

NON-RESIDENTIAL PAY FOR PERFORMANCE PROGRAM

(N)

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 Non-Residential Pay for Performance Program (the 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 eligible under either the Smart Saver® Prescriptive or Custom programs. The types of measures that will be covered by the Program will include projects with some combination of unknown building conditions or system constraints, coupled with uncertain operating, occupancy, or production schedules. The specific type of measures will be included in the contract with the Customer.

In order to receive payment under this program, the customer must submit an application before making a decision to implement the project. An estimated total project savings will be calculated and agreed to by the applicant and the Company. Program incentives will be based on the published Pay for Performance incentive rate schedule. In order to manage risk, incentives under the Program will be divided into two separate payments. The first payment will be made upon completion of the project, and following a review and approval by the company. This first payment will be based on a portion of the initial estimated total savings for the project. At this point a measurement period will begin to verify actual savings. A second incentive payment will be made as savings are confirmed and will be equal to the applicable Pay for Performance incentive rate multiplied by the verified savings amount. The percentage of payment made for the initial incentive versus the verified incentive payment amount will be made on a project-by-project basis according to the measure of uncertainty assigned to the project.

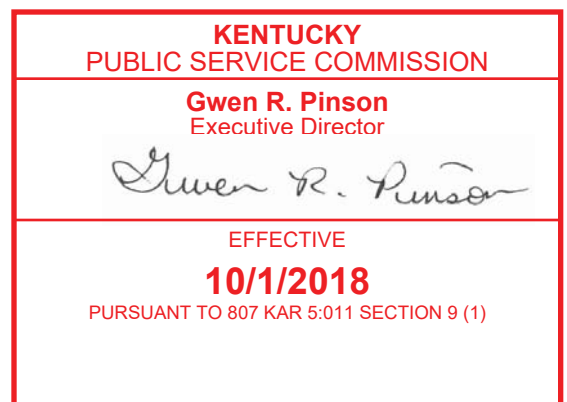
Multiple incentive payments may be requested for each establishment; however, the Company reserves the right to limit the payments per establishment per year.

The payment to the customer or owner will be an amount up to 75% 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.



Issued by authority of an Order by the Kentucky Public Service Commission dated September 13, 2018 in Case No. 2017-00427.

Issued: December 19, 2018
Effective: October 1, 2018
Issued by Amy B. Spiller, President /s/ Amy B. Spiller



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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