COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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	)))))	CASE NO. 2012-00085

COMMISSION STAFF'S SECOND 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 ten copies of the following information, with a copy to all parties of record. The information requested herein is due on or before May 17, 2012. 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 the response to Commission Staff's First Request for Information ("Staff's First Request"), Item 1.b., which states "[P]rogram Administration, Development & Evaluation Funds will continue but is not a separate program. In the past, this program was established to cover the evaluation, measurement, and verification for the portfolio. These costs are still calculated in the rider, however, will not be stated as a separate program within the portfolio." Explain how and to what programs the Program Administration, Development & Evaluation Funds will be charged and recovered through the Demand-Side Management ("DSM") rider.

2. Refer to the response to Staff's First Request, Item 1.b., where it states:

> For the Energy Efficiency Website, customers will still have the capability to participate in the program and print a copy of their report. Duke Energy Kentucky will discontinue distributing the free six CFLs to avoid confusing this offer with the Residential Smart $aver® program.
>
> The Personalized Energy Report (PER)® will no longer be available to customers. Customers can still receive a report by participating in the Energy Efficiency Website.

Explain whether the cost of the Energy Efficiency Website will be recovered through base rates or the DSM rider.

3. Refer to the response to Staff's First Request, Item 4.b. It states, "[t]he $75,000 threshold for the automatic pilot approval process only pertains to the program costs and associated EM&V for the pilot. While Duke Energy Kentucky would seek to collect both a shared savings incentive and lost revenues from the pilot, it is not intending to include the projected shared savings incentive or lost revenues in the calculation of what would apply to the $75,000 threshold."

a. Since this is a pilot program, explain how Duke Kentucky would determine the energy savings impacts and cost/benefit evaluation to calculate lost revenues and shared savings.

b. Explain whether Duke Kentucky will provide the results of the California tests for all pilot programs at the time of notifying the Commission of a new pilot program.

4. Refer to the response to Staff's First Request, Item 4.c. It states, "[t]he Company does not foresee bringing a high number of pilots to market under the automatic approval process, but if a threshold would give the Commission more comfort with the proposal, the Company would be willing to propose that the pilot program expenditures under the automatic pilot approval process not exceed 5% of the of total annual portfolio program expenditures." Explain whether the automatic pilot approval process of not exceeding five percent of total annual portfolio program expenditures is per-pilot program or for all pilot programs.

5. Refer to the response to Staff's First Request, Item 6.b.

a. Provide the total number of customers by class as of December 31, 2011 and March 31, 2012 separately for Ohio and Kentucky.

b. If the Commission agrees to approve Duke Kentucky's proposed DSM portfolio plan, provide the eligible number of customers by class separately for Ohio and Kentucky to whom the cost of advertisement will be allocated.

c. Explain whether future advertisement cost will be allocated based on the applicable number of customers in Ohio and Kentucky at a specific point in time or the most current applicable number of customers in Ohio and Kentucky as each new advertisement is run.

6. Refer to the response to Staff's First Request, Item 7. It states:

> The indirect savings that are referenced on page 6, lines 12-14 of Duff Testimony are the bill savings that all customers will realize over time from the aggregate impact of all customer participation in the energy efficiency and demand response programs offered by the Company. For example, because energy efficiency programs cause participating customers to use less energy, which leads the Company to generate less energy and thereby consume less fuel (coal or natural gas); all customers will share a portion of the fuel savings reflected in the Company's fuel rider.

If all customers do not participate in energy efficiency programs, explain how all customers will share a portion of the fuel savings reflected in Duke Kentucky's fuel rider.

7. Refer to the response to Staff's First Request, Item 11.h. It states:

> Given Duke Energy's experience from 1,500 performances in nearly 1,000 schools, the program's 'pay for result' vendor construct and feedback from educators, students and customers we do not believe that the level of program uncertainty necessitates a pilot. However, Duke Energy would certainly be agreeable to a pilot if that were the Commission's preference.

a. If the Commission were to approve a pilot program, provide the time period that Duke Kentucky would suggest for such a pilot.

b. Explain whether representatives of Duke Kentucky or The National Theatre for Children will accumulate the necessary student information after each live performance, so that Energy Efficiency Starter Kits can be shipped directly to eligible customers and The National Theatre for Children can receive pay for results.

c. Provide when the National Theatre for Children contract would begin and end, at what point it would be signed, and whether there is a regulatory out-provision.

d. Explain whether the contract would be a stand-alone contract for Duke Kentucky, or would Duke Kentucky be part of an existing contract with Duke Energy subsidiaries in other jurisdictions.

8. Refer to the response to Staff's First Request, Item 13.d. It states:

> The program's theory for successful energy reduction rests upon the concept of "social norms." A large body of research in the social sciences has shown that people tend to conform to the social norms around them. This program has been piloted for almost 2 years in Ohio and South Carolina and has proven to reduce energy usage. In addition, a number of utilities have leveraged this effect and found that customers can reduce energy use anywhere between 1.5 to 2.5% when they can compare their energy usage to the social norm of similar homes.

a. Explain whether the 1.5 percent to 2.5 percent reduced energy savings was per year or an average over the two-year time period of the pilot.

b. In the two years that this type of program has been piloted in Ohio and South Carolina, explain whether there was any change in energy savings by participating customers in the second year from the initial year.

c. Explain how the reduction in energy usage was measured and verified in Ohio and South Carolina.

9. Refer to the response to Staff's First Request, Item 13.e. It states "[a] product manager and data analyst support the program. Program delivery is also supported by a vendor. Program costs, including labor, are shared among other jurisdictions. Rule based automation is used to control production cost and ensure timely report delivery." Explain how program costs, including labor, are shared among other jurisdictions and whether these are included in the DSM rider or recovered in base rates.

10. Refer to the response to Staff's First Request, Item 14. Explain whether the Low Income Neighborhood Program has been implemented in other jurisdictions of Duke Energy. Describe the results and state how long this type of program has been in place.

11. Refer to the response to Staff's First Request, Item 23. Gas-related program incentives are referred to as a "relatively small amount."

a. Provide the dollar amount of gas-related incentives charged through the electric Rider DSMR charge, and explain the basis for their inclusion in the electric charge in light of Duke Kentucky's gas and electric Rider DSMR tariff language concerning the recovery of gas and electric incentives.

b. Explain whether Duke Kentucky will continue to use 37.1 percent for electric and 62.9 percent for gas for the allocation of total DSM program costs.

12. Refer to the response to Staff's First Request, Item 25. In its response to Item 18 of the Commission Staff's First Request for Information in Case No. 2011-00448,[1] Duke Kentucky provided lost revenue calculations and shared savings by program. These calculations by program included the number of new participants, number of cumulative participants, kWh by participant, cumulative kWh, lost revenue rate, the lost revenue amount, and the shared savings amount. Provide the information requested in Item 25 of Staff's First Request in a format similar to that filed in the referenced response in Case No. 2011-00448[2] to support the projected lost revenues and shared savings to be considered in this filing.

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Public Service Commission
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DATED MAY 07 2012

cc: Parties of Record

[1] Case No. 2011-00448, Application of Duke Energy Kentucky, Inc. for the Annual Cost Recovery Filing for Demand-Side Management (Ky. PSC Apr. 13, 2012).

[2] *Id.*

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