

Media Contact:
Sally Thelen: 513.287.2432
24-hour media line: 800.559.3853
@DE_SallyT

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Duke Energy Kentucky seeks first base rate increase in over a decade as it builds a smarter energy future for its customers

- **Primarily driven by increase in system investments to improve reliability, new solar facilities, smart meters and coal ash management at East Bend Station**
- **Rates to remain well below the national average**

CINCINNATI – The need to make critical infrastructure investments in its electric generation and delivery systems has led Duke Energy Kentucky to seek its first base rate increase in 11 years for its 140,000 electric customers in the state. Through aggressive cost control, the company has managed to keep increases in its operating costs below inflation during that time period.

Duke Energy Kentucky currently serves electric customers across Boone, Kenton, Campbell, Pendleton, Grant and Gallatin counties.

The request was filed with the Kentucky Public Service Commission (KYPSC) to increase revenues by about \$49 million, for an average rate increase across all customer groups of 15 percent.

“Customers have told us they want more control over their energy usage, their utility bill and tools to help them make smart energy choices to keep energy costs as low as possible,” said Jim Henning, president, Duke Energy Kentucky. “We continue to make the investments needed to build that smart energy future for our customers.”

If approved by the KYPSC, beginning April 1, 2018, electric rates will increase about 17.4 percent for residential customers. Commercial and industrial customers will see an average increase of around 13.7 percent (actual impacts vary by customer size and rate group).

The charge for a typical residential customer who uses 1,000 kilowatt-hours (kWh) of electricity monthly would increase \$15.17 from \$88.60 to \$103.77. The average monthly bill for a residential customer will be \$29 less than the national average.

Key investments include:

Improving the customer experience

- The installation of advanced metering technology (smart meters) to enable more bill-lowering tools, access to more information about energy use, and the ability to receive usage alerts, outage notifications and customized billing options once fully implemented.

Generating cleaner energy

- An investment of \$14.8 million in three solar sites in Walton and Crittenden that helps provide emissions-free energy to Kentucky homes and businesses.

Ensuring future capacity

- Duke Energy's \$12.4 million purchase of the remaining 31 percent jointly owned generating assets at East Bend Station from Dayton Power and Light in 2014. The purchase will provide long-term capacity for Duke Energy Kentucky customers.

Managing coal ash responsibly

- Detailed plans to convert East Bend Station's wet ash handling system to a dry ash disposal system to comply with federal regulations.
- Safely closing its current East Bend Station coal ash basin and construction of a new on-site landfill to handle generator waste materials.

Responding to major storms

- In September 2008, Kentucky faced catastrophic devastation from a complex storm that required the company to completely rebuild a large part of Duke Energy Kentucky's energy system. This request includes recovery of \$5 million in costs, spread out over five years, incurred to repair significant damage caused by Hurricane Ike.
- Strengthening the grid through strategic investments including replacing hundreds of miles of aging overhead and underground power lines.

For more details on the company's request to increase rates, visit duke-energy.com/KyRates.

Helping our customers

"We know the energy bill is a sizable monthly expense for many customers," Henning said. "That's why we provide programs and tools to help keep their energy costs low."

One way the company does that is by informing low-income customers on ways to save energy through the Neighborhood Energy Saver Program. The program provides

energy assessments and installations of energy-saving measures at no cost to the customer. The average household participating in this program can save more than \$35 per year on energy costs. Since the program's inception, over 2,850 Kentucky customers have received energy efficiency improvements from the program.

Additionally, the company's WinterCare Program has provided more than \$1.8 million in assistance over the life of the program to help low-income families in Kentucky cover home energy bills, regardless of heating source.

Next steps

The PSC will issue a procedural schedule that will provide opportunities for parties to participate. The PSC will then take into account any testimony from other parties and schedule a hearing in Frankfort. The company expects this process to be complete by the end of March 2018.

People can review the testimony filed in support of the company's request at the PSC website (search using Case No. 2017-00321): psc.ky.gov/.

For more details on the company's request to increase rates, visit duke-energy.com/KyRates.

About Duke Energy Ohio/Kentucky

Duke Energy Ohio/Kentucky's operations provide electric service to about 850,000 residential, commercial and industrial customers in a 3,000-square-mile service area and natural gas service to approximately 529,000 customers.

Headquartered in Charlotte, N.C., Duke Energy is one of the largest energy holding companies in the United States. Its Electric Utilities and Infrastructure business unit serves approximately 7.5 million customers located in six states in the Southeast and Midwest. The company's Gas Utilities and Infrastructure business unit distributes natural gas to approximately 1.6 million customers in the Carolinas, Ohio, Kentucky and Tennessee. Its Commercial Renewables business unit operates a growing renewable energy portfolio across the United States.

Duke Energy is a Fortune 125 company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available at duke-energy.com.

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