

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF THE)
FUEL ADJUSTMENT CLAUSE OF DUKE ENERGY) CASE NO. 2012-00554
KENTUCKY, INC. FROM NOVEMBER 1, 2010)
THROUGH OCTOBER 31, 2012)

ORDER

Pursuant to 807 KAR 5:056, the Commission, on February 13, 2013, established this case to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of Duke Energy Kentucky, Inc. ("Duke Kentucky") for the period from November 1, 2010 through October 31, 2012, and to determine the amount of fuel costs that should be transferred (rolled-in) to its base rates to re-establish its FAC factor.

In establishing this review, the Commission ordered Duke Kentucky to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. Duke Kentucky submitted this information on March 1, 2013 and filed responses to a second data request on March 27, 2013. A public hearing was held on April 9, 2013. On April 16, 2013, Duke Kentucky filed a post-hearing data response to a question asked at the hearing. There are no intervenors in this proceeding.

Duke Kentucky proposed that the month of June 2012 be used by the Commission as the base period for the purpose of arriving at the base fuel cost and the kWh sales components of its FAC. It further proposed that its base fuel cost be changed to 27.466 mills per kWh, the fuel cost for the proposed base period. Duke Kentucky's current base fuel cost is 25.747 mills per kWh.

In establishing the appropriate level of base fuel cost to be included in Duke Kentucky's rates, the Commission must determine whether the proposed base period cost per kWh is representative of the level of fuel cost currently being experienced by Duke Kentucky. The Commission's review of generation mix, generation unit outages, and generation unit availability discloses that the month of June 2012 is a reasonably representative generation month of Duke Kentucky. The analysis of Duke Kentucky's monthly fuel clause filings showed that the fuel cost billed for the 2-year review period ranged from a low of 24.516 mills per kWh to a high of 32.009 mills per kWh, with an average cost billed for the period of 28.499 mills per kWh. Based upon this review, the Commission finds that Duke Kentucky has complied with 807 KAR 5:056 and that the proposed base period fuel cost of 27.466 mills per kWh should be approved.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. During the period under review, Duke Kentucky has complied with the provisions of 807 KAR 5:056.
2. The month of June 2012 should be used as Duke Kentucky's base period for this review.
3. Duke Kentucky's proposed base period fuel cost of 27.466 mills per kWh should be approved.
4. The establishment of a base fuel cost of 27.466 mills per kWh requires a transfer (roll-in) of 1.719 mills per kWh of fuel costs to Duke Kentucky's base rates that were being charged to customers through its FAC.

5. The rates in the Appendix to this Order are designed to reflect the transfer (roll-in) of 1.719 mills per kWh to base rates, which is the differential between the old base fuel cost of 25.747 mills per kWh and the new base fuel cost of 27.466 mills per kWh.

6. The rates in the Appendix to this Order are fair, just, and reasonable and should be approved effective with Duke Kentucky's first billing cycle for June 2013.

7. Beginning with the expense month for June 2013, Duke Kentucky should use an FAC rate based upon a base fuel cost of 27.466 mills per kWh.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Duke Kentucky through the FAC for the period from November 1, 2010 through October 31, 2012 are approved.

2. Duke Kentucky's proposed base fuel cost of 27.466 mills per kWh is approved.

3. Duke Kentucky shall transfer (roll-in) 1.719 mills per kWh of fuel costs to its base rates that were being charged to customers through its FAC.

4. The rates in the Appendix to this Order are approved effective with Duke Kentucky's first billing cycle for June 2013.

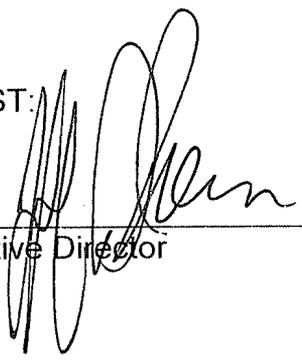
5. Beginning with the expense month for June 2013, Duke Kentucky shall use an FAC rate based upon a base fuel cost of 27.466 mills per kWh.

6. Within 20 days of the date of this Order, Duke Kentucky shall file, using the Commission's electronic Tariff Filing System, its revised tariff sheets with the Commission setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission

ENTERED
MAY 17 2013
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00554 DATED **MAY 17 2013**

The following rates and charges are prescribed for the customers in the area served by Duke Energy Kentucky, Inc. 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.

SCHEDULE RS
RESIDENTIAL SERVICE

Energy Charge per kWh:
All kWh per month \$.079085

SCHEDULE DS
SERVICE AT SECONDARY DISTRIBUTION VOLTAGE

Energy Charge per kWh:
First 6,000 kWh \$.085274
Next 300 kWh/kW \$.053748
Additional kWh \$.044672

SCHEDULE DT
TIME-OF-DAY RATE FOR SERVICE AT DISTRIBUTION VOLTAGE

Energy Charge per kWh:
Summer on-peak \$.047824
Winter on-peak \$.045824
Off-peak \$.039824

SCHEDULE DT
TIME-OF-DAY RATE FOR SERVICE AT DISTRIBUTION VOLTAGE
LOW LOAD FACTOR

Energy Charge per kWh:
Summer on-peak \$.050486
Winter on-peak \$.048486
Off-peak \$.042486

SCHEDULE EH
ELECTRIC SPACE HEATING

Energy Charge per kWh:
All kWh per month \$.065153

SCHEDULE SP
SEASONAL SPORTS SERVICE

Energy Charge per kWh:
All kWh per month \$.104227

SCHEDULE GS-FL
UNMETERED GENERAL SERVICE FOR SMALL FIXED LOADS

Energy Charge per kWh:
Load range of 540 to 720 hours per month \$.084352
Loads less than 540 hours per month \$.096576

SCHEDULE DP
SERVICE AT PRIMARY DISTRIBUTION VOLTAGE

Energy Charge per kWh:
First 300 kWh/kW \$.054697
Additional kWh \$.046827

SCHEDULE TT
TIME-OF-DAY RATE FOR SERVICE AT TRANSMISSION VOLTAGE

Energy Charge per kWh:
All kWh per month \$.046277

SCHEDULE TL
TRAFFIC LIGHTING SERVICE

Energy Charge per kWh:
Energy only \$.041695
Energy w/maintenance \$.062774

SCHEDULE UOLS
UNMETERED OUTDOOR LIGHTING SERVICE

Energy Charge per kWh:
All kWh per month \$.041110

SCHEDULE SL
STREET LIGHTING SERVICE

Rate per Light per Month: (Lumens Approximate)

Standard Fixture (Cobra Head) Served Overhead

Mercury Vapor:

7,000 Lumens	\$ 7.35
7,000 Lumens - Open Refractor	\$ 6.20
10,000 Lumens	\$ 8.56
21,000 Lumens	\$11.53

Metal Halide:

14,000 Lumens	\$ 7.35
20,500 Lumens	\$ 8.56
36,000 Lumens	\$11.53

Sodium Vapor:

9,500 Lumens	\$ 8.01
9,500 Lumens – Open Refractor	\$ 6.05
16,000 Lumens	\$ 8.80
22,000 Lumens	\$11.41
27,500 Lumens	\$11.41
50,000 Lumens	\$15.54

Sodium Vapor Decorative Fixtures:

9,500 Lumens - Rectilinear	\$ 9.92
22,000 Lumens - Rectilinear	\$12.40
50,000 Lumens - Rectilinear	\$16.59
50,000 Lumens - Setback	\$24.38

Standard Fixture (Cobra Head) Served Underground

Mercury Vapor:

7,000 Lumens	\$ 7.50
7,000 Lumens - Open Refractor	\$ 6.20
10,000 Lumens	\$ 8.72
21,000 Lumens	\$11.83

Metal Halide:

14,000 Lumens	\$ 7.50
20,500 Lumens	\$ 8.72
36,000 Lumens	\$11.83

Sodium Vapor:	
9,500 Lumens	\$ 8.01
9,500 Lumens – Open Refractor	\$ 6.13
16,000 Lumens	\$ 8.77
22,000 Lumens	\$11.41
50,000 Lumens	\$15.54

Decorative Fixture (Cobra Head) Served Underground:

Mercury Vapor:	
7,000 Lumens - Town & Country	\$ 7.74
7,000 Lumens - Holophane	\$ 9.66
7,000 Lumens - Gas Replica	\$21.74
7,000 Lumens - Granville	\$ 7.82
7,000 Lumens - Aspen	\$13.87

Metal Halide:	
14,000 Lumens - Traditionaire	\$ 7.74
14,000 Lumens - Granville Acorn	\$13.87
14,000 Lumens - Gas Replica	\$21.83

Sodium Vapor:	
9,500 Lumens - Town & Country	\$ 11.07
9,500 Lumens - Holophane	\$ 12.00
9,500 Lumens - Rectilinear	\$ 8.97
9,500 Lumens - Gas Replica	\$22.42
9,500 Lumens - Apsen	\$ 13.95
9,500 Lumens - Traditionaire	\$ 11.07
9,500 Lumens - Granville Acorn	\$ 13.95
22,000 Lumens - Rectilinear	\$ 12.46
50,000 Lumens - Rectilinear	\$ 16.65
50,000 Lumens - Setback	\$ 24.38

SCHEDULE OL
OUTDOOR LIGHTING SERVICE

Rate per Light per Month: (Lumens Approximate)

Standard Fixture (Cobra Head):

Mercury Vapor:	
7,000 Lumens - Open Refractor	\$ 8.99
7,000 Lumens	\$11.43
10,000 Lumens	\$13.40
21,000 Lumens	\$17.33

Metal Halide:	
14,000 Lumens	\$ 11.43
20,500 Lumens	\$ 13.42
36,000 Lumens	\$ 17.33

Sodium Vapor:	
9,500 Lumens - Open Refractor	\$ 7.82
9,500 Lumens	\$ 10.13
16,000 Lumens	\$ 11.49
22,000 Lumens	\$ 12.75
27,500 Lumens	\$ 12.75
50,000 Lumens	\$ 15.12

Decorative Fixture:

Mercury Vapor:	
7,000 Lumens - Town & Country	\$ 13.64
7,000 Lumens - Holophane	\$ 17.50
7,000 Lumens - Gas Replica	\$ 41.92
7,000 Lumens – Aspen	\$ 26.03

Sodium Vapor:	
9,500 Lumens - Town & Country	\$ 21.24
9,500 Lumens - Holophane	\$ 23.02
9,500 Lumens – Rectilinear	\$ 18.93
9,500 Lumens - Gas Replica	\$ 44.10
9,500 Lumens - Apsen	\$ 26.79
9,500 Lumens - Traditionaire	\$ 21.24
9,500 Lumens - Granville Acorn	\$ 26.79
22,000 Lumens – Rectilinear	\$ 22.68
50,000 Lumens - Rectilinear	\$ 28.97
50,000 Lumens – Setback	\$ 44.74

Flood Lighting Served Overhead:

Mercury Vapor:	
21,000 Lumens	\$ 17.34

Metal Halide:	
20,500 Lumens	\$ 13.40
36,000 Lumens	\$ 17.34

Sodium Vapor:	
22,000 Lumens	\$ 12.69
30,000 Lumens	\$ 12.69
50,000 Lumens	\$ 15.95

SCHEDULE NSU
STREET LIGHTING SERVICE - NON-STANDARD UNITS

Rate per Light per Month: (Lumens Approximate)

Boulevard Units Served Underground:

2,500 Lumens - Incandescent Series	\$ 9.41
2,500 Lumens - Incandescent Multiple	\$ 7.40

Holophane Decorative Served Underground:

Mercury Vapor:

10,000 Lumens	\$ 17.15
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Street Lighting Served Overhead:

2,500 Lumens - Incandescent	\$ 7.34
2,500 Lumens - Mercury Vapor	\$ 6.85
21,000 Lumens - Mercury Vapor	\$ 11.24

Steel Boulevard Units Served Underground:

2,500 Lumens - Incandescent Series	\$ 5.63
2,500 Lumens - Incandescent Multiple	\$ 7.16

SCHEDULE NSP
PRIVATE OUTDOOR LIGHTING SERVICE - NON-STANDARD UNITS

Rate per Light per Month: (Lumens Approximate)

Private Outdoor Lighting Served Overhead:

2,500 Lumens - Mercury, Open Refractor	\$ 7.94
2,500 Lumens - Mercury, Enclosed Refractor	\$ 10.81

Outdoor Lighting Served Underground:

7,000 Lumens - Mercury, 17 Ft Fiberglass Pole	\$ 14.80
7,000 Lumens - Mercury, 17 Ft Wood Lam Pole	\$ 14.80
7,000 Lumens - Mercury, 30 Ft Wood Pole	\$ 13.70
9,500 Lumens - Sodium Vapor, TC 100 R	\$ 11.36

Flood Lighting Served Overhead:

52,000 Lumens - Mercury 35 Ft Wood Pole	\$ 29.94
52,000 Lumens - Mercury 50 Ft Wood Pole	\$ 33.55
50,000 Lumens - Sodium Vapor	\$ 20.38

SCHEDULE SC
STREET LIGHTING SERVICE – CUSTOMER OWNED

Rate per Light per Month: (Lumens Approximate)

Standard Fixture (Cobra Head) Served Overhead:

Mercury Vapor:

7,000 Lumens	\$ 4.43
10,000 Lumens	\$ 5.68
21,000 Lumens	\$ 7.94

Metal Halide:

14,000 Lumens	\$ 4.43
20,500 Lumens	\$ 5.68
36,000 Lumens	\$ 7.94

Sodium Vapor:

9,500 Lumens	\$ 5.18
16,000 Lumens	\$ 5.84
22,000 Lumens	\$ 6.45
27,500 Lumens	\$ 6.45
50,000 Lumens	\$ 8.95

Decorative Fixture Served Overhead:

Mercury Vapor:

7,000 Lumens – Holophane	\$ 5.58
7,000 Lumens - Town & Country	\$ 5.53
7,000 Lumens - Gas Replica	\$ 5.58
7,000 Lumens – Aspen	\$ 5.58

Metal Halide:

14,000 Lumens - Traditionaire	\$ 5.53
14,000 Lumens - Granville Acorn	\$ 5.58
14,000 Lumens - Gas Replica	\$ 5.58

Sodium Vapor:

9,500 Lumens - Town & Country	\$ 5.10
9,500 Lumens - Traditionaire	\$ 5.10
9,500 Lumens - Granville Acorn	\$ 5.34
9,500 Lumens - Rectilinear	\$ 5.10
9,500 Lumens - Apsen	\$ 5.34
9,500 Lumens - Holophane	\$ 5.34
9,500 Lumens - Gas Replica	\$ 5.34
22,000 Lumens - Rectilinear	\$ 6.85
50,000 Lumens - Rectilinear	\$ 9.24

SCHEDULE SE
STREET LIGHTING SERVICE – OVERHEAD EQUIVALENT

Decorative Fixtures:

Mercury Vapor:

7,000 Lumens – Holophane	\$ 7.55
7,000 Lumens – Town & Country	\$ 7.59
7,000 Lumens - Gas Replica	\$ 7.59
7,000 Lumens - Aspen	\$ 7.59

Metal Halide:

14,000 Lumens - Traditionaire	\$ 7.55
14,000 Lumens - Granville Acorn	\$ 7.59
14,000 Lumens - Gas Replica	\$ 7.59

Sodium Vapor:

9,500 Lumens - Town & Country	\$ 8.10
9,500 Lumens - Holophane	\$ 8.21
9,500 Lumens - Rectilinear	\$ 8.10
9,500 Lumens - Gas Replica	\$ 8.20
9,500 Lumens - Apsen	\$ 8.20
9,500 Lumens - Traditionaire	\$ 8.10
9,500 Lumens - Granville Acorn	\$ 8.20
22,000 Lumens - Rectilinear	\$11.73
50,000 Lumens - Rectilinear	\$15.70
50,000 Lumens - Setback	\$15.70

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