

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter of:

The Electronic Application of Duke Energy)
Kentucky, Inc., for: 1) An Adjustment of the)
Electric Rates; 2) Approval of an) Case No. 2017-00321
Environmental Compliance Plan and Surcharge)
Mechanism; 3) Approval of New Tariffs; 4))
Approval of Accounting Practices to Establish)
Regulatory Assets and Liabilities; and 5) All)
Other Required Approvals and Relief.)
)

**RESPONSE TO KSBA’S PETITION FOR REHEARING OF THE
COMMISSION’S APRIL 13, 2018 ORDER**

Comes now Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), by counsel, and respectfully submits the following response in opposition to the Kentucky School Boards Association’s (KSBA) April 30, 2018 Petition for Rehearing:

The Commission issued its Order on April 13, 2018 and specifically rejected KSBA’s argument that the demand ratchet in Rate DS somehow unfairly impacted school districts within Duke Energy Kentucky’s service territory.¹ KSBA filed a petition for rehearing on April 30, 2018, arguing that including the P-12 schools in the Rate DS class causes the P-12 schools to subsidize other Rate DS customers due to the operation of the demand ratchet.² Once again, however, KSBA fails to offer any compelling evidence that its members are not reasonably similar to other

¹ See Order, p. 69 (Apr. 13, 2018).

² See KSBA Petition, p. 1.

customers in Rate DS. Moreover, Duke Energy Kentucky's witness, Mr. Bruce Sailors, discussed in his rebuttal testimony why the data underlying KSBA's calculations is speculative at best.³ There is no existing load research sample that is sufficient to support the assertion of a subsidy by KSBA. What the demand ratchet accomplishes is to cause P-12 schools to pay a fair share of the transmission and generation costs incurred by the Company to serve them.

Furthermore, KSBA continues to mistakenly claim that P-12 schools do not contribute to Duke Energy Kentucky's peak load.⁴ The claim is not supported by the evidence in the record. For instance, KSBA did not dispute that schools are in session during early June and in mid- to late-August.⁵ They are usually in session most of the month of September as well. Yet, KSBA nonetheless tries to persuade the Commission that the only month Duke Energy Kentucky *could* experience a peak weather condition is the month of July. This is simply not the case. The hot summer weather can be experienced in each of the time frames in which P-12 schools are in session. Hot, peak load weather on a single day in early June, mid- to late-August or in September would cause the charts provided by KSBA to show a significantly different daily load shape for P-12 schools. Schools are not unfairly subsidizing other ratepayers on Rate DS.

In addition, KSBA claims in its petition for rehearing:

The only way the current imposition of the 85% demand ratchet on P-12 schools would be equitable would be if the P-12 schools ignored the mandate of KRS § 160.325 'to reduce the rising energy costs that are straining budgets and operated inefficiently in July at 85% of its September peak (contrary to the statutory mandate of KRS § 160.325) – as it would not change their demand billing thereafter. Such action would then unnecessarily impose the

³ See Bruce Sailors Rebuttal Testimony, p. 10 (filed Feb. 14, 2018).

⁴ See KSBA Petition, p. 2.

⁵ See Hearing Video Record 5:49:20 (Mar. 7, 2018).

otherwise reduced load and attendant cost on Duke and its customers.⁶

This claim by KSBA is clearly inaccurate. It ignores the impact of energy costs and conservation efforts a school can undertake throughout the entire year. Also, schools can set their peak load in early June or late August without any efforts to operate inefficiently. If one was to assume for argument's sake that September loads are a key billing determinant for P-12 schools, then P-12 schools could help themselves by reducing their September demand values with increased efficiency HVAC options, conservation efforts, demand restraints and targeted distributed energy resources to suppress their September peak loads. These are all readily available options for schools to implement and will lower their bills for the entire year. These options have nothing to do with inefficient energy use in July. The argument that Rate DS somehow conflicts with KRS 160.325 is simply not a legitimate argument.

In the April 13, 2018 Order, the Commission states it is not convinced that public school usage supports special treatment from other customers in Rate DS. The Commission is right. Mr. Sailors has already addressed and contested the conclusions of KSBA's witness Mr. Ronald Wilhite in his rebuttal testimony. KSBA's Petition for Rehearing does not present any new arguments or points to merit the Commission granting rehearing on the issue of the Rate DS Demand Ratchet.

WHEREFORE, Duke Energy Kentucky respectfully requests that the Commission deny KSBA's Petition for Rehearing.

⁶ See KSBA Petition, p. 2.

Respectfully submitted,

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CERTIFICATE OF SERVICE

This is to certify that the foregoing electronic filing is a true and accurate copy of the document being filed in paper medium; that the electronic filing was transmitted to the Commission on May 4, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a copy of the filing in paper medium is being hand delivered to the Commission on the 4th day of May, 2018.


Counsel for Duke Energy Kentucky, Inc.