



September 11, 2014

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

Re: East Kentucky Power Cooperative, Inc. Section DSM-7 ENERGY STAR[®] Manufactured Home Program (New)

Dear Mr. Derouen:

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

Previously, East Kentucky Power Cooperative, Inc. ("EKPC") and its 16 owner-member cooperatives ("owner-members") administered a tariffed Touchstone Energy Manufactured Home Demand Side Management ("DSM") program. However, that program was discontinued in early 2013 due to lack of program participation. Since then, the EKPC DSM Steering Committee ("Steering Committee"), a committee of EKPC and owner-member staff, has been looking for opportunities to initiate a new DSM program featuring manufactured homes. After much research, the Steering Committee determined that the Tennessee Valley Authority's ("TVA") ENERGY STAR[®] manufactured home program provides an excellent model for such a program. Subsequently, the Steering Committee sought, and received, approval from the executive staff of EKPC and owner-members' chief executive officers to develop and fund a similar program, pending Commission approval.

EKPC believes the TVA ENERGY STAR[®] manufactured home program works well because it targets and works with the home manufacturers and their manufacturing facilities, utilizing a process developed by the Systems Building Research Alliance ("SBRA"), the non-profit research and development organization for the manufactured home industry. SBRA's process, which has been approved by the United States Environmental Protection Agency ("EPA"), involves ensuring that Energy Star standards are applied to each manufactured home constructed and that appropriate verification of such applications takes place. Energy Star Standards include upgrades to home envelope insulation and sealing, installation of a programmable thermostat, low-energy lighting, and a properly sized and installed heat pump. SBRA is the only organization recognized by the EPA that administers and tracks all ENERGY STAR[®] manufactured homes constructed in the United States.

As part of this filing, please find attached a copy of the California Tests results and the program assumption sheet. The Total Resource Cost (TRC) is over 4.0 while the Rate Impact Measures ("RIM") for EKPC and the owner-members is slightly below 1.0. The RIM is lower than usual because of the program design. It is anticipated that the decision to work directly with the

4775 Lexington Road 40391
P.O. Box 707, Winchester,
Kentucky 40392-0707

Tel. (859) 744-4812
Fax: (859) 744-6008
<http://www.ekpc.coop>

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manufacturers will drive participation rates higher than prior attempts to incentivize homeowners. However, EKPC alone will bear 100% of the home improvement costs. For each home, EKPC will pay SBRA \$1,750 to cover the home upgrade costs noted in the tariff, plus a \$150 administration fee. Despite these initial costs, according to TVA, implementing this program in its service territory resulted in annual savings of over 11,000 kWh per home when compared to the basic United States Department of Housing and Urban Development (“HUD”) standard manufactured home. Thus, EKPC anticipates that the high level of kWh saved by the customer will result in significant revenue loss for each participating distribution cooperative. To cover this revenue shortfall, for each new ENERGY STAR[®] manufactured home built in its territory, EKPC will make a one-time payment of \$2,400 to the respective owner-member to cover lost revenue and administration expenses.

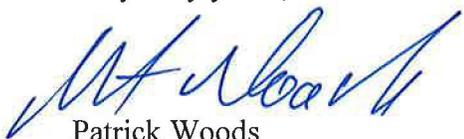
Upon Commission approval of this tariff, EKPC will execute an agreement with SBRA to administer the ENERGY STAR[®] manufactured home program for EKPC and its participating owner-members. For all new manufactured homes ordered and verified to be sited in an owner-member’s service territory, SBRA will work with the manufacturers to ensure the homes will be automatically upgraded to ENERGY STAR[®] manufactured home standards. SBRA will also track each home and verify the structure’s upgrade in the factory, as well as verifying proper onsite installation of both the structure and the heat pump. Attached, for your reference, is a document further detailing the program guidelines.

EKPC and its 16 owner-members are excited about implementing this DSM program. Collectively, 35% of the Kentuckians we serve live in manufactured homes. We feel this program could, over time, greatly improve the housing stock, resulting in improved comfort and quality of life for many Kentuckians.

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 October 15, 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 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