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VIA OVERNIGHT DELIVERY

December 4, 2015

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

DEC 07 2015

PUBLIC SERVICE
COMMISSION

Re: *Case No. 2015-00347*
In the Matter of the Application of Duke Energy Kentucky, Inc., for
Approval of Its Premier Power Tariff and Standard Contract

Dear Mr. Derouen:

Enclosed please find an original and ten copies of the *Responses of Duke Energy Kentucky, Inc. to Commission Staff's Initial Request for Information*, for filing in the above referenced matter.

Please date-stamp the two copies of the letter and filing and return to me in the enclosed envelope.

Sincerely,

Rocco D'Ascenzo
Associate General Counsel
rocco.d'ascenzo@duke-energy.com

cc: Hon. Jennifer Hans

VERIFICATION

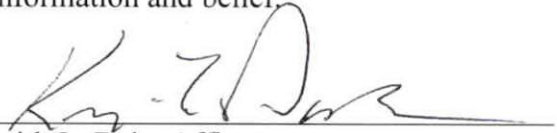
RECEIVED

DEC 07 2015

PUBLIC SERVICE
COMMISSION

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The undersigned, Keith L. Dale, Strategy Development & Market Efficiency Manager, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing data requests, and that the answers contained therein are true and correct to the best of his knowledge, information and belief


Keith L. Dale, Affiant

Subscribed and sworn to before me by Keith L. Dale on this 3RD day of December 2015.


NOTARY PUBLIC

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

My Commission Expires: 1/5/2019

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STAFF-DR-01-001

REQUEST:

Refer to the Application, page 2, paragraph 4.

- a. Explain why Duke Kentucky's proposed Premier Power Service ("PPS") specifies the use of a backup generator with a name plate rating of at least 50 kW, rather than a lesser minimum capacity rating or not having a minimum capacity requirement.
- b. Identify the maximum name plate rating Duke Kentucky will install.

RESPONSE:

- a. At sizes below 50 kW this product becomes less cost effective for customers and more of a commodity product. We also have a concern for potentially leading the customer down a path they cannot afford in that at sizes around 50 kW or below, the cost could double a customer electric account.
- b. There is no maximum. The generator can be sized to meet the customer's individual needs.

PERSON RESPONSIBLE: Keith L. Dale

REQUEST:

Refer to the Application, page 3, paragraphs 5 and 6.

- a. Paragraph 5 states that the proposed PPS will be a self-sustaining program and accounted for below the line. Paragraph 6 states, "Back-up generators area available from other vendors in the competitive market place for purchase or lease, so customers wishing to have this enhanced level of redundancy are not obligated to take this service from the Company." Given that competition exists for this service and the accounting for the service would be below the line, explain why the PPS should be considered a regulated activity rather than a non-regulated activity.
- b. Provide the account numbers established by the Federal Energy Regulatory Commission's Uniform System of Accounts for Public Utilities and Licenses ("USoA") that will be used to record the PPS activities.
- c. In what USoA account numbers will Duke Kentucky employees record time spent on PPS activities?

RESPONSE:

- a. Customers look to Duke Energy Kentucky as a trusted energy advisor and frequently make requests or seek advice on how to better enhance their reliability or more efficiently use electricity. Having a tariffed program available to offer

customers is anticipated to enhance customer satisfaction and experience, as opposed to the present state where the Company can only suggest other possible vendors. The program can provide an economy of scale for the customer by installing a single generator on the utility side of the meter that provides whole facility protection to the customer. This is opposed to possible installing multiple units on the customer's side of the meter with multiple individual units.

b.

	Bus.unit	Oper.Unit	Resp Ctr	Acct	Product	Project	Process
Revenue Accounting:	75085	NEKY	S051	0454400	PREPWR	(project-specific)	REV
Capital Expenditures:	75085	NEKY	S051	0107000	PREPWR	(capital project-specific)	COGS
Ongoing O&M Expenses:	75085	NEKY	S051	0910100	PREPWR	Same as Revenue	COGS

The Operating Unit, Accounts, and Product used allow us to identify and distinguish these revenues and costs from standard electric revenues and costs.

c. Labor can be charged to either capital or ongoing O&M as applicable.

PERSON RESPONSIBLE: Keith L. Dale

STAFF-DR-01-003

REQUEST:

Refer to the Application, Exhibit 1, page 1 of 2, the Rate section. In the paragraph that begins "Levelized Capital Cost is equal to," explain the following items:

- a. Contingency allowance.
- b. Adjustment to reflect additional supporting investment of general plant nature.

RESPONSE:

- a. Amounts estimated for possible unknown circumstances not identified prior to commencement of the project.
- b. Possible customer requirements that are known and will be required or are discovered during the term of the contract but are not known or required at the beginning of the project. Costs are adjusted from that period going forward in the contract. For example, additional noise abatement requirements added may not be known during initial design phase.

PERSON RESPONSIBLE: Keith L. Dale

**Duke Energy Kentucky
Case No. 2015-00347
Staff First Set Data Requests
Date Received: November 23, 2015**

STAFF-DR-01-004

REQUEST:

Refer to the Application, Exhibit 2, page 1 of 6. In the Terms and Conditions section, explain why the initial term is blank when the proposed tariff states that the initial term will be ten years.

RESPONSE:

Initial default term is ten years unless there is a mutually agreed upon term that is necessary given the individual customer situation. In some cases the customer may request a term less than 10 years that may be dependent upon the operational requirements of the customer's facility such as a lease arrangement less than ten years or possible customer process changes that the customer is aware of during the initial term of the contract.

PERSON RESPONSIBLE: Keith L. Dale

STAFF-DR-01-005

REQUEST:

Refer to the Direct Testimony of Keith L. Dale (“Dale Testimony”), page 3, lines 16-21.

- a. Provide copies of the PPS tariffs referred to on these lines that were approved in other jurisdictions.
- b. Provide a copy of the final Orders approving the tariffs referred to in subpart a.

RESPONSE:

- a. See Attachments STAFF-DR-01-005 (a)(1) through (a)(6).
- b. See Attachments STAFF-DR-01-005 (b)(1) through (b)(6).

PERSON RESPONSIBLE: Keith L. Dale

Duke Energy Indiana, Inc.

1000 East Main Street
Plainfield, Indiana 46168

**STANDARD CONTRACT RIDER NO. 25
PREMIER POWER SERVICE**

AVAILABILITY

Applicable to qualifying Commercial and Industrial Customers, on a voluntary basis, served under Rates LLF, HLF, or Special Contracts. Customers must enter into a service agreement with Company under this rider and have a qualifying credit rating.

PROGRAM DESCRIPTION

Under the terms of this program, the Company will own, install, operate and maintain on-site equipment such as on-site generators, fly-wheel, and Uninterruptible Power Supply (UPS) systems designed to provide a supply of electricity to the Customer's facility in the event that the primary supply of electricity is interrupted. The minimum size of on-site generators provided under this program will have a nameplate rating of 300 kW. The generator and associated business continuity support equipment will be located on the Customer's premises at a mutually agreed upon location. The generator and associated business continuity support equipment will be connected on the Company's (line) side of Company's billing meter. Customer will be billed for all usage registered on the Company's billing meter under the applicable rate schedule.

RATE

Each qualifying customer's individual monthly rate calculated for each customer for this service will be determined as follows:

Monthly Service Payment = Estimated Levelized Capital Cost + Estimated Expenses

Where:

Levelized Capital Cost is equal to the present value of all estimated capital related cash flows for a period corresponding to the time of engineering, design and installation of equipment through the term of the contract, adjusted to a pre-tax amount and converted to a uniform monthly payment for the term of the contract. The estimated capital cash flows shall include estimated installed cost of equipment, contingency allowances, salvage value, adjustment to reflect additional supporting investment of general plant nature, and income tax impacts.

Expenses shall equal the present value of estimated expenses associated with the support and maintenance of the generation and support equipment, adjusted to a pre-tax amount and converted to a uniform monthly payment for the term of the contract. The estimated expenses shall include administrative and general expenses, expenses for labor and materials related to operations and maintenance, third party expenses for operations and maintenance, warranties, insurance, annual costs associated with working capital, fuel, depreciation, property tax, other costs related to the operation and support of the generator system installation, and income tax impacts.

The after tax cost of capital from the Company's most recently approved general rate case will be used to convert present values to uniform monthly payments.

ISSUED:
May 8, 2014

EFFECTIVE:
Bills Rendered
May 8, 2014

Duke Energy Indiana, Inc.
1000 East Main Street
Plainfield, Indiana 46168

KyPSC Case No. 2015-347
STAFF-DR-01-005 Attachment (a)(1)
Page 2 of 2

IURC NO. 14
Original Sheet No. 25
Page 2 of 2

**STANDARD CONTRACT RIDER NO. 25
PREMIER POWER SERVICE**

MONTHLY BILL

Customer's monthly bill for all services under this rider will appear on their regular monthly electric bill as a line item.

CONTRACT

As provided in the Premier Power Service Agreement (Agreement), customer shall enter into a contract for Premier Power Service from the Company for an initial term of ten (10) years, or other term at the Company's option, and thereafter from year to year upon the condition that either party may terminate the contract by giving a minimum of ninety (90) days notice of such termination in writing. In the event of early termination of the Agreement under this program, the Customer may be required to pay the Company a termination fee as set forth in the Agreement.

ISSUED:
May 8, 2014

EFFECTIVE:
Bills Rendered
May 8, 2014

Duke Energy Carolinas, LLC

Electricity No. 4
North Carolina Third Revised Leaf No. 350
Superseding North Carolina Second Revised Leaf No. 350

ON-SITE GENERATION SERVICE PROGRAM (NC)

AVAILABILITY (North Carolina only)

The program is available, at the Company's option, to nonresidential customers receiving concurrent service, for up to an aggregate of 250 MW of installed generation.

PROGRAM

Under the terms of this program, the Company will own, install, operate and maintain an on-site generator designed to provide a supply of electricity to the Customer's facility in the event that the normal supply of electricity is interrupted. In addition, the Company reserves the right to operate the generator at times when the supply of electricity has not been interrupted to the Customer's facility and thereby provide a source of capacity to the utility system. The minimum size generator provided under this program will have a nameplate rating of 300 KW. The generator and associated business continuity equipment will be located on the Customer's premises at a mutually agreed upon location. The Customer will be billed for all usage registered on the Company's billing meter under the applicable rate schedule.

RATE

The monthly rate for this service will be determined as follows:

Monthly Services Payment = Levelized Capital Cost + Expenses

Where:

Levelized Capital Cost is equal to the present value of all estimated capital related cash flows for a period corresponding to the time of engineering, design and installation of equipment through the term of the contract, adjusted to a pre-tax amount and converted to a uniform monthly payment for the term of the contract. The estimated capital cash flows shall include installed cost of equipment, contingency allowances, property taxes, salvage value, adjustment to reflect additional supporting investment of general plant nature, and income tax impacts.

Expenses shall equal the present value of estimated expenses associated with the support and maintenance of the generation and support equipment, adjusted to a pre-tax amount and converted to a uniform monthly payment for the term of the contract. The estimated expenses shall include administrative and general expenses, expenses for labor and materials related to operations and maintenance, third party expenses for operations and maintenance, warranties, insurance, annual costs associated with working capital, fuel inventory, other costs related to the operation and support of the generator system installation, and income tax impacts.

The after tax cost of capital from the Company's most recent general rate case will be used to convert present values to uniform monthly payments.

PAYMENT

Bills for service under this program are due and payable on the date of the bill at the office of the Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. All bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one percent (1%) late payment charge. This late payment charge shall be rendered on the following month's bill and it shall become a part of and due and payable with the bill on which it is rendered.

CONTRACT PERIOD

As provided in the On-Site Generation Service Agreement (Agreement), each customer shall enter into a contract for On-Site Generation Service from the Company for an original term of ten (10) years, or other term at the Company's option, and thereafter from year to year upon the condition that either party may terminate the contract at the end of the original term by giving at least ninety (90) days previous notice of such termination in writing. In the event of early termination of an Agreement under this program, the Customer may be required to pay the Company a termination fee as set forth in the Agreement.

Exhibit No. 1

Carolina Power & Light Company
(North Carolina Only)

PREMIER POWER SERVICE
(EXPERIMENTAL)
RIDER PPS-1

AVAILABILITY

This Rider is available on a voluntary basis in conjunction with any of Company's general service schedules when the Customer contracts with Company to furnish certain Services related to the supply of on-site generation for the sole purpose of providing an alternate supply of electric service in the event normal electric supply is interrupted. The rate schedule with which this Rider is used is modified only as shown herein. This Rider shall be available to new applicants until December 31, 2001.

DEFINITION OF SERVICES

Services provided under the terms of this Rider shall be provided by an on-site generator supplied by Company for the purpose of continuing the supply of electricity to the Customer's site in the event the normal electric supply is interrupted. In cases where Customer's total electric requirement exceeds the generation capability, Customer shall arrange its electrical requirements to ensure that the electrical requirement to be supplied when normal service is interrupted will not be greater than the generation capacity. The minimum generator capacity supplied by Company under this Rider shall be not less than 200 kW; the maximum generation capacity supplied by Company under this rider at a single site shall not exceed 3,500 kW.

Customer agrees that any equipment installed on the Customer's premises for the express purpose of providing this Service is and will remain the sole property of Company during the Contract Term, or any subsequent extension thereof, or until such time as the Customer exercises the Early Termination Provision, shown below. Company reserves the right to exchange or upgrade equipment as necessary for the continued supply of these Services. Such generation shall be owned, maintained and operated solely by Company. Company reserves the right to operate the generation at all times it deems appropriate for purposes of, but not limited to, testing of the generation to verify that it will operate within required parameters. The generation and appropriate transfer switching shall be located on Company's side of the billing meter, therefore, billing under the applicable general service schedule shall continue to be based solely upon consumption registered on Company's billing meter.

MONTHLY RATE

The Monthly Rate shall be an amount computed under the applicable general service schedule and other riders, if applicable, for the Billing Demand and kilowatt-hours registered or computed by or from Company's metering facilities during the current month plus the following:

Monthly Services Payment = Capital Cost + Expenses

where:

Capital Cost equals a carrying cost times the levelized plant investment based upon the estimated installed cost of facilities. The carrying cost includes the cost of capital, reflecting current capital structure and debt and preferred rates and the most recent approved return on common equity; income taxes; property taxes; general plant; administrative and general plant-related expenses; and intangible plant. Any replacement cost expected to be incurred during the Contract Period would also be included.

Expenses shall be levelized over the Contract Term and shall include: Company operations and maintenance (O&M) expenses times a carrying cost that is inclusive of administrative and general and labor expenses related to O&M and cash working capital; Third-party expenses for operations and maintenance, warranties or insurance; Fuel expense, based upon an annual estimate of fuel consumption cost, less a credit based upon the system average cost of energy included in retail tariffs; Inventory cost associated with fuel, materials, and supplies times a carrying cost that recovers the cost of capital and income taxes; Depreciation Expense, adjusted for the estimated salvage value at the end of the Contract Period; Deferred Income Taxes; and Customer Accounting, Customer Service and Information, Program Administration, and Sales expenses.

Exhibit No. 1

Customer shall be liable to Company for any attorney fees or other costs incurred due to Customer's failure to pay the Monthly Rate due under this Rider.

PREMIER POWER SERVICE AGREEMENT

Company and Customer shall execute a Premier Power Service Contract that will further state the amount of the Monthly Services Payment, as established in accordance with the Monthly Rate provision above, and the Contract Term. This Rider, in conjunction with the Premier Power Service Contract, embodies the Agreement between Company and Customer. The parties shall not be bound by or liable for any statement, writing, representation, promise, inducement or understanding not set forth therein. In the event of any conflict between these writings and the terms of this Agreement, this Agreement shall control. No changes, modifications or amendments to any terms and conditions in this Contract are valid or binding unless agreed to by the parties in writing by their authorized representatives.

CONTRACT TERM

The Contract Term shall be the period of time specified in the Premier Power Service Contract and shall commence with the first day service is provided under this Rider. At the end of the Contract Term the Customer shall have the option to a) extend the terms of this Contract or b) terminate this Contract which entails removal of equipment owned by Company for the purpose of supplying the Services.

EARLY TERMINATION OF CONTRACT TERM

The Customer has the right to terminate this Contract before the entire Contract Term has expired. In order to terminate Contract before the end of Contract Term, the Customer must a) notify Company in writing a minimum of 60 days prior to termination of Services and b) pay a Termination Fee. The Termination Fee will be calculated by taking the sum of the Customer's payments remaining in the Contract Term, adding an estimated removal cost, and subtracting therefrom the difference between the current salvage value and the salvage value used in setting the Monthly Rate. In the event of any termination of the Contract before the end of the Contract Term, Company shall be compensated for all Services provided to Customer prior to the effective date of termination.

PROVISIONS OF SERVICES AND INSTALLATION SCHEDULE

Company agrees to furnish labor, supervision, equipment, materials and transportation. Company shall be entitled to rely on the accuracy of any information provided by Customer, which is warranted by Customer to be accurate and correct. In the event of any unforeseen difficulties in performance of the Services due to conditions at the work site or due to the inaccuracy of any information relied upon by Company, the Monthly Rate, description of Services and Contract Term shall be equitably adjusted to compensate for any additional work. Company shall exercise reasonable efforts to complete the Services within any schedule specified in the Premier Power Service Contract. Any schedule that is specified in the Contract is only an estimate of the time it will take to complete the Services. In the event of any unforeseen difficulties in performance of the Services due to conditions at the work site or due to the inaccuracy of any information relied upon by Company, the Customer shall indemnify Company for any costs or expenses incurred by Company and the compensation payable to Company, the description of Services, and the schedule for the subject Services shall be equitably adjusted to compensate for any additional work Company may be required to perform.

CUSTOMER'S RESPONSIBILITIES

Customer shall provide a location on premise for installation of Company's facilities and any necessary access to the work site, as well as reasonable lay-down area to perform the Services. Any additional services that become necessary because of inadequate access to the work site shall be grounds for an equitable adjustment in the schedule and the Monthly Rate. Company shall have the right to suspend Services or adjust the schedule accordingly in the event that there is inadequate access to the work site, or if any required information is not promptly provided, or in the event that the safety of any person or property might be jeopardized by continuing with the Services. Customer shall provide, at no cost to

Exhibit No. 1

Company, any plans, specifications, drawings or information that may be necessary or useful in the performance of the Services. Customer will ensure that all Occupational Safety and Health Act requirements are adhered to for the area where any Company equipment, in support of the Services, is to be stored. In the event of damage to Company-owned equipment that is caused by the Customer or Customer's agents, Customer agrees to pay all repair or replacement costs associated with the damage.

PERMITS AND REGULATORY REQUIREMENTS

Company shall be responsible for obtaining any license or permit required of Company in Company's name to enable it to provide the Services. Customer assumes the risk and responsibility for such compliance or change, or for securing such permits, licenses, and approvals from the proper authorities, and for paying any associated costs or fees should compliance with any laws, rules, regulations, or ordinances of any federal, state, or local authority, or of any agency thereof (including, but not limited to, certification to do business as a foreign corporation) require any changes in the Services; or should any permits, licenses or approvals of plans and specifications for the Services or should any permits, licenses or approvals for the installation or use thereof be required.

LIMITATION OF LIABILITY

Neither Company nor its employees, its subcontractors or suppliers shall be liable for any direct, indirect, general, special, incidental, exemplary, or consequential loss or damage of any nature arising out of their performance or non-performance hereunder. This provision shall apply whether such liability arises in contract, tort (including negligence), strict liability or otherwise.

INSURANCE

Company represents and warrants that it has met all requirements under North Carolina law with regard to workers' compensation and automobile liability coverage. Company is self-insured for workers' compensation, automobile liability and general liability coverage.

FORCE MAJEURE

In no event shall Company be responsible for any damages arising out of any failure to perform or delay due to any cause beyond Company's reasonable control. In such event, Company shall be entitled to an extension of time as necessary to overcome the cause of the failure to perform or delay.

USE OF SUBCONTRACTORS

Company shall be permitted to use subcontractors to perform the Services. Notwithstanding the use of subcontractors, Company shall continue to be responsible for the quality of the Services.

NON-WAIVER

The failure of either party to insist upon the performance of any term or condition of this Agreement or to exercise any right hereunder on one or more occasions shall not constitute a waiver or relinquishment of its right to demand future performance of such term or condition, or to exercise such right in the future.

WARRANTY

Company warrants that Services shall be performed in accordance with generally accepted industry practices. The Warranty set forth above is exclusive, and no other warranty or remedy of any kind, whether statutory, written, oral, express, or implied, including without limitation warranties of merchantability and fitness for a particular purpose, or warranties arising from course of dealing or usage of trade shall apply. Except as provided in the Use of Subcontractors provision above, Company shall not be responsible for any work done by others or for any loss, damage, cost, or expense arising out of or resulting from such work, unless authorized in advance by Company.

Exhibit No. 1

REGULATORY AUTHORITY AND GOVERNING LAW

Services rendered under this Agreement are subject to the authority of the North Carolina Utilities Commission and any changes or other modifications lawfully made thereto. This Agreement shall also be governed by the laws of the State of North Carolina, except that the North Carolina conflict-of-laws provisions shall not be invoked in order to apply the laws of another state or jurisdiction.

SALES AND OTHER TAXES

To the above stated charges will be added any applicable North Carolina Sales Tax. The Monthly Rate for the Services are subject to revision for future changes in sales or use tax, or any future tax upon or measured by the gross receipts for any transaction hereunder or any allocated portion thereof, or similar charge with respect to the Services. If Company is required by applicable law or regulation to pay or collect any such tax or taxes on account of these Services rendered under this Agreement, then such amount of tax and any penalties and interest thereon shall be reimbursed to Company. Any such change in the Monthly Rate shall be subject to prior approval by the North Carolina Utilities Commission.

Effective for Services rendered on and after _____
NCUC Docket No. E-2, Sub XXX

Duke Energy Carolinas, LLC

Electricity No. 4
South Carolina Third Revised Leaf No. 350
Superseding South Carolina Second Revised Leaf No. 350

ON-SITE GENERATION SERVICE PROGRAM (SC)

AVAILABILITY (South Carolina only)

The program is available, at the Company's option, to nonresidential customers receiving concurrent service, for up to an aggregate of 250 MW of installed generation on the Company's system.

PROGRAM

Under the terms of this program, the Company will own, install, operate and maintain an on-site generator designed to provide a supply of electricity to the Customer's facility in the event that the normal supply of electricity is interrupted. In addition, the Company reserves the right to operate the generator at times when the supply of electricity has not been interrupted to the Customer's facility and thereby provides a source of capacity to the utility system. The minimum size generator provided under this program will have a nameplate rating of 300 kW. The generator and associated business continuity equipment will be located on the Customer's premises at a mutually agreed upon location. The Customer will be billed for all usage registered on the Company's billing meter under the applicable rate schedule.

RATE

The monthly rate for this service will be determined as follows:

Monthly Services Payment = Levelized Capital Cost + Expenses

Where:

Levelized Capital Cost is equal to the present value of all estimated capital related cash flows for a period corresponding to the time of engineering, design and installation of equipment through the term of the contract, adjusted to a pre-tax amount and converted to a uniform monthly payment for the term of the contract. The estimated capital cash flows shall include installed cost of equipment, contingency allowances, property taxes, salvage value, adjustment to reflect additional supporting investment of general plant nature, and income tax impacts.

Expenses shall equal the present value of estimated expenses associated with the support and maintenance of the generation and support equipment, adjusted to a pre-tax amount and converted to a uniform monthly payment for the term of the contract. The estimated expenses shall include administrative and general expenses, expenses for labor and materials related to operations and maintenance, third party expenses for operations and maintenance, warranties, insurance, annual costs associated with working capital, fuel inventory, other costs related to the operation and support of the generator system installation, and income tax impacts.

The after-tax cost of capital from the Company's most recent general rate case will be used to convert present values to uniform monthly payments.

PAYMENT

Bills for service under this program are due and payable on the date of the bill at the office of the Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. All bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one and one-half percent (1 1/2%) late payment charge. This late payment charge shall be rendered on the following month's bill and it shall become a part of and due and payable with the bill on which it is rendered.

CONTRACT PERIOD

As provided in the On-Site Generation Service Agreement (Agreement), each customer shall enter into a contract for On-Site Generation Service from the Company for an original term of ten (10) years, or other term at the Company's option, and thereafter from year to year upon the condition that either party may terminate the contract at the end of the original term by giving at least ninety (90) days previous notice of such termination in writing. In the event of early termination of an Agreement under this program, the Customer may be required to pay the Company a termination fee as set forth in the Agreement.

**RATE SCHEDULE PPS-1
GENERAL SERVICE - PREMIER POWER SERVICE RIDER
(EXPERIMENTAL)**

Availability:

Available throughout the entire territory served by the Company.

Service under this experimental schedule must be requested before MMDD, 2008, unless extended by order of the Florida Public Service Commission.

Applicable:

This Rider is applicable on a voluntary basis to a Customer with a minimum measured demand of 200 KW taking service under general service rate schedules GS-1, GST-1, GSD-1, GSDT-1, or GSLM-1 when the Customer contracts with Company to own, install, operate and maintain generation on the Customer's premises for the primary purpose of providing a back-up supply of electric service in the event normal electric supply is interrupted. The applicable general service rate schedule with which this Rider is used is modified only as required by the terms hereof.

Character of Service:

Continuous service, alternating current, 60 cycle, single-phase or three-phase, at the Company's standard distribution voltage available.

Limitation of Service:

Standby or resale service not permitted hereunder. Service under this rate is subject to the Company's currently effective and filed "General Rules and Regulations Governing Electric Service."

Monthly Service Payment:

The Monthly Service Payment under this Rider is in addition to the monthly rate determined under the applicable general service rate schedule and other riders, if applicable, and shall be calculated based on the following formula:

$$\text{Monthly Service Payment} = \text{Capital Cost} + \text{Expenses}$$

Where:

Capital Cost equals a carrying cost times the levelized plant investment based upon the estimated installed cost of facilities. The carrying cost includes the cost of capital, reflecting current capital structure and most recent approved return on common equity; income taxes; property taxes; general plant; administrative and general plant-related expenses; and intangible plant. Any replacement cost expected to be incurred during the Contract Period will also be included. Any special equipment installed by the Company that is not necessary to support back-up service to the Customer shall not be included in the Monthly Service Payment.

Expenses shall be levelized over the Contract Term and shall include: Company operations and maintenance (O&M) expenses times a carrying cost that is inclusive of administrative and general and labor expenses related to O&M and cash working capital; third-party expenses for operations and maintenance, warranties, or insurance; fuel expense, based upon an estimate of the cost of fuel consumed for normal back-up operation and testing, less a credit based upon the system average cost of fuel and purchased power included in retail tariffs; inventory cost associated with fuel, materials, and supplies times a carrying cost that recovers the cost of capital and income taxes; depreciation expense, adjusted for the estimated salvage value at the end of the Contract Term; deferred income taxes; and customer accounting, customer service and information, program administration, and sales expenses. Any expenses incurred in operating the on-site generation for other than normal back-up operation and testing shall not be included in the Monthly Service Payment.

Installation cost will be recovered over the initial Contract Term. Pricing of capital-related costs and expenses shall be based upon no shorter than 10 years from the equipment's original in-service date and the resulting Monthly Service Payment shall include an upward adjustment for Contract Terms that expire prior to 10 years from this in-service date.

(Continued on Page 2)



**RATE SCHEDULE PPS-1
GENERAL SERVICE - PREMIER POWER SERVICE RIDER
(EXPERIMENTAL)**

(Continued from Page 1)

Definition of Services:

Services provided under the terms of this Rider shall be provided by an on-site generator supplied by the Company for the purpose of continuing the supply of electricity to the Customer's site in the event the normal electric supply is interrupted. In cases where the Customer's total electric requirement exceeds the generation capability, the Customer shall arrange its electrical requirements to ensure that the electrical requirement to be supplied when normal service is interrupted will not be greater than the generation capacity. The minimum generator capacity supplied by the Company under this Rider shall be not less than 200 KW.

The Company shall have the right to operate the on-site generator at all times it deems appropriate, including, but not limited to, for the purposes of testing of the generator to verify that it will operate within required parameters, and dispatching the generator to assist in meeting system demand. The generator and appropriate transfer switching shall be electrically connected on the Company's side of the billing meter; therefore, billing for generation provided during normal back-up operation and testing shall continue to be billed under the applicable general service rate schedule based solely upon consumption registered on the Company's billing meter.

Minimum Monthly Bill:

The minimum monthly bill shall be the Customer's minimum bill under the applicable general service rate schedule, plus the Monthly Service Payment under this Rider.

Terms of Payment:

Bills rendered hereunder are payable within the time limit specified on bill at Company-designated locations.

Term of Service:

Service under this Rider shall be for the term specified in the Premier Power Service Contract.

Service Contract:

The Company and the Customer shall execute a Premier Power Service Contract that will state the amount of the Customer's Monthly Service Payment determined in accordance with this Rider, the Contract Term, and other terms and conditions pertinent to providing Premier Power Service.

Duke Energy Progress, Inc.
(South Carolina Only)

PREMIER POWER SERVICE
RIDER PPS-8A

AVAILABILITY

This Rider is available on a voluntary basis in conjunction with any of Company's general service schedules when the Customer contracts with Company to furnish certain services related to the supply of on-site generation for the primary purpose of providing an alternate supply of electric service in the event normal electric supply is interrupted. The rate schedule with which this Rider is used is modified only as shown herein.

DEFINITION OF SERVICES

Services provided under the terms of this Rider shall be provided by an on-site generator supplied and owned by Company for the purpose of continuing the supply of electricity to the Customer's site in the event the normal electric supply is interrupted. In cases where Customer's total electric requirement exceeds the generation capability of the on-site generator, Customer shall arrange its electrical requirements to ensure that the electrical requirement to be supplied when normal service is interrupted will not be greater than the on-site generation capacity. The minimum generator capacity supplied by Company under this Rider shall be not less than 50 kW.

All equipment installed on the Customer's premises by Company is and will remain the sole property of Company both during, and subsequent to, the Contract Term. Company reserves the right to exchange or upgrade equipment as necessary for the continued supply of these services. All equipment shall be owned, maintained, and operated solely by Company. Company reserves the right to operate the generation at all times it deems appropriate for purposes of, but not limited to, (1) testing of the generation to verify that it will operate within required parameters and (2) dispatching the generation to achieve system benefits, provided such dispatch does not interfere with or reduce the effectiveness of the generation to provide an alternate supply of electricity in the event normal electric supply is interrupted to Customer. The generation and appropriate transfer switching shall be located on Company's side of the billing meter; therefore, billing under the applicable general service schedule shall continue to be based solely upon consumption registered on Company's billing meter.

MONTHLY RATE

The Monthly Rate shall be an amount computed under the applicable general service schedule and other riders, if applicable, for the Billing Demand and kilowatt-hours registered or computed by or from Company's metering facilities during the current month plus the following:

$$\text{Monthly Services Payment} = \text{Capital Cost} + \text{Expenses}$$

where:

Capital Cost equals a carrying cost times the levelized plant investment based upon the estimated installed cost of facilities. The carrying cost includes the cost of capital, reflecting current capital structure and debt and preferred rates and the most recent approved return on common equity; income taxes; property taxes; general plant; administrative and general plant-related expenses; and intangible plant. Any replacement cost expected to be incurred during the Contract Period would also be included. Any special equipment installed by Company and not necessary to support the emergency back-up service shall not be included in the Monthly Services Payment.

Expenses shall be levelized over the Contract Term and shall include: Company operations and maintenance (O&M) expenses times a carrying cost that is inclusive of administrative and general and labor expenses related to O&M and cash working capital; third-party expenses for operations and maintenance, warranties, or insurance; fuel expense, based upon an annual estimate of fuel consumption cost, less a credit based upon the system average cost of energy included in retail tariffs; inventory cost associated with fuel, materials, and supplies times a carrying cost that recovers the cost of capital and income taxes; depreciation expense, adjusted for the estimated salvage value at the end of the Contract Period; deferred income taxes; and customer accounting, customer service and information, program administration, and sales expenses. Any expenses incurred in operating the generation, for other than normal back-up operation and testing, shall not be included in the Monthly Services Payment.

Customer shall be liable to Company for any attorney fees or other costs incurred due to Customer's failure to pay the Monthly Rate due under this Rider. Installation cost will be recovered over the initial Contract Term. Pricing of capital-related costs and expenses shall be based upon no shorter than 10 years from the equipment's original in-service date and the resulting Monthly Rate shall include an upward adjustment for Contract Terms that expire prior to 10 years from this in-service date.

CUSTOMER REQUESTED TEST

Customer may request that Company's on-site generation be operated during specific times requested by Customer. Company will comply with Customer's request provided the additional hours of operation do not adversely impact any permits or other regulatory requirements. Customer shall pay an Administrative Fee of \$50 per occurrence plus the replacement cost of all fuel consumed during the test.

PREMIER POWER SERVICE AGREEMENT

Company and Customer shall execute a Premier Power Service Contract that will further state the amount of the Monthly Services Payment, as established in accordance with the Monthly Rate provision above, and the Contract Term. This Rider, in conjunction with the Premier Power Service Contract, embodies the Agreement between Company and Customer. The parties shall not be bound by or liable for any statement, writing, representation, promise, inducement, or understanding not set forth therein. In the event of any conflict between these writings and the terms of this Agreement, this Agreement shall control. No changes, modifications, or amendments to any terms and conditions in this Contract are valid or binding unless agreed to by the parties in writing by their authorized representatives.

CONTRACT TERM

The Contract Term shall be the period of time specified in the Premier Power Service Contract and shall commence with the first day service is provided under this Rider.

EARLY TERMINATION OF CONTRACT TERM

The Customer has the right to terminate this Contract before the entire Contract Term has expired. In order to terminate Contract before the end of Contract Term, the Customer must a) notify Company in writing a minimum of 60 days prior to termination of services and b) pay a Termination Fee. The Termination Fee shall be the sum of (1) the removal cost of Company's equipment and related facilities, (2) storage costs, if applicable, (3) the remaining monthly charges until such time as the Company's generator is placed in service at an alternate customer site, and (4) any initial installation cost not already received in prior monthly payments. Alternatively, the Customer may elect to pay a Termination Fee that is independent of the future use of Company's equipment. This alternative Termination Fee will be calculated by taking the sum of the Customer's payments remaining in the Contract Term, adding the removal cost, and subtracting therefrom the difference between the current salvage value and the salvage value used in setting the Monthly Rate. In the event of any termination of the Contract before the end of the Contract Term, Company shall be compensated for all services provided to Customer prior to the effective date of termination. Upon termination, Company shall remove all equipment.

PROVISIONS OF SERVICES AND INSTALLATION SCHEDULE

Company agrees to furnish labor, supervision, equipment, materials and transportation. Company shall be entitled to rely on the accuracy of any information provided by Customer, which is warranted by Customer to be accurate and correct. In the event of any unforeseen difficulties in performance of the services due to conditions at the work site or due to the inaccuracy of any information relied upon by Company, the Monthly Rate, description of services, and Contract Term shall be equitably adjusted to compensate for any additional work. Company shall exercise reasonable efforts to complete the services within any schedule specified in the Premier Power Service Contract. Any schedule that is specified in the Contract is only an estimate of the time it will take to complete the services. In the event of any unforeseen difficulties in performance of the services due to conditions at the work site or due to the inaccuracy of any information relied upon by Company, the Customer shall indemnify Company for any costs or expenses incurred by Company and the compensation payable to Company, the description of services, and the schedule for the subject services shall be equitably adjusted to compensate for any additional work Company may be required to perform.

CUSTOMER'S RESPONSIBILITIES

Customer shall provide a location on premise for installation of Company's facilities and any necessary access to the work site, as well as reasonable lay-down area to perform the services. Any additional services that become necessary because of inadequate access to the work site shall be grounds for an equitable adjustment in the schedule and the Monthly Rate. Company shall have the right to suspend services or adjust the schedule accordingly in the event that there is inadequate access to the work site, or if any required information is not promptly provided, or in the event that the safety of any person or property might be jeopardized by continuing with the services. Customer shall provide, at no cost to Company, any plans, specifications, drawings, or information that may be necessary or useful in the performance of the services. Customer will ensure that all Occupational Safety and Health Act requirements are adhered to for the area where any Company equipment, in support of the services, is to be stored. In the event of damage to Company-owned equipment that is caused by the Customer or Customer's agents, Customer agrees to pay all repair or replacement costs associated with the damage.

PERMITS AND REGULATORY REQUIREMENTS

Company shall be responsible for obtaining any license or permit required of Company in Company's name to enable it to provide the services. Customer assumes the risk and responsibility for such compliance or change, or for securing such permits, licenses, and approvals from the proper authorities, and for paying any associated costs or fees should compliance with any laws, rules, regulations, or ordinances of any federal, state, or local authority, or of any agency thereof (including, but not limited to, certification to do business as a foreign corporation) require any changes in the services; or should any permits, licenses, or approvals of plans and specifications for the services or should any permits, licenses, or approvals for the installation or use thereof be required.

LIMITATION OF LIABILITY

Neither Company nor its employees, its subcontractors, or suppliers shall be liable for any direct, indirect, general, special, incidental, exemplary, or consequential loss or damage of any nature arising out of their performance or non-performance hereunder. This provision shall apply whether such liability arises in contract, tort (including negligence), strict liability, or otherwise.

INSURANCE

Company represents and warrants that it has met all requirements under South Carolina law with regard to workers' compensation and automobile liability coverage. Company is self-insured for workers' compensation, automobile liability, and general liability coverage.

FORCE MAJEURE

In no event shall Company be responsible for any damages arising out of any failure to perform or delay due to any cause beyond Company's reasonable control. In such event, Company shall be entitled to an extension of time as necessary to overcome the cause of the failure to perform or delay.

USE OF SUBCONTRACTORS

Company shall be permitted to use subcontractors to perform the services. Notwithstanding the use of subcontractors, Company shall continue to be responsible for the quality of the services.

NON-WAIVER

The failure of either party to insist upon the performance of any term or condition of this Agreement or to exercise any right hereunder on one or more occasions shall not constitute a waiver or relinquishment of its right to demand future performance of such term or condition, or to exercise such right in the future.

WARRANTY

Company warrants that services shall be performed in accordance with generally accepted industry practices. The Warranty set forth above is exclusive, and no other warranty or remedy of any kind, whether statutory, written, oral, express, or implied, including without limitation warranties of merchantability and fitness for a particular purpose, or warranties arising from course of dealing or usage of trade shall apply. Except as provided in the Use of Subcontractors provision above, Company shall not be responsible for any work done by others or for any loss, damage, cost, or expense arising out of or resulting from such work, unless authorized in advance by Company.

REGULATORY AUTHORITY AND GOVERNING LAW

Services rendered under this Agreement are subject to the authority of the South Carolina Public Service Commission and any changes or other modifications lawfully made thereto. This Agreement shall also be governed by the laws of the State of South Carolina, except that the South Carolina conflict-of-laws provisions shall not be invoked in order to apply the laws of another state or jurisdiction.

SALES AND FRANCHISE TAX OR PAYMENT IN LIEU THEREOF AND OTHER TAXES

To the above charges will be added any applicable South Carolina sales tax, and for those customers within any municipal or other local governmental jurisdiction, an appropriate amount to reflect any franchise fee, business license tax, or similar percentage fee or tax, or charge in lieu thereof imposed by such entity. The Monthly Rate for the Services are subject to revision for future changes in sales or franchise tax, or any future tax upon or measured by the gross receipts for any transaction hereunder or any allocated portion thereof, or similar charge with respect to the Services. If Company is required by applicable law or regulation to pay or collect any such tax or taxes on account of these Services rendered under this Agreement, then such amount of tax and any penalties and interest thereon shall be reimbursed to Company. Any such change in the Monthly Rate shall be subject to prior approval by the South Carolina Public Service Commission.

Supersedes Rider PPS-8

Effective for services rendered on and after July 1, 2013
SCPSC Docket No. 98-350-E, Order No. 2003-460

ORIGINAL

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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**VERIFIED PETITION OF DUKE ENERGY)
INDIANA, INC. FOR APPROVAL OF A PREMIER)
POWER SERVICE RIDER NO. 25 AND APPROVAL) CAUSE NO. 44452
OF ALTERNATIVE REGULATORY PLAN ("ARP"))
AND DECLINATION OF JURISDICTION TO THE) APPROVED: MAY 07 2014
EXTENT REQUIRED PURSUANT TO IND. CODE §)
8-1-2.5-1, ET SEQ.)**

ORDER OF THE COMMISSION

Presiding Officers:

**David E. Ziegner, Commissioner
David E. Veleta, Administrative Law Judge**

On January 30, 2014, Duke Energy Indiana, Inc. ("Duke Energy Indiana" or "Petitioner") filed its Verified Petition requesting Indiana Utility Regulatory Commission ("Commission") approval of a large commercial and industrial ("C&I") customer-specific backup generator program ("Premier Power Service"), Rider No. 25, as an Alternative Regulatory Plan ("ARP") with declination of Commission jurisdiction to the fullest extent appropriate under applicable Indiana laws. On January 30, 2014, Petitioner filed its case-in-chief in this Cause, consisting of the direct testimony and exhibits of Keith L. Dale, manager of project management in the energy services group for Duke Business Services, LLC.

On March 28, 2014, Petitioner submitted a settlement agreement ("Settlement Agreement") between Petitioner and the Indiana Office of Utility Consumer Counselor ("OUCC"), accompanied by the supporting testimony of Keith L. Dale. On March 31, 2014, the OUCC submitted the testimony of Eric M. Hand, Utility Analyst in the OUCC's Electric Division, in support of the Settlement Agreement.

Pursuant to notice, as required by law, proof of which was incorporated into the record by reference and placed in the official files of the Commission, an evidentiary hearing was held in this Cause on April 9, 2014 at 9:30 a.m. in Room 224, PNC Center, 101 W. Washington Street, Indianapolis, Indiana. Petitioner and the OUCC appeared and participated at the hearing, and the parties' pre-filed evidence was offered and admitted in evidence without objection. No other parties or members of the general public appeared.

Based upon applicable law and evidence presented herein, the Commission now finds as follows:

1. **Notice and Jurisdiction.** Notice of the hearing in this Cause was given and published by the Commission as required by law. Duke Energy Indiana owns and operates a "Public Utility" as defined in Indiana Code § 8-1-2-1, which is subject to the jurisdiction of this

Commission as provided in the Public Service Commission Act, as amended. In its Verified Petition, Duke Energy Indiana indicates that as an "Energy Utility," it has elected to be subject to the provisions of Indiana Code §§ 8-1-2.5-5 and 8-1-2.5-6 for purposes of declination of Commission jurisdiction, in whole or in part, over Premier Power Service rates and backup generation units. Thus, Duke Energy Indiana's Verified Petition, testimony, and Premier Power Service Rider No. 25 submitted in this proceeding constitute Duke Energy Indiana's proposed ARP for purposes of this proceeding.

2. **Petitioner's Characteristics.** Duke Energy Indiana is an Indiana Corporation with its principal office in the Town of Plainfield, Hendricks County, Indiana. Duke Energy Indiana is engaged in the business of generating and supplying electric utility service to approximately 780,000 customers located in 69 counties in the central, north central, and southern parts of Indiana.

3. **Relief Requested.** Duke Energy Indiana requested approval of an ARP which includes the Commission declining jurisdiction over Petitioner's C&I customer specific special contract Premier Power Service backup power offering Rider No. 25, including the installation and ownership of on-site generation units and rates.

4. **Petitioner's Case-in-Chief.** Mr. Dale testified that some large C&I operations find it financially advantageous to have on-site a backup power supply to allow continuation of their operations during the periodic power outages that occur on all electric systems due to wind, ice, snow, flood, accidents, disturbances on the transmission grid, and other occurrences. For some large manufacturing customers and technology intensive customers, down time associated with loss of power equates to large revenue losses or loss of digital information. Premier Power Service will offer such large C&I customers the opportunity to have a higher level of electricity reliability through the installation at their business site of a backup generator. The Premier Power backup generators will have a minimum name plate rating of 300 kilowatt ("kW"), thus sized for large C&I customers. Maintenance and fueling of on-site generators will be performed by Duke Energy Indiana. Mr. Dale testified that Duke Energy has successfully offered large C&I customers Premier Power backup generator programs in other jurisdictions for twelve years.

Mr. Dale testified the backup generators will be sized, detailed, and located to exclusively fit the backup generation needs of each single, participating C&I entity. The backup generators will only provide, and will only be capable of providing, power to the single participating customer. The backup generators will only supply electricity to the single customer when the normal distribution system power to that customer is out. The backup generator's Automatic Throw Over Switch ("ATO") prevents electricity from going into Petitioner's distribution system during power outages and only allows the backup generation electricity to flow one way, to the participating customer. The backup generators will not be dispatched into the Midcontinent Independent System Operator, Inc. ("MISO") or otherwise into the Duke Energy distribution system. The backup generators will only run during periodic unit testing and to supply the customer with electricity during power outages. As such, the backup generators will not be included in the Petitioner's Integrated Resource Plan ("IRP") analysis.

Mr. Dale testified the Premier Power Service Rider No. 25 Standard Contract rates will be calculated based on each individual customer's backup generation needs. Mr. Dale sponsored the Premier Power Service agreement. Each prospective Premier Power customer will be told their proposed monthly charge before committing to the service agreement and a monthly payment schedule. He explained Premier Power will be a self-sustaining program, accounted for below the line, with no subsidization by non-participating customers. The investment in and operating costs of each backup generator will not be included in Duke Energy Indiana's base retail electric rates but rather will be fully covered in each participating customer's all inclusive, fixed monthly Premier Power Service charge based on the investment in and costs related to each individual participating customer's specific backup generator. Through their individualized fixed monthly charge, each participating customer will pay their own fuel costs and no Premier Power Service fuel cost will be include in Duke Energy Indiana's quarterly fuel adjustment charge process.

Mr. Dale detailed the material Premier Power Service customer benefits. Through the convenience and certainty of a fixed monthly cost reflected on their electric bill each qualifying C&I customer will have an on-site backup generator tailored to meet its individual operating needs, thus avoiding the loss of production and revenue that occurs during power outages. Participating customers will also avoid the substantial capital investment and operating costs related to purchasing or leasing backup generators and having to maintain and fuel them.

Mr. Dale described the participation process. To qualify, customers will have to pass an initial credit evaluation and have a minimum credit rating of BBB+. The financial integrity and reliability of the customer is a necessary requirement for Duke Energy Indiana to consider, bearing the purchase and installation costs of a large backup generator, and the ongoing risk of this stand-alone, below-the-line program. The customer will then be required to sign a letter of initial intent and pay a nominal amount to cover the cost of a site evaluation. Duke Energy Indiana will evaluate the site and the cost for each site and generation need identified. Duke Energy Indiana will determine the monthly service charge. The Premier Power Service pricing and service agreement will be presented to the customer. The customer will evaluate the proposed contract and is free to perform its own due diligence and cost benefit analysis. With agreement to price and terms, the installation will proceed; without agreement the process is ended.

Mr. Dale testified as to why ARP status is appropriate. These generators are for the exclusive use of the customer to which they are assigned, during power outages, and will not be dispatched to provide electricity to the grid. They will not be included in IRP analysis. Their cost and operating expense will not be included in base retail electric rates. Thus, each generating unit's purchase, installation, transfer, subsequent relocation to another customer or latter sale should not be subject to Commission jurisdiction. There also is a competitive, free, and open public market for the sale or lease of backup generators of the size and type to be used in Premier Power Service. Thus, if Premier Power Service pricing is found to be unreasonable or above market by the qualifying sophisticated large C&I entities that may desire backup generation, they are free to obtain backup generation from some other vendor. Similarly, just as vendors of backup generators are able to adjust their price and ancillary costs such as maintenance, so too Premier Power Service must have the ability to price its offerings based on

customer individualized needs and the market price of backup generators and ancillary costs such as maintenance and fuel cost. This pricing flexibility will be exercised at the time each individual customer's monthly charge is determined, prior to contract delivery and execution.

5. **Settlement Agreement and Supporting Testimony.** Mr. Dale testified the Settlement Agreement is the result of arm's length negotiations and reaches a fair result and supported its approval. He highlighted that it provides opportunity for Premier Power Service four-year term of approval to be extended and for collaboration, and opportunity for approval of agreed upon changes. He described that the OUCC requested and Petitioner agreed that certain information be provided in an annual report to be filed with the Commission. He also testified that the OUCC requested that certain language in the service agreement be changed, Petitioner agreed to that change and Mr. Dale sponsored an exhibit showing the change.

Mr. Hand testified in support of the Settlement Agreement. He testified that Premier Power Service will be a self-sustaining program, accounted for below-the-line, with no subsidization by non-participating customers. Further, Premier Power Service facilities and assets will not be included in rate base when calculating Duke Energy Indiana's base retail electric rates. All investment and other costs associated with Premier Power Service will be recovered through each participating customer's all inclusive, monthly service charge, based on each participating customer's unique back-up power facilities and their associated costs. Participating customers' own fuel costs will be recovered through a fixed monthly charge, and shall not be included in Duke's quarterly fuel adjustment charge filings. Premier Power Service will not be used to dispatch electricity into distribution or transmission systems. Premier Power Service facilities will only run during power outages and during periodic unit function testing. Participating customers will not be able to inadvertently energize the distribution system. Premier Power Service equipment will only be available for the exclusive use of individual Premier Power Service customers. All Premier Power Service revenue and expenditures will be booked below-the-line for regulatory accounting purposes. Confirmation that Petitioner's jurisdictional rate base or revenue requirements will be met through regulated service offerings. Premier Power Service will not be included in or considered part of Duke Energy Indiana's integrated resource planning.

6. **Commission Discussion and Findings.** Settlements presented to the Commission are not ordinary contracts between private parties. *United States Gypsum, Inc. v. Indiana Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). When the Commission approves a settlement, that settlement "loses its status as a strictly private contract and takes on a public interest gloss." *Id.* (quoting *Citizens Action Coalition v. PSI Energy*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission "may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement." *Citizens Action Coalition*, 664 N.E.2d at 406.

Furthermore, any Commission decision, ruling, or order - including the approval of a settlement - must be supported by specific findings of fact and sufficient evidence. *United States Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coalition v. Public Service Co.*, 582 N.E.2d 330,331 (Ind. 1991)). The Commission's own procedural rules require that settlements be supported by probative evidence. 170 IAC 1-1.1-17(d). Therefore, before the Commission can

approve the Settlement Agreement, we must determine whether the evidence in this Cause sufficiently supports the conclusions that the Settlement Agreement is reasonable, just, and consistent with the purpose of Indiana Code ch. 8-1-2, and that such agreement serves the public interest.

The proposed Settlement Agreement requests Commission approval of Premier Power Service Standard Rider Contract No. 25 and Petitioner's ARP, pursuant to Indiana Code ch. 8-1-2.5. Petitioner is an "Energy Utility" under the Alternative Utility Regulatory Act ("AUR Act"), Indiana Code ch. 8-1-2.5. Under Section 6(a)(1) of the AUR Act, the Commission may adopt alternative regulatory practices, procedures, and mechanisms and establish just and reasonable rates and charges that (a) are in the public interest as determined by consideration of the factors listed in Indiana Code § 8-1-2.5-5; and (b) enhance or maintain the value of a utility's energy services or properties. ARPs authorized by the statute include practices, procedures and mechanisms focused on the price, quality, reliability, and efficiency of the service of the utility. Pursuant to Indiana Code § 8-1-2.5-5(b), the Commission, in determining whether the public interest will be served must consider:

- (1) Whether technological or operating conditions, competitive forces, or the extent of regulation by other state or federal regulatory bodies render traditional regulation unnecessary or wasteful,
- (2) Whether the commission's approval of an alternative regulatory plan will be beneficial for the utility, its customers, or the state,
- (3) Whether the commission's declining to exercise, in whole or in part, its jurisdiction will promote energy utility efficiency, and
- (4) Whether the exercise of commission jurisdiction inhibits a utility from competing with other providers of functionally similar services or equipment.

Having reviewed all the evidence of record in this Cause, including, the Settlement Agreement and supporting testimony, the Commission finds that the Settlement Agreement is reasonable and represents a fair and lawful resolution of the issues in this Cause. It is uncontroverted that there is an open and competitive market for the purchase or leasing of on-site generation units from which Petitioner's customers may obtain backup generation service if they so choose. It is uncontroverted that Premier Power Service will offer qualified C&I customers a potentially desirable cost-effective means of maintaining their operations during the power outages that periodically occur on electric utility systems. Qualifying large C&I customers will see the Premier Power Service Agreement terms and pricing before committing to a contract term, giving them additional opportunity to do their own cost benefit analysis of the possible savings from continued operations during outages and the costs and investment requirement for other competing sources of backup generation. Premier Power Service may present qualifying C&I customers with a convenient fixed monthly cost alternative to the risk of down time during power outages and a desirable alternative to other competing sources of on-site generation. The proposed Premier Power Service program insulates non-participants from bearing the capital investment costs and operating costs of this completely below-the-line ARP program, preventing

cross-subsidization. We find the proposed ARP satisfies the requirements of Indiana Code ch. 8-1-2.5. The agreed-upon reporting requirements in the Settlement Agreement will allow the OUCC and this Commission to remain informed of the growth and performance of this ARP. We find that approval of the Settlement Agreement will promote the public interest and should be approved in its entirety. Accordingly, the Commission finds Petitioner's request for the approval of the Premier Power Service ARP should be approved with the requested declination of Commission jurisdiction and subject to the modifying terms of the Settlement Agreement.

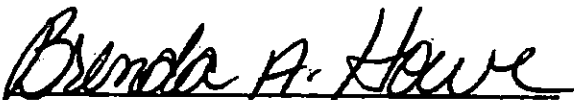
IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. Duke Energy Indiana's requested relief for a Premier Power Service ARP with declination of Commission jurisdiction, as modified by the attached Settlement Agreement is hereby approved.
2. The Settlement Agreement attached hereto shall be and hereby is approved and is incorporated into this Order.
3. The Premier Power Service ARP Standard Contract Rider No. 25 shall be effective upon filing with and approval by the Commission's Electricity Division.
4. This Order shall be effective on and after the date of its approval.

ATTERHOLT, MAYS, STEPHAN, AND WEBER CONCUR; ZIEGNER ABSENT:

APPROVED: MAY 07 2014

I hereby certify that the above is a true and correct copy of the Order as approved.



**Brenda A. Howe
Secretary to the Commission**

DOCKET NO. E-7, SUB 692

FILED

MAY 07 2001

Clerk's Office
N.C. Utilities Commission

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)
)
Request by Duke Power, a division of Duke)
Energy Corporation, for Approval of On)
Site Generation Service Program;)
Application for a Blanket Certificate of)
Public Convenience and Necessity to Install)
up to 250 MW of Emergency Generation)
on Customers' Premises; and Request for a)
Waiver of Rule R8-61 Provisions)

**DUKE POWER'S PROPOSED
ORDER GRANTING WAIVER
OF R8-61 PROVISIONS AND
REQUIRING PUBLICATION
OF NOTICE**

BY THE COMMISSION: On May 7, 2001, Duke Power, a division of Duke Energy Corporation (Duke) filed with the Commission a request for approval of an experimental service schedule called On Site Generation Service Program and an application for a blanket certificate of public convenience and necessity to install up to 250 MW of emergency generation. The experimental service program is voluntary to customers and involves the installation of generation sized to meet individual customers' load on the utility side of the meter on the premises of non-residential service customers electing to participate in the program.

In conjunction with the application, Duke requests that the comprehensive filing requirements and supporting testimony normally associated with utility certificate applications be waived because the type and size of generation involved in this case is not intended primarily to serve system demand requirements, and the precise location and cost of each generator is presently unknown. This request is similar in nature to previous applications for certificates that were granted to the North Carolina Eastern Municipal Power Agency, the North Carolina Municipal Power Agency No. 1, and Carolina Power & Light Company (CP&L).

General Statute 62-82(a) requires publication of notice when a certificate application is filed with the Commission. The purpose of this item is to recommend that publication of notice be required for the generation associated with the proposed experimental service and not for approval of the program. The Public Staff is in the process of evaluating the service contract, terms, conditions and pricing associated with the proposed On Site Generation Service Program and will make a subsequent recommendation when that review has been completed.

The Commission granted an identical request made by CP&L in connection with a similar program, Premier Power Service (Rider PPS), on April 21, 1998, in Docket No. E-2, Sub 720, as modified by a request from Carolina Power & Light on March 12, 2001, and as approved by the Commission on April 12, 2001. Based upon this prior precedent and the representations in Duke's application, the Commission concludes that the filing requirements and testimony required by R8-61 should be waived and that Duke should be required to publish notice of the application in the manner required by G.S. 62-82(a) and file an affidavit of publication with the Commission. The Chief Clerk of the Commission will deliver copies of the application and the notice to the Clearinghouse Coordinator of the Office of Policy and Planning of the Department of Administration for distribution by the Coordinator to State agencies having an interest in the application.

If a complaint is received within 10 days after the last date of the publication of the notice, the Commission will schedule a public hearing to determine whether a certificate should be awarded and will give reasonable notice of the time and place of the hearing to the Applicant and to each complaining party and will require the Applicant to publish notice of hearing in the newspaper(s) in which the notice of the application was

published. If no complaint is received within the time specified above, the Commission may, upon its own initiative, order and schedule a hearing to determine whether a certificate should be awarded and, if the Commission orders hearing upon its own initiative, it will require notice of hearing to be published by the Applicant in the newspaper(s) in which the notice of the application was published. If no complaint is received within the time specified and the Commission does not order a hearing upon its own initiative, the Commission will enter an order awarding the certificate.

The Commission cannot take any action until after the Applicant has filed the affidavit of publication. The Applicant is urged to file the affidavit promptly following the last date of publication of the notice.

IT IS, THEREFORE, ORDERED as follows:

1. That the filing requirements and supporting testimony required by Commission Rule R8-61 are waived for this application.
2. That the Applicant shall publish the Notice attached as Appendix A once a week for four successive weeks in a daily newspaper of general circulation throughout its assigned service area covering the locations in which generating facilities will be proposed or are likely to be installed.
3. That the Chief Clerk of the Utilities Commission will send eight copies of the application and this Order to the Clearinghouse Coordinator of the Office of Policy and Planning of the Department of Administration.
4. That this Order does not reflect approval of the On Site Generation Program itself.

ISSUED BY ORDER OF THE COMMISSION.

APPENDIX A
Page 1 of 2

DOCKET NO. E-7, SUB 692

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

FILED

MAY 07 2001

Clerk's Office
N.C. Utilities Commission

In the Matter of)
)
Request by Duke Power, a division of Duke)
Energy Corporation, for Approval of On)
Site Generation Service Program;)
Application for a Blanket Certificate)
of Public Convenience and Necessity)
to Install up to 250 MW of Emergency)
Generation on Customers' Premises;)
and Request for a Waiver of Rule R8-61)
Provisions)

PUBLIC NOTICE

NOTICE IS HEREBY GIVEN that on May 7, 2001, Duke Power, a division of Duke Energy Corporation (Duke or Applicant), filed with the Commission a request for approval of a new program called On Site Generation Service and an application for a blanket certificate of public convenience and necessity to install up to 250 MW of emergency generation. The On Site Generation Service Program is voluntary to customers and involves the installation of generation sized to meet individual customers' load and located on such customers' premises for non-residential service customers electing to participate in the program.

Details of the application may be obtained from the Office of the Chief Clerk of the North Carolina Utilities Commission, 430 North Salisbury Street, Dobbs Building, Raleigh, North Carolina 27603-5918, where a copy of the application is available for review by any interested person.

If a complaint is received within ten (10) days after the last date of the publication of this notice, the Commission will schedule a public hearing to determine whether a

certificate should be awarded and will give reasonable notice of the time and place of the hearing to the Applicant and to each complaining party and will require the Applicant to publish notice of the hearing in the newspaper. If no complaint is received within the time specified above and if the Commission does not order a hearing upon its own initiative, the Commission will enter an order awarding the certificate.

Persons desiring to lodge a complaint with respect to the application may file a statement to that effect with the Commission and should include in such statement any information which they wish to be considered by the Commission in connection with the application. Such a statement will be included in the Commission's official files and will serve as a basis for scheduling a public hearing; however, the Commission will determine whether the application should be granted on the basis of testimony presented at the hearing. Such statements should be addressed to:

Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

The Public Staff of the Utilities Commission, through its Executive Director, is required by statute to represent the using and consuming public in proceedings before the Commission. Statements to the Executive Director should be addressed to:

Robert P. Gruber, Executive Director
Public Staff - North Carolina Utilities Commission
4326 Mail Service Center
Raleigh, North Carolina 27699-4326

The Attorney General is also authorized to represent the using and consuming public in proceedings before the Commission. Statements to the Attorney General should be addressed to:

The Honorable Roy A. Cooper, Jr.
Attorney General of North Carolina
P.O. Box 629
Raleigh, North Carolina 27602

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2001.

NORTH CAROLINA UTILITIES COMMISSION

Geneva S. Thigpen, Chief Clerk

NOTE TO PRINTER: Advertising cost shall be paid by the Applicant. It is required that the Affidavit of Publication be filed with the Commission by the Applicant.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 720

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

Request by Carolina Power & Light Company)	
for Approval of Premier Power Experimental)	ORDER APPROVING
Service Rider PPS-1A; Application for a)	EXPERIMENTAL RIDER
Certificate of Public Convenience and)	AND ISSUING CERTIFICATE
Necessity to Install up to 250 MW of)	OF PUBLIC CONVENIENCE
Emergency Diesel Generation on Customers')	AND NECESSITY
Premises; and Request for a Waiver of Rule)	
R8-61 Provisions)	

BY THE COMMISSION: On March 19, 1998, Carolina Power & Light Company (CP&L) filed with the Commission a request for approval of an experimental service rider called Premier Power Service (PPS) and an application for a certificate of public convenience and necessity to install up to 250 MW of diesel generation for emergencies. The experimental service program would run through December 31, 2003, is voluntary to customers, and involves the installation of diesel generation between 200 and 3,500 kW on the utility side of the meter at the premises of those general service customers electing to take the service.

By Order dated April 21, 1998, the Commission required publication of notice. CP&L filed its affidavits of publication on June 4, 1998, and June 9, 1998. After discussions with the Public Staff regarding the pricing of this service and other issues, CP&L filed a revised rider PPS-1A on June 29, 1998. CP&L will determine the PPS rate for each customer based on the cost of the physical equipment (adjusted for its remaining salvage value), the costs of installation cost, and estimated expenses over the contract term. For contracts ending less than ten years from the equipment's original in-service date, PPS pricing includes an adjustment to smooth the effects related to the significant variance in salvage value during this period. The rider is designed so that CP&L will earn no more than its allowed return on equity.

By letter dated May 29, 1998, Piedmont Power Products, Inc., a diesel equipment supply and service company, through its representative, Mr. John Dixon, filed a complaint concerning CP&L's use of its customer relationships and the potential for pricing subsidies from other ratepayers. Both CP&L and the Public Staff met independently with Mr. Dixon to discuss the program and its pricing. An agreement was reached on a disclosure statement that would ease his company's concerns. By telephone conversation on

June 30, 1998, Mr. Dixon authorized the Public Staff to communicate the withdrawal of his complaint.

Except for extraordinary situations, CP&L expects to sign contracts with customers for not less than five years. To validate the pricing, the Public Staff will randomly review Premier Power Service contracts during the first five years this experimental service is available.

The Public Staff presented this item at the Commission Staff Conference on July 6, 1998, and recommended that the Commission grant the requested certificate of public convenience and necessity, approve the experimental service and rider PPS-1A, and require CP&L to provide each customer with a disclosure statement prior to contracting for Premier Power Service.

Based on the foregoing and the representations in CP&L's filing, the Commission concludes that the Public Staff's recommendation should be approved.

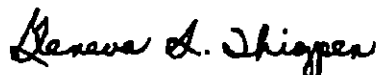
IT IS, THEREFORE, ORDERED as follows:

1. That the certificate of public convenience and necessity for up to 250 MW of emergency diesel generation attached as Appendix A is hereby issued to CP&L for installations between 200 and 3,500 kW at the premises of the customers in CP&L's franchised service territory electing to take the service.
2. That the experimental Premier Power Service and the associated revised rider, PPS-1A attached as Appendix B, are hereby approved to become effective as of the date of this Order through December 31, 2003.
3. That the Customer Disclosure attached as Appendix C shall be presented by CP&L to each customer prior to contracting for Premier Power Service.

ISSUED BY ORDER OF THE COMMISSION.

This the 7th day of July, 1998.

NORTH CAROLINA UTILITIES COMMISSION



Geneva S. Thigpen, Chief Clerk

APPENDIX A

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 720

**Carolina Power & Light Company
411 Fayetteville Street Mall
P.O. Box 1551
Raleigh, North Carolina 27602**

Is issued this

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
PURSUANT TO G.S. 62-110.1**

**authorizing construction and operation
of up to 250 MW of emergency
diesel generation between 200 and
3,500 kilowatts per installation**

located at

**various customer premises
in CP&L's assigned franchise territory**

**subject to the reporting requirements of G.S. 62-
110.1(f), and all other orders, rules, regulations
and conditions now or hereafter lawfully made by
the North Carolina Utilities Commission.**

ISSUED BY ORDER OF THE COMMISSION.

This the 7th day of July, 1998.

NORTH CAROLINA UTILITIES COMMISSION

Geneva S. Thigpen

Geneva S. Thigpen, Chief Clerk

APPENDIX C

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 720

Premier Power Service Customer Disclosure

By accepting the conditions of Premier Power Service, I have been informed and understand the following:

1. The monthly charge pursuant to this rate is set by formula based on good faith estimates of facility initial installation and other capital costs and projections of annual emergency use over the life of the contract.
2. Premier Power is considered a non-standard electric utility service and, although approved by the North Carolina Utilities Commission after review, pricing is not based on typical historical revenue calculations and may differ for like customers due to installation timing and market conditions.
3. Premier Power is an emergency generation service and facility ownership is not contemplated under this program. If generation ownership is an ultimate customer objective, that should be pursued through other vendors.
4. Should an increase or expansion of customer facilities occur subsequent to contracting for Premier Power, the customer is not obligated to contract for additional emergency generation service through Premier Power, but may purchase additional equipment as an alternative from a supplier in the generation equipment market.

Date

Customer Representative

Date

CP&L Representative

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2001-245-E - ORDER NO. 2001-575

JUNE 13, 2001

IN RE: Request of Duke Power Company for) ORDER APPROVING
Approval of On-Site Generation Service) ON-SITE GENERATION
Program, Effective July 1, 2001.) SERVICE PROGRAM

This matter comes before the Public Service Commission of South Carolina (the Commission) on the request of Duke Power (Duke) for approval of an On-Site Generation Service Program, effective July 1, 2001. The program is a voluntary program for non-residential customers requesting Duke to install, maintain and operate a minimum of 300 kW of generation to be located on the customer's premises. The purpose of the generation is to serve as an alternative supply of electricity in the event that normal electric supply is interrupted (i.e., emergency or backup electric supply). The Program establishes terms and conditions for rendering on-site generation service. The Program also includes a rate provision which will determine a customer's specific monthly charge which reflects the cost incurred in providing this service.


According to Duke, the availability of this service has been requested by several customers who desire an improved continuity of service, but also desire to avoid ownership of emergency-type generation. This program is similar to Carolina Power & Light Company's Premier Power Program which is currently on file with the Commission.

DOCKET NO. 2001-245-E - ORDER NO. 2001-575
JUNE 13, 2001
PAGE 2

We would note that S.C. Code Ann. Section 58-27-870(F) (Supp. 2000) allows this Commission to allow rates or tariffs to be put into effect without notice and hearing upon order of the Commission when such rates or tariffs do not require a determination of the entire rate structure and overall rate of return. The proposed program clearly does not require a determination of the entire rate structure and overall rate of return of Duke. Accordingly, we hereby approve the proposed program as filed, effective July 1, 2001. We believe that on-site generation is desirable in case the normal supply of electricity is interrupted for some reason. We also note a customer desire for the program, and that the program is similar to one already approved for Carolina Power & Light.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval to provide optional Premier Power Service Rider, Rate Schedule PPS-1, for general service customers by Florida Power Corporation.

DOCKET NO. 010373-EI
ORDER NO. PSC-01-1648-TRF-EI
ISSUED: August 13, 2001

The following Commissioners participated in the disposition of this matter:

E. LEON JACOBS, JR., Chairman
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

ORDER APPROVING EXPERIMENTAL PREMIER POWER SERVICE RIDER

BY THE COMMISSION:

On March 29, 2001, Florida Power Corporation ("FPC") filed a petition for approval of an experimental Premier Power Service Rider, Rate Schedule PPS-1. By letter dated May 8, 2001, FPC voluntarily waived the 60-day file and suspend period set forth in Section 366.06(3), Florida Statutes. We have jurisdiction over the subject matter of FPC's petition pursuant to Chapter 366, Florida Statutes, including Sections 366.04, 366.05, and 366.06, Florida Statutes.

Customers requiring on-site generators to serve as a back-up electric supply currently have the option of buying a generator or leasing a generator from an equipment vendor. The Premier Power Service Rider ("Rider") proposed by FPC would allow FPC's general service customers the option of having FPC install a minimum of 200 kW of generation at the premises of firm commercial and industrial customers. FPC would own, maintain, and operate the generators for a fixed monthly charge. The Rider is designed for customers who require improved service reliability but wish to avoid ownership and maintenance of back-up generation. Examples of such customers

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

ORDER NO. PSC-01-1648-TRF-EI
DOCKET NO. 010373-EI
PAGE 2

include hospitals, municipal water and waste-water facilities, and financial institutions.

Eligible customers who request service under the Rider will be required to execute a Premier Power Service Contract ("Contract") with a minimum term of 10 years. The Contract will contain a customer-specific monthly charge which reflects the total cost incurred by FPC to provide the generator. Specifically, the charge reflects FPC's installed cost of the generator plus expenses. Expenses include O&M expenses, fuel expenses, and depreciation expenses. These costs are levelized to provide for equal monthly payments over the initial 10-year term of the Contract.

The cost of fuel included in the monthly charge represents the cost to run the generator 100 hours per year, which represents the annual average number of hours the generator is expected to operate. This assumption is partially based on experience gained by Carolina Power & Light Company, who offers a similar rider.

FPC provided sample papers that demonstrate the calculation of the customer-specific charge. Inputs such as equipment costs, installation costs, and contract term will vary from customer to customer. Other inputs such as the weighted average cost of capital, depreciation rates, and tax rates will be adjusted annually and/or when this Commission authorizes a change. This will ensure that the monthly charge for the generator reflects FPC's actual costs at the time the Contract is signed. Once a Contract is signed, the monthly payment is fixed for the entire term of the Contract. We find that the method for calculation of the customer-specific charge is reasonable.

The generators installed under the Rider will serve primarily as an alternate supply of electricity to customers in the event that the normal electric supply is interrupted. In addition, FPC will have the ability to install remote dispatch controls on selected generators to provide additional capacity to FPC's system during periods of capacity shortage. The customer, however, will always have first call on the generator for back-up purposes. FPC states that it will evaluate each generator to determine whether to install remote dispatch equipment based on economic and safety factors.

ORDER NO. PSC-01-1648-TRF-EI
DOCKET NO. 010373-EI
PAGE 3

FPC estimates the cost of the remote dispatch equipment to be \$35,000 per installation. The cost of the dispatch equipment represents a cost to the general body of ratepayers because it will not be included in the monthly charge to the customers receiving service under the Rider. However, the general body of ratepayers will benefit from FPC's ability to dispatch the generators during periods of capacity shortage.

An additional benefit to the general body of ratepayers occurs because they incur no fuel costs for the power provided from the generators during periods of capacity shortage. The cost of the fuel for 100 run hours per year is recovered through the monthly charge from the customer taking service under the Rider. In the event that FPC dispatches a generator in excess of the 100 hours, FPC states that it will not recover the cost of additional fuel through the Fuel and Purchased Power Cost Recovery clause ("fuel clause"). Any additional fuel purchased for dispatch will be booked to FERC expense account 587 (customer installation expense) and will not impact other ratepayers between rate cases.

FPC proposes a 5-year experimental period during which customers can request service under the Rider. FPC indicates it will submit annual reports to this Commission regarding participation levels and the amount of generation installed. FPC also indicates that at least 60 days prior to the expiration of the rider, FPC will submit either a petition to this Commission to extend or modify the Rider or a report describing the basis for allowing the Rider to expire. We find these terms reasonable.

Upon review, we find that FPC's proposed Premier Power Service Rider is reasonable. The Rider provides an optional service to customers who request a higher degree of reliability. Because customers requesting service under the Rider will be responsible for the total cost of the back-up generation, the general body of ratepayers will be protected. Accordingly, we approve FPC's proposed experimental Premier Power Service Rider. The Rider is effective as of July 24, 2001, the date of our vote on this matter.

ORDER NO. PSC-01-1648-TRF-EI
DOCKET NO. 010373-EI
PAGE 4

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power Corporation's petition for approval of an experimental Premier Power Service Rider, Rate Schedule PPS-1, is granted. It is further

ORDERED that Florida Power Corporation's experimental Premier Power Service Rider, Rate Schedule PPS-1, is effective as of July 24, 2001, the date of our vote on this matter. It is further

ORDERED that Florida Power Corporation shall submit annual reports to this Commission regarding the level of customer participation and the amount of generation installed under its experimental Premier Power Service Rider, Rate Schedule PPS-1. It is further


ORDERED that Florida Power Corporation shall, at least 60 days prior to the expiration of its experimental Premier Power Service Rider, Rate Schedule PPS-1, submit either a petition to this Commission to extend or modify the Rider or a report to our staff describing the basis for allowing the Rider to expire. It is further

ORDERED that if a protest is filed within 21 days of issuance of this Order, the tariff shall remain in effect with any charges held subject to refund pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

ORDER NO. PSC-01-1648-TRF-EI
DOCKET NO. 010373-EI
PAGE 5

By ORDER of the Florida Public Service Commission this 13th
day of August, 2001.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

WCK

NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida

ORDER NO. PSC-01-1648-TRF-EI
DOCKET NO. 010373-EI
PAGE 6

Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on September 3, 2001.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 98-350-E - ORDER NO. 98-625



AUGUST 13, 1998

IN RE: Request of Carolina Power & Light Company) ORDER GRANTING
for Approval of Premier Power Service) APPROVAL OF
(Experimental) Rider PPS-2 and Premier) NEW SERVICE
Power Service Contract.)

This matter comes before the Public Service Commission of South Carolina (the Commission) on the request of Carolina Power & Light (CP&L) for approval of Premier Power Service (Experimental) Rider PPS-2 and the Premier Power Service Contract. Rider PPS is a voluntary program for non-residential customers requesting that CP&L install, maintain, and operate a minimum of 200 kW of generation to be located on the customer's premise. The sole purpose of the generation, according to CP&L, is to serve as an alternate supply of electricity in the event that normal electric supply is interrupted due to events beyond CP&L's control. The Rider establishes terms and conditions for rendering Premier Power Service. The Rider also includes a Monthly Rate provision which will determine a customer-specific charge which reflects the cost incurred in providing the service. The availability of the service has been requested by numerous customers who desire an improved continuity of service, but also desire to avoid ownership of emergency-type generation. The Company proposes a 5-year experimental period for this Rider.

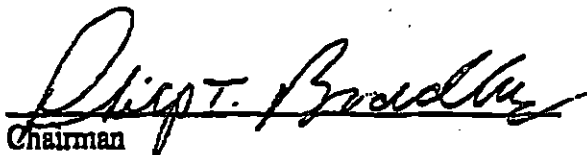
DOCKET NO. 98-350-E -- ORDER NO. 98-625
AUGUST 13, 1998
PAGE 2

According to CP&L, the provision of this service will in no way impact CP&L's least cost integrated resource plan or the need to procure additional generation resources to meet system load requirements.


CP&L asks that we approve the new service to be put into effect without notice and/or hearing, pursuant to the provisions of S.C. Code Ann. Section 58-27-870(F), since the new service does not require a determination of CP&L's entire rate structure and overall rate of return, is for experimental purposes, and does not result in a rate increase. We agree with CP&L that the service meets the stated criteria, therefore we will not require notice or hearing in this matter. We also hereby approve the new service as described by CP&L. It appears that the service could be useful for non-residential customers who wish to have a back up power source, that do not want to own emergency generation equipment themselves.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:



Acting Executive Director
(SEAL)

**Duke Energy Kentucky
Case No. 2015-00347
Staff First Set Data Requests
Date Received: November 23, 2015**

STAFF-DR-01-006

REQUEST:

Refer to the Dale Testimony, page 4, lines 19-21. Provide the type of fuel referred to by the use of "etc." on line 20.

RESPONSE:

This could include generators that operate on Liquid Propane, Bi-Fuel (both LP and Diesel) and units equipped for landfill gas operation.

PERSON RESPONSIBLE: Keith L. Dale

**Duke Energy Kentucky
Case No. 2015-00347
Staff First Set Data Requests
Date Received: November 23, 2015**

STAFF-DR-01-007

REQUEST:

Refer to the Dale Testimony, page 5, lines 17-18. Explain whether energy from the back-up generator will flow through the customer's meter. If yes, explain how customers will not be "double billed" for that energy due to paying for the metered usage on their bill, and through the PPS rider.

RESPONSE:

The cost of the Premier Power Service contract/rider does not include costs of any energy billed through the customer's meter and used during the time of a system outage. Energy will be billed under standard tariffed rates.

PERSON RESPONSIBLE: Keith L. Dale

STAFF-DR-01-008

REQUEST:

Refer to the Dale Testimony, page 7, lines 9-10, which state “[t]he monthly charge will remain the same through the term of the contract....” Explain what would happen if the monthly fee set out in the contract were either too high or too low to recover actual expenses due to unexpected changes in fuel costs, a variation in the number and amount of times the back-up generator is operated than was anticipated, etc.

RESPONSE:

This is covered in the Scope of Work, document negotiated with the customer under the Service Plans and Fuel Allocation section, for each individual project. The Scope of Work is incorporated into the Service Agreement, but was inadvertently omitted from the Company’s Application. Please See Attachment STAFF-DR-01-008.

Fuel Allocation-The fuel costs for testing and typical outage protection is included in this agreement. Duke Energy reserves the right to charge for fuel usage, at the then current commercial rate, for extended generator run time greater than 40 hours per year. Charging would be made on an annual basis.

PERSON RESPONSIBLE: Keith L. Dale

Scope of Work – (Customer Name)

Duke will provide additional standby generation services ("Services") as an alternate source of power supply for (Customer Name) for the Initial Term of the Agreement at the Site.

Duke will own the entire diesel-engine generator package. To support the increased loads at the site, Duke will provide the following specific equipment and scope of service:

Equipment:

List of generators

List of switchgear

Services:

Duke's On Site Generation Services program will provide for annual inspections and preventative maintenance on the generators and switchgear. The maintenance will be performed by qualified switchgear and/or equipment technicians.

Duke Energy will provide 24-7 emergency response for all Duke equipment installed. Duke will provide Customer with toll-free emergency phone number(s) and other communication links.

Fuel Allocation-The fuel costs for testing and typical outage protection is included in this agreement. Duke Energy reserves the right to charge for fuel usage, at the then current commercial rate, for extended generator run time greater than 40 hours per year. Charging would be made on an annual basis.

Non-emergency response work and all generator testing are priced to be performed during normal business hours

Monthly Rate

Duke Energy will provide On-Site Generation Service to (customer name) located at (address) for a firm monthly fee of \$_____ per month for 120 months.

STAFF-DR-01-009

REQUEST:

Refer to the Dale Testimony, page 7, lines 21-23.

- a. Provide the amount of the “nominal fee” referred to in this sentence.
- b. Provide the location of this fee in the proposed PPS tariff or in the Standard Contract.

RESPONSE:

- a. The nominal fee is covered in the Letter of Intent presented to the customer and is dependent on the level of detail required at that stage of the project by the customer or the Company.
- b. The fee is in neither the tariff nor the service agreement because this work occurs prior to a service agreement being presented to the customer. The fee will be added to the total project costs if the customer chooses to proceed with a contract. This is mentioned in the “Levelized Capital Cost” section in the second line.

PERSON RESPONSIBLE: Keith L. Dale

**Duke Energy Kentucky
Case No. 2015-00347
Staff First Set Data Requests
Date Received: November 23, 2015**

STAFF-DR-01-010

REQUEST:

Refer to the Dale Testimony, page 8, lines 20-23. State whether the initial term referred to on line 20 should be 10 years instead of 1 year.

RESPONSE:

Yes. That is a typographical error. The initial term in line 20 should read 10 years.

PERSON RESPONSIBLE: Keith L. Dale

**Duke Energy Kentucky
Case No. 2015-00347
Staff First Set Data Requests
Date Received: November 23, 2015**

STAFF-DR-01-011

REQUEST:

Refer to the Application, Exhibit 1, page 1 of 2, the Availability section. Provide the number of customers served under Rates DS, DP or Special Contracts that would be eligible for PPS by each rate schedule.

RESPONSE:

DS 12,856 Accounts

DP 11 Accounts

DT 189 Accounts

Special Contracts 11 Accounts

The tariff inadvertently excluded rate DT, which should also be included as eligible for PPS. Please see Attachment Staff-DR-01-011 for the corrected Tariff.

PERSON RESPONSIBLE: Keith L. Dale

Duke Energy Kentucky, Inc.
4580 Olympic Blvd.
Erlanger, Kentucky 41018

KY.P.S.C. Electric No. 2
Original Sheet No. 70
Page 1 of 2

**RIDER PPS
PREMIER POWER SERVICE**

AVAILABILITY

Applicable to qualifying non-residential Customers, on a voluntary basis, served under Rates DS, DP, DT or Special Contracts. Customers must enter into a service agreement with Company under this rider.

PROGRAM DESCRIPTION

Under the terms of this program, the Company will own, install, operate and maintain on-site equipment such as on-site generators, fly-wheel, and Uninterruptible Power Supply (UPS) systems designed to provide a supply of electricity to the Customer's facility in the event that the primary supply of electricity is interrupted. The minimum size of on-site generators provided under this program will have a nameplate rating of 50 kW. The generator and associated business continuity support equipment will be located on the Customer's premises at a mutually agreed upon location. The generator and associated business continuity support equipment will be connected on the Company's (line) side of Company's billing meter. Customer will be billed for all usage registered on the Company's billing meter under the applicable rate schedule.

RATE

Each qualifying customer's individual monthly rate calculated for each customer for this service will be determined as follows:

Monthly Service Payment = Estimated Levelized Capital Cost + Estimated Expenses

Where:

Levelized Capital Cost is equal to the present value of all estimated capital related cash flows for a period corresponding to the time of engineering, design and installation of equipment through the term of the contract, adjusted to a pre-tax amount and converted to a uniform monthly payment for the term of the contract. The estimated capital cash flows shall include estimated installed cost of equipment, contingency allowances, salvage value, adjustment to reflect additional supporting investment of general plant nature, and income tax impacts.

Expenses shall equal the present value of estimated expenses associated with the support and maintenance of the generation and support equipment, adjusted to a pre-tax amount and converted to a uniform monthly payment for the term of the contract. The estimated expenses shall include administrative and general expenses, expenses for labor and materials related to operations and maintenance, third party expenses for operations and maintenance, warranties, insurance, annual costs associated with working capital, fuel inventory, depreciation, property tax, other costs related to the operation and support of the generator system installation, and income tax impacts.

Issued by authority of an Order by the Kentucky Public Service
Commission dated _____, 2015 in Case No. _____.

Issued: October 23, 2015
Effective: November 23, 2015
Issued by James P. Henning, President

The after tax cost of capital from the Company's most recent general rate case will be used to convert present values to uniform monthly payments.

Duke Energy Kentucky, Inc.
4580 Olympic Blvd.
Erlanger, Kentucky 41018

KY.P.S.C. Electric No. 2
Original Sheet No. 70
Page 2 of 2

MONTHLY BILL

Customer's monthly bill for all services under this rider will appear on their regular monthly electric bill as a line item.

CONTRACT

As provided in the Premier Power Service Agreement (Agreement), customer shall enter into a contract for Premier Power Service from the Company for an initial term of ten (10) years, or other term at the Company's option, and thereafter from year to year upon the condition that either party may terminate the contract by giving a minimum of ninety (90) days notice of such termination in writing, In the event of early termination of the Agreement under this program, the Customer may be required to pay the Company a termination fee as set forth in the Agreement.

Issued by authority of an Order by the Kentucky Public Service
Commission dated _____, 2015 in Case No. _____.

Issued: October 23, 2015
Effective: November 23, 2015
Issued by James P. Henning, President

**Duke Energy Kentucky
Case No. 2015-00347
Staff First Set Data Requests
Date Received: November 23, 2015**

STAFF-DR-01-012

REQUEST:

During distribution system power outages, explain whether the customer or Duke Kentucky will be responsible for providing personnel to operate the back-up power supply.

RESPONSE:

The operation of the unit is designed to be automatic in times of system power outages. Duke Energy Kentucky will be responsible for the operation and maintenance of the unit and will staff appropriately with contractors or employees.

PERSON RESPONSIBLE: Keith L. Dale

STAFF-DR-01-013

REQUEST:

Describe the input, if any, that Duke Kentucky's customer will have in the selection of equipment to be installed.

RESPONSE:

The customer's preferences are always taken into account when designing the system. This is true unless the customer's request would produce a less reliable system design based on Duke Energy's experience, in which case, Duke Energy Kentucky will advise the customer and recommend a better and more reliable solution. If an agreement is not reached, Duke Energy Kentucky may not enter into the contract with the customer. This is because Duke Energy Kentucky will continue to own and maintain the equipment throughout the term of the agreement, and if the equipment the customer desires would create operational constraints on Duke Energy Kentucky's delivery system or is not otherwise reliable, Duke Energy Kentucky needs the ability to refuse to enter into the arrangement so to maintain the integrity of its system.

PERSON RESPONSIBLE: Keith L. Dale

STAFF-DR-01-014

REQUEST:

Describe the level of interest, if any, that Duke Kentucky has received from potential customers.

RESPONSE:

Duke Energy Kentucky has received inquiries in the past regarding on-site back-up generation solutions from industrial and large commercial customers through communication with Duke Energy Kentucky's account management teams. To date, Duke Energy Kentucky has not had such a product to offer.

PERSON RESPONSIBLE: Keith L. Dale