

Coast Community

RECEIVED

AUG 19 2004

PUBLIC SERVICE
COMMISSION

KyPSC Staff Second Set (Supplemental) Data Requests

Case No. 2004-00014

Date Received: July 28, 2004

Response Due Date: August 19, 2004

KyPSC-DR-02-001

REQUEST:

1. Refer to ULH&P's response to Item 1 of the Commission Staff's June 16, 2004 request and to the July 22, 2004 letter filed by ULH&P in Case No. 2003-00252.
 - a. Provide a general description of the issues in, and status of, the two cases before the Federal Energy Regulatory Commission ("FERC"), the "Ameren case" and the "Cinergy case," to which ULH&P referred in its response and letter.
 - b. At present, what is ULH&P's best estimate of when it may file for FERC approval of the transfer approved by the Commission in Case No. 2003-00252?

RESPONSE:

- a. In *Cinergy*, PSI Energy, Inc. filed for Section 203 FERC authorization to acquire the jurisdictional facilities associated with certain generating assets of CinCap Madison, LLC and CinCap VII, LLC, two affiliated merchant generators. At the time of filing, September 6, 2002, FERC reviewed Section 203 applications against three standards, the effect on rates, the effect on regulation, and the effect on competition. On February 4, 2003, FERC issued an Order approving PSI's acquisition of the subject facilities. On March 6, 2003, the Midwest Independent Power Suppliers filed a motion for rehearing, arguing that allowing regulated electric utilities to purchase the assets of non-regulated affiliate merchant power producers provided a "safety net" that unfairly advantaged non-regulated affiliates of utilities. On April 7, 2003, FERC issued an Order granting rehearing to afford FERC additional time to consider the issues raised. FERC has yet to rule on this motion for rehearing.

In *Ameren*, Union Electric Company dba AmerenUE filed a Section 203 application seeking FERC authorization to acquire certain generating assets from its non-regulated affiliate, Ameren Energy Generating Company. *Ameren* was filed on February 5, 2003, the day after FERC's order in *Cinergy*. FERC scheduled *Ameren* for hearing, and subsequently issued its final Order in this case on July 28, 2004. In this Order, FERC announced that it would now apply the *Edgar* standard to all affiliate transfers under Section 203 with regard to the effect on competition. FERC restated the *Edgar* standard thus:

We note that there are three ways to demonstrate lack of affiliate abuse under the *Edgar* standard: (1)

evidence of direct head-to-head competition between the affiliate and competing unaffiliated suppliers in a formal solicitation or informal negotiation process; (2) evidence of the prices which non-affiliated buyers were willing to pay for similar services from the affiliate; and (3) and benchmark evidence that shows the prices, terms and conditions of sales made by non-affiliated sellers. Because the market for generating assets is not nearly as liquid as the market for PPAs, a competitive solicitation through a formal RFP in future section 203 cases is likely to be the most effective way to show that an affiliate transaction is not marred by affiliate abuse. In the context of an acquisition of affiliated generation, a competitive solicitation is the most direct and reliable way to ensure no affiliate preference.¹

- b. Pending any further developments on these issues by order or other action by FERC, ULH&P contemplates filing for necessary FERC approvals at the end of the third quarter or early fourth quarter, 2004.

WITNESS RESPONSIBLE: Greg Ficke

¹ See *Ameren*, 108 FERC ¶ 61,081 at P. 67.

KyPSC Staff Second Set (Supplemental) Data Requests

Case No. 2004-00014

Date Received: July 28, 2004

Response Due Date: August 19, 2004

KyPSC-DR-02-002

REQUEST:

2. Refer to the last paragraph on page 4-11 of ULH&P's 2003 Integrated Resource Plan ("IRP") concerning the recommendation that a better data collection instrument be employed for the Kentucky NEED program.
 - a. Describe the data collection instrument that has been developed and explain how it will be used in the classroom.
 - b. Explain how the data collection instrument will facilitate quantifying the cost-effectiveness of the Kentucky NEED program.

RESPONSE:

- a.) A copy of the data collection instrument is attached. It consists of two reporting forms - one completed by the participants before the energy lesson, labeled First Observation Reporting Form, and one completed following the lesson, labeled Second Observation Reporting Form.
- b.) We compare participant responses to the survey questions before and after energy conservation activity to measure the energy savings from the program. For example, one question asks how often laundry is washed using cold water. Following the training, participants are asked the same question again to determine if their behavior changed after becoming aware the use of cold water uses less electricity. Additional questions are asked regarding house size, heating and cooling sources, number of people in the home, and the age of the home to assist in estimating the likely magnitude of the energy savings.

WITNESS RESPONSIBLE: Richard G. Stevie

Data Collection Instrument

First & Last Name _____	Teacher _____
Address _____	City, State _____
Date _____	Please circle one. Our family wishes to participate in this project. YES NO
ULH&P/Cinergy Customer Signature: _____	

House & Appliance Characteristics

As a family, please take a moment and answer the following questions regarding your home and its energy use.

1. How many people live in your home? _____ Adults _____ Teens (13-18) _____ Children under 12
2. How old is your home? _____ years
3. How many bedrooms are in your home? _____
4. Do you have a . . . (check all that apply)
 - Dishwasher
 - Refrigerator
 - Computer
 - Stand-Alone Freezer
 - Clothes Dryer
 - Video Game System
 - Clothes Washer
 - TV : How many? _____
5. What type of energy does your water heater use?
 - Electricity
 - Natural Gas
 - Other _____
6. What is your main heating source?
 - Electric Furnace
 - Natural Gas Furnace
 - LP (Propane) Gas
 - Heat Pump
 - Electric Baseboard
 - Other _____
7. What is your main cooling source?
 - Central AC
 - Window AC, # of units _____
 - Heat Pump
 - Attic Fan
 - Room Fans
 - Other _____
 - None

First observation reporting form

Energy Usage

To understand how much energy is consumed in your home, we will be observing how our families use energy at home. You will complete the survey twice, once before our energy lessons, using this sheet and again after the energy lessons. Choose a day this week and make it your first "observation day." You may find it helpful to first read over the questions and then take a few moments looking around your home. You will choose a second date for observations after the energy lessons. A new sheet will be sent home for your second observation day. Again, if you are not sure about a question, please ask an adult for help.

Question	Before Lessons	Comments
	Date: _____	
How many incandescent lightbulbs are in your home?		
How many compact fluorescent lightbulbs are in your home?		
What percent of the time is the Energy Saving feature on the dishwasher used? Number of times your dishwasher is used per week. _____	<input type="radio"/> 0% <input type="radio"/> 75% <input type="radio"/> 25% <input type="radio"/> 100% <input type="radio"/> 50%	
What percent of the time is laundry washed in cold water? Number of loads of laundry washed per week? _____	<input type="radio"/> 0% <input type="radio"/> 75% <input type="radio"/> 25% <input type="radio"/> 100% <input type="radio"/> 50%	
What is the total number of <i>baths</i> taken each week? (add together the number of baths taken by each person in a week to get the total for your household)	_____ baths per week	
What is the total number of <i>showers</i> taken each week? (add together the number of showers taken by each person in a week to get the total for your household)	_____ showers per week	
What is the average length of the showers? (add together all the minutes spent in the shower and divide by the number of showers taken)	_____ minutes	
At what temperature is your heating and cooling thermostat set. . .		

. . . in Summer	Daytime _____°F Nighttime _____°F	
. . . in Winter	Daytime _____°F Nighttime _____°F	

How many times this day . . .	Before Lessons	Comments
. . . is a light left on in an unused room?		
. . . is a TV, radio, computer, or video game left on with no one using it?		
. . . are outside activities, board games or reading chosen instead of TV or video games?		
. . . is the water allowed to run needlessly when brushing teeth or scrubbing dishes?		
. . . is the microwave used to cook instead of the stove or oven?		
. . . is a door or window open when the heat or air conditioning is on?		

Second observation reporting form

Energy Usage

Now it is time to make your second observation. Please use this form to record your "after lesson" observations.

Question	After Lessons	Comments
	Date: _____	
How many incandescent lightbulbs are in your home?		
How many compact fluorescent lightbulbs are in your home?		
What percent of the time is the Energy Saving feature on the dishwasher used? Number of times your dishwasher is used per week _____	<input type="radio"/> 0% <input type="radio"/> 75% <input type="radio"/> 25% <input type="radio"/> 100% <input type="radio"/> 50%	
What percent of the time is laundry washed in cold water? Number of loads of laundry washed per week? _____	<input type="radio"/> 0% <input type="radio"/> 75% <input type="radio"/> 25% <input type="radio"/> 100% <input type="radio"/> 50%	
What is the total number of <i>baths</i> taken each week? (add together the number of baths taken by each person in a week to get the total for your household)	_____ baths per week	
What is the total number of <i>showers</i> taken each week? (add together the number of showers taken by each person in a week to get the total for your household)	_____ showers per week	
What is the average length of the showers? (add together all the minutes spent in the shower and divide by the number of showers taken)	_____ minutes	

At what temperature is your heating and cooling thermostat set . . .		
. . . in Summer	Daytime _____ °F Nighttime _____ °F	
. . . in Winter	Daytime _____ °F Nighttime _____ °F	

How many times this day . . .	After Lessons	Comments
. . . is a light left on in an unused room?		
. . . is a TV, radio, computer, or video game left on with no one using it?		
. . . are outside activities, board games or reading chosen instead of TV or video games?		
. . . is the water allowed to run needlessly when brushing teeth or scrubbing dishes?		
. . . is the microwave used to cook instead of the stove or oven?		
. . . is a door or window open when the heat or air conditioning is on?		

1. Did you install the energy-efficient showerhead?

- Yes What was the shower flow **BEFORE** installing the EE showerhead (using the flow bag)? _____ Gallons per Minute (What is the shower flow **AFTER** installing the EE showerhead (using the flow bag)? _____ GPM
- No Why not? Didn't fit Other _____

2. Did you install the energy-efficient bathroom sink faucet aerator?

- Yes What was the faucet flow **BEFORE** you installed the aerator (using the flow bag)? _____ GPM
What was the faucet flow **AFTER** you installed the aerator (using the flow bag)? _____ GPM
- No Why not? Didn't fit Other _____

3. Did you install the energy-efficient kitchen sink faucet aerator?

- Yes What was the faucet flow **BEFORE** you installed the aerator (using the flow bag)? _____ GPM
What was the faucet flow **AFTER** you installed the aerator (using the flow bag)? _____ GPM
- No Why not? Didn't fit Other _____

4. Did you adjust the temperature/thermostat setting on your:

- | | | | |
|--|---|---|--|
| <input type="checkbox"/> Hot Water Heater | <input type="checkbox"/> Yes. Temp before ____°F
Temp after ____°F | <input type="checkbox"/> Not yet, but I plan to | <input type="checkbox"/> No. Why not?
_____ |
| <input type="checkbox"/> Refrigerator | <input type="checkbox"/> Yes. Temp before ____°F
Temp after ____°F | <input type="checkbox"/> Not yet, but I plan to | <input type="checkbox"/> No. Why not?
_____ |
| <input type="checkbox"/> Freezer | <input type="checkbox"/> Yes. Temp before ____°F
Temp after ____°F | <input type="checkbox"/> Not yet, but I plan to | <input type="checkbox"/> No. Why not?
_____ |
| <input type="checkbox"/> Stand-Alone Freezer | <input type="checkbox"/> Yes. Temp before ____°F
Temp after ____°F | <input type="checkbox"/> Not yet, but I plan to | <input type="checkbox"/> No. Why not?
_____ |

5. Did you put up a sign by your thermostat to remind your family of the recommended heating and cooling settings? Yes No

6. When shopping for new appliances, will your family look for the EnergyStar label? Yes No

7. Have you made any other changes in your home to save energy? (added insulation, weatherstripping, caulking, etc)

Tell us all about it!

KyPSC Staff Second Set (Supplemental) Data Requests

Case No. 2004-00014

Date Received: July 28, 2004

Response Due Date: August 19, 2004

KyPSC-DR-02-003

REQUEST:

3. Refer to the full paragraph on page 4-15 of the IRP concerning CallOption and customers' choices of selected strike prices.
 - a. As of June 30, 2004, how many customers were using CallOption?
 - b. Provide the range of strike prices for CallOption customers over the 12 months ended June 30, 2004.

RESPONSE:

- a. None
- b. The strike prices for CallOption are \$.06 and \$.10 should any customer elect CallOption.

WITNESS RESPONSIBLE: Richard G. Stevie

KyPSC Staff Second Set (Supplemental) Data Requests

Case No. 2004-00014

Date Received: July 28, 2004

Response Due Date: August 19, 2004

KyPSC-DR-02-004

REQUEST:

4. Refer to pages 4-15 through 4-16 of the IRP concerning QuoteOption and customers' choices of selected strike prices.
 - a. As of June 30, 2004, how many customers were using QuoteOption?
 - b. Provide the range of strike prices for QuoteOption customers over the 12 months ended June 30, 2004.

RESPONSE:

- a. As of June 30, 2004, there were 57 QuoteOption customers in ULH&P.
- b. The beginning strike price point is \$.06. Customers may be called at any price at or above that point.

WITNESS RESPONSIBLE:

Richard G. Stevie

KyPSC Staff Second Set (Supplemental) Data Requests

Case No. 2004-00014

Date Received: July 28, 2004

Response Due Date: August 19, 2004

KyPSC-DR-02-005

REQUEST:

5. Refer to pages 4-17 of the IRP concerning Power Manager, ULH&P's new air conditioning cycling program.
 - a. Explain how the estimates of 80-100 hours that customers' air conditioning will be cycled per summer was derived.
 - b. Explain how the 10-12 times cycled per summer was developed.

RESPONSE:

- a. The dispatch of Power Manager will be balanced against the impact on the program participants comfort level and their willingness to continue to participate in the program. The number of hours that customers' A/C systems are cycled should be limited to no more than 100 hours per control season for any individual participant. The estimate of 80 to 100 hours was selected to maintain consumer willingness to continue to participate in the program assuming 10 to 12 cycling events in a season.
- b. Analysis of temperature and load data performed by Cinergy's Market Analysis Department indicates that 1.5 kW load reduction (the maximum program target) can be achieved when the temperature reaches 89 degrees. Analysis with 31 years of local temperature data has shown that of the approximately 106 days available during our control season, the daily high temperature reached 89 degrees 10% of the time, which equates to the 10 -12 cycling events per season.

WITNESS RESPONSIBLE: Richard G. Stevie

KyPSC Staff Second Set (Supplemental) Data Requests

Case No. 2004-00014

Date Received: July 28, 2004

Response Due Date: August 19, 2004

KyPSC-DR-02-006

REQUEST:

6. Refer to page 4-19 of the IRP concerning Power Manager's variable daily event incentive. Provide the basis for and work papers supporting the assumed \$0.10 load reduction value.

RESPONSE:

Please refer to the discussion provided on page 4-19 regarding the daily event incentive. The \$.10 load reduction value was used to provide an example of how the variable daily event incentive is calculated. The actual amount paid is dependant on the marginal cost at the time of the event.

WITNESS RESPONSIBLE:

Richard G. Stevie

KyPSC Staff Second Set (Supplemental) Data Requests

Case No. 2004-00014

Date Received: July 28, 2004

Response Due Date: August 19, 2004

KyPSC-DR-02-007

REQUEST:

7. Refer to page 4-20 of the IRP concerning the tracking and calculation of bill credits to be performed by GoodCents. What procedures has ULH&P established to substantiate the bill credits and GoodCents' calculation of the credits?

RESPONSE:

Several automated checks have been put in place to validate bill credits. GoodCents sends Cinergy an email with daily enrollment totals. Cinergy Billing Services verifies these totals against the bill credits in its Customer Management System (CMS) billing system for switch installations. Any discrepancies are reviewed and corrected by the Power Manager Project Manager. GoodCents will be performing file comparisons between the various systems to insure data is correct between all the systems. In addition, the Power Manager Project Manager has established manual processes to periodically review random individual participant's installation and event credits via CMS screens.

WITNESS RESPONSIBLE:

Deanna Bowden /Michael Goldenberg

KyPSC Staff Second Set (Supplemental) Data Requests

Case No. 2004-00014

Date Received: July 28, 2004

Response Due Date: August 19, 2004

KyPSC-DR-02-008

REQUEST:

8. Describe the status of the Kentucky Division of Energy as a member of ULH&P's demand-side management collaborative. Specifically, describe its level of participation in the collaborative and whether it is a voting or non-voting member thereof.

RESPONSE:

The Division of Energy is an active member of the Kentucky Residential Work Team and is present at bi-monthly meetings. The Division of Energy is a voting member of the Collaborative. The Collaborative votes by consensus.

WITNESS RESPONSIBLE: Richard G. Stevie