KyPSC Case No. 2025-00258
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VERIFICATION

STATE OF OHIO)
)
COUNTY OF HAMILTON)

SS:

The undersigned, Bruce Sailers, Director Jurisdictional Rate Administration, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information, and belief.

Bruce L Sailers

Bruce Sailers, Affiant

Subscribed and sworn to before me by Bruce Sailers on this 10th day of September, 2025.

Emilie Sunderman

NOTARY PUBLIC

My Commission Expires: July 8, 2027

NOTARY PUBLIC STATE OF OHIO

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

VERIFICATION

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

The undersigned, John D. Swez, Managing Director, Trading and Dispatch, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing post hearing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.

John D. Swez, Affiant

Subscribed and sworn to before me by John D. Swez on this 3rd day of September, 2025.

NOTARY PUBLIC

My Commission Expires:

SHAMELL M WILSON
My Comm. Expires
NOTARY PUBLIC
July 06, 2026
MECKLENBURG COUNTY, NC

VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG)

SS:

The undersigned, Nathan Gagnon, Managing Director IRP & Analytics, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.

Nathan Gagnon Affiant

Subscribed and sworn to before me by Nathan Gagnon on this 11 day of September, 2025.

NOTARY PUBLIC

My Commission Expires: July 21, 2029

SHEILA LEMOINE
Notary Public, North Carolina
Lincoln County
My Commission Expires
July 21, 2029

Duke Energy Kentucky
Case No. 2025-00258
STAFF's First Request for Information
Date Received: September 2, 2025

STAFF-DR-01-001

REQUEST:

Refer to the Direct Testimony of Bruce Sailers (Sailers Direct Testimony), page 4, lines 13-16. Refer also to Case No. 2023-00413,[2] Duke Kentucky's responses to Kentucky Solar Energy Society and Kentuckians for the Commonwealth's First Request for Information, Item 13, Attachment.

a. Explain why the previous prediction of reaching one percent cap in October 2025 has changed.

b. Explain why Duke Kentucky no longer projects an official date for reaching the one percent cap.

RESPONSE:

a. The date stated in the discovery attachment in KSES-DR-01-013 attachment in Case No. 2023-00413 was for discussion purposes, at an "open, non-binding exchange of information."[a] It was discussed as a potential date the net metering cap could be reached, not an "official date." It was based on information available to the Company at that time, in April 2023, which included reliance on the assumption that the then-current installation rate would continue. As explained in Mr. Sailers' testimony in Case No. 2023-00413, "The

[2] Case No. 2023-00413, *Electronic Application of Duke Energy Kentucky, Inc. for an Adjustment to Rider NM Rates and for Tariff Approval* (filed Feb. 2, 2024), Duke Energy Kentucky, Inc Response to Kentucky Solar Energy and Kentuckians for the Commonwealth's First Request for Information, Item 13(a), Attachment 1 at 4 and 9.

[a] Case No. 2023-00413, *Electric Application of Duke Energy Kentucky, Inc. for an Adjustment to Rider NM Rates and for Tariff Approval,* KSES-DR-01-013, p. 2; *id.*, Attachment 1 at p. 3 ("an open, non-binding, conversation").

Company is tracking net metering participation ***but does not have an official projected date*** for when cumulative generating capacity of net metering systems are expected to reach 1% of the previous year's system peak demand." (emphasis added). Mr. Sailers further explained that "a date sometime in 2025 would appear reasonable," but qualified this observation, stating that "net metering growth may or may not increase uniformly leading to uncertain capacity additions in any given year," and that "the cap value changes each year."[b] That earlier prediction had also assumed there would be no change in the Company's peak load. October 2025 is no longer a reasonable prediction for reaching the net metering cap because installation rates and the Company's peak load for the prior year are variable. There is no indication at this time that the net metering cap will be reached in October 2025.

b. As described above, the date stated in the discovery attachment in KSES-DR-01-013 Attachment in Case No. 2023-00413 was not an "official date." Given the variability of both installation rates and the Company's peak load, a projected date for exceeding the net metering cap was not provided with this Application.

PERSON RESPONSIBLE: Bruce L. Sailers

[b] *Id.,* Sailers Direct Testimony, p. 8, Lines 4-10.

STAFF-DR-01-002

REQUEST:

Refer to Case No. 2023-00413,[3] the Commission's October 11, 2024 Order at 12 and 26.

a. Explain why Duke Kentucky did not calculate an avoided ancillary service cost using the methodology accepted in Case No. 2023-00413.

b. Calculate and provide the calculation and the avoided cost for ancillary services using the methodology accepted in Case No. 2023-00413.

RESPONSE:

a. It was the Company's understanding that the Commission directed the Company to provide "additional evidence and testimony regarding the ancillary services" benefits of net metering, if any.[a] After completing its additional investigation, the Company concludes that behind-the-meter solar generators serve primarily to reduce overall energy requirements rather than directly supplying ancillary services, and therefore no ancillary services costs are avoided as a result of net metering customer-generators' excess generation.

b. Please see STAFF-DR-01-002 Attachment. Using the same methodology accepted in Case No. 2023-00413, Mr. Nathan Gagnon provided hourly ancillary services price projections to Mr. Bruce Sailers. Mr. Sailers used the same calculation method he

[3] Case No. 2023-00413, *Electronic Application of Duke Energy Kentucky, Inc. for an Adjustment to Rider NM Rates and for Tariff Approval* (Ky. P.S.C. Oct. 11, 2024), Order.

[a] *Id.*, p. 36.

used in Case No. 2023-00413, using values applicable to the instant case, to calculate the result of $0.000968 / kWh. The Company revises its position regarding the confidentiality of these hourly outputs and, going forward, no longer requests that the hourly output values be treated as confidential. Although the Encompass model is proprietary and some of the inputs to the Encompass model are confidential, the Company does not require confidential treatment of the outputted hourly projected LMP or ancillary services values.

PERSON RESPONSIBLE: John D. Swez – a.
Bruce L. Sailers – b.
Nathan Gagnon – b.

STAFF-DR-01-002 ATTACHMENT

UPLOADED ELECTRONICALLY ONLY

DUE TO SIZE

Duke Energy Kentucky
Case No. 2025-00258
STAFF's First Request for Information
Date Received: September 2, 2025

STAFF-DR-01-003

REQUEST:

Refer to Case No. 2024-00285[4] generally. Identify and explain what, if any, impact the Commission's approval of Duke Kentucky's request to exit the fixed resource requirement (FRR) construct and transition to full participation in the reliability pricing model (RPM) construct had on Duke Kentucky's avoided cost analysis.

RESPONSE:

Duke Energy Kentucky participation in the PJM capacity market, under either the FRR or RPM construct, has no impact on the Company's avoided cost analysis. Because the Company is using publicly available PJM Net Cone data to determine avoided generation capacity costs, there is no impact from the Company's RPM participation to such data. Therefore, there are no changes in the Avoided Cost of Excess Generation Credit (ACEGC) as a direct result of the transition.

PERSON RESPONSIBLE: Bruce L. Sailers
John D. Swez

[4] Case No. 2024-00285, *Electronic Application of Duke Energy Kentucky, Inc for and Adjustment to Rider II Rates and for Tariff Approval.*

Duke Energy Kentucky
Case No. 2025-00258
STAFF's First Request for Information
Date Received: September 2, 2025

STAFF-DR-01-004

REQUEST:

Refer to Sailers Direct Testimony, BLS-1, page 3.

a. Explain whether the electric load carrying capacity (ELCC) values for 2025 and 2026 are based on Duke Kentucky's participation in the FRR construct.

b. Reconcile the Fixed Solar ELCC percentages on the chart to the left with the PJM ELCC- Fix Solar percentages listed on the right.

c. Explain why the CT $/kW value decreases in 2026.

d. Provide the PJM Net Cone Report relied upon for the unforced capacity (UCAP) values and identify what page contains said information.

RESPONSE:

a. ELCC values are unrelated to and are not affected by the difference between FRR and RPM constructs. In other words, the values are the same regardless of whether the Company participates in the FRR construct.

b. PJM ELCC values are specified by delivery year. A delivery year runs from June of one year through May of the following year. The Company's calculations for avoided cost are presented on a calendar year basis. Therefore, a monthly average is used. For example for the calendar year 2025, the value of 19% is used in cell G14 on the Avoided Capacity tab of CONF Attachment BLS-1.XLSX. The formula in that cell is a monthly weighted average of the two applicable PJM ELCC values (i.e., delivery years 2024/2025 and 2025/2026): (7/12) * 33% + (5/12) * 9.5%. The 9.5% PJM ELCC value is

used because there are two source documents from PJM with one document stating an ELCC = 10% and another document stating an ELCC = 9%. Other values are calculated similarly, but starting in calendar year 2029, the prior year value is used.

c. PJM's net CONE estimate for the DEOK LDA decreased from the 2025/2026 BRA to the 2026/2027 BRA. Although gross CONE increased year-over-year, the increase in the estimated energy and ancillary services offset was greater than the increase in gross CONE, resulting in a decrease in net CONE.

d. Please see Table 3 on page 5 of "2026/2027 RPM Base Residual Auction Planning Period Parameters." *https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2026-2027/2026-2027-planning-period-parameters-for-base-residual-auction-pdf.pdf*

PERSON RESPONSIBLE: Nathan Gagnon – a., c. d.
Bruce L. Sailers – b.

Duke Energy Kentucky
Case No. 2025-00258
STAFF's First Request for Information
Date Received: September 2, 2025

STAFF-DR-01-005

REQUEST:

Refer to the Sailers Direct Testimony, Attachment BLS-1. Explain why Duke Kentucky chose to use projected power market prices from a licensed third party rather than a publicly available source.

RESPONSE:

As detailed in the direct testimony of Duke Energy Kentucky witness Nathan Gagnon (pages 4 and 5), the Company developed its own power price forecasts using the EnCompass model. In this way, the Company was able to project hourly prices, which are needed to develop a solar-weighted average price for energy, over the entirety of the planning period. The Commission approved this source of information for energy avoided cost in Case No. 2023-00413[1] and the Company believes it is the best available source for projected energy prices.

The Company states that after consideration, confidential treatment of the hourly projected LMP prices will not be further pursued. The EnCompass model itself and inputs into the EnCompass model are confidential. However, the hourly outputs from the model are now considered available to file openly.

PERSON RESPONSIBLE: Nathan Gagnon

[1] Case No. 2023-00413, Order, pg. 35 ("Having reviewed the record and being otherwise sufficiently advised, the Commission finds that Duke Kentucky's method for calculating avoided energy costs is reasonable and should be approved.") (Ky. P.S.C. Oct. 11, 2024). The Commission directed the Company to use publicly available costs for avoided ***capacity*** costs. *See id.* at 33 and also *id*., Order, p. 10 (Ky. P.S.C. Nov. 20, 2024) (on rehearing). However, the Commission did not appear to give a similar direction for avoided ***energy*** costs in Case No. 2023-00413.

Duke Energy Kentucky
Case No. 2025-00125
STAFF's First Request for Information
Date Received: September 2, 2025

STAFF-DR-01-006

REQUEST:

Refer to the Direct Testimony of John Swez (Swez Direct Testimony), page 19, lines 7-18.

a. Explain why Duke Kentucky is unable to determine the impact on PJM billing line item (BLI) charges or credits from the reduction in Duke Kentucky load caused by behind-the-meter solar generation.

b. Provide a list of all PJM BLIs that are allocated on load ratio share.

c. Provide an estimate for the avoided ancillary service cost associated with a reduction in Duke Kentucky's load.

RESPONSE:

a. The Company is unable to determine what each impacted individual PJM BLI would have been had there been no net metering customer generation. This is due to unknown changes to PJM and other market participant behavior, such as changes in PJM generation unit commitment and dispatch or external entity transactions such as either sales or purchases from PJM, all of which can change market results such as calculated LMP and PJM BLIs, as well as the complexity of PJM BLI calculations. The Company estimates that there are at least 37 different PJM BLI charges or credits allocated by PJM fully or partially on a load ratio share basis or using load as an input to the BLI calculation (see answer to part b. of this response). The Company does not have access to the PJM software that would be needed to perform the calculations necessary to estimate the amounts of BLI

charges/credits that would have occurred in the absence of net metering customer generation.

b. Based on searching the Customer Guide to PJM Billing[1] and the associated PJM Manuals for either of the phrases "Real-time Load" and/or "Load Ratio Share," the Company developed the list of PJM BLIs included in and attached as STAFF-DR-01-006 Attachment. These PJM BLI's are believed by the Company to be the BLIs that are either entirely or partially changed when a reduction in load reported to PJM occurs.

To clarify, as an example:

- PJM BLIs 1230 and 1430, the charges for inadvertent interchange, are allocated on real-time load ratio shares and thus, included in this list.
- PJM BLIs 1316 and 1446, the charges for OPSI, are included in this list, since PJM is allocating this charge based on the network customers' real-time load.

c. The total charged in 2024 for each ancillary service BLI that is allocated using load ratio share are shown below:

BLI	BILLING LINE ITEM NAME	2024 Charge Amount:
1340	Regulation and Frequency Response Service	$968,526.65
1360	Synchronized Reserve	$414,998.22
1361	Secondary Reserve	$12,353.84
1362	Non-Synchronized Reserve	$53,860.66
Total		$1,449,739.37

[1] https://www.pjm.com/-/media/DotCom/markets-ops/settlements/custgd.pdf

In 2024, the amount of customer demand was 4,032,569 MWh. Thus, an estimated reduction in ancillary service costs associated with a reduction in load is $1,449,739.37 divided by 4,032,569 MWh, or $.360/MWh (i.e., $0.000360 / kWh).

PERSON RESPONSIBLE: John D. Swez

PJM Billing Statement Line Items - Load/Load Ratio Share Allocation

	ID #	Item	Charge/Credit
1	1230	Inadvertent Interchange	Charge
2	1242	Day-Ahead Load Response Charge Allocation	Charge
3	1243	Real-Time Load Response Charge Allocation	Charge
4	1245	Emergency Load Response	Charge
5	1246	Load Response Test Reduction	Charge
6	1250	Meter Error Correction	Charge
7	1301	PJM Scheduling, System Control and Dispatch Service - Control Area Administration	Charge
8	1303	PJM Scheduling, System Control and Dispatch Service - Market Support	Charge
9	1315	FERC Annual Charge Recovery	Charge
10	1316	Organization of PJM States, Inc. (OPSI) Funding	Charge
11	1317	North American Electric Reliability Corporation (NERC)	Charge
12	1318	Reliability First Corporation (RFC)	Charge
13	1319	Consumer Advocates of PJM States, Inc. (CAPS)	Charge
14	1340	Regulation and Frequency Response Service	Charge
15	1360	Synchronized Reserve	Charge
16	1361	Secondary Reserve	Charge
17	1362	Non-Synchronized Reserve	Charge
18	1371	Day-ahead Operating Reserve for Load Response	Charge
19	1376	Balancing Operating Reserve for Load Response	Charge
20	1377	Synchronous Condensing	Charge
21	1378	Reactive Services	Charge
22	1430	Load Reconciliation for Inadvertent Interchange	Charge
23	1440	Load Reconcilation for PJM Scheduling, System Control and Dispatch Service	
24	1445	Load Reconciliation for FERC Annual Charge Recovery	Charge
25	1446	Load Reconciliation for Organization of PJM States, Inc. (OPSI) Funding	Charge
26	1447	Load Reconcilation for North American Electric Reliability Corporation (NERC)	
27	1448	Load Reconcilation for Reliability First Corporation (RFC)	
28	1449	Load Reconciliation for Consumer Advocates of PJM States, Inc. (CAPS) Funding	Charge
29	1460	Load Reconciliation for Regulation and Frequency Response Service	Charge
30	1470	Load Reconciliation for Synchronized Reserve	Charge
31	1471	Load Reconciliation for Secondary Reserve	Charge
32	1472	Load Reconciliation for Non-Synchronized Reserve	Charge
33	1480	Load Reconciliation for Synchronous Condensing	Charge
34	1490	Load Reconciliation for Reactive Services	Charge
35	2215	Balancing Transmission Congestion	Credit
36	2220	Transmission Losses	Credit
37	2390	Fuel Cost Policy Penalty	Credit

Duke Energy Kentucky
Case No. 2025-00125
STAFF's First Request for Information
Date Received: September 2, 2025

STAFF-DR-01-007

REQUEST:

Refer to Sailers Direct Testimony, page 12, lines 4-8. Explain what factors Duke Kentucky considers when deciding what amount of solar capacity available would result in incremental job benefits.

RESPONSE:

The Company does not have a formal list of factors to use in projection of incremental job benefits. However, based on the number of active installers at the time of the Company's prior case combined with the relatively small amount of capacity remaining under the net metering cap, the Company believes incremental employment is unlikely to be needed to install the remaining net metering capacity of 1.45 MWs.

PERSON RESPONSIBLE: Bruce L. Sailers

Duke Energy Kentucky
Case No. 2025-00125
STAFF's First Request for Information
Date Received: September 2, 2025

STAFF-DR-01-008

REQUEST:

Refer to Sailers Direct Testimony, page 8, lines 2-4. Explain whether Duke Kentucky will update its avoided energy cost calculation if Duke Kentucky's weighted average cost of capital changes as a result of Case No. 2024-00354.[5] If yes, provide any necessary updates to calculations once a final Order is issued in Case No. 2024-00354. If not, explain why not.

RESPONSE:

As indicated on page 12 of Mr. Sailers' Direct Testimony, lines 9 through 15, the Company expects that a new Commission-approved weighted average cost of capital will be available before the conclusion of this proceeding. The Company will provide a supplemental response to this discovery item with a revised Avoided Cost of Excess Generation Credit calculation if a new Commission approved weighted average cost of capital is received in Case No. 2024-00354 during the pendency of this case.

PERSON RESPONSIBLE: Bruce L. Sailers

[5] Case No. 2024-00354, *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.*

Duke Energy Kentucky
Case No. 2025-00125
STAFF's First Request for Information
Date Received: September 2, 2025

STAFF-DR-01-009

REQUEST:

Refer to Sailers Direct Testimony, Attachment BLS 1 page 3 regarding Generation Capacity Avoided Cost.

a. Explain why Duke Kentucky chose to use the PJM Net cost of new entry (CONE) rather than NREL ATB.

b. Calculate the avoided capacity costs for years 2025-2026 and 2026-2027 using the National Renewable Energy Laboratory (NREL) annual technology baseline (ATB).

c. Explain how the technology and costs that go into the PJM Net CONE differ from the technology and cost required NREL ATB's CT values. In this explanation, provide a list of any differences.

RESPONSE:

a. The Company selected PJM net CONE rather than NREL ATB for several reasons, including regional specificity, technology specificity, recency, and consistency. First, PJM develops a CONE estimate specifically for the DEOK LDA, while NREL does not develop market or region-specific estimates. Notably, the NREL ATB does not include a cost estimate for an H-frame simple-cycle CT, which is the technology that PJM has determined is the appropriate representative resource for its capacity market. NREL estimates simple cycle cost only for the older F-frame CT. Related, the NREL ATB estimates are based on 2017 vintage generators

(https://netl.doe.gov/projects/files/CostAndPerformanceBaselineForFossilEnergyPlantsVolume1BituminousCoalAndNaturalGasToElectricity_101422.pdf, page 550), whereas the report supporting the PJM CONE estimate was completed in 2022 and informed by projects under construction at the time of its publication (https://www.brattle.com/wp-content/uploads/2022/05/PJM-CONE-2026-27-Report.pdf). Although both estimates can be (and are) adjusted for inflation, the PJM estimate has a more recent direct connection to the marketplace. And finally, it is appropriate for the Company to use PJM's estimate of capacity cost because the Company participates in the PJM capacity market, which the PJM CONE estimate is developed to inform.

b. Please see STAFF-DR-01-009 Attachment for the avoided capacity calculation based on the CT cost estimate from the 2024 NREL Annual Technology Baseline (the most recent dataset available from NREL). The NREL workbook is available at https://atb.nrel.gov/electricity/2024/data.

c. Please see response to part (a). In particular, the reports cited provide details on how each cost estimate is developed.

PERSON RESPONSIBLE: Nathan Gagnon

2025-00258 DEK Net Metering II Application
STAFF-DR-01-009

Avoided Capacity Calculation Using NREL ATB CT Cost

2025/2026	**NREL ATB Capacity Cost net of E&AS, UCAP ($/MW-day)**	**$147.79**
	NREL ATB Capacity Cost net of E&AS, UCAP ($/kW-yr)	**$53.94**
2026/2027	**NREL ATB Capacity Cost net of E&AS, UCAP ($/MW-day)**	**$123.88**
	NREL ATB Capacity Cost net of E&AS, UCAP ($/kW-yr)	**$45.21**
	Escalation Rate for CT Cost	**1.580%**
	Fixed O&M ($/kW-Yr)	

Included in net capacity cost

	Year	CT $/kW		Capacity $/kW	Fixed Solar ELCC	$/kW Adjusted
	2025	$ 53.94		$ 53.94	19%	$ 10.41
1	2026	$ 45.21		$ 45.21	9%	$ 3.90
2	2027	$ 45.93		$ 45.93	7%	$ 3.41
3	2028	$ 46.65		$ 46.65	6%	$ 2.99
4	2029	$ 47.39		$ 47.39	6%	$ 2.84
5	2030	$ 48.14		$ 48.14	6%	$ 2.89
6	2031	$ 48.90		$ 48.90	6%	$ 2.93
7	2032	$ 49.67		$ 49.67	6%	$ 2.98
8	2033	$ 50.46		$ 50.46	6%	$ 3.03
9	2034	$ 51.26		$ 51.26	6%	$ 3.08
10	2035	$ 52.07		$ 52.07	6%	$ 3.12
11	2036	$ 52.89		$ 52.89	6%	$ 3.17
12	2037	$ 53.72		$ 53.72	6%	$ 3.22
13	2038	$ 54.57		$ 54.57	6%	$ 3.27
14	2039	$ 55.43		$ 55.43	6%	$ 3.33
15	2040	$ 56.31		$ 56.31	6%	$ 3.38
16	2041	$ 57.20		$ 57.20	6%	$ 3.43
17	2042	$ 58.10		$ 58.10	6%	$ 3.49
18	2043	$ 59.02		$ 59.02	6%	$ 3.54
19	2044	$ 59.95		$ 59.95	6%	$ 3.60
20	2045	$ 60.90		$ 60.90	6%	$ 3.65
21	2046	$ 61.86		$ 61.86	6%	$ 3.71
22	2047	$ 62.84		$ 62.84	6%	$ 3.77
23	2048	$ 63.83		$ 63.83	6%	$ 3.83
24	2049	$ 64.84		$ 64.84	6%	$ 3.89
25	2050	$ 65.87		$ 65.87	6%	$ 3.95

PJM ELCC - Fixed Solar

Delivery Year	ELCC
2024/2025	33%
2025/2026	10%
2026/2027	8%
2027/2028	7%
2028/2029 forward	6%

Source: PJM Website available reports - https://www.pjm.com/planning/resource-adequacy-planning/effective-load-carrying-capability
https://www.pjm.com/-/media/DotCom/planning/res-adeq/elcc/elcc-class-ratings-for-2024-2025.pdf
https://www.pjm.com/-/media/DotCom/planning/res-adeq/elcc/2025-2026-bra-elcc-class-ratings.pdf
https://www.pjm.com/-/media/DotCom/planning/res-adeq/elcc/2025-26-3ia-elcc-class-ratings.pdf
https://www.pjm.com/-/media/DotCom/planning/res-adeq/elcc/2026-27-bra-elcc-class-ratings.pdf
https://www.pjm.com/-/media/DotCom/planning/res-adeq/elcc/preliminary-elcc-class-ratings.pdf

Duke Energy Kentucky
Case No. 2025-00125
STAFF's First Request for Information
Date Received: September 2, 2025

STAFF-DR-01-010

REQUEST:

Refer to Nathan Gagnon's Direct Testimony, page 3, lines 18-19. Explain the benefits of using a PJM's Net CONE compared to the NREL ATB.

RESPONSE:

Please see response to STAFF-DR-01-009, part (a). In addition to the items in that response, PJM provides an estimate of net CONE escalated to the appropriate delivery year. The NREL ATB provides only capital and operating costs and is stated in 2022 dollars, meaning that the Company would use the PJM escalation rate and estimated E&AS offset even if it had used the NREL ATB estimate of capital costs.

PERSON RESPONSIBLE: Nathan Gagnon

Duke Energy Kentucky
Case No. 2025-00125
STAFF's First Request for Information
Date Received: September 2, 2025

STAFF-DR-01-011

REQUEST:

Refer to Sailers Direct Testimony, page 13, Table 2.

a. Provide a chart, similar to Table 2, that provides the current avoided cost component side by side with the proposed avoid cost components.

b. Explain the reasoning for any increase or decrease to each avoided cost component.

RESPONSE:

a. The table below provides the current cost components for residential customers, as best that can be determined from the Case No. 2023-00413 Commission order (2023 Order), side by side with the proposed cost components in the instant case. The current generation capacity avoided cost, which was not stated explicitly in the 2023 Order, is determined mathematically here by subtracting the other four components from the Commission ordered total ACEGC value of $0.062924 / kWh. The changes in the component values can be explained by the use of more current data including lower ELCC values as well as new, publicly available data sources. A brief list of key drivers are provided in the last column of the table below.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Avoided Cost Category	Current ACEGC ($/kWh)	Proposed ACEGC ($/kWh)	Driver of Change
Energy	$0.041491	$0.057770	Updated values reflecting phase out of IRA, same projection methodology
Environmental	Included in Energy	Included in Energy	Included in Energy
Carbon	Included in Energy	Included in Energy	Included in Energy
Ancillary Services	$0.000578	Not Included	Additional investigation concludes there is no avoided cost, as detailed in the Direct Testimony of John Swez
Generation*	$0.010806	$0.003577	Source value changed from Company internal estimate to PJM Net CONE; Updated ELCC values are lower in this filing than the prior filing.
Transmission	$0.003330	$0.000331	Capacity additions source value changed to FERC Form 1 capacity information from the Company average increase in system peak load; Updated ELCC values are lower in this filing than the prior filing.
Distribution	$0.006719	$0.003749	Capacity additions source value changed to FERC Form 1 capacity information from the Company average increase in system peak load; Updated ELCC values are lower in this filing than the prior filing.
Job Creation	Not Included	Not Included	Not Included; see Company's response to STAFF-DR-01-007
Total	$0.062924	$0.065427	Energy forecast increase surpasses decreases in other components

*Note: Current avoided cost of generation = $0.062924 – (.041491+.000578+.003330+.006719)

b. Please see response to part (a) above.

PERSON RESPONSIBLE: Bruce L. Sailers

Duke Energy Kentucky
Case No. 2025-00125
STAFF's First Request for Information
Date Received: September 2, 2025

STAFF-DR-01-012

REQUEST:

Refer to Case No. 2024-00197,[6] Duke Kentucky's 2024 Integrated Resource Plan, Figure 7.1 at 61.

a. Confirm that the next new generation resource proposed to be built by Duke Kentucky would be the East Bend combined cycle (CC) in 2039.

b. If confirmed, explained why Duke Kentucky proposed to utilize a CT rather than a CC for its avoided generation capacity cost analysis.

RESPONSE:

a. The next new generation resource included in the preferred portfolio for Duke Energy Kentucky's 2024 IRP is 50 MW of solar to be placed in service by the beginning of 2029.

b. The Company based its avoided capacity rate on PJM's net CONE estimate, an option that was given by the Commission in its October 11, 2024, Order in Case No. 2023-00413.[a] PJM continued to use a CT as the reference resource in its CONE calculation for the 2026/2027 delivery year as approved by FERC in docket ER25-682.

PERSON RESPONSIBLE: Nathan Gagnon

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[6] Case No. 2024-00197, *Electronic 2024 Integrated Resource Plan of Duke Kentucky, Inc.* (filed Sept. 9, 2024), Duke Kentucky's 2024 Integrated Resource Plan (Public Version).

[a] Case No. 2024-00413, *Electronic Application of Duke Energy Kentucky, Inc. for an Adjustment to Rider NM Rates and for Tariff Approval,* Order, p. 34 (Ky. P.S.C. Oct. 11, 2024) ("Duke Kentucky should use publicly accessible information for avoided capacity costs, such as the NREL ATB, PJM Net CONE or . . . .").