



Mailing Address:
139 East Fourth Street
1212 Main / P.O. Box 960
Cincinnati, Ohio 45202
o: 513-287-4315
f: 513-287-4386

VIA OVERNIGHT DELIVERY

October 18, 2013

RECEIVED

OCT 21 2013

**PUBLIC SERVICE
COMMISSION**

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
Frankfort, KY 40601

**Re: Case No. 2013-00313
In the Matter of the Application of Duke Energy Kentucky, Inc. to Amend its
Demand Side Management Programs**

Dear Mr. Derouen:

Enclosed please find an original and twelve copies of the Responses of Duke Energy Kentucky, Inc. to Commission Staff's Second Set of Request for Information in the above captioned case.

Please date-stamp the two copies of the letter and responses and return to me in the enclosed envelope.

Sincerely,

Kristen Ryan
Senior Paralegal
kristen.ryan@duke-energy.com

cc: Larry Cook
Richard Raff
Florence W. Tandy
Carl Melcher

VERIFICATION

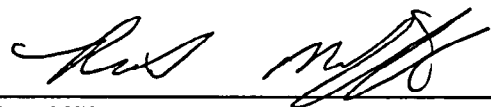
RECEIVED

OCT 21 2013

PUBLIC SERVICE
COMMISSION

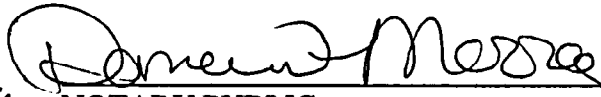
STATE OF NORTH CAROLINA)
) SS:
COUNTY OF MECKLENBURG)

The undersigned, Rick Mifflin, being duly sworn, deposes and says that he is the Senior Manager Marketing, and that the matters set forth in the foregoing testimony are true and correct to the best of his information, knowledge and belief.

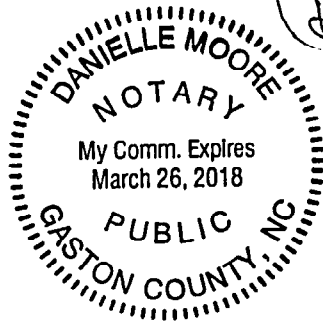


Rick Mifflin, Affiant

Subscribed and sworn to before me by Rick Mifflin, on this 16th day of October
2013.



NOTARY PUBLIC



My Commission Expires: March 26, 2018

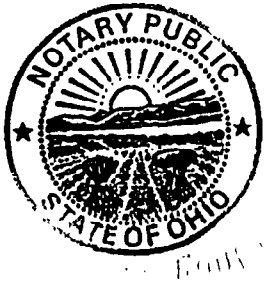
VERIFICATION

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, Rose Stoeckle, being duly sworn, deposes and says that she is the Manager Measurement & Verification, and that the matters set forth in the foregoing testimony are true and correct to the best of her information, knowledge and belief.

Rose Stoeckle
Rose Stoeckle, Affiant

Subscribed and sworn to before me by Rose Stoeckle, on this 16TH day of October
2013.



ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires
January 5, 2014

Adele M. Frisch
NOTARY PUBLIC

My Commission Expires: 1/5/2014

VERIFICATION

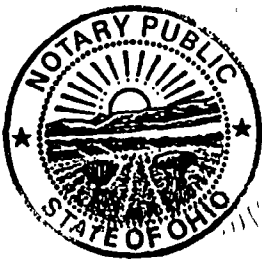
STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, Trisha Haemmerle, being duly sworn, deposes and says that she is the Manager Strategy & Collaboration, and that the matters set forth in the foregoing testimony are true and correct to the best of her information, knowledge and belief.

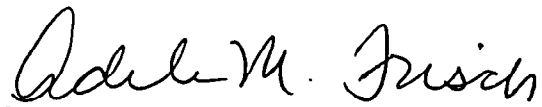


Trisha Haemmerle, Affiant

Subscribed and sworn to before me by Trisha Haemmerle, on this 16 day of October 2013.



ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires
January 5, 2014



NOTARY PUBLIC

My Commission Expires: 1/5/2014

TABLE OF CONTENTS

<u>DATA REQUEST</u>	<u>WITNESS</u>	<u>TAB NO.</u>
STAFF-DR-01-001	Rick Mifflin	1
STAFF-DR-01-002	Rick Mifflin	2
STAFF-DR-01-003	Trisha Haemmerle	3
STAFF-DR-01-004	Rose Stoeckle	4

**Duke Energy Kentucky
Case No. 2013-00313
Staff Second Set Data Requests
Date Received: October 10, 2013**

STAFF-DR-02-001

REQUEST:

Refer to the response to Commission Staff's First Request for Information (Staff's First Request") to Duke Energy Kentucky, Inc. Item 2, which states, "[t]he total price of the installation can range from around \$1,200 to over \$2,000."

- a. Provide the possible price range if a comparable non-Energy Star electric heat pump water heater were to be installed versus an Energy Star electric heat pump water heater.
- b. Explain whether the \$300 incentive is the difference in cost between an Energy Star electric heat pump water heater versus a non-Energy Star electric heat pump water heater.

RESPONSE:

- a. Based on our research, we have not found an integrated non-Energy Star electric heat pump water heater in the marketplace.
- b. The \$300 incentive does not represent the cost difference between an integrated non-Energy Star vs. an Energy Star heat pump water heater.

PERSON RESPONSIBLE: Rick Mifflin

STAFF-DR-02-002

REQUEST:

Refer to the response to Staff's First Request, Item 3. Explain whether the \$400 incentive is the incremental cost between the purchase and installation of energy efficient equipment controls versus the purchase and installation of comparable non-energy-efficient equipment controls.

RESPONSE:

The \$400 does not represent the total incremental cost between the energy efficient equipment controls vs. the non energy efficient equipment controls. The incentive is a portion of the cost difference and is designed to provide an attractive financial payback for the additional investment.

PERSON RESPONSIBLE: Rick Mifflin

STAFF-DR-02-003

REQUEST:

Refer to the response to Staff's First Request, Item 5. The response states, "Please refer to Conclusions, page 14, item 6, number 4 of the Order in Case No. 2012-00495. Duke Energy Kentucky was ordered to file all program evaluations with the Commission by August of each year. Duke Energy Kentucky will continue to file evaluations by August of each year until the entire portfolio is evaluated by December 31, 2016." Refer to page 15, paragraph 3 of the Order in Case No. 2012-00495¹ which states, "Duke Kentucky shall evaluate its entire portfolio of DSM programs by December 31, 2016. The exception would be in applications that include a new program or an expansion of an existing program." Explain whether Duke Kentucky interprets this to mean that the programs in its demand-side management ("DSM") portfolio are to be evaluated individually by December 31, 2016, in contradiction of ordering paragraph 3 on page 15 which requires all the DSM programs to be evaluated at one time in its August 15, 2016 filing.

RESPONSE:

As stated in the Order for Case No. 2012-00495:

"In a year when there are DSM program evaluations, proposed program expansion(s), or new programs filed with the Commission, Duke Kentucky shall file an application by August 15 that includes the following: (1) an Appendix A, in a manner that is currently filed, of the Cost

¹ Case No. 2012-00495, Application of Duke Energy Kentucky, Inc. for the Annual Cost Recovery Filing for Demand Side Management (Ky. PSC Apr. 11, 2013).

Effectiveness Test Results of all programs; (2) an Appendix B, in a manner that is currently filed, for the recovery of program costs, lost revenues, and shared savings, that are used in determining the true-up of proposed DSM factor(s); (3) a signed and dated proposed Rider DSMR, Demand Side Management Rate, for both electric and natural gas customers; and (4) all program evaluations and/or proposed expanded or new programs.”

Duke interpreted this statement as requiring that any new evaluations received for existing programs, as well as proposals for program expansions and new programs should be filed in an application by August 15, annually. The Company also interpreted this statement to mean that all programs should be evaluated individually and that the Company must ensure that all programs within the DSM portfolio receive an evaluation by December 31, 2016. Should the Commission determine the Company misinterpreted the requirement and clarifies how the information needs be presented in future filings, Duke Energy Kentucky will update its filing accordingly.

PERSON RESPONSIBLE: Trisha Haemmerle

**Duke Energy Kentucky
Case No. 2013-00313
Staff Second Set Data Requests
Date Received: October 10, 2013**

STAFF-DR-02-004

REQUEST:

The Duke Kentucky's cost of the evaluation reports are listed in the following table. Provide the average cost per participant for each evaluation and explain whether Duke Kentucky believes this is a reasonable cost per participant for the evaluation and for the information received.

Data Request Response Item No	DSM Portfolio Programs	Evaluation Report Cost Total	Duke Energy Kentucky's Portion
4	Energy Education Program for Schools ("NEED")	\$33,557.00	\$33,557.00
10	Energy Star Products ("CFL") Products	\$129,019.80	\$129,019.80
12	Non Residential Smart Saver Prescriptive	\$56,283.14	\$13,974.38
13	Power Manager Program	<u>\$27,698.10</u>	<u>\$6,956.79</u>
	Total	\$246,558.04	\$183,507.97

RESPONSE:

Energy Education Program for Schools (NEED)

For this evaluation, there were 836 students in 63 Schools participating in the program. Interviews were conducted on a sample of the 109 teachers associated with the program as well as vendor representatives. Using the cost per student receiving instruction, approximately \$40 per participant, is reasonable.

Energy Star Products (CFLs)

The CFL coupon for this program was mailed to 98,000 customers, of which 3,930 customers redeemed the coupon before it expired on June 15, 2011. Participants and non-participants were interviewed for the evaluation. The number of bulbs distributed was 13,692. The impact analysis for this program was based on a lighting logger study in which measurement devices were installed in the homes of a sample of program participants and data was collected after a period of weeks of recording the amount of time the lamps were in use. The cost for the complete evaluation, distributed over the eligible participants, is \$1.32 per coupon recipient, which is reasonable.

Non Residential Smart Saver Prescriptive

For this evaluation, 120 installations in Kentucky were represented. Each installation had multiple measures evaluated. By combining Ohio and Kentucky into one report, the cost of developing survey questions, contacting customers for surveys, interviewing vendors and program management was shared and considerably less than what an individual evaluation for Kentucky alone would have cost. The per-installation rate for Kentucky was approximately \$116, which is reasonable.

Power Manager Program

This evaluation was based on 9,086 installed switches in Kentucky. The cost per switch is approximately \$.77, which is reasonable.

PERSON RESPONSIBLE: Rose Stoeckle