

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF) CASE NO.
DUKE ENERGY KENTUCKY, INC.) 2014-00164

ORDER

On December 29, 2009, in Case No. 2009-00202,¹ the Commission approved rates for Duke Energy Kentucky, Inc. ("Duke") and provided for their further adjustment in accordance with Duke's Gas Cost Adjustment ("GCA") clause.

On May 13, 2014, Duke filed its GCA to be effective June 2, 2014. The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("AG"), requested and was granted intervention in this proceeding. An Informal Conference in this matter was held on May 21, 2014, to discuss Duke's interstate pipeline transportation and storage arrangements, and the sales volumes used in the calculation of Duke's proposed GCA rates. On May 28, 2014, Duke supplemented the record in this proceeding with additional information concerning its projected decrease in sales volumes for the 12 months ending May 31, 2015. Both Duke and the AG advised the Commission that they are willing to accept the record as complete. The matter is now submitted for decision.

¹ Case No. 2009-00202, Application of Duke Energy Kentucky, Inc. for an Adjustment of Rates (Ky. PSC Dec. 29, 2009).

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Duke's notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.

2. Duke's Expected Gas Cost ("EGC") is \$5.348 per Mcf, which is an increase of \$.080 per Mcf from its previous EGC of \$5.268 per Mcf.

3. Duke's notice sets out its current quarter Refund Adjustment ("RA") of \$.000 per Mcf. Duke's total RA is \$.000 per Mcf, which is no change from its previous total RA.

4. Duke's notice sets out its current quarter Actual Adjustment ("AA") of \$.395 per Mcf. Duke's total AA is \$.595 per Mcf, which is an increase of \$.394 per Mcf from its previous total AA of \$.201 per Mcf.

5. Duke's notice sets out its current quarter Balancing Adjustment ("BA") of (\$.024) per Mcf. Duke's total BA of (\$.038) per Mcf is a decrease of \$.050 per Mcf from its previous total BA of \$.012 per Mcf.

6. Duke's GCA is \$5.905 per Mcf, which is an increase of \$.424 per Mcf from its previous GCA of \$5.481 per Mcf.

7. Duke's notice set out a Gas Cost Adjustment Transition Rider ("GCAT") rate of \$.0557 per 100 cubic feet. This GCAT rate will be applicable to customers who begin receiving Rate FT-L transportation service after the effective date of this Order who paid gas supply costs through the GCA during the 12-month period before they began receiving FT-L service.

8. The rates as proposed by Duke and set forth in the Appendix to this Order are fair, just, and reasonable, and should be approved for final meter readings by Duke on and after June 2, 2014.

9. Duke's supplemental information filed May 28, 2014, was intended to provide clarification for the 12-month projected sales volume used in the calculation of the components of its GCA rate. Duke stated that the sales volume forecast it used in this GCA filing was based on its spring 2013 forecast, and that at that time the economic situation in Kentucky was still weak. Duke further stated that an updated forecast will be used in its next filing. The Commission finds that Duke's next GCA filing for rates effective July 1, 2014, should include:

a. The source of its forecasted sales volumes and a more detailed explanation of the assumptions underlying the projection;

b. Given that the level of forecasted annual sales volumes in all of its 2013 GCA calculations exceeded 10,000,000 Mcf, an explanation of why its forecasted annual sales volumes were projected to decrease to 9,684,230 Mcf for the 12 months ending February 28, 2015, as indicated in Case No. 2014-00041,² filed February 11, 2014; and

c. A comparison of projected to actual sales volumes as used in Duke's GCA applications beginning with its November 2008 application and continuing through the instant application.

² Purchased Gas Adjustment Filing of Duke Energy Kentucky (Ky. PSC Feb. 27, 2014).

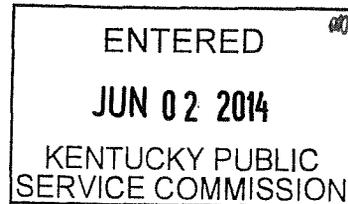
IT IS THEREFORE ORDERED that:

1. The rates proposed by Duke and set forth in the Appendix to this Order are approved for final meter readings on and after June 2, 2014.

2. Within 20 days of the date of this Order, Duke shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.

3. In Duke's next GCA filing for rates effective July 1, 2014, it shall provide the information required in finding paragraph 9 above.

By the Commission



ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00164 DATED **JUN 02 2014**

The following rates and charges are prescribed for the customers served by Duke Energy Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

GAS SERVICE RATES

RATE RS
RESIDENTIAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All Ccf Consumed	\$.37213	plus	\$.5905	\$.96263

RATE GS
GENERAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All Ccf Consumed	\$.20530	plus	\$.5905	\$.79580

RIDER GCAT
GAS COST ADJUSTMENT TRANSITION RIDER

The amount of this charge or (credit) shall be \$.0557 per 100 cubic feet. This rate shall be in effect during the months of June through August 2014 and shall be updated quarterly, concurrent with the Company's GCA filings.

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