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**PUBLIC SERVICE
COMMISSION**

**COMMONWEALTH OF KENTUCKY
BEFORE THE 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.

**Duke Energy Kentucky, Inc.'s Responses to
Commission 2/29/08 Data Requests**

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PUBLIC SERVICE
COMMISSION

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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MAR 11 2008
PUBLIC SERVICE
COMMISSION

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


RESPONSE OF DUKE ENERGY KENTUCKY, INC.
TO
INFORMATION REQUESTED IN
THE COMMISSION'S ORDER
DATED FEBRUARY 29, 2008

Filed March 11, 2008

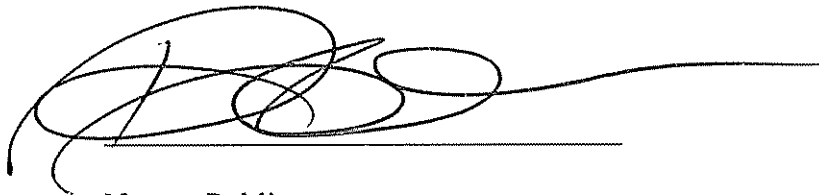
VERIFICATION

State of Ohio)
) ss:
County of Hamilton)

The undersigned, Katherine A. Schroder being duly sworn, deposes and says that I am employed by the Duke Energy Corporation affiliated companies as a Marketing Specialist; that on behalf of Duke Energy Kentucky, Inc., I have supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of my knowledge, information and belief after reasonable inquiry.


Katherine A. Schroder., Affiant

Subscribed and sworn to before me by Katherine A. Schroder, on this 10th of March 2008.



Notary Public

My Commission Expires:



ROCCO O. D'ASCENZO
ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Has No Expiration
Section 147.03 R.C.

**KyPSC Staff Second Set Data Requests
Duke Energy Kentucky Case No. 2007-00369
Date Received: February 29, 2008
Response Due Date: March 11, 2008**

KyPSC-DR-02-001

REQUEST:

Refer to the motion filed by Duke Kentucky on February 11, 2008. Explain the reasoning behind the decision to file this request at this time instead of including the program in the original application of November 15, 2007.

RESPONSE:

Duke Energy Kentucky was not aware that there was a significant shortfall in funding for low-income bill payment assistance in Kentucky until early January 2008. It was then that the Northern Kentucky Community Action Commission (NKCAC) contacted Duke Energy to let us know that emergency assistance funding was expected to be depleted by the end of January 2008.

PERSON RESPONSIBLE: Pamela K. Chapman

**KyPSC Staff Second Set Data Requests
Duke Energy Kentucky Case No. 2007-00369
Date Received: February 29, 2008
Response Due Date: March 11, 2008**

KyPSC-DR-02-002

REQUEST:

Explain why there was no mention of a desire to include this program at the informal conference held on December 18, 2007.

RESPONSE:

Duke Energy Kentucky was not aware that there was a significant shortfall in funding for low-income bill payment assistance in Kentucky until early January 2008. It was then that the Northern Kentucky Community Action Commission (NKCAC) contacted Duke Energy to let us know that emergency assistance funding was expected to be depleted by the end of January 2008.

PERSON RESPONSIBLE: Pamela K. Chapman

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky Case No. 2007-00369
Date Received: February 29, 2008
Response Due Date: March 11, 2008

KyPSC-DR-02-003

REQUEST:

Concerning Duke Kentucky's proposed Home Energy Assistance ("HEA") program:

- a. Has Duke Kentucky noticed its customers that it is now proposing a new HEA program that will be funded by a \$0.10 per account charge to residential electric and residential gas customers? Explain the response.
- b. What is the status of Duke Kentucky's Residential DSM Collaborative's review of the proposed HEA program?
- c. Provide a detailed description of the extent to which the Attorney General or other customer representatives have been involved or are expected to be involved in the development of the proposed HEA program.
- d. Will the proposed HEA program provide bill credits only during the winter season or during the entire year? Explain the response. If the program does not provide bill credits during the entire year, specify the months to be covered.
- e. Are the bill credits provided by the HEA program applied only to current energy bills or can the bill credits be applied to arrearages? Explain the response.
- f. What incremental expenses, administrative or otherwise, does Duke Kentucky expect to incur if it is permitted to implement the proposed HEA program? Explain the response.

RESPONSE:

- a) The public filing of the proposed Home Energy Assistance (HEA) program with the Kentucky Public Service Commission on February 8, 2008 is the only notice given to date. As stated in the filing, Duke Energy Kentucky would notify customers of HEA charges through a bill message to be included on customer bills during the time period these charges would be in effect.
- b) The Duke Energy Kentucky Residential Collaborative met on February 20, 2008 to review the proposed HEA program. The Collaborative agreed with the filing to reinstitute a HEA program and asked that an addendum be included requiring that the application process include home weatherization referral.

- c) Kentucky Office of the Attorney General was invited to attend the February 20 Residential Collaborative meeting. A meeting invitation was e-mailed to all Collaborative members, including the Attorney General on January 31 to let them know Duke Energy Kentucky had been contacted by the Northern Kentucky CAC regarding its depletion of funding by the end of January, the CAC's request for help, and Duke Energy Kentucky's proposal to reinstitute the HEA program. Duke Energy sought feedback on possible meeting dates to review the proposal. The February 20, 2008 date was selected based on the availability of the Collaborative members, and especially the Attorney General. Unfortunately, a representative of the Attorney General did not attend the meeting. A copy of the filing was also e-mailed to the Attorney General and Collaborative members on February 11 so they could review it prior to the meeting.

The following customer representative groups attended the February 20, 2008 meeting, where they had face-to-face opportunity to comment and provide input: Northern Kentucky Legal Aid, Campbell County Fiscal Court, Northern Kentucky Community Action Commission, People Working Cooperatively, Kentucky Governor's Office of Energy Policy, and Kentucky NEED Project.

Duke Energy Kentucky intends to work with the Northern Kentucky CAC to further develop program details. A March 20, 2008 meeting is scheduled.

- d) During the last HEA program, credits were applied year-round. This proposal is to collect HEA program funds on a year-round basis for three years. Thus, it is possible that assistance is available year-round, but only once per year per customer. It is anticipated, however, that funds will be used primarily when there is the greatest need during the winter and summer seasons.
- e) Assistance would be applied to arrears first and then to the current bill. This helps provide the customer with the greatest benefit to address immediate needs.
- f) The new program will be administered by the NKCAC, and NKCAC administration costs will be incurred. Based on the estimated budget, these costs could be approximately \$41,000.

PERSON RESPONSIBLE: Pamela K. Chapman, Kathy Schroder

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky Case No. 2007-00369
Date Received: February 29, 2008
Response Due Date: March 11, 2008

KyPSC-DR-02-004

REQUEST:

On pages 3 and 4 of the amended application, Duke Kentucky states that it made an additional \$25,000 shareholder contribution to the existing WinterCare program to support the one-year HEA pilot program authorized in Case No. 2005-00402¹. Duke Kentucky indicates that if the Commission approves the proposed HEA program, it commits to continue this level of funding through the duration of the proposed 3-year HEA program.

- a. During the previous one-year HEA pilot program, were the WinterCare program and the HEA program operated as separate or combined programs by Duke Kentucky and Northern Kentucky Community Action Commission ("CAC")? Explain the response.
- b. Under the proposed 3-year HEA program, will the HEA program be operated separately from the existing WinterCare program by Duke Kentucky and CAC? Explain the response.
- c. Explain why Duke Kentucky believes the additional \$25,000 shareholder contribution to WinterCare constitutes support of the HEA program.

RESPONSE:

- a) The two programs were handled at one time using the designated process for bill payment credits.
- b) As stated in the filing, the HEA program would be under the umbrella of the WinterCare program which provides financial assistance to low-income Duke Energy Kentucky customers to help pay their gas and/or electric bill. The program would be administered by the Northern Kentucky CAC. The CAC would income qualify participants and provide relevant information to Duke Energy Kentucky. Then Duke Energy Kentucky would apply the bill credits to eligible customers and notify the customers of the credits through a bill message. Notification is expected to be in the form of a credit on the customer bill.

¹ Case No. 2005-00402, The Annual Cost Recovery Filing for Demand Side Management by the Union Light, Heat and Power Company.

- c) WinterCare is a voluntary financial assistance program that is funded completely by Duke Energy Kentucky employees, customers and shareholders. We have committed a lump sum contribution of \$25,000 and an additional \$25,000 in matching funds for each \$1 received from employees, customers and shareholders. That constitutes potential total giving of \$75,000 or more to benefit qualified low-income customers. WinterCare funds supplement CAC's other funding sources, such as those that come from the state or federal government, but are not intended to replace these funding sources.

PERSON RESPONSIBLE: Pamela K. Chapman, Kathy Schroder

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky Case No. 2007-00369
Date Received: February 29, 2008
Response Due Date: March 11, 2008

KyPSC-DR-02-005

REQUEST:

Provide the formula utilized by CAC to determine the bill credit, as referenced on page 4 of the amended application.

RESPONSE:

This formula will be determined by the CAC. The formula is the calculation that is used when figuring vouchers for Li-Heap assistance. This provides consistency and fairness among applications.

PERSON RESPONSIBLE: Kathy Schroder

**KyPSC Staff Second Set Data Requests
Duke Energy Kentucky Case No. 2007-00369
Date Received: February 29, 2008
Response Due Date: March 11, 2008**

KyPSC-DR-02-006

REQUEST:

Duke Kentucky has residential electric only customers, residential gas only customers, and residential electric and gas customers. Under the proposed HEA program, does Duke Kentucky plan to match the type of energy service generating the funds with the energy service receiving the bill credits? In other words, will funds generated from electric only accounts provide bill credits for electric only customers, or will funds generated from electric accounts, regardless of whether a combined customer or not, provide bill credits for electric service?

RESPONSE:

Funds generated by electric accounts would benefit low-income customers requesting assistance with electric bills. Funds generated by gas accounts would benefit low-income customers requesting assistance with gas bills.

PERSON RESPONSIBLE: Kathy Schroder

**KyPSC Staff Second Set Data Requests
Duke Energy Kentucky Case No. 2007-00369
Date Received: February 29, 2008
Response Due Date: March 11, 2008**

KyPSC-DR-02-007

REQUEST:

Provide a schedule of the annual funding of Duke Kentucky's WinterCare program for the period 2005 through 2007 and year to date for 2008. Identify the amounts contributed by Duke Kentucky and by its customers separately.

RESPONSE:

	Company donation	Customer/employee donations	Total donation
2005	\$15,000	\$26,000	\$41,000
2006	\$50,000	\$26,750	\$76,750
2007	\$48,125	\$23,125	\$71,250
2008 as of 1/31/08	\$2,000	\$27,000	\$29,000

PERSON RESPONSIBLE: Pam Ball

KyPSC Staff Second Set Data Requests
Duke Energy Kentucky Case No. 2007-00369
Date Received: February 29, 2008
Response Due Date: March 11, 2008

KyPSC-DR-02-008

REQUEST:

Concerning the one-year HEA pilot program authorized in Case No. 2005-00402:

- a. Provide a schedule showing the total funds generated by the \$0.10 per account charge and the total funds dispersed through bill credits during the operation of the HEA pilot program. Further separate the total between electric and gas services.
- b. How many customers received assistance through the HEA pilot program? Separate this number into electric only, gas only, and electric and gas combined.
- c. Did CAC encounter any problems while administering the HEA pilot program? Explain the response.
- d. If any funds generated by the HEA charge were not distributed as bill credits, explain what happened to these funds.

RESPONSE:

- a. Please see Attachment KYPSC-DR-02-008 for totals. The separation of funds between electric and gas will be provided.
- b. Please see Attachment KYPSC-DR-02-008 for totals. Gas only = 223; electric only = 999; and electric and gas combined = 2197.
- c. We are not aware of any problems administering the HEA program. The system ran electronically, and it ran quite smoothly.
- d. All the funds were distributed by end of first quarter 2007. If there had been funds that were not distributed, they would have been addressed as part of the true-up process.

PERSON RESPONSIBLE: Kathy Schroder

CINERGY ENERGY ASSISTANCE PROGRAM

Budget	221,187 00 TOTAL	
	33,178 05 Admin	
	188,008 95 Total for benefits	
Total spent	189,338 00	3419 (total households served)
Admin earned	31,849 00	
Total remaining	0.00	

Week ending	Amount	Families Assisted
3/3/2006	138 00	3
3/10/2006	385 00	10
3/17/2006	4,116 00	85
3/24/2006	6,692 00	134
3/31/2006	8,613 00	163
4/7/2006	Combined with week 4/14/06 below	
4/14/2006	8,508 00	157
4/21/2006	3,400 00	57
4/28/2006	3,843 00	70
5/5/2006	5,184 00	92
5/12/2006	5,076 00	96
5/19/2006	3,723 00	65
5/26/2006	1,899 00	33
6/2/2006	2,859 00	48
6/9/2006	7,598 00	136
6/16/2006	5,306 00	93
6/23/2006	3,744 00	66
6/30/2006	3,205 00	56
7/7/2006	2,503 00	43
7/14/2006	2,197 00	38
7/21/2006	2,778 00	46
7/28/2006	2,474 00	42
8/4/2006	2,627 00	43
8/11/2006	2,105 00	36
8/18/2006	2,879 00	53
8/25/2006	2,503 00	43
9/1/2006	1,595 00	27
9/8/2006	1,982 00	33
9/15/2006	2,701 00	45
9/22/2006	3,225 00	56
9/29/2006	2,301 00	43
10/6/2006	3,479 00	62
10/13/2006	3,123 00	54
10/20/2006	1,381 00	25
10/27/2006	2,688 00	43
11/3/2006	3,484 00	62
11/10/2006	3,765 00	67
11/17/2006	7,049 00	126
11/24/2006	3,759 00	70
12/1/2006	7,012 00	131
12/8/2006	7,286 00	132
12/15/2006	8,783 00	159
12/22/2006	726 00	13
12/29/2006	7,012 00	131
1/5/2007	1,195 00	22
1/12/2007	2,182 00	39
1/19/2007	2,036 00	37
1/26/2007	1,902 00	32
2/2/2007	3,262 00	58
2/9/2007	2,622 00	58
2/16/2007	3,142 00	56
2/23/2007	3,371 00	60
3/2/2007	3,920 00	70