

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ANNUAL COST RECOVERY FILING FOR)	
DEMAND SIDE MANAGEMENT BY THE UNION)	CASE NO.
LIGHT, HEAT AND POWER COMPANY)	2004-00389

O R D E R

This matter comes before the Commission through the September 30, 2004 filing of The Union Light, Heat and Power Company ("ULH&P") on behalf of its Demand-Side Management ("DSM") Collaborative. The filing reflects the continuation of the DSM programs approved for ULH&P by the Commission in Case No. 2003-00367¹ and includes individual reports on each of the programs approved therein. In addition to continuing the programs previously approved, ULH&P proposes to implement two new residential DSM programs, an Energy Star Products program and an Energy Efficiency Website program, and one new commercial and industrial program, a High Efficiency Incentive program.

ULH&P also proposes to adjust the charges in its electric and gas DSM tariff riders. The revised DSM tariff riders are intended to recover its 2005 DSM program costs, reconcile DSM revenues recovered from July 1, 2003 through June 30, 2004 with DSM costs incurred during that period, and recover lost revenues and a shared savings incentive associated with the DSM programs.

¹ Case No. 2003-00367, The Annual Cost Recovery Filing for Demand Side Management by The Union Light, Heat and Power Company, Order dated November 20, 2003.

The revised DSM tariff riders include increases in DSM charges for residential electric customers from \$.001346 per Kwh to \$.001723 per Kwh and from \$.230347 per Mcf to \$.329914 per Mcf for residential gas customers. Non-residential distribution level electric customers' DSM credit will be reduced from \$(-.000409) per Kwh to \$(-.000328) per Kwh. The revised DSM charges and credits were calculated using the methodology proposed by ULH&P and approved by the Commission in ULH&P's prior DSM cases.

Individual program reports describe participation levels and savings attributed to each existing program through June 30, 2004. The filing includes detailed descriptions of the new programs being proposed as well as the cost projections, lost revenue projections and shared savings incentive agreed upon by the DSM Collaborative for calendar year 2005.

ULH&P's ongoing DSM programs have been approved to continue through 2005. It proposes to continue and extend the Energy Education and Bill Assistance Program, which operated as a pilot through May 31, 2004, as a pilot program at the same funding and participation levels through 2006. It proposes to implement the three new DSM programs for a period of 5 years, through 2009.

SUMMARY

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. ULH&P has kept the Commission properly informed of the progress and status of its DSM programs by timely filing status reports on those programs.
2. ULH&P's three new DSM programs, a residential Energy Star Products program, a residential Energy Efficiency Website program, and a commercial and

industrial High Efficiency Incentive program, appear to be reasonable and cost effective and should be approved as proposed.

3. ULH&P's revised DSM tariff riders are reasonable as they reflect ongoing DSM program costs, the reconciliation of prior period DSM costs and revenues, and reasonable levels for lost revenues and shared savings.

IT IS THEREFORE ORDERED that:

1. ULH&P's proposed DSM programs and revised DSM tariff riders are approved effective with its first billing cycle of the March 2005 revenue month.

2. Within 10 days from the date of this Order, ULH&P shall file revised DSM tariff riders showing the date of issue and that they were issued by authority of this Order.

Done at Frankfort, Kentucky, this 14th day of February, 2005.

By the Commission

ATTEST:



Executive Director