

Kentucky Utilities Company

P.S.C. No. 18, Original Sheet No. 86.4

Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism



PROGRAMMATIC CUSTOMER CHARGES

Residential Customer Program Participation Incentives:

The following Demand Side Management programs are available to residential customers receiving service from the Company on the RS, RTOD-Energy, RTOD-Demand, and VFD Standard Electric Rate Schedules.

Residential Load Management / Demand Conservation

The Residential Load Management / Demand Conservation Program employs switches in homes to help reduce the demand for electricity during peak times. The program communicates with the switches to cycle central air conditioning units, heat pumps, electric water heaters, and pool pumps off and on through a predetermined sequence. This program has an approved flexible incentive structure. The current program offering is defined on Sheet No 86.8.

Residential Conservation / Home Energy Performance Program

The on-site audit offers a comprehensive audit from a certified auditor and incentives for residential customers to support the implementation of energy saving measures for a fee of \$25. Customers are eligible for incentives of \$150 or \$1,000 based on customer purchased and installed energy efficiency measures and validated through a follow-up test.

Residential Low Income Weatherization Program (WeCare)

The Residential Low Income Weatherization Program (WeCare) is an education and weatherization program designed to reduce energy consumption of LG&E's low-income customers. The program provides energy audits, energy education, and blower door tests, and installs weatherization and energy conservation measures. Qualified customers could receive energy conservation measures ranging from \$0 to \$2,100 based upon the customer's most recent twelve month energy usage and results of an energy audit.

Smart Energy Profile


The Smart Energy Profile Program provides a portion of KU's highest consuming residential customers with a customized report of tips, tools and energy efficiency programming recommendations based on individual household energy consumption. These reports are benchmarked against similar local properties. The report will help the customer understand and make better informed choices as it relates to energy usage and the associated costs. Information presented in the report will include a comparison of the customer's energy usage to that of similar houses (collectively) and a comparison to the customer's own energy usage in the prior year.

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Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism



Residential Incentives Program

The Residential Incentives Program encourages customers to purchase and install various ENERGY STAR® appliances, HVAC equipment, or window films that meet certain requirements, qualifying them for an incentive as noted in the table below.

Category	Item	Incentive
Appliances	Heat Pump Water Heaters (HPWH)	\$300 per qualifying item purchased
	Washing Machine	\$75 per qualifying item purchased
	Refrigerator	\$100 per qualifying item purchased
	Freezer	\$50 per qualifying item purchased
	Dishwasher	\$50 per qualifying item purchased
Window Film	Window Film	Up to 50% of materials cost only; max of \$200 per customer account; product must meet applicable criteria.
HVAC	Central Air Conditioner	\$100 per Energy Star item purchased plus an additional \$100 per SEER improvement above minimum
	Electric Air-Source Heat Pump	\$100 per Energy Star item purchased plus additional \$100 per SEER improvement above minimum

Residential Refrigerator Removal Program

The Residential Refrigerator Removal Program is designed to provide removal and recycling of working, inefficient secondary refrigerators and freezers from KU customer households. Customers participating in this program will be provided a one-time incentive. This program has an approved flexible incentive structure. The current program offering is defined on Sheet No 86.8.

Customer Education and Public Information


This program helps customers make sound energy-use decisions, increase control over energy bills and empower them to actively manage their energy usage. Customer Education and Public Information is accomplished through three processes: a mass-media campaign, an elementary- and middle-school program, and training for home construction professionals. The mass media campaign includes public-service advertisements that encourage customers to implement steps to reduce their energy usage. The elementary and middle school program provides professional development and innovative materials to K-8 schools to teach concepts such as basic energy and energy efficiency concepts. The training for home construction professionals provides education about new building codes, standards and energy efficient construction practices which support high performance residential construction.

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Kentucky Utilities Company

P.S.C. No. 18, Original Sheet No. 86.6

Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

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Residential Advanced Metering Systems Incentives:

The following Demand Side Management offering is available to residential customers receiving service from the Company on the RS Rate Schedule.

Advanced Metering Systems

The Advanced Metering Systems offering is designed to provide energy consumption data to customers on a more frequent basis than is traditionally available through monthly billing. The Program employs advanced meters to communicate hourly consumption data to customers through a website.

Commercial Customer Program Participation Incentives:

The following Demand Side Management programs are available to commercial customers receiving service from the Company on the GS, AES, PS, TODS, TODP, RTS, SPS, STOD, and OSL Standard Electric Rate Schedules.

Commercial Load Management / Demand Conservation

The Commercial Load Management / Demand Conservation Program employ switches or interfaces to customer equipment, in small and large commercial businesses to help reduce the demand for electricity during peak times. The Program communicates with the switches or interface to cycle equipment. This program has an approved flexible incentive structure. The current program offering is defined on Sheet No 86.8.

Commercial Conservation / Commercial Incentives

The Commercial Conservation / Commercial Incentive Program is designed to increase the implementation of energy efficiency measures by providing financial incentives to assist with the replacement of aging and less efficient equipment and for new construction built beyond code requirements. The Program also offers an online tool providing recommendations for energy-efficiency improvements. Incentives available to all commercial customers are based upon a \$100 per kW removed for calculated efficiency improvements. A prescriptive list provides customers with incentive values for various efficiency improvement projects. Additionally, a custom rebate is available based upon company engineering validation of sustainable kW removed. New construction rebates are available on savings over code plus bonus rebates for LEED certification.


- Maximum annual incentive per facility is \$50,000
- Customers can receive multi-year incentives in a single year where such multi-year incentives do not exceed the aggregate of \$100,000 per facility and no incentive was provided in the immediately preceding year
- Applicable for combined Prescriptive, Custom and New Construction Rebates

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P.S.C. No. 18, Original Sheet No. 86.8

Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

Current Program Incentive Structures

Residential Load Management / Demand Conservation

Switch Option:

- \$5/month bill credit for June, July, August, and September per air conditioning unit or heat pump on single family home.
- \$2/month bill credit for June, July, August, and September per electric water heater (40 gallon minimum) or swimming pool pump on single family home.
- If new customer registers by December 31, 2017, then a \$25 gift card per air-conditioning unit or heat pump, water-heater (40 gallon minimum) and/or swimming pool pump switch installed.
 - Customers in a tenant-landlord relationship will receive the entire \$25 new customer incentive.

Multi-family Option:

- Tenant - \$2/month bill credit per customer for June, July, August, and September per air conditioning unit, heat pump, or electric water heater (40 gallon minimum).
- Entire Complex Enrollment – Property owner receives \$2/month incentive per air conditioning or heat pump switch to the premise owner for June, July, August, and September.
- If new customer registers by December 31, 2017, then a \$25 gift card per air-conditioning unit or heat pump installed, where:
 - Customers in a tenant/property owner relationship where the entire complex participates, the property owner will receive a \$25 bonus incentive per air conditioning unit, heat pump, or water heater (40 gallon minimum).
 - Customers in a tenant-landlord relationship where only a portion of the complex participates, the tenant will receive a \$25 gift card new customer incentive.


Residential Refrigerator Removal Program

The program provides \$50 per working refrigerator or freezer.

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Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

Commercial Load Management / Demand Conservation

Switch Option

- \$5 per month bill credit for June, July, August, and September for air conditioning units up to 5 tons. An additional \$1 per month bill credit for each additional ton of air conditioning above 5 tons based upon unit rated capacity.

Customer Equipment Interface Option

The Company will offer a Load Management / Demand Response program tailored to a commercial customer's ability to reduce load. Program participants must commit to a minimum of 50 kW demand reduction per control event.

- \$25 per kW for verified load reduction during June, July, August, and September.
- The customer will have access to at least hourly load data for every month of the year which they remain enrolled in the program.
- Additional customer charges may be incurred for metering equipment necessary for this program at costs under other tariffs.




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P.S.C. No. 18, Original Sheet No. 86.10

Adjustment Clause **DSM**
Demand-Side Management Cost Recovery Mechanism

Monthly Adjustment Factors

Residential Service Rate RS, Residential Time-of-Day Energy Service Rate RTOD-Energy, Residential Time-of-Day Demand Service Rate RTOD-Demand, and Volunteer Fire Department Service Rate VFD

	Energy Charge	
DSM Cost Recovery Component (DCR)	\$ 0.00183 per kWh	
DSM Revenues from Lost Sales (DRLS)	\$ 0.00000 per kWh	R
DSM Incentive (DSMI)	\$ 0.00003 per kWh	
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00107 per kWh	
DSM Balance Adjustment (DBA)	\$(0.00003) per kWh	
Total DSMRC for Rates RS, RTOD-Energy, RTOD-Demand, and VFD	\$ 0.00290 per kWh	R

General Service Rate GS*

	Energy Charge	
DSM Cost Recovery Component (DCR)	\$ 0.00096 per kWh	
DSM Revenues from Lost Sales (DRLS)	\$ 0.00000 per kWh	R
DSM Incentive (DSMI)	\$ 0.00004 per kWh	
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00017 per kWh	
DSM Balance Adjustment (DBA)	\$ 0.00025 per kWh	
Total DSMRC for Rate GS	\$ 0.00142 per kWh	R

All Electric School Rate AES

	Energy Charge	
DSM Cost Recovery Component (DCR)	\$ 0.00030 per kWh	
DSM Revenues from Lost Sales (DRLS)	\$ 0.00000 per kWh	R
DSM Incentive (DSMI)	\$ 0.00001 per kWh	
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00058 per kWh	
DSM Balance Adjustment (DBA)	\$ 0.00006 per kWh	
Total DSMRC for Rate AES	\$ 0.00095 per kWh	R

Power Service Rate PS*, Time of Day Secondary Service Rate TODS*, Time-of-Day Primary Service Rate TODP*, and Retail Transmission Service Rate RTS*, School Power Service Rate (SPS), School Time-of-Day Service (STOD), and Outdoor Sports Lighting Service (OSL)

	Energy Charge	
DSM Cost Recovery Component (DCR)	\$ 0.00030 per kWh	
DSM Revenues from Lost Sales (DRLS)	\$ 0.00000 per kWh	R
DSM Incentive (DSMI)	\$ 0.00001 per kWh	
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00025 per kWh	
DSM Balance Adjustment (DBA)	\$ 0.00003 per kWh	
Total DSMRC for Rates PS, TODS, TODP and RTS	\$ 0.00059 per kWh	R

* These charges do not apply to industrial customers taking service under these rates because the Company currently does not offer industrial DSM programs.

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