

CANCELLED

July 1, 2012

**KENTUCKY PUBLIC
SERVICE COMMISSION**

Duke Energy Kentucky, Inc.
4580 Olympic Blvd.
Erlanger, Kentucky 41018

KY.P.S.C. Electric No. 2
Original Sheet No. 116
Page 1 of 2

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 prescriptive portion of the C&I High Efficiency Incentive for businesses and schools).

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 April 19, 2012 in Case No. 2011-00448.

Issued: April 30, 2012

Julie S. Janson
Issued by Julie Janson, President

KENTUCKY PUBLIC SERVICE COMMISSION
Effective: April 30, 2012 <i>Brent Kirkley</i>
EFFECTIVE 4/30/2012 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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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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