

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION INTO THE	)	
AFFORDABILITY OF ELECTRIC AND NATURAL	)	CASE NO.
GAS UTILITY SERVICE AND RELATED	)	2026-00185
MATTERS	)	

INITIAL COMMENTS OF DUKE ENERGY KENTUCKY, INC.

I. INTRODUCTION AND BACKGROUND

Now comes Duke Energy Kentucky, Inc (Duke Energy Kentucky or the Company), in response to the Kentucky Public Service Commission’s (Commission) August 26, 2026 Order in the above-styled proceeding (August Order)¹ and hereby submits its Initial Comments.

In the August Order, the Commission established the above-captioned proceeding “to investigate issues related to the affordability of electric and natural gas utility service” and to allow stakeholders “to identify and discuss concerns, existing programs and practices, and potential measures to improve the affordability of electric and natural gas utility service for residential ratepayers.”² The Commission specified sixteen topics that “[a]t a minimum, the investigation should consider,”³ and instructed parties to “file initial comments identifying the issues they believe should be examined and a short list of topics they believe should be addressed in any subsequent informal or technical conference.”⁴

¹ *In the Matter of the Electronic Investigation into the Affordability of Electric and Natural Gas Utility Service and Related Matters*, Case No. 2026-00185, Order (Ky. P.S.C. Aug. 26, 2026) (August Order).

² August Order, p. 1.

³ *See id.*, pp. 7-10.

⁴ *Id.*, p. 11.

The Commission stated that it intended to “convene a technical conference in 2027,” which would be conducted by Commission Staff, “to examine issues developed in the record.”⁵ The Commission further allowed for the possibility of additional proceedings, such as informal conferences or public comment hearings, if appropriate.⁶

In accordance with the August Order, Duke Energy Kentucky respectfully submits its initial comments below. These initial comments are not intended to serve as a substantive and comprehensive discussion of the sixteen issues listed by the Commission, but only to provide an identification of issues and topics for discussion, as instructed in the August Order.

II. DISCUSSION

Duke Energy Kentucky provides electric service to approximately 157,000 customers and natural gas service to approximately 106,000 customers in its service territory in the Northern Kentucky area. Specifically, Duke Energy Kentucky generates electricity, which it distributes and sells in Boone, Campbell, Grant, Kenton, and Pendleton Counties. Duke Energy Kentucky purchases, sells, stores, and transports natural gas in Boone, Bracken, Campbell, Gallatin, Grant, Kenton and Pendleton Counties, Kentucky. For years, the Company has provided safe and reliable utility service to its customers, while managing costs responsibly and allocating costs in accordance with cost-causation principles.

Duke Energy Kentucky currently offers customers a number of tools and avenues to manage and/or reduce their bills. Programs such as Pick Your Due Date and Budget

⁵ *Id.*, p. 10.

⁶ *Id.*

Billing help customers manage the timing and predictability of their bills.⁷ The availability of paperless billing, mobile application functionality, Auto Pay, and fee-free card payments assists customers in paying bills more conveniently and avoiding late fees. Energy efficiency and demand response programs offer both electric and natural gas customers the opportunity to reduce usage (thereby reducing bills) and/or earn incentives for adjusting their usage at specified times.⁸ Duke Energy Kentucky also proactively shares important information with customers through monthly bill inserts, text messages, and/or emails, and offers programs and tips to help protect customers from high energy bills due to extreme temperatures.

In addition to the above-described tools and programs, Duke Energy Kentucky's Agency self-service portal and Agency Team enable eligible customers to obtain utility assistance from agencies conveniently and efficiently. The Company's Agency Team serves as a dedicated single point of contact for utility assistance agencies, and its Agency self-service portal enables agencies to view pledge history on customers' accounts to make more informed pledge decisions and receive notification of pledge expiration to ensure their commitments are satisfied. With the aid of the Agency Team and Agency self-service portal, Duke Energy Kentucky customers have received more than \$4.8 million in assistance funds since January 2024. In addition, eligible customers receiving financial assistance receive a waiver of late payment charges, further supporting customers experiencing financial hardship.⁹ Efficient coordination between customers and agencies has benefited many of the Company's customers.

⁷ K.Y.P.S.C. Electric No. 2, Sheet No. 25, pp. 3-4; K.Y.P.S.C. Gas No. 2, Sheet No. 25, pp. 3-4.

⁸ See generally, *In the Matter of the Electronic Application of Duke Energy Kentucky, Inc. to Amend its Demand Side Management Programs*, Case No. 2025-00272, Order (Ky. P.S.C. Jan. 14, 2026).

⁹ See K.Y.P.S.C. Electric No. 2, Sheet No. 30, p. 2; K.Y.P.S.C. Gas No. 2, Sheet No. 30, p. 1.

Kentucky’s statutes and regulations already provide for robust oversight of electric and natural gas utility planning, capital investments, and expenses, subjecting utility decision-making to considerable review and process prior to approval. Kentucky requires all electric utilities to submit an extensive integrated resource plan (IRP) every three years, that includes, among other things, a multitude of load forecasts and historical data, thorough descriptions of assumptions and models, research and development efforts for planned improvements to load forecasting, and development plans for analysis of demand-side resource options.¹⁰ IRP proceedings regularly include interventions by a diverse group of stakeholders and multiple rounds of discovery before the Commission issues its report. Kentucky’s existing requirements for obtaining certificates of public convenience and necessity, offer considerable process and opportunity for examining utilities’ proposed construction, where applicable.¹¹ And many rate mechanisms are examined on a recurring basis by the Commission in formal proceedings, that include public notice, discovery, and opportunity for intervention.¹²

As utilities manage their investments prudently, they must also be permitted to earn an adequate return on those investments, such that they can attract needed capital to maintain essential infrastructure for customers at reasonable rates, maintain financial integrity, and offer a comparable return to other investments with similar levels of “risk.”

¹⁰ See generally, 807 KAR 5:058.

¹¹ See generally, KRS 278.020, 807 KAR 5:001, Section 15.

¹² See generally, e.g., *In the Matter of the Electronic Application of Duke Energy Kentucky, Inc. to Amend its Demand Side Management Programs*, Case No. 2025-00272 (Rider DSM); *In the Matter of an Electronic Examination of the Application of the Fuel Adjustment Clause of Duke Energy Kentucky, Inc. from November 1, 2022 through October 31, 2024*, Case No. 2025-00342 (Fuel Adjustment Clause); *In the Matter of an Electronic Examination by the Public Service Commission on the Environmental Surcharge Mechanism of Duke Energy Kentucky, Inc. for the Six-Month Billing Periods Ending November 30, 2023, November 30, 2024 and the Two-Year Billing Period Ending May 31, 2024*, Case No. 2025-00024 (Environmental Surcharge Mechanism).

Utility returns must account for current and expected market conditions, as well as investors' expectations regarding risk and return. Inadequate returns can inhibit a utility's ability to attract capital on reasonable terms and if investors become reluctant to invest on behalf of Kentucky utility customers, such reluctance would only be to the customers' detriment.

Just as a fair rate of return is essential, so is fair cost allocation among customers. Duke Energy Kentucky has been responsive to emerging trends so that costs remain fairly allocated. For example, in its most recent electric base rate case, Duke Energy Kentucky obtained approval of new tariff language to address the specific concerns posed by large load customers. The Commission found that the Company's language was "reasonable to ensure that significant costs associated with providing or taking steps to provide service to a new high-demand customer would not be shifted to existing customers."¹³ Duke Energy Kentucky values the principles of cost-causation and incorporates them into its proposed rates as its customer base evolves.

All of the above should be given due consideration as the Commission embarks on this investigation, and the Company looks forward to elaborating further on the specific issues given by the Commission at the planned technical conference in 2027.¹⁴ The Company respectfully suggests that the Commission's sixteen issues could be regrouped and streamlined, with one addition, as follows:

¹³ *In the Matter of the 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*, Case No. 2024-00354, Order, p. 64 (Ky. P.S.C. Oct. 2, 2025).

¹⁴ August Order, p. 10.

- **Customer Context**
 - Nature and extent of affordability concerns in Kentucky;
 - Factors contributing to affordability challenges, including customer income, customer usage, housing characteristics (age, condition, size, energy efficiency, heating fuel, occupant(s)), and other factors;
- **Utility Factors**
 - Electricity and natural gas prices;
 - Rate design and cost allocation, as well as available regulatory mechanisms (e.g., deferrals, riders);
 - Utility investment and operating costs;
 - Impact on utilities of customer arrearages, write-offs, disconnects, reconnects, and affordability measures;
 - Variation in utility business models and service area demographics;
 - The overall financial health of the utility;¹⁵
 - Bill composition: energy, fixed charges, fuel costs, riders and adjustment mechanisms, taxes, etc.; and
 - Need for infrastructure replacement and long-term system planning.
- **Customer Billing, Payment, Disconnections, Reconnections, Arrearages, and Assistance**
 - Existing customer protections, payment programs, assistance programs intended to help customer maintain utility service;
 - Strategies to reduce payment delinquency and disconnection;
 - Disconnection and reconnection policies and associated fees; and

¹⁵ The Company suggests this topic be added to the Commission's initial list of 16 topics.

- Potential measures that could be implemented by utilities to reduce delinquency and/or disconnections.
- **Additional Opportunities to Help Customers**
 - Energy efficiency, demand-response, incentives, and weatherization programs to reduce usage;
 - Better coordination among utilities, state agencies, community action agencies, consumer advocates, and others; and
 - Renewable energy, energy storage, time-of-use rates, other new technologies to reduce usage, reduce peak demand, and/or provide broader system benefits.

III. CONCLUSION

Duke Energy Kentucky appreciates the opportunity to offer its initial comments and hopes that its comments will aid the Commission. The Company reserves the right and ability to supplement these comments or respond to those submitted by other stakeholders throughout this proceeding.

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.

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CERTIFICATE OF SERVICE

This is to certify that the foregoing electronic filing is a true and accurate copy of the document in paper medium; that the electronic filing was transmitted to the Commission on September 30, 2026; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that submitting the original filing to the Commission in paper medium is no longer required as it has been granted a permanent deviation.¹⁶

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¹⁶ *In the Matter of Electronic Emergency Docket Related to the Novel Coronavirus COVID-19*, Case No. 2020-00085, Order (Ky. P.S.C. July 22, 2021).