COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ANNUAL COST RECOVERY FILING FOR DEMAND-SIDE MANAGEMENT BY DUKE ENERGY KENTUCKY, INC.	)))	CASE NO. 2010-00445

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

Duke Energy Kentucky, Inc. ("Duke Kentucky"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before January 21, 2011. 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 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 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 shall 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 page 17 of Duke Kentucky's application. Duke Kentucky is requesting to increase the budget of its Program 4: Program Administration, Development, & Evaluation by an additional $60,000. Duke Kentucky states that the additional funds will be used to assess the viability of its commercial Demand-Side Management ("DSM") programs. Provide details of how or in what areas these funds will be spent as part of this program.

2. Refer to page 18 of Duke Kentucky's application. Duke Kentucky states that the Payment Plus Program is offered over six winter months per year starting in August.

a. On page 19 of Duke Kentucky's application in Case No. 2009-00444,[1] Duke Kentucky states that the Payment Plus Program is offered over six winter months per year starting in October. State whether the six winter months being evaluated for the Payment Plus Program have been changed from an October start to an August start.

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[1] Case No. 2009-00444, Annual Cost Recovery Filing for Demand-Side Management by Duke Energy Kentucky, Inc. (Ky. PSC Mar. 22, 2010).

b. If yes, explain the impact of the change in the six-month period on the comparative use of the data used to evaluate the effectiveness of the program.

3. Refer to page 20 of Duke Kentucky's application. Under the Power Manager program, Duke Kentucky states 2,400 devices were checked and slightly over 500, or 21 percent of those checked, were found not to be performing properly and were replaced.

a. When devices are found not to be performing properly and are replaced, are the replacement devices charged to the Power Manager program, as were the initial devices? Explain.

b. Are any credits given by the supplier for the defective devices?

(1) If so, are those credits applied to the Power Manager program?

(2) If not, how are the credits accounted for? Explain.

4. Provide electronically in Excel format with all formulas intact, all workpapers, spreadsheets, calculations, etc. necessary to support the various California test results on page 34 of the application.

5. Refer to the Residential Smart Saver program budget on page 35 of Duke Kentucky's application.

a. For Year 2011, the projected program costs are $448,520. Provide a breakdown of projected program costs and participants by each of the qualifying improvement measures.

b. For Year 2011, the projected lost revenues are $533,499. Explain how the projected lost revenues are calculated. Provide electronically in Excel format with formulas intact, all work papers, spreadsheets, calculations, etc. necessary to support the explanation.

c. For Year 2011, the projected shared savings are $53,822. Explain how the projected shared savings are calculated. Provide electronically in Excel format with formulas intact, all work papers, spreadsheets, calculations, etc. necessary to support the explanation.

d. Duke Energy Kentucky will employ third-party companies ("Program Administrators") to administer the Residential Smart Saver program. Identify potential Program Administrators, and explain the process of how one becomes a Program Administrator.

e. What is the process or required qualifications for a contractor to become a "Trade Ally" in the Residential Smart Saver program? Explain.

6. On page 37 of the application, the administrative costs of the Home Energy Assistance (HEA) Program for Northern Kentucky Community Action Committee to distribute funds are $30,189.53 for this filing period. Provide a detailed breakdown of these administrative costs.

7. Refer to the Residential Programs on Appendix B, page 1, of Duke Kentucky's application.

a. The actual program expenditures for both electric and gas in Column 4 are $1,949,037 and the projected costs for both electric and gas were $2,423,410 in Column 1. Explain why the actual costs were significantly lower than projected.

b. Compare the projected number of participants by program to the actual number of participants by program for the filing period.

c. The actual lost revenues in Column 7 for electric are $856,903, or 70 percent of actual program expenditures, and the projected lost revenues in Column 2 for electric were $911,033. Compare and explain how the projected lost revenues were determined by program and how the actual lost revenues were calculated by program.

d. The actual shared savings in Column 8 are $165,216, or 13 percent of actual program expenditures. Explain how, by program, the actual shared savings were calculated.

8. Refer to the Commercial Programs – High Efficiency Program on Appendix B, page 1, of the application.

a. The actual program expenditures in Column 4 are $719,739 and the projected program costs were $903,772 in Column 1. Explain why the actual program costs were significantly lower than projected. Include in the explanation whether the participation rate in the programs met expectations.

b. The actual lost revenues in Column 5 are $815,924, or 113 percent of actual program expenditures, and the projected lost revenues were $657,466, or 73 percent of projected program costs. Compare and explain how the projected lost revenues were determined by program and how the actual lost revenues were calculated by program.

c. Explain how actual lost revenues exceeded actual program expenditures in the filing period and whether such an outcome is normally expected.

d. Provide the individual program expenditures for the High Efficiency program that are omitted in Column 4.

9. Refer to the Commercial Programs – PowerShare on Appendix B, page 1, of Duke Kentucky's application.

a. The actual program expenditures in Column 4 are $73,320 and the projected program costs in Column 1 were $265,000. Since the actual program expenditures were so much less than the projected program costs, was the difference due to the fee that was charged as part of the Energy Profiler Online product? Explain the difference.

b. Did the customers who left the PowerShare program migrate to the Call Option Program?

c. The projected shared savings in Column 3, or 41 percent of projected program costs, were $107,641 and the actual shared savings are $14,077, or 19 percent of actual program expenditures. Explain how the projected shared savings were determined and how the actual shared savings were calculated.

10. Refer to Appendix B, page 2, of the application.

a. The title of the exhibit is 2010 Projected Program Costs, Lost Revenues, and Shared Savings. Should the title of the exhibit be 2011 Projected Program Costs, Lost Revenues, and Shared Savings?

b. The projected program costs for both the electric and gas residential programs for Year 2011 are $2,871,930. The actual program expenditures for both electric and gas in this filing are $1,949,037. This results in an approximate $.9 million increase in residential program activity. Since the Year 2011 projected program costs influence the proposed DSM factors, identify and explain the anticipated increased DSM activity by program for both electric and gas residential programs for Year 2011.

11. Explain whether Duke Kentucky has considered any new DSM programs that might be implemented that would pass the California Total Resource Cost test.

Include in the explanation whether Duke Kentucky is considering or has considered other DSM programs that are currently being implemented in other jurisdictions or states by other Duke Energy subsidiaries.

Jeff Derouen
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DATED: JAN 03 2011

cc: Parties of Record

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