

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC EXAMINATION OF THE)	
APPLICATION OF THE FUEL ADJUSTMENT)	CASE NO.
CLAUSE OF DUKE ENERGY KENTUCKY, INC.)	2017-00005
FROM NOVEMBER 1, 2014 THROUGH)	
OCTOBER 31, 2016)	

ORDER

Pursuant to 807 KAR 5:056, the Commission, on February 6, 2017, 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, 2014, through October 31, 2016, and to determine the amount of fuel costs that should be included in its base rates.

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 February 20, 2017, and filed responses to Commission Staff’s second and third data requests on March 20, 2017, and April 7, 2017, respectively.¹ A public hearing was held on April 18, 2017. On May 1, 2017, Duke Kentucky filed its responses to the Commission’s post-hearing data request. There are no intervenors in this proceeding.

¹ Duke Kentucky filed a supplemental response to the February 6, 2017 Information Request, Item 14, on April 13, 2017.

Base Fuel Cost

Duke Kentucky is proposing to decrease the amount of fuel costs included in base rates and proposes that the month of October 2016 be used by the Commission as the base period for the purpose of arriving at the base fuel cost and the kilowatt-hour (“kWh”) sales components of its FAC.² It further proposes that its base fuel cost be changed to \$.023837 per kWh, the fuel cost for the proposed base period of October 2016. Given that Duke Kentucky’s current base fuel cost is \$.029117 per kWh, the proposal would result in a decrease of \$.005280 per kWh. Duke Kentucky states that October 2016 was selected as the proposed base period because it is reasonably close to the next two-year period and because the fuel rate for that period was the closest to the expected fuel rate projected for the next two-year period.³

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. An 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 \$.023180 per kWh to a high of \$.030794 per kWh, with an average cost billed for the period of \$.026491 per kWh. Based upon its review, the Commission finds that the proposed base period fuel cost of \$.023837 per kWh should be approved.

² Duke Kentucky last made a change to the fuel cost included in base rates in Case No. 2014-00454, *An Examination of the Application of the Fuel Adjustment Clause of Duke Energy Kentucky, Inc.* from November 1, 2012 through October 31, 2014 (Ky. PSC Aug. 11, 2015).

³ The projected fuel costs for 2017 and 2018 were filed under petition for confidential treatment.

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 October 2016 should be used as Duke Kentucky's base period.

3. Duke Kentucky's proposed base period fuel cost of \$.023837 per kWh should be approved.

4. The establishment of a base fuel cost of \$.023837 per kWh requires a reduction of \$.005280 per kWh to Duke Kentucky's base energy rates.

5. The rates in the Appendix to this Order are designed to reflect the reduction of \$.005280 per kWh to base energy rates, which is the differential between the old base fuel cost of \$.029117 per kWh and the new base fuel cost of \$.023837 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 September 2017.

7. Beginning with the expense month for September 2017, Duke Kentucky should use a FAC rate based upon a base fuel cost of \$.023837 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, 2014, through October 31, 2016, are approved.

2. Duke Kentucky's proposed base fuel cost of \$.023837 per kWh is approved.

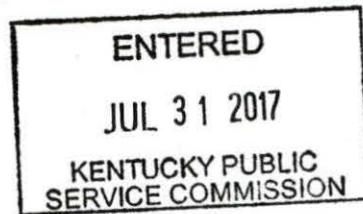
3. Duke Kentucky shall reduce its base energy rates by \$.005280 per kWh to reflect the re-establishment of base fuel costs.

4. The rates in the Appendix to this Order are approved effective with Duke Kentucky's first billing cycle for September 2017.

5. Beginning with the expense month for September 2017, Duke Kentucky shall use a FAC rate based upon a base fuel cost of \$.023837 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



ATTEST:



Acting Executive Director
for John Henry

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2017-00005 DATED **JUL 31 2017**

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 \$.075456

SCHEDULE DS
SERVICE AT SECONDARY DISTRIBUTION VOLTAGE

Energy Charge per kWh:
First 6,000 kWh \$.081645
Next 300 kWh/ kW \$.050119
Additional kWh \$.041043

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

Energy Charge per kWh:
Summer on-peak \$.044195
Winter on-peak \$.042195
Off-peak \$.036195

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

Energy Charge per kWh:
Summer on-peak \$.046857
Winter on-peak \$.044857
Off-peak \$.038857

SCHEDULE EH
ELECTRIC SPACE HEATING

Energy Charge per kWh:
All kWh per month \$.061524

SCHEDULE SP
SEASONAL SPORTS SERVICE

Energy Charge per kWh:
All kWh per month \$.100598

SCHEDULE GS-FL
OPTIONAL UNMETERED GENERAL SERVICE FOR SMALL FIXED LOADS

Energy Charge per kWh:
Load range of 540 to 720 hours per month \$.080723
Loads less than 540 hours per month \$.092947

SCHEDULE DP
SERVICE AT PRIMARY DISTRIBUTION VOLTAGE

Energy Charge per kWh:
First 300 kWh/kW \$.051068
Additional kWh \$.043198

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

Energy Charge per kWh:
All kWh per month \$.042648

SCHEDULE TL
TRAFFIC LIGHTING SERVICE

Energy Charge per kWh:
Energy only \$.038066
Energy w/maintenance \$.059145

SCHEDULE UOLS
UNMETERED OUTDOOR LIGHTING ELECTRIC SERVICE

Energy Charge per kWh:
All kWh per month \$.037481

SCHEDULE SL
STREET LIGHTING SERVICE

Rate per Light per Month: (Lumens Approximate)

Standard Fixture (Cobra Head) Served Overhead

Mercury Vapor:

7,000 Lumens	\$	7.11
7,000 Lumens - Open Refractor	\$	5.94
10,000 Lumens	\$	8.21
21,000 Lumens	\$	10.99

Metal Halide:

14,000 Lumens	\$	7.11
20,500 Lumens	\$	8.21
36,000 Lumens	\$	10.99

Sodium Vapor:

9,500 Lumens	\$	7.87
9,500 Lumens - Open Refractor	\$	5.91
16,000 Lumens	\$	8.58
22,000 Lumens	\$	11.13
27,500 Lumens	\$	11.13
50,000 Lumens	\$	14.95

Sodium Vapor Decorative Fixtures:

9,500 Lumens - Rectilinear	\$	9.78
22,000 Lumens - Rectilinear	\$	12.09
50,000 Lumens - Rectilinear	\$	16.00
50,000 Lumens - Setback	\$	23.79

Standard Fixture (Cobra Head) Served Underground

Mercury Vapor:

7,000 Lumens	\$	7.24
7,000 Lumens - Open Refractor	\$	5.94
10,000 Lumens	\$	8.36
21,000 Lumens	\$	11.25

Metal Halide:

14,000 Lumens	\$	7.24
20,500 Lumens	\$	8.36
36,000 Lumens	\$	11.25

Sodium Vapor:		
9,500 Lumens	\$	7.87
9,500 Lumens – Open Refractor	\$	5.99
16,000 Lumens	\$	8.55
22,000 Lumens	\$	11.13
50,000 Lumens	\$	14.95

Decorative Fixture (Cobra Head) Served Underground:

Mercury Vapor:		
7,000 Lumens - Town & Country	\$	7.48
7,000 Lumens - Holophane	\$	9.40
7,000 Lumens - Gas Replica	\$	21.48
7,000 Lumens - Granville	\$	7.56
7,000 Lumens - Aspen	\$	13.61

Metal Halide:		
14,000 Lumens - Traditionaire	\$	7.48
14,000 Lumens - Granville Acorn	\$	13.61
14,000 Lumens - Gas Replica	\$	21.57

Sodium Vapor:		
9,500 Lumens - Town & Country	\$	10.93
9,500 Lumens - Holophane	\$	11.84
9,500 Lumens - Rectilinear	\$	8.83
9,500 Lumens - Gas Replica	\$	22.26
9,500 Lumens - Apsen	\$	13.79
9,500 Lumens - Traditionaire	\$	10.93
9,500 Lumens - Granville Acorn	\$	13.79
22,000 Lumens - Rectilinear	\$	12.15
50,000 Lumens - Rectilinear	\$	16.06
50,000 Lumens - Setback	\$	23.79

SCHEDULE OL
OUTDOOR LIGHTING SERVICE

Rate per Light per Month: (Lumens Approximate)

Standard Fixture (Cobra Head):

Mercury Vapor:		
7,000 Lumens - Open Refractor	\$	8.73
7,000 Lumens	\$	11.17
10,000 Lumens	\$	13.04
21,000 Lumens	\$	16.75

Metal Halide:		
14,000 Lumens	\$	11.17
20,500 Lumens	\$	13.06
36,000 Lumens	\$	16.75
Sodium Vapor:		
9,500 Lumens - Open Refractor	\$	7.68
9,500 Lumens	\$	9.99
16,000 Lumens	\$	11.27
22,000 Lumens	\$	12.47
27,500 Lumens	\$	12.47
50,000 Lumens	\$	14.53

Decorative Fixture:

Mercury Vapor:		
7,000 Lumens - Town & Country	\$	13.38
7,000 Lumens - Holophane	\$	17.24
7,000 Lumens - Gas Replica	\$	41.66
7,000 Lumens - Aspen	\$	25.77
Sodium Vapor:		
9,500 Lumens - Town & Country	\$	21.10
9,500 Lumens - Holophane	\$	22.86
9,500 Lumens - Rectilinear	\$	18.79
9,500 Lumens - Gas Replica	\$	43.94
9,500 Lumens - Apsen	\$	26.63
9,500 Lumens - Traditionaire	\$	21.10
9,500 Lumens - Granville Acorn	\$	26.63
22,000 Lumens - Rectilinear	\$	22.37
50,000 Lumens - Rectilinear	\$	28.38
50,000 Lumens - Setback	\$	44.15

Flood Lighting Served Overhead:

Mercury Vapor:		
21,000 Lumens	\$	16.76
Metal Halide:		
20,500 Lumens	\$	13.04
36,000 Lumens	\$	16.76
Sodium Vapor:		
22,000 Lumens	\$	12.38
30,000 Lumens	\$	12.38
50,000 Lumens	\$	15.35

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