

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY,) Case No.
INC. TO EXPAND ITS SMART SAVER CUSTOM) 2013-00097
ENERGY EFFICIENCY PROGRAM)

ORDER

On March 11, 2013, Duke Energy Kentucky, Inc. ("Duke Kentucky") filed an application requesting to amend the budget and costs of its Smart Saver Custom Energy Efficiency Program ("Custom Program"), which is part of its Demand-Side Management ("DSM") portfolio, to \$195,000 for the remainder of the current fiscal year ending June 30, 2013. According to Duke Kentucky, the proposed increase in budget and costs is a result of an overwhelming response to the Custom Program. Duke Kentucky is not proposing to revise its current DSM rates, but it is proposing to recover the costs in its next DSM filing to be made on or about November 15, 2013. Duke Kentucky responded to one round of discovery by Commission Staff. There are no intervenors in this proceeding.

The Commission approved the Custom Program in April 2012 as a pilot, to be available on an experimental basis through June 30, 2013 for nonresidential customers in Duke Kentucky's service territory.¹ The Custom Program was an expansion of Duke Kentucky's pre-existing Smart Saver Custom Incentive program that was previously

¹ Case No. 2011-00471, Application of Duke Energy Kentucky, Inc. to Implement a Pilot Nonresidential Smart Saver Custom Energy Efficiency Program (Ky. PSC Apr. 12, 2012).

only available to schools (grades K-12), but the availability was extended to non-residential customers.²

Duke Kentucky states in its application that response to the Custom Program has been robust, and nearly the entire budget for the current fiscal year has been expended within the first six months. In support of its request to increase the program budget, Duke Kentucky reports that it has seen an actual participation level in terms of projects of 375 within the first six months, versus a budgeted participation level of 46. Duke Kentucky estimates that participation in the Custom Program could double by June 30, 2013.³

Further, Duke Kentucky states that it believes the cost-effectiveness of the Custom Program will not change due to the budget increase.⁴ The program has already resulted in a savings that Duke Kentucky calculates to be 384,358 net kWh, which surpasses the annual budgeted estimate of 261,986 kWh. Duke Kentucky believes that it could achieve savings of over 1,100,000 net kWh the first full year, a level that exceeds the original estimate by just over 300 percent.⁵ For the fiscal year to date, expenditures of the Custom Program have been \$41,725.⁶

Duke Kentucky's proposed Custom Program budget increase to \$195,000 is composed of \$122,703 in incentives, \$20,103 in lost revenues, and \$52,394 in shared

² Application, paragraph 4, p. 2.

³ Application, paragraph 13, p. 4.

⁴ Duke Kentucky's Response to Commission Staff's First Request for Information, Item 4, dated April 5, 2013.

⁵ Application, paragraph 14, p. 4.

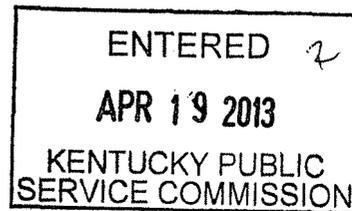
⁶ Duke Kentucky's Response to Commission Staff's First Request for Information, Item 1.a., dated April 5, 2013.

savings.⁷ Duke states that the impact on the Commercial DSM rate due to the budget increase would be an increase of \$0.000084 per kWh,⁸ although no change in the rate is proposed at this time.

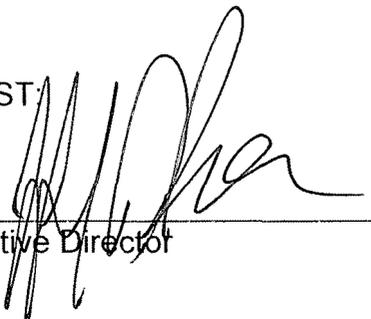
Having reviewed the evidence of record and being otherwise sufficiently advised, the Commission finds that Duke Kentucky's proposed budget increase to \$195,000 for the Custom Program for nonresidential electric customers is reasonable, supported by the record, and should be approved.

IT IS THEREFORE ORDERED that Duke Kentucky's requests to increase the Custom Program budget to \$195,000 for the current fiscal year and to propose cost recovery in its next DSM filing, are approved as filed.

By the Commission



ATTEST:



Executive Director

⁷ Duke Kentucky's Response to Commission Staff's First Request for Information, Item 3.a., dated April 5, 2013.

⁸ Duke Kentucky's Response to Commission Staff's First Request for Information, Item 3.c., dated April 5, 2013.

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