

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE ENERGY)	
KENTUCKY, INC. FOR: 1) AN ADJUSTMENT OF)	
THE ELECTRIC RATES; 2) APPROVAL OF NEW)	CASE NO.
TARIFFS; 3) APPROVAL OF ACCOUNTING)	2024-00354
PRACTICES TO ESTABLISH REGULATORY)	
ASSETS AND LIABILITIES; AND 4) ALL OTHER)	
REQUIRED APPROVALS AND RELIEF)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO THE ATTORNEY GENERAL

The Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on April 2, 2025. The Commission directs the Attorney General to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

governmental agency, be accompanied by a signed certification of the preparer or the 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.

The Attorney General shall make timely amendment to any prior response if the Attorney General obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which the Attorney General fails or refuses to furnish all or part of the requested information, the Attorney General shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, the Attorney General shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Direct Testimony of Richard Baudino (Baudino Direct Testimony). Confirm that no outliers were excluded from any analyses used to determine the Return on Equity (ROE) recommendation. If outliers were excluded, provide the analyses with outliers included, highlighting any previously excluded outliers.

2. Refer to the Baudino Direct Testimony. Provide support for the use of S&P Capital IQ consensus analysts' forecasts of earnings growth in the Discounted Cash Flow (DCF) analysis.

3. Refer to the Baudino Direct Testimony, page 18, lines 17-19. Confirm whether Yahoo! Finance forecasts are currently available. If available, provide an update to the DCF analysis including Yahoo! Finance consensus analysts' earnings growth forecasts.

4. Refer to the Baudino Direct Testimony, page 20, lines 8-12. Explain why using an average of both the median and average values is better than relying on one or the other.

5. Refer to the Baudino Direct Testimony, page 30, lines 1-8. Mr. Baudino stated that he considered the six-month average of the 30-year Treasury bond yield, but "given the sharp rise in yield over the last few months", ultimately decided to use the three-month average yield.

a. Explain how using a shorter period, such as the three-month average, is reflective of long-term investor expectations.

b. Explain how using a three-month average yield, especially considering the noted recent fluctuations, does not reflect more volatility than a longer period in the calculations.

6. Refer to the Baudino Direct Testimony, page 31, lines 3-4.

a. Compare and contrast how the S&P Capital IQ beta values are calculated.

b. Provide an explanation of the previous beta calculation method used by witness Baudino, and why a different method is being used in this analysis.

 PP

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DATED MAR 19 2025

cc: Parties of Record

Case No. 2024-00354

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