

VERIFICATION

STATE OF INDIANA)
) SS:
COUNTY OF HENDRICKS)

The undersigned, Heather Evans, Sr. Products & Services Manager, 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.



Heather Evans, Affiant

Subscribed and sworn to before me by Heather Evans on this 15 day of September, 2022.



NOTARY PUBLIC

My Commission Expires:

SEAL
NOTARY PUBLIC, STATE OF INDIANA
HENDRICKS COUNTY
JOHN DELOUGHERY
COMMISSION NUMBER 678735
MY COMMISSION EXPIRES MARCH 13, 2024

VERIFICATION

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

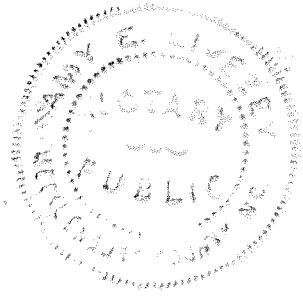
The undersigned, Brian Lusher, Manager Products & Services, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief.

Brian Lusher
Brian Lusher Affiant

Subscribed and sworn to before me by Brian Lusher on this 16th day of Dec, 2022.

Amy E. Linger
NOTARY PUBLIC

My Commission Expires: 11/16/27



VERIFICATION

STATE OF OHIO

)

) SS:

COUNTY OF HAMILTON

)

The undersigned, Heather Klein, Products and Services Manager, 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.



Heather Klein, Affiant

Subscribed and sworn to before me by Heather Klein on this 20 day of December, 2022.



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)
)
COUNTY OF Wake) SS:

The undersigned, Mark Ottersen, Sr. Products & Services Manager, 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.


Mark Ottersen, Affiant

Subscribed and sworn to before me by Mark Ottersen on this 15th day of December, 2022.




NOTARY PUBLIC

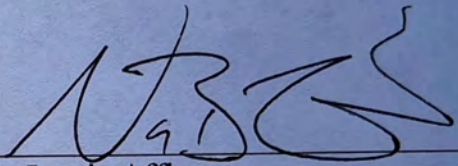
My Commission Expires: 01/05/2025

VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG)

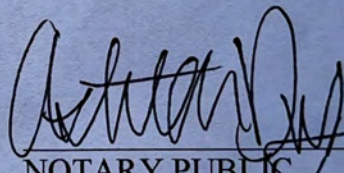
SS:

The undersigned, Nate Lewis, Senior Products & Services Manager, 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.



Nate Lewis Affiant

Subscribed and sworn to before me by Nate Lewis on this 16 day of December
2022.



NOTARY PUBLIC



My Commission Expires: 12/13/2026

VERIFICATION

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, Trisha Haemmerle, Senior Strategy & Collaboration Manager, 1215 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.



Trisha Haemmerle, Affiant

Subscribed and sworn to before me by Trisha Haemmerle on this 21st day of December, 2022.



NOTARY PUBLIC

My Commission Expires: July 8, 2027



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

KyPSC Case No. 2022-00398
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Duke Energy Kentucky
Case No. 2022-00398
STAFF First Set Data Requests
Date Received: December 8, 2022

STAFF-DR-01-001

REQUEST:

Refer to the Application, paragraph 41.

- a. Explain how many low-income households are in Duke Kentucky's territory.
- b. Explain Duke Kentucky's marketing strategy for its Low-Income Services Program and how that could increase the number of participants in the Low-Income Services program.
- c. Explain whether Duke Kentucky has any intentions of modifying the criteria governing who qualifies for the Low-Income Services program. If so, provide details of any planned modifications.
- d. Also refer to the Application, Appendix A, page 1 of 1. Historically, Low-Income programs typically have a TRC score under 1.0. Explain what actions Duke Kentucky could take to increase the TRC of the Low-Income Services.

RESPONSE:

- a. Duke Energy Kentucky does not collect income information from its customers.
- b. People Working Cooperatively, PWC, administers the Duke Energy KY Low-Income Services Program. PWC had used the following marketing efforts over the past year: social media, local television media pitches, local television media buys, postcard mailings (refer a friend and direct marketing), and community events (e.g., PWC

representative attends to pass out program brochures). Duke Energy assists in marketing efforts by distributing a bill insert and bill messaging about the Low Income Services Program in KY.

c. Duke Energy Kentucky does not plan to make any modifications to the criteria for qualification for the Low Income Services program at this time.

d. Duke Energy Kentucky continues to look for opportunities that would result in decreased operational costs and ensure we are delivering the most energy savings to program participants through weatherization services installed in the home.

PERSON RESPONSIBLE: Heather Klein

Duke Energy Kentucky
Case No. 2022-00398
STAFF First Set Data Requests
Date Received: December 8, 2022

STAFF-DR-01-002

REQUEST:

Refer to the Application, paragraphs 68 and 69, which discusses Duke Kentucky's goal for 2021 of retaining customers within the PowerShare® program. Explain whether Duke Kentucky will promote the PowerShare® Program to enroll new participants or if the goal continues to be only retaining the current customers involved in the program.

a. Explain why Duke Kentucky still includes the QuoteOption® program considering they have not had customer participation in the program since 2011.¹

b. Explain what the cost impact of the QuoteOption® program is to the proposed PowerShare® program budget.

RESPONSE:

Duke Kentucky continues to promote the PowerShare® program through its large account management team to enroll new participants and retain current customers.

a. The statement about no customer participation since 2011 is not accurate. There was an event on January 7, 2014² and October 2, 2019.³ QuoteOption® events are implemented when there are system capacity or reliability constraints in addition to high market prices. Participants enrolled in CallOption® are automatically enrolled in

¹ Case No. 2011-00448, *Application of Duke Energy Kentucky, Inc. for the Annual Cost Recovery Filing for Demand-Side Management* (filed Nov. 15, 2011).

² Case No. 2014-00388, *In the Matter of the Electronic Annual Cost Recovery Filing for Demand Side Management by Duke Energy Kentucky, Inc.*, Application, p. 32 (November 12, 2014) (depicting January 7, 2014, event). In 2014, 20 participants nominated load for the January 7, 2014, QuoteOption® event, and 11 of those curtailed load as a result of the event.

³ Case No. 2020-00371, *In the Matter of the Electronic Annual Cost Recovery Filing for Demand Side Management by Duke Energy Kentucky, Inc.*, Application, p. 32 (November 16, 2020).

QuoteOption[®] because it is a voluntary curtailment program. At the time of a QuoteOption[®] event, participants are contacted and given the choice to participate or not. Not all participants who choose to nominate load for curtailment result in actual curtailment.

Typically events are initiated by system operators to provide relief during localized grid emergencies. This is not an economic curtailment program but instead a tool to alleviate constraints within the Duke Kentucky service territory in the absence of a PJM emergency event. This gives Duke Energy Kentucky a means to assist in voluntary load shed and to compensate customers for that shed. It is a valuable tool to have and utilize, should conditions warrant.

b. There is no impact to the proposed PowerShare[®] program budget to continue offering QuoteOption[®] with automatic enrollment. If no QuoteOption[®] events are called in a given year, there are no program costs for QuoteOption[®]. If a QuoteOption[®] event is called, the only costs are limited to the credits paid to participating customers. Historically, the credits paid to customers have ranged from \$0.50/kWh to \$0.75/kWh and are determined by program management at the time of the event based on market conditions and wholesale pricing.

PERSON RESPONSIBLE: Heather Evans

**Duke Energy Kentucky
Case No. 2022-00398
STAFF First Set Data Requests
Date Received: December 8, 2022**

STAFF-DR-01-003

REQUEST:

Refer to the Application, paragraph 74. Duke Kentucky states that it is still collaborating with organizations to promote the Neighborhood Energy Saver program but there is still hesitation from customers to allow technicians in their homes due to COVID-19. Explain whether there have been any changes to the program to overcome the hesitancy of customers.

RESPONSE:

Marketing materials have been updated to include language that states: “Safety is a priority. We are taking precautions for the safety of our customers and workers including: asking about the health of the home’s occupants prior to appointments, wearing protective equipment, practicing social distancing on-site, and limiting in-home contact as much as possible.” In addition, the program team continues to look for opportunities to increase customer awareness and word of mouth for the program to overcome the hesitancy of customers.

PERSON RESPONSIBLE: Heather Klein

Duke Energy Kentucky
Case No. 2022-00398
STAFF First Set Data Requests
Date Received: December 8, 2022

STAFF-DR-01-004

REQUEST:

Refer to the Application, Appendix B, page 2 of 7. Also refer to Case No. 2021-00313,¹ Application, Appendix B, page 2 of 7, the 2021-2022 Projected Program Costs, Lost Revenues, and Shared Savings.

a. In Case No. 2021-00313, the proposed budget for 2021-2022 for the Low-Income Neighborhood Program, is \$535,375. In this case, the proposed budget is \$460,043. Explain why the budget has decreased for the 2023-2024 project year and provide supporting documentation for the decrease.

b. In Case No. 2021-00313, the proposed budget for 2021-2022 for the Low-Income Services Program, is \$674,774. In this case, the proposed budget is \$645,513. Explain why the budget has decreased for the 2023-2024 project year and provide supporting documentation for the decrease.

c. In Case No. 2021-00313, the proposed budget for 2021-2022 for the Residential Smart Saver® Program, is \$1,009,464. In this case, the proposed budget is \$520,248. Explain why the budget has decreased for the 2023-2024 project year and provide supporting documentation for the decrease.

d. In Case No. 2021-00313, the proposed budget for 2021-2022 for the Power Management® Program, is \$702,947. In this case, the proposed budget is \$877,258.

¹ Case No. 2021-00313, *Electronic Application of Duke Energy Kentucky, Inc. to Amend its Demand Side Management Programs* (filed Aug. 16, 2021).

Explain why the budget has increased for the 2023-2024 project year and provide supporting documentation for the increase.

e. In Case No. 2021-00313, the proposed budget for 2021-2022 for the SmartSaver® Non-Residential Program, is \$1,443,115. In this case, the proposed budget is \$2,090,665. Explain why the budget has increased for the 2023-2024 project year and provide supporting documentation for the increase.

f. In Case No. 2021-00313, the proposed budget for 2021-2022 for the PowerSaver® Program, is \$857,738. In this case, the proposed budget is \$1,063,284. Explain why the budget has increased for the 2023-2024 project year and provide supporting documentation for the increase.

RESPONSE:

a. The prior period, 21/22, included \$73,000 for EM&V that were not included in the 23/24 budget. Please see STAFF-DR-01-004 Attachment. The schedule filed in Case No. 2021-00313 shows the planned EM&V for the Low Income Neighborhood program for the period 21/22.

b. The prior period, 21/22, included \$50,000 for EM&V that were not included in the 23/24 budget. The program team budgets on a bi-annual basis for EM&V. Since EM&V was not conducted for the period 21/22 timeframe, the actual spend for this same period was underspent as indicated in this proceeding.²

c. The 2023-2024 project year budget for Residential Smart Saver® Program reflects a decrease from the 2021-2022 project year budget due primarily to two factors: 1) elimination of lighting incentives effective July 2023, and 2) modifications to the HVAC

² Case No. 2022-00398, *In the Matter of the Electronic Annual Cost Recovery Filing for Demand Side Management by Duke Energy Kentucky, Inc.*, Application, Appendix B, p. 1 (November 15, 2022).

incentives to align with new Federal minimum efficiency standards that take effect January 2023. The impact to the 2023-2024 project year proposed budget from these two factors is a decrease of \$543,241. This reduction is offset by increases in Multi-Family and Save Energy & Water measures within the program from growth in customer participation.

The Energy Independence and Security Act (EISA) included mandatory updates to the efficiency of General Service Lamps (GSLs) to occur in phases, beginning with the phase out of general service incandescent lamps. Specialty lamps were exempt from EISA. The definition of GSLs has recently been expanded by the U.S. Department of Energy (DOE) to include specialty, decorative, and others. In addition, the DOE rulemaking includes a minimum GSL efficacy requirement of 45 lumens per watt. As a result, lighting incentives for LED specialty bulbs will be eliminated from the Residential Smart Saver® Program effective July 1, 2023. The elimination of these lighting measures results in a decrease of \$209,856 in the 2023-2024 project year proposed budget.

Federal standards for Heating, Ventilating, and Air Conditioning (HVAC) equipment efficiencies are implemented by the DOE in accordance with the Energy Policy and Conservation Act (EPCA) of 1975. On January 1, 2023, new minimum efficiency standards for air conditioners and heat pumps will go into effect across the United States. This is the first time since 2015 DOE is updating air conditioner and heat pump efficiency standards. The minimum efficiency metric is being increased from the current 14.0 to 15.0 Seasonal Energy Efficiency Ratio (SEER) for both air conditioners and heat pumps. Modifications to the HVAC incentives within the Residential Smart Saver® Program will be implemented to align with the new Federal standards and maintain cost effectiveness. These modifications result in a decrease of \$333,385 in the proposed project year budget.

d. In FY 21/22 (\$702,947) to FY 22/23 (\$855,519)³ an increase was expected in impacts on the Power Manager program. In the FY 22/23 (\$855,519)⁴ to FY 23/24 (\$877,258) budgeting process, to ensure there was enough funding available for existing program management, upgrading devices and supply chain constraints, the budget was held to a 2.5% increase from FY 22/23. After the FY 23/24 budgeting process was complete, the increase in impacts initially projected for FY 22/23 has been reevaluated and was found to have inadvertently included approximately \$40,000 of equipment costs that will not be required. To date, these increased program management costs have not been recognized and will continue to be evaluated in future budget forecasts.

e. Over the previous 2 fiscal years (2019-20, 2020-21), the Smart Saver® Non-Residential Program has disbursed all budgeted incentive funds to customers prior to the fiscal year end, and as a result, had to suspend paying incentives within the fiscal year and established a waitlist for new customer incentive applications.⁵ Pausing program operations for prolonged periods is very disruptive to the market and causes customer confusion. Program Management would like to avoid this scenario in the future, which is the reason for the higher proposed budget amount for 2023-24. Large projects resulting in sizable incentives have been the cause of program funding depletion for the previous two fiscal years, and program management believes that the proposed budget amount for 2023-24 will allow the Company to pay any potential large project incentives without depleting the entire budget in doing so. This amount was derived using past program participation

³ Case No 2021-00424, *In the Matter of the Electronic Annual Cost Recovery Filing for Demand Side Management by Duke Energy Kentucky, Inc.*, Application, Appendix B, p. 2 (November 15, 2021); *Id.*, Order (December 27, 2021) (approving Application).

⁴ *Id.*

⁵ Case No. 2022-00398, *In the Matter of the Electronic Annual Cost Recovery Filing for Demand Side Management by Duke Energy Kentucky, Inc.*, Application, p. 25-26 (November 15, 2022); Case No. 2021-424, *In the Matter of the Electronic Annual Cost Recovery Filing for Demand Side Management by Duke Energy Kentucky, Inc.*, Application, p. 23-24 (November 15, 2021).

and waitlist volume. Customer demand for Smart Saver® program incentives remains strong as long as there is customer awareness that the incentives are currently available.

f. The increase in the proposed budget was due to an increase in the effective credits participants will receive if they have elected to increase their participation option, in which case they are providing more value to the company. With the discontinuation of the Limited Summer option in 2021, existing participants moved to the Summer Period option for the 2022 program year. While a moderate level of participation increase was anticipated, ultimately all historical Limited Summer participants elected to participate in Summer Period. The Summer Period option is fully accredited with PJM and provides a significantly higher annual premium credit to participants. The net impact of customers electing to continue participation under the Summer Period option and receiving \$36/kW-year (instead of \$14/kW-year) results in the observed increase in budget periods.

PERSON RESPONSIBLE: Heather Klein – a. and b.
Mark Otersen – c.
Brian Lusher – d.
Nate Lewis – e.
Heather Evans – f.

Status Update for Duke Energy Kentucky Energy Efficiency and Demand Response Programs; 2021-2023

Planned¹ Evaluation, Measurement and Verification Activities and Evaluation Reports

| Residential Customer Programs | Program/Measure | Last Evaluation completion | Next Evaluation ==> | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 |
|--|--------------------------------------|----------------------------|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Low Income Neighborhood | Neighborhood | 2/27/2015 | | | M&V | M&V | M&V | Report | | | | | | | |
| Low Income Services | Refrigerator Replace | | TBD | | | | | | | | | | | | |
| | Weatherization/Payment Plus | 7/31/2013 | | | | | | | | | | | | | |
| My Home Energy Report | MyHER | 2/1/2014 | | | | | | | | | M&V | M&V | Report | | |
| Residential Energy Assessments | HEHC | 8/7/2020 | | | | | | | | | | | | | |
| Residential Smart Saver® | HVAC | 9/21/2015 | | | | | M&V | M&V | M&V | M&V | Report | | | | |
| | Specialty Bulbs/Online Savings Store | 6/22/2015 | | | | M&V | M&V | M&V | Report | | | | | | |
| | Water Measures | 9/25/2020* | | | | | | | | | | | | | |
| | Multi-Family | 12/26/2019 | | | | | | M&V | M&V | M&V | M&V | M&V | Report | | |
| Power Manager | | 8/13/2020 | | | | | | | M&V | M&V | M&V | Report | | | |
| Peak Time Rebate Pilot | Peak Time Rebate | N/A | | M&V | M&V | M&V | M&V | Report | | | | | | | |
| Non-Residential Customer Programs | | | | | | | | | | | | | | | |
| Non-Residential Customer Programs | Program/Measure | | | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 |
| Small Business Energy Saver | | 4/7/2017 | | | | | | | M&V | Report | | | | | |
| Smart Saver® Non-Res, Custom | | 3/1/2016 | | M&V | M&V | Report | | | | | | | | | |
| Smart Saver® Non-Res, Prescriptive | | 7/24/2019 | | | | | | | | | | M&V | M&V | M&V | M&V |
| PowerShare | | 2/14/2017 | | | | | M&V | M&V | Report | | | | | | |
| Pay For Performance | | N/A | TBD | | | | | | | | | | | | |

¹ Future Evaluation Report dates are projections only. Actual report dates will vary depending on program participation, time to achieve a significant sample and the time needed to collect adequate data.

* Revised report

| LEGEND | |
|--------|---|
| M&V | Data collection (surveys, interviews, onsite visits, billing data) and analysis |
| Report | Evaluation Report |