

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF DUKE ENERGY)		
KENTUCKY, INC. FOR 1) AN ADJUSTMENT OF)		CASE NO.
THE NATURAL GAS RATES; 2) APPROVAL OF)		2025-00125
NEW TARIFFS; AND 3) ALL OTHER REQUIRED)		
APPROVALS, WAIVERS, AND RELIEF)		

COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION
TO DUKE ENERGY KENTUCKY, INC.

Duke Energy Kentucky, Inc. (Duke Kentucky), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on August 15, 2025. The Commission directs Duke Kentucky 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 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

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).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Duke Kentucky shall make timely amendment to any prior response if Duke Kentucky 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 Duke Kentucky fails or refuses to furnish all or part of the requested information, Duke Kentucky 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, Duke Kentucky 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 Duke Kentucky's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 2. The response was unresponsive. Provide the percentage loss range for each stage as well as the percentage loss that would trigger a stage change, for example from a Stage 2 to Stage 3.

2. Refer to Duke Kentucky's response to Staff's Second Request, Item 5(b), Attachment STAFF-DR-02-005. The information provided did not indicate which year the

data represents. For each response, please signify the year for which the provided information corresponds.

a. Provide the information included in STAFF-DR-02-005 for calendar years 2023, 2024, and 2025 to date.

b. Confirm that any customer usage while an account is in seasonal soft close status is ultimately billed to the customer once they come off seasonal soft close status. If not confirmed, explain the response.

3. Refer to Duke Kentucky's response to Staff's Second Request, Item 5(c). Indicate the number of times Duke Kentucky mistakenly placed a natural gas only customer in seasonal soft close status for billing purposes for the period 2020 through 2025, by month for each year.

4. Refer to Duke Kentucky's response to Staff's Second Request, Item 6(a). Explain whether the scenario in the response has occurred before and that is the basis for the requested change.

5. Refer to Duke Kentucky's response to Staff's Second Request, Item 6(b). Confirm that Duke Kentucky has no actual expense related to this fee. If not confirmed, explain the response.

6. Refer to Duke Kentucky's response to Staff's Second Request, Item 6(c)(1)–(2), STAFF-DR-02-006 Attachment.

a. The response did not address (1) and (2) of Item 6(c) in that it did not include the fees paid by the supplier under the current tariff and the fees the supplier would have paid if the proposed tariff were in effect. Provide a full response to Item 6(c)(1) and (2).

b. Indicate how many customers the under-/over-deliveries listed in STAFF-DR-02-006 Attachment represent.

7. Refer to Duke Kentucky's response to Staff's Second Request, Item 25. Based on the map provided.

a. Explain how Duke Kentucky would prioritize the Aldyl-A projects.

b. Identify and include any Aldyl-A projects that will require a Certificate of Public Convenience and Necessity application. Include in this explanation, whether Duke Kentucky has considered requesting a different project or rider structure, similar to Kentucky-American Water Company's Qualified Infrastructure Program or Delta Natural Gas Company's pipeline replacement rider, for its pipeline modernization mechanism (PMM or Rider PMM). If Duke Kentucky has not considered a different capital rider structure, explain why not.

8. Refer to Duke Kentucky's response to Staff's Second Request, Item 21. Confirm that Duke Kentucky uses the uniform system of accounts prescribed by the Commission pursuant to KRS 278.220. If confirmed, explain why Duke Kentucky is using 297 and 294 for plant accounts instead of liabilities and other credits.

9. Refer to Duke Kentucky's response to Staff's Second Request, Item 24.

a. Provide the number of miles and locations for all high consequence area segments and medium consequence area segments identified as Aldyl-A pipe.

b. List the total footage of each type of pipe (Aldyl-A and other vintage plastic pipe, etc.) that Duke Kentucky plans to replace annually from 2026 to 2032 as part of its Rider PMM and explain in detail how Duke Kentucky selected each of these segments for replacement.

c. List the total footage of each type of pipe (Aldyl-A and other vintage plastic pipe, etc.) that Duke Kentucky plans to replace annually from 2026 to 2032 outside of its Rider PMM and explain in detail how Duke Kentucky selected each of these segments for replacement

d. Identify any segments of pipe selected for replacement other than by risk ranking based on prior leak history and explain why these segments were selected for replacement ahead of segments of pipe that pose a higher risk of failure.

10. Refer to Duke Kentucky's response to Staff's Second Request, Item 25. Using the estimates provided in this response, provide a table containing the following information for the years 2020 through 2032: (1) the actual cost expended; (2) the recovery amount collected through Rider PMM; (3) for the years that no actuals have been recorded, provide the chart using the estimates provided in the response to Item 25; (4) miles of pipeline replaced or added each year; and (5) service connections replaced.

11. Refer to Duke Kentucky's response to Staff's Second Request, Item 27. State whether 2024 data is available. If so, explain whether Duke Kentucky has evaluated if there is a material difference between 2023 and 2024 data and provide any such analysis.

12. Refer to Duke Kentucky's response to Staff's Second Request, Item 28 and Item 30. Explain the need for a bank lag in the lead lag study in light of the DEBS agreement.

13. Refer to the Direct Testimony of Douglas J. Heitkamp (Heitkamp Direct Testimony), pages 16-17. Explain why Duke Kentucky chose 50 percent as the amount to eliminate of the subsidy/excess revenues.

14. Refer to the Heitkamp Direct Testimony, page 16. Provide an example of the rate design Duke Kentucky would propose, using the proposed revenue increase in this proceeding, if the subsidy/excess revenues between rate classes were fully eliminated.

15. Refer to the Heitkamp Direct Testimony, page 17, lines 9-10. Also, refer to Case No. 2021-00190, the Direct Testimony of James E. Ziolkowski, page 16.² In its prior rate case Duke Kentucky proposed to eliminate 40 percent of the subsidy/excess revenues between customer classes, based on present revenues. Explain if the 40 percent elimination of the subsidy/excess revenues between customer classes in Case No. 2021-00190 was successful in reducing the subsidy/excess revenues between customer classes so that each class is paying rates that more closely reflect their costs of service.

16. Refer to the Direct Testimony of Thomas Heath, Jr. (Heath Direct Testimony), pages 19-20.

a. Provide an explanation and support for utilizing the Bloomberg implied forward curve. If alternative forecasted rates could have been used, explain why they were not utilized.

b. Explain the use of a 25-basis point credit spread added to the interest rate for the forecast period long-term commercial paper. Provide justification for the interest rate addition in the response.

² Case No. 2021-00190, *Electronic Application Of Duke Energy Kentucky, Inc. For: 1) An Adjustment Of The Natural Gas Rates; 2) Approval Of New Tariffs, And 3) All Other Required Approvals, Waivers, And Relief* (Ky. PSC Jan. 25, 2022).

c. For the expected debt issuances of \$100 million and \$150 million, explain the appropriateness of utilizing a weighted average of the 5-year, 10-year, and 15-year U.S. Treasury yield and the respective added basis point credit spreads. Include in the response how each respective adder was derived.

17. Refer to the Heath Direct Testimony, page 23, lines 4-13, which states that Duke Kentucky is the only regulated operating company within the Duke Energy organization that relies upon the Rule 144A or Section 4(a)(2) private placement markets for financing. Provide whether Duke Kentucky has considered borrowing from other Duke Energy operating companies that have access to public markets.



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cc: Parties of Record

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