BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION

In The Matter Of:	)	
	)	
THE ANNUAL COST RECOVERY FILING	)	Case No. 2014-00388
FOR DEMAND SIDE MANAGEMENT BY	)	
DUKE ENERGY KENTUCKY, INC.	)	

FILING OF THE ANNUAL STATUS REPORT, ADJUSTMENT OF THE DSM COST RECOVERY MECHANISM, AND AMENDED TARIFF SHEETS FOR GAS RIDER DSMR (TWELFTH REVISED SHEET NO. 62) AND ELECTRIC RIDER DSMR (THIRTEENTH REVISED SHEET NO. 78)

Now comes Duke Energy Kentucky, Inc. (Duke Energy Kentucky or the Company) with the consensus of the Residential Collaborative and the Commercial and Industrial Collaborative, and pursuant to prior Orders of the Kentucky Public Service Commission (Commission) relevant to Duke Energy Kentucky's Demand Side Management (DSM) strategy,[1] and hereby files its Annual Status Report, Adjustment of the DSM Cost Recovery Mechanism, and Amended Tariff Sheets for Gas Rider DSMR and Electric Rider DSMR (Application).

1. Pursuant to 807 KAR 5:001, Section 14(2), Duke Energy Kentucky is a Kentucky corporation that was originally incorporated on March 20, 1901, is in good standing and, as a public utility as that term is defined in KRS 278.010(3), is subject to the Commission's jurisdiction. The Company's articles of incorporation are on file with the Commission in Case No. 2013-00097 and are incorporated by reference herein pursuant to 807 KAR 5:001, Section 14(2). Duke Energy Kentucky is engaged in the business of furnishing natural gas and electric

[1] *See* November 4, 2004 Order in Case No. 2003-00367, February 14, 2005 Order in Case No. 2004-00389, April 4, 2006 Order in Case No. 2005-00402, May 15, 2007 Order in Case No. 2006-00426, May 14, 2008 Order in Case No. 2007-00369, May 12, 2009 Order in Case No. 2008-00473, March 22, 2010 Order in Case No. 2009-00444, June 7, 2011 Order in Case No. 2010-00445, April 13, 2012 Order in Case No. 2011-00448, June 29, 2012 Order in Case No. 2012-00085, April 11, 2013 Order in Case No. 2012-00495, and March 28, 2014 in Case No. 2013-00395.

services to various municipalities and unincorporated areas in Boone, Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton Counties in the Commonwealth of Kentucky.

2. Duke Energy Kentucky's business address is 139 East Fourth Street, Cincinnati, Ohio 45202. The Company's local office in Kentucky is Duke Energy Envision Center, 4580 Olympic Boulevard, Erlanger, Kentucky 41018. Duke Energy Kentucky's email address is KYfilings@duke-energy.com. Duke Energy Kentucky has been incorporated since March 20, 1901

3. On October 16, 2014, the Residential Collaborative[2] and the Commercial & Industrial Collaborative[3] met to review the Application. With the exception of the Office of the Kentucky Attorney General, which reserves the right to reflect its opinion at a later date, the members of both the Residential Collaborative and the Commercial & Industrial Collaborative agreed with this Application. Unless otherwise stated, the Residential Collaborative and the Commercial & Industrial Collaborative are jointly referred to herein as "Collaborative."

4. In addition to filing the annual status report in this Application, Duke Energy Kentucky and the Collaborative respectfully request a modification of Duke Energy Kentucky's DSM Riders to reflect the reconciliation of planned and actual expenditures, lost revenues, and shared savings. For this filing, Duke Energy Kentucky will be using results of recent impact evaluation studies to provide estimates of lost revenues and shared savings.

---

[2] The Residential Collaborative members in attendance were: Jennifer Black Hans (Office of the Kentucky Attorney General-by telephone), Staci O'Leary (People Working Cooperatively), Pat Dressman (Campbell County), Laura Pleiman (Boone County), Pete Nienaber (Northern Kentucky Legal Aid), Pam Proctor (Kentucky NEED Project), Bill Lunsford (Department of Energy Development and Independence), Jeremy Faust and Chris Jones (Greater Cincinnati Energy Alliance),and Tim Duff and Trisha Haemmerle (Duke Energy).

[3] The Commercial & Industrial Collaborative members in attendance were: Jennifer Black Hans (Office of the Kentucky Attorney General – by telephone), Staci O'Leary (People Working Cooperatively), Pam Proctor (Kentucky NEED Project), Bill Lunsford (Department of Energy Development and Independence), Pat Dressman (Campbell County), Chris Baker (Kenton County Schools) and Tim Duff and Trisha Haemmerle (Duke Energy).

5. Pursuant to the Commission's Order dated June 29, 2012, in Case No. 2012-00085, the Company's portfolio of programs in effect during the fiscal year covered by this Application were approved through December 31, 2016. As a result, this Application serves as the annual true-up of the fiscal year ending June 30, 2014 of programs.

Background

6. The Company's offering of DSM programs dates back close to two decades.[4] Throughout the years, the Company has offered many enhancements to its portfolio with the purpose of increasing participation and providing customers new and innovative opportunities to control their consumption and impact their utility bill.[5] The portfolio of programs in place during the fiscal year ending June 30, 2014 and that is the subject of this Application was approved by the Commission's June 29, 2012 Order in Case No. 2012-00085. That Order approved continuation of all programs through December 31, 2016.

7. Like the Company's prior annual DSM filings, this Application specifically addresses the requirements in prior Commission Orders[6] and is being made consistent with the

---

[4] In the Matter of the Joint Application Pursuant to 1994 House Bill No. 501 For the Approval of Principles of Agreement, Demand Side Management, The Union Light Heat and Power Company, and for Authority for the Union Light Heat and Power Company to Implement Various Tariffs and Receive Incentives Associated the Demand Side Management Programs, Case No. 95-312, Order December 1, 1995.

[5] *See e.g.* December 17, 2002, the Commission issued its Order in Case No. 2002-00358 approving Duke Energy Kentucky's plan to continue the following DSM programs: Residential Conservation and Energy Education, Residential Home Energy House Call, and Residential Comprehensive Energy Education for a three-year period ending December 31, 2005; to continue to fund the expansion and improvement of existing programs and the development of new programs; and to implement a revised low-income home energy assistance program as a pilot through May 31, 2004. These programs were extended through 2009 by the April 4, 2006 Order in Case No. 2005-00402. The Commission, in its November 30, 2003 Order in Case No. 2003-00367, also approved the implementation of Power Manager, a residential direct load control program, through 2007. The Commission's April 4, 2006 Order in Case No. 2005-00402 authorized the Personalized Energy Report (PER) program as a pilot program. The Commission's May 14, 2008, Order in Case No. 2007-00369 approved the Company's Power Manager program through 2012 and approved the PER program for recovery of lost revenues and shared savings.

[6] November 20, 2003 Order in Case No. 2003-00367, February 14, 2005 Order in Case 2004-00389, April 4, 2006 Order in Case No. 2005-00402, May 15, 2007 Order in Case No. 2006-00426, May 14, 2008 Order in Case No. 2007-00369, March 22, 2010 Order in Case No. 2009-00444, June 7, 2011 Order in Case No. 2010-00445, April 13, 2012 Order in Case No. 2011-00448, April 11, 2013 Order in Case No. 2012-495, and March 28, 2014 Order in Case No. 2013-00395.

Commission's September 18, 2007 Order in Case 2007-00369 granting Duke Energy Kentucky's request to file annual DSM applications no later than November 15. In the status and reconciliation portion of this report, expenses are reported for the fiscal year period July 1, 2013 through June 30, 2014.

8. In this Application, Duke Energy Kentucky also requests an Order approving the proposed adjustments to the DSM riders and the revised tariffs (Appendices C - D).

Definitions

For the purposes of this Application, the following terms will have the following meanings:

9. **"DSM Revenue Requirements"** shall mean the revenue requirements associated with all Program Costs, Administrative Costs, Lost Revenues (less fuel savings), and the Shareholder Incentive.

10. **"Program Costs"** shall mean the costs incurred for planning, developing, implementing, monitoring and evaluating the DSM programs that have been approved by the Collaborative.

11. **"Administrative Costs"** shall mean the costs incurred by or on behalf of the collaborative process and that are approved by the Collaborative, including, but not limited to, costs for consultants, employees and administrative expenses.

12. **"Lost Revenues"** shall have the meaning in Section IV of the Principles of Agreement, Demand Side Management, Exhibit 1 to the Application in Case No. 95-312, dated July 15, 1995, (hereinafter referred to as Principles of Agreement, Demand Side Management:

13. **"Shareholder Incentive"** shall have the meaning in Section IV of the Principles of Agreement, Demand Side Management.

14. **"DSM Cost Recovery Mechanism"** shall have the meaning in Section IV of the

Principles of Agreement, Demand Side Management.

15. **"Voucher"** shall mean the credit receipt the customer receives from a social service agency. The voucher can be used by the customer as a partial payment toward the utility bill.

Status of Prior Portfolio of DSM Programs

16. Through June 30, 2014, Duke Energy Kentucky offered the following programs, the costs of which are recoverable through the DSM Cost Recovery Rider mechanism approved by the Commission in prior proceedings:

- Program 1: Residential Smart $aver® Energy Efficient Residences Program
- Program 2: Residential Smart $aver® Energy Efficient Products Program[7]
- Program 3: Residential Energy Assessments Program (Residential Home Energy House Call)
- Program 4: Energy Efficiency Education Program for Schools Program
- Program 5: Low Income Services Program
- Program 6: Residential Direct Load Control- Power Manager Program
- Program 7: Smart $aver® Prescriptive Program
- Program 8: Smart $aver® Custom Program
- Program 9: Smart $aver® Energy Assessments Program
- Program 10: Peak Load Manager (Rider PLM) - PowerShare® Program
- Program 11: Appliance Recycling Program
- Program 12: Low Income Neighborhood Program
- Program 13: My Home Energy Report Program

[7] The Smart $aver® Residential Energy Efficient Products Program and the Energy Efficient Residences Program are individual measures that are part of a single and larger program referred to and marketed as Residential Smart $aver.® For ease of administration and communication with customers the two measures have been divided into separate tariffs even though they are a single program.

17. This section of the Application provides a brief description of each current program, a review of the current status of each program, and information on any changes that may have been made to the programs. The following table provides a brief summary of the load impacts achieved and level of participation obtained during this filing period.

Summary of Load Impacts July 2013 Through June 2014*

Residential Programs	**Incremental Participation**	**Load Impacts Net of Free Riders at Meter kWh**	**kW**
Appliance Recycling Program	745	657,793	167
Energy Efficiency Education Program for Schools	1,939	225,486	18
Low Income Neighborhood	719	634,158	165
Low Income Services	180	251,243	60
My Home Energy Report**	55,517	11,325,468	3,342
Residential Energy Assessments	557	411,489	91
Residential Smart $aver®	307,772	13,428,091	2,023
Power Manager***	10,453	-	10,272
Total Residential	**377,882**	**26,933,728**	**16,137**
Non-Residential Programs	**Incremental Participation**	**Load Impacts Net of Free Riders at Meter kWh**	**kW**
Smart $aver® Prescriptive - Energy Star Food Service Products	963	803,561	50
Smart $aver® Prescriptive - HVAC	25,613	325,050	145
Smart $aver® Prescriptive - Lighting	19,244	3,425,577	728
Smart $aver® Prescriptive - Motors/Pumps/VFD	567	484,362	50
Smart $aver® Prescriptive - Process Equipment	200	88,086	21
Smart $aver® Custom	1,490	544,184	84
Power Share®***	22	-	20,824
Total Non-Residential	**48,099**	**5,670,821**	**21,902**
Total	**425,981**	**32,604,549**	**38,039**

***Impacts are without losses and reflected at the customer meter point**
****Actual participants and impact capability shown as of the June 2014 mailings.**
*****Cumulative number of controlled devices installed. Impacts reflect average capability over the contract period.**

18. Results of the current cost-effectiveness test results for each of the programs are provided in Appendix A.

Program 1 and 2: Residential Smart $aver® Energy Efficient Residences and Products Programs

19. The purpose of the Residential Smart $aver® Energy Efficient Residences portion of the Residential Smart $aver® Program is to offer customers a variety of energy conservation measures designed to increase energy efficiency in their homes. The Program utilizes a network of contractors to encourage the installation of high efficiency equipment and the implementation of energy efficient home improvements. Equipment and services to be incentivized include:

- Installation of high efficiency air conditioning (AC) and heat pump (HP) systems
- Performance of AC and HP tune-up maintenance services
- Implementation of attic insulation and air sealing services
- Implementation of duct sealing and insulation services

20. The Residential Smart $aver® Program received approval in the Commission's June 7, 2011 Order in Case No. 2010-00445. Duke Energy Kentucky launched the Residential Smart $aver® Program into the market on August 15, 2011 but only offered incentives for the installation of the high efficiency AC and HP systems due to an ongoing vendor selection process. Once the vendor selection process and subsequent transition completed in April 2012, the remaining incentives for the additional products and services were launched into the market and offered to residential Kentucky customers. Note, duct insulation received Commission approval June 29, 2012 and was subsequently added to the program.

21. Duke Energy Kentucky currently contracts with GoodCents to administer this program. GoodCents provides services including application processing, data reporting, and IT support for program tools such as the trade ally portal which allows trade allies to register, check

customer eligibility, and submit applications online. These Residential Smart $aver® services are jointly implemented with the Duke Energy Indiana, Duke Energy Ohio, and Duke Energy Carolinas territories to reduce administrative costs and leverage promotion. GoodCents has experience in delivering programs similar to this and are able to leverage an office in the Midwest to support Duke Energy programs in this region.

22. The purpose of the Residential Smart $aver® Energy Efficient Products portion of the Residential Smart $aver® Program is to provide high efficiency lighting through various channels.

23. The Compact Fluorescent Lamps (CFLs) program is designed to increase the energy efficiency of residential customers by offering customers CFLs to install in high-use fixtures within their homes. The CFL offer is available through an on-demand ordering platform, enabling customers to request CFLs and have them shipped directly to their homes.

24. Customers have the flexibility to order and track their shipments through three separate channels; telephone, Duke Energy web site and Online Services.

- Telephone
  - Customers may call a toll free number to access the IVR (Interactive Voice Response) system which provides prompts to facilitate the ordering process. Both English and Spanish speaking customers may easily validate their account, determining their eligibility and place their CFL order over the phone.
- Duke Energy Web Site
  - Customers can go online to complete the ordering process. Eligibility rules and frequently asked questions are available for reference.

- Online Services (OLS)
    - Customers who participate in the Online Services program are encouraged to order their CFLs through the Duke Energy Kentucky web site, if they are eligible. New OLS customer registrations and eligible customers may be intercepted upon logging in to make them aware of the program.

25. The benefits of providing these three distinct channels include; improved customer experience, advanced inventory management, simplified program coordination, enhanced reporting, increased program participation and reduced program costs.

26. The Residential Smart $aver® lighting program recently launched an online Saving Store for specialty lighting on April 26, 2013. The Savings Store is an extension of the on-demand ordering platform enabling eligible customers to purchase specialty bulbs and have them shipped directly to their homes. The program offers a variety of CFLs and Light Emitting Diode Lamps (LEDs) including: Reflectors, Globes, Candelabra, 3 ways, Dimmables and A-line type bulbs. The incentive levels vary by bulb type and the customer pays the difference, including shipping. The maximum number of incentivized bulbs available for each household varies by category but customers may choose to order more bulbs without the Duke Energy incentive. Customers can check eligibility and shop for specialty bulbs through the Company Web Site and Online Services (OLS). The Savings Store is managed by a third party vendor, Energy Federation Inc. (EFI). EFI is responsible for maintaining the Savings Store and fulfilling all customer purchases. The Saving Store landing page provides information about the store, lighting products, account information and order history. Support features include a toll free number, package tracking and frequently asked questions.

27. An educational tool is available to help assist customers with their purchasing

decisions. The interactive tool provides information on bulb types, application types, savings calculator, lighting benefits, understanding watts versus lumens and recycling/safety tips.

28. The Property Manager Program is an extension of the Residential Smart $aver® lighting program and allows Duke Energy Kentucky to utilize an alternative delivery channel which targets multi-family apartment complexes. The program name recently changed and is now called Multi-Family Energy Efficiency Program. The program helps property managers upgrade lighting with energy efficiency 13 watt CFLs, reducing maintenance costs while improving tenant satisfaction by lowering energy bills. Each apartment may qualify for up to 12 CFLs per unit and the bulbs are installed in permanent fixtures during routine maintenance visits. The program tracks and reports the location and number of bulbs installed in each unit. Program information and supporting documents are available on the Duke Energy web site for Property Managers to learn more about the program and request applications to participate in the program.

29. A new vendor, Franklin Energy, began managing the Multi-family Energy Efficiency program in March 2014. The program expanded the offer to include both energy efficient lighting and water measures. The new energy efficient water measures include low-flow bath and kitchen faucet aerators, water-saving showerheads and pipe wrap. Franklin Energy will provide a direct install or DIY option for property owners. The new energy efficient water measures will help lower water and sewer costs and reduce energy used to heat water.

30. Duke Energy Kentucky will consider increasing the number of CFLs installed in two and three bedroom units. Based on initial observations with Franklin Energy, additional sockets are available for larger units and Duke Energy would like to capitalize on this opportunity.

31. The Save Energy and Water Kit (SEWK) program is designed to increase the

energy efficiency of residential customers by offering customers low flow water devices and insulating pipe tape to install within their homes. The SEWK offer is available through a business reply card (BRC), enabling customers to request a kit and have it shipped directly to their homes.

32. In order to be eligible, customers must have a water heater powered by electricity, have not already participated in SEWK or other Duke Energy Kentucky programs offering low flow water devices and be the resident of a single family home. Eligible customers, who accept the BRC offer, will receive a kit free of charge. There are three kit sizes to accommodate homes with 1, 2 or 3 full bathrooms. The kits contain varying quantities of shower heads, bath aerators, kitchen aerators and insulated pipe tape.

33. A website has been established to provide customers with additional information about the program and instructional videos to assist in the installation of items from the DIY kit.

Program 3: Residential Energy Assessments Program

34. The primary goal for Home Energy House Call (HEHC) is to empower customers to better manage their energy usage and cost. The HEHC program provides a walk through assessment by a Building Performance Institute (BPI) Building Analyst to identify energy savings opportunities in the home. The program is offered to Duke Energy residential customers that own a single family home with at least 4 months usage history. The energy specialist analyzes energy usage, checks air infiltration, examines insulation levels, checks appliances and inspects the heating/cooling system(s). The auditors capture assessment information on laptop computers to streamline the process and minimize errors. The laptop allows for immediate feedback and delivery of a customized report outlining the specific energy saving opportunities for the customer's home. The report focuses on the building

envelope improvements as well as low-cost and no-cost improvements to save energy. At the time of the home audit, the customer receives a free kit containing a variety of energy saving measures. The easy to install measures include a low-flow showerhead, kitchen faucet aerator, bathroom aerator, outlet gaskets, and two 13 watt compact fluorescent bulbs, and one 18 watt compact fluorescent bulb. The auditors will install these measures, if approved by the customer, so the customer can begin savings immediately, and to help insure proper installation and use.

Example recommendations might include the following:

- Turning off vampire load equipment when not in use
- Turning off lights when not in the room
- Using CFLs in light fixtures
- Using a programmable thermostat to better manage heating and cooling usage
- Replacing older equipment
- Adding insulation and sealing the home

35. Duke Energy partners with several third party vendors to support the assessment and operations component of the program including Wisconsin Energy Conservation Corporation, Inc. (WECC) and Thermo-Scan Inspections (TSI). Together, WECC and TSI provide the administration, marketing, staff, tracking, systems, logistics, training, customer service, scheduling and technical support required to support Duke Energy Kentucky's HEHC program.

36. For the period of July 1, 2013 through June 30, 2014, a total of 557 audits were completed in Kentucky. During this filing period the primary communication channel included electronic mail and direct mail brochures that were mailed to customers in an effort to acquire

the proposed participation for this program process. However, additional channels have been included to offer online awareness via the Duke Energy website as well as through online services.

Program 4: Energy Efficiency Education Program for Schools Program

37. In 2013, the Energy Education Program for Schools began offering two educational interactions: 1) an in depth classroom curriculum through the National Energy Education Development (NEED) project; and 2) a live theatrical production by The National Theatre for Children (NTC).

38. The National Energy Education Development (NEED) Project provides educators with an engaging and exciting energy curriculum for students in classrooms. The Program is designed to teach energy concepts of force, motion, light, sound, heat, electricity, magnetism, energy transformations, and energy efficiency. Energy curriculum, based upon State standards, and hands-on kits, provided to teachers for use in their classrooms, emphasize science inquiry and application of energy knowledge. Energy Workshops are designed to provide educators (teaching grades K-12) with the content knowledge and process skills to return to their classrooms and communities, energize and educate their students, provide outreach to families and conduct energy education programs that assist families in implementing behavioral changes that reduce energy consumption. Teachers can utilize the kits and curriculum over many years. In addition, Duke Energy Home Energy Efficiency Kits are delivered to the classrooms to teach students and families to install energy efficiency measures and to record energy savings.

39. The Kentucky NEED Project has been active in the Commonwealth's schools for 17 years. Kentucky NEED manages the overall implementation for the Duke Energy Kentucky program and works with individual schools, teachers, and students to gain the maximum impact

for the program. Kentucky NEED has received numerous accolades for its support of energy efficiency and conservation in local schools, for its support of Energy Star's Change the World Campaign, and for the integration of a student/family approach to conservation education. To support, recognize and encourage student energy leadership, Kentucky NEED hosts the annual Kentucky NEED Youth Awards for Energy Achievement in Washington, D.C., honoring teams of students who have successfully planned and facilitated energy projects in their schools and communities. In the Fall of 2013, NEED held one teacher workshop with almost 40 teachers participating in the training.

40. To document the energy savings associated with the program, a home survey is provided for use in the classroom and with the Saving Energy at Home and School Kit, which serves as a companion to the Home Energy Efficiency Kits delivered to families in the Duke Energy Kentucky service area. Data collected from the home survey is collected and provided to Duke Energy annually. The data shows that the measures included in the Home Energy Efficiency Kits are being installed and utilized. The Home Energy Efficiency Kits include CFL bulbs, energy efficient shower heads, faucet aerators, water temperature gauge, outlet insulation pads, and a flow meter bag. During the 2013-14 school year, 324 kits were distributed to Duke Energy qualified customers.

41. The live theatrical production category is presented by The NTC and is designed to educate students about energy efficiency via the theatrical production and participating students are eligible to receive a home energy efficiency starter kit that will be sent to the students' homes. This is the same kit offered through NEED. The program provides principals and teachers with innovative curricula that educate students about energy, electricity, ways energy is wasted and how to use resources wisely. Education materials focus on concepts such as

energy, renewable fuels, and energy conservation through classroom and take home assignments, enhanced with a live 25 minute theatrical production by two professional actors. NTC performances target students in grades K-8. During the school year 2013-2014, NTC performed at 59 Kentucky schools, gave 98 performances and delivered 1,615 kits to Duke Energy qualified customers.

Program 5: Low Income Services Program

Weatherization

42. The Weatherization program portion of Low Income Services is designed to help the Company's income-qualified customers reduce their energy consumption and lower their energy cost. This program specifically focuses on LIHEAP (Low Income Home Energy Assistance Program) customers that meet the income qualification level (*i.e.*, income below 150% of the federal poverty level). This program uses the LIHEAP intake process as well as other community outreach initiatives to improve participation. The program provides direct installation of weatherization and energy-efficiency measures and educates Duke Energy Kentucky's income-qualified customers on their energy usage and other opportunities that can help reduce energy consumption and lower energy costs. The program has provided weatherization services to the following number of customers:

Fiscal Year	Customers Served
1999 - 2000	251
2000 - 2001	283
2001 - 2002	203
2002 - 2003	252
2003 - 2004	252
2004 - 2005	130
2005 - 2006	232
2006 - 2007	252
2007 - 2008	265

2008 - 2009	222
2009 - 2010	199
2010 - 2011	234
2011 - 2012	220
2012 - 2013	228
2013 - 2014	143

43. The program is structured so that homes needing the most work, and having the highest energy use per square foot, receive the most funding. The program accomplishes this by placing each home into one of two "Tiers." The tiering process allows the agencies to be cost effective while spending the limited budgets where there is the most significant potential for savings. For each home in Tier 2, the field auditor uses the National Energy Audit Tool (NEAT) to determine which specific measures are cost effective for that home. The specific services provided within each Tier are described below.

The tier structure is defined as follows:

	Therm / square foot	**kWh use/ square foot**	**Investment Allowed**
Tier 1	0 < 1 therm / ft2	0 < 7 kWh / ft2	Up to $600
Tier 2	1 + therms / ft2	7 + kWh / ft2	All SIR* ≥ 1.5 up to $4K

*SIR = Savings - Investment Ratio

Tier One Services

44. Tier 1 services are provided to customers by Duke Energy Kentucky, through its subcontractors. Customers are considered Tier 1, if they use less than 1 therm per square foot per year or less than 7 kWh per square foot per year, based on last year's usage (weather adjusted) of Company supplied fuels. Square footage of the dwelling is based on conditioned space only, whether occupied or unoccupied. It does not include unconditioned or semi-conditioned space (non-heated basements). The total program dollars allowed per home for Tier One services is

$600.00 per home.

Tier One services are as follows:

- Furnace Tune-up & Cleaning
- Furnace replacement if investment in repair over $500
- Venting check & repair
- Water Heater Wrap
- Pipe Wrap
- Cleaning of refrigerator coils
- Cleaning of dryer vents
- Compact Fluorescent Light (CFL) Bulbs
- Low-flow shower heads and aerators
- Weather-stripping doors & windows
- Limited structural corrections that affect health, safety, and energy up to $150
- Energy Education

Tier Two Services

45. Duke Energy Kentucky will provide Tier Two services to a customer if they use at least 1 therm or at least 7 kWh per square foot per year based on the last year of usage of Duke Energy Kentucky supplied fuels.

Tier Two services are as follows:

- Tier One services plus:
- Additional cost-effective measures (with SIR $\geq$ 1.5) based upon the results of the NEAT audit. Through the NEAT audit, the utility can determine if energy saving measures pay for themselves over the life of the measure as determined by a standard

heat loss/economic calculation (NEAT audit) utilizing the cost of gas and electric as provided by Duke Energy Kentucky. Such items can include but are not limited to attic insulation, wall insulation, crawl space insulation, floor insulation and sill box insulation. Safety measures applying to the installed technologies can be included within the scope of work considered in the NEAT audit as long as the SIR is greater than 1.5 including the safety changes.

Regardless of placement in a specific tier, Duke Energy Kentucky provides energy education to all customers in the program.

46. Refrigerator replacement is also a component of this program. To determine replacement, the program weatherization provider performs a two-hour meter test of the existing refrigerator unit. If it is a high-energy consuming refrigerator, as determined by this test, the unit is replaced. Replacing with a new Energy Star qualified refrigerator, with an estimated annual usage of 400 kWh, results in an overall savings to the average customer typically in excess of 1,000 kWh per year.

Refrigerators tested and replaced:

Year	**Refrigerators Tested**	**Refrigerators Replaced**
2002 – 2003	116	47
2003 – 2004	163	73
2004 – 2005	115	39
2005 – 2006	116	52
2006 – 2007	136	72
2007 – 2008	173	85
2008 – 2009	153	66

2009 – 2010	167	92
2010 – 2011	112	76
2011 – 2012	107	64
2012 – 2013	206	69
2013 - 2014	112	37

The existing refrigerator being replaced is removed from the home and destroyed in an environmentally appropriate manner to assure that the units are not used as a second refrigerator in the home or do not end up in the secondary appliance market.

Payment Plus

47. The Payment Plus portion of Low Income Services program is designed to impact participants' behavior (*e.g.*, encourages utility bill payment and reducing arrearages) and to generate energy conservation impacts. The program includes both the early participants and new participants each year.

The program is made up of 3 components:

- Energy Education & Budget Counseling – to help customers understand how to control their energy usage and how to manage their household bills, a combined education/counseling approach is used.
- Weatherization – to increase the energy efficiency in customers' homes, participants are required to have their homes weatherized as part of the normal Residential Conservation and Energy Education (low-income weatherization) program unless weatherized in past program years.
- Bill Assistance – to provide an incentive for these customers to participate in the education and weatherization, and to help them get control of their bills. Payment

assistance credits are provided to each customer once they complete each aspects of the program. The credits are: $200 for participating in the EE counseling, $150 for participating in the budgeting counseling, and $150 for participating in the Residential Conservation and Energy Education program (weatherization services). If all of the requirements are completed, a household could receive up to a total of $500 towards their arrearage. This allows for approximately 200 homes to participate per year. Some customers do not complete all three steps or may have already had weatherization services completed prior to the program.

48. This program is offered over six winter months per year. Customers are tracked and the energy savings are evaluated to determine if customer energy consumption dropped, and whether changes in bill paying habits have occurred. Previous participants' energy savings have been evaluated and compared to a control group of customers with similar arrearages and incomes. This analysis is the longest-running impact and process evaluation in the country, looking at both energy savings and arrearages from a single program. From this analysis, there is long-term evidence that the program is effective at reducing energy usage and arrearages.

49. Duke Energy Kentucky utilizes a community action agency to recruit customers to participate in the Payment Plus program. Using a list of potential customers provided by Duke Energy Kentucky, the agency removes any customer who has participated in the program in years past and sends a letter describing the program to the remaining customers. Included in this letter are various dates, times, and locations of scheduled classes. The courses are designed to accommodate customers with varied schedules and widespread locations. The customer is asked to contact the agency to register for a course. Make-up courses are also offered to those customers who may have missed their initial scheduled time.

50. For the filing period beginning in the Fall of 2013, 200 participants attended energy education counseling, 190 participants attended budget counseling and 24 participants' homes have been weatherized.

Program 6: Residential Direct Load Control - Power Manager Program

51. The purpose of the Power Manager program is to reduce demand by controlling residential air conditioning usage during periods of peak demand, high wholesale price conditions and/or generation emergency conditions during the summer months. It is available to residential customers with central air conditioning. Duke Energy Kentucky attaches a load control device to the outdoor unit of a customer's air conditioner. This enables Duke Energy Kentucky to cycle the customer's air conditioner off and on under appropriate conditions.

52. Customers participating in this program receive a one-time enrollment incentive and a bill credit for each Power Manager event. Customers, who select to have their air conditioner cycled to achieve a 1 kW reduction in load, receive a $25 credit at installation. Customers selecting to have their air conditioner cycled to achieve a 1.5 kW load reduction, receive a $35 credit at installation. For both options, an incentive credit is applied to participants' bills for each cycling event. The credit varies based on marginal costs and the length of each event. Participants receive a minimum seasonal total of $5 or $8 in event incentives (for the 1.0 kW or 1.5 kW load reduction respectively). A settle-up credit for the balance of actual event credits to the seasonal minimum is applied following the end of the event season, if warranted.

53. Duke Energy Kentucky continues to use load control devices manufactured by Eaton's Cooper Power Systems for new installations and replacement of existing load control devices. The load control devices have built-in safe guards to prevent the "short cycling" of the air-conditioning system. The air-conditioning system will always run the minimum amount of

time required by the manufacturer. The cycling simply causes the air-conditioning system to run less, which is no different than what it does on milder days. Additionally, the indoor fan will continue to run and circulate air during the cycling event.

54. In August, 2013, the Company completed a project to replace approximately 6,000 older Power Manager switches. The last phase in this process was the remote deactivation of 67 inaccessible switches. The Company made multiple attempts to reach these customers to arrange a replacement. Unfortunately these customers never responded to our attempts to reach them. The completion of the replacement project provides improved operability and load reduction impacts, and program cost savings.

55. The Company continued promotion of Power Manager during the past fiscal year via email to customers who had opted to receive communications from the Company, and outbound telemarketing. With telemarketing bringing in the vast majority of enrollments, there were over 1,700 new Power Manager switches installed in the past fiscal year.

56. There were 10,453 air conditioners on the program as of the end of June, 2014; a net increase of 1,497 during the past year. With the increased number of air conditioners on the program and the increased operability driven by the replacement project, Power Manager's overall load reduction increased by over 1.4 MW during this period.

57. Ongoing measurement and verification (M&V) is conducted through a sample of Power Manager customers with devices that record hourly run-time of the air conditioner unit and with load research interval meters that measure the household kWh usage. Operability studies are also used to measure the performance of Power Manager load control devices in Kentucky. In addition, Duke Energy Kentucky has reviewed the statistical sampling requirements of PJM Interconnection for demand response resources of this type. The Duke

Energy Kentucky studies comply with all PJM requirements.

58. There were six Power Manager economic cycling events July through September, 2013. Due to cooler weather and lower energy prices in the summer of 2014, there have been no economic cycling events through June.

Events	
Date	Time
7/15/13	2:30 – 5:00
7/16/13	2:30 – 6:00
7/17/13	2:30 – 5:00
7/18/13	3:30 – 6:00
8/28/13	2:30 – 4:00
9/10/13	3:30 – 6:00

Program 7: Smart $aver® Prescriptive Program

59. The Smart $aver® Non-residential Prescriptive Incentive Program provides incentives to commercial and industrial consumers for installation of high efficiency equipment in applications involving new construction, retrofit, and replacement of failed equipment. The program also uses incentives to encourage maintenance of existing equipment in order to reduce energy usage. Incentives are provided based on Duke Energy Kentucky's cost effectiveness modeling to assure cost effectiveness over the life of the measure.

60. Commercial and industrial consumers can have significant energy consumption, but may lack knowledge and understanding of the benefits of high efficiency alternatives. Duke Energy Kentucky's program provides financial incentives to customers to reduce the cost of high efficiency equipment. This allows customers to realize a quicker return on investment. The savings on utility bills, allows customers to reinvest in their business. The Smart $aver® program also increases market demand for high efficiency equipment. Because of the increased demand, dealers and distributors will stock and provide high efficient alternatives as they see increased demand for the products. Higher demand can result in lower prices.

61. The program promotes prescriptive incentives for the following technologies – lighting, HVAC, pumps, variable frequency drives, food services, process equipment, and IT measures. The eligible measures, incentives and requirements for both equipment and customer eligibility are listed in the applications posted on Duke Energy's Business and Large Business websites for each technology type.

62. Getting the Trade Allies (TA) to support the program has proven to be the most effective way to promote the program to our business customers. The Smart $aver outreach team provides training and technical support to the Trade Ally network. The outreach team also recruits new TAs to participate in the program. TA company names and contact information appears on the TA search tool located on the Smart $aver® website. This tool was designed to help customers who do not already work with a TA, to find someone in their location who can serve their needs. The Company continues to look for ways to engage the TAs in promotion of the Program as well as more effective targeting of TAs based on market opportunities.

Duke Energy is currently launching a mid-stream marketing channel. Many trade allies participating in the traditional application process reduce their invoice to the customer by the amount of the incentive and then receive reimbursement from Duke Energy when the incentive is paid. Many customers prefer this rather than paying the full cost upfront and receiving an incentive check from Duke Energy. Many TAs, such as distributors, are not staffed to handle the paperwork involved in this process. The midstream marketing channel removes this barrier. TAs reduce the customer's invoice by the amount of the Smart $aver Prescriptive incentive. TAs then provide the sales information to Duke Energy electronically for reimbursement. Duke Energy currently has one TA signed up for the midstream channel and many more have expressed interest. Duke Energy continues to work with TAs to launch the channel. Based on other the

experience of other utilities, Duke Energy expects this channel to increase participation in the Smart $aver Prescriptive program.

63. Duke Energy continues to offer the Energy Efficiency Store on the Duke Energy website. The site provides customers the opportunity to take advantage of a limited number of incentive measures by purchasing qualified products from an on-line store and receiving an instant incentive that reduces the purchase price of the product. The incentives offered in the store are consistent with current program incentive levels.

64. Duke Energy continues to evaluate additional measures for the Prescriptive portfolio in order to offer customers additional options for energy savings. Duke Energy also continues to reach out to those customers who have not yet participated in the Smart $aver® program.

65. The Company continues to work with outside consultants and internal resources to develop strategies to understand equipment supply/value chains and increase awareness of these measures going forward.

66. The Company recently removed chiller tune-ups from the Prescriptive program[8]. These two measures have been determined as no longer cost effective. The recommendation is based upon the fact that free ridership for these measures increased significantly in other jurisdictions where the programs are offered whereby eroding the cost-effectiveness. The chiller measures were removed effective July 23, 2014. There will be a 90 day grace period honoring the submission of an application after July 23, 2014.

67. Nonresidential customers are informed of programs via targeted marketing material and communications. Information about incentives is also distributed to TAs, who in turn sell equipment and services to all sizes of nonresidential customers. Large business or assigned

[8] As filed in Case No. 2014-00280.

accounts are targeted primarily through assigned Duke Energy Kentucky account managers. Accounts that do not have an assigned account manager receive information about the program through direct mail, electronic mail and other direct marketing efforts including outbound call campaigns.

68. The internal marketing channel is comprised of assigned Large Business Account Managers, Segment Managers, and Local Government and Community Relations, who all identify potential opportunities as well as distribute program collateral and informational material to customers and TAs. In addition, the Economic and Business Development groups also provide a channel to customers who are new to the service territory.

69. In January 2013, an additional outreach resource was added to the Ohio/Kentucky/Indiana area to perform outreach to unassigned small and medium business customers. This new outreach representative provided to Duke Energy by Ecova follows up on customer leads to assist with program questions and steer customers to the TA search tool who are not already working with a TA.

Program 8: Smart $aver® Custom Program

70. The purpose of this program is to encourage the installation of high efficiency equipment in new and existing nonresidential establishments. The program provides incentive payments to offset a portion of the higher cost of energy efficient equipment.

71. Duke Energy Kentucky contracts with Ecova to provide the back office support for implementation of this program. This program is jointly implemented with the Duke Energy Indiana, Duke Energy Ohio, and Duke Energy Carolinas territories to reduce administrative costs and leverage promotion.

72. During the current reporting period of July 2013 through June 2014, the Kentucky

Smart $aver® Custom Incentive program provided incentives totaling $75,690 to approximately 10 customers.

73. Upon receiving a Custom Incentive application, Duke Energy Kentucky reviews the application and performs a technical evaluation as necessary to validate energy savings. Measures submitted by the customer are then modeled in DSMore™ [9] to determine an acceptable incentive that ensures cost effectiveness to the program overall, given the energy savings, and improves a customer's payback to move them to invest in energy efficiency. Evaluation follow-up and review includes application review, site visits and/or onsite metering and verification of baseline energy consumption, customer interviews, and/or use of loggers/sub-meters. As use of Custom Incentives increases, Duke Energy Kentucky will evaluate applications and determine if additional measures can be included in the Prescriptive Incentives program. Including measures that repeatedly arise in Custom Incentive applications into the Prescriptive Incentives makes planning and applying for measure incentives easier for customers.

74. However, Duke Energy Kentucky is looking to test the impact of simplified calculation tools on participation. Such tools are intended to provide a relatively easy to use, but accurate means of estimating the savings of small, yet complex scopes of work. Additionally, the Company is investigating the feasibility of enhancements that will improve program transparency as well as enable participation of customer projects that are on fast track schedules or for which energy savings are difficult to quantify. More work and investigation is needed before these changes can be effectively presented.

Program 9: Smart $aver® Energy Assessments Program

75. The purpose of this program is to assist customers with the evaluation of energy

[9] DSMore™ is a financial analysis tool designed to evaluate the costs, benefits, and risks of DSM programs and measures.

usage within a specific building(s) and to provide recommendations for energy savings projects. The program may provide up to a 50% subsidy for an energy efficiency audit completed in partnership with a Duke Energy contracted professional engineering organization. This program is jointly implemented within the Duke Energy Indiana, Duke Energy Ohio, and Duke Energy Carolinas territories to reduce administrative costs and leverage resources.

76. Various types of assessments are offered and tailored to the customer's needs as well as the type and complexity of the facility to be audited. The standard assessment offered mirrors the ASHRAE (American Society of Heating, Refrigeration, and Air-Conditioning Engineers) Level II energy audit criteria. Additionally, ASHRAE Level III assessments (Investment Grade) are also offered when warranted. Other varieties of assessments are available that focus on specific types of buildings or systems. Examples include critical facilities assessments (data centers, labs, and hospitals), compressed air assessments, refrigeration system assessments, and chilled water assessments.

77. There are two main customer deliverables for all assessments. The first is an Energy Report complete with details on how energy is being used and how efficiently the energy infrastructure operates. The report provides Energy Conservation Measures (ECM) that recommend specific projects that can save energy. Each ECM includes estimated energy savings, estimated cost to implement, and estimated payback period. The second deliverable provided by the assessment is the engineering data that is collected and can be utilized to support a Smart $aver® Prescriptive or Custom Incentive Application. The Duke Energy contracted professional engineering firm will assist the customer in completing the Smart $aver® application.

78. During the current reporting period, July 2013 to June 2014, there is currently one customer participating in the program.

Program 10: Peak Load Manager (Rider PLM) - PowerShare® Program

79. PowerShare® is the brand name given to Duke Energy Kentucky's Peak Load Management Program (Rider PLM, Peak Load Management Program KY.P.S.C. Electric No. 2, Sheet No. 77). Rider PLM was approved pursuant as part of the settlement agreement in Case No. 2006-00172. In the Commission's Order in Case No. 2006-00426, approval was given to include the PowerShare® program within the DSM programs. The PLM Program is voluntary and offers customers the opportunity to reduce their electric costs by managing their electric usage during the Company's peak load periods. Customers and the Company will enter into a service agreement under this Rider, specifying the terms and conditions under which the customer agrees to reduce usage. There are two product options offered for PowerShare® - CallOption® and QuoteOption®:

- CallOption®
    - A customer served under a CallOption® product agrees, upon notification by the Company, to reduce its demand.
    - Each time the Company exercises its option under the agreement, the Company will provide the customer a credit for the energy reduced.
    - There are two types of events.
        - Economic events are primarily implemented to capture savings for customers and not necessarily for reliability concerns. Participants are not required to curtail during economic events. However, if participants do not curtail, they must pay a market based price for the energy not curtailed. This is called "buy through energy."
        - Emergency events are implemented due to reliability concerns.

Participants are required to curtail during emergency events.

- If available, the customer may elect to buy through the reduction at a market-based price. The buy through option is not always available as specified in the PowerShare® Agreements. During PJM Interconnection, LLC-declared emergency events, customers are not provided the option to buy through.
- In addition to the energy credit, customers on the CallOption® will receive an option premium credit.
- 2013/14 and 2014/15 PowerShare® programs associated with the fiscal year of this filing, there were three different enrollment choices for customers to select among. All three choices require curtailment availability for up to ten emergency events per PJM requirements for capacity participation. Economic events vary among the choices. Customers can select exposures of zero, five, or ten economic events.
- Only customers able to provide a minimum of 100 kW load response qualify for CallOption®.

- QuoteOption®
  - Under the QuoteOption® products, the customer and the Company agree that when the average wholesale market price for energy during the notification period is greater than a pre-determined strike price, the Company may notify the customer of a QuoteOption® event and provide a Price Quote to the customer for each event hour.
  - The customer will decide whether to reduce demand during the event period. If they decide to do so, the customer will notify the Company and provide an

estimate of the customer's projected load reduction.

- Each time the Company exercises the option, the Company will provide the participating customer who reduces load an energy credit.
- There is no option premium for the QuoteOption® product since customer load reductions are voluntary.
- Only customers able to provide a minimum of 100 kW load response qualify for QuoteOption®.

PowerShare® 2013-2014 Summary

80. Duke Energy Kentucky's customer participation goal for 2013 was to retain all customers that currently participate and to promote customer migration to the CallOption® program. The table below displays monthly account participation levels for July 2013 through June 2014, as well as MWs enrolled in the program.

Kentucky PowerShare® Participation Update				
	CallOption		QuoteOption	
Month	Enrolled Customers*	Summer Capability**	Enrolled Customers*	Summer Capability**
Jul-13	20	23.0	0	0
Aug-13	20	23.0	0	0
Sep-13	20	23.0	0	0
Oct-13	20	23.0	0	0
Nov-13	20	23.0	0	0
Dec-13	20	23.0	0	0
Jan-14	20	23.0	0	0
Feb-14	20	23.0	0	0
Mar-14	20	23.0	0	0
Apr-14	20	23.0	0	0
May-14	20	23.0	0	0
Jun-14	22	22.0***	0	0

*Enrolled Customers represents the number of parent accounts participating.
**Summer Capability is consistent with the associated program year. Numbers reported are adjusted for losses.
*** Estimated Summer capability

(Note that Duke Energy Kentucky has signed 22 contracts for the 2014/2015 PowerShare® CallOption®. Measured and verified MW values for the summer of 2014 will be available and presented in next year's update filing.)

81. During the June 2013 through June 2014 period, there were four CallOption® economic events, three CallOption® emergency events and one QuoteOption® events. The table below summarizes event participation.[10]

Duke Energy Kentucky - PowerShare CallOption and QuoteOption
Economic, Emergency, and Test Events
June 2013 - June 2014 Activity - Reduction Values in MWs

Date	Event Hours (EDT)	Event Type	Event Participants	Participants Reducing Load Partially or Fully	Average Hourly Load Reduction Expected - At the Meter	Average Hourly Load Reduction - At the Meter	Average Hourly Load Reduction - At the Plant
7/16/2013	1300-1900	Economic	18	8	23.7	5.3	5.5
7/17/2013	1300-1900	Economic	18	3	24.3	5.5	5.7
7/19/2013	1300-1900	Economic	18	7	23.3	4.5	4.7
8/28/2013	1500-1600	PJM Test	20	19	25.4	28.2	29.6
9/11/2013	1300-1900	Economic	18	7	25.3	4.0	4.2
9/24/2013	1600-1700	PJM Re-Test	2	2	1.1	1.7	1.8
1/7/2014	7am-11am	Emergency	M&V Analysis for these events has not been independently verified and will be reported in the 2014 PowerShare Program Impact Report				
1/7/2014	5pm-7pm	QuoteOption					
1/8/2014	7am-9am	Emergency					
3/4/2014	7am-9am	Emergency					

* PJM Test Event

PJM Re-test Event

(Note that for the summer period of June 2014 through August 2014, zero CallOption®

[10] "PowerShare® CallOption® participants are presented with the option to "buy-through" economic events since system reliability is not a concern during economic events. As can be seen in the table, several customers took full advantage or partial advantage of this option given that actual curtailment amounts are less than the available amounts. For energy consumed under this buy-through option, customers pay a market based price for energy. Buy-through was made available during emergency events since they were in the Winter months and the resource was registered with PJM as a summer-only product (and not being subject to penalties from PJM for the non-summer events).

events have been called. The annual, required, PJM test event is scheduled for August 26, 2014 at 4 pm. Information on these events will be available and presented in next year's update filing.)

Program 11: Appliance Recycling Program

82. The Appliance Recycling program encourages customers to responsibly dispose of older, functioning but inefficient refrigerators and freezers. Customers will have the old unit picked up at their home at no charge and will receive an incentive for participating. Disposed units will have 95 percent of material recycled with only 5 percent entering landfills. Program marketing will consist of direct mail, social media, and community media events, web site, digital media, broadcast, and publications like newsletters. Point of sale messaging may also be pursued with prominent appliance retailers. There were 745 participants in the program from July 1, 2013 – June 30, 2014.

Program 12: Low Income Neighborhood Program

83. The Duke Energy Kentucky Residential Neighborhood Program takes a non-traditional approach to serving income-qualified areas of the Duke Energy Kentucky service territory. The program engages targeted customers with personal interaction in a familiar setting while ultimately reducing energy consumption by directly installing measures and educating customers on ways to manage and lower their energy bills. Examples of direct installed measures include CFLs, water heater and pipe wrap, low flow shower heads/faucet aerators, window and door air sealing and a year supply of HVAC filter replacements. Targeted low income neighborhoods qualify for the program if at least 50% of the households are at or below 200% of the federal poverty guidelines. Duke Energy Kentucky analyzes electric usage data and previous program participation to prioritize neighborhoods that have the greatest need and propensity to participate. While the goal is to serve neighborhoods where the majority of residents are lower income, the

program is available to all Duke Energy Kentucky customers within the selected boundary. This program is available to both homeowners and renters occupying single family and multi-family dwellings in the target neighborhoods that have electric service provided by Duke Energy Kentucky.

84. A community-based kick-off event is held in targeted neighborhoods. The kick-off events feature local community leaders, energy experts, vendor and technical crew. The program manager and vendor provide attendees detailed information on program components and neighborhood schedule. The purpose of the kick-off event is to rally the neighborhood around energy efficiency and educate customers on steps that will contribute to lowering their energy bills. Additionally, attendees have the opportunity to meet technical staff and view measures. Following the kick-off event, customers receive in-home energy assessments (walk-through) and the appropriate energy saving measures are installed if the customer elects to have the work completed. Direct mail and call center support supplement community based outreach. The program is used as a lead generation source for other Duke Energy Kentucky and external energy efficiency programs.

85. To date, we have completed more than 880 homes in Duke Energy Kentucky territory and continue to work in the area. We've held 2 kickoff events and three tent events. Services have been completed in neighborhoods located in Covington, Newport and Austinburg. We have partnered with Saint Elizabeth Medical Center, Northern Kentucky Community Action Commission, Kentucky Housing Authority and other local businesses to rally around our efforts, provide residents information about the program and capitalize on additional services available in

their communities. The Company is still performing work in the area. The program has gained momentum and neighbors are sharing their experience with others, which has produced additional assessments.

Program 13: My Home Energy Report Program

86. The My Home Energy Report (MyHER Report) compares household electric usage to similar, neighboring homes, and provides recommendations and actionable tips to lower energy consumption. The report also informs customers of the Company's other energy efficiency programs when applicable. These normative comparisons are intended to induce customers to adopt more efficient energy consumption behavior. The MyHER Report will be delivered in printed or online form to targeted customers with desirable characteristics who are likely to respond to the information. The printed reports are distributed up to 12 times per year; however delivery may be interrupted during the off-peak energy usage months in the fall and spring. Currently to qualify to receive the MyHER Report, customers must be living in a single metered, single family home with 13 months usage history.

87. The MyHER program is an opt out program and the Company provides information on every report as to how a customer request to stop receiving the reports. Since the program began in September 2012, only 116 customers out of roughly 55,000 KY customers participating in the program have chosen to opt out.

88. In August 2013 a revised MyHER Report was introduced to customers. Previously the report showed customer comparisons in dollar amounts. The dollar amounts were derived using a customer's actual usage and a rate factor for each state. Unfortunately, this dollar amount did not always match the dollar amount on the customer's bill and was causing customer confusion. The August 2013 report showed customer

comparison in kWh figures which are an exact match to the customer's bill. To date only a few customers have reacted negatively to the change. Many customers requested the change. This change to kWh comparisons also allows the Company to open this program to customers on payment plans. These customers were not included previously because the dollar amount on their report would not match their bill amount. Now that the Company is only displaying kWh figures, these will now match payment plan customers' bills. This change enables the Company to start offering the report to budgeting billing customers. Qualifying budget billing customers started receiving a report in February 2014.

89. The Company has designed an interactive portal and enabled email technology to further engage with customers with the intention of increasing the level of engagement with customers and hence their efficiency. This portal will be available online and through mobile channels.

Calculation of the 2014 DSM Cost Recovery Mechanism, Rider DSMR

90. The reconciliation of the cost recovery mechanism (Rider DSMR) involves a comparison of projected versus actual program expenses, lost revenues, and shared savings, as well as inclusion of the prior year's reconciliation. The actual cost of residential and non-residential program expenditures, lost revenues, and shared savings for this reporting period was $10.51 million. The projected level of program expenditures was $9.75 million.

91. Lost revenues are computed using the applicable marginal block rate net of fuel costs and other variable costs times the estimated kWh savings for a three-year period from installation of the DSM measure. The estimate of kWh savings is based upon the results from any

recently completed impact evaluation studies and actual customer participation. Lost revenues accumulate over a three-year period from the installation of each measure, unless a general rate case has occurred.

92. With respect to shared savings, Duke Energy Kentucky utilized the shared incentive of 10% of the total savings net of the costs of measures, incentives to customers, marketing, impact evaluation, and administration. The savings are estimated by multiplying the program spending times the UCT value and then subtracting the program costs. Shared savings are only valued for installation of new DSM measures.

Home Energy Assistance Program

93. The Company is also offering the Home Energy Assistance (HEA) Program as recently approved by the Commission in its June 4, 2014 Order in Case No. 2014-0094 and approved to continue for a three year period through December 31, 2017. The program reconciliation is in this application in Appendix B. This program was implemented and began collecting funds in November of 2008. During the term of the current reporting period, a total of $252,661.50 was collected from Duke Energy customers ($146,409 electric and $106,253 gas) from July 2013 - June of 2014. For this reporting period, the HEA program provided assistance to approximately 1,307 customers. The total disbursement between electric and gas accounts was approximately $173,928 (electric) and $126,224 (gas) based on the number of electric and gas customers contributing to the fund. These funds are distributed throughout the year by Northern Kentucky Community Action Commission to assist low income customers' energy bill payments. The administrative costs for this period (2013-2014) totaled $39,105.21.[11]

[11] Administrative costs are based on funds distributed.

2014 DSM Riders

94. In accordance with the Commission's Order in Case No. 95-312, the Joint Applicants submit the proposed adjustments to its Rider DSMR for both electric and gas programs (Appendices C and D respectively). The two Rider DSMRs are intended to recover projected July 1, 2015 – June 30, 2016[12] (2016) program costs, lost revenues and shared savings and to reconcile the actual DSM revenue requirement, as previously defined, to the revenue recovered under the riders for the period July 1, 2013 through June 30, 2014. The spreadsheet model contained in Appendix B has been used by the Company for a number of years in its Rider DSMR update filings.

95. Appendix B, page 1 of 5, tabulates the reconciliation of the DSM revenue requirement associated with the prior reconciliation, Duke Energy Kentucky's program costs, lost revenues, and shared savings between July 1, 2013 and June 30, 2014, and the revenues collected through the DSMR Riders over the same period. The true-up adjustment is based upon the difference between the actual DSM revenue requirement and the revenues collected during the period July 1, 2013 through June 30, 2014.

96. The DSM revenue requirement for the period July 1, 2013 through June 30, 2014 consists of: (1) program expenditures, lost revenues, and shared savings; and (2) amounts approved for recovery in the previous reconciliation filing.

97. Appendix B, page 5 of 5 contains the calculation of the 2014 Residential DSMR Riders. The calculation includes the reconciliation adjustments calculated in Appendix B, page 1 of 5 and the Residential DSM revenue requirement for 2016. The Residential DSM revenue

[12] The projected July 1, 2015 – June 30, 2016 program expenditures used in this filing will be trued-up as part of the 2016 annual status report and will be described as 2016 throughout the document.

requirement for 2016 includes the costs associated with the Residential DSM programs: Appliance Recycling Program, Energy Efficiency Education Program for Schools, MyHER, Low Income Neighborhood, Low Income Services, Residential Energy Assessments, Residential Smart $aver®, Power Manager and any applicable net lost revenues and shared savings (Appendix B, pages 2 and 3 of 5). Total revenue requirements are incorporated along with the projected electric and gas volumes (Appendix B, page 4 of 5) in the calculation of the Residential DSM Rider.

98. Appendix B, page 5 of 5 also contains the calculation of the 2014 Commercial and Industrial DSM Rider. The calculation includes the reconciliation adjustments calculated in Appendix B, page 1 of 5 and the DSM revenue requirement for 2016. The Commercial & Industrial DSM revenue requirement for 2016 includes the costs associated with the Commercial and Industrial DSM programs: Smart $aver® Custom, Smart $aver® Prescriptive, Small Business Energy Saver[13], PowerShare®, and the associated net lost revenues and shared savings (Appendix B, pages 2 and 3 of 5). The 2014 Commercial and Industrial DSMR Rider is calculated in two parts. One part (Part A) is based upon the revenue requirements for Smart $aver® Custom, Smart $aver® Prescriptive, PowerShare®. This part is only recovered from all non-residential rate classes except rate TT. The other part (Part B) is based upon the revenue requirements for the PowerShare® program and is recovered from all non-residential rate classes including rate TT.

99. Total revenue requirements are incorporated along with the projected electric volumes (Appendix B, page 4 of 5) in the calculation of the Commercial and Industrial DSM Rider.

100. The Company's proposed DSMR Riders, shown as Appendices C and D, replace the current DSMR Riders, which were implemented in the first billing cycle of May 2014. The electric DSMR rider, proposed to be effective with the first billing cycle in the month following

[13] As filed for approval in Case No. 2014-00280

Commission approval, is applicable to service provided under Duke Energy Kentucky's electric service tariffs as follows:

- Residential Electric Service provided under:
  - Rate RS, Residential Service, Sheet No. 30
- Non-Residential Electric Service provided under:
  - Rate DS, Service at Secondary Distribution Voltage, Sheet No. 40
  - Rate DT, Time-of-Day Rate for Service at Distribution Voltage, Sheet No. 41
  - Rate EH, Optional Rate for Electric Space Heating, Sheet No. 42
  - Rate SP, Seasonal Sports, Sheet No. 43
  - Rate GS-FL, Optional Unmetered General Service Rate for Small Fixed Loads, Sheet No. 44
  - Rate DP, Service at Primary Distribution Voltage, Sheet No. 45
  - Rate RTP-M, Real Time Pricing – Market-Based Pricing, Sheet No. 59
  - Rate RTP, Experimental Real Time Pricing Program, Sheet No. 99
  - Rate TT, Service at Transmission Voltage, Sheet No. 51

The gas DSM rider is applicable to service provided under the following residential gas service tariff:

- Rate RS, Residential Service, Sheet No. 30

Calculation of the Residential Charge

101. The proposed residential charge per kWh for 2014 was calculated by dividing the sum of: (1) the reconciliation amount calculated in Appendix B, page 1 of 5; and (2) the DSM revenue requirement associated with the DSM programs projected for 2016, by the projected sales

for calendar year 2015. DSM program costs for 2016 include the total implementation costs plus program rebates, lost revenues, and shared savings. The calculations in support of the residential recovery mechanism are provided in Appendix B, page 5 of 5. Based on the updated rider amounts, the estimated cost for the average customer would be a charge of approximately $57.20 for electric and $80.72 for gas.[14] A significant portion of the higher charge for gas customers is related to the elimination of a refund to customers included in the gas rates over the last two years[15].

Calculation of the Non-Residential Charge

102. The proposed non-residential charge per kWh for 2014 was calculated in two parts. The first part (Part A), applicable to all non-residential rate classes except Rate TT, is calculated by dividing the sum of: (1) the reconciliation amount calculated in Appendix B, page 1 of 5; and (2) the DSM revenue requirement associated with the Smart $aver® Custom and Smart $aver® Prescriptive programs projected for 2016, by the respective projected sales for calendar year 2015. The second part (Part B), applicable to all non-residential rate classes including Rate TT, is calculated by dividing the DSM revenue requirement associated with the PowerShare® program projected for 2016, by total non-residential projected sales for calendar year 2015. DSM program cost for 2016 includes the total implementation costs plus program rebates, lost revenues and shared savings.

103. The rider applicable to all non-residential rate classes except Rate TT is the sum of Part A and Part B. The rider applicable to all non-residential rate classes including Rate TT is only Part B.

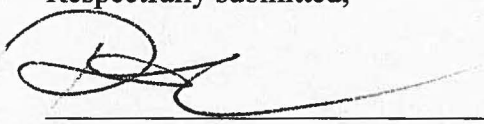
[14] The cost for average customer was calculated by using the 2015 forecasted sales of Appendix B page 4 divided by the number of residential electric or gas customers multiplied by the cost per kWh or cost per CCF respectively of Appendix B page 5. The costs are estimates and will vary by customer based on usage.
[15] As Ordered in Case No. 2011-00448, April 13, 2012 and Order in Case No. 2012-00495, April 11, 2013.

Allocation of the DSM Revenue Requirement

105. As required by KRS 278.285(3), the DSM Cost Recovery Mechanism attributes the costs to be recovered to the respective class that benefits from the programs. The costs for the Power Manager program are fully allocated to the residential electric class, since this is the class benefiting from the implementation of the program. As required, qualifying industrial customers are permitted to "opt-out" of participation in, and payment for, Smart $aver® Custom and Smart $aver® Prescriptive. All of Duke Energy Kentucky's Rate TT customers met the "opt-out" requirements prior to the implementation of the DSM riders in May 1996, and are not subject to this portion of the DSM Cost Recovery Mechanism (*i.e.* Rider DSMR). However, all non-residential customers, including Rate TT customers, will be charged for the PowerShare® program.

WHEREFORE, Duke Energy Kentucky respectfully requests that the Commission review and approve this Application and Duke Energy Kentucky gives notice that the new rates will take effect 30 days from the date of this Application.

Respectfully submitted,



Rocco D'Ascenzo (92796)
Associate General Counsel
Duke Energy Kentucky, Inc.
139 East Fourth Street, 1313 Main
Cincinnati, Ohio 45201-0960
(513) 287-4320
(513) 287-4385 (f)
Rocco.D'ascenzo@duke-energy.com
Counsel for Duke Energy Kentucky, Inc.

CERTIFICATE OF SERVICE

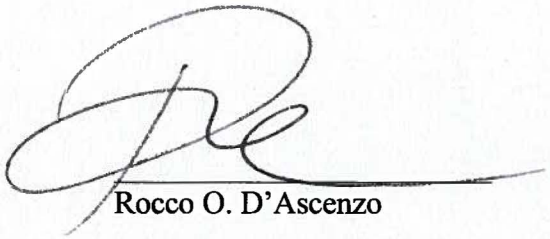
I hereby certify that a copy of the foregoing filing was served on the following via electronic mail, this 12th day of November, 2014:

Larry Cook, Assistant Attorney General
Jennifer Hans
The Kentucky Office of the Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40602-2000
jennifer.hans@ag.ky.gov

Richard Raff
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615
Richard.Raff@ky.gov

Florence W. Tandy
Northern Kentucky Community Action Commission
P.O. Box 193
Covington, Kentucky 41012
ftandy@nkcac.org

Peter Nienaber
Northern Kentucky Legal Aid, Inc.
302 Greenup
Covington, Kentucky 41011
pnienaber@lablaw.org



Rocco O. D'Ascenzo

Appendix A
Cost Effectiveness Test Results

	2013-2014			
Program Name	**UCT**	**TRC**	**RIM**	**Participant**
Appliance Recycling Program	3.86	5.01	1.38	
Energy Efficiency Education Program for Schools	0.97	1.46	0.66	
Low Income Neighborhood	3.55	4.19	1.34	
Low Income Services	0.88	1.06	0.63	
My Home Energy Report	1.84	1.84	0.93	
Residential Energy Assessments	3.30	3.30	1.65	
Residential Smart $aver®	4.74	7.39	1.32	15.02
Power Manager	4.35	5.75	4.35	
Smart $aver® Custom	3.72	1.60	1.32	2.05
Smart $aver® Prescriptive - Energy Star Food Service Products	10.19	3.96	1.53	4.24
Smart $aver® Prescriptive - HVAC	2.28	1.00	1.28	0.82
Smart $aver® Prescriptive - Lighting	5.73	2.75	1.62	2.74
Smart $aver® Prescriptive - Motors/Pumps/VFD	6.06	4.27	1.46	5.20
Smart $aver® Prescriptive - Process Equipment	5.37	5.63	1.69	6.02
Smart $aver® Prescriptive - IT	NA	NA	NA	NA
Power Share®	4.33	12.84	4.33	

Kentucky DSM Rider

Comparison of Revenue Requirement to Rider Recovery

Residential Programs	(1) Projected Program Costs 7/2013 to 6/2014 (A)	(2) Projected Lost Revenues 7/2013 to 6/2014 (A)	(3) Projected Shared Savings 7/2013 to 6/2014 (A)	(4) Program Expenditures 7/2013 to 6/2014 (B)	(5) Program Expenditures (C) Gas	(6) Program Expenditures (C) Electric	(7) Lost Revenues 7/2013 to 6/2014 (B)	(8) Shared Savings 7/2013 to 6/2014 (B)	(9) 2013 Reconciliation Gas (D)	(10) 2013 Reconciliation Electric (E)	(11) Rider Collection (F) Gas	(12) Rider Collection (F) Electric	(13) (Over)/Under Collection Gas (G)	(14) (Over)/Under Collection Electric (H)
Appliance Recycling Program	$ 254,905	$ 25,383	$ 51,900	$ 168,563		$ 168,563	$ 44,179	$ 37,058						
Energy Efficiency Education Program for Schools	$ 160,841	$ 13,197	$ (7,028)	$ 129,104	$ 81,980	$ 47,124	$ 11,050	$ (355)						
Low Income Neighborhood	$ 297,422	$ 40,038	$ 7,460	$ 138,684		$ 138,684	$ 21,020	$ 31,862						
Low Income Services	$ 689,888	$ 19,932	$ (29,790)	$ 520,653	$ 330,614	$ 190,039	$ 35,227	$ (4,188)						
My Home Energy Report	$ 375,038	$ 402,499	$ 40,663	$ 605,663		$ 605,663	$ 512,222	$ 46,907						
Residential Energy Assessments	$ 167,774	$ 14,909	$ 12,819	$ 223,409	$ 141,864	$ 81,545	$ 34,080	$ 51,063						
Residential Smart $aver®	$ 1,170,194	$ 1,376,347	$ 319,133	$ 1,511,814	$ 960,001	$ 551,813	$ 1,685,324	$ 511,105						
Power Manager	$ 308,742	$ -	$ 138,807	$ 776,700		$ 776,700	$ -	$ 85,821						
Personal Energy Report Program (I)		$ -	$ -	$ -	$ -	$ -	$ 144,535	$ -						
Home Energy Assistance Pilot Program (J)	$ 250,556	$ -	$ -	$ 300,152	$ 126,224	$ 173,928	$ -	$ -			$ 106,253	$ 146,409		
Revenues collected except for HEA											$ (2,446,433)	$ 3,250,988		
Total	$ 3,655,362	$ 1,892,305	$ 533,964	$ 4,374,741	$ 1,640,883	$ 2,734,058	$ 2,487,637	$ 759,073	$ 1,748,958	$ (813,874)	$ (2,340,181)	$ 3,397,397	$ 5,729,820	$ 1,769,497

(A) Amounts identified in report filed in Case No. 2012-00085.
(B) Actual program expenditures, lost revenues (for this period and from prior period DSM measure installations), and shared savings for the period July 1, 2013 through June 30, 2014.
(C) Allocation of program expenditures to gas and electric. Uses 63.5% gas based upon saturation of gas space heating.
(D) Recovery allowed in accordance with the Commission's Order in Case No. 2012-00085.
(E) Recovery allowed in accordance with the Commission's Order in Case No. 2012-00085.
(F) Revenues collected through the DSM Rider between July 1, 2013 and June 30, 2014.
(G) Column (5) + Column (9) - Column(11).
(H) Column (6) + Column (7) + Column (8) + Column (10) - Column(12).
(I) Personalized Energy Report is a legacy program which continues to collect lost revenues.
(J) Revenues and expenses for the Home Energy Assistance Pilot Program.

Commercial Programs	(1) Projected Program Costs 7/2013 to 6/2014 (A)	(2) Projected Lost Revenues 7/2013 to 6/2014 (A)	(3) Projected Shared Savings 7/2013 to 6/2014 (A)	(4) Program Expenditures 7/2013 to 6/2014 (B)	(5) Lost Revenues 7/2013 to 6/2014 (B)	(6) Shared Savings 7/2013 to 6/2014 (B)	(7) 2013 Reconciliation (C)	(8) Rider Collection (D)	(9) (Over)/Under Collection (E)
Smart $aver® Custom	$ 363,445	$ 91,416	$ 229,707	$ 141,233	$ 35,077	$ 36,875			
Smart $aver® Prescriptive - Energy Star Food Service Proc	$ 14,706	$ 8,866	$ 14,459	$ 69,720	$ 7,854	$ 64,099			
Smart $aver® Prescriptive - HVAC	$ 177,989	$ 66,300	$ 137,729	$ 80,262	$ 3,690	$ 11,467			
Smart $aver® Prescriptive - Lighting	$ 587,516	$ 311,187	$ 390,588	$ 568,419	$ 233,009	$ 267,504			
Smart $aver® Prescriptive - Motors/Pumps/VFD	$ 68,636	$ 59,009	$ 70,546	$ 81,743	$ 19,467	$ 41,259			
Smart $aver® Prescriptive - Process Equipment	$ 56	$ 119	$ 75	$ 21,857	$ 1,876	$ 9,456			
Smart $aver® Prescriptive - IT				$ 95	$ -	$ (9)			
Total	$ 1,212,347	$ 536,898	$ 843,106	$ 973,129	$ 300,973	$ 430,650	$ (1,669,697)	$ 195,330	$ (160,274)
Power Share®	$ 815,415	$ -	$ 261,322	$ 890,645	$ -	$ 294,543	$ 801,314	$ 2,650,631	$ (664,129)
Energy Management and Information Services (F)				$ 1,883					

(A) Amounts identified in report filed in Case No. 2012-00085.
(B) Actual program expenditures, lost revenues (for this period and from prior period DSM measure installations), and shared savings for the period July 1, 2013 through June 30, 2014.
(C) Recovery allowed in accordance with the Commission's Order in Case No. 2012-00085
(D) Revenues collected through the DSM Rider between July 1, 2013 and June 30, 2014.
(E) Column (4) + Column (5) + Column (6) + Column (7) - Column (8)
(F) Discontinued pilot program does not receive cost recovery

Kentucky DSM Rider

2015-2016 Projected Program Costs, Lost Revenues, and Shared Savings

Residential Program Summary (A)

	Costs	Lost Revenues	Shared Savings	Total	Allocation of Costs Electric	Allocation of Costs Gas	Electric Costs	Budget (Costs, Lost Revenues, & Shared Savings) Electric	Budget (Costs, Lost Revenues, & Shared Savings) Gas Costs
Appliance Recycling Program	$ 109,613	$ 177,379	$ (204)	$ 286,789	100.0%	0.0%	$ 109,613	$ 286,789	$ -
Energy Efficiency Education Program for Schools	$ 196,961	$ 40,057	$ 6,450	$ 243,468	36.5%	63.5%	$ 71,891	$ 118,397	$ 125,070
Low Income Neighborhood	$ 276,950	$ 101,284	$ 14,464	$ 392,698	100.0%	0.0%	$ 276,950	$ 392,698	$ -
Low Income Services	$ 700,410	$ 54,819	$ (8,455)	$ 746,774	36.5%	63.5%	$ 255,650	$ 302,014	$ 444,760
My Home Energy Report(B)	$ 625,156	$ 542,633	$ 84,254	$ 1,252,044	100.0%	0.0%	$ 625,156	$ 1,252,044	$ -
Residential Energy Assessments	$ 193,881	$ 55,486	$ 66,796	$ 316,164	36.5%	63.5%	$ 70,767	$ 193,049	$ 123,115
Residential Smart $aver® (B)	$ 1,085,886	$ 1,567,646	$ 110,953	$ 2,764,485	36.5%	63.5%	$ 396,348	$ 2,074,948	$ 689,537
Power Manager	$ 437,796	$ -	$ 149,597	$ 587,393	100.0%	0.0%	$ 437,796	$ 587,393	$ -
Total Costs, Net Lost Revenues, Shared Savings	$ 3,626,654	$ 2,539,305	$ 423,856	$ 6,589,814			$ 2,244,172	$ 5,207,332	$ 1,382,482
Home Energy Assistance Pilot Program	$ 252,236							$ 146,417	$ 105,820

NonResidential Program Summary (A)

	Costs	Lost Revenues	Shared Savings	Total	Allocations Electric	Allocations Gas	Electric Costs	Budget (Costs, Lost Revenues, & Shared Savings) Electric	Budget (Costs, Lost Revenues, & Shared Savings) Gas
Smart $aver® Custom	$ 512,160	$ 97,430	$ 91,979	$ 701,570	100.0%	0.0%	$ 512,160	$ 701,570	NA
Smart $aver® Prescriptive - Energy Star Food Service Products (B)	$ 19,997	$ 21,798	$ 15,832	$ 57,628	100.0%	0.0%	$ 19,997	$ 57,628	NA
Smart $aver® Prescriptive - HVAC	$ 137,089	$ 30,552	$ 79,234	$ 246,876	100.0%	0.0%	$ 137,089	$ 246,876	NA
Smart $aver® Prescriptive - Lighting	$ 889,001	$ 302,730	$ 470,352	$ 1,662,084	100.0%	0.0%	$ 889,001	$ 1,662,084	NA
Smart $aver® Prescriptive - Motors/Pumps/VFD	$ 56,722	$ 23,435	$ 20,324	$ 100,481	100.0%	0.0%	$ 56,722	$ 100,481	NA
Smart $aver® Prescriptive - Process Equipment	$ 2,031	$ 2,201	$ 1,468	$ 5,699	100.0%	0.0%	$ 2,031	$ 5,699	NA
Smart $aver® Prescriptive - IT	$ 16,253	$ 4,056	$ 6,035	$ 26,344	100.0%	0.0%	$ 16,253	$ 26,344	NA
Small Business Energy Saver(C)	$ 757,668	$ 27,556	$ 161,764	$ 946,988	100.0%	0.0%	$ 757,668	$ 946,988	NA
Power Share®	$ 924,747	$ -	$ 166,874	$ 1,091,621	100.0%	0.0%	$ 924,747	$ 1,091,621	NA
Total Costs, Net Lost Revenues, Shared Savings	$ 3,315,669	$ 509,759	$ 1,013,862	$ 4,839,290			$ 3,315,669	$ 4,839,290	NA
Total Program	$ 6,942,322	$ 3,049,063	$ 1,437,718	$ 11,429,104					

(A) Costs, Lost Revenues (for this period and from prior period DSM measure installations), and Shared Savings for Year 3 of portfolio approved in Case No. 2012-00085
(B) Includes new measures filed in Case No. 2014-00280
(C) New program filed in Case No. 2014-00280

Kentucky DSM Rider

Duke Energy Kentucky
Demand Side Management Cost Recovery Rider (DSMR)
Summary of Calculations for Programs

July 2015 to June 2016

	Program Costs (A)
Electric Rider DSM	
Residential Rate RS	$ 5,207,332
Distribution Level Rates Part A DS, DP, DT, GS-FL, EH & SP	$ 3,747,669
Transmission Level Rates & Distribution Level Rates Part B	$ 1,091,621
Gas Rider DSM	
Residential Rate RS	$ 1,382,482

(A) See Appendix B, page 2 of 5.

Kentucky DSM Rider

Duke Energy Kentucky
Demand Side Management Cost Recovery Rider (DSMR)
Summary of Billing Determinants

Year	2015
Projected Annual Electric Sales kWH	
Rates RS	1,500,287,137
Rates DS, DP, DT, GS-FL, EH, & SP	2,403,218,077
Rates DS, DP, DT, GS-FL, EH, SP, & TT	2,643,552,077
Projected Annual Gas Sales CCF	
Rate RS	63,667,723

Kentucky DSM Rider

Duke Energy Kentucky
Demand Side Management Cost Recovery Rider (DSMR)
Summary of Calculations

July 2014 to June 2015

Rate Schedule Riders	True-Up Amount (A)	Expected Program Costs (B)	Total DSM Revenue Requirements	Estimated Billing Determinants (C)		DSM Cost Recovery Rider (DSMR)	
Electric Rider DSM							
Residential Rate RS	$ 1,771,266	$ 5,207,332	$ 6,978,598	1,500,287,137	kWh	$ 0.004652	$/kWh
Distribution Level Rates Part A							
DS, DP, DT, GS-FL, EH & SP	$ (160,435)	$ 3,747,669	$ 3,587,234	2,403,218,077	kWh	$ 0.001493	$/kWh
Transmission Level Rates & Distribution Level Rates Part B							
TT	$ (664,793)	$ 1,091,621	$ 426,828	2,643,552,077	kWh	$ 0.000161	$/kWh
Distribution Level Rates Total							
DS, DP, DT, GS-FL, EH & SP						$ 0.001654	$/kWh
Gas Rider DSM							
Residential Rate RS	$ 5,735,549	$ 1,382,482	$ 7,118,032	63,667,723	CCF	$ 0.111800	$/CCF
Total Rider Recovery			$ 18,110,692				

Customer Charge for HEA Program	Annual Revenues	Number of Customers	Monthly Customer Charge
Electric No.4			
Residential Rate RS	$ 146,417	122,014	$ 0.10
Gas No. 5			
Residential Rate RS	$ 105,820	88,183	$ 0.10
Total Customer Charge Revenues	$ 252,236		
Total Recovery	$ 18,362,928		

(A) (Over)/Under of Appendix B page 1 multiplied by the average three-month commercial paper rate for 2013 to include interest on over or under-recovery in accordance with the Commission's order in Case No. 95-312. Value is: 1.001000
(B) Appendix B, page 2.
(C) Appendix B, page 4.

Duke Energy Kentucky
4580 Olympic Blvd.
Erlanger, KY 41018

KY.P.S.C. Electric No. 2
Fifteenth Revised Sheet No. 78
Cancels and Supersedes
Fourteenth Revised Sheet No. 78
Page 1 of 1

RIDER DSMR

DEMAND SIDE MANAGEMENT RATE

The Demand Side Management Rate (DSMR) shall be determined in accordance with the provisions of Rider DSM, Demand Side Management Cost Recovery Rider, Sheet No. 75 of this Tariff.

The DSMR to be applied to residential customer bills is $0.004652 per kilowatt-hour. (I)

A Home Energy Assistance Program (HEA) charge of $0.10 will be applied monthly to residential customer bills through December 2017.

The DSMR to be applied to non-residential distribution service customer bills is $0.001654 per kilowatt-hour. (I)

The DSMR to be applied for transmission service customer bills is $0.000161 per kilowatt-hour. (R)

Issued by authority of the Kentucky Public Service Commission
in Case No. 2014-00388 dated ___, 2014.

Issued: November 15, 2014
Effective: December 15, 2014
Issued by James P. Henning, President/s/James P. Henning

Formatted: Right

Formatted: Font: 9 pt

Duke Energy Kentucky
4580 Olympic Blvd.
Erlanger, KY 41018

KY.P.S.C. Electric No. 2
Fifteenth Revised Sheet No. 78
Cancels and Supersedes
Fourteenth Revised Sheet No. 78
Page 1 of 1

Deleted: Fourteenth

Deleted: Thirteenth

RIDER DSMR

DEMAND SIDE MANAGEMENT RATE

The Demand Side Management Rate (DSMR) shall be determined in accordance with the provisions of Rider DSM, Demand Side Management Cost Recovery Rider, Sheet No. 75 of this Tariff.

The DSMR to be applied to residential customer bills is $0.004652 per kilowatt-hour. (I)

Deleted: 0.003062

A Home Energy Assistance Program (HEA) charge of $0.10 will be applied monthly to residential customer bills through December 2017.

Deleted: 1 (T)

The DSMR to be applied to non-residential distribution service customer bills is $0.001654 per kilowatt-hour. (I)

Deleted: 0.001128

The DSMR to be applied for transmission service customer bills is $0.000161 per kilowatt-hour. (R)

Deleted: 0.000848

Issued by authority of the Kentucky Public Service Commission
in Case No. 2014-00388 dated ___, 2014.

Deleted: ___

Deleted: 094

Issued: November 15, 2014
Effective: December 15, 2014
Issued by James P. Henning, President/s/James P. Henning

Deleted: June 4

Deleted: June 9

Deleted: June 9

Duke Energy Kentucky
4580 Olympic Blvd.
Erlanger, Kentucky 41018

KY.P.S.C. Gas No. 2
Fifteenth Revised Sheet No. 62
Cancels and Supersedes
Fourteenth Revised Sheet No. 62
Page 1 of 1

RIDER DSMR

DEMAND SIDE MANAGEMENT RATE

The Demand Side Management Rate (DSMR) shall be determined in accordance with the provisions of Rider DSM, Demand Side Management Cost Recovery Rider, Sheet No. 61 of this Tariff.

The DSMR to be applied to residential customer bills is $0.111800 per hundred cubic feet.

A Home Energy Assistance Program (HEA) charge of $0.10 will be applied monthly to residential customer bills through December 2017.

The DSMR to be applied to non-residential service customer bills is $0.00 per hundred cubic feet.

Issued by authority of an Order by the Kentucky Public Service Commission in Case No. 2014-00388 dated __, 2014

Issued: November 15, 2014
Effective: December 15, 2014
Issued by James P. Henning, President /s/ James P. Henning

Formatted: Right

Deleted:

Formatted: Font: 9 pt

Deleted: Fourteenth

Deleted: Thirteenth

Duke Energy Kentucky
4580 Olympic Blvd.
Erlanger, Kentucky 41018

KY.P.S.C. Gas No. 2
Fifteenth Revised Sheet No. 62
Cancels and Supersedes
Fourteenth Revised Sheet No. 62
Page 1 of 1

RIDER DSMR

DEMAND SIDE MANAGEMENT RATE

The Demand Side Management Rate (DSMR) shall be determined in accordance with the provisions of Rider DSM, Demand Side Management Cost Recovery Rider, Sheet No. 61 of this Tariff.

The DSMR to be applied to residential customer bills is $0.111800 per hundred cubic feet. (I)

Deleted: 0.054918

A Home Energy Assistance Program (HEA) charge of $0.10 will be applied monthly to residential customer bills through December 2017.

Deleted: (T)

The DSMR to be applied to non-residential service customer bills is $0.00 per hundred cubic feet.

Issued by authority of an Order by the Kentucky Public Service Commission in Case No. 2014-00388 dated __, 2014

Deleted: ___

Deleted: 094

Issued: November 15, 2014
Effective: December 15, 2014
Issued by James P. Henning,President /s/ James P. Henning

Deleted: June 4

Deleted: June 9

Deleted: June 9