

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DUKE ENERGY KENTUCKY, INC.)	
FOR AN ADJUSTMENT TO RIDER NM RATES AND)	CASE NO.
FOR TARIFF APPROVAL)	2023-00413

APPLICATION

Now comes Duke Energy Kentucky, Inc. (Duke Energy Kentucky or the Company), pursuant to KRS 278.030(1), 278.040(2), 278.509, 807 KAR 5:001, Section 14, and other applicable law, and hereby respectfully requests approval from the Kentucky Public Service Commission (Commission) to:

- Revise its current Net Metering Rider tariff, KYPSC Electric No. 2, Sheet No. 89, to serve existing net metering customers in accordance with KRS 278.465 through 278.468, rename it “Net Metering I Rider,” and remove the current interconnection guidelines from the rider to be placed in a different tariff sheet as described below;
- Create a new tariff, Rider Net Metering II, KYPSC Electric No. 2, Sheet No. 84, to serve prospective net metering customers not included in Net Metering I Rider, in accordance with KRS 278.465 through 278.468; and,
- Create a new tariff, Interconnection, KYPSC Electric No. 2, Sheet No. 83, to serve as a separate location for interconnection guidelines previously located in Sheet No. 89; no substantive change is being made to the interconnection guidelines, apart from their relocation to this new sheet.

In support of this Application, Duke Energy Kentucky respectfully states as follows:

Introduction

1. Duke Energy Kentucky is an investor-owned utility engaged in the business of furnishing natural gas and electric services to various municipalities and unincorporated areas in Boone, Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton Counties in the Commonwealth of Kentucky.

2. Pursuant to 807 KAR 5:001, Section 14(2), Duke Energy Kentucky is a Kentucky corporation originally incorporated on March 20, 1901 and a public utility as that term is defined in KRS 278.010(3). The Company attests that it is currently in good standing and is subject to the Commission's jurisdiction. A certified copy of Duke Energy Kentucky's certificate of good standing from the Kentucky Secretary of State and a certificate for the following assumed name: "Duke Energy" is on file with the Kentucky Secretary of State and on file with the Commission in Case No. 2022-00372.¹ In addition, the Company has attached as Exhibit 1 a certified Certificate of Existence dated November 14, 2023.

3. Pursuant to 807 KAR 5:001, Section 14(1), Duke Energy Kentucky's business address is 139 East Fourth Street, Cincinnati, Ohio 45202. Duke Energy Kentucky's local office in Kentucky is the Duke Energy Erlanger Operations Center, 1262 Cox Road, Erlanger, Kentucky 41018.

¹ *In the Matter of the Electronic Application of Duke Energy Kentucky, Inc. for: 1) An Adjustment of Electric Rates; 2) Approval of New Tariffs; 3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and 4) All Other Required Approvals and Relief*, Application, Case No. 2022-00372 (Ky. PSC Dec. 1, 2022).

4. Copies of all orders, pleadings and other communications related to this proceeding should be sent to:

Larisa M. Vaysman
Senior Counsel
Duke Energy Kentucky, Inc.
139 E. 4th St., Cincinnati, OH 45202
Larisa.Vaysman@duke-energy.com
KYfilings@duke-energy.com

5. On January 1, 2020, Senate Bill 100, An Act Related to Net Metering (SB 100), took effect in Kentucky, revising the statutory scheme governing net metering. The revisions included:

- Increasing the rated capacity limit from 30 to 45 kW;
- Implementing netting based on “dollar value of electricity” rather than “electricity”;
- Eliminating any obligation to offer net metering after the cumulative generating capacity of net metering systems reaches one percent (1%) of a supplier’s single hour peak load during a calendar year; and
- Grandfathering of then-existing net metering customers under the prior net metering scheme for 25 years.

6. Specifically, the revised KRS 278.466 provides in part:

(3) A retail electric supplier serving an eligible customer-generator shall compensate that customer for all electricity produced by the customer’s eligible electric generating facility that flows to the retail electric supplier, as measured by the standard kilowatt-hour metering prescribed in subsection (2) of this section. The rate to be used for such compensation shall be set by the commission using the ratemaking processes under this chapter during a proceeding initiated by a retail electric supplier or generation and transmission cooperative on behalf of one (1) or more retail electric suppliers.

(4) Each billing period, compensation provided to an eligible customer-generator shall be in the form of a dollar-denominated bill credit. If an eligible customer-generator's bill credit exceeds the amount to be billed to the customer in a billing period, the amount of the credit in excess of the customer's bill shall carry forward to the customer's next bill. Excess bill credits shall not be transferable between customers or premises. If an eligible customer-generator closes his or her account, no cash refund for accumulated credits shall be paid.

7. Consistent with the revised KRS 278.466 and in order to improve clarity and tariff organization, Duke Energy Kentucky is proposing to modify its current net metering tariff, Sheet No. 89, and to create two new tariffs in Sheet Nos. 83 and 84.

KYPSC No. 2, Sheet No. 89, Net Metering I Rider

8. First, the Company proposes to revise its current net metering tariff, Sheet No. 89, to serve net metering customers grandfathered in under KRS 478.466(6), which provides that, for such customers “the net metering tariff provisions in place when the eligible customer-generator began taking net metering service . . . shall remain in effect at those premises for a twenty-five (25) year period.”

9. The tariff will largely remain intact; however, the AVAILABILITY section is proposed to be revised to close the rider to new participants, to specify that it will terminate 25 years after its effective date, and to clarify that customers who elect to terminate their participation will not be able to rejoin under *this* rider.

10. A provision is proposed to be added to clarify that customers who alter their generating facility beyond like replacement of equipment resulting in a material increase in the generating capacity will be removed from participation in this rider and will be required to reapply for interconnection under current applicable options for customer-generators.

11. Additionally, in anticipation of future developments under FERC Order No. 2222, a provision is proposed to be added to prohibit customer-generators from simultaneous participation in this rider and any Distributed Energy Resource Aggregation or with any Distributed Energy Resource Aggregator, as those terms are defined by PJM or subsequent Regional Transmission Organization, other than an aggregation formed by Duke Energy Kentucky acting as the aggregator.

12. The interconnection requirements will be removed from this tariff and placed in the new tariff described below.

13. With the above changes, the rider will implement the grandfathering requirement of KRS 278.466(6), and its exclusive focus on net metering—and not interconnection—will improve clarity.

KYPSC No. 2, Sheet No. 84, Rider Net Metering II

14. Second, the Company proposes to create a new tariff, Rider Net Metering II, KYPSC No. 2, Sheet No. 84, to serve prospective eligible net metering customers not included in Net Metering I Rider, in accordance with the new net metering scheme outlined by SB 100.

15. KRS 278.266(5) authorizes Duke Energy Kentucky “to implement rates to recover from its eligible customer-generators all costs necessary to serve its eligible customer-generators, including but not limited to fixed and demand-based costs, without regard for the rate structure for customers who are not eligible customer-generators.”

16. KRS 278.465(4) defines “net metering” as “the difference between the: (a) [d]ollar value of all electricity generated by an eligible customer-generator that is fed back to the electric grid over a billing period and priced as prescribed in KRS 278.466; and (b)

Dollar value of all electricity consumed by the eligible customer-generator over the same billing period and priced using the applicable tariff of the retail electric supplier.”

17. Accordingly, Rider Net Metering II is proposed to establish a dollar value for excess generation which will be monthly netted against the dollar value of the energy supplied by the Company to the customer-generator.

18. On the basis of calculations described in the testimony of Mr. Bruce Sailors, Duke Energy Kentucky proposes to compensate residential customers for exported energy to the grid at the rate of \$0.057132 per kWh and non-residential customers at \$0.057463 per kWh.

19. Netting will occur monthly on a dollar value basis, as follows: the Company shall measure the amount of electricity delivered by the Company to the Customer during the billing period, pursuant to the metering methods outlined in the tariff, and calculate the customer’s bill in accordance with the Customer’s standard rate schedule that would apply if the Customer were not a customer-generator. And the Company shall measure the amount of electricity delivered by the Customer to the Company during the billing period, in accordance with the metering methods outlined in the tariff. Then, the Company will provide a bill credit for each kWh the Customer produced to the Company’s grid.

20. The dollar-denominated bill credits will be applied to the Customer’s bill subject to minimum bill provisions of the standard rate schedule, with any unused credits carried forward on the customer’s account.

21. In calculating the above dollar amounts, the Company has taken into account avoided energy costs (*i.e.*, energy, environmental, carbon, and ancillary services) and avoided generation capacity costs. Due to a lack of evidence to support adding amounts

for avoided distribution capacity cost and avoided transmission capacity costs, the Company has not included additional amounts for these in the Rider Net Metering II excess generation compensation rates.

22. In the event that the Commission finds that avoided distribution capacity cost and avoided transmission capacity costs should be included in the excess generation compensation rates, Duke Energy Kentucky suggests that values of \$0.015393 / kWh and \$0.007662 / kWh, respectively, for the reasons given in Mr. Sailers' testimony.

23. In performing the above-described calculations, Mr. Sailers relies on inputs provided by the Company's forecasting department and described in the testimony of Mr. Matthew Kalemba.

24. Duke Energy Kentucky believes that its proposed Rider Net Metering II complies with the statutory requirements of KRS 248.465 to 468.

KYPSC No. 2, Sheet No. 83, Interconnection

25. Third, the Company proposes to create a new tariff, Interconnection, KYPSC No. 2, Sheet No. 83, to serve as a separate location for interconnection guidelines previously located in Sheet No. 89.

26. The interconnection guidelines currently located in Sheet No. 89 will be relocated to the new Interconnection tariff in Sheet No. 83, but otherwise will remain substantively unchanged. Duke Energy Kentucky believes this will improve overall tariff organization and clarity. It would not be efficient to duplicate interconnection guidelines in both net metering tariffs, and in the future could lead to unintentional discrepancies. Interconnection requirements are not only applicable to net metering customers, and any future updates to such guidelines would be more clearly and efficiently considered

independently of net metering rates. Thus, the Company proposes to relocate these requirements to this new sheet, which will be clearly dedicated to the topic of interconnection.

27. The rates in the above riders are proposed to go into effect January 11, 2024.

28. The rates that Duke Energy Kentucky seeks to implement beginning January 2024 are reflected in:

- Ky.P.S.C. Electric No. 2, Net Metering I Rider, Seventh Revised Sheet No. 89, as attached hereto as Exhibit 2;
- Ky.P.S.C. Electric No. 2, Rider Net Metering II, Sheet No. 84, as attached hereto as Exhibit 3; and,
- Ky.P.S.C. Electric No. 2, Interconnection, Sheet No. 83, as attached hereto as Exhibit 4.

WHEREFORE, Duke Energy Kentucky respectfully requests that its proposed tariff revisions and new tariffs be approved.

Respectfully submitted,

/s/Larisa M. Vaysman

Rocco O. D'Ascenzo (92796)

Deputy General Counsel

Larisa M. Vaysman (98944)

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Counsel for Duke Energy Kentucky, Inc.

CERTIFICATE OF SERVICE

This is to certify that the foregoing electronic filing is a true and accurate copy of the document in paper medium; that the electronic filing was transmitted to the Commission on December 11, 2023; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that submitting the original filing to the Commission in paper medium is no longer required as it has been granted a permanent deviation.²

John G. Horne, II
The Office of the Attorney General
Utility Intervention and Rate Division
700 Capital Avenue, Ste 118
Frankfort, Kentucky 40601-8204

/s/Larisa M. Vaysman

Counsel for Duke Energy Kentucky, Inc.

²*In the Matter of Electronic Emergency Docket Related to the Novel Coronavirus COVID-19, Order, Case No. 2020-00085 (Ky.PSC July 22, 2021).*

Commonwealth of Kentucky
Michael G. Adams, Secretary of State

Michael G. Adams
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
<http://www.sos.ky.gov>

Certificate of Existence

Authentication number: 300353

Visit <https://web.sos.ky.gov/fts/how/certvaldate.aspx> to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

DUKE ENERGY KENTUCKY, INC.

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is March 20, 1901 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 14th day of November, 2023, in the 232nd year of the Commonwealth.



Michael G. Adams

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
300353/0052929

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~~Seventh~~^{Sixth} Revised Sheet No. 89
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RIDER NM I

(T)

NET METERING I RIDER - GRANDFATHERED

(T)

AVAILABILITY

~~This net metering rider is closed to new participation. Customers receiving service under this rider before the effective date of Net Metering II Rider, KYPSC Electric No. 2 Sheet No. 84, may continue receiving continuous service under this rider for 25 years. This net metering rider terminates 25 years after the original effective date of Rider NM II; at which time Customers may seek participation in the then available Company options for customer-generators. The original effective date of Rider NM II is January 11, 2024. Net Metering is available to eligible customer-generators. Net Metering I rider service will terminate on January 11, 2049. Customers electing to terminate participation in this rider may not rejoin. in the Company's service territory, upon request, and on a first come, first served basis up to a cumulative capacity of 1% of the Company's single hour peak load in Kentucky during the previous year. If the cumulative generating capacity of net metering systems reaches one percent (1%) of the Company's single hour peak load during the previous year, upon Commission approval, the Company's obligation to offer net metering to a new customer-generator may be limited. An eligible customer-generator as described above shall mean a retail electric customer of the Company with a generating facility that:~~

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(T)

- (1) Generates electricity using solar energy, wind energy, biomass or biogas energy, or hydro energy;
- (2) Has a rated capacity of not greater than forty-five (45) kilowatts;
- (3) Is located on the customer's premises;
- (4) Is owned and operated by the customer;
- (5) Is connected in parallel with the Company's electric distribution system; and
- (6) Has the primary purpose of supplying all or part of the customer's own electricity requirements.

~~Customers altering their generating facility beyond like replacement of equipment resulting in a material increase in the generating capacity will be removed from participation in this net metering rider and will be required to reapply for interconnection under then current applicable options for customer-generators. At its sole discretion, the Company may provide Net Metering to other customer-generators not meeting all the conditions listed above on a case-by-case basis.~~

(T)
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(D)

The term "Customer" hereinafter shall refer to any customer requesting or receiving Net Metering services under this tariff.

~~Regarding the net metering generating facility, Customer-generators are prohibited from simultaneous participation in both this Rider NM I and any Distributed Energy Resource Aggregation or with any Distributed Energy Resource Aggregator, as those terms are defined by PJM or subsequent Regional Transmission~~

(T)
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(T)

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Organization, other than an aggregation formed by Duke Energy Kentucky acting as the aggregator. Customer-generators who desire to participate in PJM markets through a third party aggregator must contact the Company and terminate participation in this Rider NM I prior to such PJM market participation.

(T)
(T)
(T)

METERING

The Company shall provide net metering services, without any cost to the Customer for metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. This provision does not relieve Customer of his or her responsibility to pay metering costs embedded in the utility's Commission-approved base rates.

The standard kilo-watt-hour metering system shall use one of the following methods, as determined solely by the Company:

- (1) A single standard kilowatt-hour meter capable of measuring the flow of electricity in two (2) directions and registering the net amount in one register.

METERING (Contd.)

- (2) A single standard kilowatt-hour meter capable of measuring the flow of electricity in two (2) directions and registering the amount of flow in each direction in two separate registers, one measuring the flow of electricity from the Company to the Customer and the other measuring the flow of electricity from the Customer to the Company.
- (3) If method (1) or (2) is not feasible, two standard kilowatt-hour meters may be used, one measuring the flow of electricity from the Company to the Customer and the other measuring the flow of electricity from the Customer to the Company.

(D)

In method (2) or (3), subtracting one register or meter reading from the other register or meter reading will yield the same result as if method (1) were used.

Any additional meter, meters, or distribution upgrades needed to monitor the flow in each direction shall be installed at the Customer's expense.

BILLING

The measurement of net electricity supplied by the Company and delivered to the Company shall be calculated in the following manner. The Company shall measure the difference between the amount of electricity delivered by the Company to the Customer and the amount of electricity generated by the Customer and delivered to the Company during the billing period, in accordance with one of the methods listed under "METERING". If the kWh delivered by the Company to the Customer exceeds the kWh delivered by the Customer to the Company during the billing period, the Customer shall be billed for the kWh difference. If the kWh generated by the Customer and delivered to the Company exceeds the kWh supplied by the Company to the Customer during the billing period, the Customer shall be credited in the next billing cycle for the kWh

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difference. Any unused credit when the Customer closes his account will be granted to the Company.

Bill charges and credits will be in accordance with the same standard tariff that would apply if the Customer were not a customer-generator. If time-of-use metering is used, the electricity fed back to the electric grid by the Customer shall be net-metered and accounted for at the specific time it is fed back to the electric grid in accordance with the time-of-use billing agreement currently in place.

Net metering credits are not transferable between customers or locations.

APPLICATION AND APPROVAL PROCESS

The Customer shall submit an Application for Interconnection and Net Metering (“Application”) and receive approval from the Company prior to connecting the generator facility to the Company’s system.

Applications will be submitted by the Customer and reviewed and processed by the Company according to either Level 1 or Level 2 processes defined in the Company’s KYPSC Electric No. 2 Sheet No. 83, Interconnection below.

~~APPLICATION AND APPROVAL PROCESS (Contd.)~~

~~The Company may reject an Application for violations of any code, standard, or regulation related to reliability or safety; however, the Company will work with the Customer to resolve those issues to the extent practicable.~~

~~Customers may contact the Company to check on status of an Application or with questions prior to submitting an Application. Company contact information can be found on the Application form.~~

Application forms along with instructions on how to submit an application are available on the Company’s website.

~~LEVEL 1~~

~~A Level 1 Application shall be used if the generating facility is inverter based and is certified by a nationally recognized testing laboratory to meet the requirements of Underwriters Laboratories Standard 1741 “Inverters, Converters, Controllers and Interconnection System Equipment for Use With Distributed Energy Resources” (UL-1741).~~

~~The Company will approve the Level 1 Application if the generating facility also meets all of the following conditions:~~

- ~~(1) For interconnection to a radial distribution circuit, the aggregated generation on the circuit, including the proposed generating facility, will not exceed 15% of the Line Section’s most recent annual one hour peak load. A line section is the smallest part of the primary distribution system the generating facility could remain connected to after operation of any sectionalizing devices.~~

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- ~~(2) If the proposed generating facility is to be interconnected on a single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed generating facility, will not exceed the smaller of 20 kVA or the nameplate rating of the transformer.~~ (D)
(D)
(D)
- ~~(3) If the proposed generating facility is single-phase and is to be interconnected on a center tap neutral of a 240-volt service, its addition shall not create an imbalance between the two sides of the 240-volt service of more than 20% of the nameplate rating of the service transformer.~~ (D)
(D)
(D)
- ~~(4) If the generating facility is to be connected to three-phase, three-wire primary utility distribution lines, the generator shall appear as a phase-to-phase connection at the primary utility distribution line.~~ (D)
(D)
(D)
- ~~(5) If the generating facility is to be connected to three-phase, four-wire primary utility distribution lines, the generator shall appear to the primary utility distribution line as an effectively grounded source.~~ (D)
(D)
(D)

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LEVEL 1 (Contd.)

~~(6) The interconnection will not be on an area or spot network⁴.~~

~~(7) The Company does not identify any violations of any applicable provisions of IEEE 1547, "Standard for Interconnecting Distributed Resources with Electric Power Systems".~~

~~(8) No construction of facilities by the Company on its own system will be required to accommodate the generating facility~~

~~If the generating facility does not meet all of the above listed criteria, the Company, in its sole discretion, may either: 1.) approve the generating facility under the Level 1 Application if the Company determines that the generating facility can be safely and reliably connected to the Company's system; or 2) deny the application as submitted under the Level 1 Application.~~

~~The Company shall notify the customer within 20 business days whether the application is approved or denied, based on the criteria provided in this section.~~

~~If the application lacks complete information, the Company shall notify the Customer that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the time to process the application.~~

~~The Customer shall be notified whether the application is approved in writing. The approval will be conditioned upon successful completion of an initial installation inspection and witness test if required by the Company. The Company's written approval will indicate if an inspection and witness test are required. If an inspection and witness test are required, the Customer shall notify the Company within 3 business days of completion of the generating facility installation and schedule an inspection and witness test with the Company to occur within 10 business days of completion of the generator facility installation or as otherwise agreed to by the Company and the Customer. If an inspection and witness test is required, the Customer may not operate the generating facility (except for operational testing not to exceed two hours) until successful completion of such inspection and witness test. If the installation fails the inspection or witness test due to non-compliance with any provision in the Application and Company approval, the Customer shall not operate the generating facility until any and all non-compliance is corrected and re-inspected by the Company.~~

⁴Area and spot networks are systems where multiple transformers are interconnected on the secondary side and multiple primary voltage circuits are used to feed the transformers. A spot network is typically used to serve a single building and the transformers are all in one location. An area network typically serves multiple customers with secondary conductors covering multiple city blocks and with transformers at various locations.

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LEVEL 1 (Contd.)

~~If the Application is denied, the Company will supply the Customer with reasons for denial. The Customer may resubmit under Level 2 if appropriate.~~

LEVEL 2

A Level 2 Application is required under any of the following:

- ~~(1) The generating facility is not inverter based;~~
- ~~(2) The generating facility uses equipment that is not certified by a nationally recognized testing laboratory to meet the requirements of UL 1741; or~~
- ~~(3) The generating facility does not meet one or more of the additional conditions under Level 1.~~

~~The Company will approve the Level 2 application if the generating facility meets the Company's technical interconnection requirements, which are based on IEEE 1547. The Company's technical interconnection requirements are available on the Company's website or upon request.~~

~~The Company will process the Level 2 Application within 30 business days of receipt of a complete application. Within that time the Company will respond in one of the following ways:~~

- ~~1. The application is approved and the Company will provide the Customer with an Interconnection Agreement to sign.~~
- ~~2. If construction or other changes to the Company's distribution system are required, the cost will be the responsibility of the Customer. The Company will give notice to the Customer and offer to meet to discuss estimated costs and construction timeframe. Should Customer agree to pay for costs and proceed, Company will provide the Customer with an Interconnection Agreement to sign within a reasonable time.~~
- ~~3. The application is denied. The Company will supply the Customer with reasons for denial and offer to meet to discuss possible changes that would result in Company approval. Customer may resubmit application with changes.~~

~~If application lacks complete information, Company shall notify Customer that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the 30 business day target to process the application.~~

~~The Interconnection Agreement will contain all the terms and conditions for interconnection consistent with those specified in this tariff, inspection and witness test requirements, description of and cost of construction or other changes to the Company's distribution system required to accommodate the generating facility, and~~

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~~LEVEL 2(Contd.)~~

~~detailed documentation of the generating facilities which may include single line diagrams, relay settings, and description of operation.~~

~~Customer may not operate the generating facility until an Interconnection Agreement is signed by the Customer and Company and all necessary conditions stipulated in the agreement are met.~~

~~APPLICATION, INSPECTION AND PROCESSING FEES~~

~~No application fees or other review, study, or inspection fees are charged by the Company for Level 1 or Level 2 applications.~~

~~TERMS AND CONDITIONS FOR INTERCONNECTION~~

~~To interconnect to the Company's distribution system, the Customer's generating facility shall comply with the following terms and conditions:~~

- ~~1. The Company shall provide Customer net metering services, without charge for standard metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. If the Customer requests any additional meter or meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the Customer's expense.~~
- ~~2. Customer shall install, operate, and maintain, at Customer's sole cost and expense, any control, protective, or other equipment on the Customer's system required by the Company's technical interconnection requirements based on IEEE 1547, the NEC, accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient and reliable operation of the generating facility in parallel with Company's electric system. Customer shall bear full responsibility for the installation, maintenance and safe operation of the generating facility. Upon reasonable request from the Company, Customer shall demonstrate generating facility compliance.~~
- ~~3. The generating facility shall comply with, and Customer shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by IEEE and accredited testing laboratories such as Underwriters Laboratories; (b) the NEC as may be revised from time to time; (c) Company's rules, regulations, and Company's Service Regulations as contained in Company's Retail Electric Tariff as may be revised from time to time with the approval of the Kentucky Public Service Commission (Commission); (d) the rules and regulations of the Commission, as such rules and regulations may be revised from time to time by the Commission; and (e) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. Where required by law, Customer shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.~~

~~TERMS AND CONDITIONS FOR INTERCONNECTION (Contd.)~~

Issued by authority of an Order of the Kentucky Public Service
Commission dated ~~April 27, 2020~~ in Case No. ~~202319-00413274~~.
Issued: ~~December 11, 2023~~^{May 1, 2020}
Effective: ~~January 11, 2024~~^{May 1, 2020}
Issued by Amy B. Spiller, President /s/ Amy B. Spiller

(D)

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- (D)
- ~~4. Any changes or additions to the Company's system required to accommodate the generating facility shall be considered excess facilities. Customer shall agree to pay Company for actual costs incurred for all such excess facilities prior to construction.~~
 - ~~5. Customer shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics or otherwise interfere with the operation of Company's electric system. At all times when the generating facility is being operated in parallel with Company's electric system, Customer shall so operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Company to any of its other customers or to any electric system interconnected with Company's electric system. Customer shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, Company's ability to meet its primary responsibility of furnishing reasonably adequate service to its customers.~~
 - ~~6. Customer shall be responsible for protecting, at Customer's sole cost and expense, the generating facility from any condition or disturbance on Company's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges, except that the Company shall be responsible for repair of damage caused to the generating facility resulting solely from the negligence or willful misconduct on the part of the Company.~~
 - ~~7. After initial installation, Company shall have the right to inspect and/or witness commissioning tests, as specified in the Level 1 or Level 2 application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to Customer, Company shall have access at reasonable times to the generating facility to perform reasonable on-site inspections to verify that the installation, maintenance and operation of the generating facility comply with the requirements of this Tariff.~~
 - ~~8. For inverter based systems that are certified by a nationally recognized testing laboratory to meet the requirements of UL 1741, the Company does not require a Customer owned external disconnect switch (EDS). For other generating facility types, an isolation device that satisfies the Company's technical interconnection requirements must be included. Where required by the Company, an eligible Customer shall furnish and install on Customer's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the Customer's energy generating equipment from Company's electric service under the full rated conditions of the Customer's generating facility. The EDS shall be located adjacent to Company's meters or the location of the EDS shall be noted by placing a sticker on the meter, and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly~~

TERMS AND CONDITIONS FOR INTERCONNECTION (Contd.)

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Commission dated ~~April 27, 2020~~ in Case No. ~~202319-00413274~~.
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Effective: ~~January 11, 2024~~^{May 1, 2020}
Issued by Amy B. Spiller, President /s/ Amy B. Spiller

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~~adjacent to the meter, the Customer shall be responsible for ensuring the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to Company personnel at all times.~~

~~9. Company shall have the right and authority at Company's sole discretion to isolate the generating facility or require the Customer to discontinue operation of the generating facility if Company believes that: (a) continued interconnection and parallel operation of the generating facility with Company's electric system creates or contributes (or may create or contribute) to a system emergency on either Company's or Customer's electric system; (b) the generating facility is not in compliance with the requirements of this Tariff, and the non-compliance adversely affects the safety, reliability or power quality of Company's electric system; or (c) the generating facility interferes with the operation of Company's electric system. In non-emergency situations, Company shall give Customer notice of noncompliance including a description of the specific noncompliance condition and allow Customer a reasonable time to cure the noncompliance prior to isolating the Generating Facilities. In emergency situations, where the Company is unable to immediately isolate or cause the Customer to isolate only the generating facility, the Company may isolate the Customer's entire facility.~~

~~10. Customer shall agree that, without the prior written permission from Company, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection and Net Metering" which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components that meet UL 1741 certification requirements for Level 1 facilities and not resulting in increases in generating facility capacity is allowed without approval.~~

~~11. To the extent permitted by law, the Customer shall protect, indemnify and hold harmless the Company and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorneys fees, for or on account of any injury or death of persons or damage to property caused by the Customer or the Customer's employees, agents, representatives and contractors in tampering with, repairing, maintaining or operating the Customer's generating facility or any related equipment or any facilities owned by the Company except where such injury, death or damage was caused or contributed to by the fault or negligence of the Company or its employees, agents, representatives or contractors.~~

~~The liability of the Company to the Customer for injury to person and property shall be governed by the tariff(s) for the class of service under which the Customer is taking service.~~

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TERMS AND CONDITIONS FOR INTERCONNECTION (Contd.)

- ~~12. The Customer shall maintain general liability insurance coverage (through a standard homeowner's, commercial or other policy) for both Level 1 and Level 2 generating facilities. Customer shall upon request provide Company with proof of such insurance at the time that application is made for net metering.~~
- ~~13. By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Company does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, controls, and protective relays and equipment.~~
- ~~14. A Customer's generating facility is transferable to other persons or service locations only after notification to the Company has been made and verification that the installation is in compliance with this tariff. Upon written notification that an approved generating facility is being transferred to another person, customer or location, the Company will verify that the installation is in compliance with this tariff and provide written notification to the customer(s) within 20 business days. If the installation is no longer in compliance with this tariff, the Company will notify the Customer in writing and list what must be done to place the facility in compliance.~~
- ~~15.1. _____ The Customer shall retain any and all Renewable Energy Credits (RECs) that may be generated by their generating facility.~~

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RIDER NM (T)

NET METERING RIDER (T)

AVAILABILITY

Net Metering is available to eligible customer-generators in the Company's service territory, upon request, and on a first-come, first-served basis up to a cumulative capacity of 1% of the Company's single hour peak load in Kentucky during the previous year. If the cumulative generating capacity of net metering systems reaches one percent (1%) of the Company's single hour peak load during the previous year, upon Commission approval, the Company's obligation to offer net metering to a new customer-generator may be limited. An eligible customer-generator shall mean a retail electric customer of the Company with a generating facility that: (T)
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- (1) Generates electricity using solar energy, wind energy, biomass or biogas energy, or hydro energy;
- (2) Has a rated capacity of not greater than fortyfive (45) kilowatts;
- (3) Is located on the customer's premises;
- (4) Is owned and operated by the customer;
- (5) Is connected in parallel with the Company's electric distribution system; and
- (6) Has the primary purpose of supplying all or part of the customer's own electricity requirements.

At its sole discretion, the Company may provide Net Metering to other customer-generators not meeting all the conditions listed above on a case-by-case basis. (T)
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The term "Customer" hereinafter shall refer to any customer requesting or receiving Net Metering services under this tariff. (T)

METERING

The Company shall provide net metering services, without any cost to the Customer for metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. This provision does not relieve Customer of his or her responsibility to pay metering costs embedded in the utility's Commission-approved base rates.

The standard kilo-watt-hour metering system shall use one of the following methods, as determined solely by the Company:

- (1) A single standard kilowatt-hour meter capable of measuring the flow of electricity in two (2) directions and registering the net amount in one register.

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METERING (Contd.)

- (2) A single standard kilowatt-hour meter capable of measuring the flow of electricity in two (2) directions and registering the amount of flow in each direction in two separate registers, one measuring the flow of electricity from the Company to the Customer and the other measuring the flow of electricity from the Customer to the Company.
- (3) If method (1) or (2) is not feasible, two standard kilowatt-hour meters may be used, one measuring the flow of electricity from the Company to the Customer and the other measuring the flow of electricity from the Customer to the Company.

In method (2) or (3), subtracting one register or meter reading from the other register or meter reading will yield the same result as if method (1) were used.

Any additional meter, meters, or distribution upgrades needed to monitor the flow in each direction shall be installed at the Customer's expense.

BILLING

The measurement of net electricity supplied by the Company and delivered to the Company shall be calculated in the following manner. The Company shall measure the difference between the amount of electricity delivered by the Company to the Customer and the amount of electricity generated by the Customer and delivered to the Company during the billing period, in accordance with one of the methods listed under "METERING". If the kWh delivered by the Company to the Customer exceeds the kWh delivered by the Customer to the Company during the billing period, the Customer shall be billed for the kWh difference. If the kWh generated by the Customer and delivered to the Company exceeds the kWh supplied by the Company to the Customer during the billing period, the Customer shall be credited in the next billing cycle for the kWh difference. Any unused credit when the Customer closes his account will be granted to the Company.

Bill charges and credits will be in accordance with the same standard tariff that would apply if the Customer were not a customer-generator. If time-of-use metering is used, the electricity fed back to the electric grid by the Customer shall be net-metered and accounted for at the specific time it is fed back to the electric grid in accordance with the time-of-use billing agreement currently in place.

Net metering credits are not transferable between customers or locations.

APPLICATION AND APPROVAL PROCESS

The Customer shall submit an Application for Interconnection and Net Metering ("Application") and receive approval from the Company prior to connecting the generator facility to the Company's system.

Applications will be submitted by the Customer and reviewed and processed by the Company according to either Level 1 or Level 2 processes defined below.

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APPLICATION AND APPROVAL PROCESS (Contd.)

The Company may reject an Application for violations of any code, standard, or regulation related to reliability or safety; however, the Company will work with the Customer to resolve those issues to the extent practicable.

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Customers may contact the Company to check on status of an Application or with questions prior to submitting an Application. Company contact information can be found on the Application form.

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Application forms along with instructions on how to submit an application are available on the Company's website.

LEVEL 1

A Level 1 Application shall be used if the generating facility is inverter based and is certified by a nationally recognized testing laboratory to meet the requirements of Underwriters Laboratories Standard 1741 "Inverters, Converters, Controllers and Interconnection System Equipment for Use With Distributed Energy Resources" (UL 1741).

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The Company will approve the Level 1 Application if the generating facility also meets all of the following conditions:

- (1) For interconnection to a radial distribution circuit, the aggregated generation on the circuit, including the proposed generating facility, will not exceed 15% of the Line Section's most recent annual one hour peak load. A line section is the smallest part of the primary distribution system the generating facility could remain connected to after operation of any sectionalizing devices.
- (2) If the proposed generating facility is to be interconnected on a single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed generating facility, will not exceed the smaller of 20 kVA or the nameplate rating of the transformer.
- (3) If the proposed generating facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20% of the nameplate rating of the service transformer.
- (4) If the generating facility is to be connected to three-phase, three wire primary utility distribution lines, the generator shall appear as a phase-to-phase connection at the primary utility distribution line.
- (5) If the generating facility is to be connected to three-phase, four wire primary utility distribution lines, the generator shall appear to the primary utility distribution line as an effectively grounded source.

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LEVEL 1 (Contd.)

- (6) The interconnection will not be on an area or spot network¹.
- (7) The Company does not identify any violations of any applicable provisions of IEEE 1547, "Standard for Interconnecting Distributed Resources with Electric Power Systems".
- (8) No construction of facilities by the Company on its own system will be required to accommodate the generating facility

If the generating facility does not meet all of the above listed criteria, the Company, in its sole discretion, may either: 1.) approve the generating facility under the Level 1 Application if the Company determines that the generating facility can be safely and reliably connected to the Company's system; or 2) deny the application as submitted under the Level 1 Application.

The Company shall notify the customer within 20 business days whether the application is approved or denied, based on the criteria provided in this section.

If the application lacks complete information, the Company shall notify the Customer that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the time to process the application.

The Customer shall be notified whether the application is approved in writing. The approval will be conditioned upon successful completion of an initial installation inspection and witness test if required by the Company. The Company's written approval will indicate if an inspection and witness test are required. If an inspection and witness test are required, the Customer shall notify the Company within 3 business days of completion of the generating facility installation and schedule an inspection and witness test with the Company to occur within 10 business days of completion of the generator facility installation or as otherwise agreed to by the Company and the Customer. If an inspection and witness test is required, the Customer may not operate the generating facility (except for operational testing not to exceed two hours) until successful completion of such inspection and witness test. If the installation fails the inspection or witness test due to non-compliance with any provision in the Application and Company approval, the Customer shall not operate the generating facility until any and all non-compliance is corrected and re-inspected by the Company.

¹Area and spot networks are systems where multiple transformers are interconnected on the secondary side and multiple primary voltage circuits are used to feed the transformers. A spot network is typically used to serve a single building and the transformers are all in one location. An area network typically serves multiple customers with secondary conductors covering multiple city blocks and with transformers at various locations.

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LEVEL 1 (Contd.)

If the Application is denied, the Company will supply the Customer with reasons for denial. The Customer may resubmit under Level 2 if appropriate.

LEVEL 2

A Level 2 Application is required under any of the following:

- (1) The generating facility is not inverter based;
- (2) The generating facility uses equipment that is not certified by a nationally recognized testing laboratory to meet the requirements of UL 1741; or
- (3) The generating facility does not meet one or more of the additional conditions under Level 1.

The Company will approve the Level 2 application if the generating facility meets the Company's technical interconnection requirements, which are based on IEEE 1547. The Company's technical interconnection requirements are available on the Company's website or upon request.

The Company will process the Level 2 Application within 30 business days of receipt of a complete application. Within that time the Company will respond in one of the following ways:

1. The application is approved and the Company will provide the Customer with an Interconnection Agreement to sign.
2. If construction or other changes to the Company's distribution system are required, the cost will be the responsibility of the Customer. The Company will give notice to the Customer and offer to meet to discuss estimated costs and construction timeframe. Should Customer agree to pay for costs and proceed, Company will provide the Customer with an Interconnection Agreement to sign within a reasonable time.
3. The application is denied. The Company will supply the Customer with reasons for denial and offer to meet to discuss possible changes that would result in Company approval. Customer may resubmit application with changes.

If application lacks complete information, Company shall notify Customer that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the 30 business day target to process the application.

The Interconnection Agreement will contain all the terms and conditions for interconnection consistent with those specified in this tariff, inspection and witness test requirements, description of and cost of construction or other changes to the Company's distribution system required to accommodate the generating facility, and

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LEVEL 2(Contd.)

detailed documentation of the generating facilities which may include single line diagrams, relay settings, and description of operation.

Customer may not operate the generating facility until an Interconnection Agreement is signed by the Customer and Company and all necessary conditions stipulated in the agreement are met.

APPLICATION, INSPECTION AND PROCESSING FEES

No application fees or other review, study, or inspection fees are charged by the Company for Level 1 or Level 2 applications.

TERMS AND CONDITIONS FOR INTERCONNECTION

To interconnect to the Company's distribution system, the Customer's generating facility shall comply with the following terms and conditions:

1. The Company shall provide Customer net metering services, without charge for standard metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. If the Customer requests any additional meter or meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the Customer's expense.
2. Customer shall install, operate, and maintain, at Customer's sole cost and expense, any control, protective, or other equipment on the Customer's system required by the Company's technical interconnection requirements based on IEEE 1547, the NEC, accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient and reliable operation of the generating facility in parallel with Company's electric system. Customer shall bear full responsibility for the installation, maintenance and safe operation of the generating facility. Upon reasonable request from the Company, Customer shall demonstrate generating facility compliance.
3. The generating facility shall comply with, and Customer shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by IEEE and accredited testing laboratories such as Underwriters Laboratories; (b) the NEC as may be revised from time to time; (c) Company's rules, regulations, and Company's Service Regulations as contained in Company's Retail Electric Tariff as may be revised from time to time with the approval of the Kentucky Public Service Commission (Commission); (d) the rules and regulations of the Commission, as such rules and regulations may be revised from time to time by the Commission; and (e) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. Where required by law, Customer shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.

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TERMS AND CONDITIONS FOR INTERCONNECTION (Contd.)

4. Any changes or additions to the Company's system required to accommodate the generating facility shall be considered excess facilities. Customer shall agree to pay Company for actual costs incurred for all such excess facilities prior to construction.
5. Customer shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics or otherwise interfere with the operation of Company's electric system. At all times when the generating facility is being operated in parallel with Company's electric system, Customer shall so operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Company to any of its other customers or to any electric system interconnected with Company's electric system. Customer shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, Company's ability to meet its primary responsibility of furnishing reasonably adequate service to its customers.
6. Customer shall be responsible for protecting, at Customer's sole cost and expense, the generating facility from any condition or disturbance on Company's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges, except that the Company shall be responsible for repair of damage caused to the generating facility resulting solely from the negligence or willful misconduct on the part of the Company.
7. After initial installation, Company shall have the right to inspect and/or witness commissioning tests, as specified in the Level 1 or Level 2 application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to Customer, Company shall have access at reasonable times to the generating facility to perform reasonable on-site inspections to verify that the installation, maintenance and operation of the generating facility comply with the requirements of this Tariff.
8. For inverter based systems that are certified by a nationally recognized testing laboratory to meet the requirements of UL 1741, the Company does not require a Customer owned external disconnect switch (EDS). For other generating facility types, an isolation device that satisfies the Company's technical interconnection requirements must be included. Where required by the Company, an eligible Customer shall furnish and install on Customer's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the Customer's energy generating equipment from Company's electric service under the full rated conditions of the Customer's generating facility. The EDS shall be located adjacent to Company's meters or the location of the EDS shall be noted by placing a sticker on the meter, and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly

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TERMS AND CONDITIONS FOR INTERCONNECTION (Contd.)

adjacent to the meter, the Customer shall be responsible for ensuring the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to Company personnel at all times.

9. Company shall have the right and authority at Company's sole discretion to isolate the generating facility or require the Customer to discontinue operation of the generating facility if Company believes that: (a) continued interconnection and parallel operation of the generating facility with Company's electric system creates or contributes (or may create or contribute) to a system emergency on either Company's or Customer's electric system; (b) the generating facility is not in compliance with the requirements of this Tariff, and the non-compliance adversely affects the safety, reliability or power quality of Company's electric system; or (c) the generating facility interferes with the operation of Company's electric system. In non-emergency situations, Company shall give Customer notice of noncompliance including a description of the specific noncompliance condition and allow Customer a reasonable time to cure the noncompliance prior to isolating the Generating Facilities. In emergency situations, where the Company is unable to immediately isolate or cause the Customer to isolate only the generating facility, the Company may isolate the Customer's entire facility.
10. Customer shall agree that, without the prior written permission from Company, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection and Net Metering" which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components that meet UL 1741 certification requirements for Level 1 facilities and not resulting in increases in generating facility capacity is allowed without approval.
11. To the extent permitted by law, the Customer shall protect, indemnify and hold harmless the Company and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorneys fees, for or on account of any injury or death of persons or damage to property caused by the Customer or the Customer's employees, agents, representatives and contractors in tampering with, repairing, maintaining or operating the Customer's generating facility or any related equipment or any facilities owned by the Company except where such injury, death or damage was caused or contributed to by the fault or negligence of the Company or its employees, agents, representatives or contractors.

The liability of the Company to the Customer for injury to person and property shall be governed by the tariff(s) for the class of service under which the Customer is taking service.

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TERMS AND CONDITIONS FOR INTERCONNECTION (Contd.)

12. The Customer shall maintain general liability insurance coverage (through a standard homeowner's, commercial or other policy) for both Level 1 and Level 2 generating facilities. Customer shall upon request provide Company with proof of such insurance at the time that application is made for net metering.
13. By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Company does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, controls, and protective relays and equipment.
14. A Customer's generating facility is transferable to other persons or service locations only after notification to the Company has been made and verification that the installation is in compliance with this tariff. Upon written notification that an approved generating facility is being transferred to another person, customer or location, the Company will verify that the installation is in compliance with this tariff and provide written notification to the customer(s) within 20 business days. If the installation is no longer in compliance with this tariff, the Company will notify the Customer in writing and list what must be done to place the facility in compliance.
15. The Customer shall retain any and all Renewable Energy Credits (RECs) that may be generated by their generating facility.

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RIDER NM I

(T)

NET METERING I RIDER - GRANDFATHERED

(T)

AVAILABILITY

This net metering rider is closed to new participation. Customers receiving service under this rider before the effective date of Net Metering II Rider, KYPSC Electric No. 2 Sheet No. 84, may continue receiving continuous service under this rider for 25 years. This net metering rider terminates 25 years after the original effective date of Rider NM II; at which time Customers may seek participation in the then available Company options for customer-generators. The original effective date of Rider NM II is January 11, 2024. Net Metering I rider service will terminate on January 11, 2049. Customers electing to terminate participation in this rider may not rejoin. An eligible customer-generator as described above shall mean a retail electric customer of the Company with a generating facility that:

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- (1) Generates electricity using solar energy, wind energy, biomass or biogas energy, or hydro energy;
- (2) Has a rated capacity of not greater than forty-five (45) kilowatts;
- (3) Is located on the customer's premises;
- (4) Is owned and operated by the customer;
- (5) Is connected in parallel with the Company's electric distribution system; and
- (6) Has the primary purpose of supplying all or part of the customer's own electricity requirements.

Customers altering their generating facility beyond like replacement of equipment resulting in a material increase in the generating capacity will be removed from participation in this net metering rider and will be required to reapply for interconnection under then current applicable options for customer-generators.

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The term "Customer" hereinafter shall refer to any customer requesting or receiving Net Metering services under this tariff.

Regarding the net metering generating facility, Customer-generators are prohibited from simultaneous participation in both this Rider NM I and any Distributed Energy Resource Aggregation or with any Distributed Energy Resource Aggregator, as those terms are defined by PJM or subsequent Regional Transmission

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AVAILABILITY (Cont.)

Organization, other than an aggregation formed by Duke Energy Kentucky acting as the aggregator. Customer-generators who desire to participate in PJM markets through a third party aggregator must contact the Company and terminate participation in this Rider NM I prior to such PJM market participation.

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METERING

The Company shall provide net metering services, without any cost to the Customer for metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. This provision does not relieve Customer of his or her responsibility to pay metering costs embedded in the utility's Commission-approved base rates.

The standard kilo-watt-hour metering system shall use one of the following methods, as determined solely by the Company:

- (1) A single standard kilowatt-hour meter capable of measuring the flow of electricity in two (2) directions and registering the net amount in one register.
- (2) A single standard kilowatt-hour meter capable of measuring the flow of electricity in two (2) directions and registering the amount of flow in each direction in two separate registers, one measuring the flow of electricity from the Company to the Customer and the other measuring the flow of electricity from the Customer to the Company.
- (3) If method (1) or (2) is not feasible, two standard kilowatt-hour meters may be used, one measuring the flow of electricity from the Company to the Customer and the other measuring the flow of electricity from the Customer to the Company.

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In method (2) or (3), subtracting one register or meter reading from the other register or meter reading will yield the same result as if method (1) were used.

Any additional meter, meters, or distribution upgrades needed to monitor the flow in each direction shall be installed at the Customer's expense.

BILLING

The measurement of net electricity supplied by the Company and delivered to the Company shall be calculated in the following manner. The Company shall measure the difference between the amount of electricity delivered by the Company to the Customer and the amount of electricity generated by the Customer and delivered to the Company during the billing period, in accordance with one of the methods listed under "METERING". If the kWh delivered by the Company to the Customer exceeds the kWh delivered by the Customer to the Company during the billing period, the Customer shall be billed for the kWh difference. If the kWh generated by the Customer and delivered to the Company exceeds the kWh supplied by the Company to the Customer during the billing period, the Customer shall be credited in the next billing cycle for the kWh

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BILLING (Cont.)

difference. Any unused credit when the Customer closes his account will be granted to the Company.

Bill charges and credits will be in accordance with the same standard tariff that would apply if the Customer were not a customer-generator. If time-of-use metering is used, the electricity fed back to the electric grid by the Customer shall be net-metered and accounted for at the specific time it is fed back to the electric grid in accordance with the time-of-use billing agreement currently in place.

Net metering credits are not transferable between customers or locations.

APPLICATION AND APPROVAL PROCESS

The Customer shall submit an Application for Interconnection and Net Metering (“Application”) and receive approval from the Company prior to connecting the generator facility to the Company’s system.

Applications will be submitted by the Customer and reviewed and processed by the Company according to either Level 1 or Level 2 processes defined in the Company’s KYPSC Electric No. 2 Sheet No. 83, Interconnection.

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Application forms along with instructions on how to submit an application are available on the Company’s website.

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Duke Energy Kentucky, Inc.
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RIDER NM II

NET METERING II RIDER

(N)

AVAILABILITY

Net Metering is available to eligible customer-generators in the Company's service territory, upon request, and on a first-come, first-served basis up to a cumulative capacity, including capacity participating under KYPSC Electric No. 2 Sheet No. 89 Rider NM I, of 1% of the Company's single hour peak load in Kentucky during the previous year. If the cumulative generating capacity of net metering systems reaches one percent (1%) of the Company's single hour peak load during the previous year the Company's obligation to offer net metering to a new customer-generator may be limited. This Rider NM II will be effective and available to eligible Customer-generators on January 11, 2024. An eligible customer-generator shall mean a retail electric customer of the Company with a generating facility that:

- (1) Generates electricity using solar energy, wind energy, biomass or biogas energy, or hydro energy;
- (2) Has a rated capacity of not greater than forty-five (45) kilowatts;
- (3) Is located on the customer's premises;
- (4) Is owned and operated by the customer;
- (5) Is connected in parallel with the Company's electric distribution system; and
- (6) Has the primary purpose of supplying all or part of the customer's own electricity requirements.

Eligible Customer-generators taking service under Rider NM II and a standard rate schedule with a two-part rate structure may continue to take service under a two-part rate structure for 25 years after the start of service under Rider NM II.

Customers served under this Rider NM II will not be eligible for the Company's Rider AMO, Advanced Meter Opt-out. In addition, customers receiving temporary service are not eligible for this Rider NM II.

The term "Customer" hereinafter shall refer to any customer requesting or receiving Net Metering services under this tariff.

Regarding the net metering generating facility, Customer-generators are prohibited from simultaneous participation in both this Rider NM II and any Distributed Energy Resource Aggregation or with any Distributed Energy Resource Aggregator, as those terms are defined by PJM or subsequent Regional Transmission Organization, other than an aggregation formed by Duke Energy Kentucky acting as the aggregator. Customer-generators who desire to participate in PJM markets through a third party aggregator must contact the Company and terminate participation in this Rider NM II prior to such wholesale market participation.

Issued by authority of an Order of the Kentucky Public Service
Commission dated _____ in Case No. 2023-00413xyz.

Issued: December 11, 2023

Effective: January 11, 2024

Issued by Amy B. Spiller, President /s/ Amy B. Spiller

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1262 Cox Road
Erlanger, KY 41018

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METERING

The Company shall provide net metering services, without any cost to the Customer for metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. This provision does not relieve Customer of his or her responsibility to pay metering costs embedded in the utility's Commission-approved base rates.

The standard kilowatt-hour metering system shall use one of the following methods, as determined solely by the Company:

- (1) A single standard kilowatt-hour meter capable of measuring the flow of electricity in two (2) directions and registering the amount of flow in each direction in two separate registers, one measuring the flow of electricity from the Company to the Customer and the other measuring the flow of electricity from the Customer to the Company.
- (2) If method (1) is not feasible, two standard kilowatt-hour meters may be used, one measuring the flow of electricity from the Company to the Customer and the other measuring the flow of electricity from the Customer to the Company or a single standard kilowatt hour meter capable of measuring the flow of electricity in two (2) directions and registering the net amount in one register, as determined by the Company.

Any additional meter, meters, or distribution upgrades needed to monitor the flow in each direction shall be installed at the Customer's expense.

BILLING

The Company shall measure the amount of electricity delivered by the Company to the Customer during the billing period, in accordance with one of the methods listed under "METERING". The Customer bill will be calculated in accordance with the Customer's standard rate schedule. Bill charges will be in accordance with the same standard tariff that would apply if the Customer were not a customer-generator. Billing for Customer demand is as described in the Customer's standard tariff for receiving electric service.

The Company shall measure the amount of electricity delivered by the Customer to the Company during the billing period, in accordance with one of the methods listed under "METERING". The Company will provide a bill credit for each kWh Customer produces to the Company's grid. The dollar-denominated bill credit will be applied to the customer's electric bill subject to minimum bill provisions of the standard rate schedule.

For each billing period, the Company will net the dollar value of the total energy consumed and the dollar value of the total energy exported by the Customer. Any bill credits not applied to a Customer's electric bill in a billing period are "unused excess billing-period credits." Any unused excess billing-period credits will be carried forward and drawn on by Customer as needed. Unused excess billing-period credits existing at the time Customer's service is terminated end with Customer's account and are not transferrable between Customers or locations. For joint accounts, unused excess billing-period credits will be carried forward as long as at least one joint account holder remains in the same location.

Excess generation purchases by the Company will be recovered in Company's Fuel Adjustment Clause.

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EXCESS GENERATION AVOIDED COST CREDIT RATE

The Company will provide a bill credit for each kWh Customer produces to the Company's grid using the rate below.

<u>Excess Generation Avoided Cost Credit per kWh (Residential):</u>	<u>\$0.057132</u>
<u>Excess Generation Avoided Cost Credit per kWh (Non-Residential):</u>	<u>\$0.057463</u>

APPLICATION AND APPROVAL PROCESS

The Customer shall submit an Application for Interconnection and Net Metering ("Application") and receive approval from the Company prior to connecting the generator facility to the Company's system. Applications will be submitted by the Customer and reviewed and processed by the Company according to either Level 1 or Level 2 processes defined in Company's KYPSC Electric No. 2 Sheet No. 83, Interconnection.

Application forms along with instructions on how to submit an application are available on the Company's website.

(N)

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RIDER NM II

NET METERING II RIDER

(N)

AVAILABILITY

Net Metering is available to eligible customer-generators in the Company's service territory, upon request, and on a first-come, first-served basis up to a cumulative capacity, including capacity participating under KYPSC Electric No. 2 Sheet No. 89 Rider NM I, of 1% of the Company's single hour peak load in Kentucky during the previous year. If the cumulative generating capacity of net metering systems reaches one percent (1%) of the Company's single hour peak load during the previous year the Company's obligation to offer net metering to a new customer-generator may be limited. This Rider NM II will be effective and available to eligible Customer-generators on January 11, 2024. An eligible customer-generator shall mean a retail electric customer of the Company with a generating facility that:

- (1) Generates electricity using solar energy, wind energy, biomass or biogas energy, or hydro energy;
- (2) Has a rated capacity of not greater than forty-five (45) kilowatts;
- (3) Is located on the customer's premises;
- (4) Is owned and operated by the customer;
- (5) Is connected in parallel with the Company's electric distribution system; and
- (6) Has the primary purpose of supplying all or part of the customer's own electricity requirements.

Eligible Customer-generators taking service under Rider NM II and a standard rate schedule with a two-part rate structure may continue to take service under a two-part rate structure for 25 years after the start of service under Rider NM II.

Customers served under this Rider NM II will not be eligible for the Company's Rider AMO, Advanced Meter Opt-out. In addition, customers receiving temporary service are not eligible for this Rider NM II.

The term "Customer" hereinafter shall refer to any customer requesting or receiving Net Metering services under this tariff.

Regarding the net metering generating facility, Customer-generators are prohibited from simultaneous participation in both this Rider NM II and any Distributed Energy Resource Aggregation or with any Distributed Energy Resource Aggregator, as those terms are defined by PJM or subsequent Regional Transmission Organization, other than an aggregation formed by Duke Energy Kentucky acting as the aggregator. Customer-generators who desire to participate in PJM markets through a third party aggregator must contact the Company and terminate participation in this Rider NM II prior to such wholesale market participation.

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METERING

The Company shall provide net metering services, without any cost to the Customer for metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. This provision does not relieve Customer of his or her responsibility to pay metering costs embedded in the utility's Commission-approved base rates.

The standard kilowatt-hour metering system shall use one of the following methods, as determined solely by the Company:

- (1) A single standard kilowatt-hour meter capable of measuring the flow of electricity in two (2) directions and registering the amount of flow in each direction in two separate registers, one measuring the flow of electricity from the Company to the Customer and the other measuring the flow of electricity from the Customer to the Company.
- (2) If method (1) is not feasible, two standard kilowatt-hour meters may be used, one measuring the flow of electricity from the Company to the Customer and the other measuring the flow of electricity from the Customer to the Company or a single standard kilowatt hour meter capable of measuring the flow of electricity in two (2) directions and registering the net amount in one register, as determined by the Company.

Any additional meter, meters, or distribution upgrades needed to monitor the flow in each direction shall be installed at the Customer's expense.

BILLING

The Company shall measure the amount of electricity delivered by the Company to the Customer during the billing period, in accordance with one of the methods listed under "METERING". The Customer bill will be calculated in accordance with the Customer's standard rate schedule. Bill charges will be in accordance with the same standard tariff that would apply if the Customer were not a customer-generator. Billing for Customer demand is as described in the Customer's standard tariff for receiving electric service.

The Company shall measure the amount of electricity delivered by the Customer to the Company during the billing period, in accordance with one of the methods listed under "METERING". The Company will provide a bill credit for each kWh Customer produces to the Company's grid. The dollar-denominated bill credit will be applied to the customer's electric bill subject to minimum bill provisions of the standard rate schedule.

For each billing period, the Company will net the dollar value of the total energy consumed and the dollar value of the total energy exported by the Customer. Any bill credits not applied to a Customer's electric bill in a billing period are "unused excess billing-period credits." Any unused excess billing-period credits will be carried forward and drawn on by Customer as needed. Unused excess billing-period credits existing at the time Customer's service is terminated end with Customer's account and are not transferrable between Customers or locations. For joint accounts, unused excess billing-period credits will be carried forward as long as at least one joint account holder remains in the same location.

Excess generation purchases by the Company will be recovered in Company's Fuel Adjustment Clause.

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EXCESS GENERATION AVOIDED COST CREDIT RATE

The Company will provide a bill credit for each kWh Customer produces to the Company’s grid using the rate below.

Excess Generation Avoided Cost Credit per kWh (Residential):	\$0.057132
Excess Generation Avoided Cost Credit per kWh (Non-Residential):	\$0.057463

APPLICATION AND APPROVAL PROCESS

The Customer shall submit an Application for Interconnection and Net Metering (“Application”) and receive approval from the Company prior to connecting the generator facility to the Company’s system. Applications will be submitted by the Customer and reviewed and processed by the Company according to either Level 1 or Level 2 processes defined in Company’s KYPSC Electric No. 2 Sheet No. 83, Interconnection.

Application forms along with instructions on how to submit an application are available on the Company’s website.

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INTERCONNECTION

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AVAILABILITY

All customers seeking to interconnect with the Company's system must apply and complete the interconnection process described below.

METERING

Any additional meter, meters, or distribution upgrades needed to monitor the flow of electricity in each direction shall be installed at the Customer's expense.

APPLICATION AND APPROVAL PROCESS

The Customer shall submit an Application for Interconnection ("Application") and receive approval from the Company prior to connecting the generator facility to the Company's system.

Applications will be submitted by the Customer and reviewed and processed by the Company according to either Level 1 or Level 2 processes defined below.

The Company may reject an Application for violations of any code, standard, or regulation related to reliability or safety; however, the Company will work with the Customer to resolve those issues to the extent practicable.

Customers may contact the Company to check on status of an Application or with questions prior to submitting an Application. Company contact information can be found on the Application form.

Application forms along with instructions on how to submit an application are available on the Company's website.

LEVEL 1

A Level 1 Application shall be used if the generating facility is inverter based and is certified by a nationally recognized testing laboratory to meet the requirements of Underwriters Laboratories Standard 1741 "Inverters, Converters, Controllers and Interconnection System Equipment for Use With Distributed Energy Resources" (UL 1741).

The Company will approve the Level 1 Application if the generating facility also meets all of the following conditions:

- (1) For interconnection to a radial distribution circuit, the aggregated generation on the circuit, including the proposed generating facility, will not exceed 15% of the Line Section's most recent annual one hour peak load. A line section is the smallest part of the primary distribution system the generating facility could remain connected to after operation of any sectionalizing devices.

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LEVEL 1 (Cont.)

- (2) If the proposed generating facility is to be interconnected on a single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed generating facility, will not exceed the smaller of 20 kVA or the nameplate rating of the transformer.
- (3) If the proposed generating facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20% of the nameplate rating of the service transformer.
- (4) If the generating facility is to be connected to three-phase, three wire primary utility distribution lines, the generator shall appear as a phase-to-phase connection at the primary utility distribution line.
- (5) If the generating facility is to be connected to three-phase, four wire primary utility distribution lines, the generator shall appear to the primary utility distribution line as an effectively grounded source.
- The interconnection will not be on an area or spot network¹.
- (6) The Company does not identify any violations of any applicable provisions of IEEE 1547, "Standard for Interconnecting Distributed Resources with Electric Power Systems".
- (7) No construction of facilities by the Company on its own system will be required to accommodate the generating facility.

If the generating facility does not meet all of the above listed criteria, the Company, in its sole discretion, may either: 1.) approve the generating facility under the Level 1 Application if the Company determines that the generating facility can be safely and reliably connected to the Company's system; or 2) deny the application as submitted under the Level 1 Application.

The Company shall notify the customer within 20 business days whether the application is approved or denied, based on the criteria provided in this section.

¹Area and spot networks are systems where multiple transformers are interconnected on the secondary side and multiple primary voltage circuits are used to feed the transformers. A spot network is typically used to serve a single building and the transformers are all in one location. An area network typically serves multiple customers with secondary conductors covering multiple city blocks and with transformers at various locations.

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LEVEL 1 (Cont.)

If the application lacks complete information, the Company shall notify the Customer that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the time to process the application.

The Customer shall be notified whether the application is approved in writing. The approval will be conditioned upon successful completion of an initial installation inspection and witness test if required by the Company.

The Company's written approval will indicate if an inspection and witness test are required. If an inspection and witness test are required, the Customer shall notify the Company within 3 business days of completion of the generating facility installation and schedule an inspection and witness test with the Company to occur within 10 business days of completion of the generator facility installation or as otherwise agreed to by the Company and the Customer. If an inspection and witness test is required, the Customer may not operate the generating facility (except for operational testing not to exceed two hours) until successful completion of such inspection and witness test. If the installation fails the inspection or witness test due to non-compliance with any provision in the Application and Company approval, the Customer shall not operate the generating facility until any and all non-compliance is corrected and re-inspected by the Company.

If the Application is denied, the Company will supply the Customer with reasons for denial. The Customer may resubmit under Level 2 if appropriate.

LEVEL 2

A Level 2 Application is required under any of the following:

- (1) The generating facility is not inverter based;
- (2) The generating facility uses equipment that is not certified by a nationally recognized testing laboratory to meet the requirements of UL 1741; or
- (3) The generating facility does not meet one or more of the additional conditions under Level 1.

The Company will approve the Level 2 application if the generating facility meets the Company's technical interconnection requirements, which are based on IEEE 1547. The Company's technical interconnection requirements are available on the Company's website or upon request.

The Company will process the Level 2 Application within 30 business days of receipt of a complete application. Within that time the Company will respond in one of the following ways:

1. The application is approved and the Company will provide the Customer with an Interconnection Agreement to sign.

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LEVEL 2 (Cont.)

2. If construction or other changes to the Company's distribution system are required, the cost will be the responsibility of the Customer. The Company will give notice to the Customer and offer to meet to discuss estimated costs and construction timeframe. Should Customer agree to pay for costs and proceed, Company will provide the Customer with an Interconnection Agreement to sign within a reasonable time.
3. The application is denied. The Company will supply the Customer with reasons for denial and offer to meet to discuss possible changes that would result in Company approval. Customer may resubmit application with changes.

If application lacks complete information, Company shall notify Customer that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the 30 business day target to process the application.

The Interconnection Agreement will contain all the terms and conditions for interconnection consistent with those specified in this tariff, inspection and witness test requirements, description of and cost of construction or other changes to the Company's distribution system required to accommodate the generating facility, and detailed documentation of the generating facilities which may include single line diagrams, relay settings, and description of operation.

Customer may not operate the generating facility until an Interconnection Agreement is signed by the Customer and Company and all necessary conditions stipulated in the agreement are met.

APPLICATION, INSPECTION AND PROCESSING FEES

No application fees or other review, study, or inspection fees are charged by the Company for Level 1 or Level 2 applications.

TERMS AND CONDITIONS FOR INTERCONNECTION

To interconnect to the Company's distribution system, the Customer's generating facility shall comply with the following terms and conditions:

1. The Company shall provide Customer net metering services, as applicable, without charge for standard metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. If the Customer requests any additional meter or meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the Customer's expense.

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TERMS AND CONDITIONS FOR INTERCONNECTION (Cont.)

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2. Customer shall install, operate, and maintain, at Customer's sole cost and expense, any control, protective, or other equipment on the Customer's system required by the Company's technical interconnection requirements based on IEEE 1547, the NEC, accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient and reliable operation of the generating facility in parallel with Company's electric system. Customer shall bear full responsibility for the installation, maintenance and safe operation of the generating facility. Upon reasonable request from the Company, Customer shall demonstrate generating facility compliance.
3. The generating facility shall comply with, and Customer shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by IEEE and accredited testing laboratories such as Underwriters Laboratories; (b) the NEC as may be revised from time to time; (c) Company's rules, regulations, and Company's Service Regulations as contained in Company's Retail Electric Tariff as may be revised from time to time with the approval of the Kentucky Public Service Commission (Commission); (d) the rules and regulations of the Commission, as such rules and regulations may be revised from time to time by the Commission; and (e) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. Where required by law, Customer shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.
4. Any changes or additions to the Company's system required to accommodate the generating facility shall be considered excess facilities. Customer shall agree to pay Company for actual costs incurred for all such excess facilities prior to construction.
5. Customer shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics or otherwise interfere with the operation of Company's electric system. At all times when the generating facility is being operated in parallel with Company's electric system, Customer shall so operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Company to any of its other customers or to any electric system interconnected with Company's electric system. Customer shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, Company's ability to meet its primary responsibility of furnishing reasonably adequate service to its customers.
6. Customer shall be responsible for protecting, at Customer's sole cost and expense, the generating facility from any condition or disturbance on Company's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges, except that the Company shall be responsible for repair of damage caused to the generating facility resulting solely from the negligence or willful misconduct on the part of the Company.

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Commission dated _____ in Case No. 2023-00413yyy.

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Erlanger, KY 41018

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TERMS AND CONDITIONS FOR INTERCONNECTION (Cont.)

(N)

7. After initial installation, Company shall have the right to inspect and/or witness commissioning tests, as specified in the Level 1 or Level 2 application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to Customer, Company shall have access at reasonable times to the generating facility to perform reasonable on-site inspections to verify that the installation, maintenance and operation of the generating facility comply with the requirements of this Tariff.
8. For inverter based systems that are certified by a nationally recognized testing laboratory to meet the requirements of UL 1741, the Company does not require a Customer owned external disconnect switch (EDS). For other generating facility types, an isolation device that satisfies the Company's technical interconnection requirements must be included. Where required by the Company, an eligible Customer shall furnish and install on Customer's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the Customer's energy generating equipment from Company's electric service under the full rated conditions of the Customer's generating facility. The EDS shall be located adjacent to Company's meters or the location of the EDS shall be noted by placing a sticker on the meter, and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly adjacent to the meter, the Customer shall be responsible for ensuring the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to Company personnel at all times.
9. Company shall have the right and authority at Company's sole discretion to isolate the generating facility or require the Customer to discontinue operation of the generating facility if Company believes that: (a) continued interconnection and parallel operation of the generating facility with Company's electric system creates or contributes (or may create or contribute) to a system emergency on either Company's or Customer's electric system; (b) the generating facility is not in compliance with the requirements of this Tariff, and the non-compliance adversely affects the safety, reliability or power quality of Company's electric system; or (c) the generating facility interferes with the operation of Company's electric system. In non-emergency situations, Company shall give Customer notice of noncompliance including a description of the specific noncompliance condition and allow Customer a reasonable time to cure the noncompliance prior to isolating the Generating Facilities. In emergency situations, where the Company is unable to immediately isolate or cause the Customer to isolate only the generating facility, the Company may isolate the Customer's entire facility.
10. Customer shall agree that, without the prior written permission from Company, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection" which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components that meet UL 1741 certification requirements for Level 1 facilities and not resulting in increases in generating facility capacity is allowed without approval.

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Duke Energy Kentucky, Inc.
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Erlanger, KY 41018

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TERMS AND CONDITIONS FOR INTERCONNECTION (Cont.)

(N)

11. To the extent permitted by law, the Customer shall protect, indemnify and hold harmless the Company and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorneys fees, for or on account of any injury or death of persons or damage to property caused by the Customer or the Customer's employees, agents, representatives and contractors in tampering with, repairing, maintaining or operating the Customer's generating facility or any related equipment or any facilities owned by the Company except where such injury, death or damage was caused or contributed to by the fault or negligence of the Company or its employees, agents, representatives or contractors.

The liability of the Company to the Customer for injury to person and property shall be governed by the tariff(s) for the class of service under which the Customer is taking service.

12. The Customer shall maintain general liability insurance coverage (through a standard homeowner's, commercial or other policy) for both Level 1 and Level 2 generating facilities. Customer shall upon request provide Company with proof of such insurance at the time that application is made for interconnection.

13. By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Company does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, controls, and protective relays and equipment.

14. A Customer's generating facility is transferable to other persons or service locations only after notification to the Company has been made and verification that the installation is in compliance with this tariff. Upon written notification that an approved generating facility is being transferred to another person, customer or location, the Company will verify that the installation is in compliance with this tariff and provide written notification to the customer(s) within 20 business days. If the installation is no longer in compliance with this tariff, the Company will notify the Customer in writing and list what must be done to place the facility in compliance.

15. The Customer shall retain any and all Renewable Energy Credits (RECs) that may be generated by their generating facility.

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INTERCONNECTION

(N)

AVAILABILITY

All customers seeking to interconnect with the Company's system must apply and complete the interconnection process described below.

METERING

Any additional meter, meters, or distribution upgrades needed to monitor the flow of electricity in each direction shall be installed at the Customer's expense.

APPLICATION AND APPROVAL PROCESS

The Customer shall submit an Application for Interconnection ("Application") and receive approval from the Company prior to connecting the generator facility to the Company's system.

Applications will be submitted by the Customer and reviewed and processed by the Company according to either Level 1 or Level 2 processes defined below.

The Company may reject an Application for violations of any code, standard, or regulation related to reliability or safety; however, the Company will work with the Customer to resolve those issues to the extent practicable.

Customers may contact the Company to check on status of an Application or with questions prior to submitting an Application. Company contact information can be found on the Application form.

Application forms along with instructions on how to submit an application are available on the Company's website.

LEVEL 1

A Level 1 Application shall be used if the generating facility is inverter based and is certified by a nationally recognized testing laboratory to meet the requirements of Underwriters Laboratories Standard 1741 "Inverters, Converters, Controllers and Interconnection System Equipment for Use With Distributed Energy Resources" (UL 1741).

The Company will approve the Level 1 Application if the generating facility also meets all of the following conditions:

- (1) For interconnection to a radial distribution circuit, the aggregated generation on the circuit, including the proposed generating facility, will not exceed 15% of the Line Section's most recent annual one hour peak load. A line section is the smallest part of the primary distribution system the generating facility could remain connected to after operation of any sectionalizing devices.

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LEVEL 1 (Cont.)

- (2) If the proposed generating facility is to be interconnected on a single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed generating facility, will not exceed the smaller of 20 kVA or the nameplate rating of the transformer.
- (3) If the proposed generating facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20% of the nameplate rating of the service transformer.
- (4) If the generating facility is to be connected to three-phase, three wire primary utility distribution lines, the generator shall appear as a phase-to-phase connection at the primary utility distribution line.
- (5) If the generating facility is to be connected to three-phase, four wire primary utility distribution lines, the generator shall appear to the primary utility distribution line as an effectively grounded source.

The interconnection will not be on an area or spot network¹.

- (6) The Company does not identify any violations of any applicable provisions of IEEE 1547, "Standard for Interconnecting Distributed Resources with Electric Power Systems".
- (7) No construction of facilities by the Company on its own system will be required to accommodate the generating facility.

If the generating facility does not meet all of the above listed criteria, the Company, in its sole discretion, may either: 1.) approve the generating facility under the Level 1 Application if the Company determines that the generating facility can be safely and reliably connected to the Company's system; or 2) deny the application as submitted under the Level 1 Application.

The Company shall notify the customer within 20 business days whether the application is approved or denied, based on the criteria provided in this section.

¹Area and spot networks are systems where multiple transformers are interconnected on the secondary side and multiple primary voltage circuits are used to feed the transformers. A spot network is typically used to serve a single building and the transformers are all in one location. An area network typically serves multiple customers with secondary conductors covering multiple city blocks and with transformers at various locations.

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LEVEL 1 (Cont.)

If the application lacks complete information, the Company shall notify the Customer that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the time to process the application.

The Customer shall be notified whether the application is approved in writing. The approval will be conditioned upon successful completion of an initial installation inspection and witness test if required by the Company.

The Company's written approval will indicate if an inspection and witness test are required. If an inspection and witness test are required, the Customer shall notify the Company within 3 business days of completion of the generating facility installation and schedule an inspection and witness test with the Company to occur within 10 business days of completion of the generator facility installation or as otherwise agreed to by the Company and the Customer. If an inspection and witness test is required, the Customer may not operate the generating facility (except for operational testing not to exceed two hours) until successful completion of such inspection and witness test. If the installation fails the inspection or witness test due to non-compliance with any provision in the Application and Company approval, the Customer shall not operate the generating facility until any and all non-compliance is corrected and re-inspected by the Company.

If the Application is denied, the Company will supply the Customer with reasons for denial. The Customer may resubmit under Level 2 if appropriate.

LEVEL 2

A Level 2 Application is required under any of the following:

- (1) The generating facility is not inverter based;
- (2) The generating facility uses equipment that is not certified by a nationally recognized testing laboratory to meet the requirements of UL 1741; or
- (3) The generating facility does not meet one or more of the additional conditions under Level 1.

The Company will approve the Level 2 application if the generating facility meets the Company's technical interconnection requirements, which are based on IEEE 1547. The Company's technical interconnection requirements are available on the Company's website or upon request.

The Company will process the Level 2 Application within 30 business days of receipt of a complete application. Within that time the Company will respond in one of the following ways:

1. The application is approved and the Company will provide the Customer with an Interconnection Agreement to sign.

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LEVEL 2 (Cont.)

2. If construction or other changes to the Company's distribution system are required, the cost will be the responsibility of the Customer. The Company will give notice to the Customer and offer to meet to discuss estimated costs and construction timeframe. Should Customer agree to pay for costs and proceed, Company will provide the Customer with an Interconnection Agreement to sign within a reasonable time.
3. The application is denied. The Company will supply the Customer with reasons for denial and offer to meet to discuss possible changes that would result in Company approval. Customer may resubmit application with changes.

If application lacks complete information, Company shall notify Customer that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the 30 business day target to process the application.

The Interconnection Agreement will contain all the terms and conditions for interconnection consistent with those specified in this tariff, inspection and witness test requirements, description of and cost of construction or other changes to the Company's distribution system required to accommodate the generating facility, and detailed documentation of the generating facilities which may include single line diagrams, relay settings, and description of operation.

Customer may not operate the generating facility until an Interconnection Agreement is signed by the Customer and Company and all necessary conditions stipulated in the agreement are met.

APPLICATION, INSPECTION AND PROCESSING FEES

No application fees or other review, study, or inspection fees are charged by the Company for Level 1 or Level 2 applications.

TERMS AND CONDITIONS FOR INTERCONNECTION

To interconnect to the Company's distribution system, the Customer's generating facility shall comply with the following terms and conditions:

1. The Company shall provide Customer net metering services, as applicable, without charge for standard metering equipment, through a standard kilowatt-hour metering system capable of measuring the flow of electricity in two (2) directions. If the Customer requests any additional meter or meters or distribution upgrades are needed to monitor the flow in each direction, such installations shall be at the Customer's expense.

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TERMS AND CONDITIONS FOR INTERCONNECTION (Cont.)

- (N)
2. Customer shall install, operate, and maintain, at Customer's sole cost and expense, any control, protective, or other equipment on the Customer's system required by the Company's technical interconnection requirements based on IEEE 1547, the NEC, accredited testing laboratories such as Underwriters Laboratories, and the manufacturer's suggested practices for safe, efficient and reliable operation of the generating facility in parallel with Company's electric system. Customer shall bear full responsibility for the installation, maintenance and safe operation of the generating facility. Upon reasonable request from the Company, Customer shall demonstrate generating facility compliance.
 3. The generating facility shall comply with, and Customer shall represent and warrant its compliance with: (a) any applicable safety and power quality standards established by IEEE and accredited testing laboratories such as Underwriters Laboratories; (b) the NEC as may be revised from time to time; (c) Company's rules, regulations, and Company's Service Regulations as contained in Company's Retail Electric Tariff as may be revised from time to time with the approval of the Kentucky Public Service Commission (Commission); (d) the rules and regulations of the Commission, as such rules and regulations may be revised from time to time by the Commission; and (e) all other applicable local, state, and federal codes and laws, as the same may be in effect from time to time. Where required by law, Customer shall pass an electrical inspection of the generating facility by a local authority having jurisdiction over the installation.
 4. Any changes or additions to the Company's system required to accommodate the generating facility shall be considered excess facilities. Customer shall agree to pay Company for actual costs incurred for all such excess facilities prior to construction.
 5. Customer shall operate the generating facility in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics or otherwise interfere with the operation of Company's electric system. At all times when the generating facility is being operated in parallel with Company's electric system, Customer shall so operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Company to any of its other customers or to any electric system interconnected with Company's electric system. Customer shall agree that the interconnection and operation of the generating facility is secondary to, and shall not interfere with, Company's ability to meet its primary responsibility of furnishing reasonably adequate service to its customers.
 6. Customer shall be responsible for protecting, at Customer's sole cost and expense, the generating facility from any condition or disturbance on Company's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges, except that the Company shall be responsible for repair of damage caused to the generating facility resulting solely from the negligence or willful misconduct on the part of the Company.

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TERMS AND CONDITIONS FOR INTERCONNECTION (Cont.)

- (N)
7. After initial installation, Company shall have the right to inspect and/or witness commissioning tests, as specified in the Level 1 or Level 2 application and approval process. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to Customer, Company shall have access at reasonable times to the generating facility to perform reasonable on-site inspections to verify that the installation, maintenance and operation of the generating facility comply with the requirements of this Tariff.
 8. For inverter based systems that are certified by a nationally recognized testing laboratory to meet the requirements of UL 1741, the Company does not require a Customer owned external disconnect switch (EDS). For other generating facility types, an isolation device that satisfies the Company's technical interconnection requirements must be included. Where required by the Company, an eligible Customer shall furnish and install on Customer's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the Customer's energy generating equipment from Company's electric service under the full rated conditions of the Customer's generating facility. The EDS shall be located adjacent to Company's meters or the location of the EDS shall be noted by placing a sticker on the meter, and shall be of the visible break type in a metal enclosure which can be secured by a padlock. If the EDS is not located directly adjacent to the meter, the Customer shall be responsible for ensuring the location of the EDS is properly and legibly identified for so long as the generating facility is operational. The disconnect switch shall be accessible to Company personnel at all times.
 9. Company shall have the right and authority at Company's sole discretion to isolate the generating facility or require the Customer to discontinue operation of the generating facility if Company believes that: (a) continued interconnection and parallel operation of the generating facility with Company's electric system creates or contributes (or may create or contribute) to a system emergency on either Company's or Customer's electric system; (b) the generating facility is not in compliance with the requirements of this Tariff, and the non-compliance adversely affects the safety, reliability or power quality of Company's electric system; or (c) the generating facility interferes with the operation of Company's electric system. In non-emergency situations, Company shall give Customer notice of noncompliance including a description of the specific noncompliance condition and allow Customer a reasonable time to cure the noncompliance prior to isolating the Generating Facilities. In emergency situations, where the Company is unable to immediately isolate or cause the Customer to isolate only the generating facility, the Company may isolate the Customer's entire facility.
 10. Customer shall agree that, without the prior written permission from Company, no changes shall be made to the generating facility as initially approved. Increases in generating facility capacity will require a new "Application for Interconnection" which will be evaluated on the same basis as any other new application. Repair and replacement of existing generating facility components with like components that meet UL 1741 certification requirements for Level 1 facilities and not resulting in increases in generating facility capacity is allowed without approval.

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TERMS AND CONDITIONS FOR INTERCONNECTION (Cont.)

(N)

11. To the extent permitted by law, the Customer shall protect, indemnify and hold harmless the Company and its directors, officers, employees, agents, representatives and contractors against and from all loss, claims, actions or suits, including costs and attorneys fees, for or on account of any injury or death of persons or damage to property caused by the Customer or the Customer's employees, agents, representatives and contractors in tampering with, repairing, maintaining or operating the Customer's generating facility or any related equipment or any facilities owned by the Company except where such injury, death or damage was caused or contributed to by the fault or negligence of the Company or its employees, agents, representatives or contractors.

The liability of the Company to the Customer for injury to person and property shall be governed by the tariff(s) for the class of service under which the Customer is taking service.

12. The Customer shall maintain general liability insurance coverage (through a standard homeowner's, commercial or other policy) for both Level 1 and Level 2 generating facilities. Customer shall upon request provide Company with proof of such insurance at the time that application is made for interconnection.
13. By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Company does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, controls, and protective relays and equipment.
14. A Customer's generating facility is transferable to other persons or service locations only after notification to the Company has been made and verification that the installation is in compliance with this tariff. Upon written notification that an approved generating facility is being transferred to another person, customer or location, the Company will verify that the installation is in compliance with this tariff and provide written notification to the customer(s) within 20 business days. If the installation is no longer in compliance with this tariff, the Company will notify the Customer in writing and list what must be done to place the facility in compliance.
15. The Customer shall retain any and all Renewable Energy Credits (RECs) that may be generated by their generating facility.