

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of Duke Energy Kentucky, Inc.'s)
Annual Cost Recovery Filing for)
Demand Side Management) Case No. 2013-00395

**PETITION OF DUKE ENERGY KENTUCKY, INC.
FOR CONFIDENTIAL TREATMENT OF INFORMATION CONTAINED IN ITS
RESPONSE TO COMMISSION STAFF'S FIRST SET OF DATA REQUESTS**

Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), pursuant to 807 KAR 5:001, Section 13, respectfully requests the Commission to classify and protect certain information provided by Duke Energy Kentucky in its response to data request No. 1, as requested by Commission Staff (Staff) in this case on January 7, 2014. The information that Staff seeks in data request No. 1 and for which Duke Energy Kentucky now seeks confidential treatment (Confidential Information) shows the cost and avoided cost information for DSMore summary output for each program. The response contains sensitive information, the disclosure of which would provide a list of costs and avoided costs, which could provide competitors, vendors and suppliers an obvious advantage.

In support of this Petition, Duke Energy Kentucky states:

1. The Kentucky Open Records Act exempts from disclosure certain commercial information. KRS 61.878(1)(c). To qualify for this exemption and, therefore, maintain the confidentiality of the information, a party must establish that disclosure of the commercial information would permit an unfair advantage to competitors of that party. Public disclosure of the information identified herein would, in fact, prompt such a result for the reasons set forth below.

2. The information contained in Staff-DR-01-001 Attachment is sensitive information, the disclosure of which would injure Duke Energy Kentucky and its competitive position and business interest. This information was developed internally by Duke Energy Kentucky personnel, is not on file with any public agency, and is not available from any commercial or other source outside Duke Energy Kentucky. The aforementioned information is distributed within Duke Energy Kentucky only to those employees who must have access for business reasons. If publicly disclosed, this information setting forth Duke Energy Kentucky's costs and avoided costs for the DSMore program summary output gives the Company's competitors, vendors and suppliers an obvious competitive advantage. Release of these costs would provide potential vendors, vendors and competitors insight into Duke Energy Kentucky's business model and operations. Finally, public disclosure would give Duke Energy Kentucky's contractors, vendors and competitors access to Duke Energy Kentucky's cost and operational parameters. Such access would impair Duke Energy Kentucky's ability to negotiate with prospective contractors and vendors, and could harm the Duke Energy Kentucky's competitive position in the power market, ultimately affecting the costs to serve customers.

3. Duke Energy Kentucky does not object to limited disclosure of the confidential information described herein, pursuant to an acceptable protective agreement, with the Attorney General or other intervenors with a legitimate interest in reviewing the same for the purpose of participating in this case.

4. The Commission has treated the same information described herein as confidential in other responses to similar data requests such as Duke Energy Kentucky in Case No. 2012-00085.¹

¹ Case No. 2012-00085, Order granting Confidential treatment, March 13, 2013.

5. This information was, and remains, integral to Duke Energy Kentucky's effective execution of business decisions. And such information is generally regarded as confidential or proprietary. Indeed, as the Kentucky Supreme Court has found, "information concerning the inner workings of a corporation is generally accepted as confidential or proprietary." *Hoy v. Kentucky Industrial Revitalization Authority, Ky.*, 904 S.W.2d 766, 768.

6. In accordance with the provisions of 807 KAR 5:001 Section 13(3), the Company is filing one copy of the Confidential Material highlighted, separately under seal, and ten (10) copies without the confidential information included.

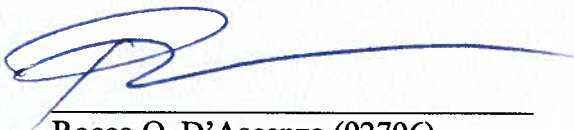
7. Duke Energy Kentucky respectfully requests that the Confidential Material be withheld from public disclosure for a period of ten years. This will assure that the information - if disclosed after that time - will no longer be commercially sensitive so as to likely impair the interests of the Company or its customers if publicly disclosed.

8. To the extent the Confidential information becomes generally available to the public, whether through filings required by other agencies or otherwise, Duke Energy Kentucky will notify the Commission and have its confidential status removed, pursuant to 807 KAR 5:001 Section 13(10)(a).

WHEREFORE, Duke Energy Kentucky, Inc. respectfully requests that the Commission classify and protect as confidential the specific information described herein.

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.

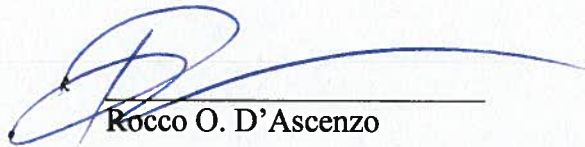


Rocco O. D'Ascenzo (92796)
Associate General Counsel
Amy B. Spiller (85309)
Deputy General Counsel
Duke Energy Business Services, LLC
139 East Fourth Street, 1303 Main
Cincinnati, Ohio 45201-0960
Phone: (513) 287-4320
Fax: (513) 287-4385
e-mail: rocco.d'ascenzo@duke-energy.com

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing filing was served on the following via electronic mail, this 17th day of January 2014:

Larry Cook, Assistant Attorney General Jennifer B. Hans The Kentucky Office of the Attorney General 1024 Capital Center Drive Frankfort, Kentucky 40602-2000 Jennifer.hans@ag.ky.gov	Richard Raff Public Service Commission 211 Sower Boulevard, P.O. Box 615 Frankfort, Kentucky 40602-0615 Richard.Raff@ky.gov
Florence W. Tandy Northern Kentucky Community Action Commission P.O. Box 193 Covington, Kentucky 41012 ftandy@nkcac.org	Carl Melcher Northern Kentucky Legal Aid, Inc. 302 Greenup Covington, Kentucky 41011 cmelcher@lablaw.org
Peter Nienaber Northern Kentucky Legal Aid, Inc. 302 Greenup Covington, Kentucky 41011 pnienaber@lablaw.org	

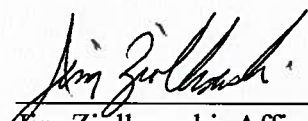


Rocco O. D'Ascenzo

VERIFICATION

STATE OF OHIO)
)
COUNTY OF HAMILTON) SS:

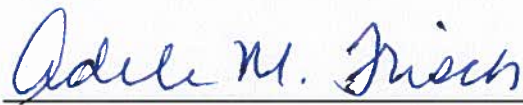
The undersigned, Jim Ziolkowski, being duly sworn, deposes and says that he is the Director Rates & Regulatory Strategy, and that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.



Jim Ziolkowski, Affiant

Subscribed and sworn to before me by Jim Ziolkowski, on this 14th day of January, 2014.

ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2019



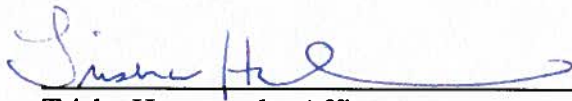
NOTARY PUBLIC

My Commission Expires: 1/5/2019

VERIFICATION

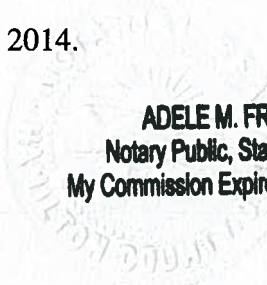
STATE OF OHIO)
) **SS:**
COUNTY OF HAMILTON)

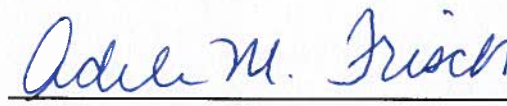
The undersigned, Trisha Haemmerle, being duly sworn, deposes and says that she is the Manager Strategy & Collaboration, and that she has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of her knowledge, information and belief..



Trisha Haemmerle, Affiant

Subscribed and sworn to before me by Trisha Haemmerle, on this 14 day of January, 2014.


ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2019



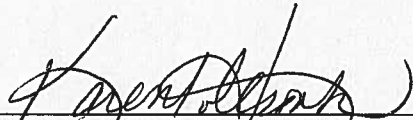
NOTARY PUBLIC

My Commission Expires: 1/5/2019

VERIFICATION

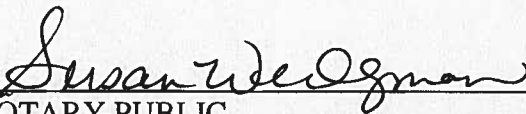
STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG) SS:

The undersigned, Karen Holbrook, being duly sworn, deposes and says that she is the Director of Program Performance, that she has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of her knowledge, information and belief.



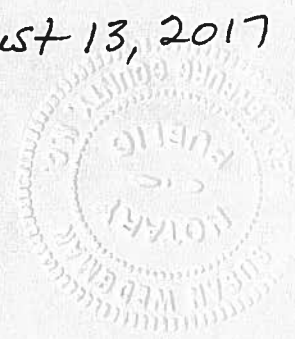
Karen Holbrook, Affiant

Subscribed and sworn to before me by Karen Holbrook, on this 10 day of January, 2014.



NOTARY PUBLIC

My Commission Expires: August 13, 2017



VERIFICATION


STATE OF OHIO)
)
COUNTY OF HAMILTON) **SS:**

The undersigned, Tom Wiles, being duly sworn, deposes and says that he is the Director Analytics, Customer Planning & Analytics, and that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief..



Tom Wiles, Affiant

Subscribed and sworn to before me by Tom Wiles, on this 14TH day of January, 2014.



NOTARY PUBLIC

ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2019

My Commission Expires: 1/5/2019

TABLE OF CONTENTS

<u>DATA REQUEST</u>	<u>WITNESS</u>	<u>TAB NO.</u>
STAFF-DR-01-001	Karen Holbrook	1
STAFF-DR-01-002	Karen Holbrook	2
STAFF-DR-01-003	Tricia Haemmerle	3
STAFF-DR-01-004	Jim Ziolkowski/ Tricia Haemmerle	4
STAFF-DR-01-005	Tom Wiles	5
STAFF-DR-01-006	Tricia Haemmerle	6

STAFF-DR-01-001 PUBLIC

REQUEST:

Refer to page 2 of the application (“Application”), paragraph 5, where it states: “Duke Energy Kentucky will be using results of the recent impact evaluation studies to provide estimates of lost revenues and shared savings.”

- a. Provide by demand-side management (“DSM”) program and/or DSM measure, in electronic format with formulas intact and cells unprotected, the lost revenue factor and kWh savings impacts used in determining the residential program lost revenues in the amount of \$1,581,108 as provided on page 1, column 7 and the commercial program lost revenues in the amount of \$300,663 on page 1, column 5 of Appendix B of the Application.
- b. Provide by DSM program and/or DSM measure, in electronic format with formulas intact and cells unprotected, the shared savings value used in determining the residential program shared savings as provided on page 1, column 8 in the amount of \$1,000,665; the commercial program shared savings as provided on page 1, column 6 in the amount of \$413,243; and the Power Share shared savings as provided on page 1, column 6 in the amount of \$322,931 in Appendix B of the Application.
- c. Provide by DSM program and/or DSM measure, in electronic format with formulas intact and cells unprotected, the lost revenue factor and kWh savings

impacts used in determining the lost revenues in the total amount of \$2,794,412, as provided on page 3 of Appendix B of the Application.

- d. Provide by DSM program and/or DSM measure, in electronic format with formulas intact and cells unprotected, the shared savings value used in determining the shared savings, as provided on page 3 of Appendix B of the Application, in the total amount of \$1,271,621.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

This response will be provided to all parties in this case upon execution of a Confidentiality Agreement.

PERSON RESPONSIBLE: N/A

	<u>KWH Saving Impacts</u>	<u>Lost Revenue Factor</u>	<u>Lost Revenue</u>
Residential Programs			
Appliance Recycling Program	160,113	0.049719	\$ 7,961
Energy Efficiency Education Program for Schools	103,421	0.049719	\$ 5,142
Low Income Neighborhood	16,170	0.049719	\$ 804
Low Income Services	656,681	0.049719	\$ 32,650
My Home Energy Report	7,957,402	0.049719	\$ 395,634
Personalized Energy Report Program	6,571,021	0.049719	\$ 326,705
Residential Energy Assessments	604,395	0.049719	\$ 30,050
Residential Smart Saver®	15,731,680	0.049719	\$ 782,163
	<u>31,800,882</u>		<u>\$ 1,581,108</u>
Commercial Programs			
Smart Saver® Custom	1,732,490	0.023016	\$ 39,875
Smart Saver® Prescriptive - Energy Star Food Service Products	65,997	0.023016	\$ 1,519
Smart Saver® Prescriptive - HVAC	966,145	0.023016	\$ 22,237
Smart Saver® Prescriptive - Lighting	9,295,543	0.023016	\$ 213,946
Smart Saver® Prescriptive - Motors/Pumps/VFD	898,126	0.023016	\$ 20,671
Smart Saver® Prescriptive - Process Equipment	104,905	0.023016	\$ 2,414
	<u>13,063,206</u>		<u>\$ 300,663</u>

	Total NPV Avoided Cost of Capacity / Total	Total NPV Avoided Cost of Energy / Total	Total NPV Avoided Cost of T&D / Total
Residential Programs			
Appliance Recycling Program	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Energy Efficiency Education Program for Schools	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Low Income Neighborhood	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Low Income Services	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
My Home Energy Report	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Residential Energy Assessments	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Residential Smart Saver®	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Power Manager	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Personalized Energy Report Program	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Commercial Programs			
Smart Saver® Prescriptive - Energy Star Food Service Products	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart Saver® Prescriptive - HVAC	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart Saver® Prescriptive - Lighting	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart Saver® Prescriptive - Motors/Pumps/VFD	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart Saver® Prescriptive - Process Equipment	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart Saver® Custom	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Power Share®	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

	Total NPV Avoided Cost of Gas	Total Avoided Costs	Non-M&V Costs
	Production / Total		
Residential Programs			
Appliance Recycling Program	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Energy Efficiency Education Program for Schools	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Low Income Neighborhood	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Low Income Services	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
My Home Energy Report	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Residential Energy Assessments	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Residential Smart Saver®	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Power Manager	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Personalized Energy Report Program	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Commercial Programs			
Smart Saver® Prescriptive - Energy Star Food Service Products	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart Saver® Prescriptive - HVAC	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart Saver® Prescriptive - Lighting	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart Saver® Prescriptive - Motors/Pumps/VFD	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart Saver® Prescriptive - Process Equipment	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart Saver® Custom	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Power Share®	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

	Shared Savings Pool	Shared Savings Tier, after-tax	Shared Savings Revenue
Residential Programs			
Appliance Recycling Program	\$ 288,014	10.00%	\$ 28,801
Energy Efficiency Education Program for Schools	\$ (72,091)	10.00%	\$ (7,209)
Low Income Neighborhood	\$ (4,475)	10.00%	\$ (447)
Low Income Services	\$ (71,622)	10.00%	\$ (7,162)
My Home Energy Report	\$ 150,339	10.00%	\$ 15,034
Residential Energy Assessments	\$ 94,640	10.00%	\$ 9,464
Residential Smart Saver®	\$ 8,381,295	10.00%	\$ 838,130
Power Manager	\$ 1,241,358	10.00%	\$ 124,136
Personalized Energy Report Program	\$ (808)	10.00%	\$ (81)
Total	\$ 10,006,651		\$ 1,000,665
Commercial Programs			
Smart Saver® Prescriptive - Energy Star Food Service Products	\$ 533	10.00%	\$ 53
Smart Saver® Prescriptive - HVAC	\$ 264,980	10.00%	\$ 26,498
Smart Saver® Prescriptive - Lighting	\$ 2,895,399	10.00%	\$ 289,540
Smart Saver® Prescriptive - Motors/Pumps/VFD	\$ 278,788	10.00%	\$ 27,879
Smart Saver® Prescriptive - Process Equipment	\$ 61,169	10.00%	\$ 6,117
Smart Saver® Custom	\$ 631,575	10.00%	\$ 63,158
Total	\$ 4,132,445		\$ 413,245
Power Share®	\$ 3,229,308	10.00%	\$ 322,931

	<u>KWH Saving Impacts</u>	<u>Lost Revenue Factor</u>	<u>Lost Revenue</u>
Residential Programs			
Appliance Recycling Program	2,106,140 \$	0.0497190	\$ 104,715
Energy Efficiency Education Program for Schools	377,700 \$	0.0497190	\$ 18,779
Low Income Neighborhood	889,938 \$	0.0497190	\$ 44,247
Low Income Services	786,366 \$	0.0497190	\$ 39,097
My Home Energy Report	9,417,000 \$	0.0497190	\$ 468,204
Personalized Energy Report Program	59,324 \$	0.0497190	\$ 2,950
Residential Energy Assessments	569,416 \$	0.0497190	\$ 28,311
Residential Smart Saver®	31,691,278 \$	0.0497190	\$ 1,575,659
	45,897,162		\$ 2,281,961
Commercial Programs			
Smart Saver® Custom	5,621,072 \$	0.0230160	\$ 129,375
Smart Saver® Prescriptive - Energy Star Food Service Products	339,545 \$	0.0230160	\$ 7,815
Smart Saver® Prescriptive - HVAC	2,077,104 \$	0.0230160	\$ 47,807
Smart Saver® Prescriptive - IT	64,749 \$	0.0230160	\$ 1,490
Smart Saver® Prescriptive - Lighting	12,637,584 \$	0.0230160	\$ 290,867
Smart Saver® Prescriptive - Motors/Pumps/VFD	1,455,939 \$	0.0230160	\$ 33,510
Smart Saver® Prescriptive - Process Equipment	68,994 \$	0.0230160	\$ 1,588
	22,264,986.98		512,450.94
Total	\$ 68,162,149.17		\$ 2,794,411.95

	Total NPV Avoided Cost of Capacity / Total	Total NPV Avoided Cost of Energy / Total	Total NPV Avoided Cost of T&D / Total
Residential Programs			
Appliance Recycling Program	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Energy Efficiency Education Program for Schools	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Low Income Neighborhood	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Low Income Services	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
My Home Energy Report	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Residential Energy Assessments	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Residential Smart \$aver®	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Power Manager	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Commercial Programs			
Smart \$aver® Prescriptive - Energy Star Food Service Products	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart \$aver® Prescriptive - HVAC	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart \$aver® Prescriptive - Lighting	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart \$aver® Prescriptive - Motors/Pumps/VFD	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart \$aver® Prescriptive - Process Equipment	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart \$aver® Prescriptive - IT	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart \$aver® Custom	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Power Share®	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total			

	Total NPV Avoided Cost of Gas Production / Total	Total Avoided Costs	Non-M&V Costs
Residential Programs			
Appliance Recycling Program	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Energy Efficiency Education Program for Schools	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Low Income Neighborhood	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Low Income Services	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
My Home Energy Report	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Residential Energy Assessments	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Residential Smart Saver®	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Power Manager	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Commercial Programs			
Smart Saver® Prescriptive - Energy Star Food Service Products	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart Saver® Prescriptive - HVAC	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart Saver® Prescriptive - Lighting	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart Saver® Prescriptive - Motors/Pumps/VFD	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart Saver® Prescriptive - Process Equipment	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart Saver® Prescriptive - IT	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Smart Saver® Custom	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Power Share®	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total			

	Shared Savings Pool	Shared Savings Tier, after-tax	Shared Savings Revenue
Residential Programs			
Appliance Recycling Program	\$ 831,298	10.00%	\$ 83,130
Energy Efficiency Education Program for Schools	\$ (122,394)	10.00%	\$ (12,239)
Low Income Neighborhood	\$ 73,741	10.00%	\$ 7,374
Low Income Services	\$ (311,719)	10.00%	\$ (31,172)
My Home Energy Report	\$ 452,843	10.00%	\$ 45,284
Residential Energy Assessments	\$ 121,916	10.00%	\$ 12,192
Residential Smart Saver®	\$ 1,598,184	10.00%	\$ 159,818
Power Manager	\$ 1,300,890	10.00%	\$ 130,089
Total	\$ 3,944,759		\$ 394,476
Commercial Programs			
Smart Saver® Prescriptive - Energy Star Food Service Products	\$ 120,129	10.00%	\$ 12,013
Smart Saver® Prescriptive - HVAC	\$ 800,579	10.00%	\$ 80,058
Smart Saver® Prescriptive - Lighting	\$ 3,103,712	10.00%	\$ 310,371
Smart Saver® Prescriptive - Motors/Pumps/VFD	\$ 366,757	10.00%	\$ 36,676
Smart Saver® Prescriptive - Process Equipment	\$ 11,315	10.00%	\$ 1,131
Smart Saver® Prescriptive - IT	\$ 30,055	10.00%	\$ 3,005
Smart Saver® Custom	\$ 1,014,491	10.00%	\$ 101,449
Power Share®	\$ 3,324,411	10.00%	\$ 332,441
Total	\$ 8,771,448		\$ 877,145
Total			\$ 1,271,621

**Duke Energy Kentucky
Case No. 2013-000395
Staff First Set of Data Request
Date Received: January 7, 2014**

STAFF-DR-01-002

REQUEST:

Refer to pages 5-6, paragraph 18 of the Application. Provide, in like format, the projected Summary of Load Impacts for 2014-2015 that supports page 3 of Appendix B of the Application.

RESPONSE:

See STAFF-DR-01-002 Attachment.

PERSON RESPONSIBLE: Karen Holbrook

Summary of Load Impacts July 2014 Through June 2015*

	Incremental Participation	Load Impacts Net of Free Riders at Meter kWh	Load Impacts Net of Free Riders at Meter kW
Residential Programs			
Appliance Recycling Program	1,300	1,233,644	321
Energy Efficiency Education Program for Schools	1,500	174,435	14
Low Income Neighborhood	600	529,200	138
Low Income Services	303	263,450	46
My Home Energy Report**	43,000	9,417,000	2,450
Residential Energy Assessments	500	197,064	133
Residential Smart Saver®	44,459	3,004,949	628
Power Manager***	9,605	-	11,461
Total Residential	101,267	14,819,742	15,190
Non-Residential Programs			
Smart Saver® Prescriptive - Energy Star Food Service Products	225	199,944	16
Smart Saver® Prescriptive - HVAC	12,075	542,259	250
Smart Saver® Prescriptive - Lighting	19,073	4,078,009	765
Smart Saver® Prescriptive - Motors/Pumps/VFD	337	348,939	52
Smart Saver® Prescriptive - Process Equipment	23	11,002	2
Smart Saver® Prescriptive - IT	436	84,600	0
Smart Saver® Custom	1,551	1,910,271	218
Power Share****	25.75	-	26,726
Total Non-Residential	33,746	7,175,023	28,027
Total	135,013	21,994,765	43,218

*Impacts are without losses and reflected at the customer meter point

**Impacts reflect additions due to incremental program participation

***Cumulative number of controlled devices installed

REQUEST:

Refer to pages 40-41, paragraph 101 of the Application, which states: “Based on the updated rider amounts, the estimated cost for the average customer would be a charge of approximately \$37.10 for electric and \$38.83 for gas.”

- a. Confirm that the estimated cost for the average customer is an annual cost.
- b. Explain how the residential natural gas rate changed from a \$0.038919/CCF credit¹ to a \$0.054918/CCF charge.²

RESPONSE:

- a. Yes, the example of \$37.10 for electric and \$38.83 for gas is an approximate annual cost.
- b. The information filed in Case No. 2013-00313 was to update costs for the inclusion of new measures for the time period of January 1, 2014 – June 30, 2014 decreasing the current credit from \$0.039396/CCF to a credit of \$0.038919/CCF. The \$0.054918/CCF charge in this filing accounts for the reconciliation from the prior filing period, as well as, the forecasted period of July 1, 2014 – June 30, 2015 which includes the previously approved programs and the new measures as approved on December 19, 2013. Duke Kentucky has been crediting residential

¹ Case No. 2013-00313, Application of Duke Energy Kentucky, Inc. to Amend its Demand Side Management Programs (Ky. PSC, December 19, 2013).

² Application, Appendix B, page 6 of 6.

natural gas for the past two filing periods³ resulting in an under collection in this case's timeframe of July 1, 2012 – June 30, 2013. With the program changes and the under collection the credit is now adjusted to a charge of \$0.054918/CCF.

PERSON RESPONSIBLE: Trisha Haemmerle

³ Case No. 2011-00448 for timeframe July 1, 2010 – June 30, 2011 and Case No. 2012-00495 for timeframe July 1, 2011 – June 30, 2012.

REQUEST:

Refer to pages 41-42, paragraph 104 of the Application, which states:

As required by KRS 278.285(3), the DSM Cost Recovery Mechanism attributes the costs to be recovered to the respective class that benefits from the programs. The costs for the Power Manager program and fully allocated to the residential electric class, since this is the class benefiting from the implementation of the program. As required, qualifying industrial customers are permitted to “opt-out” of participation in, and payment for, Smart Saver Custom and Smart Saver Prescriptive. All of Duke Energy Kentucky’s Rate TT customers met the “opt-out” requirements prior to the implementation of the DSM riders in May 1996, and are not subject to this portion of the DSM Cost Recovery Mechanism (*i.e.* Rider DSMR). However, all nonresidential customers, including Rate TT customers, will be charged for the PowerShare program.

- a. Duke Kentucky states: “As required, qualifying industrial customers are permitted to opt-out of participation in, and payment for, Smart Saver Custom and Smart Saver Prescriptive.” Explain what actions the qualifying industrial customers must take to opt-out of participation. If no action is required, explain why not.
- b. Explain how all of Duke Kentucky’s Rate TT customers met the opt-out requirements.
- c. Explain what the opt-out requirements were prior to May 1996.
 - i. If the opt-out requirements are different today from May 1996, explain how they have changed.

- ii. Explain how Duke Kentucky determined that all Rate TT customers had met the opt-out requirements.
- d. Refer to the last sentence of paragraph 104 on page 41, which states: "However, all nonresidential customers, including Rate TT customers, will be charged for the PowerShare program." Explain whether this means there is no way to opt-out of the payment of the DSM charge for any non-residential customer, including industrial customers.
- e. By customer class, provide the current number of Rate TT customers who are participating in the PowerShare program and the current number being charged for the PowerShare program.

RESPONSE:

- a. No action is required by the customer. All TT rate customers are opted out of the programs. Please see the response to Staff-DR-01-004(b).
- b. The Rate TT customers are opted out based on past precedent and an Order in Case No. 95-312. On page 11 of the Joint Application dated October 31, 1997 in Case No. 95-312, the applicants state: "As required, qualifying industrial customers are permitted to "opt out" of participation in, and payment for, the 1998 DSM programs. In fact, most of Union Light's nine transmission level (Rate TT) customers met the "opt out" requirements prior to the implementation of the DSM Riders in May 1996, and are not subject to the DSM Cost Recovery Mechanism. Due to the cost of adjusting billing for individual customers, and since costs were collected from only two transmission level customers for one month, the costs collected from these customers, but not expended on their behalf, will be refunded by check." The Commission approved the filing on December 23, 1997 and ordered, "ULH&P is authorized to make refunds to two Rate TT

customers by check.” In this filing, the DSMR recovery rate for Rate TT customers was set at zero.

c. In its Joint Application dated July 14, 1995 in Case No. 95-312, the Company states: “As required by 1994 House Bill 501, the mechanisms attribute the costs, lost revenues and shared savings to the class which benefits from the programs. Also, as required, the industrial and special contracts customers are permitted to opt-out of participation in the DSM programs and by so doing will not pay for the DSM programs. To qualify, they have to represent that they are energy intensive customers and have implemented cost-effective efficiency measures on their own.”

i. The opt-out requirements remain the same. KRS 278.285 (3) states: “The commission shall assign the cost of demand-side management programs only to the class or classes of customers which benefit from the programs. The commission shall allow individual industrial customers with energy intensive processes to implement cost-effective energy efficiency measures in lieu of measures approved as part of the utility's demand-side management programs if the alternative measures by these customers are not subsidized by other customer classes. Such individual industrial customers shall not be assigned the cost of demand-side management programs.”

ii. Please see the response to Staff-DR-01-004(b) above.

d. Rate TT customers are opted out of the energy efficiency programs only. There is not an opt-out provision for non-residential customers within in any other rate class for the

energy efficiency programs. There is not an opt-out provision for any non-residential customer including Rate TT customers for the PowerShare portion of the rider.

- e. There are 13 Rate TT customers paying into the PowerShare program. One TT customer participates in PowerShare program.

PERSON RESPONSIBLE: Jim Ziolkowski/Trisha Haemmerle

**Duke Energy Kentucky
Case No. 2013-000395
Staff First Set of Data Request
Date Received: January 7, 2014**

STAFF-DR-01-005

REQUEST:

Explain how Duke Kentucky's DSM and energy-efficiency programs contribute to its Integrated Resource Plan.

RESPONSE:

Duke Energy Kentucky's DSM and energy efficiency programs play an important role in the Company's Integrated Resource Plan (IRP). As part of the IRP process, Duke Energy Kentucky creates a projection of the annual KWh and Peak KW savings expected to be contributed by its DSM and EE programs over the planning horizon. These projected energy and peak demand savings are subtracted from the load forecast, thus reducing the need for capacity and generation resources in the IRP.

PERSON RESPONSIBLE: Tom Wiles

**Duke Energy Kentucky
Case No. 2013-000395
Staff First Set of Data Request
Date Received: January 7, 2014**

STAFF-DR-01-006

REQUEST:

Refer to paragraph 4 of the ordering paragraphs in the Final Order in Case No. 2012-00495,¹ which states:

In a year when there are DSM program evaluations, proposed program expansions(s), or new programs filed with the Commission, Duke Kentucky shall file an application by August 15 that includes the following: (1) an Appendix A, in a manner that is currently filed, of the Cost Effectiveness Test Results of all programs; (2) an Appendix B, in a manner that is currently filed, for the recovery of program costs, lost revenues, and shared savings, that are used in determining the true-up of proposed DSM factor(s); (3) a signed and dated proposed Rider DSMR, Demand Side Management Rate, for both electric and natural gas customers; and (4) all program evaluations and/or proposed expanded or new programs.

Explain whether Duke Kentucky can file its annual adjustment of the DSM cost recovery mechanism or annual true-up by August 15 in conjunction with the filing of any DSM program evaluations, proposed program expansions, or new programs. If not, explain whether November 15 is a more realistic date for such a filing.

RESPONSE:

Duke Energy Kentucky cannot file the DSM cost recovery mechanism or annual true-up by August 15 due to the timing the filing covers. With the fiscal year ending on June 30, the November 15 deadline is a more realistic date for such a filing.

PERSON RESPONSIBLE: Trisha Haemmerle

¹ Case No. 2012-00495, Application of Duke Energy Kentucky, Inc. for the Annual Cost Recovery Filing for Demand Side Management (Ky. PSC Apr. 11, 2013).