

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, & September per air conditioning unit or heat pump on single family home.
- \$2/month bill credit for June, July, August, & September per electric water heater or swimming pool pump on single family home.
- If new customer registers by May 31, 2012, then a \$10 gift card per air-conditioning unit, heat pump, water-heater and/or swimming pool pump switch installed.
 - Customers in a tenant landlord relationship will receive the entire \$10 new customer incentive.

Multi-family Option:

- \$2/month bill credit per customer for June, July, August, & September.
- \$2/month incentive per air conditioning or heat pump switch to the premise owner for June, July, August, & September.
- If new customer registers by May 31, 2012, then a \$10 gift card per air-conditioning unit or heat pump installed.
 - Customers in a tenant landlord relationship where the entire complex participates will split the new customer incentive with the property owner.
 - Customers in a tenant landlord relationship where only a portion of the complex participates, the tenant will receive a \$5 new customer incentive.

Residential Refrigerator Removal Program

The program provides \$30 per working refrigerator or freezer.

Commercial Load Management / Demand Conservation

Switch Option

- \$5 per month bill credit for June, July, August, & 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 50KW demand reduction per control event. The Company will continue to enroll program participants until 10MW curtailable load is achieved.

- \$25 per KW for verified load reduction during June, July, August, & September.
- The customer will have access to at least hourly load data for the month of the year which they remain enrolled in the program.

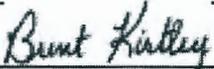
CANCELLED
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 KENTUCKY PUBLIC SERVICE COMMISSION

Date of Issue: April 30, 2012

Date Effective: May 31, 2012

Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Lexington, Kentucky

Lonnie E. Bellar

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF B. DERCHEN EXECUTIVE DIRECTOR
TARIFF BRANCH

5/31/2012 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Kentucky Utilities Company

P.S.C. No. 15, Original Sheet No. 86.10

Adjustment Clause	DSM
Demand-Side Management Cost Recovery Mechanism	
Monthly Adjustment Factors	
<u>Residential Service Rate RS, Volunteer Fire Department Service Rate VFD, and Low Emission Vehicle Service Rate LEV</u>	
DSM Cost Recovery Component (DCR)	Energy Charge \$ 0.00133 per kWh
DSM Revenues from Lost Sales (DRLS)	\$ 0.00075 per kWh
DSM Incentive (DSMI)	\$ 0.00006 per kWh
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00049 per kWh
DSM Balance Adjustment (DBA)	\$(0.00040) per kWh
Total DSMRC for Rates RS, VFD and LEV	\$ 0.00223 per kWh
<u>General Service Rate GS</u>	
DSM Cost Recovery Component (DCR)	Energy Charge \$ 0.00065 per kWh
DSM Revenues from Lost Sales (DRLS)	\$ 0.00085 per kWh
DSM Incentive (DSMI)	\$ 0.00003 per kWh
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00007 per kWh
DSM Balance Adjustment (DBA)	\$(0.00006) per kWh
Total DSMRC for Rates GS	\$ 0.00154 per kWh
<u>All Electric School Rate AES</u>	
DSM Cost Recovery Component (DCR)	Energy Charge \$ 0.00018 per kWh
DSM Revenues from Lost Sales (DRLS)	\$ 0.00019 per kWh
DSM Incentive (DSMI)	\$ 0.00001 per kWh
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00000 per kWh
DSM Balance Adjustment (DBA)	\$(0.00008) per kWh
Total DSMRC for Rate AES	\$ 0.00030 per kWh
<u>Commercial Customers Served Under Power Service Rate PS, Time of Day Secondary Service Rate TODS, and Time-of-Day Primary Service Rate TODP</u>	
DSM Cost Recovery Component (DCR)	Energy Charge \$ 0.00020 per kWh
DSM Revenues from Lost Sales (DRLS)	\$ 0.00026 per kWh
DSM Incentive (DSMI)	\$ 0.00001 per kWh
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00000 per kWh
DSM Balance Adjustment (DBA)	\$ 0.00001 per kWh
Total DSMRC for Rates PS, TODS and TODP	\$ 0.00048 per kWh
<u>Industrial Customers Served Under Time-of-Day Secondary Service Rate TODS, Time-of-Day Primary Service Rate TODP, and Retail Transmission Rate RTS</u>	
DSM Cost Recovery Component (DCR)	Energy Charge \$ 0.00000 per kWh
DSM Revenues from Lost Sales (DRLS)	\$ 0.00000 per kWh
DSM Incentive (DSMI)	\$ 0.00000 per kWh
DSM Capital Cost Recovery Component (DCCR)	\$ 0.00000 per kWh
DSM Balance Adjustment (DBA)	\$ 0.00000 per kWh
Total DSMRC for Rates TODS, TODP, and RTS	\$ 0.00000 per kWh

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Lonnie E. Bellar

KENTUCKY PUBLIC SERVICE COMMISSION

JEFFREY DEBOEN
EXECUTIVE DIRECTOR

TARIFF BRANCH

Brent Kirtley

5/31/2012

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)