COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

THE ANNUAL COST RECOVERY FILING	)	
FOR DEMAND SIDE MANAGEMENT BY	)	**CASE NO. 2007-00369**
DUKE ENERGY KENTUCKY, INC.	)	

ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Initial Request for Information to Duke Energy Kentucky, Inc., to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL OF KENTUCKY

DENNIS HOWARD II
PAUL D. ADAMS
ASSISTANT ATTORNEYS GENERAL
FRANKFORT KY 40601-8204
(502) 696-5453
FAX: (502) 573-8315
dennis.howard@ag.ky.gov
paul.adams@ag.ky.gov

CERTIFICATE OF SERVICE AND NOTICE OF FILING

I hereby give notice that this the 18th day of December, 2007, I have filed the original and ten copies of the foregoing Attorney General's Motion to Intervene with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601 and certify that this same day I have served the parties by mailing a true copy of same, postage prepaid, to those listed below.

Honorable John J. Finnigan, Jr.
Associate General Counsel
Duke Energy Kentucky, Inc.
Room 25ATII
P.O. Box 960
Cincinnati, OH 45201-0960

Florence W. Tandy
Northern Kentucky Community Action Commission
P.O. Box 193
Covington, Kentucky 41012

Carl Melcher
Northern Kentucky Legal Aid, Inc.
302 Greenup
Covington, Kentucky 41011

Assistant Attorney General

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ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION
Case No. 2007-00369

1. Please provide the number of Kentucky jurisdictional customers served by the Company broken out by customer type. Please indicate whether such customers receive electric, natural gas or both services from the Company.

2. Please reference the Application at page 9. With respect to the Residential Conservation and Energy Education Program, please provide a breakdown of those customers receiving benefits under Tier 1 and Tier 2 along with the average cost per participant for each tier group.

3. Please describe in detail how the Residential Conservation and Energy Education Program is coordinated with other weatherization programs offered to low income customers (i.e., Federal Weatherization Assistance Program, etc.).

(a) Does the company believe that, given the availability of other programs offering the same or similar services, it needs to offer these services?

(b) If so, why?

4. Does the company believe that the Residential Conservation and Energy Education Program duplicates services offered under other weatherization programs? (i.e., Federal Weatherization Assistance Program) If not, why?

(a) How do the programs differ?

(b) Please state the Company's rationale for continuing this program?

5. Does the company collect information on property addresses provided with weatherization services under the Residential Conservation and Energy Education Program?

(a) If so, is there any policy to ensure that such addresses are not provided such services multiple times?

(b) If so, please state the policy.

6. Please describe the type of educational materials and/or information furnished to customers participating in the Residential Conservation and Energy Education Program. Provide copies of all materials furnished to participants.

7. Please describe what specific types of customer information are collected under the Residential Conservation and Energy Education Program.

(a) Additionally, describe how any personal information collected under the program is protected from disclosure by the company and any contractors.

(b) State the terms of the policy of the company and any contractors regarding retention of this information.

8. Please indicate what percentage, if known, of Residential Conservation and Energy Education Program participants are homeowners.

(a) If any program participants are tenants, does the company believe that it is appropriate for ratepayers to subsidize the costs of implemented measures that are arguably more attributable as the responsibility of the landlord? If so, why?

9. Please provide the number of Residential Conservation and Energy Education Program participants for the time period encompassing July1, 2006 through June 30, 2007.

10. Please reference the Application at page 9. Describe how the Gas WX program interfaces with the Residential Conservation and Energy Education Program in instances where furnace replacement is necessary. Indicate the number of participants receiving furnace replacements in each tier.

11. Please reference the Application at page 9. Describe the type of "limited structural corrections that affect health, safety and energy up to $100.00" that the Company performs under the Residential Conservation and Energy Education Program. Indicate the number of participants receiving these measures in each tier along with the average cost per participant.

12. Please reference the Application at page 10. Describe in detail how the Company calculates its Savings – Investment Ratio (SIR). Indicate whether this payback is calculated over the life of the installed measure and, if so, state the assumed life of each measure to be implemented under the program.

13. Please reference the Application Appendix B at page 2. In its evaluation, Morgan Marketing Partners cites the footnoted study (which Mr. Morgan, the evaluator of the Company's program, co-authored). In the referenced study, the authors note that "[o]ne should be cautious of annual energy reduction estimates from sampling of just 2 hours or measure the temperature delta across the refrigerator wall." In light of those cautionary statements by its own program evaluator, why does the Company believe that its' savings estimates based on only two hours of measurement are reasonable?

(a) Why does the Company believe that elimination of the measurement of the temperature delta across the refrigerator wall is reasonable?

(b) Why has the Company not followed the criteria outlined by the study for appliance replacement?

14. Please reference the Application Appendix B at page 2. In its evaluation, Morgan Marketing Partners cites the footnoted study (which Mr. Morgan, the evaluator of the Company's program, co-authored). In the referenced study, the authors note that "[o]ne needs to be careful reading too much into an estimate that comes from only one season of the year..." In light of that caution by its own program evaluator, why does the Company believe that its savings estimates are reasonable?

(a) Why has the Company not followed the criteria outlined by the study for appliance replacement?

15. Please reference the Application Appendix B. From the evaluator's website (www.morganmp.com), it appears that Morgan Marketing Partners is primarily a marketing company "specializing in helping companies focus their marketing planning and strategies to improve effectiveness and profits." Describe the Company's reasoning behind choosing a marketing company to perform an engineering evaluation of the program.

(a) Please provide a description of Mr. Morgan's engineering education.

16. Given that actual data is available in regard to the Refrigerator replacement portion of the Residential Conservation and Energy Education Program, explain why actual data is not used for calculating energy savings?

17. Please reference the Application at page 13. Indicate where the most recent evaluation study results concerning the Residential Home Energy House Call Program may be found within the application.

18. Please reference the Application at page 12. Provide the cost of the kit furnished to customers as part of the home audit.

19. Please indicate whether customers are charged for the audits provided under the Residential Home Energy House Call and, if so, provide information concerning the charges.

20. Please reference the Application at page 14. Provide details of all costs associated with the program, including the costs of seminars, training sessions, workshops, etc., along with the costs of material distributed to participants.

21. Please describe the type of materials and/or information furnished to participants in the Residential Comprehensive Energy Education Program. Provide copies of all materials furnished to participants.

22. Please reference the Application at page 14. Describe in detail any and all funding received by the program as part of the grant from the Governor's Office of Energy Policy and/or the U.S. Department of Energy.

23. Please reference the Application at page 15. Provide cost and content information concerning the energy savings "kit" furnished under the program. Please indicate how many "kits" have been distributed under the program from July 1, 2007 through June 30, 2007.

24. Please reference the Application at page 15. Provide the factual basis for the statement by the Company that "[t]he result of this change has demonstrated that measures are being installed in the home." Please include any data that support or refute this statement.

25. Please reference the Application at page 17. Describe in detail the factual basis for the statement by the Company that "the cost effectiveness results have decreased, due to increasing costs of the program…."

(a) Describe in detail all such cost increases and quantify the decrease in cost effectiveness for this program.

26. Please reference the Application at page 11. Describe in detail how outreach efforts to school children relates to the Company's DSM efforts.

(a) Does the company believe that such efforts will have any impact on energy consumption?

(b) Does the company believe that these efforts are more reasonably related to general corporate "goodwill" efforts?

(c) Please describe any other programs involving school outreach programs which the company has been involved with for the past five years and the costs associated with those programs.

27. Please reference the Application at page 17. Provide an organizational chart illustrating personnel and position titles for employees associated with the Company's Kentucky DSM programs along with a description of duties for each of the identified positions.

28. Please provide a cost breakdown for all Program Administration, Development and Evaluation costs associated with the Company's Kentucky DSM programs (such breakdown need not disclose individual salaries of personnel employed by the Company).

29. Please reference the Application at page 20. Indicate where the most recent evaluation study results concerning the Payment Plus Program (formerly Home Energy Assistance Plus Program) may be found within the application.

30. Please reference the Application at page 19. Describe in detail the differences between the Payment Plus program and the Company Residential Conservation and Energy Education program.

31. Please reference the Application at page 19. Describe in detail how the Payment Plus is coordinated with other weatherization programs offered to low income customers (i.e., Federal Weatherization Assistance Program, etc.).

(a) Does the company believe that, given the availability of other programs offering the same or similar services, it needs to offer these services? If so, why?

32. Please reference the Application at page 19. Does the company believe that the Payment Plus Program duplicates services offered under other programs? (i.e., Residential Conservation and Energy Education Program, Federal Weatherization Assistance Program) If not, why?

(a) How do the programs differ?

(b) State the Company's rationale for continuing this program.

33. Does the company collect information on property addresses provided with weatherization services under the Payment Plus Program?

(a) If so, is there any policy to ensure that such addresses are not provided s such services multiple times?

(b) If so, please state the policy.

34. Please describe the type of educational materials and/or information furnished to customers participating in the Payment Plus Program. Provide copies of all materials furnished to participants.

35. Please reference the Application at page 19. With which program are any energy savings captured? (i.e., Residential Conservation and Energy Education Program or Payment Plus.)

36. Please describe what specific types of customer information are collected under the Payment Plus Program.

(a) Additionally, describe how any personal information collected under the program is protected from disclosure by the company and any contractors.

(b) State the terms of the policy of the company and any contractors regarding retention of this information.

37. Please indicate what percentage, if known, of Payment Plus Program participants are homeowners.

(a) If any program participants are tenants, does the company believe that it is appropriate for ratepayers to subsidize the costs of implemented measures that are arguably more attributable as the responsibility of the landlord? If so, why?

38. Please provide the number of Payment Plus Program participants for the time period encompassing July 1, 2006 through June 30, 2007.

39. Please reference the Application at page 20. Provide a copy of the evaluation report for the Payment Plus Program (formerly the Home Energy Assistance Plus Program).

40. Please reference the Application at page 19. Describe in detail how budget counseling efforts along with the $150.00 incentive relate to the company's DSM efforts.

(a) Does the company believe that such efforts will have any impact on energy consumption?

(b) Does the Company have any verifiable data to indicate that counseling efforts reduce participant's energy consumption?

41. Please reference the Application at page 19. Describe in detail the Company's reasoning for offering an incentive for weatherization services under its Residential Conservation and Energy Education Program.

42. Please reference the Application at page 20. Provide the complete factual basis for the statement by the Company that "this program is cost effective as designed."

43. Please reference the Application at page 20. Provide the number of control days and hours for the last five (5) years. (Each yearly time period should encompass the control days and hours between July 1 and June 30. As an illustration, the previous year encompasses July 1, 2006 through June 30, 2007)

44. Please reference the Application Appendix C at page 7. State whether the load reduction listed for Duke Kentucky customers (8MW) was estimated entirely from statistical data or whether actual data was used. If estimated from statistical data, please provide the sample size from which the results were obtained.

45. Please reference the Application Appendix C at page 7. List the margin of error in the load reduction results reported by the evaluator.

46. Please reference the Application Appendix C at page 11. Provide the number of switches that failed to perform when load control was initiated.

(a) Please provide the total number of switches installed by Duke in Kentucky.

47. Please reference the Application Appendix C at page 24. Provide the number of units with inaccurate data.

(a) Was such data discarded? If not, why?

48. Please reference the Application Appendix C at page 9. Provide a list of all variables which were normalized or estimated by the evaluator as part of the evaluation.

49. Please reference the Application at page 23. Provide cost per participant data for this program.

50. Please reference the Application at page 24. Provide information as to how this program is significant to the Company's integrated resource planning.

51. Please reference the Application at page 24. Estimate the cost of providing electrical service during the control periods in lieu of control of the units in the program.

(a) Provide the supporting calculations and assumptions required to arrive at this number.

52. Please reference the Application at page 24. Considering the limited number of control days utilized by the Company, is it the position of the Company that this program is cost effective? If so, please explain in detail why?

53. Please reference the Application at page 24. Describe in detail any and all benefits to individuals participating in the program.

54. Please reference the Application at page 26. Indicate whether the program savings were estimated entirely from statistical data or whether actual data was used.

(a) If estimated from statistical data, provide the sample size from which the results were obtained.

55. Please reference the Application at page 26. Given the concern about customer "stockpiling" of bulbs, how did the evaluation results account for bulbs that were purchased but not installed?

56. Please reference the Application at page 26. Describe in detail how the evaluation of the program accounted for seasonal differences in lighting requirements.

57. Please reference the Application at page 26. State whether the Company is willing to monitor program participants to physically verify the claimed savings?

(a) Has the Company attempted to verify such savings through the collection of actual data from participants? If not, why?

58. Please refer to the Application at page 28. Indicate whether the program savings were estimated entirely from statistical data or whether actual data was used.

(a) If estimated from statistical data, please provide the sample size from which the results were obtained.

59. Please refer to the Application at page 28. State whether the Company is willing to monitor program participants to physically verify the claimed savings?

(a) Has the Company attempted to verify such savings through the collection of actual data from participants? If not, why?

60. Please refer to the Application at page 28. State whether the Company intends to claim a lost sales component from this program. If so, please provide and estimate of the Company's lost sales.

61. Please reference the Application at page 28. Describe what specific types of customer information in collected in the online audit.

(a) Additionally, please describe how any personal information collected under the program is protected from disclosure by the company and any contractors.

(b) Please state the terms of the policy of the company and any contractors regarding retention of this information.

62. Please reference the Application at page 29. Describe in detail the differences between the Personal Energy Report Program and the Energy Efficiency Website, On-line Energy Assessment and Free Energy Efficiency Starter Kit Program.

63. Please reference the Application at page 29. Does the company believe that, given the availability of its other programs offering the same or similar services, it needs to offer these services? If so, why?

64. Please reference the Application at page 29. Does the company believe that this program duplicates services offered under other programs? If not, why?

(a) How do the programs differ?

(b) Please state the Company's rationale for continuing this program.

65. Please reference the Application at page 29. Does the company collect information on property addresses provided under the program?

(a) If so, is there any policy to ensure that such addresses are not provided such services multiple times?

(b) If so, please state the policy.

66. Please reference the Application at page 29. Describe the type of educational materials and/or information furnished to customers participating in the program.

(a) Provide copies of all materials furnished to participants.

67. Please reference the Application at page 29. Indicate whether the program savings are to be estimated entirely from statistical data or whether actual data will be used.

68. Please reference the Application at page 29. State whether the Company is willing to monitor program participants to physically verify the claimed savings? If not, why?

69. Please reference the Application at page 29. State whether the Company intends to claim a lost sales component from this program. If so, please provide an estimate of the Company's lost sales.

70. Please reference the Application at page 29. Given the Company estimates the implementation rate of the measures provided under the program at only 20%, does the Company believe that the program is cost effective?

(a) At what rate of implementation is the program NOT cost effective?

71. Please reference the Application at page 38. Describe in detail how the Company intends to address the areas noted as deficient in the evaluators report.

72. Please refer to the Application at page 38. Indicate whether the program savings were estimated entirely from statistical data or whether actual data was used.

73. Please refer to the Application at page 38. State whether the Company is willing to monitor program participants to physically verify the claimed savings?

(a) Has the Company attempted to verify such savings through the collection of actual data from participants? If not, why?

74. Please reference the Application at page 39. Provide the number of control days and hours for the last five (5) years. (Each yearly time period should encompass the control days and hours between July 1 and June 30. As an illustration, the previous year encompasses July 1, 2006 through June 30, 2007.)

75. Please reference the Application at page 42. State whether the load reduction listed for Duke Kentucky customers (1.1MW) was estimated entirely from statistical data or whether actual data was used.

(a) If estimated from statistical data, please provide the sample size from which the results were obtained.

76. Please reference the Application at page 42. List the margin of error in the load reduction results reported by the evaluator.

77. Please reference the Application at page 42. Provide the number of switches that failed to perform when load control was initiated.

(a) Please provide the total number of switches installed by Duke in Kentucky.

78. Please reference the Application at page 42. Provide the number of units with inaccurate data.

(a) Was such data discarded? If not, why?

79. Please reference the Application at page 42. Provide a list of all variables which were normalized or estimated by the evaluator as part of the evaluation.

80. Please reference the Application at page 42. Provide cost per participant data for this program.

81. Please reference the Application at page 42. Provide information as to how this program is significant to the Company's integrated resource planning.

82. Please reference the Application at page 42. Estimate the cost of providing electrical service during the control periods in lieu of control of the units in the program. Please provide the supporting calculations and assumptions required to arrive at this number.

83. Please reference the Application at page 42. Considering the limited number of control days utilized by the Company, is it the position of the Company that this program is cost effective? If so, please explain in detail why.

84. Please reference the Application at page 42. Describe in detail any and all benefits to individuals participating in the program.