

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC ANNUAL COST RECOVERY	)	
FILING FOR DEMAND SIDE MANAGEMENT BY	)	CASE NO.
DUKE ENERGY KENTUCKY, INC.	)	2025-00359

ORDER

On November 3, 2025, Duke Energy Kentucky, Inc. (Duke Kentucky) electronically filed its Annual Status Report, Adjustments to the Demand-Side Management (DSM) Cost Recovery Mechanism for both gas and electric services as well as Amended Tariff Sheets for Gas Rider Demand-Side Management Rate (DSMR) and Electric Rider DSMR. Duke Kentucky stated in its application that on October 6, 2025, it met with the Residential Collaborative<sup>1</sup> and the Commercial & Industrial Collaborative,<sup>2</sup> and that the members in attendance agreed with the application.<sup>3</sup>

On November 25, 2025, the Commission entered an Order suspending the effective date of the proposed tariff for five months, up to and including May 2, 2026.<sup>4</sup> Duke Kentucky responded to one round of discoveries on December 30, 2025.<sup>5</sup> There

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<sup>1</sup> The Residential Collaborative members in attendance were Lawrence Cook (Office of the Kentucky Attorney General), Laura Pleiman (Boone County), Jock Pitts (People Working Cooperatively), Chris Baker (Kenton County School District) and Trisha Haemmerle (Duke Energy).

<sup>2</sup> The Commercial & Industrial Collaborative members in attendance were Lawrence Cook (Office of the Kentucky Attorney General) and Trisha Haemmerle (Duke Energy).

<sup>3</sup> Application at 2.

<sup>4</sup> Order (Ky. PSC Nov. 25, 2025) at 2, ordering paragraph 2.

<sup>5</sup> Duke Kentucky's response to Commission Staff's First Request for Information (Staff's First Request) (filed Dec. 30, 2025).

are no intervenors. The case now stands submitted for a decision based on the written record.

### LEGAL STANDARD

KRS 278.285(1) authorizes the Commission to review and approve the reasonableness of DSM programs proposed by any utility under its jurisdiction. The statute lists multiple factors the Commission can consider when determining the reasonableness of the DSM programs. The listed factors in KRS 278.285(1) are:

(a) The specific changes in customers' consumption patterns which a utility is attempting to influence.

(b) The cost and benefit analysis and other justification for specific demand-side management programs and measures included in a utility's proposed plan.

(c) A utility's proposal to recover in rates the full costs of demand-side management programs, any net revenues lost due to reduced sales resulting from demand-side management programs, and incentives designed to provide positive financial rewards to a utility to encourage implementation of cost-effective demand-side management programs.

(d) Whether a utility's proposed demand-side management programs are consistent with its most recent long-range integrated resource plan.

(e) Whether the plan results in any unreasonable prejudice or disadvantage to any class of customers.

(f) The extent to which customer representatives and the Office of the Attorney General have been involved in developing the plan, including program design, cost recovery mechanisms, and financial incentives, and if involved, the amount of support for the plan by each participant, provided however, that unanimity among the participants developing the plan shall not be required for the commission to approve the plan;

(g) The extent to which the plan provides programs which are available, affordable, and useful to all customers; and

(h) Next-generation residential utility meters that can provide residents with amount of current utility usage, its cost, and can be capable of being read by the utility either remotely or from the exterior of the home.

KRS 278.285(1) also states that the factors listed are not exhaustive; therefore, the Commission can consider anything that will help determine whether the programs are reasonable.

### DUKE KENTUCKY DSM PROGRAM PORTFOLIO

The portfolio of DSM programs offered by Duke Kentucky were originally approved in Case No. 2012-00085<sup>6</sup> and amended in subsequent annual DSM filings. Duke Kentucky's DSM portfolio, for which the costs are recoverable through the DSM Cost Recovery Rider mechanism, includes the following programs through June 30, 2025:<sup>7</sup>

1. Residential Smart Saver Energy Efficient Residences Program.
2. Residential Smart Saver Energy Efficient Products Program.
3. Residential Energy Assessments Program (Residential Home Energy House Call).
4. Income Qualified Services Program.
5. Power Manager Program.
6. Non-Residential Smart Saver Program.
7. PowerShare Program.

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<sup>6</sup> Case No. 2012-00085, *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* (Ky. PSC June 29, 2012).

<sup>7</sup> Application at 5.

8. Income Qualified Neighborhood Program.
9. Home Energy Report Program.
10. Business Energy Saver Program.
11. Non-Residential Pay for Performance Program; and
12. Peak Time Rebate Pilot Program.

In its annual status report, Duke Kentucky provided brief descriptions of each program, including a status update and information on any changes made to the programs. In Case No. 2025-00272, the Commission approved recent changes to Duke Kentucky’s DSM portfolio, including the implementation of the Energy Efficiency in Education Program as well as the expansion of measures in the Residential Smart Saver Program and Home Energy Report Program.<sup>8</sup>

#### COST-EFFECTIVENESS

Duke Kentucky forecasted cost-effectiveness of its individual residential and non-residential DSM programs.<sup>9</sup> In measuring the cost-effectiveness of its DSM programs, Duke Kentucky utilized the Utility Cost Test (UTC), Total Resource Cost Test (TRC), Rate Impact Measure Test (RIM), and Participant Cost Test (PCT). The following table shows the results of the cost-effective tests as provided by Duke Kentucky:<sup>10</sup>

<b>Program Name</b>	<b>UTC</b>	<b>TRC</b>	<b>RIM</b>	<b>PCT</b>
<u>Residential Programs</u>				
Income Qualified Neighborhood	0.62	0.62	0.36	2.61
Income Qualified Services	0.31	0.31	0.25	1.60
Home Energy Report	2.96	2.96	0.86	NA
Residential Energy Assessments	2.19	2.03	0.63	27.43

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<sup>8</sup> Case No. 2025-00272, *Electronic Application of Duke Energy Kentucky, Inc. to Amend Its Demand Side Management Programs* (Ky. PSC Jan. 14, 2026), Order at 10-11.

<sup>9</sup> Application, Appendix B.

<sup>10</sup> Application, Appendix B.

Residential Smart Saver	1.54	1.40	0.63	4.95
Power Manager	1.43	1.79	1.43	NA
Peak Time Rebate Program	0.18	0.18	0.18	NA
Total	1.32	1.43	0.80	5.27
<u>Non-Residential Programs</u>				
Business Energy Saver	4.81	2.82	0.98	4.14
Non-Residential Smart Saver	3.20	2.32	0.81	5.04
PowerShare	2.42	6.86	2.42	NA
Total	3.94	2.85	0.99	4.46
<b>Overall Portfolio Total</b>	<b>2.55</b>	<b>2.24</b>	<b>0.93</b>	<b>4.60</b>

As illustrated above, regarding the Residential Programs, the results indicated that the TRC for both the income qualified programs and the Peak Time Rebate Program were less than 1.00, demonstrating that the programs are not cost-effective.<sup>11</sup> For the Non-Residential Programs, all programs are shown to be cost-effective.

#### COST AND COST ALLOCATION

Duke Kentucky's DSM revenue requirement, including projected July 1, 2026, through June 30, 2027, program costs, lost revenues, and shared savings is approximately \$ 16.228 million.<sup>12</sup> This level of expenditure, along with under-recoveries and over-recoveries from the prior period, results in a total DSM revenue requirement of approximately \$11.834 million, of which \$10.947 million is allocated to electric operations and \$0.887 million is allocated to gas operations.<sup>13</sup>

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<sup>11</sup> Results of 1.00 or above show that the benefits of the program are equal to or potentially greater than the costs to implement and run the program. Results below 1.00 show that the costs of the program out way the benefits to the company.

<sup>12</sup> Application, Appendix C at 2.

<sup>13</sup> Application, Appendix C at 5.

The Commission previously approved a total DSM revenue requirement of approximately \$9.424 million, of which \$9.346 million is allocated to electric operations and \$0.077 million is allocated to gas operations in Case No. 2025-00272.<sup>14</sup>

### DISCUSSION AND FINDINGS

The Commission finds that the factors listed in KRS 278.285(1) are supported and the DSM rates for electric and gas service as set forth in the Appendix to this Order are reasonable and should be approved. Furthermore, the Commission has traditionally evaluated DSM effectiveness by primarily focusing on the TRC results. When discussing Duke Kentucky's low-income programs, it is not uncommon for these programs to not be as cost-effective, as indicated by a TRC score lower than 1.00. However, when considering similar issues such as in Case No. 2021-00424, the Commission found that such DSM programs assist low-income customers in reducing their energy bill; thus, they are reasonable.<sup>15</sup> Additionally, the potential reduction of energy usage also has a direct impact on Duke Kentucky's overall generation load and is therefore a benefit to all customers. For the same reason, the Commission finds that Duke Kentucky's low-income programs as presented here are reasonable and should be approved.

The Commission finds that Duke Kentucky has adequately kept the Commission informed of the progress and status of its DSM programs by timely filing summary status reports on its programs. Furthermore, the Commission finds that, in addition to summary status reports currently filed, Duke Kentucky should continue to file with the Commission

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<sup>14</sup> Case No. 2025-00272, *Electronic Application of Duke Energy Kentucky, Inc. to Amend Its Demand Side Management Programs* (Ky. PSC Jan. 14, 2026), Order at 9–11.

<sup>15</sup> Case No. 2021-00424, *Electronic Annual Cost Recovery Filing for Demand Side Management by Duke Energy Kentucky, Inc.* (Ky. PSC Dec. 27, 2021), Order.

notices for (1) any DSM program once it reaches 95 percent of its budget during a fiscal year; and (2) any DSM program Duke Kentucky projects will exceed its budget by 25 percent. Any notice filed for a budget overrun should include an explanation regarding the cause of the budget overrun. Finally, Duke Kentucky should continue the practice of not including DSM or energy-efficiency-related costs in base rates.

IT IS THEREFORE ORDERED that:

1. The DSM rates set forth in the Appendix to this Order are approved as fair, just and reasonable rates for Duke Kentucky.
2. The rates in the Appendix are approved for service rendered on and after the date of service of this Order.
3. Duke Kentucky shall comply with the reporting requirements set forth in the findings found herein.
4. Within 20 days of the date of service of this Order, Duke Kentucky shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.
5. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION

  
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Chairman

  
\_\_\_\_\_  
Commissioner

  
\_\_\_\_\_  
Commissioner

ATTEST:

  
\_\_\_\_\_  
Executive Director



APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2025-00359 DATED MAR 23 2026

The following rates and charges are prescribed for the customers in the area served by Duke Energy Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

Rate Schedule Riders	Demand Side Management Rider (DSMR)
<u>Electric Rider DSM</u>	
Residential Rate	\$0.005514 per kWh
Non-Residential Rate	\$0.001154 per kWh
Transmission Rate	\$0.000053 per kWh
<u>Gas Rider DSM</u>	
Residential Rate	\$0.014440 per Ccf

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