatherization Program, for each month of 2024 and 2025 as updated information comes available. Consider this a continuing request during the pendency of this case.
 - b. Provide the qualifications that customers must meet to participate in Share the Light, Home Energy Assistance, Neighborhood Energy Saver Program, the Payment Plus Program, and the Weatherization Program.
 - c. Explain how Duke Kentucky notifies the customers of Share the Light, Home Energy Assistance, Neighborhood Energy Saver Program, Payment Plus Program and the Weatherization Program.
 - d. Specify in which month of each year Duke Kentucky contributes \$50,000 to the Share the Light fund.
 - e. Explain why it does not appear that \$50,000 was contributed in any month for 2024 and 2025 based upon the low balances, or was the \$50,000 contribution used that quickly each year.

- f. Specify in which month of each year Duke Kentucky contributes \$50,000 to the Home Energy Assistance program.
 - g. Explain why the Home Energy Assistance program account balances for 2024 and 2025 are continuously high. For example, in December 2024, the balance was \$576,471.38. Ensure to address whether not enough customers are qualifying to utilize the Home Energy Assistance program, whether notification to customers of the Home Energy Assistance program is problematic, etc.
15. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 19.
- a. Explain whether Duke Kentucky/Duke Energy are concerned that Duke Energy came in last place in the J.D. Power 2024 Gas Utility Residential Customer Satisfaction Study, with 707 points out of 1,000 points. If not, explain why not.
 - b. Explain whether Duke Energy/Duke Kentucky are implementing any changes in an attempt to improve residential customer satisfaction. If so, provide all examples of the same.
 - c. Explain whether Duke Energy/Duke Kentucky are aware of the reasoning behind the lowest J.D. Power score. For example, did the residential customers state that the scores were based on rate increases, customer service, service interruptions, total bill, etc. If so, generally provide the reasons that the residential customers gave for the J.D. Power scores.
16. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 20.
- Explain in detail whether Duke Kentucky has implemented policies to address any of the

detractors' suggestions as to how to improve start/transfer natural gas service and to improve gas trouble/leaks. If not, why not.

17. Refer to Duke Kentucky's response to the Attorney General's First Request, Items 22(a) – (d).

- a. Confirm that in Case No. 2021-00190, Duke Kentucky projected that the AM07 natural gas pipeline project would have a total cost of \$191,168,472. If not confirmed, as originally requested, provide the total cost that Duke Kentucky estimated the AM07 natural gas pipeline project would cost in Case No. 2021-00190.
- b. In Duke Kentucky's response to the Attorney General's First Request, Item 22(c), the Company stated that the estimated cost of the AM07 natural gas pipeline project is now \$212.9 million. Explain in detail what has caused the cost overruns of \$21,731,528 for the AM07 natural gas pipeline project.

18. Refer to Duke Kentucky's response to the Attorney General's First Request, Items 23(a) – (b).

- a. Provide general descriptions of the services/work that the affiliates provide to Duke Kentucky for each of the following allocated costs listed in the response for the test year: Duke Energy Ohio \$1,279,135; Duke Energy Business Services \$12,577,356; Duke Energy Carolinas \$1,929,961; Duke Energy Florida \$9,149; Duke Energy Indiana \$60,363; Duke Energy Progress \$42,360; and Piedmont Natural Gas \$2,588,304; for a grand total of \$18,486,628.

- b. As originally requested, identify the job title(s) of those who are responsible to review the allocated costs to Duke Kentucky. If there are no employees/job titles responsible to review the allocated costs to Duke Kentucky, explain in detail why not.
 - c. Duke Kentucky asserts that while the “business functions” have asked questions about allocated costs, no allocated costs have ever been rejected. Explain what is meant by “business functions.”
 - d. Explain why no allocated costs have ever been rejected in the past five years.
 - e. Explain in detail what questions have been asked about allocated costs in the past five years, and the answers provided in response to the questions.
19. Refer to Duke Kentucky's response to the Attorney General's First Request, Items 25(a) – (b). If Duke Kentucky will not provide copies of formal wage and benefit studies into the record, explain how the Commission can determine whether Duke Kentucky's wages and benefits are reasonable.
20. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 28(b). Provide updates as to the status of the union negotiations and the union labor cost increases. Consider this a continuing request during the pendency of this case.
21. Refer to Duke Kentucky's response to the Attorney General's First Request, Items 31(a) – (d).
- a. If Duke Kentucky uses the request for proposal (“RFP”) process to select the contractor to perform right of way maintenance/vegetation management, then explain why there is only one contractor name provided in Duke Kentucky's

response to the Attorney General's First Request, Item 31(d), instead of multiple contractor names.

- b. Does Duke Kentucky use the RFP process to select the contractor(s) to perform all right of way maintenance/vegetation management projects, or just the projects that are over a specific dollar amount? If so, provide the dollar amount, and explain in detail why all right of way maintenance/vegetation management projects do not use the RFP process to select the contractor(s).
- c. Explain Duke Kentucky's RFP parameters/requirements to select a contractor for the right of way maintenance/vegetation management projects.

22. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 33(d), Excel Attachment.

- a. Explain why the Rider PMM Rate went from a per month dollar amount for the residential and general service classes for June 2023 – March 2024, but then changed to a per CCF dollar amount for April 2024 – March 2025, and for April 2025 – Current Date.
- b. Provide the Rider PMM monthly rate for the average Duke Kentucky residential natural gas customer for the period April 1, 2024 – March 31, 2025.
- c. Provide the Rider PMM monthly rate for the average Duke Kentucky residential natural gas customer for the period April 1, 2025 – Current Date.

23. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 33(l).

- a. The Attorney General originally requested for Duke Kentucky to provide the manufacturing year(s) for the Aldyl-A pipe that the Company has in its natural gas

system, as Mr. Long asserts that pre-1973 Aldyl-A, identifiable by its color, is widely considered more vulnerable compared to later formulations. Duke Kentucky's response that it, "potentially has Aldyl-A pipe installed form 1964 through 1985" is nonresponsive. As originally requested, provide the manufacturing year(s) for the Aldyl-A pipe that the Company has in its natural gas system. If Duke Kentucky cannot provide this information, explain in detail why not.

- b. If Duke Kentucky cannot differentiate between the Aldyl-A pipe that is pre-1973 and more vulnerable versus post-1973, then how would the Company prioritize the most vulnerable Aldyl-A pipe for replacement? Explain the response in detail.

24. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 33(n). Provide copies of all penalties, fines, or citations of any type that has been issued against Duke Kentucky's natural gas system for violation of state law, federal law, Pipeline and Hazardous Materials Safety Administration ("PHMSA") regulations, etc. without limiting the scope to AM00B, AM007, or Aldyl-A assets. This question is intended to capture all penalties, fines, or citations that have been issued against Duke Kentucky's natural gas system for 2020 – 2025.

25. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 34(a).

- a. As originally requested, confirm that the bill Mr. Long refers to in his direct testimony – the bill that the United States House of Representatives considered in 2024 that would require widespread identification and removal of Aldyl-A pipes – did not pass and did not become law. If not confirmed, explain in detail why not.

- b. Continue to provide updates as to the September 7, 2023 PHMSA notice of proposed rulemaking for the Safety of Gas Distribution Pipelines Safety Initiatives, which has not become a final rule as of the date of Duke Kentucky's initial response to the Attorney General's First Request.

26. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 34(b).

- a. Duke Kentucky asserts that Mr. Long's statement that PHMSA now requires for operators to identify threats posed by specific material types in their pipeline system, such as Aldyl-A and other PE pipes is not in the current code/law. Explain whether Mr. Long intends to make this correction to his direct testimony in the case record, and if not, why not.
- b. Duke Kentucky asserts that CFR 49 Part 192 Subpart P, Gas Distribution Pipeline Integrity Management, requires the Company to identify threats and evaluate the risks associated with the distribution system and identify and implement measures to address risk, and such measures can include pipe replacement programs to mitigate risks. Explain in detail all other measures that can be used instead of pipe replacement programs to mitigate the risks.

27. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 34(f).

Provide a copy of all updated PHMSA rules and mandates regarding Aldyl-A pipes that have been proposed and/or implemented since Duke Kentucky filed its testimony in the pending case. Consider this a continuous request during the pendency of this case.

28. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 34(g)(i).

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- a. Duke Kentucky asserts that it does not plan to file Company specific comments to the June 4, 2025 PHMSA request, because the Company provided input to joint industry comments. Provide a copy/direct link of the Joint Industry Comments (AGA & American Public Gas Association) referenced in Duke Kentucky's response.
 - b. Duke Kentucky further asserts that the AGA is reviewing and may provide similar industry insights in response to the advance notice by August 4, 2025. Provide a copy/direct link of these comments if filed. Consider this a continuing request during the pendency of this case.
29. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 34(g)(ii).
Explain whether a repeal or amendment of any PHMSA regulations can save Duke Kentucky money, and in turn save the customers money, If not, explain why not. Duke Kentucky responded by stating that the potential financial impact of this Notice of Proposed Rulemaking has not been assessed. Consider this a continuing request during the pendency of this case.
30. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 35(b).
Provide the monetary amount of low-income utility assistance funds that Duke Kentucky receives from agencies for 2025. Consider this a continuous request during the pendency of this case.
31. Refer to Duke Kentucky's response to the Attorney General's First Request, Items 36(a) – (i).

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- a. Confirm that to Duke Kentucky's knowledge, the Commission has not approved an investor-owned utility in Kentucky to allow customers to pay a utility bill using a credit card, debit card, or prepaid card without an assessed fee, and include those fees in the revenue requirement. If not confirmed, explain why not.
- b. Confirm that if the Commission approves Duke Kentucky's request to include credit card, debit card, prepaid card, and electronic check fees in the revenue requirement, this will require all customers to subsidize the credit card, debit card, prepaid card, and electronic check fee costs. If not confirmed, explain why not.
- c. Provide the monetary amount that Duke Kentucky included in the pending revenue requirement for payment processing fees, not including the \$237,738 in the proposed fee-free payment options. Provide a breakdown of the same including the type of payment processing and the associated fees.
- d. Explain whether the proposed inclusion of \$237,738 in fee-free payment options includes the forecasted credit card, debit card, prepaid card, and electronic check fees. If not, provide a breakdown of what fees are included in the \$237,738 amount.
- e. Provide a breakdown of the proposed inclusion of \$237,738 in fee-free payment options by type of payment and amount.
- f. Confirm that if Duke Kentucky removes the assessed fee to pay the utility bill with a credit card or debit card then it may entice more customers to use credit cards and debit cards in order to increase points and rewards associated with various credit card and debit card loyalty programs. If not confirmed, explain in detail why not.

- g. Confirm that if Duke Kentucky removes the assessed fee to pay the utility bill with a credit card or debit card and it entices more customers to use credit/debit cards to pay the utility bills, then the amount of fees that customers will subsidize in rates could be much more than the proposed \$237,738. If not confirmed, explain in detail why not.
- h. According to a 2025 publication by the Federal Reserve, almost all adults with an income of \$100,000 or more had a credit card, but “the lowest-income adults were the least likely to have a credit card...”² In fact, according to the Federal Reserve, 54% of people with family income less than \$25,000 do not have a credit card.³ Due to low-income customers having more difficulty obtaining credit cards, confirm that Duke Kentucky’s proposal for the credit and debit card processing fees to be subsidized by all customers will cause the customers without credit/debit cards to pay a higher electric rate. If not confirmed, explain in detail why not.
- i. Confirm that the Commission denied Duke Kentucky’s similar request in Case No. 2019-00271, in which the Commission asserted that, “asking all customers to share the cost for payment methods that are at least ten times more expensive than the alternative is unreasonable. Duke Kentucky offers multiple fee free payment methods and should offer those alternatives to customers that take issue with the convenience fees.”⁴ If not confirmed, explain why not.

² See Federal Reserve, Economic Well-Being of U.S. Households in 2024, issued in May 2025, <https://www.federalreserve.gov/publications/files/2024-report-economic-well-being-us-households-202505.pdf>, page 57.

³ *Id.*

⁴ Case No. 2019-00271, *Electronic Application of Duke Energy Kentucky, Inc. for 1) An Adjustment of the Electric*

32. Refer to Duke Kentucky's response to the Attorney General's First Request, Items 37(a) – (b). Explain what is meant by, “[t]he Company does not pay a fee to the agent network for collection of payments as these costs are absorbed as part of the overall network model.” Ensure to explain how the costs are absorbed, what company absorbs the costs, and what is meant by as part of the overall network model.
33. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 37(b). Explain in detail whether Duke Kentucky is working with any of the payment agents to convert from charging a fee to not charging a fee to process the utility payments. If yes, provide specific examples. If not, explain why not.
34. Refer to Duke Kentucky's response to the Attorney General's First Request, Items 38(a) – (c).
- a. Explain whether the riders are increasing the average residential bills in between base rate cases. For example, the average residential bill increased from \$58.80 to \$62.65 in Case No. 2018-00261, but then in Case No. 2021-00190, the average residential bill increased from \$69.31 to \$73.47, and in the pending case, the current average residential bill is \$84.92, and proposes to increase to \$99.20. If the riders are not increasing the average residential bills in between base rate cases, explain what is causing the increases.
 - b. Confirm that 51 CCF is being used to calculate the average residential current bill and proposed bill for the pending case in Duke Kentucky's response to the Attorney

Rates; 2) Approval of New Tariffs; 3) Approval of Accounting Practices to Establish Regulatory Assets; and 4) All Other Required Approvals and Relief (Ky. PSC April 27, 2020), Order at 19 – 21.

General's First Request, Item 38(a). If not confirmed, provide the CCF being used to calculate the average residential current bill and proposed bill in the pending case.

35. Refer to the U.S. Environmental Protection Agency's ("EPA") July 29, 2025 proposal to rescind the 2009 Greenhouse Gas Endangerment Finding, which qualifies greenhouse gases as pollutants, and led to the Clean Air Act prescribing standards for greenhouse gas emissions.⁵ If this proposed rescission is finalized, explain how it will affect Duke Kentucky's natural gas system as well as the Company's customers (i.e. lower regulatory costs, lower natural gas rates, etc.).

36. Refer to the Direct Testimony of John Spanos ("Spanos Testimony"), Attachment JJS-1, pages 50 – 51, Table 1.

- a. Provide the gross plant, accumulated depreciation, and future accruals for each of the mains and services plant subaccounts separated into the specific pipeline material, (e.g., Aldyl-A pipe, each other type of PE pipe, bare steel, coated steel, etc.).
- b. Confirm that the actual net negative salvage costs incurred through the date of the depreciation study are reflected as a reduction to accumulated depreciation.
- c. Confirm that the estimated net negative salvage costs are added to the gross plant less accumulated depreciation to calculate the "future accruals," meaning the net cost to be recovered over the composite remaining life.

⁵<https://www.epa.gov/regulations-emissions-vehicles-and-engines/proposed-rule-reconsideration-2009-endangerment-finding#rule-summary>.

- d. Confirm that the methodology used to calculate the proposed depreciation rates gives no consideration to whether the accumulated net salvage regulatory liability recorded for Generally Accepted Accounting Principles ("GAAP") purposes is over recovered or under recovered and to the extent it is over recovered, it simply amortizes the over recovery over the composite remaining life rather than over a shorter period. Explain your response in detail.
 - e. Provide the net negative salvage cost regulatory liability at month end from January 2021 through December 2025 under authorized depreciation rates, each month from January 2026 through December 2026 under presently authorized depreciation rates, and each month from January 2026 through December 2026 under the proposed depreciation rates.
37. Describe how the Company accounts for the "removal" of old pipe and services when it installs new replacement pipe and services, including the allocation between "removal" costs and "installation" costs when the activities are interrelated and the work is performed at the same time. Address payroll costs, contractor costs, equipment costs, and each other defined cost. Describe all allocations of costs among or between the "removal" and "installation" activities, the basis for the allocations, the sources/calculations of the allocation factors applied for these purposes. Explain in detail why the costs are not recorded entirely as "installation" costs and instead are allocated between "removal" and "installation" costs. In addition, provide a copy of all documentation of the Company's accounting for these costs.

38. Describe the Company's activities related to the "removal" of old pipe when it is capped, evacuated, and abandoned in place. Indicate if those activities are any different, and if so, the differences in those activities between "removal" and abandonment of the pipe where there is no replacement compared to "removal" and abandonment of the pipe where there is replacement with new pipe.
39. Confirm the Company simply expenses certain replacement costs when it replaces shorter segments of pipe instead of accounting for "removal" and "installation" costs. Provide a description of the thresholds, dollar and/or otherwise, used to delineate expense from capital in such circumstances, e.g., if replacement involves 100 feet or less, then the cost is expensed. Provide a copy of all documentation of the Company's accounting procedures in such circumstances. If not confirmed, explain why not.
40. Confirm that the Company presently recovers all Aldyl-A pipeline and services replacement and repair costs through base revenues and not through the PMM. If not confirmed, explain in detail why not.
41. Identify and describe each Aldyl-A pipeline and services replacement project and provide the capital expenditures and closings to Gas Plant In Service ("GPIS") by month for each of these projects and in total for the test year in an Excel workbook in live format and with all formulas intact. Provide also the rate base amounts by month for each of these projects and in total for the test year by component, i.e., GPIS, accumulated depreciation, accumulated deferred income tax ("ADIT"), etc. in the same Excel workbook. In addition, provide the related expense amounts by month for each of these projects and in total for the test year by expense account, i.e., depreciation expense, property tax expense, O&M

expense, O&M expense savings, e.g., due to reduced maintenance for leak repairs, etc. in the same Excel workbook. Finally, provide the revenue requirement by month for each of these projects and in total for the test year in the same Excel workbook.

42. Confirm the Company presently complies with all PHMSA requirements and will continue to do so whether the Commission approves the Company's request to accelerate the replacement of Aldyl-A pipeline and services and to recover the cost through the PMM. If not confirmed, explain why not.
43. Confirm the Company's compliance with all PHMSA requirements does not depend on whether the Commission approves the timing of the replacement or changes the recovery of Aldyl-A pipeline and services replacement costs from base revenues to the PMM. If not confirmed, explain why not.
44. Identify and describe each Aldyl-A pipeline services replacement and the related capital costs incurred for each project since the end of the test year in the prior Duke Kentucky gas rate case (Case No. 2021-00190) for each month that actual costs are available to date and for each month thereafter through the end of the test year in this case. Further, confirm that Duke Kentucky did not seek a CPCN for any of these projects. If not confirmed, explain in detail why not.
45. Refer to the Application, Volume 12, Section B, summary of regulatory assets on WPB-1b summing to \$1,299,897 for the test year. Separately for each of the three regulatory assets listed, indicate whether the test year revenue requirement contains a rate base offset for ADIT. If not, provide the amount of the ADIT offset associated with each regulatory asset

that should have been included in the test year. If an ADIT offset for each is not required, explain why not.

46. Refer to the employee benefits expenses increase from the base year to the forecast year by \$637,621, or 42.2% in the Application, Volume 10, Schedule G-1. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 83(c) that describes the major reasons for the increase as "rising medical costs due to inflation, along with higher 401(k) expenses resulting from merit increases and growth in the Employer Retirement Contribution headcount, that is not eligible for pension benefits." Finally refer to Duke Kentucky's response to the Commission Staff's First Request for Information ("Staff's First Request"), Item 45, Attachment, page 2 of 2, which provides the employee benefits amounts by type of benefit for the base year and the year ended August 31, 2024.

- a. Provide the amount of employee benefits expense increase from the base year to the test year for "rising medical costs due to inflation."
- b. Provide the amount of employee benefits expense increase from the base year to the test year for "higher 401(k) expenses resulting from merit increases and growth in the Employer Retirement Contribution headcount, that is not eligible for pension benefits."
- c. In the same format as the Company's response to Staff's First Request, Item 45, Attachment, page 2 of 2, provide the employee benefits cost for the Company's gas division for 2024, the base year, and the test year. Include all direct costs and costs allocated to it by other affiliates.

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
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- d. In the same format as the Company's response to Staff's First Request, Item 45, Attachment, page 2 of 2, provide the employee benefits expense for the Company's gas division for 2024, the base year, and the test year. Include all direct expenses and expenses allocated to it by other affiliates.
 - e. In the same format as the Company's response to the Staff's First Request, Item 45, Attachment, page 2 of 2, provide the employee benefits expense for the Company's gas division for 2025 to date and indicate the last month with available information. Include all direct expenses and expenses allocated to it by other affiliates.
47. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 73, which included the Company's assessment that account 874000 expenses were overstated by \$297,000 due to the inadvertent inclusion of Ohio leak costs.
- a. Indicate whether this \$297,000 amount is before or after the allocation of costs associated with various feeder lines calculated in the Company's application at WPD-2.20b and WPD-2.20d.
 - b. Provide the calculation of the reduction in the expense in the revenue requirement after all allocations associated with the various feeder lines. Provide in electronic format with all formulas in place.
48. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 51(i). That request referred to the return on equity and the dividend component of the return on equity. Witness Dane did not respond to the question posed, in that he referred to the response to the Attorney General's First Request, Items 51(a) and (d), which only

addressed long-term debt interest. As originally requested, provide a response to the Attorney General's First Request, Item 51(i).

49. Refer to Duke Kentucky's response to the Attorney General's First Request, Item 36(c), and to the Direct Testimony of Lindsay B. Philemon ("Philemon Testimony") at page 16, wherein she states, "[c]urrently, the Company accepts residential customer payments through check, money order, cash (via some walk-in payment locations), automated bank drafts, and Electronic Funds Transfer without fees. The costs for the Company to offer these payment methods are built into the cost of service, paid for by all customers, and are not recovered exclusively from those specific customers that use these methods of payment."

- a. Confirm that Duke Kentucky's response to the Attorney General's First Request, Item 36(c) reflects all these fees not recovered from specific customers. If this is not correct, then provide the information requested in Duke Kentucky's response to the Attorney General's First Request, Item 36(c) that does reflect all these fees.
- b. Provide the payment processing fees included in the per books expense for the base period and the test year before the proposed adjustment to increase the fees by \$0.238 million. The fees should reflect all fees not recovered from specific customers.