COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DUKE ENERGY KENTUCKY, INC. TO AMEND ITS DEMAND SIDE MANAGEMENT PROGRAMS	))))	Case No. 2022-00251

PETITION OF DUKE ENERGY KENTUCKY, INC. FOR CONFIDENTIAL TREATMENT OF INFORMATION CONTAINED IN ITS RESPONSES TO COMMISSION STAFF'S AND THE ATTORNEY GENERAL'S FIRST SET OF INFORMATION REQUESTS

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 response to Commission Staff's (Staff) First Request for Information, Item 2, issued on September 8, 2022 and the Kentucky Attorney General's Office (AG) First Request for Information, Items 21 and 22, issued on September 9, 2022. The information that Staff and AG seek through discovery and for which Duke Energy Kentucky now seeks confidential treatment (Confidential Information), generally includes third-party modeling tools, third-party proprietary information, and competitive vendor pricing.

In support of this Petition, Duke Energy Kentucky states:

1. The Kentucky Open Records Act exempts from disclosure certain critical infrastructure information per KRS 61.878(1)(m). To qualify for this exemption and, therefore, maintain the confidentiality of the information, a party must establish that disclosure of the record would expose a vulnerability in providing the location of public

utility critical systems. Public disclosure of the information identified herein would, in fact, prompt such a result for the reasons set forth below.

2. The Confidential Information for which the Company is seeking confidential protection includes or incorporates third-party modeling tools and competitive vendor pricing, the disclosure of which would injure Duke Energy Kentucky and its competitive position and business interests. Releasing this information would give other vendors access to these models and costs, which would act to the detriment of Duke Energy Kentucky and its customers in the future, as existing and potential vendors would know how competing suppliers price their commodities and services.

3. Furthermore, the information for which Duke Energy Kentucky is seeking confidential treatment was either developed internally, or acquired on a proprietary basis, by Duke Energy Corporation and Duke Energy Kentucky personnel, is not on file publicly with any public agency, and is not publicly available from any commercial or other source. 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 utility industry.

4. 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.

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*, 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 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.

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,

/s/ Larisa M. Vaysman

Larisa M. Vaysman (98944)
Senior Counsel
Duke Energy Business Services LLC
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Cincinnati, Ohio 45202
Phone: (513) 287-4010
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Counsel for Duke Energy Kentucky, Inc.

CERTIFICATE OF SERVICE

This is to certify that the foregoing electronic filing is a true and accurate copy of the document in paper medium; that the electronic filing was transmitted to the Commission on September 23, 2022; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that submitting the original filing to the Commission in paper medium is no longer required as it has been granted a permanent deviation.[1]

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Utility Intervention and Rate Division
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/s/ Larisa M. Vaysman
Larisa M. Vaysman

[1] *In the Matter of Electronic Emergency Docket Related to the Novel Coronavirus COVID-19*, Order, Case No. 2020-00085 (Ky. P.S.C. July 22, 2021).

VERIFICATION

STATE OF OHIO)
) **SS:**
COUNTY OF HAMILTON)

The undersigned, Bruce L. Sailers, Director Jurisdictional Rate Administration, 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.

Bruce L. Sailers

Bruce L. Sailers, Affiant

Subscribed and sworn to before me by Bruce L. Sailers, on this 21st day of September, 2022.

Emilie Sunderman

NOTARY PUBLIC

My Commission Expires: July 8, 2027

EMILIE SUNDERMAN
Notary Public
State of Ohio
My Comm. Expires
July 8, 2027

VERIFICATION

STATE OF NORTH CAROLINA)
) **SS:**
COUNTY OF WAKE)

The undersigned, Melissa Adams, Director Analytics, 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.

Melissa Adams
Melissa Adams, Affiant

Subscribed and sworn to before me by Melissa Adams on this 14 day of September, 2022.

Peggy Holton
NOTARY PUBLIC

My Commission Expires: 12/22/2026

VERIFICATION

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

The undersigned, Stacy Phillips, Director Demand Side Management, 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.

Stacy Phillips

Stacy Phillips, Affiant

Subscribed and sworn to before me by Stacy Phillips on this 21st day of September, 2022.

CHERRELLE PENN
NOTARY PUBLIC
CABARRUS COUNTY, NC
MY COMMISSION EXPIRES APRIL 11, 2024

Cherrelle Penn

NOTARY PUBLIC

My Commission Expires: 04/11/2024.

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Duke Energy Kentucky
Case No. 2022-00251
STAFF First Set Data Requests
Date Received: September 8, 2022

STAFF-DR-01-001

REQUEST:

Refer to the Application, paragraph 14.

a. Other than the program not being cost effective, provide support of terminating the pilot program.

b. Explain whether Duke Kentucky considered making this a full time program even though it is not cost effective.

RESPONSE:

a. The cost effectiveness of the pilot program is the primary reason for requesting termination. The TRC score is much less than 1.0. In addition, the Company suggests termination for the following reasons:

    1) The Company will receive results from the summer 2022 incentive test early in 2023. These results may provide guidance on how to redesign the pilot to be cost effective or provide insight into next steps.

    2) The pilot has reached the end of the two year pilot period.

    3) No other Duke service area currently offers Peak Time Rebate which restricts the ability to allocate or reduce the costs of the program through appropriate allocation of applicable costs.

b. Yes. See above. In addition, the Company is looking at alternatives for potential future program introductions. Please see response to STAFF-DR-01-008.

PERSON RESPONSIBLE: Bruce L. Sailers

Duke Energy Kentucky
Case No. 2022-00251
STAFF First Set Data Requests
Date Received: September 8, 2022

PUBLIC STAFF-DR-01-002
(As to Attachment only)

REQUEST:

Refer to the Application, paragraph 14. Provide the Peak Time Rebate (PTR) research proposal for ESource.

RESPONSE:

CONFIDENTIAL PROPRIETARY TRADE SECRET (As to Attachment only)

Please see STAFF-DR-01-002 Confidential Attachment.

PERSON RESPONSIBLE: Bruce L. Sailers

CONFIDENTIAL PROPRIETARY TRADE SECRET

STAFF-DR-01-002 CONFIDENTIAL ATTACHMENT

FILED UNDER SEAL

Duke Energy Kentucky
Case No. 2022-00251
STAFF First Set Data Requests
Date Received: September 8, 2022

STAFF-DR-01-003

REQUEST:

Refer to the Application, Appendix A. Provide the supporting calculations for the cost effectiveness test results in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

RESPONSE:

Please see STAFF-DR-01-003 Attachment. Please note that the cost effectiveness results are the same results submitted in Case No. 2021-00424, as noted in the application.

PERSON RESPONSIBLE: Melissa Adams

Appendix A
Cost Effectiveness Test Results

Program Name	UCT	TRC	RIM	PCT	Cumulative Elec Lost Rev Net of Fuel NF	NPV Participant Costs (gross)	NPV Participant Costs (net)	Participant Elec Bill Savings (gross)	NPV Incentives	NPV Program Costs (Excl. Incentives and excl. EMV)	Cumulative Cost-Based Avoided Elec Capacity	Cumulative Cost-Based Avoided Elec Production	Cumulative Avoided T&D Electric
Residential Programs													
Low Income Neighborhood	0.00	0.00	0.00		-	-	-	-	1,050	30,139	-	-	-
Low Income Services	0.21	0.26	0.16	2.49	122,969	154,770	154,770	122,969	263,174	222,942	22,945	60,768	15,985
My Home Energy Report	2.60	2.60	0.66		155,241	-	-	155,241	-	52,775	35,779	75,543	26,137
Residential Energy Assessments	2.04	1.97	0.52	36.29	546,685	15,553	13,748	557,212	7,162	177,700	58,902	271,968	46,825
Residential Smart $aver®	1.08	0.73	0.41	1.96	1,750,717	1,322,876	1,000,297	2,109,306	489,805	563,364	148,700	860,760	132,110
Power Manager®	3.14	4.77	3.14		-	-	-	-	183,295	354,223	989,597	-	699,505
Peak Time Rebate Pilot Program	0.14	0.15	0.14		-	-	-	-	5,447	214,289	18,390	-	13,013
Total	**1.36**	**1.25**	**0.68**	**2.61**	2,575,612	1,493,198	1,168,815	2,944,729	949,934	1,615,431	1,274,314	1,269,038	933,574
Non-Residential Programs													
Small Business Energy Saver	1.99	1.52	0.61	2.88	1,567,765	719,937	719,937	1,567,765	505,464	180,555	272,132	901,703	190,422
Smart $aver® Custom	0.50	0.45	0.31	3.66	137,059	48,294	40,905	161,817	14,717	199,283	18,668	73,573	15,333
Smart $aver® Prescriptive	3.36	2.65	0.68	4.90	3,658,568	982,536	838,789	4,226,861	591,639	334,437	635,841	2,027,933	445,588
Power Manager® for Business	4.40	21.85	4.40		-	-	-	-	510	129	1,644	-	1,163
PowerShare®	2.63	8.79	2.63		-	-	-	-	504,740	215,646	1,111,029	-	785,335
Total	**2.54**	**2.56**	**0.82**	**4.33**	5,363,392	1,750,767	1,599,630	5,956,443	1,617,070	930,050	2,039,314	3,003,210	1,437,840
Overall Portfolio Total	**1.95**	**1.87**	**0.76**	**3.54**	7,939,004	3,243,965	2,768,445	8,901,172	2,567,004	2,545,481	3,313,628	4,272,248	2,371,414

Duke Energy Kentucky
Case No. 2022-00251
STAFF First Set Data Requests
Date Received: September 8, 2022

STAFF-DR-01-004

REQUEST:

Refer to the Application, Appendix E, page 4. Provide a sample bill illustrating the bill impact of a peak time rebate.

RESPONSE:

Please see STAFF-DR-01-004 Attachment, for an example of a bill from an actual program participant, with all identifying information anonymized.

PERSON RESPONSIBLE: Bruce L. Sailers

DUKE ENERGY
duke-energy.com
800.544.6900

Your Energy Bill

Service address

Jane Doe
123 Main Street

Bill date Jul 26, 2022
For service Jun 23 - Jul 22
30 days

Account number XXXX XXXX XXXX

Billing summary

Previous Amount Due	$116.53
Payment Received Jul 15	-112.69
Current Electric Charges	87.42
Other Charges and Credits	-3.84
Taxes	5.32
Total Amount Due Aug 16	**$92.74**

$

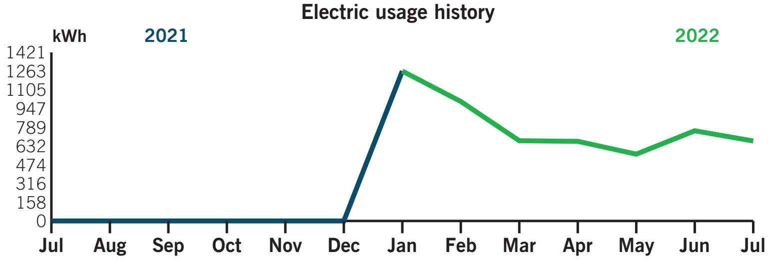
Thank you for your payment.

Do you or does someone you know need help with energy bills or other essentials as a result of the pandemic? Help is available through new and existing federal assistance programs for those that qualify. Visit 211.org or dial 2-1-1 to get started.

Duke Energy is here to help you save on your summer energy bills. See all the ways we can help you lower your energy use and better manage your bills at duke-energy.com/SummerHeat.

Your usage snapshot

Electric usage history



Average temperature in degrees

75° 76° 69° 62° 42° 44° 29° 34° 47° 52° 66° 74° 77°

	Current Month	Jul 2021	12-Month Usage	Avg Monthly Usage
Electric (kWh)	674	0	N/A	802
12-month usage based on most recent history				

Mail your payment at least 7 days before the due date or pay instantly at duke-energy.com/billing. Late payments are subject to a 5.0% late charge.

Please return this portion with your payment. Thank you for your business.

DUKE ENERGY

Duke Energy Return Mail
PO Box 1090
Charlotte, NC 28201-1090

Account number
XXXX XXXX XXXX

Amount due

$92.74
by Aug 16

After Aug 16, the amount due will increase to $97.38.

$____________________ Add here, to help others with a contribution to Share the Light

$________________ **Amount enclosed**

Jane Doe
123 Main Street

Duke Energy Payment Processing
PO Box 1094
Charlotte, NC 28201-1094

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

duke-energy.com
800.544.6900

Account number XXXX XXXX XXXX

We're here for you

Report an emergency

Electric/Gas outage		duke-energy.com/outages
	Electric	800.543.5599
	Gas	800.634.4300

Convenient ways to pay your bill

Online	duke-energy.com/billing
Automatically from your bank account	duke-energy.com/autodraft
Speedpay (fee applies)	duke-energy.com/pay-now 800.544.6900
By mail payable to Duke Energy	P.O. Box 1094 Charlotte, NC 28201-1094
In person	duke-energy.com/location

Help managing your account (not applicable for all customers)

Register for free paperless billing	duke-energy.com/paperless
Home	duke-energy.com/manage-home
Business	duke-energy.com/manage-bus

Correspond with Duke Energy (not for payment)
P.O. Box 1326
Charlotte, NC 28201

General questions or concerns

Online	duke-energy.com
Home: Mon - Fri (7 a.m. to 7 p.m.)	800.544.6900
Business: Mon - Fri (7 a.m. to 6 p.m.)	800.774.1202
For hearing impaired TDD/TTY	800.222.3448 or 711
International	1.407.629.1010

Request the condensed or detailed bill format

Call (7a.m. to 7 p.m.)	800.544.6900

Important to know

Your next meter reading: Aug 23
Please be sure we can safely access your meter for actual readings. Don't worry if your digital meter flashes eights from time to time. That's a normal part of the energy measuring process.

Your service(s) may be disconnected if your payment is past due
If payment for your service(s) is past due, we may begin disconnection procedures. If your service is disconnected because of a missed payment, you must pay the amount specified in the **Important Disconnect Information** section on your bill, as well as, a reconnection fee, before your service will be reconnected. The reconnection fee is $5.88 for electric service that may be reconnected remotely, $60 for electric service that is not eligible to be reconnected remotely, $125 for electric service that was disconnected at the pole and $90 for gas service. There is an additional fee of $40 to reconnect electric service after normal business hours if not eligible to be reconnected remotely. A security deposit may also be required.

Electric service does not depend on payment for other products or services
Non-payment for non-regulated products or services (such as surge protection or equipment service contracts) may result in removal from the program but will not result in disconnection of electric service.

When you pay by check
We may process the payment as a regular check or convert it into a one-time electronic check payment.

Para nuestros clientes que hablan Español
Representantes bilingües están disponibles para asistirle de lunes a viernes de 7 a.m. - 7 p.m. Para obtener más información o reportar problemas con su servicio eléctrico, favor de llamar al 800.544.6900.

DUKE ENERGY.

duke-energy.com
800.544.6900

Account number XXXX XXXX XXXX

Your usage snapshot - Continued

Current electric usage for meter number XXXXXXXXX

Actual reading on Jul 22		33833
Previous reading on Jun 23		- 33159
Energy Used		674 kWh
Billed kWh	674.000 kWh	

Billing details - Electric

Billing Period - Jun 23 to Jul 22

Meter - XXXXXXX

Customer Charge	$12.90
Energy Charge	
674.000 kWh @ $0.08099500	54.59
Demand Side Management Cost Recovery Program Rider (DSM)	
674.000 kWh @ $0.00697500	4.70
Off-System Sales Profit Sharing Mechanism Rider (PSM)	
674.000 kWh @ $-0.00003300	-0.02
Electric Fuel Adjustment	
674.000 kWh @ $0.01103900	7.44
Environmental Surcharge Mechanism Rider (ESM)	7.81
Total Current Charges	**$87.42**

Your current rate is Residential Service (RS).

For a complete listing of all Kentucky rates and riders, visit duke-energy.com/rates

Billing details - Other Charges and Credits

Peak Time Credit	$-3.84
Total Other Charges and Credits	**$-3.84**

Billing details - Taxes

Franchise Fee	$2.62
Rate Increase For School Tax	2.70
Total Taxes	**$5.32**

Duke Energy Kentucky
Case No. 2022-00251
STAFF First Set Data Requests
Date Received: September 8, 2022

STAFF-DR-01-005

REQUEST:

Refer to the Application, Appendix E, page 6. Explain why the first two PTR pilot events in August 2020 produced load impacts 2.7 times higher than that of the subsequent summer and why it is expected that the impacts from the subsequent summer are more representative of typical load impacts.

RESPONSE:

The Company believes that the first two PTR pilot events in August 2020 produced larger differences than the PTR pilot event in Summer 2021 due to a likely combination of the following two reasons. First, the PTR Pilot was new to customers in August 2020, which generated more interest among customers to want to participate. Second, the timing of the study (Summer 2020) was in the midst of the COVID-19 pandemic shut-down. During this time, more customers were presumably at home due to the pandemic, which most likely increased the likelihood and opportunity for customers to take actions to reduce their usage on peak days.

Based on benchmarking research into results of comparable peak time rebate programs, the Summer 2020 per customer impacts (.38 kW) are considered more of an outlier when compared to other programs. The Summer 2021 per customer impacts (.14 kW) are much more in line with load impacts seen in other utilities' peak time rebate programs. The results of the benchmarking are attached as STAFF-DR-01-005 Attachment and are also found in Table 4-32 of the report (p. 77 in Appendix E).

PERSON RESPONSIBLE: Jean Williams

Table Error! No text of specified style in document.**-1: Summary of PTR Program Results**

Utility	Year	Program Name	Customers	Per Customer Impact	Percent Impact	Evaluator
Duke Energy Kentucky	Summer 2021	Peak Time Credit	800	0.14 kW	6.1%	Resource Innovations
Duke Energy Kentucky	Winter 2021	Peak Time Credit	800	0.12 kW	5.6%	Resource Innovations
Duke Energy Kentucky	Summer 2020	Peak Time Credit	800	0.38 kW	15.4%	Resource Innovations
Southern California Edison	2015	Save Power Days	324,681	0.08 kW	4.1%	Nexant
Southern California Edison	2016	Save Power Days	336,797	0.04 kW	2.0%	Nexant
Baltimore Gas and Electric	2013-present	Energy Savings Days	~1,100,000	0.2 kW	5.0%	Brattle Group
Commonwealth Edison	2015	Peak Time Savings	56,141	0.13 kW	9.3%	Nexant
Consumers Energy	2018	Peak Time Rewards	14,579	0.17 kW	10.0%	Cadmus
Oklahoma Gas and Electric	2015	Peak Time Rewards	429	0.05 kW	1.8%	Nexant
United Illuminating	2018-2020	Peak Time Rebate Pilot	10,000	0.08 kW	1.3%	N/A
San Diego Gas and Electric	2016	Peak Time Rebate Pilot	68,937	0.08 kW	8.3%	Itron
Portland General Electric[1]	2017/2018 Pilot	Peak Time Rebate	722	Summer: 0.41 kW Winter (AM): 0.23 kW Winter (PM): 0.13 kW	Summer:18% Winter (AM): 13% Winter (PM): 7%	Cadmus
Heartland Rural Electric Co-op (KS)	2012	Peak Time Rebate	2,345	0.34 kW	9.1%	Power Systems Engineering
Sunflower Electric Power Co-op (KS)	2015	Peak Time Rebate	350	0.41 kW	9.7%	Power Systems Engineering

[1] Reflects a pilot rate of $0.80/kW

Potomac Electric Power Company	2008-2009	PowerCentsDC	900	Summer: 0.12 kW Winter: 0.07 kW	Summer: 13% Winter: 5%	eMeter Consulting

Duke Energy Kentucky
Case No. 2022-00251
STAFF First Set Data Requests
Date Received: September 8, 2022

STAFF-DR-01-006

REQUEST:

Regarding peak time events,

a. Explain whether Duke Kentucky provided suggested actions to take during peak time events.

b. Provide when and how often Duke Kentucky provide suggested actions to take during peak time events.

c. Explain by what means (email, U.S. mail, texting, etc.) Duke Kentucky provided suggested actions to take during peak time events.

RESPONSE:

a. Yes. The Company provided suggested actions to take during peak time events.

b. The Company provided suggested actions through phone conversations and emails to participants at multiple interaction points.

    1) At enrollment, all participants received an email with a link to the program's information page including the FAQs (Frequently Asked Questions).

        i. This occurred once at time of enrollment, but customers could visit the program page as many times as desired.

        ii. "Tips to help you reduce your usage and other pilot reminders can be found in the FAQ section of the website."

2) When seasons changed, all participants received an email notifying them about the specific hours for peak time events and providing a link to suggested actions.

    i. This email was sent prior to the summer season start in 2020 and 2021 and before the first event in Winter 2021.

    ii. "Tips to help you reduce your usage and other pilot reminders can be found in the FAQ section of the website. If you have any questions, please call 888.831.8316 (Monday through Friday, 8 a.m. to 5 p.m.) or email us at PeakTimeCredit@duke-energy.com."

    iii. In addition, the Company provides other seasonal energy tips on its website: Seasonal Energy Tips Spring/Summer - Duke Energy (duke-energy.com)

3) Peak time event notification emails also contained a link to suggested actions.

    i. There are at most 12 events per pilot program year.

    ii. "Tips to help you reduce your usage and other pilot reminders can be found in the FAQ section of the website."

    iii. "For more energy-saving tips, visit us online."

4) Finally, when customers called the pilot support number and asked questions about their energy usage or details about their credits, the following is an example of suggested actions that was emailed back to customers or provided to them over the phone.

    i. *"Here are some easy ways you can save during Peak Day hours: Note that the comparison of your actual usage during Peak Day*

hours is relative to what you typically consume during these hours. Therefore, if you never have lights on during the event times, having them off during the Peak Day event hours will not produce credits for your bill. However, if you normally keep your thermostat at 72 during summer hours, increasing the setting to 74 or 76 during Peak Day hours should produce credits for your bill:

1. *Set your thermostat at the lowest comfortable setting during Peak Day hours in colder months and the highest comfortable setting in warmer months.*
2. *If you have the option, use natural gas to heat your home during Peak Day hours. Note that everyone's home is different, and Duke Energy cannot guarantee that you will pay less as compared to the credit you could receive for the electric consumption reduced.*
3. *Avoid Peak Day hours when running your dishwasher and washing machine.*
4. *Take showers outside of Peak Day hours to minimize water heating.*
5. *Avoid using the oven and electric range during Peak Day hours. A microwave is a great way to heat food and uses much less energy.*
6. *View the Lower My Bill Toolkit for other energy-saving tips, as well as programs and incentives to help you take control of your energy use and save money."*

c. See response to (b) above.

PERSON RESPONSIBLE: Bruce L. Sailers

Duke Energy Kentucky
Case No. 2022-00251
STAFF First Set Data Requests
Date Received: September 8, 2022

STAFF-DR-01-007

REQUEST:

Refer to Case No. 2019-00277, the final Order entered on April 27, 2020.

a. On page 14, the Commission notes it agreement with the Attorney General's Witness, Paul J. Alvarez's argument that a default application where the rebate opportunity is applied to every customer. Explain whether Duke Kentucky evaluated this option and, if so, why Duke Kentucky choose not to propose a default application for the PTR program.

b. On page 15, the Commission notes that DSM programs are a less costly alternative than either purchasing capacity or installing additional capacity and to keep that mindset in the implementation and evaluation of the PTR Pilot Program. Explain whether Duke Kentucky considered continuing the PTR program, even if not cost effective, to continue education and expanded customer response so that when new plant investment is needed, the investment could be avoided or reduced in size due to the steps taken to grow the PTR program on the demand side.

c. On page 15, the Commission encourages Duke Kentucky to learn from this pilot and modify the program so it may maximize the benefit. Explain whether Duke Kentucky evaluated any modifications to the PTR program and if so, provide these modifications and the reason why Duke Kentucky did not propose them.

RESPONSE:

a. Yes. The Company requested Resource Innovations, the EM&V vendor, to specifically review and comment on a default program design. Resource Innovations explained that such programs pose "a serious risk for erroneous payments to customers due to random usage variations relative to their baseline," and that, for utilities with large populations of customers, there is a risk of "significant sums of money being paid in credits to customers who were unaware of the event, or even unaware of the program." Resource Innovations provided two examples of such programs being ordered to transition to opt-in enrollment, and recommended "that enrollment remain on an opt-in basis due to the risk of free ridership under a default enrollment strategy." After reviewing the analysis and recommendation from Resource Innovations on pages 78 and 79 of Appendix E and considering the cost effectiveness score of the current opt-in design, the Company chose not to propose a default application.

b. The Company considered continuing the PTR program to the extent it could become cost effective in the future. The Company relied on the cost effectiveness scores to determine that the program is not a cost effective solution to avoid or reduce future new plant investment. Given the results of the TRC test, the Company concluded that, as currently designed, it is uncertain if the pilot program could become cost effective. Additionally, as acknowledged in the Case No. 2019-00277 Order, other demand response programs were being used in the Company's FRR plan, whose termination could result in significant penalties from PJM. The PTR Pilot program is not a similarly positioned program.

c. There are three topics noted below where the Company considered how to maximize the benefit of the pilot.

1) First, on pages 18 to 33 in Appendix E, Section 3.2 and pages 2 through 5 in Appendix F, there is discussion regarding segmentation of participants as a possible modification to the pilot. This research looks at different segments of customers and their load reduction. While some segments do show higher load reduction, the reductions were not of the magnitude that would be required to make the program cost effective. In addition, restricting participation to segments of the residential class could reduce participation which may impact cost effectiveness negatively. Thus, this modification was not adopted.

2) Second, the Company is currently researching the credit amount paid to participants to determine if a $1.20 per kWh reduced credit increases the load reduction from participants as compared to a $0.60 per kWh reduced credit. The results of this incentive research extension of the PTC Pilot program will be available in early 2023. The Company intends to review these results and consider whether a redesigned PTR program can be cost effective.

3) Finally, see the ESource research proposal in the Company's response to STAFF-DR-01-002, for additional examples of possibilities the Company has considered. The Company is hesitant to spend an incremental $50,000 on the PTR Pilot program given the current information available on cost effectiveness. It is uncertain if the PTR pilot can become cost effective in the future. However, the goal of the referenced research proposal from

ESource is focused on how to improve the results of the program. The Company is agreeable to Phase 1 of the ESource research proposal if the Commission is interested in pursuing the research and provides the Company approval and budget support for the research.

PERSON RESPONSIBLE: Bruce L. Sailers

Duke Energy Kentucky
Case No. 2022-00251
STAFF First Set Data Requests
Date Received: September 8, 2022

STAFF-DR-01-008

REQUEST:

Refer to the Application, Appendix F, page 7. Duke Kentucky states that "it will consider how PTR and other time-differentiated rates might be elements of a broader effort to effectively shape and reduce peak load." Describe what alternative Demand Side Management and voluntary time-differentiated optional rate programs the Company is considering for reducing demand on its system.

RESPONSE:

There are several potential rates and/or DSM programs being considered.

1. The Company is currently considering an optional residential critical peak pricing (CPP) rate for its Kentucky service area. This rate may or may not be combined in some fashion with the following programs under consideration.
2. A Bring Your Own Thermostat (BYOT) demand response program is under consideration. In addition, a hot water heater demand response program is being discussed.
3. And finally, although further behind in development than the first two options, the Company continues to discuss the potential of offering a rooftop solar incentive program combined with other elements such as BYOT and/or CPP or possibly PTR as a load shaping option for customers.

PERSON RESPONSIBLE: Bruce L. Sailers

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