

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF MEADE COUNTY RURAL)	
ELECTRIC COOPERATIVE CORPORATION TO)	CASE NO.
REVISE CERTAIN DEMAND-SIDE MANAGEMENT)	2017-00394
PROGRAMS)	

ORDER

On September 5, 2017, Meade County Rural Electric Cooperative Corporation (“Meade RECC”) filed revised tariff sheets, via the Commission’s electronic Tariff Filing System, proposing to terminate one demand-side management (“DSM”) program, Schedule 35 – Residential Weatherization Program-Primary Heating Source Non-Electric (“Schedule 35 Program”), and to revise one DSM program, Schedule 30 – Residential Weatherization Program (“Schedule 30 Program”). Meade RECC stated that the proposed revisions were being filed in response to the revisions made by Big Rivers Electric Corporation (“Big Rivers”) in Case No. 2017-00278.¹ Meade RECC proposed that the revised tariffs become effective on July 31, 2017.²

By Commission Order dated October 3, 2017, the Commission suspended the effective date of the proposed tariff revisions for five months, from October 5, 2017,³ up to and including March 4, 2018, and opened this proceeding to determine the reasonableness of the tariff revisions. There are no intervenors in this proceeding.

¹ Case No. 2017-00278, *Tariff Filing of Big Rivers Electric Corporation to Revise Certain Demand-Side Management Programs*.

² TFS2017-00502.

³ Because Meade RECC did not provide 30 days’ notice of the revisions, the earliest possible effective date for the revisions was October 5, 2017, which is 30 days after the filing date.

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 Meade RECC, 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 Meade RECC, 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

Meade RECC proposes to terminate the Schedule 35 Program to mirror the revision Big Rivers has proposed in Case No. 2017-00278. This program promotes weatherization improvements for homes whose primary heating source is non-electric. Big Rivers states that the termination of this program is necessary because the contractor performing the weatherization work has notified Big Rivers that it would not continue such weatherization work absent a guaranteed minimum level of participation.⁴ Big Rivers was unable to provide this guarantee.

Meade RECC is proposing to revise the Schedule 30 Program to make it an A La Carte program and to mirror Big Rivers’ DSM-13, Residential Weatherization A La Carte Program. The Schedule 30 Program promotes weatherization improvements for electric and non-electric homes and provides a menu of options from which to choose. The revisions will permit retail customers to receive incentives for weatherization

⁴ Cover Letter filed on June 30, 2017, in TFS 2017-00373.

improvements using their own contractor. The selected contractor's work is to be documented and must meet the standards of the Commonwealth of Kentucky's Department of Housing, Building, and Construction. Big Rivers' revised DSM-13 tariff includes a proposal to increase 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. Mirroring the change made by Big Rivers, Meade RECC's proposed revision to the Schedule 30 Program will implement an incentive for duct sealing up to a maximum of \$1,000 for an electric home-heating source and up to \$500 for a gas home-heating source.

The responsibility for contracting the work and applying for the incentives will shift to the retail customer. The retail customer will be responsible for all payments to the contractor. Any reimbursement by Meade RECC will be limited as stated in the tariff.

SUMMARY

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

1. Meade RECC's revisions to its DSM programs should be approved as proposed in its tariff filing, with the exception of the proposed implementation of the maximum duct-sealing incentives of \$1,000 for an electric home-heating source and \$500 for a gas home-heating source. By Order entered today in Case No. 2017-00278, the Commission denied Big Rivers' request to increase the incentive levels for duct sealing above \$500 for an electric home-heating source and \$250 for a gas home-heating source due to the absence of evidence to support the proposed increase.

Meade RECC has provided no evidence to support incentive levels higher than those approved today for Big Rivers. Thus, the Commission will allow Meade RECC to implement a maximum incentive of \$500 for residential customers with an electric home-heating source and \$250 incentive for those with a gas home-heating source. Except for the proposed incentive amount for home duct sealing, Meade RECC's revised tariff language is reasonable and should be approved.

2. In conjunction with Big Rivers, Meade RECC 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, needs to be supported by an analysis that reflects Big Rivers' current avoided costs and demonstrates cost-effectiveness for both participating and non-participating customers.

IT IS THEREFORE ORDERED that:

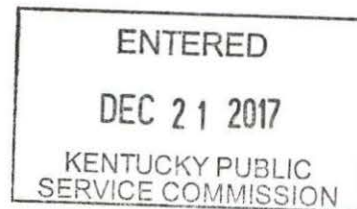
1. Meade RECC's DSM tariff revisions with a limitation of incentive levels of \$500 for an electric-heated home and \$250 for a gas-heated home are approved as of the date of this Order.

2. Within 20 days of the date of this Order, Meade RECC shall file with the Commission, using the Commission's electronic Tariff Filing System, its revised

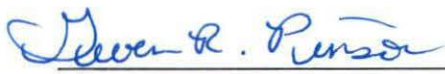
DSM tariffs showing the date of issue and that they were issued by authority of this Order.

3. Meade RECC 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



ATTEST:


Executive Director

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