

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY,	)	CASE NO.
INC. TO AMEND ITS DEMAND-SIDE MANAGEMENT	)	2014-00280
PROGRAMS	)	

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

Duke Energy Kentucky, Inc. ("Duke Kentucky"), pursuant to 807 KAR 5:001, is to file with the Commission an original paper copy and an electronic copy of its responses to the following information, with a copy to all parties of record. The information requested herein is due no later than October 13, 2014. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response 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 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 it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which Duke Kentucky fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied 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.

1. Refer to the last line on page 3 of the Application continuing to the first line on page 4 where there appears to be some text missing.

a. Provide the missing text, beginning with the last partial sentence of paragraph 6 on page 3, which contains only the two words "The Residential."

b. Provide the remainder of the partial footnote, which appears to be footnote 5, at the bottom of page 4.

c. Provide the reference for footnote 6 within the body of the text on page 4.

2. Refer to the Application at page 4, which states, "The proposed new Residential Smart Saver measures are LED Candelabras and Recessed Outdoor LEDs. Duke Energy Kentucky expanded its lighting offer to include specialty CFL and LED bulbs such as recessed lights, candelabras, globe, three-way bulbs, capsules and dimmable bulbs." Provide the projected annual kWh savings and incentive for each new proposed measure.

3. Refer to the Application at page 5 which states:

Customers who choose to shop at the Savings Store will see a wide variety of discounted CFL and LED bulbs for different fixtures around their home. Bulbs are available in single and multi-pack sizes and various wattages. Purchase limits vary by category but customers may purchase additional bulbs without incentives if they choose. Several new items will be added to the Saving Store; LED Candelabras and LED Outdoor PAR38 Reflectors.

a. Provide the purchase limits by category and associated incentives.

b. Provide the projected annual kWh savings and incentive for the LED Outdoor PAR38 Reflectors.

4. Refer to the Application at page 7, which states, "This portal, MyHER Interactive, will be available online and through mobile channels. MyHER Interactive will be available and marketed to all MyHER customers."

a. Provide the projected cost of the My Home Energy Report ("MyHER") Interactive portal and the projected annual kWh savings.

b. Explain how customers will be made aware of the MyHER Interactive portal.

5. Refer to the Application, pages 7-10.

a. Provide the projected annual kWh savings of the Non-Residential Small Business Energy Saver Program ("SBES").

b. Describe the required criteria for the SBES program administrator discussed on page 7 and how long Duke Kentucky projects it will take to secure a program administrator for this program.

6. Refer to the discussion of the Smart Saver Prescriptive program on page 10 of the Application, which states, "The recommendation is based upon the fact that

free ridership for these measures is increasing significantly as determined in other jurisdictions where the programs are offered whereby eroding the cost-effectiveness.”

a. Explain whether the two measures in Kentucky are no longer cost-effective due to free ridership.

b. Provide when Duke Kentucky last received an application for either of the chiller measures.

7. Refer to the discussion of the Smart Saver Custom program on page 10 of the Application, which states, “In order to make the Smart Saver Custom program more accessible to a wider range of projects as well as to enhance program efficiency, the Smart Saver Custom program is considering several functional enhancements.”

a. Provide the cost of the proposed enhancements.

b. Provide the projected annual kWh savings of each enhancement.

8. Refer to the discussion of the Energy Management and Information Services (“EMIS”) Pilot program on page 11 of the Application, and to the notification letter dated April 21, 2014, filed in response to the Final Order in Case No. 2012-00085,<sup>1</sup> which states, “The Company plans to initiate the EMIS Pilot on or about May 5, 2014.” Provide the progress to date on the two building projects, the cost to date for each building, and the projected energy savings of each building.

9. Refer to the Cost Effective Measure Inclusion on pages 11-12 of the Application. Explain, by program, what measures Duke Kentucky might consider adding and removing, and the associated reasons.

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<sup>1</sup> Case No. 2012-00085, Application of Duke Energy Kentucky, Inc. for an Energy Efficiency Cost Recovery Mechanism and for Approval of Additional Programs for Inclusion in Its Existing Portfolio (Ky. PSC June 29, 2012).

10. a. Provide the total cost of the TecMarket Works (“TecMarket”) evaluation reports and how the costs were allocated between Duke Energy Ohio, Inc. (“Duke Ohio”) and Duke Kentucky.

b. By program, provide the cost of the TecMarket evaluation reports filed in this proceeding.

c. Provide the cost of the evaluation reports prepared by TecMarket and filed with the Commission on August 7, 2014, as Attachments B and C to the annual status report. State which reports were required to be filed pursuant to the Final Order in Case No 2012-00085,<sup>2</sup> and explain why there are evaluation reports provided for years 2013 and 2014.

11. By program, provide the incremental participation for both electric and gas, kW savings and ccf or therm savings for 2013, 2014, and 2015.

12. Refer to Exhibit B of the Application.

a. For each Residential Program listed on page 2 to which there is an allocation of Program Expenditures to gas, provide specific benefits to Duke Kentucky’s gas customers that resulted from demand-side management (“DSM”) programs. Benefits should include any measures of ccf or therm savings attributable to each program for which cost is assigned to gas customers. For any program with multiple components, such as the Residential Smart Saver Program, provide a breakdown of specific benefits among the multiple components, including proposed new measures.

b. Footnote (C) under Residential Programs on page 1 explains that 63.5 percent of program expenditures are allocated to gas based upon saturation of space heating, which has consistently been Duke Kentucky’s method of allocating costs

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<sup>2</sup> *Id.*

between gas and electric operations. Describe how Duke Kentucky initially developed this allocation methodology and whether Duke Kentucky continues to believe this methodology to be reasonable, based on the structure and goals of its residential programs as well as its measures of energy savings and lost sales.

c. Explain why it is reasonable to allocate 63.5 percent of cost related to the proposed new lighting measures for the Residential Smart Saver program to gas customers, as shown on page 2.<sup>3</sup>

d. Identify any Residential DSM Program that now has or previously had as a component the repair or replacement of gas-burning appliances. To the extent that Duke Kentucky has discontinued such a component, explain the circumstances surrounding that decision. If Duke Kentucky has never offered such programs, explain why not.

e. Identify any Residential DSM Program that now has or previously had as a component communication to customers regarding their natural gas use and education on how to reduce their gas use. To the extent that Duke Kentucky has discontinued such a component, explain the circumstances surrounding that decision. If Duke Kentucky has never offered such programs, explain why not.

f. Confirm that the Personal Energy Report Program is the same as the MyHER program described on pages 6 and 7 of the application, and explain why the program as revised and as described does not appear to include information targeted to gas customers.

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<sup>3</sup> New measures for the Residential Smart Saver program were filed in Case No. 2013-00313, *Application of Duke Energy Kentucky, Inc. to Amend Its Demand Side Management Programs* (Ky. PSC filed Aug. 15, 2013), in which the application indicates all such measures were residential lighting measures.

g. Confirm that the Payment Plus Program previously had natural gas savings and arrearage reduction as a goal, the success of which is described on page 21 of the Application in Case No. 2008-00473.<sup>4</sup> Explain whether that program continues to include natural gas, and if not, why that change occurred.

13. Refer to the Application, Exhibit B, page 2. By program, in electronic format with formulas intact and cells unprotected, provide the support for the lost revenues and shared savings for both residential and commercial programs.

14. Refer to Exhibit E of the Application, pages 57-58 and pages 65-66.

a. Identify those recommendations with which Duke Kentucky is in agreement. Include support for Duke Kentucky's agreement with each recommendation.

b. Explain when Duke Kentucky plans to implement any of the recommendations with which Duke Kentucky is in agreement.

c. Identify those recommendations with which Duke Kentucky is not in agreement and explain why.

15. Refer to the Application, Exhibit F, page 10, which states, "Consider setting up test groups that receive the same MyHER with the same tips in order to conduct a more thorough and meaningful analysis of which tips are recalled and acted upon."

a. Provide the criteria that might be used to set up a test group.

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<sup>4</sup> Case No. 2008-00473, Annual Cost Recovery Filing for Demand Side Management by Duke Energy Kentucky, Inc. (Ky. PSC May 12, 2009).

b. Explain whether Duke Kentucky has ever received customer complaints regarding the MyHER Program, and if so, provide the reasons for the customer's concerns.

16. Refer to the Application, Exhibit F, page 10, which states, "Add specially coded CFL coupons to the MyHER mailing if it can be shown that the participants can use additional CFLs that they are not likely to purchase on their own."

a. If this recommendation is adopted, provide the number of compact florescent light ("CFL") bulbs and wattage that might appear on the specially coded CFL coupons.

b. Explain how Duke Kentucky is able to determine whether a participant can use additional CFLs that they are not likely to purchase on their own.

17. Refer to the Application, Exhibit F, page 16, which states, "By sending letters that compare one utility customer's energy use with that of similar customers, several utility companies have used this normative effect to generate between 1.5 to 2.5% savings." Explain whether Duke Kentucky has ever done a billing analysis comparing a customer's bill before receiving a MyHER Report and after receiving a MyHER Report.

18. Refer to the Application, Exhibit F, page 17 which states, "The program has energy saving's target of an average 219 kWh per participant per year." Provide the average annual kWh savings per participant for Duke Kentucky for this program.

19. Refer to the Application, Exhibit F, page 18 which states, "Operational roles for the MyHER program are shared between Duke Energy, two primary vendors,

and several subcontractors.” Provide a list of the two primary vendors and subcontractors applicable to Duke Kentucky.

20. Refer to the Application, Exhibit F, page 22. Explain the source of identifying household characteristics.

21. Refer to the Application, Exhibit F, page 26, which states, “The rate factor for Kentucky is \$0.088.” Provide the current rate factor being used.

22. Refer to the Application, Exhibit F, page 30, which states, “Kentucky customers would not run out of original tips until September of 2013.” Explain whether Duke Kentucky has run out of original tips.

23. Refer to the Application, Exhibit F, page 37, which states, “If the customer is calling to order free CFLs, this service is also taken care of during the phone call.” Explain how many free CFLs and the wattage of the bulb a customer can receive.

24. Refer to the Application, Exhibit F, page 105, which states, “Provide information about geothermal units,” and “I’d like to see a report that has comparisons between me and my neighbors for electricity and gas dollars.”

a. Explain whether Duke Kentucky has considered a DSM program that includes geothermal.

b. Explain whether Duke Kentucky has considered a MyHER report that includes natural gas customers.

25. Refer to the various recommendations made by TecMarket in Exhibit F. Explain whether Duke Kentucky is considering any of the recommendation that would pertain to Kentucky, and if so, identify which ones and state when they would be implemented.

26. Refer to the Application, Exhibit G, page 7.
- a. Refer to the Recommendations paragraph. State which, if any, of these recommendations are applicable to Duke Kentucky.
  - b. Explain whether Duke Kentucky has implemented or plans to implement any of the evaluation recommendations. If Duke has implemented any of the recommendations, provide an updated schedule showing kWh savings for each DSM program.
27. Refer to the Application, Exhibit G, page 7, which states, “[T]he program saved 31.8% less than the measures installed via the program incentive because free ridership was particularly high and the program did not induce participants to take many additional energy efficiency actions beyond those incented by the program.” Explain whether Duke Kentucky believes this statement is applicable to its operation in Kentucky, since the evaluations only sampled measures installed by Duke Ohio.
28. Refer to the Application, Exhibit I, page 12. Provide a copy of the Draft Ohio Technical Resource Manual.
29. Refer to the Application, Exhibit I, page 13. Provide the source of the “primary data” referenced under the section titled “Description of measures and selection of methods by measure(s) or market(s).”
30. Refer to the Application, Exhibit I, page 21, regarding the recommendations by TecMarket.
- a. Describe the steps Duke Kentucky has implemented to continually improve the Residential Smart Saver Energy Efficiency CFL program’s marketing, delivery, and customer experience elements.

b. Explain how Duke Kentucky will monitor the CFL marketplace in order to remain proactive in its efforts to efficiently promote the adoption of CFLs in a prolific manner.

31. Refer to the Application, Exhibit J, page 6. Provide the number of participants in the Residential Smart Saver HVAC Program for 2013 and year-to-date 2014.

32. Refer to the Application, Exhibit J, page 6. The last bullet point that addresses Key Findings from the Management Interviews discusses the January 1, 2013 elimination of gas furnace rebates in Ohio, and customers' switching to gas furnaces due to cheaper perceived operating costs in Kentucky.

a. Describe the circumstances surrounding the program change in Duke Ohio's Residential Smart Saver HVAC Program, including the original program components as they relate to gas as compared to the current program components.

b. Confirm that, according to page 12 of Exhibit J, the current Duke Kentucky Residential Smart Saver HVAC Program specifically excludes natural gas furnaces.

33. Explain whether Duke Kentucky has considered offering gas DSM programs to non-residential customers. If so, describe what programs were considered and explain why Duke Kentucky decided not to offer them. If not, explain why cost-effective non-residential DSM programs have not been considered.

34. Refer to the Application, Exhibit J, page 25, which states, "While Duke Energy retains the option to conduct its own quality assurance testing, the product manager has not felt the need to do so." Explain whether Duke Kentucky has

performed any quality-assurance testing (“QA”) in this program. If not, explain why not and whether Duke Kentucky plans to perform QA in the future.

35. Refer to the Application, Exhibit J, page 28, which states, “[C]onsider separating the EMS fan requirement.” Explain why this is a concern.

36. Refer to the Application, Exhibit J, page 36, which states, “Vectren gives an extra \$20 for a programmable thermostat. That makes a difference. Duke should cover that too.” Explain whether Duke Kentucky has considered an incentive for a programmable thermostat, and if so, what effect it would have on the cost-effectiveness of the program.

37. Refer to the Application, Exhibit J, pages 36-37. Explain whether Duke Kentucky has ever partnered with the Kentucky Home Performance Program, and whether Duke Kentucky believes it would be a good trade ally in this program.

38. Refer to the Application, Exhibit J, page 114, which states, “The net to gross ratio for the Residential Smart Saver HVAC program will be calculated and presented in the impact report.” Provide the impact report, or its location in the Application.

39. Throughout Exhibit J of the Application there are references to the lack of incentives relating to gas furnaces. Exhibit B, page 2 of the Application shows an allocation of 63.5 percent of the cost of the Residential Smart Saver HVAC Program to gas. Since gas furnaces are not part of this HVAC program, explain what measures support the allocation of the costs to gas.

40. Throughout Exhibit J there are various recommendations regarding the Residential Smart Saver HVAC Program. Identify the recommendations pertaining to Kentucky that Duke Kentucky is considering.

41. Refer to Exhibit K of the Application. Explain, by measure, the reason each measure is being proposed, and provide the associated estimated cost, incremental participation, and kWh/ccf/therm savings.



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DATED SEP 29 2014

cc: Parties of Record

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