

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:)	
)	
ELECTRONIC ANNUAL COST)	
RECOVERY FILING FOR DEMAND)	Case No. 2017-00427
SIDE MANAGEMENT BY)	
DUKE ENERGY KENTUCKY, INC.)	

**DUKE ENERGY KENTUCKY, INC.'S
MOTION FOR CLARIFICATION**

Comes now Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), by counsel, and moves the Commission to grant clarification on one provision of the Rehearing Order entered on September 13, 2018 in the above-styled case, respectfully stating as follows:

The Commission entered an Order on February 14, 2018 that required Duke Energy Kentucky to suspend the operation of its portfolio of DSM programs. The Company filed a motion for rehearing on March 3, 2018, which was granted on March 22, 2018. Following discovery, a hearing was held on May 22, 2018. The Commission's Rehearing Order authorized Duke Energy Kentucky to resume offering many of its DSM programs, but included a few modifications to certain of the programs. One of these modifications appears to be based upon a mis-understanding of a key aspect of the program and, therefore, may lead to an outcome that is unintentional. In particular, the Rehearing Order states that Duke Energy Kentucky should modify its Residential Smart Saver Energy Efficiency Products program as follows:

Second, allowing customers who have received the limit of 15 free LED bulbs to also receive an additional 12 free bulbs, if the initial 15 bulbs were received over five years ago, is to be eliminated. Based on the expected long life of LED bulbs, and the concerns

about the affordability of DSM charges, providing 12 additional bulbs after five years is unreasonable.¹

The Residential Smart Saver Energy Efficiency Products program only offers customers who have received the limit of fifteen free compact florescent light (CFL) bulbs the opportunity to exchange them for twelve light emitting diode bulbs (LEDs) after five years. It does not allow customers to receive new LED bulbs five years after receiving their initial LED bulbs. As pointed out by the Order, an LED bulb should last longer than five years under normal circumstances while a CFL bulb likely will not. Duke Energy Kentucky agrees with the Commission that it would therefore be unreasonable to provide customers with free LED bulbs every five years. But that is not what Duke Energy Kentucky is doing or has proposed to do in the future. The Residential Smart Saver Energy Efficiency Products program in question is intended to replace used CFL bulbs with new LED bulbs. It is important to note that the Company only recognizes the marginal energy savings from moving from a CFL to the more energy efficient LED, not the energy savings from moving from the standard lighting baseline to an LED.

The misunderstanding as to the transition from CFL bulbs to LED bulbs likely arose from a statement in the Company's original November 15, 2017 Annual DSM Filing that provided a high-level description of the Residential Smart Saver Energy Efficiency Products program:

In addition to serving customers who have not previously met their 15 free bulb limit, beginning March 18, 2017, the program began offering customers who have met their 15 bulb limit, the ability to order up to 12 Free LEDs as long as the order(s) for the initial 15 bulbs was greater than 5 years ago. Both sets of customers expressed interest in the program with 22,779 orders accounting for 296,290 LEDs. This level of customer demand was the main driver behind

¹ See Rehearing Order, pp. 17-18.

the program's spend exceeding what it budgeted by over 222% for the fiscal year.²

The statement does not explicitly mention the transition from CFL to LED bulbs and the Commission's resulting confusion is understandable. However, in response to Commission Staff's first set of data requests, the Company opined that the Residential Smart Saver® program experienced dramatic growth due to "its free bulb offering with the transition to LEDs from CFLs...."³ The Rehearing Order definitively and appropriately addresses the question of whether LED bulbs may be replaced with LED bulbs after five years, but it is silent as to whether the same prohibition would apply to the replacement of old CFL bulbs with new LED bulbs. Therefore, Duke Energy Kentucky seeks clarification only on the question as to whether the Commission's Rehearing Order will allow it to continue providing new LED bulbs to customers who received CFL bulbs at least five years earlier. Because this program has value for Duke Energy Kentucky and its customers, the Company respectfully requests that it be allowed to continue this practice under the Residential Smart Saver Energy Efficiency Products program.

WHEREFORE, on the basis of the foregoing, Duke Energy Kentucky respectfully seeks clarification and confirmation that it will be allowed to continue providing new LED bulbs to customers who received CFB bulbs at least five years earlier.

This 28th day of September 2018.

² See Duke Energy Kentucky's 2017 Filing of the Annual Status Report, Adjustment of the DSM Cost Recovery Mechanism, and Amended Tariff Sheets for Gas Rider DSMR (Sheet No. 62) and Electric Rider DSMR (Revised Sheet No. 78), ¶ 28, Case No. 2017-00427 (filed Nov. 15, 2017).

³ See Duke Energy Kentucky Response to Staff DR-01-006(b) (filed Jan. 11, 2018).

Respectfully submitted,

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CERTIFICATE OF SERVICE

This is to certify that 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 September 28, 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 within two business days.



Counsel for Duke Energy Kentucky, Inc.