

October 3, 2014

Mr. Jeff Derouen  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602

Re: East Kentucky Power Cooperative, Inc. Section DSM-8 - Appliance Recycling Program  
(New)

Dear Mr. Derouen:

Please find enclosed for filing with the Commission, via the electronic tariff filing system, the above- referenced tariff.

East Kentucky Power Cooperative, Inc. ("EKPC") is expanding its Demand-Side Management ("DSM") program offerings by introducing the Appliance Recycling Program, a common DSM program for utilities across Kentucky and the United States, where energy-inefficient refrigerator and freezers are picked up and recycled. The EKPC DSM Steering Committee ("Steering Committee"), a committee of EKPC and owner-member cooperative ("owner-member") staff, determined that appliance pickup and recycling is a worthwhile DSM program. Subsequently, the Steering Committee requested and received approval from EKPC executive staff and owner-member CEOs to develop and fund said program pending Commission approval.

Please find attached the California Tests results and the program assumption sheet. The Total Resource Cost (TRC) is over 2.0 while the Rate Impact Measures (RIM) for EKPC is below 1.0. The EKPC RIM is lower than usual because of program design - the Steering Committee felt that consistency with the Louisville Gas and Electric Company and Kentucky Utilities Company (LG&E-KU) program would provide simplicity to the customers across Kentucky and help lower public confusion about program incentive levels. The Steering Committee recommended that we offer the \$50 incentive level per recycled appliance to match the incentive offered by LG&E-KU. While the rebate level designed to drive participation in the appliance recycling program is generous, it results in a lower RIM for EKPC.

The tariff details the end-use cooperative member ("end-use member") incentive level per qualifying appliance type as well as the \$90 transfer payment to the owner-member to offset lost revenues. Also attached for your reference are the detailed program guidelines, which will be available on each participating owner-member's website.

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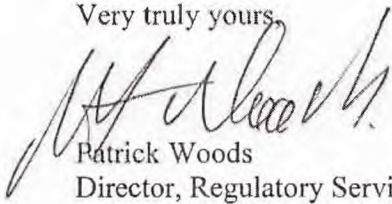
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EKPC issued a Request for Proposals (“RFP”) to companies considered qualified to oversee and implement this program. All proposals have been evaluated and EKPC is ready to contract with the successful company. That company’s associated program costs are accurately reflected in the TRC and RIM calculations previously mentioned. Because this program is basically a duplication of the LG&E-KU appliance recycling program, the successful company will provide EKPC and the 16 owner-member cooperatives with the same appliance recycling services being provided to LG&E-KU.

Pursuant to KRS 278.180 EKPC must give at least 30-days’ notice to the Commission. Therefore, the proposed effective date of this program will be November 3, 2014. Pursuant to 807 KAR 5:011, EKPC has posted the requisite notice at its office located at 4775 Lexington Road, Winchester, Kentucky and will post the requisite notice on its website, no later than five (5) business days from today’s date, which will include a hyperlink to the Commission’s website where the tariff can be found. EKPC has also given written notice to its 16 owner-members by mailing a copy of the notice and proposed tariff to each of them, on this date.

Please contact me if you have any questions.

Very truly yours,



Patrick Woods  
Director, Regulatory Services

Enclosures

**Section DSM - 8**  
**Appliance Recycling Program**

(N)

**Purpose**

The Appliance Recycling Program offers an incentive for the removal and recycling of old energy-inefficient refrigerators and freezers resulting in lower energy consumption at the participating residences.

**Availability**

This program is available in all territories served by owner-members of East Kentucky Power Cooperative ("EKPC").

**Eligibility**

This program is targeted to existing single-family, multi-family, and manufactured homes that currently have old energy-inefficient refrigerators or freezers. The residential end-use cooperative member ("end-use member") may be eligible for this incentive by offering an existing refrigerator or freezer, subject to detailed eligibility requirements, to be picked-up and recycled. Eligibility requirements are:

- Must be a residential end-use member of an EKPC owner-member cooperative
- End-use member must own the appliance(s) being turned in for recycling.
- End-use member must be eligible for the incentive – maximum 2 qualifying units per metered account per calendar year.
- Appliance must be between 7.75 and 30 cubic feet.
- Appliance must be plugged in, operational, working and cooling when collection team arrives.
- Appliance must be empty and have a clear path for removal.
- Appliance must be picked up from the service address on the end-use member's billing account.

Eligibility requirements are available from the participating EKPC owner-member and on the owner-member's website.

**Landlord/Tenant Relationships**

Notwithstanding the forgoing, a landlord who owns a qualifying appliance that is used by a tenant who is an end-use member of an EKPC owner-member shall also be eligible to participate in the ARP program regardless of whether said landlord is also an end-use member of an EKPC owner-member. A landlord may be eligible for a maximum of 2 incentives per metered tenant end-user's account per calendar year.

**Payments**

EKPC will pay the owner-member the sum of \$140 for each qualifying appliance, to be split as follows: \$50.00 as reimbursement of the incentive (rebate) per qualifying appliance and \$90.00 as a transfer payment to the owner-member to cover lost revenue.

**Term**

The program is an ongoing program.

DATE OF ISSUE October 3, 2014  
Month / Date / Year

DATE EFFECTIVE Service Rendered on or after November 3, 2014  
Month / Date / Year

ISSUED BY *Anthony S. Campbell*  
(Signature of Officer)

TITLE President and Chief Executive Officer



For Tariff Filing 2014

Refrigerator/Freezer Recycling  
 Aug-14 **KU rebate; includes advertising costs; incorporates contractor pricing**

This program provides collection and disposal of old, inefficient freezers. Members are paid a bounty for each freezer turned in and taken off of the grid. The freezer will be turned over to a licensed recycler.

<u>Assumption</u>	<u>Source</u>
<p><b>Load Impacts</b>                      Before Participant                      696 kWh, 0.07 kW (coincident with winter peak), 0.10 kW (summer)</p> <p>After Participant                      0 kWh, 0.00 kW (coincident with winter system peak), 0.00 kW (summer)</p>	<p>Weighted average usage for a pre-2000 appliance (refrigerator or freezer), where weights are expected levels of participation for refrigerators (783 kWh) and freezers (525 kWh)</p> <p>The appliance is removed from the grid.</p>
<p><b>Lifetime of savings</b></p> <p><b>Generation Capacity Cost - EE = combined cycle, 100% summer \$119.00 in 2013</b>  <b>Avoided Electricity Energy Costs - PJM Market</b></p>	<p>7 Years based on Xcel and Vermont reports</p> <p>Combined Cycle Baseload unit. 100% allocation to summer based on ACES July 1 2014 energy forward curve for AEP_Dayton. DSMore <b>Scenario 1, 0.717 esc in 2015</b></p>
<p><b>Participant Costs \$ 0</b></p>	<p>No out of pocket expense is incurred by the participant</p>
<p><b>Administrative Cost</b>                      EK \$8,250 one time set up fee; \$40,000 per year admin (2015-2017); 4 only) plus \$81 per participant</p> <p>Co-op \$0 per new participant</p>	<p>\$16,000 annual fixed cost is for advertising and EM&amp;V. \$24,000 annual fixed cost is admin fee to contractor. Per appliance cost is fee paid to contractor for promotion, enrollment, pickup, recycling and program admin costs.</p> <p>EKPC pays all costs for this program directly</p>
<p><b>Rate Schedule - Retail</b>                      Average Residential Rate for Co-ops                      Cust chrg \$9.62, Energy Rate \$.08966</p> <p><b>Rate Schedule - Wholesale</b>                      East Kentucky E-2 rate.</p>	<p>Current rates in effect as of June, 2011.</p> <p>Current rates in effect as of June, 2011.</p>
<p><b>Participation - 2,340 new per year, 3 years (2015-2017). 36% free riders.</b></p>	<p>Harvest rate of 3.5% per year based on results from PG&amp;E and Pacifcorp. Free rider estimate based on ADM study for CA and Fort Collins study</p>
<p><b>Rebates</b>                      Co-op to Participant \$ 50                      EK to Co-op \$ 140</p>	<p>Bounty fee. Based on KU program                      100% of Rebate plus 5 years net lost revenues</p>

Refrigerator/Freezer Recycling -for 2014 Tariff filing; actual pricing from contractor; PJM avoided energy costs and avoided CC capacity costs

Distribution System Benefits		Distribution System Costs	
Power Bill Declines	\$ 1,145,918	Revenue Declines	(\$1,739,619)
Rebates From EK	\$941,858	Administrative Costs	\$0
		Rebates Paid To Consumers	(\$336,378)
<b>Total Benefits</b>	<b>\$2,087,777</b>	<b>Total Costs</b>	<b>(\$2,075,997)</b>
Benefit / Cost Ratio: 1.01			

Participant Benefits		Participant Costs	
Electric Bill Declines	\$1,403,965	Up Front Investment	\$0
Rebates From Distribution System	\$ 317,941		
Reductions in O&M costs	\$0		
<b>Total Benefits</b>	<b>\$1,721,905</b>	<b>Total Costs</b>	<b>\$0</b>
Benefit / Cost Ratio: #DIV/0!			

Total Resource Benefits		Total Resource Costs	
Avoided Energy Costs	\$940,840	Up Front Customer Investment	\$0
Avoided Gen Capacity Costs	\$347,258	Distribution System Admin. Costs	\$0
Avoided Transmission Expense	\$52,758	EK Administrative Costs	(\$668,183)
Reduced Customer O&M costs	\$0		
<b>Total Benefits</b>	<b>\$1,340,857</b>	<b>Total Costs</b>	<b>(\$668,183)</b>
Benefit / Cost Ratio: 2.01			

EK Benefits		EK Costs	
Avoided Energy Costs	\$940,840	Decrease In Revenue	(\$1,145,918)
Avoided Gen Capacity Costs	\$347,258	Rebates Paid	(\$941,858)
Avoided Transmission Expense	\$52,758	Administrative Costs	(\$668,183)
<b>Total Benefits</b>	<b>\$1,340,857</b>	<b>Total Costs</b>	<b>(\$2,755,960)</b>
Benefit / Cost Ratio: 0.49			

Societal Benefits		Societal Costs	
Avoided Energy Costs	\$993,673	Up Front Customer Investment	\$0
Avoided Gen Capacity Costs	\$366,697	Distribution System Admin. Costs	\$0
Avoided Transmission Expense	\$55,716	EK Administrative Costs	(\$677,383)
Environmental Externalities	\$0		
<b>Total Benefits</b>	<b>\$1,416,086</b>	<b>Total Costs</b>	<b>(\$677,383)</b>
Benefit / Cost Ratio: 2.09			

Combined RIM:			
Benefits:	\$1,340,857	Costs:	(\$2,744,180)
Benefit / Cost Ratio: 0.49			

## **Guidelines for Appliance Recycling Program**

### **PROGRAM DESCRIPTION:**

East Kentucky Power Cooperative's ("EKPC") Appliance Recycling Program ("ARP") is designed to promote the retirement and recycling of inefficient appliances from residential homes by offering a turn-in incentive for working equipment. Qualifying residential end-use cooperative members ("end-use members") are eligible to have their old, inefficient refrigerator or freezer removed at no cost and will be rewarded with a \$50 incentive per qualifying appliance from their Owner-member cooperative ("owner-member"), which will be reimbursed by EKPC. In addition, the owner-member will receive \$90 per qualifying appliance recycled to cover lost revenues. Refrigerators and freezers removed from homes in this program will be properly recycled in an environmentally responsible manner.

### **AVAILABILITY:**

This program is available in all service territories of the owner-members of EKPC.

### **ELIGIBILITY:**

The ARP is available to residential end-use members of the 16 owner-members served by EKPC and must meet the following guidelines:

- Must be a residential end-use member of an EKPC owner-member cooperative.
- End-use member must own the appliance(s) being turned in for recycling.
- Qualifying refrigerators and freezers must be full-size (Must be between 7.75 and 30 cubic feet capacity).
- Qualifying refrigerators and freezers must be plugged in, operational, working and cooling when collection team arrives.
- Appliance must be empty and have a clear path for removal.
- Appliance must be picked up from the service address on the end-use member's billing account.
- At the request of the end-use member, the pick-up driver may recycle non-qualifying units while recycling a qualifying unit. The driver may choose to recycle any additional non-qualifying units at no cost to the end-use member; however, there will be no end-use member rebate for the pick-up of any non-qualifying unit. No pick-up will be scheduled solely for non-qualifying units. Non-qualifying units are appliances having refrigerants that are either non-working refrigerators or freezers or non-qualifying appliances (i.e. window air conditioners, etc).
- End-use members may recycle up to 2 qualifying units per metered account per calendar year.

### **LANDLORD/TENANT RELATIONSHIPS:**

Notwithstanding the forgoing, a landlord who owns a qualifying appliance that is used by a tenant who is an end-use member of an EKPC owner-member shall also be eligible to participate in the ARP program regardless of whether said landlord is also an end-use member of an EKPC owner-member. A landlord may be eligible for a maximum of 2 incentives per metered tenant end-user's account per calendar year.

### **PARTICIPATION PROCESS:**

End-use members seeking to have a qualifying appliance picked up and recycled may enroll in the program through the following process.

1. End-use member calls a toll-free number or schedules online via a portal on the owner-member's website. The portal will be developed and managed by the contractor.
2. End-use member provides their account information to contractor's Customer Service Representative ("CSR") or via website. Contractor will verify eligibility.
3. If and when eligibility is confirmed by the contractor, the contractor schedules a pick up date/time and assigns a work order # to that job:
  - Contractor will provide a convenient selection of appointment times for appliance pick-up: Tuesday thru Saturday from 8:00 a.m. to 6:00 p.m. (Early morning and evening hours can be arranged when lighting permits, particularly between the summer and fall equinox).
  - Day prior to pick-up, contractor CSR calls the end-use member to remind them of the scheduled pick-up and that the unit must be working and cool.
  - Day of pick-up, driver calls end-use member approximately 30 minutes prior to arrival.
  - Person at end-use member address must be 18 or older.
  - Contractor ensures appliance is eligible – working and cool, 7.75- 30 CF.
  - End-use member signs pickup acknowledgment and driver permanently disables appliance.
  - Order is closed and appliance is taken and checked into local recycling center for processing.
  - Within four (4) weeks, contractor issues the rebate check printed with the appropriate owner-member's logo.
  - Monthly, EKPC receives invoices, incentive summaries and supporting documentation via a file provided by the contractor to be loaded in to EKPC's DSM tracking system – Energy Efficiency Collaborative Platform (EECP).

#### **PAYMENTS:**

EKPC will pay the owner-member the sum of \$140 for each qualifying appliance, to be split as follows: \$50.00 as reimbursement of the incentive (rebate) per qualifying appliance and \$90.00 as a transfer payment to the owner-member to cover lost revenue.

#### **ADDITIONAL INFORMATION:**

- Marketing campaigns will be developed by EKPC and administered by the owner-members.
- Advertising material will be developed by EKPC and coordinated by EKPC with each owner-member.

If an end-use member walks into an owner-member office to sign up for the program, the owner-member's CSR can direct them to the owner-member's portal to place an application or provide the end-use member with the program's 1-800 number. Owner-member personnel should have minimal work regarding this program. All work should be handled by the contractor. Reports will be available to the owner-member at the end of each month to let them know how many rebates were processed and which accounts received rebates.

#### **TERM:**

The ARP program is an ongoing program.