

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION BY THE	)	
PUBLIC SERVICE COMMISSION OF THE	)	
ENVIRONMENTAL SURCHARGE MECHANISM	)	
OF DUKE ENERGY KENTUCKY, INC. FOR THE	)	
SIX-MONTH BILLING PERIODS ENDING	)	CASE NO.
NOVEMBER 30, 2020, MAY 31, 2021,	)	2023-00374
NOVEMBER 30, 2021, NOVEMBER 30, 2022,	)	
AND MAY 31, 2023, AND THE TWO-YEAR	)	
BILLING PERIODS ENDING MAY 31, 2020, AND	)	
MAY 31, 2022	)	

ORDER

On April 13, 2018, the Commission approved Duke Energy Kentucky, Inc.'s (Duke Kentucky) environmental surcharge application and established a surcharge mechanism.<sup>1</sup> Pursuant to KRS 278.183(3), at six-month intervals, the Commission must review the past operations of the environmental surcharge, disallow any surcharge amounts found not to be just and reasonable, and reconcile past surcharges with actual costs recoverable pursuant to KRS 278.183(1). At two-year intervals, the Commission must review and evaluate the past operations of the environmental surcharge, disallow improper expenses, and to the extent appropriate, incorporate surcharge amounts found just and reasonable into the existing base rates of the utility.

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<sup>1</sup> Case No. 2017-00321, *Electronic Application of Duke Energy Kentucky, Inc. for: 1) An Adjustment of the Electric Rates; 2) Approval of an Environmental Compliance Plan and Surcharge Mechanism; 3) Approval of New Tariffs; 4) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and 5) All Other Required Approvals and Relief* (Ky. PSC Apr. 13, 2018).

On its own motion, the Commission initiates (1) the six-month review of Duke Kentucky's environmental surcharge for the billing periods ending November 30, 2020, May 31, 2021, November 30, 2021, November 30, 2022, and May 31, 2023; and (2) the two-year review of Duke Kentucky's environmental surcharge for billing periods ending May 31, 2020, and May 31, 2022.<sup>2</sup>

To facilitate this review, a procedural schedule is set forth in Appendix A to this Order. In accordance with that schedule, Duke Kentucky is to file prepared direct testimony in support of the reasonableness of the application of its environmental surcharge mechanism during the periods under review.

In addition, Duke Kentucky is to file its responses to the information requested in Appendix B to this Order and shall respond to any future requests for information propounded by Commission Staff by the date or dates set forth on any such requests.

Additionally, any hearing scheduled in this matter shall be held on the designated day or days and continued until called from the bench by the presiding officer. Pursuant to 807 KAR 5:001, Section 2, if the hearing is not concluded on the designated day, the hearing may be continued upon verbal announcement by the presiding officer. A verbal announcement made by the presiding officer shall be proper notice of the continued hearing. Hearings are held in the Richard Raff Hearing Room at the offices of the Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky. Witnesses who sponsor schedules, testimony, or responses to requests for information are expected to participate in person at a hearing.

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<sup>2</sup> Duke Kentucky's surcharge is billed on a two-month lag.

IT IS THEREFORE ORDERED that:

1. This proceeding is initiated to review Duke Kentucky's environmental surcharge for the expense periods set forth in this Order.
2. The procedural schedule set forth in Appendix A to this Order shall be followed.
3. On or before the date set forth in the procedural schedule, Duke Kentucky shall file its responses to the information requested in Appendix B attached to this Order.
4. Duke Kentucky shall respond to any additional requests for information propounded by Commission Staff as provided in those requests.
5. Unless otherwise ordered by the Commission, the procedures set forth in 807 KAR 5:001, Section 8, related to the service and electronic filing of papers shall be followed in this proceeding.
6. Any party filing a paper with the Commission shall file an electronic copy in accordance with the electronic filing procedures set forth in 807 KAR 5:001, Section 8. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>3</sup> regarding filings with the Commission.
7. If a party objects to the use of electronic filing procedures and the Commission determines that good cause exists to excuse that party from the use of

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<sup>3</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

electronic filing procedures, service of documents on that party and by that party shall be made in accordance with 807 KAR 5:001, Section 4(8).

8. Pursuant to 807 KAR 5:001, Section 8(9), within seven days of the date of service of this Order, Duke Kentucky shall file a written statement that it waives any right to service of Commission Orders by United States mail and that it or its authorized agent possesses the facilities to receive electronic submissions.

9. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding, which is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Therefore, any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented, or the issues and facts the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of utility service consumed by the movant or a general statement regarding the potential impact of possible modification of rates will not be deemed sufficient to establish a special interest.

10. Any motion to intervene filed after the dates established in the procedural schedule shall show a basis for intervention and good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

11. Unless a party granted leave to intervene states its objection to the use of electronic filing procedures in a motion for intervention, the party shall:

a. Be deemed to have consented to the use of electronic filing procedures and the service of all papers, including Orders of the Commission, by electronic means; and

b. Within seven days of the date of service of an Order of the Commission granting its intervention, file with the Commission a written statement that:

(1) It, or its authorized agent, possesses the facilities to receive electronic transmissions; and

(2) Sets forth the electronic mail address to which all electronic notices and messages related to this proceeding shall be served.

12. Duke Kentucky shall, by the date set forth in Appendix A, file its prepared direct testimony in support of the reasonableness of the application of its environmental surcharge mechanism during the periods under review.

13. Within seven days of the Commission's granting intervention to a party, Duke Kentucky shall provide the party with a copy of its monthly environmental surcharge reports as filed with the Commission for the review periods.


14. Duke Kentucky's monthly environmental surcharge reports and supporting data for the review periods set forth in this Order shall be incorporated by reference into the record of this case.

15. The Commission does not look favorably upon motions for continuance. Accordingly, motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

16. The Commission does not look favorably upon motions to excuse witnesses from testifying at Commission hearings. Accordingly, motions to excuse a witness from testifying at a Commission hearing or from testifying in person at a Commission hearing shall be made in writing and will be granted only upon a showing of good cause.

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PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ENTERED  
DEC 08 2023 bsb  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00374 DATED DEC 08 2023

Duke Kentucky shall file its prepared direct testimony and responses to the information requested in Appendix B no later than..... 01/31/2024

A person interested in becoming a party to this proceeding shall file a motion to intervene with the Commission pursuant to 807 KAR 5:001, Section 4(11), no later than..... 01/19/2024

All additional requests for information to Duke Kentucky shall be filed no later than..... 02/29/2024

Duke Kentucky shall file responses to additional requests for information no later than..... 03/21/2024

Intervenor testimony, if any, in verified prepared form shall be filed no later than ..... 03/29/2024

All requests for information to Intervenors shall be filed no later than ..... 04/19/2024

Intervenors shall file responses to requests for information no later than..... 05/10/2024

Last day for Duke Kentucky or Intervenors to request a hearing or submit this case for a decision based on the record..... 05/15/2024



## APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00374 DATED DEC 08 2023

### COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO DUKE ENERGY KENTUCKY, INC.

Duke Energy Kentucky, Inc.'s (Duke Kentucky), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on January 31, 2024. The Commission directs Duke Kentucky to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>4</sup> regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the 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.

Duke Kentucky shall make timely amendment to any prior response if Duke Kentucky obtains information that indicates the response was incorrect or incomplete

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<sup>4</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

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

Careful attention shall be given to copied and scanned 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Duke Kentucky, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide a summary schedule showing the calculation of  $E(m)$  and the surcharge factor for the expense months covered by the billing periods under review. Use ES Form 1.10 as a model for this summary. Include two expense months subsequent to the review period in order to show the over- and under-recovery adjustments for the months included for the billing periods. The summary schedule is to incorporate any corrections or revision to the monthly surcharge filings Duke Kentucky has submitted for the billing period under review. Provide the schedule and all supporting calculations and documentation in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

2. For the periods under review, provide a calculation of any additional over- or under-recovery amount Duke Kentucky believes needs to be recognized, and, if any, propose an amortization period. Provide the schedule and all supporting calculations and documentation in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

3. Provide the actual average residential customer's monthly usage as of May 31, 2023. Based on this usage amount, provide the dollar impact any additional over- or under-recovery will have on the average residential customer's monthly bill for the requested amortization period.

4. Refer to ES Form 2.30, Inventory and Expense of Emission Allowances, for each of the expense months covered by the applicable billing periods.

a. For the sulfur dioxide emission allowance inventory, explain the reason(s) for any purchases of allowances reported during these expense months.

b. For the nitrogen oxide emission allowance inventory, explain the reason(s) for any purchases of allowances reported during these expense months.

c. For each month in the six-month review periods and the last six-month period of the two-year review periods, explain how any purchases of allowances comply with Duke Kentucky's emissions allowance strategy plan.

d. For each month in the six-month review periods and the last six-month period of the two-year review periods, provide the calculation that supports the total cost of allowances utilized that is then carried to ES Form 2.00. Provide the schedule and all supporting calculations and documentation in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

e. Provide an explanation for any fluctuations in the monthly average cost of allowances determined in 4.d.

5. KRS 278.183(3) provides that during the two-year review the Commission shall, to the extent appropriate, incorporate environmental surcharge amounts found just and reasonable into the existing base rates of the utility.

a. State whether Duke Kentucky believes any surcharge amounts need to be incorporated into its base rates in conjunction with these two-year reviews. If so, provide the surcharge amount that Duke Kentucky believes should be incorporated into its existing base rates.

b. For subpart a. above, explain how the surcharge amount should be incorporated into the base rates, including all supporting calculations, workpapers, and assumptions as well as any analysis that Duke Kentucky believes supports its position. Provide all supporting schedules in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.

c. Provide the that reflects all environmental surcharge amounts previously incorporated into existing base rates and the amount determined in subpart b. above. Include all supporting calculations, workpapers, and assumptions. Provide all supporting schedules in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.

d. State whether Duke Kentucky believes that there will need to be modifications to either the surcharge mechanism or the monthly surcharge reports, other than a revision to Base Environmental Surcharge Factor, as a result of incorporating environmental surcharge amounts into Duke Kentucky's existing base rates. If so,

provide a detailed explanation of the modifications and provide updated monthly surcharge reports.

\*Duke Energy Kentucky, Inc.  
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Cincinnati, OH 45202

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