

Mark David Goss
Member
859.244.3232
mgoss@fbtlaw.com

August 2, 2011

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

RECEIVED

AUG 02 2011

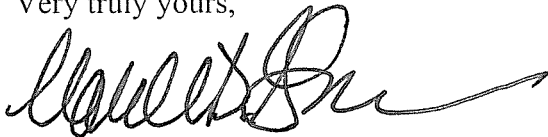
PUBLIC SERVICE
COMMISSION

Re: PSC Case No. 2011-00148

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case, an original and ten copies of East Kentucky Power Cooperative, Inc.'s Motion to Withdraw Dual Fuel Program Tariff (Section DSM-4).

Very truly yours,



Mark David Goss
Counsel

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE FILING OF NEW DEMAND SIDE)	
MANAGEMENT TARIFFS BY EAST KENTUCKY)	CASE NO.
POWER COOPERATIVE, INC. AND 11 OF ITS)	2011-00148
MEMBER DISTRIBUTION COOPERATIVES)	

**EAST KENTUCKY POWER COOPERATIVE, INC.’S MOTION TO WITHDRAW
DUAL FUEL PROGRAM TARIFF (SECTION DSM-4)**

Comes now, East Kentucky Power Cooperative, Inc. (“EKPC”), by and through counsel, and respectfully moves the Kentucky Public Service Commission (“Commission”) to issue an Order approving the withdrawal of the Dual Fuel Program tariff as originally included in EKPC’s filing in this proceeding dated March 31, 2011. In support of this motion, EKPC states as follows:

1. On March 31, 2011, EKPC filed tariffs relating to three new Demand Side Management (“DSM”) programs¹ for which EKPC requested Commission approval. Tariff Section DSM-4, the Dual Fuel Program, is a DSM program that encourages residential customers to replace an existing resistance heat furnace, ceiling cable heat, or baseboard heat with a combination electric heat pump/gas heat furnace. The gas furnace may be fueled with either propane or natural gas.

2. Since the original filing of these three programs, EKPC has continued to thoroughly review, analyze and evaluate the Dual Fuel Program to assess whether it is a program

¹ The three new DSM Tariffs consist of one residential and two commercial/industrial focused programs: Section DSM-4, Dual Fuel Program; Section DSM-5, Commercial and Industrial Advanced Lighting Program; and, Section DSM-6, Industrial Compressed Air Program.

that will be utilized by a reasonable number of Member System customers, whether the benefits of establishing and maintaining the program outweigh the associated costs, and, generally, whether, after consideration of the factors contained in KRS 278.285(1), its approval and implementation would be both reasonable and effective. Having now completed this analysis, and for the reasons stated below, EKPC has determined that the Dual Fuel Program, as presented in this filing, should be withdrawn.

3. EKPC's review, analysis and evaluation of the proposed Dual Fuel Program has revealed that it will not meet basic benefit-cost requirements of the program. When EKPC performed the original benefit-cost analysis, it assumed that the typical Dual Fuel Program participant would already have the alternative fuel (propane or natural gas) storage and delivery system installed at the home. Therefore, the cost of the propane tank or the natural gas delivery system installation was not included in the participant costs. EKPC has now learned that the potential participants of the program falling into this category are less than one-half of one percent of all residential customers on the EKPC system. Therefore, if the pool of possible residential participants is expanded to include customers that do not have existing propane or natural gas storage and delivery systems, then the additional costs of modifying the home to accommodate the fuel causes the benefit-cost test to fall below 1.0. Because of these items identified, EKPC believes going forward with the program as proposed would not provide the benefits initially expected to EKPC, its member distribution cooperatives, or the ultimate residential customers being furnished with power on the EKPC system.

4. EKPC is in the process of preparing its 2012 Integrated Resource Plan ("IRP") and will evaluate all existing and new DSM programs as part of the IRP process. EKPC will address the Commission Staff's DSM recommendations from its 2009 IRP by aggressively

pursuing new DSM opportunities and implement new DSM programs that are reasonable and cost-effective.

WHEREFORE, EKPC respectfully requests that the Commission issue an Order approving the withdrawal of the Dual Fuel Program tariff (DSM-4) as originally included in EKPC's filing in this proceeding dated March 31, 2011.

This 2nd day of August, 2011.

A handwritten signature in black ink, appearing to read 'Mark David Goss', written over a horizontal line.

Mark David Goss
Counsel for East Kentucky Power Cooperative, Inc.
Frost Brown Todd, LLC
250 W. Main Street, Suite 2800
Lexington, KY 40507-1749

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Motion to Withdraw Dual Fuel Program Tariff (Section DSM-4) was sent to the following parties of record by U.S. Mail, postage prepaid, on this 2nd day of August 2011.

Allen Anderson
President & CEO
South Kentucky R.E.C.C.
925-929 N. Main Street
P. O. Box 910
Somerset, KY 42502-0910

Daniel W Brewer
Vice President & CEO
Blue Grass Energy Coop. Corp.
1201 Lexington Road
P. O. Box 990
Nicholasville, KY 40340-0990

Anthony S Campbell
President & CEO
East Kentucky Power
Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

Paul G Embs
President & CEO
Clark Energy Cooperative, Inc.
2640 Ironworks Road
P. O. Box 748
Winchester, KY 40392-0748

David Estep
President & General Manager
Big Sandy R.E.C.C.
504 11th Street
Paintsville, KY 41240-1422

Carol Ann Fraley
President & CEO
Grayson R.E.C.C.
109 Bagby Park
Grayson, KY 41143

Ted Hampton, Manager
Cumberland Valley Electric,
Inc.
Highway 25E
P. O. Box 440
Gray, KY 40734

Larry Hicks, General Manager
Salt River Electric Coop. Corp.
111 West Brashear Avenue
P. O. Box 609
Bardstown, KY 40004

Kerry K Howard, CEO
Licking Valley R.E.C.C.
P. O. Box 605
271 Main Street
West Liberty, KY 41472

James L Jacobus
President & CEO
Inter-County Energy
Cooperative Corporation
1009 Hustonville Road
P. O. Box 87
Danville, KY 40423-0087

Debbie Martin
President & CEO
Shelby Energy Cooperative, Inc.
620 Old Finchville Road
Shelbyville, KY 40065

Michael L Miller
President & CEO
Nolin R.E.C.C.
411 Ring Road
Elizabethtown, KY 42701-6767

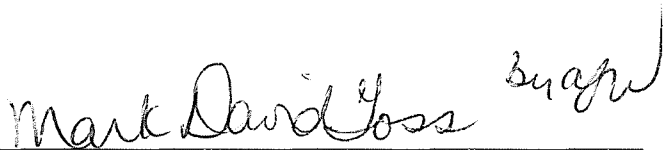
Barry L Myers
Manager
Taylor County R.E.C.C.
625 West Main Street
P. O. Box 100
Campbellsville, KY 42719

Christopher S Perry
President & CEO
Fleming-Mason Energy
Cooperative, Inc.
P. O. Box 328
Flemingsburg, KY 41041

Bill Prather, President & CEO
Farmers R.E.C.C.
504 South Broadway
P. O. Box 1298
Glasgow, KY 42141-1298

Donald R Schaefer
President & CEO
Jackson Energy Cooperative
Corporation
115 Jackson Energy Lane
McKee, KY 40447

Mark Stallons, President & CEO
Owen Electric Cooperative, Inc.
8205 Highway 127 North
P. O. Box 400
Owenton, KY 40359



Counsel for East Kentucky Power Cooperative, Inc.