

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF KENERGY CORP. TO REVISE) CASE NO.
A DEMAND-SIDE MANAGEMENT PROGRAM) 2017-00279

ORDER

On July 5, 2017, Kenergy Corp. (“Kenergy”) filed revised tariff sheets, via the Commission’s electronic Tariff Filing System, proposing revisions to its existing demand-side management (“DSM”) Residential Weatherization A La Carte Program (“A La Carte Program”) Tariff. Kenergy stated that the proposed revisions mirror those made by Big Rivers Electric Corporation (“Big Rivers”) in Case No. 2017-00278.¹ Kenergy proposed that the revised tariff become effective on July 31, 2017.² Kenergy submitted, via electronic mail, responses to three sets of clarifying questions sent by Commission Staff. The first set of responses was submitted on July 7, 2017, the second on July 14, 2017, and the third on July 17, 2017.³

By Commission Order dated July 26, 2017, the Commission denied Kenergy’s request to reduce the 30-day notice period as required under KRS 278.180(1) and found that the earliest date Kenergy’s proposed tariff revisions could become effective was August 4, 2017. The July 26, 2017 Order further suspended the effective date of Kenergy’s proposed A La Carte Program Tariff for five months, from August 4, 2017, up

¹ Case No. 2017-00278, *Tariff Filing of Big Rivers Electric Corporation to Revise Certain Demand-Side Management Programs* (Revised tariffs submitted June 30, 2017).

² TFS2017-00376

³ The discovery responses were attached as an Appendix to the July 26, 2017 Order.

to and including January 3, 2018, and opened this proceeding to determine the reasonableness of the tariff revisions. There are no intervenors in this proceeding.

A telephonic informal conference (“IC”) was held in Case No. 2017-00278 on November 16, 2017, at the Commission’s offices at 211 Sower Boulevard, Frankfort, Kentucky. In response to the IC, Big Rivers filed a letter on December 7, 2017, indicating that Big Rivers and its Member Cooperatives, including Kenergy, would review their DSM programs over the next several months and consider which programs should continue and which programs should be discontinued. Big Rivers also indicated that it and its Member Cooperatives, including Kenergy, would make tariff filings no later than June 30, 2018, detailing any DSM program changes.

The matter now stands submitted for a decision by the Commission based on the evidentiary record.

DISCUSSION

Kenergy proposes to revise its A La Carte Program to mirror the revisions Big Rivers proposed to its DSM-13, Residential Weatherization A La Carte Program in Case No. 2017-00278.⁴ Kenergy also proposes to remove the pilot designation from its A La Carte Program.

The initial revisions to the A La Carte Program proposed by Kenergy would permit its residential customers to receive incentives for weatherization improvements using their own contractor; require the customer-selected contractor’s work and documentation to meet the standards of the Commonwealth of Kentucky’s Department of Housing, Building, and Construction; and in an effort to increase participation, double

⁴ Case No. 2017-00278, *Tariff Filing of Big Rivers Electric Corporation to Revise Certain Demand-Side Management Programs* (Revised tariffs submitted June 30, 2017).

the incentives for duct sealing from a maximum of \$500 to a maximum of \$1,000 for an electric home-heating source, and from a maximum of \$250 to a maximum of \$500 for a gas home-heating source.⁵

Kenergy indicated that since January 2016, the total amount of energy saved by the A La Carte Program was 1,247,225 kilowatt-hours (“kWh”). Of this savings, duct sealing contributed 371,826 kWh, attic insulation contributed 694,830 kWh, floor insulation contributed 19,151 kWh, and smart thermostat contributed 161,418 kWh. Kenergy states that this savings supports changing the program designation from pilot to permanent.⁶

SUMMARY

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. Kenergy’s revisions to its A La Carte Program, as revised through discovery, should be approved as proposed in its tariff filing, with two exceptions. The first exception is for the proposed increase in incentives for duct sealing. By Order entered today in Case No. 2017-00278, the Commission denied Big Rivers’ request to increase the incentive levels for duct sealing due to the absence of evidence to support the proposed increase. While Kenergy has shown energy savings from the program under existing incentive levels, it has not shown a need to increase the incentives or that the program is cost-effective. The second exception is for the request to eliminate the pilot designation. Until the A La Carte Program has been shown to be cost-

⁵ Kenergy’s July 14, 2017 Responses. As part of these responses, Kenergy amended the revised PSC NO. 2, Third Revised Sheet No. 55 to add language back to the tariff that was inadvertently removed in the initial submittal.

⁶ Kenergy’s July 17, 2017 Responses.

effective, its designation as a pilot program should continue. Except for the proposals to increase incentives for duct sealing and to remove the pilot designation, Kenergy's revised tariff language for the A La Carte Program is reasonable and should be approved.

2. In conjunction with Big Rivers, Kenergy should review its DSM programs in light of Big Rivers' excess generating capacity and consider the appropriateness of using ratepayer funds to encourage reductions in consumption, which leads to revenue shortfalls and ultimately to further rate increases due to unrecovered fixed costs. Any DSM program proposed to be continued beyond June 30, 2018, and not limited to low-income customers should be supported by an analysis that reflects Big Rivers' current avoided costs and should demonstrate cost-effectiveness for both participating and non-participating customers.

IT IS THEREFORE ORDERED that:

1. Kenergy's A La Carte Program tariff revisions to increase the duct-sealing incentive levels and eliminate the pilot designation are denied, and all other tariff revisions, as revised through discovery, are approved as of the date of this Order.

2. Within 20 days of the date of this Order, Kenergy shall file with the Commission, using the Commission's electronic Tariff Filing System, its revised A La Carte Program tariff showing the date of issue and that it was issued by authority of this Order.

3. Kenergy shall file with the Commission no later than June 30, 2018, a tariff filing detailing any DSM programs to be continued, along with detailed cost support as discussed in the findings above.

By the Commission

ENTERED
DEC 21 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


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