



RECEIVED

APR 22 2014

PUBLIC SERVICE
COMMISSION

139 East Fourth Street
PO Box 960
1303-Main
Cincinnati, Ohio 45201-0960

o: 513-287-4320
f: 513-287-4385

Rocco.O.D'Ascenzo@duke-energy.com
Rocco O. D'Ascenzo
Associate General Counsel

VIA OVERNIGHT DELIVERY

April 21, 2014

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
Frankfort, KY 40601

**Re: Case No. 2012-00085
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**

Dear Mr. Derouen:

In accordance with the Automatic Approval Process for Demand Side Management/Energy Efficiency Program (Collectively DSM Pilots) Pilots approved by the Kentucky Public Service Commission's (Commission) June 29, 2012, Order in Case No. 2012-00085 (Order), Duke Energy Kentucky, Inc., (Duke Energy Kentucky or the Company) hereby provides notice of its intent to begin marketing its Energy Management and Information Services (EMIS) Pilot Program.

The Order provides, in relevant part, that "Duke Kentucky's request that the Commission approve a limited automatic approval process for pilot program 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; and 6) the Commission will review the actual cost of each pilot when filed by Duke Kentucky in its annual cost recovery filing."

The EMIS Pilot is targeted to eligible non-residential customers in the Company's service territory. The Company plans to initiate the EMIS Pilot on or about May 5, 2014. The Company first provided notice to the Commission of its intent to perform the EMIS Pilot in the Company's response to the Commission Staff's First Request For Information To Duke Energy Kentucky, Inc.

Mr. Jeff Derouen
April 21, 2014
Page 2 of 3

(Case No. 2012-00495, STAFF-DR-01-005). In compliance with the terms of the Commission's approval of the automatic approval process, the Company hereby states as follows:

- 1) The total cost, including EM&V for the EMIS Pilot is projected to be about \$57,000 including M&V costs, which is less than the \$75,000 threshold;
- 2) The Company has no other Pilot programs currently underway, so the total cost will not exceed five percent to the total annual DSM program expenditure;
- 3) The EMIS program has been vetted and approved by the Company's Collaborative;
- 4) As Duke Energy Kentucky intends to implement the program effective May 5, the Company is providing the Commission at least 10 days-notice; and
- 5) The EMIS Pilot Program is cost effective as demonstrated by Attachment 1 to this letter.

The Company will report progress on the pilot annually in its cost recovery filing. No action is requested by the Commission at this time. Please contact me if you have any questions.

Sincerely,



Rocco D'Ascenzo
Associate General Counsel

Attachment 1

Below is the cost benefit analysis for the pilot:

Building Use Type	UCT - Cost Based Norm	TRC - Cost Based Norm	RIM (Net Fuel) - Cost Based Norm	Participant Cost Test
Office Space (1 building)	2.20	1.19	1.05	1.66
Retail (1 building)	1.67	0.98	0.91	1.52