

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|-------------------------------------|---|------------|
| JOINT APPLICATION OF LOUISVILLE GAS |) | |
| AND ELECTRIC COMPANY AND KENTUCKY |) | |
| UTILITIES COMPANY FOR REVIEW, |) | CASE NO. |
| MODIFICATION, AND CONTINUATION OF |) | 2011-00134 |
| EXISTING, AND ADDITION OF NEW |) | |
| DEMAND-SIDE MANAGEMENT AND |) | |
| ENERGY-EFFICIENCY PROGRAMS |) | |

O R D E R

On April 14, 2011, Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (collectively the “Companies”) filed a joint application (“Application”) pursuant to KRS 278.285 requesting approval of their proposed Demand-Side Management (“DSM”) and Energy Efficiency Program Plan (“Program Plan”), their proposed Demand-Side Management Capital Cost Recovery Component (“DCCR”) mechanism, and their proposed DSM rates.

The Companies requested that the Commission issue a final order in this proceeding by October 13, 2011, with the Companies’ revised tariff sheets to be effective six weeks after the date of the Commission’s final Order approving them. On May 10, 2011, the Commission issued an Order suspending the proposed DSM rates from May 13, 2011 up to and including October 12, 2011. The following sought and were granted full intervention: the Attorney General’s Office of Rate Intervention (“AG”), the Association of Community Ministries, Inc. (“ACM”), the Community Action Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties, Inc. (“CAC”),

Metropolitan Housing Coalition (“MHC”), the Lexington-Fayette Urban County Government, and The Kroger Co. (“Kroger”).

A procedural schedule was established allowing for two rounds of discovery and the filing of testimony. The Companies were subject to one round of data requests from the AG, two rounds of data requests from ACM, CAC, Kroger, and MHC, and three requests from Commission Staff. ACM, CAC, and MHC filed testimony and each responded to the one set of Staff data requests. ACM opposed the Application as filed and made general recommendations relating to low-income consumers of LG&E. CAC supported the Application as filed, but expressed concern for low-income customers of KU. MHC opposed the Application as filed, expressing concern with affordability to low-income households and the returning of collected DSM funds back to certain zip codes in LG&E’s service territory. The Companies filed rebuttal testimony on August 29, 2011, after which an informal conference (“IC”) was held September 21, 2011. On September 28, 2011, the Companies filed responses to Commission Staff’s requests for information from the IC.

On August 29, 2011, the Companies filed a Motion to submit the case for decision on the record. No intervening parties requested a hearing in this matter.

The Companies’ Application addressed three categories of DSM programs. The three different categories are discussed below.

Existing Unchanged Programs

The Companies propose that five currently authorized residential or commercial DSM programs which were approved in Case No. 2007-00319,¹ remain unchanged and continue at their currently approved funding level and duration of program service through December 31, 2014. Those programs as described by the Companies are:

1. Residential High Efficiency Lighting – The Companies state that this program is to facilitate market transformation by creating a shift in LG&E and KU consumer purchasing from incandescent light bulbs to Compact Fluorescent Lights. The Companies further state that they provide customer education materials and opportunities, select and develop partnerships with retailers, ensure appropriate documentation for payment of incentives, and maintain program data.

2. Residential New Construction – This program is designed to reduce residential energy usage and facilitate market transformation by creating a shift in builders' new home construction to include energy efficient construction practices. The Companies intend to utilize this program to educate builders, contractors, and customers to increase awareness of environmental and financial benefits of whole-house energy efficient building practices. To facilitate this introduction into customers' homes, the program will partner with homebuilders' associations within the state of Kentucky to adopt and implement the Department of Energy's Energy Star new homes energy efficiency program.

¹ Case No. 2007-00319, Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company Demand-Side Management for the Review, Modification, and Continuation of Energy Efficiency Programs and DSM Cost Recovery Mechanisms (Ky. PSC Mar. 31, 2008).

3. Residential and Commercial HVAC Diagnostic and Tune-up – The objective of this program is to reduce peak demand and energy use by conducting a diagnostic performance check on residential and small commercial unitary air conditioning and heat pump units, air-restricted indoor and outdoor coils, and over- and under- refrigerant charge. The program will target customers with probable Heating, Ventilation, and Air Conditioning (“HVAC”) system performance issues.

4. Customer Education and Public Information – The objective of this program is to increase public awareness and understanding of both the urgent need for more efficient use of energy and the environmental and financial impacts created by climate change issues. This program will also increase customer awareness and encourage utilization of the energy efficiency products and services included in the Application in this case.

5. Dealer Referral Network – The program is a web-based Dealer Referral Network designed to deliver the following services to program constituents:

- Assisting customers in finding qualified and reliable personnel to install energy efficiency improvements recommended and/or subsidized by the various energy efficiency programs;
- Identifying energy-related subcontractors for contractors seeking to build energy-efficient homes or improve energy efficiency of existing homes; and
- Fulfillment of incentives and rebates.

Enhanced and Expanded Existing Programs

The Companies' Application proposes that the following five currently authorized residential or commercial DSM programs, which were approved in Case No. 2007-00319, be enhanced and extended through 2017. Those programs are:

1. Program Development and Administration – This program was established to capture costs incurred in the development and administration of energy efficiency programs where it is difficult to assign costs specifically to an individual program. The Companies are proposing to add three full-time positions to the Program Development and Administration infrastructure.

2. Residential Conservation/Home Energy Performance Program – This program is designed to help customers reduce home energy costs using on-line or on-site energy audits. The intent of this program is to work with LG&E and KU customers to identify specific steps they can take to reduce energy costs, making them better energy managers. The Companies are proposing one full-time employee position. The Companies also propose new on-site audit incentives for this program.

The Companies propose that the Tier One On-Site Audit will be comparable to the existing Onsite Audit. The proposal is for customers to pay a fee of \$25 to encourage them to keep their scheduled appointments and receive recommendations of ways to reduce energy usage by a targeted 10 percent. At the completion of the Tier One On-Site Audit, the participant may qualify for either Tier Two or Tier Three incentives after a test-out follow-up audit. Participants who achieve a 20 percent total annual energy savings from pre-audit levels will qualify for a Tier Two On-Site Audit

incentive of \$500. Participants who achieve a 40 percent total annual energy savings from pre-audit levels will qualify for a Tier Three On-Site Audit incentive of \$1,000.

3. Residential Low Income Weatherization Program (“WeCare”) – This program is an education and weatherization program designed to reduce energy consumption of LG&E and KU low-income customers. The Application indicates that the program is designed to provide energy audits and energy education, perform blower door tests, and install weatherization and energy conservation measures on qualified houses. Eligible WeCare households will include but not be limited to those residential customers who qualify for Federal Low-Income Weatherization Assistance Program or Low Income Home Energy Assistance Program services.

The Companies seek additional funds that will allow for increased weatherization measures for low-income customers, an increase in the number of customers served under the program plan, and to extend the WeCare program through year seven of the proposed program plan.

The enhanced program costs compared to the 2007 DSM filing from 2011 to 2014 are as follows:

| | <u>2011</u> <u>\$000</u> | <u>2012</u> <u>\$000</u> | <u>2013</u> <u>\$000</u> | <u>2014</u> <u>\$000</u> |
|------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Proposed Program | \$2,368 | \$3,001 | \$3,957 | \$4,947 |
| Original Program | <u>\$1,868</u> | <u>\$1,893</u> | <u>\$1,947</u> | <u>\$2,003</u> |
| Program Increase | \$500 | \$1,108 | \$2,010 | \$2,944 |

The current and proposed customer incentive per tier is:

| <u>Tier</u> | <u>Annual Energy Consumption</u> | <u>Proposed Allowable Weatherization Cost</u> | <u>Current Allowable Weatherization Cost</u> |
|-------------|--------------------------------------------|-----------------------------------------------|----------------------------------------------|
| A | Up to 1,299 Ccf or up to 11,499 kWh | \$ 350 | \$ 200 |
| B | 1,300 to 1,800 Ccf or 11,500 to 16,000 kWh | \$1,000 | \$ 750 |
| C | Greater than Tier B | \$2,100 | \$1,700 |

The Companies' proposed participation goals by year are as follows:

| | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> | <u>Year 4</u> | <u>Year 5</u> | <u>Year 6</u> | <u>Year 7</u> | <u>Total</u> |
|-------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| LG&E | 600 | 850 | 1,100 | 1,350 | 1,600 | 1,850 | 2,100 | 9,450 |
| KU | <u>600</u> | <u>850</u> | <u>1,100</u> | <u>1,350</u> | <u>1,600</u> | <u>1,850</u> | <u>2,100</u> | <u>9,450</u> |
| Total | <u>1,200</u> | <u>1,700</u> | <u>2,200</u> | <u>2,700</u> | <u>3,200</u> | <u>3,700</u> | <u>4,200</u> | <u>18,900</u> |

4. Residential and Commercial Load Management/Demand Conservation –

The Companies indicate that the existing program is voluntary and has been in operation since 2001. They state that this program employs switches in homes and small businesses to help reduce the demand for electricity during peak times and that the program uses one-way paging signals to communicate with the switches to cycle central air conditioning units, heat pumps, electric water heaters, and pool pumps off and on through a predetermined sequence. The Companies indicate that they have reached a market saturation rate of approximately 20 percent, but recognize the potential growth to reach approximately 33 percent over the proposed plan period.

The Companies propose the following enhancements to the existing program. They seek to add another full-time employee to assist in outreach efforts to the multi-

family and commercial customer segment; the ability to modify and increase the financial incentives to attract those customers who have not been interested in this voluntary customer program; to capitalize newly installed load-control switches and programmable thermostats; and to extend the current Residential and Commercial Load Management/Demand Conservation Program through year seven of the proposed Program Plan. The Companies seek increased autonomy to modify these incentives to include both monetary and non-monetary mechanisms with a value range beginning at \$20 per year, increasing to a maximum benefit of \$40 per year. They propose that this incentive be in addition to any applicable installation bonus that customers may receive for enrolling in the program. The Companies state that all modifications to the program incentives will be designed to increase customer enrollment throughout the future life of the program. They point to data provided by a consultant indicating that there is a distinct correlation between the level of financial incentive and the amount of customer participation. The various incentives and marketing strategies used to engage the customer will be analyzed for effectiveness on a regular basis and changes will be made as needed.

5. Commercial Conservation/Commercial Incentives Program – This program is designed to provide energy efficiency opportunities for the Companies' commercial customers through energy audits and to increase the implementation of the energy efficiency measures identified through the audits by providing financial incentives to assist with replacing aging and less efficient equipment.

The Companies propose to enhance this program by adding energy efficiency retrofits eligible for incentives to include Refrigeration; by adding Commercial

Customized Incentives to encourage sustained energy efficiency retrofits eligible for customers which are not covered by the existing Commercial Conservation/Incentive Program; and extending the current Commercial Conservation component of the program through year seven of the proposed program plan.

The Companies' proposal states that the incentive portion of the program will provide a financial incentive to customers to install sustainable energy efficient equipment. To ensure equal incentive opportunities for all commercial customers, the Companies are proposing that the maximum annual incentive permitted be \$50,000 per facility, but that commercial customers be permitted to receive multi-year incentives in a single year where such multi-year incentives do not exceed the aggregate amount of \$100,000 per facility, if no incentive was provided in the immediately preceding year. Where appropriate, one customer may be entitled to more than one rebate. Incentives available to all customers in this program's rate classes will be developed based on \$100 per kW calculated efficiency improvements.

New Programs

The Companies' Application proposes the addition of three new Demand-Side Management/Energy Efficiency ("DSM/EE") programs to their current offerings, and requests approval for implementation of these programs through 2017. The three newly proposed programs are the Smart Energy Profile Program, Residential Refrigerator Removal Program, and Residential Incentive Program.

1. Smart Energy Profile Program – The objective of this program will be to educate customers about their energy consumption, encourage them to reduce consumption and empower them to use energy more wisely. The program will use

available customer data and technology to create an individualized household report for each participating customer containing a collection of customized information. This program will target high-energy users. Energy users below average energy consumption produce minimal savings. The Companies are proposing program labor for one-half full-time employee.

2. Residential Refrigerator Removal Program - This program is designed to provide removal and recycling of inefficient secondary refrigerators and freezers from LG&E and KU customer households. The removal of these inefficient units will reduce consumption and demand. The Companies are proposing one-half full-time position for this program. Further, the Companies propose incentives to start at \$30 per unit, with the ability to increase the incentive incrementally in later years if participation levels decline.

3. Residential Incentive Program – The Companies’ objective of this program is to encourage customers to purchase various Energy Star appliances, HVAC equipment, or window films that meet certain requirements, qualifying them for an incentive. As proposed, this program will be open to all residential customers. The Companies are proposing .75 full-time employee for a program manager and .75 full-time employee for a customer service associate for internal needs for this program.

The Companies have proposed the following customer incentives:

| Item | Incentive |
|----------------------------|-------------------------------------|
| Heat Pump Water Heaters | \$300 per Qualifying Item Purchased |
| Washing Machine | \$75 per Qualifying Item Purchased |

| | |
|-------------------------------|------------------------------------------------------------------------------------------------------------|
| Refrigerator | \$100 per Qualifying Item Purchased |
| Freezer | \$50 per Qualifying Item Purchased |
| Dishwasher | \$50 per Qualifying Item Purchased |
| Window Film | Up to 50% of material cost only; max. of \$200 per customer account; product must meet applicable criteria |
| Central Air Conditioner | \$100 per Energy Star item purchased plus an additional \$100 per SEER improvement above minimum* |
| Electric Air-Source Heat Pump | \$100 per Energy Star item purchased plus an additional \$100 per SEER improvement above minimum* |

* The federal minimum is 14 SEER (Seasonal Energy Efficiency Ratio). Incentives are proposed to be pro-rated for 0.5 increases in SEER ratings.

Cost Effectiveness of the Programs

The Companies applied to their existing and proposed DSM/EE programs the industry standard cost-benefits tests set out in the California Standard Practice Manual: the Participant test, the Ratepayer Impact test, the Total Resource Cost test, and the Utility Cost test. The Application states that each of the new and enhanced programs proposed in the application passed the Participant and Total Resource Cost tests.

DSM Cost Recovery

The Application states that the current Cost Recovery Mechanism does not account for any Company-owned capital assets to be used in advancement of energy efficiency throughout the service territory. The Companies have proposed to add a fifth element to their DSM Recovery Component ("DSMRC") to account for the capital expenditure needed to develop the Residential and Commercial Load

Management/Demand Conservation Program in the DSM/EE Program Plan. The proposed added element – proposed to be identified as the DCCR – would allow the Companies to earn an approved return on equity (“ROE”) exclusively for the capital expenditures outlined within the Residential and Commercial Load Management/Demand Conservation Program. The Companies propose a 10.50 percent ROE for capital expenditures outlined within that program and no party to the case opposed that return. In its Orders in Case Nos. 2009-00548² and 2009-00549,³ the Commission approved the Stipulation and Recommendation (“Stipulation”). The requested 10.50 percent is within the reasonable range for each company set forth in the Stipulation as approved by the Commission.

Findings

Having reviewed the record, and being otherwise sufficiently advised, the Commission finds that:

1. The Companies’ proposal not to change or amend the five unchanged existing programs and to allow these programs to remain in effect with their Commission-approved budgets through December 31, 2014 is reasonable and should be granted.

2. The Companies’ request to add a fifth element to the DSMRC to account for the capital expenditure needed to develop the Residential and Commercial Load Management/Demand Conservation Program in the DSM/EE Program Plan is

² Case No. 2009-00548, Application of Kentucky Utilities Company for an Adjustment of Base Rates (Ky. PSC July 30, 2010).

³ Case No. 2009-00549, Application of Louisville Gas and Electric Company for an Adjustment of Electric and Gas Base Rates (Ky. PSC July 30, 2010).

reasonable and should be granted. This approval will allow the Companies to earn an approved ROE exclusively for the capital expenditures outlined within the Residential and Commercial Load Management/Demand Conservation Program.

3. The Companies' request for a 10.50 percent return on equity for capital expenditures outlined within the DSM/EE Program Plan for its Residential and Commercial Load Management/Demand Conservation Program is reasonable as it is within the range of ROE allowed by the Commission for KU in Case No. 2009-00548 and for LG&E in Case No. 2009-00549 and should be granted.

4. The Companies' request to enhance and extend through 2017 the Residential and Commercial Load Management/Demand Conservation Program; the Commercial Conservation/Commercial Incentive Program; the Residential Conservation/Home Energy Performance Program; the Residential Low Income Weatherization Program (WeCare); and its Program Development and Administration, is reasonable and each of the aforementioned programs should be approved as proposed in the Application.

5. The Companies' proposal to implement three new programs to operate through 2017 the Smart Energy Profile Program, the Residential Refrigerator Removal Program, and the Residential Incentives Program is reasonable and each of the aforementioned programs should be approved as proposed.

6. In order to evaluate program performance and effectiveness, the Companies should be required to file an interim three-year analysis of the five enhanced programs referred to in finding paragraph 3 and the three new programs referred to in finding paragraph 4.

7. The Companies request that the program budgets and metrics be prorated to begin six weeks following the date of an Order so that any remaining balance from the calendar year one budget may be applied to an eighth calendar year of program activities, thereby allowing the approved budgets to cover a full seven years of programming, is reasonable and should be granted.

8. The Companies' joint application for their DSM programs is reasonable and should be approved as filed.

9. The Companies' motion to submit the case for decision on the record should be granted.

IT IS THEREFORE ORDERED that:

1. The Companies' proposed Demand-Side Management and Energy Efficiency Program Plan joint application is approved as of the date of this Order.

2. The Companies' request not to change or amend the five unchanged existing programs and to allow these programs to remain in effect with their Commission-approved budgets through December 31, 2014 is granted.

3. The Companies' request to add a fifth element to the DSMRC to account for the capital expenditure needed to develop the Residential and Commercial Load Management/Demand Conservation Program in the DSM/EE Program Plan is granted.

4. The Companies' request for a 10.50 percent ROE for capital expenditures outlined within the DSM/EE Program Plan for its Residential and Commercial Load Management/Demand Conservation Program is granted.

5. On or before December 31, 2014, the Companies shall file an interim three-year analysis of the five enhanced programs referred to in finding paragraph 3 and the three new programs referred to in finding paragraph 4.

6. The Companies' request that their program budgets and metrics be prorated to begin six weeks following the date of this Order so that any remaining balance from the calendar year one budget may be applied to an eighth calendar year of program activities is granted.

7. The DSM cost recovery mechanism rates and charges for LG&E electric customers, as set forth in Appendix A hereto, are fair, just and reasonable rates for LG&E and are approved to become effective on the date of the first billing cycle for the month of January 2012, which begins on December 30, 2011.

8. The DSM cost recovery mechanism rates and charges for LG&E gas customers, as set forth in Appendix B hereto, are fair, just and reasonable rates for LG&E and are approved to become effective on the date of the first billing cycle for the month of January 2012, which begins on December 30, 2011.

9. The DSM cost recovery mechanism rates and charges for KU customers, as set forth in Appendix C hereto, are fair, just and reasonable rates for KU and are approved to become effective on the date of the first billing cycle for the month of January 2012, which begins on December 30, 2011.

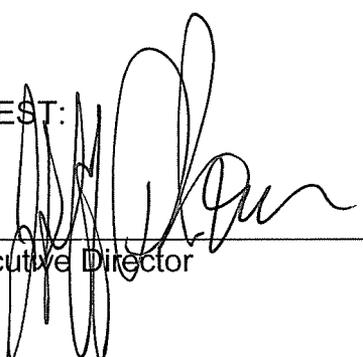
10. The Companies' motion to submit the case for decision on the record is granted.

11. Within 20 days of the date of this Order, the Companies shall file their revised DSM tariffs with the Commission showing the date of issue, the effective date, and that they were issued by authority of this Order.

By the Commission

| |
|---------------------------------------|
| ENTERED <i>pa</i> |
| NOV 09 2011 |
| KENTUCKY PUBLIC SERVICE COMMISSION |

ATTEST:



Executive Director

Appendix A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2011-00134 DATED **NOV 09 2011**

Louisville Gas & Electric Company - Electric Customers
Demand-Side Management Cost Recovery Mechanism

Residential Rate RS, Volunteer Fire
Department VFD, Residential
Responsive Pricing Rate RRP, and
Low Emission Vehicle Service LEV

Energy Charge

| | | | |
|---------------------------------------------|----|------------------|---------|
| DSM Cost Recovery Component (DCR) | \$ | 0.00164 | per kWh |
| DSM Revenues from Lost Sales (DRLS) | \$ | 0.00150 | per kWh |
| DSM Incentive (DSMI) | \$ | 0.00007 | per kWh |
| DSM Capital Cost Recovery Component (DCCR) | \$ | 0.00048 | per kWh |
| DSM Balance Adjustment (DBA) | \$ | <u>(0.00163)</u> | per kWh |
| Total DSMRC for Rates RS, VFD, RRP, and LEV | \$ | 0.00206 | per kWh |

General Service Rate GS and
General Responsive Pricing Rate GRP

Energy Charge

| | | | |
|--------------------------------------------|----|------------------|---------|
| DSM Cost Recovery Component (DCR) | \$ | 0.00080 | per kWh |
| DSM Revenues from Lost Sales (DRLS) | \$ | 0.00121 | per kWh |
| DSM Incentive (DSMI) | \$ | 0.00004 | per kWh |
| DSM Capital Cost Recovery Component (DCCR) | \$ | 0.00006 | per kWh |
| DSM Balance Adjustment (DBA) | \$ | <u>(0.00044)</u> | per kWh |
| Total DSMRC for Rates GS and GRP | \$ | 0.00167 | per kWh |

Commercial Service Under Power Service Rate PS

Energy Charge

| | | | |
|--------------------------------------------|----|------------------|---------|
| DSM Cost Recovery Component (DCR) | \$ | 0.00026 | per kWh |
| DSM Revenues from Lost Sales (DRLS) | \$ | 0.00066 | per kWh |
| DSM Incentive (DSMI) | \$ | 0.00001 | per kWh |
| DSM Capital Cost Recovery Component (DCCR) | \$ | 0.00000 | per kWh |
| DSM Balance Adjustment (DBA) | \$ | <u>(0.00047)</u> | per kWh |
| Total DSMRC for Rate PS | \$ | 0.00046 | per kWh |

Commercial Time-of-Day Secondary Service Rate CTODS
and Commercial Time-of-Day Primary Service Rate CTODP

Energy Charge

| | | | |
|-----------------------------------|----|---------|---------|
| DSM Cost Recovery Component (DCR) | \$ | 0.00024 | per kWh |
|-----------------------------------|----|---------|---------|

| | | | |
|--------------------------------------------|----|------------------|---------|
| DSM Revenues from Lost Sales (DRLS) | \$ | 0.00065 | per kWh |
| DSM Incentive (DSMI) | \$ | 0.00001 | per kWh |
| DSM Capital Cost Recovery Component (DCCR) | \$ | 0.00000 | per kWh |
| DSM Balance Adjustment (DBA) | \$ | <u>(0.00032)</u> | per kWh |
| Total DSMRC for Rates CTODS and CTODP | \$ | 0.00058 | per kWh |

Industrial Service Under Rate PS
Industrial Time-of-Day Secondary Service Rate ITODS
Industrial Time-of-Day Primary Service Rate ITODP
and Retail Transmission Rate RTS

Energy Charge

| | | | |
|-------------------------------------------------|----|----------------|---------|
| DSM Cost Recovery Component (DCR) | \$ | 0.00000 | per kWh |
| DSM Revenues from Lost Sales (DRLS) | \$ | 0.00000 | per kWh |
| DSM Incentive (DSMI) | \$ | 0.00000 | per kWh |
| DSM Capital Cost Recovery Component (DCCR) | \$ | 0.00000 | per kWh |
| DSM Balance Adjustment (DBA) | \$ | <u>0.00000</u> | per kWh |
| Total DSMRC for Rates PS, ITODS, ITODP, and RTS | \$ | 0.00000 | per kWh |

Appendix B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2011-00134 DATED **NOV 09 2011**

Louisville Gas & Electric Company - Gas Customers
Demand-Side Management Cost Recovery Mechanism

Residential Rate RGS and
Volunteer Fire Department Rate VFD

Energy Charge

| | | | |
|--------------------------------------------|----|----------------|---------|
| DSM Cost Recovery Component (DCR) | \$ | 0.01238 | per Ccf |
| DSM Revenues from Lost Sales (DRLS) | \$ | 0.00172 | per Ccf |
| DSM Incentive (DSMI) | \$ | 0.00057 | per Ccf |
| DSM Capital Cost Recovery Component (DCCR) | \$ | 0.00551 | per Ccf |
| DSM Balance Adjustment (DBA) | \$ | <u>0.00379</u> | per Ccf |
| Total DSMRC for Rates RGS and VFD | \$ | 0.02397 | per Ccf |

Commercial Customers Served Under
Firm Commercial Gas Service Rate CGS,
As Available Gas Service Rate AAGS,
Firm Transportation Rate FT, and Gas
Transportation Service/Standby Rider TS

Energy Charge

| | | | |
|--------------------------------------------|----|------------------|---------|
| DSM Cost Recovery Component (DCR) | \$ | 0.00080 | per Ccf |
| DSM Revenues from Lost Sales (DRLS) | \$ | 0.00000 | per Ccf |
| DSM Incentive (DSMI) | \$ | 0.00000 | per Ccf |
| DSM Capital Cost Recovery Component (DCCR) | \$ | 0.00052 | per Ccf |
| DSM Balance Adjustment (DBA) | \$ | <u>(0.00020)</u> | per Ccf |
| Total DSMRC for Rates GS and GRP | \$ | 0.00112 | per Ccf |

Appendix C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2011-00134 DATED **NOV 09 2011**

Kentucky Utilities Company
Demand-Side Management Cost Recovery Mechanism

Residential Service Rate RS, Volunteer Fire Department
Service

| <u>Rate VFD, and Low Emission Vehicle Service Rate LEV</u> | | <u>Energy Charge</u> |
|------------------------------------------------------------|--------------|----------------------|
| DSM Cost Recovery Component (DCR) | \$ 0.00144 | per kWh |
| DSM Revenues from Lost Sales (DRLS) | \$ 0.00088 | per kWh |
| DSM Incentive (DSMI) | \$ 0.00006 | per kWh |
| DSM Capital Cost Recovery Component (DCCR) | \$ 0.00048 | per kWh |
| DSM Balance Adjustment (DBA) | \$ (0.00045) | per kWh |
| Total DSMRC for Rates RS, VFD, and LEV | \$ 0.00241 | per kWh |

General Service Rate GS

| | | <u>Energy Charge</u> |
|--------------------------------------------|------------|----------------------|
| DSM Cost Recovery Component (DCR) | \$ 0.00077 | per kWh |
| DSM Revenues from Lost Sales (DRLS) | \$ 0.00083 | per kWh |
| DSM Incentive (DSMI) | \$ 0.00004 | per kWh |
| DSM Capital Cost Recovery Component (DCCR) | \$ 0.00007 | per kWh |
| DSM Balance Adjustment (DBA) | \$ 0.00006 | per kWh |
| Total DSMRC for Rate GS | \$ 0.00177 | per kWh |

All Electric School Rate AES

| | | <u>Energy Charge</u> |
|--------------------------------------------|--------------|----------------------|
| DSM Cost Recovery Component (DCR) | \$ 0.00024 | per kWh |
| DSM Revenues from Lost Sales (DRLS) | \$ 0.00014 | per kWh |
| DSM Incentive (DSMI) | \$ 0.00001 | per kWh |
| DSM Capital Cost Recovery Component (DCCR) | \$ 0.00000 | per kWh |
| DSM Balance Adjustment (DBA) | \$ (0.00014) | per kWh |
| Total DSMRC for Rate AES | \$ 0.00025 | per kWh |

Commercial Customer Served Under Power Service
Rate PS, Time-of-Day Secondary Service Rate TODS,
and Time-of-Day Primary Service Rate TOPD

Energy Charge

| | | | |
|--------------------------------------------|----|------------------|---------|
| DSM Cost Recovery Component (DCR) | \$ | 0.00021 | per kWh |
| DSM Revenues from Lost Sales (DRLS) | \$ | 0.00023 | per kWh |
| DSM Incentive (DSMI) | \$ | 0.00001 | per kWh |
| DSM Capital Cost Recovery Component (DCCR) | \$ | 0.00000 | per kWh |
| DSM Balance Adjustment (DBA) | \$ | <u>(0.00029)</u> | per kWh |
| Total DSMRC for Rates PS, TODS, and TOPD | \$ | 0.00016 | per kWh |

Industrial Customers Served Under Time-of-Day
Secondary Service Rate TODS, Time-of-Day Primary
Service Rate TOPD, and Retail Transmission Rate RTS

Energy Charge

| | | | |
|--------------------------------------------|----|----------------|---------|
| DSM Cost Recovery Component (DCR) | \$ | 0.00000 | per kWh |
| DSM Revenues from Lost Sales (DRLS) | \$ | 0.00000 | per kWh |
| DSM Incentive (DSMI) | \$ | 0.00000 | per kWh |
| DSM Capital Cost Recovery Component (DCCR) | \$ | 0.00000 | per kWh |
| DSM Balance Adjustment (DBA) | \$ | <u>0.00000</u> | per kWh |
| Total DSMRC for Rates TODS, TOPD, and RTS | \$ | 0.00000 | per kWh |

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