

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

NOTICE OF FILING

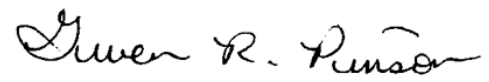
Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- 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>.

Parties wishing an annotated digital video recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 27<sup>th</sup> day of August 2019.

A handwritten signature in cursive script that reads "Gwen R. Pinson".

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Public Service Commission of Kentucky

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DUKE ENERGY KENTUCKY, INC.	)	


CERTIFICATION

I, KaBrenda L. Warfield, hereby certify that:

1. The attached DVD contains a digital recording of the Formal Hearing conducted in the above-styled proceeding on July 31, 2019. Formal Hearing Log, Exhibit List, Exhibits, and Witness List are included with the recording on July 31, 2019.
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 26<sup>th</sup> 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:	Type:	Location:	Department:
7/31/2019	Public Hearing\Public Comments	Hearing Room 1	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	
9:04:41 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?

9:07:08 AM	Attorney D'Ascenzo Duke Kentucky Note: Warfield, KaBrenda	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 Sailors, Rick Mifflin, and we also have Trish Hammerlee.
9:08:01 AM	Chairman Schmitt Note: Warfield, KaBrenda	Thank you, and for the Office of Attorney General, Mr. Chandler?
9:08:06 AM	Asst Atty Gen. Chandler Note: Warfield, KaBrenda	Good morning, Chairman and Commissioners, Kent Chandler on behalf of the Kentucky Office of Attorney General.
9:08:10 AM	Chairman Schmitt Note: Warfield, KaBrenda	And for staff?
9:08:13 AM	Staff Atty Bowker PSC Note: Warfield, KaBrenda	Andrew Bowker, for Commission Staff, along with Mary Beth Purvis and Richard Raff.
9:08:18 AM	Chairman Schmitt Note: Warfield, KaBrenda	Okay. We've already introduced Mr. Dutton who is here on behalf of Northern Kentucky Community Action Council, correct, Mr. Dutton?
9:08:25 AM	Attorney Dutton NKCAC Note: Warfield, KaBrenda	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.
9:08:33 AM	Chairman Schmitt Note: Warfield, KaBrenda	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.
9:09:07 AM	Chairman Schmitt Note: Warfield, KaBrenda	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.

9:10:39 AM	Chairman Schmitt Note: Warfield, KaBrenda	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.
9:11:21 AM	Chairman Schmitt Note: Warfield, KaBrenda	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.
9:11:44 AM	Chairman Schmitt Note: Warfield, KaBrenda	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.
9:12:30 AM	Chairman Schmitt Note: Warfield, KaBrenda	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.
9:12:54 AM	Chairman Schmitt Note: Warfield, KaBrenda	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.
9:13:16 AM	Chairman Schmitt Note: Warfield, KaBrenda	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.
9:14:00 AM	Chairman Schmitt Note: Warfield, KaBrenda	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.

9:18:12 AM	Chairman Schmitt Note: Warfield, KaBrenda	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.
9:18:56 AM	Chairman Schmitt Note: Warfield, KaBrenda	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.
9:19:31 AM	Chairman Schmitt Note: Warfield, KaBrenda	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.
9:19:51 AM	Chairman Schmitt Note: Warfield, KaBrenda	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.
9:20:36 AM	Chairman Schmitt Note: Warfield, KaBrenda	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.
9:21:06 AM	Chairman Schmitt Note: Warfield, KaBrenda	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.
9:21:48 AM	Chairman Schmitt Note: Warfield, KaBrenda	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?
9:22:06 AM	Atty D'Ascenzo Duke Kentucky Note: Warfield, KaBrenda	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.
9:22:27 AM	Asst Atty Gen. 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'Acenzo, 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'Ascenzo, 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?

9:24:49 AM Atty Samford Duke Kentucky - witness Givens  
Note: Warfield, KaBrenda Do you have any additional changes or edits or corrections to those responses or testimony?

9:24:57 AM Atty Samford Duke Kentucky - witness Givens  
Note: Warfield, KaBrenda Could you please point that out?

9:25:21 AM Atty Samford Duke Kentucky - witness Givens  
Note: Warfield, KaBrenda Okay. You said 22,000. You mean 2200?

9:25:22 AM Atty Samford Duke Kentucky - witness Givens  
Note: Warfield, KaBrenda 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?

9:25:34 AM Atty Samford Duke Kentucky - witness Givens  
Note: Warfield, KaBrenda And is it your desire and intent to have those responses incorporated into the record of this hearing?

9:25:39 AM Atty Samford Duke Kentucky  
Note: Warfield, KaBrenda Your Honor, I tender the witness for cross examination.

9:25:43 AM Vice Chairman Cicero  
Note: Warfield, KaBrenda Before you ask your first question.

9:25:46 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda Examination. Can you read the statement in full that you just corrected?

9:26:05 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda Annually or - you struck the word "annually?"

9:26:08 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda 2200 over what period of time?

9:26:14 AM Vice Chairman Cicero  
Note: Warfield, KaBrenda The three-year program. Thank you.

9:26:18 AM Chairman Schmitt  
Note: Warfield, KaBrenda Okay. Mr. Bowker, questions?

9:26:19 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Cross Examination. Good morning. How are you?

9:26:22 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda 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.

9:27:39 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Okay. Could you also describe the duties for Rick Mifflin as well related to HEA?

9:27:54 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Okay, and what about Lorrie Maggio?

9:28:01 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda 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.

9:28:25 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Did Duke Kentucky consider implementing a crisis-based program in addition to the proposed bill subsidy program?

9:28:35 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Yes.

9:28:51 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Okay, so in addition to. It wasn't considered to have both?

9:28:55 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Okay. Are you familiar with Kentucky Power's THAW program?

9:29:06 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda 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?

9:29:45 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Would Duke Kentucky consider a similar crisis-based program?

9:30:11 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Okay. Does Duke Kentucky currently pay for the cost of health and safety measures that may be needed for homes to be weatherized?

9:30:21 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda How much is the current cap for the total program expenditures and the cap per household?

9:30:30 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Yes.

9:30:52 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda And the total - how much is the current cap for the total program expenditures and the cap per household?

9:31:07 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Yes.

9:31:12 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda For the health and safety measures.

9:31:26 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Okay.

9:31:27 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Do you have any health and safety coverage for the current program?

9:31:40 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Do not?

9:31:51 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda 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?

9:32:16 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Is there a proposed cap on spending per home for the proposed \$50,000 fund?

9:32:23 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda How was that cap determined?

9:32:53 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda Examination. Okay, so, Northern Kentucky Community Action, you asked them what was an appropriate number, and they provided that number to you?

9:33:10 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda And so you relied totally on that number? There was no other research done? They provided it, and you said, "Okay, that sounds reasonable?"

9:33:21 AM Vice Chairman Cicero  
Note: Warfield, KaBrenda All right. Very good.



9:33:26 AM 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?

9:33:33 AM Chairman Schmitt - witness Givens  
Note: Warfield, KaBrenda Okay. Now, does Duke anticipate recovering in any way that \$50,000 through its DSM program?

9:33:45 AM 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?

9:34:02 AM Chairman Schmitt - witness Givens  
Note: Warfield, KaBrenda Why? Why should that be a requirement?

9:34:15 AM 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?

9:34:38 AM 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?

9:35:13 AM 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?

9:35:40 AM 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.

9:36:51 AM 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?

9:37:10 AM Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda There's a hole in the roof?

9:37:14 AM Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda Okay.

9:37:57 AM 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?

9:38:33 AM 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?

9:38:52 AM Chairman Schmitt - witness Givens  
Note: Warfield, KaBrenda 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?

9:39:28 AM Chairman Schmitt - witness Givens  
Note: Warfield, KaBrenda Yes. All right. Thank you.

9:39:33 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda Examination. How long have these 104 people been on this list?

9:39:43 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda So has the number changed up or down from 104, or is that a consistent number?

9:39:53 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda So you don't know what it was last year or the year before this?

9:40:03 AM Vice Chairman Cicero  
Note: Warfield, KaBrenda All right. Go ahead, Andrew.

9:40:06 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda 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?

9:40:27 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda 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?

9:41:16 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Would Duke Kentucky authorize spending over \$2500 on any home if the other homes were not in need of the full \$2500?

9:41:44 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda And the assistance to make the home available is for the installation of the DSM measure, correct? That's the purpose of the weatherization?

9:41:59 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda 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?"

9:42:27 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda It will be \$50,000?

9:42:31 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Okay, okay. Thank you, and Northern Kentucky Community Action will administer the program, correct?

9:42:44 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Will Northern Community Action charge an administrative fee for this?

9:42:52 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda How much?

9:43:02 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda And will this administration fee be paid out of the \$50,000 fund?

9:43:09 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Yes. Are there more customers eligible for weatherization than there are funds available?

9:43:24 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Lorrie Maggio?

9:43:28 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Okay. If you could now refer to Duke Kentucky's Response to the 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.

9:43:52 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda There, the average amount spent on weatherization is listed.

9:44:04 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda On the weatherization. Do these amounts include health and safety measures?

9:44:31 AM Atty Samford Duke Energy  
Note: Warfield, KaBrenda It's labeled AG-DR-01-003.

9:44:52 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Yes, ma'am. Those are the average amounts spent on weatherization. Do these amounts include health and safety measures?

9:45:01 AM Atty Samford Duke Energy  
Note: Warfield, KaBrenda May I approach the witness, Your Honor?

9:45:02 AM Chairman Schmitt  
Note: Warfield, KaBrenda Yes, you may.

9:45:11 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda That's fine.

9:45:17 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Only weatherization, okay. Thank you. I'm now going to refer you to Duke Energy's Response to Commission Staff's Third Request for Information Item 1-B. So this is Duke's Response to Commission Staff's Third Request for Information Item 1-B, and that references the attachment to the Response.

9:46:02 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda It's Duke's Response to Commission Staff's Third Request for Information Item 1-B.

9:46:11 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda 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?

9:46:34 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda As a post-hearing data request, can you provide the year-end report for 2011 and the January to June report for 2012?

9:46:51 AM Atty Samford Duke Energy  
Note: Warfield, KaBrenda We may have to get that information from NKCAC, but again that's no problem.

9:46:56 AM Staff Atty Bowker PSC  
Note: Warfield, KaBrenda But can do so? Okay. Thank you.

9:46:58 AM POST HEARING DATA REQUEST.  
Note: Warfield, KaBrenda STAFF ATTY BOWKER - WITNESS GIVENS.  
Note: Warfield, KaBrenda YEAR-END REPORT FOR JANUARY 2011 AND JANUARY-JUNE REPORT FOR 2012 - DUKE ENERGY.

9:47:06 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda 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?

9:47:56 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda That would be better for Trish Hammerlee?

9:48:00 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda 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.

9:48:29 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda If you could please refer to page 2, section 3, how will this independent audit of NKCAC's financial records occur?

9:49:01 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda Examination. Northern Kentucky Community Action Council is audited annually by an independent auditor?

9:49:07 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda Okay. It's just not done by Duke?

9:49:09 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda As far as their program goes?

9:49:14 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Cross Examination (cont's). Why did Duke Kentucky consider budget reconciliations as an adequate stand-in for formal audits?

9:49:44 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Would there be someone else that could better answer that question?

9:49:57 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Okay, so do you know what year, what time frame, that decision was made?

9:50:13 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda 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?

9:50:43 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda One hundred and thirty percent?

9:50:54 AM Chairman Schmitt - witness Givens  
Note: Warfield, KaBrenda Examination. Let me ask a question. So your program basically goes to what? 150 percent?

9:51:04 AM Chairman Schmitt - witness Givens  
Note: Warfield, KaBrenda 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?

9:51:35 AM Chairman Schmitt - witness Givens  
Note: Warfield, KaBrenda So, ultimately, under LIHEAP, it's what? The 130 percent?

9:51:40 AM Chairman Schmitt - witness Givens  
Note: Warfield, KaBrenda One thing about your program. LIHEAP provides benefits during what? November and December?

9:52:00 AM 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.

9:52:27 AM Chairman Schmitt - witness Givens  
Note: Warfield, KaBrenda The subsidy portion of the program?

9:53:17 AM 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?

9:53:41 AM Chairman Schmitt - witness Givens  
Note: Warfield, KaBrenda when LIHEAP ended people would drop off your program, is that what you're saying?

9:54:09 AM Chairman Schmitt - witness Givens  
Note: Warfield, KaBrenda Basically, you sign up in the fall to get the benefit for the winter?

9:54:19 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Cross Examination (cont'd). Why does Duke Kentucky include a weatherization services requirement?

9:55:26 AM 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)

9:56:06 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda The funds were fully depleted?

9:56:26 AM 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?

9:57:27 AM 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?

9:58:09 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Cross Examination (cont'd). Will wait-listed customers have to reapply annually?

9:58:15 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda Every customer, including wait-listed customers?

9:58:24 AM 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?

9:58:44 AM 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?

9:59:37 AM 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?

9:59:59 AM Staff Atty Bowker PSC - witness Givens  
Note: Warfield, KaBrenda How will the cost be funded?

10:00:38 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda Examination. What is that budget?

10:00:44 AM 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 deferral 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?

10:08:18 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda Let's finish up 18 and 19. Do you see the one previously weatherized in 2006?

10:08:25 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda So that would be applicable to \$2500?

10:08:29 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda Asbestos on DWH vent, at least maybe some portion of that?

10:08:35 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda Previously weatherized?

10:08:38 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda Multiple roof leaks?

10:08:43 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda Chimney issues?

10:08:45 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda Previously weatherized?

10:08:48 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda Application was not renewed by client?

10:08:53 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda And then furnace inoperable?

10:08:57 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda Do you see furnace inoperable due to not having fuel?

10:09:03 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda 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?

10:09:16 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda 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?

10:09:41 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda Does Duke energy have any evidence there is a need for 20 houses a year?

10:10:44 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda Explain that.

10:11:00 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda If the funding exceeds the need, anything in program to address that?

10:11:15 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda If need outstripped every year, it would just roll over?

10:11:40 AM Asst Atty Gen Chandler  
Note: Warfield, KaBrenda May I approach real quickly?

10:11:41 AM Chairman Schmitt  
Note: Warfield, KaBrenda Yes, you may.

10:11:50 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda This is question 3-G from AG's office. Do you mind to read that question?

10:12:06 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda Is this the sort of situation that we are discussing?

10:12:12 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda And what was your response to question G?

10:12:25 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda Has Duke noted that in any filings or tariffs that requested flexibility?

10:12:40 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda Do you know if that is present in any program documents?



10:12:54 AM Asst Atty Gen Chandler - witness Givens  
Note: Warfield, KaBrenda 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.

10:17:20 AM Chairman Schmitt  
Note: Warfield, KaBrenda Thank you. Commissioner Cicero?

10:17:22 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda Examination. Can you go through your duties again and responsibilities with with Duke Kentucky?

10:17:54 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda You just have responsibilities to Duke Kentucky?

10:18:16 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda And you're the corporate person for this type of assistance?

10:18:35 AM 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?

10:19:00 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda It's a credit to the bill?

10:19:06 AM 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.

10:19:50 AM 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?

10:20:28 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda When the funds are distributed by KCAC you look at invoices and do what?

10:21:02 AM 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?

10:22:07 AM 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?

10:22:40 AM 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?

10:23:02 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda Florida?

10:23:06 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda North Carolina?

10:23:47 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda Indiana?

10:23:54 AM 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?

10:25:39 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda So what is the biggest roadblock?

10:26:55 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda 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.

10:27:20 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace 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.

10:28:49 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda 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.

10:29:21 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace 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.

10:30:05 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace 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.

10:30:38 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace 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.

10:31:05 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace 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 Council 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.

10:31:30 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace 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.

10:31:55 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace 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."

10:32:16 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace 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.

10:32:40 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace I know. I said for future.

10:33:33 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace 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.

10:33:44 AM Vice Chairman Cicero - witness Givens  
Note: Warfield, KaBrenda 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?

10:34:10 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace 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.

10:34:28 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace 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?

10:35:51 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace 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?

10:36:26 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace Okay, so what is that per customer? What does that turn out to be?

10:36:32 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace 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, and 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?

11:01:36 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?

11:01:47 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.

11:02:09 AM Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda Meters times ten cents plus sharehold match?

11:02:40 AM Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda And does that happen?

11:02:46 AM Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda In your historic experience with the HEA program, has that happened?

11:02:52 AM Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda You've always had more money than you've had customers?

11:03:07 AM Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda 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.

11:03:44 AM Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda Or knows that assistance is available?

11:03:56 AM Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda 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.

11:04:36 AM Commissioner Mathews - witness Givens  
Note: Sacre, Candace 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?

11:06:13 AM Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda My concern would be that you're missing some that are in need.

11:06:38 AM Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda 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?

11:07:30 AM Commissioner Mathews - witness Givens  
Note: Warfield, KaBrenda 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 bumps 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?

11:08:25 AM Commissioner Mathews - witness Givens  
Note: Sacre, Candace Every year, but intra?

11:08:33 AM Commissioner Mathews - witness Givens  
Note: Sacre, Candace Okay, so you check the qualifications one time for the year?

11:08:53 AM Commissioner Mathews - witness Givens  
Note: Sacre, Candace And they roll off, and you pick up the 151st?

11:09:06 AM Commissioner Mathews - witness Givens  
Note: Sacre, Candace 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.

11:09:55 AM Commissioner Mathews - witness Givens  
Note: Sacre, Candace And application for the federal LIHEAP program and the HEA is done at the same time? Are those two separate processes?

11:10:09 AM Commissioner Mathews - witness Givens  
Note: Sacre, Candace 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?

11:10:33 AM Commissioner Mathews - witness Givens  
Note: Sacre, Candace So I'll ask and see if you enroll once?

11:10:42 AM Commissioner Mathews  
Note: Sacre, Candace Okay. I think that's all I have.

11:10:48 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace Commissioner Cicero, I know you had another question or two.

11:10:57 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace Examination. I wanted to follow up on Commissione nr Mathews' question about funds that are returned. Do you know how much approximately on average is returned on an annual basis?

11:11:11 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace Not utilized?

11:11:21 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace 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?

11:13:30 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace Isn't that your budget, to make people aware?

11:14:05 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace Have you done anything different over the last several years?

11:14:12 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace 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?

11:15:54 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace 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.

11:16:41 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace Examination.I would say nobody in this room believes that there isn't a large need to serve under-privileged ratepayers of Duke Energy or whoever in Northern Kentucky. Would you agree with that?

11:17:26 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace 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?

11:19:34 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace Were you aware that Duke petitioned to do away with this program?

11:19:49 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace And it was abandoned for one year, wasn't it?

11:20:00 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace A motion was filed to abandon the program because Duke didn't feel it was being very effective.

11:20:18 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace You don't know why it was abandoned, but they asked the Commission for permission to abandon the program?

11:20:32 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace How long have you held your present position with the HEA program?

11:20:44 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace Were you aware that the Kentucky AG's Office criticized this program because fees charged by NKCAC were excessive?

11:21:12 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace After you became aware of that, what did you do to see if the fee was warranted?

11:21:36 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace Do you have that? Can you provide justification for fee?

11:21:54 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace You provided it in what form?

11:21:55 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace The 2018 letter?

11:22:01 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace 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?

11:22:51 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace Four years later? That letter said the only real cost was six percent. Is that what it said?

11:23:18 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace You got the letter, correct?

11:23:23 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace And the letter said the only direct cost was six percent for accounting purposes?

11:23:34 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace Duke is not the only investor-owned utility in Northern Kentucky counties. Doesn't Columbia Gas provide services in your service territory?

11:24:03 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace What if I told you that Northern Kentucky Community Care also administers the Columbia Gas program?

11:24:17 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace Do you know what they charge for administering the Columbia Gas program?



11:24:29 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	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?
11:24:59 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	That HEA is the one where Duke contributes and customers pay 10 percent meter fee?
11:25:17 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	Does Duke contribute to HEA program?
11:25:24 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	The only funds in current HEA program as it presently exists, there aren't Duke funds in that program?
11:25:47 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	They're paid out of ten-cents-per-meter charge?
11:25:51 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	And Duke negotiated with NKCAC that administrative fees would be 15 percent for that fund?
11:26:08 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	And other fund is WinterCare?
11:26:16 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	And what funds are in the WinterCare program?
11:26:34 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	That's the only fund that has Duke shareholder money in it?
11:26:38 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	And in that fund Duke limits the amount NKCAC can charge to five percent?
11:26:56 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	The difference is when ratepayers' money is at stake they're allowed to recover more money?
11:27:16 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	During time you've been there, there never was an audit of NKCAC program?
11:27:28 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	Did you ever recommend an audit?
11:27:34 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	You've read the contract that says there will be an audit?
11:27:44 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	But even though the contract says there will be an audit no audit was actually performed?
11:28:00 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	Did you understand that every year LG&E and KU's audits are automatically filed with the Commission?
11:28:25 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	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?
11:28:42 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	Even though it might go outside your \$20,000 budget?
11:28:57 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	Somebody where you could trust the result.
11:29:11 AM	Chairman Schmitt - witness Givens Note: Sacre, Candace	When this proposed agreement that was filed with the motion to approve the new program, were you involved in that at all?

11:29:36 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace Who else was involved?

11:29:54 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace Who makes the decision as to who the program administrator is?

11:30:00 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace Who decides we're going to use NKCAC? Who made that decision?

11:30:15 AM Commissioner Mathews - witness Givens  
Note: Sacre, Candace Examination. Is that reevaluated every year?

11:30:23 AM 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?

11:31:27 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace Examination. You said there was no outside audit performed. Was there any inside audit performed?

11:32:05 AM 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?

11:32:21 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace It's a simple calculation, right, so that's not an audit?

11:32:29 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace So there's no audit that's been performed, inside or outside?

11:32:41 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace You're administering the program now? That's really your responsibility?

11:32:49 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace And it hasn't been done?

11:32:52 AM 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?

11:33:23 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace Have you seen it?

11:33:26 AM 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?

11:33:44 AM 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?

11:33:59 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace And you didn't substantiate anything even after the AG made the comments in 2014?

11:34:14 AM 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?

11:34:26 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace So nothing was done there?

11:34:32 AM 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 -

11:34:45 AM 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?

11:39:46 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace So as it's envisioned there can be tweaks to this program on an annual basis if the opportunity arises?

11:39:57 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace So from a program manager perspective is that a better proposal than the status quo?

11:40:04 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace We've also talked almost exclusively about HEA program and weatherization; those are just two arrows in the quiver.

11:40:26 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace Can you describe what some of those other programs are?

11:42:01 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace So WinterCare and Home Energy Assistance are administered under the broader umbrella of demand side management?

11:42:22 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace Even demand side management is a tool to help customers to be able to manage their energy consumption and usage, correct?

11:42:30 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace LIHEAP is a federally-funded program?

11:42:44 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace 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?

11:43:01 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace And that's the WinterCare program?

11:43:06 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace 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?

11:43:27 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace But you're aware of it?

11:43:30 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace That's another way for customers to learn how to manage their energy consumption?

11:43:39 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace If they go through the education so they can make permanent adjustments, they receive an additional credit?

11:43:49 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace If you go through the Payment Plus program, that enables you to participate in the company's weatherization program?

11:43:57 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace Which is separate and apart from LIHEAP weatherization program?

11:44:01 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace In addition to all that, you have Home Energy Assistance Program which operates in the crisis payment system?

11:44:12 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace 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?

11:44:49 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace And it covers how many months?

11:45:00 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace So you have to make a trip to the office every month until you fill that maximum benefit received of \$300?

11:45:08 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace So that increases their administrative costs, correct, because they have more interaction with customers?

11:45:24 AM 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?

11:45:44 AM 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?

11:45:52 AM 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?

11:46:05 AM 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?

11:46:30 AM 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?

11:46:41 AM 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?

11:46:47 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace There is nobody that you can go to that you're aware of?

11:46:55 AM 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?

11:47:07 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace Is that a substantial improvement to this program over the status quo?

11:47:17 AM 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?

11:47:34 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace Is that an improvement over the status quo?

11:47:41 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace Is there going to be a larger pool of funds available?

11:47:51 AM 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?

11:48:09 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace That extrapolates out to the 2200 over the three-year cycle?

11:48:15 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace There was a communication plan attached to your testimony as an exhibit. Would you describe that as a reinvigorated customer communication plan over the status quo?

11:48:33 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace What are some of the features of that communication plan going forward?

11:49:38 AM 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?

11:49:54 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace Could you explain that a little bit?

11:50:18 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace Is it your position that the agreement that's been proposed is an improvement over the status quo?

11:50:28 AM Atty Samford Duke Energy - witness Givens  
Note: Sacre, Candace And do you believe that it's reasonable?

11:50:33 AM Chairman Schmitt  
Note: Sacre, Candace Any other questions, Mr. Chandler?

11:50:36 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace Recross Examination. Ms. Givens, are you aware that Duke files an annual DSM report middle of November every year?

11:50:48 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace Have you seen those reports or are aware of them?

11:50:51 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace Do you understand the reports detail the number of clients served by HEA program?

11:50:59 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace And whether the funds are exhausted or some remaining?

11:51:08 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace And date maybe of when funds might have been depleted?

11:51:17 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace And total amounts collected broken out between gas and electric accounts?

11:51:24 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace And total amount of disbursements between gas and electric accounts?

11:51:28 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace How about NKCAC's administrative costs associated with the HEA program?

11:51:34 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace Their actual administrative costs is included in that annual report?

11:51:45 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace Is the 15 percent amount of total disbursements the same thing as actual administrative costs?

11:51:58 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace I'm asking about NKCAC's actual administrative costs.

11:52:15 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace So you would agree that that is not NKCAC's actual administrative costs?

11:52:31 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace I'm asking, is it your understanding that the amount reflected in those annual reports is the amount that Duke paid?

11:52:42 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace So it is not by definition NKCAC's actual administrative costs?

11:52:52 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace Are you aware that the annual filing of NKCAC's actual administrative costs associated with the HEA program is a Commission requirement?

11:53:14 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace 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?

11:53:38 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace 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?

11:54:04 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace (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?

11:54:51 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace Would you agree that it doesn't address that concern?

11:55:06 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace Examination. You couldn't know what their actual administrative costs were. If you audited, you'd know?

11:55:14 AM Chairman Schmitt - witness Givens  
Note: Sacre, Candace But there was no audit?

11:55:19 AM Staff Atty Bowker PSC - witness Givens  
Note: Sacre, Candace Recross Examination 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?

11:55:32 AM Staff Atty Bowker PSC - witness Givens  
Note: Sacre, Candace And given the phone number of NKCAC?

11:55:40 AM Chairman Schmitt  
Note: Sacre, Candace Anything else?

11:55:42 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace 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?

11:56:25 AM Vice Chairman Cicero - witness Givens  
Note: Sacre, Candace Examination. Yes, you'll provide it or, yes, you're deferring to your customer service operations?

11:56:57 AM Asst Atty Gen Chandler - witness Givens  
Note: Sacre, Candace Recross Examination. What's that prompt, or how do they have the number in front of them?

11:57:10 AM Asst Atty Gen Chandler  
Note: Sacre, Candace I'll do it in the data request. I understand it's someone else's responsibility.

11:57:12 AM POST-HEARING DATA REQUEST  
Note: Sacre, Candace PRINTOUT OF CUSTOMER SERVICE SCRIPT,  
Note: Warfield, KaBrenda ASST ATTY GEN CHANDLER - WITNESS GIVENS.

11:57:17 AM Chairman Schmitt  
Note: Sacre, Candace Any other questions?

11:57:18 AM Staff Atty Bowker PSC  
Note: Sacre, Candace Would you like the letter that was referred to admitted into the record?

11:57:20 AM Chairman Schmitt  
Note: Sacre, Candace Admitted into evidence as PSC Exhibit 1, yes.

11:57:22 AM Chairman Schmitt  
Note: Sacre, Candace 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?

1:06:37 PM Atty Samford Duke Kentucky - witness Maggio  
Note: Sacre, Candace Did you file responses to data requests to be filed in this case?

1:06:41 PM Atty Samford Duke Kentucky - witness Maggio  
Note: Sacre, Candace And if I were to ask you the same questions, would the answers be  
the same?

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?



1:10:26 PM Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace And the only ones involved with Kentucky are the two employees and yourself?

1:10:53 PM Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace I may be out of your area of expertise, but how are costs allocated?

1:11:46 PM Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace So there isn't a measurement that says the amount being is spent is adequate but the allocation occurs per a customer basis.

1:12:16 PM Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace 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?

1:12:51 PM Staff Atty Bowker PSC  
Note: Sacre, Candace I have no further questions for Ms. Maggio.

1:13:01 PM Chairman Schmitt  
Note: Sacre, Candace You get your chance, Mr. Chandler.

1:13:05 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Cross Examination. Good afternoon, Ms. Maggio.

1:13:08 PM Asst Atty Gen Chandler  
Note: Sacre, Candace May I approach, Chairman?

1:13:52 PM Chairman Schmitt  
Note: Sacre, Candace Do you have any objection?

1:13:54 PM Atty Samford Duke Energy  
Note: Sacre, Candace No, sir.

1:13:55 PM Chairman Schmitt  
Note: Sacre, Candace Let this document be admitted as Attorney General Exhibit 01.

1:13:59 PM AG EXHIBIT 01  
Note: Sacre, Candace ASST ATTY GEN CHANDLER - WITNESS MAGGIO.  
Note: Sacre, Candace KYSPC CASE NO. 2017-00427 AG 1ST SET.

1:14:22 PM Asst Atty Gen. Chandler - witness Maggio  
Note: Warfield, KaBrenda Ms. Maggio, do you see the document provided to you that those are DEK Responses to Data Requests from the Attorney General's Office?

1:14:36 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Were you a respondent to any of those requests?

1:14:41 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace And which requests?

1:14:46 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Do you remind to turn to that request and response?

1:15:02 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace 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?

1:15:23 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Do you mind to read your response?

1:16:10 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Do you remember discussing that \$300 arrears?

1:16:16 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Do you remember whether the Commission ordered arrears to be taken out of program?

1:16:27 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Where is that removal of the arrears - where is that change reflected?

1:16:48 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace The one that was filed in November of last year?

1:16:55 PM 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?

1:17:33 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Do you have a copy of the application in this matter?

1:17:44 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Do you mind to turn to page 18?

1:17:57 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Do you see the bottom it discusses low income program?

1:18:05 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Do you see that later on it discusses Payment Plus on page 22?

1:18:24 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Is Duke's weatherization program part of Payment Plus or separate?

1:19:02 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace So weatherization is separate but you use Payment Plus to enroll in weatherization program?

1:19:17 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Who administers Duke's weatherization program?

1:19:30 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Are they contractors?

1:19:44 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace What's the relationship as it relates to DSM program weatherization between Duke and people working cooperatively in the NKCAC?

1:20:36 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Do you also cover cost of weatherization?

1:20:46 PM 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?

1:21:08 PM 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?

1:21:26 PM 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?

1:22:21 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace How does that occur? Do they go into community action agency?

1:22:29 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace They walk in the front door?

1:22:58 PM 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?

1:23:22 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace So after they conduct the assessment. I'm sorry to interrupt.

1:24:45 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Is that \$2500 per home limited to Duke customers?

1:25:12 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	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?
1:25:40 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	How about weatherization program provided for through Duke's DSM? What is the threshold for that program?
1:26:20 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	Turn to page 18 of that application.
1:26:43 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	Do you see second sentence in paragraph 48 discusses income qualification level?
1:26:57 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	Do you see it discusses LIHEAP below 150 percent of poverty level?
1:27:08 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	Do you know why it is represented that way?
1:27:35 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	This weatherization says it uses LIHEAP intake process for applicability?
1:27:50 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	Do you mind to read sentence after that?
1:28:01 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	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?
1:28:41 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	Do you believe Community Action Agency will be able to discuss that further?
1:28:51 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	In terms of DSM weatherization, Duke is not involved on the front end.
1:29:32 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	Do you know maximum amount of weatherization funding per home is for LIHEAP or DOE?
1:29:48 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	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?
1:30:29 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	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?
1:31:45 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	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?
1:32:16 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	You're incenting CAC to weatherize homes?
1:32:19 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	Not necessarily the customer?
1:32:39 PM	Asst Atty Gen Chandler - witness Maggio Note: Sacre, Candace	Were you in the room when discussing auditing and reconciling a budget?

1:32:49 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Do you remember me asking Ms. Givens who has authority to actually changed the budget reconciliation instead of doing that doing an audit?

1:33:11 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace She indicated if it included additional costs that would be above her authority?

1:33:21 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Are you the one that would have authority to change that protocol?

1:33:55 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace That's not something you all had looked at until prompted in this case?

1:34:46 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Can you explain difference between weatherization separate from Payment Plus and the portion included in Payment Plus?

1:35:20 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Turn to page 23 of the application there. I think it's an important clarification. Do you see weatherization of Payment Plus?

1:35:34 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace 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?

1:36:00 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace That's what it states, or that it is required?

1:36:31 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace You would agree Payment Plus not available to people who may have previously had their homes weatherized since 1990?

1:37:07 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Is \$150 provided as bill assistance to a customer?

1:37:17 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace 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?

1:37:55 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace About the budget discussed, the \$20,000 budget, is that the budget you set?

1:38:24 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace There's no proposal to expand that budget; it will be the same as under previous programs?

1:38:50 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Is it expectation that budget will be revisited in anticipation of additional advertisements?

1:39:13 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Do you have Data Request Responses, AG-DR 01-004.

1:39:28 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Do you mind to turn to that? Are you aware of Ms. Givens' Attachment B that laid out HEA communication plan?

1:40:00 PM Atty Samford Duke Energy  
Note: Sacre, Candace You're talking about what was attached to her testimony?

1:40:05 PM Asst Atty Gen Chandler  
Note: Sacre, Candace As Attachment B to Ms. Givens' testimony. Do you mind if I approach?

1:40:19 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace 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?

1:41:18 PM Atty Samford Duke Energy  
Note: Sacre, Candace You've switched from - your exhibit was from the 2017, and it's 2018 now, right? 2018-00370. May I approach, Your Honor?

1:41:29 PM Chairman Schmitt  
Note: Sacre, Candace You may.

1:41:40 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Do you see the request starts off with direct testimony of Cindy Givens, Attachment B?

1:41:46 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace And I have provided Attachment B separately?

1:41:50 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Do you see the differences in expectations undertaken in terms of advertising HEA program?

1:42:06 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace There's an expansion?

1:42:09 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Do you see the request says provide cost estimates for DEK's and NKCAC's advertisements for HEA programs?

1:42:23 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace And response on next page the company anticipates the budget to be less than \$20,000 annually?

1:42:33 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace And that's just the current budget?

1:42:38 PM Asst Atty Gen Chandler - witness Maggio  
Note: Sacre, Candace Has the company undertaken a review what the new advertisements will cost?

1:43:31 PM Asst Atty Gen Chandler  
Note: Sacre, Candace That's all the questions I have, Chairman.

1:43:37 PM Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace Examination. You're the manager of Ms. Givens among other personnel?

1:43:46 PM Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace 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?

1:44:22 PM Vice Chairman Cicero - witness Maggio  
Note: Warfield, KaBrenda So is there ever a time that you ask for initiatives from your employees?

1:45:21 PM Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace 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?

1:46:15 PM Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace 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?

1:46:39 PM Vice Chairman Cicero - witness Maggio  
Note: Sacre, Candace But it's not happening right now?

1:46:47 PM	Vice Chairman Cicero - witness Maggio Note: Sacre, Candace	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.
1:49:28 PM	Chairman Schmitt Note: Sacre, Candace	Commissioner Mathews, questions?
1:49:30 PM	Commissioner Mathews Note: Sacre, Candace	I don't have anything.
1:49:32 PM	Commissioner Schmitt - witness Maggio Note: Sacre, Candace	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?
1:50:35 PM	Commissioner Schmitt - witness Maggio Note: Sacre, Candace	If they don't apply for weatherization, they're not eligible for the subsidy. Why is that requirement there?
1:50:53 PM	Commissioner Schmitt - witness Maggio Note: Sacre, Candace	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?
1:51:55 PM	Commissioner Schmitt - witness Maggio Note: Sacre, Candace	You don't know if you're complying with Commission Orders or the contract unless you actually read it and know what it says?
1:52:09 PM	Commissioner Schmitt - witness Maggio Note: Sacre, Candace	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?
1:52:35 PM	Commissioner Schmitt - witness Maggio Note: Sacre, Candace	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?
1:53:12 PM	Commissioner Schmitt Note: Sacre, Candace	Okay, All right. Thank you. No further questions. Anything, Mr. Samford?
1:53:24 PM	Atty Samford Duke Energy Note: Sacre, Candace	No questions, Your Honor.
1:53:25 PM	Chairman Schmitt Note: Sacre, Candace	Anything else from anyone?
1:53:26 PM	Staff Atty Bowker PSC Note: Sacre, Candace	No, sir.
1:53:27 PM	Chairman Schmitt Note: Sacre, Candace	May this witness be excused?
1:53:29 PM	Staff Atty Bowker PSC Note: Sacre, Candace	Yes, sir.

1:53:32 PM	Chairman Schmitt Note: Sacre, Candace	Thank you, ma'am. Anyone? Who's next?
1:53:34 PM	Staff Atty Bowker PSC Note: Sacre, Candace	Trish Hammerlee, please.
1:53:36 PM	Chairman Schmitt Note: Warfield, KaBrenda	Witness is sworn.
1:54:03 PM	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?
1:54:13 PM	Atty D'Ascenzo Duke Kentucky - witness Hammerlee Note: Sacre, Candace	Would you please state what your position with the company is?
1:54:22 PM	Atty D'Ascenzo Duke Kentucky - witness Hammerlee Note: Sacre, Candace	Could you please describe what your responsibilities are with Duke Energy Kentucky?
1:54:56 PM	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?
1:55:06 PM	Atty D'Ascenzo Duke Kentucky - witness Hammerlee Note: Sacre, Candace	Do you assist in preparation of tariffs for this?
1:55:19 PM	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?
1:55:30 PM	Atty D'Ascenzo Duke Kentucky Note: Sacre, Candace	Thank you, Your Honor. The witness is available for cross examination.
1:55:33 PM	Chairman Schmitt Note: Sacre, Candace	Mr. Bowker, questions?
1:55:35 PM	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.
1:56:09 PM	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?
1:57:17 PM	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?
1:57:55 PM	Staff Atty Bowker PSC Note: Sacre, Candace	I have nothing further for this witness.
1:57:57 PM	Chairman Schmitt Note: Sacre, Candace	Mr. Chandler?
1:57:59 PM	Asst Atty Gen Chandler - witness Hammerlee Note: Sacre, Candace	Cross Examination. You do the annual filings?
1:58:06 PM	Asst Atty Gen Chandler - witness Hammerlee Note: Sacre, Candace	That November 15th filing you're well aware of that?
1:58:11 PM	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?
1:58:28 PM	Asst Atty Gen Chandler - witness Hammerlee Note: Sacre, Candace	And that is Duke's actual cost?
1:58:32 PM	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 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?



2:02:00 PM	Atty D'Ascenzo Duke Kentucky - witness Spiller Note: Warfield, KaBrenda	And you provided direct testimony in the base rate case consolidated into this proceeding, correct?
2:02:13 PM	Atty D'Ascenzo Duke Kentucky - witness Spiller Note: Warfield, KaBrenda	And you testified at that proceeding?
2:02:17 PM	Atty D'Ascenzo Duke Kentucky Note: Warfield, KaBrenda	Your Honor, the witness is available for cross examination.
2:02:21 PM	Atty Raff PSC - witness Spiller Note: Warfield, KaBrenda	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?
2:02:44 PM	Atty Raff PSC - witness Spiller Note: Warfield, KaBrenda	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?
2:03:14 PM	Atty Raff PSC - witness Spiller Note: Warfield, KaBrenda	Looking at the program, is it working, is it achieving goals an HEA program should achieve?
2:03:57 PM	Atty Raff PSC - witness Spiller Note: Warfield, KaBrenda	Did you ever participate with that collaborative?
2:04:04 PM	Atty Raff PSC - witness Spiller Note: Warfield, KaBrenda	Is it fair to say you probably don't know what information the collaborative has access to regarding HEA program?
2:04:18 PM	Atty Raff PSC - witness Spiller Note: Warfield, KaBrenda	Is there anyone at Duke Kentucky that is responsible for reviewing HEA program?
2:04:56 PM	Atty Raff PSC - witness Spiller Note: Warfield, KaBrenda	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?
2:05:50 PM	Atty Raff PSC - witness Spiller Note: Warfield, KaBrenda	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 ?
2:06:45 PM	Atty Raff PSC - witness Spiller Note: Warfield, KaBrenda	Each month, does Duke Kentucky disconnect for failure to pay bills?
2:07:04 PM	Atty Raff PSC - witness Spiller Note: Warfield, KaBrenda	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?
2:08:06 PM	Atty Raff PSC - witness Spiller Note: Warfield, KaBrenda	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?
2:08:38 PM	Atty Raff PSC - witness Spiller Note: Warfield, KaBrenda	Fair enough. Can you tell us who developed the amended HEA program proposed in this case?
2:08:57 PM	Atty Raff PSC - witness Spiller Note: Warfield, KaBrenda	Was it done in conjunction with NKCAC?
2:09:19 PM	Atty Raff PSC - witness Spiller Note: Warfield, KaBrenda	Thank you. I believe that's all I have.
2:09:21 PM	Chairman Schmitt Note: Warfield, KaBrenda	Mr. Chandler?

2:09:24 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda Cross Examination . What program was it that you were saying the Attorney General's Office had provided its support to?

2:09:40 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda And when was that support provided?

2:10:30 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda I appreciate that. When you said the Attorney General's Office voiced their support, I was wondering specifically what you were referring to.

2:10:46 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda So, for instance, when Ms. Hammerlee asks the collaborative whether they approve of the filings?

2:11:24 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda 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?

2:11:53 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda And the record will reflect what level of support the Attorney General's Office takes?

2:12:13 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda 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?

2:12:33 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda Does 2008-00100 sound about right?

2:12:38 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda Do you have personal knowledge of that case?

2:12:50 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda You wouldn't have been the attorney on that case?

2:13:17 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda 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.

2:13:46 PM POST-HEARING DATA REQUEST  
Note: Sacre, Candace ASST ATTY GEN CHANDLER - WITNESS SPILLER.  
Note: Warfield, KaBrenda CONFIRMATION MS. SPILLER INVOLVED IN 2008-00100,

2:13:55 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda 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?

2:14:22 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda Going back to questions Mr. Raff asked, do you know of any other opportunities in either HEA or DSM programs Duke needs to address?

2:14:58 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda I think question centered around deficiencies which you heard as opportunities. Are you aware of other opportunities?

2:16:22 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda 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?

2:16:50 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda Insofar as that customer is not in arrears, that bill credit would be in excess of owed that month?

2:17:03 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda Has Duke undertaken a review of how program will interact with subsidy program?

2:17:15 PM Asst Atty Gen Chandler - witness Spiller  
Note: Warfield, KaBrenda That may be another opportunity?

2:17:17 PM Asst Atty Gen Chandler  
Note: Warfield, KaBrenda That's all the questions I have, Chairman.

2:17:19 PM Chairman Schmitt  
Note: Warfield, KaBrenda Mr. Dutton?

2:17:23 PM Chairman Schmitt  
Note: Warfield, KaBrenda Mr. Cicero?

2:17:23 PM Vice Chairman Cicero - witness Spiller  
Note: Warfield, KaBrenda Examination. Good afternoon, Ms. Spiller. I understand the organization responsible at Duke for managing these programs is part of a corporate group?

2:17:40 PM Vice Chairman Cicero - witness Spiller  
Note: Warfield, KaBrenda It does not report directly to you or Duke Kentucky?

2:17:45 PM Vice Chairman Cicero - witness Spiller  
Note: Warfield, KaBrenda Any allocatoin of costs would be directed from corporate group back to Duke Kentucky and you would pay for those services?

2:18:02 PM Vice Chairman Cicero - witness Spiller  
Note: Warfield, KaBrenda 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 wth group and tell me what's going on, what are you doing to make it better. The costs are allocated to you, but you dont' have oversight. Can you tell me how that process works at Duke?

2:21:24 PM Vice Chairman Cicero - witness Spiller  
Note: Warfield, KaBrenda 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?

2:22:32 PM Vice Chairman Cicero - witness Spiller  
Note: Warfield, KaBrenda Is there now a person you would consider liaison between Duke Kentucky and the corporate group on pursing opportunities or improvement to program or that what you've filed is successful?

2:23:28 PM Vice Chairman Cicero - witness Spiller  
Note: Warfield, KaBrenda You may not know the answer. Do you know how much is allocated to Kentucky of that organization's expenses on an annual basis?

2:23:53 PM Vice Chairman Cicero - witness Spiller  
Note: Warfield, KaBrenda 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.

2:24:50 PM Vice Chairman Cicero - witness Spiller  
Note: Warfield, KaBrenda 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.

2:27:52 PM Vice Chairman Cicero - witness Spiller  
Note: Warfield, KaBrenda 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.

2:29:17 PM Chairman Schmitt - witness Spiller  
Note: Warfield, KaBrenda Examination. I know there's a collaborative. Can you tell me what groups are members of the collaborative?

2:29:47 PM Chairman Schmitt - witness Spiller  
Note: Warfield, KaBrenda 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?

2:30:27 PM Chairman Schmitt - witness Spiller  
Note: Warfield, KaBrenda But there has not been any independent evaluation of the effectiveness of NKCAC?

2:30:43 PM Chairman Schmitt - witness Spiller  
Note: Warfield, KaBrenda 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?

2:32:54 PM Chairman Schmitt - witness Spiller  
Note: Warfield, KaBrenda 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?

2:33:46 PM Chairman Schmitt - witness Spiller  
Note: Warfield, KaBrenda 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?

2:34:55 PM Chairman Schmitt - witness Spiller  
Note: Warfield, KaBrenda 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?

2:35:57 PM	Chairman Schmitt - witness Spiller Note: Warfield, KaBrenda	Can you see a reason why in evaluating a program a body like the PSC would like to know what NKCAC's costs were?
2:36:29 PM	Chairman Schmitt - witness Spiller Note: Warfield, KaBrenda	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.
2:38:02 PM	Chairman Schmitt - witness Spiller Note: Warfield, KaBrenda	You saw the others. With that one, a phone call might have helped?
2:38:19 PM	Chairman Schmitt - witness Spiller Note: Warfield, KaBrenda	Thank you. I have no further questions. Anything else?
2:38:21 PM	Staff Atty Bowker PSC Note: Warfield, KaBrenda	No, sir.
2:38:23 PM	Chairman Scmitt Note: Warfield, KaBrenda	Mr. Dutton?
2:38:25 PM	Atty Dutton NKCAC Note: Warfield, KaBrenda	No, sir.
2:38:47 PM	Session Paused	
3:03:01 PM	Session Resumed	
3:03:12 PM	Chairman Schmitt Note: Sacre, Candace	Witness is sworn.
3:03:27 PM	Atty Samford Duke Kentucky - witness Mifflin Note: Warfield, KaBrenda	Direct Examination. Mr. Mifflin, would you please state your full name for the record, please?
3:03:32 PM	Atty Samford Duke Kentucky - witness Mifflin Note: Warfield, KaBrenda	And would you say what your title is with the company?
3:03:37 PM	Atty Samford Duke Kentucky - witness Mifflin Note: Warfield, KaBrenda	Do you mind to say a little bit about what that involves?
3:03:48 PM	Atty Samford Duke Kentucky - witness Mifflin Note: Warfield, KaBrenda	You didn't file any testimony or data request responses?
3:03:54 PM	Atty Samford Duke Kentucky Note: Warfield, KaBrenda	Your Honor, tender the witness for cross examination.
3:03:54 PM	Chairman Schmitt Note: Warfield, KaBrenda	Mr. Bowker?
3:03:58 PM	Staff Atty Bowker PSC Note: Warfield, KaBrenda	Cross Examination. Do you have any connection to the HEA program?
3:04:07 PM	Staff Atty Bowker PSC Note: Warfield, KaBrenda	I have no further questions.
3:04:19 PM	Asst Atty Gen Chandler Note: Warfield, KaBrenda	I have no questions for this witness.
3:04:22 PM	Atty Dutton NKCAC Note: Warfield, KaBrenda	No questions.
3:04:24 PM	Chairman Schmitt Note: Warfield, KaBrenda	Vice Chairman Cicero?
3:04:25 PM	Vice Chairman Cicero - witness Mifflin Note: Warfield, KaBrenda	Examination. Total budget that your products and services group has, approximately how much is that budget?
3:04:45 PM	Vice Chairman Cicero - witness Mifflin Note: Warfield, KaBrenda	Yes, and then the portion that's allocated to Duke Kentucky.

3:05:18 PM	Vice Chairman Cicero - witness Mifflin Note: Warfield, KaBrenda	In other words, if programs are similar, allocate across all jurisdictions, and if they are unique, only to the jurisdiction that it's applicable.
3:05:32 PM	Vice Chairman Cicero - witness Mifflin Note: Warfield, KaBrenda	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?
3:06:26 PM	Vice Chairman Cicero Note: Warfield, KaBrenda	Okay. I don't have any other questions.
3:06:30 PM	Chairman Schmitt Note: Warfield, KaBrenda	I don't have any questions. Anyone else?
3:06:35 PM	Asst Atty Gen Chandler - witness Mifflin Note: Warfield, KaBrenda	Recross Examination. Can I just ask, if in the Commission's data request the load you were speaking of, what the allocation factors are? If that's possible, that can be part of the answer?
3:06:55 PM	Vice Chairman Cicero Note: Warfield, KaBrenda	Your question was going to confuse me.
3:07:00 PM	Asst Atty General Chandler Note: Warfield, KaBrenda	No. That's great. Thanks. Sorry.
3:07:04 PM	Chairman Schmitt Note: Warfield, KaBrenda	Sir, you may step down. Mr. Bowker, that exhausts Duke's witnesses.
3:07:14 PM	Staff Attorney Bowker PSC Note: Warfield, KaBrenda	Yes, sir, if we can call from NKCAC, Katrina Bowman-Thomas, please.
3:07:19 PM	Chairman Schmitt Note: Sacre, Candace	Witness is sworn.
3:07:37 PM	Atty Dutton NKCAC - witness Bowman-Thomas Note: Warfield, KaBrenda	Direct Examination. Ms. Bowman, can you state your current position with NKCAC?
3:07:44 PM	Atty Dutton NKCAC - witness Bowman-Thomas Note: Warfield, KaBrenda	And how long have you been in that role?
3:07:47 PM	Atty Dutton NKCAC - witness Bowman-Thomas Note: Warfield, KaBrenda	And where were you previous to having this current role?
3:07:54 PM	Atty Dutton NKCAC - witness Bowman-Thomas Note: Warfield, KaBrenda	And what roles did you hold there?
3:08:02 PM	Atty Dutton NKCAC - witness Bowman-Thomas Note: Warfield, KaBrenda	And those are all separate roles? That's not just one long title?
3:08:07 PM	Atty Dutton NKCAC - witness Bowman-Thomas Note: Warfield, KaBrenda	So you've held a number of positions moving up the food chain?
3:08:12 PM	Atty Dutton NKCAC - witness Bowman-Thomas Note: Warfield, KaBrenda	And what's your educational background?
3:08:22 PM	Atty Dutton NKCAC - witness Bowman-Thomas Note: Warfield, KaBrenda	Can you please explain the Northern Kentucky Community Action Council's mission?
3:09:02 PM	Atty Dutton NKCAC - witness Bowman-Thomas Note: Warfield, KaBrenda	And what's the geographic area you represent?
3:09:09 PM	Atty Dutton NKCAC - witness Bowman-Thomas Note: Warfield, KaBrenda	Duke's not in all eight of those counties? It's just in six of those counties?
3:09:15 PM	Atty Dutton NKCAC - witness Bowman-Thomas Note: Warfield, KaBrenda	Is the organization overseen by a board of directors?

3:09:33 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda You listed a few different programs offered. Is that the range? Are there different ones besides them?

3:11:22 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda You said LIHEAP is the first program. Is that always the first program you look to to provide funding?

3:11:38 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda You were explaining, what is that after LIHEAP?

3:11:44 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda After WinterCare, there's HEA, or do those two work together?

3:12:57 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda What are the types of measures that LIHEAP won't pay for?

3:13:14 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda If there are issues in the home that LIHEAP won't cover, then the weatherization will?

3:14:15 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda The weatherization we're talking about today, where does that come into this hierarchy of dollars that you're talking about?

3:14:47 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda Without this program, then those other federal dollars cannot be utilized for this individual's home?

3:14:56 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda It's essentially bridging the gap?

3:15:10 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda Was it WinterCare with the \$2500 average?

3:15:19 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda So the weatherization. I've been getting those confused all day.

3:15:46 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda 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?

3:15:57 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda Do you expect the full \$50,000 proposed to be allocated to that program will be spent each year?

3:16:24 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda 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?

3:17:52 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda How was this program put together? Did you work with Duke? Did they approach you? This may have started before you got there.

3:19:00 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda Did you consult at all with statewide CAC organization or other smaller organizations?

3:19:10 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda Who is Roger McCann?

3:19:33 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda There was discussion about trying to get individuals enrolled and spread communications. Right now, how do people learn about the HEA program?

3:20:08 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda There was communication strategy attached to Ms. Givens' testimony. Section about NKCAC's communication strategy. Did you work with Ms. Givens to produce that?

3:21:29 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda 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?

3:21:59 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda The HEA-specific communications you would be doing, those would not be funded through the HEA administrative fee?

3:22:10 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda What amount in assistance do most clients currently receive?

3:22:21 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda For HEA and WinterCare and the other energy programs?

3:22:38 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda Under current proposal, individuals enrolled would get increased assistance just from HEA?

3:22:48 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda Do you know what the expected amount the individuals would receive afterwards?

3:23:00 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda Do you expect you will have a surplus of funds at the end of the year if the Duke application is approved?

3:23:46 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda Do you ever deny participants who apply for HEA assistance?

3:23:52 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda Any other reasons?

3:24:00 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda How often do you have to deny applicants for that reason?

3:24:27 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Warfield, KaBrenda Examination. If I'm a homeowner, do I have to bring in a certified copy of my deed?

3:24:38 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Warfield, KaBrenda How can you prove I'm the homeowner, or does it matter?

3:24:51 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Warfield, KaBrenda Under the Duke program, don't you have to apply for weatherization to be eligible for HEA program?

3:24:58 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Warfield, KaBrenda Doesn't it say that? We'll talk about it later. Go ahead. Health and safety, you have to apply?

3:25:13 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Warfield, KaBrenda And if you don't apply for that, you're not eligible for the subsidy?

3:25:32 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Warfield, KaBrenda 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?

3:26:24 PM Atty Dutton NKCAC  
Note: Warfield, KaBrenda May I approach so she can reference what you're looking at?

3:26:25 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Warfield, KaBrenda 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.



3:28:25 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Warfield, KaBrenda You'd agree that Duke ought to take that out altogether?

3:28:57 PM Chairman Schmitt - 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.

3:29:26 PM Atty Dutton NKCAC - witness Bowman-Thomas  
Note: Warfield, KaBrenda Direct Examination (cont'd). If I could, I'd like to approach the witness with Exhibit B from Ms. Givens' testimony. You discussed earlier there are eight counties in your territory but only six serviced by Duke?

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 budgetting 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 organization 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.

3:33:54 PM Chairman Schmitt  
Note: Warfield, KaBrenda Mr. Bowker?

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?

3:35:09 PM Staff Atty Bowker PSC - witness Bowman-Thomas  
Note: Warfield, KaBrenda Teresa Finke?

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

3:35:25 PM Staff Atty Bowker PSC - witness Bowman-Thomas  
Note: Warfield, KaBrenda Mariah Arnold?

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?

3:58:20 PM Vice Chairman Cicero - witness Bowman-Thomas  
Note: Warfield, KaBrenda 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?

3:58:56 PM Vice Chairman Cicero - witness Bowman-Thomas  
Note: Warfield, KaBrenda Under the new program, they won't have to sign up repetitively? One time signups for one fiscal year?

3:59:06 PM Vice Chairman Cicero - witness Bowman-Thomas  
Note: Warfield, KaBrenda 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?

3:59:29 PM Vice Chairman Cicero - witness Bowman-Thomas  
Note: Warfield, KaBrenda 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?

4:00:11 PM Vice Chairman Cicero - witness Bowman-Thomas  
Note: Warfield, KaBrenda 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?

4:00:54 PM Vice Chairman Cicero - witness Bowman-Thomas  
Note: Warfield, KaBrenda You have provided to them?

4:01:05 PM Vice Chairman Cicero - witness Bowman-Thomas  
Note: Warfield, KaBrenda Of HEA?

4:01:15 PM Vice Chairman Cicero - witness Bowman-Thomas  
Note: Warfield, KaBrenda What's HEA?

4:01:21 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Warfield, KaBrenda Examination. The existing program, the one that's existing now, you've provided them?

4:01:25 PM Vice Chairman Cicero - witness Bowman-Thomas  
Note: Warfield, KaBrenda Examination. Community Action bills 15 percent of funds distributed?

4:01:33 PM Vice Chairman Cicero - witness Bowman-Thomas  
Note: Warfield, KaBrenda Lot of discussion about whether that represents actual administrative costs to Community Action?

4:01:41 PM Vice Chairman Cicero - witness Bowman-Thomas  
Note: Warfield, KaBrenda Within the last couple of months, Duke has requested you break down what actual expenses are, and you've provided that?

4:01:53 PM Vice Chairman Cicero - witness Bowman-Thomas  
Note: Warfield, KaBrenda Can we get a copy of that?

4:01:56 PM Atty Dutton NKCAC  
Note: Warfield, KaBrenda 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

4:03:12 PM Commissioner Mathews - witness Bowman-Thomas  
Note: Sacre, Candace 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?

4:03:51 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace Examination. Are there limitations on DOE programs for applicants?

4:04:02 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace Are there criteria which DOE requires to be met for weatherizatoin, and what are those?

4:05:17 PM 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?

4:05:42 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace You think it's the past ten years?

4:05:47 PM 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?

4:06:06 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace So the health and safety money would not be used on home that would not be eligible because it had been upgraded within last ten years?

4:06:28 PM 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?

4:07:17 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace That would be true?

4:07:20 PM 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?

4:07:54 PM 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?

4:08:40 PM 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?

4:09:46 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace And what information? What would you get?

4:09:51 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace They just reapply again?

4:09:59 PM 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?

4:10:51 PM 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?

4:11:07 PM 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?

4:11:55 PM 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?

4:12:15 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace 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?

4:12:40 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace 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?

4:13:21 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace On that program, would you get a fee of \$5 for signing somebody up?

4:13:54 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace You don't service any of those people?

4:14:43 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace In administering the LIHEAP program, you get the money from the Commonwealth of Kentucky?

4:15:05 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace Are you permitted under the state grant, the LIHEAP money, to bill any of the administrative costs and services of LIHEAP to that program?

4:15:22 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace Is there a limit on what you can bill to the program?

4:15:29 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace Is that ten percent or your actual administrative costs up to ten percent?

4:15:45 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace Does the state agency - what is that? Families and Children?

4:15:54 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace Department for Community Based Services, do they ever audit or ask you to provide data about to justify or support the costs at all?

4:16:22 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace Has your program ever been determined to be deficient in administering the program or in amounts that were charged for administrative fees?

4:16:45 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace 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?

4:19:05 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace Are the computer programs the same?

4:19:16 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace 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?

4:19:55 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace It's based on poverty level as opposed to number of customers in each county?

4:20:35 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace 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?

4:21:40 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace 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?

4:22:44 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace Are there federal programs that would take that into consideration?

4:23:00 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace Sometimes people with a medical condition, cancer, would be higher up on priority than a healthy family?

4:23:30 PM Chairman Schmitt - witness Bowman-Thomas  
Note: Sacre, Candace This program strictly first come first served?

4:23:45 PM Chairman Schmitt  
Note: Sacre, Candace Go ahead, Commissioner Mathews.

4:23:47 PM Commissioner Mathews - witness Bowman-Thomas  
Note: Sacre, Candace Examination. 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?

4:24:57 PM Commissioner Mathews - witness Bowman-Thomas  
Note: Sacre, Candace The multiple times of having to apply, you've got to get a ride, you've got to get child care?

4:25:21 PM Chairman Schmitt  
Note: Sacre, Candace I have no other questions. We'll finish this up, and then we'll take a break.

4:25:36 PM Atty Raff PSC - witness Bowman-Thomas  
Note: Warfield, KaBrenda 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?

4:26:06 PM Atty Raff PSC - witness Bowman-Thomas  
Note: Sacre, Candace Can you tell me how does the LIHEAP weatherization funding work?

4:27:12 PM Atty Raff PSC - witness Bowman-Thomas  
Note: Sacre, Candace 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?

4:27:55 PM Atty Raff PSC - witness Bowman-Thomas  
Note: Sacre, Candace 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?

4:28:19 PM Atty Raff PSC - witness Bowman-Thomas  
Note: Sacre, Candace 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?

4:28:51 PM Vice Chairman Cicero - witness Bowman-Thomas  
Note: Sacre, Candace 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?

4:55:08 PM Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace The six percent is referring to something -

4:55:16 PM Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace Historically, would have been some of the highest expenses for administering the HEA?

4:55:29 PM Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace 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?

4:56:10 PM Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace 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?

4:56:51 PM Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace There was some discussion about audits. Is NKCAC audited every year?

4:57:22 PM Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace Do you have internal controls to ensure accuracy of the accounting for HEA?

4:57:56 PM Atty Dutton NKCAC - witness Williams  
Note: Sacre, Candace Do you also have internal controls to ensure accuracy if eligibility requirements have been met for these programs?

4:58:36 PM Atty Dutton NKCAC  
Note: Sacre, Candace With that, I would tender the witness for further examination.

4:58:39 PM Staff Atty Bowker PSC - witness Williams  
Note: Warfield, KaBrenda 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?

4:59:15 PM Staff Atty Bowker PSC - witness Williams  
Note: Sacre, Candace Social security, health insurance, and retirement?

4:59:22 PM Staff Atty Bowker PSC - witness Williams  
Note: Sacre, Candace Can you explain the authorization process for assigning funds to HEA program participants?

5:02:12 PM PSC EXHIBIT 02  
Note: Sacre, Candace STAFF ATTY BOWKER - WITNESS WILLIAMS.  
Note: Sacre, Candace NKCAC DUKE ENERGY PROGRAM SUMMARY OF PROGRAM AND ADMINISTRATIVE COSTS.

5:02:28 PM PSC EXHIBIT 03  
Note: Sacre, Candace STAFF ATTY BOWKER - WITNESS WILLIAMS.  
Note: Sacre, Candace 2009 AND 2010 NKCAC MONTHLY FUNDS SPREADSHEET.

5:02:45 PM Staff Atty Bowker PSC - witness Williams  
Note: Sacre, Candace 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?

5:04:37 PM Staff Atty Bowker PSC - witness Williams  
Note: Sacre, Candace Was that \$57,000 spent?

5:05:24 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace 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 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?

5:15:08 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace You should be able to identify those and determine what the costs are. I'm interested in what you believe the actual costs are.

5:16:03 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace What would you call this?

5:16:14 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace It's not the extra cost, is it?

5:16:17 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace It's a representation of 15 percent, but it's not actual?

5:16:22 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace 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?

5:17:34 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace Are there any other indirect expenses?

5:17:47 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace What did you identify the indirect as?

5:18:06 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace When you refer to six percent overhead in the letter, you said that is six percent associated with actual administrative overhead?

5:18:55 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace Indirect costs are six percent?

5:19:05 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace Is that what you used when you did the indirect expenses when allocating it?

5:19:36 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace You said there's an outside audit. They look and just validate the funds are being spent for purposes intended?

5:20:50 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace 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?

5:21:51 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace You'd always make sure the funding came from an allowable source?

5:21:56 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace 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?

5:22:26 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace Whether the funds roll over or they don't roll over, you would be funded more money if all the funds were expended?

5:22:39 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace Instead of trying to squeeze ten pounds and five pounds, you would have more funds available?

5:22:51 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace It would behoove the organizaion to spend everything that was available?

5:23:12 PM Vice Chairman Cicero - witness Williams  
Note: Sacre, Candace Do you ever ask Duke for additional funding?

5:23:28 PM Vice Chairman Cicero  
Note: Sacre, Candace 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?

5:29:34 PM	Chairman Schmitt Note: Sacre, Candace	An Order will go out tomorrow, and if there are some other problems, call counsel and file a motion or something.
5:29:49 PM	Chairman Schmitt Note: Warfield, KaBrenda	Anything else?
5:30:33 PM	Chairman Schmitt Note: Warfield, KaBrenda	Sustain all of those motions.
5:30:55 PM	Chairman Schmitt Note: Warfield, KaBrenda	It will be sustained. Maybe we ought to go ahead and get a written Order out that addresses those issues.
5:31:23 PM	Chairman Schmitt Note: Warfield, KaBrenda	Is there anything else that we need to take up before we adjourn?
5:31:28 PM	Chairman Schmitt Note: Sacre, Candace	This hearing is adjourned.
5:31:34 PM	Session Paused	
5:31:40 PM	Session Ended	



## Exhibit List Report

2018-00370 31July2019

Duke Energy Kentucky, Inc. (Duke  
Kentucky)

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



May 30, 2018

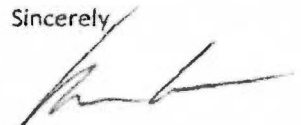


To whom it may concern:

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

**COVINGTON OFFICE**

717 Madison Avenue  
Covington KY, 41011

**PHONE**

859 581-6607  
800 783-6607

**FAX**

859 655-2949

**WEB SITE**

[www.nkcac.org](http://www.nkcac.org)

**NKCAC**  
**DUKE ENERGY HEA PROGRAM**  
**SUMMARY OF PROGRAM AND ADMINISTRATIVE COSTS**

	<u>2016-17</u>			<u>2017-18</u>		
	<u>PROGRAM OPERATION</u>	<u>ADMINISTRATIVE COSTS</u>	<u>TOTAL</u>	<u>PROGRAM OPERATION</u>	<u>ADMINISTRATIVE COSTS</u>	<u>TOTAL</u>
Direct Expenditures						
Salaries	16,343.41		16,343.41	12,561.22		12,561.22
Fringe benefits	5,135.80		5,135.80	2,833.31		2,833.31
Consulting	706.23		706.23	213.13		213.13
Space	7,888.26		7,888.26	5,447.38		5,447.38
Equipment	71.00		71.00	94.69		94.69
Supplies	431.14		431.14	271.89		271.89
Utilities	1,324.30		1,324.30	1,304.50		1,304.50
Travel	0.00		0.00	163.68		163.68
Client Services	0.68		0.68	1,662.45		1,662.45
Staff Development	0.00		0.00	0.00		0.00
Other Costs	814.64		814.64	0.00		0.00
Indirect Expenditures		7,396.83	7,396.83	0.00	3,373.15	3,373.15
<b>Total Expenditures</b>	<b>32,715.46</b>	<b>7,396.83</b>	<b>40,112.29</b>	<b>24,552.26</b>	<b>3,373.15</b>	<b>27,925.40</b>

2009

Month	Deposited funds	Funds Spent	Admin. Cost	Fund Balance	Families Assisted	Per Family
November	\$20,737.00	\$0.00	\$0.00	\$20,737.00		
December	\$20,795.10	\$0.00	\$0.00	\$20,795.10		
January	\$20,737.70	\$0.00	\$0.00	\$20,737.70		
February	\$20,780.00	\$0.00	\$0.00	\$20,780.00		
March	\$20,882.50	\$14,418.09	\$2,162.71	\$4,301.70	65	\$221.82
April	\$20,740.20	\$100,926.37	\$15,138.96	-\$95,325.13	390	\$258.79
May	\$20,592.90	\$0.00	\$0.00	\$20,592.90	0	\$0.00
June	\$20,640.90	\$1,088.00	\$163.20	\$19,389.70	4	\$272.00
July	\$19,569.20	\$132.65	\$19.90	\$19,416.65	1	\$132.65
August	\$20,606.70	\$900.00	\$135.00	\$19,571.70	3	\$300.00
September	\$20,621.90	\$1,200.00	\$180.00	\$19,241.90	4	\$300.00
October	\$20,651.60	\$43,049.43	\$6,457.41	-\$28,855.24	212	\$203.06
November	\$20,679.10	\$39,725.55	\$5,958.83	-\$25,005.28	326	\$121.86
December	\$20,851.30	\$200.00	\$30.00	\$20,621.30	1	\$200.00
<b>Totals</b>	<b>\$288,886.10</b>	<b>\$201,640.09</b>	<b>\$30,246.01</b>	<b>\$57,000.00</b>	<b>1006</b>	<b>\$200.44</b>
	spending total	\$231,886.10				

for  
 Trish Hammer  
 question

roll over but returned?

2010

Month	Deposited Funds	Funds Spent	Admin. Cost	Fund Balance	Families Assisted	Per Family
Balance Forward				\$ 57,000.00		
January	\$20,781.80	\$330.00	\$49.50	\$20,402.30	2	\$165.00
February	\$20,121.70	\$0.00	\$0.00	\$20,121.70	0	\$0.00
March	\$20,923.80	\$74,456.87	\$11,168.53	-\$64,701.60	372	\$200.15
April	\$20,806.00	\$41,269.02	\$6,190.35	-\$26,653.37	174	\$237.18
May	\$20,610.30	\$0.00	\$0.00	\$20,610.30	0	\$0.00
June	\$20,644.60	\$0.00	\$0.00	\$20,644.60	0	\$0.00
July	\$20,639.80	\$0.00	\$0.00	\$20,639.80	0	\$0.00
August	\$20,624.80	\$0.00	\$0.00	\$20,624.80	0	\$0.00
September	\$20,606.90	\$0.00	\$0.00	\$20,606.90	0	\$0.00
October	\$20,667.30	\$0.00	\$0.00	\$20,667.30	0	\$0.00
November	\$20,781.60	\$89,794.92	\$13,469.24	-\$82,482.56	636	\$141.19
December	\$20,889.10	\$36,195.82	\$5,429.37	-\$20,736.09	247	\$146.54
<b>Totals</b>	<b>\$248,097.70</b>	<b>\$242,046.63</b>	<b>\$36,306.99</b>	<b>\$26,744.08</b>	<b>1431</b>	<b>\$169.15</b>

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**KYPSC CASE NO. 2017-00427**  
**AG 1<sup>st</sup> SET**  
**TABLE OF CONTENTS**

<b><u>DATA REQUEST</u></b>	<b><u>WITNESS</u></b>	<b><u>TAB NO.</u></b>
AG-DR-01-001	Scott Park .....	1
AG-DR-01-002	Scott Burnside .....	2
AG-DR-01-003	William Don Wathen Jr .....	3
AG-DR-01-004	Stephanie Simpson / James E. Ziolkowski .....	4
AG-DR-01-005	Lorrie Maggio .....	5
AG-DR-01-006	Trisha Haemmerle .....	6
AG-DR-01-007	James E. Ziolkowski .....	7



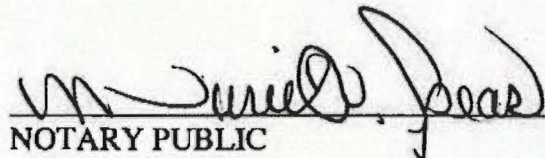
VERIFICATION

STATE OF NORTH CAROLINA        )  
  )        SS:  
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 20 day of Jan  
2018.

  
\_\_\_\_\_  
NOTARY PUBLIC

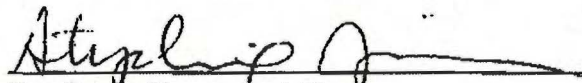
My Commission Expires: Oct. 20, 2018



VERIFICATION

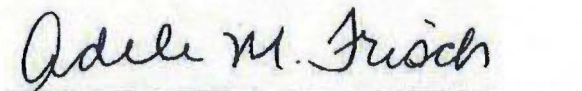
STATE OF OHIO )  
 ) SS:  
COUNTY OF HAMILTON )

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 3<sup>RD</sup> day of JANUARY, 2018.

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

  
NOTARY PUBLIC

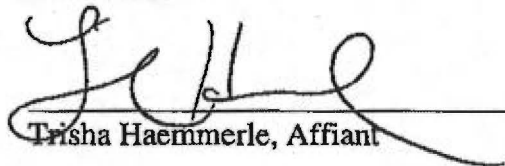
My Commission Expires: 1/5/2019



VERIFICATION

STATE OF OHIO )  
 ) SS:  
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 4<sup>th</sup> day of January, 2018.

  
NOTARY PUBLIC

My Commission Expires: 7/8/22



E. MINNA ROLFES-ADKINS  
Notary Public, State of Ohio  
My Commission Expires  
July 8, 2022

**VERIFICATION**

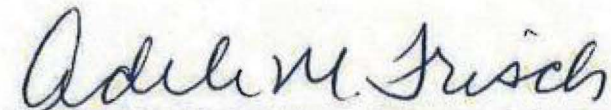
STATE OF OHIO                    )  
  )  
COUNTY OF HAMILTON        )        SS:

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 4<sup>th</sup> day of January, 2018.

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

  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: 1/5/2019

**VERIFICATION**

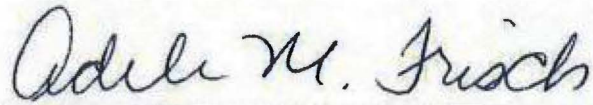
STATE OF OHIO                    )  
  )  
COUNTY OF HAMILTON        )        SS:

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 8<sup>TH</sup> day of January, 2018.

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

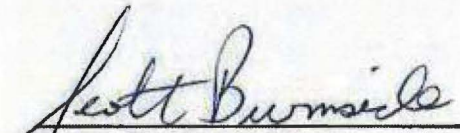
  
\_\_\_\_\_  
NOTARY PUBLIC

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:

**MARY B VICKNAIR**  
**NOTARY PUBLIC**  
Davie County  
North Carolina  
My Commission Expires Sept. 21, 2022



**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 ( $FPR_{UCAP}$ ) is calculated using the PJM equivalent demand forced outage rate ( $EFOR_d^{PJM}$ ) and the PJM installed reserve margin ( $RM_{ICAP}^{PJM}$ ). The  $FPR_{UCAP}$  is 9.02%.
- $FPR_{UCAP}$  is translated to a Duke Energy Kentucky (DEK) installed-capacity-basis reserve margin ( $RM_{ICAP}^{COINCIDENT}$ ) using the 5-year average  $EFOR_d^{DEK}$  (9.00%). Based on this calculation,  $RM_{ICAP}^{COINCIDENT}$  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%  $RM_{ICAP}^{COINCIDENT}$  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)

YEAR	RESERVE MARGIN
2013*	23%
2014*	22%
2015*	32%
2016*	23%
2017*	29%
2018	31%
2019	31%
2020	29%

- c. See response to part a.

**PERSON RESPONSIBLE:** Scott Park



**Duke Energy Kentucky**  
**Case No. 2017-00427**  
**Attorney General's First Set Data Requests**  
**Date Received: December 22, 2017**

**AG-DR-01-002**

**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.

<b>Duke Energy Kentucky</b>		
<b>Off-system Sales to PJM</b>		
<u>Year</u>	<u>MWh</u>	<u>Revenue</u>
2013	257,139	\$ 7,741,822
2014	160,972	\$ 8,147,544
2015	843,528	\$ 26,911,427
2016	299,756	\$ 7,630,073
Jan - Nov 2017	594,501	\$ 15,641,635
<b>Purchased Power from PJM</b>		
<u>Year</u>	<u>MWh</u>	<u>Cost</u>
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 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.

**Duke Energy Kentucky  
Case No. 2017-00427  
Attorney General's First Set Data Requests  
Date Received: December 22, 2017**

**AG-DR-01-004**

**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**

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**AG-DR-01-004**  
**ATTACHMENT 2**  
**-EXCEL FORMAT-**  
**BEING PROVIDED**  
**ON CD**

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**AG-DR-01-004**  
**ATTACHMENT 3**  
**-EXCEL FORMAT-**  
**BEING PROVIDED**  
**ON CD**

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**AG-DR-01-004**  
**ATTACHMENT 4**  
**-EXCEL FORMAT-**  
**BEING PROVIDED**  
**ON CD**

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**Duke Energy Kentucky**  
**Case No. 2017-00427**  
**Attorney General's First Set Data Requests**  
**Date Received: December 22, 2017**

**AG-DR-01-005**

**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 be a direct correlation to the number of homes being weatherized.

Fiscal Year Ending	Program Costs
2011	\$ 640,199.03
2012	\$ 636,468.79
2013	\$ 369,183.05
2014	\$ 311,064.75
2015	\$ 576,058.83
2016	\$ 381,770.70
2017	\$ 297,605.49

**PERSON RESPONSIBLE:**

Lorrie Maggio

**Duke Energy Kentucky**  
**Case No. 2017-00427**  
**Attorney General's First Set Data Requests**  
**Date Received: December 22, 2017**

**AG-DR-01-006**

**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.

Residential Program Expenditures	\$ 5,069,582
Residential Lost Revenues	\$ 2,066,843
Residential Shared Savings	\$ 900,617
Non-Residential Program Expenditures	\$ 7,528,874
Non-Residential Lost Revenues	\$ 755,018
Non-Residential Shared Savings	\$ 1,996,711
PowerShare Program Expenditures	\$ 719,984
PowerShare Shared Savings	\$ 194,108
<b>Total</b>	<b>\$ 19,231,738</b>

**PERSON RESPONSIBLE:** Trisha Haemmerle



**Duke Energy Kentucky**  
**Case No. 2017-00427**  
**Attorney General's First Set Data Requests**  
**Date Received: December 22, 2017**

**AG-DR-01-007**

**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

**DUKE ENERGY KENTUCKY  
 RIDER DSMR REVENUES BILLED TO RESIDENTIAL CUSTOMERS**

TAB A

RATE		RS							
MONTH	kWh	Total Bill	Rider DSMR	No. Bills	Avg. kWh/Bill	Avg. Total Bill	Avg. DSMR/Bill	DSMR %	
7/1/2016	147,661,117	\$13,120,757	\$1,052,745	126,130	1,171	\$104.03	\$8.35	8.0%	
8/1/2016	162,377,542	\$14,151,875	\$1,156,942	126,309	1,286	\$112.04	\$9.16	8.2%	
9/1/2016	150,191,448	\$13,233,596	\$1,070,570	126,482	1,187	\$104.63	\$8.46	8.1%	
10/1/2016	104,100,864	\$9,468,910	\$741,739	126,774	821	\$74.69	\$5.85	7.8%	
11/1/2016	86,331,115	\$7,833,177	\$615,430	126,733	681	\$61.81	\$4.86	7.9%	
12/1/2016	127,529,356	\$10,867,180	\$908,489	127,128	1,003	\$85.48	\$7.15	8.4%	
1/1/2017	153,653,412	\$12,997,098	\$1,095,385	127,315	1,207	\$102.09	\$8.60	8.4%	
2/1/2017	118,028,503	\$10,229,197	\$866,736	126,793	931	\$80.68	\$6.84	8.5%	
3/1/2017	106,514,608	\$9,189,436	\$781,994	127,508	835	\$72.07	\$6.13	8.5%	
4/1/2017	93,090,236	\$7,982,039	\$741,586	126,859	734	\$62.92	\$5.85	9.3%	
5/1/2017	89,589,016	\$7,536,991	\$712,469	127,149	705	\$59.28	\$5.60	9.5%	
6/1/2017	116,763,586	\$9,682,596	\$929,553	127,180	918	\$76.13	\$7.31	9.6%	
<b>Grand Total</b>	<b>1,455,830,803</b>	<b>\$126,292,852</b>	<b>\$10,673,639</b>	<b>1,522,360</b>	<b>956</b>	<b>\$82.96</b>	<b>\$7.01</b>	<b>8.5%</b>	

Source: Duke Energy Kentucky revenue reports.

**DUKE ENERGY KENTUCKY  
 RIDER DSMR REVENUES BILLED TO RESIDENTIAL CUSTOMERS**

**TAB B**

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

**Note:** 2017 Data through November 2017. December 2017 billing data is not yet available.  
**Source:** Duke Energy Kentucky revenue reports.



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