



FA Whelan

139 East Fourth Street
P.O. Box 960
Cincinnati, Ohio 45201-0960
Tel: 513-287-2373
Fax: 513-287-2473
Kelly.Bergl@duke-energy.com

Kelly Berg
Lead Rates Analyst

VIA OVERNIGHT DELIVERY

RECEIVED

February 20, 2014

FEB 21 2014

Mr. Jeff Derouen, Executive Director
Attention: Chris Whelan

PUBLIC SERVICE
COMMISSION

Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Dear Mr. Derouen and Ms. Whelan:

In compliance with KAR 807 5:056, enclosed for filing are the fuel adjustment clause schedules with supporting sales and fuel cost schedules supporting Duke Energy Kentucky's fuel adjustment factor applicable to billings for retail sales in March 2014.

Please note on Schedule 2 of the filing that Duke Energy Kentucky is incorporating a modification to the calculation of the Rider FAC rate to mitigate the impact of the increased cost of fuel due to the prolonged period of extreme cold. The Company will spread out the incremental impact over a six-month period beginning in March 2014 and ending August 2014. Also, the Company has discovered an error in its calculation/modeling methodology in the after the fact costing model for economy purchased power. Previously, the Company was using the Day Ahead/ Real Time blended locational marginal price (LMP) for its generation modeling but mistakenly only used the Real Time LMP for its load modeling. The Company for the current month and going forward will use Day Ahead /Real Time blended locational marginal price (LMP) for both generation and load modeling. This modeling change will better simulate the actual PJM settlement process. The Company will describe in more detail the methodology change when the supplemental information is filed for the expense month of January 2014.

Please contact me if you have any questions.

Sincerely,

Lisa D. Steinkuhl

Enclosure

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Schedule 1
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RE FEB 21 2014

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FEB COMMISSION

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COMMISSION

DUKE ENERGY KENTUCKY
FUEL ADJUSTMENT CLAUSE SCHEDULE

Expense Month: January 2014

Line No.	Description	Amount	Rate (¢/kWh)
1	Fuel F_m (Schedule 2, Line J)	\$14,477,532.27	
2	Sales S_m (Schedule 3, Line C) ÷	406,416,960	3.5622
3	Base Fuel Rate (F_b/S_b) per PSC Order in Case No. 2012-00554	(-)	2.7466
4	Fuel Adjustment Clause Rate (Line 2 - Line 3)		0.8156

Effective Date for Billing: March 3, 2014

Submitted by: *Kelly B. B...*

Title: Lead Rates Analyst

Date Submitted: February 20, 2014

**DUKE ENERGY KENTUCKY
FUEL COST SCHEDULE**

Expense Month: January 2014

		<u>Dollars (\$)</u>
A. Company Generation		
Coal Burned	(+)	8,826,113.56
Oil Burned	(+)	-
Gas Burned	(+)	5,655,165.68
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	935,443.86
Fuel (assigned cost during Forced Outage ^(a))	(+)	1,812,870.29
Fuel (substitute cost during Forced Outage ^(a))	(-)	1,044,871.99
Sub-Total		<u>\$14,313,833.68</u>
B. Purchases		
Economy Purchases	(+)	\$13,160,025.82
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	7,544,132.06
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$5,615,893.76</u>
C. Non-Native Sales Fuel Costs		<u>2,184,288.61</u>
D. Total Fuel Costs (A + B - C)	(+)	\$17,745,438.84 ^(b)
E. Total Company Over or (Under) Recovery from Schedule 5, Line 14	(-)	(\$8,191.44)
F. Adjustment indicating the difference in actual fuel cost for the month of December 2013 and the estimated cost originally reported		
reported \$9,958,517.26 - \$9,896,438.89	(+)	\$62,078.37
(actual) (estimate)		
G. RTO Resettlements for prior periods from Schedule 6, Line G	(+)	(\$4,843.04)
H. Deferral of Current Purchased Power Costs	(-)	\$4,000,000.00
I. Amount of January Deferred Purchased Power Costs included in the filing	(+)	\$666,666.67
J. Grand Total Fuel Cost (D - E + F + G - H + I)		<u>\$14,477,532.27</u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

^(b) Estimated - to be trued up in the filing next month

**DUKE ENERGY KENTUCKY
SALES SCHEDULE**

Expense Month: January 2014

		<u>Kilowatt-Hours Current Month</u>
A. Generation (Net)	(+)	357,612,000
<u>Purchases Including Interchange-In</u>	(+)	<u>96,117,860</u>
Sub-Total		<u>453,729,860</u>
 B. Pumped Storage Energy	(+)	-
Non-Native Sales Including Interchange Out	(+)	15,780,550
<u>System Losses (437,949,310 KWH times 7.2%^(a))</u>	(+)	<u>31,532,350</u>
Sub-Total		<u>47,312,900</u>
 C. Total Sales (A - B)		<u><u>406,416,960</u></u>

Note: ^(a) Average of prior 12 months.

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**DUKE ENERGY KENTUCKY
FINAL FUEL COST SCHEDULE**

Expense Month: December 2013

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COMMISSION**

		<u>Dollars (\$)</u>
A. Company Generation		
Coal Burned	(+)	\$7,622,046.05
Oil Burned	(+)	311,575.00
Gas Burned	(+)	\$76,504.74
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	251,229.64
Fuel (assigned cost during Forced Outage ^(a))	(+)	2,598,851.09
Fuel (substitute cost during Forced Outage ^(a))	(-)	428,224.57
Sub-Total		<u>\$9,929,522.67</u>
B. Purchases		
Economy Purchases	(+)	\$3,240,288.45
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	2,703,380.44
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$536,908.01</u>
C. Non-Native Sales Fuel Costs		\$ 507,913.42
D. Total Fuel Costs (A + B - C)		<u>\$9,958,517.26</u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

**DUKE ENERGY KENTUCKY
OVER OR (UNDER) RECOVERY SCHEDULE**

Expense Month: November 2013

Line No.	Description		
1	FAC Rate Billed (ϕ /kWh)	(+)	(0.0116)
2	Retail kWh Billed at Above Rate	(x)	<u>383,971,088</u>
3	FAC Revenue/(Refund) (Line 1 * Line 2)		<u>(\$44,540.65)</u>
4	kWh Used to Determine Last FAC Rate Billed	(+)	313,355,288
5	Non-Jurisdictional kWh included in Line 4	(-)	<u>-</u>
6	Kentucky Jurisdictional kWh Included in Line 4 (Line 4- Line 5)		<u>313,355,288</u>
7	Recoverable FAC Revenue/(Refund) (Line 1 * Line 6)		(\$36,349.21)
8	Over or (Under) (Line 3 - Line 7)		(\$8,191.44)
9	Total Sales (Schedule 3 Line C)	(-)	406,416,960
10	Kentucky Jurisdictional Sales	(+)	<u>406,416,960</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (Line 9 ÷ Line 10)		1.00000
12	Total Company Over or (Under) Recovery (Line 8 * Line 11)	(+)	(\$8,191.44)
13	Amount Over or (Under) Recovered in prior filings	(-)	\$0.00
14	Total Company Over or (Under) Recovery		<u><u>(\$8,191.44)</u></u>

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**DUKE ENERGY KENTUCKY
REGIONAL TRANSMISSION ORGANIZATION RESETTLEMENTS
FUEL COST SCHEDULE**

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Expense Month:	September 2013
	<u>Dollars (\$)</u>
A. Company Generation	
Coal Burned	(+)
Oil Burned	(+)
Gas Burned	(+)
PJM Balancing & Day Ahead Operating Reserve Credit	(-)
Fuel (assigned cost during Forced Outage ^(a))	(+)
Fuel (substitute cost during Forced Outage ^(a))	(-)
Sub-Total	\$9,121,420.11
B. Purchases	
Economy Purchases	(+)
Other Purchases	(+)
Other Purchases (substitute for Forced Outage ^(a))	(-)
Less purchases above highest cost units	(-)
Sub-Total	\$968,901.02
C. Non-Native Sales Fuel Costs	\$586,114.10
D. Total Fuel Costs (A + B - C)	\$9,504,207.03
E. Total Fuel Costs Previously Reported	\$9,509,050.07
F. Prior Period Adjustment	-
G. Adjustment due to MISO Resettlements	(\$4,843.04)

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.



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VIA OVERNIGHT DELIVERY

March 20, 2014

Mr. Jeff Derouen, Executive Director
Attention: Chris Whelan

Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

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MAR 21 2014

PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen and Ms. Whelan:

In compliance with KAR 807 5:056, enclosed for filing are the fuel adjustment clause schedules with supporting sales and fuel cost schedules supporting Duke Energy Kentucky's fuel adjustment factor applicable to billings for retail sales in April 2014.

Please contact me if you have any questions.

Sincerely,

Kelly B. Berg

Enclosure

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**DUKE ENERGY KENTUCKY
FUEL ADJUSTMENT CLAUSE SCHEDULE**

Expense Month: February 2014

Line No.	Description	Amount	Rate (¢/kWh)
1	Fuel F_m (Schedule 2, Line J)	\$10,936,792.64	
2	Sales S_m (Schedule 3, Line C)	+ 344,605,900	3.1737
3	Base Fuel Rate (F_b/S_b) per PSC Order in Case No. 2012-00554	(-)	<u>2.7466</u>
4	Fuel Adjustment Clause Rate (Line 2 - Line 3)		<u><u>0.4271</u></u>

Effective Date for Billing: April 1, 2014

Submitted by: *Kelly B. Benz*

Title: Lead Rates Analyst

Date Submitted: March 20, 2014

**DUKE ENERGY KENTUCKY
FUEL COST SCHEDULE**

Expense Month: February 2014

		<u>Dollars (\$)</u>						
A. Company Generation								
Coal Burned	(+)	7,667,836.02						
Oil Burned	(+)	-						
Gas Burned	(+)	186,694.05						
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	116,368.47						
Fuel (assigned cost during Forced Outage ^(a))	(+)	1,444,162.77						
Fuel (substitute cost during Forced Outage ^(a))	(-)	132,810.71						
Sub-Total		\$9,049,513.66						
B. Purchases								
Economy Purchases	(+)	\$5,048,769.16						
Other Purchases	(+)	-						
Other Purchases (substitute for Forced Outage ^(a))	(-)	3,356,085.73						
Less purchases above highest cost units	(-)	-						
Sub-Total		\$1,692,683.43						
C. Non-Native Sales Fuel Costs								
		457,884.73						
D. Total Fuel Costs (A + B - C)	(+)	\$10,284,312.36 ^(b)						
E. Total Company Over or (Under) Recovery from Schedule 5, Line 14	(-)	\$14,550.67						
F. Adjustment indicating the difference in actual fuel cost for the month of January 2014 and the estimated cost originally reported								
<table style="display: inline-table; border: none;"> <tr> <td style="padding-right: 10px;">\$17,740,941.06</td> <td style="padding-right: 10px;">-</td> <td>\$17,745,438.84</td> </tr> <tr> <td style="padding-right: 10px;">(actual)</td> <td></td> <td>(estimate)</td> </tr> </table>	\$17,740,941.06	-	\$17,745,438.84	(actual)		(estimate)	(+)	(\$4,497.77)
\$17,740,941.06	-	\$17,745,438.84						
(actual)		(estimate)						
G. RTO Resettlements for prior periods from Schedule 6, Line G	(+)	\$4,862.05						
H. Deferral of Current Purchased Power Costs	(-)	\$0.00						
I. Amount of January Deferred Purchased Power Costs included in the filing	(+)	\$666,666.67						
J. Grand Total Fuel Cost (D - E + F + G - H + I)		\$10,936,792.64						

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

^(b) Estimated - to be trued up in the filing next month

**DUKE ENERGY KENTUCKY
SALES SCHEDULE**

Expense Month: February 2014

		<u>Kilowatt-Hours Current Month</u>
A. Generation (Net)	(+)	321,566,000
<u>Purchases Including Interchange-In</u>	(+)	<u>67,900,710</u>
Sub-Total		<u>389,466,710</u>
 B. Pumped Storage Energy	(+)	-
Non-Native Sales Including Interchange Out	(+)	17,322,110
<u> System Losses (372,144,600 KWH times 7.4%^(a))</u>	(+)	<u>27,538,700</u>
Sub-Total		<u>44,860,810</u>
 C. Total Sales (A - B)		<u><u>344,605,900</u></u>

Note: ^(a) Average of prior 12 months.

**DUKE ENERGY KENTUCKY
FINAL FUEL COST SCHEDULE**

Expense Month: January 2014

		<u>Dollars (\$)</u>
A. Company Generation		
Coal Burned	(+)	\$8,553,615.03
Oil Burned	(+)	272,504.00
Gas Burned	(+)	\$5,655,166.93
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	1,037,707.10
Fuel (assigned cost during Forced Outage ^(a))	(+)	1,812,869.55
Fuel (substitute cost during Forced Outage ^(a))	(-)	1,110,816.25
Sub-Total		<u>\$14,145,632.16</u>
B. Purchases		
Economy Purchases	(+)	\$13,308,495.46
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	7,542,925.71
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$5,765,569.75</u>
C. Non-Native Sales Fuel Costs		\$ 2,170,260.85
D. Total Fuel Costs (A + B - C)		<u>\$17,740,941.06</u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

**DUKE ENERGY KENTUCKY
OVER OR (UNDER) RECOVERY SCHEDULE**

Expense Month: December 2013

Line No.	Description		
1	FAC Rate Billed (ϕ /kWh)	(+)	0.0724
2	Retail kWh Billed at Above Rate	(x)	<u>374,462,752</u>
3	FAC Revenue/(Refund) (Line 1 * Line 2)		<u>\$271,111.03</u>
4	kWh Used to Determine Last FAC Rate Billed	(+)	354,365,133
5	Non-Jurisdictional kWh included in Line 4	(-)	<u>-</u>
6	Kentucky Jurisdictional kWh Included in Line 4 (Line 4- Line 5)		<u>354,365,133</u>
7	Recoverable FAC Revenue/(Refund) (Line 1 * Line 6)		\$256,560.36
8	Over or (Under) (Line 3 - Line 7)		\$14,550.67
9	Total Sales (Schedule 3 Line C)	(-)	344,605,900
10	Kentucky Jurisdictional Sales	(+)	<u>344,605,900</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (Line 9 ÷ Line 10)		1.00000
12	Total Company Over or (Under) Recovery (Line 8 * Line 11)	(+)	\$14,550.67
13	Amount Over or (Under) Recovered in prior filings	(-)	\$0.00
14	Total Company Over or (Under) Recovery		<u><u>\$14,550.67</u></u>

**DUKE ENERGY KENTUCKY
REGIONAL TRANSMISSION ORGANIZATION RESETTLEMENTS
FUEL COST SCHEDULE**

Expense Month:		October 2013 <u>Dollars (\$)</u>
A. Company Generation		
Coal Burned	(+)	\$9,416,687.39
Oil Burned	(+)	83,518.00
Gas Burned	(+)	\$67,743.09
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	-
Fuel (assigned cost during Forced Outage ^(a))	(+)	226,224.46
Fuel (substitute cost during Forced Outage ^(a))	(-)	11,141.52
Sub-Total		<u>\$9,783,031.42</u>
B. Purchases		
Economy Purchases	(+)	455,274.38
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	351,653.63
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$103,620.75</u>
C. Non-Native Sales Fuel Costs		\$1,675,347.00
D. Total Fuel Costs (A + B - C)		<u>\$8,211,305.17</u>
E. Total Fuel Costs Previously Reported		\$8,206,443.12
F. Prior Period Adjustment		-
G. Adjustment due to MISO Resettlements		<u>\$4,862.05</u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.



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Kelly Berg
Lead Rates Analyst

VIA OVERNIGHT DELIVERY

RECEIVED

April 17, 2014

APR 18 2014

Mr. Jeff Derouen, Executive Director
Attention: Chris Whelan

PUBLIC SERVICE
COMMISSION

Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Dear Mr. Derouen and Ms. Whelan:

In compliance with KAR 807 5:056, enclosed for filing are the fuel adjustment clause schedules with supporting sales and fuel cost schedules supporting Duke Energy Kentucky's fuel adjustment factor applicable to billings for retail sales in May 2014.

Please note on Schedule 2 of the filing that we are incorporating a modification to the calculation of the Rider FAC rate to mitigate the impact of the cost of replacement power purchased as a result of a planned outage at the Company's East Bend generating station. The Company will spread the rate increase over a six-month period beginning in May 2014 and ending October 2014.

Please contact me if you have any questions.

Sincerely,

Kelly B. Berg

Enclosure

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**DUKE ENERGY KENTUCKY
FUEL ADJUSTMENT CLAUSE SCHEDULE**

Expense Month: March 2014

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Rate (¢/kWh)</u>
1	Fuel F_m (Schedule 2, Line J)	\$11,725,878.08	
2	Sales S_m (Schedule 3, Line C)	÷ 333,574,062	3.5152
3	Base Fuel Rate (F_b/S_b) per PSC Order in Case No. 2012-00554		(-) <u>2.7466</u>
4	Fuel Adjustment Clause Rate (Line 2 - Line 3)		<u><u>0.7686</u></u>

Effective Date for Billing: May 1, 2014

Submitted by: *Guliy B. Berg*

Title: Lead Rates Analyst

Date Submitted: April 17, 2014

**DUKE ENERGY KENTUCKY
FUEL COST SCHEDULE**

Expense Month: March 2014

		<u>Dollars (\$)</u>
A. Company Generation		
Coal Burned	(+)	3,076,077.63
Oil Burned	(+)	-
Gas Burned	(+)	12,134.48
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	55,744.50
Fuel (assigned cost during Forced Outage ^(a))	(+)	877,741.92
Fuel (substitute cost during Forced Outage ^(a))	(-)	27,394.18
Sub-Total		<u>\$3,882,815.35</u>
B. Purchases		
Economy Purchases	(+)	\$12,469,344.40
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	2,919,883.66
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$9,549,460.74</u>
C. Non-Native Sales Fuel Costs		<u>5,785.74</u>
D. Total Fuel Costs (A + B - C)	(+)	\$13,426,490.35 ^(b)
E. Total Company Over or (Under) Recovery from Schedule 5, Line 14	(-)	(\$544,827.34)
F. Adjustment indicating the difference in actual fuel cost for the month of February 2014 and the estimated cost originally reported		
reported \$10,267,367.89 - \$10,284,312.36	(+)	(\$16,944.47)
(actual) (estimate)		
G. RTO Resettlements for prior periods from Schedule 6, Line G	(+)	\$21,505.19
H. Deferral of Current Purchased Power Costs	(-)	\$3,500,000.00
I. Amount of January Deferred Purchased Power Costs included in the filing	(+)	\$666,666.67
J. Amount of March Deferred Purchased Power Costs included in the filing	(+)	\$583,333.00
K. Grand Total Fuel Cost (D - E + F + G - H + I + J)		<u><u>\$11,725,878.08</u></u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

^(b) Estimated - to be trued up in the filing next month

**DUKE ENERGY KENTUCKY
SALES SCHEDULE**

Expense Month: March 2014

		<u>Kilowatt-Hours Current Month</u>
A. Generation (Net)	(+)	133,419,000
<u>Purchases Including Interchange-In</u>	(+)	<u>227,840,030</u>
Sub-Total		<u>361,259,030</u>
 B. Pumped Storage Energy	(+)	-
Non-Native Sales Including Interchange Out	(+)	248,140
<u>System Losses (361,010,890 KWH times 7.6%^(a))</u>	(+)	<u>27,436,828</u>
Sub-Total		<u>27,684,968</u>
 C. Total Sales (A - B)		<u><u>333,574,062</u></u>

Note: ^(a) Average of prior 12 months.

**DUKE ENERGY KENTUCKY
FINAL FUEL COST SCHEDULE**

Expense Month: February 2014

		<u>Dollars (\$)</u>
A. Company Generation		
Coal Burned	(+)	\$7,452,079.95
Oil Burned	(+)	215,758.00
Gas Burned	(+)	\$186,694.21
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	203,026.88
Fuel (assigned cost during Forced Outage ^(a))	(+)	1,445,585.22
Fuel (substitute cost during Forced Outage ^(a))	(-)	122,348.12
Sub-Total		<u>\$8,974,742.38</u>
B. Purchases		
Economy Purchases	(+)	\$5,061,278.82
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	3,358,059.25
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$1,703,219.57</u>
C. Non-Native Sales Fuel Costs		\$ 410,594.06
D. Total Fuel Costs (A + B - C)		<u>\$10,267,367.89</u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

**DUKE ENERGY KENTUCKY
OVER OR (UNDER) RECOVERY SCHEDULE**

Expense Month: January 2014

Line No.	Description		
1	FAC Rate Billed (¢/kWh)	(+)	0.8156
2	Retail kWh Billed at Above Rate	(x)	<u>339,616,159</u>
3	FAC Revenue/(Refund) (Line 1 * Line 2)		<u>\$2,769,909.39</u>
4	kWh Used to Determine Last FAC Rate Billed	(+)	406,416,960
5	Non-Jurisdictional kWh included in Line 4	(-)	<u>-</u>
6	Kentucky Jurisdictional kWh Included in Line 4 (Line 4- Line 5)		<u>406,416,960</u>
7	Recoverable FAC Revenue/(Refund) (Line 1 * Line 6)		\$3,314,736.73
8	Over or (Under) (Line 3 - Line 7)		(\$544,827.34)
9	Total Sales (Schedule 3 Line C)	(-)	333,574,062
10	Kentucky Jurisdictional Sales	(+)	<u>333,574,062</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (Line 9 ÷ Line 10)		1.00000
12	Total Company Over or (Under) Recovery (Line 8 * Line 11)	(+)	(\$544,827.34)
13	Amount Over or (Under) Recovered in prior filings	(-)	\$0.00
14	Total Company Over or (Under) Recovery		<u><u>(\$544,827.34)</u></u>

**DUKE ENERGY KENTUCKY
REGIONAL TRANSMISSION ORGANIZATION RESETTLEMENTS
FUEL COST SCHEDULE**

Expense Month:		November 2013 <u>Dollars (\$)</u>
A. Company Generation		
Coal Burned	(+)	\$8,033,337.01
Oil Burned	(+)	231,198.00
Gas Burned	(+)	\$405.27
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	13,247.88
Fuel (assigned cost during Forced Outage ^(a))	(+)	1,255,154.62
Fuel (substitute cost during Forced Outage ^(a))	(-)	197,009.96
Sub-Total		<u>\$9,309,837.06</u>
B. Purchases		
Economy Purchases	(+)	1,491,756.04
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	1,437,999.49
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$53,756.55</u>
C. Non-Native Sales Fuel Costs		\$782,406.38
D. Total Fuel Costs (A + B - C)		<u>\$8,581,187.23</u>
E. Total Fuel Costs Previously Reported		\$8,559,682.04
F. Prior Period Adjustment		-
G. Adjustment due to MISO Resettlements		<u>\$21,505.19</u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.



FA Whelan

139 East Fourth Street
P.O. Box 960
Cincinnati, Ohio 45201-0960
Tel: 513-287-2373
Fax: 513-287-2473
Kelly.Berg@duke-energy.com

Kelly Berg
Lead Rates Analyst

VIA OVERNIGHT DELIVERY

May 22, 2014

Mr. Jeff Derouen, Executive Director
Attention: Chris Whelan

Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

MAY 23 2014

PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen and Ms. Whelan:

In compliance with KAR 807 5:056, enclosed for filing are the fuel adjustment clause schedules with supporting sales and fuel cost schedules supporting Duke Energy Kentucky's fuel adjustment factor applicable to billings for retail sales in June 2014.

Please note on Schedule 2 of the filing that we are incorporating a modification to the calculation of the Rider FAC rate to mitigate the impact of the cost of replacement power purchased as a result of a planned outage at the Company's East Bend generating station. The Company will spread the rate increase over a six-month period beginning in June 2014 and ending November 2014.

Please note on Schedule 7 of the filing a correction for the month of January and February 2014. The correction was needed because the original gas expense was recorded incorrectly.

Please contact me if you have any questions.

Sincerely,

Kelly B. Berg

Enclosure

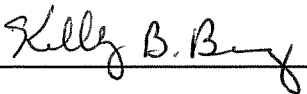
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MAY 27 2014
FINANCIAL ANA

DUKE ENERGY KENTUCKY
 FUEL ADJUSTMENT CLAUSE SCHEDULE

Expense Month: April 2014

Line No.	Description	Amount	Rate (¢/kWh)
1	Fuel F_m (Schedule 2, Line L)	\$9,956,327.97	
2	Sales S_m (Schedule 3, Line C) ÷	282,024,762	3.5303
3	Base Fuel Rate (F_b/S_b) per PSC Order in Case No. 2012-00554	(-)	<u>2.7466</u>
4	Fuel Adjustment Clause Rate (Line 2 - Line 3)		<u><u>0.7837</u></u>

Effective Date for Billing: June 2, 2014

Submitted by: 

Title: Lead Rates Analyst

Date Submitted: May 22, 2014

**DUKE ENERGY KENTUCKY
FUEL COST SCHEDULE**

Expense Month: April 2014

		<u>Dollars (\$)</u>
A. Company Generation		
Coal Burned	(+)	2,297,000.51
Oil Burned	(+)	-
Gas Burned	(+)	383.61
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	-
Fuel (assigned cost during Forced Outage ^(a))	(+)	11.11
Fuel (substitute cost during Forced Outage ^(a))	(-)	-
Sub-Total		<u>\$2,297,395.23</u>
B. Purchases		
Economy Purchases	(+)	\$7,766,996.25
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	21.89
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$7,766,974.36</u>
C. Non-Native Sales Fuel Costs		-
D. Total Fuel Costs (A + B - C)	(+)	\$10,064,369.59 ^(b)
E. Total Company Over or (Under) Recovery from Schedule 5, Line 14	(-)	(\$188,270.07)
F. Adjustment indicating the difference in actual fuel cost for the month of March 2014 and the estimated cost originally reported		
\$13,773,913.73 - \$13,426,490.35	(+)	\$347,423.38
(actual) (estimate)		
G. RTO Resettlements for prior periods from Schedule 6, Line G	(+)	\$25,882.92
H. Prior Period Correction for January and February 2014 from Schedule 7, Line I	(+)	\$413,715.68
I. Deferral of Current Purchased Power Costs	(-)	\$2,000,000.00
J. Amount of March Deferred Purchased Power Costs included in the filing	(+)	\$583,333.00
K. Amount of April Deferred Purchased Power Costs included in the filing	(+)	\$333,333.33
L. Grand Total Fuel Cost (D - E + F + G + H - I + J + K)		<u>\$9,956,327.97</u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

^(b) Estimated - to be trued up in the filing next month

**DUKE ENERGY KENTUCKY
SALES SCHEDULE**

Expense Month: April 2014

		<u>Kilowatt-Hours Current Month</u>
A. Generation (Net)	(+)	117,092,000
<u>Purchases Including Interchange-In</u>	(+)	<u>190,459,540</u>
Sub-Total		<u>307,551,540</u>
 B. Pumped Storage Energy	(+)	-
Non-Native Sales Including Interchange Out	(+)	-
<u>System Losses (37,551,540 KWH times 8.3%^(a))</u>	(+)	<u>25,526,778</u>
Sub-Total		<u>25,526,778</u>
 C. Total Sales (A - B)		<u><u>282,024,762</u></u>

Note: ^(a) Average of prior 12 months.

**DUKE ENERGY KENTUCKY
FINAL FUEL COST SCHEDULE**

Expense Month: March 2014

		<u>Dollars (\$)</u>
A. Company Generation		
Coal Burned	(+)	\$2,986,679.47
Oil Burned	(+)	89,394.00
Gas Burned	(+)	\$245,644.17
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	79,851.63
Fuel (assigned cost during Forced Outage ^(a))	(+)	877,742.09
Fuel (substitute cost during Forced Outage ^(a))	(-)	31,552.27
Sub-Total		<u>\$4,088,055.83</u>
B. Purchases		
Economy Purchases	(+)	\$12,612,267.62
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	2,920,096.69
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$9,692,170.93</u>
C. Non-Native Sales Fuel Costs		\$ 6,313.03
D. Total Fuel Costs (A + B - C)		<u>\$13,773,913.73</u>

.....

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

**DUKE ENERGY KENTUCKY
OVER OR (UNDER) RECOVERY SCHEDULE**

Expense Month: February 2014

Line No.	Description		
1	FAC Rate Billed (ϕ /kWh)	(+)	0.4271
2	Retail kWh Billed at Above Rate	(x)	<u>300,524,872</u>
3	FAC Revenue/(Refund) (Line 1 * Line 2)		<u>\$1,283,541.73</u>
4	kWh Used to Determine Last FAC Rate Billed	(+)	344,605,900
5	Non-Jurisdictional kWh included in Line 4	(-)	<u>-</u>
6	Kentucky Jurisdictional kWh Included in Line 4 (Line 4- Line 5)		<u>344,605,900</u>
7	Recoverable FAC Revenue/(Refund) (Line 1 * Line 6)		\$1,471,811.80
8	Over or (Under) (Line 3 - Line 7)		(\$188,270.07)
9	Total Sales (Schedule 3 Line C)	(-)	282,024,762
10	Kentucky Jurisdictional Sales	(+)	<u>282,024,762</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (Line 9 ÷ Line 10)		1.00000
12	Total Company Over or (Under) Recovery (Line 8 * Line 11)	(+)	(\$188,270.07)
13	Amount Over or (Under) Recovered in prior filings	(-)	\$0.00
14	Total Company Over or (Under) Recovery		<u><u>(\$188,270.07)</u></u>

**DUKE ENERGY KENTUCKY
REGIONAL TRANSMISSION ORGANIZATION RESETTLEMENTS
FUEL COST SCHEDULE**

Expense Month:		December 2013 <u>Dollars (\$)</u>
A. Company Generation		
Coal Burned	(+)	\$7,622,045.12
Oil Burned	(+)	311,575.00
Gas Burned	(+)	\$76,504.74
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	253,237.06
Fuel (assigned cost during Forced Outage ^(a))	(+)	2,599,776.60
Fuel (substitute cost during Forced Outage ^(a))	(-)	427,449.60
Sub-Total		<u>\$9,929,214.80</u>
B. Purchases		
Economy Purchases	(+)	3,248,434.85
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	2,702,013.71
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$546,421.14</u>
C. Non-Native Sales Fuel Costs		\$491,235.76
D. Total Fuel Costs (A + B - C)		<u>\$9,984,400.18</u>
E. Total Fuel Costs Previously Reported		\$9,958,517.26
F. Prior Period Adjustment		-
G. Adjustment due to MISO Resettlements		<u><u>\$25,882.92</u></u>

.....

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

**DUKE ENERGY KENTUCKY
PRIOR PERIOD CORRECTIONS
FUEL COST SCHEDULE**

Expense Month:		January 2014 <u>Dollars (\$)</u>	February 2014 <u>Dollars (\$)</u>	Total <u>Dollars (\$)</u>
A. Company Generation				
Coal Burned	(+)	\$8,553,615.03	\$7,452,079.95	
Oil Burned	(+)	272,504.00	215,758.00	
Gas Burned	(+)	\$2,114,712.66	\$197,118.86	
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	1,037,707.10	203,026.88	
Fuel (assigned cost during Forced Outage ^(a))	(+)	1,812,869.55	1,445,585.22	
Fuel (substitute cost during Forced Outage ^(a))	(-)	446,276.03	122,348.12	
Sub-Total		<u>\$11,269,718.11</u>	<u>\$8,985,167.03</u>	
B. Purchases				
Economy Purchases	(+)	13,308,495.46	5,061,278.82	
Other Purchases	(+)	-	-	
Other Purchases (substitute for Forced Outage ^(a))	(-)	7,542,925.71	3,358,059.25	
Less purchases above highest cost units	(-)	-	-	
Sub-Total		<u>\$5,765,569.75</u>	<u>\$1,703,219.57</u>	
C. Non-Native Sales Fuel Costs		\$891,054.77	\$410,594.06	
D. Total Fuel Costs (A + B - C)		<u>\$16,144,233.09</u>	<u>\$10,277,792.54</u>	
E. Total Fuel Costs Previously Reported		\$17,740,941.06	\$10,267,367.89	
F. Adjustment Due to Prior Period Correction (D - E)		<u>(\$1,596,707.97)</u>	<u>\$10,424.65</u>	
G. Original Amount January Deferral of Costs	(+)	4,000,000.00	-	
H. Amount of Deferral included in Rates for March through May	(-)	2,000,001.00	-	
I. Adjustment due to Prior Period Correction (F + G - H)		<u>\$403,291.03</u>	<u>\$10,424.65</u>	<u>\$413,715.68</u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.



139 East Fourth Street
P.O. Box 960
Cincinnati, Ohio 45201-0960
Tel: 513-287-2373
Fax: 513-287-2473
Kelly.Berg@duke-energy.com

Kelly Berg
Lead Rates Analyst

VIA OVERNIGHT DELIVERY

RECEIVED

JUN 20 2014

PUBLIC SERVICE
COMMISSION

June 19, 2014

Mr. Jeff Derouen, Executive Director
Attention: **Chris Whelan**

Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Dear Mr. Derouen and Ms. Whelan:

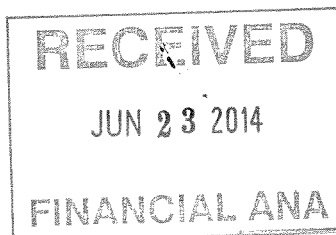
In compliance with KAR 807 5:056, enclosed for filing are the fuel adjustment clause schedules with supporting sales and fuel cost schedules supporting Duke Energy Kentucky's fuel adjustment factor applicable to billings for retail sales in July 2014.

Please note on Schedule 2 of the filing that we are incorporating a modification to the calculation of the Rider FAC rate to mitigate the impact of the cost of replacement power purchased as a result of a planned outage at the Company's East Bend generating station. At a minimum, the Company will include \$625,000 of the deferred amount over six months for the period beginning in July 2014 and ending December 2014. However if the FAC rate for a month including the monthly deferred amounts for expense month March, April and May is lower than 0.81 ¢/kWh additional amounts of the deferral will be included in the FAC calculation to the extent the FAC rate does not exceed 0.81 ¢/kWh.

Please contact me if you have any questions.

Sincerely,

Kelly B. Berg



Enclosure

**DUKE ENERGY KENTUCKY
FUEL ADJUSTMENT CLAUSE SCHEDULE**

Expense Month: May 2014

Line No.	Description	Amount	Rate (¢/kWh)
1	Fuel F_m (Schedule 2, Line L)	\$11,298,973.67	
2	Sales S_m (Schedule 3, Line C)	+ 317,731,710	3.5561
3	Base Fuel Rate (F_b/S_b) per PSC Order in Case No. 2012-00554	(-)	<u>2.7466</u>
4	Fuel Adjustment Clause Rate (Line 2 - Line 3)		<u><u>0.8095</u></u>

Effective Date for Billing:

July 1, 2014

Submitted by:

Lilly B. Benz

Title:

Lead Rates Analyst

Date Submitted:

June 19, 2014

**DUKE ENERGY KENTUCKY
FUEL COST SCHEDULE**

Expense Month: May 2014

		<u>Dollars (\$)</u>
A. Company Generation		
Coal Burned	(+)	1,758,270.15
Oil Burned	(+)	-
Gas Burned	(+)	50,933.21
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	-
Fuel (assigned cost during Forced Outage ^(a))	(+)	1,262,003.31
Fuel (substitute cost during Forced Outage ^(a))	(-)	-
Sub-Total		<u>\$3,071,206.67</u>
B. Purchases		
Economy Purchases	(+)	\$12,674,130.64
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	2,628,948.62
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$10,045,182.02</u>
C. Non-Native Sales Fuel Costs		
		-
D. Total Fuel Costs (A + B - C)	(+)	\$13,116,388.69 ^(b)
E. Total Company Over or (Under) Recovery from Schedule 5, Line 14	(-)	(\$334,244.63)
F. Adjustment indicating the difference in actual fuel cost for the month of April 2014 and the estimated cost originally reported		
\$10,136,814.41 - \$10,064,369.59	(+)	\$72,444.82
(actual) (estimate)		
G. RTO Resettlements for prior periods from Schedule 6, Line G	(+)	(\$15,770.80)
H. Deferral of Current Purchased Power Costs	(-)	\$3,750,000.00
I. Amount of March Deferred Purchased Power Costs included in the filing	(+)	\$583,333.00
J. Amount of April Deferred Purchased Power Costs included in the filing	(+)	\$333,333.33
K. Amount of May Deferred Purchased Power Costs included in the filing	(+)	\$625,000.00
L. Grand Total Fuel Cost (D - E + F + G - H + I + J + K)		<u>\$11,298,973.67</u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

^(b) Estimated - to be trued up in the filing next month

**DUKE ENERGY KENTUCKY
SALES SCHEDULE**

Expense Month: May 2014

		<u>Kilowatt-Hours Current Month</u>
A. Generation (Net)	(+)	53,089,000
<u>Purchases Including Interchange-In</u>	(+)	<u>294,158,770</u>
Sub-Total		<u>347,247,770</u>
 B. Pumped Storage Energy	(+)	-
Non-Native Sales Including Interchange Out	(+)	-
<u>System Losses (347,247,770 KWH times 8.5%^(a))</u>	(+)	<u>29,516,060</u>
Sub-Total		<u>29,516,060</u>
 C. Total Sales (A - B)		<u><u>317,731,710</u></u>

Note: ^(a) Average of prior 12 months.

**DUKE ENERGY KENTUCKY
FINAL FUEL COST SCHEDULE**

Expense Month: April 2014

		<u>Dollars (\$)</u>
A. Company Generation		
Coal Burned	(+)	\$2,293,444.08
Oil Burned	(+)	3,553.00
Gas Burned	(+)	\$383.69
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	-
Fuel (assigned cost during Forced Outage ^(a))	(+)	11.11
Fuel (substitute cost during Forced Outage ^(a))	(-)	-
Sub-Total		<u>\$2,297,391.88</u>
B. Purchases		
Economy Purchases	(+)	\$7,839,444.42
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	21.89
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$7,839,422.53</u>
C. Non-Native Sales Fuel Costs		\$ -
D. Total Fuel Costs (A + B - C)		<u>\$10,136,814.41</u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

**DUKE ENERGY KENTUCKY
OVER OR (UNDER) RECOVERY SCHEDULE**

Expense Month: March 2014

Line No.	Description		
1	FAC Rate Billed (¢/kWh)	(+)	0.7686
2	Retail kWh Billed at Above Rate	(x)	<u>290,086,600</u>
3	FAC Revenue/(Refund) (Line 1 * Line 2)		<u>\$2,229,605.61</u>
4	kWh Used to Determine Last FAC Rate Billed	(+)	333,574,062
5	Non-Jurisdictional kWh included in Line 4	(-)	<u>-</u>
6	Kentucky Jurisdictional kWh Included in Line 4 (Line 4- Line 5)		<u>333,574,062</u>
7	Recoverable FAC Revenue/(Refund) (Line 1 * Line 6)		\$2,563,850.24
8	Over or (Under) (Line 3 - Line 7)		(\$334,244.63)
9	Total Sales (Schedule 3 Line C)	(-)	317,731,710
10	Kentucky Jurisdictional Sales	(+)	<u>317,731,710</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (Line 9 ÷ Line 10)		1.00000
12	Total Company Over or (Under) Recovery (Line 8 * Line 11)	(+)	(\$334,244.63)
13	Amount Over or (Under) Recovered in prior filings	(-)	\$0.00
14	Total Company Over or (Under) Recovery		<u><u>(\$334,244.63)</u></u>

**DUKE ENERGY KENTUCKY
REGIONAL TRANSMISSION ORGANIZATION RESETTLEMENTS
FUEL COST SCHEDULE**

Expense Month:		January 2014 <u>Dollars (\$)</u>
A. Company Generation		
Coal Burned	(+)	\$8,553,615.03
Oil Burned	(+)	272,504.00
Gas Burned	(+)	\$2,114,712.65
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	1,039,243.40
Fuel (assigned cost during Forced Outage ^(a))	(+)	1,791,638.57
Fuel (substitute cost during Forced Outage ^(a))	(-)	417,550.76
Sub-Total		<u>\$11,275,676.09</u>
B. Purchases		
Economy Purchases	(+)	13,289,424.74
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	7,546,048.30
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$5,743,376.44</u>
C. Non-Native Sales Fuel Costs		\$890,590.24
D. Total Fuel Costs (A + B - C)		<u>\$16,128,462.29</u>
E. Total Fuel Costs Previously Reported		\$16,144,233.09
F. Prior Period Adjustment		-
G. Adjustment due to MISO Resettlements		<u>(\$15,770.80)</u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.



139 East Fourth Street
P.O. Box 960
Cincinnati, Ohio 45201-0960
Tel: 513-287-2373
Fax: 513-287-2473
Kelly.Berg@duke-energy.com

Kelly Berg
Lead Rates Analyst

VIA OVERNIGHT DELIVERY

RECEIVED

JUL 18 2014

**PUBLIC SERVICE
COMMISSION**

July 17, 2014

Mr. Jeff Derouen, Executive Director
Attention: Chris Whelan

Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Dear Mr. Derouen and Ms. Whelan:

In compliance with KAR 807 5:056, enclosed for filing are the fuel adjustment clause schedules with supporting sales and fuel cost schedules supporting Duke Energy Kentucky's fuel adjustment factor applicable to billings for retail sales in August 2014.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads 'Kelly B. Berg'.

Kelly B. Berg

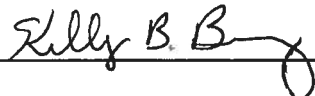
Enclosure

**DUKE ENERGY KENTUCKY
FUEL ADJUSTMENT CLAUSE SCHEDULE**

Expense Month: June 2014

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Rate (¢/kWh)</u>
1	Fuel F_m (Schedule 2, Line L)	\$15,544,537.52	
2	Sales S_m (Schedule 3, Line C)	÷ 366,008,648	4.2470
3	Base Fuel Rate (F_b/S_b) per PSC Order in Case No. 2012-00554	(-)	<u>2.7466</u>
4	Fuel Adjustment Clause Rate (Line 2 - Line 3)		<u><u>1.5004</u></u>

Effective Date for Billing: July 31, 2014

Submitted by: 

Title: Lead Rates Analyst

Date Submitted: July 17, 2014

**DUKE ENERGY KENTUCKY
FUEL COST SCHEDULE**

Expense Month: June 2014

		<u>Dollars (\$)</u>
A. Company Generation		
Coal Burned	(+)	3,769,341.20
Oil Burned	(+)	-
Gas Burned	(+)	22,501.02
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	55,372.21
Fuel (assigned cost during Forced Outage ^(a))	(+)	3,337,088.31
Fuel (substitute cost during Forced Outage ^(a))	(-)	140,631.82
Sub-Total		<u>\$6,932,926.50</u>
B. Purchases		
Economy Purchases	(+)	\$12,079,925.66
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	4,677,994.97
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$7,401,930.69</u>
C. Non-Native Sales Fuel Costs		<u>-</u>
D. Total Fuel Costs (A + B - C)	(+)	\$14,334,857.19 ^(b)
E. Total Company Over or (Under) Recovery from Schedule 5, Line 14	(-)	\$454,026.99
F. Adjustment indicating the difference in actual fuel cost for the month of May 2014 and the estimated cost originally reported	(+)	\$137,812.30
reported \$13,254,200.99 - \$13,116,388.69		
(actual) (estimate)		
G. RTO Resettlements for prior periods from Schedule 6, Line G	(+)	(\$15,771.31)
H. Deferral of Current Purchased Power Costs	(-)	\$0.00
I. Amount of March Deferred Purchased Power Costs included in the filing	(+)	\$583,333.00
J. Amount of April Deferred Purchased Power Costs included in the filing	(+)	\$333,333.33
K. Amount of May Deferred Purchased Power Costs included in the filing	(+)	\$625,000.00
L. Grand Total Fuel Cost (D - E + F + G - H + I + J + K)		<u><u>\$15,544,537.52</u></u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

^(b) Estimated - to be trued up in the filing next month

**DUKE ENERGY KENTUCKY
SALES SCHEDULE**

Expense Month: June 2014

		<u>Kilowatt-Hours Current Month</u>
A. Generation (Net)	(+)	121,829,000
<u>Purchases Including Interchange-In</u>	(+)	<u>277,743,760</u>
Sub-Total		<u>399,572,760</u>
 B. Pumped Storage Energy	(+)	-
Non-Native Sales Including Interchange Out	(+)	-
<u>System Losses (399,572,760 KWH times 8.4%^(a))</u>	(+)	<u>33,564,112</u>
Sub-Total		<u>33,564,112</u>
 C. Total Sales (A - B)		<u><u>366,008,648</u></u>

Note: ^(a) Average of prior 12 months.

**DUKE ENERGY KENTUCKY
FINAL FUEL COST SCHEDULE**

Expense Month: May 2014

		<u>Dollars (\$)</u>
A. Company Generation		
Coal Burned	(+)	\$1,351,132.72
Oil Burned	(+)	407,135.00
Gas Burned	(+)	\$50,933.09
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	-
Fuel (assigned cost during Forced Outage ^(a))	(+)	1,262,003.31
Fuel (substitute cost during Forced Outage ^(a))	(-)	-
Sub-Total		<u>\$3,071,204.12</u>
B. Purchases		
Economy Purchases	(+)	\$12,810,707.39
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	2,627,710.52
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$10,182,996.87</u>
C. Non-Native Sales Fuel Costs		\$ -
D. Total Fuel Costs (A + B - C)		<u>\$13,254,200.99</u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

**DUKE ENERGY KENTUCKY
OVER OR (UNDER) RECOVERY SCHEDULE**

Expense Month: April 2014

Line No.	Description		
1	FAC Rate Billed (¢/kWh)	(+)	0.7837
2	Retail kWh Billed at Above Rate	(x)	<u>339,958,536</u>
3	FAC Revenue/(Refund) (Line 1 * Line 2)		<u>\$2,664,255.05</u>
4	kWh Used to Determine Last FAC Rate Billed	(+)	282,024,762
5	Non-Jurisdictional kWh included in Line 4	(-)	<u>-</u>
6	Kentucky Jurisdictional kWh Included in Line 4 (Line 4- Line 5)		<u>282,024,762</u>
7	Recoverable FAC Revenue/(Refund) (Line 1 * Line 6)		\$2,210,228.06
8	Over or (Under) (Line 3 - Line 7)		\$454,026.99
9	Total Sales (Schedule 3 Line C)	(-)	366,008,648
10	Kentucky Jurisdictional Sales	(+)	<u>366,008,648</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (Line 9 ÷ Line 10)		1.00000
12	Total Company Over or (Under) Recovery (Line 8 * Line 11)	(+)	\$454,026.99
13	Amount Over or (Under) Recovered in prior filings	(-)	\$0.00
14	Total Company Over or (Under) Recovery		<u><u>\$454,026.99</u></u>

**DUKE ENERGY KENTUCKY
REGIONAL TRANSMISSION ORGANIZATION RESETTLEMENTS
FUEL COST SCHEDULE**

Expense Month:	February 2014 <u>Dollars (\$)</u>	
A. Company Generation		
Coal Burned	(+)	\$7,452,079.95
Oil Burned	(+)	215,758.00
Gas Burned	(+)	\$197,118.92
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	203,026.88
Fuel (assigned cost during Forced Outage ^(a))	(+)	1,445,611.85
Fuel (substitute cost during Forced Outage ^(a))	(-)	122,111.08
Sub-Total		<u>\$8,985,430.76</u>
B. Purchases		
Economy Purchases	(+)	5,037,316.38
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	3,358,606.56
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$1,678,709.82</u>
C. Non-Native Sales Fuel Costs		\$412,544.00
D. Total Fuel Costs (A + B - C)		<u>\$10,251,596.58</u>
E. Total Fuel Costs Previously Reported		\$10,267,367.89
F. Prior Period Adjustment		-
G. Adjustment due to MISO Resettlements		<u>(\$15,771.31)</u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.



FA - Whelan ✓
139 East Fourth Street
P.O. Box 960
Cincinnati, Ohio 45201-0960
Tel: 513-287-2348
Fax: 513-287-2473
ted.czupik@duke-energy.com

Theodore H. Czupik Jr.
Rates & Regulatory Strategy Manager

VIA OVERNIGHT DELIVERY

August 18, 2014

Mr. Jeff Derouen, Executive Director
Attention: Chris Whelan

Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Dear Mr. Derouen and Ms. Whelan:

In compliance with KAR 807 5:056, enclosed for filing are the fuel adjustment clause schedules with supporting sales and fuel cost schedules supporting Duke Energy Kentucky's fuel adjustment factor applicable to billings for retail sales in September 2014.

Please note that on Schedule 2 the amount of the May deferred purchased power costs included in the filing is \$2,050,000 which causes the FAC rate to be below 0.81 ¢/kWh as explained in the July rates transmittal letter.

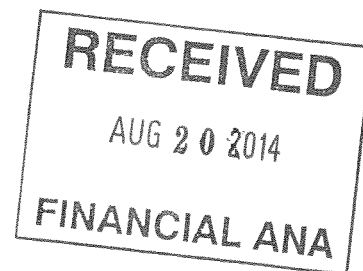
Please note on Schedule 7 of the filing a correction for the months of January and February 2014. The January correction of \$2,857.78 was needed because of a correction to costs originally reported on Schedule 6 of the May expense month FAC filing. The February correction was needed due to the fact that on Schedule 6, Line E, for the June 2014 expense month filing, Duke Energy Kentucky inadvertently reported \$10,267,367.89 from Schedule 4, Line D, of the March expense month FAC filing rather than the revised amount of \$10,277,792.54 as reported on Schedule 7, Line D, of the April expense month FAC filing.

Please contact me if you have any questions.

Sincerely,

Theodore H. Czupik Jr.

Enclosure



**DUKE ENERGY KENTUCKY
FUEL ADJUSTMENT CLAUSE SCHEDULE**

Expense Month: July 2014

Line No.	Description	Amount	Rate (¢/kWh)
1	Fuel F_m (Schedule 2, Line L)	\$ 12,538,114.81	
2	Sales S_m (Schedule 3, Line C)	÷ 352,678,810	3.5551
3	Base Fuel Rate (F_b/S_b) per PSC Order in Case No. 2012-00554	(-)	2.7466
4	Fuel Adjustment Clause Rate (Line 2 - Line 3)		<u>0.8085</u>

Effective Date for Billing: August 29, 2014

Submitted by: *Theodore H. Cypriak*

Title: Rates & Regulatory Strategy Manager

Date Submitted: August 18, 2014

**DUKE ENERGY KENTUCKY
FUEL COST SCHEDULE**

Expense Month: July 2014

	<u>Dollars (\$)</u>
A. Company Generation	
Coal Burned	(+)
Oil Burned	(+)
Gas Burned	(+)
PJM Balancing & Day Ahead Operating Reserve Credit	(-)
Fuel (assigned cost during Forced Outage ^(a))	(+)
Fuel (substitute cost during Forced Outage ^(a))	(-)
Sub-Total	<u>\$ 9,303,799.04</u>
B. Purchases	
Economy Purchases	(+)
Other Purchases	(+)
Other Purchases (substitute for Forced Outage ^(a))	(-)
Less purchases above highest cost units	(-)
Sub-Total	<u>\$ 1,081,795.66</u>
C. Non-Native Sales Fuel Costs	<u>189,696.68</u>
D. Total Fuel Costs (A + B - C)	(+)
E. Total Company Over or (Under) Recovery from Schedule 5, Line 14	(-)
F. Adjustment indicating the difference in actual fuel cost for the month of June 2014 and the estimated cost originally reported \$14,116,761.89 - \$14,334,857.19	(+)
(actual) (estimate)	\$ (218,095.30)
G. RTO Resettlements for prior periods from Schedule 6, Line G	(+)
H. Prior Period Correction for January and February 2014 from Schedule 7, Line J	(+)
I. Deferral of Current Purchased Power Costs	(-)
J. Amount of March Deferred Purchased Power Costs included in the filing	(+)
K. Amount of April Deferred Purchased Power Costs included in the filing	(+)
L. Amount of May Deferred Purchased Power Costs included in the filing	(+)
M. Grand Total Fuel Cost (D - E + F + G + H - I + J + K + L)	<u><u>\$ 12,538,114.81</u></u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

^(b) Estimated - to be trued up in the filing next month

**DUKE ENERGY KENTUCKY
SALES SCHEDULE**

Expense Month: July 2014

		<u>Kilowatt-Hours Current Month</u>
A. Generation (Net)	(+)	339,553,010
<u>Purchases Including Interchange-In</u>	(+)	<u>55,327,620</u>
Sub-Total		<u>394,880,630</u>
 B. Pumped Storage Energy	(+)	-
Non-Native Sales Including Interchange Out	(+)	7,746,920
<u>System Losses (387,133,710 KWH times 8.9% ^(a))</u>	(+)	<u>34,454,900</u>
Sub-Total		<u>42,201,820</u>
 C. Total Sales (A - B)		<u><u>352,678,810</u></u>

.....

Note: ^(a) Average of prior 12 months.

**DUKE ENERGY KENTUCKY
FINAL FUEL COST SCHEDULE**

Expense Month: June 2014

	<u>Dollars (\$)</u>
A. Company Generation	
Coal Burned	(+)
Oil Burned	(+)
Gas Burned	(+)
PJM Balancing & Day Ahead Operating Reserve Credit	(-)
Fuel (assigned cost during Forced Outage ^(a))	(+)
Fuel (substitute cost during Forced Outage ^(a))	(-)
Sub-Total	<u>\$ 6,914,171.02</u>
B. Purchases	
Economy Purchases	(+)
Other Purchases	(+)
Other Purchases (substitute for Forced Outage ^(a))	(-)
Less purchases above highest cost units	(-)
Sub-Total	<u>\$ 7,205,312.59</u>
C. Non-Native Sales Fuel Costs	\$ 2,721.72
D. Total Fuel Costs (A + B - C)	\$ 14,116,761.89

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

**DUKE ENERGY KENTUCKY
OVER OR (UNDER) RECOVERY SCHEDULE**

Expense Month: May 2014

Line No.	Description		
1	FAC Rate Billed (¢/kWh)	(+)	0.8095
2	Retail kWh Billed at Above Rate	(x)	<u>373,416,760</u>
3	FAC Revenue/(Refund) (Line 1 * Line 2)		<u>\$ 3,022,808.67</u>
4	kWh Used to Determine Last FAC Rate Billed	(+)	317,731,710
5	Non-Jurisdictional kWh included in Line 4	(-)	<u>-</u>
6	Kentucky Jurisdictional kWh Included in Line 4 (Line 4- Line 5)		<u>317,731,710</u>
7	Recoverable FAC Revenue/(Refund) (Line 1 * Line 6)		\$ 2,572,038.19
8	Over or (Under) (Line 3 - Line 7)		\$ 450,770.48
9	Total Sales (Schedule 3 Line C)	(-)	352,678,810
10	Kentucky Jurisdictional Sales	(÷)	<u>352,678,810</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (Line 9 ÷ Line 10)		1.00000
12	Total Company Over or (Under) Recovery (Line 8 * Line 11)	(+)	\$ 450,770.48
13	Amount Over or (Under) Recovered in prior filings	(-)	\$ -
14	Total Company Over or (Under) Recovery		<u><u>\$ 450,770.48</u></u>

**DUKE ENERGY KENTUCKY
REGIONAL TRANSMISSION ORGANIZATION RESETTLEMENTS
FUEL COST SCHEDULE**

Expense Month:	March 2014 Dollars (\$)	
A. Company Generation		
Coal Burned	(+)	\$ 2,986,679.47
Oil Burned	(+)	89,394.00
Gas Burned	(+)	245,644.17
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	79,851.63
Fuel (assigned cost during Forced Outage ^(a))	(+)	878,350.11
Fuel (substitute cost during Forced Outage ^(a))	(-)	31,004.35
Sub-Total		\$ 4,089,211.77
B. Purchases		
Economy Purchases	(+)	\$ 12,666,033.83
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	2,923,306.44
Less purchases above highest cost units	(-)	-
Sub-Total		\$ 9,742,727.39
C. Non-Native Sales Fuel Costs		\$ 6,042.32
D. Total Fuel Costs (A + B - C)		\$ 13,825,896.84
E. Total Fuel Costs Previously Reported		\$ 13,773,913.73
F. Prior Period Adjustment		\$ -
G. Adjustment due to PJM Resettlements		\$ 51,983.11

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

**DUKE ENERGY KENTUCKY
PRIOR PERIOD CORRECTIONS
FUEL COST SCHEDULE**

Expense Month:		January 2014 <u>Dollars (\$)</u>	February 2014 <u>Dollars (\$)</u>	Total <u>Dollars (\$)</u>
A. Company Generation				
Coal Burned	(+)	\$8,553,615.03	\$7,452,079.95	
Oil Burned	(+)	\$272,504.00	215,758.00	
Gas Burned	(+)	\$2,114,712.65	\$197,118.92	
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	\$1,039,243.40	203,026.88	
Fuel (assigned cost during Forced Outage ^(a))	(+)	\$1,810,003.08	1,445,611.85	
Fuel (substitute cost during Forced Outage ^(a))	(-)	\$436,734.15	122,111.08	
Sub-Total		<u>\$11,274,857.21</u>	<u>\$8,985,430.76</u>	
B. Purchases				
Economy Purchases	(+)	13,294,765.57	5,037,316.38	
Other Purchases	(+)	-	-	
Other Purchases (substitute for Forced Outage ^(a))	(-)	7,547,712.45	3,358,606.56	
Less purchases above highest cost units	(-)	-	-	
Sub-Total		<u>\$5,747,053.12</u>	<u>\$1,678,709.82</u>	
C. Non-Native Sales Fuel Costs				
		\$890,590.26	\$412,544.00	
D. Total Fuel Costs (A + B - C)				
		<u>\$16,131,320.07</u>	<u>\$10,251,596.58</u>	
E. Total Fuel Costs Previously Reported				
		\$16,128,462.29	\$10,251,596.58	
F. Adjustment Due to Prior Period Correction (D - E)				
		<u>\$2,857.78</u>	<u>\$0.00</u>	
G. Original Amount January Deferral of Costs				
	(+)	-	-	
H. Amount of Deferral included in Rates for March through May				
	(-)	-	-	
I. Adjustment Due to Misstatement of Sch. 6, Ln. E (June Exp Month)				
	(+)	\$0.00	(\$10,424.65)	
J. Adjustment due to Prior Period Correction (F + G - H)				
		<u>\$2,857.78</u>	<u>(\$10,424.65)</u>	<u>(\$7,566.87)</u>

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.



139 East Fourth Street
P.O. Box 960
Cincinnati, Ohio 45201-0960
Tel: 513-287-2348
Fax: 513-287-2473
ted.czupik@duke-energy.com

Theodore H. Czupik Jr.
Rates & Regulatory Strategy Manager

VIA OVERNIGHT DELIVERY

September 19, 2014

Mr. Jeff Derouen, Executive Director
Attention: Chris Whelan

Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

SEP 19 2014

PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen and Ms. Whelan:

In compliance with KAR 807 5:056, enclosed for filing are the fuel adjustment clause schedules with supporting sales and fuel cost schedules supporting Duke Energy Kentucky's fuel adjustment factor applicable to billings for retail sales in October 2014.

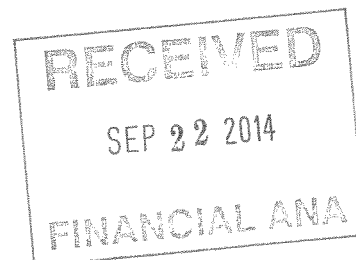
Please note on Schedule 7 of the filing, a correction for the month of March 2014. The correction of (\$67,998.58) was needed because of changing the start date of the East Bend scheduled outage.

Please contact me if you have any questions.

Sincerely,

Theodore H. Czupik Jr.

Enclosure



**DUKE ENERGY KENTUCKY
FUEL ADJUSTMENT CLAUSE SCHEDULE**

Expense Month: August 2014

Line No.	Description	Amount	Rate (¢/kWh)
1	Fuel F_m (Schedule 2, Line L)	\$ 13,062,949.21	
2	Sales S_m (Schedule 3, Line C)	÷ 382,124,334	3.4185
3	Base Fuel Rate (F_b/S_b) per PSC Order in Case No. 2012-00554	(-)	<u>2.7466</u>
4	Fuel Adjustment Clause Rate (Line 2 - Line 3)		<u><u>0.6719</u></u>

Effective Date for Billing: September 30, 2014

Submitted by: _____

Title: Rates & Regulatory Strategy Manager

Date Submitted: September 19, 2014

**DUKE ENERGY KENTUCKY
FUEL COST SCHEDULE**

Expense Month: August 2014

	<u>Dollars (\$)</u>
A. Company Generation	
Coal Burned	(+)
Oil Burned	(+)
Gas Burned	(+)
PJM Balancing & Day Ahead Operating Reserve Credit	(-)
Fuel (assigned cost during Forced Outage ^(a))	(+)
Fuel (substitute cost during Forced Outage ^(a))	(-)
Sub-Total	\$ 7,967,392.61
B. Purchases	
Economy Purchases	(+)
Other Purchases	(+)
Other Purchases (substitute for Forced Outage ^(a))	(-)
Less purchases above highest cost units	(-)
Sub-Total	\$ 3,505,981.35
C. Non-Native Sales Fuel Costs	94,765.62
D. Total Fuel Costs (A + B - C)	(+)
E. Total Company Over or (Under) Recovery from Schedule 5, Line 14	(-)
F. Adjustment indicating the difference in actual fuel cost for the month of July 2014 and the estimated cost originally reported \$10,269,020.39 - \$10,195,898.02	(+)
(actual) (estimate)	
G. RTO Resettlements for prior periods from Schedule 6, Line G	(+)
H. Prior Period Correction for March 2014 from Schedule 7, Line F	(+)
I. Deferral of Current Purchased Power Costs	(-)
J. Amount of March Deferred Purchased Power Costs included in the filing	(+)
K. Amount of April Deferred Purchased Power Costs included in the filing	(+)
L. Amount of May Deferred Purchased Power Costs included in the filing	(+)
M. Grand Total Fuel Cost (D - E + F + G + H - I + J + K + L)	\$ 13,062,949.21

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

^(b) Estimated - to be trued up in the filing next month

**DUKE ENERGY KENTUCKY
SALES SCHEDULE**

Expense Month: August 2014

		<u>Kilowatt-Hours Current Month</u>
A. Generation (Net)	(+)	314,539,000
<u>Purchases Including Interchange-In</u>	(+)	<u>106,756,180</u>
Sub-Total		<u>421,295,180</u>
 B. Pumped Storage Energy	(+)	-
Non-Native Sales Including Interchange Out	(+)	3,216,040
<u>System Losses (418,079,140 KWH times 8.6% ^(a))</u>	(+)	<u>35,954,806</u>
Sub-Total		<u>39,170,846</u>
 C. Total Sales (A - B)		<u><u>382,124,334</u></u>

.....

Note: ^(a) Average of prior 12 months.

**DUKE ENERGY KENTUCKY
FINAL FUEL COST SCHEDULE**

Expense Month: July 2014

	<u>Dollars (\$)</u>
A. Company Generation	
Coal Burned	(+)
Oil Burned	(+)
Gas Burned	(+)
PJM Balancing & Day Ahead Operating Reserve Credit	(-)
Fuel (assigned cost during Forced Outage ^(a))	(+)
Fuel (substitute cost during Forced Outage ^(a))	(-)
Sub-Total	\$ 9,346,049.25
B. Purchases	
Economy Purchases	(+)
Other Purchases	(+)
Other Purchases (substitute for Forced Outage ^(a))	(-)
Less purchases above highest cost units	(-)
Sub-Total	\$ 1,106,277.32
C. Non-Native Sales Fuel Costs	\$ 183,306.18
D. Total Fuel Costs (A + B - C)	\$ 10,269,020.39

.....

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

**DUKE ENERGY KENTUCKY
OVER OR (UNDER) RECOVERY SCHEDULE**

Expense Month: June 2014

Line No.	Description		
1	FAC Rate Billed (¢/kWh)	(+)	1.5004
2	Retail kWh Billed at Above Rate	(x)	<u>345,106,420</u>
3	FAC Revenue/(Refund) (Line 1 * Line 2)		<u>\$ 5,177,976.73</u>
4	kWh Used to Determine Last FAC Rate Billed	(+)	366,008,648
5	Non-Jurisdictional kWh included in Line 4	(-)	<u>-</u>
6	Kentucky Jurisdictional kWh Included in Line 4 (Line 4- Line 5)		<u>366,008,648</u>
7	Recoverable FAC Revenue/(Refund) (Line 1 * Line 6)		\$ 5,491,593.75
8	Over or (Under) (Line 3 - Line 7)		\$ (313,617.02)
9	Total Sales (Schedule 3 Line C)	(-)	382,124,334
10	Kentucky Jurisdictional Sales	(÷)	<u>382,124,334</u>
11	Ratio of Total Sales to KY Jurisdictional Sales (Line 9 ÷ Line 10)		1.00000
12	Total Company Over or (Under) Recovery (Line 8 * Line 11)	(+)	\$ (313,617.02)
13	Amount Over or (Under) Recovered in prior filings	(-)	\$ -
14	Total Company Over or (Under) Recovery		<u><u>\$ (313,617.02)</u></u>

**DUKE ENERGY KENTUCKY
REGIONAL TRANSMISSION ORGANIZATION RESETTLEMENTS
FUEL COST SCHEDULE**

Expense Month:		April 2014 Dollars (\$)
A. Company Generation		
Coal Burned	(+)	\$ 2,293,444.08
Oil Burned	(+)	3,553.00
Gas Burned	(+)	383.69
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	-
Fuel (assigned cost during Forced Outage ^(a))	(+)	11.01
Fuel (substitute cost during Forced Outage ^(a))	(-)	-
Sub-Total		<u>\$ 2,297,391.78</u>
B. Purchases		
Economy Purchases	(+)	\$ 7,838,376.04
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	21.68
Less purchases above highest cost units	(-)	-
Sub-Total		<u>\$ 7,838,354.36</u>
C. Non-Native Sales Fuel Costs		\$ -
D. Total Fuel Costs (A + B - C)		<u>\$ 10,135,746.14</u>
E. Total Fuel Costs Previously Reported		\$ 10,136,814.41
F. Prior Period Adjustment		\$ -
G. Adjustment due to PJM Resettlements		<u>\$ (1,068.27)</u>

.....

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

**DUKE ENERGY KENTUCKY
PRIOR PERIOD CORRECTIONS
FUEL COST SCHEDULE**

Expense Month:		March 2014 Dollars (\$)
A. Company Generation		
Coal Burned	(+)	\$2,986,678.73
Oil Burned	(+)	\$89,394.74
Gas Burned	(+)	\$245,644.17
PJM Balancing & Day Ahead Operating Reserve Credit	(-)	\$79,851.63
Fuel (assigned cost during Forced Outage ^(a))	(+)	\$990,068.84
Fuel (substitute cost during Forced Outage ^(a))	(-)	\$53,805.66
Sub-Total		\$4,178,129.19
B. Purchases		
Economy Purchases	(+)	12,666,033.83
Other Purchases	(+)	-
Other Purchases (substitute for Forced Outage ^(a))	(-)	3,080,222.44
Less purchases above highest cost units	(-)	-
Sub-Total		\$9,585,811.39
C. Non-Native Sales Fuel Costs		\$6,042.32
D. Total Fuel Costs (A + B - C)		\$13,757,898.26
E. Total Fuel Costs Previously Reported		\$13,825,896.84
F. Adjustment Due to Prior Period Correction (D - E)		(\$67,998.58)

Note: ^(a) Forced Outage as defined in 807 KAR 5:056.

The start date of the East Bend planned outage was reassessed and changed from March 7, 2014 at 12:00 to March 7, 2014 at 22:00 per Staff-DR-01-07 in Case No. 2014-00229.