

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DUKE)
ENERGY KENTUCKY, INC. TO) Case No. 2019-00277
AMEND ITS DEMAND SIDE)
MANAGEMENT PROGRAMS)

JOINT STIPULATION AND RECOMMENDATION

On August 15, 2019, Duke Energy Kentucky, Inc. (“Duke Energy Kentucky” or the “Company”) filed its application with the Kentucky Public Service Commission (“Commission”), pursuant to KRS 278.285, and other applicable law for an amendment of its Demand Side Management (DSM) programs in the above-captioned proceeding (“Application”). Among other things, the Application sought approval of amendments to the scope and program budgets for three existing programs: 1) Smart Saver Residential Program; 2) My Home Energy Report; and 3) an update to its Smart Saver Prescriptive program, and approval of a new Peak Time Rebate Pilot Program (PTR). The PTR pilot was introduced pursuant to a previously Commission-approved settlement with the Attorney General of the Commonwealth of Kentucky (“Attorney General”), in Case No 2016-00152. On September 30, 2019, the Attorney General the only other party in the case, filed his motion to intervene, which was granted by the Commission.

Duke Energy Kentucky and the Attorney General (collectively as the “Parties”) have filed testimony supporting their respective positions relating to Duke Energy Kentucky’s Application. The Parties and the Commission Staff have engaged in

substantial discovery of the Parties' respective positions by issuing numerous information requests to which the Parties have responded.

The Parties, representing diverse viewpoints, have reached a complete settlement of all the issues raised in this proceeding and have executed this Joint Stipulation and Recommendation ("Stipulation") for purposes of documenting and submitting their agreement to the Commission for consideration and approval. It is the intent and purpose of the Parties to express their agreement on a mutually satisfactory resolution of all issues in the instant proceeding.

The Parties understand that this Stipulation is not binding upon the Commission, but believe it is entitled to careful consideration by the Commission. The Parties agree that this Stipulation, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

The Parties request that the Commission issue an Order approving this Stipulation in its entirety pursuant to KRS 278.285, including the DSM program changes, PTR pilot as amended, and respective tariffs as described herein. The request is based upon the belief that the Parties' participation in settlement negotiations and the materials on file with the Commission adequately support this Stipulation. Adoption of this Stipulation will eliminate the need for the Commission and the Parties to expend significant resources in litigation of this proceeding and will eliminate the possibility of, and any need for, rehearing or appeals of the Commission's final Order herein.

NOW, THEREFORE, for and in consideration of the mutual premises set forth above and the terms and conditions set forth herein, the Parties agree that the

Company's Application should be approved as filed, except as modified or specified below:

1. **DSM AMENDMENT APPLICATION.** The Parties agree that Duke Energy Kentucky's proposed amendments to the scope and program budgets for its three DSM portfolio programs: 1) Smart Saver Residential Program; 2) My Home Energy Report; and 3) Smart Saver Prescriptive program, should be approved as filed.

2. **PTR PILOT.** The Parties agree that the Company's PTR Pilot and tariff Rider PTR should be approved as a voluntary program as filed in the Company's Application, with costs recovered through the Company's Rider DSM, subject to the following amendments:

- a. The pilot will be targeted to enroll the lesser of 1,000 customers as agreed upon in Case No. 2016-00152 or the number of participants Nexant¹ recommends as part of their Power Analysis under paragraph g below. Duke Energy Kentucky will be permitted to slightly exceed this enrollment limit (up to 100 additional customers), if needed. The two-year term of the pilot will commence upon enrollment of the lesser of reaching 1,000 participants or the number of participants Nexant recommends as part of their Power Analysis under paragraph g below.
- b. Customers participating in the program will be eligible to receive a bill credit of \$0.60 per kWh of load reduction.
- c. The PTR Pilot will consist of one treatment group as proposed in the Company's Application.

¹ Nexant is the vendor selected to evaluate the effectiveness of the PTR Pilot.

- d. While the PTR pilot will not satisfy the PJM's criteria for Price Responsive Demand (PRD) programs, the Company will evaluate the possibility of converting the PTR pilot to a PRD program at the end of the pilot. Such evaluation to be included in the pilot analysis that will be provided to the Commission within 180 days of the conclusion of the pilot.
- i. For the pilot, Duke Energy Kentucky will select a temperature-humidity index (THI) trigger point designed to produce on average ten (10) summer critical peak events (CPEs).
 - ii. At the end of the two-year period, as part of the pilot evaluation and consideration of whether or not to continue the program, the Company will evaluate whether the program could be submitted to PJM as a Peak Shaving Adjustment (PSA) program and what modifications may be necessary, or whether the data supports the conversion of the program to a PRD program in PJM.
 - iii. Duke Energy Kentucky agrees to use its best efforts to include the year 1 results of the pilot program into the PJM load forecast. Depending upon timing of approval of the pilot, if the Company is able to implement the PTR pilot in time for summer 2020, Duke Energy Kentucky will attempt to have PJM include such results in PJM's final load forecast for the 2021/2022 delivery year, assuming PJM accepts it.

- e. Duke Energy Kentucky commits to continue to work with the Attorney General and the Company's Residential DSM Collaborative to develop a Price-Responsive Demand (PRD) program.²
- f. Duke Energy Kentucky agrees to incorporate the following questions recommended by Mr. Alvarez as part of the PTR pilot evaluation:
 - i. What is the average kWh reduction (and estimated kW reduction) per participant, per event, broken down by summer events and winter events?
 - ii. On average, how many/what percentage of eligible participants earned a rebate, broken down by summer events and winter events?
 - iii. Among participants who earned a rebate, what was the average rebate per participant per summer event? Per winter event?
 - iv. What are the most common actions participants are taking to reduce usage during: 1) summer events; and 2) winter events?
 - v. What are the most common reasons participants are giving for not reducing usage during summer events? During winter events?
 - vi. How satisfied are participants with the peak-time rebate program?

² The Residential Collaborative members include the following: Office of the Kentucky Attorney General, Jock Pitts and Nina Creech (People Working Cooperatively), Kurt Krahn (Northern Kentucky Community Action Commission), Laura Pleiman (Boone County), Peter Nienaber (Northern Kentucky Legal Aid), Rick Bender and Kenya Stump (Kentucky Energy and Environment Cabinet), and Tim Duff and Trisha Haemmerle (Duke Energy).

- vii. What are the participants most frequently identified program improvement recommendations?
- g. The Company will follow the sample size (number of participants) recommendation resulting from the Power Analysis and experimental design performed by Nexant for the single treatment group and reduce the number of participants as indicated by the Nexant Power analysis to estimate the load reduction provided during summer and winter CPEs not to exceed the participation limit specified above.
- h. The Company agrees to limit the number of summer CPEs with shorter than day-ahead notice during the first year of the pilot to one CPE with the potential for one additional summer CPE during the second year of the pilot.
- i. The Company agrees to provide a credit amount to the participating customers earning credits in an email or text message within five business days during the term of the pilot. Any incremental costs of providing this service, as well as other changes made here resulting in cost increases, will be recoverable as part of the program costs through Rider DSM.
- j. The Company agrees to provide reminder notices to customers by 1:00 p.m. for all summer CPEs except the CPEs providing notice the same day. Any incremental costs of providing this service will be recoverable as part of the program costs through Rider DSM.

- k. The Parties agree that there should be eight summer, two winter, and two flexible CPEs. Winter CPEs should not exceed one per day. The summer CPEs should be triggered by a THI, which also would help pave the way toward the PTR becoming a PSA program.
- l. Summer and winter impacts should be evaluated separately from the short-notice CPE so as not to unduly reduce Pilot value in calculating day-ahead notice impact.
- m. The Company agrees to consider PJM Price Responsive Demand Requirements as a Secondary Objective.

3. **Filing of Stipulation.** Following the execution of this Stipulation, the Parties shall cause the Stipulation to be filed with the Commission with a request to the Commission for consideration and approval of this Stipulation so that Duke Energy Kentucky may begin billing under the approved adjusted rates for service rendered on and after Approval.

4. **Commission Approval.** The Parties to this Stipulation shall act in good faith and use their best efforts to recommend to the Commission that this Stipulation be accepted and approved without need for evidentiary hearing. Each Party hereto waives all cross-examination of the witnesses of the other Party hereto except in support of the Stipulation or unless the Commission fails to adopt this Stipulation in its entirety. Each Party further stipulates and recommends that the Application, testimony, pleadings and responses to data requests filed in this proceeding be admitted into the record. The Parties further agree and intend to support the reasonableness of this Stipulation before the Commission, and to cause their counsel to do the same in this proceeding and in any

appeal from the Commission's adoption and/or enforcement of this Stipulation. If the Commission issues an order adopting this Stipulation in its entirety, each of the Parties hereto agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court with respect to such order.

5. **Effect of Non-Approval.** If the Commission does not accept and approve this Stipulation in its entirety or imposes any additional conditions or requirements upon the signatory Parties, then: (a) either Party may elect, in writing docketed in this proceeding, within ten days of such Commission Order, that this Stipulation shall be void and withdrawn by the Parties hereto from further consideration by the Commission and neither Party shall be bound by any of the provisions herein; and (b) each Party shall have the right, within 20 days of the Commission's order, to file an petition for rehearing, including a notice of termination of and withdrawal from the Stipulation; and, (c) in the event of such termination and withdrawal of the Stipulation, neither the terms of this Stipulation nor any matters raised during the settlement negotiations shall be binding on either of the signatory Parties to this Stipulation or be construed against either of the signatory Parties. Should the Stipulation be voided or vacated for any reason after the Commission has approved the Stipulation and thereafter any implementation of the terms of the Stipulation has been made, then the Parties shall be returned to the *status quo* existing at the time immediately prior to the execution of this Stipulation.

6. **Commission Jurisdiction.** This Stipulation shall in no way be deemed to divest the Commission of jurisdiction under Chapter 278 of the Kentucky Revised Statutes.

7. **Successors and Assigns.** This Stipulation shall inure to the benefit of and be binding upon the Parties hereto, their successors and assigns.

8. **Complete Agreement.** This Stipulation constitutes the complete agreement and understanding among the Parties hereto, and any and all oral statements, representations or agreements made prior hereto or contained contemporaneously herewith shall be null and void and shall be deemed to have been merged into this Stipulation.

9. **Implementation of Stipulation.** For the purpose of this Stipulation only, the terms are based upon the independent analysis of the Parties to reflect a just and reasonable resolution of the issues herein and are the product of compromise and negotiation. Notwithstanding anything contained in the Stipulation, the Parties recognize and agree that the effects, if any, of any future events upon the operating income of Duke Energy Kentucky are unknown and this Stipulation shall be implemented as written.

10. **Admissibility and Non-Precedential Effect.** Neither the Stipulation nor any of the terms set forth herein shall be admissible in any court or Commission except insofar as such court or Commission is addressing litigation arising out of the implementation of the terms herein or the approval of this Stipulation or a Party's compliance with this Stipulation. This Stipulation shall not have any precedential value in this or any other jurisdiction.

11. **No Admissions.** Making and entering into this Stipulation shall not be deemed in any respect to constitute an admission by either Party that any computation, formula, allegation, assertion or contention made by any Party in these proceedings is true or valid. Nothing in this Stipulation shall be used or construed for any purpose to

imply, suggest or otherwise indicate that the results produced through the compromise reflected herein represent fully the objectives of a Party.

12. **Authorizations.** The signatories hereto warrant that they have informed, advised, and consulted with the respective Parties hereto regarding the contents of this Stipulation, and based upon the foregoing, are authorized to execute this Stipulation on behalf of the Parties hereto.

13. **Commission Approval.** This Stipulation is subject to the acceptance of and approval by the Commission.


14. **Interpretation of Stipulation.** This Stipulation is a product of negotiation among all Parties hereto, and no provision of this Stipulation shall be strictly construed in favor of or against any Party.

15. **Counterparts.** This Stipulation may be executed in multiple counterparts.

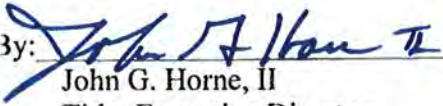
16. **Future Proceedings.** Nothing in this Stipulation shall preclude, prevent or prejudice any Party hereto from raising any argument/issue or challenging any adjustment in any future rate case proceeding of Duke Energy Kentucky.

IN WITNESS WHEREOF, this Stipulation has been agreed to effective this 5th day of March 2020. By affixing their signatures below, the undersigned Parties respectfully request the Commission to issue its Order approving and adopting this Stipulation the Parties hereto have hereunto affixed their signatures.

DUKE ENERGY KENTUCKY, INC

By: 
Amy B. Spiller
Title: President

ATTORNEY GENERAL OF THE
COMMONWEALTH OF KENTUCKY

By: 
John G. Horne, II
Title: Executive Director,
Office of Rate Intervention