

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 ) 2015-00277  
MANAGEMENT PROGRAM )

COMMISSION STAFF'S INITIAL 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 in paper medium and an electronic version of the following information. The information requested herein is due on or before October 13, 2015. Responses to requests for information in paper medium 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a document containing personal information, Duke Kentucky shall, in accordance with 807 KAR 5 001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1 Refer to the Application, page 4, which states, “[T]he Company requests the approval to commercialize and continue offering the live, theatrical performance portion of the Energy Efficiency Education Program for Schools.” Explain what is meant by “to commercialize” the Energy Efficiency Education Program for Schools.

2 Refer to the Application, pages 9-10, regarding the Smart Saver Custom Program.

a Explain whether the Smart Saver Custom Program tariff should be revised.

b Provide a description of the “Pay for Performance” approach and identify the improvement Duke Kentucky is considering.

c Provide the projected impact on customer participation that is expected to result from increasing the incentive cap from 50 percent to 75 percent.

3 Refer to the Application, Exhibit A Explain the Cost Effectiveness Test Results for Residential Smart Saver – Modifications, including a description of the modifications, why the Total Resource Cost and Participant test results are less than 1, and any conclusions Duke Kentucky has drawn regarding inclusion of the modifications in the Residential Smart Saver program

4 Refer to the Application, Appendix B, page 2

a Confirm that the amounts in the Electric Costs column of the Residential Program Summary for the Energy Efficiency Education Program for Schools, the Low Income Services, the Residential Energy Assessments, and the Residential Energy Assessments – Modifications are the calculated amounts If not, explain the differences

b If the answer to part a of this request is no, explain whether any other numerical values change on page 2

c If any of the numerical values change on page 2, explain whether any of the proposed factors change on page 5 of Appendix B, and if so, provide the revised factors

d Explain whether the proposed Distribution Level Rates Part A DS, DP, DT, GS-FL, EH & SP plus the Transmission Level Rates & Distribution Level Rates Part B TT equal the Distribution Level Rates Total DS, DP, DT, GS-FL, EH & SP on page 5 of Appendix B

e Provide Appendix B in Excel spreadsheet electronic format with formulas intact and cells unprotected

5 a Provide by program the number of electric and gas participants, kWh impacts, kW impacts, and ccf impacts from July 2014 through June 2015

b Provide by program the projected number of electric and gas participants, projected kWh impact, projected kW impacts, and projected ccf impacts from July 2015 through December 2015

6 Refer to the Application, Exhibit B, pages 6–7 Provide a detailed explanation for the projected changes in relative load impacts between gas and electric customers for the 12 months ended June 2016 The explanation should include the basis for the reduced total residential kWh and ccf sales on page 7 in comparison to page 6, as well as the projected decrease in the percentage of kWh saved and the projected increase in the percentage of ccf saved

7 Refer to the Application, Exhibit D, page 1, paragraph A

a List the qualifications that Trade Allies must possess in order to participate in the referral component of the Smart Saver Energy Efficient Residences Program, including all trade and/or professional organizations to which a Trade Ally must belong and all certifications and/or licenses a Trade Ally must attain Also explain how Duke Kentucky will ensure that all required certifications and/or licenses are valid and remain current

b Provide the amount of the referral fee that a Trade Ally pays Duke Kentucky

c State whether a fee will be charged to register as a Trade Ally

8 Refer to the Application, Exhibit D, page 2, paragraph A

a Define the third-party vendor



14 Refer to the Application, Exhibit G, page 22, Eligibility It is noted that property management frequently desires for the program to provide compact fluorescent lights (“CFLs”) for non-qualifying locations Explain whether Duke Kentucky will consider capturing increased energy savings by including these non-qualifying areas

15 The Application at Exhibit G, page 22, indicates that Duke Kentucky’s Residential Property Manager CFL Program was approved July 24, 2012, and that CFLs were first shipped to Kentucky properties in November of 2012 Exhibit G, page 60, indicates that tenant surveys took place in December 2013, and Exhibit G, page 33, indicates that property manager surveys took place in January 2014

a Based on the findings and recommendations of TecMarket Works, explain what recommendations Duke Kentucky is considering implementing and what program improvements have been made

b State whether any lessons have been learned since the program was implemented Provide a full description of any such lessons

c Provide the cost of the Residential Property Manager CFL Program evaluation prepared by TecMarket Works and explain whether it is part of the cost to be recovered in this proceeding

16 Refer to the Application, Exhibit G, page 25, which states

While Duke Energy pays for the compact fluorescent light (“CFL” bulbs), the bulb shipping fees are invoiced to and paid by Honeywell Prior to January 1, 2013 shipping charges were paid by the properties However, Duke Energy and Honeywell determined that the requirement for properties to pay shipping expenses was reducing the number of enrollments Common reasons included budget limitations and delays caused by the need for additional corporate approvals for shipping fees or invoice processing issues—all of which necessitated persistent follow up and

could cause potential new CFL installations to stall for months before commencing. As a result, Honeywell agreed to absorb the costs of the shipping without remuneration from Duke Energy. Honeywell representatives said they deemed the extra costs to be a worthwhile expenditure to eliminate the shipping barrier, increase overall program participation, and speed the install process.

a Explain whether Honeywell continues to absorb the cost of shipping without remuneration.

b Explain whether Honeywell ever requested that Duke Kentucky include this cost in the Honeywell contract.

c Explain how often the Honeywell contract is renewed.

17 Refer to the Application, Exhibit G, page 26. Confirm that Duke Kentucky has changed its program to include direct CFL installation under a new vendor's program administration.

18 Refer to the Application, Exhibit G, page 28, which states, "Honeywell worked with Duke Energy to correct the data on the Duke Energy side of the system by matching account numbers, premise IDs, bulb counts, and locations in the Duke Energy program records. As of the time of this evaluation all records are reported to have been corrected." Explain whether any additional cost was incurred as a result of this work and, if so, which party bore the additional cost.

19 Refer to the Application, Exhibit G, page 29, which states, "Honeywell also began doing surprise inspections." Explain whether Duke Kentucky does surprise inspections for quality control and assurance.

20 Refer to the Application, Exhibit G, page 29, which states

If errors are identified, the maintenance person is informed of the need to correct the problem. The property is given six

months to fix the problem before a follow up inspection. The timeframe was neither discussed with nor agreed to by Duke Energy. While TecMarket Works considers six months to be an extended period of time for a follow up inspection, it is important to reiterate that no specific quality assurance issues were identified during the inspections and thus there has been no need for follow up.

Identify any agreed-to time period for correcting discovered errors and any agreed-to follow-up process of inspection.

21 Refer to the Application, Exhibit G, page 30, which states, “[R]andom inspections require the property manager to notify all tenants about the possibly [sic] of entry into their units. In other words, even if only a few units are ultimately entered, all the tenants must be put on notice.” Aside from the discussion with one manager referenced by TecMarket Works, explain whether there have been any issues with tenants as to the random inspections.

22 Refer to the Application, Exhibit G, page 30, which, regarding the working relationship of Duke Kentucky and Honeywell, states, “Representatives from the two entities meet biweekly to review progress toward goals, discuss challenges or discrepancies, adjust strategy, and coordinate marketing and field activities.” Explain whether Duke Kentucky and AM Conservation meet on a periodic basis.

23 Refer to the Application, Exhibit G, page 31. Explain what constitutes an impermanent socket.

24 Refer to the Application, Exhibit G, page 31, which states, “Allowing CFL installs in light sockets associated directly with the property management company, such as offices, common areas, and exterior lighting would expand the program's potential to save energy without significantly increasing its operational costs, since the



program implementer will already be interacting with the property managers anyway ”

Explain whether a commercial related program is being considered or feasible

25 Refer to the Application, Exhibit G, page 32, which states, “Using handheld devices such as iPads during installations and quality assurance inspections will help speed record-keeping and reduce the possibility of errors introduced during the manual transfer of data written on clipboards and later entered into spreadsheets ”

Explain whether this recommendation pertains to Honeywell or Duke Kentucky and how the costs of such equipment would be recovered

26 Refer to the Application, Exhibit G, page 32, which states, “Consider hiring a separate firm to provide quality assurance for the program ” Explain the need for a separate firm, who or what type of firm would be considered, the potential cost, and how the cost would be recovered

27 Refer to the Application, Exhibit G, page 59 Explain Duke Kentucky’s CFL warranty and how it is implemented

28 Refer to the Application, Exhibit H, page 34 Provide Duke Kentucky’s share of the cost of Capstrat

29 Refer to the Application, Exhibit H, page 48 Explain whether Duke Kentucky is aware of how many bulbs are shipped outside its service territory

30 Refer to the Application, Exhibit H, page 51 Provide Duke Kentucky’s allocated share of the cost of the call center

31 Refer to the Application, Exhibit H, pages 56–58, and page 84, under Predicating Overall Program Satisfaction, which states, “The two regression models produce consistent results, in that both indicate that two of the most important aspects

of the program which influence overall program satisfaction are the ease of navigating the website and ease of completing a purchase ” Indicate whether the website has been upgraded and, if so, explain whether Duke Kentucky has seen increased customer satisfaction

32 Refer to the Application, Exhibit H, page 192 Explain the Residential Energy Efficient Appliance and Devices Lighting – Specialty Bulbs Program warranties

33 Refer to the Application, Exhibit H

a Based on the findings and recommendations of TecMarket Works, explain what recommendations Duke Kentucky is considering implementing and what program improvements have been made

b State whether any lessons have been learned since the program was implemented Provide a full description of any such lessons

c Provide the cost of the Process and Impact Evaluation of the Residential Energy Efficient Appliance and Devices Lighting – Specialty Bulbs Program in Kentucky and Ohio prepared by TecMarket Works, the amount applicable to Kentucky, and explain whether it is part of the cost to be recovered in this proceeding

34 Refer to the Application, Exhibit I, page 7, footnote 2 Provide the TecMarket Works “Process and Impact Evaluation of the 2013-2014 Residential Neighborhood Program in the Carolina System ”

35 Refer to the Application, Exhibit I, page 40, Attending the Community Meeting The Kentucky participation rate in community meetings is significantly lower at 6.9 percent than that in Ohio at 25.7 percent Explain whether Duke Kentucky has adopted any marketing measures to increase Kentucky attendance

36 Refer to the Application, Exhibit I, page 49 Explain how the auditor records are confirmed for quality control and assurance

37 Refer to the Application, Exhibit I

a Based on the findings and recommendations of TecMarket Works, explain what recommendations Duke Kentucky is considering implementing and what program improvements have been made

b State whether any lessons have been learned since the program was implemented Provide a full description of any such lessons

c Provide the cost of the Process and Impact Evaluation of the 2013-2014 Residential Neighborhood Program in Ohio and Kentucky prepared by TecMarket Works, the amount applicable to Kentucky, and explain whether it is part of the cost to be recovered in this proceeding

38 Refer to the Energy Efficiency in Schools Program—Evaluation, Measurement & Varication for Duke Energy Kentucky, prepared by Cadmus, dated July 31, 2015 <sup>1</sup>

a Based on the findings and recommendations of Cadmus, explain what recommendations Duke Kentucky is considering implementing and what improvements have been made to the program since its inception

b State whether any lessons have been learned regarding the program Provide a full description of any such lessons

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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* (filed Aug 17, 2015) located in the Post Case Referenced Correspondence files

c Provide the cost of the evaluation prepared by Cadmus

d If the Commission were to agree to discontinuing the annual evaluations, explain how that would affect the cost-effectiveness of the program and the ability to closely monitor the program



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DATED SEP 28 2015

cc Parties of Record

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