COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION PURSUANT TO 1994 HOUSE BILL NO. 501 FOR APPROVAL OF KENTUCKY POWER COMPANY COLLABORATIVE DEMAND-SIDE MANAGEMENT PROGRAMS AND AUTHORITY TO IMPLEMENT A TARIFF TO RECOVER COSTS, NET LOST REVENUES AND RECEIVE INCENTIVES ASSOCIATED WITH THE IMPLEMENTATION OF THE KENTUCKY POWER COMPANY COLLABORATIVE DEMAND-SIDE MANAGEMENT PROGRAMS	)	CASE NO. 2008-00350

O R D E R

On November 5, 2008, Geoffrey M. Young filed an application requesting a rehearing of the Commission's October 13, 2008 Order denying his petition for intervention. Mr. Young alleges in his application for rehearing that his interest in a clean environment constitutes a "special interest," as that term is used in the Commission's intervention regulation,[1] in Kentucky Power Company's ("Kentucky Power") demand-side management ("DSM") programs sufficient to justify his intervention.

Mr. Young is a resident of Lexington, Kentucky. He receives no electric service from Kentucky Power and he pays no rates to Kentucky Power. Thus, neither the structure of Kentucky Power's DSM programs, nor the cost recovery of such programs, will have a direct impact on Mr. Young.

[1] 807 KAR 5:001, Section 3(8)(b).

Mr. Young's stated interest in Kentucky Power's DSM programs is based on his expressed interest in a clean environment. As the Commission stated in the October 13, 2008 Order denying Mr. Young's request for intervention, our jurisdiction is limited to rates and service of utilities. Issues relating to the environmental impacts of generating electricity have been delegated to other agencies, not to the Commission. Thus, the Commission cannot consider the environmental impact of generating electricity as a factor in establishing rates or rate design.

The Commission notes that the Attorney General ("AG") has intervened in this case on behalf of ratepayers. As a function of the Commission's jurisdiction, *vis a vis* KRS 278.040, the Commission's examination of issues such as demand-side management, non-coal electric generation, and energy efficiency are also issues within the scope of the AG's representation of Kentucky consumers under KRS 367.150.

The Commission finds that the AG has participated in numerous prior integrated resource plan ("IRP") cases[2] and has offered helpful comments concerning the energy policy issues Mr. Young seeks to advocate in this matter. In East Kentucky Power Cooperative, Inc.'s ("EKPC") 2006 IRP case, the AG wrote extensive comments, which were summarized as follows:

> First, EKPC needs to improve its process of identifying and screening supply side options. This IRP indicates that EKPC considered only three baseload and two peaking alternatives. EKPC needs to provide more details on supply side resource assessment and resource optimization. Second, EKPC needs to treat DSM options in a methodically consistent manner as it treats supply side resources. All

[2] See, e.g., 2006 Integrated Resource Plan of East Kentucky Power Cooperative, Inc., Case No. 2006-00471; 2003 Integrated Resource Plan of East Kentucky Power Cooperative, Inc., Case No. 2003-00051; 2002 Integrated Resource Plan of Big Rivers Electric Corporation, Case No. 2002-00428.

> options, supply-side and demand-side, should be part of the optimization process. Third, EKPC needs to conduct sensitivity and risk analyses that are wider in scope so as to evaluate resource plan sensitivity to DSM, environmental and other regulations, allowance and construction cost changes. It needs to show how the results of these sensitivities are factored into the choice of its final resource plan.[3]

In EKPC's 2003 IRP case, the AG's comments included a discussion of renewable energy sources and the need for EKPC to factor in the cost of mitigating carbon dioxide emissions in future considerations of its generation resources:

> The AG further notes that the only renewable option with significant potential for East Kentucky is hydropower because it is the only renewable option available that could supply enough power to replace the fossil-fuel additions reflected in the IRP. The AG suggests that when East Kentucky considers hydro options, it should factor in the absence of carbon dioxide emissions. Finally, the AG notes that, while it is unlikely that wind generators will initially be cost effective for East Kentucky, it should do what it can to gain experience with the rapidly emerging wind technology.[4]

In 2002, the AG filed comments on Big Rivers Electric Corporation's IRP, including recommendations regarding such issues as demand-side management, net metering, and small-scale renewable energy alternatives:

> The AG provided several comments on Big Rivers' DSM efforts. His comments were generally favorable, although he disagrees with Big Rivers' plan to review the results of the LG&E and KU net metering programs before proceeding with its own program. The AG encourages Big Rivers to move forward with a net metering program rather than wait until the LG&E and KU pilot programs are complete. The AG cited LG&E's and KU's not informing customers about

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[3] See Attorney General's March 21, 2007 Comments filed in 2006 Integrated Resource Plan of East Kentucky Power Cooperative, Inc., Case No. 2006-00471.

[4] Staff Report on the 2003 Integrated Resource Plan Report of East Kentucky Power Cooperative, Inc., Case No. 2003-00051, at 15.

> their net metering programs as the reason why few customers are likely to participate. The AG expects current benefits for Big Rivers' distribution cooperatives if they participate in net metering. He suggested a pilot program with a limit on the number of participants in order to minimize possible liability for Big Rivers until it becomes comfortable with net metering. The AG believes a net metering program would encourage the development of small-scale renewable energy projects and provide good will and publicity for Big Rivers at little cost.[5]

The Commission finds that the AG, as the statutorily authorized representative of Kentucky's utility consumers, has a continuing interest in articulating and advocating support for renewable energy and energy conservation issues—the same issues that Mr. Young seeks to advocate in this proceeding. The Commission further finds that the AG has consistently exercised his statutory duty to investigate these energy policy issues and to advocate their consideration by the Commission in its examination of the IRPs filed by Kentucky's jurisdictional electric utilities over the past several years. As the AG has intervened in this case, the Commission finds that the issues Mr. Young seeks to promote as a full intervenor in this matter are already well represented, and, as such, Mr. Young has not adequately demonstrated that he will present issues or develop facts that would assist the Commission in fully considering the issues in this case without unduly complicating or disrupting the proceeding. Therefore, the Commission will deny Mr. Young's application for rehearing of the decision to deny his request to intervene.

IT IS THEREFORE ORDERED that Mr. Young's application for rehearing is denied.

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[5] Staff Report on the 2002 Integrated Resource Plan Report of Big Rivers Electric Corporation, Case No. 2002-00428, at 10-11.

Done at Frankfort, Kentucky, this 25th day of November, 2008.

By the Commission

Vice Chairman Gardner abstains.

ATTEST:

Executive Director