KyPSC Case No. 2025-00229
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VERIFICATION

STATE OF OHIO)
) **SS:**
COUNTY OF HAMILTON)

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

____
Jefferson P. Brown, Affiant

Subscribed and sworn to before me by Jefferson P. Brown on this 24th 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

REVISED STAFF-DR-01-001

REQUEST:

Refer to the Application, Exhibit 3, Schedule 2.0, page 5. Duke Kentucky used an end of year 2025 capital additions estimate of $144.509 million. Reconcile the $20.023 million difference between this case and the information used in Case No. 2024-00191, Application, Exhibit 3, Schedule 2.2,[2] where the end-of-year 2025 capital additions were estimated to be approximately $124.486 million.

REVISED RESPONSE:

The Company's initial response to STAFF-DR-01-001 included an attachment that incorrectly understated the revised revenue requirement. Please see STAFF-DR-01-001 Attachment, Excel Tab Sch 1.1, Line 14 which reflected the cap adjustment related to the original filing of $923,276. In the Company's original filing, this amount reflected the revenue requirement that exceeded the cap, however it should not have been included in the Company's response to STAFF-DR-01-001. This error affected the revenue requirement (understated it by $215,558) and it also affected the Company's cap analysis which resulted in the Company withdrawing its request for a regulatory asset in error. Please see below for a revised response:

While responding to this data request, the Company discovered an inadvertent error. Phase 3 actuals were included incorrectly, and $1.875 million of additions (13-month

[2] Case No. 2024-00191, *Electronic Application of Duke Energy Kentucky, Inc. for an Adjustment to Rider PMM Rates and for Tariff Approval* (filed July 1, 2024), Application.

average) should be removed from the filing. The remaining variance is due to Phase 1 and 2 actual additions which were higher than the projection included in 2024-00191. Please see STAFF-DR-01-001 Revised Attachment for a revised filing with the correct additions. The error related to the $1.875 million of additions is only related to this proceeding, and the rate has not gone into effect.

PERSON RESPONSIBLE: Jefferson "Jay" P. Brown

Duke Energy Kentucky
Pipeline Modernization Mechanism ("Rider PMM")
Forecasted Period Ending December 31, 2026
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Duke Energy Kentucky
Case No. 2025-00229
STAFF's First Request for Information
Date Received: September 10, 2025

REVISED STAFF-DR-01-003

REQUEST:

Refer to the Application, Request B, Items 21-25.

a. Provide an explanation for the components of the $923,276 proposed regulatory asset in this case.

b. Provide the expected amortization life and explanation as to the time period for the regulatory asset proposed in this case.

REVISED RESPONSE:

The Company's initial response was in error and based on incorrect information. Please see below for a revised response:

a. Please see Revised STAFF-DR-01-001, specifically, STAFF-DR-01-001 Revised Attachment, Excel Tab Sch 1.1, Line 14. The requested regulatory asset has been revised to $707,718 after removing $1.875 million in additions that had been incorrectly included in this case. This amount reflects the revenue requirement that exceeds the stipulated 5 percent cap as approved in Case No. 2021-00190. The cap is calculated by applying a 5 percent increase to $129,641,924. This amount is calculated by adding the revenue approved in the Order from Case No. 2021-00190 found in Appendix B Page 2 of 2 plus the revenue requirement from the last rider filing in Case No. 2024-00191.

b. The Company is not proposing an amortization period in this case. The Company will propose an amortization period in its next base rate case as per the terms of the stipulation approved in Case No. 2021-00190. Page 9, Section 16(h) of the Stipulation states:

> *The Rider shall be subject to an annual revenue requirement cap of no more than a 5 percent increase in natural gas revenues per year. For purposes of determining the 5 percent cap, the Parties agree that the natural gas revenues, including base revenues, gas cost revenues and miscellaneous revenues of $121,059,033 outlined in Paragraph Number 1 of this Stipulation shall become the baseline for measuring the 5 percent annual cap on increases for the duration of the rider. Any additional capital placed into service that would result in an increase over 5 percent shall be eligible for the creation of a regulatory asset for recovery of the deferral of property taxes, depreciation, and post-in-service carrying costs for that incremental capital (PISCC based on approved WACC).* ***Such deferral shall be eligible for amortization in the Company's next natural gas base rate proceeding.***

Therefore, the Company proposes to include the regulatory asset in the Company's next natural gas base rate proceeding consistent with the approved stipulation in Case No. 2021-00190.

PERSON RESPONSIBLE: Jefferson "Jay" P. Brown

REVISED STAFF-DR-01-004

REQUEST:

Provide an explanation for how the $923,276 in expenses is significant and materially impacts Duke Kentucky's financials and/or operations.

REVISED RESPONSE:

The previous response was based on STAFF-DR-01-001 Attachment revenue requirement with a $923,276 credit which understated the revenue requirement and affected the cap analysis. Please see STAFF-DR-01-001 Revised Attachment which includes the correct revised cap adjustment of $707,718 which the Company proposes to include as the regulatory asset per the approved stipulation in Case No. 2021-00190. The Stipulation Page 9, Section 16(h) states:

> *The Rider shall be subject to an annual revenue requirement cap of no more than a 5 percent increase in natural gas revenues per year. For purposes of determining the 5 percent cap, the Parties agree that the natural gas revenues, including base revenues, gas cost revenues and miscellaneous revenues of $121,059,033 outlined in Paragraph Number 1 of this Stipulation shall become the baseline for measuring the 5 percent annual cap on increases for the duration of the rider.* ***Any additional capital placed into service that would result in an increase over 5 percent shall be eligible for the creation of a regulatory asset for recovery of the deferral of property taxes, depreciation, and post-in-service carrying costs for that***

> ***incremental capital (PISCC based on approved WACC)****. Such deferral shall be eligible for amortization in the Company's next natural gas base rate proceeding.*

The financial impact of the capped amount of $707,718 is approximately 3.3 percent of the Company’s 2024 net income which significantly affects the Company’s financial results. The Company also agreed to the 5 percent cap term in the Stipulation based on the ability to defer costs above the cap into a regulatory asset.

PERSON RESPONSIBLE: Jefferson “Jay” P. Brown