Joint Exhibit 1

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio, Inc., for a Waiver to File a New Energy Efficiency and Peak Demand Reduction Portfolio Application	)))))	Case No. 16-576-EL-WVR

STIPULATION AND RECOMMENDATION

Rule 4901-1-30, Ohio Administrative Code provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. The purpose of this document is to set forth the understanding and agreement of the parties that have signed below (Signatory Parties) and to recommend that the Public Utilities Commission of Ohio (Commission) approve and adopt this Stipulation and Recommendation (Stipulation), which resolves all of the issues raised by Parties in this case relative to the energy efficiency and peak demand reduction portfolio of programs and measures submitted for approval by Duke Energy Ohio, Inc. (Duke Energy Ohio or Company), and related matters. This Stipulation is supported by adequate data and information.

The Stipulation represents a just and reasonable resolution of the issues raised in this proceeding, violates no regulatory principle or precedent, and is the product of bargaining among knowledgeable and capable Parties in a cooperative process, encouraged by this Commission and undertaken by the Parties representing a wide range of interests, to resolve the aforementioned issues. Although this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission. For purposes of resolving all issues raised by this proceeding, the Parties stipulate, agree and recommend as set forth below.

Except for purposes of enforcement of the terms of this Stipulation, neither this Stipulation, nor the information and data contained therein or attached, shall be cited as precedent in any future proceeding for or against any Party or the Commission itself. This Stipulation is a reasonable compromise involving a balancing of competing positions and it does not necessarily reflect the position that one or more of the Parties would have taken if these issues had been fully litigated.

This Stipulation is expressly conditioned upon its adoption by the Commission in its entirety and without material modification. Should the Commission reject or materially modify all or any part of this Stipulation or make other material modifications to the Company's application, the Parties shall have the right, within thirty days of issuance of the Commission's Order, to file an application for rehearing. Rejection of all or any part of the Stipulation by the Commission will be deemed to be a material modification for purposes of this provision. Should the Commission, in issuing an Entry on Rehearing, not adopt the Stipulation in its entirety and without material modification, any Party may terminate and withdraw from the Stipulation. Such termination and withdrawal shall be accomplished by filing a notice with the Commission, including service to all Parties, in the docket within thirty days of the Commission's Entry on Rehearing. Other Parties to this Stipulation agree to defend and shall not oppose the termination and withdrawal from the Stipulation by any other Party. Upon the filing of a notice of termination and withdrawal, the Stipulation shall immediately become null and void.

Prior to the filing of such a notice, the Party wishing to terminate agrees to work in good faith with the other Parties to achieve an outcome that substantially satisfies the intent of the

Stipulation and, if a new agreement is reached that includes the Party wishing to terminate, then the new agreement shall be filed for Commission review and approval. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful in reaching a new agreement that includes all signatory Parties to the present Stipulation, the Commission will convene an evidentiary hearing such that the Parties will be afforded the opportunity to present evidence through witnesses and cross-examination, present rebuttal testimony, and brief all issues that the Commission shall decide based upon the record and briefs as if this Stipulation had never been executed. Either of the Parties may submit a new agreement to the Commission for approval if the discussions achieve an outcome they believe substantially satisfies the intent of the present Stipulation.

The Signatory Parties fully support this Stipulation in its entirety and urge the Commission to accept and approve the terms herein.

This Stipulation is the product of an open process in which all Parties were represented by able counsel and technical experts. The Stipulation represents a comprehensive compromise of issues raised by Parties with diverse interests. The Parties to the proceeding[1], have signed the Stipulation and adopted it as a reasonable resolution of all issues. The Signatory Parties believe that the Stipulation that they are recommending for Commission adoption presents a fair and reasonable result.

The Signatory Parties agree that the settlement, as a package, benefits ratepayers and is in the public interest. The Signatory Parties agree that the settlement does not violate any important regulatory principle or practice.

[1] The Commission Staff is a party for the purpose of entering into this Stipulation pursuant to O.A.C. 4901-1-10(C).

WHEREAS, all of the related issues and concerns raised by the Parties have been addressed in the substantive provisions of this Stipulation, and reflect, as a result of such discussions and compromises by the Parties, an overall reasonable resolution of all such issues;

WHEREAS, this Stipulation is the product of the discussions and negotiations of the Parties and is not intended to reflect the views or proposals that any individual Party may have advanced acting unilaterally;

WHEREAS, this Stipulation represents an accommodation of the diverse interests represented by the Parties and is entitled to careful consideration by the Commission;

WHEREAS, this Stipulation represents a serious compromise of complex issues and involves substantial benefits that would not otherwise have been achievable; and

WHEREAS, the Parties believe that the agreements herein represent a fair and reasonable solution to the issues raised in this matter;

NOW, THEREFORE, the Parties stipulate, agree and recommend that the Commission make the following findings and issue its Opinion and Order in these proceedings accepting and approving the Company's application and testimony as filed, but modified by the terms of this Stipulation as follows:

1. Signatory Parties acknowledge that the Company will offer programs consistent with its existing approved energy efficiency and peak demand reduction programs during 2017 until such time as the Commission approves a new portfolio.
2. Signatory Parties acknowledge and agree that they will support the Company's application to defer program costs and lost distribution revenue associated with the continuation of energy efficiency and peak demand reduction programs during 2017

and Signatory Parties agree to support such an application and also support recovery of such costs, subject to audit.

3. Signatory Parties further acknowledge and agree that they will support the Company's inclusion of impacts associated with the continuation of existing approved programs in calculating the Company's compliance with energy efficiency and peak demand reduction benchmarks and also in calculating incentive, if any.
4. Signatory Parties agree that the Commission's approval of this Stipulation and Recommendation shall constitute approval of a new portfolio that will be effective for three years, 2017 through 2019.
5. Signatory Parties agree that the Company shall be eligible to earn a shared savings incentive as put forth in its application, if it meets the statutory benchmark for each year.
6. Signatory Parties agree that the Company will bid energy efficiency and peak demand resources into PJM capacity auctions and pass revenue back to customers through the EE/PDR Rider. The Company will bid eligible EE/PDR resources into base residual auctions, incremental auctions, or both, at the Company's discretion.
7. When cost effective, the Company will bid EE/PDR resources for unapproved future plan years at levels consistent with then-current legislative benchmarks applicable to the Company. In the event that the legislative benchmarks are changed or the Company's future plan years are not approved at anticipated levels, the Company will attempt to minimize costs by covering its obligations in supplemental auctions. Any net costs from bidding unapproved future plan years will be recovered through the

EE/PDR Rider, but would be exclude from the calculations of the shared savings incentive.

8. **<u>Smart Thermostat Program</u>** - Signatory Parties agree that Duke Energy Ohio will work with ELPC and IGS Energy and other interested parties to develop a smart thermostat program to be delivered through retail channels. By April 15, 2017, Duke Energy Ohio will assess whether such a program is likely to be cost-effective and present the results of that assessment to the Duke Energy Ohio Collaborative. For purposes of this assessment, Duke Energy Ohio's determination of cost-effectiveness will be based on application of the Total Resource Cost test including avoided natural gas and other non-electric fuel costs in addition to avoided electricity costs. If Duke Energy Ohio does determine that it could cost-effectively deliver the smart thermostat program, Duke Energy Ohio will seek to begin offering the program by the end of the third quarter of 2017. Once the Company's portfolio is approved by the Commission, a retailer or competitive retail electric supplier may, at their own risk, provide a customer with an instant discount prior to the full implementation of the Smart Thermostat Program. Following the deployment of the program, such instant rebates will be eligible for reimbursement at the incentive level established by the Company and approved by the Commission. Duke Energy Ohio will work to achieve a goal of providing incentives to 25,000 customers by the end of the 2017-2019 portfolio plan term and to offer customers an incentive or rebate on the purchase of a qualifying smart thermostat with the goal of paying an incentive of $100 or higher if cost effective, except to the extent doing so would render the program non-cost-effective as defined in this provision. Duke Energy Ohio will not offer any incentive or rebate

that would, on its own or in combination with any applicable gas utility rebate, exceed the actual cost of the purchased smart thermostat.

Signatory Parties agree that Duke Energy Ohio will engage in efforts to promote and implement the smart thermostat program in ways that include, to the extent possible:

- Cross marketing across other residential programs, such as the My Home Energy Report Program, the Residential Energy Assessment Program, the Smart Saver Residential Program, and the Power Manager Program;
- Developing and sharing with the Duke Energy Ohio Collaborative a marketing plan to promote the benefits of smart thermostats and educate customers to their benefits; the plan may include engaging market partners as well as other local energy suppliers in order to streamline marketing, eligibility and application processes; and
- Ensuring appropriate product delivery channels are used in an effort to further streamline and simplify the customer purchase and incentive processes and, if appropriate, working towards implementation of an instant discount as soon as practicable.
- Duke will solicit and consider input from ELPC and IGS Energy and members of the Duke Energy Ohio Collaborative on each of these promotion and implementation efforts.
- Duke Energy Ohio will attempt to identify potential program areas where they may be able to coordinate marketing and rebate offerings, including residential audit and weatherization programs with its gas utility affiliate and other local gas distribution companies. The Company will regularly update

interested parties through its Collaborative meetings regarding the status of these efforts.

9. **<u>Space Heating Efficiency</u>** – With a goal to provide retrofits to at least one percent of housing units with primary electric heat (including both single family and multi-family) by the end of 2019, Duke Energy Ohio will work to assess the potential cost-effectiveness of one or more programs designed to promote space heating efficiency in electrically-heated single family and multi-family homes. The assessment will include consideration of both thermal envelope improvements (e.g., insulation upgrades and air sealing) and retrofitting of efficient heat pumps (particularly cold climate ductless heat pumps for homes that have electric resistance baseboard heating). The assessment will be completed by August 1, 2017, and shared with the Duke Energy Ohio Collaborative. If analysis suggests that either a single-family program, multi-family program, or both, could be cost-effectively delivered, Duke Energy Ohio will add such program(s) to its approved portfolio by December 1, 2017. Duke Energy Ohio will review input and recommendations from NRDC and other interested parties in framing the cost-effectiveness analysis as well as in the design (including budget) of the program(s) to be added.
10. **<u>TRC Analyses</u>** – Signatory Parties agree that Duke Energy Ohio will revise its Total Resource Cost (TRC) cost-effectiveness analyses for its proposed portfolio plan and any future programs to include avoided gas and/or other avoided fuel costs (consistent with standard practice under the TRC nationally). It will also use multi-fuel TRC results to inform future decisions regarding which efficiency measures and/or programs are cost-effective. In order to address any concerns about electric

customers potentially bearing the costs of programs that deliver savings to gas customers, Duke Energy Ohio will require any programs that include gas savings in its TRC analysis to also pass the Utility Cost Test (UCT). The UCT calculation will not reflect gas savings in its calculation.

11. **<u>Ohio Hospital Association</u>** - For marketing outreach and customer acquisition of participants in the Company's approved Non-Residential Programs, the Company will provide the OHA annual funding in the amount of $75,000 for each of the three years of the Company's approved portfolio plan (2017-2019). The $75,000 in funding described in this paragraph is not contingent upon or connected to approval of the new Hospital Portfolio Program, which is defined below.

Upon receiving the appropriate customer releases from hospital accounts, the Company commits to provide the OHA with monthly energy usage information in an agreed upon usable electronic format in order to support the OHA Benchmarking Program.

After the issuance of an Order approving the Stipulation, the Company agrees to provide OHA with a dedicated account representative from the Company for purposes of all current and future EE/PDR programs. The Company agrees to work with OHA to select the appropriate account representative to work with OHA and its members. If the Hospital Portfolio Program (defined below) is approved by the Commission, OHA will coordinate with the Program Manager or another designated Company employee in accordance with the procedures of the Hospital Portfolio Program described below once the program is approved by the Commission.

Duke Energy Ohio and the Parties agree that the Company shall work in collaboration with OHA develop a new program (Hospital Portfolio Program) to be added to the Company's portfolio in 2017. The new program will be specifically targeted at engaging hospitals in the Company's service territory around energy efficiency, increasing awareness and hospital participation in the Company's other energy efficiency programs, and effectively leveraging OHA's existing efforts and Benchmarking Program. Specifically, the Hospital Portfolio Program design shall include the following components:

- The Hospital Portfolio Program will leverage the OHA to perform marketing and customer outreach to its members to promote customer participation and assist in customer acquisition in the Company's new program.
- The Program Manager for the Hospital Portfolio Program will act as or designate another Company employee as a dedicated point of contact for OHA and its members and to coordinate program participation in the new program and any other non-residential EE/DR programs offered by the Company.

12. OHA and Duke Energy Ohio agree to report to the Company's Energy Efficiency Collaborative once a year (three times) during the approved portfolio plan (2017-2019) to discuss the performance of the Hospital Portfolio Program and its impact with respect to the OHA Benchmarking Program.

13. **Combined Heat & Power**

- For purposes of this document, eligible CHP is defined as a waste energy recovery or bottom-cycle system that does not require additional fuel above and beyond the baseline amount in order to produce useful electricity.

Additionally, for purposes of this document, the heat recovered from a top-cycle system that is used to offset electric-sourced consumption at a facility is considered eligible CHP. Distributed electric generation from top cycle systems is not covered by this document.

- The Company agrees that the floor for CHP incentives will be a total of 3.5 cents per long term kWh. Payment of the incentive may occur over a period of 1 to 5 years, and a portion of the incentive payment could be front-end loaded, presuming the customer agrees to claw back provisions in the event of non-performance.
- Long term kWh will be determined based on the system's performance over the measurement period of 1 to 5 years and normalized, using formulae and rules agreed upon at the time of incentive award, to any variable operating, weather or other conditions. As the system is operated more efficiently, it will garner more incentive.
- The Company will consider an end of measurement period balloon.
- The Company will consider separate payments for feasibility studies.
- To the extent that the variety of CHP systems available to customers allows, complete CHP program details, requirements, and incentive structure will be clearly established and communicated externally. The details, requirements, and incentive structure will be updated on an annual basis, as needed; however, incentives cannot be reduced less than the floor established above except in cases where the company completes a new energy efficiency portfolio filing.

- Interested parties in the Duke Energy Ohio EE/PDR Collaborative will advise the Company on the details, requirements, and potential recommended changes to the incentive structure on an annual basis, and the Company will convene planning sessions prior to the start of each year in the 3rd quarter Collaborative meeting to gain customer insights. In addition, the Company will report CHP program activity periodically no less than twice a year at its quarterly Collaborative meeting.
- For CHP projects that are completed and paid within the Plan approval period, no separate filing with the Commission is required.
- For CHP projects that are completed within the approved Plan period, but for which payments are not completed within the approved Plan period, the CHP project must be filed with and approved by the Commission, and any funding required after the approved Plan period is not be considered in the overall CHP program budget or the overall Plan budge for the new portfolio plan, but will be eligible for cost recovery.
- No costs associated with CHP will be allocated to the residential class.
- A customer may not be opted out or exempted from the Company's EE Rider, in order to receive a payment associated with the CHP Program .

The undersigned hereby stipulate and agree and each represents that he or she is authorized to enter into this Stipulation and Recommendation this 22nd day of December , 2016.

DUKE ENERGY OHIO, INC.

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Elizabeth H. Watts, Associate General Counsel

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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was delivered via U.S. mail (postage prepaid), personal, or electronic mail delivery on this the 22nd day of December, 2017, to the following:

Elizabeth H. Watts
Elizabeth H. Watts