

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR CONTINUATION OF)	CASE NO.
THE TOUCHSTONE ENERGY MANUFACTURED)	2009-00249
HOME PROGRAM)	

O R D E R

BACKGROUND

On June 30, 2009, East Kentucky Power Cooperative, Inc. ("EKPC") filed a request for authority to revise its DSM-1 tariff, extending its Touchstone Energy Manufactured Home Program ("Program") and its rebate provisions through the end of 2011.¹

The Program is a conservation program that encourages the sale of energy-efficient manufactured homes that meet the Energy Star standards developed by the U.S. Environmental Protection Agency and the U.S. Department of Energy. Participants that adhere to the Energy Star standards receive one-time \$250 rebates from EKPC, through their Member Systems, upon written confirmation of the Energy Star Manufactured Home purchase. In 2007, EKPC proposed to enhance the Program by offering an incentive of \$150 to customers who purchase manufactured homes that include only Energy Star heat pumps or who replace existing inefficient furnaces in their manufactured homes with new, highly efficient heat pumps. This modification,

¹ Originally approved by the Commission in Case No. 2002-00313, Application of East Kentucky Power Cooperative, Inc. for a Determination of Reasonableness Pursuant to KRS 278.285 for a Demand Side Management Program (Ky. PSC Nov. 8, 2002).

which EKPC plans to continue, made the Program available to customers who were unable to afford Energy Star manufactured homes but who desired to make their homes more energy-efficient, thus expanding the Program's prospective market. In 2008, the Commission approved this modification and authorized a continuation of the Program and its rebate aspects through 2009.²

DISCUSSION

According to EKPC, the Program has had limited success, having six participants during the 2004-2006 time period and two participants from 2007 to the present.³ EKPC believes that one of the main reasons for limited participation has been concern about the increased cost of a manufactured home when constructed to Energy Star specifications. EKPC believes that increased energy costs in recent years are generating more interest in energy savings. EKPC reports that a larger percentage of Energy Star certified homes are being offered on sales lots. EKPC expects that increased energy costs and greater availability of energy-efficient manufactured homes will drive customers to consider the potential savings associated with the purchase of Energy Star manufactured homes.

Cost/benefit tests, known as the "California Tests," have been conducted to determine the Program's cost-effectiveness. The results of these tests, which were filed

² Case No. 2007-00266, Application of East Kentucky Power Cooperative, Inc. for Continuation of the Touchstone Energy Manufactured Home Program (Ky. PSC Feb. 28, 2008).

³ Prepared Testimony of Jeffrey E. Hohman on Behalf of East Kentucky Power Cooperative, Inc. Exhibit I of Application filed on June 30, 2009.

in support of EKPC's original filing for approval of the Program,⁴ have also been filed in EKPC's 2003⁵ and 2006⁶ Integrated Resource Plans ("IRPs"). These filings indicate that the Total Resource Cost Test result was favorable in each instance. EKPC also provided estimates of savings to date and expected future savings associated with the Program. Estimated program costs through 2011 produce a present value cost of \$58,160. Coupled with present value benefits, the Program is expected to realize a net benefit of \$176,520.

EKPC has begun developing new marketing materials, at a budget of \$5,000 to \$8,000, highlighting the benefits of energy-efficient manufactured homes to educate potential participants. EKPC has not yet developed new educational seminars to be presented to consumers.

EKPC has developed a relationship with the Building America Retrofit Consortium ("BARC"). BARC members include the Manufactured Housing Alliance, Systems Built Research Alliance, and Frontier Housing. As part of this relationship, EKPC has submitted a letter of support of BARC's response to a solicitation from the U.S. Department of Energy entitled "Recovery Act – Building America Energy Efficient Housing Partnerships." EKPC plans to work with BARC, Frontier Housing, and the Kentucky Housing Corporation to enhance the performance of manufactured homes in Kentucky. Working with such organizations, EKPC hopes to enhance its opportunities

⁴ See *Ibid.*

⁵ See Case No. 2003-00051, The 2003 Integrated Resource Plan of East Kentucky Power Cooperative, Inc. (Ky. PSC Sept. 23, 2004).

⁶ See Case No. 2006-00471, The 2006 Integrated Resource Plan of East Kentucky Power Cooperative, Inc. (Ky. PSC Feb. 11, 2008).

to provide retrofit services to the many manufactured home owners in the service areas of its member systems.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the Program is reasonable and consistent with KRS 278.285 and should be extended as proposed through 2011. Future requests to extend the Program should include updated cost/benefit analyses and a thorough discussion of future expectations.

The Member Systems are not parties to this proceeding; therefore, the Commission decision herein does not address their rebate programs. We place all participating Member Systems on notice that the terms and conditions of their rebate programs must be set forth in their approved tariffs on file with Commission.

IT IS THEREFORE ORDERED that:

1. EKPC's request to revise its DSM-1 tariff and extend its Touchstone Energy Manufactured Home Program and its rebate provisions through the end of 2011 is granted.

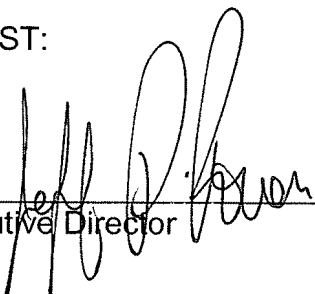
2. Within 20 days of the date of this Order, EKPC shall file with the Commission revised tariff sheets reflecting the approved revisions to its Touchstone Energy Manufactured Home Program DSM-1 tariff. The tariff shall show the date of issue and that it was issued by authority of this Order.

3. The Commission's Executive Director shall serve a copy of this Order on EKPC's Member Systems.

By the Commission

ENTERED
NOV - 6 2009
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

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