


# Shelby Energy Cooperative

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PUBLIC SERVICE  
COMMISSION

August 2, 2011

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

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 this letter acknowledging Shelby Energy Cooperative's support of East Kentucky Power Cooperative, Inc.'s Motion to Withdraw Dual Fuel Tariff (Section DSM-4), dated August 2, 2011 for all of the reasons contained in that Motion.

Sincerely,



Debra J. Martin  
President and CEO

Enclosures



**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

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,

A handwritten signature in black ink, appearing to read 'Mark David Goss', with a long horizontal flourish extending to the right.

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") programs<sup>1</sup> 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

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<sup>1</sup> 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.

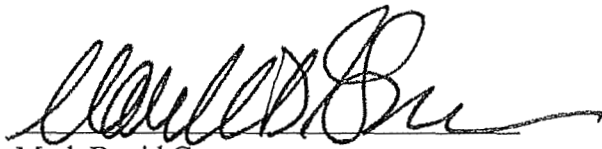
3. EKPC's review, analysis and evaluation of the proposed Dual Fuel Program has revealed that it will not meet basic benefit-cost requirements of the program. When EKPC performed the original benefit-cost analysis, it assumed that the typical Dual Fuel Program participant would already have the alternative 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", with a long horizontal flourish extending to the right.

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 2<sup>nd</sup> day of August 2011.

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