COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION OF THE APPLICATION OF THE FUEL ADJUSTMENT CLAUSE OF DUKE ENERGY KENTUCKY, INC. FROM NOVEMBER 1, 2022 THROUGH OCTOBER 31, 2024.	)))))	CASE NO. 2025-00342

<u>O R D E R</u>

Pursuant to 807 KAR 5:056, the Commission, on December 19, 2025, 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 of November 1, 2022, through October 31, 2024, and to determine the amount of fuel costs that should be included in its base rates.[1]

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 January 23, 2026,[2] and subsequently filed responses to two additional requests for information.[3] On May 1, 2026, Duke

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[1] Opening Order (Ky. PSC Dec. 29, 2025).

[2] Duke Kentucky's Responses to Commission Staff's First Request for Information (Staff's First Request) (filed Jan. 23, 2026).

[3] Duke Kentucky's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Feb. 20, 2026) and Duke Kentucky's Response to Commission Staff's Third Request for Information (Staff's Third Request) (filed Mar. 20, 2026).

Kentucky filed a motion requesting to submit the case for a decision on the existing record.[4] There are no intervenors in this proceeding.

LEGAL STANDARD

The FAC is a regulatory mechanism that permits jurisdictional utilities to regularly adjust the per unit price of electricity to reflect fluctuations in the cost of fuel, or purchased power, used to supply that electricity and is pursuant to 807 KAR 5:056. The statutory foundations for the regulation are KRS 278.480, which gives the Commission exclusive jurisdiction over the regulation of rates and services of utilities, and KRS 278.030(1), which grants the PSC the authority to set rates that are fair, just and reasonable. The Commission's right to conduct six-month and two-year reviews of a utility's FAC is established in 807 KAR 5:056, Section 3. Every two years the Commission shall conduct a formal review and evaluate past operations of the clause, disallow improper expenses and, to the extent appropriate, reestablish the baseline fuel clause charge.

DISCUSSION AND FINDINGS

Included in the two-year FAC review cases, the Commission conducts a six-month review of the last six months of the period under review, to examine the calculation or application of Duke Kentucky's FAC charges and fuel procurement practices. Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that during the period under review, Duke Kentucky has complied with the provisions of 807 KAR 5:056. The Commission finds no evidence of improper calculation or application of Duke Kentucky's FAC charges or improper fuel procurement

[4] Duke Kentucky's Petition to Submit on the Record (filed May 1, 2026).

practices for the last six months of the period under review, from May 1, 2024, to October 31, 2024.

Base Fuel Cost

Duke Kentucky proposed that the FAC base rate be set at $0.035797 per kWh based on August 2023 fuel costs.[5] This represents a $0.002017 per kWh increase from the current base fuel cost of $0.033780 per kWh.[6] Duke Kentucky reviewed the total native fuel rate in the two-year review period, the two-year forecasted period 2026 and 2027, and actual fuel rates after the end of the review period from November 2024 through November 2025 (post review period). Duke Kentucky's analysis demonstrated that its proposed base fuel rate is near both the average and median of the actual total native fuel rate of the two-year review period as well as the post review period. Duke Kentucky stated it chose August 2023 as the base period because the fuel costs in that period were more in line with the average and median sales of the two-year review period and post review periods.[7]

When 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 FAC filings shows that the total

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[5] Direct Testimony of Libbie S. Miller (Miller Direct Testimony) (filed Jan. 23, 2026) at 4.

[6] Case No. 2023-00012, *An Electronic Examination of the Application of the Fuel Adjustment Clause of Duke Energy Kentucky, Inc. From November 1, 2020 Through October 31, 2022* (Ky. PSC May 6, 2024), Order.

[7] Miller Direct Testimony at 4. The company's projected average fuel rates for the calendar years 2026 and 2027 are $0.037369 per kWh and $0.41365 per kWh, respectively. Duke Kentucky concluded that the two-year forecasted rates were not representative of the actual rates going forward and that the analysis in choosing a new base fuel rate should focus on the actual rates.

fuel cost for the two-year review period ranged from a low of $0.022756 per kWh in January 2023[8] to a high of $0.060679 per kWh in November 2022[9] with an average total fuel cost for the 24-month period under review of $0.034349 per kWh. Based on the evidence in the record the Commission finds the proposed base FAC rate to be reasonable and finds that it should be approved. Based upon its review, the Commission finds that the proposed base period fuel cost of $0.035797 per kWh should be approved beginning with the expense month of September 2026 and that Duke Kentucky's base energy rates should be increased by $0.002017 per kWh, as proposed, for service rendered on and after September 1, 2026, to reflect the increase to its base fuel costs.

Petitions for Confidential Treatment

Duke Kentucky filed two petitions for confidential treatment for multiple attachments provided in response to Commission Staff's requests for information. Each petition is addressed below.

January 23, 2026 Petition

In its January 23, 2026 petition, Duke Kentucky requested confidential treatment for ten attachments, either portions or the entirety of the document, pursuant to 807 KAR 5:001, Section 13(2) and KRS 61.878(1)(c) for a period of ten years.[10]

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[8] Duke Kentucky's FAC Form A, expense month January 2023 (filed. Feb. 17, 2023). Duke Kentucky's Generator FAC form A filings are located on the Kentucky Public Service Commission's website at https://psc.ky.gov/Home/Library?type=FAC.

[9] Duke Kentucky's FAC Form A, expense month November 2022 (filed. Dec. 16, 2022). Duke Kentucky's Generator FAC form A filings are located on the Kentucky Public Service Commission's website at https://psc.ky.gov/Home/Library?type=FAC.

[10] Duke Kentucky's Petition for Confidential Treatment (January Petition for Confidential Treatment) (filed Jan. 23, 2026) at 1 and 11.

Duke Kentucky stated that it provided STAFF-DR-01-011 Confidential Attachments 1 and 2 in response to Commission Staff's First Request for Information (Staff's First Request), Item 11.[11] Duke Kentucky asserted that these attachments contain confidential fuel procurement risk management control policies that, if disclosed, would place it at a disadvantage when negotiating contracts with suppliers and vendors.[12]

Duke Kentucky also requested confidential treatment for the entirety of STAFF-DR-01-017 Confidential Attachment, which contains generating unit daily availability.[13] Duke Kentucky argued that if disclosed, vendors would be granted an advantage as they would be able to anticipate how it utilizes its generating fleet in competitive markets and allow them to manipulate the marketplace.[14]

Additionally, Duke Kentucky requested confidential treatment for STAFF-DR-01-032 Confidential Attachment, which provides a forecast of projected fuel consumption for 2026 and 2027 and actual data for 2025.[15] Duke Kentucky argued that disclosing its projected fuel requirements would allow potential vendors to manipulate prices to win contracts and could adversely impact what customers pay.[16]

Next, Duke Kentucky requested confidential treatment for STAFF-DR-01-033 Confidenital Attachment, which provides a list of projected sales by customer class, including anticipated revenue assuming specific total kWh sales projections for 2026 and

[11] January Petition for Confidential Treatment at 4.

[12] January Petition for Confidential Treatment at 4.

[13] January Petition for Confidential Treatment at 5.

[14] January Petition for Confidential Treatment at 5-6.

[15] January Petition for Confidential Treatment at 6.

[16] January Petition for Confidential Treatment at 6.

2027 and actual date for 2025.[17] Duke Kentucky argued that these are internally-derived figures that would give competitors, markets, and vendors a competitive advantage in any existing or prospective commercial relationship.[18]

Duke Kentucky requested confidential treatment for STAFF-DR-01-034 Confidenital Attachment, which provides a list of planned maintenance for 2025 through 2027.[19] Duke Kentucky argued that vendors would be granted an advantage if the information was made publicly available because it would provide critical "downtime" information that would impact Duke Kentucky's ability to negotiate.[20]

Duke Kentucky also requested confidential treatment of STAFF-DR-01-037 Confidential Attachment, which contains operating characteristics of its generating units including costs of operation at minimum and maximum loads and its limitation for costs recoverable in its FAC using hourly data.[21] Duke Kentucky argued that public disclosure of this information would harm it and its customers as competitors and counterparties would know how Duke Kentucky evaluates its fuel supply and procures fuel for its generating station.[22]

Lastly, Duke Kentucky requested confidential treatment for STAFF-DR-01-046(a)-(c) Attachments, which contain bid strategy and status of its generating units of every hour during the review period, including the start-up and operational costs of each unit as

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[17] January Petition for Confidential Treatment at 7.

[18] January Petition for Confidential Treatment at 7.

[19] January Petition for Confidential Treatment at 7.

[20] January Petition for Confidential Treatment at 7.

[21] January Petition for Confidential Treatment at 8.

[22] January Petition for Confidential Treatment at 9.

well as the price per MWH of those generating units.[23] Duke Kentucky argued that publicly available, competitors could use this information to manipulate the market and financially hurt Duke Kentucky and its customers.[24]

Having considered the petition and the material at issue, the Commission finds that Duke Kentucky's petition for confidential treatment should be granted. The information provided is generally recognized as confidential or proprietary, which if released may provide an unfair commercial advantage to Duke Kentucky's competitors; it therefore meets the criteria for confidential treatment and should be exempted from public disclosure pursuant to 807 KAR 5:001, Section 13, and KRS 61.878(1)(c)(1). The Commission finds that STAFF-DR-01-011 Confidential Attachments 1 and 2, STAFF-DR-01-017 Confidential Attachment, STAFF-DR-01-32 Confidential Attachment, STAFF-DR-01-33 Confidential Attachment, STAFF-DR-01-34 Confidential Attachment, STAFF-DR-01-37 Confidential Attachment, and STAFF-DR-01-46(a)-(c) Confidential Attachments shall remain confidential for a period of ten years.

<u>February 20, 2026 Petition</u>

In its February 20, 2026 petition, Duke Kentucky requested confidential treatment for identified portions of its data responses and one attachment pursuant to 807 KAR 5:001, Section 13(2) and KRS 61.878(1)(c) for a period of ten years.[25]

Duke Kentucky requested confidential treatment for the identified portions of its response to Commission Staff's Second Request of Information (Staff's Second

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[23] January Petition for Confidential Treatment at 10.

[24] January Petition for Confidential Treatment at 10.

[25] Duke Kentucky's Petition for Confidential Treatment (February Petition for Confidential Treatment) (filed Feb. 20, 2026) at 1 and 7.

Request), Item 2, which reveals the price index used by Duke Kentucky traders to build a model for offering certain units into PJM Interconnection, LLC.[26] Duke Kentucky argued that public disclosure would place it at a commercial disadvantage as it negotiates contracts with supplies and vendors.[27]

Duke Kentucky also requested confidential treatment to the identified portions of its response to Staff's Second Request, Item 5, which contains its offer strategy of its generating units.[28] Duke Kentucky asserted that releasing this information would disclose its generating fleet in the wholesale power markets and place it at a commercial disadvantage.[29]

Lastly, Duke Kentucky requested confidential treatment for STAFF-DR-02-210 Confidential Attachment, which provides a forecast of projected fuel consumption for 2026 and 2027 and actual data for 2025.[30] Duke Kentucky argued that if the projected fuel requirements and estimated costs were made publicly available, potential vendors could manipulate prices to win contracts.[31]

Having considered the petition and the material at issue, the Commission finds that Duke Kentucky's petition for confidential treatment should be granted. The information provided is generally recognized as confidential or proprietary, which if released may provide an unfair commercial advantage to Duke Kentucky's competitors; it therefore

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[26] February Petition for Confidential Treatment at 3.

[27] February Petition for Confidential Treatment at 4.

[28] February Petition for Confidential Treatment at 5.

[29] February Petition for Confidential Treatment at 5.

[30] February Petition for Confidential Treatment at 6.

[31] February Petition for Confidential Treatment at 6.

meets the criteria for confidential treatment and should be exempted from public disclosure pursuant to 807 KAR 5:001, Section 13, and KRS 61.878(1)(c)(1). The Commission finds that the identified portions of Duke Kentucky's response to Staff's Second Request, Items 2 and 5 and STAFF-DR-02-010 Confidential Attachment shall remain confidential for a period of ten years.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Duke Kentucky through the FAC for the period from November 1, 2022, through October 31, 2024, are approved.

2. Duke Kentucky's proposed base fuel cost of $0.035797 per kWh is approved.

3. Beginning with the expense month of September 2026, Duke Kentucky shall use a FAC rate based upon a base fuel cost of $0.035797per kWh.

4. Duke Kentucky shall increase its base energy rates by $0.002017 per kWh for service rendered on and after September 1, 2026 to reflect the increase of $0.002017 per kWh to Duke Kentucky's base fuel costs, which is the differential between the prior base fuel cost of $0.033780 per kWh and the new base fuel cost of $0.035797 per kWh.

5. 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 increase in its base energy rates discussed herein, and reflecting that they were approved pursuant to this Order.

6. Duke Kentucky's January 23, 2026 Petition for Confidential Treatment is granted.

7. STAFF-DR-01-011 Confidential Attachments 1 and 2, STAFF-DR-01-017 Confidential Attachment, STAFF-DR-01-32 Confidential Attachment, STAFF-DR-01-33 Confidential Attachment, STAFF-DR-01-34 Confidential Attachment, STAFF-DR-01-37 Confidential Attachment, and STAFF-DR-01-46(a)-(c) Confidential Attachments are granted confidential treatment by this Order and shall not be placed in the public record or made available for public inspection for ten years or until further order of this Commission.

8. Duke Kentucky's February 20, 2026 Petition for Confidential Treatment is granted.

9. The identified portions of Duke Kentucky's response to Staff's Second Request, Items 2 and 5 and STAFF-DR-02-010 Confidential Attachment are granted confidential treatment by this Order and shall not be placed in the public record or made available for public inspection for ten years or until further order of this Commission.

10. Use of the designated material granted confidential treatment by this Order in any Commission proceeding shall comply with 807 KAR 5:001, Section 13(9).

11. If the designated material granted confidential treatment by this Order becomes publicly available or no longer qualifies for confidential treatment, Duke Kentucky shall inform the Commission and file with the Commission an unredacted copy of the designated material.

12. If a nonparty to this proceeding requests to inspect the material granted confidential treatment by this Order and the period during which the material has been granted confidential treatment has not expired, Duke Kentucky shall have 20 days from receipt of written notice of the request to demonstrate that the material still falls within the

exclusions from disclosure requirements established in KRS 61.878. If Duke Kentucky is unable to make such demonstration, the requested material shall be made available for inspection. Otherwise, the Commission shall deny the request for inspection.

13. The Commission shall not make the requested material available for inspection for 30 days from the date of service of an Order finding that the material no longer qualifies for confidential treatment in order to allow Duke Kentucky to seek a remedy afforded by law.

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

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Entered on this 18th day of August, 2026.

PUBLIC SERVICE COMMISSION

Angie Hatton
Chair

Mary Pat Regan
Vice Chair

Andrew W. Wood
Commissioner

Barry L. Mayfield
Commissioner

ATTEST:

Justin McNeil RP

Justin McNeil
Executive Director

Service List for Case 2025-00342

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* Denotes served by Email