COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CONSIDERATION OF THE NEW FEDERAL STANDARDS OF THE ENERGY INDEPENDENCE AND SECURITY ACT OF 2007	))))	CASE NO. 2008-00408

SECOND DATA REQUEST OF COMMISSION STAFF

The jurisdictional electric utilities[1] and the jurisdictional gas utilities[2] (collectively the "jurisdictional utilities") that have been made parties to this case, pursuant to 807 KAR 5:001, are to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due on or before April 27, 2009. Responses to requests for information 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.

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[1] The jurisdictional electric utilities which have been made parties to this case are: Big Rivers Electric Corporation; Big Sandy Rural Electric Cooperative Corporation; Bluegrass Energy Cooperative Corporation; Clark Energy Cooperative Inc.; Cumberland Valley Electric; Duke Energy Kentucky, Inc.; East Kentucky Power Cooperative; Farmers Rural Electric Cooperative Corporation; Fleming-Mason Energy Cooperative; Grayson Rural Electric Cooperative Corporation; Inter-County Energy Cooperative Corporation; Jackson Energy Cooperative; Jackson Purchase Energy Corporation; Kenergy Corporation; Kentucky Power Company; Kentucky Utilities Company; Licking Valley Rural Electric Cooperative Corporation, Louisville Gas and Electric Company, Meade County Rural electric Cooperative; Nolin Rural Electric Cooperative Corporation; Owen Electric Cooperative; Salt River Electric Cooperative Corporation; Shelby Energy Cooperative Inc.; South Kentucky Rural Electric Cooperative Corporation; and Taylor County Rural Electric Cooperative Corporation.

[2] The jurisdictional gas utilities which have been made parties to this case are: Atmos Energy Corporation; Columbia Gas of Kentucky, Inc.; Delta Natural Gas Company, Inc.; Duke Energy Kentucky, Inc.; and Louisville Gas and Electric Company.

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 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.

The jurisdictional utilities that have been made parties to this case shall make timely amendment to any prior response if they obtain 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 the jurisdictional utilities fail or refuse to furnish all or part of the requested information, they shall provide a written explanation of the specific grounds for their failure to completely and precisely respond.

Careful attention should 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.

East Kentucky Power Cooperative ("EKPC") is to respond to the following questions:

1. Refer to the response to Staff's Initial Data Request, Item 40 and Item 43, Attachment 2.

a. Identify and describe each energy efficiency program that collectively makes up the 9,316,000 MWh savings identified in the EKPC Integrated Resource Plan ("IRP").

b. Provide the MWh savings associated with each program identified in 1.a. above.

c. Identify any programs cited in response to 1.a. above that are not included in the response to Item 43, Attachment 2. Explain why they are not included in Attachment 2.

d. Identify any programs cited in response to Staff's Initial Data Request, Item 43, Attachment 2, that are not included in the response to Item 1.a. above. Explain why they are not included in Item 1.a. above.

2. Refer to the response to Staff's Initial Data Request, Item 42.

a. Explain why EKPC believes that it is more appropriate to recover Demand Side Management ("DSM") related costs through base rates rather than a DSM Surcharge.

b. Does EKPC believe that it is more appropriate for the member distribution cooperatives to recover DSM-related costs through base rates rather than a DSM Surcharge? Explain your answer.

3. Refer to the response to Staff's Initial Data Request, Item 44. Describe the difference between energy conservation and energy efficiency.

4. Refer to the response to Staff's Initial Data Request, Item 120, concerning the impact of the American Recovery and Reinvestment Act of 2009 ("Stimulus Bill") on smart grid investments. EKPC stated that it is seeking stimulus funding opportunities. Provide in detail the types of opportunities that EKPC is seeking relevant to funding provided under the Stimulus Bill.

Each Big Rivers Electric Corporation ("Big Rivers") and EKPC member distribution cooperative except Fleming-Mason Energy Cooperative ("Fleming Mason") and Owen Electric Cooperative ("Owen Electric") are to respond to the following questions:

5. Refer to the Testimony of Christopher S. Perry ("Perry Direct"), page 12, and the response of Owen Electric to Staff's Initial Data Request, Item 40, page 4, concerning the discussion of a per-meter charge or a higher TIER allowance supporting investments in energy efficiency programs.

a. Explain whether you agree with the positions of Fleming-Mason and Owen Electric on this issue.

b. Do you believe that a per-meter surcharge is preferable to the typical per-kWh DSM Surcharge? Explain your answer.

EKPC and its member distribution cooperatives (collectively referred to as "EKPC and each member") are to respond to the following questions except where otherwise directed:

6. Refer to EKPC's response to Staff's Initial Data Request, Item 40. A copy of Owen Electric's Strategic Initiative Challenge 2009 is included as page 3 of the response.

a. Explain whether each other member cooperative has similar initiatives to study energy innovation, rate design and the other challenges set forth in the Owen Electric strategic initiative.

b. If you do not have a similar initiative, explain whether or not you agree with the strategies outlined in Owen Electric's strategic initiative.

7. Refer to Perry Direct, pages 3-11, and the response of Owen Electric to Staff's Initial Data Request, Item 44, regarding the throughput incentive. Explain whether you agree with the positions of Fleming-Mason and Owen Electric that customer charges should be increased to recover a much larger portion of fixed costs, with a corresponding decrease in energy charges, in order to mitigate the throughput incentive and encourage cooperatives to more aggressively pursue energy efficiency.

8. Refer to the responses of EKPC and its member cooperatives to Staff's Initial Data Request, Item 48, concerning decoupling. It appears some cooperatives view decoupling as including a straight fixed-variable rate design while others view such a rate design as separate from decoupling. If a straight fixed-variable rate design is considered a form of decoupling, explain whether your position on decoupling would be different from that stated in the response to Item 48.

9. EKPC's response to Staff's Initial Data Request, Item 51, shows that Fleming-Mason, Inter-County, Shelby Energy and South Kentucky do not have Automated Meter Reading ("AMR") technology. Fleming-Mason, Inter-County, Shelby Energy and South Kentucky are to respond to the following:

a. Provide a discussion of any consideration that has been given to AMR technology. Include a discussion of the cost-effectiveness of AMR technology and if there are any plans to deploy the technology in the future.

b. If AMR technology has not been considered, explain why not.

Fleming-Mason is to respond to the following questions:

10. Refer to Fleming-Mason's response to Staff's Initial Data Request, page 5, lines 18-21. Fleming-Mason proposes "a mechanism for periodic review by the Commission to allow recovery of increases in fixed costs."

a. Provide a narrative explanation of the mechanics of such a mechanism. Include in the explanation a discussion of how often Fleming-Mason suggests the Commission perform the periodic review, as well as whether and how often a utility should be required to file for a general rate review if such a mechanism is approved.

b. Explain whether the periodic review should incorporate any traditional ratemaking adjustments. Identify any proposed adjustments.

Grayson Rural Electric Cooperative Corporation ("Grayson") is to respond to the following question:

11. Refer to response to Staff's Initial Data Request, Item 42. Explain why Grayson is unable to provide a reason as to why it has not sought approval to implement a DSM surcharge pursuant to KRS 278.285 for any DSM offering.

Owen Electric is to respond to the following question:

12. Refer to response to Staff's Initial Data Request, Item 120. Owen Electric states that the prospect of Stimulus Bill funds may expedite its efforts to install smart grid technology, but that such determination would depend on whether "the technology has crossed the threshold from bleeding technology to cutting edge technology." Explain in further detail what is meant by this statement.

Big Rivers and its member distribution cooperatives are to respond to the following questions:

13. Refer to the responses to Staff's Initial Data Request, Items 12-14, regarding decoupling and eliminating the throughput incentive. While the response to Item 14.b. states that Big Rivers' members are not planning to pursue the rate design options described in that response, explain whether the member cooperatives oppose the method described in Item 14.a.1. of the response, which generally conforms to the definition of a straight fixed-variable rate design.

14. Refer to Kenergy Corporation's ("Kenergy") response to Staff's Initial Data Request, Item 15. Kenergy describes the cost-effective benefits of Advanced Meter Infrastructure ("AMI") technology, but does not address the larger question. Using current technology, does Kenergy believe that the overall cost of an AMI system can be cost-effective such that implementation on a large scale can be justified on a cost/benefit basis?

15. Refer to Kenergy's response to Staff's Initial Data Request, Item 16. Is it correct that, given the requirements for participation, only one industrial customer of Kenergy will be eligible to participate in the real-time pricing pilot program, or is it likely that additional customers will be identified that are eligible? If only one customer is eligible, has Kenergy considered changing the requirements to enable more participation?

16. Refer to Jackson Purchase Energy Corporation's ("Jackson Purchase") response to Staff's Initial Data Request, Item 20. Jackson Purchase explains the advantages of the Canon AMR system it selected for its pilot AMR program.

a. Is the Canon system upgradeable for potential future AMI requirements?

b. Provide a cost comparison between the Canon system and other AMR systems considered by Jackson Purchase that were considered less capable than the Canon system.

Duke Energy Kentucky, Inc. ("Duke Kentucky") is to respond to the following questions:

17. Refer to Duke Kentucky's response to Staff's Initial Data Request, Item 24. Duke Kentucky lists its DSM programs and provides the annual kWh saved by each program.

a. Are there additional DSM programs in place for other Duke Energy subsidiary companies that Kentucky Power Company ("Kentucky Power") may consider?

b. If the answer to a. above is yes, identify and explain each program.

18. Refer to Duke Kentucky's response to Staff's Initial Data Request, Item 25. Explain whether Duke Kentucky believes its current customer charge for Rate RS is sufficient to allow Duke Kentucky to encourage energy efficiency.

19. Refer to Duke Kentucky's response to Staff's Initial Data Request, Item 38. Explain whether any Duke Energy DSM programs incorporate smart grid technology. If other Duke Energy subsidiary companies incorporate these technologies, identify the companies and explain the technologies employed. Include in the explanation the conditions existing in Kentucky that discourage employing such technologies.

20. Refer to the response to Staff's Initial Data Request, Item 113, regarding changes in Duke Ohio's rates. General Service ("GS") rates change in phases, as do the Residential Service ("RS") rates. The GS rate changes follow a pattern of the customer charge increasing concurrent with a decrease in the volumetric charge. Explain why the initial RS rate change more than doubles both the customer charge and volumetric charge before following a pattern similar to the GS rates in subsequent rate changes.

21. Duke Kentucky's response to Staff's Initial Data Request, Item 113, provides the increased customer charges resulting from a form of decoupling recently implemented by Duke Ohio. Does Duke Kentucky envision a similar proposal in Kentucky?

22. The major gas utilities other than Duke Kentucky, either in their testimony in this proceeding or in their data responses, have stated a preference for, or interest in, some form of annual rate review as a means to keep revenues "current" and minimize the throughput incentive. Explain whether Duke Kentucky shares the other utilities' interest in this approach to mitigating a perceived obstacle to pursuing energy efficiency.

Kentucky Power is to respond to the following questions:

23. Refer to Kentucky Power's response to Staff's Initial Data Request, Item 63. Kentucky Power states that the IRP regulation is not explicit that cost-effective demand-side resources be given priority status; however, priority status is implied. Explain whether Kentucky Power believes the IRP regulation should be revised to more explicitly state that cost-effective demand-side resources shall be given priority status.

24. Refer to Kentucky Power's response to Staff's Initial Data Request, Item 65, in which Kentucky Power discusses American Electric Power Company's ("AEP") goal of having 1,000 MW of demand-reduction resources in place by 2012 and an energy-reduction goal of 2,250 GWh annually in the same period. Explain how it was determined that Kentucky Power's share of AEP's demand reduction would be 37 MWs and its share of energy reduction would be 84 GWh?

25. Refer to Kentucky Power's response to Staff's Initial Data Request, Item 66. Kentucky Power lists its DSM programs and provides the annual kWh saved by each program.

a. Are there additional DSM programs in place for other AEP subsidiary companies that Kentucky Power may consider?

b. If the answer to (a) above is yes, identify and explain each program. Include in the response whether obstructions or problems exist in Kentucky that make Kentucky Power hesitant to institute the programs in Kentucky.

26. Refer to the response to Staff's Initial Data Request, Item 67, regarding the relationship of Kentucky's certificate statute and Energy Independence and Security Act ("EISA") 2007, Section 532(a)(16)(b). Describe any actions Kentucky Power believes the Commission can take that will result in the federal standard yielding to the requirement of state law.

27. Refer to Kentucky Power's response to Staff's Initial Data Request, Item 68. Explain whether Kentucky Power believes that increased customer charges would promote energy efficiency. Include in the explanation whether Kentucky Power intends

to move its customer charges toward a rate that more accurately reflects full cost-of-service in future rate proceedings.

28. Refer to the response to Staff's Initial Data Request, Item 71, regarding subsidies among Kentucky Power's customer classes. Describe the cost-of-service methodology used by Kentucky Power in its last rate case.

29. Refer to Kentucky Power's response to Staff's Initial Data Request, Item 76. Provide a copy of one of the 37 letters sent to eligible customers concerning the experimental tariff RTP.

30. Refer to Kentucky Power's response to Staff's Initial Data Request, Item 77. Kentucky Power states that it has not performed any formal in-depth studies to quantify the feasibility of its COGEN/SPP I and COGEN/SPPII tariffs. Explain whether Kentucky power has contacted potential participants concerning the tariffs. If Kentucky Power has not contacted potential participants, explain why it has not.

31. Refer to Kentucky Power's response to Staff's Initial Data Request, Item 79. Explain whether any AEP DSM programs incorporate smart grid technology or gridSMART. If other AEP subsidiary companies incorporate these technologies, identify the companies and explain the technologies employed. Include in the explanation the conditions existing in Kentucky that discourage employing such technologies.

32. Refer to the response to Staff's Initial Data Request, Item 82, concerning the financial components of the EISA 2007 smart grid standard. Provide a general description of (1) how Kentucky Power sees the Commission's oversight role regarding a utility's smart grid investments under the scenario discussed in the response and (2) the manner in which Kentucky Power envisions "timely cost recovery" being provided.

Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") are to respond to the following questions:

33. KU and LG&E's response to Staff's Initial Data Request, Item 87, refers to "meter technology currently in place." Identify each of the metering technologies currently in place, which class a particular type of meter would typically be used for, and the information retrieved from each type.

34. Refer to the response to Staff's Initial Data Request, Item 91, regarding rate designs that promote energy efficiency. LG&E and KU have not proposed the measures described in the response in the DSM filings they have made under KRS 278.285. Explain whether LG&E and KU believe the Commission has the authority to approve such measures under the current statute.

Atmos Energy Corporation ("Atmos"); Columbia Gas of Kentucky, Inc. ("Columbia"); and Delta Natural Gas Company, Inc. ("Delta"), collectively referred to as ("Joint LDCs") are to respond to the following questions:

35. Refer to the response of KU and LG&E to Staff's Initial Data Request, Item 89, regarding the description of the type of annual rate review authorized by the Commission in connection with LG&E's initial DSM plan. What is your position on a review and/or decoupling approach based on a maintaining a specific revenue amount or, alternatively, a specific amount of revenue per customer?

Atmos is to respond to the following question:

36. Refer to Atmos's response to Staff's Initial Data Request, Item 2(a). If an annual rate review mechanism such as the one recently supported by the five LDC's in

the General Assembly were in place, what would have been the effect on rates for each of the most recent five calendar years?

Delta is to respond to the following questions:

37. In response to Staff's Initial Data Request, Item 96(d), Delta states that the cost-of-service study in its most recent rate case indicated that fully allocating the customer-related costs would require a residential monthly charge of $24.16. Is it a concern that, at some level of customer charge, customers that may not heat with gas, but may have a gas water heater, gas stove, fireplace, or some combination of those services, might replace gas with another energy source? Explain.

38. Refer to Delta's response to Staff's Initial Data Request, Item 97. If an annual rate-review mechanism such as the one recently supported in the General Assembly were in place, what would have been the effect on rates for each of the most recent five calendar years?

Columbia is to respond to the following questions:

39. Refer to Columbia's response to Staff's Initial Data Request, Item 98(a).

a. Columbia states that it does not believe that breaking the dependency upon a volumetric rate to recover costs is the only reasonable way to address decoupling.

1. State and briefly explain the other ways that Columbia believes are reasonable ways to address decoupling.

2. Which method of addressing decoupling does Columbia prefer? Explain.

b. If an annual rate-review mechanism such as the one recently supported in the General Assembly were in place, what would have been the effect on rates for each of the most recent five calendar years?

All jurisdictional electric utilities are to respond to the following questions:

40. Refer to the response of Duke Kentucky to Staff's Initial Data Request, Item 36, Attachment (a), pages 17-18. Describe the extent to which your plans for smart grid reflect the addition of infrastructure and new technology that will enhance the integration of demand response and energy efficiency into your system.

41. Refer to the response of Duke Kentucky to Staff's Initial Data Request, Item 36, Attachment (c), pages 49-50. Describe the extent to which your plans for smart grid incorporate the addition of communication infrastructure that will enhance the use of distributed resources on your system.

42. It does not appear from the testimony and data responses that any of the electric utilities are considering networking options for smart grid, such as partnering with broadband and mobile wireless providers to provide network connections, as opposed to investing in the construction of their own networks. Explain whether such partnering is being explored on either a utility-specific or industry-wide level.

43. It does not appear from the testimony and data responses that any of the electric utilities have indicated to what extent they have prioritized the smart grid elements they plan to pursue. Provide a list showing how you have prioritized the items in your smart grid plan along with an explanation thereof.

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APR 13 2009
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