

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF)	
THE FUEL ADJUSTMENT CLAUSE OF DUKE)	CASE NO.
ENERGY KENTUCKY, INC. FROM NOVEMBER)	2014-00229
1, 2013 THROUGH APRIL 30, 2014)	

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 paper copy and an electronic copy of the following information, with a copy to all parties of record. The information requested herein is due no later than October 20, 2014. 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.

1. Refer to Duke Kentucky's response to Item 1.b.(3) of Commission Staff's Second Request for Information ("Staff's Second Request"). The response states, "Please see Confidential table below for a summary of the difference in fuel costs that would have been recovered through the fuel adjustment clause ("FAC") had the commitments in the financially binding day-ahead market not been modeled." It is unclear whether the table that appears in the response is complete. Duke Kentucky did not file a motion requesting confidentiality, nor did it file a version for which it requested confidentiality.

a. State whether the table that appears in the response is complete.

b. Explain what the amounts in the column represent. For example, state whether the \$236 shown for April 2013 means that \$236 more dollars were allocated to native load fuel costs than would have been allocated to native load fuel costs if the commitment in the day-ahead market to non-native load was ignored.

2. Refer to Duke Kentucky's response to Item 2 of Staff's Second Request.

a. Refer to the response to 2.e. In the response Duke Kentucky acknowledges that “[t]he guidance provided by the Commission indicates that the cost of purchased power is limited to the fuel cost of the utility’s highest cost of generation available to be dispatched” [emphasis added], but that “[t]he displaced higher cost of generation could be virtually any generating unit in the PJM market; including the Company’s and consequently, all MWhs purchased either for planned outages or when not experiencing a planned outage but are made to meet load, should be eligible for recovery and not limited by that provision.”

(1) Has the Commission, through issuance of an Order, determined that Duke Kentucky’s owned highest-cost generation unit should not be used as the limit for recovery through the FAC? If so, provide the case number and date of the Order. If not, explain the basis for Duke Kentucky’s decision to not use its own highest-cost generation unit as the limit for recovery through the FAC.

(2) Explain whether Duke Kentucky believes that the FAC regulation should be applied to utilities that are members of a regional transmission organization (“RTO”) in a manner other than how it is applied to those that are not members of an RTO.

b. Refer to the response to Item 2.f. Duke Kentucky did not provide the dollar amount of power purchases that would have been included in the calculation of the FAC if recovery of power purchases made during a planned outage had been limited to the cost of Duke Kentucky’s highest-cost generating unit available. Duke Kentucky stated that “it is impossible to determine which of the Company’s units, at any given hour, would have been the highest cost in PJM” Provide the information

requested based on the fuel costs of Duke Kentucky's highest-cost generating unit that was available to be dispatched during the month.

c. Refer to the response to Item 2.g. Duke Kentucky did not provide the dollar amount of power purchases that would have been included in the calculation of the FAC if recovery of power purchases made to meet load when Duke Kentucky is not experiencing an outage had been limited to the cost of Duke Kentucky's highest-cost generating unit available. Duke Kentucky stated that "it is impossible to determine which of the Company's units, at any given hour, would have been the highest cost in PJM" Provide the information requested based on the fuel costs of Duke Kentucky's highest-cost generating unit that was available to be dispatched during the month.



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DATED OCT 10 2014

cc: Parties of Record

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