

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF BIG RIVERS ELECTRIC)
CORPORATION TO REVISE AND IMPLEMENT) CASE NO.
DEMAND-SIDE MANAGEMENT PROGRAMS) 2015-00118

ORDER

On March 20, 2015, Big Rivers Electric Corporation (“Big Rivers”) filed revised and new demand-side management (“DSM”) program tariff sheets No. 2.01 through 23.04 with an effective date of April 20, 2015. Big Rivers proposes changes to the incentives provided for its existing DSM programs, to expand the energy-efficient lighting (“EEL”)¹ options for several DSM programs, and to institute a new Residential Weatherization A La Carte Program (“A La Carte Program”). The A La Carte Program is intended to promote increased residential weatherization improvements by providing a portion of the cost of approved retrofits.

On April 7, 2015, Big Rivers filed certain revisions to tariff sheets No. 2.01 and 2.02 to reflect changes requested by one of its member distribution cooperatives. The proposed changes revise the requirements regarding disbursement of DSM funds to Big Rivers’ three member cooperatives (“Member Cooperatives”) and add the EEL option. The revised tariff sheets 2.01 and 2.02 had a proposed effective date of May 6, 2015.

Big Rivers’ proposed tariffs were suspended for five months from April 20, 2015, up to and including September 19, 2015. Big Rivers responded to two rounds of

¹ EEL includes but is not limited to compact fluorescent lights (“CFL”) and light emitting diodes (“LED”) lights as set forth in the tariffs for DSM-01, DSM-05 and DSM-10. Big Rivers is the LED option.

information requests issued by Commission Staff. There are no Intervenors in this proceeding. The matter now stands submitted for a decision by the Commission based on the evidentiary record.

DISCUSSION

Big Rivers annual budgeted DSM funding level is \$1.0 million,² and its current DSM portfolio includes the following 12 programs:

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|--------|--|
| DSM-01 | High Efficiency Lighting Replacement Program |
| DSM-02 | Energy Star Clothes Washer Replacement Incentive Program |
| DSM-03 | Energy Star Refrigerator Replacement Incentive Program |
| DSM-04 | Residential High Efficiency Heating, Ventilation and Air Conditioning (“HVAC”) Program |
| DSM-05 | Residential Weatherization Program |
| DSM-06 | Touchstone Energy New Home Program |
| DSM-07 | Residential and Commercial HVAC & Refrigeration Tune-Up Program |
| DSM-08 | Commercial / Industrial High Efficiency Lighting Replacement Incentive Program |
| DSM-09 | Commercial / Industrial General Energy Efficiency Program |
| DSM-10 | Residential Weatherization Program Primary Heating Source Non-Electric |
| DSM-11 | Commercial High Efficiency HVAC Program |
| DSM-12 | High Efficiency Outdoor Lighting Program |

Big Rivers proposes to add the A La Carte Program to its portfolio as a more efficient alternative to the DSM-05 Residential Weatherization Program (“DSM-05 Program”) and the DSM-10 Residential Weatherization Program – Primary Heating Source Non-Electric (“DSM-10 Program”).³ The purpose of the A La Carte Program is to provide an additional weatherization option, rather than replacing or modifying the two existing residential weatherization programs.⁴

² Case No. 2011-00036, *Application of Big Rivers Electric Corporation for General Adjustment in Rates* (Ky. PSC Nov. 17, 2011).

³ The A La Carte Program is not available to customers that have already participated in the DSM-05 or the DSM-10 programs.

⁴ Big Rivers’ Response to Commission Staff’s First Request for Information (“Staff’s First Request”), Item 1.

The purpose of the DSM-05 Program is to promote increased implementation of weatherization improvements in all-electric homes for those who undertake and complete residential weatherization improvements in accordance with the program. The purpose of the DSM-10 Program is similar to that of the DSM-05 Program, but is promoted to customers with non-all-electric homes. These programs reimburse customers for the costs of an initial site visit, a diagnostic audit, and completed residential weatherization improvements including project management costs. Big Rivers proposes to expand this program to include LED lights in addition to CFL bulbs as EELs. Big Rivers will initiate a process of evaluation, measurement and verification to ensure the quality and effectiveness of the program.

Pursuant to the DSM-05 tariff, Big Rivers will contract with a qualified third-party contractor ("Contractor") that performs weatherization projects for electric utilities. The Member Cooperatives will promote the program, and select customer names to submit to the Contractor. The Contractor will contact the customers from the names provided, and manage the weatherization process. Big Rivers or the Member Cooperative will pay the Contractor \$150 for the initial site visit. Big Rivers will also pay \$3 per installed EEL and \$10 per installed low-flow aerator, or low-flow shower head, as part of the initial audit. Reimbursement will be limited to 20 EELs per residence; two Low-Flow Aerators per residence; and one Low-Flow Shower Head per residence.

As part of the DSM-05 program, the Contractor collects \$100 from the customer for the diagnostic audit, which will be reimbursed when the project is complete. If the customer does not follow through with the weatherization process, the \$100 will be forfeited and Big Rivers will pay the Contractor \$350. Big Rivers will pay the Contractor

\$450 for the diagnostic audit upon completion of the weatherization process, and up to \$2,500 for implemented residential weatherization measures including project management.⁵ For the DSM-10 program, Big Rivers or the Member Cooperative will pay the Contractor \$150 for the initial visit and \$225 for the diagnostic audit, while the customer will pay \$225 to the Contractor for the diagnostic audit. Big Rivers will pay the Contractor up to \$1,000 for implemented residential weatherization measures, including project management.⁶

The purpose of the proposed A La Carte Program is similar to those of the DSM-05 Program and the DSM-10 Program in that it promotes increased implementation of weatherization improvements among rural customers by paying directly to a Member Cooperative or Contractor an incentive for undertaking and completing residential weatherization improvements. Big Rivers or the Member Cooperative will contract with a qualified Contractor that performs weatherization projects. Any customer-selected Contractor's work and documentation must meet the standards of the Building Performance Institute, Inc. ("BPI").⁷ Failure to meet BPI work and documentation standards may void any Big Rivers or Member Cooperative reimbursements.

Big Rivers proposes that it or the Member Cooperative will pay the Contractor up to \$200 for the initial site visit. This fee will include an audit report, customer educational materials, and EELs. The Contractor will determine whether the customer's

⁵ Proposed P.S.C. KY. No. 27, Original Sheet Nos. 9-10, DSM-05 Residential Weatherization Program, date effective April 20, 2015, Cover Letter dated March 20, 2015.

⁶ Proposed P.S.C. KY. No. 27, Original Sheet Nos. 19-20, DSM-10 Residential Weatherization Program – Primary Heating Source Non-Electric, date effective April 30, 2015, Cover Letter dated March 20, 2015.

⁷ <http://bpi.org/standards.aspx>.

home is eligible for duct sealing. Homes with a construction completion date within 24 months of the date of the site visit are not eligible for duct sealing. Homes eligible for duct sealing are those where 60 percent of the duct work is located outside conditioned spaces, i.e., duct work located in an attic, crawl space, or unfinished basement.

Eligible homes must be 3,000 square feet or less and must not pose a safety or health risk to the customer or Contractor. Homes in excess of 3,000 square feet may be subject to additional fees as determined by the Contractor, and those additional fees will be paid by the customer to the Contractor. Homes of 3,000 square feet or less with electric heat sources are proposed to receive duct sealing reimbursement of up to \$500. Homes with gas heat are proposed to receive payments of up to \$250. Homes that are not eligible for duct sealing under the A La Carte Program will not be eligible for weatherization.

Additional weatherization incentives are proposed to be available under this program. Big Rivers proposes to reimburse the Member Cooperative for these measures based on the following schedule:

Electric-Heated Homes

Attic Insulation	Incentive Payment of up to \$500
Floor/Crawl Space Insulation	Incentive Payment of up to \$250
Smart/Programmable Thermostat	Incentive Payment of up to \$30

Gas-Heated Homes

Attic Insulation	Incentive Payment of up to \$250
Floor/Crawl Space Insulation	\$0
Smart/Programmable Thermostat	Incentive Payment of up to \$30

The customer will be responsible for contracting for the service and submitting documentation to the Member Cooperative. To qualify for the additional weatherization incentives under this program, a Member Cooperative must submit documentation to

Big Rivers supporting the purchase and installation of additional weatherization measures. Attic insulation must achieve an additional insulating value of R19 or achieve a total insulation value of R38, and floor insulation must achieve an additional insulating value of R11. Big Rivers proposes that it or the Member Cooperative will complete all reimbursements upon completion of any of the above weatherization measures and submission of an application and required documentation. Big Rivers also proposes to initiate a process of evaluation, measurement and verification for this program.⁸

Big Rivers is also proposing to revise the language regarding incentive payment amounts in some of its existing DSM tariffs. Big Rivers stated that the addition of the words “up to” in connection with a stated incentive amount will allow the Member Cooperatives to adjust their respective incentive levels in response to DSM program participation levels within their respective retail markets. Big Rivers stated that when program demand is high, for example, Member Cooperatives may decrease the incentive to allow more customers to benefit from a program and to increase overall program effectiveness.⁹ Big Rivers further stated that Member Cooperatives will be able to adjust incentive levels without filing a tariff change as long as the incentive level does not exceed the “up to” amount in the Commission-approved tariff.¹⁰ Finally, Big Rivers proposes to add EELs as options for the DSM-05 and DSM-10 programs. The

⁸ Proposed P.S.C. KY. No. 27, Original Sheet Nos. 23.01-23.04, DSM-13 Residential Weatherization A La Carte Program, date effective April 30, 2015. Cover Letter filed March 20, 2015.

⁹ Big Rivers' Response to Staff's First Request, Item 4.

¹⁰ Big Rivers' Response to Staff's Second Request for Information, Item 3.

Appendix provides a list of those tariffs with revised language and the addition of the EELs.

COST-EFFECTIVENESS

Big Rivers provided the results of the cost-effectiveness tests of its current DSM portfolio as well as for the proposed A La Carte Program. The results show the existing and proposed programs to be cost-effective.¹¹

SUMMARY

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

1. Big Rivers' proposed DSM programs should be approved as proposed in its application.
2. Big Rivers' revised tariff language is reasonable and should be approved.

IT IS THEREFORE ORDERED that:

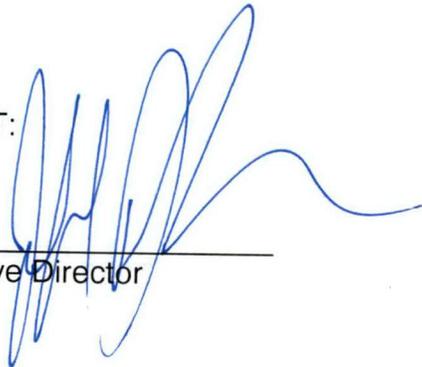
1. Big Rivers' DSM tariff revisions and A La Carte Program are approved.
2. Within ten days of the date of this Order, Big Rivers shall file with the Commission, using the Commission's electronic Tariff Filing System, its revised DSM tariffs showing the date of issue and that they were issued by authority of this Order.

¹¹ Cover Letter, DSM Tariff Filing – Supporting Analytics, filed March 20, 2015.

By the Commission

ENTERED
SEP 11 2015
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2015-00118 DATED **SEP 14 2015**

Program Description	Program Revisions
DSM-01 High Efficiency Lighting Replacement Program	Adding Light Emitting Diodes
DSM-02 ENERGY STAR Clothes Washer Replacement Incentive Program	Incentive Payment of up to \$100
DSM-03 ENERGY STAR Refrigerator Replacement Incentive Program	Incentive Payment of up to \$100
DSM-04 Residential & Commercial high Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program Geothermal Dual Fuel Air Source	Incentive Payment of up to \$750 Incentive Payment of up to \$500 Incentive Payment of up to \$200
DSM-06 Touchstone Energy New Home Program Geothermal Heat Pump (Ground Coupled Heat Pump) Air Source Heat Pump ("ASHP") Dual Fuel Heat Pump (ASHP w/Gas Backup) Gas Heat	Incentive Payment of up to \$2,000 Incentive Payment of up to \$1,000 Incentive Payment of up to \$1,200 Incentive Payment of up to \$750
DSM-07 Residential & Commercial HVAC & Refrigeration Tune-Up Program Residential - \$25 per Unit, Once per Unit per Year Commercial - \$50 per Unit, Once per Unit per Year	Incentive Payment of up to \$25 Incentive Payment of up to \$50
DSM-08 Commercial/Industrial High Efficiency Lighting Replacement Incentive Program	Incentive Payment of up to \$350 per kW
DSM-09 Commercial/Industrial General Energy Efficiency Program	Incentive Payment of up to \$350 per kW, Maximum Incentive Available per Project - \$25,000

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