

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION OF THE)	
APPLICATION OF THE FUEL ADJUSTMENT)	CASE NO.
CLAUSE OF DUKE ENERGY KENTUCKY, INC.)	2019-00230
FROM NOVEMBER 1, 2018 THROUGH APRIL 30,)	
2019)	

ORDER

Pursuant to 807 KAR 5:056, the Commission established this case on August 12, 2019, to review and evaluate the operation of the Fuel Adjustment Clause (FAC) of Duke Energy Kentucky, Inc. (Duke Kentucky) for the six months that ended on April 30, 2019. As part of this review, Duke Kentucky responded to a request for information. The Commission scheduled a formal hearing in this matter for October 15, 2019, but canceled the hearing after finding that, pursuant to 807 KAR 5:056 Section 3(4)(b), a hearing in this matter was not necessary to protect a substantial interest nor otherwise in the public interest.

A review of Duke Kentucky's monthly FAC filings shows that the fuel cost billed for the six months under review ranged from a low of \$0.023649 per kWh in January 2019 to a high of \$0.031091 per kWh in April 2019 with a six-month average of \$0.026452 per kWh.

GreenHat Default

Pursuant to 807 KAR 5:056, the Commission established a case to review and evaluate the operation of Duke Kentucky's FAC from November 1, 2016, through October

31, 2018.¹ As a member of PJM Interconnection, LLC (PJM) Duke Kentucky has been subjected to the costs associated with GreenHat Energy, LLC (GreenHat) upon its June 21, 2018, default in the PJM Financial Transmission Rights auction market. The Commission found that Duke Kentucky had been applying charges through its monthly FAC rates related to the liquidated GreenHat positions since July 2018. In its final Order in Case No. 2019-00006, the Commission found that PJM Billing Line Item 1999 was not approved by the Commission for recovery through Duke Kentucky's monthly FAC rates.² The Commission ordered Duke Kentucky to refund the charges passed through its monthly FAC rate accrued during the two years under review, related to the GreenHat default, billed to Duke Kentucky through PJM billing line item 1999.

Additional discovery was issued in the final Order in Case No. 2019-00006 to determine the total charges associated with the GreenHat default in PJM Billing Line Item 1999 that Duke Kentucky passed through the FAC for each expense month beginning with November 2018. In Duke Kentucky's response the GreenHat amount included in the FAC through November 2019 is \$159,257.96. Duke Kentucky has since ceased passing PJM Billing Line Item 1999 related charges through its monthly FAC since its November 2019 expense month.³ The Commission finds that Duke Kentucky should credit back to the customer an amount equal to the \$159,257.96 charged under PJM Billing Line Item

¹ See Case No. 2019-00006, *Electronic Examination of The Application of The Fuel Adjustment Clause of Duke Energy Kentucky, Inc. From November 1, 2016 Through October 31, 2018* (Ky. PSC Dec. 26, 2019).

² *Id.* at 4.

³ Duke Kentucky's response to the Commission's request for information, included in the final Order appendix, filed in post case correspondence for Case No. 2019-00006, *Electronic Examination of The Application of The Fuel Adjustment Clause of Duke Energy Kentucky, Inc. From November 1, 2016 Through October 31, 2018* (filed Jan. 15, 2020).

1999 that has been passed through the FAC. In order to lower the volatility that might result from crediting the charge all at once, Duke Kentucky should spread the credit across three months. Beginning with the expense month for May 2020, Duke Kentucky should credit an amount equal to \$53,085.99 for three months until August 2020.

Should Duke Kentucky want to recover fuel-related costs such as the GreenHat default costs that are not passed through the FAC tariff via listed PJM billing line items, it has a number of options such as seeking recovery through base rates in a base rate case or requesting to update its FAC Tariff in a base rate case.

Excluding the GreenHat default charges associated with PJM Billing Line Item 1999, 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:

1. The charges and credits billed by Duke Kentucky through its FAC for November 1, 2018, through April 30, 2019, except for costs related to the GreenHat default, are approved.
2. Beginning with the expense month for May 2020, Duke Kentucky should credit an amount equal to \$53,085.99 for three months until August 2020.
3. This case is closed and removed from the Commission's docket.

By the Commission

ENTERED
FEB 04 2020
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



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