

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF DUKE)	
ENERGY KENTUCKY, INC. OF A WRITTEN)	CASE NO.
CONSENT OF SUB-METERING WITH)	2020-00375
SKYPOINT CONDOMINIUM OWNERS)	
ASSOCIATION, INC.)	

ORDER

On October 29, 2020, Duke Energy Kentucky, Inc. (Duke Kentucky) filed, through the Commission's electronic Tariff Filing System, a Written Consent of Sub-Metering (Agreement) with Skypoint Condominium Owners Association, Inc. (Skypoint). By Order issued on November 25, 2020, the Commission found that further proceedings were necessary to determine the reasonableness of the Agreement and suspended the effective date of the Agreement for five months, up to and including April 27, 2021. To facilitate the review, the November 25, 2020 Order established a procedural schedule that provided for, among other things, a deadline for requesting intervention and one round of discovery upon Duke Kentucky's filing. Duke Kentucky responded to one round of data requests from Commission Staff. There are no intervenors in this proceeding. On February 1, 2021, Duke Kentucky filed a motion that this case be submitted for a decision based on the existing record without a public hearing. Finding good cause, the Commission will grant Duke Kentucky's request and decide this case based on the evidence of record without a hearing.

AGREEMENT

Skypoint renovated a nursing home to a condominium complex but maintained the single natural gas service and meter to the premises. Some, but not all, of the tenants of the condominium complex requested natural gas service to their individual units.¹ The Agreement would allow Skypoint to install sub-metering to the condominium complex for the sole purpose of allocating Duke Kentucky's monthly gas charges to the tenants that are using natural gas, despite the prohibition of sub-metering contained in Duke Kentucky's tariff.² Duke Kentucky indicates that to the best of its belief, there will be 9 to 14 units that will have sub-meters installed, out of a total of 45 units.³ The sub-meters would be installed by Skypoint on the interior customer-owned piping to the building and behind Duke Kentucky's meter and equipment.⁴ Skypoint agreed to install the sub-meters in accordance with applicable building codes and rules and regulations and to promptly notify Duke Kentucky to apply for an inspection and test prior to operating the sub-meters.⁵

Skypoint agreed that it would not charge its tenants receiving natural gas service any more than the pro-rated amount of Duke Kentucky's total monthly natural gas bill.⁶ Charging more than the pro-rated amount of Duke Kentucky total monthly natural gas bill

¹ Duke Kentucky's Response to Commission Staff's Request for Information dated November 12, 2020, Item 1, which was attached to the November 25, 2020, Order at 2 of 8.

² Agreement, Section 1(a) and (b).

³ Duke Kentucky's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Dec. 21, 2020), Item 3.

⁴ Duke Kentucky's Response to Commission Staff's Request for Information dated November 12, 2020, Item 1, which was attached to the November 25, 2020 Order, at 3 of 8.

⁵ Agreement, Section 1(c).

⁶ *Id.*, Section 1(d).

would be in violation of Duke Kentucky's tariff and may result in disconnection of natural gas services to the premises.⁷ Skypoint is required to notify Duke Kentucky if it makes any material changes or increases in natural gas consumption, including but not limited to installation of additional natural gas consuming units and installation of additional sub-metering devices.⁸

As part of the Agreement, Skypoint is to maintain detailed and adequate records of its allocations of Duke Kentucky's monthly natural gas bills among its tenants for a minimum of three years. The records are to be provided to Duke Kentucky upon request. Skypoint also agreed to cooperate with Duke Kentucky in any potential investigation by the Commission in regards to the sub-metering and allocation of natural gas charges to its residents.⁹

While the individual tenants of Skypoint will not be Duke Kentucky natural gas customers, they will be Duke Kentucky electric customers, and thus will have information regarding Duke Kentucky's call center. Should any residents of Skypoint contact Duke Kentucky with concerns regarding the allocation of the monthly natural gas bills, Duke Kentucky indicates that it will conduct an investigation.¹⁰ Duke Kentucky stated that it did not have the personnel or processes to monitor Skypoint's allocations of its monthly natural gas bills on a regular basis and that it would not agree to do so.¹¹ As Skypoint is comprised of the same tenants that requested natural gas sub-metering, Duke Kentucky

⁷ *Id.*, Section 1(e).

⁸ *Id.*, Section 1(f).

⁹ *Id.*, Section 6.

¹⁰ Duke Kentucky's Response to Staff's First Request (filed Dec. 21, 2020), Item 4.

¹¹ *Id.*, Item 1.

states that there is no incentive for Skypoint to markup the charges as they are, individually, the ones that would be paying the charges.¹²

DISCUSSION AND FINDINGS

In Case No. 2018-00261,¹³ Duke Kentucky proposed an amendment to its service regulations governing the use of natural gas to its customers that was meant to “allow the installation of sub-metering as long as the master meter account is only using the meter to allocate the Company’s bill among users and not reselling the Company’s delivered natural gas.” As the text of the proposed amendment did not require the customer to install sub-metering equipment to accurately determine the quantity of natural gas consumed in each condominium or apartment and Duke Kentucky indicated that it would not be monitoring the allocations, the Commission denied the proposed amendment on the grounds that those residing in condominiums or apartments with master meters would have no assurance that their share of the gas bill was accurate and did not represent a resale of service at a profit.¹⁴

Duke Kentucky states that it interpreted the Commission’s denial in Case No. 2018-00261 as the Commission wanting to ensure that customers pay for only their portion of the natural gas consumed and that the sub-metering would not result in a resale of service for profit. Duke Kentucky states that because it does not have the capability or personnel to monitor allocations in sub-metering situations, it crafted this Agreement to

¹² *Id.*, Item 4.

¹³ Case No. 2018-00261, *Electronic Application of Duke Energy Kentucky, Inc. for Authority to 1) Adjust Natural Gas Rates 2) Approval of a Decoupling Mechanism 3) Approval of New Tariffs 4) and for All Other Required Approvals, Waivers, and Relief* (Ky. PSC Mar. 27, 2019).

¹⁴ *Id.* at 16–17.

both manage its costs and assist Skypoint with its request to sub-meter behind Duke Kentucky's service.¹⁵

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that Duke Kentucky should monitor Skypoint's allocations of its monthly natural gas bills three times per year, twice during the peak season (November through March) and once during the summer (May through September). Based on the evidence of record, the Commission finds that the terms of the Agreement are reasonable and should be approved contingent on Duke Kentucky's commitment to monitor the allocations three times per year, twice during the peak season and once during the summer. While the Commission appreciates Duke Kentucky's willingness to work with Skypoint to honor its request for sub-metering, the fact that Duke Kentucky will not actively monitor the allocation of natural gas bills remains a concern. With only 9 to 14 units being sub-metered, the Commission does not believe that monitoring of the allocations at certain intervals would be burdensome to Duke Kentucky.

IT IS THEREFORE ORDERED that:

1. The Agreement is approved as filed as of the date of this Order contingent on Duke Kentucky committing to monitor the Skypoint allocations three times per year, twice during the peak season and once during the summer.
2. Within 20 days of the date of entry of this Order, Duke Kentucky shall file a written statement as to whether it will agree to monitor the Skypoint allocations three times per year, twice during the peak season and once during the summer.

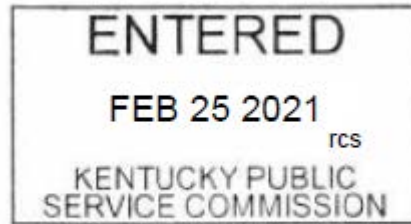
¹⁵ Duke Kentucky's Response to Commission Staff's Request for Information dated November 12, 2020, Item 1, which was attached to the November 25, 2020 Order, at 4 of 8.

3. This case will remain open for Duke Kentucky to provide its written statement required by ordering paragraph 2.

4. A subsequent Order will be issued upon receipt of Duke Kentucky's written statement required by ordering paragraph 2 either granting final approval of or denying the Agreement.

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By the Commission



ATTEST:


Executive Director

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