

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC EXAMINATION OF THE	)	
APPLICATION OF THE FUEL ADJUSTMENT	)	CASE NO.
CLAUSE OF DUKE ENERGY KENTUCKY, INC.	)	2016-00234
FROM NOVEMBER 1, 2015 THROUGH APRIL	)	
30, 2016	)	

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

Duke Energy Kentucky, Inc. ("Duke Kentucky"), pursuant to 807 KAR 5:001, is to file with the Commission an original, six copies in paper medium and an electronic version of the following information. The information requested herein is due within seven days of the date of this request. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to 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 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 it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

Duke Kentucky fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied 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 the Commission Staff's Second Request for Information ("Staff's Second Request"), Item 3. State whether the realized gain of \$106,323 flowed through the fuel adjustment clause ("FAC"). If not, explain how customers received the benefit of the gain.

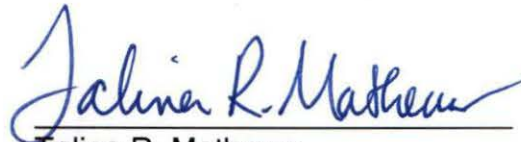
2. Refer to Duke Kentucky's response to the Staff's Second Request, Item 4.b. The response states "Duke Kentucky always intended to credit any resettlement costs and credits to its customers." Despite the finality of the two-year FAC order covering the period November 1, 2012, through October 31, 2014, explain whether Duke Kentucky is willing to voluntarily refund through its FAC the erroneous PJM billings that were credited to Duke Kentucky subsequent to the Commission's closing of that two-year FAC review.

3. Refer to Duke Kentucky's response to the Staff's Second Request, Item 4.b., page 6.

a. The response states "[h]owever, no adjustment was made to the PSM to increase the non-native fuel costs associated with the increased MWh available for off-system sales since the fuel had already been collected through the FAC..." Explain the adjustment referred to and how it would have affected the Profit Sharing Mechanism ("PSM").

b. The response states "[t]his gave the customers back more off-system sales margin in the PSM than what would otherwise be due if both the FAC and PSM were adjusted for the entire period." Provide the amount of additional sales margin that customers received through the PSM because the FAC was not adjusted and explain how it was calculated.

4. Refer to Duke Kentucky's response to the Staff's Second Request, Item 4.e., pages 8-9. Page 8 of the response states that the calculations included in the table (on page 9 of the response) do not include the corresponding adjustments that would be made to the PSM. The response states "If the \$904,000 of fossil fuel expense had been a reduction to the FAC then the same amount would have been a cost to the PSM. Also, if the FAC adjustments were made, then the aggregate cost of \$256,737 for Lost Opportunity Cost should have been made to the FAC." Provide a revised table which reflects the remaining credits if the items referenced in the above quote were taken into consideration.



Talina R. Mathews  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40601

DATED OCT 19 2016

cc: Parties of Record

Case No. 2016-00234

\*Kristen Ryan  
Senior Paralegal  
Duke Energy Kentucky, Inc.  
139 East Fourth Street  
Cincinnati, OH 45201

\*Duke Energy Kentucky, Inc.  
139 East Fourth Street  
Cincinnati, OH 45202

\*Rocco O D'Ascenzo  
Duke Energy Kentucky, Inc.  
139 East Fourth Street  
Cincinnati, OH 45201