



DUKE ENERGY CORPORATION

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Kristen Cocanougher
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VIA ELECTRONIC MAIL

July 9, 2012

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

RECEIVED

JUL 11 2012

PUBLIC SERVICE
COMMISSION

Re: Case No. 2012-00085

In the Matter of an Application of Duke Energy Kentucky, Inc. for an Energy Efficiency Cost Recovery Mechanism and for Approval of Additional Programs for Inclusion in its Existing Portfolio

Dear Mr. Derouen:

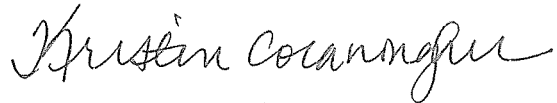
This Commission issued an Order on June 29, 2012, in the captioned matter, requiring that Duke Energy Kentucky file revised tariffs within ten days. As such, enclosed please find the following tariffs for filing:

1. Rider DSMR, KY. P.S.C. Gas No. 2, Tenth Revised Sheet No. 62, Cancels and Supersedes Ninth Revised Sheet No. 62;
2. Rider DSMR, KY P.S.C. Electric No. 2, Tenth Revised Sheet No. 78, Cancels and Supersedes Ninth Revised Sheet No. 78;
3. Appliance Recycling Program, Original Sheet No. 102;
4. Energy Efficiency Education Program for Schools Program, Original Sheet No. 103;
5. Residential Smart Saver Energy Efficient Residences Program, Original Sheet No. 104;
6. Low Income Neighborhood Program, Original Sheet No. 105;
7. Low Income Services Program, Original Sheet No. 106;
8. My Home Energy Report Program, Original Sheet No. 107;
9. Residential Direct Load Control – Power Manager Program, Original Sheet No. 108;
10. Residential Energy Assessment Program, Original Sheet No. 109;
11. Residential Smart Saver Energy Efficient Products Program, Original Sheet No. 110;
12. Smart Saver Custom Program, Original Sheet No. 111;
13. Smart Saver Energy Assessments Program, Original Sheet No. 112; and

14. Smart Saver Prescriptive Program, Original Sheet No. 113.

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

Sincerely,

A handwritten signature in cursive script that reads "Kristen Cocanougher".

Kristen Cocanougher

cc: Larry Cook
Richard Raff
Florence W. Tandy
Carl Melcher

Duke Energy Kentucky
4580 Olympic Blvd.
Erlanger, Kentucky 41018

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

RIDER DSMR

DEMAND SIDE MANAGEMENT RATE

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

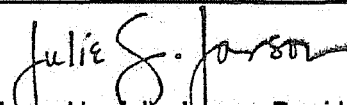
The DSMR to be applied to residential customer bills is (\$0.061391) per hundred cubic feet.

A Home Energy Assistance Program (HEA) charge of \$0.10 will be applied monthly to residential customer bills through September 2014.

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

Issued by authority of an Order by the Kentucky Public Service Commission dated in Case No. 2012-00085 dated June 29, 2012

Issued: July 9, 2012


Issued by Julie Janson, President

Effective: July 31, 2012

Duke Energy Kentucky
4580 Olympic Blvd.
Erlanger, KY 41018

KY.P.S.C. Electric No. 2
Tenth Revised Sheet No. 78
Cancels and Supersedes
Ninth Revised Sheet No. 78
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RIDER DSMR
DEMAND SIDE MANAGEMENT RATE

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

The DSMR to be applied to residential customer bills is \$0.003093 per kilowatt-hour.

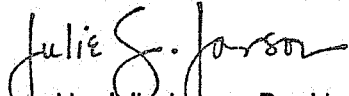
A Home Energy Assistance Program (HEA) charge of \$0.10 will be applied monthly to residential customer bills through September 2014.

The DSMR to be applied to non-residential distribution service customer bills is \$0.001036 per kilowatt-hour.

The DSMR to be applied for transmission service customer bills is \$0.000761 per kilowatt-hour.

Issued by authority of the Kentucky Public Service Commission in Case No. 2012-00085 dated June 29, 2012.

Issued: July 9, 2012


Issued by Julie Jarson, President

Effective: July 31, 2012

APPLIANCE RECYCLING PROGRAM (ARP)

APPLICABILITY

Available to all residential customers in the Company's electric service area who choose to participate in the program and own a qualified refrigerator or freezer.

PROGRAM DESCRIPTION

The Appliance Recycling Program (ARP) is part of Duke Energy Kentucky's portfolio of programs offered through Rider Demand Side Management Program (Rider DSM) and recovered through the Company's Rider DSMR (Demand Side Management Rate). The ARP is designed to prevent the continued use of inefficient, working refrigerators and freezers by taking the units out of homes and recycling them in a very "Environmentally Friendly" manner with approximately 95% of the material recycled and only 5% going to a landfill.

Qualifying units include residential-style refrigerators and freezers ranging from 10-30 cubic feet currently in Duke Energy Kentucky customer's homes. These qualifying units will be removed at "no cost" by a Duke Energy Kentucky-approved third party vendor. The removed units will be dismantled with approximately 95% of materials being recycled. Duke Energy Kentucky residential customers that elect to participate will be paid a cash incentive of up to \$30 dollars per unit with a maximum of two units per year.

Duke Energy Kentucky residential customers can choose to participate in the Appliance Recycling Program by contacting Duke Energy Kentucky by phone or online and filling out a request form. A request form grants approval for Duke Energy Kentucky and Duke Energy Kentucky's contractor to enter the property, verify that the refrigerator or freezer is working and cooling, and remove the unit for transportation to a recycling center.

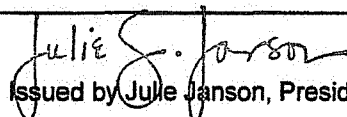
SERVICE REGULATIONS

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Issued by Julie Janson, President

Effective: July 9, 2012

ENERGY EFFICIENCY EDUCATION PROGRAM FOR SCHOOLS PROGRAM (EEEPS)

APPLICABILITY

This program is available, at the Company's option, to public and private schools and their teachers that are located in Duke Energy Kentucky's service territory with enrolled K-12 students that reside in households served by Duke Energy Kentucky.

PROGRAM DESCRIPTION

The Energy Efficiency Education Program for Schools is part of Duke Energy Kentucky's portfolio of programs offered through Rider Demand Side Management Program (Rider DSM) and recovered through the Company's Rider DSMR (Demand Side Management Rate). The purpose of the EEEPS program is to educate students about energy efficiency in home and schools through an energy efficiency curriculum.

The Energy Efficiency Education Program for Schools provides an approach that educates students about energy. This program provides eligible students the ability to perform a paper or online energy audit of their home. Each eligible student who completes a home energy audit will receive energy efficiency measures for their home, such as a package of compact fluorescent light bulbs or an energy efficiency starter kit. Duke Energy Kentucky reserves the right to determine eligibility throughout the life of the program.

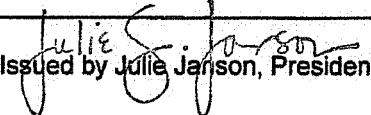
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RESIDENTIAL SMART \$AVER® ENERGY EFFICIENT RESIDENCES PROGRAM

APPLICABILITY

Applicable to residential customers in the Company's electric service area who choose to participate by submitting, or having their contractor submit, a completed incentive application.

PROGRAM DESCRIPTION

Payments are available for heat pumps and central air conditioning systems in new or existing individually-metered residences, condominiums and mobile homes served by Duke Energy Kentucky's residential rate schedules from Duke Energy Kentucky's retail distribution system. Payments are also available for central air conditioner tune-ups and heat pump tune-ups within an existing home.

The new central air conditioning system or heat pump must have a Seasonal Energy Efficiency Ratio (SEER) of 14 or more and also include an electronically commutative fan motor (ECM fan) on the indoor unit. Geothermal heat pumps must have an Energy Efficiency Ratio (EER) of 10.5 or more and include an ECM fan on the indoor unit.

The new Heating Ventilation and Air Conditioning (HVAC) system must include a properly matched outdoor unit and inside coil, which must be listed as such by the Air Conditioning, Heating, and Refrigeration Institute (AHRI). This listing is available at www.ahridirectory.org.

Heat pumps may use natural gas or any fuel for supplemental or backup heating.

Other energy efficiency measures that qualify for payment are:

- Air sealing and attic insulation
- Duct sealing
- Duct insulation
- Heat pump tune-up
- Air conditioner tune-up

All Smart \$aver measures must be installed or performed by a Duke Energy Kentucky participating trade ally to be eligible.

All improvements eligible for payment under this program must be installed based on manufacturer's recommendations and the Company's specifications. Detailed requirements are available on the Company's website at www.duke-energy.com.

To qualify for payment under this program, qualifying measures must be implemented on or after August 1, 2012 and the application for payment must be made within 90 days of completion.

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Payments will be made for qualifying HVAC equipment or measures as follows:

New Residences

A payment of up to \$650 per unit will be made to the builder or the builder's designee.

Existing Residences

- A payment of up to \$550 per unit will be made to the owner of the residence (or designee), and a payment of up to \$100 per unit will be made to the HVAC dealer (or sales representative) who sells and installs the HVAC system.
- A payment of up to \$500 will be made to the owner of the residence (or designee) for air sealing and attic insulation
- A payment of up to \$300 will be made to the owner of the residence (or designee) for duct sealing
- A payment of up to \$350 will be made to the owner of the residence (or designee) for duct insulation
- A payment of up to \$125 will be made to the owner of the residence (or designee) for heat pump tune-up
- A payment of up to \$80 will be made to the owner of the residence (or designee) for central air conditioner tune-up

SERVICE REGULATIONS

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LOW INCOME NEIGHBORHOOD PROGRAM

APPLICABILITY

This program is available only to individually-metered residential customers in neighborhoods selected by the Company, at its sole discretion, which are considered low income based on third party data, which includes income level and household size. Areas targeted for participation in this program will approximately have 50% of the households have income equal to or less than 200% of the federal poverty level established by the U. S. Government.

PROGRAM DESCRIPTION

The Low Income Neighborhood Program is part of Duke Energy Kentucky's portfolio of programs offered through Rider Demand Side Management Program (Rider DSM) and recovered through the Company's Rider DSMR (Demand Side Management Rate). The purpose of this program is to assist low income customers in reducing energy costs through energy education and by installing or providing energy conservation measures for each customer's residence.

Under this program, participating customers will receive the following:

- An energy assessment to identify energy efficiency opportunities in the customer's home;
- One-on-one education on energy efficiency techniques and measures; and
- A comprehensive package of energy conservations measures installed or provided to the extent the measure is identified as an energy efficiency opportunity based on the results of the energy assessment. Energy conservation measures, up to \$210, may include low-cost energy efficiency starter items, such as air infiltration reduction measures, energy efficient lighting, water conservation measures, HVAC filters, or other energy saving devices.

SERVICE REGULATIONS

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LOW INCOME SERVICES PROGRAM

APPLICABILITY

Available to low income residential customers in the Company's electric service area.

PROGRAM DESCRIPTION

The Low Income Services Program is part of Duke Energy Kentucky's portfolio of programs offered through Rider Demand Side Management Program (Rider DSM) and recovered through the Company's Rider DSMR (Demand Side Management Rate). The purpose of this program is to assist low income customers with installation of energy efficiency measures in their home to reduce energy usage.

Weatherization and equipment replacement assistance is available to income qualified customers on Duke Energy Kentucky's system in existing, individually metered, residences, condominiums, and mobile homes.

- Funds are available for (i.) weatherization measures, and/or (ii.) refrigerator replacement with an Energy Star appliance, and/or (iii.) furnace repair/replacement. The measures eligible for funding will be determined by an energy audit of the residence.
- A home energy audit will be provided at no charge to the customer.
- Availability of this program will be coordinated through vendors or local agencies that administer weatherization programs. The vendor or agency must certify the household income level according to Duke Energy standards.

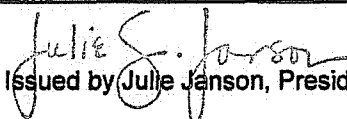
Payment Plus provides energy efficiency and budget counseling to help customers understand how to control their energy usage and how to manage their household bills. Participants are also encouraged to participate in weatherization and equipment replacement assistance to increase the energy efficiency in customers' homes. Bill assistance credits are provided to customers upon completion of each component of Payment Plus.

Participants are not eligible for payments under any other Duke Energy Kentucky Energy Efficiency Programs for the same energy efficiency measure provided under this program.

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PAYMENT

Participants in the weatherization and equipment replacement assistance provision of this program may receive assistance with energy efficiency measures as shown below. Payments will be made to the administering agency on behalf of the customer.

1. Weatherization Tier 1. Homes with energy usage up to 7 kWh or 1 therm per square foot of conditioned space can receive up to \$600 for weatherization measures.
2. Weatherization Tier 2. Homes with energy usage more than 7 kWh or 1 therm per square foot of conditioned space can receive assistance of up to \$4,000 for weatherization measures.
3. Equipment Replacement
 - a) Refrigerator replacement cost
 - b) Furnace replacement cost

To provide an incentive for customers to enroll in Payment Plus, bill assistance is available to help customers gain control of their bills. The credits are as follows:

1. \$200 for participating in the EE counseling.
2. \$150 for participating in the budgeting counseling.
3. \$150 for participating in the Residential Conservation and Energy Education program if enrolled in Payment Plus.


SERVICE REGULATIONS

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Effective: July 9, 2012

MY HOME ENERGY REPORT PROGRAM

APPLICABILITY

Applicable to residential customers in the Company's electric service area with individually-metered, single-family residences receiving concurrent service from the Company.

PROGRAM DESCRIPTION

The My Home Energy Report is part of Duke Energy Kentucky's portfolio of programs offered through Rider Demand Side Management Program (Rider DSM) and recovered through the Company's Rider DSMR (Demand Side Management Rate). The purpose of this voluntary program is to use comparative household electric usage data for similar residences in the same geographic area to help customers to better manage and reduce energy usage. These normative comparisons are intended to induce an energy consumption behavior change. The program will assist residential customers in assessing their energy usage and provide recommendations for more efficient use of energy in their homes. The program will help identify those customers who could benefit most from investing in new energy efficiency measures, undertaking more energy efficient practices and participating in Duke Energy Kentucky programs.

- Customers will receive periodic comparative usage data reports via direct mail or online channels. Delivery may be interrupted during the off-peak energy usage months in the fall and spring.
- The Company may require a minimum number of months of historical usage data before allowing participation.

Customers can opt out of receiving the report at any time by contacting Duke Energy Kentucky.

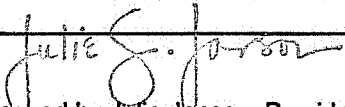
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RESIDENTIAL DIRECT LOAD CONTROL - POWER MANAGER PROGRAM

APPLICABILITY

Applicable to residential customers in the Company's electric service area with individually-metered, single-family residences receiving concurrent service from the Company.

This program is available on a voluntary basis, at the Company's option, in areas where the Company operates applicable load control devices.

This program is available for the cycling control of electric central air conditioning (cooling) systems where the following requirements are met:

1. The Customer must agree to enroll all operable central air conditioning units installed in the residence.
2. The Company shall have the right to require satisfactory permission for the installation and operation of load control devices on customer equipment upon entering a program enrollment agreement with the Customer.
3. Neither the Customer nor his agent shall disconnect or otherwise interfere with the Company's equipment required to cycle the Customer's air conditioning system except for the replacement of or service to the air conditioning unit.
4. The Customer shall immediately notify the Company of the removal of, disconnection of or damage to the load control device.

PROGRAM OPTIONS

Customers may elect to enroll in Power Manager by choosing among program options offered by the Company.

The Company will establish bill credit incentives based on the program chosen by the Customer in the program enrollment agreement. Bill credit incentives will be presented to the customer in the program enrollment agreement.

INTERRUPTION PERIODS

The Company shall have the right to intermittently interrupt (cycle) service to the Customer's central electric air conditioning (cooling) systems during non-holiday weekday peak load and/or high price periods for economic purposes as determined by the Company. The Company will limit the number of these cycling events to no more than 10 during the cooling season from May through October. The duration of each event will not exceed 12 hours and will be restricted to occur between the hours of 6 AM to 11 PM Eastern Daylight Time (EDT).

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Issued: July 9, 2012

Issued by Julie Janson, President

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4580 Olympic Blvd.
Erlanger, Kentucky 41018

Duke Energy Kentucky, Inc.
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In addition, the Company shall have the right to intermittently interrupt (cycle) service to the Customer's central air conditioning (cooling) systems at any time during the cooling season from May through October in which the Company experiences emergency conditions such as capacity problems related to the generation, transmission and delivery of electricity, or as directed by the regional transmission operator. The number of cycling events for emergency conditions is independent of the implementation of the program for economic conditions as described above.

The Company, at its sole discretion, may limit requests for curtailment to geographic regions.

The Company reserves the right to test the function of the load control provisions at any time.


SERVICE REGULATIONS

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Effective: July 9, 2012

RESIDENTIAL ENERGY ASSESSMENT PROGRAM

APPLICABILITY

Available to residential customers in the Company's electric service area with individually-metered, single-family residences receiving concurrent service from the Company and choose to participate by enrolling through the marketing channels utilized by the program.

PROGRAM DESCRIPTION

The Residential Energy Assessment Program (REA) is part of Duke Energy Kentucky's portfolio of programs offered through Rider Demand Side Management Program (Rider DSM) and recovered through the Company's Rider DSMR (Demand Side Management Rate). The purpose of this program is to assist residential customers in assessing their energy usage and to provide recommendations for more efficient use of energy in their homes. The program will also help identify those customers who could benefit most by investing in new energy efficiency measures, undertaking more energy efficient practices and participating in Duke Energy Kentucky programs.

The Company may require a minimum number of months of historical usage data before performing an analysis to customers as follows:

On-site Audit and Analysis

Duke Energy Kentucky will perform on-site assessments of owner-occupied residences.; Duke Energy Kentucky reserves the right to determine eligibility throughout the life of the program. Duke Energy Kentucky will provide a detailed Residential Energy Assessment including energy efficiency recommendations.

Participating customers will be offered home energy efficiency measures such as an energy efficiency starter kit and/or compact fluorescent light bulbs. The incentive may be delivered in a variety of ways including but not limited to, in-home installation, direct mail, rebates, discount coupons, in-store promotions or online discounts.

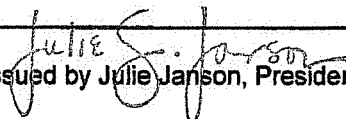
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RESIDENTIAL SMART \$AVER® ENERGY EFFICIENT PRODUCTS PROGRAM

APPLICABILITY

Available to residential customers in the Company's electric service area who choose to participate by enrolling through the marketing channels utilized by the program.

PROGRAM DESCRIPTION

The Residential Smart \$aver Energy Efficient Products Program is part of Duke Energy Kentucky's portfolio of programs offered through Rider Demand Side Management Program (Rider DSM) and recovered through the Company's Rider DSMR (Demand Side Management Rate). The purpose of this voluntary program is to encourage the installation of ENERGY STAR or other high efficiency products in new or existing residences. The program will provide incentives to offset a portion of the higher cost of higher efficiency products.

The types of equipment eligible for incentives may include but are not limited to the following:

- High efficiency lighting
- High efficiency clothes washers
- High efficiency refrigerators
- High efficiency dishwashers

- Other high efficiency equipment as determined by the Company on a case by case basis, but not including water heaters, heating or cooling systems.
- Incentives may be offered in a variety of ways including, but not limited to, discount coupons, in-store promotions, on-line discounted purchases, etc.
- The Company's incentive will be an amount up to 50% of the installed cost difference between standard equipment and higher efficiency equipment; however, the incentives for high efficiency lighting may be higher than 50%.
- Incentives under this program are only available for ENERGY STAR or other energy efficiency products for which incentives pass the Company's Utility Cost Test (UCT).
- The Company may vary the incentive by type of equipment and differences in efficiency in order to provide the minimum incentive needed to drive customers to purchase higher efficiency equipment.
- The Company reserves the right to adjust the incentive, for specific equipment, on a periodic basis, as equipment efficiency standards change, and as customers naturally moves to purchase higher efficiency equipment.
- The amount of the incentive payment for various standard types of equipment will be filed with the Commission, for information, and posted to the Company's website at www.duke-energy.com.

Incentives may be limited to one of any product, per residence, under all Duke Energy Kentucky's Energy Efficiency Programs.

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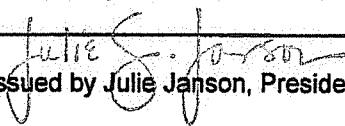
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SMART \$AVER® CUSTOM PROGRAM

APPLICABILITY

Available to non-residential customers in the Company's electric service area taking service under all non-residential rates who choose to participate by completing and submitting an application before initiating an energy efficiency project.

PROGRAM DESCRIPTION

The Smart \$aver Custom Program is part of Duke Energy Kentucky's portfolio of programs offered through Rider Demand Side Management Program (Rider DSM) and recovered through the Company's Rider DSMR (Demand Side Management Rate). The purpose of this program is to encourage the installation of high efficiency equipment in new and existing nonresidential establishments. The program will provide incentive payments to offset a portion of the higher cost of energy efficient installations that are not included in the Smart \$aver® Prescriptive program.

Payments are available for a percentage of the incremental cost difference between a standard efficiency installation and a high efficiency installation. For most retrofit projects, incremental costs are equal to project costs. For new construction or major renovation, incremental costs are the difference between the cost of a standard efficiency installation and the cost of a high efficiency installation. The Company may vary the percentage incentive based on project conditions, including differences in efficiency, in order to provide the minimum incentive needed to drive customers to purchase higher efficiency equipment. The Company reserves the right to adjust the incentives and efficiency baselines, for specific equipment on a periodic basis, as equipment efficiency standards change and as customers naturally move to purchase higher efficiency equipment.

The following types of equipment are eligible for incentives:

- High efficiency lighting
- High efficiency HVAC installations
- High efficiency motors, pumps, and variable frequency drives
- High efficiency food service installations
- High efficiency process equipment installations, including compressed air systems
- Other high efficiency installations as determined by the Company on a case by case basis.

In order to receive payment under this program, the customer must submit an application before making a decision to implement the project. After completing the project, the customer submits documentation and verification that the installed efficiency measures meet the originally approved application. The Company reserves the right to inspect the premises of the customer both before and after implementation of the measure for which payment is requested. Payments will be made only after the equipment has been installed and is operable.

Issued by authority of an Order of the Kentucky Public Service Commission dated June 29, 2012 in Case No. 2012-00085.

Issued: July 9, 2012

Effective: July 9, 2012


Issued by Julie Janson, President

Multiple incentive payments may be requested for each establishment; however, the Company reserves the right to limit the payments per establishment per year.

The payment to the customer or owner will be an amount up to 50% of the project incremental cost. With Company approval, the customer or owner may designate that payment be made to the vendor or other third party.

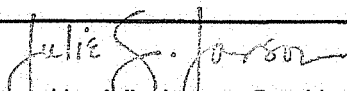
SERVICE REGULATIONS

The provisions contained in this tariff sheet do not supersede or replace any of the charges and terms contained in the standard base rate and rider tariff sheets. The standard base rate and rider charges apply to all customers.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as approved by law.

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Issued: July 9, 2012


Issued by Julie Janson, President

Effective: July 9, 2012

SMART \$AVER® ENERGY ASSESSMENTS PROGRAM

APPLICABILITY

Available to non-residential customers in the Company's electric service area taking service under all non-residential rates.

PROGRAM DESCRIPTION

The Smart \$aver Energy Assessment Program is part of Duke Energy Kentucky's portfolio of programs offered through Rider Demand Side Management Program (Rider DSM) and recovered through the Company's Rider DSMR (Demand Side Management Rate). The purpose of this program is to assist nonresidential customers in assessing their energy usage and to provide recommendations for more efficient use of energy. The program will also help identify those customers who could benefit from other Duke Energy Kentucky Nonresidential Energy Efficiency programs.

The Telephone Interview Analysis and the On-site Audit and Analysis options are available only for nonresidential customers where, in the Company's sole opinion, an assessment would result in actionable recommendations applicable to one or more of the customer's facilities on the Duke Energy Kentucky's system.

The types of available energy assessments are as follows:

- **Online Analysis.** The customer provides information about its facility. Duke Energy Kentucky will provide a report including energy saving recommendations. This service is offered free of charge to the customer.
- **Telephone Interview Analysis.** The customer provides information to Duke Energy Kentucky through a telephone interview after which billing data, and if available, load profile data, will be analyzed. Duke Energy Kentucky will provide an energy analysis report with general recommendations for energy efficiency improvements. A 12-month usage history may be required to perform this analysis. This service is offered free of charge to the customer. Duke Energy Kentucky reserves the right to decline a telephone-based assessment if the resulting report is not expected to yield actionable recommendations for implementation or specific areas for further investigation.

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Issued: July 9, 2012

Effective: July 9, 2012


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- **On-site Audit and Analysis.** Duke Energy Kentucky will cover up to 50% of the costs of an on-site assessment. The customer's portion of the assessment may be partially refunded upon payment by the Company of incentives for equipment installed under the Company's Smart \$aver Prescriptive or Smart \$aver Custom programs. Customer cost refunds will not exceed the value of the incentives paid. Duke Energy Kentucky will provide a detailed energy analysis report with recommendations, tailored to the customer's facility and operation, for energy efficiency improvements. Energy analyses are typically based on engineering calculations, but may reflect actual measurements taken at the facility. A 12-month usage history may be required to perform this analysis. Alternately, Duke Energy may elect, at its sole discretion and at the customer's request, to allow a customer's preferred vendor to perform an on-site assessment in lieu of Duke Energy providing such services. The Company reserves the right in its sole discretion, to limit the number of on-site assessments for customers who have multiple facilities on the Duke Energy Kentucky system.

SERVICE REGULATIONS

The provisions contained in this tariff sheet do not supersede or replace any of the charges and terms contained in the standard base rate and rider tariff sheets. The standard base rate and rider charges apply to all customers.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as approved by law.

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Issued: July 9, 2012


Issued by Julie Janson, President

Effective: July 9, 2012

SMART \$AVER® PRESCRIPTIVE PROGRAM

APPLICABILITY

Available to non-residential customers in the Company's electric service area taking service under all non-residential rates who choose to participate by completing and submitting an application.

PROGRAM DESCRIPTION

The Smart \$aver Energy Prescriptive Program is part of Duke Energy Kentucky's portfolio of programs offered through Rider Demand Side Management Program (Rider DSM) and recovered through the Company's Rider DSMR (Demand Side Management Rate). The purpose of this program is to encourage the installation of high efficiency equipment in new and existing nonresidential establishments. The program will provide incentive payments to offset a portion of the higher cost of energy efficient equipment. The program also encourages maintenance of existing equipment in order to reduce or maintain energy usage.

Customers may defer incentive payments to trade allies who agree to reduce the customer's cost by the amount of the incentive payments. Incentive payments are available for a percentage of the equipment or project cost difference between standard equipment and higher efficiency equipment. The Company may vary the percentage incentive by type of equipment and differences in efficiency in order to provide the minimum incentive needed to drive customers to purchase higher efficiency equipment. The Company reserves the right to adjust the incentive, for specific equipment, on a periodic basis, as equipment efficiency standards change, and as customers naturally move to purchase higher efficiency equipment. The following types of equipment are eligible for incentives.

- High efficiency lighting
- High efficiency HVAC (cooling) equipment
- High efficiency motors, pumps, and variable frequency drives
- High efficiency food service equipment
- High efficiency process equipment
- Other high efficiency equipment as determined by the Company on a case by case basis
- Maintenance to increase the efficiency of existing equipment

Issued by authority of an Order of the Kentucky Public Service Commission dated June 29, 2012 in Case No. 2012-00085.

Issued: July 9, 2012

Effective: July 9, 2012


Issued by Julie Janson, President

In order to receive an incentive payment under this program, the owner must submit an application before or within ninety (90) days of installation, along with the required documentation and verification that the installed efficiency measures meet the requirements of this program. The Company reserves the right to inspect the premises of the customer both before and after implementation of the measure for which payment is requested. Incentive payments will be made only after the equipment has been installed, and is operable, as verified by the Company. Multiple incentive payments may be requested for each establishment; however, the Company reserves the right to limit the payments per establishment per year. The amount of the incentive payment for various standard types of equipment will be filed with the Commission annually, for information, and posted to the Company's website at www.duke-energy.com.

The incentive payment to the customer or owner will be an amount less than the installed cost difference between standard equipment and higher efficiency equipment or the cost of the maintenance service. With Company approval, the customer or owner may designate that payment be made to the vendor or other third party.

SERVICE REGULATIONS

The provisions contained in this tariff sheet do not supersede or replace any of the charges and terms contained in the standard base rate and rider tariff sheets. The standard base rate and rider charges apply to all customers.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as approved by law.

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