

Louisville Gas and Electric Company

P.S.C. Electric No. 9, Original Sheet No. 86.3

Adjustment Clause

DSM

Demand-Side Management Cost Recovery Mechanism

- d) TR is the composite federal and state income tax rate that applies to the equity return component of ROR.
- e) OE is the sum of the capital-related operating expenses (i.e., depreciation and amortization expense, property taxes, and insurance expense) of the DSM projects to which DCCR applies.

The Company then allocates the DCCR component to the rate class(es) benefitting from the Company's various DSM-related capital investment(s).

CHANGES TO DSMRC

The filing of modifications to the DSMRC that require changes in the DCR component shall be made at least two months prior to the beginning of the effective period for billing.

Modifications to other components of the DSMRC shall be made at least thirty (30) days prior to the effective period for billing. Each filing shall include the following information as applicable:

- 1) A detailed description of each DSM program developed by the collaborative process, the total cost of each program over the twelve-month period, an analysis of expected resource savings, information concerning the specific DSM or efficiency measures to be installed, and any applicable studies that have been performed, as available.
- 2) A statement setting forth the detailed calculation of the DCR, DRLS, DSMI, DBA, DCCR, and DSMRC.

Each change in the DSMRC shall be placed into effect with bills rendered on and after the effective date of such change.



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, VFD and LEV Standard Electric Rate Schedules.

Residential Load Management / Demand Conservation

The Residential Load Management / Demand Conservation Program employ 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.

Date of Issue: January 7, 2013

Date Effective: May 31, 2012

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

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
1/1/2013
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Louisville Gas and Electric Company

P.S.C. Electric No. 9, 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, & 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 April 30, 2013, then a \$20 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 \$20 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 April 30, 2013, then a \$20 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 \$20 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 50 kW demand reduction per control event. The Company will continue to enroll program participants until 10MW curtailable load is achieved.

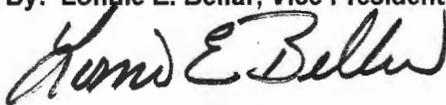
- \$25 per kW for verified load reduction during June, July, August, & September.
- The customer will have access to at least hourly load data for each month of the year which they remain enrolled in the program.

CANCELLED
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KENTUCKY PUBLIC
SERVICE COMMISSION

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