

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 LOUISVILLE GAS & ELECTRIC	)	2019-00005
COMPANY FROM NOVEMBER 1, 2016	)	
THROUGH OCTOBER 31, 2018	)	

ORDER

Pursuant to 807 KAR 5:056, the Commission, on February 11, 2019, established this case to review and evaluate the operation of the Fuel Adjustment Clause (FAC) of Louisville Gas and Electric Company (LG&E) for the period from November 1, 2016, through October 31, 2018, and to determine the amount of fuel costs that should be included in its base rates.

In establishing this review, the Commission ordered LG&E to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. LG&E submitted this information on February 25, 2019, and filed responses to Commission Staff's second request for information on March 25, 2019. A public hearing was held on April 16, 2019. There are no intervenors in this proceeding.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that during the period under review, LG&E has complied with the provisions of 807 KAR 5:056. The Commission further finds no evidence of improper calculation or application of LG&E's FAC charges or improper fuel procurement practices for the last six months of the period under review, from May 1, 2018, to October 31, 2018.

## Base Fuel Cost

LG&E proposes that the current base fuel cost remain unchanged at \$0.02428 per kilowatt-hour (kWh), retaining the current base month of April 2016<sup>1</sup>. LG&E states that the history of its monthly FAC factor during the period under review, and its projections of its monthly FAC factor for 2019 and 2020, support no change to the base fuel cost. The average fuel cost for the 24-month review period was \$0.02438 per kWh, while the average fuel cost for the last 12 months of the review period was \$0.02420 per kWh. LG&E forecasted an average fuel cost of \$0.02426 per kWh in 2019, and \$0.02389 per kWh in 2020<sup>2</sup>. In addition, the current base fuel amount of \$0.02428 falls between the lowest and highest monthly fuel cost for the period under review.

The Commission must determine whether the proposed base period cost per kWh is representative of the level of fuel cost currently being experienced by LG&E when establishing the appropriate level of base fuel costs to be included in LG&E's rates. An analysis of LG&E's monthly fuel clause filings shows that the fuel cost billed for the two-year review period ranges from a low of \$0.02330 per kWh in October 2017 to a high of \$0.02748 per kWh in January 2017, with an average cost billed for the period of \$0.02441 per kWh. Based upon its review, the Commission finds LG&E's proposal to maintain its base period fuel cost at \$0.02428 per kWh should be approved.

IT IS THEREFORE ORDERED that:

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<sup>1</sup> LG&E last made a change to the fuel cost included in base rates in Case No. 2017-00004, *Electronic Examination of The Application of The Fuel Adjustment Clause of Louisville Gas & Electric Company From November 1, 2014 Through October 31, 2016* (KY. PSC July 31, 2017).

<sup>2</sup> LG&E's response to Commission Staff First Request for Information, Item 22.

1. During the period under review, LG&E has complied with the provisions of 807 KAR 5:056.

2. The charges and credits applied by LG&E through the FAC for the period from November 1, 2016, through October 31, 2018, are approved.

3. LG&E's continued use of the existing base fuel cost of \$0.02428 per kWh is approved

4. This case is closed and removed from the Commission's docket.

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By the Commission

ENTERED  
DEC 26 2019  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

Case No. 2019-00005

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