

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

DUKE ENERGY KENTUCKY, INC.’S APPLICATION FOR REHEARING

Comes now Duke Energy Kentucky, Inc. (Duke Energy Kentucky or the Company), by counsel, and petitions the Kentucky Public Service Commission (Commission) for rehearing, pursuant to KRS 278.400, of the Commission’s Order entered herein on February 21, 2024 (February Order).¹ Specifically, Duke Energy Kentucky seeks rehearing and clarification with respect to the Commission’s directives with regard to the following items:²

- The requirement to “develop a process for assessing a participant’s reliance on electricity, considering a list of factors.”;
- The requirement to “offer participating customers a tiered incentive based on its electric reliance assessment model (e.g., \$0.60 kWh, \$0.90 kWh, and \$1.20 kWh).”;
- The requirement to “expand its PTR marketing campaign to include initiatives such as direct mail, television advertisement, mass media outlets, website enrollment, etc.”; and
- Overall timing and process for compliance with the February Order.

In support of this petition, the Company states as follows:

I. Background

On August 15, 2022, Duke Energy Kentucky filed its Application in this case, requesting

¹ *In the Matter of Electronic Application of Duke Energy Kentucky, Inc. to Amend Its Demand Side Management Programs*, Case No. 2022-00251, Order (February 21, 2024).

² *See id.*, pp. 4-5.

approval to modify its Demand-Side Management (DSM) programs. Within its application, among other things, the Company requested to terminate its Peak Time Rebate (PTR) Pilot program (PTR Pilot program), due to its lack of cost-effectiveness.

A hearing on this matter was held on March 28, 2023. The Commission issued an Order on June 13, 2023 (June 2023 Order), denying Duke Kentucky's request to terminate the Peak Time Rebate (PTR) Pilot Program (PTR Pilot) and found that the case was to remain open to allow the Commission time to establish parameters for the PTR Pilot program going forward.³

On February 21, 2024, the Commission issued an Order finding that certain modifications should be made to the PTR Pilot program (February Order). The February Order listed eleven modifications, authorized the Company to adjust the initial budget for any specific programmatic or research elements, and directed the Company to begin filing its annual DSM application by November 1 of each calendar year instead of November 15.⁴

In this Application for Rehearing, the Company respectfully requests the Commission revisit and clarify certain aspects of the February Order to ensure that the Company has adequate time to implement changes, to mitigate impacts to the program's cost-effectiveness, and to better align the Company's next steps with the Commission's direction and expectations. Specifically, the Company seeks rehearing and clarification on the following items:

- Item 3 - "Develop a process for assessing a participant's reliance on electricity, considering a list of factors.";
- Item 4 - "Offer participating customers a tiered incentive based on its electric reliance assessment model (e.g., \$0.60 kWh, \$0.90 kWh, and \$1.20 kWh).";
- Item 5 - "[E]xpand its PTR marketing campaign to include initiatives such as direct mail, television advertisement, mass media outlets, website enrollment, etc."; and

³ *In the Matter of Electronic Application of Duke Energy Kentucky, Inc. to Amend Its Demand Side Management Programs*, Case No. 2022-00251, Order, pp. 9-10 (June 13, 2023).

⁴ February Order, pp. 4-7.

- Overall timing and process for compliance with the February Order.

As detailed below, the Company seeks rehearing on these items for the purpose of clarification.

II. ARGUMENT

A. Assessing Participant Reliance on Electricity

In the February Order, the Commission stated:

Duke Kentucky should develop a process for assessing a participant's reliance on electricity, considering factors including but not limited to gas or electric heat, gas or electric water heater, enabling technology like a smart thermostat or smart fridge, electric or gas vehicle, computers and other electronics, and other applicable home appliances. These variables are primary considerations in the ability of participating customers to materially affect their electric demand and drive system savings.⁵

The Company is open to developing such a process, but does not have data on all of the listed factors for its customers. While it may be possible to acquire some data during the application process, doing so could negatively impact participation, as lengthier applications tend to be correlated with lower application completion rates. Additionally, data gathered during the application process will not update when a customer acquires a new technology. Thus, the Company requests that it be permitted to exercise some discretion in developing the above-discussed process and to focus on available data.

The Company respectfully requests that it be permitted to develop a process for assessing a participant's reliance on electricity, which uses available data, and to include this proposed process in its upcoming August 15, 2024, DSM Application for Commission review and approval, as further described in Section D below.

⁵ *Id.*, p. 4.

B. Tiered Incentive Offer

In the February Order, the Commission stated:

Duke Kentucky should offer participating customers a tiered incentive based on its electric reliance assessment model (e.g., \$0.60 kWh, \$0.90 kWh, and \$1.20 kWh). These incentives will allow for a more in-depth result for customer responses to lower usage and an average load impact per tiered incentive.⁶

The Company is open to offering participating customers a tiered incentive, based on its electric reliance assessment model, but it will need additional time to implement the necessary automation to enable tiered incentive offerings.

The Company respectfully requests that it be permitted to scope the technical changes necessary to enable a tiered incentive offering, and to include a proposal for implementing tiered incentive offerings - including both timing and tiers - in its upcoming August 15, 2024, DSM Application for Commission review and approval, as further described in Section D below.

C. Expanded Marketing

In the February Order, the Commission stated:

Duke Kentucky should expand its PTR marketing campaign to include initiatives such as direct mail, television advertisement, mass media outlets, website enrollment, etc. Duke Kentucky limited its marketing efforts to email so that it could limit costs, and therefore customer knowledge about the program was limited. There is potential that the program could have achieved a higher participation count had more customers been informed.⁷

Duke Energy Kentucky is open to any and all of the listed promotion channels, but seeks clarification as to the Commission's intent. Some of the channels listed, such as television and mass media, can be costly. While the Commission authorized the Company to "adjust the initial

⁶ *Id.*

⁷ *Id.*, p. 5.

budget for any specific programmatic or research elements,”⁸ the Company wants to ensure that adjustments to marketing costs are consistent with the Commission’s intent in the February Order.

The Company respectfully requests that it be permitted to include a proposal for expanded marketing - which considers both cost and likely effectiveness of a given channel - and an appropriately adjusted budget in its upcoming August 15, 2024, DSM Application, for Commission review and approval, as further described in Section D below. This will ensure that the amount and approximate cost of the proposed expanded marketing will be reviewed by the Commission.

D. Timing And Process For Implementing The Modifications.

The February Order did not set a deadline for making the eleven modifications it enumerated. Duke Energy Kentucky wishes to comply with the February Order, and seeks rehearing and clarification herein so that it may proceed in a transparent, orderly manner that will be both consistent with the Commission’s intent for the PTR Pilot program and also realistic, given the Company’s currently available data and systems.

The Company believes that the upcoming August 15, 2024, filing offers the perfect opportunity for the Company to propose a modified PTR program that accords with the February Order, as modified by the discussion in sections A through C above. The Commission would then have the opportunity to review and approve the Company’s proposal, with all of the timing and specific elements in place.

Until the August 15, 2024, Application containing the modified PTR Pilot program is approved, the Company would propose to continue the PTR Pilot program in its current state.

⁸ *Id.*, p. 7.

III. Conclusion

WHEREFORE, on the basis of the foregoing, Duke Energy Kentucky respectfully requests that the Commission grant rehearing of the February Order and provide clarification in accordance with the discussion above.

Respectfully submitted,

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/s/Larisa M. Vaysman

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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 in paper medium; that the electronic filing was transmitted to the Commission on March 12, 2024; 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.⁹

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⁹*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).