

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF BIG RIVERS ELECTRIC)
CORPORATION TO REVISE CERTAIN DEMAND-) CASE NO.
SIDE MANAGEMENT PROGRAMS) 2017-00278

ORDER

On June 30, 2017, Big Rivers Electric Corporation (“Big Rivers”) filed revised tariff sheets terminating two demand-side management (“DSM”) programs and revising one DSM program. The revised tariffs have a proposed effective date of July 31, 2017.¹ Big Rivers proposes to terminate the following existing DSM programs: (1) DSM-05, Residential Weatherization Program; and (2) DSM-10, Residential Weatherization Program – Primary Heating Source Non-Electric. Big Rivers proposes revisions to DSM-13, Residential Weatherization A La Carte Program. Big Rivers also proposes revisions to page one of its table of contents and to Sheet No. 2.01, which contains a listing of current DSM programs.

Commission Staff requests for information were sent to Big Rivers on July 10 and 17, 2017, via electronic mail. Big Rivers’ responses, which were received on July 13 and 19, 2017, via electronic mail, are attached as an Appendix to this Order.

Having reviewed the proposed revisions and Big Rivers’ responses to the July 10 and 17, 2017 requests for information, the Commission finds that this proceeding should be established to investigate the reasonableness of Big Rivers’ proposed tariff revisions. The Commission further finds that such investigation cannot be completed prior to the

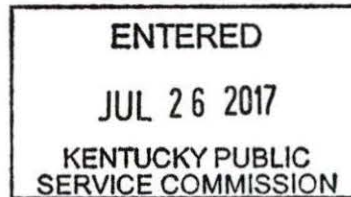
¹ TFS2017-00373

effective date of the proposed revisions. Accordingly, the proposed effective date should be suspended for up to five months, pursuant to KRS 278.190(2).

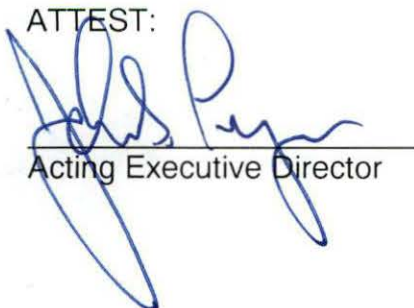
IT IS THEREFORE ORDERED that:

1. This proceeding is established to investigate the reasonableness of Big Rivers' proposed tariff revisions.
2. The proposed tariff revisions, which are proposed to be effective on July 31, 2017, are suspended for five months, up to and including December 30, 2017.

By the Commission



ATTEST:



Acting Executive Director

Case No. 2017-00278

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2017-00278 DATED **JUL 26 2017**

Big Rivers Electric Corporation

DSM Tariff Filing of June 30, 2017

Response to PSC Tariff Division E-Mail Query of Monday, July 10, 2017

Response Submitted Thursday, July 13, 2017

Question: In light of the fact that the responsibility for having the work done and applying for the proposed incentives will shift to the customer, state the impact these proposed changes will have on customer participation.

Response: Placing the responsibility for contractor selection, monitoring, and payment on the retail residential customer-member could impact participation in weatherization initiatives. However, since the impetus for the proposed changes was the decision of the contractor currently performing the work to no longer participate and since no replacement contractor has been found, Big Rivers has not conducted a study to try to predict the impact of the changes on participation levels. Big Rivers believes the participation rate of residential customer-members will primarily depend on the incentive level, which can be adjusted within the parameters of the program and the level of promotion by the Member Cooperatives. Going forward, Big Rivers and its Member Cooperatives will monitor participation levels to determine whether additional adjustments to incentive levels are warranted.

Big Rivers would note that retail customer-members are currently taking advantage of the current Residential Weatherization A La Carte Program (DSM-13). Under that program, both the insulation and the smart thermostat incentives require the retail residential customer-member to contract the work and apply for the incentives. The participation rate has been strong for both of these incentives as contractors have become more familiar with the program and its incentives. Year-to-date May participation under the A La Carte program at Kenergy totals 60 residential duct sealing, 52 home insulation incentives, and 54 smart thermostat incentives at a cost of \$83,900, including promotion and incentive cost. With the proposed increases to the duct sealing incentives, along with efforts to educate and inform customers of the changes to the weatherization programs, Big Rivers expects that participation levels in the A La Carte program will increase, although Big Rivers does not know at this time whether that increase will fully offset the loss of the DSM-5 and DSM-10 weatherization programs.

Big Rivers Electric Corporation

DSM Tariff Filing of June 30, 2017

Response to PSC Tariff Division E-Mail Query of Monday, July 17, 2017

Response Submitted Wednesday, July 19, 2017

Question: Please provide the budgeted spend for the proposed Residential Weatherization A La Carte Program and indicate how it will be divided up amongst Big Rivers' distribution cooperatives.

Response: Big Rivers provides overall DSM budgets of \$1 million to the Member Cooperatives annually and works with the Member Cooperatives to develop annual spending targets by program. Depending on participation rates in each program, the Member Cooperatives adjust spending on incentives and promotion, and may shift spending to other programs when participation in a specific program decreases.

At this time only Kenergy Corp. ("Kenergy") has submitted a tariff for the Residential Weatherization A La Carte program. Kenergy had planned to spend \$236,000 on residential weatherization in 2017, and through the end of May 2017 has spent nearly \$84,000. Kenergy management will determine how much of the remaining weatherization funding will be targeted for the proposed A La Carter program or directed toward other programs.

Jackson Purchase Energy ("JPEC") has a target spend for weatherization of \$207,000 in 2017 and to date has spent \$149,000. Meade County RECC ("Meade County") has a target weatherization spend of \$112,000 and has spent \$95,000 to date. Assuming approval of Big Rivers' proposed change, JPEC and Meade County each may reallocate its remaining residential weatherization DSM spending to other

existing DSM programs, or they may choose to participate in the A La Carte program in the future.

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