

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY	)	
INC. FOR AN ADJUSTMENT TO RIDER ASRP	)	CASE NO.
RATES AND FOR TARIFF APPROVAL	)	2016-00228

ORDER

On July 1, 2016, Duke Energy Kentucky, Inc. ("Duke Kentucky") submitted an application requesting to establish January 2017 rates for its Accelerated Service Line Replacement Program ("ASRP") effective August 1, 2016, pursuant to the Commission's Order in Case No. 2015-00210, which approved the ASRP and associated rates.<sup>1</sup> On July 22, 2016, the Commission issued an Order suspending Duke Kentucky's proposed rates for five months from August 1, 2016, up to and including December 31, 2016, and establishing a procedural schedule for the processing of this case. Duke Kentucky responded to two Commission Staff Requests for Information and participated in a September 12, 2016 Informal Conference with Commission Staff and the Attorney General of the Commonwealth of Kentucky, by and through his Office of Utility and Rate Intervention ("AG").<sup>2</sup> On

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<sup>1</sup> Case No. 2015-00210, *Application of Duke Energy Kentucky, Inc., for a Certificate of Public Convenience and Necessity Authorizing the Implementation of an Accelerated Service Line Replacement Program, Approval of Ownership of Service Lines, and a Gas Pipeline Replacement Surcharge* (Ky. PSC Feb. 2, 2016).

<sup>2</sup> The AG requested intervention in this proceeding by motion filed September 12, 2016. On September 22, 2016, the Commission issued an Order holding the AG's motion in abeyance for ten days to allow the AG to show good cause for requesting intervention past the July 27, 2016 deadline established in the July 22, 2016 Order for intervention requests. The AG did not file a response to the Commission's Order.

September 20, 2016, Duke Kentucky provided revised Exhibits and rates as a supplement to Commission Staff's First Request for Information ("Staff's First Request"). On October 18, 2016, the Commission issued an Order amending the July 22, 2016 procedural schedule to provide for further discovery on Duke Kentucky. On November 18, 2016, Duke Kentucky filed a letter into the record of the proceeding indicating it did not believe there is a need for a hearing in this matter and that the case can be submitted based on the existing evidentiary record. The matter therefore now stands submitted to the Commission for a decision.

During the course of this proceeding, as a result of experience gained while performing field reconnaissance, Duke Kentucky reduced the total projected cost of its ASRP as presented in Case No. 2015-00210 from \$50 million to a range of \$34 million to \$38 million. The reduction in expected cost is based on Duke Kentucky's finding that only 70 to 80 percent of the original projected 10,000 ASRP services will likely need to be replaced, resulting in an adjusted per renewal cost of \$3,500, as compared to the original estimated renewal cost of \$5,000.<sup>3</sup>

Duke Kentucky proposes a current year ASRP revenue requirement of \$915,257. The ASRP revenue requirement reflects Duke Kentucky's downward revision to 2017 net ASRP investment, an acceleration of replacements for qualifying customer-owned curb-to-meter services to minimize impact to customers and communities,<sup>4</sup> and revisions to operating expenses based on Duke Kentucky's actual experience.

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<sup>3</sup> Response to Commission Staff's Second Request for Information, Item 1.

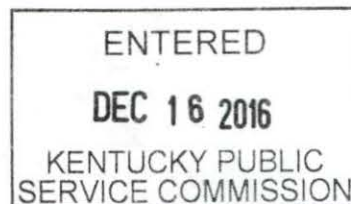
<sup>4</sup> Supplemental response to Staff's First Request, Item 3, filed September 20, 2016.

Having reviewed the evidence of record and being otherwise sufficiently advised, the Commission finds that the information contained in Duke Kentucky's filing, along with its responses to Staff's requests for information, is in sufficient detail to support the reasonableness of its proposed ASRP adjustment.

IT IS HEREBY ORDERED that:

1. The ASRP rates proposed by Duke Kentucky in its application are denied.
2. The ASRP rates in the Appendix to this Order are approved effective for Duke Kentucky's first January 2017 billing cycle.
3. Within 20 days of the date of this Order, Duke Kentucky shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:

  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2016-00228 DATED **DEC 16 2016**

The following rates and charges are prescribed for the customers in the area served by Duke Energy Kentucky, Inc. for the revenue month beginning January 2017. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Accelerated Service Line Replacement Program Rider Rates:

Rate RS, Residential Service	\$ .78/month
GS, General Service	\$ .77/month
DGS, Distributed Generation Service	\$ .00020/Ccf
FT-L, Firm Transportation Service – Large	\$ .00020/Ccf
IT, Interruptible Transportation Service	\$ .00019/Ccf
SSIT, Spark Spread Interruptible Transportation Rate	\$ .00019/Ccf

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