

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)	
APPLICATION OF THE FUEL)	
ADJUSTMENT CLAUSE OF DUKE)	
ENERGY KENTUCKY, INC. FROM)	CASE NO. 2010-00268
NOVEMBER 1, 2009 THROUGH APRIL)	
30, 2010)	

O R D E R

Pursuant to 807 KAR 5:056, the Commission, on August 13, 2010, established this case to review and evaluate the operation of the Fuel Adjustment Clause (“FAC”) of Duke Energy Kentucky, Inc. (“Duke Kentucky”) for the six-month period that ended on April 30, 2010. As part of this review, Duke Kentucky submitted certain information, pursuant to Commission Order, concerning its compliance with 807 KAR 5:056. The Commission held a public hearing in this matter on October 12, 2010. On October 20, 2010, Duke Kentucky filed its response to a request made at the hearing.

The Commission has previously established Duke Kentucky’s base fuel cost as 33.76 mills per kWh.¹ A review of Duke Kentucky’s monthly fuel clause filings shows that the actual fuel cost incurred for the six-month period under review ranged from a low of 22.84 mills in November 2009 to a high of 27.74 mills in January 2010, with a six-month average of 24.96 mills.

¹ Case No. 2008-00522, An Examination of the Application of the Fuel Adjustment Clause of Duke Energy Kentucky, Inc. from November 1, 2006 through October 31, 2008 (Ky. PSC Jun. 2, 2009).

Duke Kentucky filed four coal contracts with the Commission on October 8, 2010. The dates on the contracts indicate that they were entered into on October 1, 2007; September 30, 2008; January 14, 2009; and October 20, 2009. 807 KAR 5:056, Section 1(7) states in part as follows:

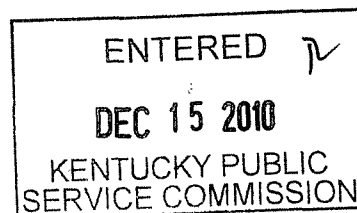
At the time the fuel clause is initially filed, the utility shall submit copies of each fossil fuel purchase contract not otherwise on file with the commission and all other agreements, options or similar such documents, and all amendments and modifications thereof related to the procurement of fuel supply and purchased power. Incorporation by reference is permissible. Any changes in the documents, including price escalations, or any new agreements entered into after the initial submission, shall be submitted at the time they are entered into. . . . [Emphasis added.]

Duke Kentucky shall file its contracts with the Commission pursuant to the regulation.

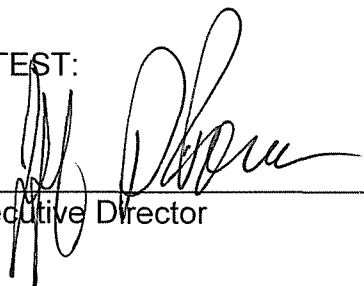
The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds no evidence of improper calculation or application of Duke Kentucky's FAC charges or improper fuel procurement practices.

IT IS THEREFORE ORDERED that the charges and credits billed by Duke Kentucky through its FAC for the period November 1, 2009 through April 30, 2010 are approved.

By the Commission



ATTEST:



Executive Director

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