

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC EXAMINATION BY THE PUBLIC)	
SERVICE COMMISSION OF THE)	
ENVIRONMENTAL SURCHARGE MECHANISM)	CASE NO.
OF DUKE ENERGY KENTUCKY, INC. FOR THE)	2026-00041
SIX-MONTH BILLING PERIOD ENDING)	
NOVEMBER 30, 2025)	

DIRECT TESTIMONY OF

LIBBIE S. MILLER

ON BEHALF OF

DUKE ENERGY KENTUCKY, INC.

April 24, 2026

TABLE OF CONTENTS

	<u>PAGE</u>
I. INTRODUCTION AND PURPOSE	1
II. DISCUSSION	3
A. The Company’s Rider ESM.....	3
B. Data Requests Sponsored	7
III. CONCLUSION	7

I. INTRODUCTION AND PURPOSE

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

2 A. My name is Libbie S. Miller. 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 the Duke Energy Business Services LLC (DEBS) as Rates and
6 Regulatory Strategy Manager for Duke Energy Kentucky, Inc., (Duke Energy
7 Kentucky or Company) and Duke Energy Ohio, Inc. (Duke Energy Ohio). DEBS
8 provides various administrative and other services to Duke Energy Kentucky and
9 other affiliated companies of Duke Energy Corporation (Duke Energy).

10 **Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL**
11 **QUALIFICATIONS.**

12 A. I earned a Bachelor of Science in Accounting from Indiana State University, Terre
13 Haute, Indiana, in 1988. I also am a Certified Public Accountant licensed in Indiana.
14 I began my career with Public Service Indiana, in 1988, where I held positions in
15 Fuels Accounting, Corporate Accounting, and Financial Systems. I transferred to
16 Cincinnati, Ohio, in 1995 with the inception of Cinergy Corp., the parent of Duke
17 Energy Ohio, where I continued working in Financial Systems and later held
18 various accounting positions within the generation business. In 2015, I worked in
19 Program Performance supporting Energy Efficiency and Demand Response
20 customer programs for Duke Energy Indiana. In January 2018, I became Lead
21 Analyst, Rates and Regulatory Strategy for Duke Energy Kentucky and Duke

1 Energy Ohio. In 2022, I assumed my current position as Rates and Regulatory
2 Strategy Manager.

3 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE PUBLIC SERVICE**
4 **COMMISSION?**

5 A. Yes. I have provided testimony in proceedings before the Kentucky Public Service
6 Commission regarding Duke Energy Kentucky's Fuel Adjustment Clause (FAC)
7 and Environmental Surcharge Mechanism (ESM).

8 **Q. PLEASE SUMMARIZE YOUR DUTIES AS RATES AND REGULATORY**
9 **STRATEGY MANAGER.**

10 A. As Rates and Regulatory Strategy Manager, I am responsible for the preparation of
11 various monthly, quarterly, and annual rate recovery mechanisms. I also prepare
12 other schedules used in retail rate filings for Duke Energy Kentucky and Duke
13 Energy Ohio, along with Federal Energy Regulatory Commission (FERC) filings.

14 **Q. WHAT IS THE PURPOSE OF THIS PROCEEDING?**

15 A. The purpose of this proceeding is to review the past operations of Duke Energy
16 Kentucky's environmental surcharge mechanism tariff (ESM) during the six-month
17 billing period ending November 30, 2025, and to determine whether the surcharge
18 amounts collected during the period are just and reasonable.

19 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

20 A. The purpose of my testimony is to (1) summarize the operation of the Company's
21 ESM filings during the six-month period, and (2) demonstrate the revenue collected
22 during the period was just and reasonable.

II. DISCUSSION

A. The Company's Rider ESM

1 **Q. PLEASE DESCRIBE THE OPERATION OF DUKE ENERGY**
2 **KENTUCKY'S ESM FOR THE BILLING PERIOD UNDER REVIEW.**

3 A. In each month of the six-month period under review in this proceeding, Duke
4 Energy Kentucky calculated the environmental surcharge factors in accordance
5 with its ESM Tariff and consistent with the Commission's Orders in Duke Energy
6 Kentucky's previous applications to implement or amend its ESM and
7 Environmental Compliance Plan (ECP). Duke Energy Kentucky billed a monthly
8 environmental surcharge to its customers from June 1, 2025, through November
9 30, 2025. The calculations were made in accordance with the Commission
10 approved monthly forms and were filed with the Commission ten days before the
11 Company billed the new monthly charge, per KRS 278.183.

12 **Q. WHAT ARE THE COMPONENTS OF THE ENVIRONMENTAL**
13 **COMPLIANCE COSTS THAT WERE INCLUDED IN THE**
14 **CALCULATION OF THE ENVIRONMENTAL SURCHARGE BILLING**
15 **FACTORS FOR THE BILLING PERIOD UNDER REVIEW?**

16 A. In each month of the six-month period under review in this proceeding, Duke
17 Energy Kentucky's environmental compliance costs, E(m), include: (1) a return on
18 environmental compliance rate base, (2) environmental operating expenses, (3)
19 proceeds from emission allowance sales, (4) prior period adjustments, (5)
20 adjustment for over- or under-recovery of previously filed monthly jurisdictional
21 E(m), and (6) independent consultant fees in association with Case No. 2025-

1 00002, CPCN for the Limestone Conversion Project. Pursuant to KRS 278.183(4),
2 the costs associated with the Commission retaining an independent consultant shall
3 be paid by the applicant and be included as financial costs in the ESM Surcharge.

4 **Q. PLEASE DESCRIBE THE COMPONENTS OF ENVIRONMENTAL**
5 **COMPLIANCE RATE BASE THAT WERE INCLUDED IN THE**
6 **CALCULATION OF THE ENVIRONMENTAL SURCHARGE BILLING**
7 **FACTORS FOR THE BILLING PERIOD UNDER REVIEW.**

8 A. Environmental compliance rate base included in the calculation of the
9 environmental surcharge billing factors for the billing period under review
10 includes: (1) eligible environmental compliance plant in-service excluding
11 AFUDC, (2) eligible environmental compliance construction work in progress
12 (CWIP) excluding AFUDC, (3) emission allowance inventory, (4) accumulated
13 depreciation on eligible environmental compliance plant in-service, and (5)
14 deferred income taxes on eligible environmental compliance plant in-service. The
15 capital projects that comprise the environmental compliance plant in-service and
16 CWIP are those approved by the Commission in Case No. 2017-00321 and Case
17 No. 2018-00156. Capital projects included in the calculation of the ESM include
18 the following as shown on FORM 2.10 of the monthly ESM filings:

Project No.	Description
1	EB020290 Lined Retention Basin West
2	EB020745 Lined Retention Basin East
3	EB020298 East Bend SW/PW Reroute
4	EB021281 East Bend Landfill Cell 2

1 **Q. WHAT ENVIRONMENTAL PLAN OPERATING EXPENSES WERE**
2 **INCLUDED IN THE CALCULATION OF THE ENVIRONMENTAL**
3 **SURCHARGE BILLING FACTORS FOR THE BILLING PERIOD UNDER**
4 **REVIEW?**

5 A. The environmental plan operating expenses included in the calculation of the
6 environmental surcharge billing factors for the billing period under review are those
7 approved by the Commission in Case No. 2017-00321, Case No. 2018-00156, and
8 Case No. 2021-00290. The expenses included in the calculation of the ESM include
9 the following as shown on FORM 2.00 of the monthly Rider ESM filings:

Description	Source
Monthly Depreciation Expense	ES Form 2.10
Monthly Taxes Other Than Income Taxes	ES Form 2.10
Monthly Amortization Expense	ES Form 2.20
Monthly Emission Allowance Expense	ES Form 2.30
Monthly Environmental Reagent Expense	ES Form 2.50

10 **Q. WERE THERE ANY PERTINENT CHANGES TO THE**
11 **ENVIRONMENTAL SURCHARGE DURING THE REVIEW PERIOD?**

12 A. No, there were not any pertinent changes to the environmental surcharge during the
13 review period.

14 **Q. DOES THE COMPANY HAVE CHANGES TO ANY OF THE**
15 **COMPONENTS OF ITS ENVIRONMENTAL SURCHARGE BILLING**
16 **FACTORS?**

17 A. The Company does not have any changes or corrections to its filed environmental
18 surcharge mechanisms during the review period.

1 **Q. WHAT RATE OF RETURN HAS THE COMPANY USED FOR THE**
2 **ENVIRONMENTAL SURCHARGE?**

3 A. The Company used the pre-tax rate of return approved in an earlier base rate case,
4 Case No. 2022-00372, in each month of the six-month period under review in this
5 proceeding. The approved pre-tax rate of return in Case No. 2022-00372 was 8.822
6 percent, including a 9.65 percent return on equity, total weighted average cost of
7 capital (WACC) of 7.14 percent, and a gross revenue conversion factor (GRCF) of
8 1.3342383. In addition, the Company updated the rate of return authorized by the
9 Commission in Case No. 2024-00354, effective for the October 2025 expense
10 month, which is the December 2025 billing month. The approved pre-tax rate of
11 return in Case No. 2024-00354 is 9.102%, including a 9.70 percent return on equity,
12 total weighted average cost of capital (WACC) of 7.362 percent, and a gross
13 revenue conversion factor (GRCF) of 1.3401703.

14 **Q. IS THE COMPANY PROPOSING TO MAKE ANY CHANGES TO ITS ESM**
15 **TARIFF?**

16 A. No, the Company does not propose to make any changes to its ESM tariff.

17 **Q. IS THE COMPANY PROPOSING TO MAKE ANY CHANGES TO THE**
18 **MONTHLY ES FORMS**

19 A. No, the Company does not propose to change any of the monthly ES Forms.

B. Data Requests Sponsored

1 **Q. PLEASE IDENTIFY THE RESPONSES TO COMMISSION DATA**
2 **REQUESTS YOU ARE SPONSORING.**

3 A. I sponsor the Company's responses to Staff Data Request Numbers 1, 2, 3, and 5.
4 These responses were prepared by me and/or under my direction and control and
5 are true and accurate to the best of my knowledge.

III. CONCLUSION

6 **Q. WERE THE ESM BILLING FACTORS CHARGED DURING THE SIX-**
7 **MONTH PERIOD UNDER REVIEW CALCULATED IN ACCORDANCE**
8 **WITH THE ESM TARIFF AND APPLICABLE COMMISSION ORDERS?**

9 A. Yes, the ESM billing factors charged during the six-month period under review
10 were calculated in accordance with the ESM tariff and applicable Commission
11 Orders. The environmental surcharge billing factors charged during the review
12 period were fair, just, and reasonable.

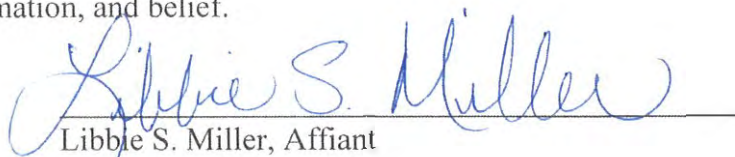
13 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

14 A. Yes.

VERIFICATION

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, Libbie S. Miller, Rates & Regulatory Strategy Manager, 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.



Libbie S. Miller, Affiant

Subscribed and sworn to before me Libbie S. Miller on this 24th day of April, 2026.



NOTARY PUBLIC

My Commission Expires: July 8, 2027



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