TESTIMONY OF MICHAEL GOLDENBERG
MANAGER, CUSTOMER PLANNING AND REGULATORY STRATEGY
DUKE ENERGY BUSINESS SERVICES LLC
ON BEHALF OF
DUKE ENERGY INDIANA, INC.
CAUSE NO. 43955 DSM-1 BEFORE THE
INDIANA UTILITY REGULATORY COMMISSION

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Michael Goldenberg, and my business address is 1000 E. Main Street, Plainfield, Indiana 46168.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Duke Energy Business Services LLC. Duke Energy Business Services LLC is an affiliate of Duke Energy Indiana, Inc. ("Duke Energy Indiana" or "Company"). My title is Manager, Customer Planning and Regulatory Strategy.

Q. WHAT DUTIES AND RESPONSIBILITIES DO YOU HAVE IN YOUR CURRENT POSITION?

A. As Manager, Customer Planning and Regulatory Strategy, I have responsibilities for Duke Energy Indiana Energy Efficiency initiatives including compliance, filings, Oversight Board and representation on both the Third-Party Administrator ("TPA") and Evaluation and Measurement ("EM&V") Statewide Committees.

Q. PLEASE OUTLINE YOUR EDUCATIONAL BACKGROUND.

A. I am a graduate of Cornell University with a Masters Degree in Business Management and Finance.

Q. PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE.

A. I have held various positions within the Company's Marketing and Sales areas since my employment in 1990. My position prior to Manager, Customer Planning and Regulatory Strategy was that of Director, Products and Services. I have also held positions in the areas of Demand Side Management Operations and National Accounts.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I will describe the Phase II Order and the status of the Core Programs. I will provide an overview of the Company's current EE portfolio and how those programs are performing relative to the Phase II Order targets. I will also discuss Duke Energy Indiana's proposal to extend its current portfolio of Core Plus programs for one year and the threshold target kWh for the incentive mechanism as well as minor modifications that Duke Energy Indiana is proposing to make in its program portfolio in this proceeding. Finally, I will introduce the other witnesses in this proceeding.

Q. WHAT IS DUKE ENERGY INDIANA SEEKING IN THIS PROCEEDING?

A. The Company is requesting a one-year extension of its Core Plus portfolio with minor program modifications, approval of the final reconciliation of 2012 actual program costs, including lost revenues and incentive amounts, to 2012 Rider 66A billings and recovery of certain pre-implementation Core program start-up costs. Attached as Petitioner's Exhibit A-1 is a copy of the petition initiating this proceeding.

II. THE PHASE II ORDER

Q. ARE YOU FAMILIAR WITH THIS COMMISSION'S PHASE II ORDER ISSUED ON DECEMBER 9, 2009?

A. Yes, I am.

Q. CAN YOU SUMMARIZE THE MAJOR PROVISIONS OF THE PHASE II ORDER?

A. Yes. The Commission made the following five major findings in its Phase II Order:

1. The Commission established an overall gross annual energy savings goal of 2% to be achieved by each jurisdictional electric utility within 10 years. The annual savings target began at 0.3% in 2010 and ramps up every year by an incremental 0.2%. In establishing these targets, the Commission also noted that at the time of the Phase II Order there would be no opt-out provisions for any class of customers because "a broad approach that includes all market participants is appropriate and should ensure that all DSM opportunities are fully pursued and that significant reservoirs of untapped cost-effective energy efficiency potential are not omitted from consideration." (*Phase II Order,* page 30).
2. The Commission established an initial portfolio of Core Programs that will be offered by all jurisdictional utilities in Indiana through a third-party administrator. The Core Programs consist of a residential lighting program, a home energy audit program, a low-income weatherization program, an energy efficient schools program, and a commercial and industrial prescriptive program.
3. The Commission instructed the jurisdictional electric utilities to contract with an independent third-party administrator ("TPA") to implement, administer, and oversee the Core Programs. The development of the Core Programs, selection of the third-party administrator, and coordination of statewide jurisdictional electric utility

activities, among other things, will be overseen by a newly formed DSM Coordination Committee ("DSMCC").

4. The Commission established the expectation that utilities will be responsible for developing energy efficiency programs beyond the Core Programs (the "Core Plus Programs") in order to achieve the Commission's energy savings targets.

5. The Commission established an evaluation, measurement and verification ("EM&V") framework and required the DSMCC to hire an independent third-party to conduct the EM&V of the Core Programs.

Q. PLEASE DESCRIBE THE ENERGY SAVINGS TARGETS ESTABLISHED IN THE GENERIC DSM ORDER FOR DUKE ENERGY INDIANA.

A. The Generic DSM Order establishes an annual electric energy savings goal for jurisdictional Indiana electric utilities to be achieved through both the Core Programs and Core Plus Programs. The gross energy savings to be achieved are:

Year	IURC % Target	Duke Energy Indiana mWh
2010	0.3	84,867
2011	0.5	141,166
2012	0.7	190,056
2013	0.9	247,399
2014	1.1	303,140
2015	1.3	359,341
2016	1.5	418,249
2017	1.7	478,384
2018	1.9	538,773
2019	2.0	568,505
Total		3,329,880

Q. WHAT IS THE STATUS OF THE CORE PROGRAMS?

The TPA contract for GoodCents Solutions has been extended through 2014 by approval of the Commission. The Core programs for 2014 will remain unchanged from the original programs spelled out in the Phase II Order. Those programs commenced implementation on January 1, 2012.

The DSMCC has worked with the Commission approved consultant, MCR, to develop a new portfolio of Core programs for the 2015 – 2017 compliance period. The DSMCC included the selected programs in the TPA RFP that was filed with the Commission on July 15, 2013 and approved on August 8, 2013.

Q. WHEN DID DUKE ENERGY INDIANA BEGIN OFFERING CORE AND CORE PLUS PROGRAMS?

A. The TPA launched Core Programs on January 1, 2012. Duke Energy Indiana's Core Plus programs commenced implementation late March, 2012 following approval in Cause No. 43955.

Q. HOW HAS DUKE ENERGY INDIANA PERFORMED TO DATE?

A. Attached to my testimony as Petitioner's Exhibit A-2 is Duke Energy Indiana's July 1, 2013 scorecard filed with the Commission in Cause No. 42693 S-1, which shows that the Company has achieved 70% of its goal as of December 31, 2012.

Q. PLEASE EXPLAIN WHY DUKE ENERGY INDIANA HAS NOT ACHIEVED 100% OF THE GOAL.

A. Because of delays in implementing Core Programs via the third-party administrator Duke Energy Indiana fell behind the Commission targets in the first two years. In 2012, the TPA began delivering programs and the Commission granted Duke Energy Indiana's

request for its Core Plus portfolio and associated cost recovery. Previous to the approval granted in Cause No. 43955, Duke Energy Indiana was offering many of the Core programs as well as some non-Core programs and had limited authority to continue offering them during the delays. As a result, the Company achieved approximately 75,400+ mWh in 2010 and 2011, the first two years of the targets. Since March of 2012, when Duke Energy Indiana received approval to offer its Core Plus programs, the Company has exceeded its targets for the Core Plus programs. In 2012 the Company achieved 53,318 mWh or 112% of its goal for Core Plus programs established in Cause No. 43079 DSM6 and is currently projecting to exceed the goal in 2013. Through April 2013, the Company's Core Plus portfolio has delivered over 80,600 mWh and the Core programs have reported in excess of 213,600 mWh for the same time period. The total achievement starting in 2010 through April 2013 is 360,812+ mWh as compared to the goal of 498,500, which equates to 72% of the target.

III. DUKE ENERGY INDIANA'S CURRENT AUTHORITY

Q. PLEASE EXPLAIN DUKE ENERGY INDIANA'S CURRENT AUTHORITY TO OFFER PROGRAMS.

A. In Cause No. 43955, the Commission approved Duke Energy Indiana's request for program cost recovery, lost revenues and incentives on Core Plus programs. For pilot programs, the Company receives cost recovery and lost revenues but no incentives. Demand response programs for residential customers receive cost recovery only. In addition, the Company has convened an Oversight Board ("OSB") that meets monthly to

review its performance and meets quarterly to have in-depth discussions on results and other pertinent issues.

Q. WHAT EE PROGRAMS DOES DUKE ENERGY INDIANA CURRENTLY OFFER?

A. The Company currently has authority to offer the following programs:

Core:

- Home Energy Assessment
- Residential Lighting
- Low Income Weatherization
- School Education and Assessments
- C&I Rebates

Core Plus Programs:

- C&I Smart $aver®
- Non-residential Energy Assessments
- Residential Smart $aver®
- Agency CFLs
- Online Audit w/ CFLs
- Personalized Energy Report
- Refrigerator/Freezer Recycling
- Tune and Seal
- Property Manager CFL
- Power Manager

Home Energy Comparison Report (MyHER) (Pilot)

Q. WHAT THRESHOLD TARGETS AND INCENTIVES WERE APPROVED FOR 2012 AND 2013?

A. Because of the time that had elapsed between its filing and receiving the final order in Cause No. 43955, the Order stated that the Company "shall submit to the Commission updated Rider EE charge estimates for the remainder of the approved three year DSM Plan, along with a reconciliation of the existing DSM Rider 66." *Final Order*, Cause No. 43955, p. 44. The Order also directed us to file updated bill impacts. In order to update the charge estimates and bill impacts, it was necessary to update the projected energy savings impacts used in determining the charge estimates to the revised level necessary to comply with the impacts targeted by the Phase II Order by the end of 2013. The Company updated its filing in Cause No. 43079 DSM6, which was approved on March 21, 2013. Below is the kWh impacts tied to the incentive thresholds that were approved on March 21, 2013 in Cause No. 43079-DSM6:

Greater than 110%	≥	52,309	≥	96,778	15%
100-110%	≥	47,554	≥	87,980	12%
90-100%	≥	42,799	≥	79,182	10%
80-90%	≥	38,043	≥	70,384	8%
60-80%	≥	28,532	≥	52,788	6%
49-60%	≥	23,301	≥	43,110	0%
Less Than 49%	<	23,301	<	43,110	-4%

Q. AS A RESULT OF THE COMPANY'S PERFORMANCE ON CORE PLUS PROGRAMS, WHAT INCENTIVE MECHANISM IS DUKE ENERGY INDIANA ENTITLED TO CLAIM?

A. Consistent with the kWh targets approved in Cause No. 43955, Duke Energy Indiana is entitled to an incentive equal to 15% of its eligible Core Plus program costs, which equates to $757,080.

Q. DOES DUKE ENERGY INDIANA HAVE A CONTINGENCY PLAN IF THE TPA DOES NOT ACHIEVE THE PROJECTED ENERGY SAVINGS CREATING AN OVERALL SHORTFALL IN ACHIEVEMENT FOR THE FIRST REPORTING PERIOD?

A. The Company believes that it is prudent to design a Core Plus Portfolio of programs in 2014 that accounts for the historic under performance vs. forecasted targets of Core programs, in order to ensure the Company's overall compliance with the targets from 2010-2014. The Company believes that using the actual under performance by the TPA versus its 2012 forecasted impacts would provide the most appropriate level of contingency in 2014 to ensure the Company is in compliance with the total energy efficiency target from 2010-2014. In 2012, based on its Core Plus Targets and the Energizing Indiana Forecast for 2012, Duke Energy Indiana projected 278,207 mWh of energy savings. The actual energy savings achieved through its Core and Core Plus Programs was 215,463 mWh, which equates to an actual under performance of Core Programs in 2012 of 22.6%. When the Company applies this historic rate of under-performance to the Energizing Indiana 2014 forecast for Core Programs of 318,387 mWh, it developed the need for a contingency of 71,806 mWh. Therefore, the Company increased its Core Plus Achievement Target to 81,606 mWh for 2014.

Q. HOW HAVE THE COMPANY'S CUSTOMERS RESPONDED TO THE ENHANCED CORE PLUS ENERGY EFFICIENCY PROGRAMS TO DATE?

A. The new programs added to the Core Plus portfolio, for the most part, have met with great customer response. Property Manager CFL, Refrigerator/Freezer Recycling, Agency CFL and C&I Smart $aver® Custom have all been well received. The Company requested and received permission from its OSB to move dollars to two programs specifically, Property Manager CFL and Agency CFL because they have both outperformed their original budget.

Q. HOW HAS THE HOME ENERGY COMPARISON REPORT PERFORMED TO DATE?

A. It has performed quite well. It has been fully subscribed for 2012 and 2013 and we anticipate positive EM&V results later this year. Depending on the timing of the EM&V, Duke Energy Indiana will either file them as a supplement to this testimony or otherwise seek approval at that time.

Q. ARE ANY OF THE CORE PLUS PROGRAMS NOT PERFORMING AS ANTICIPATED?

A. The only program in the portfolio that has not met expectations has been Tune and Seal. Trade allies have not signed up at the numbers expected which has made it difficult to fully roll out the program. The Company is continuing to work through the difficulties and is projecting greater success in 2014.

Q. HAS DUKE ENERGY INDIANA UNDERTAKEN A MARKET POTENTIAL STUDY?

A. Duke Energy and its OSB contracted with Forefront Economics through an RFP process to undertake a Market Potential Study. The study is on schedule with the Draft Assessment Report already reviewed by the OSB. The next deliverable is the Draft Action Plan which is due in late September. The study should be complete and delivered to the OSB by early 4th quarter of 2013.

IV. REQUEST IN THIS PROCEEDING

Q. WHY IS DUKE ENERGY INDIANA SEEKING A ONE-YEAR EXTENSION?

A. Duke Energy Indiana presently has authority to offer its current portfolio of Core Plus programs through December 2013. The Commission approved a one-year extension through December 2014 for the TPA and EM&V vendors. The Company would like to stay in sync with the TPA and Core program portfolio on a regulatory approval basis. With the Core program portfolio likely to change as a result of the work performed by the consultant hired by the DSMCC to evaluate Core Programs for 2015 – 2019, Duke Energy Indiana will most likely have to update its program offerings at the same time. The one-year extension will make this possible. Additionally, the outcome of the Commission-initiated investigation into the scope and design of self-directed EE programs for larger customers[1] will most likely be decided by early 2014 and could also impact the programs to be included in the portfolio for 2015. Lastly, the Company's Market Potential Study will be a resource in the development of a revised portfolio of programs for 2015.

Q. ARE THERE ANY CHANGES PROPOSED TO THE PORTFOLIO?

A. Yes. To continue to make best efforts to achieve the impacts targeted by the Phase II Order, the Company proposes to commercialize its My Home Energy Report ("MyHer") (formerly Home Energy Comparison Report ("HECR")), which has been a pilot program for residential customers as well as additional measures to its Commercial and Industrial Smart $aver® Program.

[1] Cause No. 43310.

Q. DOES DUKE ENERGY INDIANA HAVE EM&V FOR MyHER?

A. As discussed in the testimony of Dr. Richard Stevie, Duke Energy Indiana anticipates receiving the EM&V process and impact results for the MyHER Pilot no later than the fourth quarter of 2013. Depending on the timing of the EM&V, Duke Energy Indiana will either file them as a supplement to this testimony or otherwise seek approval at that time.

Q. ARE THERE ANY NEW NON-RESIDENTIAL PROGRAMS DUKE ENERGY INDIANA IS PROPOSING TO INCLUDE IN THE EE PORTFOLIO?

A. Yes, Duke Energy Indiana is proposing a new pilot program, Energy Management and Information Services ("EMIS").

Q. WHO IS ELIGIBLE TO PARTICIPATE IN THIS PROGRAM?

A. Duke Energy Indiana non-residential customers are eligible for this new program.

Q. WHAT TYPE OF CUSTOMER IS LIKELY TO PARTICIPATE?

A. In order to enter into the EMIS program, the building space must fall into one of the following categories: office space (private, commercial real estate, government, institutional, manufacturing); universities (individually metered administrative and classroom buildings); small hospitals (less than 7,000,000 kWh/year) and medical office buildings; large retail (big box or anchor stores); or K-12 Schools. The Company anticipates a total of 20 buildings in the pilot.

Q. WHAT IS THE EMIS PROGRAM DESIGNED TO DO?

A. It is commonly accepted that, over time, building systems do not operate as optimally as they could and will use more energy than they should in order to satisfy occupant comfort

and lighting requirements. Duke Energy Indiana's proposed EMIS program is a systematic approach to reducing energy usage at qualified commercial or institutional customer facilities and persistently maintaining those savings over time. In order to achieve these goals, Duke Energy Indiana and its trade allies will deploy energy software, perform a remote or onsite energy assessment, and periodically monitor and assess the customers' building performance. Before any investment by the Company, the customer commits to installing and paying for a bundle of low cost operational and maintenance-based energy efficiency measures that meet certain financial investment criteria identified in the assessment and are not eligible for additional incentives. Both the customer and Duke Energy Indiana commit to the periodic energy monitoring, analysis and reporting during the term of the engagement.

Q. PLEASE EXPLAIN THE SOFTWARD USED IN THE EMIS PROGRAM.

A. EMIS will use software that is classified as "software-as-a-service" ("SaaS"), which means the software does not sit on a personal computer, but instead is hosted remotely by the software company and can be accessed from any internet connection. This approach simplifies the process of maintaining the software and keeping it up to date.

Q. WHAT BENEFITS DOES EMIS PROVIDE TO THE CUSTOMER?

A. Participating in the EMIS pilot program improves a prospective customer's understanding of how his/her building uses energy and provides comparative energy usage for similar structures. This knowledge allows the customer to take advantage of low-cost operational measures with very short payback periods and results in an average annual energy use reduction in the order of 6%. The software enables the customer and

Duke Energy Indiana to quantify energy savings associated with this and other energy reduction projects and ensure the persistence of the energy savings when undertaking operational improvements such as allowing the utility to set and track progress towards performance targets for energy use as well as improve internal energy reporting systems.

The focus of the EMIS program is on operational and maintenance-based energy efficiency measures. These are low-cost measures that are typically uncovered in the heating, ventilation and air conditioning systems as well as the controls/ building automation systems. These measures focus on optimizing existing assets and can include such items as equipment operating schedules and sequences, equipment or zone set points and building or room occupancy schedules.

Q. PLEASE EXPLAIN HOW THIS EMIS PROGRAM WILL GATHER INFORMATION TO ASSIST THE CUSTOMER WITH ENERGY MANAGEMENT.

A. The energy assessment phase will include the following work streams:

Telephone or email survey – collect information about major energy consuming and controlling equipment and systems including the HVAC system, lighting/lighting control system and building management system;

Remote analysis – use the EMIS software for idea generation to feed onsite assessment; formulate initial hypotheses on energy saving opportunities; if customer is willing and able, provide energy analyst with guest access to the building management system to drill down into the controls system;

Onsite assessment – confirm information that was collected; confirm or revise hypotheses; generate leads for other prescriptive and custom incentive opportunities;

Energy analyst recommendations – address cost-effective measures; consultant guides customer through the implementation process and transition to actively using the EMIS software; set up alerts in the software.

Duke Energy Indiana will provide up to 50% upfront funding for each of the following items: initial set up of the EMIS software hosted by a third party vendor; annual EMIS software-as-a-service license fees; onsite energy assessment or remote building assessment; written assessment report quantifying the recommended measures; and quarterly monitoring and analysis by the vendor. In return for Duke Energy Indiana paying these upfront costs (referred to as the incentive), the customer will commit to installing the measures identified by the energy assessment having a bundled simple payback of 2 years or less. The customer has a commitment to invest a maximum of $0.10 per square foot to install those measures, which limits their financial risk and is part of the analysis to determine the two year simple payback threshold level.

Q. ARE THERE OTHER REQUIREMENTS TO PARTICIPATE IN THE PILOT?

A. Yes. Because the EMIS vendor receives its interval data from Duke Energy Indiana's centralized meter data management system, the building must have a Duke Energy Indiana billing meter associated with the building. The customer must also have an annual electric expenditure greater than $60,000 or usage greater than 850,000 kWh and the existing building management system must be in good working order, and does not

already have EMIS software. These levels of expenditure and usage were established to maintain program cost effectiveness because customers with lower electric expenditures and usage do not generate the kWh and kW impacts sufficient enough to cover the program fixed cost. To ensure that the program maximizes results, the building equipment and systems must not be at the end of their useful life and have no imminent plans for major retrofits. The customer must also agree to provide some system design information available for review by the Company.

Q. WHAT ARE THE COMPANY'S ROLES AND RESPONSIBILITIES?

A. Duke Energy Indiana has multiple roles and responsibilities for the EMIS pilot program. The Company will contract with the EMIS software vendors and energy analysts, process customer incentives, billing for customer portion of costs and provide upfront payments. The payments will include deployment of the SaaS, software licenses, onsite assessments and monitoring and analysis by the vendor.

Q. WHAT RESPONSIBILITIES WILL THE CUSTOMER HAVE?

A. In addition to other responsibilities stated above, the customer is responsible for the submission of a comprehensive application, designation of an internal energy champion, and access to all pertinent building data and facilities. Duke Energy Indiana would also strongly recommend that each customer establish an account for the building in U. S. EPA's Energy Star Portfolio Manager to track the building's performance against EPA benchmarks and building characteristics.

Q. WHAT IS THE PROPOSED BUDGET FOR THIS PROGRAM?

A. The budget is $388,620 exclusive of lost revenues.

Q. WHAT ENHANCEMENTS DOES THE COMPANY PROPOSE FOR ITS C&I PORTFOLIO?

A. Duke Energy Indiana is proposing to add one new technology group, information technology and add new measures to two existing groups, HVAC and Lighting. These additions are listed on Petitioner's Exhibit A-3.

Q. WHAT IS THE PROPOSED BUDGET FOR THESE ADDITIONAL UPDATES TO THE C&I PORTFOLIO?

A. The program budget, exclusive of lost revenues is $25,289, and the detail is shown on Petitioner's Exhibit A-3.

Q. DOES DUKE ENERGY INDIANA PROPOSE ANY CHANGES TO ITS LOST REVENUE RECOVERY APPROVED IN CAUSE NO. 43955?

A. The Company is not proposing any changes to the lost revenue recovery approved in Cause No. 43955. The Company has refined its methodology for determining the amount of lost revenues, however. The methodology used is discussed in the testimony of Ms. Karen K. Holbrook and the development of the lost revenue prices used by Ms. Holbrook is discussed in the testimony of Ms. Diana L. Douglas, consistent with commitments made in Cause No. 43955.

Q. DOES DUKE ENERGY INDIANA PROPOSE ANY CHANGES TO THE INCENTIVE MECHANISM APPROVED IN CAUSE NO. 43955?

A. The Company is not proposing any changes to its incentive mechanism approved in Cause No. 43955.

Q. WHAT INCENTIVE THRESHOLDS DOES THE COMPANY PROPOSE FOR THE ONE-YEAR EXTENSION?

A. The proposed impacts tied to the incentive thresholds are:

Duke Energy Indiana			
Target Achievement		2014 (Gross MWh at the Meter)	Pre-Tax Rate of Return
Greater than 110%	≥	89,766	15%
100-110%	≥	81,606	12%
90-100%	≥	73,445	10%
80-90%	≥	65,284	8%
60-80%	≥	48,963	6%
49-60%	≥	39,987	0%
Less Than 49%	<	39,987	-4%

Q. HOW DID THE COMPANY CALCULATE ITS INCENTIVE THRESHOLDS?

A. The incentive thresholds have been set to maintain the foundation that Core Plus targets are calculated on the basis of filling the gap between the projected impacts from the Core Programs and the Company's annual compliance target. To calculate 2014, the Company took the actual total underachievement versus the annual compliance targets during 2010, 2011 and 2012 as well as the forecasted 2013 underachievement and allocated them to the 2014 compliance target. By using this methodology, the Company is accounting for the historic under-achievement versus forecasted targets of Core Programs to ensure the Company's compliance with its total compliance targets for the years 2010 – 2014.

Q. DOES DUKE ENERGY INDIANA PROPOSE ANY OTHER CHANGES FROM THAT APPROVED IN CAUSE NO. 43955?

A. No.

Q. PLEASE PRESENT A SNAPSHOT OF THE 2014 PORTFOLIO'S ESTIMATED IMPACTS AND COSTS.

A. The table below is a high-level overview. For more details behind the proposed budget, see Petitioner's Exhibit C-2.

Program	Annual kWh Gross Free Riders, @ Meter Total	Annual kWh Gross Free Riders, @ Plant Total	Total Costs
Core Portfolio	**318,387,040**	**341,947,682**	**$26,986,931**
Core Plus	**81,610,981**	**87,650,195**	**$14,240,559**
Total	**399,998,021**	**429,597,877**	**$41,227,490**

****Excludes lost revenue, incentives and any applicable revenue related gross-ups****

Q. DOES DUKE ENERGY INDIANA PROPOSE TO MEET THE COMMISSION EE TARGETS IF THIS REQUEST IS GRANTED?

A. The Company's addition of C&I measures and commercialization of the MyHER are meant to increase customer participation and generate the necessary impacts to meet the Core Plus portion of the Commission's EE target. As stated previously, the Company's Core Plus portfolio has also taken into consideration the historical under performance of the TPA to maximize the efforts to comply with the overall targets.

IV. OTHER WITNESSES

Q. WHO ARE THE OTHER WITNESS IN THIS PROCEEDING AND WHAT WILL THEY BE DISCUSSING?

A. Dr. Dick Stevie will discuss the results of cost effectiveness tests of any proposed changes to the Core Plus portfolio as well as describe the process the Company undertakes for the EM&V of the Core Plus portfolio (Petitioner's Exhibit B).

Ms. Karen Holbrook will be discussing the process for developing the actual costs for the 2012 reconciliation, as well as the proposed costs for the 2014 portfolio. (Petitioner's Exhibit C).

Ms. Diana Douglas will cover the Company's 2012 reconciliation, development of the rates proposed to be billed in 2014, and the development of the prices used for lost revenues included in this filing (Petitioner's Exhibit D).

V. CONCLUSION

Q. WERE PETITIONER'S EXHIBITS A-1, A-2, AND A-3 PREPARED BY YOU OR AT YOUR DIRECTION?

A. Yes, they were.

Q. DOES THIS CONCLUDE YOUR PREPARED TESTIMONY AT THIS TIME?

A. Yes it does.

VERIFICATION

I hereby verify under the penalties of perjury that the foregoing representations are true to the best of my knowledge, information and belief.

Signed: _____ Dated: 8-21-13
Michael Goldenberg

[illegible]

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF DUKE ENERGY INDIANA, INC. FOR APPROVAL OF (1) A ONE-YEAR EXTENSION OF DEMAND SIDE MANAGEMENT AND ENERGY EFFICIENCY PROGRAMS APPROVED IN CAUSE NO. 43955, INCLUDING COST RECOVERY, LOST REVENUES AND SHAREHOLDER INCENTIVES; (2) AUTHORITY TO OFFER ADDITIONAL DEMAND SIDE MANAGEMENT PROGRAMS WITH COST RECOVERY, INCLUDING LOST MARGINS AND SHAREHOLDER INCENTIVES; (3) AUTHORITY TO DEFER COSTS INCURRED UNTIL SUCH TIME THEY ARE REFLECTED IN RETAIL RATES; (4) RECONCILIATION OF DEMAND SIDE MANAGEMENT AND ENERGY EFFICIENCY PROGRAM COST RECOVERY THROUGH DUKE ENERGY INDIANA, INC. STANDARD CONTRACT RIDER 66A, AND (5) APPROVAL OF START-UP COSTS INCURRED IN CONJUNCTION WITH CORE PROGRAMS, AND (6) REVISIONS TO STANDARD CONTRACT RIDER 66A	)	**CAUSE NO. 43955-DSM-1**

PETITION

Duke Energy Indiana, Inc. ("Duke Energy Indiana" or "Petitioner") hereby petitions the Indiana Utility Regulatory Commission ("Commission") for approval of a one-year extension of demand side management and energy efficiency ("EE") programs approved in Cause No. 43955 with minor modifications, including program cost recovery, lost revenues, and shareholder incentives, pursuant to 170 IAC 4-8-1 *et seq.* In this proceeding, Petitioner will also reconcile the amounts billed through its Standard Contract Rider No. 66A ("Rider EE") during 2012 to the costs (including lost revenues) incurred in offering these programs and incentives achieved

during 2012. Petitioner will also include for recovery Core Program start-up and implementation costs which were incurred prior to program implementation. In support of this Petition, Duke Energy Indiana states as follows:

1. **Petitioner's Corporate and Regulated Status.** Petitioner is an Indiana corporation with its principal office in the Town of Plainfield, Hendricks County, Indiana. Its address is 1000 East Main Street, Plainfield, Indiana 46168. It has the corporate power and authority, among others, to engage, and it is engaged, in the business of supplying electric utility service to the public in the State of Indiana. Accordingly, Petitioner is a "public utility" within the meaning of that term as used in the Indiana Public Service Commission Act, as amended, Ind. Code § 8-1-2-1, and is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the State of Indiana, including Ind. Code § 8-1-2-1 *et seq.* Petitioner is a second tier wholly-owned subsidiary of Duke Energy Corporation.

2. **Petitioner's Electric Utility Service.** Petitioner owns, operates, manages and controls plants, properties and equipment used and useful for the production, transmission, distribution and furnishing of electric utility service to the public in the State of Indiana. Duke Energy Indiana directly supplies electric energy to approximately 794,000 customers located in 69 counties in the central, north central and southern parts of the State of Indiana. Petitioner also sells electric energy for resale to municipal utilities, Wabash Valley Power Association, Inc., Indiana Municipal Power Agency and to other public utilities that in turn supply electric utility service to numerous customers in areas not served directly by Petitioner.

3. **Current Status of Duke Energy Indiana's Energy Efficiency Programs.** Petitioner has offered EE programs since the early 1990s and has consistently maintained a portfolio of programs for its customers. In the waning days of 2009, the Commission issued its

order in Cause No. 42693, creating the current EE paradigm in Indiana. Under this paradigm, the Commission created targets for regulated electric utilities of specific gross energy savings in increments of 0.2% per year until the regulated electric utilities attain incremental energy savings of 2.0% in 2019 (or 11.9% cumulative gross energy savings over the 10 year period). In order to achieve these aggressive targets, the Commission created a hybrid program delivery system whereby the regulated electric utilities were required to offer a consistent portfolio of programs through a third-party administrator ("Core Programs") as well as supplement those program offerings by creating a portfolio of utility-specific programs ("Core Plus").

Although all programs were to commence on January 1, 2011, a series of delays resulted in the Core Programs not commencing until January of 2012; Duke Energy Indiana's Core Plus programs did not commence until late in March of 2012, as approved in Cause No. 43955.

Most recently, the Commission approved a one-year extension to the end of 2014 of the third-party administrator's contract (as well as the vendor who conducts Evaluation Measurement and Verification ("EM&V") and the hiring of an independent consultant to recommend Core Programs for the coming Request for Proposals.

4. **Petitioner's Current Authority to Offer EE Programs.** In addition to the Core Programs established in the Phase II Order, Duke Energy Indiana proposed a portfolio of programs for residential and commercial/ industrial customers in Cause No. 43955. The Commission approved the portfolio, with modification, for 2012 and 2013. The Commission also approved program cost recovery, including lost revenues and a shareholder incentive. Because of the delay from filing the Petition in Cause No. 43955 to final order, the Commission requested that Petitioner update its charge estimates, bill impact analysis, and incentive targets

for the remainder of 2012 and 2013, and the Commission approved those updates on March 21, 2013, in Cause No. 43079 DSM6.

5. **Relief Sought by Petitioner.** In this proceeding, Duke Energy Indiana seeks authority to continue to provide the programs approved in Cause No. 43955 for one additional year, through December 31, 2014. Petitioner seeks to make minor changes to its program portfolio to commercialize My Home Energy Report (formerly Home Energy Comparison Report or "HECR"), which has been a pilot program for residential customers, to include Energy Management Information Services ("EMIS") as a pilot program, and include additional measures to its commercial and industrial ("C&I") prescriptive program. Petitioner also requests recovery of associated program costs, lost revenues and incentives for the additional C&I measures and program costs and lost revenues for the pilot program (consistent with the Commission's order in Cause No. 43955 related to the My Home Energy Report program included in the original portfolio as a pilot program), as will be discussed further in testimony

With a one-year extension of the current portfolio, as well as the addition of these measures and new pilot program, Petitioner's ability to meet the Commission's Phase II Order goals through 2014 is greatly increased.

Duke Energy Indiana is proposing a one-year extension as well as minor program modifications because of the uncertainty regarding the scope and design of the Core Programs beyond January 1, 2015, as well as uncertainty regarding the outcome of the Commission-initiated investigation into the scope and design of self-directed EE programs for larger customers, Cause No. 44310.

As approved on August 15, 2012, in Cause No. 42693 S1, Petitioner will also include the program costs associated with the third-party administrator, costs for the EM&V contractor, and associated lost revenues through 2014.

Petitioner will reconcile the costs incurred (including lost revenues) for both Core and Core Plus Programs and incentives achieved (for Core Plus Programs only) during 2012 (January through December 2012 for Core Programs and April through December 2012 for Core Plus Programs) with amounts actually collected from customers from Rider EE billings.

As also approved on January 26, 2011, in Cause No. 42693 S1 and in the Commission's Order in Cause No. 43955, Petitioner will also include for recovery certain Core Program start-up costs incurred prior to 2012.

Finally, Duke Energy Indiana requests authority to adjust Rider EE accordingly and for continued authority to use deferred accounting on an ongoing basis until such costs are reflected in retail rates to ensure proper matching of expenses with the rate recovery of such expenses through Rider EE.

6. **Applicable Law.** Petitioner considers the provisions of the Public Service Commission Act, as amended, including Ind. Code § 8-1-2-4, 12, 42(a), 46, 61, and 170 IAC 4-8-1 *et seq.*, to be applicable to this proceeding, and believes that such traditional statutes and rules provide the Commission authority to approve the relief requested.

7. **Petitioner's Counsel.** Melanie D. Price, and Kelley A. Karn, 1000 East Main Street, Plainfield, Indiana 46168 are counsel for Duke Energy Indiana in this matter and are duly authorized to accept service of papers in this cause on behalf of Duke Energy Indiana.

8. **Request for Prehearing Conference.** Duke Energy Indiana requests that the Commission schedule a prehearing conference in this proceeding to establish a procedural

schedule that will result in an order in this proceeding by December 31, 2013 to allow Petitioner to continue to offer its EE programs to its customers uninterrupted through December 31, 2014.

WHEREFORE, Duke Energy Indiana respectfully requests that the Commission promptly publish notice, conduct such other investigation and hold such hearings as are necessary and advisable in this Cause to allow it to issue a Final Order so that Duke Energy Indiana may implement the programs and ratemaking mechanisms requested in a timely manner to comply with the dictates of the Phase II Order. Petitioner further requests that the Commission grant all other relief in the premises as may be appropriate and proper.

Respectfully submitted,

DUKE ENERGY INDIANA, INC.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Petition of Duke Energy Indiana, Inc. was electronically delivered this 8th day of July 2013, to:

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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE COMMISSION'S INVESTIGATION, PURSUANT TO IC § 8-1-2-58, INTO THE EFFECTIVENESS OF DEMAND SIDE MANAGEMENT ("DSM") PROGRAMS CURRENTLY UTILIZED IN THE STATE OF INDIANA, INCLUDING AN EXAMINATION OF ISSUES THAT COULD IMPROVE THE EFFECTIVENESS OF DEMAND SIDE MANAGEMENT PROGRAMS IN THE STATE, INCLUDING CONSIDERATION OF THE ESTABLISHMENT OF AN INDEPENDENT DSM ADMINISTRATOR MODEL ON A STATE-WIDE BASIS.	)	CAUSE NO. 42693 S-1
RESPONDENTS: ALL JURISDICTIONAL UTILITIES IN THE STATE OF INDIANA	)	

SUBMISSION OF DUKE ENERGY INDIANA INC.'S
JULY 1 COMPLIANCE FILING

Duke Energy Indiana, Inc. ("Duke Energy Indiana" or "Company"), by counsel and pursuant to the Order in this Cause, dated December 9, 2009 (the "Phase II Order") respectfully submits its annual update to its three-year DSM plan, reflecting its approved proposal in Cause No. 43955 with slightly more than one year's impacts for Core Programs and one year's impacts for Core Plus programs and the

actual and projected impacts in reaching the annual stepped savings targets as established in the Phase II Order[1].

Until January 2, 2012, Duke Energy Indiana offered the Core Programs with limited spending and impacts as specified in Cause Nos. 42612 and 44008. Prior to January 2, 2012, the Company did not have authority to offer an energy efficient schools program or to offer programs to customers with loads in excess of 500 MW. On January 2, 2012, the third-party administrator ("Good Cents") began offering Core Programs to all customers in the Duke Energy Indiana service territory. The current contract with the third-party administrator will expire at the end of 2014.

On March 21, 2012, the Commission approved Duke Energy Indiana's portfolio of Core Plus Programs in Cause No. 43955, which the Company began to implement immediately. These Core Plus programs are authorized through the end of 2013. Duke Energy Indiana plans to file for a one-year extension in early July to continue to offer its current portfolio of Core Plus programs, with minor modifications, through the end of 2014. Descriptions of its Core Plus programs can be found in Cause No. 43955 and on Attachment B submitted with this filing.

Overall, Duke Energy is projecting through 2013 to achieve 2.3% in reductions since 2010, as reflected in the attached scorecard, which is slightly below the 2.4% incremental savings established in the Phase II Order to be achieved through 2013. Duke Energy Indiana is hopeful that it will eliminate this slight deficit during the remainder of 2013, through its Core Plus programs, which have performed better

[1] On June 10, 2013, Respondents, Duke Energy Indiana, Inc., Indiana Michigan Power Company, Indiana Municipal Power Agency, Indianapolis Power & Light Company, Northern Indiana Public Service Company and Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren South" or "Company") (collectively the "Utilities") filed a Motion for Change to the DSM Plan Filing Dates ("Motion") requesting modification of the due date for the three-year DSM Plan required to be filed by the Utilities pursuant to the Order in this Cause, dated December 9, 2009 (the "Phase II Order") issued by the Indiana Utility Regulatory Commission ("Commission" or "IURC"). The Phase II Order required the Utilities to submit a three-year DSM Plan by July 1, 2013; however, given the uncertainty related to selecting Core Programs for 2015 and beyond and the issues surrounding the establishment of a self-direct program for large commercial customers in Indiana, the Utilities requested that the Commission amend this requirement and instead allow the Utilities to submit an annual update on July 1, 2013 reporting on the performance of DSM programs to date and projections for the remainder of 2013 and 2014. The Utilities proposed submitting a three-year DSM Plan on July 1, 2014 and July 1, 2017. The Commission granted the Utilities' request with respect to the submission of an annual update on July 1, 2013, but left the three-year filing requirement intact for July 1, 2016 and July 1, 2019. Duke Energy Indiana's Scorecard is attached hereto as Attachment A.

than anticipated. In 2012 the company achieved 53,318 MWH or 112% of its goal for Core Plus programs established in Cause No. 43079-DSM6 and is projected to exceed the goal in 2013. Through April 2013, the Company's Core Plus portfolio has delivered over 75,790 MWH and the Core programs have reported nearly 51,500 MWH for the same time period.

Although Good Cents has been administering the Core Programs for about eighteen months, Duke Energy Indiana, as well as the DSMCC, has expressed concern with year-to-date program performance and has engaged in ongoing discussions with Good Cents regarding performance. As reflected in the attached Scorecard, the total achievement for the Core Programs starting in 2010 through April 2013 is 280,196 MWH as compared to the goal of 498,555 MWH, which equates to 56% of the mandate. As such, the Company is proposing additional impacts for its Core Plus programs to make up for the historic under compliance of the third-party administrator. The Company continues to recognize that this is an ambitious goal to meet the Phase II mandates but is committed to achieving the goals within the constraints of the Final Order.

One change this year is how Duke Energy Indiana is reporting its impacts. Historically, the Company reported energy savings results at the plant, meaning that both the annual savings targets and the actual energy savings did not take into consideration line losses that occur between the plant and the customer's meter. For 2010 and 2011, Duke Energy Indiana delivered all the Core & Core Plus energy efficiency programs to customers in its service territory because of the delay in the start-up of the third party administrator. During those two years, the Company continued to report impacts at the plant. With the start-up of the third party administrator, Duke Energy Indiana updated its methodology to reporting at the meter, which is consistent with the way the third party administrator reports impacts. For ease in comparison in this filing, Duke Energy Indiana restated its impacts and annual targets back to 2010.

Finally, Duke Energy Indiana in cooperation with its oversight board has hired Forefront Economics Inc. to conduct a market potential study ("MPS"). The Company anticipates that it will

receive the MPS in the fall of 2013 and is hopeful that the MPS will assist in designing a portfolio for 2015 and beyond.

Respectfully submitted,

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The undersigned hereby certifies that a copy of the foregoing Submission of Duke Energy Indiana, Inc.'s July 1 Compliance Filing was delivered electronically this 1st day of July, 2013 to:

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DUKE ENERGY INDIANA

Generic Phase II Order July 1, 2013 Compliance Scorecard

	Gross MWH Savings at the Meter						Program Expenditures					
Core Programs	2010 Actual	2011 Actual	2012 Actual	2013 Actual thru 4/30	2013 Forecast Year End	Gross MWH Savings By Program	2010 Actual	2011 Actual	2012 Actual	2013 Actual thru 4/30	2013 Forecast Year End	Total Expenditures 2010 - 2013
Commerical & Industrial	6,209	8,556	92,850	19,927	175,802	283,418	$388,910	$0	$6,630,124	$1,405,172	$15,245,198	$22,264,232
Residential Lighting	6,515	38,888	43,553	15,546	54,694	143,650	$498,127	$1,580,223	$2,686,295	$359,467	$2,989,627	$7,754,271
Low Income Weatherization	1,831	1,553	3,126	2,459	3,592	10,102	$510,897	$546,089	$1,400,388	$638,211	$2,162,439	$4,619,813
School Assessments	0	0	0	0	22	22	$0	$0	$0	$0	$390,000	$390,000
Energy Efficient Schools	0	24	16,451	8,448	20,103	36,578	$55,752	$0	$4,079,935	$855,915	$3,812,551	$7,948,238
Home Energy Audit	1,577	1,404	6,165	5,112	16,715	25,862	$498,676	$561,452	$1,769,411	$1,159,064	$5,369,443	$8,198,982
Total Core Programs By Year	16,133	50,426	162,145	51,492	270,929	499,632	$1,952,362	$2,687,763	$16,566,154	$4,417,829	$29,969,257	$51,175,536

Notes

2013 Forecast Year End is Jan-Dec and includes the 2013 Actuals thru 4/30. July-Dec 2013 shows ex-post impacts

	Gross MWH Savings at the Meter						Program Expenditures					
[redacted] Core Plus Programs	2010 Actual	2011 Actual	2012 Actual	2013 Actual thru 4/30	2013 Forecast Year End	Gross MWH Savings By Program	2010 Actual	2011 Actual	2012 Actual	2013 Actual thru 4/30	2013 Forecast Year End	Total Expenditures 2010 - 2013
C&I Smart Saver	0	0	13,591	9,421	35,959	49,549	$0	$531,894	$1,384,373	$1,325,011	$7,573,003	$9,589,270
Non- Residential Energy Assessments	0	0	0	0	0	0	$0	$0	$24,654	$0	$0	$24,654
Refrigerator Replacement	298	191	0	0	0	489	$104,592	$121,138	$0	$0	$0	$225,730
Energy Star New Construction	212	403	34	0	0	650	$82,621	$116,262	$9,328	$277	$0	$188,211
Residential Smart Saver	4,778	3,054	4,140	1,508	6,606	18,578	$2,154,157	$1,545,475	$1,008,851	$396,869	$2,732,872	$7,441,355
Agency Kit & CFL's	0	0	3,397	2,782	5,528	8,925	$0	$0	$163,442	$171,327	$354,621	$518,063
Online Audit w/ EE Kit	0	0	6,661	0	0	6,661	$0	$0	$304	$46	$0	$304
Personalized Energy Report	0	0	18,097	1,170	13,198	31,295	$0	$0	$1,900,741	$502,265	$800,535	$2,701,276
Fridge/Freezer Recycling	0	0	3,473	713	8,161	11,633	$0	$0	$333,585	$85,625	$957,642	$1,291,227
Tune and Seal	0	0	2	6	474	477	$0	$0	$96,139	$56,629	$1,587,285	$1,683,424
Home Energy Comparision Report	0	0	2,030	1,615	3,702	5,732	$0	$0	$173,077	$139,015	$1,007,607	$1,180,684
Property Manager CFL	0	0	1,892	1,146	2,163	4,055	$0	$0	$134,615	$108,273	$258,488	$393,103
Total Core Plus Programs By Year	5,289	3,648	53,318	18,361	75,790	138,045	$2,321,370	$2,414,769	$5,229,110	$2,783,338	$15,272,053	$25,237,302

Notes:

2013 Forecast Year End is Jan-Dec This includes the 2013 Actuals thru 4/30 and forecasted net free ride, as this is not available at the product level

[redacted] Portfolio Summary	2010 Actual	2011 Actual	2012 Actual	2013 Actual thru 4/30	2013 Forecast Year End	2010 - 2013 Summary View
Total Gross MWH Core & Core Plus at the Meter	21,422	54,074	215,463	69,853	346,719	637,677
Core & Core Plus MWH Generic Target applied to Prior 3 Year WN Average Sales at the Meter	84,867	141,166	190,056	247,399	247,399	663,486
Incremental MWH Savings As A Percent of Prior 3 Year WN Average Sales at the Meter	0.08%	0.19%	0.79%	0.25%	1.26%	2.31%
Total Program Expenditures Core & Core Plus	$4,273,732	$5,102,532	$21,795,264	$7,201,165	$45,241,310	$ 76,412,838

Notes.

WN = Weather Normalized

2013 Forecast Year End is Jan-Dec and includes the 2013 Actuals thru 4/30

Used 2010 filed scorecard for compliance target to develop 2010 at meter, used 2011 filed scorecard for compliance target to develop 2011 at meter

[redacted]	2009 MWh	2010 MWh	2011 MWh	2012 MWh	WN Average 2010-12 Sales
WN Retail Sales at the Meter	26,445,057	27,429,505	27,577,830	27,459,134	27,488,823

DUKE ENERGY INDIANA

Generic Phase II Order July 1, 2013 Compliance Scorecard

	Gross MWH Savings at the Meter	Program Expenditures
Core Programs	Projected 2014	Projected 2014
Commerical & Industrial	251,356	$18,265,271
Residential Lighting	37,237	$336,571
Low Income Weatherization	3,408	$2,055,332
School Assessments	11	$195,000
Energy Efficient Schools	18,276	$3,494,668
Home Energy Audit	8,099	$2,640,089
Total Core Programs By Year	318,387	$26,986,930

Note: 2014 Projection shows ex-post impacts

	Gross MWH Savings at the Meter	Program Expenditures
Core Plus Programs	Projected 2014	Projected 2014
C&I Smart Saver	35,168	$6,841,213
EMIS	2,884	$297,372
Residential Smart Saver	4,286	$1,476,316
Agency Kit & CFL's	1,904	$135,223
Fridge/Freezer Recycling	4,729	$466,738
Tune and Seal	422	$427,663
Home Energy Comparision Report	31,969	$1,861,399
Property Manager CFL	249	$168,097
Total Core Plus Programs By Year	81,611	$11,674,021

Portfolio Summary	Projected 2014
Total Gross MWH Core & Core Plus at the Meter	399,998
Core & Core Plus MWH Generic Target based on WN Average 2010-12 Sales at the Meter [1]	302,377
Incremental MWH Savings As A Percent of WN Average 2010-12 Sales at the Meter	1.46%
Total Program Expenditures Core & Core Plus	$38,660,951

WN = Weather Normalized Sales.

1. WN Average Sales Baseline used for projection purpose reflects 2010-2012, it will be updated next year for 2013 actuals, so that the three year period will be WN Average Sales for 2011-2013.

	2009 MWh	2010 MWh	2011 MWh	2012 MWh	WN Average 2010-12 Sales
WN Retail Sales at the Meter	26,445,057	27,429,505	27,577,830	27,459,134	27,488,823

	Gross MWh at the Meter
2014 Compliance Target	302,377
Forecasted Under Compliance 2010-2013	25,810
Total Required Impacts in 2014	328,187
June 4th 2014 Core Forcasted Impacts	318,387
Required 2014 Core Plus Impacts	9,800
2012 Actual Performance vs Forecast/Targets approved in DSM 6	-22.6%
Projected 2014 Core Shortfall	71,806
2014 Core Plus Target	81,606

Duke Energy Indiana			
Target Achievement	2014 (Gross MWh at the Meter)		Pre-Tax Rate of Return
Greater than 110%	≥	89,766	15%
100-110%	≥ ≥	81,606	12%
90-100%	≥ ≥	73,445	10%
80-90%	≥ ≥	65,284	8%
60-80%	≥ ≥	48,963	6%
49-60%	≥ ≥	39,987	0%
Less Than 49%	<	39,987	-4%

DUKE ENERGY INDIANA

ATTACHMENT B

Core Programs	Core Program Notes: Third-party administrator began offering programs on January 2, 2012.
Home Energy Assessment	**Description:** Produce long-term, cost-effective electric savings in the residential market sector by helping customers analyze and understand their energy use, recommending appropriate weatherization measures, and facilitating the direct installation of specific low-cost energy saving measures
Low Income Weatherization	**Description:** Help low-income families and individuals decrease their home energy costs and be attentive to energy-related health and safety issues in the home. Program provides installation of measures that will make the home more energy efficient.
C&I Rebates	**Description:** Help facility managers and building owners achieve long-term, cost-effective savings in the commercial and industrial market sector. This program includes a prescriptive rebate structure that rewards participants with monetary rebates based on their installation of energy efficiency equipment upgrades. These upgrades include lighting, motors and pumps HVAC and ENERGY STAR® transformers and efficient package refrigeration. Rebates will be provided for one-for-one replacements, retrofits and new installations of qualified equipment.
Energy Efficient Schools	**Description:** Produce cost-effective electric savings by influencing students and their families to focus on conservation and the efficient use of electricity. Another component of the Energy Efficient Schools Program is to produce electric savings by providing technical assistance to schools in the form of building energy audits as well as provide access to prescriptive rebate programs.
Residential Lighting	**Description:** Encourages residential customers to purchase and then continue to purchase high-efficiency ENERGY STAR qualified lighting. The program works toward this goal by using wholesale incentives to buy down or mark down the incremental cost of energy-efficient products through manufacturer and retailer partnerships, and then educating and communicating with consumers via advertising, in-store and community outreach events, and retail sales training.
Core Plus Programs	**Core Plus Program Notes:** Duke Energy's Core Plus portfolio was approved on March 21, 2012.
Refrigerator and Freezer Replacement	**Description:** Residential EE program encourages responsible disposal of inefficient, but still operating, refrigerators and freezers. Participating customers will have the old unit picked up at their home to be properly recycled/disposed of by the Duke Energy Indiana program vendor.
	Update: Offering to customers as of June 1, 2012.
Residential Smart Saver	**Description:** Residential EE program that pays incentives for installing high efficiency heat pumps and air conditioners with electronically commutated fan motors in existing homes.
	Update: Offering to customers as of March 21 2012.
C&I Smart Saver	**Description:** Non-residential program which provides prescriptive and custom incentives for energy efficient equipment installed by commercial and industrial customers to compliment bid design of third-party administrator
	Update: Offering to customers as of March 21, 2012.
Agency Kit & CFL's	**Description:** Residential EE program that delivers CFLs to income qualified customers that stop into specific agencies and complete an energy assessment.
	Update: Offering to customers as of March 21 2012.
Online Audit w/ EE Kit	**Description:** Residential EE program provides web-based energy analysis tools accessible through Duke Energy s Online Services portal. Based on inputs about a customer's home, the application provides energy savings recommendations to the customer.
	Update: Offering to customers as of March 21, 2012
Personalized Energy Report	**Description:** Residential program that provides residential single-family home customers with a customized report aimed at helping the customer understand his/her energy usage and better manage energy costs.
	Update: Offering to customers as of March 21, 2012
Tune and Seal	**Description:** Residential EE program that partners with HVAC dealers, program partially offsets the cost of air conditioner tune-up and duct sealing program.
	Update: Offering to customers as of March 21 2012
Home Energy Comparison Report	**Description:** Residential EE program that sends to customers an energy usage report that compares household usage to similar, neighboring homes and provides recommendations to lower energy usage.
(now called My Home Energy Report)	**Update:** Offering to customers as of June 1, 2012
Property Manager CFL	**Description:** Incentivizes multifamily property managers to install CFL's in permanent, landlord owned light fixtures.
	Update: Offering to customers as of March 21, 2012.
Non-Residential Energy Assessments	**Description:** Non-residential program to provide individualized assessments of energy usage and provide recommendations for more efficient use of energy and provide recommendations for more efficient use of energy
	Update: Offering to customers as of March 21, 2012.
Portfolio Summary	
Total Gross MWH Core & Core Plus (at the Meter)	Includes Duke Energy Indiana's estimated MWH for existing and new programs and Schedule E from Third-Party RFP
Core & Core Plus MWH Generic Target (at the Meter)	Represents the MWH Phase II Order targets utilizing the Company's average weather normalized sales from 2010-2012
Incremental MWH Savings As A Percent of Average WN 2010-2012 Sales	As compared to Phase II Order targets of 2010 = 0.3%, 2011 = 0.5%, 2012 = 0.7%, 2013 = 0.9%, 2014 = 1.1%
Total Program Expenditures Core & Core Plus	Includes actual costs through 2012 and through April 2013 for both Core and Core Plus Programs with forecasts for the remainder of 2013 and 2014

PETITIONER'S EXHIBIT A-3
Duke Energy Indiana
2014 Extension
Non Res New Measure Details

Program	Pcode	Msr ID	Name	Input to Revenue Requirement	Program Cost	M&V	Incentive	Lost Revenue	At P, Net FR	At M, Net FR	At P, Gross FR	At M, Gross FR	PHASED LR KWH	
Smart Saver for Non-Residential	NRHVAC	2999	IN_ 0.5 Faucet Aerator (DI) - Commercial, public use	$ 75.80	$ 45.76	$ 3.98	$ 5.97	$ 1,248.56	1,162.53	1,734.11	1,614.63	581.27	20.17	
Smart Saver for Non-Residential	NRHVAC	3000	IN_ 0.5 gpm Faucet Aerator (DI) - COMM, pvt use	$ 13.49	$ 9.08	$ 0.79	$ 1.18	$ 150.77	140.38	209.40	194.97	70.19	2.44	
Smart Saver for Non-Residential	NRHVAC	3001	IN_ 0.5 gpm Faucet Aerator (DI) - School, public use	$ 279.22	$ 170.12	$ 14.81	$ 22.19	$ 4,464.38	4,156.78	6,200.53	5,773.31	2,078.39	72.11	
Smart Saver for Non-Residential	NRHVAC	3002	IN_ 1.0 Faucet Aerator (DI) - Commercial, public use	$ 55.21	$ 33.65	$ 2.93	$ 4.39	$ 881.33	820.61	1,224.07	1,139.73	410.30	14.24	
Smart Saver for Non-Residential	NRHVAC	3003	IN_ 1.0 gpm Faucet Aerator (DI) - COMM, pvt use	$ 18.35	$ 12.71	$ 1.11	$ 1.66	$ 177.49	165.26	246.51	229.53	82.63	2.87	
Smart Saver for Non-Residential	NRHVAC	3004	IN_ 1.0 gpm Faucet Aerator (DI) - School, public use	$ 102.64	$ 63.41	$ 5.52	$ 8.27	$ 1,575.27	1,466.73	2,187.87	2,037.13	733.37	25.44	
Smart Saver for Non-Residential	NRHVAC	3118	IN_ 1.5 gpm Low Flow Showerhead (DI) - COMM, public use	$ 36.29	$ 24.00	$ 2.09	$ 3.13	$ 438.02	407.84	608.36	566.44	203.92	7.07	
Smart Saver for Non-Residential	NRHVAC	3005	IN_ 1.5 gpm Low Flow Showerhead (DI) - COMM, pvt use	$ 63.94	$ 44.76	$ 3.90	$ 5.84	$ 584.94	544.64	812.42	756.44	272.32	9.45	
Smart Saver for Non-Residential	NRHVAC	3006	IN_ Chilled Water Reset- Air Cooled Chillers, Grocery	$ 124.77	$ 97.77	$ 8.51	$ 12.75	$ 354.99	330.53	493.04	458.07	165.26	5.73	
Smart Saver for Non-Residential	NRHVAC	3007	IN_ Chilled Water Reset- Air Cooled Chillers, Other	$ 81.03	$ 63.92	$ 5.56	$ 8.34	$ 198.90	184.63	275.41	256.43	92.32	3.20	
Smart Saver for Non-Residential	NRHVAC	3008	IN_ Chilled Water Reset- Air Cooled Chillers, Retail	$ 254.20	$ 198.27	$ 17.26	$ 25.86	$ 792.93	738.30	1,101.29	1,025.41	369.15	12.81	
Smart Saver for Non-Residential	NRHVAC	3119	IN_ Chilled Wtr Reset- Air Cooled Chillers, College or Sm Ofc	$ 39.59	$ 31.42	$ 2.73	$ 4.10	$ 82.71	77.01	114.87	106.95	38.50	1.34	
Smart Saver for Non-Residential	NRHVAC	3009	IN_ Chilled Wtr Reset- Air Cooled Chillers, SCH (K-12)	$ 38.49	$ 30.78	$ 2.68	$ 4.01	$ 63.15	58.80	87.71	81.67	29.40	1.02	
Smart Saver for Non-Residential	NRHVAC	3011	IN_ Chilled Wtr Reset- Wtr Cooled Chillers, Retail	$ 236.37	$ 187.84	$ 16.35	$ 24.50	$ 475.31	442.56	660.15	614.57	221.28	7.68	
Smart Saver for Non-Residential	NRHVAC	3013	IN_ Chilled Wtr Reset-Wtr Cooled Chillers, Grocery	$ 233.60	$ 186.22	$ 16.21	$ 24.29	$ 425.99	396.63	591.65	550.88	198.32	6.88	
Smart Saver for Non-Residential	NRIT	3014	IN_ Controlled Plug Strip	$ 105.36	$ 81.67	$ -	$ 9.80	$ 859.93	800.68	1,194.35	1,112.06	400.34	13.89	
Smart Saver for Non-Residential	NRHVAC	3015	IN_ CoolRoof New Replace on Burnout Collega	$ 175.45	$ 139.44	$ 12.14	$ 18.19	$ 351.82	327.58	488.84	454.98	163.79	5.68	
Smart Saver for Non-Residential	NRHVAC	3016	IN_ CoolRoof New Replace on Burnout Health	$ 92.98	$ 73.86	$ 6.43	$ 9.64	$ 186.91	175.89	262.38	244.30	87.95	3.05	
Smart Saver for Non-Residential	NRHVAC	3017	IN_ CoolRoof New Replace on Burnout Hotel	$ 60.48	$ 48.24	$ 4.20	$ 6.29	$ 108.49	101.02	150.69	140.30	50.51	1.75	
Smart Saver for Non-Residential	NRHVAC	3018	IN_ CoolRoof New Replace on Burnout Large Office	$ 258.88	$ 209.57	$ 18.24	$ 27.34	$ 230.99	215.07	320.81	298.71	107.54	3.73	
Smart Saver for Non-Residential	NRHVAC	3019	IN_ CoolRoof New Replace on Burnout Medium Office	$ 170.19	$ 137.63	$ 11.98	$ 17.95	$ 162.43	151.24	225.60	210.06	75.62	2.62	
Smart Saver for Non-Residential	NRHVAC	3021	IN_ CoolRoof New Replace on Burnout Other	$ 36.84	$ 29.52	$ 2.57	$ 3.85	$ 55.30	51.49	76.81	71.52	25.75	0.89	
Smart Saver for Non-Residential	NRHVAC	3022	IN_ CoolRoof New Replace on Burnout Retail	$ 186.17	$ 146.11	$ 12.72	$ 19.06	$ 512.66	477.33	712.02	662.96	238.67	8.28	
Smart Saver for Non-Residential	NRHVAC	3023	IN_ CoolRoof New Replace on Burnout School	$ 173.56	$ 138.33	$ 12.04	$ 18.04	$ 318.06	296.15	441.76	411.32	148.07	5.14	
Smart Saver for Non-Residential	NRHVAC	3024	IN_ CoolRoof New Replace on Burnout Strip Mall	$ 227.29	$ 180.40	$ 15.70	$ 23.53	$ 474.14	441.47	658.53	613.15	220.74	7.66	
Smart Saver for Non-Residential	NRHVAC	3034	IN_ Ductless Mini-Split AC, College vs room AC	$ 0.000021	$ 0.000017	$ 0.000001	$ 0.000002	$ 0.000014	$ 0.000013	$ 0.000019	$ 0.000018	$ 0.000006	$ 0.000000	
Smart Saver for Non-Residential	NRHVAC	3035	IN_ Ductless Mini-Split AC, Convenience vs PTAC	$ 0.000022	$ 0.000018	$ 0.000002	$ 0.000002	$ 0.000034	$ 0.000032	$ 0.000047	$ 0.000044	$ 0.000016	$ 0.000001	
Smart Saver for Non-Residential	NRHVAC	3036	IN_ Ductless Mini-Split AC, Lodging vs PTAC	$ 0.000021	$ 0.000017	$ 0.000002	$ 0.000002	$ 0.000019	$ 0.000017	$ 0.000026	$ 0.000024	$ 0.000009	$ 0.000000	
Smart Saver for Non-Residential	NRHVAC	3037	IN_ Ductless Mini-Split AC, Other vs room AC	$ 0.000021	$ 0.000017	$ 0.000001	$ 0.000002	$ 0.000016	$ 0.000015	$ 0.000022	$ 0.000020	$ 0.000007	$ 0.000000	
Smart Saver for Non-Residential	NRHVAC	3039	IN_ Ductless Mini-Split Heat Pump, College vs room AC	$ 748.05	$ 540.19	$ 47.01	$ 70.46	$ 5,595.78	5,210.22	7,771.92	7,236.42	2,605.11	90.36	
Smart Saver for Non-Residential	NRHVAC	3043	IN_ Ductless Mini-Split Heat Pump, Lodging vs room AC	$ 774.23	$ 555.50	$ 48.35	$ 72.46	$ 6,062.10	5,644.41	8,419.58	7,839.46	2,822.20	97.92	
Smart Saver for Non-Residential	NRHVAC	3045	IN_ Ductless Mini-Split Heat Pump, Other vs room AC	$ 791.68	$ 565.71	$ 49.24	$ 73.79	$ 6,372.97	5,933.87	8,851.35	8,241.48	2,966.93	102.94	
Smart Saver for Non-Residential	NRHVAC	3041	IN_ Ductless Mini-Split HP, Convenience vs room AC	$ 1,049.08	$ 716.30	$ 62.34	$ 93.44	$ 10,958.40	10,203.36	15,220.01	14,171.93	5,101.68	177.00	
Smart Saver for Non-Residential	NRHVAC	3046	IN_ Ductless Mini-Split HP, Schools (K-12) vs room AC	$ 673.88	$ 496.80	$ 43.24	$ 64.80	$ 4,274.55	3,980.03	5,936.88	5,527.82	1,990.02	69.04	
Smart Saver for Non-Residential	NRIT	3057	IN_ Energy Star 2.0 Server	$ 52.63	$ 38.14	$ -	$ 4.58	$ 614.24	571.91	853.11	794.33	285.96	9.92	
Smart Saver for Non-Residential	NRIT	3058	IN_ Energy Star 6.0 Desktop Computer	$ 101.20	$ 84.54	$ -	$ 10.14	$ 403.65	375.84	560.63	522.00	187.92	6.52	
Smart Saver for Non-Residential	NRIT	3059	IN_ Energy Star 6.0 Small Scale Server (Data Storage)	$ 4.84	$ 4.09	$ -	$ 0.49	$ 15.08	14.98	22.34	20.80	7.49	0.26	
Smart Saver for Non-Residential	NRLTG	3061	IN_ Exterior LED Lighting Motion-Sensor Control	$ 3,006.20	$ 2,380.60	$ 201.34	$ 309.83	$ 7,084.33	6,596.21	9,839.35	9,161.41	3,298.11	114.43	
Smart Saver for Non-Residential	NRFS	3121	IN_ HT ES Multi-Tank - CNV DW w-Boost Htr (Elec) New -repl on BO	$ 0.000353	$ 0.000268	$ 0.000008	$ 0.000033	$ 0.002715	$ 0.002528	$ 0.003771	$ 0.003511	$ 0.001264	$ 0.000044	
Smart Saver for Non-Residential	NRFS	3122	IN_ HT ES Multi-Tank - CNV DW w-Boost Htr (Gas) New -repl on BO	$ 0.000309	$ 0.000241	$ 0.000008	$ 0.000030	$ 0.001898	$ 0.001767	$ 0.002635	$ 0.002454	$ 0.000883	$ 0.000031	
Smart Saver for Non-Residential	NRFS	3123	IN_ HT ES Sngl Tank - CNV DW w-Boost Htr (Elec) New -repl on BO	$ 0.000228	$ 0.000174	$ 0.000005	$ 0.000022	$ 0.001668	$ 0.001553	$ 0.002317	$ 0.002157	$ 0.000777	$ 0.000027	
Smart Saver for Non-Residential	NRFS	3124	IN_ HT ES Sngl Tank - CNV DW w-Boost Htr (Gas) New -repl on BO	$ 410.23	$ 320.26	$ 9.98	$ 39.63	$ 2,498.86	2,326.68	3,470.63	3,231.50	1,163.34	40.36	
Smart Saver for Non-Residential	NRFS	3125	IN_ HT ES Sngl Tank - Door DW w-Boost Htr (Elec) New -repl on BO	$ 648.99	$ 493.81	$ 15.39	$ 61.10	$ 4,872.15	4,536.45	6,766.87	6,300.62	2,268.22	78.70	
Smart Saver for Non-Residential	NRFS	3126	IN_ HT ES Sngl Tank - Door DW w-Boost Htr (Gas) New -repl on BO	$ 567.51	$ 444.22	$ 13.84	$ 54.97	$ 3,373.03	3,140.62	4,684.76	4,361.97	1,570.31	54.48	
Smart Saver for Non-Residential	NRFS	3062	IN_ HT ES UC DW w-Boost Htr (Elec) New -repl on BO	$ 181.99	$ 138.99	$ 4.33	$ 17.20	$ 1,328.77	1,237.21	1,845.51	1,718.35	618.61	21.46	
Smart Saver for Non-Residential	NRFS	3063	IN_ HT ES UC DW w-Boost Htr (Gas) New -repl on BO	$ 0.000080	$ 0.000063	$ 0.000002	$ 0.000008	$ 0.000460	$ 0.000428	$ 0.000639	$ 0.000595	$ 0.000214	$ 0.000007	
Smart Saver for Non-Residential	NRLTG	3127	IN_ LED Bollards (rplcng or ILO INCD, CFL, or HID bollards)	$ 576.65	$ 462.44	$ 39.11	$ 60.19	$ 1,047.17	975.02	1,454.40	1,354.19	487.51	16.91	
Smart Saver for Non-Residential	NRLTG	3064	IN_ LED Canopy replacing 176-250W HID	$ 872.47	$ 683.68	$ 57.82	$ 88.98	$ 2,599.25	2,420.16	3,610.07	3,361.33	1,210.68	41.98	
Smart Saver for Non-Residential	NRLTG	3065	IN_ LED Canopy replacing 251-400W HID	$ 2,571.74	$ 2,030.52	$ 171.73	$ 264.27	$ 6,514.44	6,065.59	9,047.84	8,424.43	3,032.80	105.22	
Smart Saver for Non-Residential	NRLTG	3066	IN_ LED Canopy replacing up to 175W HID	$ 1,771.59	$ 1,404.96	$ 118.82	$ 182.85	$ 4,021.40	3,744.32	5,585.28	5,200.45	1,872.16	64.95	
Smart Saver for Non-Residential	NRLTG	3138	IN_ LED Display Case (rplcng or ILO INCD or FL display case ltng)	$ 236.35	$ 184.38	$ 15.59	$ 24.00	$ 766.40	713.59	1,064.44	991.10	356.80	12.38	
Smart Saver for Non-Residential	NRLTG	3067	IN_ LED FLD rplcng or ILO GRT 100W HAL, INCD, or HID	$ 333.00	$ 253.26	$ 21.42	$ 32.96	$ 1,570.18	1,462.00	2,180.81	2,030.55	731.00	25.36	
Smart Saver for Non-Residential	NRLTG	3068	IN_ LED FLD rplcng or ILO up to 100W HAL, INCD, or HID	$ 163.09	$ 126.35	$ 10.69	$ 16.44	$ 594.77	553.79	826.06	769.15	276.89	9.61	
Smart Saver for Non-Residential	NRLTG	3069	IN_ LED Highbay replacing 251-400W HID	$ 342.05	$ 271.30	$ 22.95	$ 35.31	$ 773.32	720.04	1,074.06	1,000.06	360.02	12.49	
Smart Saver for Non-Residential	NRLTG	3070	IN_ LED Highbay replacing greater than 400W HID	$ 3,972.26	$ 3,078.76	$ 260.39	$ 400.70	$ 14,389.57	13,398.11	19,985.51	18,608.48	6,699.05	232.42	
Smart Saver for Non-Residential	NRLTG	3071	IN_ LED Lowbay replacing 176W-250W HID	$ 173.27	$ 135.44	$ 11.45	$ 17.63	$ 541.72	504.40	752.39	700.55	252.20	8.75	

Smart Saver for Non-Residential	NRLTG	3072	IN_ LED Lowbay replacing up to 175W HID	$ 79 98	$ 63.30	$ 5.35	$ 8.24	$ 190.74	177 60	264.91	246 86	88 80	3.08
Smart Saver for Non-Residential	NRLTG	3073	IN_ LED Panel 1x4 replacing or in lieu of T8 FL	$ 141 76	$ 114.62	$ 9.69	$ 14.92	$ 156.75	145 95	217.71	202 71	72 97	2.53
Smart Saver for Non-Residential	NRLTG	3077	IN_ LED Panel 2x4 replacing or in lieu of T8 FL	$ 579 81	$ 463.36	$ 39.19	$ 60.31	$ 1,050.24	977 87	1,458.66	1,358.16	488 94	16.96
Smart Saver for Non-Residential	NRLTG	3129	IN_ LED Portable Task Lights (rplcng or ILO INCD, HAL, or CFL task Ltng)	$ 365 67	$ 291.31	$ 24.64	$ 37.91	$ 731.01	680 65	1,015.30	945 34	340 32	11.81
Smart Saver for Non-Residential	NRLTG	3130	IN_ LED Shelf-mounted Task Lights (rplcng or ILO FL task Ltng)	$ 138.47	$ 111.95	$ 9.47	$ 14.57	$ 154.22	142.66	212.80	198.14	71.33	2.47
Smart Saver for Non-Residential	NRLTG	3131	IN_ LED Track Ltng (rplcng or ILO INCD, HAL, CFL, or HID track Ltng)	$ 662.79	$ 522.61	$ 44.20	$ 68.02	$ 1,731.29	1,612.00	2,404.57	2,238.89	806 00	27.96
Smart Saver for Non-Residential	NRFS	3079	IN_ Low-Temp ES Multi-Tank - CNV DW New -repl on BO	$ 0.000288	$ 0 000228	$ 0.000007	$ 0.000028	$ 0.001514	$ 0.001410	$ 0.002103	$ 0.001959	$ 0.000705	$ 0.000024
Smart Saver for Non-Residential	NRFS	3080	IN_ Low-Temp ES sngl Tank - CNV DW New -repl on BO	$ 0.000190	$ 0 000151	$ 0.000005	$ 0.000019	$ 0.000964	$ 0.000897	$ 0.001339	$ 0.001246	$ 0 000449	$ 0.000016
Smart Saver for Non-Residential	NRFS	3081	IN_ Low-Temp ES sngl Tank - Door DW New -repl on BO	$ 911.27	$ 702.84	$ 21.90	$ 86.97	$ 6,163.44	5,738.77	8,560.33	7,970.51	2,869 38	99.55
Smart Saver for Non-Residential	NRFS	3082	IN_ Low-Temp ES UC DW New -repl on Burnout	$ 143.70	$ 115.69	$ 3.61	$ 14.32	$ 624.23	581.22	866.98	807.25	290 61	10.08
Smart Saver for Non-Residential	NRIT	3083	IN_ PC Power Management from Network	$ 1,946.86	$ 1,513.49	$ -	$ 181.62	$ 15,586.23	14,512.32	21,647.55	20,156.00	7,256 16	251.75
Smart Saver for Non-Residential	NRLTG	3084	IN_ Remote-Mounted Daylight Sensor	$ 558.08	$ 411.27	$ 34.78	$ 53.53	$ 3,621.38	3,371.86	5,029.89	4,683.14	1,685 93	58.49
Smart Saver for Non-Residential	NRLTG	3086	IN_ Switch or Fixture-Mounted Daylight Sensor	$ 400.32	$ 318.81	$ 26.96	$ 41.49	$ 807.75	752.10	1,121.88	1,044.58	376 05	13.05
Smart Saver for Non-Residential	NRLTG	3087	IN_ T8 HB 4ft 2L rplcng 150-249W HID (retrofit only)	$ 424.67	$ 325.94	$ 27.57	$ 42.42	$ 1,779.78	1,657.15	2,471.91	2,301.59	828 57	28.75
Smart Saver for Non-Residential	NRIT	3089	IN_ VFDs on chilled water pumps 10HP w Economizer	$ 178.22	$ 146.86	$ -	$ 17.62	$ 850.29	791.70	1,180.96	1,099.59	395 85	13.73
Smart Saver for Non-Residential	NRIT	3088	IN_ VFDs on chilled water pumps 10HP	$ 226.89	$ 177.15	$ -	$ 21.26	$ 1,763.85	1,642.32	2,449.80	2,281.00	821 16	28.49
Smart Saver for Non-Residential	NRIT	3091	IN_ VFDs on chilled water pumps 15HP w Economizer	$ 0.000197	$ 0 000158	$ -	$ 0.000019	$ 0.001258	$ 0.001171	$ 0.001747	$ 0.001626	$ 0.000585	$ 0.000020
Smart Saver for Non-Residential	NRIT	3090	IN_ VFDs on chilled water pumps 15HP	$ 0.000219	$ 0 000158	$ -	$ 0.000019	$ 0.002609	$ 0.002429	$ 0.003623	$ 0.003374	$ 0.001214	$ 0.000042
Smart Saver for Non-Residential	NRIT	3093	IN_ VFDs on chilled water pumps 20HP w Economizer	$ 0.000227	$ 0.000179	$ -	$ 0.000021	$ 0.001677	$ 0.001561	$ 0.002329	$ 0.002169	$ 0.000781	$ 0.000027
Smart Saver for Non-Residential	NRIT	3092	IN_ VFDs on chilled water pumps 20HP	$ 0.000256	$ 0.000179	$ -	$ 0.000021	$ 0.003478	$ 0.003239	$ 0.004831	$ 0.004498	$ 0.001619	$ 0.000056
Smart Saver for Non-Residential	NRIT	3095	IN_ VFDs on chilled water pumps 25HP w Economizer	$ 0.000272	$ 0.000213	$ -	$ 0.000026	$ 0.002083	$ 0.001939	$ 0.002893	$ 0.002693	$ 0.000970	$ 0.000034
Smart Saver for Non-Residential	NRIT	3094	IN_ VFDs on chilled water pumps 25HP	$ 0.000308	$ 0.000213	$ -	$ 0.000026	$ 0.004320	$ 0.004022	$ 0.006000	$ 0.005587	$ 0.002011	$ 0.000070
Smart Saver for Non-Residential	NRIT	3097	IN_ VFDs on chilled water pumps 30HP w Economizer	$ 0.000321	$ 0.000251	$ -	$ 0.000030	$ 0.002486	$ 0.002315	$ 0.003453	$ 0.003215	$ 0 001157	$ 0.000040
Smart Saver for Non-Residential	NRIT	3096	IN_ VFDs on chilled water pumps 30HP	$ 0.000364	$ 0.000251	$ -	$ 0.000030	$ 0.005157	$ 0.004801	$ 0.007162	$ 0.006668	$ 0 002401	$ 0.000083
Smart Saver for Non-Residential	NRIT	3099	IN_ VFDs on chilled water pumps 40HP w Economizer	$ 0.000380	$ 0.000291	$ -	$ 0.000035	$ 0.003314	$ 0.003086	$ 0.004603	$ 0.004286	$ 0 001543	$ 0.000054
Smart Saver for Non-Residential	NRIT	3098	IN_ VFDs on chilled water pumps 40HP	$ 0.000437	$ 0.000291	$ -	$ 0.000035	$ 0.006875	$ 0.006402	$ 0.009549	$ 0.008891	$ 0.003201	$ 0.000111
Smart Saver for Non-Residential	NRIT	3101	IN_ VFDs on chilled water pumps 50HP w Economizer	$ 0.000475	$ 0 000365	$ -	$ 0 000044	$ 0 004126	$ 0 003841	$ 0.005730	$ 0.005335	$ 0 001921	$ 0.000067
Smart Saver for Non-Residential	NRIT	3100	IN_ VFDs on chilled water pumps 50HP	$ 0.000547	$ 0 000365	$ -	$ 0 000044	$ 0 008558	$ 0 007968	$ 0 011886	$ 0.011067	$ 0.003984	$ 0 000138
Smart Saver for Non-Residential	NRIT	3103	IN_ VFDs on chilled water pumps 5HP w Economizer	$ 358.65	$ 295 10	$ -	$ 35 41	$ 1,742 30	1,622 25	2,419.85	2,253.12	811.12	28.14
Smart Saver for Non-Residential	NRIT	3102	IN_ VFDs on chilled water pumps 5HP	$ 458.40	$ 357 16	$ -	$ 42 86	$ 3,614 47	3,365 43	5,020.10	4,674.21	1,682 71	58.38
Smart Saver for Non-Residential	NRIT	3105	IN_ VFDs on chilled water pumps 7.5HP w Economizer	$ 267.85	$ 220 61	$ -	$ 26 47	$ 1,285 25	1,196 69	1,785.07	1,662.07	598 35	20.76
Smart Saver for Non-Residential	NRIT	3104	IN_ VFDs on chilled water pumps 7.5HP	$ 341.42	$ 266 39	$ -	$ 31 97	$ 2,666 09	2,482 39	3,702.90	3,447.77	1,241 20	43.06
Smart Saver for Non-Residential	NRIT	3106	IN_ VFDs on CRAC CRAH AHU fans 10HP	$ 0.000160	$ 0 000119	$ -	$ 0 000014	$ 0 001698	$ 0 001581	$ 0.002359	$ 0.002196	$ 0 000791	$ 0 000027
Smart Saver for Non-Residential	NRIT	3107	IN_ VFDs on CRAC CRAH AHU fans 15HP	$ 0.000217	$ 0 000158	$ -	$ 0 000019	$ 0 002512	$ 0 002339	$ 0.003489	$ 0.003248	$ 0.001169	$ 0 000041
Smart Saver for Non-Residential	NRIT	3108	IN_ VFDs on CRAC CRAH AHU fans 20HP	$ 0.000254	$ 0 000179	$ -	$ 0 000021	$ 0 003349	$ 0 003119	$ 0.004652	$ 0.004331	$ 0.001559	$ 0.000054
Smart Saver for Non-Residential	NRIT	3109	IN_ VFDs on CRAC CRAH AHU fans 2HP	$ 0.000032	$ 0 000024	$ -	$ 0 000003	$ 0 000360	$ 0 000335	$ 0 000500	$ 0.000466	$ 0 000168	$ 0 000006
Smart Saver for Non-Residential	NRIT	3110	IN_ VFDs on CRAC CRAH AHU fans 3HP	$ 203.07	$ 158 72	$ -	$ 19 05	$ 1,566 07	1,458 17	2,175.10	2,025.23	729 08	25.30
Smart Saver for Non-Residential	NRIT	3111	IN_ VFDs on CRAC CRAH AHU fans 5HP	$ 676.90	$ 529 09	$ -	$ 63 49	$ 5,220 39	4,860 70	7,250.54	6,750.97	2,430 35	84.32
Smart Saver for Non-Residential	NRIT	3112	IN_ VFDs on CRAC CRAH AHU fans 7.5HP	$ 336.16	$ 263 12	$ -	$ 31 57	$ 2,567 20	2,390 32	3,565.55	3,319.88	1,195 16	41.47
Smart Saver for Non-Residential	NRFS	3115	IN_ Walk-in Cooler Automatic Door-Closer Retrofit	$ 72.10	$ 56 25	$ 1 75	$ 6 96	$ 441 57	411 14	613.28	571.03	205 57	7.13
Smart Saver for Non-Residential	NRFS	3116	IN_ Walk-in Freezer Automatic Door-Closer Retrofit	$ 61.56	$ 44 35	$ 1 38	$ 5 49	$ 640 32	596 20	889.33	828.05	298.10	10.34
Smart Saver for Non-Residential	NRHVAC	3117	IN_ Water Heater Pipe Insulation	$ 36.22	$ 24 43	$ 2 13	$ 3 19	$ 401 54	373 87	557.69	519.26	186 93	6.49
EMIS	EMIS	3050	IN_ EMIS-Pilot-College Universities	$ 114,165.21	$ 91,339.77	$ -	$ 10,960 77	$ 730,744 47	683,948 70	769,204.71	716,205.50	341,874.35	11,864.66
EMIS	EMIS	3051	IN_ EMIS-Pilot-K-12 Schools	$ 60,674.70	$ 51,233 93	$ -	$ 6,148 07	$ 202,796 80	189,810 00	213,470.32	198,761.93	94,905.00	3,292 69
EMIS	EMIS	3052	IN_ EMIS-Pilot-Office Space	$ 142,397.22	$ 115,591 32	$ -	$ 13,870 96	$ 796,662 57	745,645 50	838,592.17	780,812.08	372,822 75	12,934.94
EMIS	EMIS	3053	IN_ EMIS-Pilot-Retail	$ 100,108.50	$ 80,732 74	$ -	$ 9,687 93	$ 596,673 25	558,463 20	628,077.11	584,801.78	279,231 60	9,687.83
EMIS	EMIS	3054	IN_ EMIS-Pilot-Small Hospitals	$ 65,687.93	$ 49,722 35	$ -	$ 5,966 68	$ 615,832 37	576,395 40	648,244.60	603,579.71	288,197 70	9,998.90

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF DUKE ENERGY INDIANA, INC. FOR APPROVAL OF (1) A ONE-YEAR EXTENSION OF DEMAND SIDE MANAGEMENT AND ENERGY EFFICIENCY PROGRAMS APPROVED IN CAUSE NO. 43955, INCLUDING COST RECOVERY, LOST REVENUES AND SHAREHOLDER INCENTIVES; (2) AUTHORITY TO OFFER ADDITIONAL DEMAND SIDE MANAGEMENT PROGRAMS WITH COST RECOVERY, INCLUDING LOST MARGINS AND SHAREHOLDER INCENTIVES; (3) AUTHORITY TO DEFER COSTS INCURRED UNTIL SUCH TIME THEY ARE REFLECTED IN RETAIL RATES; (4) RECONCILIATION OF DEMAND SIDE MANAGEMENT AND ENERGY EFFICIENCY PROGRAM COST RECOVERY THROUGH DUKE ENERGY INDIANA, INC. STANDARD CONTRACT RIDER 66A, AND (5) APPROVAL OF START -UP COSTS INCURRED IN CONJUNCTION WITH CORE PROGRAMS, AND (6) REVISIONS TO STANDARD CONTRACT RIDER 66A	)	**CAUSE NO. 43955 DSM-1**

DUKE ENERGY INDIANA'S SUBMISSION OF REVISED EXHIBIT

Duke Energy Indiana, Inc. hereby respectfully submits the attached Petitioner's Revised Exhibit A-2 to the testimony of Michael Goldenberg in the above-captioned cause.

Respectfully submitted,

DUKE ENERGY INDIANA, INC.

By: _____

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Submission of Revised Exhibit was electronically delivered this 15th day of October 2013, to:

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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE COMMISSION'S INVESTIGATION, PURSUANT TO IC § 8-1-2-58, INTO THE EFFECTIVENESS OF DEMAND SIDE MANAGEMENT ("DSM") PROGRAMS CURRENTLY UTILIZED IN THE STATE OF INDIANA, INCLUDING AN EXAMINATION OF ISSUES THAT COULD IMPROVE THE EFFECTIVENESS OF DEMAND SIDE MANAGEMENT PROGRAMS IN THE STATE, INCLUDING CONSIDERATION OF THE ESTABLISHMENT OF AN INDEPENDENT DSM ADMINISTRATOR MODEL ON A STATE-WIDE BASIS.	)	**CAUSE NO. 42693 S-1**
RESPONDENTS: ALL JURISDICTIONAL UTILITIES IN THE STATE OF INDIANA	)	

SUBMISSION OF DUKE ENERGY INDIANA INC.'S
CORRECTED JULY 1 COMPLIANCE FILING

Duke Energy Indiana, Inc. ("Duke Energy Indiana" or "Company"), by counsel respectfully submits its corrected annual update cover filing to its three-year DSM plan, initially filed on July 1, 2013.

There are no corrections to Attachments A or B.

Respectfully submitted,

DUKE ENERGY INDIANA, INC.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was delivered electronically this 9th day of October, 2013 to:

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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE COMMISSION'S INVESTIGATION, PURSUANT TO IC § 8-1-2-58, INTO THE EFFECTIVENESS OF DEMAND SIDE MANAGEMENT ("DSM") PROGRAMS CURRENTLY UTILIZED IN THE STATE OF INDIANA, INCLUDING AN EXAMINATION OF ISSUES THAT COULD IMPROVE THE EFFECTIVENESS OF DEMAND SIDE MANAGEMENT PROGRAMS IN THE STATE, INCLUDING CONSIDERATION OF THE ESTABLISHMENT OF AN INDEPENDENT DSM ADMINISTRATOR MODEL ON A STATE-WIDE BASIS.	)	**CAUSE NO. 42693 S-1**
RESPONDENTS: ALL JURISDICTIONAL UTILITIES IN THE STATE OF INDIANA	)	

CORRECTED SUBMISSION OF DUKE ENERGY INDIANA INC.'S JULY 1 COMPLIANCE FILING

Duke Energy Indiana, Inc. ("Duke Energy Indiana" or "Company"), by counsel and pursuant to the Order in this Cause, dated December 9, 2009 (the "Phase II Order") respectfully submits its annual update to its three-year DSM plan, reflecting its approved proposal in Cause No. 43955 with slightly more than one year's impacts for Core Programs and one year's impacts for Core Plus programs and the actual and projected impacts in reaching the annual stepped savings targets as established in the Phase II Order[1].

[1] On June 10, 2013, Respondents, Duke Energy Indiana, Inc., Indiana Michigan Power Company, Indiana Municipal Power Agency, Indianapolis Power & Light Company, Northern Indiana Public Service Company and Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren South" or "Company") (collectively the "Utilities") filed a Motion for Change to the DSM Plan Filing Dates ("Motion") requesting modification of the due date for the three-year DSM Plan required to be filed by the Utilities pursuant to the Order in this Cause, dated December 9, 2009 (the "Phase II Order") issued by the Indiana Utility Regulatory Commission ("Commission" or "IURC"). The Phase II Order required the Utilities to submit a three-year DSM Plan by July 1, 2013; however, given the uncertainty related to selecting Core Programs for 2015 and beyond and the issues surrounding the establishment of a self-direct program for large commercial customers in Indiana, the Utilities requested that the Commission amend this requirement and instead allow the Utilities to submit an annual update on July 1, 2013 reporting on the performance of DSM programs to date and projections for the remainder of 2013 and 2014. The Utilities proposed submitting a three-year DSM Plan on July 1, 2014 and July 1, 2017. The

Until January 2, 2012, Duke Energy Indiana offered the Core Programs with limited spending and impacts as specified in Cause Nos. 42612 and 44008. Prior to January 2, 2012, the Company did not have authority to offer an energy efficient schools program or to offer programs to customers with loads in excess of 500 MW. On January 2, 2012, the third-party administrator ("Good Cents") began offering Core Programs to all customers in the Duke Energy Indiana service territory. The current contract with the third-party administrator will expire at the end of 2014.

On March 21, 2012, the Commission approved Duke Energy Indiana's portfolio of Core Plus Programs in Cause No. 43955, which the Company began to implement immediately. These Core Plus programs are authorized through the end of 2013. Duke Energy Indiana plans to file for a one-year extension in early July to continue to offer its current portfolio of Core Plus programs, with minor modifications, through the end of 2014. Descriptions of its Core Plus programs can be found in Cause No. 43955 and on Attachment B submitted with this filing.

Overall, Duke Energy is projecting through 2013 to achieve 2.3% in reductions since 2010, as reflected in the attached scorecard, which is slightly below the 2.4% incremental savings established in the Phase II Order to be achieved through 2013. Duke Energy Indiana is hopeful that it will eliminate this slight deficit during the remainder of 2013, through its Core Plus programs, which have performed better than anticipated. In 2012 the company achieved 53,318 MWH or 112% of its goal for Core Plus programs established in Cause No. 43079-DSM6 and is projected to exceed the goal in 2013. Through April 2013, the Company's Core Plus portfolio has delivered over ~~75,790~~ 18,361 MWH and the Core programs have reported nearly 51,500 MWH for the same time period.

Although Good Cents has been administering the Core Programs for about eighteen months, Duke Energy Indiana, as well as the DSMCC, has expressed concern with year-to-date program performance and has engaged in ongoing discussions with Good Cents regarding performance. As

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Commission granted the Utilities' request with respect to the submission of an annual update on July 1, 2013, but left the three-year filing requirement intact for July 1, 2016 and July 1, 2019. Duke Energy Indiana's Scorecard is attached hereto as Attachment A.

reflected in the attached Scorecard, the total achievement for the Core Programs starting in 2010 through April 2013 is 280,196 MWH as compared to the goal of 498,555 MWH, which equates to 56% of the mandate. As such, the Company is proposing additional impacts for its Core Plus programs to make up for the historic under compliance of the third-party administrator. The Company continues to recognize that this is an ambitious goal to meet the Phase II mandates but is committed to achieving the goals within the constraints of the Final Order.

One change this year is how Duke Energy Indiana is reporting its impacts. Historically, the Company reported energy savings results at the plant, meaning that both the annual savings targets and the actual energy savings did not take into consideration line losses that occur between the plant and the customer's meter. For 2010 and 2011, Duke Energy Indiana delivered all the Core & Core Plus energy efficiency programs to customers in its service territory because of the delay in the start-up of the third party administrator. During those two years, the Company continued to report impacts at the plant. With the start-up of the third party administrator, Duke Energy Indiana updated its methodology to reporting at the meter, which is consistent with the way the third party administrator reports impacts. For ease in comparison in this filing, Duke Energy Indiana restated its impacts and annual targets back to 2010.

Finally, Duke Energy Indiana in cooperation with its oversight board has hired Forefront Economics Inc. to conduct a market potential study ("MPS"). The Company anticipates that it will receive the MPS in the fall of 2013 and is hopeful that the MPS will assist in designing a portfolio for 2015 and beyond.

Respectfully submitted,

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DUKE ENERGY INDIANA

Generic Phase II Order July 1, 2013 Compliance Scorecard

	Gross MWH Savings at the Meter						Program Expenditures					
Core Programs	2010 Actual	2011 Actual	2012 Actual	2013 Actual thru 4/30	2013 Forecast Year End	Gross MWH Savings By Program	2010 Actual	2011 Actual	2012 Actual	2013 Actual thru 4/30	2013 Forecast Year End	Total Expenditures 2010 - 2013
Commerical & Industrial	6,209	8,556	92,850	19,927	175,802	283,418	$388,910	$0	$6,630,124	$1,405,172	$15,245,198	$22,264,232
Residential Lighting	6,515	38,888	43,553	15,546	54,694	143,650	$498,127	$1,580,223	$2,686,295	$359,467	$2,989,627	$7,754,271
Low Income Weatherization	1,831	1,553	3,126	2,459	3,592	10,102	$510,897	$546,089	$1,400,388	$638,211	$2,162,439	$4,619,813
School Assessments	0	0	0	0	22	22	$0	$0	$0	$0	$390,000	$390,000
Energy Efficient Schools	0	24	16,451	8,448	20,103	36,578	$55,752	$0	$4,079,935	$855,915	$3,812,551	$7,948,238
Home Energy Audit	1,577	1,404	6,165	5,112	16,715	25,862	$498,676	$561,452	$1,769,411	$1,159,064	$5,369,443	$8,198,982
Total Core Programs By Year	16,133	50,426	162,145	51,492	270,929	499,632	$1,952,362	$2,687,763	$16,566,154	$4,417,829	$29,969,257	$51,175,536

Notes:
2013 Forecast Year End is Jan-Dec and includes the 2013 Actuals thru 4/30; July-Dec 2013 shows ex-post impacts

	Gross MWH Savings at the Meter						Program Expenditures					
Core Plus Programs	2010 Actual	2011 Actual	2012 Actual	2013 Actual thru 4/30	2013 Forecast Year End	Gross MWH Savings By Program	2010 Actual	2011 Actual	2012 Actual	2013 Actual thru 4/30	2013 Forecast Year End	Total Expenditures 2010 - 2013
C&I Smart Saver	0	0	13,591	9,421	35,959	49,549	$0	$631,894	$1,384,373	$1,325,011	$7,573,003	$9,589,270
Non- Residential Energy Assessments	0	0	0	0	0	0	$0	$0	$24,654	$0	$0	$24,654
Refrigerator Replacement	298	191	0	0	0	489	$104,592	$121,138	$0	$0	$0	$225,730
Energy Star New Construction	212	403	34	0	0	650	$62,621	$116,262	$9,328	$277	$0	$188,211
Residential Smart Saver	4,778	3,054	4,140	1,508	6,606	18,578	$2,154,157	$1,545,475	$1,008,851	$396,869	$2,732,872	$7,441,355
Agency Kit & CFL's	0	0	3,397	2,782	5,528	8,925	$0	$0	$163,442	$171,327	$354,621	$518,063
Online Audit w/ EE Kit	0	0	6,661	0	0	6,661	$0	$0	$304	$46	$0	$304
Personalized Energy Report	0	0	18,097	1,170	13,198	31,295	$0	$0	$1,900,741	$502,265	$800,535	$2,701,276
Fridge/Freezer Recycling	0	0	3,473	713	8,161	11,633	$0	$0	$333,585	$85,625	$957,642	$1,291,227
Tune and Seal	0	0	2	6	474	477	$0	$0	$96,139	$56,629	$1,587,285	$1,683,424
Home Energy Comparision Report	0	0	2,030	1,615	3,702	5,732	$0	$0	$173,077	$139,015	$1,007,607	$1,180,684
Property Manager CFL	0	0	1,892	1,146	2,163	4,055	$0	$0	$134,615	$106,273	$258,488	$393,103
Total Core Plus Programs By Year	5,289	3,648	53,318	18,361	75,790	138,045	$2,321,370	$2,414,769	$5,229,110	$2,783,336	$15,272,053	$25,237,302

Notes:
2013 Forecast Year End is Jan-Dec. This includes the 2013 Actuals thru 4/30 and forecasted net free rider, as this is not available at the product level.

Portfolio Summary	2010 Actual	2011 Actual	2012 Actual	2013 Actual thru 4/30	2013 Forecast Year End	2010 - 2013 Summary View
Total Gross MWH Core & Core Plus at the Meter	21,422	54,074	215,463	69,853	346,719	637,677
Core & Core Plus MWH Generic Target applied to Prior 3 Year WN Average Sales at the Meter	84,867	141,166	190,056	247,399	247,399	663,488
Incremental MWH Savings As A Percent of Prior 3 Year WN Average Sales at the Meter	0.08%	0.19%	0.79%	0.25%	1.26%	2.31%
Total Program Expenditures Core & Core Plus	$4,273,732	$5,102,532	$21,795,264	$7,201,165	$45,241,310	$ 76,412,838

Notes:
WN = Weather Normalized.
2013 Forecast Year End is Jan-Dec and includes the 2013 Actuals thru 4/30.
Used 2010 filed scorecard for compliance target to develop 2010 at meter, used 2011 filed scorecard for compliance target to develop 2011 at meter.

	2009 MWh	2010 MWh	2011 MWh	2012 MWh	WN Average 2010-12 Sales
WN Retail Sales at the Meter	26,445,057	27,429,505	27,577,830	27,459,134	27,488,823

DUKE ENERGY INDIANA

Generic Phase II Order July 1, 2013 Compliance Scorecard

	Gross MWH Savings at the Meter	Program Expenditures
Core Programs	Projected 2014	Projected 2014
Commerical & Industrial	251,356	$18,265,271
Residential Lighting	37,237	$336,571
Low Income Weatherization	3,408	$2,055,332
School Assessments	11	$195,000
Energy Efficient Schools	18,276	$3,494,668
Home Energy Audit	8,099	$2,640,089
Total Core Programs By Year	318,387	$26,986,930

Note: 2014 Projection shows ex-post impacts

	Gross MWH Savings at the Meter	Program Expenditures
Core Plus Programs	Projected 2014	Projected 2014
C&I Smart Saver	35,168	$6,841,213
EMIS	2,884	$297,372
Residential Smart Saver	4,286	$1,476,316
Agency Kit & CFL's	1,904	$135,223
Fridge/Freezer Recycling	4,729	$466,738
Tune and Seal	422	$427,663
Home Energy Comparision Report	31,969	$1,861,399
Property Manager CFL	249	$168,097
Total Core Plus Programs By Year	81,611	$11,674,021

Portfolio Summary	Projected 2014
Total Gross MWH Core & Core Plus at the Meter	399,998
Core & Core Plus MWH Generic Target based on WN Average 2010-12 Sales at the Meter [1]	302,377
Incremental MWH Savings As A Percent of WN Average 2010-12 Sales at the Meter	1.46%
Total Program Expenditures Core & Core Plus	$38,660,951

WN = Weather Normalized Sales.

1. WN Average Sales Baseline used for projection purpose reflects 2010-2012, it will be updated next year for 2013 actuals, so that the three year period will be WN Average Sales for 2011-2013.

	2009 MWh	2010 MWh	2011 MWh	2012 MWh	WN Average 2010-12 Sales
WN Retail Sales at the Meter	26,445,057	27,429,505	27,577,830	27,459,134	27,488,823

	Gross MWh at the Meter
2014 Compliance Target	302,377
Forecasted Under Compliance 2010-2013	25,810
Total Required Impacts in 2014	328,187
June 4th 2014 Core Forcasted Impacts	318,387
Required 2014 Core Plus Impacts	9,800
2012 Actual Performance vs Forecast/Targets approved in DSM 6	-22.6%
Projected 2014 Core Shortfall	71,806
2014 Core Plus Target	81,606

Duke Energy Indiana			
Target Achievement		2014 (Gross MWh at the Meter)	Pre-Tax Rate of Return
Greater than 110%	≥	89,766	15%
100-110%	≥	81,606	12%
90-100%	≥	73,445	10%
80-90%	≥	65,284	8%
60-80%	≥	48,963	6%
49-60%	≥	39,987	0%
Less Than 49%	<	39,987	-4%

DUKE ENERGY INDIANA

ATTACHMENT B

Core Programs	**Core Program Notes:** Third-party administrator began offering programs on January 2, 2012.
Home Energy Assessment	**Description:** Produce long-term, cost-effective electric savings in the residential market sector by helping customers analyze and understand their energy use, recommending appropriate weatherization measures, and facilitating the direct installation of specific low-cost energy saving measures.
Low Income Weatherization	**Description:** Help low-income families and individuals decrease their home energy costs and be attentive to energy-related health and safety issues in the home. Program provides installation of measures that will make the home more energy efficient.
C&I Rebates	**Description:** Help facility managers and building owners achieve long-term, cost-effective savings in the commercial and industrial market sector. This program includes a prescriptive rebate structure that rewards participants with monetary rebates based on their installation of energy efficiency equipment upgrades. These upgrades include lighting, motors and pumps, HVAC, and ENERGY STAR® transformers and efficient package refrigeration. Rebates will be provided for one-for-one replacements, retrofits and new installations of qualified equipment.
Energy Efficient Schools	**Description:** Produce cost-effective electric savings by influencing students and their families to focus on conservation and the efficient use of electricity. Another component of the Energy Efficient Schools Program is to produce electric savings by providing technical assistance to schools in the form of building energy audits as well as provide access to prescriptive rebate programs.
Residential Lighting	**Description:** Encourages residential customers to purchase and then continue to purchase high-efficiency ENERGY STAR qualified lighting. The program works toward this goal by using wholesale incentives to buy down or mark down the incremental cost of energy-efficient products through manufacturer and retailer partnerships, and then educating and communicating with consumers via advertising, in-store and community outreach events, and retail sales training.
Core Plus Programs	**Core Plus Program Notes:** Duke Energy's Core Plus portfolio was approved on March 21, 2012.
Refrigerator and Freezer Replacement	**Description:** Residential EE program encourages responsible disposal of inefficient, but still operating, refrigerators and freezers. Participating customers will have the old unit picked up at their home to be properly recycled/disposed of by the Duke Energy Indiana program vendor.
	Update: Offering to customers as of June 1, 2012.
Residential Smart Saver	**Description:** Residential EE program that pays incentives for installing high efficiency heat pumps and air conditioners with electronically commutated fan motors in existing homes.
	Update: Offering to customers as of March 21, 2012.
C&I Smart Saver	**Description:** Non-residential program which provides prescriptive and custom incentives for energy efficient equipment installed by commercial and industrial customers to compliment bid design of third-party administrator
	Update: Offering to customers as of March 21, 2012.
Agency Kit & CFL's	**Description:** Residential EE program that delivers CFLs to income qualified customers that stop into specific agencies and complete an energy assessment.
	Update: Offering to customers as of March 21, 2012.
Online Audit w/ EE Kit	**Description:** Residential EE program provides web-based energy analysis tools accessible through Duke Energy's Online Services portal. Based on inputs about a customer's home, the application provides energy savings recommendations to the customer.
	Update: Offering to customers as of March 21, 2012
Personalized Energy Report	**Description:** Residential program that provides residential single-family home customers with a customized report aimed at helping the customer understand his/her energy usage and better manage energy costs.
	Update: Offering to customers as of March 21, 2012
Tune and Seal	**Description:** Residential EE program that partners with HVAC dealers, program partially offsets the cost of air conditioner tune-up and duct sealing program.
	Update: Offering to customers as of March 21, 2012
Home Energy Comparison Report	**Description:** Residential EE program that sends to customers an energy usage report that compares household usage to similar, neighboring homes and provides recommendations to lower energy usage.
(now called My Home Energy Report)	**Update:** Offering to customers as of June 1, 2012
Property Manager CFL	**Description:** Incentivizes multifamily property managers to install CFL's in permanent, landlord owned light fixtures.
	Update: Offering to customers as of March 21, 2012.
Non-Residential Energy Assessments	**Description:** Non-residential program to provide individualized assessments of energy usage and provide recommendations for more efficient use of energy and provide recommendations for more efficient use of energy.
	Update: Offering to customers as of March 21, 2012.
Portfolio Summary	
Total Gross MWH Core & Core Plus (at the Meter)	Includes Duke Energy Indiana's estimated MWH for existing and new programs and Schedule E from Third-Party RFP
Core & Core Plus MWH Generic Target (at the Meter)	Represents the MWH Phase II Order targets utilizing the Company's average weather normalized sales from 2010-2012
Incremental MWH Savings As A Percent of Average WN 2010-2012 Sales	As compared to Phase II Order targets of 2010 = 0.3%, 2011 = 0.5%, 2012 = 0.7%, 2013 = 0.9%, 2014 = 1.1%
Total Program Expenditures Core & Core Plus	Includes actual costs through 2012 and through April 2013 for both Core and Core Plus Programs with forecasts for the remainder of 2013 and 2014.

SETTLEMENT TESTIMONY OF MICHAEL GOLDENBERG
MANAGER, CUSTOMER PLANNING AND REGULATORY STRATEGY
DUKE ENERGY BUSINESS SERVICES LLC
ON BEHALF OF
DUKE ENERGY INDIANA, INC.
CAUSE NO. 43955 DSM-1 BEFORE THE
INDIANA UTILITY REGULATORY COMMISSION

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Michael Goldenberg, and my business address is 1000 E. Main Street, Plainfield, Indiana 46168.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Duke Energy Business Services LLC. Duke Energy Business Services LLC is an affiliate of Duke Energy Indiana, Inc. ("Duke Energy Indiana" or "Company"). My title is Manager, Customer Planning and Regulatory Strategy.

Q. ARE YOU THE SAME MICHAEL GOLDENBERG THAT PREVIOUSLY SPONSORED PETITIONER'S EXHIBIT A AND RELATED SUB-EXHIBITS IN THIS CAUSE?

A. Yes, I am.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to support the Settlement Agreement dated October 30, 2013, entered into by Duke Energy Indiana, Inc. ("Duke Energy Indiana" or "Company") and the Indiana Office of Utility Consumer Counselor ("OUCC") by providing an overview of the Settlement terms and why the Settlement is in the public

interest and should be approved by the Commission. The Stipulation and Agreement is attached as Exhibit E-1.

II. THE SETTLEMENT

Q. PLEASE PROVIDE AN OVERVIEW OF YOUR UNDERSTANDING OF THE SETTLEMENT.

A. The settlement covers six areas: lost revenue recovery, shareholder incentive calculation, MyHER Program commercialization, Oversight Board policies, estimated participation calculation, and the EMIS Year One lost revenues. The settlement was also a joint effort by both Parties to provide greater consistency amongst all utilities, which was an important goal of the OUCC.

Q. WHAT CHANGES WERE AGREED UPON FOR LOST REVENUE RECOVERY?

A. Duke Energy Indiana has agreed to apply the results of evaluation, measurement and verification (EM&V) retrospectively to the lost revenues for the previous reconciled period for each program. This application of EM&V will affect both energy savings and participation for purposes of lost revenue calculation. The OUCC and Duke Energy jointly agreed on the application of life of measure methodology for the recovery of lost revenues in an effort to advance consistency amongst the other utilities.

Q. PLEASE EXPLAIN HOW RETROSPECTIVE EM&V WILL WORK.

A. The agreement with the OUCC outlines that retrospective EM&V will only go back to the most recent (previous) reconciled period for each program. If a measure's impacts are changed as a result of this process, there will be no additional changes to the measure

impacts until the next EM&V report is issued and approved, at which point the results of the new EM&V report will be applied back to the date of the previous EM&V report. The initial EM&V will be applied retrospectively to January 1, 2012, for Core measures and April 1, 2012 for Core Plus measures.

Q. HOW DOES THIS AGREEMENT CHANGE THE CALCULATION FOR SHAREHOLDER INCENTIVES?

A. For the purpose of determining the Company's compliance with its annual DSM Compliance Targets established in the Phase II Order and calculating its achievement to determine its annual earned shareholder incentives, the Company will continue to apply the energy savings results from EM&V prospectively to the actual participation numbers reconciled for EM&V retrospectively. Calculation of savings and participation will be provided in supporting documentation in reconciliation filings.

Q. WHAT IS THE AGREEMENT TO COMMERCIALIZE THE MYHER PROGRAM (KNOWN AS HECR PILOT IN CURRENT PORTFOLIO) UNDER THE SETTLEMENT?

A. The OUCC agrees to support the commercialization of the MyHER program before the Oversight Board ("OSB") subject to the following conditions: 1) upon the receipt and review of the EM&V results that demonstrate the program is cost effective per the TRC cost/benefit test, excluding EM&V costs from that calculation; and 2) that the entire Core Plus portfolio is cost effective per the TRC cost/benefit test, including EM&V costs and shareholder incentives in that calculation.

Q. WHAT IMPROVEMENTS IN OSB POLICIES WERE AGREED UPON IN THE SETTLEMENT?

A. Under the terms of the Settlement Agreement, the OSB would now have the ability to approve additions, modifications and/or discontinue Core Plus programs along with the discretion to review and approve the shifting of Core Plus dollars between Core Plus programs, including from residential to C&I and vice versa.

Q. HOW IS PARTICIPATION TO BE ESTIMATED FOR 2014?

A. For 2014 and going forward participant estimates will use a half-year convention and estimates will be reconciled to actual in a subsequent Rider EE proceeding when actual participation is available. For clarity, the half-year convention is what the Company used in its estimates of 2014 costs that were included in the rates proposed in this filing, so no changes were required as a result of this Settlement term.

Q. HOW WILL LOST REVENUES BE COUNTED FOR THE YEAR ONE (2014) EMIS (ENERGY MANAGEMENT INFORMATION SERVICES) PROGRAM?

A. There will be no impacts or lost revenues claimed for EMIS in 2014 until actual results are verified. At that time, any impacts occurring in 2014 will be counted in the annual reconciliation filing following receipt of the final EM&V report, and lost revenues will be included in the reconciliation filing. Estimated lost revenues were removed from the proposed rates as a result of this agreed upon term, as supported in the Settlement Testimony of Ms. Karen K. Holbrook and Ms. Diana L. Douglas.

Q. DO YOU BELIEVE THIS SETTLEMENT IS IN THE PUBLIC INTEREST AND SHOULD BE APPROVED BY THE COMMISSION?

A. Yes, I do. In my view, the Settlement represents a reasonable compromise with the OUCC. I urge the Commission to approve the Settlement.

Q. WAS THIS SETTLEMENT NEGOTIATED IN GOOD FAITH AND AT ARMS' LENGTH?

A. Yes, it was. The Settlement was reached following arms' length negotiations over a number of weeks culminating in successful negotiations by the Settling Parties.

III. CONCLUSION

Q. DOES THIS CONCLUDE YOUR TESTIMONY IN SUPPORT OF THE SETTLEMENT?

A. Yes it does.

STIPULATION AND AGREEMENT

This Stipulation and Agreement ("Agreement"), dated as of the 30th day of October, 2013, is made and entered into by and between the duly authorized representatives of Duke Energy Indiana, Inc. ("Duke Energy Indiana") and the Indiana Office of the Utility Consumer Counselor ("OUCC") (individually referred to as "Party" and collectively referred to as "Parties" or "Settling Parties").

1. **Scope of Agreement.** This Agreement, entered into by and between Duke Energy Indiana and the OUCC comprehensively resolves all issues between the Parties associated with Indiana Utility Regulatory Commission ("IURC" or "Commission") Cause No. 43955 DSM-1 wherein Duke Energy Indiana seeks approval of a one-year extension of demand side management and energy efficiency ("EE") programs approved in Cause No. 43955 with minor modifications, including program cost recovery, lost revenues, and shareholder incentives, pursuant to 170 IAC 4-8-1 *et seq.*

2. **Presentation of the Agreement.**

a) The Parties will jointly move the Commission for approval of the Agreement in its entirety.

b) If the Order of the Commission in this proceeding modifies or conditions this Agreement, only the parties to this Agreement may decide to accept or reject such modification or condition. If the Settling Parties do not unanimously accept the modified Agreement, this Settlement Agreement shall become void in its entirety and have no effect.

3. **Effect and Use of Agreement.**

a) The terms of this Agreement, including the substantive terms in Section 4 of this document, represent a fair, just and reasonable resolution by negotiation and compromise. As set forth in the Order in *Re Petition of Richmond Power & Light*, Cause No. 40434 at page 10, as a term of this Agreement, the Commission must assure the Parties that it is not the Commission's intent to allow this Agreement, or the Order approving it, to be cited as precedent by any person or deemed an admission by any Party in any other proceeding except as necessary to enforce its terms before the Commission, or any court of competent jurisdiction on these particular issues. This Agreement, including the substantive terms in Section 4, is solely the result of compromise in the settlement process. Nothing contained herein is to be construed or deemed an admission, liability or wrongdoing on the part of the Settling Parties. Each of the parties hereto has entered into this Agreement solely to avoid further disputes and litigation with the attendant inconvenience and expenses.

b) The evidence presented by the Parties in this Cause constitutes substantial evidence sufficient to this Agreement and provides an adequate evidentiary basis upon which the

Commission can make findings of fact and conclusions of law necessary for the approval of this Agreement, as filed.

c) The issuance of a final Order by the Commission approving this Agreement without modification shall terminate all proceedings in regard to this Agreement.

d) The undersigned represent and agree that they are fully authorized to execute this Agreement on behalf of their designated clients who will be bound thereby.

e) The Parties shall not appeal the agreed final Order or any subsequent Commissio order to the extent such order is specifically implementing, without modification, the provisions of the Agreement and the Parties shall not support any appeal of any such order by a person not a party to this Agreement.

f) The provisions of this Agreement shall be enforceable by any party at the Commission or any court of competent jurisdiction, whichever is applicable.

g) The communications and discussions during the negotiations and conferences that produced this Agreement have been conducted on the explicit understanding that they are or relate to offers of settlement and shall therefore be privileged.

4. Substantive Terms.

Lost Revenues

a) Duke agrees to reconcile estimated lost revenues with actual lost revenue as verified by EM&V, applied retrospectively to the previous reconciled period for each program.

i. Core measures will use January 1, 2012 as the starting date for the first reconciled period.

ii. Core Plus measures will use April 1, 2012 as the starting date for the first reconciled period.

b) OUCC agrees to recovery of lost revenues for the life of the measure.

i. Core measures lost revenue calculations will use January 1, 2012 as the starting date.

ii. Core Plus measures lost revenue calculations will use April 1, 2012 as the starting date.

iii. All lost revenues for Core & Core Plus measures covered by this agreement will continue to be recovered for their specified life or until the next Duke Energy Indiana general retail electric rate case regardless of any modification

to lost revenue recovery in any future filings unless changed by Commission Order pertaining to all utilities.

Shareholder Incentive

a) Calculated using prospective energy savings estimates and retrospective EM&V-reconciled participation numbers.

b) Calculation of savings and participation will be provided in supporting documentation in reconciliation filings.

MyHER

a) OUCC will support commercialization of the MyHER program before the OSB after the receipt and review of the EM&V results that demonstrate:

i. The MyHER program is cost effective per the TRC cost/benefit test, excluding EM&V costs from that calculation at the individual program level, and

ii. Duke Energy Indiana's entire Core Plus portfolio is cost effective per the TRC cost/benefit test, including EM&V costs and shareholder incentives in that calculation.

b) The parties agree that an OSB vote approving MyHER commercialization is sufficient to move forward with a full scale program to eligible customers as part of the Core Plus Portfolio.

OSB

a) Have the ability to add, modify and/or discontinue Core Plus programs.

b) Have the discretion to review and approve the shifting of Core Plus dollars between Core Plus programs including from residential to C&I and vice versa.

Half Year Convention

a) 2014 participant estimates will use a half-year convention.

b) Estimates will be reconciled to actual in a subsequent Rider EE proceeding when actual participation is available.

EMIS Year 1 Lost Margins

a) The Company will remove lost margins from Year One EMIS program participants.

5. **Procedural Terms.**

a) The Parties agree to jointly request Commission acceptance and approval of this Agreement in its entirety, without any change or condition that is unacceptable to either Party to this Agreement.

b) Duke Energy Indiana may introduce into evidence in this Cause testimony and exhibits in Support of the terms of this Agreement, after providing the OUCC a reasonable opportunity to review and comment on Duke Energy Indiana's draft settlement testimony and exhibits.

c) OUCC may offer prefiled testimony or exhibits into evidence in this Cause in support of the Agreement, after providing Duke Energy Indiana a reasonable opportunity to review and comment on the OUCC's draft testimony and exhibits before they are filed. OUCC and Duke Energy Indiana agree to waive cross-examination of each others' witnesses in this proceeding.

d) Duke Energy Indiana and the OUCC shall work together to finalize and file an agreed upon proposed order with the Commission as soon as possible, consistent with the terms of this Agreement. The Parties will support an agreed proposed order and will request that the Commission issue an order promptly accepting and approving the same in accordance with its terms.

e) The Parties either will support or will not oppose on rehearing, reconsideration and/or appeal a Commission Order accepting and approving this Agreement in accordance with its terms, including the submission of any applicable briefs and pleadings. The Parties will also either support or not oppose the relief outlined in this Agreement in any other forum or tribunal.

f) Duke Energy Indiana and the OUCC agree to refrain from issuing any news releases concerning this Agreement until each has consulted with the other, provided that Duke Energy Indiana shall be able to issue such releases as necessary to comply with disclosure requirements.

ACCEPTED AND AGREED TO THIS 30th DAY OF OCTOBER 2013:

Melanie D. Price, Associate General Counsel
Attorney for Duke Energy Indiana, Inc.

Jeffrey M. Reed, Deputy Consumer Counselor
Indiana Office of Utility Consumer Counselor

VERIFICATION

I hereby verify under the penalties of perjury that the foregoing representations are true to the best of my knowledge, information and belief.

Signed: Michael Goldenberg Dated: 10-30-13

Michael Goldenberg