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**VIA OVERNIGHT DELIVERY**

March 1, 2016

**RECEIVED**

MAR 2 2016

PUBLIC SERVICE  
COMMISSION

Stephanie Bell  
Kentucky Public Service Commission  
211 Sower Blvd  
Frankfort, KY 40601

**Re: Case No. 2016-xxxx  
In the Matter of the Application of Duke Energy Kentucky, Inc. to Amend its  
Demand Side Management Programs**

Dear Ms. Bell:

Enclosed please find an original and twelve copies of the *Application of Duke Energy Kentucky, Inc. to Amend its Demand Side Management Programs*, 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](mailto:rocco.d'ascenzo@duke-energy.com)

Enclosures: As stated

cc: Larry Cook

**COMMONWEALTH OF KENTUCKY  
BEFORE THE  
KENTUCKY PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>THE APPLICATION OF DUKE</b>	)	
<b>ENERGY KENTUCKY, INC. TO</b>	)	
<b>AMEND ITS DEMAND SIDE</b>	)	<b>CASE NO. 2016-</b> _____
<b>MANAGEMENT PROGRAMS</b>	)	

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**APPLICATION OF DUKE ENERGY KENTUCKY, INC. TO AMEND ITS  
DEMAND SIDE MANAGEMENT PROGRAMS**

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Comes now Duke Energy Kentucky, Inc. (Duke Energy Kentucky” or the “Company), pursuant to KRS 278.285, and other applicable law, and does hereby request the Commission to approve an amendment to one of its approved Demand Side Management (DSM) programs, the Residential Smart Saver Energy Efficient Products Program by changing the available measures within the program to include light-emitting diode (LED) technology.<sup>1</sup> In support of its Application, Duke Energy Kentucky respectfully states as follows:

**Introduction**

1. Pursuant to 807 KAR 5:001, Section 14(2), Duke Energy Kentucky is a Kentucky corporation that was originally incorporated on March 20, 1901, is in good standing and, as a public utility as that term is defined in KRS 278.010(3), is subject to the Commission’s jurisdiction. Duke Energy Kentucky is engaged in the business of furnishing natural gas and electric services to various municipalities and unincorporated areas in Boone, Bracken,

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<sup>1</sup> *In the Matter of the Application of Duke Energy Kentucky, Inc. for the Annual Cost Recovery Filing for Demand Side Management, Case No. 2012-00495, (Order)(April 11, 2013).*

Campbell, Gallatin, Grant, Kenton, and Pendleton Counties in the Commonwealth of Kentucky. A copy of its articles of incorporation is on file with the Commission in Case No. 2013-00097.

2. Duke Energy Kentucky's business address is 139 East Fourth Street, Cincinnati, Ohio 45202. The Company's local office in Kentucky is Duke Energy Envision Center, 4580 Olympic Boulevard, Erlanger, Kentucky 41018. Duke Energy Kentucky's email address is KYfilings@duke-energy.com.

3. On November 15, 2012, Duke Energy Kentucky filed an application for the cost recovery of demand side management programs. The Company's application was docketed as Case No. 2012-00495. On April 11, 2013, this Commission approved that Application and Ordered Duke Energy Kentucky to file an application requesting program expansion(s) and to include: (1) an Appendix A, setting forth the Cost Effectiveness Test Results of all DSM programs, (2) an Appendix B, setting forth the recovery of program costs, lost revenues, and shared savings that are used in determining the true-up of proposed DSM factors; and (3) a signed and dated proposed Rider DSMR, Demand Side Management rate, for both electric and natural gas customers, by August 15, annually.<sup>2</sup> In Case No. 2012-00085, the Commission Order stated in relevant part, that "Duke Kentucky's request that the Commission approve a limited automatic approval process for pilot programs [sic] is approved with the following parameters: 1) the total pilot program cost including EM&V is not to be greater than \$75,000; 2) the total cost of all pilot programs in a fiscal year is not to exceed five percent of the total annual DSM program expenditure; 3) each pilot program has been vetted and approved by the Collaborative; 4) Duke Kentucky must notify the Commission at least 10 days prior to the pilot program's proposed start date; 5) each pilot program is cost effective and the cost/benefit analysis is provided, by pilot program, with Duke Kentucky's notification of the Commission;

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<sup>2</sup> See *Order*, para. 4.

and 6) the Commission will review the actual cost of each pilot when filed by Duke Kentucky in its annual cost recovery filing.” In Case No. 2014-00280 Duke Energy Kentucky requested to add cost effective measures within an existing DSM program within the \$75,000 guidelines approved in Case No. 2012-00085. The Commission approved this request requiring a ten day notification.

Duke Energy Kentucky filed to amend the current DSM portfolio on August 15, 2015. Due to technological advancements and changes to the pricing and availability of LED lighting options, Duke Energy Kentucky requests permission to amend the Residential Smart Saver Energy Efficient Products Program. Currently the program allows customers to receive up to fifteen free compact florescent bulbs (CFLs). The proposed amendment simply seeks to replace the CFLs with LEDs. However, this amendment results in program cost increase greater than \$75,000 exceeding the flexibility guidelines and resulting in the need to file for a specific approval

#### **Current DSM Programs**

4. Duke Energy Kentucky has a long history of successful DSM implementation and has been a leader in the industry with respect to energy efficiency (EE) and peak demand reduction (DR) programs, having offered such programs since the mid-90’s. Its existing portfolio of DSM programs was approved by the Commission in Case No. 2012-00085,<sup>3</sup> by Order dated June 29, 2012. These programs are as follows:

- Program 1: Low Income Services Program
- Program 2: Residential Energy Assessments Program
- Program 3: Energy Efficiency Education for Schools Program

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<sup>3</sup> *In the Matter of the Application of Duke Energy Kentucky, Inc. for an Energy Efficiency Cost Recovery Mechanism and for Approval of Additional Programs for Inclusion in its Existing Portfolio*, Case No. 2012-00085.

- Program 4: Residential Smart Saver Efficient Residences Program
- Program 5: Residential Smart Saver Energy Efficient Products Program
- Program 6: Smart Saver Prescriptive Program
- Program 7: Smart Saver Custom Program
- Program 8: Smart Saver Energy Assessments Program
- Program 9: Power Manager Program
- Program 10: PowerShare
- Program 11: Low Income Neighborhood
- Program 12: My Home Energy Report
- Program 13: Appliance Recycling Program
- Program 14: Non-Residential Small Business Energy Saver Program<sup>4</sup>

5. The above-referenced portfolio of programs is approved to continue through December 31, 2016.

**Amendment to an Approved DSM Program**

6. This Application proposes to update the Residential Smart Saver Energy Efficient Products Program by changing the available measures within the program to respond to market conditions and enhance the robustness of the Company's offerings.

7. New measures and programs:

**Residential Smart Saver Energy Efficient Products Program:**

Residential Smart Saver is proposing to allow customers to adopt a superior efficient lighting technology by allowing customers to receive up to fifteen free LEDs. LED costs have declined to the point that the Company can cost effectively incentivize customers to take advantage of this more energy efficient and longer lasting product. Duke Energy Kentucky

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<sup>4</sup> Additional program filed and approved in Case No. 2014-00280

proposes to discontinue the Free CFL program in May/June 2016 in preparation for a Free LED launch July 1, 2016. The launch will likely begin with a Business Reply Card (BRC) until the online ordering platform rolls out later in 2016. The initial target audience includes customers that have not ordered any CFLs, or only received a portion of the 15 CFL maximum. Duke Energy Kentucky is targeting an online ordering platform to be expanded to customers that received CFLs over 5 years ago. These customers will be allowed to receive up to 12 free LEDs.

The proposal was presented to the Residential Collaborative and the Commercial & Industrial Collaborative on November 5, 2015.

The Company requests approval by May 1, 2016 to allow for program administration for a July 1, 2016 launch. The Company will not be making an adjustment to the Residential tariff to reflect the increase in costs at this time, but instead will true-up the costs within the Annual Cost Recovery Filing for Demand Side Management to be filed November 15, 2017 recovering the July 1, 2016 – June 30, 2017 timeframe costs.

8. Pursuant to KRS 278.285(1)(b) and the Commission's Order, Exhibit A includes the Cost Effectiveness Test Results of the program change.

9. Finally, Duke Energy Kentucky respectfully requests that the Commission's Order allow for the launch of Free LEDs to begin July 1, 2016.

WHEREFORE, Duke Energy Kentucky respectfully requests that the Commission grant the relief requested herein.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Rocco D'Ascenzo', written over a horizontal line.

Rocco D'Ascenzo (92796)  
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*Counsel for Duke Energy Kentucky, Inc.*

## CERTIFICATE OF SERVICE

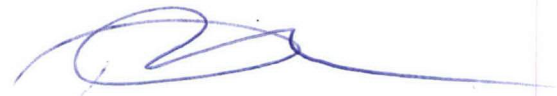
I hereby certify that a copy of the foregoing filing was served on the following via ordinary mail, postage prepaid, this 14 day of March 2016:

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Rocco O. D'Ascenzo



Exhibit A  
Cost Effectiveness Test Results

<b>Program Name</b>	<b>UCT</b>	<b>TRC</b>	<b>RIM</b>	<b>Participant</b>
Free LED*	2.84	9.44	1.17	

\*Cost effectiveness scores represent the free LEDs within the Residential Smart Saver Energy Efficient Products Program