

**BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION**

In The Matter Of:)	
)	
THE ANNUAL COST RECOVERY FILING)	Case No. 2015-00368
FOR DEMAND SIDE MANAGEMENT BY)	
DUKE ENERGY KENTUCKY, INC.)	

**DUKE ENERGY KENTUCKY, INC.'S MOTION FOR LEAVE
TO FILE INSTANTER AND ITS REPLY COMMENTS**

I. Motion for Leave to File and Memorandum in Support

Now comes Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company) and hereby respectfully moves the Kentucky Public Service Commission (Commission) for leave to file, Instanter, its Reply Comments to the Attorney General's Comments of March 17, 2016 (Comments) in the above-styled proceeding.

II. Memorandum in Support

On December 22, 2015, the Commission issued its Order in the above-styled proceeding setting forth a procedural schedule (Order). The Order, in relevant part, provided the following opportunities for intervention and submitting intervenor testimony to the Company's filing:

- Requests for intervention shall be filed no later than12/30/2015
- Intervenor testimony, if any, in verified prepared form shall be filed no later than03/11/2016
- If there are no Intervenors or no Intervenor testimony, Duke Kentucky shall file a request for an evidentiary hearing or a request that the matter be decided upon the record no later than03/17/2016

Thus, the Order provided intervening Parties an opportunity to intervene and file testimony on the Company's Application in the above-styled proceeding. However, the Order

did not afford the Company a reciprocal opportunity to respond to any comments filed by a Party electing only to file a Motion to Intervene and Comments on the day the Company is to request an evidentiary hearing or request that the matter be decided upon the record.

The Attorney General untimely filed its Motion to Intervene and Comments on March 17, 2016. Duke Energy Kentucky does not object to the Attorney General's motion to intervene or request to file comments in this proceeding at this late date. However, the Company does respectfully request an opportunity to respond to the Attorney General's concerns through the Reply Comments attached hereto. As the Attorney General did not request a hearing in this matter, the case is otherwise submitted on the record absent the Commission permitting an opportunity for the Company to respond. Duke Energy Kentucky respectfully submits that it is in the public interest to permit the filing of its Reply Comments. To do so will allow the Commission to fully consider all relevant facts pertaining to the Company's Application in this proceeding. The Attorney General's Comments were filed less than a week ago. As such, there is minimal delay, if any, in the Commission's ability to consider the Company's Application.

III. Reply Comments

The Attorney General's Comments address one specific issue in the Company's Application in this proceeding. Specifically, the reason for the Company's under-collection regarding its residential gas rider DSM. The Attorney General requests the Company should undertake more stringent internal control measures designed to provide more periodic reviews of program budgets to ensure they are not being exceeded.¹

With respect to the Attorney General's concerns, Duke Energy Kentucky believes that program participation levels exceeding forecasted levels is a good problem to have. Duke Energy Kentucky does not wish to turn away participants who wish to undertake an efficiency program

¹ See *Attorney General's Comments*, filed *March 17, 2016*, at 2-3.

simply because estimated budgets are being exceeded. Such a position sends the wrong message to customers, may deter future participation in Company-sponsored programs, and will erode cost effectiveness of programs due to having to incur costs to remarket to customers.

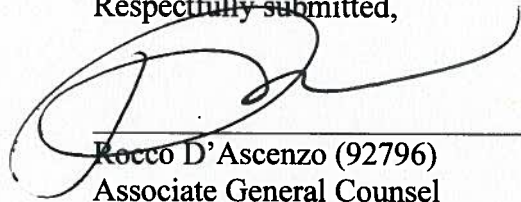
The Commission has the ability to review the Company's DSM filings at least annually through its November annual true-up filing and determine whether program budgets should be increased or are unreasonable.

Nonetheless, the Company does appreciate the comment of the Attorney General in making sure that the Company's DSM programs are not subject to increased volatility because of unanticipated program popularity or unanticipated cost increases. Therefore, Duke Energy Kentucky proposes to alert the Commission for any program once it reaches 95% of its budget during a fiscal year, as well as provide further notice if the Company projects a program to exceed its budget by 125% (*i.e.*, projecting an overrun of 25%) during the fiscal year. The Company will also continue to offer these programs to customers unless notified by the Commission to suspend the program participation for the remainder of the fiscal year.

IV. Conclusion

WHEREFORE, for the foregoing reasons, Duke Energy Kentucky respectfully requests the Commission to approve the Company's request to file its Reply Comments, Instantly, and approve its Application in this proceeding.

Respectfully submitted,

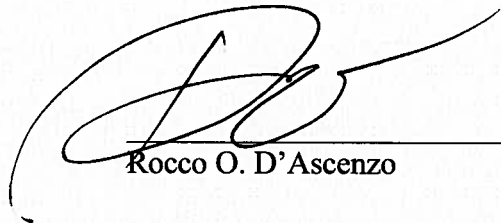


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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing filing was served on the following via electronic mail, this 29th day of March, 2016:

Larry Cook, Assistant Attorney General
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Rocco O. D'Ascenzo