COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC ANNUAL COST RECOVERY
FILING FOR DEMAND SIDE MANAGEMENT BY DUKE ENERGY KENTUCKY, INC.
CASE NO. 2018-00370

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on July 31, 2019 in this proceeding;

- Certification of the accuracy and correctness of the digital video recording;

- All exhibits introduced at the evidentiary hearing conducted on July 31, 2019 in this proceeding;

- A written log listing, *inter alia*, the date and time of where each witness’ testimony begins and ends on the digital video recording of the evidentiary hearing conducted on July 31, 2019.

A copy of this Notice, the certification of the digital video record, hearing log, and exhibits have been served upon all persons listed at the end of this Notice. Parties desiring to view the digital video recording of the hearing may do so at [https://youtu.be/AXEGBvPDU-M](https://youtu.be/AXEGBvPDU-M).

Parties wishing an annotated digital video recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.
Done at Frankfort, Kentucky, this 27th day of August 2019.

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Executive Director  
Public Service Commission of Kentucky
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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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DUKE ENERGY KENTUCKY, INC. )

CERTIFICATION

I, KaBrenda L. Warfield, hereby certify that:


2. I am responsible for the preparation of the digital recording;

3. The digital recording accurately and correctly depicts the Hearing of July 31, 2019.

4. The Formal Hearing Log attached to this Certificate accurately and correctly states the events that occurred at the Formal Hearing of July 31, 2019 and the time at which each occurred.

Signed this 26th day of August, 2019.

KaBrenda L. Warfield, CKP
Paralegal Consultant

Kathy Gillum, Notary Public
State at Large
Commission Expires: September 3, 2021
ID#: 584704
Date: 7/31/2019  
Type: Public Hearing/Public Comments  
Location: Hearing Room 1  
Department: Hearing Room 1 (HR 1)  

Witness: Catrena Bowman-Thomas; Cindy Givens; Trish Haemmerle; Lorrie Maggio; Rick Miffin; Amy Spiller; Robert Williams  
Judge: Robert Cicero; Talina Mathews; Michael Schmitt  
Clerk: KaBrenda Warfield  

Event Time | Log Event
---|---
8:31:28 AM | Session Started
8:31:30 AM | Session Paused
9:04:1 AM | Session Resumed
9:04:46 AM | Chairman Schmitt  
Note: Warfield, KaBrenda  
Preliminary remarks and introduction of Vice Chairman Cicero and Commissioner Mathews.

9:04:55 AM | Chairman Schmitt  
Note: Warfield, KaBrenda  
We are here today in Case No. 2018-00370, the Annual Cost Recovery Filing for Demand Side Management by Duke Energy, Inc. In this case, we have incorporated the record in Case No. 2018-00261, which was Duke Kentucky's recently concluded gas rate case.

9:05:26 AM | Chairman Schmitt  
Note: Warfield, KaBrenda  
After we get to the general introduction of the parties, I will try to place this hearing in context and let everybody know exactly why we're having it, and I guess the purpose of it, to some extent, has expanded or changed since Duke made its filing to amend its HEA program in May. It will help everybody if we can talk about it a little bit maybe before we get started.

9:05:57 AM | Chairman Schmitt  
Note: Warfield, KaBrenda  
The parties to this proceeding are Duke Energy Kentucky, Inc., and the Office of the Kentucky Attorney General. Witnesses who have been, I guess, subpoenaed or asked to attend today from Northern Kentucky Community Action Council, I think are here, and Mr. Greg Dutton has entered an appearance as counsel, is that correct?

9:06:01 AM | Atty Dutton Northern KY Community Action Council  
Note: Warfield, KaBrenda  
That's correct, Your Honor.

9:06:25 AM | Chairman Schmitt  
Note: Warfield, KaBrenda  
And, Mr. Dutton, you have also asked in your notice that you be, I guess, listed on the service list. For reasons that, looking forward, that might present a problem, we're going to deny that request, but, obviously, you can see on the web site everything that's received in the case or anything that's filed.

9:06:55 AM | Chairman Schmitt  
Note: Warfield, KaBrenda  
At this time, would then counsel for Duke Energy please identify himself, co-counsel, his client, and the witnesses or people who are here today that may testify or provide comment?
Thank you, Your Honor. On behalf of Duke Energy Kentucky, my name is Rocco D'Ascenzo, Deputy General Counsel. Our business address is 139 East 4th Street, Cincinnati, Ohio. Appearing with me in this proceeding is David Samford from the law firm of Goss Samford, PLLC, 2365 Harrodsburg Road, Lexington, Kentucky. With us today, we've brought a host of witnesses that we understand there was an interest from Commission staff and the Commission to have testify, so we have Amy Spiller, President of Duke Energy Kentucky. We also have Cindy Givens, Lorrie Maggio, Bruce Sailer, Rick Mifflin, and we also have Trish Hammerlee.

Thank you, and for the Office of Attorney General, Mr. Chandler?

Good morning, Chairman and Commissioners, Kent Chandler on behalf of the Kentucky Office of Attorney General.

And for staff?

Andrew Bowker, for Commission Staff, along with Mary Beth Purvis and Richard Raff.

Okay. We've already introduced Mr. Dutton who is here on behalf of Northern Kentucky Community Action Council, correct, Mr. Dutton?

Yes, Your Honor, Greg Dutton, appearing on behalf of Northern Kentucky Community Action Council, and I've brought the three witnesses that were subpoenaed in this action along with me.

Now, this hearing had its genesis, I suppose, in the Duke Energy Gas rate case where questions were asked about the low-income program, and, obviously, that program was not an issue in that case other than as basically brought up by some questions that I had about the program.

Beginning with the Kentucky Power rate case that began in 2017 and ended in 2018, the Commission has taken an interest in the low-income programs that especially the investor-owned utilities have, and that interest has resulted over time and gradually, as time permitted, getting into reading the terms and provisions of many of the investor-owned utility programs, including Duke, Kentucky Power, LG&E, KU, Delta Gas, Columbia Gas, and others. It started to become apparent that none of these programs were especially consistent in terms of either benefits provided to or available to eligible low-income families and that the criteria, the eligibility criteria, between the various utilities was not the same so that a low-income person, for instance, just to pull something out of the hat, in Kentucky Power's territory and one in Kentucky Utilities' territory were not subject to the same eligibility requirements.
So although the customers in those utilities' territories were essentially paying the same in contributions toward those programs, a person in one territory might be eligible for the benefits while another person in KU's territory might not be eligible and vice versa. In some, eligibility depended upon the customer actually going to two public meetings, and if you weren't registered at the public meeting, you were then disqualified from the program. While in others, there was no such requirement.

So it became apparent to us that there ought to be some, to the extent possible, uniformity between the programs, at least the programs to which members of the public were required to contribute because of an order of this Commission.

And so we, a couple of months, two, three months ago, cooperating with Mr. Chandler from the Office of the Kentucky Attorney General, we've had several meetings to discuss how best to try to work with the utilities in an attempt to at least have the eligibility requirements more or less the same, recognizing that there always are going to be some differences, and it's not going to be possible probably for everything to be exactly alike. The discrepancies, some of them, just don't appear to us, at least initially, to be justified unless somebody can show us to the contrary, and maybe that's true.

In the Duke case, the thing that initially struck us as unusual was the fact that while, apparently, all of the other investor-owned utilities had a subsidy that was applicable to low-income rate payers, Duke had a crisis program but no subsidy program.

And that's not meant as a criticism of Duke. I mean, utilities are in the business of providing gas and electric service and not primarily focused on other things. But, for the last fifteen, sixteen, seventeen years, this program has gone essentially without any real changes.

And so we thought in the process of the Duke case, the Duke Gas rate case, and thereafter to ask some questions to try to get some information. In many of the cases, well, in fact, in KU and LG&E and Kentucky Power, audits are required, and KU's and LG&E audits are actually filed with the Commission. Others, I saw Duke, for instance, there was a mention of an audit in its contract with Northern Kentucky Community Action Council but no evidence that there was ever an audit ever performed, but maybe it wasn't necessary.

But, in any event, the whole purpose of our inquiry and what led to this hearing basically was to try to get some information from Duke about its old program and now, to some extent, what it would like to do in the new program and to let every utility know that what we are trying to do, if possible, is to standardize as much as we can the eligibility requirements and the benefits that would accrue to or would be eligible to be received by low-income families.
9:14:40 AM  Chairman Schmitt  
Note: Warfield, KaBrenda  
So I think there was something else about the - I don't know if it was about the Duke program or not, but there are others. Anyway we had met, and Mr. Chandler I think can confirm, with Roger McCann of Kentucky Community Action Council in trying to put together some sort of a wish list that was not applicable to any utility on eligibility requirements and so forth so that we can get something to work with.

9:15:21 AM  Chairman Schmitt  
Note: Warfield, KaBrenda  
And, as it turned out, we wanted to go ahead and hold this hearing to basically explore that with Duke, and that was before your Amendment was ever filed. And then I know the Attorney General's Office intervened in the case, and, Mr. Chandler, you may want to say something as to your all's position or with respect to this hearing or confirm or deny anything I might have said about our prior (inaudible.)

9:15:56 AM  Asst Atty Gen Chandler  
Note: Warfield, KaBrenda  
I'm sure that counsel appreciated hearing that the Attorney General is having discussions. Of course, our involvement was the sum total of getting the Community Action Kentucky and the Commission together to discuss bigger picture issues, particularly the variations between service territories and types of utilities and that there are some utilities in Kentucky that offer little to no assistance to low-income customers and some that offer significant amounts.

9:16:30 AM  Asst Atty Gen Chandler  
Note: Warfield, KaBrenda  
And so, as this case progressed, it became clear that it was HEA focused. As the Commission remembers, we withdrew from setting those up so that the Commission could have the conversations with Community Action Kentucky as often as they would like.

9:16:46 AM  Asst Atty Gen Chandler  
Note: Warfield, KaBrenda  
I would say that the only substantive comments we provided in those discussions was that effectively it shouldn't be - low-income assistance shouldn't just be provided to those communities where there was a squeaky wheel where somebody intervened and prodded and poked a utility to be able to provide it; that it should be more holistic and provided based on need across the state.

9:17:12 AM  Chairman Schmitt  
Note: Warfield, KaBrenda  
Well, I will say what I intended to mention before and neglected to do so, was that insofar as how the programs are administered, in programs, just say that are administered by the community action programs in various locations, are not consistent in terms of the administrative fees charged or how those fees are computed. And obviously, at some point, we will want to get into that to try to get - because, for instance, in Kentucky Power, on one of their programs, the limit is seven percent unless a certain threshold can be met and proven. On another program of Kentucky Power, it's ten percent, and we know Northern Kentucky's has been fifteen percent of funds distributed. Other programs have ten percent of funds received. So whatever it is, there needs to be, I think, some sort of a parity.
And I also wanted to say that I guess when these programs first began, in my reading of it, these programs started, I guess, as a result of the Arab Oil Embargo in the 1970s, believe it or not, and ultimately have grown or evolved into what we have now. And in the early 2000s, the Kentucky Public Service Commission took, I guess, because the programs were new and involved involuntary customer contributions, took a more active interest in the programs than had happened over the last ten or twelve years or so.

But the utilities were required to come in and prove the benefits of the programs, and, ultimately, at least as far as two utilities were concerned, LG&E and Kentucky Utilities, the Public Service Commission required an independent evaluation and audit that was published in December of 2014. And it's a really comprehensive piece of work, and I guess the utilities were required to pay for it.

But, in the end, it evaluated KU and LG&E's programs and noticed or commented upon the good and the valuable contribution those programs made but also pointed out some glaring problems with the programs and how the programs were administered.

But, as far as I can tell, based on trying to go through the annals of the Public Service Commission's records, there was not any follow up to see that any of the recommended changes were made. But one, for instance, would be this, in the community action council of, whatever it's called, Fayette, Harrison, Nicholas, Bourbon county, whatever, the idea was that benefits would be available according to the proportion of number of customers in each county.

But, for whatever reason, the way it was structured, the vast majority - of course, Fayette County would get the most customers in the low-income program anyway, but they were far and away above their proportionate part. I noticed in the Kentucky Power case, I'm originally from Johnson County, and where my county was allocated 61 slots, we only got three people, and all of the people seemed to be in Pike County.

I mean, as long as poor people get it, that's okay. But there was obviously a problem somewhere in, perhaps and maybe not, in advertising and soliciting people to become part of the program, and so that's just one of a number of issues. But it appeared to us that now that we see the issues, that the Public Service Commission ought to at least try to see that they're addressed in some way so that everybody no matter where you live is treated equally in terms of an opportunity to have advantage of the programs offered.

Okay, so having said all that, I suppose getting forward here, let me say first that notice of this proceeding has been given and evidence of notice has been filed in the record, correct?

Yes, Your Honor.
9:22:08 AM  Chairman Schmitt  
Note: Warfield, KaBrenda  
So I think we're ready to move forward. I know there are several motions pending, and we've already dealt, I guess, with Mr. Dutton's and the others. At this point, we'll just pass to the merits and see what ultimately we need to do, unless you want to make some statement about yours, Mr. Chandler.

Note: Warfield, KaBrenda  
I'm happy to wait until the conclusion of the hearing. Thank you.

9:22:30 AM  Chairman Schmitt  
Note: Warfield, KaBrenda  
I suppose, Mr. D'Ascenzo, I guess you could put your witness who provided written testimony on, and then we would allow, I guess, Staff to cross and Mr. Chandler to cross second. We could ask some questions. I guess since Mr. Dutton's client is not a party, normally, I guess he shouldn't be allowed to ask questions. We ought to let him anyway because he'll have some information, if you would like to.

9:23:03 AM  Atty Dutton NKCAC  
Note: Warfield, KaBrenda  
I don't believe I'll have any questions, but I appreciate the opportunity.

9:23:06 AM  Chairman Schmitt  
Note: Warfield, KaBrenda  
Well, if you do, you'll - we'll give you the last - well, before - Mr. D'Acenzo, he gets to redirect. But you ought to have the opportunity if you want to say something.

9:23:13 AM  Chairman Schmitt  
Note: Warfield, KaBrenda  
Thank you. Okay. Are we ready to proceed? All right. Mr. D'Ascenzo, would you call the one witness, I guess, who you would have who provided the testimony?

9:23:13 AM  Atty Dutton NKCAC  
Note: Warfield, KaBrenda  
Thank you, Chairman.

9:23:25 AM  Atty D'Ascenzo Duke Kentucky  
Note: Warfield, KaBrenda  
Thank you, Your Honor, and thank you for that context for this proceeding. It's much appreciated, and we welcome the opportunity to have this discussion today. For our first witness, we would call Cindy Givens.

9:23:40 AM  Chairman Schmitt  
Note: Warfield, KaBrenda  
Witness is sworn.

9:24:00 AM  Chairman Schmitt  
Note: Warfield, KaBrenda  
Ms. Givens, you may be seated. Mr. D'Asenzo, you may ask, or -

9:24:02 AM  Atty Samford Duke Kentucky  
Note: Warfield, KaBrenda  
Or me, Your Honor.

9:24:05 AM  Atty Samford Duke Kentucky - witness Givens  
Note: Warfield, KaBrenda  
Direct Examination. Ms. Givens, do you mind to state your full name for the record, please?

9:24:10 AM  Atty Samford Duke Kentucky - witness Givens  
Note: Warfield, KaBrenda  
And what is your title with Duke Energy?

9:24:20 AM  Atty Samford Duke Kentucky - witness Givens  
Note: Warfield, KaBrenda  
You may need to speak up just a little bit.

9:24:23 AM  Chairman Schmitt  
Note: Warfield, KaBrenda  
Well, I think you will because it may not pick up on the record. But I'm sure counsel on this side of the room may have difficulty hearing.

9:24:31 AM  Atty Samford Duke Kentucky - witness Givens  
Note: Warfield, KaBrenda  
Ms. Givens, did you cause certain testimony and responses to data requests and an errata sheet to be filed in the record of this proceeding?
Do you have any additional changes or edits or corrections to those responses or testimony?

Could you please point that out?

Okay. You said 22,000. You mean 2200?

Okay, so if I were - with that correction in mind, if I were to ask you all the same questions that you've been asked in your responses to data requests and your testimony, would your answers be the same?

And is it your desire and intent to have those responses incorporated into the record of this hearing?

Your Honor, I tender the witness for cross examination.

Examination. Can you read the statement in full that you just corrected?

Annually or - you struck the word "annually?"

2200 over what period of time?

The three-year program. Thank you.

Okay. Mr. Bowker, questions?

I'm doing okay. Would you please describe your duties related to Duke Kentucky's Home Energy Assistance Program and then - well, I'll ask you to just describe your duties first, and then we'll go from there.

Okay. Could you also describe the duties for Rick Mifflin as well related to HEA?

Okay, and what about Lorrie Maggio?

Okay. Thank you. I'm going to refer you to page 3 of your direct testimony, and that's line 3 of page 3 of your direct testimony. Here, Duke is requesting to modify the assistance from a crisis-based assistance to an ongoing bill subsidy program.

Did Duke Kentucky consider implementing a crisis-based program in addition to the proposed bill subsidy program?

Okay, so in addition to. It wasn't considered to have both?
Okay. Are you familiar with Kentucky Power's THAW program?

Okay. That program offers assistance to customers who are at risk of losing their electric service because of a temporary or limiting condition and who could benefit from more limited assistance in paying their electric bill and require help with one or perhaps two bills to assist them through the winter months. The THAW program offers assistance credits of up to $175 per winter heating season for each eligible residential customer. Do you agree that this is similar to a crisis-based program rather than a subsidy program?

Would Duke Kentucky consider a similar crisis-based program?

Okay. Does Duke Kentucky currently pay for the cost of health and safety measures that may be needed for homes to be weatherized?

How much is the current cap for the total program expenditures and the cap per household?

Yes.

And the total - how much is the current cap for the total program expenditures and the cap per household?

Yes.

For the health and safety measures.

Okay.

Do you have any health and safety coverage for the current program?

Do not?

Okay. Is Duke Kentucky now proposing to fund $50,000 per year for health and safety measures to be installed on 20 homes? Is that right?

Is there a proposed cap on spending per home for the proposed $50,000 fund?

How was that cap determined?

Examination. Okay, so, Northern Kentucky Community Action, you asked them what was an appropriate number, and they provided that number to you?

And so you relied totally on that number? There was no other research done? They provided it, and you said, "Okay, that sounds reasonable?"

All right. Very good.
Chairman Schmitt - witness Givens
Note: Warfield, KaBrenda
Examination. Let me ask a question. The money that's going into this health and safety program is money that's being provided by Duke shareholders or who?

Chairman Schmitt - witness Givens
Note: Warfield, KaBrenda
Okay. Now, does Duke anticipate recovering in any way that $50,000 through its DSM program?

Chairman Schmitt - witness Givens
Note: Warfield, KaBrenda
Okay. I noticed, I think I noticed, in your proposed program that, in order to be eligible, customers, low-income customers, have to sign up for this program?

Chairman Schmitt - witness Givens
Note: Warfield, KaBrenda
Why? Why should that be a requirement?

Chairman Schmitt - witness Givens
Note: Warfield, KaBrenda
Signing up for this program, the health and safety program, somehow proves that they're up to 150 percent of the federal poverty guidelines?

Chairman Schmitt - witness Givens
Note: Warfield, KaBrenda
But they all have to apply for it anyway. They have to say, "I'll take it if somebody'll give it to me," correct?

Chairman Schmitt - witness Givens
Note: Warfield, KaBrenda
Well, because somehow they weren't in line, they didn't apply in time on a first-come-first-served basis, to get the subsidy, so these are the people who are on the list of eligible recipients but who because they didn't apply in time aren't receiving it? Is that what you're saying?

Chairman Schmitt - witness Givens
Note: Warfield, KaBrenda
Well, here's the question. I don't understand why if I'm a low-income person in Duke's territory or Kentucky Power or anybody else, why, in order to get a benefit of a subsidy to be subsidized to help pay my electric bill and keep my kids warm, why I am required to sign up for this other program.

Commissioner Mathews - witness Givens
Note: Warfield, KaBrenda
Examination. And, for my benefit, weatherization deferred list means they're a candidate for weatherization, but there's something else that would need to be fixed on the home before you could get to the weatherization portion?

Commissioner Mathews - witness Givens
Note: Warfield, KaBrenda
There's a hole in the roof?

Commissioner Mathews - witness Givens
Note: Warfield, KaBrenda
Okay.

Chairman Schmitt - witness Givens
Note: Warfield, KaBrenda
Examination. There's a federal program to basically make weatherization changes or upgrades on homes, correct? Are you familiar with the fact that the United States government has a program, whether it's through LIHEAP or through something, that basically Northern Kentucky Community Action Council, I suppose, administers that says that under certain circumstances low-income people are eligible to have their homes winterized? Are you familiar with that at all?

Chairman Schmitt - witness Givens
Note: Warfield, KaBrenda
All right, but there are limits on it and that if your home, whoever owned it, had been winterized sometime between 1994 and today, that you weren't eligible?
And if you're not eligible under some of these programs, at least, maybe I have misunderstood them all, that if you're not eligible for weatherization, then you're excluded from the home energy subsidy? Is that what your program does or doesn't do? If somebody is not eligible for health and safety, all right, under your program, does that exclude them from being eligible for the low-income assistance?

Yes. All right. Thank you.

Examination. How long have these 104 people been on this list?

So has the number changed up or down from 104, or is that a consistent number?

So you don't know what it was last year or the year before this?

All right. Go ahead, Andrew.

Cross Examination (cont'd). Ma'am, can you explain the criteria for the weatherization services? Does it have to be part of the DSM initiatives?

Okay. Thank you, so you stated in your direct testimony that approximately 20 homes will be served each year. Will $2500 be spent on each home for pre-weatherization and health and safety measures?

Would Duke Kentucky authorize spending over $2500 on any home if the other homes were not in need of the full $2500?

And the assistance to make the home available is for the installation of the DSM measure, correct? That's the purpose of the weatherization?

Okay. If you could refer to page 5, line 12, of your testimony in which it states that the HEA program fund will be approximately $50,000. Can you explain what you mean by "approximately $50,000?"

It will be $50,000?

Okay, okay. Thank you, and Northern Kentucky Community Action will administer the program, correct?

Will Northern Community Action charge an administrative fee for this?

How much?

And will this administration fee be paid out of the $50,000 fund?

Yes. Are there more customers eligible for weatherization than there are funds available?
If you could now refer to Duke Kentucky’s Response to Attorney General's First Request for Information. I’m pointing you at Item 3-D. This is in the AG's First Request for Information, Item 3-D.

There, the average amount spent on weatherization is listed.

On the weatherization. Do these amounts include health and safety measures?

It's labeled AG-DR-01-003.

Yes, ma'am. Those are the average amounts spent on weatherization. Do these amounts include health and safety measures?

It's Duke's Response to Commission Staff's Third Request for Information Item 1-B.

In the attachment to the Response, page 1 includes NKCAC's year-end reports for 2009 and 2010, while page 2 includes those reports for 2012 to 2013, with subsequent years’ reports on subsequent pages, correct?

As a post-hearing data request, can you provide the year-end report for 2011 and the January to June report for 2012?

We may have to get that information from NKCAC, but again that's no problem.

STAFF ATTY BOWKER - WITNESS GIVENS.

YEAR-ENDED REPORT FOR JANUARY 2011 AND JANUARY-JUNE REPORT FOR 2012 - DUKE ENERGY.
And, looking back to page 1 of the attachment, notice that for 2009 the fund balance at the end of the year is $57,000, and this amount is carried forward to the beginning of 2010. Yet, Duke Kentucky states in its annual DSM filing that any unused HEA funds are returned back to their customers. Can you please clarify whether unspent HEA funds are returned to customers at the end of each fiscal year as a credit to the DSM surcharge, or are unspent funds carried forward and available for the HEA program?

That would be better for Trish Hammerlee?

Thank you. I’m referring now to the Amended HEA, Attachment A, to your direct testimony. This is the proposed Agreement between Duke Kentucky and NKCAC, is that right? It’s Attachment A to your direct testimony of the Amended HEA.

If you could please refer to page 2, section 3, how will this independent audit of NKCAC’s financial records occur?

Okay. It’s just not done by Duke?

As far as their program goes?

Cross Examination (cont’s). Why did Duke Kentucky consider budget reconciliations as an adequate stand-in for formal audits?

Would there be someone else that could better answer that question?

Okay, so do you know what year, what time frame, that decision was made?

Okay. In that same Attachment A on page 9, the Exhibit A sets forth the HEA eligibility criteria. Attachment A, page 9, Exhibit A, sets forth the HEA eligibility criteria. What is the percent of federal poverty guidelines requirements for LIHEAP?

One hundred and thirty percent?

Examination. Let me ask a question. So your program basically goes to what? 150 percent?

Is that because you do not believe that there are enough people available with incomes below 130 percent to basically fulfill the mission of the program?

So, ultimately, under LIHEAP, it’s what? The 130 percent?

One thing about your program. LIHEAP provides benefits during what? November and December?
Chairman Schmitt - witness Givens
Note: Warfield, KaBrenda
You don't think your program doesn't overlap one month with LIHEAP, right? I mean, if it did, you would want to, it seems to me, begin where LIHEAP ended. If LIHEAP is in January, your program may ought to begin in February.

Chairman Schmitt - witness Givens
Note: Warfield, KaBrenda
The subsidy portion of the program?

Chairman Schmitt - witness Givens
Note: Warfield, KaBrenda
Well, I understand, but, to the extent you know, under this proposed program, the month that LIHEAP ends, would the people who are already on LIHEAP be the same people who basically would be getting assistance under your program?

Chairman Schmitt - witness Givens
Note: Warfield, KaBrenda
when LIHEAP ended people would drop off your program, is that what you're saying?

Chairman Schmitt - witness Givens
Note: Warfield, KaBrenda
Basically, you sign up in the fall to get the benefit for the winter?

Staff Atty Bowker PSC - witness Givens
Note: Warfield, KaBrenda
Cross Examination (cont'd). Why does Duke Kentucky include a weatherization services requirement?

Staff Atty Bowker PSC - witness Givens
Note: Warfield, KaBrenda
Okay. Thank you. I will now refer you to page 8, line 6, of your direct testimony to the Amended HEA. (questioning as to wait list)

Staff Atty Bowker PSC - witness Givens
Note: Warfield, KaBrenda
The funds were fully depleted?

Staff Atty Bowker PSC - witness Givens
Note: Warfield, KaBrenda
Can you explain how people are moved off the wait list? What is the purpose of the wait list? Can you explain how it works?

Vice Chairman Cicero - witness Givens
Note: Warfield, KaBrenda
Examination. When you've already submitted the program to the Commission, what details are there to work out? Wouldn't those have already been worked out?

Staff Atty Bowker PSC - witness Givens
Note: Warfield, KaBrenda
Cross Examination (cont'd). Will wait-listed customers have to reapply annually?

Staff Atty Bowker PSC - witness Givens
Note: Warfield, KaBrenda
Every customer, including wait-listed customers?

Staff Atty Bowker PSC - witness Givens
Note: Warfield, KaBrenda
Did Duke Kentucky consider using the excess funds to roll over to the customers on the wait list?

Staff Atty Bowker PSC - witness Givens
Note: Warfield, KaBrenda
Is there a point where the amount of rollover will cause Duke to pause and look at the program and allow exhaustion of funds?

Staff Atty Bowker PSC - witness Givens
Note: Warfield, KaBrenda
Attachment B of direct testimony, the proposed HEA communication plan, will the cost associated with plan be funded through HEA funds?

Staff Atty Bowker PSC - witness Givens
Note: Warfield, KaBrenda
How will the cost be funded?

Vice Chairman Cicero - witness Givens
Note: Warfield, KaBrenda
Examination. What is that budget?

Vice Chairman Cicero - witness Givens
Note: Warfield, KaBrenda
That's just your advertising budget? That's your HEA budget? What is that budget?
10:00:53 AM  Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda  
That's the WinterCare program?

10:01:30 AM  Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda  
Do you have an individual budget for your group, or should that be a question for Ms. Maggio, or the administration of the HEA programs, in other words, the WinterCare programs, is there a budget within Duke for that program, for those programs? Would that be under your group?

10:02:10 AM  Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda  
Okay, and that budget that you're referring to that is your budget, what is that budget?

10:02:17 AM  Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda  
Where does your salary come from? Is that in that budget, or is that an overhead?

10:02:25 AM  Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda  
That's a Lorrie Maggio question?

10:02:27 AM  Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda  
Okay, so when you talk about your budgeted responsibilities, is it just $20,000, or is it something else?

10:02:43 AM  Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda  
So when you administer, it's this $20,000?

10:02:52 AM  Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda  
I'm looking for your financial responsibility. If you had a cost center, and it was called the Duke Kentucky LIHEAP HEA program or whatever you wanted to call it, right now, if I understand correctly, there's yourself, Mr. Mifflin, Ms. Maggio, Ms. Hammerlee, those are all in this group, is that correct?

10:03:20 AM  Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda  
Okay, so the first three I mentioned are in your group?

10:03:27 AM  Chairman Schmitt - witness Givens  
Note: Warfield, KaBrenda  
Examination. You're in their group?

10:03:36 AM  Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda  
Examination. So if I look at the - it starts you report to Ms. Maggio, and Ms. Maggio reports to Mr. Mifflin?

10:03:44 AM  Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda  
There are other people in the Northern Kentucky Duke Kentucky program that administer or are responsible for administering any part of the program, or is that just your?

10:03:57 AM  Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda  
Okay, so that any other questions I want to ask about the budget would go to the other two?

10:04:05 AM  Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda  
Actually, I have no further questions for you, ma'am. Thank you.

10:04:08 AM  Chairman Schmitt  
Note: Warfield, KaBrenda  
Mr. Chandler?

10:04:09 AM  Asst Atty Gen Chandler  
Note: Warfield, KaBrenda  
Thank you, Chairman.

10:04:10 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  
Cross Examination. Good morning.

10:04:25 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  
Do you know how many homes there are on the weatherization deferral list in which the $2500 assistance would help?

10:04:49 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  
Okay. Do you know if there are 20 on the dereferral list that the assistance would be applicable to?
10:05:07 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  Have you see the deferral list?

10:05:12 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  Do you have a copy of the deferral list?

10:05:23 AM  Atty Samford Duke Kentucky  
Note: Warfield, KaBrenda  Your Honor, do you mind?

10:05:32 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  Do you mind to turn to the end of that deferral list?

10:05:41 AM  Atty Raff PSC  
Note: Warfield, KaBrenda  I'm sorry, counsel. Can we identify where that document is attached?

10:05:44 AM  Asst Atty Gen Chandler  
Note: Warfield, KaBrenda  It was provided as Attachment 3-A to Attorney General's initial Data Request, yeah, Attachment 3-A that was filed on Monday.

10:06:04 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  Are you there, Ms. Givens?

10:06:05 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  Do you see that the very last one is landlord has not given approval and unable to reach client?

10:06:12 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  Would you agree that that does not fall under the services that cannot be fixed by the $2500?

10:06:32 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  This is not a material condition to the dwelling; this is a whole new roof?

10:06:38 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  The one before that, no permanent heat source. Is this one of the items that you believe the $2500 would be applicable to?

10:06:50 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  This is your all's $50,000 a year, right?

10:06:59 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  Has Duke given NKCAC approval to use that $2500 towards purchasing a permanent heat source?

10:07:13 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  So you are aware that that would not be something that could be fixed by the $2500?

10:07:18 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  And then the one before that, the 24-40 issues. You would agree the overall structure 24 may be something that can be accomplished with the $2500?

10:07:29 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  The one before that, multiple roof leaks, you would agree that would be applicable?

10:07:33 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  Standing water under home might be applicable?

10:07:38 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  Bedbugs?

10:07:43 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  I don't know about could be. I'm asking, is that Duke's intention that the $2500 be included to rectify an issue like that?

10:08:03 AM  Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda  Do you see the issue that there's not real clarity around what the $2500 may be applicable to?
Let's finish up 18 and 19. Do you see the one previously weatherized in 2006?

So that would be applicable to $2500?

Asbestos on DWH vent, at least maybe some portion of that?

Previously weatherized?

Multiple roof leaks?

Chimney issues?

Previously weatherized?

Application was not renewed by client?

And then furnace inoperable?

Do you see furnace inoperable due to not having fuel?

And then bedbugs is the very last one, and we kind of agree that that doesn't necessarily seem to comply with what's in the record?

There are a 104 of these total going back to 2016, and you would agree a significant number of them are applicable at all due to circumstances, right?

Does Duke energy have any evidence there is a need for 20 houses a year?

Explain that.

If the funding exceeds the need, anything in program to address that?

If need outstripped every year, it would just roll over?

May I approach real quickly?

Yes, you may.

This is question 3-G from AG's office. Do you mind to read that question?

Is this the sort of situation that we are discussing?

And what was your response to question G?

Has Duke noted that in any filings or tariffs that requested flexibility?

Do you know if that is present in any program documents?
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
10:12:54 AM
And that's $50,000 given to NKCAC?
10:13:00 AM
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
Rolling that forward or moving between programs would be at NKCAC level?
10:13:09 AM
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
That's not reflected at all in Memorandum of Understanding?
10:13:27 AM
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
If I had specific questions about Payment Plus and two tiers of weatherization program, question for your or Ms. Maggio?
10:13:45 AM
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
Do you remember being asked about use of budget reconciliation in lieu of audit?
10:13:52 AM
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
You said that was already in place before you arrived?
10:13:59 AM
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
Always handy when it already was there. Who has authority to change that at Duke?
10:14:10 AM
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
So it's ultimately your responsibility to change program to ensure audit in lieu of reconciliation?
10:14:29 AM
Chairman Schmitt - witness Givens
Note: Warfield, KaBrenda
Examination. That might be your goal with a $20,000 budget?
10:14:40 AM
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
Cross Examination (cont'd). Who would have the final say?
10:14:49 AM
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
Do you have a copy of application in front of you?
10:15:02 AM
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
2018-00370, the application in this case.
10:15:16 AM
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
Do you mind to turn to page 18 of that application, paragraph 48? And if this is a question for Ms. Maggio, feel free to. Above paragraph 48, Low-Income Program, Weatherization?
10:15:41 AM
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
Second sentence notes "This program focuses on LIHEAP customers, i.e., income below 150 percent of poverty level"?
10:16:03 AM
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
Would agree that LIHEAP level is 130 percent?
10:16:08 AM
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
Whether or not weatherization applies to 130 or 150 percent, that would be a question for Ms. Maggio?
10:16:32 AM
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
Differences between eligibility for LIHEAP and DOE weatherization, that would be a question for Ms. Maggio?
10:16:50 AM
Asst Atty Gen Chandler - witness Givens
Note: Warfield, KaBrenda
Applicability of $2500 in funds for H&A issues related to customers afforded LIHEAP or DOE weatherization services, question for you or Ms. Maggio?
10:17:14 AM
Asst Atty Gen Chandler
Note: Warfield, KaBrenda
That's all the questions I have for Ms. Givens. Thank you.
10:17:17 AM
Chairman Schmitt
Note: Warfield, KaBrenda
Mr. Dutton, do you have any questions?
10:17:19 AM
Atty Dutton NKCAC
Note: Warfield, KaBrenda
I do not. Thank you.
Chairman Schmitt

Note: Warfield, KaBrenda

Thank you. Commissioner Cicero?

Vice Chairman Cicero - witness Givens

Note: Warfield, KaBrenda

Examination. Can you go through your duties again and responsibilities with Duke Kentucky?

Vice Chairman Cicero - witness Givens

Note: Warfield, KaBrenda

You just have responsibilities to Duke Kentucky?

Vice Chairman Cicero - witness Givens

Note: Warfield, KaBrenda

And you're the corporate person for this type of assistance?

Vice Chairman Cicero - witness Givens

Note: Warfield, KaBrenda

And, for Duke Kentucky, you make certain that balance of funds to be distributed, you oversee distribution of those funds by NKCAC for the HEA program?

Vice Chairman Cicero - witness Givens

Note: Warfield, KaBrenda

It's a credit to the bill?

Vice Chairman Cicero - witness Givens

Note: Warfield, KaBrenda

Available credits to be applied and then NKCAC does what? Provides customers who are qualified? Go through the process for me.

Vice Chairman Cicero - witness Givens

Note: Warfield, KaBrenda

The portion of the rate payers' 10 cents per meter that doesn't vary month to month?

Vice Chairman Cicero - witness Givens

Note: Warfield, KaBrenda

When the funds are distrubted by KCAC you look at invoices and do what?

Vice Chairman Cicero - witness Givens

Note: Warfield, KaBrenda

So those are the two primary functions that you do, is to look at funds generated from the meter charge and the invoices from Kentucky Community Action, you're looking at those. What about the shareholder funds, are you looking at those?

Vice Chairman Cicero - witness Givens

Note: Warfield, KaBrenda

When the invoice comes in from NKCAC and it says funds distributed 15 percent, any validation of expense, or the administrative fee of 15 percent is the agreed-upon amount, and that is paid?

Vice Chairman Cicero - witness Givens

Note: Warfield, KaBrenda

You've got a 15 percent fee being charged. How many other Duke entities and programs do you pay a 15 percent administrative fee?

Vice Chairman Cicero - witness Givens

Note: Warfield, KaBrenda

Florida?

Vice Chairman Cicero - witness Givens

Note: Warfield, KaBrenda

North Carolina?

Vice Chairman Cicero - witness Givens

Note: Warfield, KaBrenda

Indiana?

Vice Chairman Cicero - witness Givens

Note: Warfield, KaBrenda

All over the board, as far as Duke goes, there's never been an idea that the administrative fee, at least for fees not distributed by a governmental entity, to validate it's reasonable at high end or unreasonable at the low end or at least make somewhat standardized?

Vice Chairman Cicero - witness Givens

Note: Warfield, KaBrenda

So what is the biggest roadblock?
So you know one of the biggest roadblocks of success in any organization, whether it's a utility or government or any other private entity, is we've always done it that way, and so we think it works. But people don't look at what the potential is to do it a different way to know whether or not doing it a different way can be successful, better, or worse. They don't know because they don't try.

And my only response to that is, after we initiated this proceeding to have this hearing, Duke was able to put together a program pretty quickly and present it to the Public Service Commission for consideration. If it was so difficult to do, how is it that after we decided to have a hearing, that a program was presented for consideration by Duke? So it can change, and I would submit that it was a situation people became comfortable in doing what they were doing, and left it that way.

And I appreciate your comments. I would say, at this point, the Commission has decided to go down the path, as the Chairman explained, that, as much as possible, we intend to try to standardize administrative fees. In other words, this is our jurisdiction, we don't have overlapping of determining it's good or bad between state jurisdictions since we are the jurisdiction.

But I think our biggest concern is finding out just how different all the programs were. Of great concern to me is seeing that you were paying an administrative fee of 15 percent to Northern Kentucky Community Action Council. I don't disagree that charitable organizations need to have as much support as possible. That payments are made strictly on a funds distributed without validation of costs incurred means that the ratepayers in Northern Kentucky and Duke's territory could be subsidizing other programs of Kentucky Community Action Council.

I also know most of the fiscal courts in Northern Kentucky support Northern Kentucky Community Action Council with funds generated to help provide assistance to the poor. When we talk strictly about utilities, it's up to the utility to make certain those funds are being distributed in a way that is applied for the benefit of those electric customers or gas customers as the case may be.

And, again, from our perspective, I'm concerned there's no audit even though the program says there should be an audit. I don't think an audit from the perspective just of having an outside agency audit the program is necessary. I think internally, given the resources Duke has, they should be auditing the program, that Kentucky Community Action Council should be interested that Duke is interested in the funds being distributed.

I heard in many cases the answers to the Attorney General and some of the other questions that you weren't certain or you deferred. I'm not saying you necessarily have to know everything that goes on with all these programs. But, in the case of Northern Kentucky Community Action Counsel and how it pertains to the jurisdiction of this Commission, we're interested in whether you do know how those programs are going to be administered.
I submit in the Kentucky Attorney General's questioning in terms of the list of the 104 people that he described and questioned you about, when he asked about some of the items that were listed on there and you talked about bedbugs and some of the other items, your response was you would think that applied or it didn't apply or, no, I think that goes back to whether the new program is applicable or the old program.

But, no matter how you look at it, those types of issues, when you see a list like that comes through, I would think that your responsibility would be "Kentucky Community Action Council, why is this person on this list? This reason doesn't apply, or please explain to me why it does apply or why you think it applies."

But, from your responsibility, I would think you would want to know what those are. I don't know how much time you spent actually on Kentucky, but I am concerned that the programs are being administered with the thought that the funds are being spent wisely and for the purpose intended.

I know. I said for future.

Let me ask one more line of questioning, and I don't know that you can probably give me the answer, but I'm going to throw it out there so that when some of the other witnesses come up, they can understand that I'm going to ask the question.

Currently, there's a ten-cent meter charge for ratepayers in Duke's territory which hasn't changed forever that we can determine, and Duke's contribution is $25,000 from shareholders and $25,000 match if there is volunteer contributions under the WinterCare program, is that correct?

So the maximum possible exposure of shareholders is $50,000 plus - I guess that would be it because your salaries for certain come under general allocated rate expense that goes into each jurisdictional territory probably allocated out on some basis.

Does Duke think that the $50,000 from shareholders is an appropriate amount to spend on the territory that it has in Kentucky, considering the number of customers that it has, compared to the other entities in its portfolio, and what it knows about other utilities in Kentucky? Does $50,000 sound like a reasonable amount?

So let me take that one step further. What does Duke Kentucky or Duke, generally speaking, provide to other jurisdictional territories on a per-customer basis, or what measuring stick do you use to say whatever the new program is or what the old program was or continues to be is reasonable compared to other territories that Duke services?

Okay, so what is that per customer? What does that turn out to be?

The $50,000 that Duke is currently spending on territory, do you have what's your total customer amount? 160,000? 180,000?
10:36:50 AM  Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace  
147,000 electric only, and then you've got gas on top of that? Just round it to 150,000 customers.

10:37:30 AM  Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace  
I'm almost done. It's about 33 cents, so how does that compare to other -

10:38:00 AM  Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace  
But is that calculation ever actually ever performed? Do you do some kind of measurement to determine how reasonable the shareholder value is?

10:38:20 AM  Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace  
I think I started out by saying I didn't think you'd be able to tell me, but I'm just -

10:38:29 AM  Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace  
Okay, but, from your perspective, there's no measurement that exists currently that you do?

10:38:57 AM  Session Paused

10:59:03 AM  Session Resumed

10:59:20 AM  Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda  
Examination. Referring to the amended program, the HEA Program Fact Sheet Eligibility Criteria, which was Exhibit A, and I know it was attached to your errata, we continued to have some questions about wait list, referral list, weatherization. I just want some clarification for myself.

10:59:53 AM  Commissioner Mathews - witness Givens  
Note: Sacre, Candace  
Under the eligibility criteria, participants must apply for and accept weatherization services, if available. So this is for the HEA, which is the 10 cent per meter matched by the utility. When you say weatherization in that context, is that the DSM program that is also run by the utility under our DSM initiatives, or is that the federal LIHEAP weatherization program, or is it either?

11:00:40 AM  Commissioner Mathews - witness Givens  
Note: Sacre, Candace  
Okay, those funds could come from the DSM funds, or they could come from LIHEAP weatherization? because, if I remembered correctly, LIHEAP is divided into two programs, an assistance program and a weatherization program, and those funds depend on the federal government and whatever's allocated.

11:01:04 AM  Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda  
Okay, walk me through. What if customer comes in and applies for the weatherization funds and has one of these criteria, like bedbugs, for example, that weatherization is not available and they're put on this deferral list. Does that preclude from receiving the HEA funds for that year?

11:01:26 AM  Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda  
Does it put them further down the list, are they on the wait list, or wherever they applied that's where they are?

11:01:47 AM  Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda  
So the requirement is the application for the weatherization funds and, if they're needed, the acceptance of them if they're available?

11:02:09 AM  Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda  
Now, I continue to have some semantic issues with the wait list and the deferral list. Walk me through the wait list for any given year.

11:02:40 AM  Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda  
Meters times ten cents plus sharehold match?

11:02:49 AM  Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda  
And does that happen?
In your historic experience with the HEA program, has that happened?

You've always had more money than you've had customers?

And why do you think that's the case? I know some of your service territory is Golden Triangle, so to speak and I also know some is rural Northern Kentucky. I lived in Warsaw for a year, so that was not a booming economy when I was there.

You've always had more money than you've had customers?

Or knows that assistance is available?

At this last NARUC meeting, there was a poverty workshop on Sunday morning, and it is something that I would encourage - the utilities and commissioners and so forth did it, and you were put in different scenarios and role playing. And some of it was "I don't have a car" or "I don't have a telephone" or "I'm blind, and I can't read my bill insert. My bill is automatically paid." Access to information is important and access to the program is important.

So okay, now, you were walking me through the wait list, and you say you've not had a wait list; you've had the deferral list for the weatherization funds, but you've not had a wait list. Do you expect with the changes to have a wait list?

My concern would be that you're missing some that are in need.

So if you get to the point that you have the wait list, how does that work? If someone comes in and you know you're going to be able to serve 150 people and the 151st comes in and you place them on the wait list, if the 120th then rolls off after one month, they move, for example, does that then pick up the 151st for the two months?

If you're 130 and, let's say, you have a great month, you don't need assistance one month, can you get back on the list? Do you go back to the bottom, or you have to wait another open enrollment to apply? Let's say, you're on the list and something happens positively and suddenly you don't need the assistance for one month but then circumstances rollback to where they were. Let's say maybe you have a lot of overtime in one month and your income ramps up but it's a temporary thing, is that person precluded for that entire period? I mean, if they roll off once, do they roll off?

Every year, but intra?

Okay, so you check the qualifications one time for the year?

And they roll off, and you pick up the 151st?

Do you think it is easy or difficult to apply for this program? Is it easy or difficult? I mean, are there barriers to the process that would keep - I'm going back to you've not had an over-subscription of the program.
And application for the federal LIHEAP program and the HEA is done at the same time? Are those two separate processes?

If it's two separate processes and you're targeting the same and you're not receiving double benefits, wouldn't that make sense that you would be able to identify there is a barrier or not a barrier?

So I'll ask and see if you enroll once?

Okay. I think that's all I have.

Commissioner Cicero, I know you had another question or two.

Examination. I wanted to follow up on Commissioner Mathews' question about funds that are returned. Do you know how much approximately on average is returned on an annual basis?

Not utilized?

So here's a quick comment. If funds are returned and not utilized, knowing that Northern Kentucky has its share of underprivileged or low-income income people, you go into Covington, Ludlow, Newport, wherever you want to talk about, there's plenty of people in need of assistance, yet, the funds are never fully subscribed to, which means they are returned to the DSM program and a credit's issued. You're responsible for a $20,000 program apparently to market/awareness-type flyer that's supposed to make people aware of the program. And when you talked about the future program, you felt it would be more successful because word would get out and people would become more excited about it or whatever it is. Why do you think they're not excited about it now?

Isn't that your budget, to make people aware?

Have you done anything different over the last several years?

If you have $20,000 to spend and the program is undersubscribed, the program isn't going to get better. People in Northern Kentucky that aren't being reached. That's your responsibility, isn't it?

There has to be a better way to reach low-income people. NKCAC should be assisting you and showing you ways to spend $20,000 more effectively. I hate to see money returned when a population needs assistance. Money should never be returned.
Here's what I believe. Lot of money that goes back into the DSM or refunded is evidence that Duke or NKCAC hasn’t done a job of recruiting eligible people. Other thing is, it's obvious since 2002 Duke's program has been 10 cents a meter, crisis program, when all other investor-owned utilities have had a subsidy program. Is there any indication why or how that neither Duke or NKCAC ever considered expanding the program?

Were you aware that Duke petitioned to do away with this program?

And it was abandoned for one year, wasn’t it?

A motion was filed to abandon the program because Duke didn't feel it was being very effective.

You don't know why it was abandoned, but they asked the Commission for permission to abandon the program?

How long have you held your present position with the HEA program?

Were you aware that the Kentuck AG's Office criticized this program because fees charged by NKCAC were excessive?

After you became aware of that, what did you do to see if the fee was warranted?

Do you have that? Can you provide justification for fee?

You provided it in what form?

The 2018 letter?

You’re saying that four years after the AG's office criticized cost or fees that somebody from Duke asked NKCAC to justify fees and they sent letter during the summer of 2018?

Four years later? That letter said the only real cost was six percent. Is that what it said?

You got the letter, correct?

And the letter said the only direct cost was six percent for accounting purposes?

Duke is not the only investor-owned utility in Northern Kentucky counties. Doesn't Columbia Gas provide services in your service territory?

What if I told you that Northern Kentucky Community Care also administers the Columbia Gas program?

Do you know what they charge for administering the Columbia Gas program?
Talking about costs, the contract that Duke has with Northern Kentucky Community Action provided the administrative fee of 15 percent of amount of funds distributed was applicable to HEA program?

That HEA is the one where Duke contributes and customers pay 10 percent meter fee?

Does Duke contribute to HEA program?

The only funds in current HEA program as it presently exists, there aren't Duke funds in that program?

They're paid out of ten-cents-per-meter charge?

And Duke negotiated with NKCAC that administrative fees would be 15 percent for that fund?

And other fund is WinterCare?

And what funds are in the WinterCare program?

That's the only fund that has Duke shareholder money in it?

And in that fund Duke limits the amount NKCAC can charge to five percent?

The difference is when ratepayers' money is at stake they're allowed to recover more money?

During time you've been there, there never was an audit of NKCAC program?

Did you ever recommend an audit?

You've read the contract that says there will be an audit?

But even though the contract says there will be an audit no audit was actually performed?

Did you understand that every year LG&E and KU's audits are automatically filed with the Commission?

Would you expect Duke would actually audit NKCAC if this program that you have asked to be approved, do you think Duke would actually follow through with an audit?

Even though it might go outside your $20,000 budget?

Somebody where you could trust the result.

When this proposed agreement that was filed with the motion to approve the new program, were you involved in that at all?
Chairman Schmitt - witness Givens
Note: Sacre, Candace
Who else was involved?

Chairman Schmitt - witness Givens
Note: Sacre, Candace
Who makes the decision as to who the program administrator is?

Chairman Schmitt - witness Givens
Note: Sacre, Candace
Who decides we're going to use NKCAC? Who made that decision?

Commissioner Mathews - witness Givens
Note: Sacre, Candace
Examination. Is that reevaluated every year?

Chairman Schmitt - witness Givens
Note: Sacre, Candace
Examination. Do you know of anybody in Duke or your group there who has ever suggested or investigated to see if there were any entities other than NKCAC who might do a better job of it?

Vice Chairman Cicero - witness Givens
Note: Sacre, Candace
Examination. You said there was no outside audit performed. Was there any inside audit performed?

Vice Chairman Cicero - witness Givens
Note: Sacre, Candace
Would you agree that the extent of that review is multiplying the funds distributed by 15 percent?

Vice Chairman Cicero - witness Givens
Note: Sacre, Candace
It's a simple calculation, right, so that's not an audit?

Vice Chairman Cicero - witness Givens
Note: Sacre, Candace
So there's no audit that's been performed, inside or outside?

Vice Chairman Cicero - witness Givens
Note: Sacre, Candace
You're administering the program now? That's really your responsibility?

Vice Chairman Cicero - witness Givens
Note: Sacre, Candace
And it hasn't been done?

Vice Chairman Cicero - witness Givens
Note: Sacre, Candace
The letter that came up, if you received a letter from a vendor without any substantiation whatsoever, would it be approved for payment?

Vice Chairman Cicero - witness Givens
Note: Sacre, Candace
Have you seen it?

Vice Chairman Cicero - witness Givens
Note: Sacre, Candace
If I received a bill from Duke Energy and it didn't have any detail on it, I would still be skeptical. I would like to see what's represented in the amount presented, would you not agree?

Vice Chairman Cicero - witness Givens
Note: Sacre, Candace
And since there's no audit performed, at least, internally, don't you think there should have been substantiation other than what this letter shows?

Vice Chairman Cicero - witness Givens
Note: Sacre, Candace
And you didn't substantiate anything even after the AG made the comments in 2014?

Vice Chairman Cicero - witness Givens
Note: Sacre, Candace
You were presented with a reason when the Commonwealth of Kentucky said we believe these could be excessive?

Vice Chairman Cicero - witness Givens
Note: Sacre, Candace
So nothing was done there?

Vice Chairman Cicero - witness Givens
Note: Sacre, Candace
I know when we put out data requests, the responses came back you had no control over NKCAC and therefore could not request the data. Is that a -

Atty Samford Duke Energy
Note: Sacre, Candace
Your Honor, I object. I don't think that's exactly -
11:34:48 AM Chairman Schmitt
Note: Sacre, Candace
Well, you can object, but I was going to read them myself because I think they were absolutely patently offensive. Do you want to read the questions, we’ve got them here.

11:34:57 AM Atty Samford Duke Energy
Note: Sacre, Candace
I’ll let the Chairman go ahead.

11:35:00 AM Chairman Schmitt
Note: Sacre, Candace
Examination. One, for instance, when talking about the expenses compared to actual expenses and asking for their budget as compared to the actual expenses, and the answer was - provide the 2018 and 2019 budgets for NKCAC, include with 2018 budget a side-by-side comparison of both budgeted and actual expenses applicable to this program. Objection, NKCAC is a separate entity from Duke Energy. Accordingly, the company does not have access to NKCAC financial and business records and NKCAC is unwilling to provide copies of its budget to the company for filing with the Commission and therefore Duke Energy is not able to provide a response to this request. There are six or seven others. In your contract, you have access to their records. If the regulatory authority asked and they said no, I would cut them off. This program has been subject to termination any time Duke wanted to, isn’t that right?

11:36:52 AM Commissioner Mathews - witness Givens
Note: Sacre, Candace
Examination. When you say you get their invoices, they said they spent $2500 times .15, do you go back and look at the billing records for the customers to make sure that Duke received the $2500 in your account?

11:37:39 AM Commissioner Mathews - witness Givens
Note: Sacre, Candace
Well, that’s an audit -

11:37:57 AM Commissioner Mathews - witness Givens
Note: Sacre, Candace
Something you could write a program to spit out every month to check those.

11:38:16 AM Chairman Schmitt
Note: Sacre, Candace
Mr. Samford, questions?

11:38:17 AM Atty Samford Duke Kentucky - witness Givens
Note: Warfield, KaBrenda
Redirect Examination. Isn’t it true that the company makes an annual DSM filing?

11:38:30 AM Atty Samford Duke Energy - witness Givens
Note: Sacre, Candace
Is information about the WinterCare program and and the Home Energy Assistance program that’s included in that application filing?

11:38:44 AM Atty Samford Duke Energy - witness Givens
Note: Sacre, Candace
That filing has been made for approximately how many years?

11:38:52 AM Atty Samford Duke Energy - witness Givens
Note: Sacre, Candace
So 14 years approximately?

11:38:56 AM Atty Samford Duke Energy - witness Givens
Note: Sacre, Candace
So it’s received an annual review by the Commission?

11:38:59 AM Atty Samford Duke Energy - witness Givens
Note: Sacre, Candace
And the Attorney General has an opportunity to intervene in those proceedings?

11:39:04 AM Atty Samford Duke Energy - witness Givens
Note: Sacre, Candace
The term of the agreement for the new home energy assistance program is how long?

11:39:17 AM Atty Samford Duke Energy - witness Givens
Note: Sacre, Candace
Why is it a one-year term?
So as it's envisioned there can be tweaks to this program on an annual basis if the opportunity arises?

So from a program manager perspective is that a better proposal than the status quo?

We've also talked almost exclusively about HEA program and weatherization; those are just two arrows in the quiver.

Can you describe what some of those other programs are?

Even demand side management is a tool to help customers to be able to manage their energy consumption and usage, correct?

LIHEAP is a federally-funded program?

If a customer qualifies for LIHEAP or doesn't qualify for LIHEAP, then that's where the company steps in to help fill a gap that could be there?

And that's the WinterCare program?

If a customer goes through LIHEAP process and that's not able to satisfy their need, they have a second option available to them. And where does Payment Plus fit into that?

But you're aware of it?

That's another way for customers to learn how to manage their energy consumption?

If they go through the education so they can make permanent adjustments, they receive an additional credit?

If you go through the Payment Plus program, that enables you to participate in the company's weatherization program?

Which is separate and apart from LIHEAP weatherization program?

In addition to all that, you have Home Energy Assistance Program which operates in the crisis payment system?

If you want to receive the maximum benefit under the current HEA program, how many times would you actually have to make your way to the NKCAC office?

And it covers how many months?

So you have to make a trip to the office every month until you fill that maximum benefit received of $300?
Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
So that increases their administrative costs, correct, because they have more interaction with customers?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
By changing the home energy assistance from a crisis model to a subsidization model, is there a change in the benefit?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
How many times a year would a customer have to come in to become enrolled in the new subsidy program?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
By lowering the number of trips to receive these funds, would that remove one of the barriers to being able to participate?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
By contributing funds for health and safety, we’ve got this list of people on the weatherization deferral but they can’t participate for whatever reason?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
So the health and safety fund, the shareholder contribution there, is going to plug a gap for which there is no relief?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
If you are on this deferral list for health and safety, you have no recourse whatsoever?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
There is nobody that you can go to that you’re aware of?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
But the proposal the company is putting forward is going to allow people to now be able to participate in the weatherization program?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
Is that a substantial improvement to this program over the status quo?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
The new contract that is attached to your testimony, does it have stiffer requirements in terms of reporting in the contract?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
Is that an improvement over the status quo?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
Is there going to be a larger pool of funds available?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
How many families would be able to benefit under the new HEA program on an annual basis?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
That extrapolates out to the 2200 over the three-year cycle?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
There was a communicaition plan attached to your testimony as an exhibit. Would you describe that as a reinvigorated customer communication plan over the status quo?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
What are some of the features of that communication plan going forward?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
And so there will also be opportunities for other personnel within Duke’s customer service centers to be able to work with NKCAC personnel to make sure this program is promoted accordingly?

Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace  
Could you explain that a little bit?
Is it your position that the agreement that's been proposed is an improvement over the status quo?

And do you believe that it's reasonable?

Any other questions, Mr. Chandler?

Recross Examination. Ms. Givens, are you aware that Duke files an annual DSM report middle of November every year?

Have you seen those reports or are aware of them?

Do you understand the reports detail the number of clients served by HEA program?

And whether the funds are exhausted or some remaining?

And date maybe of when funds might have been depleted?

And total amounts collected broken out between gas and electric accounts?

And total amount of disbursements between gas and electric accounts?

How about NKCAC's administrative costs associated with the HEA program?

Their actual administrative costs is included in that annual report?

Is the 15 percent amount of total disbursements the same thing as actual administrative costs?

I'm asking about NKCAC's actual administrative costs.

So you would agree that that is not NKCAC's actual administrative costs?

I'm asking, is it your understanding that the amount reflected in those annual reports is the amount that Duke paid?

So it is not by definitiion NKCAC's actual administrative costs?

Are you aware that the annual filing of NKCAC's actual administrative costs associated with the HEA program is a Commission requirement?

Examination. You don't know what the administrative costs were. You were billed 15 percent, and you made a payment, and you were satisfied that represented the administrative cost?
Recross Examination. That's directly from the Order of the case where the Attorney General had concerns about the 15 percent fee, and the Order says the Commission is also concerned with the 15 percent level. Are you aware of this Order or this concern?

(Reading from order.) "...NKCAC's actual administrative costs associated with the HEA program." If Duke just puts down the 15 percent that it paid, how does that address the concerns of the Commission?

Would you agree that it doesn't address that concern?

Examination. You couldn't know what their actual administrative costs were. If you audited, you'd know?

But there was no audit?

If a customer calls Duke Kentucky and says they are unable to pay their telephone bill, are they told that financial assistance may be available?

And given the phone number of NKCAC?

Anything else?

Recross Examination. Can I ask in the post-hearing data request the script that the customer service representative has on that issue? Does that make sense? Whether or not customer service representative informs customer of that. Would you all be able to provide the printout the customer service representative has in front of them?

Examination. Yes, you'll provide it or, yes, you're deferring to your customer service operations?

Recross Examination. What's that prompt, or how do they have the number in front of them?

I'll do it in the data request. I understand it's someone else's responsibility.

POST-HEARING DATA REQUEST
PRINTOUT OF CUSTOMER SERVICE SCRIPT,
ASST ATTY GEN CHANDLER - WITNESS GIVENS.

Any other questions?

Would you like the letter that was referred to admitted into the record?

Admitted into evidence as PSC Exhibit 1, yes.

Let's go into recess until 1 o'clock. May this witness be excused at this time? You may step down.
11:57:27 AM  PSC EXHIBIT 01  
Note: Warfield, KaBrenda  STAFF ATTY BOWKER - WITNESS GIVENS.  
Note: Sacre, Candace  LETTER FROM NKCAC SIGNED BY ROBERT WILLIAMS, INTERIM  
EXEC DIRECTOR, DATED MAY 30, 2018.

11:58:17 AM  Session Paused
1:05:25 PM  Session Resumed
1:06:03 PM  Chairman Schmitt - witness Maggio  
Note: Warfield, KaBrenda  Witness is sworn.

1:06:23 PM  Atty Samford Duke Kentucky - witness Maggio  
Note: Sacre, Candace  Direct Examination. Good afternoon, Ms. Maggio. Would you mind stating your full name for the record, please?

1:06:31 PM  Atty Samford Duke Kentucky - witness Maggio  
Note: Sacre, Candace  And what is your title?

1:06:41 PM  Atty Samford Duke Kentucky - witness Maggio  
Note: Sacre, Candace  Did you file responses to data requests to be filed in this case?

1:06:46 PM  Atty Samford Duke Kentucky  
Note: Sacre, Candace  Your Honor, tender the witness for cross examination.

1:06:51 PM  Staff Attorney Bowker PSC - witness Maggio  
Note: Warfield, KaBrenda  Cross Examination. Ms. Maggio, can you please tell us whether the federal weatherization program WAP funds can be spent on health and safety pre-weatherization initiatives?

1:07:28 PM  Staff Attorney Bowker PSC - witness Maggio  
Note: Sacre, Candace  Is there someone else here who may know the answer?

1:07:41 PM  Staff Attorney Bowker PSC - witness Maggio  
Note: Sacre, Candace  Are there more customers eligible for weatherization than there are funds?

1:08:14 PM  Vice Chairman Cicero - witness Maggio  
Note: Warfield, KaBrenda  Examination. Can you list your duties and responsibilities?

1:09:11 PM  Vice Chairman Cicero - witness Maggio  
Note: Warfield, KaBrenda  So you have two employees who report to you?

1:09:14 PM  Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace  How many employees overall?

1:09:18 PM  Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace  For all the jurisdictions of Duke?

1:09:21 PM  Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace  Two in the midwest who do work in Kentucky or just Ms. Givens?

1:09:33 PM  Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace  So both provide services through an allocated basis to Kentucky?

1:09:40 PM  Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace  And you report to the director?

1:09:45 PM  Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace  And how many managers are there?

1:09:50 PM  Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace  So there's three managers total reporting to the director?

1:09:56 PM  Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace  And do all of them have a similar number of employees reporting like you have?

1:10:06 PM  Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace  So that's approximately 21?
And the only ones involved with Kentucky are the two employees and yourself?

I may be out of your area of expertise, but how are costs allocated?

So there isn't a measurement that says the amount being is spent is adequate but the allocation occurs per a customer basis.

I thought it was probably more an accounting question. I'm okay with that but here's a lot of overhead here being spread over programs because this budget doesn't come out of funds generated through meters or Winter Care, correct?

I have no further questions for Ms. Maggio.

You get your chance, Mr. Chandler.

Cross Examination. Good afternoon, Ms. Maggio.

May I approach, Chairman?

Do you have any objection?

No, sir.

Let this document be admitted as Attorney General Exhibit 01.

Asst Atty Gen Chandler - witness Maggio

Ms. Maggio, do you see the document provided to you that those are DEK Responses to Data Requests from the Attorney General's Office?

Were you a respondent to any of those requests?

And which requests?

Do you remind to turn to that request and response?

Do you see request sought detail why number of customers served by weatherization has been lower in '13 and '14 and '15 through '17 compared to other years?

Do you mind to read your response?

Do you remember discussing that $300 arrears?

Do you remember whether the Commission ordered arrears to be taken out of program?

Where is that removal of the arrears - where is that change reflected?
Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
The one that was filed in November of last year?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
It's your understanding that arrears no longer applies to that weatherization program as part of Payment Plus?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
Do you have a copy of the application in this matter?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
Do you mind to turn to page 18?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
Do you see the bottom it discusses low income program?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
Do you see that later on it discusses Payment Plus on page 22?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
Is Duke's weatherization program part of Payment Plus or separate?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
So weatherization is separate but you use Payment Plus to enroll in weatherization program?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
Who administers Duke's weatherization program?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
Are they contractors?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
What's the relationship as it relates to DSM program weatherizaton between Duke and people working cooperatively in the NKCAC?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
Do you also cover cost of weatherization?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
Part of the proposal is a fund in which Duke provides $50,000 a year for this gap funding?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
Gap funding is to ensure that health and safety issues that create a barrier from weatherization provided by DOE or LIHEAP from being applied to homes?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
Can you explain when somebody enrolls in weatherization how funding mechanism under DSM, the incentive, the LIHEAP funds, DOE weatherization made available, and this health and safety fund by Duke Energy interrelate? What's the process of interaction between NKCAC and Duke Energy as relates to those four programs?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
How does that occur? Do they go into community action agency?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
They walk in the front door?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
At that point, is it your understanding that NKCAC or people working cooperatively know whether there is a health and safety issue?

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
So after they conduct the assessment. I'm sorry to interrupt.

Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace  
Is that $2500 per home limited to Duke customers?
The HEA is laid out in the tariff as to who it's applicable to. Okay, so LIHEAP is limited to at or below 130 percent of federal poverty level?

How about weatherization program provided for through Duke's DSM? What is the threshold for that program?

Turn to page 18 of that application.

Do you see second sentence in paragraph 48 discusses income qualification level?

Do you see it discusses LIHEAP below 150 percent of poverty level?

Do you know why it is represented that way?

This weatherization says it uses LIHEAP intake process for applicability?

Do you mind to read sentence after that?

Do you know whether this threshold the same as in LIHEAP? Can customers that do not fall under LIHEAP still get weatherization through Duke DSM program?

Do you believe Community Action Agency will be able to discuss that further?

In terms of DSM weatherization, Duke is not involved on the front end.

Do you know maximum amount of weatherization funding per home is for LIHEAP or DOE?

Is it Duke's anticipation that of $50,000 fund only $1,000 will go to that home, or is company using the residual $1500 towards weatherization for that home?

Back to your answer from the 2017 matter, has Duke done any studies in Kentucky as to the actual reasons or number of reasons people are able to receive the DSM weatherization funding, why that has decreased?

Would you agree that the weatherization program under DSM doesn't incentivize anybody to do anything? It recovers money CAC has already spent to weatherize homes?

You're incenting CAC to weatherize homes?

Not necessarily the customer?

Were you in the room when discussing auditing and reconciling a budget?
Do you remember me asking Ms. Givens who has authority to actually changed the budget reconciliation instead of doing that doing an audit?

She indicated if it included additional costs that would be above her authority?

Are you the one that would have authority to change that protocol?

That's not something you all had looked at until prompted in this case?

Can you explain difference between weatherization separate from Payment Plus and the portion included in Payment Plus?

Turn to page 23 of the application there. I think it's an important clarification. Do you see weatherization of Payment Plus?

Where it says to increase energy efficiency participants required to weatherize unless weatherized in past program years. You would agree it's a requirement homes weatherized through program? That's what it states?

That's what it states, or that it is required?

You would agree Payment Plus not available to people who may have previously had their homes weatherized since 1990?

Is $150 provided as bill assistance to a customer?

When it says required to have homes weatherized, that's not necessarily the case? The requirement is to be enrolled to have weatherized, and if found out later it can't be because of health and safety, they continue to be in Payment Plus just don't get weatherization?

About the budget discussed, the $20,000 budget, is that the budget you set?

There's no proposal to expand that budget; it will be the same as under previous programs?

Is it expectation that budget will be revisited in anticipation of additional advertisements?

Do you have Data Request Responses, AG-DR 01-004.

Do you mind to turn to that? Are you aware of Ms. Givens' Attachment B that laid out HEA communication plan?

You're talking about what was attached to her testimony?

As Attachment B to Ms. Givens' testimony. Do you mind if I approach?
Asst Atty Gen Chandler - witness Maggio

If you could turn to No. 4 in the AG-DR 1, Question No. 4. Data Request AG-DR 01-004. Do you see that the top says date received July 15, 2019?

Atty Samford Duke Energy

You've switched from - your exhibit was from the 2017, and it's 2018 now, right? 2018-00370. May I approach, Your Honor?

Chairman Schmitt

You may.

Asst Atty Gen Chandler - witness Maggio

Do you see the request starts off with direct testimony of Cindy Givens, Attachment B?

Asst Atty Gen Chandler - witness Maggio

And I have provided Attachment B separately?

Asst Atty Gen Chandler - witness Maggio

Do you see the differences in expectations undertaken in terms of advertising HEA program?

Asst Atty Gen Chandler - witness Maggio

There's an expansion?

Asst Atty Gen Chandler - witness Maggio

Do you see the request says provide cost estimates for DEK's and NKCAC's advertisements for HEA programs?

Asst Atty Gen Chandler - witness Maggio

And response on next page the company anticipates the budget to be less than $20,000 annually?

Asst Atty Gen Chandler - witness Maggio

And that's just the current budget?

Asst Atty Gen Chandler - witness Maggio

Has the company undertaken a review what the new advertisements will cost?

Asst Atty Gen Chandler

That's all the questions I have, Chairman.

Vice Chairman Cicero - witness Maggio

Examination. You're the manager of Ms. Givens among other personnel?

Vice Chairman Cicero - witness Maggio

How often do you go through their work to make sure they do what they're supposed to do? Do they kind of do their thing and you do your thing?

Vice Chairman Cicero - witness Maggio

So is there ever a time that you ask for initiatives from your employees?

Vice Chairman Cicero - witness Maggio

Speaking of the contract, let's reference Order that requires actual administrative costs be provided from NKCAC on an annual basis to the Commission. You wouldn't look at that document or be aware of that document outside of Ms. Givens commenting to you that it's a requirement?

Vice Chairman Cicero - witness Maggio

Separate data requests from an Order issued by the Commission that it's a requirement, and your group has responsibility for it. You wouldn't ensure that whoever it is was complying with whatever that order was?

Vice Chairman Cicero - witness Maggio

But it's not happening right now?
Vice Chairman Cicero - witness Maggio
Note: Sacre, Candace
1:46:47 PM
There's not a lot of detail to that Order except talking about that requirement, and it's not being done. There was an effort to revamp the program. But there's no initiative by Duke to do anything to improve it. We're talking about 30 people in the organization. Nothing happens to change things. Do you see where the concern is from the Commission's perspective? It's discerning that we're at this stage of going through this process and finding out there doesn't seem to be a lot of making certain things are done according to the contract or according to the Order. That didn't require a response.

Chairman Schmitt
Note: Sacre, Candace
1:49:28 PM
Commissioner Mathews, questions?

Commissioner Schmitt - witness Maggio
Note: Sacre, Candace
1:49:30 PM
I don't have anything.

Commissioner Schmitt - witness Maggio
Note: Sacre, Candace
1:49:32 PM
Examination. Just a couple. Under the program that Duke proposes to implement, signing up for and accepting weatherization services is required before a person can receive subsidy assistance?

Commissioner Schmitt - witness Maggio
Note: Sacre, Candace
1:50:35 PM
If they don't apply for weatherization, they're not eligible for the subsidy. Why is that requirement there?

Commissioner Schmitt - witness Maggio
Note: Sacre, Candace
1:50:53 PM
That's okay. I just wondered. I know everything put together whether it's a data request or filings, and as you've indicated, somebody does part of it, and then you look at it and review it. The bottom line is in order to make sure that filings are done correctly requires knowledge of what the orders are or the criteria that must be met, would you agree with that?

Commissioner Schmitt - witness Maggio
Note: Sacre, Candace
1:51:55 PM
You don't know if you're complying with Commission Orders or the contract unless you actually read it and know what it says?

Commissioner Schmitt - witness Maggio
Note: Sacre, Candace
1:52:09 PM
All I'm saying is, as time goes by, orders have age on them and new people come in, I didn't know that was there. Do you think that legally that's an excuse for failure of compliance, is because you didn't know of the Order?

Commissioner Schmitt - witness Maggio
Note: Sacre, Candace
1:52:35 PM
Somebody ought to know. I mean, we all fall short. Something so you know, a tickler system, that says this is what the requirements are. Do you whether or not your legal department reviews these filings before they're made with the Commission?

Commissioner Schmitt
Note: Sacre, Candace
1:53:12 PM
Okay, All right. Thank you. No further questions. Anything, Mr. Samford?

Atty Samford Duke Energy
Note: Sacre, Candace
1:53:24 PM
No questions, Your Honor.

Chairman Schmitt
Note: Sacre, Candace
1:53:25 PM
Anything else from anyone?

Staff Atty Bowker PSC
Note: Sacre, Candace
1:53:26 PM
No, sir.

Chairman Schmitt
Note: Sacre, Candace
1:53:27 PM
May this witness be excused?

Staff Atty Bowker PSC
Note: Sacre, Candace
1:53:29 PM
Yes, sir.
Chairman Schmitt
  Note: Sacre, Candace  Thank you, ma'am.  Anyone?  Who's next?

Staff Atty Bowker PSC  Note: Sacre, Candace  Trish Hammerlee, please.

Chairman Schmitt  Note: Warfield, KaBrenda  Witness is sworn.

Atty D'Ascenzo Duke Kentucky - witness Hammerlee  Note: Warfield, KaBrenda  Direct Examination.  Ms. Hammerlee, would you please state your name and business address for the record?

Atty D'Ascenzo Duke Kentucky - witness Hammerlee  Note: Sacre, Candace  Would you please state what your position with the company is?

Atty D'Ascenzo Duke Kentucky - witness Hammerlee  Note: Sacre, Candace  Could you please describe what your responsibilities are with Duke Energy Kentucky?

Atty D'Ascenzo Duke Kentucky - witness Hammerlee  Note: Sacre, Candace  As it relates to this proceeding, were you involved in the preparation of application and schedules?

Atty D'Ascenzo Duke Kentucky - witness Hammerlee  Note: Sacre, Candace  Do you assist in preparation of tariffs for this?

Atty D'Ascenzo Duke Kentucky - witness Hammerlee  Note: Sacre, Candace  In this proceeding, did you sponsor any data requests or adopting any data requests answered by the company?

Atty D'Ascenzo Duke Kentucky  Note: Sacre, Candace  Thank you, Your Honor.  The witness is available for cross examination.

Chairman Schmitt  Note: Sacre, Candace  Mr. Bowker, questions?

Staff Atty Bowker PSC - witness Hammerlee  Note: Warfield, KaBrenda  Cross Examination.  I'd like to refer you to the attachment to Duke's Response to Commission Staff's Third Request for Information, Item 1-B, it references the Attachment to Response.

Staff Atty Bowker PSC - witness Hammerlee  Note: Sacre, Candace  If we can go to page 1 of the Attachment, please.  If you'll notice that for 2009, the fund balance at the end of the year is $57,000, and this amount is carried forward to 2010.  Yet, Duke states any unused HEA funds are returned to customers.  Can you clarify?

Staff Atty Bowker PSC - witness Hammerlee  Note: Sacre, Candace  Can you explain for year 2010 NKCAC was able to spend $30,000 more than it received in HEA funding?

Staff Atty Bowker PSC  Note: Sacre, Candace  I have nothing further for this witness.

Chairman Schmitt  Note: Sacre, Candace  Mr. Chandler?

Asst Atty Gen Chandler - witness Hammerlee  Note: Sacre, Candace  Cross Examination.  You do the annual filings?

Asst Atty Gen Chandler - witness Hammerlee  Note: Sacre, Candace  That November 15th filing you're well aware of that?

Asst Atty Gen Chandler - witness Hammerlee  Note: Sacre, Candace  You would agree that in lieu of reflecting NKCAC's actual administrative costs what's included is the 15 percent times funds disbursed?

Asst Atty Gen Chandler - witness Hammerlee  Note: Sacre, Candace  And that is Duke's actual cost?

Asst Atty Gen Chandler - witness Hammerlee  Note: Sacre, Candace  But not NKCAC's actual administrative cost?
1:58:39 PM  Asst Atty Gen Chandler - witness Hammerlee
Note: Sacre, Candace  How long have you been doing those filings?

1:58:44 PM  Asst Atty Gen Chandler - witness Hammerlee
Note: Sacre, Candace  So the requirement to include all those different line items comes from a case in 2008, so that predates you?

1:59:00 PM  Asst Atty Gen Chandler - witness Hammerlee
Note: Sacre, Candace  During your time, have you ever filed NKCAC's actual cost?

1:59:11 PM  Asst Atty Gen Chandler - witness Hammerlee
Note: Sacre, Candace  Is it your understanding that's the way it was done before you got there?

1:59:20 PM  Asst Atty Gen Chandler - witness Hammerlee
Note: Sacre, Candace  Were you aware the order said NKCAC's actual administrative costs before today?

1:59:46 PM  Asst Atty Gen Chandler - witness Hammerlee
Note: Sacre, Candace  That's all I have, Chairman. Thank you, Ms. Hammerlee.

1:59:48 PM  Chairman Schmitt
Note: Sacre, Candace  Mr. Dutton, questions?

1:59:49 PM  Atty Dutton NKCAC
Note: Sacre, Candace  No questions.

1:59:50 PM  Chairman Schmitt
Note: Sacre, Candace  Mr. Cicero?

1:59:51 PM  Vice Chairman Cicero - witness Hammerlee
Note: Sacre, Candace  Examination. When you see money returned as a credit, does that make bells go off saying why are funds going back into the program that are unspent?

2:00:17 PM  Vice Chairman Cicero - witness Hammerlee
Note: Sacre, Candace  But you would see it?

2:00:29 PM  Vice Chairman Cicero - witness Hammerlee
Note: Sacre, Candace  Do you see it from any other jurisdiction where funds are returned back because of being underspent?

2:00:43 PM  Vice Chairman Cicero
Note: Sacre, Candace  That's all I have.

2:00:44 PM  Chairman Schmitt
Note: Sacre, Candace  Commissioner Mathews?

2:00:46 PM  Commissioner Mathews
Note: Sacre, Candace  I don't have any.

2:00:48 PM  Atty D'Ascenzo Duke Kentucky
Note: Sacre, Candace  I have no questions.

2:00:49 PM  Chairman Schmitt
Note: Sacre, Candace  Mr. Samford, questions?

2:00:51 PM  Atty Samford Duke Energy
Note: Sacre, Candace  No questions.

2:00:52 PM  Chairman Schmitt
Note: Sacre, Candace  May this witness be excused?

2:01:21 PM  Chairman Schmitt
Note: Sacre, Candace  Witness is sworn.

2:01:30 PM  Atty D'Ascenzo Duke Kentucky - witness Spiller
Note: Warfield, KaBrenda  Direct Examination. Ms. Spiller, would you please state your name and business address for the record?

2:01:43 PM  Atty D'Ascenzo Duke Kentucky - witness Spiller
Note: Warfield, KaBrenda  And would you, please, for the record, state your position with the company?

2:01:52 PM  Atty D'Ascenzo Duke Kentucky - witness Spiller
Note: Warfield, KaBrenda  And when did you assume that role?
Note: Warfield, KaBrenda

And you provided direct testimony in the base rate case consolidated into this proceeding, correct?

And you testified at that proceeding?

Your Honor, the witness is available for cross examination.

Cross Examination. Good afternoon, Ms. Spiller. You've only been president of Duke Kentucky and Ohio a year, but you've been employed with the utility for many years?

Did Duke Kentucky ever perform review of effectiveness of HEA program prior to review conducted in conjunction with amended HEA filed in July of this year?

Looking at the program, is it working, is it achieving goals an HEA program should achieve?

Did you ever participate with that collaborative?

Is it fair to say you probably don't know what information the collaborative has access to regarding HEA program?

Is there anyone at Duke Kentucky that is responsible for reviewing HEA program?

Would it be fair to say, until the informal conference as part of this case on May 31 this year, prior to that Duke Kentucky did not have intent to modify HEA program?

Prior to May of this year, were you aware that each year's HEA funds were not completely spent in year collected and, in fact, refund of those funds?

Each month, does Duke Kentucky disconnect for failure to pay bills?

Would it be fair that HEA funds not spent and returned was result of shortcomings in program rather than lack of low-income customers needing assistance?

The fact funds are collected to pay utility bills, and those funds were not used and refunded to ratepayers. That doesn't indicate a systemic problem with program?

Fair enough. Can you tell us who developed the amended HEA program proposed in this case?

Was it done in conjunction with NKCAC?

Thank you. I believe that's all I have.
Cross Examination. What program was it that you were saying the Attorney General's Office had provided its support to?

And when was that support provided?

I appreciate that. When you said the Attorney General's Office voiced their support, I was wondering specifically what you were referring to.

So, for instance, when Ms. Hammerlee asks the collaborative whether they approve of the filings?

I want to make sure it's clear in the record, for instance, when Duke files its DSM filing, is it your understanding that the Attorney General's Office refrains from taking a position on those applications prior to them being filed?

And the record will reflect what level of support the Attorney General's Office takes?

The case you were referring to where the Attorney General's Office expressed concern raising the threshold to 200 percent. Do you know what that case number was?

Does 2008-00100 sound about right?

Do you have personal knowledge of that case?

You wouldn't have been the attorney on that case?

I'll ask that as a post-hearing data request because I have in front of me a notice in that case in which you were the attorney that signed it in 2008-00100.

POST-HEARING DATA REQUEST

ASST ATTY GEN CHANDLER - WITNESS SPILLER.

CONFIRMATION MS. SPILLER INVOLVED IN 2008-00100,

Insofar as that case, and Order was entered that certain information be provided for. You agree, if you were the attorney, you would have had personal knowledge of that?

Going back to questions Mr. Raff asked, do you know of any other opportunities in either HEA or DSM programs Duke needs to address?

I think question centered around deficiencies which you heard as opportunities. Are you aware of other opportunities?

You were in the room when Ms. Maggio noted no longer requirement to be in arrears to participate in weatherization. You understand from Ms. Maggio testimony once NKCAC weatherizes home the customer receives $150 bill credit?
Insofar as that customer is not in arrears, that bill credit would be in excess of owed that month?

Has Duke undertaken a review of how program will interact with subsidy program?

That may be another opportunity?

That's all the questions I have, Chairman.

Mr. Dutton?

Mr. Cicero?

Examination. Good afternoon, Ms. Spiller. I understand the organization responsible at Duke for managing these programs is part of a corporate group?

It does not report directly to you or Duke Kentucky?

Any allocation of costs would be directed from corporate group back to Duke Kentucky and you would pay for those services?

Seeing as how we've heard there really doesn't seem to be a lot of change going on. Prior to this, the administration seems to be on autopilot that doesn't show initiative for changing. What role do you play or Duke Kentucky play pursuing actions by corporate group to do activities Duke Kentucky would like them to do? Audit the program, follow the Commission order, if they report to you, you would probably say having a meeting with group and tell me what's going on, what are you doing to make it better. The costs are allocated to you, but you don't have oversight. Can you tell me how that process works at Duke?

I think you would agree no one turned away a good metric, but returning money back for a program to help low-income is also a metric that shows not being efficiently addressed. This new initiative presented to PSC, who drove that initiative? Duke Kentucky or from corporate office?

Is there now a person you would consider liaison between Duke Kentucky and the corporate group on pursuing opportunities or improvement to program or that what you've filed is successful?

You may not know the answer. Do you know how much is allocated to Kentucky of that organization’s expenses on an annual basis?

I am interested to see total budget, portion allocated to Kentucky, and basis for allocation, and then use that basis to have a comparison of what dollars are to see if there's a correlation that Kentucky ratepayers versus benefit they receive, some correlation there. We allocate the cost but really not sure how we generate a benefit for low-income, whether correct amount or not the correct amount.
All of the above. We obviously have other IOUs in Kentucky whose per meter is higher than 10 cents. That hasn't changed for Duke. Standardization that can be done. Also, in the corporate responsibility to being a good neighbor, how much money can be utilized from shareholders to improve programs. Whether $25,000 committed with $25,000 potential or whether it's $50,000, making certain there's some kind of balance what's coming to Kentucky and what Duke Kentucky is willing to commit.

We do know that. Why we're down the path we are. Top down rather than bottom up. Yes, Duke is looking at it from their perspective. We can look at it as what goes on in Kentucky. What happens in the Commonwealth. I appreciate Duke contributes to other philanthropies. I can comment on what happens here. I appreciate your answers and thank you very much.

Examination. I know there's a collaborative. Can you tell me what groups are members of the collaborative?

Do you know if anyone at Duke has considered using someone other than NKCAC to provide eligibility requirements and do the same things they do?

But there has not been any independent evaluation of the effectiveness of NKCAC?

One assumes, maybe an erroneous assumption, but a more aggressive solicitation of applicants might have produced more in terms of people who could take advantage of this. On the other, there are community action programs all across this state. I have called and asked about their programs. They have no clue. The Kentucky Utilities issue, we found 700-800 people who were not able to access benefits because of mistakes in how much money was available. I call into question myself the adequacy of community action programs' ability to administer these programs. Others could be evaluated to do the work and do at a cheaper cost than these people are able to. Would you be willing to consider that, or is that off the table?

Speaking only for myself, if they don't perform any better than they have, I'll never vote to permit them to be involved in any of these programs. In terms of filings here at the Commission, when annual filings are due for DSM programs or anything else, how much role does your legal department have to see if they are accurate?

I can understand you all miss things. In terms of requirement from 2008 case order, actual administrative costs be filed. We know that hasn't been done. Were you aware that it wasn't being done?

In a filing that you made as counsel in 2014-0094, your name was on it, and it represented what Duke does. Duke Energy files an annual progress report along with its annual demand side management filing. Duke Energy reports on the following. The NKCAC's actual, actual administrative costs associated with implementing the program. What's been filed is the cost to Duke to pay the 15 percent to NKCAC?
Can you see a reason why in evaluating a program a body like the PSC would like to know what NKCAC's costs were?

And their costs appear to be much greater than what Kentucky Utilities and Kentucky Power and others are paying. What really aggravated me was because, when we filed the data request in this case, we had six or seven responses we're not NKCAC, this is their financial information, and we can't get it. Duke ought to be able to get financial data applicable to this program.

You saw the others. With that one, a phone call might have helped?

Thank you. I have no further questions. Anything else?

No, sir.

Mr. Dutton?

No, sir.

Session Paused

Session Resumed

Witness is sworn.

Direct Examination. Mr. Mifflin, would you please state your full name for the record, please?

And would you say what your title is with the company?

Do you mind to say a little bit about what that involves?

You didn't file any testimony or data request responses?

Your Honor, tender the witness for cross examination.

Mr. Bowker?

Cross Examination. Do you have any connection to the HEA program?

I have no further questions.

I have no questions for this witness.

No questions.

Vice Chairman Cicero?

Examination. Total budget that your products and services group has, approximately how much is that budget?

Yes, and then the portion that's allocated to Duke Kentucky.
In other words, if programs are similar, allocate across all jurisdictions, and if they are unique, only to the jurisdiction that it's applicable.

What I'll do is a post-hearing data request to give to staff to send to you. I'm interested in what total budget is, what's allocated to Kentucky, what allocation methodology is used, and a couple of other questions. Should that be directed to you?

Okay. I don't have any other questions.

I don't have any questions. Anyone else?

Your question was going to confuse me.

No. That's great. Thanks. Sorry.

Sir, you may step down. Mr. Bowker, that exhausts Duke's witnesses.

Yes, sir, if we can call from NKCAC, Katrina Bowman-Thomas, please.

Witness is sworn.

Direct Examination. Ms. Bowman, can you state your current position with NKCAC?

And how long have you been in that role?

And where were you previous to having this current role?

And what roles did you hold there?

And those are all separate roles? That's not just one long title?

So you've held a number of positions moving up the food chain?

And what's your educational background?

Can you please explain the Northern Kentucky Community Action Council's mission?

And what's the geographic area you represent?

Duke's not in all eight of those counties? It's just in six of those counties?

Is the organization overseen by a board of directors?
You listed a few different programs offered. Is that the range? Are there different ones besides them?

You said LIHEAP is the first program. Is that always the first program you look to to provide funding?

You were explaining, what is that after LIHEAP?

After WinterCare, there's HEA, or do those two work together?

What are the types of measures that LIHEAP won't pay for?

If there are issues in the home that LIHEAP won't cover, then the weatherization will?

The weatherization we're talking about today, where does that come into this hierarchy of dollars that you're talking about?

Without this program, then those other federal dollars cannot be utilized for this individual's home?

It's essentially bridging the gap?

Was it WinterCare with the $2500 average?

So the weatherization. I've been getting those confused all day.

Does that make it more likely that you'll apply the full amount of funds available by having the flexibility to go above the $2500?

Do you expect the full $50,000 proposed to be allocated to that program will be spent each year?

We talked about HEA and how that works. Can you talk a little bit how the HEA program will change if the Duke application is approved?

How was this program put together? Did you work with Duke? Did they approach you? This may have started before you got there.

Did you consult at all with statewide CAC organization or other smaller organizations?

Who is Roger McCann?

There was discussion about trying to get individuals enrolled and spread communications. Right now, how do people learn about the HEA program?

There was communication strategy attached to Ms. Givens' testimony. Section about NKCAC's communication strategy. Did you work with Ms. Givens to produce that?
In terms of your efforts in new communications, costs associated with that, are those going to be covered by administration fee proposed in this application?

The HEA-specific communications you would be doing, those would not be funded through the HEA administrative fee?

What amount in assistance do most clients currently receive?

For HEA and WinterCare and the other energy programs?

Under current proposal, individals enrolled would get increased assistance just from HEA?

Do you know what the expected amount the individuals would receive afterwards?

Do you expect you will have a surplus of funds at the end of the year if the Duke application is approved?

Do you ever deny participants who apply for HEA assistance?

Any other reasons?

How often do you have to deny applicants for that reason?

Examination. If I’m a homeowner, do I have to bring in a certified copy of my deed?

How can you prove I’m the homeowner, or does it matter?

Under the Duke program, don’t you have to apply for weatherization to be eligible for HEA program?

Doesn’t it say that? We’ll talk about it later. Go ahead. Health and safety, you have to apply?

And if you don’t apply for that, you’re not eligible for the subsidy?

On Exhibit A, it says participants must apply for and accept weatherization services if available. Audit of the KU LG&E program done by Applied Public Policy Research Institute that says they’ve been cutting people off if they (a) don’t qualify for weatherization or they refuse weatherization. You’re saying under the Duke program if I’m eligible for weatherization and I say I don’t want it, you’re not knocking me off the role?

May I approach so she can reference what you’re looking at?

It’s Exhibit A, HEA Program Fact Sheet Eligibility Criteria. In order to initially to be eligible for the subsidy program, that participants must apply for and accept weatherization services if available. When I read the other programs and I see Kentucky Power’s, they all say the same thing.
3:28:57 PM  Chairman Schmitt - witness Bowman-Thomas  
Note: Warfield, KaBrenda  
You'd agree that Duke ought to take that out altogether?

3:29:26 PM  Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda  
It seems the language ought to be changed somewhat. I don't see why that ought to disqualify them from the subsidy.

3:29:47 PM  Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda  
That Exhibit B, is that essentially neighborhood centers in each of the counties served by Duke?

3:29:56 PM  Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda  
Some discussion by Commission about allocation of funds to different counties and how do you ensure that each county is getting appropriate amount of money. Can you talk about hows that works internally?

3:30:28 PM  Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda  
Do you budget them? Is that an advance budgeting of money per county?

3:32:03 PM  Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda  
If one neighborhood center uses full allotment and another family comes in but that center has already used full allotment, how do you handle that situation?

3:32:24 PM  Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda  
There would never be a rejection in one county if the funds can be located in another neighborhood center?

3:32:32 PM  Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda  
You've talked about you oversee LIHEAP program. Do you believe there's any other organizaton in Northern Kentucky that could administer this HEA program as effectively as your organization?

3:33:49 PM  Atty Dutton NKCAC  
Note: Warfield, KaBrenda  
With that, I will tender the witness.

3:33:57 PM  Staff Atty Bowker PSC - witness Bowman-Thomas  
Note: Warfield, KaBrenda  
Cross Examination. There was listed a number of individuals that administered HEA program. Can you tell me what they do, if you know?

3:34:25 PM  Staff Atty Bowker PSC - witness Bowman-Thomas  
Note: Warfield, KaBrenda  
Kelly Horne?

3:34:37 PM  Staff Atty Bowker PSC - witness Bowman-Thomas  
Note: Warfield, KaBrenda  
Sorry. Can you explain that?

3:34:55 PM  Staff Atty Bowker PSC - witness Bowman-Thomas  
Note: Warfield, KaBrenda  
Okay. What about Meaghan Bradford?

3:35:06 PM  Staff Atty Bowker PSC - witness Bowman-Thomas  
Note: Warfield, KaBrenda  
Okay. Sally Smith?

3:35:14 PM  Staff Atty Bowker PSC - witness Bowman-Thomas  
Note: Warfield, KaBrenda  
Teresa Finke?

3:35:25 PM  Staff Atty Bowker PSC - witness Bowman-Thomas  
Note: Warfield, KaBrenda  
Jessica Washburn?
3:35:27 PM  Staff Atty Bowker PSC - witness Bowman-Thomas
Note: Warfield, KaBrenda And Lauren Keith?

3:35:32 PM  Staff Atty Bowker PSC
Note: Warfield, KaBrenda You answered my questions during your direct testimony. I have no further questions for you.

3:35:40 PM  Chairman Schmitt
Note: Warfield, KaBrenda Mr. Chandler?

3:36:07 PM  Asst Atty Gen Chandler
Note: Warfield, KaBrenda May I approach, Your Honor?

3:36:12 PM  Asst Atty Gen Chandler - witness Bowman-Thomas
Note: Warfield, KaBrenda Cross Examination. I’m going to hand this to you. This is Attachment A to Ms. Given's testimony. Do you see that's a draft agreement between NKCAC and Duke?

3:36:35 PM  Asst Atty Gen Chandler - witness Bowman-Thomas
Note: Warfield, KaBrenda Has NKCAC entered into the agreement?

3:37:10 PM  Asst Atty Gen Chandler - witness Bowman-Thomas
Note: Warfield, KaBrenda Have you seen that agreement before?

3:37:13 PM  Asst Atty Gen Chandler - witness Bowman-Thomas
Note: Warfield, KaBrenda Did you negotiate that agreement? Did Northern Kentucky Community Action Council have any input into the wording?

3:37:33 PM  Asst Atty Gen Chandler - witness Bowman-Thomas
Note: Warfield, KaBrenda Do you mind to turn to page 3? Do you see Section 6 regarding NKCAC's duties?

3:38:08 PM  Asst Atty Gen Chandler - witness Bowman-Thomas
Note: Warfield, KaBrenda Title 6.1, HEA Program Administration, NKCAC shall administer and operate the HEA program in Duke Energy's service territory including without limitation HEA program parameters as approved and from time to time amended by the Commission, . .based upon the criteria set forth in Exhibit A hereto. I think Mr. Dutton provided you a copy of Exhibit A hereto. Would you agree that one of those criteria that Duke expects NKCAC to implement is to require that a person sign up for the weatherization program?

3:55:31 PM  Vice Chairman Cicero - witness Bowman-Thomas
Note: Warfield, KaBrenda Examination. During the course of this hearing, I've heard funds are rolled over and they're not rolled over. Whether funds are allocated by Duke are not totally consumed or they are. Are they consumed or are there times when the amount available is not used so therefore keep it and put it back into the program?

3:56:31 PM  Vice Chairman Cicero - witness Bowman-Thomas
Note: Warfield, KaBrenda Does the program run by calendar year basis?

3:56:39 PM  Vice Chairman Cicero - witness Bowman-Thomas
Note: Warfield, KaBrenda July 1st to June 30th?

3:56:43 PM  Vice Chairman Cicero - witness Bowman-Thomas
Note: Warfield, KaBrenda When funds received from Duke, is your understanding that program runs on the same fiscal year?

3:56:57 PM  Vice Chairman Cicero - witness Bowman-Thomas
Note: Warfield, KaBrenda It's basically $240,000 or $250,000 from meter collections. If you had a month that you didn't use all the money, that would roll forward to the end of your fiscal year and then returned to Duke?

3:57:29 PM  Vice Chairman Cicero - witness Bowman-Thomas
Note: Warfield, KaBrenda You didn't use it from the prior month, it goes back to the original $20,000 to $21,000.00?

3:57:58 PM  Vice Chairman Cicero - witness Bowman-Thomas
Note: Warfield, KaBrenda Really? It doesn't roll over even month to month let alone a fiscal year?
If there’s a surplus that's not consumed, do you believe it's the difficulty that you spoke to where a person is required to come in month after month and provide evidence?

Under the new program, they won't have to sign up repetitively? One time signups for one fiscal year?

You do not believe that there will be a surplus at the end of any given month. Most of those funds would be consumed during winter months?

But meter collections occur monthly, so periods of time when demand for funds would be lower because it was a period of low consumption? But you're not sure it rolls over or not?

I might have a post-hearing data request, but we'll find out if they remain as a credit. Are you aware if Duke ever requested an accounting of your administrative fees?

You have provided to them?

Of HEA?

What's HEA?

Examination. The existing program, the one that's existing now, you've provided them?

Examination. Community Action bills 15 percent of funds distributed?

Lot of discussion about whether that represents actual administrative costs to Community Action?

Within the last couple of months, Duke has requested you break down what actual expenses are, and you've provided that?

Can we get a copy of that?

It's in Post Hearing from 2018-00261 case, Post-Hearing Response. It's DR-02-001, and it looks like this. Just so you're aware, we have a witness here

Examination. I asked the question earlier about participants must apply for and accept weatherization services, and you're saying that is not the case. That's not how you run the program?

Are there limitations on DOE programs for applicants?

Are there criteria which DOE requires to be met for weatherization, and what are those?
Chairman Schmitt - witness Bowman-Thomas
Note: Sacre, Candace
Does the DOE program provide that if your home has been eligible for or has been winterized at any time in the past, since 1994, that you're not eligible for the program again?

Chairman Schmitt - witness Bowman-Thomas
Note: Sacre, Candace
You think it's the past ten years?

Chairman Schmitt - witness Bowman-Thomas
Note: Sacre, Candace
If the person weren't eligible for DOE, would you still be eligible for winterization under LIHEAP?

Chairman Schmitt - witness Bowman-Thomas
Note: Sacre, Candace
So the health and safety money would not be used on a home that would not be eligible because it had been upgraded within last ten years?

Chairman Schmitt - witness Bowman-Thomas
Note: Sacre, Candace
I know you say this isn't so, but assuming that I was required to apply for weatherization program but home didn't qualify because last ten years it had been subject to weatherization, if that was the case, under program as written, a person might not be eligible to receive a subsidy?

Chairman Schmitt - witness Bowman-Thomas
Note: Sacre, Candace
That would be true?

Chairman Schmitt - witness Bowman-Thomas
Note: Sacre, Candace
In the eligibility, if we take weatherization out of it, and just look at income, are the eligibility for HEA program as proposed and LIHEAP as it presently exists essentially the same?

Chairman Schmitt - witness Bowman-Thomas
Note: Sacre, Candace
If you had gone through a number of people eligible for LIHEAP and you had two or three thousand apply for LIHEAP, you would keep the list. When somebody comes in and says I want to apply for HEA, you say you're eligible, you already would have a lot of that information because you had screened them the last few months?

Chairman Schmitt - witness Bowman-Thomas
Note: Sacre, Candace
What else would be involved in putting them into Duke HEA program? What would you do? What's involved in putting them in and I think you can get it because you're the first person to apply? What do you do?

Chairman Schmitt - witness Bowman-Thomas
Note: Sacre, Candace
And what information? What would you get?

Chairman Schmitt - witness Bowman-Thomas
Note: Sacre, Candace
They just reapply again?

Chairman Schmitt - witness Bowman-Thomas
Note: Sacre, Candace
How much time would go by before a person reapplied? I would have to bring in additional information?

Chairman Schmitt - witness Bowman-Thomas
Note: Sacre, Candace
There's a difference between what my bill is and the subsidy payment, and I can't come up with the difference, I would come in and apply for the crisis program?

Chairman Schmitt - witness Bowman-Thomas
Note: Sacre, Candace
Was my failure to pay or going into default on a monthly payment disqualify me from eligibility then for the rest of the year or in the future for the HEA program?

Chairman Schmitt - witness Bowman-Thomas
Note: Sacre, Candace
I might have to reapply, but because I had defaulted I wouldn't be ineligible because I had done something bad to Duke by taking their money and defaulting on the bill?
Are you aware there are programs operated by utilities in this state that would disqualify somebody if they defaulted on a bill once they were in the program?

Other than Duke, does NKCAC serve as the primary administrator the same way it does with Duke as it does with other utilities? Is there any other utility where you provide the same service?

On that program, would you get a fee of $5 for signing somebody up?

You don't service any of those people?

In administering the LIHEAP program, you get the money from the Commonwealth of Kentucky?

Are you permitted under the state grant, the LIHEAP money, to bill any of the administrative costs and services of LIHEAP to that program?

Is there a limit on what you can bill to the program?

Is that ten percent or your actual administrative costs up to ten percent?

Does the state agency - what is that? Families and Children? Department for Community Based Services, do they ever audit or ask you to provide data about to justify or support the costs at all?

Has your program ever been determined to be deficient in administering the program or in amounts that were charged for administrative fees?

In providing the services that you do for Duke, if you have the same pool of eligible people, that administrative costs shouldn't be a great deal more than already incurred in providing services to LIHEAP. Say, you get 10 percent from state for LIHEAP, you have the same pool of people you can use on the Duke program. In essence, it seems it's possible to get 20 percent fee for not more much than 10 percent work. Is that possible?

Are the computer programs the same?

In Kentucky Utilities and Kentucky Power and Columbia Gas, people eligible are allocated by county according to percentage of population in each county as that bears to the customer base of the utility as a whole. Duke program is not that way?

It's based on poverty level as opposed to number of customers in each county?
I'm guessing, somehow if you had twice the number of people who could apply for the program apply on the same day, somebody would make a decision as to who would get the benefit of the program and who wouldn't?

If a couple comes in and they're both 22 years old, don't have a job, and they apply on October 1, but then, on October 3, someone comes in 64 years of age, his wife 62, taking care of three grandchildren, handicapped, eligible for special ed, would any of that make any difference in prioritizing that family as opposed to the younger family?

Are there federal programs that would take that into consideration?

Sometimes people with a medical condition, cancer, would be higher up on priority than a healthy family?

This program strictly first come first served?

Go ahead, Commissioner Mathews.

Were you surprised that money was being not allocated? I mean, you see the number of people you serve across the programs. Were you somewhat surprised that a pretty small program is still not subscribed?

The multiple times of having to apply, you've got to get a ride, you've got to get child care?

I have no other questions. We'll finish this up, and then we'll take a break.

Recross Examination. I know I didn't start the cross examination, but in an effort to move this along, my limited understanding of LIHEAP subsidy and crisis funds, you get notified sometime in the fall as to how much money is going to be available for the winter months?

Can you tell me how does the LIHEAP weatherization funding work?

So weatherization funds that you get, at some point in the late fall-winter time, those have to be spent by a certain date, or do they continue from year to year if they're unspent?

Typically, if you know, does the agency typically have more homes to be weatherized than you have funds, or do you have more funds than you have homes to be weatherized?

So if the homes that are on wait list as a result of needing health and safety measures, if they didn't get money for health and safety, you would still be able to spend all your LIHEAP weatherization and DOE funding for weatherization for other homes?

Examination. This exhibit that you handed out to me, can you speak to this, or is this somebody else?
4:29:01 PM  Staff Atty Bowker PSC  
Note: Sacre, Candace  May I approach?

4:29:27 PM  Vice Chairman Cicero - witness Bowman-Thomas  
Note: Sacre, Candace  Why did the cost of the program from 2016-17 to 2017-18 fall so dramatically?

4:31:17 PM  Vice Chairman Cicero - witness Bowman-Thomas  
Note: Sacre, Candace  Even though the costs are different?

4:31:24 PM  Vice Chairman Cicero - witness Bowman-Thomas  
Note: Sacre, Candace  So it would be more helpful if you showed what the program costs were so you could get an idea what it is that you're spending on the program?

4:31:39 PM  Vice Chairman Cicero - witness Bowman-Thomas  
Note: Sacre, Candace  Is the reason why it declined because in 2016-17 you distributed more funds than in 2017-18 and that's why it fell by 25 percent?

4:32:23 PM  Session Paused

4:49:49 PM  Session Resumed

4:50:40 PM  Chairman Schmitt  
Note: Warfield, KaBrenda  Witness is sworn.

4:50:52 PM  Atty Dutton NKCAC - witness Williams  
Note: Warfield, KaBrenda  Direct Examination. Would you please state your current position with NKCAC?

4:51:03 PM  Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace  How long have you held that position?

4:51:06 PM  Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace  And what's your educational background?

4:51:11 PM  Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace  Can you explain how does NKCAC receive its administrative fee for administering Duke's HEA program under the current system?

4:51:45 PM  Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace  Will that change under the new proposed program?

4:51:53 PM  Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace  Can you turn your attention to this chart which should be sitting in front of you?

4:52:07 PM  Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace  Can you tell me what this chart represents?

4:52:26 PM  Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace  Did you put this chart together?

4:52:29 PM  Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace  It says on here Program Operation and Administrative Costs. Are these typically referred to as direct and indirect costs?

4:52:44 PM  Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace  Can you explain the difference between those two?

4:53:22 PM  Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace  These are all costs that you bear for administering the HEA program?

4:53:44 PM  Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace  Let me refer to the 2018 letter that referenced the six percent. Do you have a copy of that? Were you the individual that signed that letter?

4:54:19 PM  Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace  Can you explain what you mean by the six percent in that letter?

4:54:57 PM  Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace  It's not you're only using six percent of the HEA fees to administer the HEA program; you're using the full 15 percent?
The six percent is referring to something -

Historically, would have been some of the highest expenses for administering the HEA?

On this sheet, there are a couple of columns that are higher in terms of the expenses for administration of HEA. Is that fairly consistent year to year that those are going to be the highest expenses?

While the numbers will fluctuate year to year, do you expect that in following years the more expensive line items on this sheet would remain the most expensive line items even after the application is approved?

There was some discussion about audits. Is NKCAC audited every year?

Do you have internal controls to ensure accuracy of the accounting for HEA?

Do you also have internal controls to ensure accuracy if eligibility requirements have been met for these programs?

With that, I would tender the witness for further examination.

Cross Examination. Referring back to that same chart, fringe benefits which had a total of $5,135.80 in 2016-2017 and $2,833.31 in 2017-2018. Can you please explain what that line item is?

Social security, health insurance, and retirement?

Can you explain the authorization process for assigning funds to HEA program participants?

If you will notice that for 2009, the fund balance is $57,000, and this amount is carried forward to 2010; yet, Duke states in annual DSM filing that unused HEA funds are returned back to their customers. Can you clarify whether HEA funds are returned as a credit to DSM surcharge or carried forward and available for HEA program?

Was that $57,000 spent?

Examination. You're familiar with this spreadsheet going forward after the current period?
5:05:30 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace  
I asked previously if funds rolled over or not. She wasn't sure it even rolled over from month to month, and this spreadsheet seems to indicate that it does.

5:06:17 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace  
So it rolls from July 1st to June 30th?

5:06:20 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace  
At the end of June 30th, the funds revert back to Duke, and you put the funds back to zero?

5:06:52 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace  
This is some kind of reconciliation as to what's going on with Duke?

5:06:57 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace  
I understand as long as the program is in effect and you roll it forward and they continue to fund with the current funds, you probably won't have an issue until you reach the end of the program.

5:07:18 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace  
I think it has to be established at the end of this whether there is funds rolled over or not.

5:07:53 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace  
The fact that there is this uncertainty probably means there's an deficiency in the way the program is written up.

5:08:18 PM Asst Atty Gen Chandler - witness Williams  
Note: Warfield, KaBrenda  
Cross Examination. This is an accounting of the HEA funding, that ten cents per meter funding?

5:08:31 PM Asst Atty Gen Chandler - witness Williams  
Note: Sacre, Candace  
Does the money ever go to NKCAC through this program?

5:08:43 PM Asst Atty Gen Chandler - witness Williams  
Note: Sacre, Candace  
It all stays at Duke?

5:08:54 PM Asst Atty Gen Chandler - witness Williams  
Note: Sacre, Candace  
It's taken from the account it was placed in, an account it was placed in once it was recovered from customers, and then when it's spent, it's applied to customers' bills that are in need?

5:09:12 PM Asst Atty Gen Chandler - witness Williams  
Note: Sacre, Candace  
No dollars ever get sent to NKCAC?

5:09:34 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace  
Examination. What's the allocation method they use to take the 15 percent and put in the categories on PSC Exhibit 2?

5:10:51 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace  
Is it a straight base allocation, or are there various methods of allocation referred to?

5:12:52 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace  
Can you prepare this showing the actual cost, to show what you actually think you spend on administering this program?

5:13:15 PM Atty Dutton NKCAC  
Note: Sacre, Candace  
Can I clarify, do you mean this particular '16-17 and '17-18, or do you mean, like, future?

5:13:21 PM Vice Chairman Cicero  
Note: Sacre, Candace  
No. I'm talking about this exhibit right here, the one you provided.

5:14:54 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace  
You have a budgeted line item, that's what it is. You have to move money, you move it from line to line. You don't change the total budget?
You should be able to identify those and determine what the costs are. I’m interested in what you believe the actual costs are.

What would you call this?

It's not the extra cost, is it?

It's a representation of 15 percent, but it's not actual?

I would ask if those numbers can be developed. Seven people who were identified that may or may not have salaries charged to this program. Fringe benefits should tie into the salaries. Which then just leaves the office space as the other major portion of this invoice. The major cost determination is going to be salaries?

Are there any other indirect expenses?

What did you identify the indirect as?

When you refer to six percent overhead in the letter, you said that is six percent associated with actual administrative overhead?

Indirect costs are six percent?

Is that what you used when you did the indirect expenses when allocating it?

You said there's an outside audit. They look and just validate the funds are being spent for purposes intended?

If they saw there was money funded by federal government or other outside source but knew the HEA program is underfunded because you only have a 15 percent cap, how would they look at those funds being designated for other programs?

You'd always make sure the funding came from an allowable source?

The new program is proposed at a ten percent administrative fee. You're saying you're underfunded at 15 percent. Can you comment on that?

Whether the funds roll over or they don't roll over, you would be funded more money if all the funds were expended?

Instead of trying to squeeze ten pounds and five pounds, you would have more funds available?

It would behoove the organization to spend everything that was available?

Do you ever ask Duke for additional funding?

I don't have any other questions.
5:23:29 PM Chairman Schmitt
Note: Sacre, Candace  Commissioner Mathews, any questions?

5:23:31 PM Commissioner Mathews - witness Williams
Note: Sacre, Candace  Examination. Ten percent of the labor and apply once and be qualified for a year?

5:23:47 PM Commissioner Mathews - witness Williams
Note: Sacre, Candace  But it sounds like for you this is a positive change?

5:24:03 PM Commissioner Mathews - witness Williams
Note: Sacre, Candace  That closely aligns with benefits?

5:24:13 PM Commissioner Mathews - witness Williams
Note: Sacre, Candace  Did it surprise you over the years that it was not fully subscribed?

5:24:56 PM Chairman Schmitt
Note: Sacre, Candace  I have no questions. Mr. D'Ascenzo, Mr. Samford, do you have any questions?

5:25:05 PM Chairman Schmitt
Note: Sacre, Candace  Mr. Dutton, any redirect? Anyone else? Can Mr. Williams be excused? Do you have another witness?

5:25:17 PM Chairman Schmitt
Note: Sacre, Candace  Do you have another witness?

5:25:19 PM Staff Atty Bowker PSC
Note: Sacre, Candace  I do not.

5:25:22 PM Atty Dutton NKCAC
Note: Sacre, Candace  We have one additional person from the organization who is willing to testify, but if nobody has any questions, we're happy to let her pass the day without taking the hot seat.

5:25:49 PM Chairman Schmitt
Note: Sacre, Candace  If there isn't any additional testimony, there are going to be data requests from staff counsel and the AG's office. How long do you need before you can file the data requests with Duke's counsel?

5:25:58 PM Data Requests
Note: Warfield, KaBrenda  Friday, August 2.

5:26:25 PM Duke Responses to Data Requests
Note: Warfield, KaBrenda  Friday, August 16.

5:26:39 PM Chairman Schmitt
Note: Sacre, Candace  Is there anything else, Mr. A'scenzo and Mr. Samford?

5:27:17 PM Chairman Schmitt
Note: Sacre, Candace  How much time would you like for filing a short brief?

5:27:20 PM Short briefs.
Note: Warfield, KaBrenda  Friday, August 30.

5:27:30 PM Chairman Schmitt
Note: Sacre, Candace  Mr. Dutton, if you would like to file something, that would be fine, too. After Duke does on the 30th, then we could come back and maybe, what? Friday, September 13, for the AG and for NKCAC. You would have the option to file something by September 20?

5:28:02 PM AG and NKCAC Briefs.
Note: Sacre, Candace  Friday, September 13.

5:28:20 PM Friday, September 20.
Note: Sacre, Candace  Duke Energy Response.

5:28:22 PM Staff Atty Bowker PSC
Note: Sacre, Candace  I hate to throw a wet blanket on this, but I think the ten months runs out on the 14th of September.

5:28:34 PM Asst Atty Gen Chandler
Note: Sacre, Candace  Can I clarify what the ten months applies to?
<table>
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<tr>
<th>Time</th>
<th>Speaker</th>
<th>Notes</th>
<th>Message</th>
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</thead>
<tbody>
<tr>
<td>5:29:34 PM</td>
<td>Chairman Schmitt</td>
<td>Note: Sacre, Candace</td>
<td>An Order will go out tomorrow, and if there are some other problems, call counsel and file a motion or something.</td>
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<td>5:29:49 PM</td>
<td>Chairman Schmitt</td>
<td>Note: Warfield, KaBrenda</td>
<td>Anything else?</td>
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<td>5:30:33 PM</td>
<td>Chairman Schmitt</td>
<td>Note: Warfield, KaBrenda</td>
<td>Sustain all of those motions.</td>
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<td>5:30:55 PM</td>
<td>Chairman Schmitt</td>
<td>Note: Warfield, KaBrenda</td>
<td>It will be sustained. Maybe we ought to go ahead and get a written Order out that addresses those issues.</td>
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<td>5:31:23 PM</td>
<td>Chairman Schmitt</td>
<td>Note: Warfield, KaBrenda</td>
<td>Is there anything else that we need to take up before we adjourn?</td>
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<td>5:31:28 PM</td>
<td>Chairman Schmitt</td>
<td>Note: Sacre, Candace</td>
<td>This hearing is adjourned.</td>
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<td>5:31:40 PM</td>
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## Exhibit List Report

### Duke Energy Kentucky, Inc. (Duke Kentucky)

**Name:**

<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
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<tbody>
<tr>
<td>AG Exhibit 01</td>
<td>DEK responses to Data Request from the Office of the Attorney General</td>
</tr>
<tr>
<td>PSC Exhibit 01</td>
<td>Letter from NKCAC signed by Robert Williams, Interim Executive Director, Dated May 30, 2018</td>
</tr>
<tr>
<td>PSC Exhibit 02</td>
<td>NKCAC Duke Energy Program Summary</td>
</tr>
<tr>
<td>PSC Exhibit 03</td>
<td>2009 and 2010 NKCAC monthly funds spreadsheet</td>
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May 30, 2018

To whom it may concern:

This letter is to describe the "administrative costs" category for the Duke Energy Home Energy Assistance Program (HEA). We have been granted a 15 percent rate from the Public Service Commission since the program was established. While the descriptive language is "administration" the costs are actually the cost of providing the service. Staff time and space for providing the HEA eligibility determination along with a full assessment of the client's needs so that other services may be accessed according to the situation. The only truly administrative costs within this line item is the accounting services, which we call Indirect Costs. That amount is based on salaries, and makes up a small percent- approximately 6% of the total administrative category.

I hope this clears up the confusion about this line item in the Duke Energy DSM program budget. If not, please do not hesitate to contact me or Dawn Fogarty with any additional questions you may have.

Sincerely,

Robert Williams
Interim Executive Director
### NKCAC

**DUKE ENERGY HEA PROGRAM**

**SUMMARY OF PROGRAM AND ADMINISTRATIVE COSTS**

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Date: 3/5/2019, 1:48 PM

PSC EXHIBIT 02
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<td>$20,679.10</td>
<td>$39,725.55</td>
<td>$5,958.83</td>
<td>-$25,005.28</td>
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<td>$20,851.30</td>
<td>$200.00</td>
<td>$30.00</td>
<td>$20,621.30</td>
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<td>$201,640.09</td>
<td>$30,246.01</td>
<td>$57,000.00</td>
<td>1006</td>
<td>$200.44</td>
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<th>Month</th>
<th>Deposited Funds</th>
<th>Funds Spent</th>
<th>Admin. Cost</th>
<th>Fund Balance</th>
<th>Families Assisted</th>
<th>Per Family</th>
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<td>$49.50</td>
<td>$20,402.30</td>
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<td>$41,269.02</td>
<td>$6,190.35</td>
<td>-$26,653.37</td>
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<td>June</td>
<td>$20,644.60</td>
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<td>July</td>
<td>$20,699.80</td>
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<td>$0.00</td>
<td>$20,699.80</td>
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<td>August</td>
<td>$20,624.80</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$20,624.80</td>
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<td>September</td>
<td>$20,606.90</td>
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<td>$0.00</td>
<td>$20,606.90</td>
<td>0</td>
<td>$0.00</td>
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<tr>
<td>October</td>
<td>$20,667.30</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$20,667.30</td>
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<tr>
<td>November</td>
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<td>$89,794.92</td>
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<td>-$82,482.56</td>
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<td>December</td>
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<td>$36,195.82</td>
<td>$5,429.37</td>
<td>-$20,736.09</td>
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<td>$146.54</td>
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<tr>
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<td>$26,744.08</td>
<td>1431</td>
<td>$169.15</td>
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<td>WITNESS</td>
<td>TAB NO.</td>
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<td>AG-DR-01-001</td>
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<td>AG-DR-01-002</td>
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<tr>
<td>AG-DR-01-003</td>
<td>William Don Wathen Jr</td>
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<td>AG-DR-01-004</td>
<td>Stephanie Simpson / James E. Ziolkowski</td>
<td>4</td>
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<td>AG-DR-01-005</td>
<td>Lorrie Maggio</td>
<td>5</td>
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<tr>
<td>AG-DR-01-006</td>
<td>Trisha Haemmerle</td>
<td>6</td>
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<td>AG-DR-01-007</td>
<td>James E. Ziolkowski</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
VERIFICATION

STATE OF NORTH CAROLINA  )   SS:
COUNTY OF WAKE  )

The undersigned, Lorrie Maggio, Manager Products and Services, 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.

Lorrie Maggio, Affiant

Subscribed and sworn to before me by Lorrie Maggio on this 2_ day of January, 2018.

NOTARY PUBLIC

My Commission Expires:

Kathy M Stewart
Notary Public
Wake County, NC
My Commission Expires 10-16-2020
VERIFICATION

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

The undersigned, Scott Park, Director IRP & Analytics-Midwest, 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.

Scott Park, Affiant

Subscribed and sworn to before me by Scott Park on this 20th day of January 2018.

My Commission Expires: Oct 20, 2018
VERIFICATION

STATE OF OHIO  )  SS:
COUNTY OF HAMILTON  )

The undersigned, Stephanie Simpson, Senior Program Perform Analyst, 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.

Stephanie Simpson, Affiant

Subscribed and sworn to before me by Stephanie Simpson on this 3rd day of January, 2018.

ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2019

ADELE M. FRISCH
NOTARY PUBLIC
My Commission Expires: 1/5/2019
VERIFICATION

STATE OF OHIO

COUNTY OF HAMILTON

The undersigned, Trisha Haemmerle, Senior Strategy & Collaboration 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.

Trisha Haemmerle, Affiant

Subscribed and sworn to before me by Trisha Haemmerle on this 4th day of January, 2018.

NOTARY PUBLIC

My Commission Expires: 7/8/22
VERIFICATION

STATE OF OHIO  

COUNTY OF HAMILTON

The undersigned, James E. Ziolkowski, Director, Rates & Regulatory Planning, 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.

James E. Ziolkowski Affiant

Subscribed and sworn to before me by James E. Ziolkowski on this 4th day of January, 2018.

ADELE M. FRISCH  
Notary Public, State of Ohio  
My Commission Expires 01-05-2019

My Commission Expires: 1/5/2019
VERIFICATION

STATE OF OHIO

) SS:
COUNTY OF HAMILTON

) }

The undersigned, William Don Wathen Jr., Director of Rates & Regulatory Strategy, 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.

William Don Wathen Jr., Affiant

Subscribed and sworn to before me by William Don Wathen Jr., on this 8TH day of January, 2018.

ADELE M. FRISCH
Notary Public, State of Ohio
My Commission Expires 01-05-2019

My Commission Expires: 1/5/2019
VERIFICATION

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

SS:

The undersigned, Scott Burnside, Manager Post Analyst & Regulatory Support, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests are true and correct to the best of his knowledge, information and belief.

(Scott Burnside, Affiant)

Subscribed and sworn to before me by Scott Burnside on this 9 day of January, 2018.

NOTARY PUBLIC

My Commission Expires:
REQUEST:

Refer to the IRP in Case No. 2017-00273. The Company noted that its annual planning reserve margin was 13.7% percent.

a. Has this planning reserve margin changed since the Company’s 2014 IRP?

b. What is the actual reserve margin by year from 2013-2016 and expected reserve margin for years 2017-2020?

c. What is Duke’s current target reserve margin?

RESPONSE:

For long term planning, utilities typically target a reserve margin that is calculated on an ICAP basis (nameplate capacity / peak demand -1). Depending on a number of utility specific factors, most utilities target a reserve margin between 13% and 20%.

For regulated utilities in RTO’s, there is the additional requirement that an utility satisfy a reserve margin type metric for the RTO’s planning year capacity auction. In the case of PJM, the RTO calculates its Pool Requirement and includes how the utility’s load coincides with that of the broader RTO as well as how a utility’s generation performs. The specific calculation is described below.
• The PJM Forecast Pool Requirement (FPR\textsubscript{UCAP}) is calculated using the PJM equivalent demand forced outage rate (EFOR\textsubscript{d,PJM}) and the PJM installed reserve margin (RM\textsubscript{ICAP,PJM}). The FPR\textsubscript{UCAP} is 9.02%.

• FPR\textsubscript{UCAP} is translated to a Duke Energy Kentucky (DEK) installed-capacity-basis reserve margin (RM\textsubscript{ICAP,COINCIDENT}) using the 5-year average EFOR\textsubscript{d,DEK} (9.00%). Based on this calculation, RM\textsubscript{ICAP,COINCIDENT} is 19.8%.

• For long range planning, PJM's forecast assumes that the Duke Energy Ohio-Kentucky zone is 95.8% coincident with the PJM peak. Applying this coincidence factor to DEK's 19.8% RM\textsubscript{ICAP,COINCIDENT} results in a planning reserve margin of 14.8%.

a. Yes. Although the Company’s next IRP is not due to be filed until Q2 of 2018, initial IRP calculations are supporting a reserve margin of approximately 15%.

b. Using a definition of reserve margin being ICAP Generation divided by peak load, the actual and expected reserve margins for 2013-2020 are: (* actuals)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>RESERVE MARGIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013*</td>
<td>23%</td>
</tr>
<tr>
<td>2014*</td>
<td>22%</td>
</tr>
<tr>
<td>2015*</td>
<td>32%</td>
</tr>
<tr>
<td>2016*</td>
<td>23%</td>
</tr>
<tr>
<td>2017*</td>
<td>29%</td>
</tr>
<tr>
<td>2018</td>
<td>31%</td>
</tr>
<tr>
<td>2019</td>
<td>31%</td>
</tr>
<tr>
<td>2020</td>
<td>29%</td>
</tr>
</tbody>
</table>

c. See response to part a.

PERSON RESPONSIBLE: Scott Park
REQUEST:

Provide the amount of off-system sales by Duke for each year since 2013, by energy and dollar amounts. Provide these amounts by total annual off-systems sales and by off-systems sales net off-system purchases. Explain, in complete detail, any increase or decrease of these amounts of 50% or more as compared to the prior year.

RESPONSE:

Annual amounts of off-system sales to PJM and purchased power from PJM are detailed below.

<table>
<thead>
<tr>
<th>Duke Energy Kentucky</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off-system Sales to PJM</td>
</tr>
<tr>
<td><strong>Year</strong></td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>2015</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>Jan - Nov 2017</td>
</tr>
</tbody>
</table>

| Purchased Power from PJM |
| **Year** | **MWh** | **Cost** |
| 2013 | 913,020 | $33,247,522 |
| 2014 | 1,528,738 | $77,228,058 |
| 2015 | 600,495 | $19,368,455 |
| 2016 | 1,033,765 | $30,343,791 |
| Jan - Nov 2017 | 525,308 | $17,048,945 |
Duke Energy Kentucky generation is dispatched by PJM according to a security constrained economic dispatch model. The quantity and dollar amounts of sales to PJM and purchases from PJM vary from hour to hour and from year to year depending on various factors including native load demand, availability of generation and the variable cost of generation relative to PJM locational marginal prices. In addition to the above general explanation it should be noted that for the first 5 months of 2015 non-native sales were higher and purchased power was lower due to the fact that the Company purchased the remaining share of the East Bend station effective at the end of 2014 but continued to operate the Miami Fort 6 unit until its retirement on 6/1/2015. In other words, Duke Energy Kentucky had additional generating capacity for the first five months of 2015.

PERSON RESPONSIBLE: Scott Burnside
REQUEST:

For any off-system sales that Duke makes, are any portion of the sales returned to customers?

a. If "yes": (i) what portion of the sales is returned to customers, and what portion does Duke retain and (ii) how is any portion of off-system sales returned to customers.

b. If Duke has an existing formula and provides such formula in response to (a), above, provide the genesis of that formula and explain whether the Company has requested or plans to request Commission approval to alter that formula.

RESPONSE:

Yes.

a. The current formula provides that 100% of the first $1 million of margins on off-system sales is shared with customers via the Profit Sharing Mechanism (Rider PSM). For margins above $1 million, 75% of the margins flow through to customers via Rider PSM.

b. The current Rider PSM formula referenced in AG-DR-1-003(a) was ordered by the Commission in Case No. 2010-00203. The original Rider PSM formula was first approved by the Commission in Case No 2003-00252, and affirmed in Case
No. 2006-00172. The original PSM formula provided for an equal sharing (50/50) of net margins after the first $1 Million between the Company and customers.

The Company has a proposal to modify the formula for Rider PSM in its pending application for an adjustment to base electric rates, Case No. 2017-00321.

PERSON RESPONSIBLE: William Don Wathen Jr.
REQUEST:

Provide any and all workpapers and analyses used to produce the documents, charts, tables, figures, studies, exhibits and appendices provided in the Company’s November 15, 2017 filing. To the extent the responsive documents are in Excel, provide such workpapers electronically, with formulas and calculations intact.

RESPONSE:

Please see AG-DR-01-004 Attachment 1.xlsx, AG-DR-01-004 Attachment 2.xlsx, AG-DR-01-004 Attachment 3.xlsx, and AG-DR-01-004 -Attachment 4.xlsx.

PERSON RESPONSIBLE: Stephanie Simpson / Jim Ziolkowski
AG-DR-01-004
ATTACHMENT 1
-EXCEL FORMAT-
BEING PROVIDED ON CD
AG-DR-01-004
ATTACHMENT 2
-EXCEL FORMAT-
BEING PROVIDED ON CD
AG-DR-01-004
ATTACHMENT 3
-EXCEL FORMAT-
BEING PROVIDED
ON CD
AG-DR-01-004
ATTACHMENT 4
-EXCEL FORMAT-
BEING PROVIDED
ON CD
REQUEST:

Explain, in complete detail, why the number of customers served by the Low Income Services Program - Weatherization, has been significantly lower in years 2013-2014 and 2015-2017, as compared to other years in the past decade. Provide the costs for this program between the years 2011 and 2017.

RESPONSE:

Customer participation is driven by a couple of factors. Weather has an effect on whether customers request the service. Warmer weather over the last couple of years has resulted in lower participation. In addition, the weatherization work is tied to the Payment Plus Program which has seen a decrease in the last couple of years as well. The customer's marketed that program must have arrears of at least $300, and they are not allowed to use the program more than one time. As such, we have seen the number of eligible LIHEAP customers decreasing over the last few years (based on duplication), which may he a direct correlation to the number of homes being weatherized.

<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>Program Costs</th>
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<tbody>
<tr>
<td>2011</td>
<td>$ 640,199.03</td>
</tr>
<tr>
<td>2012</td>
<td>$ 636,468.79</td>
</tr>
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<td>2013</td>
<td>$ 369,183.05</td>
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<tr>
<td>2014</td>
<td>$ 311,064.75</td>
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<tr>
<td>2015</td>
<td>$ 576,058.83</td>
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<tr>
<td>2016</td>
<td>$ 381,770.70</td>
</tr>
<tr>
<td>2017</td>
<td>$ 297,605.49</td>
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</table>

PERSON RESPONSIBLE: Lorrie Maggio
REQUEST:

Refer to page 49 of the Application, paragraph 134. Does the $19.23 million represent the amount recovered from customers for the past reporting period, or the costs of the program from that same period? Provide a breakout of that amount detailing same.

RESPONSE:

The $19.23 million represents the total actual program costs, lost revenues and shared savings for July 2016 – June 2017 represented on page 1 of Appendix B.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Residential Program Expenditures</td>
<td>$ 5,069,582</td>
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<tr>
<td>Residential Lost Revenues</td>
<td>$ 2,066,843</td>
</tr>
<tr>
<td>Residential Shared Savings</td>
<td>$ 900,617</td>
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<tr>
<td>Non-Residential Program Expenditures</td>
<td>$ 7,528,874</td>
</tr>
<tr>
<td>Non-Residential Lost Revenues</td>
<td>$ 755,018</td>
</tr>
<tr>
<td>Non-Residential Shared Savings</td>
<td>$ 1,996,711</td>
</tr>
<tr>
<td>PowerShare Program Expenditures</td>
<td>$ 719,984</td>
</tr>
<tr>
<td>PowerShare Shared Savings</td>
<td>$ 194,108</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 19,231,738</strong></td>
</tr>
</tbody>
</table>

PERSON RESPONSIBLE: Trisha Haemmerle
REQUEST:

Provide the amount the average electric residential customer paid via the DSM surcharge in the past reporting period, the expected amount for calendar year 2017, and the actual amount paid for years 2010-2016. For the same time periods, provide the average total residential electric bill, including base rates, all surcharges, and riders. This information should reasonably lead to the ability to calculate what percentage of the total electric residential bill that DSM charges represent for the average Duke customer.

RESPONSE:

AG-DR-01-007 Attachment Tab A shows the total and average DSM charges paid by customers served under Rate RS for the most recent reporting period (July 2016 – June 2017).

AG-DR-01-007 Attachment Tab B shows the total and average DSM charges paid by customers served under Rate RS for the calendar years 2010 through November 2017. December 2017 revenue figures are not yet available.

PERSON RESPONSIBLE: James E. Ziolkowski
<table>
<thead>
<tr>
<th>MONTH</th>
<th>kWh</th>
<th>Total Bill</th>
<th>Rider DSMR</th>
<th>No. Bills</th>
<th>Avg. kWh/Bill</th>
<th>Avg. Total Bill</th>
<th>Avg. DSMR/Bill</th>
<th>DSMR %</th>
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</thead>
<tbody>
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<td>7/1/2016</td>
<td>147,661,117</td>
<td>$13,120,757</td>
<td>$1,052,745</td>
<td>126,130</td>
<td>1,171</td>
<td>$104.03</td>
<td>$8.35</td>
<td>8.0%</td>
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<tr>
<td>8/1/2016</td>
<td>162,377,542</td>
<td>$14,151,875</td>
<td>$1,156,942</td>
<td>126,309</td>
<td>1,286</td>
<td>$112.04</td>
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<td>8.2%</td>
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<tr>
<td>9/1/2016</td>
<td>150,191,448</td>
<td>$13,233,596</td>
<td>$1,070,570</td>
<td>126,482</td>
<td>1,187</td>
<td>$104.63</td>
<td>$8.46</td>
<td>8.1%</td>
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<tr>
<td>10/1/2016</td>
<td>104,100,864</td>
<td>$9,468,910</td>
<td>$741,739</td>
<td>126,774</td>
<td>821</td>
<td>$74.69</td>
<td>$5.85</td>
<td>7.8%</td>
</tr>
<tr>
<td>11/1/2016</td>
<td>86,331,115</td>
<td>$7,833,177</td>
<td>$615,430</td>
<td>126,733</td>
<td>681</td>
<td>$61.81</td>
<td>$4.86</td>
<td>7.9%</td>
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<tr>
<td>12/1/2016</td>
<td>127,529,356</td>
<td>$10,867,180</td>
<td>$908,489</td>
<td>127,128</td>
<td>1,003</td>
<td>$85.48</td>
<td>$7.15</td>
<td>8.4%</td>
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<tr>
<td>1/1/2017</td>
<td>153,653,412</td>
<td>$12,997,098</td>
<td>$1,095,385</td>
<td>127,315</td>
<td>1,207</td>
<td>$102.09</td>
<td>$8.60</td>
<td>8.4%</td>
</tr>
<tr>
<td>2/1/2017</td>
<td>118,028,503</td>
<td>$10,229,197</td>
<td>$866,736</td>
<td>126,793</td>
<td>931</td>
<td>$80.68</td>
<td>$6.84</td>
<td>8.5%</td>
</tr>
<tr>
<td>3/1/2017</td>
<td>106,514,608</td>
<td>$9,189,436</td>
<td>$781,994</td>
<td>127,508</td>
<td>835</td>
<td>$72.07</td>
<td>$6.13</td>
<td>8.5%</td>
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<tr>
<td>4/1/2017</td>
<td>93,090,236</td>
<td>$7,982,039</td>
<td>$741,586</td>
<td>126,859</td>
<td>734</td>
<td>$62.92</td>
<td>$5.85</td>
<td>9.3%</td>
</tr>
<tr>
<td>5/1/2017</td>
<td>89,589,016</td>
<td>$7,536,991</td>
<td>$712,469</td>
<td>127,149</td>
<td>705</td>
<td>$59.28</td>
<td>$5.60</td>
<td>9.5%</td>
</tr>
<tr>
<td>6/1/2017</td>
<td>116,763,586</td>
<td>$9,682,596</td>
<td>$929,553</td>
<td>127,180</td>
<td>918</td>
<td>$76.13</td>
<td>$7.31</td>
<td>9.6%</td>
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<tr>
<td>Grand Total</td>
<td>1,455,830,803</td>
<td>$126,292,852</td>
<td>$10,673,639</td>
<td>1,522,360</td>
<td>956</td>
<td>$82.96</td>
<td>$7.01</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

Source: Duke Energy Kentucky revenue reports.
**DUKE ENERGY KENTUCKY**

**RIDER DSMR REVENUES BILLED TO RESIDENTIAL CUSTOMERS**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>kWh</th>
<th>Total Bill</th>
<th>Rider DSMR</th>
<th>No. Bills</th>
<th>Avg. kWh/Bill</th>
<th>Avg. Total Bill</th>
<th>Avg. DSMR/Bill</th>
<th>DSMR %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,564,329,727</td>
<td>$129,288,260</td>
<td>$2,952,768</td>
<td>1,459,007</td>
<td>1,072</td>
<td>$88.61</td>
<td>$2.02</td>
<td>2.3%</td>
</tr>
<tr>
<td>2011</td>
<td>1,515,458,545</td>
<td>$126,560,157</td>
<td>$2,531,320</td>
<td>1,463,573</td>
<td>1,035</td>
<td>$86.47</td>
<td>$1.73</td>
<td>2.0%</td>
</tr>
<tr>
<td>2012</td>
<td>1,463,759,203</td>
<td>$127,770,457</td>
<td>$3,078,787</td>
<td>1,476,270</td>
<td>992</td>
<td>$86.55</td>
<td>$2.09</td>
<td>2.4%</td>
</tr>
<tr>
<td>2013</td>
<td>1,479,061,355</td>
<td>$129,482,464</td>
<td>$3,527,613</td>
<td>1,483,787</td>
<td>997</td>
<td>$87.26</td>
<td>$2.38</td>
<td>2.7%</td>
</tr>
<tr>
<td>2014</td>
<td>1,493,528,781</td>
<td>$135,133,649</td>
<td>$3,968,546</td>
<td>1,491,480</td>
<td>1,001</td>
<td>$90.60</td>
<td>$2.66</td>
<td>2.9%</td>
</tr>
<tr>
<td>2015</td>
<td>1,459,286,105</td>
<td>$125,980,928</td>
<td>$6,836,652</td>
<td>1,499,593</td>
<td>973</td>
<td>$84.01</td>
<td>$4.56</td>
<td>5.4%</td>
</tr>
<tr>
<td>2016</td>
<td>1,464,499,408</td>
<td>$129,599,497</td>
<td>$9,867,486</td>
<td>1,515,224</td>
<td>967</td>
<td>$85.53</td>
<td>$6.51</td>
<td>7.6%</td>
</tr>
<tr>
<td>2017</td>
<td>1,281,340,506</td>
<td>$109,976,050</td>
<td>$9,935,027</td>
<td>1,400,591</td>
<td>915</td>
<td>$78.52</td>
<td>$7.09</td>
<td>9.0%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>11,721,263,630</td>
<td>$1,013,791,462</td>
<td>$42,698,200</td>
<td>11,789,525</td>
<td>994</td>
<td>$85.99</td>
<td>$3.62</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

**Note:** 2017 Data through November 2017. December 2017 billing data is not yet available.

**Source:** Duke Energy Kentucky revenue reports.
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*Denotes Served by Email

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}

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