

**BEFORE THE  
KENTUCKY PUBLIC SERVICE COMMISSION**

In The Matter Of:

DUKE ENERGY KENTUCKY, INC.'S )  
ANNUAL COST RECOVERY FILING ) Case No. 2017-00427  
FOR DEMAND-SIDE MANAGEMENT )

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

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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 filed in response to STAFF-DR-01-008. The information contained in Confidential Attachment STAFF-DR-01-008 (Attachment), for which Duke Energy Kentucky now seeks confidential treatment (Confidential Information), contains confidential and proprietary information including avoided costs data and calculations.

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 submitted and for which the Company is seeking confidential protection is the Attachment which contains Duke Energy Kentucky's

avoided costs. More specifically, the Attachment shows detailed calculations of avoided costs information by program used by the Company in evaluating its demand side in management programs. If made public, this (economically valuable) information would give the Company's vendors and competitors a distinct commercial advantage regarding Duke Energy Kentucky's operations. This information could be used by potential counter parties to undermine the Company's efforts to reduce costs, ultimately harming customers.

3. The Confidential Information is distributed within Duke Energy Kentucky only to those who must have access for business reasons and is generally recognized as confidential and proprietary in the energy industry.

4. The Confidential Information for which Duke Energy Kentucky is seeking confidential treatment is not known outside of Duke Energy Corporation.

5. 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.

6. 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*, 904 S.W.2d 766, 768 (Ky. 1995).

7. 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.

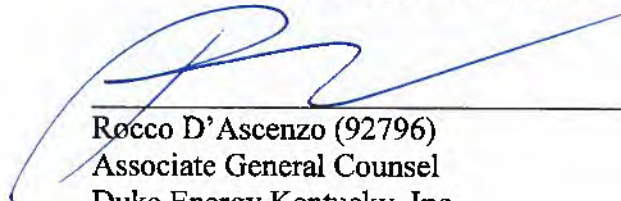
8. Duke Energy Kentucky respectfully requests that the Confidential Information be withheld from public disclosure for a period of ten years. This will assure that the Confidential Information – if disclosed after that time – will no longer be commercially sensitive so as to likely impair the interests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

9. 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.



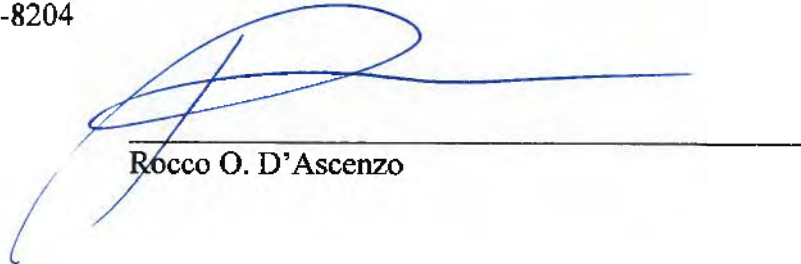
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*Counsel for Duke Energy Kentucky, Inc.*

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing filing was served on the following via  
overnight mail, this 11<sup>th</sup> day of January, 2018:

Kent Chandler  
The Office of the Attorney General  
Utility Intervention and Rate Division  
700 Capital Avenue, Suite 20  
Frankfort, Kentucky 40601-8204



Rocco O. D'Ascenzo

**KYPSC CASE NO. 2017-00427**  
**STAFF 1<sup>ST</sup> SET**  
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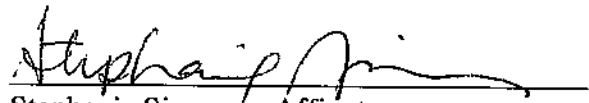
<b><u>DATA REQUEST</u></b>	<b><u>WITNESS</u></b>	<b><u>TAB NO.</u></b>
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VERIFICATION

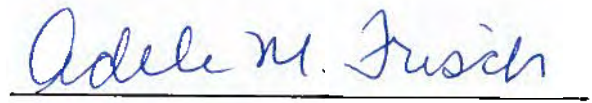
STATE OF OHIO )  
 ) SS:  
COUNTY OF HAMILTON )

The undersigned, Stephanie Simpson, Senior Program Perform Analyst, 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.

  
Stephanie Simpson, Affiant

Subscribed and sworn to before me by Stephanie Simpson on this 3<sup>RD</sup> day of JANUARY, 2018.

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, Senior Strategy & Collaboration Manager, 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.

  
Trisha Haemmerle, Affiant

Subscribed and sworn to before me by Trisha Haemmerle on this 4th day of January, 2018.

  
NOTARY PUBLIC

My Commission Expires: 7/8/22



E. MINNA ROLFES-ADKINS  
Notary Public, State of Ohio  
My Commission Expires  
July 8, 2022

VERIFICATION

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

The undersigned, Roshena Ham, Sr. Product and Services Manager. 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.

Roshena Ham 1/8/18  
Roshena Ham, Affiant

Subscribed and sworn to before me by Roshena Ham on this 8<sup>TH</sup> day of January, 2018.



Champak Chita Bhula  
CHAMPAK CHITA BHULA  
NOTARY PUBLIC

My Commission Expires:  
**My Commission expires  
March 1, 2021**

**STAFF-DR-01-001**

**REQUEST:**

Refer to the Application, page 7, Table of Load Impacts July 2016-2017 and to Case No. 2016-00382<sup>1</sup>, page 7, Table of Load Impacts July 2015-July 2017.

- a. Explain why kWh impacts have increased.
- b. Explain why kW impacts have decreased.

**RESPONSE:**

- a. The Smart Saver® Prescriptive – Lighting program was the main driver of the overall kWh savings increase this filing period. This program experienced an increase in participation of 386%. Additionally, the Residential Smart Saver® Program experienced an increase in participation of 82% in its free bulb offering with the transition to LEDs from CFLs. Finally, the Smart Saver® - Custom program saw higher kWh savings due to two significant customer lighting projects implemented this filing period, each achieving over 1,000,000 net kWh savings.
- b. The kW decrease for the 2016-17 filing period is mostly related to PowerShare. The PowerShare program experienced a decrease in customers enrolled in the 16-17 program year, due to the EPA RICE NESHAP rule change which precluded some customers with back-up generators from continuing to participate in DR

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<sup>1</sup> Case No. 2016-00382, *Electronic Annual Cost recovery Filing for Demand Side Management by Duke Energy Kentucky, Inc.*, (Ky. PSC Mar. 28, 2017).

programs. Additionally, the impacts presented in the Table of Load Impacts are an average across the contract period. The 2016-17 PowerShare program included contract periods of varying durations, resulting in an overall lower average monthly capability when calculated together.

**PERSON RESPONSIBLE:** Stephanie Simpson

**Duke Energy Kentucky  
Case No. 2017-00427  
Staff First Set Data Requests  
Date Received: December 22, 2017**

**STAFF-DR-01-002**

**REQUEST:**

Refer to the Application, page 28, paragraph 75. Confirm that there have been no electric water heater load-control devices installed under the Power Manager Program. If this cannot be confirmed, provide the number of electric water heater load-control devices that have been installed.

**RESPONSE:**

Yes, there were no electric water heater load-control devices installed under the Power Manager program.

**PERSON RESPONSIBLE:** Trisha Haemmerle

**STAFF-DR-01-003**

**REQUEST:**

Refer to the Application, page 46, paragraph 123. Explain why Duke Kentucky does not propose to discontinue the Smart Saver Non-Residential Performance Incentive Program.

**RESPONSE:**

Duke Energy Kentucky does not propose to discontinue the Smart Saver Non-Residential Performance Incentive Program because the Company continues to believe that the program will provide a segment of non-residential customers a meaningful program to encourage the installation of high efficiency equipment in new and existing non-residential establishments. The Program will provide incentive payments to offset a portion of the higher cost of energy efficient installations that are not offered under either the Smart Saver<sup>®</sup> Prescriptive or Custom programs. However, due to the success of the current Smart Saver<sup>®</sup> Prescriptive and Custom programs, in order to help control overall program spending, the Company decided to postpone offering the program. Dollars allocated to the Performance Incentive have been used for the Prescriptive and Custom programs. The Company believes that the program will be a valued part of the portfolio in the future when the high participation in the Prescriptive and Custom programs begins to wane. Filing to discontinue the program and then requesting approval for the program in the future would simply add unnecessary administrative burden.

**PERSON RESPONSIBLE:** Trisha Haemmerle

**Duke Energy Kentucky  
Case No. 2017-00427  
Staff First Set Data Requests  
Date Received: December 22, 2017**

**STAFF-DR-01-004**

**REQUEST:**

Refer to the Application, page 47. Confirm that Duke Kentucky has discontinued the Power Manager for Apartments program.

**RESPONSE:**

Yes, Duke Energy Kentucky has discontinued the Power Manager for Apartments program.

**PERSON RESPONSIBLE:** Trisha Haemmerle

**STAFF-DR-01-005**

**REQUEST:**

Refer to the Application, page 50, paragraph 137.

- a. Explain why the total disbursements of the Home Energy Assistance (“HEA”) Program are greater than the collections, and indicate the source of funding for the shortfall.
- b. Explain why the total administrative costs are more than 10 percent of the distributed funds.

**RESPONSE:**

- a. Duke Energy Kentucky collects \$.10 per electric and gas meter. Funds collected but not distributed carry over into the next year. For the 2015 – 2016 fiscal year, the Home Energy Assistance program had a balance forward of \$93,462.23 that was used to cover the additional costs in the 2016 – 2017 fiscal year.
- b. The administrative costs in the contract to the vendor is 15 percent of distributed funds.

**PERSON RESPONSIBLE:** Trisha Haemmerle



**Duke Energy Kentucky**  
**Case No. 2017-00427**  
**Staff First Set Data Requests**  
**Date Received: December 22, 2017**

**STAFF-DR-01-006**

**REQUEST:**

Refer to the Application, Appendix A.

- a. Confirm the Cost Effectiveness Test Results are the 2016 and 2017. If this cannot be confirmed, state the time period covered by these results.
- b. Refer to Case No. 2016-00382, Application, Appendix A. For each program, provide an explanation for the differences between the Total Resource Cost Scores ("TRC") filed in the instant case and those in Case No. 2016-00382.
- c. Confirm that there has been no participation in the Smart Saver prescriptive IT program. If this is the case, explain why Duke Kentucky is not proposing to discontinue the program.
- d. For each program, provided the input calculations for each TRC score.

**RESPONSE:**

- a. Yes, the cost effectiveness test results presented in Appendix A are for the 2016-17 filing period.
- b. See table below.

<b>Program Name</b>	<b>TRC</b>	<b>Explanation</b>
<b>Appliance Recycling Program</b>	0.00	Program has been discontinued.
<b>Energy Efficiency Education Program for Schools</b>	2.27	Avoided costs increased, due to increased participation as well as application of EMV, at a greater rate than program costs, resulting in a higher TRC score.

<b>Low Income Neighborhood</b>	3.42	Participation increased resulting in greater avoided costs, while program costs decreased even more significantly, resulting in a higher TRC score.
<b>Low Income Services</b>	0.99	Participation increased, while program costs decreased slightly, resulting in a higher TRC score.
<b>My Home Energy Report</b>	2.95	Participation increased for the online version of the report, resulting in greater avoided costs for the filing period. Coupled with a decrease in program costs, this resulted in a higher TRC score.
<b>Residential Energy Assessments</b>	2.97	While the number of households participating did not change significantly, the ratio of avoided costs to program costs changed with the transition from CFLs to LEDs, resulting in a lower TRC score.
<b>Residential Smart Saver®</b>	4.58	The program experienced an increase in participation of 82% in its free bulb offering with the transition to LEDs from CFLs, resulting in higher avoided costs and a higher TRC score.
<b>Power Manager®</b>	3.50	Marketing and installations this filing period related to PJM deadlines resulted in increased program costs, lowering the TRC score.
<b>Power Manager® for Apartments</b>	0.00	No participation this filing period.
<b>Power Manager® for Business</b>	0.00	No participation this filing period.
<b>PowerShare®</b>	13.66	Although program costs decreased, participation also decreased due to the EPA RICE NESHAP rule change, resulting in a lower TRC score.

<b>Small Business Energy Saver</b>	2.93	Program costs decreased at a greater rate than participation and kwh savings, resulting in a changed benefit/cost ratio and a higher TRC score.
<b>Smart Saver® Non-Residential Performance Incentive Program</b>	0.00	No participation this filing period.
<b>Smart Saver® Custom</b>	2.65	While program costs increased, avoided costs increased more significantly due to two large projects, resulting in an increase in the TRC score.
<b>Smart Saver® Prescriptive - Energy Star Food Service Products</b>	2.06	Customers participate in a different mix of measures each filing period, affecting avoided costs and program costs. Program costs remained nearly unchanged, while participation increased by nearly 200%, resulting in greater avoided costs and a higher TRC score.
<b>Smart Saver® Prescriptive - HVAC</b>	1.13	Customers participate in a different mix of measures each filing period, affecting avoided costs and program costs. While participation increased, program costs increased more significantly, resulting in a lower TRC score.
<b>Smart Saver® Prescriptive - Lighting</b>	1.63	Customers participate in a different mix of measures each filing period, affecting avoided costs and program costs. Participation increased 386% during this filing period, however program costs increased slightly more significantly than avoided costs, lowering the TRC score.
<b>Smart Saver® Prescriptive - Motors/Pumps/VFD</b>	1.67	Customers participate in a different mix of measures each filing period, affecting avoided costs and program costs. Avoided costs decreased at a greater rate than program costs, lowering the TRC score.

<b>Smart Saver® Prescriptive - Process Equipment</b>	5.72	Customers participate in a different mix of measures each filing period, affecting avoided costs and program costs. Avoided costs and program costs changed at almost exactly the same rate, resulting in a nearly unchanged TRC score.
<b>Smart Saver® Prescriptive - IT</b>	0.00	No participation this filing period.

c. There has been participation in the controlled plug strip measure in the past, however there was not participation in any IT measure during the last fiscal year. Duke Energy Kentucky is considering discontinuing IT measures in the future since they do not appear to be of significant interest to customers.

d. See Attachment STAFF-DR-01-006d.xlsx

**PERSON RESPONSIBLE:** Stephanie Simpson (a, b, d);  
Roshena Ham (c)

**STAFF-DR-01-006d**  
**ATTACHMENT**  
**-EXCEL FORMAT-**  
**BEING PROVIDED**  
**ON CD**

**Duke Energy Kentucky  
Case No. 2017-00427  
Staff First Set Data Requests  
Date Received: December 22, 2017**

**STAFF-DR-01-007**

**REQUEST:**

Refer to the Application, Appendix B, page 1 of 7. Explain why the projected program costs for the HEA of \$255,722 do not equal the 2016-2017 HEA projected costs of \$253,804 from Case No. 2016-00289.<sup>1</sup>

**RESPONSE:**

The \$255,722 is the forecast from the status update filing in Case No. 2016-00382. The only costs updated in annual amendment filing, Case No. 2016-00289 were for program changes and reflected on page 2. The forecasted costs on Appendix B, page 1 of 7 in Case No. 2016-00289 are from the previous year's status update filing Case No. 2015-00368.

**PERSON RESPONSIBLE:** Trisha Haemmerle

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<sup>1</sup> Case No. 2016-00289 *Electronic Application of Duke Energy Kentucky, Inc. to Amend Its Demand Side Management Programs*, (Ky. PSC Jan 24, 2017).

**PUBLIC STAFF-DR-01-008 (As to Attachment only)**

**REQUEST:**

Refer to the Application, Appendix B, page 2 of 7. Provide the source of the 2017-2018 projected program costs, lost revenues, and shared savings.

**RESPONSE:**

**CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment Only)**

Application, Appendix B, page 2 of 7 reflects the 2018-2019 projected program costs, lost revenues, and shared savings. Please see Confidential Attachment STAFF-DR-01-008 for the source of these data, which is being filed under the Petition for Confidential Treatment.

**PERSON RESPONSIBLE:** Stephanie Simpson

**STAFF-DR-01-008**  
**CONFIDENTIAL**  
**ATTACHMENT**  
**-EXCEL FORMAT-**  
**BEING PROVIDED ON**  
**CD AND FILED UNDER**  
**THE SEAL OF A**  
**PETITION FOR**  
**CONFIDENTIAL**  
**TREATMENT**



**Duke Energy Kentucky  
Case No. 2017-00427  
Staff First Set Data Requests  
Date Received: December 22, 2017**

**STAFF-DR-01-009**

**REQUEST:**

Refer to the Application, Appendix B. Provide a copy of this exhibit in Excel Spreadsheet format with all formulas intact and unprotected, and with all columns and rows accessible.

**RESPONSE:** Please see attachment STAFF-DR-01-009.xlsx.

**PERSON RESPONSIBLE:** Stephanie Simpson

**STAFF-DR-01-009**  
**ATTACHMENT**  
**-EXCEL FORMAT-**  
**BEING PROVIDED**  
**ON CD**

**STAFF-DR-01-010**

**REQUEST:**

In Case No. 2016-00289, Duke Kentucky discontinued the Appliance Recycling Program due to the discontinuance of operations by Duke Kentucky's vendor. Provide an updated status for this program.

**RESPONSE:**

The program is not currently being offered in any Duke Energy jurisdictions. Costs were substantially higher than the previous program structure and the program is no longer available.

**PERSON RESPONSIBLE:** Lari Granger

**Duke Energy Kentucky**  
**Case No. 2017-00427**  
**Staff First Set Data Requests**  
**Date Received: December 22, 2017**

**STAFF-DR-01-011**

**REQUEST:**

Provide the percent of excess capacity for Duke Kentucky for the years 2015, 2016, and 2017, and the projected excess capacity for Duke Kentucky for the years 2018, 2019, and 2020.

**RESPONSE:**

Assuming excess capacity to mean the amount of UCAP MW that is not committed to PJM and is available to DEK, the actual and expected excess capacity on a delivery year basis is summarized below.

DELIVERY YEAR	EXCESS CAPACITY (UCAP MW)	TOTAL CAPACITY (DR/EE included) (UCAP MW)	PERCENT OF EXCESS CAPACITY
2015/2016	15.8	971.4	1.63%
2016/2017	133.7	1052.4	12.70%
2017/2018	11.9	982.4	1.21%
2018/2019	9.2	990.6	0.93%
2019/2020	38.3	982.7	3.90%
2020/2021	2.6	977.3	0.27%

It should be noted that excess capacity is calculated differently than reserve margins for integrated resource planning (IRP) purposes. The chart above depicting excess capacity factors in the EFOR rate for the generation units, small differences for EE/DR and ICAP levels, as well as different load forecasts and additional load requirements in PJM. For example, between 2017-2020, the difference between the ICAP supply, as is typically reflected in the Company's IRP analysis, and UCAP in PJM is roughly 10.6% where the

PJM load requirement is 15.1% higher than Duke's stated load. The product of these two numbers gives a 27% difference in reserve margin.

**PERSON RESPONSIBLE:** Scott Park