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PUBLIC SERVICE
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VIA OVERNIGHT DELIVERY

January 5, 2018

Ms. Gwen R. Pinson
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
Frankfort, KY 40601

**Re: Case No. 2018- 00009
In the Matter of the Application of Duke Energy Kentucky, Inc. to Amend
Its Demand Side Management Programs.**

Dear Ms. Pinson:

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

cc: Kent Chandler (w/enclosures)
Florence Tandy (w/enclosures)
Peter Nienaber (w/enclosures)

JAN 08 2018

PUBLIC SERVICE
COMMISSION

BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DUKE ENERGY)	
KENTUCKY, INC. TO AMEND ITS)	Case No. 2018- 00009
DEMAND SIDE MANAGEMENT)	
PROGRAMS)	

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

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 Non-Residential Smart Saver Prescriptive Program by changing the available measures within the program, adjust grace periods on incentive changes, and implement a reservation system in an effort to control program costs while allowing customers to continue participating in the program. 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,

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. Duke Energy Kentucky filed to amend the current DSM portfolio on August 15, 2017. As a result to an increase in customer participation, the Company is requesting an additional amendment to the current DSM portfolio for the Non-Residential Smart Saver Prescriptive program and for approval to allow for additional funding to continue the program for the remainder of the fiscal year. In the interest of transparency, Duke Energy Kentucky continues to keep the Commission informed with quarterly cost updates in addition to the annual amendment and status update filings.

Amendment to an Approved DSM Program

1. This Application proposes to update the Non-Residential Smart Saver Prescriptive Program by changing the available measures within the program to respond to market conditions and enhance the robustness of the Company's offerings.

2. New measures and changes:

Non-Residential Smart Saver Prescriptive Program:

- a. Due to an increase in customer applications within the Non-Residential Smart Saver Prescriptive program, the 2017 – 2018 fiscal year program costs have exceeded the forecasted costs by the end of 2017. As a result, Duke Energy Kentucky requests permission to amend the Non-Residential Smart Saver

Prescriptive Program so to balance the need to continue to offer the program to customers that have taken action in anticipation of participation and to manage the program costs in a reasonable and fair manner for all customers.

- b. The Company requests to implement a reservation system with a pre-application for payments of prescriptive rebates. Currently a customer submits an application after equipment has been installed up to ninety-days after installation. The Company has very limited foresight into the number of applications it will receive or how many customers are installing qualifying equipment until after-the-fact. Under the proposed change, customers and trade allies seeking a prescriptive reservation would submit a pre-application in advance of starting an energy efficiency project. The pre-application will determine equipment qualification and reserve program funds, if available. A reservation system will help the Company to have a more accurate forecast of the applications that will be received within the fiscal year. The reservation system would reserve funds for 90 days, allow for extensions, and also create a customer waiting list for circumstances when all approved funds have been spent or reserved.

3. Duke Energy Kentucky requests additional funding for the program to continue into 2018. The program will exceed the 2017 – 2018 fiscal year projections due to an increase in customer participation including equipment upgrades from a large school district. To allow customers to continue to participate in the Non-Residential Smart Saver Program, the Company requests an additional \$1,100,000. This forecast includes implementing the reservation system to manage the applications from January – July 2018.

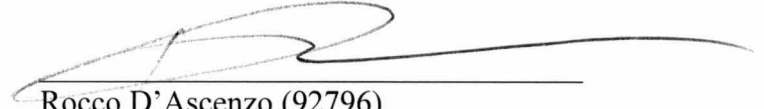
4. In an effort to alleviate some of the program spending and in compliance with the current program tariff, the Company is removing measures from the program effective January 18, 2018. Applications for qualifying equipment purchased prior to January 18, 2018 may be submitted up to ninety days after that date (April 18, 2018). Going forward, this equipment can be applied for Non-Residential Smart Saver Custom incentives. In addition to the measure removals, many measure incentives will be adjusted for current market conditions. All measures changes are listed in Appendix A.

5. The Company requests approval within thirty days (30) from its application, so to implement the changes immediately. The Company will be making an adjustment to the program tariff (Appendix B) to reflect the changes to the program. The Company will true-up the costs and include the cost effectiveness scores within the Annual Cost Recovery Filing for Demand Side Management to be filed November 15, 2018 recovering the July 1, 2017 – June 30, 2018 timeframe costs.

6. Finally, Duke Energy Kentucky respectfully requests that the Commission's Order allow for these changes to begin as soon as possible with implementation of the reservation system to commence effective January 1, 2018.

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

Respectfully submitted,



Rocco D'Ascenzo (92796)
Associate General Counsel
Duke Energy Kentucky, Inc.
139 East Fourth Street, 1313 Main
Cincinnati, Ohio 45201-0960
(513) 287-4320
(513) 287-4385 (f)
Rocco.D'ascenzo@duke-energy.com
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 overnight mail, this 5TH day of January 2018:

Kent Chandler
The Office of the Attorney General
Utility Intervention and Rate Division
700 Capital Avenue, Suite 20
Frankfort, Kentucky 40601-8204

Florence W. Tandy
Northern Kentucky Community Action Commission
717 Madison Avenue
Covington, Kentucky 41011
ftandy@nkcac.org

Peter Nienaber
Northern Kentucky Legal Aid, Inc.
302 Greenup
Covington, Kentucky 41011
pnienaber@lablaw.org



Rocco O. D'Ascenzo

Removals

The following measures are being removed from the program effective 1/18/18. Applications for qualifying equipment purchased prior to 1/18/18 may be submitted up to 90 days after that date (4/18/18). Going forward, this equipment can be applied for custom incentives.

High Bay T8 fixtures

- 4Ft 8L Fluorescent replacing 1000W HID
- 4ft 2L replacing 150-249W HID
- 8L 42W CFL replacing 400W HID
- 4ft Fluorescent 3, 4, 6, and 8 Lamp

High Performance Low Watt T8 4ft fixtures (1, 2, 3, and 4 lamp)

High Performance T8 4ft fixtures

- 2 and 4 lamp, replacing T12 High Output 8ft
- 1, 2, 3, and 4 lamp, replacing standard T8

Low Watt T8 lamps 2-4ft, replacing standard 32 Watt T8

Pulse Start Metal Halide 320W

CFL lamps and fixtures

- CFL Reflector Flood
- CFL Screw high wattage
- CFL Screw in, Specialty

LED Task Lights

- Portable Task Lights
- Shelf-mounted Task Lights

Fluorescent delamping

VFD HVAC Pump (other VFD on Pump measures updated)

Updates

The following measures are being updated effective 1/18/18. Applications for qualifying equipment purchased prior to 1/18/18 may be submitted up to 90 days after that date (4/18/18). Equipment purchased after 1/18/18 may be applied for the new rebate.

Lighting measure updates

LED flood lights

- Replacing, or in lieu of 100W-499W HAL, INCD, or HID: reduce from \$29 to \$15 per lamp
- Replacing, or in lieu of up to 100W HAL, INCD, or HID: reduce from \$11 to \$5 per lamp

LEDs replacing HIDs

Fixtures	New rebates				Current rebates			
	Exterior	Garage	Canopy	High/low Bay	Exterior	Garage	Canopy	High/low Bay
175-250W	\$50	\$50	\$60	\$70	\$65/75	\$150/100	\$105	\$142
250-400W	\$75	\$75	\$100	\$115	\$120/100	\$250/200	\$150	\$188
>400W	\$200	\$200	N/A	\$238	\$200	\$400/300	N/A	\$238
<175W	\$30	\$30	\$30	\$40	\$45/50	\$100/75	\$56	\$124

LED Panel Fixtures

Size	New rebates	Current rebates
1x4	\$20	\$25
2x2	\$18	\$25
2x4	\$36	\$50

LED Linear Tube Lamps

- 4ft and 2ft LED linear tube lamp, reducing from \$15 to \$3 per lamp

Refrigerated Case Lights, T8/T12 replaced with LED

Size	New rebates		Current rebates	
	No controls	With controls	No controls	With controls
4 ft	\$10	\$30	\$14	\$49
5 ft	\$11	\$31	\$18	\$64

Other Lighting Measures

- LED downlight: reduce from \$11/lamp to \$4/lamp
- LED exit signs, reduce from \$10 to \$2
- LED Poultry LED lamps, reduce from \$7.30 to \$5; minimum lamp life reduced from 50,000 hours to 40,000 hours

HVAC measure updates

HVAC DX PTAC

	Current	New
HVAC DX PTAC 12000 Btuh 10.7 EER	\$33	\$25
HVAC DX PTAC 15000 Btuh 9.8 EER	\$41	\$37
HVAC DX PTAC 7600 Btuh 12.2 EER	\$21	\$15

Foodservice measure updates

Updates to ECM refrigerated case motors

New measures are \$1000/hp:

- ECM Refrigerated or Freezer Display Case Motors - ECM replacing Permanent Split Capacitor
- ECM Refrigerated or Freezer Display Case Motors - ECM replacing Shaded Pole
- ECM Walk-In Cooler and Freezer Motors - ECM replacing Permanent Split Capacitor
- ECM Walk-In Cooler and Freezer Motors - ECM replacing Shaded Pole

Current measures are being replaced (\$39/motor):

- ECM Cooler and Freezer Motors - ECM replacing PSC
- ECM Cooler and Freezer Motors - ECM replacing SP

Process equipment updates

VFD on Pump measures changed to be paid "per HP"

- VFD on Chilled Water Pump, \$100 per HP
- VFD on Hot Water Pump, \$100 per HP

VFD on HVAC pump no longer prescriptive; may be eligible for custom incentives with pre-approval.

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

KY.P.S.C. Electric No. 2
~~Second-Third~~ Revised Sheet No. 113
Cancels and Supersedes
~~First-Second~~ Revised Sheet No. 113
Page 1 of 2

(T)

SMART \$AVER® PRESCRIPTIVE PROGRAM

APPLICABILITY

Available to non-residential customers in the Company's electric service area taking service under all non-residential rates who choose to participate by completing and submitting an application.

PROGRAM DESCRIPTION

The Smart \$aver Energy Prescriptive Program is part of Duke Energy Kentucky's portfolio of programs offered through Rider Demand Side Management Program (Rider DSM) and recovered through the Company's Rider DSMR (Demand Side Management Rate). The purpose of this program is to encourage the installation of high efficiency equipment in new and existing nonresidential establishments. The program will provide incentive payments to offset a portion of the higher cost of energy efficient equipment. The program also encourages maintenance of existing equipment in order to reduce or maintain energy usage.

Customers may defer incentive payments to trade allies who agree to reduce the customer's cost by the amount of the incentive payments. Incentive payments are available for a percentage of the equipment or project cost difference between standard equipment and higher efficiency equipment. The Company may vary the percentage incentive by type of equipment and differences in efficiency in order to provide the minimum incentive needed to drive customers to purchase higher efficiency equipment. The Company reserves the right to adjust the incentive, for specific equipment, on a periodic basis, as equipment efficiency standards change, and as customers naturally move to purchase higher efficiency equipment. The following types of equipment are eligible for incentives.

- High efficiency lighting
- High efficiency HVAC (cooling) equipment
- High efficiency motors, pumps, and variable frequency drives
- High efficiency food service equipment
- High efficiency process equipment
- Other high efficiency equipment as determined by the Company on a case by case basis
- Maintenance to increase the efficiency of existing equipment

Issued by authority of an Order of the Kentucky Public Service
Commission dated _____, ~~2014-2018~~ in Case No. ~~20142018-~~

Issued: ~~June 16, 2014~~ January 5, 2018
Effective: ~~June 16, 2014~~ February 5, 2018

Issued by James P. Henning, President /s/ James P. Henning

(T)

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

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Page 2 of 2

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In order to receive an incentive payment under this program, the owner must submit an application before or within ninety (90) days of installation, along with the required documentation and verification that the installed efficiency measures meet the requirements of this program. The Company reserves the right to inspect the premises of the customer both before and after implementation of the measure for which payment is requested. Incentive payments will be made only after the equipment has been installed, and is operable, as verified by the Company. Multiple incentive payments may be requested for each establishment; however, the Company reserves the right to limit the payments per establishment per year. The amount of the incentive payment for various standard types of equipment will be filed with the Commission annually, for information, and posted to the Company's website at www.duke-energy.com.

In addition, Duke Energy Kentucky may support several channels to offer instant prescriptive incentives that reduce the price of energy efficient products at the time of purchase. Channels may include an online store, customer purchases made through a distributor, and other channels which will increase participation in the program. The incentives offered through these channels will be consistent with current program incentive levels.

The incentive payment to the customer or owner will be an amount less than the installed cost difference between standard equipment and higher efficiency equipment or the cost of the maintenance service. With Company approval, the customer or owner may designate that payment be made to the vendor or other third party.

Duke Energy Kentucky may limit payments of prescriptive rebates through a reservation system in which customers and trade allies seeking a prescriptive reservation submit a Pre-Application in advance of starting an energy efficiency project.

(N)

SERVICE REGULATIONS

The provisions contained in this tariff sheet do not supersede or replace any of the charges and terms contained in the standard base rate and rider tariff sheets. The standard base rate and rider charges apply to all customers.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as approved by law.

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