

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF JACKSON PURCHASE)
ENERGY CORPORATION TO IMPLEMENT) CASE NO. 2012-00356
DEMAND-SIDE MANAGEMENT PROGRAMS)

ORDER

On June 30, 2012, Jackson Purchase Energy Corporation (“Jackson Purchase”) submitted tariffs to adopt and implement certain demand-side management (“DSM”) programs. Jackson Purchase's proposed DSM programs are identical to the DSM programs currently being offered by its wholesale supplier, Big Rivers Electric Corporation (“Big Rivers”).¹ Although Big Rivers’ DSM portfolio consists of 10 programs, Jackson Purchase is proposing to implement seven of those DSM programs. An informal conference was conducted on October 3, 2012 to discuss the reasons why Jackson Purchase is requesting to adopt some, but not all, of the DSM programs being offered by Big Rivers. The matter now stands submitted for a decision based on the evidentiary record.

BACKGROUND

Jackson Purchase is proposing to adopt and implement the following seven DSM programs:

1. DSM 01 - High Efficiency Lighting Replacement Program;

¹ Case No. 2012-00142, Tariff Filing of Big Rivers Electric Corporation to Implement Demand-Side Management Programs (Ky. PSC Aug. 22, 2012).

2. DSM 02 - Energy Star Clothes Washer Replacement Incentive Program;
3. DSM 03 - Energy Star Refrigerator Replacement Incentive Program;
4. DSM 04 - Residential High Efficiency Heating, Ventilation and Air Conditioning (“HVAC”) Program;
5. DSM 05 - Touchstone Energy New Home Program;
6. DSM 06 - Residential and Commercial HVAC & Refrigeration Tune-Up Program; and
7. DSM 07 - Commercial/Industrial High Efficiency Lighting Replacement Incentive Program.

INFORMAL CONFERENCE

On October 3, 2012, a telephonic informal conference (“IC”) was held with representatives of Jackson Purchase. The purpose of the IC was to inquire why Jackson Purchase did not adopt the following three Big Rivers’ DSM programs: (1) Residential Weatherization Program; (2) Commercial/Industrial General Energy Efficiency Program; and (3) Residential Weatherization Program—Primary Heating Source Non-Electric.

Regarding both of the Residential Weatherization Programs, Jackson Purchase indicated that its board of directors is taking a wait-and-see approach due to very low participation levels during the pilot phase. In the pilot, the Indianapolis based-weatherization contractor requested that Jackson Purchase aggregate a large number of customer requests so that it would be cost effective for the company to travel to the work site. This lag-time between a customer’s request for assistance and getting relief frustrated the customer and Jackson Purchase. Although Jackson Purchase has

identified several more local contractors who are certified in weatherization, Jackson Purchase indicated that it will monitor the progress of the weatherization program efforts of Meade County Rural Electric Cooperative Corporation and Kenergy Corp. and continue to increase participation in its own service territory before deciding whether to implement the weatherization programs.

Concerning the Commercial/Industrial General Energy Efficiency Program, Jackson Purchase stated that it is now considering implementing this particular program given that Big Rivers is currently willing to perform the energy audit. Jackson Purchase indicated that it did not have the internal labor expertise to conduct such an energy audit itself.

DISCUSSION

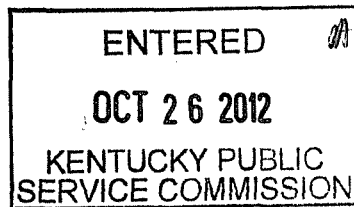
Having reviewed the record and being otherwise sufficiently advised, the Commission finds that Jackson Purchase's DSM tariffs are identical to the Big Rivers' DSM tariffs and should therefore be approved. The Commission further finds that conservation, energy efficiency ("EE"), and DSM are becoming increasingly important as more economic constraints are placed upon generating utilities whose main source of energy is coal-based generation. In fact, Big Rivers, as a result of a settlement agreement, received Commission authorization to recover approximately \$58.5 million of capital cost to comply with new Environmental Protection Agency

("EPA") air regulations in Case No. 2012-00063.² Likewise with the release of its Roadmap³ recently, EPA recognizes the value of EE and DSM as tools for partial compliance with new and more stringent air regulations. The Commission commends Jackson Purchase for beginning to deploy these programs and encourages this effort, but it must make a greater effort to offer cost-effective DSM and other EE programs.

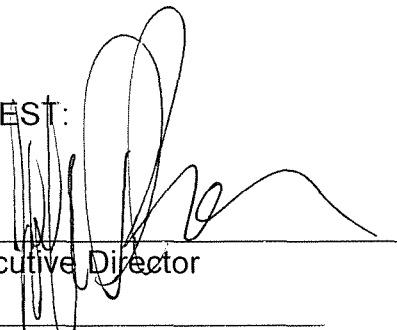
IT IS THEREFORE ORDERED that:

1. Jackson Purchase's request to implement the proposed DSM programs is approved.
2. Within 20 days of the date of this Order, Jackson Purchase shall file its revised DSM tariffs with the Commission showing the date of issue and that they were issued by authority of this Order.

By the Commission



ATTEST:



Executive Director

² Case No. 2012-00063, Application of Big Rivers Electric Corporation for Approval of Its 2012 Environmental Compliance Plan, for Approval of Its Amended Environmental Cost Recovery Surcharge Tariff, for Certificates of Public Convenience and Necessity, and for Authority to Establish a Regulatory Account (Ky. PSC Oct. 1, 2012).

³ EPA's Roadmap for Incorporating Energy Efficiency/Renewable Energy Policies and Program into State and Tribal Implementation Plan, date July 2012.

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