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April 11, 2016

Ms. Barcy F. McNeal, Secretary
Public Utilities Commission of Ohio
180 East Broad Street, 11th Floor
Columbus, Ohio 43215

Re: In the Matter of the Annual Energy Efficiency Status Report of Duke Energy Ohio, Inc.

Dear Ms. McNeal:

Duke Energy Ohio, Inc. filed its Annual Energy Efficiency Status Report on March 14, 2016, in compliance with Rule 4901:1-39-05, O.A.C.

The Report demonstrates the Company's compliance with the state of Ohio's mandates for energy efficiency and peak demand response for 2015, as such mandates existed prior to the enactment of SB 310. However, for purposes of clarity, the Company is refileing its Report in order to allay any confusion about its compliance with the appropriate benchmarks. The appendices detailed in the table of contents are not included with this refiled report due to the voluminous nature of the appendices.

Should you have any questions please feel free to contact me.

Respectfully submitted,

A handwritten signature in blue ink that reads "Elizabeth H. Watts / bsk".

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Elizabeth H. Watts
Associate General Counsel
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THE PUBLIC UTILITIES COMMISSION OF OHIO

ANNUAL ENERGY EFFICIENCY STATUS REPORT

OF DUKE ENERGY OHIO, INC.

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COMPLIANCE STATUS REPORT

This portfolio status report represents Duke Energy Ohio, Inc.'s, (Duke Energy Ohio) seventh filing of a status report on the load impacts achieved through implementation of its energy efficiency and demand response programs pursuant to Rule 4901:1-39-05 (C), O.A.C. This report is composed of the following two sections: (1) Compliance Benchmarks which provide information on load impact achievements relative to the baseline and (2) Program Performance Assessment which summarizes program activities and evaluation, measurement, and verification information. Following this report are seventeen appendices that fulfill the remaining requirements set forth in the Commission's regulations.

Compliance Benchmarks

4901:1-39-05 (A) and (B) Initial Benchmark Report

Pursuant to Rule 4901:1-39-05 (A), O.A.C., Duke Energy Ohio must file the following information in a benchmark report:

- (1) The energy and demand baselines for kilowatt-hour sales and kilowatt demand for the reporting year; including a description of the method of calculating the baseline, with supporting data.
- (2) The applicable statutory benchmarks for energy savings and electric utility peak-demand reduction.

In compliance with 4901:1-39-05(B), in preparing the baseline, Duke Energy Ohio is required to adjust the sales and/or demand baseline for normal weather as well as for changes in numbers of customers, sales, and peak demand to the extent such changes are outside its control.

This benchmark update report provides information on two areas. The first area involves the baseline for 2015, including a discussion of adjustments made to normalize for weather and to adjust for changes in numbers of customers, sales, and peak demand, where those changes are outside the control of Duke Energy Ohio. The second area involves an estimate of the statutory benchmarks for energy savings and electric utility peak-demand reduction.

In estimating the baseline for Duke Energy Ohio for the year 2015, the Company uses the three-year average of the actual level of total energy sold and peak demand, adjusted for differences from normal weather. Table 1 provides the historical level of total energy (kWh) for the years 2006 to 2014, the amount of the weather adjustment, and the weather normalized level of total energy.

Table 1 - Duke Energy Ohio Baseline and Benchmark for 2015

Year	Total Energy (MWh)	Weather Normalization Adjustment (MWh)	Weather Normal Level of Total Energy (MWh)	Baseline: Three Year Average (MWh)	Benchmark Percentage	Benchmark Requirement (MWh)
2006	22,402,660	262,896	22,665,556			
2007	23,510,777	(763,963)	22,746,814			
2008	22,321,489	(72,401)	22,249,088			
2009	20,405,122	320,494	20,725,616	22,553,819	0.3%	67,661
2010	22,545,823	(621,454)	21,924,369	21,907,173	0.5%	109,536
2011	20,238,172	(207,407)	20,030,765	21,633,024	0.7%	151,431
2012	19,919,494	(15,568)	19,903,926	20,893,583	0.8%	167,149
2013	19,992,587	92,375	20,084,961	20,619,687	0.9%	185,577
2014	20,286,737	173,384	20,460,120	20,006,551	1.0%	200,066
2015				20,149,669	1.0%	201,497

Year	Peak Demand (MW)	Weather Normalization Adjustment (MW)	Weather Normal Level of Peak Demand (MW)	Baseline: Three Year Average (MW)	Benchmark Percentage	Benchmark Requirement (MW)	Incremental Benchmark Percentage	Incremental Benchmark Requirement (MW)
2006	4,520	71	4,591					
2007	4,607	(279)	4,328					
2008	4,125	337	4,462					
2009	4,002	476	4,478	4,460	1.00%	45	1.00%	44.6
2010	4,114	330	4,444	4,423	1.75%	77	0.75%	33.2
2011	4,398	(28)	4,370	4,461	2.50%	112	0.75%	33.5
2012	4,020	281	4,301	4,431	3.25%	144	0.75%	33.2
2013	4,098	71	4,169	4,372	4.00%	175	0.75%	32.8
2014	4,053	166	4,219	4,280	4.75%	203	0.75%	32.1
2015				4,230	5.50%	232.6	0.75%	31.7

The Company employs the following process to normalize kWh and kW for differences in the weather: Using econometric equations for each customer class, from the load forecast process discussed in the Long-Term Forecast Report filing, the adjustment process for kWh is performed as follows:

$$\text{Let: } KWH(N) = f(W(N))g(E)$$

$$KWH(A) = f(W(A))g(E)$$

$$\text{Where: } KWH(N) = \text{electric sales - normalized}$$

$$W(N) = \text{weather variables - normal}$$

$$E = \text{economic variables}$$

$$KWH(A) = \text{electric sales - actual}$$

$$W(A) = \text{weather variables - actual}$$

$$\text{Then: } KWH(N) = KWH(A) * f(W(N))g(E)/f(W(A))g(E)$$

$$= KWH(A) * f(W(N))/f(W(A))$$

With this process, weather-normalized sales are computed by scaling actual monthly sales for each class by a factor from the econometric equation that accounts for the impact of deviations from monthly normal weather. Similarly, using an econometric equation for peak, the adjustment process for kW is performed as follows:

$$\text{Let: } KW(N) = f(W(N))g(E)$$

$$KW(A) = f(W(A))g(E)$$

Where: $KW(N)$ = electric peak demand - normalized

$W(N)$ = weather variables - normal

E = economic variable

$KW(A)$ = electric peak demand - actual

$W(A)$ = weather variables - actual

$$\begin{aligned} \text{Then: } KW(N) &= KW(A) * f(W(N))g(E)/f(W(A))g(E) \\ &= KW(A) * f(W(N))/f(W(A)) \end{aligned}$$

With this process, weather-normalized peak demand is computed by scaling actual peak demand by a factor from the econometric equation that accounts for the impact of deviations from normal weather.

Once total energy and peak demand have been adjusted for normal weather, the computation of the baseline for 2015 is simply the average of the load values for the three years 2012 to 2014. The baseline values for energy and demand are provided above in Table 1.

4901:1-39-05(C)(1)(a)-(c) Portfolio Status Report and Compliance Demonstration

In accordance with 4901:1-39-05(C)(1)(a), with the establishment of the baseline energy and peak demand, the level of the statutory benchmark is computed by applying the appropriate incremental percentage of achievement, as established in S.B. 221, to the baseline. The computation of the benchmark achievement level for 2015 is provided above on Table 1. The baseline for energy is 201,497 MWH and the baseline for peak loads is 31.7 MW.

Duke Energy Ohio respectfully submits that this information is responsive to all of the baseline and benchmark calculations as set forth in Rule 4901:1-39-05(A), O.A.C., and requests that the Commission approve these baseline and benchmark calculations as submitted.

In response to 4901:1-39-05(C)(1)(b), which requires a comparison of the applicable benchmark of actual energy savings and peak-demand reductions achieved, as a result of the Company's 2015 efforts to promote customer participation in its energy efficiency and demand response programs, the Company has achieved incremental energy and demand impacts in 2015 as summarized below in Table 2. Details of impacts for each program are provided in **Appendix A**.

Table 2: Incremental Energy Efficiency and Demand Response Program Impact Summary				
		Participants / Measures	MWH	MW
<u>Demand Response Programs</u>	-			
Power Manager				(0.4)
PowerShare®				(46.4)
Home Energy Solutions - DR				2.3
Total Demand Response Programs				(44.5)
<u>Energy Efficiency Programs</u>	-			
Residential Programs		1,560,290	65,300	10.1
Non-Residential Programs		19,507,609	98,711	14.5
Total EE Programs		21,067,899	164,010	24.6
Prior Bank per SB-221	1		496,215	266.2
Total Load Impacts			660,225	246.3

1 - Prior bank adjusted to reflect impact adjustments for 2014 in the amount of (49.14) MWH.

Table 3 provides a comparison of the impacts relative to the benchmarks previously mentioned. This indicates that the Company has complied with the S.B. 221 statutory benchmarks for the year 2015.

Table 3: Comparison of Achieved Impacts to the S.B. 221 2015 Benchmark			
	2015 Benchmark	Achievement	Variance Over / (Under)
MWH	201,497	660,225	458,728
MW	31.7	246.3	214.6

In addition, since the Company's cumulative efforts continue to exceed the cumulative benchmark requirement, there is still a residual amount of load impacts that carry forward to support achievement of the benchmarks for 2016 and beyond.

In compliance with 4901:1-39-05(C)(1)(c), an affidavit indicating that the reported performance complies with the statutory benchmarks is provided in **Appendix B**.

4901:1-39-05(C)(2) Program Performance Assessment

As part of Duke Energy Ohio's Electric Security Plan (ESP) filing in 2008, the Company proposed a set of energy efficiency and demand response programs. These were subsequently approved on December 17, 2008 and reaffirmed (except for the Prepaid Meter Program) in the Commission's Order in Case No. 09-1999-EL-POR. Implementation of the Save-A-Watt programs began January 2009. On July 20, 2011, Duke Energy Ohio filed for a new recovery mechanism to replace Save-A-Watt due to expire on December 31, 2011. In Case No. 11-4393-EL-RDR, Duke Energy Ohio proposed a recovery mechanism as well as three new programs. The recovery mechanism and programs were approved on August 15, 2012. In compliance with the Commission's Order, after reviewing the market potential study conducted by Forefront Economics Inc, Duke Energy Ohio filed its three-year portfolio plan for 2014-2016 with the Commission on April 15, 2013. The Commission's approved the new portfolio proposed by the Company in its Opinion and Order in Case No. 13-0431-EL-POR on December 4, 2013.

Program Performance Assessment

Program descriptions and key activities for its current portfolio are provided below.

4901:1-39-05 (C)(2)(a)(i) Program Descriptions and Key Activities

Residential Programs

Smart Saver[®] Residential Program

The Smart Saver[®] Residential program offers a variety of programs and measures that allow customers to take action and reduce energy consumption. The program is available to residential customers served by Duke Energy Ohio.

Compact Fluorescent Lamps (CFL) Program

The CFL Program is designed to increase the energy efficiency of residential customers by offering customers CFLs to install in high-use fixtures within their homes. The CFLs are offered through an on-demand ordering platform, enabling eligible customers to request CFLs and have them shipped directly to their homes. Eligibility is based on past campaign participation (i.e. coupons, Business Reply Cards (BRCs) and other Duke Energy Ohio programs distributing CFLs). Bulbs are available in 3, 6, 8, 12 and 15 pack kits that have a mixture of 13 and 18 watt bulbs. The maximum number of bulbs available for each customer is 15, but customers may choose to order less.

Customers have the flexibility to order and track their shipment through three separate channels:

1) Telephone:

Customers may call a toll-free number to access the Interactive Voice Response (IVR) system which provides prompts to facilitate the ordering process. Both English and Spanish-speaking customers may easily validate their account, determine their eligibility and place their CFL order over the phone.

2) Duke Energy Web Site:

Customers can go online to complete the ordering process. Eligibility rules and frequently asked questions are also available.

3) Online Services (OLS):

Customers who participate in the Online Services program are encouraged to order their CFLs through the Duke Energy Ohio web site if they are eligible.

The benefits of providing these three distinct channels include:

- Improved customer experience
- Advanced inventory management
- Simplified program coordination
- Enhanced reporting
- Increased program participation
- Reduced program costs

Customers continue to utilize the simple ordering process and the convenience of bulbs being shipped directly to their home. Over 57,000 orders were placed in 2015; resulting in over 819,000 bulbs distributed. Fifty-seven percent of the orders were placed by calling the toll free phone number, seventeen percent of the orders were placed on the Duke Energy Ohio web site and twenty-six percent on the OLS platform.

The overall strategy of the program is to reach residential customers who have not adopted CFL bulbs. Duke Energy Ohio will continue to educate customers on the benefits of CFLs while addressing barriers for consumers who have not participated in the program.

Additionally, the ease of program participation will also be highlighted to encourage use of the on-demand ordering platform.

In 2015, the Free CFL program utilized direct mail campaigns, the Duke Energy Website and online/phone intercepts to engage with customers. The direct mail campaigns consisted of quarterly letters to all customers who were new to Duke Energy Ohio to inform them of the program. The Duke Energy website contains pages explaining the program and portal through which the customer can check their eligibility and order free bulbs. Duke Energy also uses intercepts for customers calling or accessing their account online that informs customers if they are eligible for the program and allows them to order. Duke Energy Ohio will continue to market the CFL program through various channels including Email, Bill Messages, Bill Envelopes, Direct Mail, Printed Collateral and other Duke Energy Program collaboration efforts. Response of each channel is tracked and monitored. Cross-promotion with the new online Savings Store was used to help offer lighting for specialty applications and promote LED technology to customers who are eligible for both lighting programs.

CFL Program Potential Changes

In November of 2015, the CFL Program in Duke Energy Ohio was shut down to provide a blackout period before the launch in early 2016 of a new technology in the program, LED's. The new LED program will operate just as the CFL program has in the past with two exceptions: 1) The 60W and 75W equivalent CFL bulbs will be replaced with a 60W equivalent 9W A-Line LED bulb that has been approved by Energy Star and 2) customers who have participated in the CFL program and have bulbs that have matured past their 5 year measure life, will get renewed eligibility in the program on a bulb for bulb bases as they pass the 5 year measure life with a limit of 12 bulbs.

Beginning in January 2016, the free LED program will offer six LEDs to eligible customers via a Business Reply Card (BRC) until the on-demand order platform can be updated for the new LED technology. Duke Energy Ohio will continue to target eligible customers utilizing the BRC for approximately six months. The on-demand platform will be available at the end of the second quarter, 2016. At that time, eligible customers will be able to order LEDs via the Duke Energy Public web, telephone, and OLS channels. Duke Energy Ohio will continue coding the platform to extend the offer of LEDs to customers who participated in the CFL offer where the 5 year measure life that has been recognized has expired. This phase will likely be available by the end of the third quarter 2016.

Online Savings Store

Duke Energy Ohio expanded its lighting offer to include specialty bulbs such as recessed lights, candelabras, globe, three-way bulbs, capsules and dimmable bulbs. Purchase limits vary by category but customers may purchase additional bulbs without incentives if they choose. The web based ecommerce store launched on April 26th, 2013 and provides discounted specialty lights and ships directly to the home.

Utilizing the existing on-demand CFL platform, customers may participate in the online Saving Store via:

1) Duke Energy Web Site

Customers may go to the Savings Store landing page to learn more about the program, review frequently asked questions and CFL recycling information. A savings calculator is available to estimate how much money customers can save and how sustainable they can be by purchasing discounted energy bulbs from the Duke Energy Savings Store.

2) Online Services (OLS)

Customers who participate in the Online Services program are encouraged to visit the Savings Store to order discounted CFL and LED bulbs through the Duke Energy Ohio web site if they are eligible.

3) Order by Phone

Duke Energy offers phone ordering as an option for customers to order bulbs from the Duke Energy Savings Store. Customers may call the vendor directly for assistance in placing orders for discounted lighting.

4) Mail in Order

In October of 2015, Duke Energy tested a mail in order offer to customers. Customers receive a direct mail piece allowing them to choose specialty bulbs and mail their order and payment directly to the vendor, EFI. This channel will continue to be offered periodically with special marketing campaigns.

Customers who choose to shop at the Savings Store will see a wide variety of discounted CFL and LED bulbs for different fixtures around their home. Bulbs are available in single and multi-pack sizes and various wattages. A shopping assistant is available to help customers select the right bulb types for various applications, as well as resources to understand the difference between lumens versus watts and how to compare them. The savings calculator can show how much customers may save by switching to energy efficient lighting.

The Savings Store is managed by Energy Federations Incorporated (EFI). Customers can view special promotions and feature products as well as track order history. EFI, handles inquiries regarding products, payments, shipping and warranties.

Over 40,000 orders were placed in 2015; resulting in over 240,000 bulbs purchased. Twenty percent of orders were placed through OLS and eighty percent of orders were placed through the Duke Energy Ohio web site. The top five categories purchased on the Savings Store include; LED General Purpose bulbs, LED Reflectors, CFL Reflectors, CFL Globes and CFL Decorative bulbs.

Duke Energy Ohio will market the online Savings Store program through various channels including Email, Bill Messages, Bill Envelopes, Social Media, Direct Mail, Printed Collateral, Earned Media, and other Duke Energy Program collaboration efforts. Response of each channel is tracked and monitored. Special shipping promotions including \$5 flat rate shipping and free shipping for orders of \$25 or more were offered in 2015 as incentives to improve participation.

Savings Store Program Potential Changes

Savings Store enhancements considered for 2016 include; additional shipping and discount options, product comparison, dynamic savings information, support for additional payment methods and improved customer experience and communication.

General Lighting Program Potential Changes

The Company continually evaluates the effectiveness of its overall lighting program to consider the addition of new delivery channels, in order to capture the potential customers who may not be prone to utilize the existing channels. In 2016, the Lighting program management team is considering the addition of a retail channel to provide incentives to its customers to purchase LEDs and other specialty bulbs.

Multifamily Energy Efficiency Program

The Multifamily Energy Efficiency Program is an extension of the CFL program and allows Duke Energy Ohio to target multifamily apartment complexes. Eligible units are Duke Energy Ohio served apartments on a residential rate and are located at properties that have four or more units. Franklin Energy is the program administrator. They are in charge of all aspects of the program which include outreach, direct installations and customer care.

The program helps property managers upgrade lighting with energy efficient 13 watt CFLs and also save energy by offering water measures such as bath and kitchen faucet aerators, water saving showerheads and pipe wrap. The water measures are available to eligible customers with electric water heating. The Program adopts a tiered structure to determine the number of lighting measures installed in apartments. Franklin Energy may install up to 12 bulbs in a one bedroom apartment, up to 15 bulbs in a two bedroom apartment and up to 18 bulbs in a three bedroom apartment. These measures assist with reducing maintenance costs while improving tenant satisfaction by lowering energy bills.

The program offers properties the option of DI (direct install) service by Franklin Energy crews. However, Property Managers also have the ability to have their own property maintenance crews complete the installations.

The CFLs and water measures are installed during scheduled direct install visits by Franklin Energy crews or routine maintenance visits by property personnel. In the case of direct installs, crews carry tablets to keep track of what is installed in each apartment. In the case of DIY installations, the property maintenance crew tracks the number of measures installed and reports them back to Franklin Energy. Franklin Energy then validates this information and uploads the results to Duke Energy.

After installations are completed, Quality Assurance (QA) inspections are conducted on 20% of properties that completed installations in a given month. The QA inspections are conducted by an independent third party.

Franklin Energy uses outbound calling as the primary tactic to solicit initial interest in the program from Property Managers in Duke Energy Ohio. On-site visits by appointment are also used as a way to attract properties to participate in the program.

In addition to proactively marketing the program using the above methods, a Multifamily Energy Efficiency promo and public website landing page was developed for managers to learn more about the program. Here, a program brochure and a frequently asked question sheet are available for download. Once enrolled, Franklin Energy provides property managers with a variety of marketing tools to create awareness of the program to their tenants. These include program posters to leave in common areas and letters to each tenant informing them of what is being installed and when the installation will take place. In addition, tenants are provided an educational leave-behind brochure when the installation is complete. This provides additional detail on the installed measures as well as tear-off customer satisfaction survey to fill out and mail back to Duke Energy to provide valuable program feedback.

Overall in 2015, the Program completed installation at 33 Multifamily properties in Ohio comprising of just over 4,000 units. From a measure perspective, these units accounted for 15,284 CFLs, 2,658 bath aerators, 1,714 kitchen aerators, 1,906 showerheads and 4,544 FT of pipe wrap.

Multifamily Energy Efficiency Program- Potential Changes

The only change being considered at this time is to transition from CFLs to LEDs. This change is currently being vetted on many levels internally at Duke Energy and from a regulatory standpoint however, the process to do this will be set in motion in early 2016 with the hope to begin offering later in 2016, if approved.

Save Energy and Water Kit Program (SEWKP)

The SEWKP Program was launched in April of 2014 and is designed to increase the energy efficiency of residential customers by offering customers Low Flow Water Fixtures and Insulated Pipe Tape to install in high-use fixtures within their homes. These energy saving devices are offered through a Direct Mail Campaign, enabling eligible customers to request to have these devices shipped directly to their homes, free of charge. Eligibility is based on past campaign participation (including this program and any other programs offering low flow devices that Duke Energy has offered to Ohio customers) and the customer must have an electric water heater. Customers receive a kit with varying amounts of the following devices: low flow bath and kitchen aerators, low flow shower heads and insulated pipe tape. The kit also includes directions and items to help with installation.

Over 4,000 kits were shipped to Ohio customers in 2015; resulting in over 13,800 bath aerators, 4,000 kitchen aerators, 8,000 shower heads and 20,000 feet of insulated pipe wrap being distributed.

The overall strategy of the program is to reach residential customers who have not adopted low flow water devices and hot water pipe insulation. Duke Energy Ohio will continue to educate customers on the benefits of using low flow water devices and saving the energy used to heat water, while addressing barriers for consumers who have not participated in the program.

Duke Energy Ohio will continue to market the SEWKP program through Direct Mail and the response will continue to be tracked and monitored.

SEWKP Program Potential Changes

Innovative marketing campaigns and tactics will be utilized to improve awareness for hard to reach and late adopter¹ customers. An Online platform for the program will be pursued in 2016.

Heat Pump Water Heater Program (HPWH)

The HPWH Program was launched in August of 2014 and is designed to encourage the adoption of energy efficient water heating in new or existing residences. Duke Energy Ohio served homeowners currently residing in or building a single family residence, condominium, or duplex home are eligible for this program. Installation of a high efficiency heat pump water heater will result in a \$350 incentive. Duke Energy program personnel establish relationships with home builders, plumbing contractors, and national home improvement retailers who interface directly with residential customers. All incentives are paid directly to customers upon approval of a completed application.

During 2015, program personnel focused on developing the contractor network, along with consumer awareness and education. A training workshop for plumbers was conducted to recruit and educate contractors on the technology and energy-saving benefits. In addition, customer awareness campaigns included direct mail, targeted email, bill inserts, product page on Duke Energy website, and in-store signage at home improvement retailers. The Program processed 40 customer rebates during 2015.

¹ Customers who are slow to start using or buying a new product, technology, or idea.

Heat pump water heaters are one of the most efficient technologies for domestic water heating introduced in the last decade, providing an energy and cost savings of up to 50 percent for the typical family over the life of the unit. Duke Energy Ohio will continue to educate customers on the benefits of heat pump water heaters, while addressing barriers for consumers who have not participated in the program.

Variable-Speed Pool Pump Program

The Variable-Speed Pool Pump Program was launched in August of 2014 and is designed to encourage the adoption of energy efficient, variable-speed pool pumps for the main filtration of in-ground residential swimming pools. Duke Energy Ohio served homeowners currently residing in, or building, a single family residence with an in-ground swimming pool are eligible for this program. Installation of a high efficiency, variable-speed pool pump will result in a \$300 incentive. Duke Energy program personnel establish relationships with home builders and pool professionals who interface directly with residential customers. All incentives are paid directly to customers upon approval of a completed application.

During 2015, program personnel focused on developing the contractor network, along with consumer awareness and education. A training workshop for pool professionals was conducted to recruit and educate contractors on the program and energy-saving benefits. Recruitment efforts added 20 new participating contractors to the network during 2015. In addition, customer awareness campaigns included direct mail, targeted email, bill inserts, product page on Duke Energy website, and in-store signage. The Program processed 95 customer rebates during 2015. Duke Energy Ohio will continue to educate customers on the benefits of variable-speed pool pumps to continue the growth of the program during 2016.

Residential HVAC Program

Duke Energy Ohio served homeowners currently residing in, or building, a single family residence, condominium, duplex or mobile home are eligible for this program. Installation of a high efficiency heat pump or air conditioner will result in a \$300 incentive. GoodCents has served as the back office support for the program while Duke Energy program personnel establish relationships with home builders and HVAC contractors who interface directly with residential customers. These trade allies adhere to program requirements and submit the incentive application on behalf of the customer. Once the application is processed, GoodCents disburses the incentive funds. For replacement of an existing system, a Duke Energy Ohio customer receives \$200 and the HVAC contractor receives the remaining \$100. For new home construction, the home builder receives the full \$300 incentive but has the option to pass the incentive on to the customer. For the additional complimentary measures offered through the HVAC program, eligible customers will receive a \$50 incentive for tuning up a heat pump or air conditioner, \$250 for the installation of attic insulation and completion of air sealing, \$75 for the installation of duct insulation, and \$100 for the completion of duct sealing. All incentives for these complimentary measures are paid directly to customers upon approval of a completed application.

Duke Energy Ohio has formed strong relationships with trade allies and continues to develop relationships with trades serving the new measures. These partnerships help application fulfillment and prompt payment of incentives as well as maintain top-of-mind awareness of the program and its benefits. The buy-in and participation of the trade ally network is vital to the success of the HVAC segment of the Program. During 2105 over 3,100 HVAC incentives, and 120 complimentary measures were processed for Duke Energy Ohio customers. .

Residential HVAC Program Updates

Duke Energy Ohio is continuously evaluating new ways to improve relationships with trade allies and customers while making the program both more cost effective and user friendly. In November 2015 the Program transitioned vendors moving from GoodCents to Blackhawk Engagement Solutions to provide the back office administration, application processing and call center support for the program. With this transition, a new platform has been introduced that offers our trade allies additional value and easier use of the rebate program while allowing Duke Energy Ohio to enhance the customer experience. Functionality of the IT platform includes program tools such as the trade ally portal which allows trade allies to register, submit applications online, a mobile application, check customer eligibility, and message boards. Functionality for program personnel includes trade ally management process and performance dashboards, company scorecards and registration management.

Due to federal increases in HVAC efficiency standards, Duke Energy Ohio has been evaluating the current heat pump and air conditioner measures offered via the Smart Saver[®] Program. An update to the heat pump measure is planned to be implemented in early 2016 to raise the minimum equipment eligibility for the rebate incentive from a SEER 14 to a SEER 15 in response to the increased federal efficiency standard. Other potential program changes that will be evaluated in the coming year may include refinement of program field requirements, improved trade ally tools and network management strategies, and distribution channels. Duke Energy Ohio will make changes in these areas when it is determined that the change will benefit customers and increase program value to the market and within the regulatory parameters set forth.

Residential Energy Assessments Program

The Residential Energy Assessments program includes Home Energy House Call (HEHC).

HEHC targets residential customers that own a single family home with at least four months of billing history. HEHC is a free in-home assessment designed to help customers reduce energy usage and save money. Duke Energy Ohio partners with several key vendors to administer the program in which an energy specialist completes a 60 to 90 minute walk through assessment of the home and analyzes energy usage to identify energy saving opportunities. The Building Performance Institute (BPI) certified energy specialist discusses behavioral and equipment modifications that can save energy and money with the customer. A customized report is provided to the customer that identifies actions the customer can take to increase their home efficiency. Example recommendations might include the following:

- Turning off vampire load equipment when not in use
- Turning off lights when not in the room
- Using CFLs in light fixtures
- Using a programmable thermostat to better manage heating and cooling usage
- Replacing older equipment
- Adding insulation and sealing the home

Customers receive an Energy Efficiency Starter Kit with a variety of measures that can be directly installed by the energy specialist. The kit includes measures such as energy efficient lighting, low flow shower head, low flow faucet aerators, outlet/switch gaskets, weather stripping and energy saving tips booklet.

The Duke Energy Ohio Residential Energy Assessment Program conducted 2,589 assessments in 2015 reaching 87% of the 2015 goal. The program manager continues to explore enhancements to the program as well as test and consider new marketing channels to increase participation.

HEHC Program Potential Changes

- Upgrading kits to include LED bulbs beginning January 2016. Currently developing and preparing an enhanced online enrollment experience to enable the customer to select, schedule, cancel and or modify their appointment time.
- Propensity modeling to allow for more targeting
- Product training program to encourage cross sell or cross promotion of other relevant offers.

Energy Efficiency Education Program for Schools

The Energy Efficiency Education Program for Schools Program is an energy conservation program available in Ohio. The Energy Efficiency Education Program is available to K-12 students enrolled in public and private schools and who reside in households served by Duke Energy Ohio.

The Program provides principals and teachers with an innovative curriculum that educates students about energy, electricity, ways energy is wasted and how to use our resources wisely. The centerpiece of the curriculum is a live interactive theatrical production delivered by two professional actors to students in kindergarten through eighth grade. Performances differ for elementary and middle school students. Teachers also received educational materials focused on concepts such as energy, renewable fuels, and energy efficiency for classroom and student take

home assignments. All workbooks, assignments and activities meet state curriculum requirements.

School principals are the main point of contact and will schedule the performance at their convenience for the entire school. Once the principal has confirmed the performance date and time, two weeks prior to the performance, all materials are delivered to the principal's attention for distribution. Materials include school posters, teacher guides, classroom and family activity books.

Students are encouraged to complete a home energy survey with their family (found in their activity book), so they can receive an Energy Efficiency Starter Kit. The kit contains specific energy efficiency measures to reduce home energy consumption. It is available at no cost to all student households at participating schools, including customers and non-customers.

Since 2011, The National Theatre for Children has partnered with Duke Energy Ohio to engage students in the Ohio service territory on energy and energy efficiency through live theatrical performances. For the 2014-2015 school year, two new productions were launched. The 25-minute program, *The Treasure Trove of Conservation Cove* was introduced to elementary students and teaches them how to use resources wisely through a fun pirate treasure hunt featuring a cast of colorful characters. *The Resource Raiders* is a 40-minute program introduced to Middle School students which combines sketch comedy with improvisation and audience participation to teach students about natural resources and compliment student studies in science and energy.

From January through December 2015, there were 197 participating schools hosting 283 performances to reach over 60,000 students. Fall 2015 performances started mid-October, rather

than September, due to the Program's Request for Proposal process. A competitive bid review and contract negotiations resulted in a contract renewal with the current vendor, The National Theatre for Children.

Additionally, Duke Energy Ohio has enhanced the program by:

- Leveraging the program webpage at duke-energy.com to showcase the program and bring awareness to employees and other stakeholders through events and digital signage
- Partnering with Duke Energy Account and District Managers to leverage existing relationships in the community and develop positive PR
- Offering school, classroom and family contests for kit sign ups to stir additional excitement in the schools/classrooms throughout the school year
- Utilizing social media to encourage awareness and participation
- Offering teacher satisfaction survey evaluations after the performances for both the elementary and middle school shows. Average survey data from October and November indicated 92% of the teacher surveys had very high satisfaction ratings.

As the program goes into its fifth year, there will be a review to enhance the Energy Efficiency Starter Kit and customer satisfaction by upgrading the kit packaging design and reviewing the quality satisfaction of kit measures. There will also be a focus on reaching out to schools that have not previously participated in the Program with vendor visits to the schools to help make the Program available to all schools in Duke Energy Ohio territory. Additionally, increased communications to participating schools before and after the performances will encourage kit sign ups with the students, teachers and parents.

Low Income Services Program

The Low Income Services Program provides assistance to low income customers by providing funding energy efficiency measures. The upfront costs of high efficiency equipment are an especially difficult barrier for low income customers to overcome. The Weatherization and Refrigerator Replacement program is available to all customers within Duke Energy's service territory, with a household income up to 200% of the federal poverty level and who have not participated in the program within the past 10 years.

The Electric Maintenance Service program is available for low-income elderly and disabled customers up to 175% of poverty level. This program offers low-cost solutions for energy efficiency. Customers may receive energy efficiency products and services such as compact fluorescent bulbs, low flow showerheads and aerators, water heater wraps, HVAC cleaning, HVAC filters, and energy efficiency education.

The Electric Pilot program is offered to customers residing in the Duke Energy Ohio service territory. The program is offered through a partnership with People Working Cooperatively (PWC). The program targets low income customers and focuses on energy efficiency. Customers receive whole-house weatherization services which include installation of energy efficiency measures and education. Duke Energy Ohio will purchase and recognize the energy and demand savings achieved through the whole-home weatherization in the Duke Energy Ohio service territory that are currently funded by leveraged funds, funding from sources other than Duke that are not explicitly tied to efficiency. The pilot is intended to allow the Company to recognize efficiency impacts that were previously unrecognized, achieve these impacts in a cost-effective manner, and create a new funding stream for additional whole-home weatherization to be performed in the Duke Energy Ohio Service Territory. The pilot will

continue in 2016. The evaluation report was finalized in 2015 and is included with this filing as Appendix E.

These programs are promoted through, but not limited to, Community Action Agencies, Non-Governmental Organizations (NGO's), and direct mail to customers.

Duke Energy Ohio partnered with Ohio Partners for Affordable Energy (OPAE) to provide refrigerator testing and replacement services within Duke Energy's Ohio service territory. The program launched January 1, 2014. OPAE worked with local agencies to provide additional marketing techniques to help drive participation. Due to the lack of administrative funds available to operate this program, the program did operate in 2015.

My Home Energy Report (formerly called Home Energy Comparison Report)

My Home Energy Report (MyHER or the Program) is a periodic comparative usage report that compares a customer's energy use to similar residences in the same geographical area based upon the age, size and heating source of the home. Specific energy saving recommendations are included in the report to encourage energy saving behavior.

The reports are distributed up to 12 times per year (delivery may be interrupted during the off-peak energy usage months in the fall and spring). The report delivers energy savings by encouraging customers to alter their energy use. The monthly and annual energy usage of each home is compared to the average home (top 50%) in their area as well as the efficient home (top 25%). Suggested energy efficiency improvements given the usage profile for that home are also provided. In addition, measure-specific offers, rebates or audit follow-ups from other Company offered programs are offered to customers, based on the customer's energy profile.

Target customers reside in individually-metered, single-family residences with active account and 12 months of usage history. Analyzing only single-family residences eliminates the

possibility of erroneous data caused by thermal transfer between adjacent units in multi-family structures.

The MyHER Interactive portal was rolled out in March 2015. The portal allows customers to see how they use energy, set and track energy saving goals, interact with calculators and ask an expert for advice. The portal also includes weekly email challenges. The portal was promoted on the paper report as well as email campaigns. While response to initial marketing efforts was positive, in October 2015 Duke Energy introduced a sweepstakes for a chance to win a \$500 VISA gift card to achieve an increase in the number of MyHER Interactive users. Offering the sweepstakes proved to be extremely effective with MyHER Interactive users.

In August 2015, a MyHER Customer Satisfaction Study was executed with very positive results. Three-fourths of customers say they always read MyHER. The primary reasons customers read MyHER is to save money and electricity. About one-fourth of customers have talked about MyHER with family, friends or co-workers. Seven out of ten customers indicate high satisfaction with MyHER. Over half of customers say that MyHER has had a positive effect on their overall satisfaction with Duke Energy.

In October 2015, the independent third party evaluation, measurement and verification vendor approved decreasing the size of the control group with no negative effective on the accuracy of the verified savings. This allowed 14,000 additional Ohio customers to start receiving the report.

Appliance Recycling Program

The Duke Energy Ohio Appliance Recycling Program (ARP) launched on October 4, 2012 in cooperation with the selected program vendor, JACO Environmental, Inc. ARP

encourages customers to responsibly dispose of functional refrigerators and freezers. Customers enroll in the program receive free in home appliance pick up and receive a \$30 incentive for participating in the program. Up to 95% of the appliance materials will be recycled in an environmentally responsible manner and the remaining materials are disposed of at landfills. Program marketing utilized a variety of methods to engage customers including the following:

- Direct mail
- Email blast
- Bill inserts & messages
- Digital, print, and broadcast media
- Social media
- Newsletters

The advertising strategy was diverse and effective as reflected in the “How Heard” responses from our customers provided in the table below. Some channels were clearly more memorable for customers, but there were often multiple outreach efforts taking place at the same time which could mean that multiple outreach methods could have influenced customer behavior.

The Duke Energy Ohio Appliance Recycle Program recycled 3,062 (2,583 refrigerators and 479 freezers) appliances in 2015 and ended the year 18% above annual participation goal.

Appliance Recycling Program Potential Changes

Program met goal though marketing campaigns.

Duke Energy Ohio residential customers received three bill inserts and three direct mail campaigns in 2015. Digital Media campaigns were launched promoting the Appliance Recycle Program from January – October 2015.

Of special note from April to November 2015 Home Energy House Call auditors promoted ARP. When auditors evaluated Duke Energy Ohio customers' homes if they saw an old second refrigerator or freezer they explained the additional cost of having inefficient units running and how much they could save by disposing of the units. The auditors had pads with key talking points on ARP brochures which described the program and provided a toll free number and de.com website to find out additional information and to enroll. Brochures were left with customers that had secondary working units.

On November 19, 2015, JACO, the implementation vendor, abruptly discontinued operations. The impact included delayed and bounced incentive payments to customers who participated in the program and cancellations for customers with appointments scheduled through December. Internal work continues to reissue incentive payments and reschedule pickup times for appliances for impacted customers. Additionally, Duke Energy will consider submitting an RFP to evaluate the future of the Program.

Low Income Neighborhood Program

The Low Income Neighborhood Program ("Program") assists low-income customers in reducing energy costs through energy education and installation of energy efficient measures to qualified customers. The primary goal of the Residential Neighborhood Program is to empower low income customers to better manage their energy usage.

Duke Energy Ohio has partnered with GoodCents to administer the program. The Program targets neighborhoods with a significant low income customer base using a grassroots

marketing approach to interact on an individual customer basis and gain trust. Participation is driven through a neighborhood kick-off event that includes community leaders supporting the benefits of the Program. The purpose of the kick-off event is to rally the neighborhood around energy efficiency and provide thorough and pertinent information on how the program will operate in their neighborhood. Customers will have the option to sign-up for an energy assessment at the time of the event.

In addition to the kick-off event, GoodCents uses the following channels to inform potential customers about the Program:

- Direct mail
- Door hangers
- Press releases
- Community presentations and partnerships
- Inclusion in community publications such as newsletters, etc.

Customers participating in the Program receive an energy assessment to identify energy efficiency opportunities in their home and one-on-one education on energy efficiency techniques. Additionally, the customer receives a comprehensive package of up to 16 energy efficient measures, installed by professionally trained technicians. Measures received are based on each home's individual walk-through assessment. For customers receiving furnace filters as part of their comprehensive kit, they will be provided a year's supply after the initial has been installed.

The Program is available only to individually-metered residential customers in neighborhoods selected by Duke Energy Ohio, at its sole discretion, which are considered low-income based on third party data, that includes income level and household size. Areas targeted

for participation in this Program will have approximately 50% of the households at an income equal to or less than 200% of the federal poverty level as established by the Department of Energy.

The program launched in the second quarter of 2013. In 2015, a total of 1,373 homes were serviced, 34 homes over the annual goal of 1,339.

Low Income Neighborhood Program Potential Changes

To allow for consistency across all jurisdictions, we will be switching vendors at the end of 2015. Also starting January 2016, the name will be changed and marketed as the Neighborhood Energy Saver Program.

Home Energy Solutions (formerly called Home Energy Management) Program

Home Energy Solutions (HES), which is formally being marketed as HōM™ Energy Manager, provides customers with up to 2 free Wi-Fi enabled, programmable thermostats with professional installation. They also have full access to an online customer engagement portal that is accessible through mobile devices, tablets and PCs with Internet access. The portal allows customers to control their energy usage by adjusting their temperature settings, viewing energy efficiency tips and reviewing their historical energy usage compared to similar homes and neighbors.

Customers also select from one of three demand response cycling levels: 50%, 75% and 100%. Based on the level selected, there is an annual fee assessed per thermostat install:

- 50%, \$5.99
- 75%, \$2.99
- 100%, \$0.00

HES marketing efforts focused on eligible Duke Energy Ohio residential customers that own and reside in a single family home. Additional eligibility requirements included customers with:

- Central A/C
- Secure wireless broadband Internet connection
- Certified smart meter
- Acceptable/Good/New credit status
- Residential rate

At the end of December 2015, there were 3,245 customers.

Home Energy Solutions Program Potential Changes

In order to increase participation and improve customer experience in the program, the following modifications were made to HES:

- Removed the 12 month billing history minimum
- Reduced the early termination fee from \$175 to \$99. Beginning March 1, 2016, the early termination fee is eliminated.

A new marketing campaign launched the last week of October, 2015. The campaign featured a new marketing brochure and email designed to drive prospects to the program web site to enroll. Each month, 25,000 prospects receive direct mail. Customers may also receive a follow-up email and/or phone call. Prior to this new campaign, the program averaged 4 enrollments per day. For the month of November, enrollments increased to an average of 24 per day. December is historically not a good month for marketing to customers and a significant decline in enrollments occurred after December 15th. Marketing efforts were stopped on

December 21, 2015 and resumed January 4, 2016. The program is expected to meet the participation goal for 2016.

Power Manager® Program

The Power Manager Program provides incentives to residential consumers who allow the company to cycle their air conditioner's outdoor compressor and fan during peak energy periods between May and September. Participating customers of the Company who have a functioning outdoor A/C unit are eligible for the program.

Participants in the Power Manager program allow Duke Energy Ohio to control their air conditioners during peak summer demand periods. Customers receive a one-time enrollment incentive of \$25 or \$35 depending on the Power Manager option they choose. In addition, they receive credits for each Power Manager event. Following the end of the event season, which runs from May through September, if warranted, customers receive a credit that ensures their total credit for the season is a minimum of \$5 or \$8 depending on the option in which they enrolled.

The Power Manager program manager evaluates conditions to activate a Power Manager event including temperature, heat index, humidity and market conditions as communicated by the regional transmission organization, PJM. In 2015 Duke Energy activated the Power Manager program on 4 separate occasions (3 times in July and once in September) in addition to the required 1 hour PJM test on September 1, 2015. In all the 4 events totaled 8 hours of reduced demand and helped Duke Energy meet peak summertime demand needs and contribute to the stability of the electric grid.

The Power Manager program was successfully promoted in 2015 through outbound calling and targeted email offers along with the company website. Marketing efforts were not as robust as in previous years to allow the Duke Energy HōM™ Energy Manager program an

opportunity to establish a customer base in Ohio. The HōM™ Energy Manager program is a thermostat based program that is somewhat similar to the Power Manager program in that it allows customers to participate in demand response events. Ideally, Duke Energy wants to gain enough experience in marketing of HōM™ to identify customer segments that prefer the unobtrusive “don’t notice the cycling events” experience with Power Manager versus those who desire a “higher touch” experience via HōM™. The annual net number Duke Energy Power Manager participants dropped by 578 in 2015. Marketing efforts yielded approximately 960 new participants in 2015. Approximately 1,200 participants requested to have their switch removed, and about 100 of those requests were from Power Manager customers switching to the Duke Energy HōM™ program with the remainder of the requests coming after events in 2015. All device installations and removals on customers’ AC units were completed by a third party vendor.

Power Manager Program Potential Changes

There are no plans to change the operation of the Power Manager program in 2016.

Non-Residential Programs

Smart Saver[®] Non-Residential Prescriptive Program

The Smart Saver[®] Non-residential Prescriptive Incentive Program provides incentives to commercial and industrial consumers to install energy efficient equipment in applications involving new construction, retrofit, and replacement of failed equipment. The program also uses incentives to encourage maintenance of existing equipment in order to reduce energy usage. Incentives are provided based on Duke Energy Ohio's cost effectiveness modeling to assure cost effectiveness over the life of the measure.

Commercial and industrial consumers can have significant energy consumption, but may lack knowledge and understanding of the benefits of high efficiency alternatives. Duke Energy Ohio's program provides financial incentives to customers to reduce the cost of high efficiency equipment, offer a quicker return on investment, save money on customers' utility bills that can be reinvested in their business, and foster a cleaner environment. In addition, the Program encourages dealers and distributors (or market providers) to stock and provide these high efficiency alternatives to meet increasing demand for the products.

The program promotes prescriptive incentives for the following technologies – lighting, HVAC, pumps, variable frequency drives, food services, process equipment, and information technology equipment. Equipment and incentives are predefined based on current market assumptions and Duke Energy's engineering analysis. The eligible measures, incentives and requirements for both equipment and customer eligibility are listed in the applications posted on Duke Energy's Business and Large Business websites for each technology type.

Duke Energy is in the final stages of testing of an online application portal, which will be available to customers and trade allies to submit and track applications.

All non-residential customers served by Duke Energy and pay the EE rider in Ohio are eligible for the Smart Saver[®] program.

Getting the Trade Allies (TA) to support the program has proven to be the most effective way to promote the program to our business customers. The Smart Saver outreach team builds and maintains relationships with trade allies associated with the technologies in and around Duke Energy Ohio's service territory. Trade ally company names and contact information appear on the TA search tool located on the Smart Saver[®] website. This tool was designed to help customers who do not already work with a TA, to find someone in their location who can serve their needs.

Duke Energy Ohio continues to look for ways to engage the trade allies in promotion of the program, including the utilization of focus groups. Duke Energy Ohio developed a collateral tool kit to allow the use of the Smart Saver[®] logo along with white papers, case studies, and other types of collateral developed by Duke Energy Ohio. Originally, a tool kit was available for Variable Frequency Drives. Toolkits are now available for Lighting and HVAC. In 2013, Duke Energy Ohio offered co-funding to trade allies for approved marketing supplies and activities for promoting the Smart Saver program. Funds were available on a first come first serve basis. Duke Energy Ohio is continuing co-funding in 2016.

The Company is currently launching a mid-stream marketing channel. Many trade allies participating in the traditional application process reduce their invoice to the customer by the amount of the incentive and then receive reimbursement from Duke Energy when the incentive

is paid. Many customers prefer this rather than paying the full cost upfront and receiving an incentive check from the Company. Many TAs, such as distributors, are not staffed to handle the paperwork involved in this process. The midstream marketing channel removes this barrier. TAs reduce the customer's invoice by the amount of the Smart \$aver Prescriptive incentive. TAs then provide the sales information to the Company electronically for reimbursement. Duke Energy currently has one TA signed up for the midstream channel and many more have expressed interest. The Company continues to work with TAs to launch the channel. Based on the experience of other utilities, Duke Energy expects this channel to increase participation in the Smart \$aver Prescriptive program.

The Company added two business energy advisors to focus on the unassigned small and medium business customers. These team members will focus on marketing and program support.

The Company continues to offer the Energy Efficiency Store on the Company's website. The site provides customers the opportunity to take advantage of a limited number of incentive measures by purchasing qualified products from an on-line store and receiving an instant incentive that reduces the purchase price of the product. The incentives offered in the store are consistent with current program incentive levels.

Duke Energy Ohio's website is a great source of program information. Customers and trade allies can visit the website and learn about the program, program benefits, search for participating vendors, ask questions on-line, and complete application forms. The website includes a video for programmable thermostats.

Duke continues to develop case studies and testimonials from customers who have participated in the program to be used to help promote the program – showing actual savings and benefits for each technology type.

Smart Saver® Non-Residential Prescriptive Program Potential Changes

Standards continue to change and new more efficient technologies continue to emerge in the market. The Company will continue evaluating the opportunity to add measures to the approved Program that provide incentives for a broader suite of energy efficient products.

Smart Saver® Custom Rebate Program

Duke Energy Ohio's Smart Saver® Nonresidential Custom Incentive Program offers financial assistance to qualifying commercial, industrial and institutional customers (that have not opted out) to enhance their ability to adopt and install cost-effective electrical energy efficiency projects.

The Smart Saver® Custom Incentive program is designed to meet the needs of Duke Energy Ohio customers with electrical energy saving projects involving more complicated or alternative technologies, or those measures not covered by standard Prescriptive Smart Saver® Incentives.

The Custom Incentive application is for projects that are not listed on the applications for Smart Saver® Prescriptive Incentives. Unlike the Prescriptive Incentives, Custom Incentives require approval prior to the customer's decision to implement the project. Proposed energy efficiency measures may be eligible for Custom Incentives if they clearly reduce electrical consumption and/or demand. There are two approaches for applying for Custom Incentives,

Classic Custom and Custom to Go. Application documents vary slightly. The difference between the two approaches focuses on the method by which energy savings are calculated.

Currently there are the following application forms that are located on the Duke Energy Ohio website under the Smart Saver[®] Incentives (Business and Large Business tabs).

- Custom Application – Administrative Information
- Energy Savings Calculations & Basis
 - Classic Custom approach (> 700,000 kWh or no Applicable Custom to Go calculator)
 - Variable Frequency Drives
 - Energy Management Systems
 - Compressed Air
 - Lighting
 - General
 - Custom to Go Calculators (< 700,000 kWh and Applicable Custom to Go Calculator)
 - HVAC (including Energy Management Systems)
 - Lighting
 - Compressed Air
 - Process VFDs

The program is promoted through but not limited to the following;

- Trade ally outreach
- Duke Energy Ohio Business Relations Managers

- Duke Energy Ohio segment specific workshops
- Company website

Smart Saver® Custom Rebate Program Potential Changes

In 2015, Duke Energy Ohio launched additional user-friendly energy savings calculation tools for HVAC (EMS), Lighting, Compressed Air, and Process VFDs, which are intended to streamline the application process and boost participation for small to medium sized EE projects. For 2016, Duke Energy Ohio will continue to offer these tools. The entire suite is referred to as “Custom-to-Go”. Additionally, the Custom Program implemented the application of a “flat rate” incentive rate value for Custom applications. The Smart Saver Custom webpage has been updated to accommodate the aforementioned additions.

Furthermore, the Custom program continues to evaluate additional improvement to enhance participation and program efficiency.

Non-Residential Energy Assessments Program

The purpose of the Non-Residential Energy Assessment Program is to assist non-residential customers in assessing their energy usage and providing recommendations for more efficient use of energy. The program will also help identify those customers who could benefit from other Duke Energy Ohio Energy Efficiency non-residential programs.

Duke Energy Ohio offers various types of On-Site Assessments wherein an assessor will spend one or more days at a customer’s site identifying opportunities for increased energy efficiency. The various types of assessments include those defined by the American Society of Heating, Refrigerating, and Air-Conditioning Engineers (Level II and Level III) as well as assessments focused on specific market segments or systems (i.e. commercial real estate, data

centers, hospitals, compressed air systems, and industrial refrigeration systems). After the audit is completed, the customer receives a written report of the audit findings as well as assistance applying for Smart \$aver Incentives if desired. The cost of the On-Site Assessment varies depending on the complexity, size of the facility, and length of time required. Customers determined eligible may receive financial assistance with a subsidy of up to 50% of the total assessments cost.

Impacts captured as a result of Energy Assessment recommendations are recorded in Duke Energy Ohio's non-residential incentive programs.

Non-Residential Energy Assessment Program Changes

Duke Energy is now offering an ancillary service Energy Design Assistance (EDA). Similar to the current assessment program, EDA offers energy savings recommendations for non-residential customers. However, the focus is assisting customers designing new construction, major renovations, or additions to ensure the most energy efficient structures are built. As part of the service, Duke Energy provides computer software energy modeling that gives the capability for innumerable efficient building designs to be considered by the customer. Both Duke Energy and the customer would cost share for the service. Impacts captured as a result of Energy Design Assistance recommendations are recorded in Duke Energy Ohio's non-residential incentive programs.

Mercantile Self-Direct Rebates Program

The Duke Energy Ohio Mercantile Self-Direct program was enacted in accordance with Public Utilities Commission of Ohio (Commission) Rule 4901:1-39-05(G).A.C., and the

Commission's Opinion and Order in Case No. 10-834-EL-POR. Customers who use 700,000 kWh or greater annually and national accounts are eligible for the program.

These customers may elect to commit energy savings or demand reductions from projects completed in the prior three calendar years that did not receive Smart Saver[®] incentives to Duke Energy Ohio's benchmark achievements. In return, Duke Energy Ohio will assist the customer in filing an application with PUCO for approval of a portion of the incentive the customer would have received had they participated in Duke Energy Ohio's standard Smart Saver[®] Non-Residential programs.

Any customers that paid a reduced rider amount as the result of a negotiated settlement and wish to receive a Self-Direct rebate will be invoiced for the differential from the date of project completion until the last effective date of the negotiated settlement.

The marketing channels for Mercantile Self-Direct project applications closely resemble those of the Smart Saver[®] Prescriptive and Smart Saver[®] Custom programs, based on applicability, as described in previous sections of this filing.

Rebates for Self-Direct projects eligible for a cash rebate reasonable arrangement will be a maximum of 50% of the dollar amount that would apply to the same project if evaluated in the Smart Saver[®] Prescriptive & Custom programs.

Self-Direct Prescriptive Program

The Self-Direct Prescriptive program provides rebates for mercantile customers who implement energy efficiency and/or demand reductions projects to install higher efficiency equipment. Major categories include lighting, motors, pumps, VFD's, food service, information

technology, HVAC and process equipment. Eligible measures are reflective of the Smart Saver[®] Prescriptive Incentive portfolio. While many of the measures recorded under the Smart Saver[®] Prescriptive program will remain Prescriptive in nature under the Self-Direct program, in accordance with Commission rules and orders on the mercantile program, certain measures may be evaluated under the Self-Direct Custom program to enable the use of as-found baseline.

Self-Direct Custom Program

The Self-Direct Custom program offers rebates for completed mercantile projects involving more complicated scopes, or unique technologies that resulted in improvements upon facility electrical energy efficiency. A proposed energy efficiency measure may be eligible for a Self-Direct Custom rebate if it clearly reduces electrical consumption and/or demand. Unlike the Smart Saver[®] Custom program, measurable and verifiable behavioral and operational measures are eligible in the Mercantile Self Direct program.

PowerShare[®] Program

The PowerShare[®] program is Duke Energy Ohio's demand side management (or demand response) program geared toward Commercial and Industrial customers. The primary offering under PowerShare[®] is named CallOption and it provides customers a variety of offers that are based on their willingness to shed load during times of peak system usage. These credits are received regardless of whether an event is called or not. Energy credits are also available for participation (shedding load) during curtailment events. The notice to curtail under these offers is between 30 minutes (emergency) and day-ahead (economic) and there are penalties for non-compliance during an event.

The program is promoted through but not limited to the following;

- Duke Energy Ohio Business Relations Managers

- Email to customers
- Duke Energy Ohio website

Customer targets in 2015 continued to be large manufacturers, water/wastewater facilities and school systems. The market is very competitive with other Curtailment Service Providers acquiring customers during 2015 that had previously been PowerShare® participants.

The largest change in 2015 was to meet the new requirement by PJM to change the notification time for emergency events to 30 minutes before the customer must reach full curtailment level. PJM created an exemption process for manufacturers who cannot curtail that quickly due to potential damage costs to equipment, product or feedstock, or customers with backup generation that cannot ramp up to full capacity that quickly. These customers may request that they be notified either 1 or 2 hours prior to an event. Duke Energy worked with customers and PJM to navigate through this change and to secure exemptions for five customers who met the PJM parameters for exemption.

PowerShare® Program Potential Changes

For 2016-2017 program year, there are no changes to the program structure. PJM rules will require a shift to meet their “Capacity Performance” construct starting in 2018-2019 planning year, which will require a change program parameters (such as removing the maximum number of interruption) and may impact future participation. Duke Energy Ohio program management staff is working with customers to explore ways to navigate these future changes.

PJM Pilot

As agreed to by the signatory parties in the Stipulation and Recommendation for Case No. 13-0431-EL-POR, Duke Energy Ohio created a PJM Interconnection, Inc. (PJM) Pilot program capturing all the costs and benefits of PJM Reliability Pricing Model (RPM)

participation. Duke Energy Ohio agreed to bid at least 80% of eligible², projected cost effective³, approved Program Portfolio resources⁴ into the PJM Base Residual Auctions (BRA) occurring during the term of the 2014 – 2016 Program Portfolio. All cost effective, PJM approved MW resources were bid into the 2018/2019 BRA. This resulted in 18.1 Capacity Performance MWs of energy efficiency clearing in the 2018/2019 auction.

Clearing MW revenue is allocated back to programs after all administrative and M&V costs are covered. Revenue offset is allocated back to program based on percentage of MWs clearing each auction and customer class.

Duke Energy Ohio continues to keep the Duke Energy Community Partnership (the Collaborative) updated regarding the auction process.

Small Business Energy Saver Program

The purpose of Duke Energy’s Small Business Energy Saver program (the “Program”) is to reduce energy usage through the direct installation of energy efficiency measures within qualifying small non-residential Duke Energy Ohio customer facilities. All aspects of the Program are administered by a single Company-authorized vendor. Program measures address major end-uses in lighting, refrigeration, and HVAC applications.

² “Eligible” is defined for purposes of the Stipulation as existing and planned energy efficiency savings and demand response that comply with PJM Manuals 18 and 18b.

³ “Cost effective” is defined for purposes of Duke Energy Ohio’s PJM Pilot Program as the projected auction revenues are greater than the projected costs for existing and planned energy efficiency and demand response, where the phrase “projected auction revenues” is defined as the estimated kW multiplied by the previous BRA clearing price for the Duke zone and “projected costs” are defined as the costs necessary to fully qualify and bid the resources into the PJM capacity auctions.

⁴ “Program Portfolio resources” is defined as the energy efficiency and demand response resources, both existing and planned, that are expected to be created under Duke’s 2014 – 2016 Program Portfolio application in Case No. 13-0431-EL-POR. Program Portfolio resources specifically exclude mercantile self-direct resources, unless a self-direct mercantile customer affirmatively and explicitly chooses to grant its energy efficiency capacity resources to Duke Energy Ohio, by separate agreement.

Program participants receive a free, no-obligation energy assessment of their facility followed by a recommendation of energy efficiency measures to be installed in their facility along with the projected energy savings, costs of all materials and installation, and up-front incentive amount from Duke Energy. Upon receiving the results of the energy assessment, if the customer decides to move forward with the proposed energy efficiency project, the customer makes the final determination of which measures will be installed. The energy efficiency measure installation is then scheduled at a convenient time for the customer and the measures are installed by electrical subcontractors of the Duke Energy-authorized vendor.

The Program is designed as a pay-for-performance offering, meaning that the Duke Energy-authorized vendor administering the Program is only compensated for energy savings produced through the installation of energy efficiency measures.

The Program is available to existing Duke Energy Ohio non-residential customer accounts with an actual average annual electric demand of 100 kilowatts or less. An individual business entity's participation is limited to no more than five premises on the Company's system during a calendar year.

The Program launched in late November 2014, after receiving the Order of Approval⁵ from the Public Utilities Commission of Ohio on September 10, 2014. SmartWatt Energy Inc. (SmartWatt), a company that specializes in administering utility energy efficiency programs nationwide similar to Small Business Energy Saver, was awarded the contract to administer the Program in the Duke Energy Ohio & Kentucky territories after a lengthy competitive bid and vendor evaluation process.

⁵ Case No. 14-964-EL-POR

Due to the Program launching in late 2014, no customers participated in the Program during 2014. However, the Program experienced a significant amount of customer interest in 2015, its first full year of operation. There were 753 Small Business Energy Saver projects completed for eligible Duke Energy Ohio customers in 2015.

Small Business Energy Saver Program Potential Changes

Standards continue to change and new more efficient technologies continue to emerge in the market. This continuing market progress led to the addition of Design Lights Consortium-Qualified T8 LED tubes as an incentivized Program measure in 2015. Currently, the Company is evaluating the opportunity to add programmable Wi-Fi enabled thermostats to the Program as an incentivized measure in 2016.

The Company will continue to evaluate the opportunity to add incentivized measures suitable for the small business market to the approved Program which fit the direct install program model. The Company would ultimately like to ensure that small business customers are given the opportunity to maximize their energy savings by being offered a comprehensive energy efficiency project through the Program wherever possible.

4901:1-39-05(C)(2)(a)(i) Cont'd... Number and Type of Participants and Comparison of Forecasted Savings to Achieved Savings

The number of participants or measures installed by customer type is summarized above in Table 2. Details on participation by measure are provided in Appendix A.

A new portfolio filing seeking program approval for January 1, 2014 – December 31, 2016 was filed on April 15, 2013⁶ and approved on December 4, 2013. Table 4 provides a comparison of achieved impacts for 2015 as well as the forecasted impacts for 2016.

Table 4: Comparison of Achievement to Forecasted Impacts and Trend Projection Through 2016									
	1, 2	Achieved Load Impacts		Forecasted Load Impacts					
		MWH	MW	MWH	MWH	MWH	MW	MW	MW
		2015	2015	2015	2016	Total	2015	2016	Total
Other Programs									
Low Income Weatherization		392	0.1	0	0	0	0.0	0.0	0.0
Residential Programs									
Appliance Recycling Program		1,713	0.2	957	872	1,829	0.1	0.1	0.2
Home Energy Solutions		1,248	0.8	2,885	2,810	5,695	1.8	1.8	3.6
Home Energy Solutions - Demand Response		0	2.3	0	0	0	0.0	5.4	5.4
Low Income Neighborhood Program		769	0.2	1,262	598	1,860	0.3	0.2	0.5
Energy Efficiency Education Program for Schools		1,821	0.4	2,026	4,665	6,691	0.2	1.3	1.5
Home Energy Comparison Report	3	5,814	1.8	(860)	5,002	4,142	(0.3)	1.5	1.3
Low Income Services		0	0.0	107	107	215	0.0	0.0	0.0
Power Manager	3	0	(0.4)	0	0	0	7.5	(2.2)	5.3
Residential Energy Assessments		1,847	0.2	2,032	2,935	4,967	0.2	0.4	0.6
Smart Saver Residential		50,324	6.2	20,520	24,342	44,863	3.3	3.9	7.2
Weatherization Pilot		1,371	0.2	70	2,621	2,691	0.0	0.4	0.4
Non Residential Programs									
Smart Saver Non Residential Custom		33,496	3.3	24,428	27,606	52,034	2.8	3.2	5.9
Smart Saver Non Residential Prescriptive		40,078	6.3	64,441	74,978	139,419	12.3	15.0	27.3
PowerShare®	3	0	(46.4)	0	0	0	(30.1)	(9.9)	(40.0)
Mercantile Self-Direct		5,492	0.6	2,817	9,045	11,861	0.6	1.7	2.3
Small Business Energy Saver	4	19,646	4.3	16,905	20,490	37,395	4.1	4.6	8.7
Total for All Programs		164,010	(19.9)	137,590	176,071	313,662	3.0	27.3	30.2

1. 2015 forecasted impacts from the previous SB221 filing.

2. 2016 forecasted impacts have been updated with more recent estimates to align with updated projection filing.

3. HECR and DR are shown as incremental to be consistent with achievements.

4. 2015 forecast value reflects a correction from previously filed.

This table indicates that the achieved MWH impacts through 2015 are above the 2015 forecasted load impacts.

⁶ Case No. 13-0431-EL-POR

4901:1-39-05(C)(2)(a)(ii) Energy Savings Counted Toward Benchmark as a Result of Mercantile Customers

The energy savings counted towards the benchmark for 2015 as a result of energy efficiency improvements and implemented by mercantile customers and committed to the Company are 5,492 MWH.

4901:1-39-05(C)(2)(a)(iii) Peak Demand Reduction Counted Toward Benchmark as a Result of Mercantile Customers

The peak-demand reductions counted towards the benchmark for 2015 as a result of energy efficiency improvements and implemented by mercantile customers and committed to the Company are 0.6 MW.

4901:1-39-05(C)(2)(a)(iv) Peak-Demand Reductions Claimed Due to Transmission and Distribution Infrastructure Improvements

The Company is not claiming any impacts from transmission and distribution infrastructure improvements at this time, but is working to identify verified saving to be recognized in future annual compliance filings at the same time the other provisions of S.B. 310 become effective, particularly those pertaining to accounting for savings.

4901:1-39-05(C)(2)(b) Evaluation, Measurement, and Verification (EM&V)

In its Order in Case Number 09-512-GE-UNC, July 31, 2013, the Commission stated an intention to treat the 2010 Draft TRM and those comments agreed to by VEIC as a “safe harbor” rather than a mandate. As a result of this Commission direction Duke Energy Ohio has directed third-party evaluators to consider guidelines presented by the TRM in evaluations going forward into the 2016 program evaluation year. For the current compliance filing the independent EM&V was generally conducted consistent with the most current draft of the TRM. It should be

noted however, that the TRM provides no specific methodologies for behavior programs or direct load control.

Energy savings and peak-demand reduction values are documented in the individual program EM&V studies in the appendices. The following studies have been completed.

Process and Impact Evaluation for the Residential Neighborhood Program (February 27, 2015)	Appendix D
Low Income People Working Cooperatively Pilot Program Evaluation (November 2015)	Appendix E
My Home Energy Report Evaluation (September 30, 2015)	Appendix F
Energy Efficiency in Schools Program Evaluation (November 2, 2015)	Appendix G
Residential Energy Assessments Program Evaluation (November 30, 2015)	Appendix H
Smart Saver [®] Residential CFLs Evaluation (November 5, 2015)	Appendix I
Smart Saver [®] Residential HVAC Evaluation (September 21, 2015)	Appendix J
Smart Saver [®] Residential Specialty Bulbs Evaluation (May 13, 2015)	Appendix K
Smart Saver [®] Residential Multi-Family Evaluation (September 30, 2015)	Appendix L
Power Manager Process Evaluation (February 17, 2015)	Appendix M
Power Manager Impact Evaluation (August 27, 2015)	Appendix N
Smart Saver [®] Custom Evaluation (November 15, 2015)	Appendix O
Smart Saver [®] Prescriptive Evaluation (January 8, 2016)	Appendix P
PowerShare Impact Evaluation (October 5, 2015)	Appendix Q

Appendix C provides an up-to-date summary EM&V methodologies and protocols.

The cost effectiveness of the current programs is provided below in Table 5.

Table 5	Program Cost Effectiveness Test Results**			
	Utility Test	TRC Test	RIM Test	Participant Test
RESIDENTIAL CUSTOMER PROGRAMS				
Appliance Recycling Program	5.06	6.98	2.40	NA
Energy Education Program for Schools	0.75	0.98	0.65	NA
Home Energy Solutions	1.37	1.93	1.26	4.31
Low Income Neighborhood	1.64	2.43	1.21	NA
Low Income Services	0.60	1.66	0.52	NA
My Home Energy Report	2.10	2.10	1.44	NA
Residential Energy Assessments	2.44	2.63	1.55	NA
Smart Saver® Residential	2.34	2.32	1.52	4.76
Power Manager	4.18	5.05	4.18	NA
NON-RESIDENTIAL CUSTOMER PROGRAMS				
Smart Saver® Non-Residential Custom	3.35	1.15	2.24	1.45
Smart Saver® Non-Residential Prescriptive	5.41	2.35	3.27	2.26
Power Share®	2.50	10.77	2.50	NA
NEW PROGRAM				
Small Business Energy Saver	3.12	2.51	2.34	2.78

**Cost Effectiveness is calculated on NPV for life of measure

4901:1-39-05(C)(2)(c) Continuation of Programs

Based on the success experienced and feedback from customers and trade allies, Duke Energy Ohio proposes continuing with the existing portfolio of programs as approved in Case No. 13-0431-EL-POR, the current portfolio, including Small Business Energy Saver as approved in Case No. 14-964-EL-POR. The portfolio is subject to annual adjustments for changes in efficiency levels or market conditions.

The Company also filed for a non-residential pilot, Smart Energy in Offices⁷. Smart Energy in Offices is a community engagement based program designed to increase the energy efficiency of targeted customers by engaging building occupants, tenants, property managers and facility teams with information, education, and data to drive behavior change and reduce energy consumption. The Commission stated that Senate Bill 310 prohibited action resulting in a dismissal of the application.

The Company is continually researching other energy efficiency opportunities for both the residential and non-residential customer classes.

Duke Energy Ohio's portfolio is approved through December 31, 2016. The procedural record in this case clearly establishes that within this approved portfolio plan the Company has the ability and will modify existing programs and add new programs for the purposes of responding to changing market conditions, meeting its customers' efficiency needs and allowing it to meet its annual energy efficiency benchmarks over the period.

The Company's portfolio plan, including its shared savings incentive mechanism, was approved incorporating the same banking principles that were established by the Commission's

⁷ Case No. 14-1575-EL-POR

rules with respect to its energy efficiency benchmark compliance. As agreed to in its portfolio plan stipulation and approved by the Commission, the Company does not double count the net benefit of energy savings achieved in a particular year for the purposes of calculating the incentive, and once energy savings are recognized in determining the Company's allowed shared savings percentage, the impacts are exhausted for the purpose of determining its annual incentive achievement level in the future. A Stipulation that contains provisions related to certain parameters around the Company's potential shared savings incentive mechanism in 2017 and beyond is currently pending with the Commission, which will likely alter this structure in the future.

The provisions of newly enacted Senate Bill 310, R.C. 4928.6616, Sections 6 and 7 contain provisions relating to the continuance of an existing portfolio. Pursuant to that statute, Duke Energy Ohio has notified the Commission of its election to continue with its existing portfolio plan and maintain its approved cost recovery and shared savings incentive mechanism through 2016.⁸ A new DSM portfolio will be filed by December 31, 2016, prior to the Commission's ability to consider or take any action related to a portfolio filing.

⁸ Case No. 14-1580-EL-RDR

4901:1-39-05(D) Independent Program Evaluator Report

Appendix C, provides an up-to-date summary of EM&V methodologies and protocols. Individual reports have been provided as appendices D through Q.

4901:1-39-05 (E)(1) and (2)(a-b) Peak Demand Reductions

Duke Energy Ohio has satisfied its peak-demand reduction benchmarks through energy efficiency and peak-demand response programs implemented by the Company and programs implemented on mercantile customer sites where the mercantile program is committed to the electric utility.

4901:1-39-05(F) and (G)(1-5) Mercantile Customers

Duke Energy Ohio's Mercantile Self Direct program is the avenue through which mercantile customers commit energy and demand impacts from their energy efficiency projects to Duke Energy Ohio in exchange for cash rebates or commitment payments. The program uses the constructs for calculating and deeming energy and demand savings that are present in the Custom Incentive and Prescriptive Incentive programs, respectively.

Upon approval of the customer's application, Duke Energy Ohio tenders an offer letter agreement to the customer which outlines the cash rebate or commitment payment offered. After the customer signs the offer letter agreement, Duke Energy Ohio submits a mercantile application to the Commission on behalf of the customer. Upon Commission approval of the application or the passing of 60 days, Duke Energy Ohio remits payment to the customer for the agreed dollar amount.

The offer letter provided to applicants pursuant to each project submitted to Duke Energy Ohio requires the customer to affirm its intention to commit and integrate the energy efficiency

projects listed in the offer into Duke Energy Ohio's peak demand reduction, demand response and/or energy efficiency programs. The offer letter agreement also requires the customer to agree to serve as joint applicant in any future filings necessary to secure approval of this arrangement as required by the Commission and to comply with any information and reporting requirements imposed by rule or as part of that approval. Noncompliance by the customer with the terms of the commitment is not applicable at this time.

The attached offer letter agreement template, used for each mercantile application provides for formal declaration. Additionally, the application documents located on Duke Energy Ohio's website request that the applicant allow Duke Energy Ohio to share information only with vendors associated with program administration. The release is limited to use of the information contained within the application and other relevant data solely for the purposes of reviewing the application, providing a rebate offer, submitting documentation to the Commission for approval and payment of the rebate. All program administration vendor contracts strictly prohibit the sharing of customer information for other purposes.

Upon customer request, Duke Energy Ohio will agree, as it is able to do so, to provide information to the Commission in the proper format such that confidential customer information is redacted from the public record.

With regard to the customers in Duke Energy's Ohio territory who have undertaken self-directed energy efficiency projects, these initiatives will not be evaluated by the Company's independent evaluation contactor. These efforts have been implemented in the past and were self-directed by our mercantile customers without involvement in Duke Energy Ohio's energy efficiency or demand reduction programs under Duke Energy Ohio's Shared Savings Cost

Recovery mechanism. As a result they will not be included in the evaluations of Duke Energy Ohio programs.

As of December 31, 2015, one customer requested rider exemption in exchange for commitment of energy and demand savings to Duke Energy Ohio.

4901:1-39-05(H) Prohibition Against Counting Measures Required by Law Toward Meeting the Statutory Benchmark

Duke Energy Ohio did not count, in meeting its statutory benchmark, the adoption of measures that were required to comply with energy performance standards set by law or regulation, including but not limited to, those embodied in the Energy Independence and Security Act of 2007, or an applicable building code.

4901:1-39-05 (I) and (J) Benchmarks Not Reasonably Achievable

The above referenced sections do not apply to Duke Energy Ohio as it has met its statutory benchmarks.

Conclusion

With this status report, Duke Energy Ohio has demonstrated that it is in compliance with the statutory load impact requirements as measured and reported in its Benchmark Report. Duke Energy Ohio respectfully requests that the Commission find that the Company has met its compliance requirements for the 2015 compliance year.

Respectfully submitted,

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