



a PPL company

Case No. 2020-00090

Mr. Kent A. Chandler
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

Kentucky Utilities Company
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.ige-ku.com

Michael E. Hornung
Manager – Pricing/Tariffs
T 502-627-3780
Mike.Hornung@ige-ku.com

March 9, 2020

RE: Filing of Special Contract between Kentucky Utilities Company and North American Stainless relating to Levelizing the Combined FAC/OSS Factor

Dear Mr. Chandler:

Pursuant to 807 KAR 5:011, Sections 2 and 13, and other applicable law, Kentucky Utilities Company (“KU”) respectfully requests approval of this special contract between KU and North American Stainless (“NAS”). Included in this filing are:

- Amendment to Contracts for Electric Service
- Appendix A (which documents the effective rates)
- Supporting workpapers (in native Excel format)

KU has provided electric service to NAS for many years under standard tariff offerings as well as through special contracts. Because NAS is KU’s largest customer, accounting for greater than 7% of KU’s total energy consumption, NAS is more significantly impacted than any other customer by monthly fluctuations in the fuel adjustment clause (“FAC”) billing factor. Consequently, NAS has requested this special contract to allow KU to recover changes in fuel costs related to NAS’s electric service using an annual average fixed fuel factor. This change would afford NAS the opportunity to more effectively budget its energy costs, while ensuring that NAS pays the same total cost for fuel as it would under the standard FAC billing factor determined in KU’s monthly Form A filing.

Mr. Kent A. Chandler, Executive Director
Kentucky Public Service Commission
March 9, 2020

This special contract will have no effect on the calculation or filing of KU's monthly Form A filing. Also, because KU's monthly FAC billing factor is billed as a combined FAC charge or credit with the monthly off-system sales ("OSS") adjustment clause billing factor, the sharing of OSS margins with customers is also proposed to be credited to NAS using an annual average fixed OSS factor.

For these reasons, KU requests the Commission approve the attached special contract, which will begin with the second billing period following approval of the contract.

Sincerely,



Michael E. Hornung

Enclosures

AMENDMENT TO CONTRACTS FOR ELECTRIC SERVICE

This Amendment to Contracts for Electric Service ("Contract Amendment") made and entered into this 9 day of March, 2020 by and between **Kentucky Utilities Company** ("Company"), a Kentucky corporation, and **North American Stainless, Inc.** a Delaware Corporation ("NAS").

WHEREAS, NAS is an energy intensive manufacturer receiving electric service under the Company's Fluctuating Load Service Rate Schedule and Retail Transmission Service Rate Schedule ("Rate Schedules");

WHEREAS, the Rate Schedules provide that the amounts billed for service received under such schedules are subject to increase or decrease in accordance with the Company's Fuel Adjustment Clause ("FAC") to reflect changes in the Company's fuel costs;

WHEREAS, the application of the FAC may result in unpredictable variations in the monthly amounts that NAS is billed for electricity;

WHEREAS, due to the volume of energy consumed by NAS as the Company's largest customer, electricity costs represent a significant portion of NAS's operating budget and large and unpredictable fluctuations in such costs can result in significant budgeting and cash flow problems and the inefficient use of capital;

WHEREAS, NAS has requested that, in lieu of the current FAC factor that varies monthly, the Company recover changes in its fuel costs through the use of an annual average fixed FAC factor that would permit NAS to more effectively budget its electricity costs;

WHEREAS, the Company's Off-System Sales Adjustment Clause ("OSS") is applicable to all Company rate schedules subject to the FAC and its OSS factor is combined with the FAC factor and billed as one;

WHEREAS, the Company and NAS desire to amend certain existing contracts for electric service to allow for the use of a combined fixed FAC and OSS factor as an estimated factor for the billing year; and

WHEREAS, the Company and NAS agree to true-up the results of using an estimated factor in the subsequent billing year.

WHEREAS, the fixed FAC and OSS factor will result in NAS paying the same total dollar amount as the current FAC, but on a levelized basis.

WITNESSETH:

1. This Contract Amendment shall apply to Contracts No. [REDACTED] and No. [REDACTED] ("NAS Designated Accounts") for electric service delivered to NAS at 6870 Highway 42E, Carrollton, Kentucky.

2. Beginning with the second billing period following approval of this contract by the Kentucky Public Service Commission (“Commission”), in lieu of the monthly FAC factor set forth in the Company’s Form A, the NAS Designated Accounts shall be billed a fixed NAS FAC/OSS Factor (“NFOF”) in accordance with the following formula:

$$\text{NFOF} = \text{NFAC} + \text{NOSS}$$

$$\text{NFAC} = \frac{\text{F(a)}}{\text{S(a)}} - \text{BFF}$$

$$\text{NOSS} = \frac{\text{O(a)}}{\text{S(a)}}$$

NFOF – NAS FAC/OSS Factor

NFAC – NAS FAC Factor

NOSS – NAS OSS Factor

BFF – Base Fuel Factor is the fuel charge per kWh included in base rates as established in the Company’s Tariff Sheet No. 85.1

Expense Year/Billing Year – most recent 12 months ended November

F(a) – Sum of the fuel recovery amounts (F(m)) within the Company’s FAC Form A filings for the Expense Year

S(a) – Sum of the total sales amounts (S(m)) within the Company’s FAC Form A filings for the Expense Year

O(a) – Sum of the total OSS adjustment within the Company’s FAC Form A filings for the Expense Year

3. Except for the initial Billing Year as noted in Section 2, the NFOF shall be recalculated annually based on the most recent Expense Year and shall take effect bills rendered for the January billing period following the Expense Year.

4. After the completion of each billing year (December through November billing periods), a net true-up shall be calculated for the NAS Designated Accounts by comparing the billed amounts of NFOF to the actual filed Form A FAC and OSS factors. The dollar amount of any variance at the end of the Billing Year will be credited or charged to NAS evenly over twelve (12) months beginning with the January billing period of the next Billing Year. The monthly amount (“NFOF True-up”) will be shown as a separate line item on NAS’s bill.

5. The NFOF and NFOF True-up shall be filed with the Commission ten (10) days before scheduled to go into effect, along with all necessary supporting data to justify the determination of each.

6. Appendix A shall be used to document the effective NFAC, NOSS, NFOF, and NFOF True-up.

7. This Contract Amendment shall continue in force until either party shall give the other not less than sixty days written notice of its intention to terminate this Contract Amendment. Notwithstanding anything in this Contract Amendment to the contrary, this Contract Amendment shall automatically terminate upon the proper cancellation by the Kentucky Public Service Commission of any rate or tariff whose administration of the same is necessary for this Contract Amendment to continue; however, the renaming, restructuring, or changing of rates of any tariff provision this Contract Amendment addresses shall not constitute cancellation of the same, and shall not automatically terminate this Contract Amendment.

8. Upon termination of this Contract Amendment by either party or when NAS ceases receiving electric service from the Company, whichever occurs first, a final true-up shall be calculated and billed for the current Billing Year and combined with the remaining balance on the true-up for the prior Billing Year for payment to NAS or the Company, as applicable, within sixty calendar days after the end of the last billing period to which the NFOF is applied. Such payment must be made within twenty-two calendar days of issuance of the true-up billing.

9. Except where they conflict with the provisions of this Contract Amendment, the provisions of all existing contracts between NAS and the Company for the provision of electric service remain in effect.

10. This Contract Amendment shall become effective upon approval by the Commission.

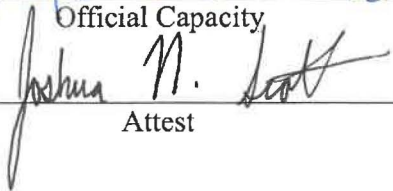
IN WITNESS WHEREOF, the parties hereto have caused this Contract Amendment to be executed by their duly authorized representatives the day and year shown above.

KENTUCKY UTILITIES COMPANY

By  Derek Rahn

Manager of Business Services

Official Capacity



Attest

NORTH AMERICAN STAINLESS, INC.

By  ANIL YADAV

VP Operations

Official Capacity

 NH Adams, General Counsel
Attest

APPENDIX A

KENTUCKY UTILITIES COMPANY

SUMMARY OF ADJUSTMENT CLAUSES

Based on Expense Period: December 2018 through November 2019

1. NAS Fuel Adjustment Clause Factor (NFAC)	(+) \$	(0.00141) / kWh
2. NAS Off-System Sales Factor (NOSS)	(+) \$	<u>(0.00004)</u> / kWh
3. NAS FAC/OSS Factor (NFOF) (Line 1 + Line 2)	= \$	<u>(0.00145)</u> / kWh

Note: (1) Five decimal places in dollars for normal rounding.

4. Net FAC Amount Due (To)/From NAS at End of Billing Year	\$	-
5. Net OSS Amount Due (To)/From NAS at End of Billing Year	\$	<u>-</u>
6. Net Combined FAC/OSS Amount Due (To)/From NAS at End of Billing Year (Line 4 + Line 5)	\$	-
7. Net Combined FAC/OSS Amount Due (To)/From NAS Bill Amount (NFOF True-up) (Line 6 / 12 Months)	= \$	<u>-</u> / Month

Effective with Bills Rendered for the _____ Billing Period