In the Matter of:

The Application of Duke Energy Kentucky, Inc., for (1) a Certificate of Public Convenience and Necessity Authorizing the Construction of an Advanced Metering Infrastructure; (2) Request for Accounting Treatment; and (3) All Other Necessary Waivers, Approvals, and Relief. Case No. 2016-00152

PETITION OF DUKE ENERGY KENTUCKY, INC. FOR CONFIDENTIAL TREATMENT OF INFORMATION CONTAINED IN ITS RESPONSES TO ATTORNEY GENERAL’S SUPPLEMENTAL DATA REQUESTS DATED JUNE 20, 2016

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 responses to Data Request Nos. 9, 10, and 15 as requested by the intervenor, Attorney General (AG) in this case on June 20, 2016. The information that the AG seeks through discovery and for which Duke Energy Kentucky now seeks confidential treatment (Confidential Information) to Data Request Nos. 9, 10, and 15 includes detailed forecasted financial data, by year, over the next seventeen years including, but not limited to, Duke Energy Kentucky’s operational assumptions, future investments, and estimated labor expenses for both its gas and electric operations, as well as information derived from copyrighted subscription-based material, and workpapers which includes the analysis of estimated costs.

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 that Duke Energy Kentucky seeks protection includes information derived from copyrighted material that is only available through a membership/subscription and detailed forecasted financial data and company operational cost assumptions. The public disclosure of this information would damage Duke Energy Kentucky’s competitive position and business interests. If the Commission grants public access to the information, it may make it difficult to achieve the anticipated savings, including equipment purchases, labor savings, etc. as potential future suppliers could potentially manipulate the market and undermine Duke Energy Kentucky’s ability to manage its costs. Additionally, the public release of information that is derived from copyrighted material is limited in terms of availability and access and use based upon a paid membership/subscription, which if disclosed, would likely cause a violation of the Company’s license and would financially harm the creator of the information who charges a fee for such access.

3. The information for which Duke Energy Kentucky is seeking confidential treatment was developed internally by Duke Energy Corporation and 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, and is generally recognized as confidential and proprietary in the energy industry.

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

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 (Ky. 1995).

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

7. Duke Energy Kentucky respectfully requests that the Confidential Information be withheld from public disclosure for a period of twenty years, three years beyond the term of the forecasts included in the Confidential Attachments referenced in Data Request No. 9. This will assure that the Confidential 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,

Rocco O. D’Ascenzo (92796)
Associate General Counsel
Amy B. Spiller (85309)
Deputy General Counsel
Duke Energy Business Services, LLC
139 East Fourth Street, 1313 Main
Cincinnati, Ohio 45201-0960
Phone: (513) 287-4320
Fax: (513) 287-4385
E-mail: rocco.d'ascenzo@duke-energy.com
E-mail: amy.spiller@duke-energy.com

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing Petition for Confidential Treatment has been served via electronic or overnight mail to the following party on this 5th day of July, 2016.

Rebecca W. Goodman
Executive Director
Office of Rate Intervention
Office of the Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

Rocco O. D’Ascenzo
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VERIFICATION

STATE OF OHIO  )  SS:
COUNTY OF HAMILTON )

The undersigned, Peggy Laub, Director of Rates & Regulatory Planning, being duly sworn, deposes and says 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.

Peggy Laub, Affiant

Subscribed and sworn to before me by Peggy Laub on this 27th day of June, 2016.

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  )  SS:
COUNTY OF MECKLENBURG  )

The undersigned, Don Schneider, Director - Advanced Metering, being duly sworn, deposes and says 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.

Don Schneider, Affiant

Subscribed and sworn to before me by Don Schneider on this 5th day of July, 2016.

NOTARY PUBLIC

STATE OF INDIANA  
COUNTY OF HENDRICKS

VERIFICATION

The undersigned, Jeffrey R. Bailey, Director Rate Design & Analysis, Customer Solutions, being duly sworn, deposes and says 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.

Jeffrey R. Bailey, Affiant

Subscribed and sworn to before me by Jeffrey R. Bailey on this 5th day of July, 2016.

My Commission Expires: 10/7/2022
VERIFICATION

STATE OF NORTH CAROLINA   )
COUNTY OF MECKLENBURG   )

SS:

The undersigned, Sasha Weintraub, SVP Customer Solutions, being duly sworn, deposes and says 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.

Sasha Weintraub, Affiant

Subscribed and sworn to before me by Sasha Weintraub on this 5th day of July, 2016.

Rita G. Kale
Rita G. Kale
NOTARY PUBLIC

My Commission Expires: 6/17/2017
VERIFICATION

STATE OF OHIO          )
COUNTY OF HAMILTON     ) SS:

The undersigned, Kim Glenn, Supervisor of Gas Operations Engineering, being duly sworn, deposes and says 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.

__________________________
Kim Glenn, Affiant

Subscribed and sworn to before me by Kim Glenn on this 20th day of June, 2016.

E. MINNA ROLFES
NOTARY PUBLIC

My Commission Expires: 7/8/17

E. MINNA ROLFES
Notary Public, State of Ohio
My Commission Expires
July 8, 2017
VERIFICATION

STATE OF OHIO )
COUNTY OF HAMILTON ) SS:

The undersigned, Mitch Carmosino, Manager of Residential Accounts Receivable Operations, being duly sworn, deposes and says 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.

Mitch Carmosino, Affiant

Subscribed and sworn to before me by Mitch Carmosino on this 5th day of July, 2016.

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

NOTARY PUBLIC

My Commission Expires: 11/5/2019
VERIFICATION

STATE OF INDIANA                )       SS:
COUNTY OF HENDRICKS              )

The undersigned, Everett Greene, Director of Meter Reading, being duly sworn, deposes and says 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.

Everett Greene, Affiant

Subscribed and sworn to before me by Everett Greene on this 5th day of July, 2016.

NOTARY PUBLIC

My Commission Expires: 10-2-20
VERIFICATION

STATE OF NORTH CAROLINA  )   SS:
COUNTY OF MECKLENBURG  )

The undersigned, Mark Hollis, Manager of Compliance, being duly sworn, deposes and says 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.

Mark Hollis, Affiant

Subscribed and sworn to before me by Mark Hollis on this 5th day of July, 2016.

Shareka S. Mengo
NOTARY PUBLIC

REQUEST:

Reference the Laub testimony at page 4, line 12. Ms. Laub proposes a depreciations rate for new electric meters based on a 15-year expected useful life.

   a. Please confirm that the cost-benefit analysis completed by the company assumes a 15-year useful life for new electric meters.

   b. How long, in years, is the manufacturer’s warranty on the new electric meters?

RESPONSE:

   a. Yes, the cost-benefit analysis assumes a 15 year depreciable life for the new electric meters.

   b. 3 years.

PERSON RESPONSIBLE: Don Schneider
REQUEST:

Reference the Laub testimony at page 5, line 4. Ms. Laub proposes a depreciations rate for new gas modules based on a 9-year expected useful life.

a. Please confirm that the cost-benefit analysis completed by the company assumes a 9-year useful life for new gas modules.

b. How long, in years, is the manufacturer’s warranty on the new gas meter modules designed to work with AMI (combination customers)?

c. How long, in years, is the manufacturer’s warranty on the new gas meter modules designed to work with AMR (gas-only customers)?

RESPONSE:

a. The cost-benefit analysis assumes a 9-year depreciable life for gas modules

b. 1 year

c. 1 year

PERSON RESPONSIBLE: Don Schneider
REQUEST:

Reference the Laub testimony, pages 6-8. Ms. Laub asks that equipment being retired prematurely as a result of the instant application be reclassified as regulatory assets to allow for the opportunity to request recovery of these expenses in a future rate case. Please confirm that these costs are not included in the Company’s cost-benefit analysis. If these costs are not included, please explain why they are not included.

RESPONSE:

The cost-benefit analysis did not assume any costs associated with the regulatory asset value. The Company’s cost benefit analysis was focusing on incremental costs and savings.

PERSON RESPONSIBLE: Don Schneider
REQUEST:

Reference the Schneider testimony, pages 9-10 regarding the AMI communications network and page 13, regarding “mass meter pinging.”

a. Will the communications network design have sufficient bandwidth (data capacity) to handle such tasks?

b. Please provide documentation that describes:

(i) the use cases the communications network was designed to accommodate;

(ii) the associated bandwidths required; and

(iii) the sufficiency of the network as designed and budgeted to deliver required bandwidth.

RESPONSE:

a. Yes. The design of the communications network considers Itron/Cisco recommended capacity (in terms of meters per Grid Router) so that delivery of all functionality (“use cases”) as described in Mr. Schneider’s Testimony is executional.

b.

(i) The “use cases” are described in Mr. Schneider’s Testimony as the benefits the metering solution will deliver. Duke Energy Kentucky does
not have any documentation that further defines the "use cases" outside the metering specifications that can be found in the attachment to AG-DR-01-27.

(ii) Duke Energy Kentucky does not have documentation for this request. However, Itron and Cisco have advised that – to ensure sufficient bandwidth to deliver "use cases" – a maximum of 5,000 meters can communicate through a single CGR, with a maximum number of 30 hops between meter and CGR through the mesh network.

(iii) As stated in response to AG-DR-004(a), Duke Energy Kentucky designed its network within the parameters described in response to AG-DR-02-004(b)(ii) to ensure sufficiency of its network as designed and budgeted to operate at a required bandwidth to deliver all benefits ("use cases").

PERSON RESPONSIBLE: Don Schneider
REQUEST:

Reference the Schneider testimony, page 27, lines 8-13. Mr. Schneider states that benefits attributable to cost savings and increased revenues will naturally flow to customers in a future base rate case. Please confirm that:

a. absent any accounting mechanism to the contrary, such benefits will flow to shareholders until the future base rate case; and

b. absent any accounting mechanism to the contrary, the timing of the future electric base rate case will impact the size and speed at which some such benefits will flow to customers. For example, in the instance that the next rate case is processed before some operating efficiencies and revenue increases ultimately anticipated have been realized, such additional benefits will flow to shareholders, not customers, until a second, subsequent rate case is processed.

RESPONSE:

a. Absent deferral mechanisms or recovery mechanisms, Duke Energy Kentucky will be responsible for all costs above amounts being recovered in base rates and will only benefit to the extent its costs are lower than base rates, whatever the cause for the higher or lower costs, including costs associated with this program or any other cost incurred in the provision of retail electric service.
b. Absent a discrete tracking mechanism, the timing of Commission approval of new base rates, will determine when customers see the benefit and costs of the proposed program; however, a base rate case will involve a review of all of Duke Energy Kentucky’s costs of providing retail electric service. When all of Duke Energy Kentucky’s costs of service are reviewed, it is possible that the benefits of advanced metering may not completely offset increases in total revenue requirements due to the dozens of other factors contributing to the overall cost of retail electric service.

PERSON RESPONSIBLE: Peggy Laub
REQUEST:

Reference Mr. Schneider’s response to AG-1-8. Mr. Schneider reports that according to Google Analytics, approximately 6% of Duke Energy Ohio (“DEO”) customers accessed interval usage data over a 12-month period.

a. Please confirm that the 44,000 figure is better described as a count of “page hits” rather than a count of interval data access.

b. Please identify the page on the Duke Energy website from which the Google Analytics figure of 44,000 was taken.

c. Please confirm that the 6% estimate is likely overstated based on the facts that:

   i. Google Analytics counts visits to a page, not actual interval data downloads;

   ii. Google Analytics does not distinguish between a single individual who visits multiple times from multiple individuals who visit once;

   iii. Google Analytics cannot identify visitors to a page who aren’t customers.

RESPONSE:

a. The roughly 44,000 figure represents the number of individual users who accessed pages (where their usage is presented) within a specific date range (a 12 month period following full-scale AMI deployment), rather than simply a count of “page hits”.
b. The count was taken from the first page that appears once the customer has logged in and clicked a link to see usage data. There are a number of pages beyond this landing page that customers can navigate to and get usage details displaying average energy by day of week, hourly energy usage by day, hour-by-hour comparisons (peak day, average week day, average weekend day), etc.

c. See responses below.

i. As stated in response to AG-DR-02-006(a), the count represents the number of individual users who accessed pages where their usage is presented, not visits to a page. To your point, the count does not indicate whether those users took the additional step of downloading their data.

ii. Duke Energy Kentucky cannot confirm this allegation, as explained in response to AG-DR-02-006(a).

iii. Duke Energy Kentucky cannot confirm this allegation with respect to Google Analytics. However, because the pages represented in the count are located behind Duke Energy Ohio’s authenticated customer login, all the visitors to those URLs would have to be Duke Energy Ohio customers.

PERSON RESPONSIBLE: Don Schneider
REQUEST:

Reference the Schneider testimony, page 27, lines 20-23, as well as Mr. Schneider's response to AG-1-9. Provide research that confirms or denies that simply making usage data available has any statistically significant effect on usage. Most research indicates how difficult it is to get customers to retrieve such data, let alone use it for conservation.¹

Please confirm, in the event the CPCN is approved, that the Company will commit to implementing a program similar to the Predictive Usage Estimator and Alert Program described by Dr. Weintraub on p. 10 of his testimony, lines 8-15, prior to the AMI roll-out, and that it will promote it aggressively.

RESPONSE:

Duke Energy Kentucky will "retrieve the usage information from the Smart Meter, organize it into a specified format, and deliver the results to the consumer in a timely manner through the internet",² which is considered direct feedback. EPRI's analysis (referenced in response to AG-DR-01-048(b)) references usage reductions reported in 35 studies that indicate that direct feedback could be linked to an 11.5% reduction in usage on average.

² See reference to EPRI Report provided in response to AG-DR-01-048(b).
Assuming that the Company's Application is approved as requested, and without material modification, Duke Energy Kentucky will commit to implementing the Predictive Usage Estimator and Alert Program during the AMI roll-out.

PERSON RESPONSIBLE: Don Schneider
Sasha Weintraub
REQUEST:

Reference the Schneider testimony, page 32, lines 1-3. Mr. Schneider states the Company is not proposing any new dynamic or time-of-use rates for residential customers. Please confirm, in the event the CPCN is approved, that in order for benefits to outweigh costs, the Company will have to aggressively promote and obtain the permission of a significant number of customers to switch to time of use rates with a critical peak price or peak time rebate feature.

a. Is there any reason why the Company wouldn't offer, or would oppose, a voluntary time-of-use rate for customers with smart meters?

RESPONSE:

Deny. The cost-benefit analysis – which reflects that benefits of deployment will outweigh costs – did not factor in any assumptions regarding the Company offering new dynamic or time-of-use rates for residential customers. Therefore, Duke Energy Kentucky does not agree that it would have to aggressively promote and obtain permission from a significant number of customers to switch to time of use rates with a critical peak price or peak time rebate feature in order for benefits to outweigh costs.

a. No. Any proposal to offer a voluntary time of use rate would likely come during a rate case.

PERSON RESPONSIBLE: Don Schneider
Jeff Bailey
REQUEST:

Reference Attachments DLS-1 through DLS-4 sponsored by Mr. Schneider, as well as the spreadsheet Mr. Schneider provided in response to PSC 1-34, entitled “STAFF-DR-034-Attachment DLS-4-CONF.xls”. In this DR the OAG is attempting to better types, a jump in benefit is detected in an early year (generally 2017 through 2021), presumably the first year after full deployment and/or the first year in which full anticipated benefits are to be realized in a new, steady state for each particular type of benefit. Please provide the workpapers, calculations, assumptions, and inputs associated with the following files for the Commission and the OAG to understand how each estimate was determined for the apparent “first full benefit year” indicated: {BEGIN CONFIDENTIAL}
RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment)

a)– k) Please see Confidential Attachment AG-DR-02-009 provided on a CD under seal with a motion for protection.

l)-m) Please see Confidential Attachment provided in response to STAFF-DR-01-032(a)(2) which is being filed under Petition for Confidential Treatment.

PERSON RESPONSIBLE: Don Schneider
REQUEST:

As points of reference for the responses to be provided in the immediately preceding DR, please provide the amounts spent by the Company in 2015 in each of the areas listed below. In cases in which the Company must estimate these amounts, please provide the workpapers, calculations, assumptions, and inputs required for the Commission and the OAG to understand how such estimates were determined: {BEGIN CONFIDENTIAL}
RESPONSE:

a. In calculating for the cost-benefit analysis we did not gather 2015 actuals but used 2016 budget instead. The 2016 budget for.

b. In calculating the savings for the cost-benefit analysis we did not gather 2015 actuals but used actuals from September 2014 through August 2015 instead. The actual cost for this 12 month period was.

c. Providing 2015 costs for provides no basis for this cost reduction. The reduced costs from is only realized during the Metering Upgrade deployment and is not sustainable. This O&M cost savings represents.

The electric meters removed as part of the Metering Upgrade project will be tested to satisfy electric meter testing requirements.

d. Costs for service calls that result in are not specifically tracked. The reduced costs are estimated based on experiences from AMI deployments in other Duke Energy jurisdictions and applying Kentucky levels in comparison to other jurisdictions.

e. Providing 2015 restoration costs for provides no basis for this cost reduction. The reduced costs are estimated
based on experiences from AMI deployments in other Duke Energy jurisdictions and applying level in comparison to other jurisdictions.

f. 

g. 

h. Costs for service calls related specifically to are not tracked.

i. Costs for are not specifically tracked. 2015 was estimated based upon the calculation described in AG-DR-01-048(b), not on amounts spent by the Company in 2015.

PERSON RESPONSIBLE: Don Schneider
REQUEST:

Reference the Henning testimony, page 13, lines 21-22. Mr. Henning states that the Company wishes to provide a suite of enhanced basic customer services once the Meter Upgrade is completed. The OAG believes the Company’s customer service function to be critical in customer awareness of these services, but also to the Company’s delivery of anticipated benefits, from helping customers to understand their energy use, to “pinging” meters, to remotely reconnecting electric service, etc.

Dr. Weintraub state that Duke Energy has more than 7.4 million customers (Weintraub testimony, page 4, lines 5-10), and Mr. Schneider states in his response to his response to AG-1-80 that DEO is the (only) other Duke Energy subsidiary to complete a system-wide conversion to AMI meters. In light of the fact that the vast majority of Duke Energy’s 7.4 million customers do not have smart meters or smart meter capabilities, please describe, in the event DEK’s application is approved, the process and system enhancements the Company will make to ensure customer service personnel optimize the benefits the Company anticipates from the Meter Upgrade despite the minority status of smart-metered DEK customers and associated capabilities among the millions of Duke Energy customers the customer service personnel serve.
RESPONSE:

Having deployed smart meters in Duke Energy Ohio and other jurisdictions, the Company’s customer service personnel have experience optimizing the benefits anticipated from Duke Energy Kentucky’s proposed Metering Upgrade as well. While there are new features and functions available through AMI metering, the technology also enables customer service personnel to perform many tasks more easily than was possible prior to AMI; many of these customer service enhancements are already available. Even today, as any new utility products or services are introduced across the Duke Energy corporate footprint, Duke Energy ensures that customer service personnel will be able to support and optimize those offerings as well.

PERSON RESPONSIBLE: Sasha Weintraub
REQUEST:

Reference the Company’s application generally, multiple witnesses describe the ability of customers to access their energy usage data via a secure, online portal. Please confirm that Customers will be able to access and download their energy usage data via the Green Button Connect standard.

RESPONSE:

Duke Energy enables customers to access and download their energy usage data via its secure, online portal. Customers can be made aware of their usage data through products like usage alerts and Smart Energy Usage App, making the usage data even more beneficial to the customer. Duke Energy has not implemented the Green Button Connect standard.

PERSON RESPONSIBLE: Sasha Weintraub
REQUEST:

Reference the Schneider testimony, pages 10 and 11. Mr. Schneider describes the back-office systems that will be used to translate data from meters into customer bills. Please provide a diagram of how meter data will be collected, transported, processed, cleaned, and stored from meter to bill, including all hardware, software, and repositories. Also indicate:

a. If and how customers can access historical usage data using Green Button Connect standards;

b. If and how customers can access usage data in near-real time using Green Button Connect standards individually;

c. If and how third party energy managers, with customer authorization, can access historical usage data using Green Button Connect standards;

d. If and how third party energy managers, with customer authorization, can access usage data in near-real time using Green Button Connect standards for tens of thousands of customers simultaneously (as third party energy managers might require during demand response events);

e. If and how the smart meters will be integrated into the Outage Management System;

f. If and how the smart meters will be used in the event of widespread outages;
g. If and how the smart meters are to be used for individual premise outage notification, and if so, how the Company will minimize false-positive reports; and

h. The number of customers participating in time-varying rates the proposed back-office systems and business processes can handle.

RESPONSE:
Duke Energy Kentucky provided the requested diagram as Figure A on Page 9 of Mr. Schneider's Testimony. That diagram depicts the metering hardware that collects meter data, the communication networks used to transport the data to the utility back office, where it is processed in MDM and used for billing in CMS. See Attachment AG-DR-02-013 for greater detail regarding the back office systems.

a. See response to AG-DR-02-012. Duke Energy Kentucky will offer customers various methods, of the customer's choosing, to engage with their usage data. This includes access to the data on the secure online portal, providing usage alerts based on a customer's determined threshold and preferences, and via a Smart Energy Usage App where a customer will have real time usage data made available from their meter.

b. Duke Energy Kentucky is not proposing to implement the Green Button Standard because the Duke Energy portal and associated programs will provide the same functionality and greater flexibility for customers. It is Duke Energy's understanding that Green Button Connect standards do not apply to real time usage data. If Duke Energy Kentucky's Metering Upgrade is approved, once
implemented, customers could access real-time usage data via the Smart Meter Usage App.

c. Third party energy managers, with customer authorization, can access historical usage data through the process described in AG-DR-01-041.

d. It is Duke Energy’s understanding that Green Button Connect standards do not apply to real time usage data. Duke Energy Kentucky’s customers will have access to their usage data in a downloadable format for their use which can be shared with anyone at their choosing.

e. AMI meters are integrated into the Outage Management System in order to use the “pinging” functionality and will be integrated into the Outage Management System for outage messages received from the meter. Duke Energy Kentucky then plans to use that data to make Customers more aware of their outage and estimated time of restoration.

f. Duke Energy Kentucky can conduct mass meter pings or individual meter pings in order to determine locations where service is out and where it has been restored. As stated in Request E, the meter also provides an outage message which the company will use to better understand the scope of the outage as well as to proactively communicate to the customer.

g. AMI data will be leveraged to make a customer aware of an outage at their premise. This will include a confirmation of their outage, the estimated time of restoration, and the cause of the outage. While the development of outage notification is still underway, a priority will be given to minimizing false positives.
h. Duke Energy Kentucky is not proposing any time of use rates in this proceeding and the costs of implementing such programs have not been included. However, should Duke Energy Kentucky decide to offer such rates in the future and the Commission approves, Duke Energy Kentucky will ensure that back office systems and processes can support the expected volume of customers choosing that rate.

PERSON RESPONSIBLE: Sasha Weintraub
MDM Usage Data Flow Overview

**MDM**
MDM consumes usage data through the usage delivery layer (SGG) comprised of daily scalar readings and interval data. Usage data is initially stored in the IMD table, sent through VEE, and ultimately transitions to bill-ready data on the measurement table.

**SGG**
This layer translates usage data from the Openway Head End system into a format that MDM recognizes – IMD formatted data.

**Head End System**
This system (OpenWay) is responsible for collecting data from the AMI meters. It handles all communication nuances for the technology as well as the retry logic to obtain missing data.
CIS System - CMS
The CIS System (CMS) generates requests for determinants for each customer account, based on bill cycle. CMS will be the systems of record for customer billing info, rate information, and account status.

CIS Common
CIS Common will group CIS requests and assign Group IDs to the collection of bill requests before sending to MDM Common.

MDM Common
MDM Common receives grouped CIS Common requests and separates into individual requests to send to MDM. Within MDM Common, the CIS rate codes on the request are translated into MDM Usage Groups as the format is translated and mapped to MDM specific values.

MDM
MDM receives bill requests, calculates, and validates bill-ready data prior to fulfilling requests. This process is automatic. Manual intervention is only needed to approve any transactions which do not pass billing validations due to estimated usage data or if usage is higher/lower than thresholds.
REQUEST:

Reference the Schneider testimony on pages 6 and 7. It is clear from the testimony of Mr. Schneider and others that no (or almost no) gas meters will be read by Company representatives. One of the functions of manual gas meter reading is leak detection. Please describe how the Company proposes to address this potential safety issue.

RESPONSE:

Duke Energy Kentucky’s gas operations complies with all applicable Federal and State regulations regarding leak detection and has established various systematic leak surveys for locating or detecting gas leaks on our gas transmission, high pressure distribution and distribution pipelines, and services. These surveys include inside and outside gas metering equipment. In addition, with safety as a primary concern, routine inspections of meter and regulating equipment is performed whenever employees or contractor personnel are in the proximity of a meter installation.

PERSON RESPONSIBLE: Kim Glenn
REQUEST:

Reference Mr. Schneider's confidential response to PSC 1-32. Mr. Schneider notes the Company's estimate for the benefit of "reduced non-technical losses" was based on an EPRI study indicating that (BEGIN CONFIDENTIAL) % (END CONFIDENTIAL) of revenues are lost in the meter-to-cash cycle, and that (BEGIN CONFIDENTIAL) % (END CONFIDENTIAL) of this results from 3 sources (that can be addressed via smart metering): (BEGIN CONFIDENTIAL) [REDACTED] (END CONFIDENTIAL). While the OAG appreciates that the Company conservatively utilized the lower end (BEGIN CONFIDENTIAL) % (END CONFIDENTIAL) of the lost revenue assumption in its benefit estimate, the Company's benefit calculation assumes smart metering will completely eliminate revenues lost from these 3 sources, or 100% of (BEGIN CONFIDENTIAL) % (END CONFIDENTIAL).

a. Does Mr. Schneider believe that a 100% reduction of revenues lost from these 3 sources is possible? If so, please explain why.

b. Please describe how the Company's business and analytical processes will be configured to secure 100% of the revenues lost from these 3 sources.

c. If the Company agrees that it is unlikely that smart metering plus business and analytical process configurations can secure 100% of the revenues lost from these 3 sources, please provide a modified estimate of the lost revenue benefit assuming
a more achievable performance level based on proposed business and analytical process changes. Please provide the workpapers, inputs, assumptions, and calculations associated with this modified estimate.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET

a. Correction: In its response to Staff-DR-01-032, Duke Energy Kentucky should have noted that the calculation of this benefit, as shown in Confidential Attachment Staff-DR-01-032(a)(2), assumes that the Company can conservatively recover ____ of the identified revenues. In response to this question, Duke Energy Kentucky believes it can recover ____ of the revenues lost from ____

b. Duke Energy Kentucky included ____ costs in its cost-benefit analysis, which will be required to identify the ____ attributed to ____. The Company then expects to be able to recover ____ of those ____

c. See responses to AG-DR-02-015(a) and AG-DR-02-015(b).

PERSON RESPONSIBLE: Don Schneider
REQUEST:
Reference the response to AG 1-7. If DEK did not perform any studies relevant to what its own customers want, how can it claim it knows what they want? Explain fully.

RESPONSE:
As stated in AG-DR-01-007, the company’s belief is based upon experience and expertise in the market where customer convenience, control, transparency, and cost management are trends not only in the Duke Energy footprint, but across the utility industry.

While Duke Energy has not performed research specific to Kentucky customers, the Company has performed research, as provided in AG-DR-01-055, showing the feedback from Duke Energy’s combined jurisdictions.

PERSON RESPONSIBLE: Sasha Weintraub
REQUEST:
Reference the response to AG 1-9, wherein DEK states it is not aware of any studies that AMI leads to long-term conservation and ratepayer savings. If DEK is unable to provide any such studies, explain fully why the Commission should believe any such assertions.

RESPONSE:

a. Objection. This question misrepresents facts and is intentionally designed to mislead and confuse the Commission. Without waiving said objection, this request misstates and misrepresents both the question posed and Duke Energy Kentucky’s response to AG-DR-01-009. With regard to AG-DR-01-009(a), the question asks Duke Energy Kentucky to “Provide copies of (or hyperlinks to) all studies DEK, its parent and affiliated entities consulted showing that system-wide deployment of AMI **DO NOT** lead to long-term conservation and savings on bills for ratepayers.” (emphasis added).

Duke Energy Kentucky’s response was to the question posed and stated that it is not aware of any studies showing that system-wide deployment of AMI **DOES NOT** lead to long-term conservation and savings on bills for ratepayers. Duke Energy Kentucky provided the studies showing that system-wide deployment of
AMI **DOES** lead to long-term conservation and savings on bills for ratepayers in its response to AG-DR-01-048(b). The instant request conflates the Company's responses to those separate questions.

**PERSON RESPONSIBLE:** Legal-as to objection.

Sasha Weintraub
REQUEST:

Reference AG 1-13, wherein the company referred to its response to PSC 1-25. DEK, according to its responses to AG 1-11, AG 1-48 and AG 1-51 is basing estimates for costs savings to be achieved in DEK’s territory upon cost savings already obtained in DEO’s system-wide AMI deployment, thus placing the DEO AMI deployment within the scope of relevance of the instant proceeding. Provide the amounts that DEO: (a) currently charges for remote connects/disconnects; and (b) charged for non-remote connects/disconnects prior to the installation of the AMI system.

a. With regard to DEK’s response to AG 1-13 (d), provide the number of DEO’s disconnections for non-payment on a monthly basis since the beginning of the AMI deployment in that territory, in addition to the monthly number of disconnections for non-payment for a one-year period prior to the start of the AMI deployment.

RESPONSE:

Objection. Irrelevant, overbroad and unduly burdensome. To the extent this information is publicly available, the Attorney General has access to this information and can obtain it directly. Without waiving said objection, and to the extent discoverable, Duke Energy Ohio does not have separate charges for remote disconnections or connections. Duke Energy Ohio does have tariffed rates for reconnections following disconnections for non-
payments and it does have deposit requirements that may be implicated due to disconnections and non-payments. The reconnection charges were approved by the Public Utilities Commission of Ohio and are publicly available at the link below. Duke Energy Ohio’s reconnection fees were established as part of base electric and natural gas distribution proceedings. Duke Energy Ohio has had multiple base rate (gas and electric) proceedings since it began its grid modernization efforts in approximately 2009. The current charges can be found below for electric and natural gas distribution services respectively:


a. Objection. The request is irrelevant, overbroad and unduly burdensome with respect to time of one year prior to the start of AMI deployment and the Company does not maintain the information in the manner requested. The number of disconnections has absolutely nothing to do with whether or not AMI metering is deployed, but rather is a result of the number of customer accounts that become eligible for disconnection due to non-payment of bills. Duke Energy Ohio has the right to disconnect customers for non-payment of bills in accordance with Ohio regulations. Results in Ohio, which is a competitive jurisdiction for both electric and natural gas service are in no way indicative of that of Kentucky. Moreover, to the extent the information the Attorney General requests is publicly available, the Attorney General is able to access this information. Without waiving said objection, and to the extent discoverable, Duke Energy Ohio’s smart grid deployment was a multi-faceted grid modernization initiative and included more
than just a metering upgrade as requested by Duke Energy Kentucky. The grid modernization initiative of Duke Energy Ohio was over several years (2009 through 2015) due to its scope. Duke Energy Ohio cannot differentiate its historical records as between AMI/non-AMI metering disconnections. All Ohio utilities file reports with the Public Utilities Commission of Ohio in accordance with ORC 4933.123, that indicate the number of disconnections for non-payment month-over-month.

Duke Energy Ohio’s report for the twelve month period ending May 31, 2016 can be found here:
http://dis.puc.state.oh.us/TiffToPDF/A1001001A16F28B53553F011194.pdf

Duke Energy Ohio’s report of the twelve month period ending May 31, 2015 can be found here:
http://dis.puc.state.oh.us/TiffToPDF/A1001001A15F19B54337197557.pdf

Duke Energy Ohio’s report of the twelve month period ending May 31, 2014 can be found here:
http://dis.puc.state.oh.us/TiffToPDF/A1001001A14F10B10942C12301.pdf

Duke Energy Ohio’s report for the twelve month period ending May 31, 2013 can be found here:
http://dis.puc.state.oh.us/TiffToPDF/A1001001A13F25B00848C90599.pdf

Duke Energy Ohio’s report for the twelve month period ending May 31, 2012 can be found here:
http://dis.puc.state.oh.us/TiffToPDF/A1001001A12G24B51642H44482.pdf

Duke Energy Ohio’s report for the twelve month period ending May 31, 2011 can be found here:
http://dis.puc.state.oh.us/TiffToPDF/A1001001A11F30B65224B77165.pdf

PERSON RESPONSIBLE: Legal- as to objection
Mitch Carmosino
REQUEST:
Reference the response to AG 1-20, wherein DEK states that “[d]etailed cost information is not readily available for these events.” Provide the total amount of costs for all such incidents during the referenced time frame.

RESPONSE:
Available information totals approximately $78,300 of costs incurred related to recordable injuries and vehicle incidents between 2011 and 2016 year-to-date. In addition, there was approximately $103,000 of costs incurred for safety training related expenses during that same period.

PERSON RESPONSIBLE: Everett Greene
REQUEST:

Reference the response to AG 1-41. Will all customers receive a request from the company asking for the customer's permission to share any or all of "Customer Data," "Personal Information," and/or "Customer Information"?

a. If so, will all customers receive the request for permission to share any or all of the above-listed types of information at the time their meters are upgraded in accordance with the terms of the proposed program set forth in the instant case? If not at that time, state when will they receive such a request, and which customers will receive such requests.

RESPONSE:

No. Upgrading a meter does not require customer information to be shared with third parties.

PERSON RESPONSIBLE: Mark Hollis
REQUEST:
Reference the response to AG 1-48 (b), the paragraph on p. 3 of that response beginning with the phrase “Customer Feedback (Prius Effect).” Do DEK, and/or any of its affiliates believe that the kWh reduction referenced therein could be translated into a quantifiable reduction of CO₂ produced at DEK’s generating stations from the generation of electricity?

RESPONSE:
As discussed in Don’s testimony page 26, lines 9-12, Duke Energy Kentucky considers CO₂ emission reductions to be a hard to quantify benefit.

PERSON RESPONSIBLE: Don Schneider
REQUEST:
Reference the response to AG 1-61. In the event DEK finds any additional capital and O&M costs that should be inputted into the cost-benefit analysis set forth in the Confidential versions of Attachments DLS-3 and DLS-4, will DEK agree to supplement its responses and file them with the Commission into the current docket? If not, why not?

RESPONSE:
Objection. To the extent this Data Request is intended to be duplicative of AG-DR-01-025, it is overly burdensome and must be seen as intending to harass. Without waiving said objection, to the extent discoverable, and in the spirit of discovery, see Company’s response to AG-DR-01-025.

PERSON RESPONSIBLE: Legal- as to objection
Don Schneider
REQUEST:

Has DEK attempted to obtain any grants from the U.S. Department of Energy (USDOE) for any portion of the costs expected under the proposed smart meter program? Please confirm that: (i) DEO did obtain grant funding from USDOE for the smart meter program in its service territory; and clarify (ii) what amounts of grant funding were applicable to electric meters and related infrastructure; and (iii) what amounts of grant funding were applicable to gas meters and related infrastructure.

a. Identify any and all other Duke Energy service territories in which DEK affiliates were able to obtain DOE grants for smart meter deployments.

b. To the extent that the company confirms that DEO did obtain grant(s) for funding of the smart meter program in that service territory, please state whether this skews the cost-benefit analysis upon which DEK relies as set forth in Attachments DLS-3 and DLS-4.

c. Confirm that PUOCO staff, in its comments dated Nov. 4, 2011, at pp. 25-26 and accessible at the link provided below, calculated a net benefit to DEO ratepayers of only $13.7 million when DOE grant funding was subtracted.
RESPONSE:

Duke Energy Kentucky has not attempted to obtain any grants from the USDOE for costs associated with the metering upgrade program because the availability of and ability to obtain USDOE funding ended in 2014. During its deployment, Duke Energy Ohio did obtain grant funding from the USDOE as work was completed on an incremental basis for its comprehensive grid modernization initiative. In total, during Duke Energy Ohio’s nearly seven-year (2009-2015) comprehensive grid modernization deployment, Duke Energy Ohio received approximately $119 million of USDOE grant funding to offset the overall cost of the program. It should be noted that Duke Energy Ohio’s grid modernization deployment was far greater in scope than the program limited to metering upgrade Duke Energy Kentucky is proposing in this proceeding, not to mention the fact that Duke Energy Ohio has more than six times the customers served by Duke Energy Kentucky. It is also worth noting that USDOE grant funding was not applicable to gas meters and related gas infrastructure in Ohio.


b. Objection. This question is vague, confusing, ambiguous, and incapable of response without speculation. Without waiving said objection, and to the extent discoverable, the cost-benefit analysis for the proposed Duke Energy Kentucky Metering Upgrade was not based on costs for the Duke Energy Ohio grid modernization deployment net of USDOE grant funding. However, back end
system costs for Meter Data Management (MDM) and OpenWay allocations are lower for Duke Energy Kentucky in this proposal due to USDOE grant funding used to establish/create those systems for the Duke Energy enterprise.

c. Although the PUCO ultimately approved a settlement reached in the referenced case without any allusion to the Staff's statement, the OAG has accurately repeated the Staff's comments in that document.

PERSON RESPONSIBLE: Legal- as to objections
Don Schneider
REQUEST:

Confirm that DEO has created a Smart Grid Collaborative for its service territory. In the event DEK’s application in the instant case is approved, would DEK agree to create such a collaborative in its own service territory? If not, why not?

RESPONSE:

Duke Energy Ohio agreed to participate in a collaborative working group as part of a broad stipulation settling numerous issues related to its electric security plan to satisfy its competitive retail electric service obligation in Case No. 08-920-EL-SSO, which among other things, included approval of a discrete recover mechanism for all smart grid investments beyond just advanced metering. Notwithstanding the foregoing, to the extent such a provision would facilitate settlement of this proceeding, Duke Energy Kentucky similarly would also be willing to participate in a collaborative working group regarding implementation of advanced metering technology in its service territory.

PERSON RESPONSIBLE: Peggy Laub
REQUEST:

Describe the audit report and audit process that PUCO created for DEO’s smart meter deployment program.¹ Would DEK agree to a similar audit process in its service territory? If not, why not?

RESPONSE:

Duke Energy Ohio agreed to a mid-term review and annual audit of its SmartGrid program, including its discrete cost recovery mechanism for all SmartGrid investments, as part of a broad stipulation settling numerous issues in Case No. 08-920-EL-SSO. To the extent the Attorney General is suggesting that a discrete cost recovery mechanism is also appropriate for Duke Energy Kentucky’s metering upgrade and such a provision would facilitate settlement of this proceeding, Duke Energy Kentucky similarly would also be willing to agree to a similar audit process for its advanced metering technology in its service territory.

PERSON RESPONSIBLE: Peggy Laub

¹ See, e.g., PUCO Staff Comments dated Nov. 4, 2011 at: http://dis.puc.state.oh.us/TiffToPdf/A1001001A11K04B65109G08063.pdf
REQUEST:

Confirm that with regard to the DEO smart meter project, PUCO staff on p. 14 of the report accessible at the link provided in footnote 2, below, stated: "the Smart Grid will provide Duke with multiple profit opportunities. Duke should therefore not be allowed to retain any portion of avoided costs or enhanced revenues."

RESPONSE:

Although the PUCO ultimately approved a settlement reached in the referenced case without any allusion to the Staff’s statement, the OAG has accurately repeated the Staff’s comments in that document. It should be noted that the PUCO approved a discrete recovery mechanism for Duke Energy Ohio’s SmartGrid Investments that allows the company to both timely recover its costs, as well as share the anticipated benefits with customers. Duke Energy Kentucky has not proposed such a mechanism in this proceeding, but if the Attorney General is suggesting such a mechanism is appropriate, then the Company is willing to entertain such discussions.

PERSON RESPONSIBLE: Peggy Laub
REQUEST:

Provide a hyperlink to either the PUCO or DEO website at which DEO's tariffs for residential class time-differentiated rates can be accessed. If DEO has more than one type of time-differentiated rate for the residential class, provide a link to all such tariffs.

RESPONSE:

At various times, Duke Energy Ohio has had several time-of-use rates for residential customers, including pilot programs with minimal levels of participation. Tariff Sheet 33, in the link below, is a voluntary time-of-use rate currently available to residential customers.

http://www.duke-energy.com/rates/ohio/electric.asp

PERSON RESPONSIBLE: Peggy Laub
REQUEST:

Reference the response to AG 1-68, wherein DEK acknowledges that in North and South Carolina, Duke Energy (Carolinas) ("DEC") is deploying AMI technology on an incremental basis only. Additionally, reference the response to AG 1-84, wherein the company states, "to replace meter[s] on a rolling basis is not feasible with this type of metering solution," and company’s response to PSC 1-4 and PSC 1-16, where the company notes that the same meters and system chosen for this project are also being deployed in other Duke jurisdictions.

a. Given these facts, will the deployment of AMI technology in the DEC territory be cost-effective to ratepayers (i.e., will benefits exceed costs) in that service territory?

b. If the answer to subpart a., above, is that the incremental deployment is not cost-effective to ratepayers in the DEC territory, please confirm that cost-effectiveness for ratepayers is not the company’s main priority in AMI deployment.

c. If this incremental deployment process is not only "feasible" but is actually being used in DEC with the same AMI system, explain in complete detail why incremental deployment is not "feasible" in DEK’s territory?
d. Confirm that Duke's AMI deployment in its jurisdictions across the country is a profit center for the company.

**RESPONSE:**

a. Objection. Irrelevant, overbroad, unduly burdensome, not likely to result in the discovery of admissible evidence. The cost effectiveness and reasons for the deployment strategies of other non-jurisdictional utilities for non-Kentucky installations is irrelevant. Without waiving said objection and to the extent discoverable, Yes.

b. See response above.

c. Objection: The OAG asserts facts that are not correct and conflates the terms "incremental" and "rolling" from its own prior discovery requests. The incremental deployment of AMI in DEC - as explained in response to AG-DR-01-068 - involves deploying the technology at full scale across distinct geographic areas, incrementally expanding the footprint of its AMI network in that service territory. Replacing existing meters on a rolling basis - as imagined by the OAG in AG-DR-01-084 - is a separate concept entirely. Duke Energy Kentucky would not have a strong enough RF mesh network to cost-effectively offer AMI metering if it only replaced meters as they reached the end of their effective life span instead of deploying full-scale across a distinct geographic area as proposed in the instant case. Duke Energy Carolinas is not deploying AMI on a "rolling" basis as alleged by the OAG.

d. Objection. The request is vague, ambiguous, non-sensical and irrelevant. Without waiving said objection and to the extend discoverable, Duke
Energy's "AMI deployment" in its jurisdictions across the country is not a profit center for the company. The merits of Duke Energy Kentucky's proposed metering upgrade and reasons thereof are contained in Duke Energy Kentucky's application and direct testimony submitted in this proceeding.

PERSON RESPONSIBLE: Don Schneider
REQUEST:

Reference the response to PSC 1-31, wherein the company explains the Prius Effect.

a. Confirm that the Prius Effect is only effective insofar as the driver in the company-provided explanation is able to immediately react to feedback they receive right in the dashboard (stimulus) in order to reduce consumption.

b. Confirm that any data collected pursuant to the Company’s AMI upgrade will be transmitted to the customer daily, rather than real-time.

RESPONSE:

a. Duke Energy Kentucky’s “Prius Effect” benefit is based upon customers accessing their interval usage data via the customer portal (dashboard) in order to be more aware of and reduce their energy consumption. This benefit and the studies it is derived from do not require access to real-time data. Customers can use interval data provided on a daily basis to identify usage patterns and target efficiency opportunities.

b. AMI meters will transmit customer usage information on a daily basis.

PERSON RESPONSIBLE: Don Schneider