

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC EXAMINATION OF THE APPLICATION)	
OF THE FUEL ADJUSTMENT CLAUSE OF KENTUCKY)	CASE NO.
UTILITIES COMPANY FROM NOVEMBER 1, 2014)	2017-00003
THROUGH OCTOBER 31, 2016)	

ORDER

Pursuant to 807 KAR 5:056, the Commission, on February 6, 2017, established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Kentucky Utilities Company ("KU") for the period from November 1, 2014, through October 31, 2016, and to determine the amount of fuel costs that should be included in its base rates.

In establishing that review, the Commission ordered KU to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. KU submitted this information on February 20, 2017, and filed responses to Commission Staff's second data request on March 20, 2017. A public hearing was held on April 18, 2017. On May 1, 2017, KU filed its responses to the Commission's post hearing data request. There are no intervenors in this proceeding.

Base Fuel Cost

KU is proposing to decrease the amount of fuel costs included in base rates and proposes that the month of August 2015 be used by the Commission as the base period

for the purpose of arriving at the base fuel cost and the kilowatt-hour (“kWh”) sales components of its FAC.¹ It further proposes that its base fuel cost be changed to \$.02609 per kWh, the fuel cost for the proposed base period of August 2015. Given that KU’s current base fuel cost is \$.02892 per kWh, the proposal would result in a decrease of \$.00283 per kWh. KU states that August 2015 was selected as the proposed base period because the fuel cost for that month is the closest actual cost incurred during the review period to KU’s projected fuel costs for the upcoming two-year period.

In establishing the appropriate level of base fuel cost to be included in KU’s rates, the Commission must determine whether the proposed base period cost per kWh is representative of the level of fuel cost currently being experienced by KU. An analysis of KU’s monthly fuel clause filings showed that the fuel cost billed for the two-year review period ranged from a low of \$.02212 per kWh to a high of \$.03011 per kWh, with an average cost billed for the period of \$.02572 per kWh. Based upon its review, the Commission finds that the proposed base period fuel cost of \$.02609 per kWh should be approved.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. During the period under review, KU has complied with the provisions of 807 KAR 5:056.
2. The month of August 2015 should be used as KU’s base period.

¹ KU last made a change to the fuel cost included in base rates in Case No. 2012-00552, *An Examination of the Application of the Fuel Adjustment Clause of Kentucky Utilities Company from November 1, 2010 through October 31, 2012* (Ky. PSC May 29, 2013).

3. KU's proposed base period fuel cost of \$.02609 per kWh should be approved.

4. The establishment of a base fuel cost of \$.02609 per kWh requires a reduction of \$.00283 per kWh to KU's base energy rates.

5. The rates in the Appendix to this Order are designed to reflect the reduction of \$.00283 per kWh to base energy rates, which is the differential between the old base fuel cost of \$.02892 per kWh and the new base fuel cost of \$.02609 per kWh.

6. The rates in the Appendix to this Order are fair, just, and reasonable and should be approved effective with service rendered on and after September 1, 2017.

7. Beginning with the expense month for September 2017, KU should use a FAC rate based upon a base fuel cost of \$.02609 per kWh.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by KU through the FAC for the period from November 1, 2014, through October 31, 2016, are approved.

2. KU's proposed base fuel cost of \$.02609 per kWh is approved

3. KU shall reduce its base energy rates by \$.00283 per kWh to reflect the re-establishment of base fuel costs.

4. The rates in the Appendix to this Order are approved effective with service rendered on and after September 1, 2017.

5. Beginning with the expense month for September 2017, KU shall use an FAC rate based upon a base fuel cost of \$.02609 per kWh.

6. Within 20 days of the date of this Order, KU shall file, using the Commission's electronic Tariff Filing System, its revised tariff sheets with the Commission setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:



Acting Executive Director
Joe John Hyatt

Case No. 2017-00003

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2017-00003

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

SCHEDULE RS
RESIDENTIAL SERVICE

Energy Charge per kWh \$.08795

SCHEDULE RTOD-ENERGY
RESIDENTIAL TIME-OF-DAY ENERGY SERVICE

Energy Charge per kWh
Off Peak Hours \$.05640
On Peak Hours \$.27363

SCHEDULE RTOD-DEMAND
RESIDENTIAL TIME-OF-DAY DEMAND SERVICE

Energy charge per kWh \$.04226

SCHEDULE VFD
VOLUNTEER FIRE DEPARTMENT

Energy Charge per kWh \$.08795

SCHEDULE GS
GENERAL SERVICE RATE

Energy Charge per kWh \$.10154

SCHEDULE AES
ALL ELECTRIC SCHOOL

Energy Charge per kWh \$.08030

SCHEDULE PS
POWER SERVICE

Secondary Service:
Energy Charge per kWh \$.03270

Primary Service:
Energy Charge per kWh \$.03171

SCHEDULE TODS
TIME-OF-DAY SECONDARY SERVICE

Energy Charge per kWh \$.03229

SCHEDULE TODP
TIME-OF-DAY PRIMARY SERVICE

Energy Charge per kWh \$.03136

SCHEDULE RTS
RETAIL TRANSMISSION SERVICE

Energy Charge per kWh \$.03058

SCHEDULE FLS
FLUCTUATING LOAD SERVICE

Primary:
Energy Charge per kWh \$.03136

Transmission:
Energy Charge per kWh \$.03036

SCHEDULE LS
LIGHTING SERVICE

Rate per Light per Month: (Lumens Approximate)

Overhead:

	<u>Fixture Only</u>	<u>Ornamental</u>
<u>High Pressure Sodium:</u>		
5,800 Lumens - Cobra Head	\$ 9.78	\$ 13.45
9,500 Lumens - Cobra Head	\$ 10.24	\$ 14.11
22,000 Lumens - Cobra Head	\$ 15.85	\$ 20.00
50,000 Lumens - Cobra Head	\$ 25.17	\$ 27.95
9,500 Lumens - Directional	\$ 10.08	
22,000 Lumens - Directional	\$ 15.19	
50,000 Lumens - Directional	\$ 21.51	
9,500 Lumens - Open Bottom	\$ 8.76	
<u>Metal Halide</u>		
32,000 Lumens - Directional	\$ 22.47	
<u>Light Emitting Diode (LED)</u>		
8,179 Lumens - Cobra Head	\$ 14.84	
14,166 Lumens - Cobra Head	\$ 17.96	
23,214 Lumens - Cobra Head	\$ 27.41	
5,007 Lumens - Open Bottom	\$ 9.89	

Underground:

	<u>Fixture Only</u>	<u>Decorative Smooth</u>	<u>Historic Fluted</u>
<u>High Pressure Sodium:</u>			
5,800 Lumens - Colonial		\$ 12.52	
9,500 Lumens - Colonial		\$ 12.82	
5,800 Lumens - Acorn		\$ 17.11	\$ 24.44
9,500 Lumens - Acorn		\$ 17.54	\$ 25.00
5,800 Lumens - Victorian			\$ 34.00
9,500 Lumens - Victorian			\$ 34.28
5,800 Lumens - Contemporary	\$ 17.04	\$ 19.28	
9,500 Lumens - Contemporary	\$ 16.89	\$ 23.84	

22,000 Lumens - Contemporary	\$ 19.61	\$ 30.62
50,000 Lumens - Contemporary	\$ 23.71	\$ 37.68
4,000 Lumens - Dark Sky Lantern		\$ 24.81
9,500 Lumens - Dark Sky Lantern		\$ 25.88

Metal Halide

32,000 Lumens - Contemporary	\$ 24.35	\$ 38.54
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Light Emitting Diode (LED)

8,179 Lumens - Cobra Head		\$ 35.36
14,166 Lumens - Cobra Head		\$ 38.48
23,214 Lumens - Cobra Head		\$ 47.92
5,665 Lumens - Colonial		\$ 37.45

SCHEDULE RLS
RESTRICTED LIGHTING SERVICE

Overhead:

	<u>Fixture Only</u>	<u>Fixture and Pole</u>
<u>High Pressure Sodium:</u>		
4,000 Lumens - Cobra Head	\$ 8.79	\$ 12.11
50,000 Lumens - Cobra Head	\$ 13.63	
5,800 Lumens - Open Bottom	\$ 8.46	
<u>Metal Halide</u>		
12,000 Lumens - Directional	\$ 15.99	\$ 20.75
32,000 Lumens - Directional		\$ 27.23
107,800 Lumens - Directional	\$ 46.68	\$ 51.43
<u>Mercury Vapor:</u>		
7,000 Lumens - Cobra Head	\$ 10.64	\$ 13.14
10,000 Lumens - Cobra Head	\$ 12.57	\$ 14.79
20,000 Lumens - Cobra Head	\$ 14.10	\$ 16.58
7,000 Lumens - Open Bottom	\$ 11.67	
<u>Incandescent:</u>		
1,000 Lumens - Tear Drop	\$ 3.71	
2,500 Lumens - Tear Drop	\$ 4.92	
4,000 Lumens - Tear Drop	\$ 7.32	
6,000 Lumens - Tear Drop	\$ 9.77	

Underground:

	<u>Fixture Only</u>	<u>Decorative Smooth</u>	<u>Historic Fluted</u>
<u>Metal Halide</u>			
12,000 Lumens - Directional		\$ 31.09	
32,000 Lumens - Directional		\$ 36.67	
107,800 Lumens - Directional		\$ 60.64	
12,000 Lumens - Contemporary	\$ 17.31	\$ 31.28	
107,800 Lumens - Contemporary	\$ 50.30	\$ 64.26	
<u>High Pressure Sodium:</u>			
4,000 Lumens - Acorn		\$ 15.64	\$ 23.09
4,000 Lumens - Colonial		\$ 11.13	
5,800 Lumens - Coach		\$ 33.99	
9,500 Lumens - Coach		\$ 34.29	
16,000 Lumens - Granville		\$ 62.13	

SCHEDULE LE
LIGHTING ENERGY SERVICE

Energy Charge per kWh \$.07045

SCHEDULE TE
TRAFFIC ENERGY SERVICE

Energy Charge per kWh \$.08736

SPS
SCHOOL POWER SERVICE

Energy Charge per kWh \$.03289

STOD
SCHOOL TIME-OF-DAY SERVICE

Energy Charge per kWh \$.03244

OSL
OUTDOOR SPORTS LIGHTING SERVICE

<u>Secondary Service:</u>	
Energy Charge per kWh	\$.03288
<u>Primary Service:</u>	
Energy Charge per kWh	\$.03189

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