

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC ALLEGED FAILURE OF DUKE)	CASE NO.
ENERGY KENTUCKY, INC. TO COMPLY WITH)	2022-00391
KRS 278.466 AND 807 KAR 5:006, SECTION 7)	

RESPONSE OF DUKE ENERGY KENTUCKY, INC.

On January 11, 2023, the Kentucky Public Service Commission (Commission) issued an Order directing Duke Energy Kentucky, Inc. (Duke Energy Kentucky or the Company) to file a written response explaining the extent to which net metering customers were not properly credited from January 2021 to present, the cause of the issues with net metering credits during that period, whether and how the issues with net metering credits have been corrected, the efforts it has taken to ensure that all net metering customers were and are properly credited, and explaining why Duke Kentucky should not be assessed a penalty pursuant to KRS 278.990 for improperly crediting net metering customers or due to changes it made to the form of its bills for net metering customers in or about February 2021. For its Response to the Commission’s Order, Duke Energy Kentucky states as follows:

1. Between January 2021 and the present time, there is one known issue that caused some net metering customers of Duke Energy Kentucky not to receive their full credit amount. This occurred in mid-2022, after the Company converted to its current customer information system.

2. This one known issue may be referred to as the Credit Bank Reset. In June 2022, a technical defect occurred which caused 160 Kentucky Net Metering customers with excess generation carrying over from previous months to have their carryover amounts erroneously reset to 0 kwh. This defect was identified on November 14, 2022 and corrected on December 9, 2022. After restoring the appropriate carryover amount of excess generation to each customer's account, bills were cancelled back to the June billing and rebilled from June through December to apply the correct amount of excess generation to ensure that the customers would be billed as they should have been billed originally. The total aggregate impact of this issue, before bills were corrected, was approximately \$58K, spread over 160 customers. The Company has eliminated the technical defect that caused this error.

3. The Credit Bank Reset does not constitute a willful violation of KRS 278.466. The error was an inadvertent one, which the Company remedied promptly after discovering the issue. Therefore, the Company should not be assessed a penalty pursuant to KRS 278.990 for improperly crediting net metering customers for the Credit Bank Reset.

4. In addition to the Credit Bank Reset issue, the Company also inadvertently failed to compensate Mr. Joseph Oka for carryover generation credit on his December 2021 bill. This error was also an unintentional one, caused by human error in performing a calculation that is now fully automated as part of the Company's net metering billing process. The Company remedied this error on Mr. Oka's February 2022 bill. Therefore, the Company should not be assessed a penalty pursuant to KRS 278.990 for improperly crediting net metering customers for the December 2021 error on Mr. Oka's bill.

5. Regarding changes in bill format, the Company's bill format during the gradual transition to the current bill format—which provides information regarding both energy usage

and generation—does not constitute a willful violation of 807 KAR 5:006, Section 7(1)(a)(3). For Duke Energy Kentucky net metering customers, there was an interim period—after the installation of a multi-channel AMI meter, and before the transition to the Company’s new customer information system was completed in April 2022—where the customers’ bills displayed only positive usage. However, this was not a willful violation. The Company was simply unable during this time to depict the generation component of its net metering calculations on the customer bill. The Company informed customers prior to executing the impending meter changes and also informed them regarding how the new meters’ installation would be reflected in the display of information on the bill.

6. The legacy customer information system was not designed to work with a multi-channel meter, and therefore was only capable of inputting a single channel’s data into the bill format. However, during this time, the Company calculated net metering customers’ bills manually and adjusted their balances to ensure they were billed the appropriate amount. The current Customer Connect system is able to display both usage and generation information in the approved bill format and fully complies with 807 KAR 5:006, Section 7(1)(a)(3). Since April 2022, the net metering bills show, among other things: usage, energy delivered to the grid, previous carryforward credit balance, and new carryforward credits. Given the circumstances of the transition, the technical limitations of the legacy system, and the need to upgrade customers to advanced meters, the Company should not be assessed a penalty pursuant to KRS 278.990 for the temporary change in display of net metering information on the bill.

WHEREFORE, on the basis of the foregoing, Duke Energy Kentucky, Inc. respectfully requests the Commission to dismiss the case.

This 31st day of January 2023.

Respectfully submitted,

/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 being filed in paper medium; that the electronic filing was transmitted to the Commission on January 31st, 2023; and there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

/s/Larisa M. Vaysman _____
Counsel for Duke Energy Kentucky, Inc.