

#### **DUKE ENERGY CORPORATION**

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Kristen Cocanougher
Sr. Paralegal
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### VIA OVERNIGHT DELIVERY

February 17, 2011

RECEIVED
FEB 18 2011
PUBLIC SERVICE
COMMISSION

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

Re: Case No. 2010-00445

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 Data Requests i*n the above captioned case.

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

Sincerely,

Kristen Cocanougher

Gristen Cocanonghur

cc: Dennis Howard II

# RECEIVED

FEB 18 2011

State of Ohio	)
	)
County of Hamilton	)

PUBLIC SERVICE COMMISSION

The undersigned, William Don Wathen Jr., being duly sworn, deposes and says that I am employed by the Duke Energy Corporation affiliated companies as General Manager Duke Energy & Vice President Rates-Ohio & Kentucky; 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 response to information requests are true and accurate to the best of my knowledge, information and belief after reasonable inquiry.

William Don Wathen Jr., Affrant

Subscribed and sworn to before me by William Don Wathen Jr. on this day of February 2011.

My Commission Expires:

AMY BETH SPILLER, Alterney at Law Rotary Public, State of Ohio My Commission Has No Expiration Date Section 147.03

#### **VERIFICATION**

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

The undersigned, Delta Sonderman, being duly sworn, deposes and says that she is employed by the Duke Energy Corporation affiliated companies as Marketing Specialist for Duke Energy Business Services, LLC; that on behalf of Duke Energy Kentucky, Inc., she has 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 her knowledge, information and belief after reasonable inquiry.

Delta Sonderman

Subscribed and sworn to before me by Delta Sonderman on this 20th day of January, 2011.

NOTARY PUBLIC for Gaston County, NC

My Commission Expires: 04-13-2014

#### **VERIFICATION**

State of Ohio	)
	)
County of Hamilton	)

The undersigned, Thomas J. Wiles, being duly sworn, deposes and says that I am employed by the Duke Energy Corporation affiliated companies as General Manager, Market Analytics; 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 are true and accurate to the best of my knowledge, information and belief after reasonable inquiry.

Thomas J. Wiles, Affiant

Subscribed and sworn to before me by Thomas J. Wiles on this 15<sup>th</sup> day of February, 2011.

NOTARY PUBLIC

My Commission Expires:

AMY BETH SPILLER, Attorney at Law Rotary Public, State of Ohio My Commission No Expiration Date Section 147.03

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**STAFF-DR-02-001** 

#### **REQUEST:**

Refer to the table in the response to Item 5.a. of Commission Staff's First Information Request ('Staff's First Request"), which includes Participation, Administration, Implementation, Incentives, and Other Utility Costs.

- a. Explain whether these cost are solely outside contractor costs or if they also include in-house costs incurred by Duke Kentucky.
- b. If some of the costs are in-house costs, explain how Duke Kentucky insures that these costs are excluded from recovery through its base rates.

#### **RESPONSE:**

- a. These costs include expenses paid to outside contractors who help to implement the program which may include a program management company, third party call center, design firms for acquisition materials and trade ally training as well as customer incentives. In addition, there are funds allocated to internal costs for inhouse printing costs of program materials and employee travel associated with the program.
- b. In its most recent electric base rate case, Case No. 2006-00172, Duke Energy Kentucky included an adjustment to eliminate all costs and all revenue related to DSM because such costs and revenue were addressed in a separate tracker (See Schedule D-2.21 in Company's Application in Case No. 2006-00172). Consequently, there are no costs related to demand-side management or energy efficiency in Duke Energy Kentucky's current base rates. This is how all of the energy efficiency program costs are treated for cost recovery in Duke Energy Kentucky.

PERSON RESPONSIBLE: (a) Delta Sonderman

(b) William Don Wathen Jr.

**STAFF-DR-02-002** 

#### **REQUEST:**

Refer to the attachment to the response to Item 5.b. of Staff's First Request in which Lost Revenue Rates ("LR Rates") are listed for Years 1,2 and 3. In year 1, the LR Rate is \$0.051619 (Rate RS \$0.085379 less Rider FAC \$0.033760). In year 2, the LR Rate is \$0.052828, an increase of 2.34 percent from the Year 1 rate. And in Year 3, the LR Rate is \$0.054066, an increase of 2.34 percent from the Year 2 rate.

- a. If the LR Rate is the applicable marginal block energy rate net of fuel costs and other variable costs, then there are no other known variable costs? Explain.
- b. Explain why the LR Rate increases from Year 1 to Year 2 and from Year 2 to Year 3.

#### **RESPONSE:**

- a. There are variable operating and maintenance (O&M) costs. The lost revenues for this program were estimated using the DSMore model. For the purpose of calculating cost effectiveness, variable O&M was not subtracted from the Rate RS; however, all Variable O&M is subtracted out in the reconciliation process based on actual load impacts and the actual electric rates applicable at the time.
- b. These calculations assumed that the electric rate will increase at the rate of inflation of 2.34%, since the cost-effectiveness analysis is examining the benefits and costs over time. If one component of the test were held constant, i.e., the electric rate, then the RIM test would not be correct because the other components of the RIM test are allowed to increase at their own respective escalation factors.

**STAFF-DR-02-003** 

#### **REQUEST:**

Refer to footnote (A) on page 5 of 5 of the attachment to the response to Item 5.b. of Staff's First Request. The footnote indicates that, in 2010, a factor of 1.002733 is used to include interest on over- or under-recovery for the average three-month commercial paper rate. If the purpose of Rider DSMR is the recovery of actual program expenditures almost in real-time along with shared savings, which are calculated based on actual program expenditures, and the LR Rate remains constant until there is a change in base rates, explain the purpose of this factor in adjusting the prior period over- or under-recovery.

## **RESPONSE:**

As was explained in the Company's application filed in Case No. 95-312, that first requested approval of the Company's DSM program, the purpose of the "Balancing Mechanism" was to "reconcile differences between amounts of revenue actually collected through the mechanism and the amount of revenues which it was estimated would be collected..." As was further agreed upon by the Joint Applicants, including the Attorney General, (and as approved by the Commission in its December 1,1995 Order), "[A]ny over- or under recover, with interest applied at the rate equal to the average "3-Month Commercial Paper Rate" for the immediately preceding 12 month period, will be divided by KWH or MCF sales, as specified in the applicable tariffs, for a subsequent twelvemonth period to determine the DSM balance adjustment to the DSM Cost Recovery mechanism."

**STAFF-DR-02-004** 

# **REQUEST:**

Refer to the footnotes on page 5 of 5 of the attachment to the response to Item 5.b. of Staff's First Request. Confirm whether the footnotes should reference Appendix B rather than Appendix J, in footnote (A), and Appendix I in footnotes (B) and (C).

#### **RESPONSE:**

The footnotes on page 5 of 5 of the attachment to the response to Item 5.b. of Staff's First Request are in error and should all reference Appendix B.

**STAFF-DR-02-005** 

#### **REQUEST:**

Refer to the attachments to the response to Item 7 of staff's First Request.

- a. Page 1 to 4 of 11 for the various programs were not labeled. Provide a revised version of the attachment with data on the pages clearly identified on a program-by-program basis.
- b. It appears that the first calculation at the top of page 4 of 11 pertains to the High Efficiency Program. It is unclear what the remainder of the data on pages 4 to 11 of 11, after that first calculation, is meant to represent. Provide a thorough description of the data on these pages and explain how it is used by Duke Kentucky.
- c. Provide this attachment in an electronic Excel format with all formulas intact and unprotected.

#### **RESPONSE:**

- a. See STAFF-DR-02-005 attachment being provided on the enclosed CD. Labels have been added.
- b. The data in this section of the spreadsheet calculates the monthly lost margins, and shared savings, pertaining to the customers who installed measures in the High Efficiency Program Other category. See STAFF-DR-02-005 attachment, being provided on the enclosed CD, which has been updated for clarity. The section titled "High Efficiency Program Other (measures not included in custom for schools)" calculates lost margins and shared savings for the nonresidential measures that are not lighting, motors, or HVAC, and the "High Efficiency Program Other (Custom for Schools)" sections that follow calculate lost margins and shared savings for the customers who participated in the Custom for Schools portion of the High Efficiency Program. The sum of these calculations is presented in the "High Efficiency Program Other (Total)" section of the

spreadsheet, found between the sections for "High Efficiency Program – Motors" and "PowerShare  $\$ ".

c. See STAFF-DR-02-005 attachment being provided on the enclosed CD.

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**STAFF-DR-02-006** 

#### **REQUEST:**

The response to Item 8.c. of Staff's First Request indicates that projected program costs of \$903,772 are from a previous filing, Case No. 2006-00426<sup>1</sup> (Revised Appendix D, Page 2 of 5). Also, the response to Item 8.d. indicates that projected lost revenues of \$657,466 were developed in Case No. 2007-00369<sup>2</sup> (Appendix J, Page 2 of 6).

- a. Explain whether Duke Kentucky believes that it is preferable to (1) use projected program costs and lost revenues from prior filings or (2) use recent actual program expenditures and actual participation levels, together with future projected activity.
- b. Explain whether Duke Kentucky's (Over)/Under-Recovery amount would be expected to be smalled under method (1) or (2) described in part a. of this request.

#### **RESPONSE:**

- a. Duke Energy Kentucky believes that it is preferable to use projected program costs and lost revenues. Duke Energy Kentucky had continued to use information from the past filing to remain consistent with the filing. Duke Energy Kentucky can move to projected values going forward.
- b. It is not possible to say which method would be expected to have smaller (Over)/Under-Recovery amounts because the answer depends on customer participation in a particular program. Duke Energy Kentucky has experienced situations in the past with this program where participation has been significantly higher or lower than projections.

<sup>&</sup>lt;sup>1</sup> Case No. 2006-00426. The Annual Cost Recovery Filing for Demand Side Management by The Union Light, Heat and Power Company D/B/A Duke Energy Kentucky (KyPsc May 15, 2007).

<sup>&</sup>lt;sup>2</sup> Case No. 2007-00369. The Annual Cost Recovery Filing for Demand Side Management by Duke Energy Kentucky, Inc. (Ky. PSC May 14, 2008).

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		·		

**STAFF-DR-02-007** 

#### **REQUEST:**

The response to Item 8.d. of Staff's First Request shows the individual costs for the various programs of the Commercial & Industrial High Efficiency Program. The sum of these invidual amounts is \$710,419. Explain whether the Program Expenditures from 07/2009 to 06/2010 should be \$719,739, the total shown on Appendix B Reconciliation – Revised, Page 1 of 5, or \$710,419, the sum of the amounts included in the response. If the appropriate sum is \$710,419, provide all revised schedules as in Response to Staff's First Request, 5b.

#### **RESPONSE:**

Please see Attachment Staff DR-02-007, Appendix B Reconciliation 2010 Second Revised, for a corrected Appendix B Reconciliation.

The Program Expenditures from July 2009 to June 2010 should match the total shown on Attachment STAFF-DR-02-007, Appendix B Reconciliation 2010 – Second Revised, Page 1 of 5. As explained in STAFF-DR-01-008, the total costs for these programs used in the cost-effectiveness analyses will not match the total on Attachment STAFF-DR-01-005, Appendix B Reconciliation 2010 Revised, due to the timing of the payment of expenditures relative to the timing of actual customer participation.

During the process of responding to this Staff-DR-02-007, Duke Energy Kentucky determined that the amount \$719,739 reported in Appendix B Reconciliation - Revised included misassigned costs totaling \$3,436 that were mistakenly assigned to the Commercial & Industrial High Efficiency Program. The costs should have been assigned to the residential program, Energy Star Products. The total included in Appendix B Reconciliation - Revised, should have been \$716,303.

To avoid further changes to this filing required to reassign this amount to the Residential Program, Duke Energy Kentucky will absorb the differing amount of \$3,436 and use \$716,303 as the total Program Expenditures for the Commercial & Industrial High Efficiency Program and will make no changes to the Residential Program.

Page 1 of 5

Appendix B Kentucky DSM Rider

Comparison of Revenue Requirement to Rider Recovery

Total	Revenues collected except for HEA	Home Energy Assistance Pilot Program (I)	(Licental Ciliaticaval)	(Pacidential SmartSaver)	Personalized Energy Report Program	Energy Efficiency Website	Chaill can i tonnem	Energy Star Products	Program Development Funds	Power Manager	Payment Plus	Troo. Compromoter Lines My memorates	Pes Comprehensive Energy Education	Residential Home Energy House Call	Refrigerator Replacement	Res. Conservation & Energy Education		Residential Programs		
s		s	•	50	67	69	•	50	S	Ś	6		60	¢n	Ś	s	7/2009	Projected		
2.423.410					153,000	31,110		243.000	140,000	875,000	150,000		81.500	150,000	100,000	499,800		rojected Program Costs	3	
\$ 911		•	• •	<b>(A</b>	\$ 121	\$ 25		90	•	5	•	•	'n	\$ 49	5	\$ 16	7/2009 to 6/2010 (A)	Projected Lost Revenues	2	}
911.033 \$		,			547 \$	26,781		)225	•	•	,	•	'n	,810 \$	6,145 \$	,525 <b>\$</b>	(A) 7/2	nues Projec		
346,040 \$		,	, .		73,134 \$	2,800		63,450 \$	,	174,000 \$		•		35,700 \$	300 \$	(3,499) \$	7/2009 to 6/2010 (A) 7/0	Projected Shared Savings Program Expenditure	(3)	3
1,949,037 \$		247,040 \$	27010	· ·	170,253 \$	12/12	1	78,320 \$	58,433 \$	559,090	00,420	90.100	77,570 \$	191,893 \$	83,481	389,007 \$	7/09 through 6/10 (B)	ogram Expenditures	<b>(</b>	3
719,783 \$		104,505	101 505		107,088 \$	. 168,1	7007	49,263 \$	36,754 \$			•	48,791 \$	120,700 \$	•	244,685 \$	Gas	Program Expenditures (C)	ē	ì
1,229,254 \$		340,041	****		63,165	4,710	1710 ¢	29,057 \$	21,679 \$	c nan'acc	024,00	80 406	28,779 \$	71,193 \$	83,481 \$	144,322 \$	Ι	enditures (C)	ē	è
		,		,	10,867	10,707	7 701 6	777,516 \$	,	,	,			30,643 \$	11,2/3	18,903 \$	7/09 through 6/10 (B) 7/	Lost Revenues	(2)	3
856,903 \$ (65,216 \$ 3,852,699 \$ (257,957) \$ 4,576,680 \$ 3,034,189 \$ (4,187) \$ (1,040,763					24,31/		1 020	41,103		33,117	60 444	•		(384)	(417)	15,560	ough 6/10 (B) 7/09 through 6/10 (B) Gas (D) Electric (E)	Shared Savings	ē	(8)
\$ 3,852,699																	Gas (D)	2009 Reconciliation	3	(0)
\$ (25/,95/) \$																	Electric (E)	onciliation		(10)
4,5/6,660	1,712,113	4 473 175	102 505		5	5	Z	Š	Š	*			3	3		¥	Gas	Roder Collection (r)	} ;	3
\$ 3,034,188	1,000,00	\$ 3 800 857	5 143 342		Š	2	Z	Š	5	2			Š	5	5	Š	Electric	ection (+)	i j	(12)
4,19			Ş		5	Z :	S	ξ	5				3	5	5	3	Gas (G)	(Over)/Under Collection		(13)
() \$ (1,040,763)	5 (4 040 782)	į	¥			Z :	Z.	3	5	216			3	ž 5	75	5	EJECITIC (H)	Collection		(14)

(A) Amounts identified in report filed on November 15, 2009.

(B) Actual program expenditures, lost revenues, and shared savings for the period July 1, 2009 through June 30, 2010 and lost revenues for this period and from prior period DSM measure Installations.

(C) Allocation of program expenditures to gas and electric. Uses 62,5% gas based upon saturation of gas space heating.

(D) Recovery allowed in accordance with the Commission's Order in Case No. 2004-00389.

(E) Recovery allowed in accordance with the Commission's Order in Case No. 2004-00389.

(E) Revenues collected through the DSM Kates between July 1, 2009 and June 30, 2010.

(S) Column (5) - Column (1) - Column (1) - Column (1) - Column (10) - C

PowerShare®	Total for High Efficiency Program	(Program Development Funds)	Other	Motors	HVAC	Lighting	High Efficiency Program	Commercial Programs
s	60	S	60	€9	s	£/s		(1) Projected Program Cost 7/2009 to 6/2010 (A)
265,000	903,772	,	450,814	100,678	142,760	209,520		(1) jected Program Costs 7/2009 to 6/2010 (A)
•	\$ 657,466 \$	· ·	\$ 298,836	\$ 21,031	\$ 29,247	\$ 308,352		(2) Projected Lost Revenues 7/2009 to 6/2010 (A)
٠	S	5	· co	57	50	4		Projected S 7/2009 to
107,641	499,834 \$		448,830	25,718	14,588	10,698		(3) Shared Savings 6 6/2010 (A)
107,641 \$ 358,011 \$	\$ 716,303		\$ 184,164	\$ 57,849	\$ 20,978	\$ 447,428		(3) (5) (6) Projected Shared Savings Program Expenditure: Lost Revenues Shared Savings 7/2009 to 8/2010 (A) 7/09 through 6/10 (B) 7/
•	\$ 855,921		114,532	15.251	37.248	688,891		(5) Lost Revenues /09 through 6/10 (B) 7
\$134,254.17 \$	\ *		53,449	38,965	437	\$ 166,868		(6) Shared Savings 709 through 6/10 (B)
_								(7) 2009 Reconciliation (C)
(183,533) \$ 11,159 \$ 297,573	\$ 1,365,066 \$ 233,307							(7) (8) (9) 2009 Rider ((Over)/Und/ nciliation (C) Collection (D) Collection (E)
\$ 297,573	\$ 233,307	20000						(9) ((Over)/Under Collection (E)

<sup>(</sup>A) Amounts identified in report filed on November 15, 2009.

(B) Actual program expenditures, lost revenues, and shared savings for the period July 1, 2009 through June 30, 2010 and lost revenues for this period and from prior period DSM measure installations. (C) Receivery allowed in accordance with the Commission's Order in Case No. 2004-00389.

(C) Revenues collected through the DSM Rider between July 1, 2009 and June 30, 2010.

(E) Column (4) + Column (5) + Column (7) - Column (8)

Appendix B

2011 Projected Program Costs, Lost Revenues, and Shared Savings

Residential Program Summary

Total C&I DSM Program Total Program	PowerShare® Program	High Efficiency School Incentive Program Lighting HVAC Motors Other Total for the High Efficiency School Incentive Program	High Efficiency Program Lighting HVAC Motors Other Program Development Funds Total for the High Efficiency Program	Home Energy Assistance Pilot Program	CFL's (Compact Fluorescent Lights) Torchieres (Floor lamps) Energy Efficiency Web Site Personalized Energy Report Pilot Program Residential SmartSaver Total Costs, Net Lost Revenues, Shared Savings	Refrigerator Replacement Home Energy House Call Residential Comprehensive Energy Education Home Energy Assistance Plus (continuing) Power Manager Program Development Funds	Residential - Current Programs/Measures Residential Conservation & Energy Education
<del>69 69</del>	<del>69</del>	Costs	о о о о о о о о о о о о о о о о о о о	€9	<b>&amp;&amp;</b>	• •••••	٠
1,228,771 4,100,701	Costs 265,000	sts 104,760 71,380 50,339 225,407 451,885	C&I DSM Program Summary  Lost  Costs Revenue: \$ 104,760 \$ 273.38 \$ 71,380 \$ 15.93 \$ 50,339 \$ 10.6 \$ 225,407 \$ 149.4 \$ 60,000 \$ - \$ 511,885 \$ 449.3	247,283	31,110 153,000 448,520 2,871,930	100,000 150,000 81,500 150,000 875,000 140,000	Costs 499,800
~ ⇔ ↔	R	Reve	# Su				₩ Re
657,466 1,618,649	Lost	Revenues (Revenues (Revenu	1 8038				Lost Revenues 16,525
\$ \$ 1.06	Sh Sar 1	Shared Savings \$ \$ 1: \$ 22:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ 2 2		<i>t</i> >		Shu Sav
607,474 1,007,336	Shared Savings 107,641	s 5,349 7,294 12,859 24,415 19,916	Shared Savings 5,349 7,294 12,859 224,415 - 249,916				Shared Savings (3,499)
₩ ₩	€9	Total	• • • • • •				₩
2,493,710 6,726,686	<u>Total</u> 372,641	145,072 91,996 73,619 599,240 909,927	Total 383,497 94,598 73,808 599,240 60,000 1,211,143		60,846 347,681 552,492 4,232,975	106,445 235,510 81,500 150,000 1,049,000 140,000	Total
	Allocations Electric G 100.0%	Allocations Electric G 100.0% 100.0% 100.0% 100.0%	Allocations <u>Electric</u> <u>Ga</u> 100.0% 100.0% 100.0% 100.0%		37.1% 37.1% 37.1%	100.0% 37.1% 37.1% 37.1% 100.0% 37.1%	Allocation of Costs Electric Gas 37.1% 62.99
	Gas 0.	6as 0. 0.	ons <u>Gas</u> 0.0% 0.0% 0.0% 0.0%		62.9% 62.9% 62.9%	0.0% 62.9% 62.9% 62.9% 0.0% 62.9%	f Costs Gas 62.9%
	0.0% \$	0.0% 0.0% 0.0% 9.50 9.50 9.50 9.50 9.50 9.50 9.50 9.50	% % % %			* * * * * * * * * * * * * * * * * * * *	•
	lectric Costs 265,000	lectric Costs 104,760 71,380 50,339 225,407 451,885	Electric Costs 5 104,760 5 171,380 5 50,339 5 225,407 6 60,000 5 511,885			100,000 55,650 30,237 55,650 875,000 51,940	Electric Costs \$ 185,426
, \$	Budget Electric \$ 37.	Budget Electric \$ 14! \$ 9: \$ 7: \$ 59: \$ 59:	###### ₹ *******************************	€9	ω ¬ N N	<u>.</u>	Reve
2,493,710	jet (Costs, Lo tric Gas 372,641 NA	pet (Costs, ric 1145,072   91,996   73,619   599,240   909,927	Budget (Costs, Lost Revenues, & Shared Sav Electric Gas \$ 383,497 NA \$ 94,598 NA \$ 73,808 NA \$ 73,808 NA \$ 599,240 NA \$ 599,240 NA \$ 1,211,143	143,674			Budget (Costs, Lost venues, & Shared Sav Electric Gas Co-198,452 \$ 314
	Lost I Gas NA	NA NA NA NA NA	hared	↔		<b>ж өөөөө</b>	hared Gas
	Budget (Costs, Lost Revenues, & Shared Savings) Electric Gas \$ 372,641 NA	Budget (Costs, Lost Revenues, & Shared Savings) Electric Gas \$ 145,072 NA \$ 91,996 NA \$ 73,619 NA \$ 599,240 NA \$ 909,927	Budget (Costs, Lost  Revenues, & Shared Savings)  Electric Gas  \$ 383,497 NA  \$ 94,598 NA  \$ 73,808 NA  \$ 599,240 NA  \$ 60,000 NA  \$ 1,211,143	103,609	19,568 96,237 282,119 1,040,322	94,350 51,264 94,350 98,060	Budget (Costs, Lost Revenues, & Shared Savings) Electric Gas Costs \$ 198,452 \$ 314,374

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Case No. 2010-445
STAFF-DR-02-007 attachment
Appendix B Reconciliation 2010 Second Revised
Page 2 of 5

# Case No. 2010-445 STAFF-DR-02-007 attachment Appendix B Reconciliation 2010 Second Revised Page 3 of 5 Page 3 of 5

#### Appendix B

Duke Energy Kentucky Demand Side Management Cost Recovery Rider (DSMR) Summary of Calculations for Programs

January, 2011 through December, 2011

Electric Rider DSM	Prog Cost	
Residential Rate RS	\$	3,192,653
Distribution Level Rates Part A DS, DP, DT, GS-FL, EH & SP	\$	2,121,069
Transmission Level Rates & Distribution Level Rates Part B	\$	372,641
Gas Rider DSM Residential Rate RS	\$	1,040,322

<sup>(</sup>A) See Appendix B, page 2 of 5.

Case No. 2010-445 STAFF-DR-02-007 attachment Appendix B Reconciliation 2010 Second Revised

Page 4 of 5

Appendix B

Page 4 of 5

Duke Energy Kentucky Demand Side Management Cost Recovery Rider (DSMR) Summary of Billing Determinants

Year 2011

Projected Annual Electric Sales kWH

Rates RS 1,419,793,000

Rates DS, DP, DT,

GS-FL, EH, & SP 2,237,744,041

Rates DS, DP, DT,

GS-FL, EH, SP, & TT 2,453,380,000

Projected Annual Gas Sales CCF

Rate RS 62,760,920

Appendix B

Case No. 2010-445
STAFF-DR-02-007 attachment
Appendix B Reconciliation 2010 Second Revised
Page 5 of 5 Page 5 of 5

Duke Energy Kentucky
Demand Side Management Cost Recovery Rider (DSMR)
Summary of Calculations

January, 2011 through December, 2011

Monthly Customer Charge \$ 0.10 \$ 0.10				•				
nthly Customer Charge 0.10 0.10			247.283	6 <del>9</del>				Total Customer Charge Revenues
nthly Customer Charge 0.10	€	86,341	103,609	€				Gas No. 5 Residential Rate RS
		Number of Customers 119,728	nnual Revenues 143,674	↔≯				Customer Charge for HEA Program <u>Electric No.4</u> Residential Rate RS
			6,211,180	€9				Total Rider Recovery
0.016509 \$/CCF	CF \$	62,760,920 CCF	1,036,113	322 \$	(4,209) \$ 1,040,322	4,209) \$	\$	Gas Rider DSM Residential Rate RS
0.001326 \$/kWh	€9							Distribution Level Rates Total DS, DP, DT, GS-FL, EH & SP
0.000274 \$/kWh	Nh ₩	2,453,380,000 kWh	671,027	¥1 \$	\$ 372,641	298,386 \$	\$ 29	Transmission Level Rates & Distribution Level Rates Part B
0.001052 \$/kWh	Vh ⊛	2,237,744,041 kWh	2,355,014	\$ \$	\$ 2,121,069	233,945 \$	\$ 23	Distribution Level Rates Part A DS, DP, DT, GS-FL, EH & SP
0.001514 \$/kWh	γ γ	1,419,793,000 kWh	2,149,026	553 \$	\$ 3,192,653	(1,043,628) \$	\$ (1,04	Residential Rate RS
DSM Cost Recovery Rider (DSMR)	R <sub>e</sub> DS	Estimated Billing Determinants (C)	Total DSM Revenue Requirements	) - u	Expected Program Costs (B)	( <u>A</u> )	True-Up Amount (A)	Rate Schedule

<sup>(</sup>A) (Over)/Under of Appendix B page 1 multiplied by 1.002733 for 2010 for the average three-month commercial paper rate to include interest on over or under-recovery.
(B) Appendix B, page 2.
(C) Appendix B, page 4.