

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF EAST KENTUCKY)	
POWER COOPERATIVE, INC., BLUE GRASS)	
ENERGY COOPERATIVE CORPORATION,)	
LICKING VALLEY RURAL ELECTRIC)	
COOPERATIVE CORPORATION, NOLIN RURAL)	
ELECTRIC COOPERATIVE CORPORATION, AND)	CASE No.
OWEN ELECTRIC COOPERATIVE, INC. TO)	2013-00130
CANCEL AND WITHDRAW THE EAST KENTUCKY)	
WHOLESALE REAL-TIME PRICING PILOT)	
PROGRAM, SCHEDULE RTP-DA, AND THE)	
PARTICIPATING MEMBER COOPERATIVES')	
REAL-TIME PRICING PILOT PROGRAM,)	
SCHEDULE RTP-DA)	

ORDER

On March 29, 2013, East Kentucky Power Cooperative, Inc. ("EKPC"), Blue Grass Energy Cooperative Corporation ("Blue Grass"), Licking Valley Rural Electric Cooperative Corporation ("Licking Valley"), Nolin Rural Electric Cooperative Corporation ("Nolin"), and Owen Electric Cooperative, Inc. ("Owen") (collectively "Joint Applicants") applied for approval to cancel and withdraw EKPC's wholesale Real-Time Pricing ("RTP") Day Ahead pilot program tariff and the corresponding retail RTP pilot program tariffs of Blue Grass, Licking Valley, Nolin, and Owen. Joint Applicants included with their application the third annual report and the detailed evaluation of the RTP pilot program, both of which were required by Commission Order in Case No. 2007-00165.¹

Joint

¹ Case No. 2007-00165, Application of East Kentucky Power Cooperative, Inc. for an Order Approving a Pilot Real-Time Pricing Program for Large Commercial and Industrial Customers (Ky. PSC Feb. 1, 2008).

Applicants responded to one set of Commission Staff requests for information. There are no intervenors in this proceeding and the matter is now submitted to the Commission for a decision.

Joint Applicants have had Commission approved three-year pilot RTP programs and tariffs available for large commercial and industrial customers since January 2010. The tariffs' effective dates established the pilot programs as running from January 1, 2010 through December 31, 2012. EKPC stated that although its November 2009 RTP Status Report indicated that eight of its 16 member cooperatives planned to participate in the pilot program, four of the eight cooperatives (Fleming-Mason Energy Cooperative, Grayson Rural Electric Cooperative Corporation, South Kentucky Rural Electric Cooperative Corporation, and Taylor County Rural Electric Cooperative Corporation) never filed RTP tariffs and did not participate.² In response to a Staff Request for Information, Joint Applicants stated that EKPC had estimated that 70 customers were initially identified as being eligible for the pilot RTP program based on an evaluation of all 16 member cooperatives.³ The fact that only four cooperatives³ elected to offer RTP programs reduced the number of customers who could actually participate. For the period April 2012 through March 2013, Joint Applicants determined that 10 customers met the RTP eligibility requirements.⁴ To be eligible for the program, customers must be existing Commercial and Industrial Customers who have taken service from the

² East Kentucky Power Cooperative, Inc., 2010 Annual Report, Response No. 1, footnote 1, filed Mar. 31, 2011, in response to ordering paragraph 2 of the Commission's Feb. 1, 2008 Order in Case No. 2007-00165.

³ Joint Applicants' Apr. 29, 2013 Response to Item 1 of Commission Staff's Apr. 17, 2013 Request for Information, p. 1.

⁴ *Id.*, at p. 2.

member cooperative for at least one year; are not taking service under an interruptible service rider; be able to benefit from hourly price signals; be able to maintain a peak 15-minute demand of not less than 1,000 kW each month; currently have the MV-90 metering system in place or be willing to have it installed and maintained; and possess a personal computer with appropriate Internet service.⁵

Joint Applicants reported that, during the first year of the pilot program, discussions were held with 14 potential participants. In the second and third years, discussions were held with one potential participant each year.⁶ The potential participants at Blue Grass did not believe the program would fit their businesses, and informal discussions at Licking Valley did not result in any customer interest.

Nolin's potential participant was concerned that a change in work shifts could hurt employee morale. Potential participants at Owen thought the mechanism was too cumbersome and created too much uncertainty, did not believe their operations were conducive to significant shifting of energy use, or were adverse to the risk of participating.⁷ The Joint Applicants emphasized risk aversion in their application to cancel and withdraw the RTP program and tariffs. They believe that potential participants recognized the inherent risk they would assume in managing a portion of their energy load, and that they were concerned they would experience higher than

⁵ Case No. 2007-00165, Prepared Testimony of William A. Bosta on Behalf of East Kentucky Power Cooperative, Inc. and Its Member Distribution Systems, Exhibit WAB-1, page 1, Proposed P.S.C. No. 30, Original Sheet No. 35, filed Apr. 20, 2007.

⁶ Joint Applicant Apr. 29, 2013 Response to Item 1 Commission Staff's Apr. 17, 2013 Request for Information, p. 2.

⁷ *Id.*, at pp. 2-3.

normal bills if they did not commit personnel and resources to manage their load on a daily basis.⁸

All RTP Annual Reports filed by EKPC 2010 through 2012 indicated that there were no program participants, despite the potential participants mentioned above who expressed interest in the concept. Based on this, and with the three-year pilots having expired December 31, 2012, Joint Applicants believe that the RTP pilots should not be made permanent.⁹ Joint Applicants state in the instant application that they are not abandoning the RTP concept, and that they will be willing to consider RTP components in future special contracts if large commercial or industrial customers are interested in such options.¹⁰

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed request to cancel and withdraw the Joint Applicants' RTP pilot program and the wholesale and retail RTP tariffs as set forth in their application is reasonable and should be approved. The Commission also finds that Joint Applicants should pursue an RTP component in special contracts with large commercial and industrial customers if such customers are interested in the option. The Commission encourages Joint Applicants to pursue education efforts with customers who could benefit from load shifting and RTP pricing. The Commission takes note of

⁸ Application, paragraph 9, fourth [unnumbered] page, filed Mar. 29, 2013.

⁹ *Id.*, at paragraph 10, fifth [unnumbered] page.

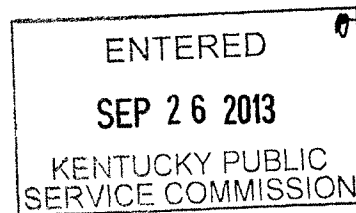
¹⁰ *Id.*, at paragraph 12, fifth and sixth [unnumbered] pages.

the fact that dynamic pricing is currently under review in the context of Case No. 2012-00428,¹¹ and that the issue is likely to be revisited.

IT IS THEREFORE ORDERED that:

1. The Joint Applicants' request to cancel and withdraw the RTP pilot program and the wholesale and retail RTP program tariffs is hereby approved.
2. Joint Applicants shall pursue an RTP component in special contracts with large commercial and industrial customers if such customers are interested in an RTP option.
3. Within 20 days of the date of this Order, Joint Applicants shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets reflecting the withdrawal and cancellation of the RTP program tariffs.

By the Commission



ATTEST:


Executive Director

¹¹ Case No. 2012-00428, Consideration of the Implementation of Smart Grid and Smart Meter Technologies, initiated by Order entered Oct. 1, 2012.

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