

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY,	)	Case No.
INC. FOR THE ANNUAL COST RECOVERY	)	2011-00448
FILING FOR DEMAND-SIDE MANAGEMENT	)	

COMMISSION STAFF'S FIRST INFORMATION REQUEST  
TO DUKE ENERGY KENTUCKY, INC.

Duke Energy Kentucky, Inc. ("Duke Kentucky"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before January 21, 2012. 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.

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 the 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.

Duke Kentucky shall make timely amendment to any prior response if it obtains 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 Duke Kentucky fails or refuses to furnish all or part of the requested information, it shall

provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall 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.

1. Refer to page 6 of Duke Kentucky's November 15, 2011 Demand-Side Management ("DSM") Application ("Application"). The Application states, "[s]tarting in 2011, any program that has customer installed (time of sale) compact fluorescent light ("CFL") bulbs included had a change in impact due to the implementation of the results received in Ohio/Kentucky for these types of CFLs. These programs are the Personalized Energy Report ("PER"), Energy Efficient Website and Energy Star Products." Provide a comparison of kWh impact by CFL bulb before the evaluation in this Application and the kWh impact by CFL bulb resulting from the evaluation in this Application for the following: PER, Energy Efficient ("EE") Website and Energy Star Products programs for Kentucky customers.

2. Refer to page 6 of the Application. Explain whether the load impact information shown is reflected at the customer meter point or at the generation level.

3. Refer to page 8 of the Application and page 1 of Appendix B.

a. Provide, by participant, a breakdown of the actual program expenditures of \$640,199 for the Residential Conservation and Energy Education program shown on page 1 of Appendix B for each type of customer incentive as defined in the following table:

	<u>Therm/ Square Foot</u>	<u>kWh use / Square Foot</u>	<u>Investment Allowed</u>
Tier 1	0<1 therm / ft2	0<7 therm / ft2	Up to \$600
Tier 2	1 + therm / ft2	7 + therm / ft2	All SIR * $\geq$ 1.5 up to \$4K

\* SIR = Savings - Investment Ratio

b. If applicable, provide a description of any charges included in the \$640,199 of actual program expenditures that are not customer incentives.

4. Refer to the last sentence on page 10 of the Application. Identify the time period to which the 400 kWh refers.

5. Refer to page 11 of the Application.

a. Explain why, on average, nearly 50 percent more refrigerators were tested in the years 2008 through 2010 compared to the number tested in 2011 and why a greater percentage of the refrigerators tested were replaced in 2011 than in the previous three years.

b. Provide a description of the Energy Star qualified refrigerators that replace the refrigerators which were removed from homes and destroyed.

c. Explain whether there was any change as to the kWh and Ccf impacts per participant resulting from the evaluation in Appendix C of the Application for the Residential Conservation and Energy Education program compared to the kWh and Ccf impacts per participant before the evaluation in Appendix C.

6. Refer to page 15 of the Application. During the 2010-2011 school year, 155 Home Energy Efficiency Kits were distributed in the Residential Comprehensive

Energy Education program. Provide the number of Home Energy Efficiency Kits that have been distributed to date during the 2011-2012 school year.

7. Refer to pages 17 and 18 and to Appendix B of the Application.

a. For the filing period beginning in the fall of 2010, provide the number of participants that completed all three parts of the Payment Plus program.

b. Explain whether any other type of expenditure is included in the \$97,444 of actual program expenditures shown on page 1 of Appendix B other than expenditures for customer incentives.

c. Explain how the control group of customers with similar arrearages and income is established and how those customers' incomes are determined.

d. The Payment Plus program is offered over the six winter months per year. Confirm whether it starts in August as stated in the first full paragraph on page 18.

8. Refer to pages 19 and 20 and Appendix B of the Application. On pages 19 and 20, Duke Kentucky states, "[g]iven our supply position in Kentucky, the Company did not actively promote Power Manager to our customers during the July 2010 through June 2011 fiscal year. Without directly marketing the program, 93 additional customers enrolled in Power Manager during the past fiscal year. However, through attrition, the net number of devices installed and available for an event declined by 265 devices. Although the number of devices declined during this period, our device replacement efforts have led to a net 1.3 MW increase in load reduction capability over the same twelve month period."

a. Provide a breakdown, by the type of cost, of the \$1,082,096 of actual program expenditures shown on page 1 of Appendix B.

b. Provide the number of new customers and devices installed since July 1, 2011.

c. Provide separately the numbers of customers who received the \$25 credit at installation and the \$35 credit at installation during fiscal year 2011.

d. Explain whether there was any change as to the kWh and Ccf impacts per participant resulting from the evaluation in Appendix D of the Application for the Power Manager program compared to the kWh and Ccf impacts per participant before the evaluation in Appendix D.

9. Refer to the Energy Star Products program, pages 20 to 22.

a. Given that incandescent bulbs are to be phased out by 2014, explain whether Duke Kentucky believes it should continue to spend resources on CFL bulbs or if replacement should be left to the consumer.

b. Explain whether there was any change as to the kWh and Ccf impacts per participant resulting from the evaluation in Appendices E and F of the Application for the Energy Star Products program compared to the kWh and Ccf impacts per participant before the evaluation in Appendices E and F.

10. Refer to pages 22 and 23 of the Application, which contain discussion of the EE Website, On-line Energy Assessment and PER programs. As it relates to the EE Website and On-line Energy Assessment, Duke Kentucky states that, starting in July 2011, it stopped distributing the six free CFLs to avoid confusing this offer with the Energy Star Products promotion. As it relates to PER, Duke Kentucky stated that this is

similar to the online EE Survey and CFL offer described in the EE Website, On-line Energy Assessment program, except that this program utilizes a mailed offer for those who do not have computer access or choose not to use the online programs.

a. If Duke Kentucky believes the EE Website, On-line Energy Assessment program and PER programs are similar, explain why it believes customers will confuse the EE Website, On-line Energy Assessment program with the Energy Star Products program but not confuse the PER program with the Energy Star Products program.

b. Explain how customers who have participated in the EE Website, On-line Energy Assessment program since July 2011, and did not receive CFLs, would have known that participants in the PER program received six CFL bulbs. Include in the response whether there was any sort of communication by Duke Kentucky to the EE Website, On-line Energy Assessment participants regarding the differences in the programs.

c. Explain why Duke Kentucky is encouraging customers to not participate in the EE Website, On-line Energy Assessment program with the online EE Survey, and is encouraging customers to participate in the PER program mail-in offer.

d. Explain whether Duke Kentucky believes that participation in the EE Website, On-line Energy Assessment program will decline in light of the fact that participants no longer receive six CFLs.

e. Explain whether there was any change as to the kWh and Ccf impacts per participant resulting from the evaluation in Appendix E of the Application for

the EE Website, On-Line Energy Assessment program compared to the kWh and Ccf impacts per participant before the evaluation in Appendix E.

11. Refer to page 25 of the Application. Explain whether there was any change as to the kWh or Ccf impacts per participant resulting from the evaluation in Appendix E of the Application for the PER program compared to the kWh and Ccf impacts per participant before the evaluation in Appendix E.

12. Refer to page 31 of the Application, which indicates that, due to a change in vendors, it became necessary for QuoteOption customers to enroll in the Energy Profiler Online product, which carries a small monthly fee. Explain whether this monthly fee is reflected in any Duke Kentucky tariff on file at the Commission and, if not, whether Duke Kentucky believes it should not be tariffed.

13. Refer to page 35 of the Application where it states, “[l]ost revenues are computed using the applicable marginal block rate net of fuel costs and other variable costs times the estimated kWh savings for a three-year period from installation of the DSM measure.” Explain what is included in the “other variable costs.”

14. Provide, in an electronic format with formulas unprotected, a breakdown of costs, both gas and electric, by program, of the Projected Program Costs shown in Appendix B, page 1, column 1, for July 2010 to June 2011 using the following format, including a narrative description of all “Other” costs:

Description	Amount
Company Labor -	
Program Implementation	
Program Administration	
Program Evaluation	
Contract Labor -	
Program Implementation	
Program Administration	
Program Evaluation	
Direct Program Costs	
Customer Incentives	
Other	
Total	

15. Provide, in an electronic format with formulas unprotected, a breakdown of lost revenues, both gas and electric, by program, of the Projected Lost Revenues shown in Appendix B, page 1, column 2, for July 2010 to June 2011 using the following formula:

Cumulative number of participants times kWh and/or Ccf impact per participant which equals total kWh and/or Ccf impact times the lost revenue factor which equals the total lost revenues by program.

16. Provide, in an electronic format with formulas unprotected, a breakdown of shared savings, both gas and electric, by program, of the Projected Shared Savings shown in Appendix B, page 1, column 3, for July 2010 to June 2011 using the following formula:

Number of new participants times the utility's shared savings amount per participant which equals the total incentive amount.

17. Provide, in an electronic format with formulas unprotected, a breakdown of costs, both gas and electric, by program, of the Actual Program Costs shown in

Appendix B, page 1, column 4, for July 2010 to June 2011 using the same format as in the response to Item 15 of this request. Include a narrative description of all "Other" costs.

18. Provide, in an electronic format with formulas unprotected, a breakdown of lost revenues, both gas and electric, by program, of the Actual Lost Revenues shown in Appendix B, page 1, column 7, for July 2010 to June 2011 using the following formula:

Cumulative number of participants times kWh and/or Ccf impact per participant which equals total kWh and/or Ccf impact times the lost revenue factor which equals the total lost revenues by program.

19. Provide, in an electronic format with formulas unprotected, a breakdown of shared savings, both gas and electric, by program, of the Actual Shared Savings shown in Appendix B, page 1, column 3, for July 2010 to June 2011 using the following formula:

Number of new participants times the utility's shared savings amount per participant which equals the total incentive amount.

20. Refer to Appendix B, page 1 of the Application. Compare actual program costs in column 4 to projected program costs in column 1 for each residential and commercial program and explain any difference of 20 percent or more by program, whether the difference is positive or negative.

21. Refer to Appendix B, page 1, of the Application. Compare lost revenues in column 7 to projected lost revenues in column 2 for each residential and commercial program and explain any difference of 20 percent or more by program, whether the difference is positive or negative.

22. Refer to Appendix B, page 1 of the Application. Compare shared savings in column 8 to projected shared savings in column 3 for each residential and commercial program and explain any difference of 20 percent or more by program, whether the difference is positive or negative.

23. Refer to Appendix B, page 1 of the Application. Identify and describe the factors responsible for the (Over)/Under Collection for residential gas customers growing to (\$4,408,808) from the amount of (\$4,198) included in the application in Duke Kentucky's prior annual cost recovery filing, Case No. 2010-00445.<sup>1</sup> Explain whether Duke Kentucky has any proposals for achieving a lower over/under collection amount in the future.

24. Refer to Appendix B, page 1, of the Application. Identify and describe the factors responsible for the (Over)/Under Collection for residential electric customers growing to (\$1,277,849) from the amount of (\$1,040,783) included in the application in Duke Kentucky's prior annual cost recovery filing, Case No. 2010-00445.<sup>2</sup> Explain whether Duke Kentucky has any proposals achieving a lower over/under collection amount in the future.

25. Refer to Appendix B, page 2.

a. Provide the actual number of participants, both gas and electric, for each residential and commercial program listed in Appendix B, page 2, for the 12 months ended June 30, 2011.

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<sup>1</sup> Case No. 2010-00445, Annual Cost Recovery Filing for Demand-Side Management by Duke Energy Kentucky, Inc. (Ky. PSC Jun. 7, 2011).

<sup>2</sup> Id.

b. Provide the most currently available actual number of participants, both gas and electric, for each residential and commercial program listed in Appendix B, page 2, for the period beginning July 1, 2011.

c. Provide the projected number of participants, both gas and electric, for each residential and commercial program listed in Appendix B, page 2, for 2012.

26. Refer to Appendix B, page 4. Provide, by customer group, electric sales in kWh and gas sales in Ccf for the 12 months ended June 30, 2011 for residential customers, non-residential distribution service customers, and transmission service customers.

27. Refer to Appendix B, page 6. The footnote states, “[d]ifferences in Lost Revenues/shared Savings multiplied by 1.002733 for 2010 for the average three-month commercial paper rate to include interest on over or under-recovery in Case No. 2010-00445.” The amounts in columns 5 and 6, multiplied by the factor 1.002733 from the footnote, do not equal the amounts in columns 7 and 8. Explain whether the amounts in columns 7 and 8 should be revised or if the factor should be revised to 1.022733.

28. Provide Appendix B in electronic format with formulas intact and unprotected.

29. Refer to Appendix C, page 10. Explain Duke Kentucky’s efforts to encourage participation in the Payment Plus Enrollment program.

30. Refer to Appendix D, page 9. Explain the following statement, which is the last sentence of the narrative under Power Manager Incentives, “[l]ike the

enrollment incentive, the event incentives are also increased for each AC unit that is controlled.”

31. Refer to Appendix D, page 14, which indicates that Staff has been added to the Retail Energy Desk (“RED”), so that there is a RED staff member dedicated to Power Manager and one dedicated to PowerShare. Explain whether the salary and benefits associated with additional staff are recovered through the DSM rider or through base rates.

32. Refer to Appendix D, page 55. Explain whether customers are asked about the age of their air conditioners when signing up for Power Manager.

33. Refer to Appendix E of the Application. Explain whether a Kentucky Residential Smart Saver CFL Program process and impact evaluation was prepared.

34. Refer to Appendix E, page 9. Describe the efforts Duke Kentucky expects to employ in 2012 to market the Residential Smart Saver CFL Program.

35. Refer to Appendix E, page 11. It states, “Duke Energy is partnering with NC and Ohio property managers to ship ‘bulk’ CFLs to rental properties.” Explain whether there is anything similar planned for the Kentucky program.

36. Refer to Appendix E, page 47. Provide the calculations which show how the annual 29,068 kWh savings and 45 kWh per bulb were determined.

37. Refer to Appendix G, pages 4 and 5, where seven recommendations are identified for the PowerShare program. Provide the status of Duke Kentucky’s actions and/or responses to each of these recommendations.

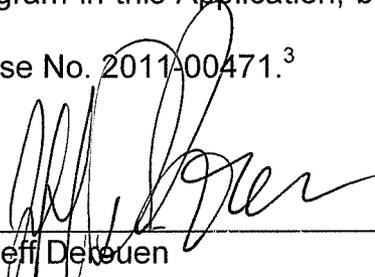
38. Refer to Appendix G, page 8.

a. Provide the number of economic and emergency events that occurred during the 12 months ended June 30, 2011.

b. Provide the number of economic and emergency events that have occurred since July 1, 2011.

39. Refer to Appendix G, page 15. It indicates that Duke Energy is pilot-testing a concept for an automated demand response PowerShare option that would be targeted to customers in commercial office building spaces. The pilot is currently being conducted in Ohio and program staff are evaluating whether it would be appropriate for the other states in which Duke Energy offers a PowerShare program. Provide the status of the pilot program in Ohio and whether, or when, determinations will be made on its appropriateness in other states.

40. Explain why the proposed pilot Nonresidential Smart Saver Custom Energy Efficiency Program was not filed as a new program in this Application, but was filed as a separate application that was docketed as Case No. 2011-00471.<sup>3</sup>



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Jeff DeBruen  
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Public Service Commission  
P.O. Box 615  
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DATED JAN 06 2012

cc: Parties of Record

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<sup>3</sup> Case No. 2011-00471, Application of Duke Energy Kentucky, Inc. to Implement a Pilot Nonresidential Smart Saver Custom Energy Efficiency Program (filed Dec. 1, 2011).

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