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NEWS RELEASE

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PSC OKs Duke Energy Kentucky to Deploy Smart Meters *Settlement includes provision allowing electric customers to pay to opt out*

FRANKFORT, Ky. (May 25, 2017) – The Kentucky Public Service Commission (PSC) has approved a request by Duke Energy Kentucky to begin a system-wide replacement of old electric and natural gas meters with advanced meters that can be read remotely.

Under an agreement Duke Kentucky reached with the Kentucky Office of Attorney General, customers who do not wish to receive an Advanced Metering Infrastructure (AMI or “smart”) electric meter would be able to opt out and continue using a manually read meter.

Duke Kentucky has about 143,000 electric customers in Boone, Campbell, Kenton, Grant and Pendleton counties. About 82,500 of those customers also receive natural gas service from Duke Kentucky. An additional 20,500 customers, including some in Bracken and Gallatin counties, receive only gas service.

The new meters will replace not only old analog mechanical meters, but also first-generation smart meters deployed in past years by Duke Kentucky as part of a pilot project. Those meters communicated with a central office using signals sent on power lines, a system that Duke Kentucky said had technical limitations. The new meters use radio transmitters.

Customers will receive new meters based on the type of service they have:

- Electric-only customers will receive a smart meter.
- Combined electric and gas customers will receive a smart electric meter and a module on their gas meter that will transmit information to the electric meter.
- Gas-only customers will receive an Automated Meter Reading (AMR) meter that will communicate usage data only when prompted by a meter reading device.

A customer who does not wish to receive an operational smart meter may opt out of the program and pay a \$25 monthly charge to cover the cost of having the electric meter read manually. There is a \$100 one-time fee for customers who opt out after receiving a smart meter. The fee will be waived for customers who notify Duke Kentucky of their decision to opt out before the smart meters are deployed.

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The opt-out provision does not apply to gas-only customers receiving an AMR meter.

In its application, Duke Kentucky listed a number of advantages to installing smart meters throughout its system. They include:

- No longer having to enter customer property to read the 50,000 analog meters located inside customer premises.
- The ability to remotely disconnect and reconnect service, eliminating the need for customers to schedule a service appointment. Customers who are disconnected for non-payment would have service restored almost immediately upon paying their bill.
- Enable customers to choose their monthly bill due date or to participate in a prepay program.
- Provide customers with more detailed information about their usage.
- Improve outage restoration by gathering more detailed outage information from the smart meter.
- Eventually save customers money by reducing costs for meter reading and service calls.

Under the agreement reached with the Kentucky Office of Attorney General, Duke Kentucky will track the costs and benefits of the smart metering system separately, and will not seek to reflect the costs and benefits in its rates until it next files for an adjustment to base rates. Duke Kentucky expects to file for an adjustment to electric rates before the end of 2019.

The PSC accepted the settlement reached by Duke Kentucky and the Attorney General with the exception of some provisions related to natural gas meters. The PSC rejected a provision to allow Duke Kentucky to begin tracking costs and benefits of the natural gas portion of the program and reflecting those in rates. As with the smart electric meters, Duke Kentucky should reflect the costs and benefits of the natural gas meters in its next natural gas base rate case adjustment filing, the PSC said.

The PSC conducted an evidentiary hearing in the case on Dec. 8, 2016.

Today's order, a video of the hearing, and other records in the case are available on the PSC website, psc.ky.gov. The case number is 2016-00152.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 75 employees.

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