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Rocco O. D'Ascenzo  
Associate General Counsel

**VIA OVERNIGHT DELIVERY**

April 2, 2013

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd  
Frankfort, KY 40601

**Re: Application of Duke Energy Kentucky, Inc. the Annual Cost Recovery Filing  
for Demand Side Management, Case No. 2012-00495**

Dear Mr. Derouen:

On March 21, 2013, an informal conference was held in the above referenced case. The Staff requested explanations as to the incremental participation level of the Smart Saver Custom Energy Efficiency Incentive Program as filed in Table 1, page 7, of the application. As such, Duke Energy Kentucky, Inc. (Duke Energy Kentucky) respectfully submits this explanation in response to that request.

Custom Incentive "participants" are not strictly defined as a certain object. They may be a building, a chiller, a process line or even a single lamp and are all unique. A "participant" is not a metric the Custom program tracks to determine how effective the program has been. Duke Energy Kentucky tracks the number of applications received, each of which can contain any number of participants, and kWh achieved. Participants are just an intermediary counting mechanism used for purposes of recording performance.

As a hypothetical comparison:

- Customer #1 might apply for a single industrial chiller project that saves 250,000 kWh. This would be 1 "participant."
- Customer #2 might apply for a lighting retrofit of 1,000 fixtures that save 250 kWh each. This would be 1,000 "participants" but is the same aggregate result as the chiller.

The 850 pilot “participants” from the status update filing (Case No. 2012-00495) happened to be LED lamps replacing halogen lamps. Each of them saves approximately 250 kWh each, based on the retail stores operating hours. The aggregate savings is a little over 212,000 kWh.

Thank you for your consideration in this matter. Feel free to contact me should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rocco O. D'Ascenzo', with a long horizontal flourish extending to the right.

Rocco O. D'Ascenzo