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VIA ELECTRONIC FILING

March 18, 2026

Ms. Linda C. Bridwell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Re: Case No. 2024-00352

In the Matter of the Annual Cost Recovery Filing for Demand Side Management by Duke Energy Kentucky, Inc.

Dear Ms. Bridwell:

In its final order in this case, the Kentucky Public Service Commission (Commission) found that Duke Energy Kentucky, Inc. (Duke Energy Kentucky or the Company) “adequately kept the Commission informed of the progress and status of its DSM programs.”¹ Duke Energy Kentucky, Inc. hereby submits notice for the two DSM programs that will reach ninety-five (95) percent of their budgets during the current fiscal year by March 2026. A quarterly review of costs will be conducted throughout the fiscal year to provide more timely updates to the Commission.

This letter pertains to the third quarter early review for the July 1, 2025 – January 30, 2026, timeframe. Both of the Company’s residential income qualified programs will be over the 95% threshold of costs as of March 1, 2026.

The company offers two income qualified programs: Income Qualified Neighborhood and Income Qualified Services. Both programs are experiencing higher than forecasted interest.

Residential Program Over 95%

Income Qualified Neighborhood: Neighborhood Energy Saver Program > 95% of budget

- Income qualified neighborhoods are identified for the program, if at least 50 percent of the households are at or below 200 percent of the federal poverty guidelines. Duke Energy Kentucky analyzes census and internal

¹ Order, p. 7 (Ky. P.S.C. Feb. 7, 2025).

data to select and prioritize neighborhoods that have the greatest need and propensity to participate.

- Duke Energy Kentucky has expanded the NES program by adding NES 2.0.² In addition to the current 16 measures offered to customers, Duke Energy will qualify customers of the neighborhood for NES 2.0 measures, which include attic insulation, air sealing, duct sealing, and smart thermostats to address customers high energy use. Eligibility of the revised measures (NES 2.0) will be made available to customers that the Company deems a high-energy user.
- It is predicted the program will be over 95% of budget March 1, 2026.
- Costs are higher than forecasted due to a significant increase in high-energy user households participating in the program resulting in additional NES 2.0 measures being installed in customer homes.
- The program is anticipated to be overspent by 20% of the approved budget.

Income Qualified Services > 95% of budget

- Income Qualified Services includes three program components:
 1. Payment Plus
 2. Weatherization
 3. Refrigerator Replacement
- The Payment Plus portion of Low-Income Services program is designed to impact participants' behavior (*e.g.*, encourages utility bill payment and reducing arrearages) and to generate energy conservation impacts. Payment Plus is made up of three components:
 1. Energy Education & Budget Counseling: to help customers understand how to control their energy usage and how to manage their household bills, a combined education/counseling approach is used.
 2. Weatherization: to increase energy efficiency in customers' homes, participants are required to have their homes weatherized as part of the normal Residential Conservation and Energy

² *In the Matter of Electronic Application of Duke Energy Kentucky, Inc. to Amend its Demand Side Management Programs*, Case No. 2021-00313, Application, pp. 6-7 (Aug. 16, 2021); *id.*, Order, p. 8 (Ky. P.S.C. Dec. 22, 2021).

Education (low-income weatherization) program unless they were weatherized in past program years.

3. Bill Assistance: to provide an incentive for these customers to participate in education and weatherization, and to help them get control of their bills. Payment assistance credits are provided to each customer once they complete each aspect of the program. The credits are: \$200 for participating in the EE counseling, \$150 for participating in the budgeting counseling, and \$150 for participating in the Residential Conservation and Energy Education program (weatherization services). If all the requirements are completed, a household could receive up to a total of \$500 towards their arrearage. Some customers do not complete all three steps or may have already had weatherization services completed prior to the program.
- Due to the cold weather and extreme frigid temperatures throughout the Midwest during the 2025-2026 winter, the Payment Plus program experienced a significant surge as customers looked for ways to manage. While many customers received higher than normal billing due to increased usage, this situation has been especially challenging for our most vulnerable customers across our communities who often do not have funds or ability to weatherize their homes or can only afford housing or rent in homes that may be less Energy Efficient.
 - The Payment Plus Program was designed for these exact situations, to assist customers and homes needing weatherization and to help them manage their monthly usage. Although the program was initially budgeted for 200 customers, the actual need has far exceeded that number and continues to grow due to the extreme weather experienced in the Midwest.
 - The program's implementation cost has risen since approval in Case No. 2024-00352. The Company did not request extra funds in the August 2025 amendment filing due to timing—the demand had not surpassed the budget at the time of the Company's August 2025 filing.
 - It is predicted the program will be over 95% of budget as of March 1, 2026.
 - Due to an increased demand, the Income Qualified Services program could be over budget by the end of the fiscal year. The Company is forecasting a 30% overspend for this program.

I certify that this electronically filed document is a true and accurate copy of the original

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document and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means. Pursuant to the Commission's July 22, 2021, Order in Case No. 2020-00085, no paper copies of this filing will be made.

Respectfully submitted,

DUKE ENERGY KENTUCKY, INC.

/s/Larisa M. Vaysman

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