

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC JOINT APPLICATION OF)
KENTUCKY UTILITIES COMPANY AND)
LOUISVILLE GAS AND ELECTRIC)
COMPANY FOR CERTIFICATES OF PUBLIC)
CONVENIENCE AND NECESSITY AND SITE)
COMPATIBILITY CERTIFICATES AND)
APPROVAL OF A DEMAND SIDE)
MANAGEMENT PLAN)**

CASE NO. 2022-00402

**DIRECT TESTIMONY OF
ROBERT M. CONROY
VICE PRESIDENT, STATE REGULATION AND RATES
KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY**

Filed: December 15, 2022

1 **INTRODUCTION**

2 **Q. Please state your name, position, and business address.**

3 A. My name is Robert M. Conroy. I am the Vice President of State Regulation and Rates
4 for Kentucky Utilities Company (“KU”) and Louisville Gas and Electric Company
5 (“LG&E”) (collectively, “Companies”) and an employee of LG&E and KU Services
6 Company, which provides services to KU and LG&E. My business address is 220
7 West Main Street, Louisville, Kentucky 40202. A complete statement of my education
8 and work experience is attached to this testimony as Appendix A.

9 **Q. Have you previously testified before this Commission?**

10 A. Yes. I have testified in numerous proceedings before the Kentucky Public Service
11 Commission for many years.

12 **Q. What is the purpose of your direct testimony?**

13 A. The purpose of my testimony is to discuss issues of cost, financing, joint participation,
14 certificates of public convenience and necessity (“CPCN”), and other regulatory
15 approvals relating to the Companies’ plans for the construction and purchase of
16 generating facilities proposed in this case. Those facilities consist of two 621
17 megawatts (“MW”) net summer rating natural gas combined cycle combustion turbine
18 (“NGCC”) facilities, one at LG&E’s Mill Creek Generating Station in Jefferson
19 County, Kentucky (“Mill Creek NGCC”) and the other at KU’s E.W. Brown
20 Generating Station in Mercer County, Kentucky (“Brown NGCC”), including natural
21 gas and electric transmission work associated with those facilities. They also include
22 the construction of a 120 MWac solar facility in Mercer County, Kentucky (“Mercer
23 County Solar Facility”), the purchase of a 120 MWac solar facility to be built by a
24 third-party provider in Marion County, Kentucky (“Marion County Solar Facility”),

1 and the construction of a 125 MW four-hour (500 MWH total) battery energy storage
2 system (“BESS”) the Companies propose to construct at the E.W. Brown Generating
3 Station (“Brown BESS”). I will describe the proposed regulatory accounting treatment
4 of the facilities the Companies will be constructing. I will describe the request for Site
5 Compatibility Certificates for the NGCCs and the request for a declaration that no
6 approval is necessary for four purchase power agreements (“PPA”) the Companies plan
7 on executing. I will also address the Companies’ proposed tariff sheets for their
8 proposed 2024-2030 Demand-Side Management and Energy Efficiency Program Plan
9 (“Proposed DSM-EE Program Plan”) and related changes to the Companies’ Demand-
10 Side Management Cost Recovery Mechanism (“DSM Mechanism”) tariff sheets.
11 Those proposed tariff sheets are attached as Exhibits RMC-1 (KU), RMC-2 (LG&E
12 Electric), and RMC-3 (LG&E Gas) in both clean and redline versions.

13 **Q. Will there be electrical transmission costs related to the projects proposed in this**
14 **case?**

15 A. Yes, the additional electrical transmission costs related to the NGCCs are discussed in
16 Lonnie E. Bellar’s testimony and in the Resource Assessment attached to Stuart A.
17 Wilson’s testimony. For the proposed solar and battery facilities, we do not anticipate
18 that significant electrical transmission modifications will be necessary.

19 **Q. How do the Companies plan to finance the NGCCs, solar facilities, and battery**
20 **facilities they are proposing?**

21 A. The Companies expect to finance the costs of the proposed facilities with a combination
22 of cash flow and new debt and equity. The debt is expected to be a combination of
23 short-term and long-term debt, in the form of commercial paper notes, loans from

1 affiliates via the money pool, bank loans, first mortgage bonds, or combinations
2 thereof. The mix of debt and equity used to finance the projects will be determined
3 such that the Companies will maintain their strong investment-grade credit ratings. The
4 Companies will continue to evaluate financing alternatives as these projects progress
5 and will seek the approval of the Commission pursuant to KRS 278.300 to the extent
6 required.

7 During the construction period of the two NGCCs, Mercer County Solar
8 Facility, and Brown BESS of approximately four years, the Companies propose to
9 record their investment in these four facilities as Construction Work In Progress
10 (“CWIP”) and accrue an allowance for funds used during construction (“AFUDC”)
11 using the methodology approved by the Federal Energy Regulatory Commission
12 (“FERC”). The Companies further propose to record a regulatory asset during the
13 construction period for the difference between AFUDC accrued at the Companies’
14 weighted average cost of capital and AFUDC accrued using the methodology approved
15 by the FERC so that the Companies can recover their actual cost of capital, no more or
16 no less. The AFUDC and regulatory asset accruals will cease as each asset is placed in
17 service. The Companies’ request for AFUDC treatment is exclusively for these four
18 facilities. This allows the Companies to construct these facilities over a four year period
19 without impacting the bills of customers until such time as actual costs are known and
20 the projects are in-service, thus used and useful, while accruing the financing costs
21 incurred related to the four projects. KU and LG&E will continue recording only CWIP
22 for all other new construction projects, which tend to be smaller in scale and have a

1 much shorter construction timeframe.¹ It is important to note that the Companies will
2 finance the four projects with the same balanced capital structure used in their 2020
3 base rate cases both during the construction period and beyond. The Companies do not
4 project finance and use all forms of capital to finance their construction projects.

5 **Q. How will the ownership and costs of the projects be allocated between KU and**
6 **LG&E?**

7 A. LG&E and KU will jointly own the NGCCs and the solar facilities and will receive a
8 percentage allocation of each solar PPA discussed later in my testimony. KU will own
9 69% and LG&E will own 31% of the NGCCs. As for the Mercer County and Marion
10 County Solar Facilities, KU will own 63% and LG&E will own 37%. For the Brown
11 BESS, LG&E will own 100% of the facility. The costs for the projects will be shared
12 in accordance with those ownership percentages. A discussion of the utility ownership
13 determination is contained in the Resource Assessment attached as an exhibit to Mr.
14 Wilson's testimony.

15 **Q. What CPCNs are the Companies requesting from the Commission?**

16 A. The Companies are requesting CPCNs to construct the NGCCs including the
17 construction of the short gas transmission line that will be needed to serve the Mill
18 Creek NGCC described in Mr. Bellar's testimony. The Companies are requesting a
19 CPCN to construct the Mercer County Solar Facility. The Companies are requesting a
20 CPCN authorizing them to acquire the Marion County Solar Facility after it is
21 constructed by a third party. At this point, the Companies are not certain when the third
22 party will begin that construction, but since the Companies are not conducting that

¹ The Companies continue to record their investment in the AMI project as CWIP and accrue AFUDC during the projected implementation period per the approval in the 2020 rate case orders.

1 construction, the Companies only seek a CPCN authorizing the purchase and the
2 Companies plan to enter into legally binding commitments towards that purchase
3 within a year after receiving a CPCN in accordance with KRS 278.020(1)(e). Finally,
4 the Companies request a CPCN for the construction of the Brown BESS.

5 **Q. Are there any other regulatory approvals or permits needed for the NGCCs, solar**
6 **projects, and battery project?**

7 A. Yes. As discussed in the testimony of Philip A. Imber and Mr. Bellar, the Companies
8 will need certain environmental permits and construction permits. At this time, the
9 Companies do not believe that any CPCNs will be necessary for any additional electric
10 or gas transmission needs that will arise as a result of the construction of the NGCCs,
11 excluding the short gas transmission line included in the Mill Creek project discussed
12 above, or the solar facilities. To the extent Commission approval is required, the
13 Companies will make timely application.

14 Additionally, the Companies have completed Site Assessment Reports for the
15 NGCCs and they are attached to the Joint Application. Based on those reports, the
16 Companies request the Commission to issue Site Compatibility Certificates pursuant
17 to KRS 278.216 for the NGCCs. The Companies are in the process of preparing a Site
18 Assessment Report for the Mercer County Solar Facility and will seek a Site
19 Compatibility Certificate for that facility in the future. Since the Companies are not
20 constructing the Marion County Solar Facility and since the Brown BESS is not a
21 generation facility, the Companies will not be seeking Site Compatibility Certificates
22 for those projects.

1 **Q. Why are the Companies not requesting a CPCN for any electric transmission**
2 **facilities as part of this proceeding?**

3 A. As mentioned above, the Companies are studying the issue of electric transmission
4 needs in connection with the proposed facilities, but, at this time, do not believe that
5 electric transmission CPCNs will be required because we anticipate that any
6 construction will be an ordinary extension of an existing system in the usual course of
7 business. Additionally, there are significant differences associated with the timing of
8 a Commission decision on the Joint Application in this case and a Commission decision
9 on an electric transmission CPCN case. KRS 278.020 places no specified deadline for
10 a Commission decision in this case. Electric transmission line CPCN cases, on the
11 other hand, must be decided within no more than 120 days after an application is filed
12 pursuant to KRS 278.020(9). Thus, if the Companies determine that an electric
13 transmission line CPCN is necessary, it will be more administratively efficient to
14 request it in a separate proceeding.

15 **Q. Are the Companies planning to enter into purchase power agreements (“PPA”)**
16 **for solar generated power and do they seek approval of the Commission to do so?**

17 A. Yes, the Companies plan on entering into non-firm energy-only PPAs for the output of
18 four solar facilities with a combined capacity of 637 MW. However, the Companies
19 ask for a declaration that such entry does not require Commission approval. Rather,
20 the Companies suggest this should be treated the same way as the 25 MW portion of
21 the non-firm energy-only PPA the Companies entered into with Rhudes Creek Solar,
22 LLC, which the Commission addressed in Case No. 2020-00016 and determined did
23 not require Commission approval and provided for Fuel Adjustment Clause cost

1 recovery.² KU will be allocated 63% of the energy and costs associated with each of
2 the four solar PPAs and LG&E will be allocated 37%.

3 **Q. Are the Companies seeking to recover the costs associated with the proposed**
4 **facilities in this case?**

5 A. No. The Companies are not presently seeking cost recovery for these projects.
6 However, the Companies do expect that they will seek cost recovery in future general
7 rate cases.

8 **Q. Are the Companies also proposing a 2024-2030 DSM-EE Plan?**

9 A. Yes. As described in John Bevington's and Lana Issacson's direct testimony, the
10 Companies have considered and proposed a range of nine DSM-EE programs
11 comprising their 2024-2030 DSM-EE Plan.

12 **Q. Are the Companies proposing ratemaking treatment for the costs of the 2024-2030**
13 **DSM-EE Plan in this case?**

14 A. Yes. The Companies' tariffs already include a Demand Side Management Cost
15 Recovery Mechanism which the Companies seek to modify in this case. Assuming
16 approval of the DSM-EE programs the Companies are proposing, the Companies have
17 prepared calculations supporting those modifications as shown in the exhibits to Ms.
18 Isaacson's testimony. The actual proposed tariff sheets, in clean and redline versions,
19 are attached to my testimony as Exhibits RMC-1, RMC-2, and RMC-3. The underlying
20 calculations include a 9.925% return on equity ("ROE") for capital investments which
21 is 50 basis points higher than the 9.425% ROE the Commission decided in the

² *Electronic Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of a Solar Power Contract and Two Renewable Power Agreements to Satisfy Customer Requests for a Renewable Energy Source Under Green Tariff Option #3*, Case No. 2020-00016, Order (Ky. PSC Dec. 16, 2020); Case No. 2020-00016, Order (Ky. PSC June 18, 2020); Case No. 2020-00016, Order (Ky. PSC May 8, 2020).

1 Companies' most recent rate cases. The 50 basis point addition is consistent with the
2 Commission's decision in Case No. 2017-00441³ and KRS 278.285 which allows for
3 incentives to encourage DSM-EE programs.

4 **Q. Do you have a recommendation for the Commission in this case?**

5 A. Yes. It is my recommendation that the Commission grant the Companies' Joint
6 Application and approve all the facilities proposed in this matter. As for the timing of
7 a decision, for the reasons Mr. Bellar explains, the Companies seek a decision no later
8 than October 1, 2023.

9 **Q. Does this conclude your testimony?**

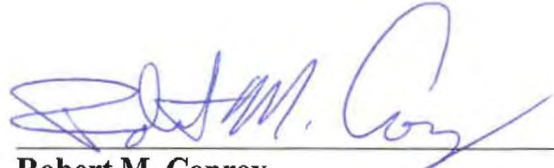
10 A. Yes, it does.

³ *Electronic Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Review, Modification, and Continuation of Certain Existing Demand-Side Management and Energy Efficiency Programs*, Case No. 2017-00441, Order (Ky. PSC Oct. 15, 2018).

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is Vice President, State Regulation and Rates for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained therein are true and correct to the best of his information, knowledge, and belief.


Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 12th day of December 2022.


Notary Public

Notary Public ID No. KYNP53381

My Commission Expires:

July 11, 2026

APPENDIX A

Robert M. Conroy

Vice President, State Regulation and Rates
Kentucky Utilities Company
Louisville Gas and Electric Company
220 West Main Street
Louisville, Kentucky 40202
Telephone: (502) 627-3324

Previous Positions

Director, Rates	Feb 2008 – Feb 2016
Manager, Rates	April 2004 – Feb 2008
Manager, Generation Systems Planning	Feb. 2001 – April 2004
Group Leader, Generation Systems Planning	Feb. 2000 – Feb. 2001
Lead Planning Engineer	Oct. 1999 – Feb. 2000
Consulting System Planning Analyst	April 1996 – Oct. 1999
System Planning Analyst III & IV	Oct. 1992 - April 1996
System Planning Analyst II	Jan. 1991 - Oct. 1992
Electrical Engineer II	Jun. 1990 - Jan. 1991
Electrical Engineer I	Jun. 1987 - Jun. 1990

Professional/Trade Memberships

Registered Professional Engineer in Kentucky, 1995
Edison Electric Institute - Rates and Regulatory Affairs Committee
Southeastern Energy Exchange - Rates and Regulation Committee

Education

Essentials of Leadership, London Business School, 2004
Masters of Business Administration
Indiana University (Southeast campus), December 1998
Center for Creative Leadership, Foundations in Leadership program, 1998.
Bachelor of Science in Electrical Engineering
Rose Hulman Institute of Technology, May 1987

Civic Activities

Olmstead Parks Conservancy – Board of Directors – 2016 – current
Leadership Kentucky – Class of 2016
Financial Research Institute – Advisory Board Member – 2016 – current

**Kentucky Utilities Company
Electric Tariffs
Clean and Redline Versions
Exhibit RMC-1**

Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

RATE (continued)

Revenues collected hereunder are based on engineering estimates of energy savings, expected program participation, and estimated sales for the upcoming twelve-month period. At the end of each such period, any difference between the lost revenues actually collected hereunder and the lost revenues determined after any revisions of the engineering estimates and actual program participation are accounted for shall be reconciled in future billings under the DSM Balance Adjustment (DBA) component.

A program evaluation vendor will be selected to provide evaluation criteria against which energy savings will be estimated for that program. Each program will be evaluated after implementation and any revision of the original engineering estimates will be reflected in both (a) the retroactive true-up provided for under the DBA and (b) the prospective future lost revenues collected hereunder.

DSMI = DSM INCENTIVE

For all Energy Efficiency Programs, the DSMI shall be computed by multiplying the net resource savings expected from the approved programs that are to be installed during the upcoming twelve-month period times fifteen (15) percent, not to exceed five (5) percent of program expenditures. Net resource savings are defined as program benefits less utility program costs and participant costs where program benefits will be calculated on the basis of the present value of Company's avoided costs over the expected life of the program, and will include both capacity and energy savings..

T/D

The DSMI amount related to programs for Rates RS, RTOD-Energy, RTOD-Demand, Rate VFD, GS, GTOD-Energy, GTOD-Demand, AES, PS, TODS, TODP, RTS, FLS, and OSL shall be divided by the expected kilowatt-hour sales for the upcoming twelve-month period to determine the DSMI for such rate class. DSMI amounts will be assigned for recovery purposes to the rate classes whose programs created the incentive.

DBA = DSM BALANCE ADJUSTMENT

The DBA shall be calculated on a calendar-year basis and is used to reconcile the difference between the amount of revenues actually billed through the DCR, DRLS, DSMI, DCCR, and previous application of the DBA and the revenues that should have been billed, as follows:

- 1) For the DCR, the balance adjustment amount will be the difference between the amount billed in a twelve-month period from the application of the DCR unit charge and the actual cost of the approved programs during the same twelve-month period.
- 2) For the DRLS the balance adjustment amount will be the difference between the amount billed during the twelve-month period from application of the DRLS unit charge and the amount of lost revenues determined for the actual DSM measures implemented during the twelve-month period.

DATE OF ISSUE: December 15, 2022

DATE EFFECTIVE: January 14, 2023

ISSUED BY: /s/ Robert M. Conroy, Vice President
State Regulation and Rates
Lexington, Kentucky

**Issued by Authority of an Order of the
Public Service Commission in Case No.
2022-00402 dated XXXX**

Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

RATE (continued)

CHANGES TO DSMRC

Modifications to components of the DSMRC shall be made at least thirty (30) days prior to the effective date. Each filing shall include the following information as applicable:

- 1) A detailed description of each DSM-EE program developed by the collaborative process, the total cost of each program over the twelve-month period, an analysis of expected resource savings, information concerning the specific DSM or efficiency measures to be installed, and any applicable studies that have been performed, as available.
- 2) A statement setting forth the detailed calculation of the DCR, DRLS, DSMI, DBA, DCCR, and DSMRC.

Each change in the DSMRC shall be placed into effect with service rendered on and after the effective date of such change.

ENERGY EFFICIENCY PROGRAMS:

INCOME-QUALIFIED SOLUTIONS:

Low Income Weatherization Program (WeCare)

This is an education and weatherization program designed to reduce energy consumption of income-qualified customers. The program provides energy audits, energy education, and installation of weatherization and energy conservation measures in qualified single-family homes. Qualified customers will receive energy conservation measures averaging \$1,650 per single-family household in program services.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, and VFD customers who qualify for Federal Low Income Weatherization Assistance Program or Low Income Home Energy Assistance Program services or those who are at or below 300% of the federal poverty level.

Whole-Building MultiFamily

This is an education and weatherization program designed as a service for increasing the efficiency of property managers' and owners' income-qualified properties' common areas and tenant units. The Company will provide the following:

- Direct installation of various energy-saving devices to help reduce energy use in residents' living units and in common areas, free to both the property owners and tenants
- Incentives to property managers and owners who purchase high-efficiency equipment to retrofit the property as a whole rather than individual units
- Energy usage and conservation education

D/N



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Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

Whole-Building MultiFamily (continued)

Qualified customers will receive energy conservation measures averaging \$750 per multifamily unit in program services.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D (e.g., master-metered buildings) who are multifamily property managers and owners serving low-income tenants, including those in Section 8 housing. Multifamily buildings will be defined as dwellings with four (4) or more units.

D/N

APPLIANCE RECYCLING:

This program will not begin until January 1, 2026.

This program offers residential customers an opportunity to safely dispose of and recycle inefficient appliances and receive a one-time incentive for doing so. The Company seeks to work with an independent third-party vendor to collect and transport working but inefficient appliances to an appropriate recycling center that is responsible for adhering to local, state, and federal recycling ordinances. The program seeks to target removal and recycling of refrigerators, freezers, room air conditioners, and dehumidifiers. The Company will offer free pick-up and \$50 per eligible, recycled refrigerator or freezer. There is no incentive for room air conditioners or dehumidifiers, but units will be picked up and recycled at no cost to the participant when an incented appliance is picked up.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, and small GS, GTOD-E, GTOD-D customers with residential-style appliances.

RESIDENTIAL ONLINE AUDIT:

This program will not begin until January 1, 2025.

This program is a web-based, self-guided assessment of a customer's home and includes information about the home's space and water heating, appliance and plug load, and other energy end uses. The audit pulls customer-specific interval data from the Company's AMI to provide an accurate picture of the customer's disaggregated energy use. After completing the online audit, customers receive feedback on their energy-use behavior, energy-saving tips, and recommendations and are mailed a kit with energy efficiency measures for self-installation. The kit will include a low-flow bathroom faucet aerator, a low-flow kitchen faucet aerator, a low-flow showerhead, water heater pipe insulation, weatherstripping, caulking, spray foam, and an advanced power strip. In addition, customers who complete the audit gain access to prescriptive rebates for deeper energy efficiency retrofits. Rebate examples include: heat pump water heaters (\$300), central air conditioner (\$300), ductless heat pump (\$400), air source heat pump (\$400), and 95% AFUE furnace (\$250).

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, and VFD

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Lexington, Kentucky

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Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

BUSINESS SOLUTIONS:

Non-Residential Rebates

This program provides nonresidential customers with financial incentives to help replace aging and inefficient equipment. The Company will provide the following offerings:

- **Prescriptive incentives** are available for energy audits and high-efficiency equipment such as lighting, motors, pumps, variable frequency drives, and air conditioning retrofits installed in existing buildings.
- **Custom incentives** are available to eligible customers to implement energy-efficient technologies not currently covered in the prescriptive component of the program. Custom projects are offered for retrofit applications in existing buildings and are subject to preapproval by the Company. The incentives will be based upon achieved first-year energy (kWh) savings and demand (kW) reductions.
- **New construction incentives** are performance-based and intended for constructing new, efficient nonresidential facilities that exceed current state building energy code requirements. The Company offers bonus incentives for LEED certification. Incentives will vary based on project size (i.e., square footage) and performance tier (ranging from 10% to 25% savings over code). Facilities that achieve LEED certification will continue to receive a bonus incentive in addition to the performance-based incentives for constructing the project above code.

Qualifying Rate Schedules: GS, GTOD-E, GTOD-D, AES, PS, TODS, TODP, RTS, FLS, and OSL. Participatory industrial customers may not use their statutory opt-out.

Small Business Audit and Direct Install

This program provides free energy audits to small businesses and allows for direct installation of high-efficiency equipment. A third-party contractor will provide a complimentary energy audit of the customer's facility. The Company will provide free direct installation of energy-saving products that may include nonresidential LED bulbs and fixtures, faucet aerators, low-flow showerheads, and pre-rinse spray valves.

Qualifying Rate Schedules: GS, GTOD-E, and GTOD-D.

Non-Residential Midstream Lighting

This program will not begin until January 1, 2026.

This program provides incentives to lighting distributors to stock and sell high-efficiency equipment. The bulk of the incentives will be passed through to customers. This incentive delivery mechanism is designed to encourage distributors to stock and sell high-efficiency equipment models and reduce participation barriers for customers and contractors (such as no rebate application submission burden).

D/N

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Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

DEMAND RESPONSE PROGRAMS:

The Company retains the right to limit participation in multiple programs to prevent compensating a customer more than once for the same demand reduction.

T/N

CONNECTED SOLUTIONS:

Residential and Small Nonresidential Demand Conservation

This program employs switches in homes to help reduce the demand for electricity during peak times. The program communicates with the switches to cycle central air conditioning units, heat pumps, electric water heaters, and pool pumps off and on through a predetermined sequence. As of January 14, 2023, no additional switches will be installed under this program. Customers currently enrolled in this program will be allowed to continue to participate until their switch fails.

- Single-family A/C and heat pump switches receive \$5 per event per device (up to 20 events per year)
- Single-family water heater and pool pump switches receive \$4 per event per device (up to 20 events per year)
- Multifamily A/C and heat pump switches receive \$2 per event per device for tenants and \$2 per event per device for property owners/managers (up to 20 events per year)
- Multifamily water heater and pool pump switches receive \$4 per event per device for tenants and \$4 per event per device for property owners/managers (up to 20 events per year)
- Small business A/C switches receive \$5 per summer month (up \$20 annually) per device for each central A/C unit or heat pump system weighing up to five tons, plus an additional \$1 per month for every additional ton
- Small business water heater switches receive \$4 per month (up to \$16 annually) per device

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D.

Bring-Your-Own Device (BYOD)

This program is an event-based, load control resource that enables the Company to directly manage summer and winter loads during hours of peak demand through smart thermostats and other devices (without the need for switches). The Company will pay customers an incentive for enrolling and another incentive for each event their device participates in. Beginning in 2024, the Company will offer customers an incentive of up to \$50 for enrolling a smart thermostat and up to \$10 for each event in which their device participates (up to 25 events per year). In 2026, the Company will offer customers an incentive of up to \$50 for enrolling a smart water heater and up to \$10 for each event in which their device participates (up to 25 events per year). A maximum incentive of \$300 per device in the first year of participation and \$250 per device in each year thereafter.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D.

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Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

Optimized Charging

This program targets electric vehicle (EV) charging to provide demand response and load shifting. The subcomponent allows the Company to issue signals to qualifying electric vehicles and qualifying electric vehicle supply equipment to affect the timing and level of charging for electric vehicles within parameters set by participants. The program requires no action from the customer after enrollment aside from plugging in the vehicle. The Company will offer an incentive for enrolling in the subcomponent and a monthly incentive for continuing the Company’s access to optimize charging for the vehicle. The Company will offer customers a one-time incentive upon enrollment of up to a \$50 per vehicle and up to \$5 per month for optimized charging per vehicle. A maximum incentive of \$110 per vehicle in the first year of participation and \$60 per vehicle in each year thereafter.

Qualifying Rate Schedules: RS and GS where used in conjunction with an RS service to provide service to a detached garage for charging an EV.

Online Transactional Marketplace:

This program offers instant incentives through price markdowns to customers who purchase qualified products. Customers who purchase a new smart thermostat from the Online Transactional Marketplace will be automatically enrolled in the BYOD program subcomponent. The Company will offer a discount of up to \$75 on smart thermostats and up to \$10 on smart plugs. Beginning in 2026, the Company will offer a discount of up to \$50 on smart water heaters. The Company will continue to monitor cost-effective opportunities for new measure offerings to be added to the Online Transactional Marketplace.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D.

PEAK TIME REBATES:

This program will not begin until January 1, 2025.

This program is a voluntary, event-based demand response resource that pays customers to reduce their electric consumption during times of high demand all year round. The Company would notify customers in advance of peak demand events and educate customers on ways to save and shift energy consumption during events. Customers’ savings will be calculated by comparing their metered consumption with an estimate of their baseline consumption during events. The Company will offer incentives based on a pay-for-performance model. Customers participating in Peak Time Rebates will earn up to \$2 for every kWh of savings achieved during an event relative to their baseline energy consumption. Customers will be eligible for up to a \$15 annual participation bonus for each year that they remain enrolled in the program and actively participate. The Company anticipates up to 25 events per year.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D with a valid interval consumption meter (i.e., AMI).

N
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DATE OF ISSUE: December 15, 2022

DATE EFFECTIVE: January 14, 2023

ISSUED BY: /s/ Robert M. Conroy, Vice President
State Regulation and Rates
Lexington, Kentucky

**Issued by Authority of an Order of the
Public Service Commission in Case No.
2022-00402 dated XXXX**

Adjustment Clause	DSM	T
Demand-Side Management Cost Recovery Mechanism		
DSM Cost Recovery Component (DSMRC)		
Monthly Adjustment Factors:		
<u>Rates RS, RTOD-Energy, RTOD-Demand, VFD</u>		
	<u>Energy Charge</u>	
DSM Cost Recovery Component (DCR)	\$ 0.00085 per kWh	
DSM Revenues from Lost Sales (DRLS)	\$ 0.00007 per kWh	
DSM Incentive (DSMI)	\$ 0.00000 per kWh	
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00051 per kWh	
DSM Balance Adjustment (DBA)	\$(0.00023) per kWh	
Total DSMRC for Rates RS, RTOD-Energy, RTOD-Demand, and VFD	\$ 0.00120 per kWh	
 <u>Rate GS, GTOD-Energy, GTOD-Demand</u>		
	<u>Energy Charge</u>	
DSM Cost Recovery Component (DCR)	\$ 0.00068 per kWh	
DSM Revenues from Lost Sales (DRLS)	\$ 0.00085 per kWh	
DSM Incentive (DSMI)	\$ 0.00001 per kWh	
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00011 per kWh	
DSM Balance Adjustment (DBA)	\$(0.00009) per kWh	
Total DSMRC for Rate GS, GTOD-Energy, and GTOD-Demand	\$ 0.00156 per kWh	
 <u>Rate AES</u>		
	<u>Energy Charge</u>	
DSM Cost Recovery Component (DCR)	\$ 0.00158 per kWh	
DSM Revenues from Lost Sales (DRLS)	\$ 0.00373 per kWh	
DSM Incentive (DSMI)	\$ 0.00008 per kWh	
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00272 per kWh	
DSM Balance Adjustment (DBA)	\$ 0.00038 per kWh	
Total DSMRC for Rate AES	\$ 0.00849 per kWh	
 <u>Rates PS, TODS, TODP, RTS, FLS, OSL</u>		
	<u>Energy Charge</u>	
DSM Cost Recovery Component (DCR)	\$ 0.00059 per kWh	
DSM Revenues from Lost Sales (DRLS)	\$ 0.00107 per kWh	
DSM Incentive (DSMI)	\$ 0.00002 per kWh	
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00026 per kWh	
DSM Balance Adjustment (DBA)	\$ 0.00004 per kWh	
Total DSMRC for Rates PS, TODS, TODP, RTS, FLS, and OSL	\$ 0.00198 per kWh	

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Kentucky Utilities Company

P.S.C. No. 20, First Revision of Original Sheet No. 86.2
Canceling P.S.C. No. 20, Original Sheet No. 86.2

Adjustment Clause **DSM**
Demand-Side Management Cost Recovery Mechanism

RATE (continued)

Revenues collected hereunder are based on engineering estimates of energy savings, expected program participation, and estimated sales for the upcoming twelve-month period. At the end of each such period, any difference between the lost revenues actually collected hereunder and the lost revenues determined after any revisions of the engineering estimates and actual program participation are accounted for shall be reconciled in future billings under the DSM Balance Adjustment (DBA) component.

A program evaluation vendor will be selected to provide evaluation criteria against which energy savings will be estimated for that program. Each program will be evaluated after implementation and any revision of the original engineering estimates will be reflected in both (a) the retroactive true-up provided for under the DBA and (b) the prospective future lost revenues collected hereunder.

DSMI = DSM INCENTIVE

For all Energy ~~Efficiency~~ Programs, the DSMI shall be computed by multiplying the net resource savings expected from the approved programs that are to be installed during the upcoming twelve-month period times fifteen (15) percent, not to exceed five (5) percent of program expenditures. Net resource savings are defined as program benefits less utility program costs and participant costs where program benefits will be calculated on the basis of the present value of Company's avoided costs over the expected life of the program, and will include both capacity and energy savings..

T/D Deleted: Impact
Deleted: except Residential and Small Nonresidential Demand Conservation and the Large Nonresidential Demand Conservation Programs

The DSMI amount related to programs for Rates RS, RTOD-Energy, RTOD-Demand, Rate VFD, GS, GTOD-Energy, GTOD-Demand, AES, PS, TODS, TODP, RTS, FLS, and OSL shall be divided by the expected kilowatt-hour sales for the upcoming twelve-month period to determine the DSMI for such rate class. DSMI amounts will be assigned for recovery purposes to the rate classes whose programs created the incentive.

DBA = DSM BALANCE ADJUSTMENT

The DBA shall be calculated on a calendar-year basis and is used to reconcile the difference between the amount of revenues actually billed through the DCR, DRLS, DSMI, DCCR, and previous application of the DBA and the revenues that should have been billed, as follows:

- 1) For the DCR, the balance adjustment amount will be the difference between the amount billed in a twelve-month period from the application of the DCR unit charge and the actual cost of the approved programs during the same twelve-month period.
- 2) For the DRLS the balance adjustment amount will be the difference between the amount billed during the twelve-month period from application of the DRLS unit charge and the amount of lost revenues determined for the actual DSM measures implemented during the twelve-month period.

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Kentucky Utilities Company

P.S.C. No. 20, First Revision of Original Sheet No. 86.4
Canceling P.S.C. No. 20, Original Sheet No. 86.4

Adjustment Clause **DSM**
Demand-Side Management Cost Recovery Mechanism

RATE (continued)
CHANGES TO DSMRC

Modifications to components of the DSMRC shall be made at least thirty (30) days prior to the effective date. Each filing shall include the following information as applicable:

- 1) A detailed description of each DSM-EE program developed by the collaborative process, the total cost of each program over the twelve-month period, an analysis of expected resource savings, information concerning the specific DSM or efficiency measures to be installed, and any applicable studies that have been performed, as available.
- 2) A statement setting forth the detailed calculation of the DCR, DRLS, DSMI, DBA, DCCR, and DSMRC.

Each change in the DSMRC shall be placed into effect with service rendered on and after the effective date of such change.

ENERGY EFFICIENCY PROGRAMS:

INCOME-QUALIFIED SOLUTIONS:

Low Income Weatherization Program (WeCare)

This is an education and weatherization program designed to reduce energy consumption of income-qualified customers. The program provides energy audits, energy education, and installation of weatherization and energy conservation measures in qualified single-family homes. Qualified customers will receive energy conservation measures averaging \$1,650 per single-family household in program services.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, and VFD customers who qualify for Federal Low Income Weatherization Assistance Program or Low Income Home Energy Assistance Program services or those who are at or below 300% of the federal poverty level.

Whole-Building MultiFamily

This is an education and weatherization program designed as a service for increasing the efficiency of property managers' and owners' income-qualified properties' common areas and tenant units. The Company will provide the following:

- Direct installation of various energy-saving devices to help reduce energy use in residents' living units and in common areas, free to both the property owners and tenants
- Incentives to property managers and owners who purchase high-efficiency equipment to retrofit the property as a whole rather than individual units
- Energy usage and conservation education

D/N

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This program employs switches in homes to help reduce the demand for electricity during peak times. The program communicates with the switches to cycle central air conditioning units, heat pumps, electric water heaters, and pool pumps off and on through a predetermined sequence. As of the Date Effective shown below, no additional electric water heaters or pool pumps will be equipped with switches under this program.

Deleted: Low Income Weatherization Program (WeCare)¶
This is an education and weatherization program designed to reduce energy consumption of income-qualified customers. The program provides energy audits, energy education, and installation of weatherization and energy conservation measures in qualified single-family homes as well as tenant units and common areas of qualifying multifamily properties. Qualified customers could receive energy conservation measures ranging from \$0 to \$2,100 based upon the results of an energy audit. ¶

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Kentucky Utilities Company

P.S.C. No. 20, First Revision of Original Sheet No. 86.5
Canceling P.S.C. No. 20, Original Sheet No. 86.5

Adjustment Clause **DSM**
Demand-Side Management Cost Recovery Mechanism

Whole-Building MultiFamily (continued)

Qualified customers will receive energy conservation measures averaging \$750 per multifamily unit in program services.
Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D (e.g., master-metered buildings) who are multifamily property managers and owners serving low-income tenants, including those in Section 8 housing. Multifamily buildings will be defined as dwellings with four (4) or more units.

D/N

APPLIANCE RECYCLING:

This program will not begin until January 1, 2026.

This program offers residential customers an opportunity to safely dispose of and recycle inefficient appliances and receive a one-time incentive for doing so. The Company seeks to work with an independent third-party vendor to collect and transport working but inefficient appliances to an appropriate recycling center that is responsible for adhering to local, state, and federal recycling ordinances. The program seeks to target removal and recycling of refrigerators, freezers, room air conditioners, and dehumidifiers. The Company will offer free pick-up and \$50 per eligible, recycled refrigerator or freezer. There is no incentive for room air conditioners or dehumidifiers, but units will be picked up and recycled at no cost to the participant when an incented appliance is picked up.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, and small GS, GTOD-E, GTOD-D customers with residential-style appliances.

RESIDENTIAL ONLINE AUDIT:

This program will not begin until January 1, 2025.

This program is a web-based, self-guided assessment of a customer's home and includes information about the home's space and water heating, appliance and plug load, and other energy end uses. The audit pulls customer-specific interval data from the Company's AMI to provide an accurate picture of the customer's disaggregated energy use. After completing the online audit, customers receive feedback on their energy-use behavior, energy-saving tips, and recommendations and are mailed a kit with energy efficiency measures for self-installation. The kit will include a low-flow bathroom faucet aerator, a low-flow kitchen faucet aerator, a low-flow showerhead, water heater pipe insulation, weatherstripping, caulking, spray foam, and an advanced power strip. In addition, customers who complete the audit gain access to prescriptive rebates for deeper energy efficiency retrofits. Rebate examples include: heat pump water heaters (\$300), central air conditioner (\$300), ductless heat pump (\$400), air source heat pump (\$400), and 95% AFUE furnace (\$250).

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, and VFD

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Kentucky Utilities Company

P.S.C. No. 20, First Revision of Original Sheet No. 86.6
Canceling P.S.C. No. 20, Original Sheet No. 86.6

Adjustment Clause **DSM**
Demand-Side Management Cost Recovery Mechanism

BUSINESS SOLUTIONS:

Non-Residential Rebates

This program provides nonresidential customers with financial incentives to help replace aging and inefficient equipment. The Company will provide the following offerings:

- Prescriptive incentives are available for energy audits and high-efficiency equipment such as lighting, motors, pumps, variable frequency drives, and air conditioning retrofits installed in existing buildings.
- Custom incentives are available to eligible customers to implement energy-efficient technologies not currently covered in the prescriptive component of the program. Custom projects are offered for retrofit applications in existing buildings and are subject to preapproval by the Company. The incentives will be based upon achieved first-year energy (kWh) savings and demand (kW) reductions.
- New construction incentives are performance-based and intended for constructing new, efficient nonresidential facilities that exceed current state building energy code requirements. The Company offers bonus incentives for LEED certification. Incentives will vary based on project size (i.e., square footage) and performance tier (ranging from 10% to 25% savings over code). Facilities that achieve LEED certification will continue to receive a bonus incentive in addition to the performance-based incentives for constructing the project above code.

Qualifying Rate Schedules: GS, GTOD-E, GTOD-D, AES, PS, TODS, TODP, RTS, FLS, and OSL. Participatory industrial customers may not use their statutory opt-out.

Small Business Audit and Direct Install

This program provides free energy audits to small businesses and allows for direct installation of high-efficiency equipment. A third-party contractor will provide a complimentary energy audit of the customer's facility. The Company will provide free direct installation of energy-saving products that may include nonresidential LED bulbs and fixtures, faucet aerators, low-flow showerheads, and pre-rinse spray valves.

Qualifying Rate Schedules: GS, GTOD-E, and GTOD-D.

Non-Residential Midstream Lighting

This program will not begin until January 1, 2026.

This program provides incentives to lighting distributors to stock and sell high-efficiency equipment. The bulk of the incentives will be passed through to customers. This incentive delivery mechanism is designed to encourage distributors to stock and sell high-efficiency equipment models and reduce participation barriers for customers and contractors (such as no rebate application submission burden).

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- Deleted:** 441
- Deleted:** October 5, 2018 and modified October 30, 2018

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Kentucky Utilities Company

P.S.C. No. 20, Fourth Revision of Original Sheet No. 86.7
Canceling P.S.C. No. 20, Third Revision of Original Sheet No. 86.7

Adjustment Clause **DSM**
Demand-Side Management Cost Recovery Mechanism

DEMAND RESPONSE PROGRAMS:

The Company retains the right to limit participation in multiple programs to prevent compensating a customer more than once for the same demand reduction.

T/N

CONNECTED SOLUTIONS:

Residential and Small Nonresidential Demand Conservation

This program employs switches in homes to help reduce the demand for electricity during peak times. The program communicates with the switches to cycle central air conditioning units, heat pumps, electric water heaters, and pool pumps off and on through a predetermined sequence. As of January 14, 2023, no additional switches will be installed under this program. Customers currently enrolled in this program will be allowed to continue to participate until their switch fails.

- Single-family A/C and heat pump switches receive \$5 per event per device (up to 20 events per year)
- Single-family water heater and pool pump switches receive \$4 per event per device (up to 20 events per year)
- Multifamily A/C and heat pump switches receive \$2 per event per device for tenants and \$2 per event per device for property owners/managers (up to 20 events per year)
- Multifamily water heater and pool pump switches receive \$4 per event per device for tenants and \$4 per event per device for property owners/managers (up to 20 events per year)
- Small business A/C switches receive \$5 per summer month (up to \$20 annually) per device for each central A/C unit or heat pump system weighing up to five tons, plus an additional \$1 per month for every additional ton
- Small business water heater switches receive \$4 per month (up to \$16 annually) per device

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D.

Bring-Your-Own Device (BYOD)

This program is an event-based, load control resource that enables the Company to directly manage summer and winter loads during hours of peak demand through smart thermostats and other devices (without the need for switches). The Company will pay customers an incentive for enrolling and another incentive for each event their device participates in. Beginning in 2024, the Company will offer customers an incentive of up to \$50 for enrolling a smart thermostat and up to \$10 for each event in which their device participates (up to 25 events per year). In 2026, the Company will offer customers an incentive of up to \$50 for enrolling a smart water heater and up to \$10 for each event in which their device participates (up to 25 events per year). A maximum incentive of \$300 per device in the first year of participation and \$250 per device in each year thereafter.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D.

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Kentucky Utilities Company

P.S.C. No. 20, Original Sheet No. 86.8

Adjustment Clause DSM
Demand-Side Management Cost Recovery Mechanism

Optimized Charging

This program targets electric vehicle (EV) charging to provide demand response and load shifting. The subcomponent allows the Company to issue signals to qualifying electric vehicles and qualifying electric vehicle supply equipment to affect the timing and level of charging for electric vehicles within parameters set by participants. The program requires no action from the customer after enrollment aside from plugging in the vehicle. The Company will offer an incentive for enrolling in the subcomponent and a monthly incentive for continuing the Company's access to optimize charging for the vehicle. The Company will offer customers a one-time incentive upon enrollment of up to a \$50 per vehicle and up to \$5 per month for optimized charging per vehicle. A maximum incentive of \$110 per vehicle in the first year of participation and \$60 per vehicle in each year thereafter.

Qualifying Rate Schedules: RS and GS where used in conjunction with an RS service to provide service to a detached garage for charging an EV.

Online Transactional Marketplace:

This program offers instant incentives through price markdowns to customers who purchase qualified products. Customers who purchase a new smart thermostat from the Online Transactional Marketplace will be automatically enrolled in the BYOD program subcomponent. The Company will offer a discount of up to \$75 on smart thermostats and up to \$10 on smart plugs. Beginning in 2026, the Company will offer a discount of up to \$50 on smart water heaters. The Company will continue to monitor cost-effective opportunities for new measure offerings to be added to the Online Transactional Marketplace.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D.

PEAK TIME REBATES:

This program will not begin until January 1, 2025.

This program is a voluntary, event-based demand response resource that pays customers to reduce their electric consumption during times of high demand all year round. The Company would notify customers in advance of peak demand events and educate customers on ways to save and shift energy consumption during events. Customers' savings will be calculated by comparing their metered consumption with an estimate of their baseline consumption during events. The Company will offer incentives based on a pay-for-performance model. Customers participating in Peak Time Rebates will earn up to \$2 for every kWh of savings achieved during an event relative to their baseline energy consumption. Customers will be eligible for up to a \$15 annual participation bonus for each year that they remain enrolled in the program and actively participate. The Company anticipates up to 25 events per year.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D with a valid interval consumption meter (i.e., AMI).

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Kentucky Utilities Company

P.S.C. No. 20, Original Sheet No. 86.9

Adjustment Clause DSM
Demand-Side Management Cost Recovery Mechanism

NON-RESIDENTIAL DEMAND RESPONSE:

This program may employ (as needed) interfaces to customer equipment to help reduce the demand for electricity during peak times. The program communicates with the interfaces to cycle equipment. This program has an approved flexible incentive structure. The Company will notify customers in advance of peak demand events. The incentive rate is \$75 per kW curtailed. The incentive amount that a participant receives will continue to be calculated based on the actual demand reduction achieved by the participant over the entire year's events. Qualifying Rate Schedules: AES, PS, TODS, TODP, RTS, and FLS customers with at least a 200 kW demand and a minimum load reduction capability of at least 50 kW. Curtable Service Rider (CSR) customers are not eligible for participation in this program.

N

Deleted: RESIDENTIAL ADVANCED METERING SYSTEMS INCENTIVES:¶

The following offering is available to residential customers receiving service from the Company on the RS Rate Schedule.¶

¶ Advanced Metering Systems Customer Service Offering¶

This offering is designed to provide energy consumption data to customers on a more frequent basis than is traditionally available through monthly billing. The program employs advanced meters to communicate hourly consumption data to customers through a website.¶

¶ NONRESIDENTIAL CUSTOMER PROGRAM PARTICIPATION INCENTIVES:¶

The following DSM-EE programs are available to nonresidential customers receiving service from the Company on the GS, GTOD-Energy, GTOD-Demand, AES, PS, TODS, TODP, RTS, FLS, and OSL Standard Electric Rate Schedules.¶

¶ Residential and Small Nonresidential Demand Conservation Program¶

This program employs switches to help reduce the demand for electricity during peak times. The program communicates with the switches to cycle central air conditioning units, heat pumps, electric water heaters, and pool pumps off and on through a predetermined sequence. As of the Date Effective shown below, no additional electric water heaters or pool pumps will be equipped with switches under this program. ¶

¶ Large Nonresidential Demand Conservation Program¶

This program employs interfaces to customer equipment to help reduce the demand for electricity during peak times. The program communicates with the interfaces to cycle equipment. This program has an approved flexible incentive structure. ¶

¶ Nonresidential Rebates Program¶

This program is designed to increase the implementation of energy efficiency measures by providing financial incentives to assist with the replacement of aging and less efficient equipment and for new construction built beyond code requirements. The Program also offers an online tool providing recommendations for energy efficiency improvements. Incentives available to all nonresidential customers are based upon the avoided cost of energy for calculated efficiency improvements. A prescriptive list provides customers with incentive values for various efficiency improvement projects. Additionally, a custom rebate is available based upon company engineering validation of sustainable energy savings. New construction rebates are available on savings over code plus bonus rebates for LEED certification.¶

¶ Maximum annual incentive per facility is \$50,000¶
Customers can receive multi-year incentives in a single year where such multi-year incentives do not exceed the

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Kentucky Utilities Company

P.S.C. No. 20, Original Sheet No. 86.10

Adjustment Clause **DSM**
Demand-Side Management Cost Recovery Mechanism

DSM Cost Recovery Component (DSMRC)
Monthly Adjustment Factors:

Rates RS, RTOD-Energy, RTOD-Demand, VFD

	Energy Charge	
DSM Cost Recovery Component (DCR)	\$ 0.00085 per kWh	
DSM Revenues from Lost Sales (DRLS)	\$ 0.00007 per kWh	
DSM Incentive (DSMI)	\$ 0.00000 per kWh	
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00051 per kWh	
DSM Balance Adjustment (DBA)	\$ (0.00023) per kWh	
Total DSMRC for Rates RS, RTOD-Energy, RTOD-Demand, and VFD	\$ 0.00120 per kWh	

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Rate GS, GTOD-Energy, GTOD-Demand

	Energy Charge	
DSM Cost Recovery Component (DCR)	\$ 0.00068 per kWh	
DSM Revenues from Lost Sales (DRLS)	\$ 0.00085 per kWh	
DSM Incentive (DSMI)	\$ 0.00001 per kWh	
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00011 per kWh	
DSM Balance Adjustment (DBA)	\$ (0.00009) per kWh	
Total DSMRC for Rate GS, GTOD-Energy, and GTOD-Demand	\$ 0.00156 per kWh	

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Rate AES

	Energy Charge	
DSM Cost Recovery Component (DCR)	\$ 0.00158 per kWh	
DSM Revenues from Lost Sales (DRLS)	\$ 0.00373 per kWh	
DSM Incentive (DSMI)	\$ 0.00008 per kWh	
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00272 per kWh	
DSM Balance Adjustment (DBA)	\$ 0.00038 per kWh	
Total DSMRC for Rate AES	\$ 0.00849 per kWh	

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Rates PS, TODS, TODP, RTS, FLS, OSL

	Energy Charge	
DSM Cost Recovery Component (DCR)	\$ 0.00059 per kWh	
DSM Revenues from Lost Sales (DRLS)	\$ 0.00107 per kWh	
DSM Incentive (DSMI)	\$ 0.00002 per kWh	
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00026 per kWh	
DSM Balance Adjustment (DBA)	\$ 0.00004 per kWh	
Total DSMRC for Rates PS, TODS, TODP, RTS, FLS, and OSL	\$ 0.00198 per kWh	

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Louisville Gas and Electric Company
Electric Tariffs
Clean and Redline Versions
Exhibit RMC-2

Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

RATE (continued)

Revenues collected hereunder are based on engineering estimates of energy savings, expected program participation, and estimated sales for the upcoming twelve-month period. At the end of each such period, any difference between the lost revenues actually collected hereunder and the lost revenues determined after any revisions of the engineering estimates and actual program participation are accounted for shall be reconciled in future billings under the DSM Balance Adjustment (DBA).

A program evaluation vendor will be selected to provide evaluation criteria against which energy savings will be estimated for that program. Each program will be evaluated after implementation and any revision of the original engineering estimates will be reflected in both (a) the retroactive true-up provided for under the DBA and (b) the prospective future lost revenues collected hereunder.

DSMI = DSM INCENTIVE

For all Energy Efficiency Programs, the DSMI shall be computed by multiplying the net resource savings expected from the approved programs that are to be installed during the upcoming twelve-month period times fifteen (15) percent, not to exceed five (5) percent of program expenditures. Net resource savings are defined as program benefits less utility program costs and participant costs where program benefits will be calculated on the basis of the present value of Company's avoided costs over the expected life of the program, and will include both capacity and energy savings.

T/D

The DSMI amount related to programs for Rates RS, RTOD-Energy, RTOD-Demand, VFD, GS, GTOD-Energy, GTOD-Demand, PS, TODS, TODP, RTS, FLS, and OSL shall be divided by the expected kilowatt-hour sales for the upcoming twelve-month period to determine the DSMI for such rate class. DSMI amounts will be assigned for recovery purposes to the rate classes whose programs created the incentive.

DBA = DSM BALANCE ADJUSTMENT

The DBA shall be calculated on a calendar-year basis and is used to reconcile the difference between the amount of revenues actually billed through the DCR, DRLS, DSMI, DCCR, and previous application of the DBA and the revenues that should have been billed, as follows:

- 1) For the DCR, the balance adjustment amount will be the difference between the amount billed in a twelve-month period from the application of the DCR unit charge and the actual cost of the approved programs during the same twelve-month period.
- 2) For the DRLS the balance adjustment amount will be the difference between the amount billed during the twelve-month period from application of the DRLS unit charge and the amount of lost revenues determined for the actual DSM measures implemented during the twelve-month period.

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State Regulation and Rates
Louisville, Kentucky

**Issued by Authority of an Order of the
Public Service Commission in Case No.
2022-00402 dated XXXX**

Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

RATE (continued)

CHANGES TO DSMRC

Modifications to components of the DSMRC shall be made at least thirty (30) days prior to the effective date. Each filing shall include the following information as applicable:

- 1) A detailed description of each DSM-EE program developed by the collaborative process, the total cost of each program over the twelve-month period, an analysis of expected resource savings, information concerning the specific DSM or efficiency measures to be installed, and any applicable studies that have been performed, as available.
- 2) A statement setting forth the detailed calculation of the DCR, DRLS, DSMI, DBA, DCCR, and DSMRC.

Each change in the DSMRC shall be placed into effect with service rendered on and after the effective date of such change.

ENERGY EFFICIENCY PROGRAMS:

D/N

INCOME-QUALIFIED SOLUTIONS:

Low Income Weatherization Program (WeCare)

This is an education and weatherization program designed to reduce energy consumption of income-qualified customers. The program provides energy audits, energy education, and installation of weatherization and energy conservation measures in qualified single-family homes. Qualified customers will receive energy conservation measures averaging \$1,650 per single-family household in program services.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, and VFD customers who qualify for Federal Low Income Weatherization Assistance Program or Low Income Home Energy Assistance Program services or those who are at or below 300% of the federal poverty level.

Whole-Building MultiFamily

This is an education and weatherization program designed as a service for increasing the efficiency of property managers' and owners' income-qualified properties' common areas and tenant units. The Company will provide the following:

- Direct installation of various energy-saving devices to help reduce energy use in residents' living units and in common areas, free to both the property owners and tenants
- Incentives to property managers and owners who purchase high-efficiency equipment to retrofit the property as a whole rather than individual units
- Energy usage and conservation education



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DATE EFFECTIVE: January 14, 2023

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State Regulation and Rates
Louisville, Kentucky

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2022-00402 dated XXXX**

Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

Whole-Building MultiFamily (continued)

D/N

Qualified customers will receive energy conservation measures averaging \$750 per multifamily unit in program services.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D (e.g., master-metered buildings) who are multifamily property managers and owners serving low-income tenants, including those in Section 8 housing. Multifamily buildings will be defined as dwellings with four (4) or more units.

APPLIANCE RECYCLING:

This program will not begin until January 1, 2026.

This program offers residential customers an opportunity to safely dispose of and recycle inefficient appliances and receive a one-time incentive for doing so. The Company seeks to work with an independent third-party vendor to collect and transport working but inefficient appliances to an appropriate recycling center that is responsible for adhering to local, state, and federal recycling ordinances. The program seeks to target removal and recycling of refrigerators, freezers, room air conditioners, and dehumidifiers. The Company will offer free pick-up and \$50 per eligible, recycled refrigerator or freezer. There is no incentive for room air conditioners or dehumidifiers, but units will be picked up and recycled at no cost to the participant when an incented appliance is picked up.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, and small GS, GTOD-E, GTOD-D customers with residential-style appliances.

RESIDENTIAL ONLINE AUDIT:

This program will not begin until January 1, 2025.

This program is a web-based, self-guided assessment of a customer's home and includes information about the home's space and water heating, appliance and plug load, and other energy end uses. The audit pulls customer-specific interval data from the Company's AMI to provide an accurate picture of the customer's disaggregated energy use. After completing the online audit, customers receive feedback on their energy-use behavior, energy-saving tips, and recommendations and are mailed a kit with energy efficiency measures for self-installation. The kit will include a low-flow bathroom faucet aerator, a low-flow kitchen faucet aerator, a low-flow showerhead, water heater pipe insulation, weatherstripping, caulking, spray foam, and an advanced power strip. In addition, customers who complete the audit gain access to prescriptive rebates for deeper energy efficiency retrofits. Rebate examples include: heat pump water heaters (\$300), central air conditioner (\$300), ductless heat pump (\$400), air source heat pump (\$400), and 95% AFUE furnace (\$250).

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, and VFD

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Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

BUSINESS SOLUTIONS:

D/N

Non-Residential Rebates

This program provides nonresidential customers with financial incentives to help replace aging and inefficient equipment. The Company will provide the following offerings:

- **Prescriptive incentives** are available for energy audits and high-efficiency equipment such as lighting, motors, pumps, variable frequency drives, and air conditioning retrofits installed in existing buildings.
- **Custom incentives** are available to eligible customers to implement energy-efficient technologies not currently covered in the prescriptive component of the program. Custom projects are offered for retrofit applications in existing buildings and are subject to preapproval by the Company. The incentives will be based upon achieved first-year energy (kWh) savings and demand (kW) reductions.
- **New construction incentives** are performance-based and intended for constructing new, efficient nonresidential facilities that exceed current state building energy code requirements. The Company offers bonus incentives for LEED certification. Incentives will vary based on project size (i.e., square footage) and performance tier (ranging from 10% to 25% savings over code). Facilities that achieve LEED certification will continue to receive a bonus incentive in addition to the performance-based incentives for constructing the project above code.

Qualifying Rate Schedules: GS, GTOD-E, GTOD-D, PS, TODS, TODP, RTS, FLS, and OSL. Participatory industrial customers may not use their statutory opt-out.

Small Business Audit and Direct Install

This program provides free energy audits to small businesses and allows for direct installation of high-efficiency equipment. A third-party contractor will provide a complimentary energy audit of the customer's facility. The Company will provide free direct installation of energy-saving products that may include nonresidential LED bulbs and fixtures, faucet aerators, low-flow showerheads, and pre-rinse spray valves.

Qualifying Rate Schedules: GS, GTOD-E, and GTOD-D.

Non-Residential Midstream Lighting

This program will not begin until January 1, 2026.

This program provides incentives to lighting distributors to stock and sell high-efficiency equipment. The bulk of the incentives will be passed through to customers. This incentive delivery mechanism is designed to encourage distributors to stock and sell high-efficiency equipment models and reduce participation barriers for customers and contractors (such as no rebate application submission burden).

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Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

DEMAND RESPONSE PROGRAMS:

The Company retains the right to limit participation in multiple programs to prevent compensating a customer more than once for the same demand reduction.

T/N

CONNECTED SOLUTIONS:

Residential and Small Nonresidential Demand Conservation

This program employs switches in homes to help reduce the demand for electricity during peak times. The program communicates with the switches to cycle central air conditioning units, heat pumps, electric water heaters, and pool pumps off and on through a predetermined sequence. As of January 14, 2023, no additional switches will be installed under this program. Customers currently enrolled in this program will be allowed to continue to participate until their switch fails.

- Single-family A/C and heat pump switches receive \$5 per event per device (up to 20 events per year)
- Single-family water heater and pool pump switches receive \$4 per event per device (up to 20 events per year)
- Multifamily A/C and heat pump switches receive \$2 per event per device for tenants and \$2 per event per device for property owners/managers (up to 20 events per year)
- Multifamily water heater and pool pump switches receive \$4 per event per device for tenants and \$4 per event per device for property owners/managers (up to 20 events per year)
- Small business A/C switches receive \$5 per summer month (up \$20 annually) per device for each central A/C unit or heat pump system weighing up to five tons, plus an additional \$1 per month for every additional ton
- Small business water heater switches receive \$4 per month (up to \$16 annually) per device

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D.

Bring-Your-Own Device (BYOD)

This program is an event-based, load control resource that enables the Company to directly manage summer and winter loads during hours of peak demand through smart thermostats and other devices (without the need for switches). The Company will pay customers an incentive for enrolling and another incentive for each event their device participates in. Beginning in 2024, the Company will offer customers an incentive of up to \$50 for enrolling a smart thermostat and up to \$10 for each event in which their device participates (up to 25 events per year). In 2026, the Company will offer customers an incentive of up to \$50 for enrolling a smart water heater and up to \$10 for each event in which their device participates (up to 25 events per year). A maximum incentive of \$300 per device in the first year of participation and \$250 per device in each year thereafter.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D.

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State Regulation and Rates
Louisville, Kentucky

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Public Service Commission in Case No.
2022-00402 dated XXXX**

Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

Optimized Charging

This program targets electric vehicle (EV) charging to provide demand response and load shifting. The subcomponent allows the Company to issue signals to qualifying electric vehicles and qualifying electric vehicle supply equipment to affect the timing and level of charging for electric vehicles within parameters set by participants. The program requires no action from the customer after enrollment aside from plugging in the vehicle. The Company will offer an incentive for enrolling in the subcomponent and a monthly incentive for continuing the Company's access to optimize charging for the vehicle. The Company will offer customers a one-time incentive upon enrollment of up to a \$50 per vehicle and up to \$5 per month for optimized charging per vehicle. A maximum incentive of \$110 per vehicle in the first year of participation and \$60 per vehicle in each year thereafter.

Qualifying Rate Schedules: RS and GS where used in conjunction with an RS service to provide service to a detached garage for charging an EV.

Online Transactional Marketplace:

This program offers instant incentives through price markdowns to customers who purchase qualified products. Customers who purchase a new smart thermostat from the Online Transactional Marketplace will be automatically enrolled in the BYOD program subcomponent. The Company will offer a discount of up to \$75 on smart thermostats and up to \$10 on smart plugs. Beginning in 2026, the Company will offer a discount of up to \$50 on smart water heaters. The Company will continue to monitor cost-effective opportunities for new measure offerings to be added to the Online Transactional Marketplace.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D.

PEAK TIME REBATES:

This program will not begin until January 1, 2025.

This program is a voluntary, event-based demand response resource that pays customers to reduce their electric consumption during times of high demand all year round. The Company would notify customers in advance of peak demand events and educate customers on ways to save and shift energy consumption during events. Customers' savings will be calculated by comparing their metered consumption with an estimate of their baseline consumption during events. The Company will offer incentives based on a pay-for-performance model. Customers participating in Peak Time Rebates will earn up to \$2 for every kWh of savings achieved during an event relative to their baseline energy consumption. Customers will be eligible for up to a \$15 annual participation bonus for each year that they remain enrolled in the program and actively participate. The Company anticipates up to 25 events per year.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D with a valid interval consumption meter (i.e., AMI).

DN

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Louisville, Kentucky

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2022-00402 dated XXXX**

Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

NON-RESIDENTIAL DEMAND RESPONSE:

This program may employ (as needed) interfaces to customer equipment to help reduce the demand for electricity during peak times. The program communicates with the interfaces to cycle equipment. This program has an approved flexible incentive structure. The Company will notify customers in advance of peak demand events. The incentive rate is up to \$75 per kW curtailed. The incentive amount that a participant receives will continue to be calculated based on the actual demand reduction achieved by the participant over the entire year's events. Qualifying Rate Schedules: PS, TODS, TODP, RTS, and FLS customers with at least a 200 kW demand and a minimum load reduction capability of at least 50 kW. Curtailable Service Rider (CSR) customers are not eligible for participation in this program

DN



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Public Service Commission in Case No.
2022-00402 dated XXXX**

Adjustment Clause	DSM
Demand-Side Management Cost Recovery Mechanism	
DSM Cost Recovery Component (DSMRC)	
Monthly Adjustment Factors:	
<u>Rates RS, RTOD-Energy, RTOD-Demand VFD</u>	
	<u>Energy Charge</u>
DSM Cost Recovery Component (DCR)	\$ 0.00104 per kWh
DSM Revenues from Lost Sales (DRLS)	\$ 0.00010 per kWh
DSM Incentive (DSMI)	\$ 0.00000 per kWh
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00073 per kWh
DSM Balance Adjustment (DBA)	\$ <u>0.00009</u> per kWh
Total DSMRC for Rates RS, RTOD-Energy, RTOD-Demand, and VFD	\$ 0.00196 per kWh
<u>Rate GS, GTOD-Energy, GTOD-Demand</u>	
	<u>Energy Charge</u>
DSM Cost Recovery Component (DCR)	\$ 0.00069 per kWh
DSM Revenues from Lost Sales (DRLS)	\$ 0.00118 per kWh
DSM Incentive (DSMI)	\$ 0.00002 per kWh
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00049 per kWh
DSM Balance Adjustment (DBA)	\$ <u>0.00018</u> per kWh
Total DSMRC for Rate GS, GTOD-Energy, and GTOD-Demand	\$ 0.00256 per kWh
<u>Rate PS</u>	
	<u>Energy Charge</u>
DSM Cost Recovery Component (DCR)	\$ 0.00158 per kWh
DSM Revenues from Lost Sales (DRLS)	\$ 0.00369 per kWh
DSM Incentive (DSMI)	\$ 0.00007 per kWh
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00039 per kWh
DSM Balance Adjustment (DBA)	\$ <u>0.00086</u> per kWh
Total DSMRC for Rate PS	\$ 0.00659 per kWh
<u>Rates TODS, TODP, RTS, FLS, OSL</u>	
	<u>Energy Charge</u>
DSM Cost Recovery Component (DCR)	\$ 0.00025 per kWh
DSM Revenues from Lost Sales (DRLS)	\$ 0.00024 per kWh
DSM Incentive (DSMI)	\$ 0.00001 per kWh
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00022 per kWh
DSM Balance Adjustment (DBA)	\$ <u>0.00006</u> per kWh
Total DSMRC for Rates TODS, TODP, RTS, FLS, and OSL	\$ 0.00078 per kWh

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Louisville Gas and Electric Company

P.S.C. Electric No. 13, First Revision of Original Sheet No. 86.2
Canceling P.S.C. Electric No. 13, Original Sheet No. 86.2

Adjustment Clause **DSM**
Demand-Side Management Cost Recovery Mechanism

RATE (continued)

Revenues collected hereunder are based on engineering estimates of energy savings, expected program participation, and estimated sales for the upcoming twelve-month period. At the end of each such period, any difference between the lost revenues actually collected hereunder and the lost revenues determined after any revisions of the engineering estimates and actual program participation are accounted for shall be reconciled in future billings under the DSM Balance Adjustment (DBA).

A program evaluation vendor will be selected to provide evaluation criteria against which energy savings will be estimated for that program. Each program will be evaluated after implementation and any revision of the original engineering estimates will be reflected in both (a) the retroactive true-up provided for under the DBA and (b) the prospective future lost revenues collected hereunder.

DSMI = DSM INCENTIVE

For all Energy Efficiency Programs, the DSMI shall be computed by multiplying the net resource savings expected from the approved programs that are to be installed during the upcoming twelve-month period times fifteen (15) percent, not to exceed five (5) percent of program expenditures. Net resource savings are defined as program benefits less utility program costs and participant costs where program benefits will be calculated on the basis of the present value of Company's avoided costs over the expected life of the program, and will include both capacity and energy savings.

T/D

Deleted: Impact
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The DSMI amount related to programs for Rates RS, RTOD-Energy, RTOD-Demand, VFD, GS, GTOD-Energy, GTOD-Demand, PS, TODS, TODP, RTS, FLS, and OSL shall be divided by the expected kilowatt-hour sales for the upcoming twelve-month period to determine the DSMI for such rate class. DSMI amounts will be assigned for recovery purposes to the rate classes whose programs created the incentive.

DBA = DSM BALANCE ADJUSTMENT

The DBA shall be calculated on a calendar-year basis and is used to reconcile the difference between the amount of revenues actually billed through the DCR, DRLS, DSMI, DCCR, and previous application of the DBA and the revenues that should have been billed, as follows:

- 1) For the DCR, the balance adjustment amount will be the difference between the amount billed in a twelve-month period from the application of the DCR unit charge and the actual cost of the approved programs during the same twelve-month period.
- 2) For the DRLS the balance adjustment amount will be the difference between the amount billed during the twelve-month period from application of the DRLS unit charge and the amount of lost revenues determined for the actual DSM measures implemented during the twelve-month period.

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Louisville Gas and Electric Company

P.S.C. Electric No. 13, First Revision of Original Sheet No. 86.4
Canceling P.S.C. Electric No. 13, Original Sheet No. 86.4

Adjustment Clause **DSM**
Demand-Side Management Cost Recovery Mechanism

RATE (continued)
CHANGES TO DSMRC

Modifications to components of the DSMRC shall be made at least thirty (30) days prior to the effective date. Each filing shall include the following information as applicable:

- 1) A detailed description of each DSM-EE program developed by the collaborative process, the total cost of each program over the twelve-month period, an analysis of expected resource savings, information concerning the specific DSM or efficiency measures to be installed, and any applicable studies that have been performed, as available.
- 2) A statement setting forth the detailed calculation of the DCR, DRLS, DSMI, DBA, DCCR, and DSMRC.

Each change in the DSMRC shall be placed into effect with service rendered on and after the effective date of such change.

ENERGY EFFICIENCY PROGRAMS:

INCOME-QUALIFIED SOLUTIONS:

Low Income Weatherization Program (WeCare)

This is an education and weatherization program designed to reduce energy consumption of income-qualified customers. The program provides energy audits, energy education, and installation of weatherization and energy conservation measures in qualified single-family homes. Qualified customers will receive energy conservation measures averaging \$1,650 per single-family household in program services.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, and VFD customers who qualify for Federal Low Income Weatherization Assistance Program or Low Income Home Energy Assistance Program services or those who are at or below 300% of the federal poverty level.

Whole-Building MultiFamily

This is an education and weatherization program designed as a service for increasing the efficiency of property managers' and owners' income-qualified properties' common areas and tenant units. The Company will provide the following:

- Direct installation of various energy-saving devices to help reduce energy use in residents' living units and in common areas, free to both the property owners and tenants
- Incentives to property managers and owners who purchase high-efficiency equipment to retrofit the property as a whole rather than individual units
- Energy usage and conservation education

D/N

Deleted: RESIDENTIAL CUSTOMER PROGRAM PARTICIPATION INCENTIVES:¶

The following DSM-EE Programs are available to residential customers receiving service from the Company on the RS, RTOD-Energy, RTOD-Demand, and VFD Standard Electric Rate Schedules.¶

¶ Residential and Small Nonresidential Demand Conservation Program¶

This program employs switches in homes to help reduce the demand for electricity during peak times. The program communicates with the switches to cycle central air conditioning units, heat pumps, electric water heaters, and pool pumps off and on through a predetermined sequence. As of the Date Effective shown below, no additional electric water heaters or pool pumps will be equipped with switches under this program. ¶

¶ Low Income Weatherization Program (WeCare)¶

This is an education and weatherization program designed to reduce energy consumption of income-qualified customers. The program provides energy audits, energy education, and installation of weatherization and energy conservation measures in qualified single-family homes as well as tenant units and common areas of qualifying multifamily properties. Qualified customers could receive energy conservation measures ranging from \$0 to \$2,100 based upon the results of an energy audit. ¶

¶ RESIDENTIAL ADVANCED METERING SYSTEM INCENTIVE:¶

The following offering is available to residential customers receiving service from the Company on the RS Rate Schedule.¶

¶ Advanced Metering Systems¶

The Advanced Metering Systems offering is designed to provide energy consumption data to customers on a more frequent basis than is traditionally available through monthly billing. The Program employs advanced meters to communicate hourly consumption data to customers through a website.¶

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- Deleted: January 1, 2019**
- Deleted: 17**
- Deleted: 441**
- Deleted: October 5, 2018 and modified October 30, 2018**

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State Regulation and Rates
Louisville, Kentucky

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Louisville Gas and Electric Company

P.S.C. Electric No. 13, First Revision of Original Sheet No. 86.5
Canceling P.S.C. Electric No. 13, Original Sheet No. 86.5

Adjustment Clause **DSM**
Demand-Side Management Cost Recovery Mechanism

Whole-Building MultiFamily (continued)

D/N

Qualified customers will receive energy conservation measures averaging \$750 per multifamily unit in program services.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D (e.g., master-metered buildings) who are multifamily property managers and owners serving low-income tenants, including those in Section 8 housing. Multifamily buildings will be defined as dwellings with four (4) or more units.

APPLIANCE RECYCLING:

This program will not begin until January 1, 2026.

This program offers residential customers an opportunity to safely dispose of and recycle inefficient appliances and receive a one-time incentive for doing so. The Company seeks to work with an independent third-party vendor to collect and transport working but inefficient appliances to an appropriate recycling center that is responsible for adhering to local, state, and federal recycling ordinances. The program seeks to target removal and recycling of refrigerators, freezers, room air conditioners, and dehumidifiers. The Company will offer free pick-up and \$50 per eligible, recycled refrigerator or freezer. There is no incentive for room air conditioners or dehumidifiers, but units will be picked up and recycled at no cost to the participant when an incented appliance is picked up.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, and small GS, GTOD-E, GTOD-D customers with residential-style appliances.

RESIDENTIAL ONLINE AUDIT:

This program will not begin until January 1, 2025.

This program is a web-based, self-guided assessment of a customer's home and includes information about the home's space and water heating, appliance and plug load, and other energy end uses. The audit pulls customer-specific interval data from the Company's AMI to provide an accurate picture of the customer's disaggregated energy use. After completing the online audit, customers receive feedback on their energy-use behavior, energy-saving tips, and recommendations and are mailed a kit with energy efficiency measures for self-installation. The kit will include a low-flow bathroom faucet aerator, a low-flow kitchen faucet aerator, a low-flow showerhead, water heater pipe insulation, weatherstripping, caulking, spray foam, and an advanced power strip. In addition, customers who complete the audit gain access to prescriptive rebates for deeper energy efficiency retrofits. Rebate examples include: heat pump water heaters (\$300), central air conditioner (\$300), ductless heat pump (\$400), air source heat pump (\$400), and 95% AFUE furnace (\$250).

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, and VFD

- Deleted: July 20, 2021
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- Deleted: 350
- Deleted: June 30, 2021

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Louisville Gas and Electric Company

P.S.C. Electric No. 13, First Revision of Original Sheet No. 86.6
Canceling P.S.C. Electric No. 13, Original Sheet No. 86.6

Adjustment Clause **DSM**
Demand-Side Management Cost Recovery Mechanism

BUSINESS SOLUTIONS:

Non-Residential Rebates

This program provides nonresidential customers with financial incentives to help replace aging and inefficient equipment. The Company will provide the following offerings:

- Prescriptive incentives are available for energy audits and high-efficiency equipment such as lighting, motors, pumps, variable frequency drives, and air conditioning retrofits installed in existing buildings.
- Custom incentives are available to eligible customers to implement energy-efficient technologies not currently covered in the prescriptive component of the program. Custom projects are offered for retrofit applications in existing buildings and are subject to preapproval by the Company. The incentives will be based upon achieved first-year energy (kWh) savings and demand (kW) reductions.
- New construction incentives are performance-based and intended for constructing new, efficient nonresidential facilities that exceed current state building energy code requirements. The Company offers bonus incentives for LEED certification. Incentives will vary based on project size (i.e., square footage) and performance tier (ranging from 10% to 25% savings over code). Facilities that achieve LEED certification will continue to receive a bonus incentive in addition to the performance-based incentives for constructing the project above code.

Qualifying Rate Schedules: GS, GTOD-E, GTOD-D, PS, TODS, TODP, RTS, FLS, and OSL. Participatory industrial customers may not use their statutory opt-out.

Small Business Audit and Direct Install

This program provides free energy audits to small businesses and allows for direct installation of high-efficiency equipment. A third-party contractor will provide a complimentary energy audit of the customer's facility. The Company will provide free direct installation of energy-saving products that may include nonresidential LED bulbs and fixtures, faucet aerators, low-flow showerheads, and pre-rinse spray valves.

Qualifying Rate Schedules: GS, GTOD-E, and GTOD-D.

Non-Residential Midstream Lighting

This program will not begin until January 1, 2026.

This program provides incentives to lighting distributors to stock and sell high-efficiency equipment. The bulk of the incentives will be passed through to customers. This incentive delivery mechanism is designed to encourage distributors to stock and sell high-efficiency equipment models and reduce participation barriers for customers and contractors (such as no rebate application submission burden).

D/N

Deleted: NONRESIDENTIAL CUSTOMER PROGRAM PARTICIPATION INCENTIVES:¶

Deleted: The following DSM-EE programs are available to nonresidential customers receiving service from the Company on the GS, GTOD-Energy, GTOD-Demand, PS, TODS, TODP, RTS, FLS, and OSL Standard Electric Rate Schedules.¶

¶ **Residential and Small Nonresidential Demand Conservation Program¶**

This program employs switches to help reduce the demand for electricity during peak times. The program communicates with the switches to cycle central air conditioning units, heat pumps, electric water heaters, and pool pumps off and on through a predetermined sequence. As of the Date Effective shown below, no additional electric water heaters or pool pumps will be equipped with switches under this program.¶

¶ **Large Nonresidential Demand Conservation Program¶**

This program employs interfaces to customer equipment to help reduce the demand for electricity during peak times. The program communicates with the interfaces to cycle equipment. This program has an approved flexible incentive structure.¶

¶ **Nonresidential Rebates Program¶**

This program is designed to increase the implementation of energy efficiency measures by providing financial incentives to assist with the replacement of aging and less efficient equipment and for new construction built beyond code requirements. The Program also offers an online tool providing recommendations for energy-efficiency improvements. Incentives available to all nonresidential customers are based upon the avoided cost of energy for calculated efficiency improvements. A prescriptive list provides customers with incentive values for various efficiency improvement projects. Additionally, a custom rebate is available based upon company engineering validation of sustainable energy savings. New construction rebates are available on savings over code plus bonus rebates for LEED Certification.¶

¶ Maximum annual incentive per facility is \$50,000¶ Customers can receive multi-year incentives in a single year where such multi-year incentives do not exceed the aggregate of \$100,000 per facility and no incentive was provided in the immediately preceding year¶ Applicable for combined Prescriptive, Custom, and New Construction Rebates

- Deleted:** July 20, 2021
- Deleted:** January 1, 2019
- Deleted:** 17
- Deleted:** 441
- Deleted:** October 5, 2018 and modified October 30, 2018

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DATE EFFECTIVE: January 14, 2023

ISSUED BY: /s/ Robert M. Conroy, Vice President
State Regulation and Rates
Louisville, Kentucky

Issued by Authority of an Order of the
Public Service Commission in Case No.
2022-00402, dated XXXX

Louisville Gas and Electric Company

P.S.C. Electric No. 13, Fourth Revision of Original Sheet No. 86.7
Canceling P.S.C. Electric No. 13, Third Revision of Original Sheet No. 86.7

Adjustment Clause **DSM**
Demand-Side Management Cost Recovery Mechanism

DEMAND RESPONSE PROGRAMS:

The Company retains the right to limit participation in multiple programs to prevent compensating a customer more than once for the same demand reduction.

T/N

CONNECTED SOLUTIONS:

Residential and Small Nonresidential Demand Conservation

This program employs switches in homes to help reduce the demand for electricity during peak times. The program communicates with the switches to cycle central air conditioning units, heat pumps, electric water heaters, and pool pumps off and on through a predetermined sequence. As of January 14, 2023, no additional switches will be installed under this program. Customers currently enrolled in this program will be allowed to continue to participate until their switch fails.

- Single-family A/C and heat pump switches receive \$5 per event per device (up to 20 events per year)
- Single-family water heater and pool pump switches receive \$4 per event per device (up to 20 events per year)
- Multifamily A/C and heat pump switches receive \$2 per event per device for tenants and \$2 per event per device for property owners/managers (up to 20 events per year)
- Multifamily water heater and pool pump switches receive \$4 per event per device for tenants and \$4 per event per device for property owners/managers (up to 20 events per year)
- Small business A/C switches receive \$5 per summer month (up to \$20 annually) per device for each central A/C unit or heat pump system weighing up to five tons, plus an additional \$1 per month for every additional ton
- Small business water heater switches receive \$4 per month (up to \$16 annually) per device

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D.

Bring-Your-Own Device (BYOD)

This program is an event-based, load control resource that enables the Company to directly manage summer and winter loads during hours of peak demand through smart thermostats and other devices (without the need for switches). The Company will pay customers an incentive for enrolling and another incentive for each event their device participates in. Beginning in 2024, the Company will offer customers an incentive of up to \$50 for enrolling a smart thermostat and up to \$10 for each event in which their device participates (up to 25 events per year). In 2026, the Company will offer customers an incentive of up to \$50 for enrolling a smart water heater and up to \$10 for each event in which their device participates (up to 25 events per year). A maximum incentive of \$300 per device in the first year of participation and \$250 per device in each year thereafter.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D.

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- Deleted: With Service Rendered On May 29, 2022
- Deleted: 123
- Deleted: May 20, 2022

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State Regulation and Rates
Louisville, Kentucky

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Louisville Gas and Electric Company

P.S.C. Electric No. 13, Original Sheet No. 86.8

Adjustment Clause **DSM**
Demand-Side Management Cost Recovery Mechanism

Optimized Charging

This program targets electric vehicle (EV) charging to provide demand response and load shifting. The subcomponent allows the Company to issue signals to qualifying electric vehicles and qualifying electric vehicle supply equipment to affect the timing and level of charging for electric vehicles within parameters set by participants. The program requires no action from the customer after enrollment aside from plugging in the vehicle. The Company will offer an incentive for enrolling in the subcomponent and a monthly incentive for continuing the Company's access to optimize charging for the vehicle. The Company will offer customers a one-time incentive upon enrollment of up to a \$50 per vehicle and up to \$5 per month for optimized charging per vehicle. A maximum incentive of \$110 per vehicle in the first year of participation and \$60 per vehicle in each year thereafter.

Qualifying Rate Schedules: RS and GS where used in conjunction with an RS service to provide service to a detached garage for charging an EV.

Online Transactional Marketplace:

This program offers instant incentives through price markdowns to customers who purchase qualified products. Customers who purchase a new smart thermostat from the Online Transactional Marketplace will be automatically enrolled in the BYOD program subcomponent. The Company will offer a discount of up to \$75 on smart thermostats and up to \$10 on smart plugs. Beginning in 2026, the Company will offer a discount of up to \$50 on smart water heaters. The Company will continue to monitor cost-effective opportunities for new measure offerings to be added to the Online Transactional Marketplace.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D.

PEAK TIME REBATES:

This program will not begin until January 1, 2025.

This program is a voluntary, event-based demand response resource that pays customers to reduce their electric consumption during times of high demand all year round. The Company would notify customers in advance of peak demand events and educate customers on ways to save and shift energy consumption during events. Customers' savings will be calculated by comparing their metered consumption with an estimate of their baseline consumption during events. The Company will offer incentives based on a pay-for-performance model. Customers participating in Peak Time Rebates will earn up to \$2 for every kWh of savings achieved during an event relative to their baseline energy consumption. Customers will be eligible for up to a \$15 annual participation bonus for each year that they remain enrolled in the program and actively participate. The Company anticipates up to 25 events per year.

Qualifying Rate Schedules: RS, RTOD-E, RTOD-D, VFD, GS, GTOD-E, and GTOD-D with a valid interval consumption meter (i.e., AMI).

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State Regulation and Rates
Louisville, Kentucky

Issued by Authority of an Order of the
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2022-00402 dated XXXX

Louisville Gas and Electric Company

P.S.C. Electric No. 13, Original Sheet No. 86.9

Adjustment Clause DSM
Demand-Side Management Cost Recovery Mechanism

NON-RESIDENTIAL DEMAND RESPONSE:

This program may employ (as needed) interfaces to customer equipment to help reduce the demand for electricity during peak times. The program communicates with the interfaces to cycle equipment. This program has an approved flexible incentive structure. The Company will notify customers in advance of peak demand events. The incentive rate is up to \$75 per kW curtailed. The incentive amount that a participant receives will continue to be calculated based on the actual demand reduction achieved by the participant over the entire year's events. Qualifying Rate Schedules: PS, TODS, TODP, RTS, and FLS customers with at least a 200 kW demand and a minimum load reduction capability of at least 50 kW. Curtailable Service Rider (CSR) customers are not eligible for participation in this program.

DNN

Deleted: Low Income Weatherization Program (WeCare)¶

This is an education and weatherization program designed to reduce energy consumption of income-qualified customers. The program provides energy audits, energy education, and installation of weatherization and energy conservation measures in qualified single-family homes as well as tenant units and common areas of qualifying multifamily properties. Qualified customers could receive energy conservation measures ranging from \$0 to \$2,100 based upon the results of an energy audit. ¶

¶ **NONRESIDENTIAL ADVANCED METERING SYSTEMS INCENTIVE:¶**

The following offering is available to customers receiving service from the Company on the GS Rate Schedule. ¶

¶ **Advanced Metering Systems Customer Service Offering¶**

This offering is designed to provide energy consumption data to customers on a more frequent basis than is traditionally available through monthly billing. The program employs advanced meters to communicate hourly consumption data to customers through a website. ¶

¶ **PROGRAM INCENTIVE STRUCTURES:¶**

¶ **Residential and Small Nonresidential Demand Conservation Program¶**

For each load-control season (June 1 through September 30), a participant will receive an end-of-season incentive only if both of the following conditions are met: (1) a Load Control Event is called during that season and (2) the participant was enrolled in the program during at least one Load Control Event that season. If these conditions are met, then an end-of-season bill credit of \$5 will be paid for each central air conditioning unit, heat pump, electric water heater, and pool pump enabled with a switch. Load Control Events do not include short-duration switch

Deleted: Large Nonresidential Demand Conservation¶

This program is tailored to a large nonresidential customer's ability to reduce load. Program participants must commit to a minimum of 50 kW demand reduction per control event. ¶

¶ \$15 per kW for verified load reduction. For each load-control season (June 1 through September 30), a participant will receive an end-of-season incentive only if both of the following conditions are met: (1) a Load Control Event is called during that season; and (2) the participant was enrolled in the program during at least one Load Control Event that season. ¶

The customer will have access to at least hourly load data for every month of the year which they remain enrolled in the program. ¶

Additional customer charges may be incurred for metering equipment necessary for this program at costs under other tariffs. ¶

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State Regulation and Rates
Louisville, Kentucky

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Louisville Gas and Electric Company

P.S.C. Electric No. 13, Original Sheet No. 86.10

Adjustment Clause **DSM**
Demand-Side Management Cost Recovery Mechanism

DSM Cost Recovery Component (DSMRC)
Monthly Adjustment Factors:

Rates RS, RTOD-Energy, RTOD-Demand VFD

	Energy Charge	
DSM Cost Recovery Component (DCR)	\$ <u>0.00104</u> per kWh	Deleted: 0.00063
DSM Revenues from Lost Sales (DRLS)	\$ <u>0.00010</u> per kWh	Deleted: 0.00005
DSM Incentive (DSMI)	\$ 0.00000 per kWh	
DSM Capital Cost Recovery Component (DCCR)	\$ <u>0.00073</u> per kWh	Deleted: 0.00060
DSM Balance Adjustment (DBA)	\$ <u>0.00009</u> per kWh	
Total DSMRC for Rates RS, RTOD-Energy, RTOD-Demand, and VFD	\$ <u>0.00196</u> per kWh	Deleted: 0.00137

Rate GS, GTOD-Energy, GTOD-Demand

	Energy Charge	
DSM Cost Recovery Component (DCR)	\$ <u>0.00069</u> per kWh	Deleted: 0.00044
DSM Revenues from Lost Sales (DRLS)	\$ <u>0.00118</u> per kWh	Deleted: 0.00025
DSM Incentive (DSMI)	\$ <u>0.00002</u> per kWh	Deleted: 0.00000
DSM Capital Cost Recovery Component (DCCR)	\$ <u>0.00049</u> per kWh	Deleted: 0.00023
DSM Balance Adjustment (DBA)	\$ <u>0.00018</u> per kWh	Deleted: 0.00110
Total DSMRC for Rate GS, GTOD-Energy, and GTOD-Demand	\$ <u>0.00256</u> per kWh	

Rate PS

	Energy Charge	
DSM Cost Recovery Component (DCR)	\$ <u>0.00158</u> per kWh	Deleted: 0.00114
DSM Revenues from Lost Sales (DRLS)	\$ <u>0.00369</u> per kWh	Deleted: 0.00082
DSM Incentive (DSMI)	\$ <u>0.00007</u> per kWh	Deleted: 0.00000
DSM Capital Cost Recovery Component (DCCR)	\$ <u>0.00039</u> per kWh	Deleted: 0.00015
DSM Balance Adjustment (DBA)	\$ <u>0.00086</u> per kWh	Deleted: 0.00297
Total DSMRC for Rate PS	\$ <u>0.00659</u> per kWh	

Rates TODS, TODP, RTS, FLS, OSL

	Energy Charge	
DSM Cost Recovery Component (DCR)	\$ <u>0.00025</u> per kWh	Deleted: 0.00016
DSM Revenues from Lost Sales (DRLS)	\$ <u>0.00024</u> per kWh	Deleted: 0.00005
DSM Incentive (DSMI)	\$ <u>0.00001</u> per kWh	Deleted: 0.00000
DSM Capital Cost Recovery Component (DCCR)	\$ <u>0.00022</u> per kWh	Deleted: 0.00008
DSM Balance Adjustment (DBA)	\$ <u>0.00006</u> per kWh	Deleted: 0.00035
Total DSMRC for Rates TODS, TODP, RTS, FLS, and OSL	\$ <u>0.00078</u> per kWh	

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State Regulation and Rates
Louisville, Kentucky

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2022-00402 dated XXXX

Louisville Gas and Electric Company
Gas Tariffs
Clean and Redline Versions
Exhibit RMC-3

Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

A program evaluation vendor will be selected to provide evaluation criteria against which energy savings will be estimated for that program. Each program will be evaluated after implementation and any revision of the original engineering estimates will be reflected in both (a) the retroactive true-up provided for under the DBA and (b) the prospective future lost revenues collected hereunder.

DSMI = DSM INCENTIVE.

For all Energy Efficiency Programs, the DSMI shall be computed by multiplying the net resource savings expected from the approved programs that are to be installed during the upcoming twelve-month period times fifteen (15) percent, not to exceed five (5) percent of program expenditures. Net resource savings are defined as program benefits less utility program costs and participant costs where program benefits will be calculated on the basis of the present value of Company's avoided costs over the expected life of the program, and will include both capacity and energy savings.

T

The DSMI amount shall be divided by the expected Ccf sales for the upcoming twelve-month period to determine the DSMI. DSMI amounts will be assigned for recovery purposes to the rate classes whose programs created the incentive.

DBA = DSM BALANCE ADJUSTMENT.

The DBA shall be calculated on a calendar year basis and is used to reconcile the difference between the amount of revenues actually billed through the DCR, DRLS, DSMI, DCCR, and previous application of the DBA and the revenues that should have been billed, as follows:

1. For the DCR, the balance adjustment amount will be the difference between the amount billed in a twelve-month period from the application of the DCR unit charge and the actual cost of the approved programs during the same twelve-month period.
2. For the DRLS the balance adjustment amount will be the difference between the amount billed during the twelve-month period from application of the DRLS unit charge and the amount of lost revenues determined for the actual DSM measures implemented during the twelve-month period.

For the DSMI, the balance adjustment amount will be the difference between the amount billed during the twelve-month period from application of the DSMI unit charge and the incentive amount determined for the actual DSM measures implemented during the twelve-month period.

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Louisville, Kentucky

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2022-00402 dated XXXX**

Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

CHANGES TO DSMRC

Modifications to components of the DSMRC shall be made at least thirty (30) days prior to the effective date. Each filing shall include the following information as applicable:

- (1) A detailed description of each DSM-EE program developed by the collaborative process, the total cost of each program over the twelve-month period, an analysis of expected resource savings, information concerning the specific DSM or efficiency measures to be installed, and any applicable studies that have been performed, as available.
- (2) A statement setting forth the detailed calculation of the DCR, DRLS, DSMI, DBA and DSMRC.

Each change in the DSMRC shall be placed into effect with service rendered on and after the effective date of such change.

ENERGY EFFICIENCY PROGRAMS:

D/N

INCOME-QUALIFIED SOLUTIONS:

Low Income Weatherization Program (WeCare)

This is an education and weatherization program designed to reduce energy consumption of income-qualified customers. The program provides energy audits, energy education, and installation of weatherization and energy conservation measures in qualified single-family homes. Qualified customers will receive energy conservation measures averaging \$1,650 per single-family household in program services.

Qualifying Rate Schedules: RGS and VFD customers who qualify for Federal Low Income Weatherization Assistance Program or Low Income Home Energy Assistance Program services or those who are at or below 300% of the federal poverty level.

Whole-Building MultiFamily

This is an education and weatherization program designed as a service for increasing the efficiency of property managers' and owners' income-qualified properties' common areas and tenant units. The Company will provide the following:

- Direct installation of various energy-saving devices to help reduce energy use in residents' living units and in common areas, free to both the property owners and tenants
- Incentives to property managers and owners who purchase high-efficiency equipment to retrofit the property as a whole rather than individual units
- Energy usage and conservation education

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State Regulation and Rates
Louisville, Kentucky

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2022-00402 dated XXXX**

Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

T/N

Whole-Building MultiFamily (continued)

Qualified customers will receive energy conservation measures averaging \$750 per multifamily unit in program services.

Qualifying Rate Schedules: RGS, VFD, and CGS (e.g., master-metered buildings) who are multifamily property managers and owners serving low-income tenants, including those in Section 8 housing. Multifamily buildings will be defined as dwellings with four (4) or more units.

RESIDENTIAL ONLINE AUDIT:

This program will not begin until January 1, 2025.

This program is a web-based, self-guided assessment of a customer's home and includes information about the home's space and water heating, appliance and plug load, and other energy end uses. The audit pulls customer-specific interval data from the Company's AMI to provide an accurate picture of the customer's disaggregated energy use. After completing the online audit, customers receive feedback on their energy-use behavior, energy-saving tips, and recommendations and are mailed a kit with energy efficiency measures for self-installation. The kit will include a low-flow bathroom faucet aerator, a low-flow kitchen faucet aerator, a low-flow showerhead, water heater pipe insulation, weatherstripping, caulking, spray foam, and an advanced power strip. In addition, customers who complete the audit gain access to prescriptive rebates for deeper energy efficiency retrofits. Rebate examples include: heat pump water heaters (\$300), central air conditioner (\$300), ductless heat pump (\$400), air source heat pump (\$400), and 95% AFUE furnace (\$250).

Qualifying Rate Schedules: RGS and VFD

BUSINESS SOLUTIONS:

Non-Residential Rebates

This program provides nonresidential customers with financial incentives to help replace aging and inefficient equipment. The Company will provide the following offerings:

- **Prescriptive incentives** are available for energy audits and high-efficiency equipment such as lighting, motors, pumps, variable frequency drives, and air conditioning retrofits installed in existing buildings.
- **Custom incentives** are available to eligible customers to implement energy-efficient technologies not currently covered in the prescriptive component of the program. Custom projects are offered for retrofit applications in existing buildings and are subject to preapproval by the Company. The incentives will be based upon achieved first-year energy (kWh) savings and demand (kW) reductions.

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Louisville, Kentucky

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Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

Non-Residential Rebates (continued)

- **New construction incentives** are performance-based and intended for constructing new, efficient nonresidential facilities that exceed current state building energy code requirements. The Company offers bonus incentives for LEED certification. Incentives will vary based on project size (i.e., square footage) and performance tier (ranging from 10% to 25% savings over code). Facilities that achieve LEED certification will continue to receive a bonus incentive in addition to the performance-based incentives for constructing the project above code.

Qualifying Rate Schedules: CGS, IGS, AAGS, SGSS, FT, DGGGS, LGDS.
Participatory industrial customers may not use their statutory opt-out.

Small Business Audit and Direct Install

This program provides free energy audits to small businesses and allows for direct installation of high-efficiency equipment. A third-party contractor will provide a complimentary energy audit of the customer's facility. The Company will provide free direct installation of energy-saving products that may include nonresidential LED bulbs and fixtures, faucet aerators, low-flow showerheads, and pre-rinse spray valves.

Qualifying Rate Schedules: CGS and IGS.

DEMAND RESPONSE PROGRAMS:

The Company retains the right to limit participation in multiple programs to prevent compensating a customer more than once for the same demand reduction.

CONNECTED SOLUTIONS:

Online Transactional Marketplace:

This program offers instant incentives through price markdowns to customers who purchase qualified products. Customers who purchase a new smart thermostat from the Online Transactional Marketplace will be automatically enrolled in the BYOD program subcomponent. The Company will offer a discount of up to \$75 on smart thermostats and up to \$10 on smart plugs. Beginning in 2026, the Company will offer a discount of up to \$50 on smart water heaters. The Company will continue to monitor cost-effective opportunities for new measure offerings to be added to the Online Transactional Marketplace.

Qualifying Rate Schedules: RGS, VFD, CGS, IGS.



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State Regulation and Rates
Louisville, Kentucky

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2022-00402 dated XXXX**

Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

DSM Cost Recovery Component (DSMRC)

Monthly Adjustment Factors:

Rates RGS and VFD

DSM Cost Recovery Component (DCR)	\$ 0.00484 per Ccf
DSM Revenues from Lost Sales (DRLS)	\$ 0.00056 per Ccf
DSM Incentive (DSMI)	\$ 0.00000 per Ccf
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00000 per Ccf
DSM Balance Adjustment (DBA)	\$ <u>0.00182</u> per Ccf
Total DSMRC for Rates RGS and VFD	\$ 0.00722 per Ccf

Energy Charge

Rates CGS, IGS, AAGS, SGSS, Rate FT

DSM Cost Recovery Component (DCR)	\$ 0.00108 per Ccf
DSM Revenues from Lost Sales (DRLS)	\$ 0.00015 per Ccf
DSM Incentive (DSMI)	\$ 0.00000 per Ccf
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00000 per Ccf
DSM Balance Adjustment (DBA)	\$ <u>0.00042</u> per Ccf
Total DSMRC for Rates CGS, IGS, AAGS, SGSS, and FT	\$ 0.00165 per Ccf

Energy Charge

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State Regulation and Rates
Louisville, Kentucky

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Louisville Gas and Electric Company

P.S.C. Gas No. 13, First Revision of Original Sheet No. 86.2
Canceling P.S.C. Gas No. 13, Original Sheet No. 86.2

Adjustment Clause
DSM
Demand-Side Management Cost Recovery Mechanism

A program evaluation vendor will be selected to provide evaluation criteria against which energy savings will be estimated for that program. Each program will be evaluated after implementation and any revision of the original engineering estimates will be reflected in both (a) the retroactive true-up provided for under the DBA and (b) the prospective future lost revenues collected hereunder.

DSMI = DSM INCENTIVE.

For all Energy Efficiency Programs, the DSMI shall be computed by multiplying the net resource savings expected from the approved programs that are to be installed during the upcoming twelve-month period times fifteen (15) percent, not to exceed five (5) percent of program expenditures. Net resource savings are defined as program benefits less utility program costs and participant costs where program benefits will be calculated on the basis of the present value of Company's avoided costs over the expected life of the program, and will include both capacity and energy savings.

Deleted: Impact

The DSMI amount shall be divided by the expected Ccf sales for the upcoming twelve-month period to determine the DSMI. DSMI amounts will be assigned for recovery purposes to the rate classes whose programs created the incentive.

DBA = DSM BALANCE ADJUSTMENT.

The DBA shall be calculated on a calendar year basis and is used to reconcile the difference between the amount of revenues actually billed through the DCR, DRLS, DSMI, DCCR, and previous application of the DBA and the revenues that should have been billed, as follows:

1. For the DCR, the balance adjustment amount will be the difference between the amount billed in a twelve-month period from the application of the DCR unit charge and the actual cost of the approved programs during the same twelve-month period.
2. For the DRLS the balance adjustment amount will be the difference between the amount billed during the twelve-month period from application of the DRLS unit charge and the amount of lost revenues determined for the actual DSM measures implemented during the twelve-month period.

For the DSMI, the balance adjustment amount will be the difference between the amount billed during the twelve-month period from application of the DSMI unit charge and the incentive amount determined for the actual DSM measures implemented during the twelve-month period.

- Deleted: July 20, 2021
- Deleted: With Service Rendered On and After
- Deleted: January
- Deleted: 1, 2019
- Deleted: 17
- Deleted: 441
- Deleted: October 5, 2018

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State Regulation and Rates
Louisville, Kentucky

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Louisville Gas and Electric Company

P.S.C. Gas No. 13, First Revision of Original Sheet No. 86.4
Canceling P.S.C. Gas No. 13, Original Sheet No. 86.4

Adjustment Clause
DSM
Demand-Side Management Cost Recovery Mechanism

CHANGES TO DSMRC

Modifications to components of the DSMRC shall be made at least thirty (30) days prior to the effective date. Each filing shall include the following information as applicable:

- (1) A detailed description of each DSM-EE program developed by the collaborative process, the total cost of each program over the twelve-month period, an analysis of expected resource savings, information concerning the specific DSM or efficiency measures to be installed, and any applicable studies that have been performed, as available.
- (2) A statement setting forth the detailed calculation of the DCR, DRLS, DSMI, DBA and DSMRC.

Each change in the DSMRC shall be placed into effect with service rendered on and after the effective date of such change.

ENERGY EFFICIENCY PROGRAMS:

D/N

INCOME-QUALIFIED SOLUTIONS:

Low Income Weatherization Program (WeCare)

This is an education and weatherization program designed to reduce energy consumption of income-qualified customers. The program provides energy audits, energy education, and installation of weatherization and energy conservation measures in qualified single-family homes. Qualified customers will receive energy conservation measures averaging \$1,650 per single-family household in program services.

Qualifying Rate Schedules: RGS and VFD customers who qualify for Federal Low Income Weatherization Assistance Program or Low Income Home Energy Assistance Program services or those who are at or below 300% of the federal poverty level.

Whole-Building MultiFamily

This is an education and weatherization program designed as a service for increasing the efficiency of property managers' and owners' income-qualified properties' common areas and tenant units. The Company will provide the following:

- Direct installation of various energy-saving devices to help reduce energy use in residents' living units and in common areas, free to both the property owners and tenants
- Incentives to property managers and owners who purchase high-efficiency equipment to retrofit the property as a whole rather than individual units
- Energy usage and conservation education

Deleted: ¶ RESIDENTIAL CUSTOMER PROGRAM PARTICIPATION INCENTIVES¶

The following DSM-EE program is available to residential customers receiving service from the Company on the RGS and VFD Standard Gas Rate Schedules.¶

¶ Low Income Weatherization Program (WeCare)¶

This is an education and weatherization program designed to reduce energy consumption of income-qualified customers. The program provides energy audits, energy education, and installation of weatherization and energy conservation measures in qualified single-family homes as well as tenant units and common areas of qualifying multifamily properties. Qualified customers could receive energy conservation measures ranging from \$0 to \$2,100 based upon the customer's most recent twelve month energy usage and results of an energy audit.¶

¶ NONRESIDENTIAL CUSTOMER PROGRAM PARTICIPATION INCENTIVES¶

The following DSM-EE program is available to nonresidential customers receiving service from the Company on the CGS, IGS, AAGS, SGSS, and FT Standard Gas Rate Schedules for nonresidential, master-metered multi-family buildings.¶

¶ Low Income Weatherization Program (WeCare)¶

This is an education and weatherization program designed to reduce energy consumption of income-qualified customers. The program provides energy audits, energy education, and installation of weatherization and energy conservation measures in qualified single-family homes as well as tenant units and common areas of qualifying multifamily properties. Qualified customers could receive energy conservation measures ranging from \$0 to \$2,100 based upon the customer's most recent twelve month energy usage and results of an energy audit.

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State Regulation and Rates
Louisville, Kentucky

**Issued by Authority of an Order of the
Public Service Commission in Case No.
2022-00402 dated XXXX**

Louisville Gas and Electric Company

P.S.C. Gas No. 13, **Third** Revision of Original Sheet No. 86.5
Canceling P.S.C. Gas No. 13, **Second** Revision of Original Sheet No. 86.5

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Adjustment Clause DSM
Demand-Side Management Cost Recovery Mechanism

Whole-Building MultiFamily (continued)

Qualified customers will receive energy conservation measures averaging \$750 per multifamily unit in program services.

Qualifying Rate Schedules: RGS, VFD, and CGS (e.g., master-metered buildings) who are multifamily property managers and owners serving low-income tenants, including those in Section 8 housing. Multifamily buildings will be defined as dwellings with four (4) or more units.

T/N

RESIDENTIAL ONLINE AUDIT:

This program will not begin until January 1, 2025.

This program is a web-based, self-guided assessment of a customer's home and includes information about the home's space and water heating, appliance and plug load, and other energy end uses. The audit pulls customer-specific interval data from the Company's AMI to provide an accurate picture of the customer's disaggregated energy use. After completing the online audit, customers receive feedback on their energy-use behavior, energy-saving tips, and recommendations and are mailed a kit with energy efficiency measures for self-installation. The kit will include a low-flow bathroom faucet aerator, a low-flow kitchen faucet aerator, a low-flow showerhead, water heater pipe insulation, weatherstripping, caulking, spray foam, and an advanced power strip. In addition, customers who complete the audit gain access to prescriptive rebates for deeper energy efficiency retrofits. Rebate examples include: heat pump water heaters (\$300), central air conditioner (\$300), ductless heat pump (\$400), air source heat pump (\$400), and 95% AFUE furnace (\$250).

BUSINESS SOLUTIONS:

Non-Residential Rebates

This program provides nonresidential customers with financial incentives to help replace aging and inefficient equipment. The Company will provide the following offerings:

- **Prescriptive incentives** are available for energy audits and high-efficiency equipment such as lighting, motors, pumps, variable frequency drives, and air conditioning retrofits installed in existing buildings.
- **Custom incentives** are available to eligible customers to implement energy-efficient technologies not currently covered in the prescriptive component of the program. Custom projects are offered for retrofit applications in existing buildings and are subject to preapproval by the Company. The incentives will be based upon achieved first-year energy (kWh) savings and demand (kW) reductions.

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P.S.C. Gas No. 13, Original Sheet No. 86.6

Adjustment Clause DSM
Demand-Side Management Cost Recovery Mechanism

Non-Residential Rebates (continued)

- New construction incentives are performance-based and intended for constructing new, efficient nonresidential facilities that exceed current state building energy code requirements. The Company offers bonus incentives for LEED certification. Incentives will vary based on project size (i.e., square footage) and performance tier (ranging from 10% to 25% savings over code). Facilities that achieve LEED certification will continue to receive a bonus incentive in addition to the performance-based incentives for constructing the project above code.

Qualifying Rate Schedules: CGS, IGS, AAGS, SGSS, FT, DGGS, LGDS.
Participatory industrial customers may not use their statutory opt-out.

Small Business Audit and Direct Install

This program provides free energy audits to small businesses and allows for direct installation of high-efficiency equipment. A third-party contractor will provide a complimentary energy audit of the customer's facility. The Company will provide free direct installation of energy-saving products that may include nonresidential LED bulbs and fixtures, faucet aerators, low-flow showerheads, and pre-rinse spray valves.

Qualifying Rate Schedules: CGS and IGS.

DEMAND RESPONSE PROGRAMS:

The Company retains the right to limit participation in multiple programs to prevent compensating a customer more than once for the same demand reduction.

CONNECTED SOLUTIONS:

Online Transactional Marketplace:

This program offers instant incentives through price markdowns to customers who purchase qualified products. Customers who purchase a new smart thermostat from the Online Transactional Marketplace will be automatically enrolled in the BYOD program subcomponent. The Company will offer a discount of up to \$75 on smart thermostats and up to \$10 on smart plugs. Beginning in 2026, the Company will offer a discount of up to \$50 on smart water heaters. The Company will continue to monitor cost-effective opportunities for new measure offerings to be added to the Online Transactional Marketplace.

Qualifying Rate Schedules: RGS, VFD, CGS, IGS.

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Louisville Gas and Electric Company

P.S.C. Gas No. 13, Original Sheet No. 86.7

Adjustment Clause **DSM**
Demand-Side Management Cost Recovery Mechanism

DSM Cost Recovery Component (DSMRC)
Monthly Adjustment Factors:

Rates RGS and VFD

DSM Cost Recovery Component (DCR)	\$ <u>0.00484</u> per Ccf
DSM Revenues from Lost Sales (DRLS)	\$ <u>0.00056</u> per Ccf
DSM Incentive (DSMI)	\$ 0.00000 per Ccf
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00000 per Ccf
DSM Balance Adjustment (DBA)	\$ <u>0.00182</u> per Ccf
Total DSMRC for Rates RGS and VFD	\$ <u>0.00722</u> per Ccf

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Rates CGS, IGS, AAGS, SGSS, Rate FT

DSM Cost Recovery Component (DCR)	\$ <u>0.00108</u> per Ccf
DSM Revenues from Lost Sales (DRLS)	\$ <u>0.00015</u> per Ccf
DSM Incentive (DSMI)	\$ 0.00000 per Ccf
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00000 per Ccf
DSM Balance Adjustment (DBA)	\$ <u>0.00042</u> per Ccf
Total DSMRC for Rates CGS, IGS, AAGS, SGSS, and FT	\$ <u>0.00165</u> per Ccf

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