



DUKE ENERGY CORPORATION

139 East Fourth Street
1212 Main
Cincinnati, OH 45201-0960
Telephone: (513) 287-4315
Facsimile: (513) 287-4385

Kristen Cocanougher
Sr. Paralegal
E-mail: Kristen.cocanougher@duke-energy.com

VIA OVERNIGHT DELIVERY

May 11, 2011

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
Frankfort, KY 40601

RECEIVED

MAY 12 2011

PUBLIC SERVICE
COMMISSION

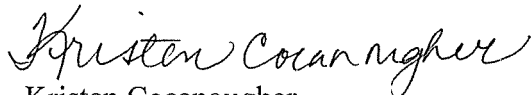
Re: Case No. 2010-00445

Dear Mr. Derouen:

Enclosed please find an original and twelve copies of Duke Energy Kentucky Inc.'s response to Staff's Fourth Set of Data Requests in the above captioned case.

Please date-stamp the two copies of the letter and the Data Requests and return to me in the enclosed envelope.

Sincerely,


Kristen Cocanougher

cc: Larry Cook (w/enclosures)

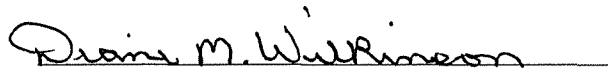
VERIFICATION

STATE OF NORTH CAROLINA)
) SS:
COUNTY OF MECKLENBURG)

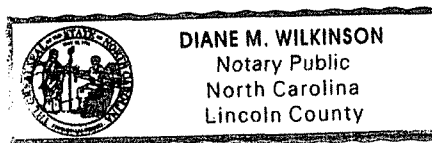
The undersigned, Rick Mifflin, being duly sworn, deposes and says that he is employed by the Duke Energy Corporation affiliated companies as Manager, Products and Services for Duke Energy Business Services, LLC; that on behalf of Duke Energy Kentucky, Inc., he has supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of his knowledge, information and belief after reasonable inquiry.


Rick Mifflin

Subscribed and sworn to before me by Rick Mifflin on this 5th day of May, 2011.


NOTARY PUBLIC

My Commission Expires:



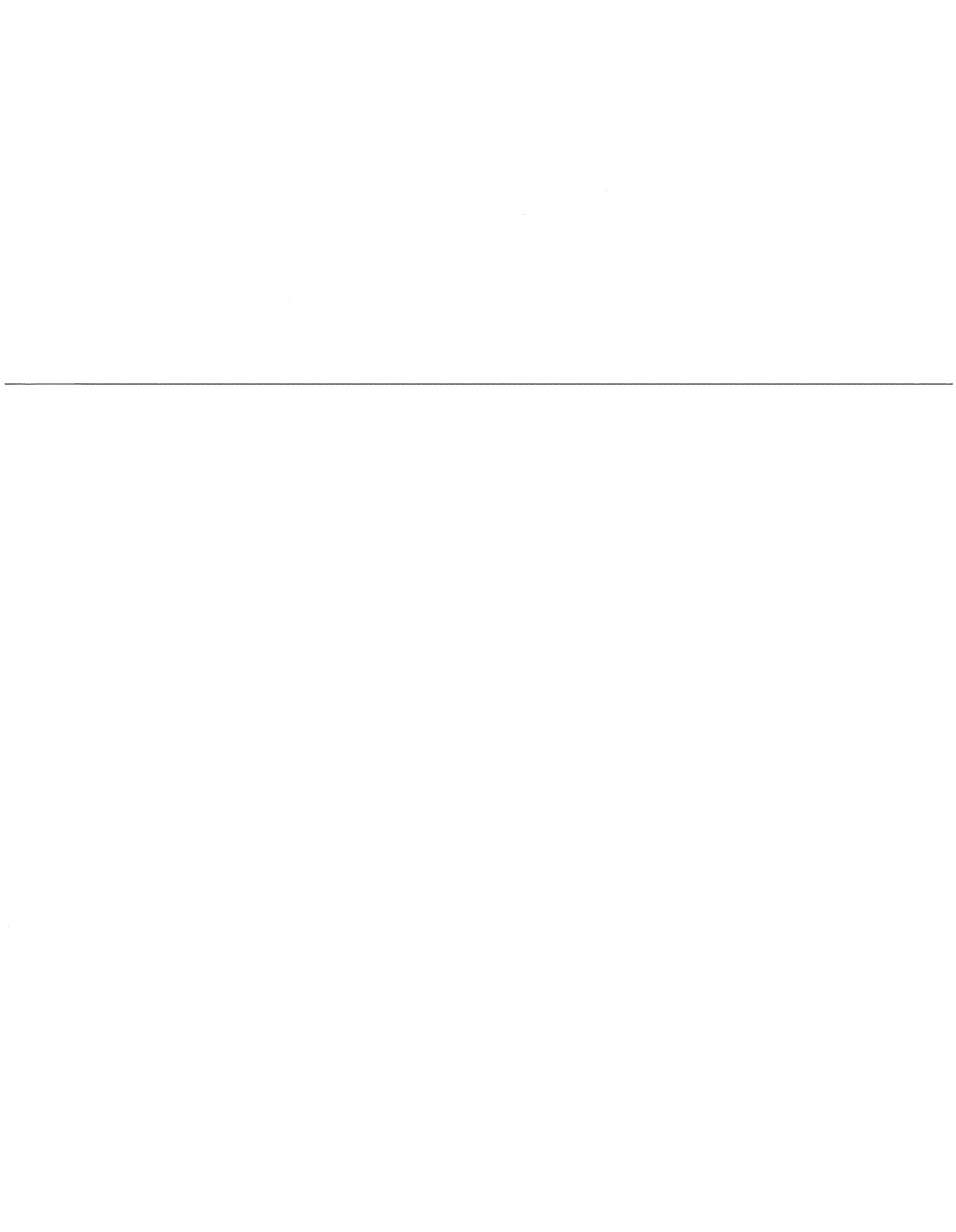
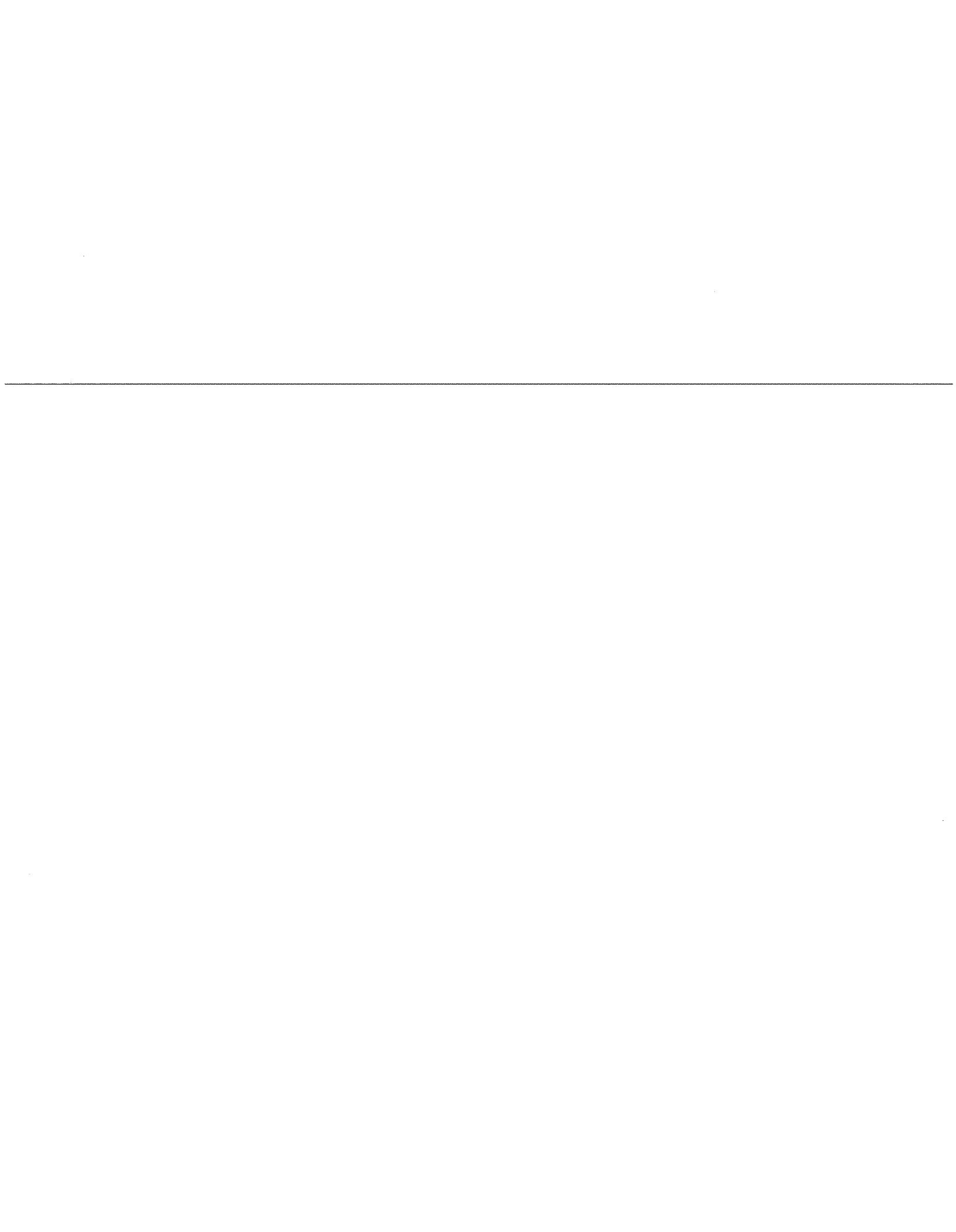


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STAFF-DR-04-001

REQUEST:

Refer to the Application, pages 33-34 regarding the Residential Smart Saver program.

- a. Confirm that Duke Kentucky's proposed Residential Smart Saver program will target customers at or above 200 percent of poverty.
- b. If a. above is confirmed, explain why it is reasonable to target this specific group of customers. Include in the explanation whether Duke Kentucky believes there is any instance in which a minimum income level requirement would be a reasonable requirement for participation in a DSM program.
- c. Explain how many customers Duke Kentucky anticipates will participate in its proposed Residential Smart Saver program.
- d. Duke Kentucky states that its customers are not required to participate in the KYHP program to receive the Residential Smart Saver incentives. Explain whether the income qualifications are the same for those customers not participating in the KYHP program.
- e. Duke Kentucky states that it has partnered with KHC to support the establishment and growth of KYHP. State whether any monies are expected to be paid to Duke Kentucky from KHC for the program and if that amount is reflected in Duke Kentucky's requested program costs

RESPONSE:

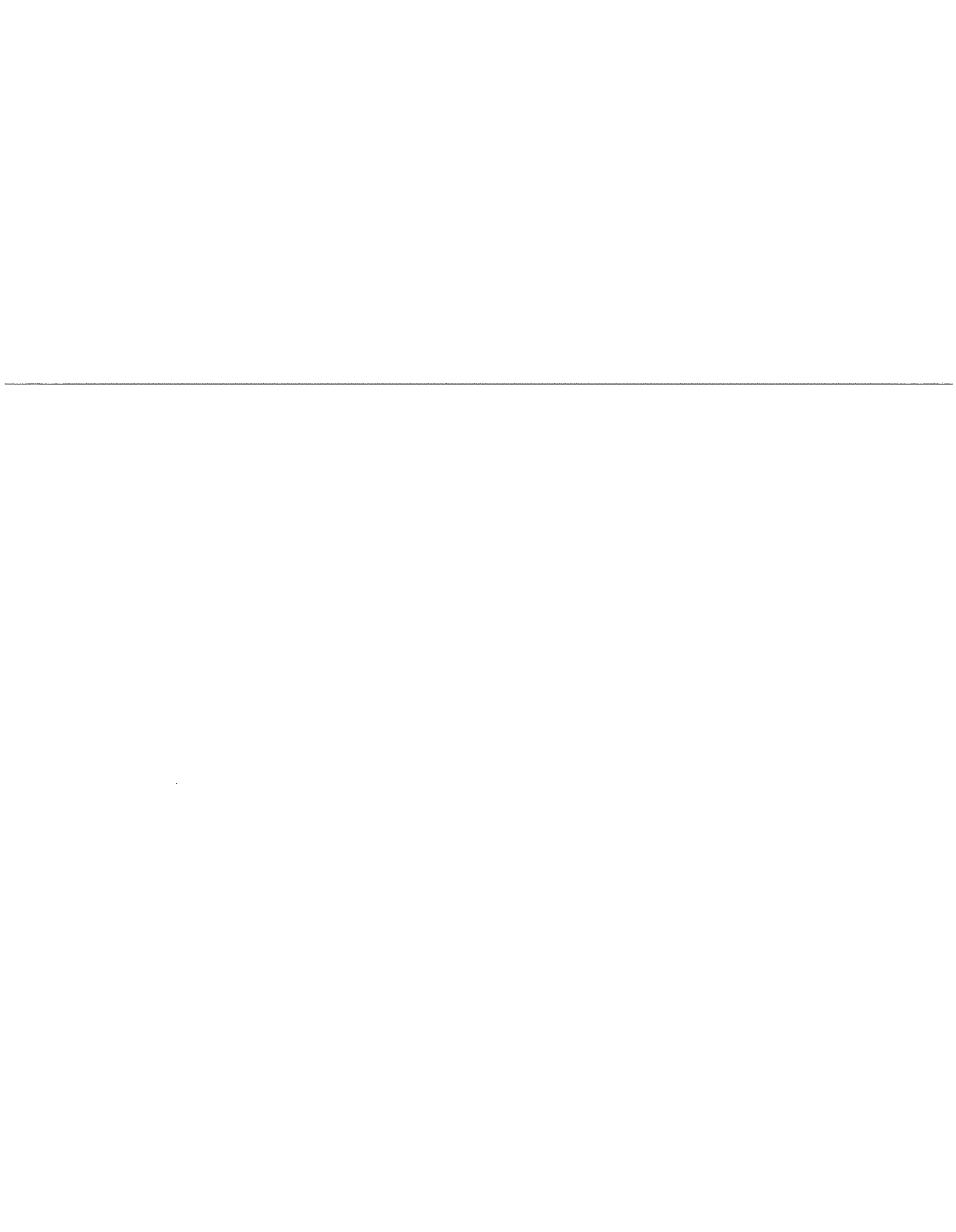
- a. The Smart Saver program does not require a Duke Kentucky customer to have an income over 200% of poverty to participate. The reference to the 200% is to the targeted market for purposes of forecasting participation. There is no floor in terms of income level for participation. It is believed, that customers with moderate to higher incomes would more likely invest in the Smart Saver program.
- b. Not Applicable
- c. Participation estimates are provided below:

	Participation
KY_ Smart Saver – Central Air Conditioner	250
KY_ Smart Saver – Heat Pump	400
KY_ SS AC Tune Up	200
KY_ SS Attic Insulation Air Sealing	80
KY_ SS Duct Sealing	35
KY_ SS HP Tune Up	300

Duke Energy Kentucky’s participation estimates are based upon consultant analysis and experience and participation levels in other jurisdictions in the Duke Energy Corporate footprint where similar programs have been implemented.

- d. There are no income requirements to participate in the Smart Saver program regardless of KYHP participation.
- e. No monies will be paid to Duke Kentucky from KYHP. The intent is for Duke Kentucky to support KYHP efforts and increase the number customers that implement energy improvements to their home.

PERSON RESPONSIBLE: Rick Mifflin



STAFF-DR-04-002

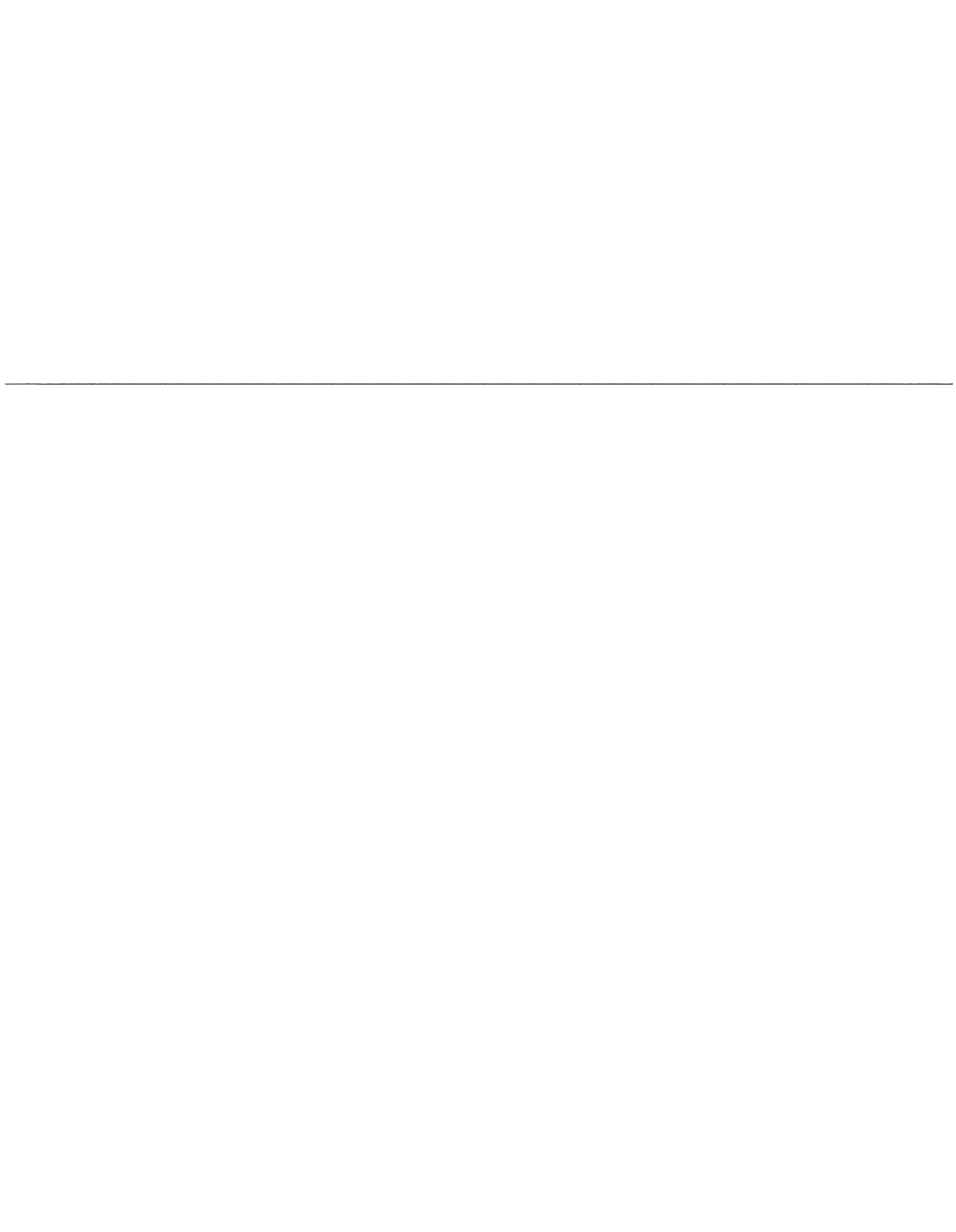
REQUEST:

Refer to the Application, page 7. Duke Kentucky states that its Residential Conservation and Energy Education program focuses on LIHEAP customers that meet the income qualification level (i.e., income below 130 percent of the federal poverty level). Explain whether there are any weatherization or energy efficiency measures comparable to those in this program and the Residential Smart Saver program that target customers in the greater than 130 percent of poverty and below 200 percent of poverty level.

RESPONSE:

All of the measures in the Smart Saver program would be available to Duke Kentucky customers including those in the 130% to 200% of federal poverty income range. Income is not a qualification requirement for participation in the Smart Saver program.

PERSON RESPONSIBLE: Rick Mifflin



STAFF-DR-04-003

REQUEST:

Explain whether Duke Kentucky customers may qualify and benefit from Duke Kentucky's Residential Conservation and Energy Education Program ("RCEE") as well as its proposed Residential Smart Saver Program ("RSS"). For example, could a residential customer receive attic insulation under RCEE and then receive the incentive provided for attic insulation under the RSS program?

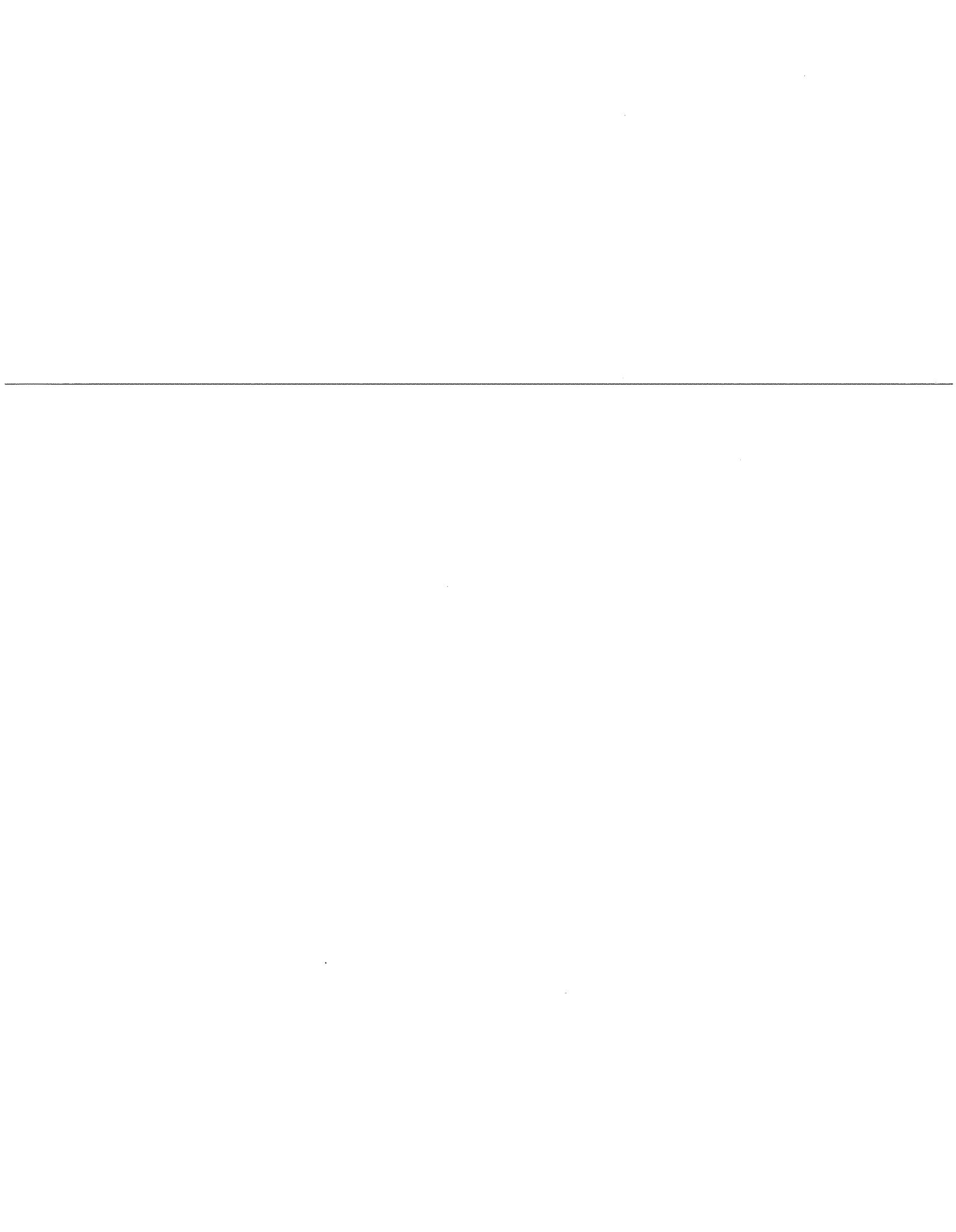
- a. If yes, explain why it is reasonable for a customer to benefit from both programs for the same service.
- b. Are Lost Revenues and Shared Services calculated if a residential customer is a participant in both programs? Explain.

RESPONSE:

Customers would not be eligible for multiple Duke Kentucky incentives from different programs for the same installed measure project at the premise. The customer would not be eligible to receive attic insulation from the RCEE program and then receive an RSS attic insulation incentive for the same attic insulation provided through the RCEE program.

- a. Not applicable
- b. Not applicable

PERSON RESPONSIBLE: Rick Mifflin



Duke Energy Kentucky
Case No. 2010-00445
Staff Fourth Set Data Requests
Date Received: May 9, 2011

STAFF-DR-04-004

REQUEST:

Please provide a breakdown of natural gas impacts associated with the Smart Saver program, including the calculation of the rate applicable to the natural gas DSM rider.

RESPONSE:

Duke Energy obtained independent, third-party impact estimates evidencing that multiple measures contained within the Smart Saver program produce gas benefits in addition to the electric benefits. Therefore, the costs of the program have been allocated, as described above, to both gas and electric benefits. Specific measures providing gas benefits include Attic Insulation and Air Sealing and Duct Sealing. A breakdown of the cost allocation is evidenced in "STAFF-DR-002-004(1) attachment Appendix B Reconciliation 2010 – Revised v3."

Excerpt from STAFF-DR-002-004(1) attachment Appendix B Reconciliation 2010 – Revised v3, Page 2:

					Allocation of Costs		Budget (Costs, Lost Revenues, & Shared Savings)		
	Costs	Lost Revenues	Shared Savings	Total	Electric	Gas	Electric Costs	Electric	Gas Costs
Residential - Current Programs/Measures									
Residential Conservation & Energy Education	\$ 499,800	\$ 16,525	\$ (3,499)	\$ 512,826	37.1%	62.9%	\$ 185,426	\$ 198,452	\$ 314,374
Refrigerator Replacement	\$ 100,000	\$ 6,145	\$ 300	\$ 106,445	100.0%	0.0%	\$ 100,000	\$ 106,445	\$ -
Home Energy House Call	\$ 150,000	\$ 49,810	\$ 35,700	\$ 235,510	37.1%	62.9%	\$ 55,650	\$ 141,160	\$ 94,350
Residential Comprehensive Energy Education	\$ 81,500	\$ -	\$ -	\$ 81,500	37.1%	62.9%	\$ 30,237	\$ 30,237	\$ 51,264
Home Energy Assistance Plus (continuing)	\$ 150,000	\$ -	\$ -	\$ 150,000	37.1%	62.9%	\$ 55,650	\$ 55,650	\$ 94,350
Power Manager	\$ 875,000	\$ -	\$ 174,000	\$ 1,049,000	100.0%	0.0%	\$ 875,000	\$ 1,049,000	\$ -
Program Development Funds	\$ 140,000	\$ -	\$ -	\$ 140,000	37.1%	62.9%	\$ 51,940	\$ 51,940	\$ 88,060
Energy Star Products	\$ 243,000	\$ 690,225	\$ 63,450	\$ 996,675	100.0%	0.0%	\$ 243,000	\$ 996,675	\$ -
CFL's (Compact Fluorescent Lights)									
Torchieres (Floor lamps)									
Energy Efficiency Web Site	\$ 31,110	\$ 26,781	\$ 2,955	\$ 60,846	37.1%	62.9%	\$ 11,542	\$ 41,278	\$ 19,568
Personalized Energy Report Pilot Program	\$ 153,000	\$ 121,547	\$ 73,134	\$ 347,681	37.1%	62.9%	\$ 56,763	\$ 251,444	\$ 96,237
Residential SmartSaver	\$ 448,820	\$ 50,160	\$ 63,822	\$ 562,802	37.1%	62.9%	\$ 168,401	\$ 270,373	\$ 282,119
Total Costs, Net Lost Revenues, Shared Savings	\$ 2,871,930	\$ 961,183	\$ 399,862	\$ 4,232,975			\$ 1,831,608	\$ 3,192,653	\$ 1,040,322

Each program has the same costs breakout between gas (62.9%) and electric (37.1%) because the allocation is based on number of customers and not on impacts by measure.

PERSON RESPONSIBLE: Rick Mifflin