

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY, INC. TO AMEND ITS DEMAND-SIDE MANAGEMENT PROGRAMS	) ) )	CASE NO. 2015-00277
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ORDER

On August 17, 2015, Duke Energy Kentucky, Inc. ("Duke Kentucky")<sup>1</sup> filed an application ("Application"), pursuant to KRS 278.285, requesting approval to amend certain of its Demand-Side Management ("DSM") programs and to propose revised tariffs to recover costs associated with its DSM programs, including net lost revenues and program-related incentives. Duke Kentucky requests that the revised DSM tariffs become effective September 14, 2015. The Application also included evaluation reports on some of the programs contained in Duke Kentucky's DSM portfolio.<sup>2</sup>

The Application proposes to expand the scope of the Residential Smart Saver Energy Efficient Residences Program, Residential Energy Assessments Program, and the Smart Saver Prescriptive Program by increasing or changing the available

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<sup>1</sup> The Commission takes administrative notice that Duke Kentucky is a wholly owned subsidiary of Duke Energy Ohio, Inc. ("Duke Ohio") and that Duke Energy Corporation ("Duke Energy") is the parent company of Duke Ohio and Duke Kentucky.

<sup>2</sup> Evaluation reports filed as part of the Application are the Process and Impact Evaluation of Duke Energy's Residential Property Manager CFLs Program in Kentucky (Exhibit G); Process and Impact Evaluation of the Residential Energy Efficient Appliance and Devices: Lighting – Specialty Bulbs Program in Kentucky and Ohio (Exhibit H); and Process and Impact Evaluation of the 2013-2014 Residential Neighborhood Program in Ohio and Kentucky (Exhibit I).

measures within each program to respond to market conditions and enhance the robustness of Duke Kentucky's offerings.<sup>3</sup>

Duke Kentucky is also providing an update on measures within the Smart Saver Custom Program and an update to the Non-Residential Small Business Energy Saver Program. Duke Kentucky is further seeking approval to continue its DSM portfolio beyond 2016 with annual amendment updates and the continued flexibility to add cost-effective measures to the list of approved programs. Finally, Duke Kentucky requests the approval to commercialize and continue offering the live, theatrical performance portion of the Energy Efficiency Education Program for Schools and to discontinue the annual evaluations for the Energy Education for Schools Program as ordered in Case No. 2012-00085.<sup>4 5</sup>

The Residential Collaborative<sup>6</sup> and the Commercial and Industrial Collaborative<sup>7</sup> have reviewed Duke Kentucky's proposed changes. With the exception of the Office of the Kentucky Attorney General, which may indicate its opinion at a later date, the voting

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<sup>3</sup> Exhibit F lists the complete set of proposed measures for inclusion.

<sup>4</sup> Case No. 2012-00085, *Application of Duke Energy Kentucky, Inc. for an Energy Efficiency Cost Recovery Mechanism and for Approval of Additional Programs for Inclusion in its Existing Portfolio* (Ky. PSC June 29, 2012).

<sup>5</sup> Application, paragraph 6.

<sup>6</sup> The Residential Collaborative members receiving the information: Jennifer Black Hans and Heather Napier (Office of the Kentucky Attorney General), Jock Pitts and Nina Creech (People Working Cooperatively), Florence Tandy (Northern Kentucky Community Action Commission), Laura Pleiman (Boone County), Peter Nienaber (Northern Kentucky Legal Aid), Karen Reagor and Pam Proctor (Kentucky NEED Project), Bill Lunsford, Lee Colten, John Davies, and Greg Guess (Department of Energy Development and Independence), Jeremy Faust, Andy Holzhauser and Chris Jones (Greater Cincinnati Energy Alliance), and Tim Duff and Trisha Haemmerle (Duke Energy).

<sup>7</sup> The Commercial & Industrial Collaborative members receiving the information were: Jennifer Black Hans and Heather Napier (Office of the Kentucky Attorney General), Jock Pitts (People Working Cooperatively), Karen Reagor and Pam Proctor (Kentucky NEED Project), Bill Lunsford, Lee Colten, John Davies, and Greg Guess (Department of Energy Development and Independence), Chris Baker (Kenton County Schools) and Tim Duff and Trisha Haemmerle (Duke Energy).

members of both the Residential Collaborative and the Commercial & Industrial Collaborative agreed with this Application.<sup>8</sup>

On August 31, 2015, the Commission issued an Order establishing a procedural schedule and suspending the proposed DSM rates. Based upon a review of Duke Kentucky's proposed tariffs as filed on August 17, 2015, the Commission found that KRS 278.180(1) prohibits any change in rate except upon 30 days' notice to the Commission. Therefore, for new rate tariffs filed on August 17, 2015, the earliest effective date was 30 days thereafter, which was September 16, 2015. The Commission suspended the proposed DSM rates for five months from September 16, 2015, up to and including February 15, 2016.

Duke Kentucky responded to two rounds of discovery from the Commission Staff. There were no intervenors. On December 8, 2015, Duke Kentucky filed a notice requesting that the matter be decided based on the evidentiary record without a formal hearing. The matter now stands submitted for a decision on the record.

#### DUKE KENTUCKY DSM PROGRAM PORTFOLIO

Duke Kentucky's DSM portfolio includes the following programs as approved in Case No. 2014-00280:<sup>9</sup>

1. Low Income Services Program;
2. Residential Energy Assessments Program;
3. Energy Education Program for Schools Program;
4. Residential Smart Saver Energy Efficient Residences Program;

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<sup>8</sup> Application, paragraph 6.

<sup>9</sup> Case No. 2014-00280, *Application of Duke Energy Kentucky, Inc. to Amend Its Demand-Side Management Programs* (Ky. PSC Jan. 28, 2015).

5. Residential Smart Saver Energy Efficient Products Program;
6. Smart Saver Prescriptive Program;
7. Smart Saver Custom Program;
8. Smart Saver Energy Assessments Program;
9. Power Manager Program;
10. PowerShare;
11. Low Income Neighborhood;
12. My Home Energy Report ("MyHER");
13. Appliance Recycling Program; and
14. Non-Residential Small Business Energy Saver Program.

#### PROPOSED CHANGES TO EXISTING PROGRAMS

Duke Kentucky proposes to expand the scope of the following programs:

##### Residential Smart Saver Energy Efficient Residences

Duke Kentucky is proposing to expand the scope of the Residential Smart Saver Energy Efficient Residences ("Smart Saver EE Residences") Program by increasing the available measures related to heating, ventilation and air-conditioning ("HVAC") equipment and an additional marketing referral channel. The HVAC equipment measures include a tiered incentive structure based on the efficiency rating of the new unit installed, along with two add-on optional efficiency measures that customers can choose to combine with equipment replacement that will further improve the efficiency of the HVAC system. There are three incentive levels that will be made available for customers replacing HVAC equipment. Two of the new measures include a smart thermostat and quality installation. The smart thermostat is a programmable Wi-Fi-

enabled thermostat that is programmed at the time of installation. The quality installation encourages proper installation based on manufacturer guidelines and utilization of high-efficiency air-conditioning systems and electric heat pumps. Duke Kentucky states the tier approach allows customers to add on additional services and/or equipment replacement measures.<sup>10</sup> The three types of tiers are in the following table.<sup>11</sup>

	HVAC TIER		
	TIER 1	TIER 2	TIER 3
Air-Conditioning ("AC")/ Heat Pump ("HP")	14 SEER with ECM <sup>12</sup> and Quality Installation	15 & 16 SEER with ECM	17+ SEER with ECM
Geothermal ("Geo")	11.5 EER with ECM and Quality Installation	12.3 EER with ECM	13.26 EER with ECM

The incentives proposed by Duke Kentucky for this program are in the following tables.<sup>13</sup>

MEASURE	INCENTIVE		
	TIER 1	TIER 2	TIER 3
AC/ HP/Geo	\$250	\$300	\$400
Quality Installation	Required	\$75	\$75
Smart Thermostat	\$125	\$125	\$125

<sup>10</sup> Application at 4–5.

<sup>11</sup> Application, Exhibit J.

<sup>12</sup> ECM stands for electronically commutated motor.

<sup>13</sup> Application, Exhibit J.

MEASURE	INCENTIVE
Attic Insulation and Sealing	\$250
Duct Sealing	\$100
Duct Insulation	\$75
Central Air Conditioning Tune-Up	\$50
Electric Heat Pump Tune-Up	\$50
Heat Pump Water Heater	\$350

The referral component of the Smart Saver EE Residences Program is a new delivery channel that provides a free referral service to customers to enhance program awareness and participation. Duke Kentucky states that the service simplifies the customer's decision-making around energy-efficiency purchases and takes the guesswork out of finding reliable, qualified contractors with competitive offers. The proposed delivery channel is to support Duke Kentucky's role as energy efficiency ("EE") program administrator while building trusted partnerships with customers and HVAC and home performance contractors as well as home builders ("Trade Allies") who interface directly with residential customers. Duke Kentucky states that qualifying Trade Allies may elect to participate in the referral component of the program. The referral component is designed to provide a structured mechanism for Duke Kentucky to provide leads to eligible Trade Allies. Duke Kentucky states that Trade Allies are important to the program's success because they communicate with customers as they make their HVAC purchase decisions, and that such a decision could have a significant impact on annual energy use. Qualified HVAC contractors, home performance contractors and new home builders who are registered and actively engaged as a Trade Ally in the program network can choose to participate in the referral network.<sup>14</sup>

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<sup>14</sup> *Id.* at 5.

Duke Kentucky states that the primary goal for the program is to provide eligible customers with a broad selection of EE measures for their homes. The Smart Saver EE Residences Program is designed to reach customers who are replacing their current HVAC equipment or seeking to improve the performance of their home envelope and HVAC systems. The program measures are to provide a life-cycle management opportunity that enables customers to maintain optimal operation of the HVAC equipment installed through the program.<sup>15</sup>

#### Residential Energy Assessments Program

The On-site Audit and Analysis,<sup>16</sup> referred to as the Home Energy House Call (“HEHC”) in the Application, is being expanded as part of the Residential Energy Assessments Program. Duke Kentucky states the primary goal for the HEHC is to empower customers to better manage their energy usage and cost. The HEHC program is to provide a walk-through assessment by a Building Performance Institute Building Analyst to identify energy-savings opportunities in the home. At the time of the home audit, the customer is to receive a free kit containing a variety of energy-saving measures. Duke Kentucky states the current kit includes a low-flow showerhead, kitchen faucet aerator, bathroom aerator, outlet gaskets, two 13-watt compact fluorescent (“CFL”) bulbs, and one 18-watt CFL bulb. Duke Kentucky proposes to upgrade the by kit replacing the three CFL bulbs with two light emitting diode (“LED”) bulbs. Duke Kentucky states that the upgrade is in response to customer demand and notes that LED bulbs have better characteristics than CFL bulbs, such as high efficacy, longer lifetime, controllability, durability, instant-on and no warm-up period. Duke

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<sup>15</sup> *Id.* at 5–6.

<sup>16</sup> *Id.*, Exhibit K.

Kentucky further states that the program would also allow for installation of up to an additional six LEDs by the energy specialist by prioritizing high-use sockets.<sup>17</sup>

#### Non-Residential Small Business Energy Saver Program

The Non-Residential Small Business Energy Saver Program (“SBES”) program is adding an LED T8 lamp as an eligible program measure. The LED T8 lamps will allow small businesses an option to replace existing linear fluorescent fixtures with LEDs. Duke Kentucky states that all LED T8 lamps offered within the program are required to be listed on the Design Lights Consortium (“DLC”) Qualified Products List.<sup>18</sup> A new ballast replacement is also required for all LED T8 lamp installations. Program costs are not expected to change with the addition of the LED T8 lamp measure, as the program uses a pay-for-performance<sup>19</sup> design where the program vendor is paid only for program kWh savings. Duke Kentucky states that due to this interest and the popularity of the SBES program over the last three months, it expects the program to exceed the stated kilowatt-hour (“kWh”) impact projections for the July 2015–June 2016 fiscal year.<sup>20</sup>

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<sup>17</sup> *Id.* at 6.

<sup>18</sup> The DLC promotes quality, performance and EE commercial-sector lighting solutions through collaboration among its federal, regional, state, utility, and energy-efficiency program members, luminaire manufacturers, lighting designers, and other industry stakeholders throughout the U.S. and Canada. <https://www.designlights.org>

<sup>19</sup> Response to Commission Staff’s Initial Request for Information, Item 2. The Pay for Performance program improvement would target energy-efficiency projects for which energy savings cannot be calculated with confidence prior to project implementation.

<sup>20</sup> Application at 7.



### Smart Saver Prescriptive Program

The purpose of the Duke Energy Smart Saver Prescriptive (“Prescriptive”) program is to provide incentives to influence customers to take action that they otherwise would not have, absent the program incentives. Duke Kentucky states that it routinely reviews current offerings and market standards to determine changes, additions, and deletions needed to the portfolio.<sup>21</sup>

For 2016, the following measure additions were identified for the food service technology category:<sup>22</sup>

- Addition of Floating Head Pressure Controls to take advantage of free cooling/external air temperatures for grocery store refrigeration.
- Addition of Floating Suction refrigeration controls to reduce evaporating temperature based on refrigeration load.
- Addition of Zero Energy Doors containing Argon gas to prevent fog for grocery stores without heated doors.

Food service measures pertaining to ovens, fryers, dishwashers, and icemakers were modified to take into consideration changes in market conditions and EE standards. Energy Star Vending Machines are removed from the portfolio. Duke Kentucky states that it continues to offer incentives for vending equipment controllers, which are a plug-and-play device that reduces the energy consumption of the vending machines.<sup>23</sup>

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<sup>21</sup> *Id.* at 8.

<sup>22</sup> *Id.*

<sup>23</sup> *Id.*

Duke Kentucky stated it is revising the format of the incentives for chillers as well as updating the minimum requirements based on current ASHRAE<sup>24</sup> minimum-efficiency requirements.<sup>25</sup> Similar updates are included for rooftop/unitary air conditioning and heat pumps systems, mini-split systems, and packaged terminal air-conditioner ("PTAC") units. The Prescriptive program is introducing incentives for three new HVAC technology measures:<sup>26</sup>

- Automated Rooftop Controls, including variable frequency drives ("VFD"), economizers, CO<sub>2</sub> sensors, fault detection, diagnostic sensors, software, and real-time energy consumption monitoring.
- Rooftop Unit Tune-ups for customers without prior maintenance contracts. The tune-ups include checking, adjusting, and resetting equipment to factory conditions so that it performs comparably to a new unit.
- Electronically commutated motor for PTAC unit fans.

Duke Kentucky stated that the Prescriptive program lighting technology will expand to include replacing fluorescent tubes with LED bulbs. These are in addition to the incentives currently offered for replacing fluorescent fixtures with LED panels.<sup>27</sup>

The following LED measures are revised to reflect efficiency of products currently available in the market: LED case lighting, canopy and exterior flood lighting, panels,

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<sup>24</sup> ASHRAE stands for the American Society of Heating, Refrigerating, and Air-Conditioning Engineers.

<sup>25</sup> <https://www.ashrae.org/resources--publications/bookstore/standard-90-1>

<sup>26</sup> Application at 8–9.

<sup>27</sup> *Id.* at 9.

high bay, low bay, task, track, and shelf-mounted lighting. LED bollards will be discontinued from the Prescriptive offerings.<sup>28</sup>

A review of the information-technology offerings resulted in the following portfolio modifications:<sup>29</sup>

- Electronically commutated plug fans for data centers
- Changes to controlled plug strip, personal computer power management, and VFDs for data centers to reflect market standards and baseline changes.
- Discontinue Prescriptive incentives for server virtualization, Energy Star 6.0 small-scale servers, Energy Star 2.0 servers, and Energy Star 6.0 desktop computers.

#### Smart Saver Custom Program

In order to make the Smart Saver Custom (“Custom”) program more accessible to a wider range of projects, as well as to enhance program efficiency, Duke Kentucky proposes to implement several functional enhancements to the Custom program. Duke Kentucky refers to the first of these as “Custom to Go,” which, according to Duke Kentucky, are relatively easy to use and are acceptably accurate calculation tools. Duke Kentucky goes on to say that many of these tools have launched, and others will continue to launch throughout 2015.<sup>30</sup>

Duke Kentucky launched the “Flat Rate” incentive improvement to provide transparency concerning custom incentives. Duke Kentucky states that development continues into improvements enabling participation of customer projects that are on

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<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> *Id.* at 9–10.

fast-track schedules or for which energy savings are difficult to quantify. Duke Kentucky is evaluating an improvement based on a “Pay for Performance” approach. Duke Kentucky states that this improvement will very likely result in a separate program, which will be filed at a later date.<sup>31</sup>

Lastly, Duke Kentucky states that in an effort to increase the number of customers in Prescriptive and Custom programs that promote the purchase of EE equipment, Duke Kentucky plans to increase the incentive cap from 50 percent to 75 percent. The maximum incentive that a customer can receive will be listed on the application form. Incentives are currently capped at 50 percent of the customer’s cost for the equipment. Duke Kentucky proposes to increase this cap to 75 percent of the customer’s equipment or project costs.<sup>32</sup>

#### OTHER PROPOSED PORTFOLIO REVISIONS

In this proceeding, Duke Kentucky requests to continue to operate its existing portfolio of programs beyond December 31, 2016,<sup>33</sup> which would otherwise be the end of its current approval period, and to eliminate the periodic application for review and approval of its entire DSM portfolio. Duke Kentucky proposes to continue the filing of program amendments, which are due by August 15 each year after they are reviewed and approved by the collaborative; the automatic approval of cost-effective pilot programs that are under \$75,000; and the filing of measure changes and status update filings by each November 15. Duke Kentucky states that the amendment filings give an

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<sup>31</sup> *Id.* at 10.

<sup>32</sup> *Id.*

<sup>33</sup> Case No. 2012-00495, *Application of Duke Energy Kentucky, Inc. for the Annual Cost Recovery Filing for Demand Side Management* (Ky. PSC Apr. 11, 2013).

annual update of changes to the portfolio and a refreshed look at costs on an annual basis. Duke Kentucky further states that with the existing process whereby it files for program changes and updates by August 15 annually, and for annual rider true-up by November 15, the need to also seek periodic approval of the entire portfolio now seems duplicative and unnecessary.<sup>34</sup> Should the Commission deny this request and require it to file an application to approve a new five-year DSM portfolio, Duke Kentucky requests an extension of the current portfolio for another year expiring on June 30, 2017, to prepare all the necessary documentation to file a new portfolio.<sup>35</sup>

Duke Kentucky kept the Commission informed as to the progress and status of its DSM programs, and through its periodic filings, Duke Kentucky has provided evidence of its review as to the cost-effectiveness of its portfolio and existing and proposed EE measures. The Commission finds that Duke Kentucky's requests to operate the DSM portfolio past December 31, 2016, and to modify its DSM filing requirements are reasonable and should be approved. But, the Commission reserves the right to request future evaluations of newly proposed programs or when there are significant revisions to Duke Kentucky's DSM/EE portfolio, and establish time periods as to when DSM portfolios continue.

#### Energy-Efficiency Education for Schools

In Case No. 2012-00085, Duke Energy Kentucky filed and received approval to pilot an additional channel to reach K–12 students through a live theatrical production. The live theatrical production category is presented by the National Theatre Company

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<sup>34</sup> Application at 11.

<sup>35</sup> *Id.* at 12.

("NTC"). It is designed to educate students about EE via the theatrical production, and participating students are eligible to receive home EE starter kits that are sent to the students' homes. As part of the initial program approval, Duke Kentucky was required to file a process evaluation status report that assesses program operations and student family surveys as to program awareness, satisfaction, and compliance with installations and recommendations. The status report also included an evaluation of engineering estimates and billing analysis. Duke Kentucky has submitted evaluation reports for the 2012, 2013 and 2014 program years as required. Duke Kentucky states that the theatrical portion of the program has proven to be a successful way of reaching students and allowing for EE measures to be installed in homes based on the energy efficiency kits the student families receive after signing up for a kit, and requests that the program and its partnership with NTC be continued. Duke Kentucky states it will also continue to work with the National Energy Education Development ("NEED") as part of the EE Education Program for Schools.<sup>36</sup>

Duke Kentucky further requests to discontinue the annual evaluations of the Energy Efficiency Education for Schools program, and to instead evaluate the program once every three years. Duke Kentucky believes that evaluating the program on an annual basis is more costly to customers and provides minimal value to enhance the program.<sup>37</sup>

As Duke Kentucky stated in the Application, it has continued to keep the Commission informed of the progress and status of its DSM programs through timely periodic filings of its DSM portfolio, as noted in several past Orders issued by the

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<sup>36</sup> *Id.* at 12–13.

<sup>37</sup> *Id.* at 13.

Commission. As Duke Kentucky has worked with the NTC, along with NEED, for several years, it has witnessed the successful results of the partnership and has kept the Commission apprised of the progress that program has made. Accordingly, the Commission finds that the request to discontinue the annual filing of the Energy Efficiency for Schools program and continue the partnership with NTC is reasonable and should be approved.

COST EFFECTIVENESS

The following table shows the results of the cost-effectiveness tests<sup>38</sup> provided by Duke Kentucky.

DSM Portfolio Programs	UCT	TRC	RIM	Participant Test
Residential Customer Programs				
Appliance Recycling Program	3.86	5.01	1.38	N/A
Energy Efficiency Education Program for Schools	0.97	1.46	0.66	N/A
Low Income Neighborhood	3.55	4.19	1.34	N/A
Low Income Services	0.88	1.06	0.63	N/A
My Home Energy Report	1.84	1.84	0.93	N/A
Residential Energy Assessments	3.30	3.30	1.65	N/A
Residential Smart Saver	4.74	7.39	1.32	15.02
Power Manager	4.35	5.75	4.35	N/A
Residential Energy Assessments - Modifications	2.24	2.53	1.13	N/A
Residential Smart Saver - Modifications	2.71	0.90	1.33	0.76
Non-Residential Customer Programs				
Smart Saver Custom	3.72	1.60	1.32	2.05
Smart Saver Prescriptive - Energy Star Food Services Products	10.19	3.96	1.53	4.24
Smart Saver Prescriptive - HVAC	2.28	1.00	1.28	0.82
Smart Saver Prescriptive - Lighting	5.73	2.75	1.62	2.74
Smart Saver Prescriptive - Motor/Pumps/VFD	6.06	4.27	1.46	5.20
Smart Saver Prescriptive - Process Equipment	5.37	5.63	1.69	6.02
Smart Saver Prescriptive - IT	N/A	N/A	N/A	N/A

<sup>38</sup> *Id.*, Exhibit A.

Smart Saver Prescriptive - Modifications	2.89	2.09	1.37	1.97
Power Share	4.33	12.84	4.33	N/A

### COSTS<sup>39</sup>

Duke Kentucky's DSM revenue requirement, including program costs, lost revenues, and financial incentives is \$11.766 million. This level of expenditure, along with under- and over-recovery from the prior period, results in a total DSM revenue requirement of \$18.448 million, of which \$13.454 million is allocated to electric operations and \$4.994 million is allocated to gas operations. The \$13.454 million net amount allocated to electric operations comprises a \$2.123 million under-recovery from the prior period and \$11.331 million of expected DSM program costs. In addition, the electric operations receive a customer meter charge totaling \$146,417 for Home Energy Assistance ("HEA").

The \$4.994 million net amount allocated to gas operations comprises a \$4.559 million under-recovery from the prior period and \$0.435 million of expected DSM program costs. Additionally, the gas operations receive a customer meter charge totaling \$105,820 for HEA.

### CONCLUSIONS

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Duke Kentucky has kept the Commission informed of the progress and status of its DSM programs by timely filing summary status reports on its programs.

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<sup>39</sup> Response to Commission Staff's Second Request for Information, Item 1.



2. Duke Kentucky's proposals with regard to modifications in its DSM filing processes and requirements as contained in its Application should be approved.

3. Duke Kentucky's revised DSM surcharge factors, which are based on its expected level of additional DSM program costs, are reasonable and should be approved as revised.<sup>40</sup>

4. Within 20 days of its execution, Duke Kentucky should provide a copy of the fully executed contract with the SBES contractor, SmartWatt Energy Inc., along with the percentage of contract cost applicable to Duke Kentucky.

5. Duke Kentucky, in compliance with the approval in Case No. 2012-00085, should provide a ten-day notification to the Commission of any additional measures to be added or any existing measures to be removed from its DSM portfolio as requested in the cost-effective measure inclusion.

6. Duke Kentucky, in compliance with the approval in Case No. 2012-00085, should provide updated cost-effectiveness scores and any change in rates by customer class on an annual basis within the annual amendment filing as requested in the cost-effective measure inclusion.

7. Duke Kentucky should continue the practice of not including DSM- or EE-related costs in base rates.

IT IS THEREFORE ORDERED that:

1. Duke Kentucky's proposed programs and associated costs are approved as of the date of this Order.

2. Duke Kentucky's revised DSM surcharge factors, which are based on its expected level of additional DSM program costs, are approved.

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<sup>40</sup> *Id.*

3. Within 20 days of contract execution, Duke Kentucky shall provide a copy of the fully executed contract with the SBES contractor, SmartWatt Energy Inc., along with the percentage of contract cost applicable to Duke Kentucky.

4. Duke Kentucky shall comply with the requirements of finding paragraphs 5 and 6.

5. Within ten days of the date of this Order, Duke Kentucky shall file with the Commission, using the Commission's electronic Tariff Filing System, its revised DSM tariffs showing the date of issue and that they were issued by authority of this Order.

By the Commission

ENTERED  
FEB 12 2016  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2015-00277 DATED **FEB 12 2016**

The following rates and charges are prescribed for the customers in the area served by Duke Energy Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

<u>Rate Schedule Riders</u>	<u>DSM Cost Recovery Rider (DSMR)</u>
<u>Electric Rider DSM</u>	
Residential Rate RS	\$0.005955 per kWh
Distribution Level Rates Part A DS, DP, DT, GS-FL, EH & SP	\$0.001703 per kWh
Transmission Level Rates & Distribution Level Rates Part B TT	\$0.000161 per kWh
Distribution Level Rates Total DS, DP, DT, GS-FL, EH & SP	\$0.001864 per kWh
<u>Gas Rider DSM</u>	
Residential Rate RS	\$0.078432 per Ccf

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