

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS)	
ADJUSTMENT FILING OF DUKE)	CASE NO.
ENERGY KENTUCKY, INC.)	2018-00143

ORDER

On December 29, 2009, in Case No. 2009-00202,¹ the Commission approved rates for Duke Energy Kentucky, Inc. (“Duke”) and provided for their further adjustment in accordance with Duke’s Gas Cost Adjustment (“GCA”) clause.

On May 10, 2018, Duke filed its GCA to be effective May 31, 2018.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Duke’s notice includes rates designed to pass on to its customers its expected change in gas costs.
2. Duke’s notice sets out an Expected Gas Cost (“EGC”) of \$3.759 per Mcf, which is an increase of \$.026 per Mcf from its previous EGC of \$3.733 per Mcf.
3. Duke’s notice sets out no current quarter Refund Adjustment (“RA”). Duke’s total RA is (\$.017) per Mcf, which is no change from its previous total RA.
4. Duke’s notice sets out a current quarter Actual Adjustment (“AA”) of \$.104 per Mcf. Duke’s total AA is \$.232 per Mcf, which is an increase of \$.186 from its previous total AA of \$.046 per Mcf.

¹ Case No. 2009-00202, *Application of Duke Energy Kentucky, Inc. for an Adjustment of Rates* (Ky. PSC Dec. 29, 2009)

5. Duke's notice sets out a current quarter Balance Adjustment ("BA") of (\$.004) per Mcf. Duke's total BA is \$.025 per Mcf, which is a decrease of \$.055 from its previous total BA of \$.080 per Mcf.

6. Duke's GCA is \$3.999 per Mcf, which is an increase of \$.157 per Mcf from its previous GCA of \$3.842 per Mcf.

7. Duke's notice sets out a Gas Cost Adjustment Transition ("GCAT") Rider rate of \$.02400 per 100 cubic feet. This GCAT rate will be applicable to customers who begin receiving Rate FT-L transportation service after the effective date of this Order and who paid gas supply costs through the GCA during the 12-month period before they began receiving FT-L service.

8. The rates as proposed by Duke and set forth in the Appendix to this Order are fair, just, and reasonable and should be approved for final meter readings by Duke on and after May 31, 2018.

9. Duke's future GCA applications should include an electronic version containing the supporting calculations used to compute the GCA in Excel spreadsheet format with all formulas intact and unprotected, and with all columns and rows accessible.

10. The Commission last reviewed the natural gas procurement practices of the five largest jurisdictional Local Distribution Companies ("LDC") through a focused audit performed by Liberty Consulting Group as a result of Administrative Case No. 384.² The Commission finds that sufficient time has elapsed since the consultant's

² Administrative Case No. 384, *An Investigation of Increasing Wholesale Natural Gas Prices and the Impacts of Such Increases on the Retail Customers Served by Kentucky's Jurisdictional Natural Gas Distribution Companies* (Ky. PSC July 17, 2001).

report was issued that it is reasonable to require the LDCs to provide updated information concerning their gas procurement activities and their efforts to ensure they are maximizing the opportunity to pass along gas cost savings to their customers, consistent with security of supply, during this time of plentiful and low cost gas supplies. The Commission further finds that Duke should file responses to the requests for information set forth in Appendix B to this Order when it files its GCA Application on or about August 1, 2018, for rates effective for the September 2018 billing cycle.

a. Responses to requests for information shall be appropriately bound, tabbed, and indexed and shall include the name of the witness responsible for responding to questions related to the information provided, with the original and six copies in paper medium and an electronic version to the Commission.

b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or an association or a governmental agency, be accompanied by a signed certification of the preparer or 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.

c. Duke 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.

d. For any request to which Duke fails or refuses to furnish all or part of the requested information, Duke shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

e. Careful attention should 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.

f. When filing a paper containing personal information Duke shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that the personal information cannot be read.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Duke and set forth in Appendix A to this Order are approved for final meter readings on and after May 31, 2018.

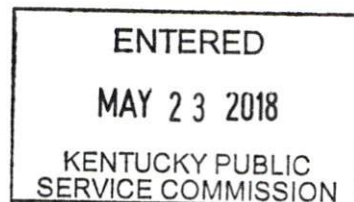
2. Duke shall file responses to the requests for information in Appendix B along with its GCA application for rates effective with the September 2018 billing cycle.

3. Within 20 days of the date of entry of this Order, Duke 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.

4. Duke's future GCA applications shall include the information required in finding paragraph 9.

5. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00143 DATED **MAY 23 2018**

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.

GAS SERVICE RATES

RATE RS
RESIDENTIAL SERVICE

	<u>Base</u> <u>Rate</u>		<u>Gas Cost</u> <u>Adjustment</u>	<u>Total</u> <u>Rate</u>
Commodity Charge for All Ccf Consumed	\$.37213	plus	\$.39990	\$.77203

RATE GS
GENERAL SERVICE

	<u>Base</u> <u>Rate</u>		<u>Gas Cost</u> <u>Adjustment</u>	<u>Total</u> <u>Rate</u>
Commodity Charge for All Ccf Consumed	\$.20530	plus	\$.39990	\$.60520

RIDER GCAT
GAS COST ADJUSTMENT TRANSITION RIDER

The amount of this charge or (credit) shall be \$.02400 per 100 cubic feet. This rate shall be in effect during the months of June 2018 through August 2018 and shall be updated quarterly, concurrent with the Company's GCA filings.

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2018-00143 DATED **MAY 23 2018**

1. Provide copies of all interstate pipeline transportation and storage contracts and tariffs utilized during the most recent year. Provide a comparison of the terms of these transportation arrangements with those that were utilized during the five previous calendar years. Explain all efforts to ensure that interstate pipeline transportation costs were and are as low as possible.

2. Provide copies of all current contracts for commodity supply. Provide a comparison of the terms of these commodity supply arrangements with those that were utilized during the five previous calendar years. Explain all efforts to ensure that commodity gas supply costs were and are as low as possible, consistent with security of supply.

3. Provide gas supply and capacity contract summaries showing significant contract terms, daily/monthly/annual entitlements, and pricing. Identify any capacity changes (renegotiated and expired agreements, de-contracting, assignment, or long-term release) that took place during the most recent year.

4. Provide Duke's storage arrangements; state the maximum daily injection and withdrawal rates and the decline in deliverability that occurs as gas is withdrawn.

5. Provide the capacity of any peaking arrangements.

6. Provide a copy of any written procedures in use by Duke for nominations and dispatching.

7. If Duke has utilized gas marketing/trading organizations to obtain gas supplies over the last five years, indicate which organizations were so employed, gas

volumes purchased, prices, terms, and current contractual arrangements between Duke and these marketing firms.

8. Provide a summary of the bidding/Request for Proposal process for gas supply for the last five years, providing the original bid documents, a listing of the suppliers that were contacted, the responses to the request for bid, the evaluation process that led to the selection of a supplier, and any written procedures that exist for this activity.

9. Provide a copy of Duke's most recent gas supply plan and a written description of its gas supply planning process.

10. Provide a narrative description of any supply-planning computer models currently being used by Duke, or being considered for future use.

11. Provide organization charts of the overall corporate organization and of the gas planning, gas purchasing, and gas operations functions. Describe any changes that have occurred in the corporate, gas planning and purchasing, and gas operations organizations in the last five years, and any changes that are underway or contemplated within the next five years.

12. Provide job descriptions of the personnel working in the gas planning, gas purchasing, and gas operations functions.

13. Provide copies of reports or internal audits or reviews of any aspect of the supply function conducted within the last five years. Include reports prepared by Duke and outside auditors.

14. Provide a copy of Duke's strategic plan with primary emphasis on gas procurement, transmission, delivery, expansion and inclusive of any significant related capital expenditures.

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