

Duke Energy Kentucky:

Rate case at a glance



● Duke Energy Kentucky

- 140,000 customers served
- Overall requested increase of 15 percent across all customer groups
- Typical 1,000-kWh residential bill would increase from \$88.60 to \$103.77*

More information at:
duke-energy.com/kyrates

Customer group	Average rate increase percentage
Residential	17.4%
Service at Distribution Voltage	14%
Service at Transmission Voltage	11.1%
Street Lighting Service	11.8%

This table shows the typical impact proposed for each customer class. The specific increase for individual customers will vary, depending on the rate they pay.

*Average use differs slightly from typical 1,000-kWh usage.

On Sept. 1, 2017, Duke Energy Kentucky made a request before the Kentucky Public Service Commission (KYPSC) to adjust customer bills. Recent work to modernize the energy system and improve reliability, while enabling more options for customers, is at the heart of this request to change customer rates.



Enhance reliability and customer experience

We continue to invest in the latest innovations to make electricity more reliable than ever, and help customers take control of their energy use and manage their bills. Investments in this case include:

- Advanced metering technology to enable more energy-saving, bill-lowering tools for customers, faster service connection and convenience, and outage detection
- Targeted underground line relocation for customer lines that are hard to reach in rear yards to help improve reliability
- Modernizing the system by replacing aging overhead and underground power lines



Generate cleaner electricity for a brighter future

We've been working hard to deliver electricity to our customers that is more reliable and cleaner than ever. Investments in this case include:

- An investment of \$14.8 million in three solar sites in Walton and Crittenden that help provide emissions-free energy to Kentucky homes and businesses
- Retirement of Miami Fort Unit 6 in 2015 that was dedicated to serving Kentucky customers. Miami Fort 6 was retired due to an inability to cost-effectively comply with federal air standards



Manage coal ash responsibly through advanced technology

We are making investments at East Bend Station in Rabbit Hash, Ky., to meet new federal standards for coal combustion residuals including:

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

What is a rate case?

A base rate case is a public regulatory review process where a utility must demonstrate to the Kentucky Public Service Commission (KYPSC) why a proposed increase in rates is needed. This independent, public process helps ensure transparency and fair rates based on the costs to serve our customers.

Why is the rate increase needed?

We work hard every day to keep costs reasonable for our customers and to avoid an increase to customer bills whenever possible. Recent work to modernize power plants, generate cleaner power, modernize how we manage coal ash and improve reliability while enabling more options for customers has made it necessary for Duke Energy to seek a change to customer bills to pay for these important investments.

Why should customers pay for costs related to coal ash?

For decades, reliable, affordable electricity in this state was made possible by coal. With coal came coal ash – the byproduct of decades of generating electricity from this resource. It's a waste that was produced each time we turned on a light switch, watched a television or charged a mobile phone. In fact, a typical residential family today will generate several hundred pounds of coal ash each year from consuming electricity to meet its household needs.

But like any waste, we must ensure that coal ash is responsibly managed. As your local electric provider, it's our job to take care of the waste, and we will do it responsibly. But the cost of that service is a responsibility we all share as consumers of electricity so that the public and the environment are protected now and in the future.

Who sets the rates customers pay for electricity?

Duke Energy Kentucky is obligated to provide every customer in our service area with reliable electricity at rates approved by the KYPSC. In exchange, the utility is allowed the opportunity to earn a fair return for investors. Even though our regulators will ultimately determine any changes to customer bills, we pledge to do our part to keep rates as reasonable as possible.

What is the process? Will customers have a chance to share input?

First, Duke Energy Kentucky must demonstrate to the KYPSC why the rate increase is needed. The Kentucky attorney general and other interested stakeholders audit our filings and vet the company's request. The commission then thoroughly reviews our request. Later this year, or early next year, the commission will conduct a hearing and consider our written and oral testimony, along with viewpoints from others representing customer groups and other stakeholders. We expect a decision by spring 2018. Duke Energy Kentucky has requested that new rates, as approved by the KYPSC, go into effect spring 2018.

What is Duke Energy Kentucky doing to help customers reduce their energy use and their bills?

It's important to us to give our customers more options to help them better manage energy and ultimately save money – so we're connecting with our customers through new tools like usage updates, free home energy audits and a menu of energy-saving tips, programs and incentives for every budget. To find the right energy-saving program for your household, visit duke-energy.com/SaveEnergy.

We're also proud to provide support to those customers who need it most through initiatives like the Neighborhood Energy Saver Program, which provides energy-saving upgrades at no cost to income-qualified homeowners.

What are the benefits of smart meters?

Smart meters give customers more control and information about their daily energy use. This will enable automated meter reading, remote connects/disconnects and quicker outage detection. Additionally, smart meters are the one piece of technology necessary to enable more energy-saving, bill-lowering tools for customers. Deployment in Kentucky is beginning late summer and should be complete by December 2018.

For more information about your rates, visit duke-energy.com/kyrates.