

RESIDENTIAL SMART \$AVER® ENERGY EFFICIENT RESIDENCES PROGRAM

APPLICABILITY

Applicable to residential customers in new or existing individually-metered residences including single-family detached, condominiums, townhomes, and duplexes served by Duke Energy Kentucky's residential electric rate schedules who choose to participate by submitting, or having their contractor submit, a completed incentive application.

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PURPOSE

The purpose of this program is to encourage the purchase and proper installation of energy conservation measures designed to increase energy efficiency in single family residential dwellings. The primary goal for the program is to provide eligible customers with a broad selection of energy efficiency measures for their homes.

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PROGRAM DESCRIPTION

Incentive payments are available for the purchase and installation of qualifying energy efficient equipment and services including but not limited to:

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- Heating, Ventilating and Air Conditioning (HVAC) equipment system installation, service, and controls including smart thermostats
- HVAC duct improvements
- Thermal building envelop improvements
- Heat Pump Water Heating

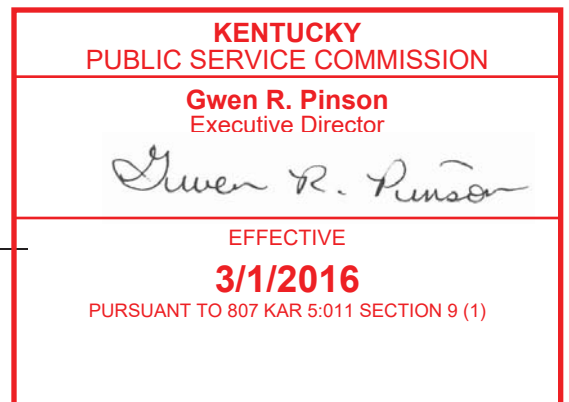
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The new HVAC system must have a minimum Seasonal Energy Efficiency Ratio (SEER) and an Energy Efficiency Ratio (EER) to achieve designated energy savings.

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- The new 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.

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Issued by authority of an Order by the Kentucky Public Service Commission dated February 12, 2016 in Case No. 2015-00277.

Issued: December 19, 2018
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Issued by James P. Henning, President /s/ James P. Henning

PROGRAM DESCRIPTION (Contd.)

- Smart Thermostats must be purchased, installed and programmed at the time of installation of the qualifying HVAC system by a Duke Energy participating HVAC trade ally, and per program requirements regarding programming, functionality, and square footage of conditioned space. (T)
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- Heat Pump Water Heaters must be Energy Star certified and exceed minimum Energy Factor rating designated to achieve energy savings. (T)
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- Incentive payments are available to the builder, or the builder's designee, of a new qualifying residential dwelling structure upon installation of qualifying HVAC system and/or Heat Pump Water Heater. (T)
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- The Company may vary the incentive by type of equipment and differences in efficiency in order to provide the minimum incentive needed to induce customers to purchase higher efficiency equipment. (T)
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- The Company reserves the right to adjust the incentives on a periodic basis, as appropriate, to reflect changes in efficiency standards, market conditions, and as customers naturally move to purchase higher efficiency equipment. (T)
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- All Smart \$aver measures must be installed or performed by a Duke Energy Kentucky participating trade ally be eligible. (T)
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- 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. (T)
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- To qualify for payment under this program, qualifying measures must be implemented on or after January 1, 2019 and the application for payment must be as noted on the Company's website to achieve desired customer experience. (T)
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