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## **NEWS RELEASE**

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# **PSC Approves End to Most Big Rivers DSM Programs**

## ***Move affects generation-transmission utility and distribution cooperatives***

**FRANKFORT, Ky. (Dec. 12, 2018)** – The Kentucky Public Service Commission (PSC) has authorized the discontinuation of nearly all demand-side management (DSM) programs conducted by Big Rivers Electric Corp. and its member distribution cooperatives.

In an order issued today, the PSC approved a request by Big Rivers, Jackson Purchase Energy Corp., and Meade County Rural Electric Cooperative Corp. (RECC) to end the programs. The utilities stated in their filing that the majority of the programs were no longer cost-effective.

Jackson Purchase Energy and Meade County RECC are two of the three distribution cooperatives that own and purchase electricity from Big Rivers. The third, Kenergy Corp., received PSC approval in July to discontinue its DSM programs.

DSM programs are authorized under Kentucky law and are intended to reduce or defer the need for new electric generating capacity by encouraging ratepayers to reduce usage, often by providing financial incentives to do so. Big Rivers' DSM programs are funded through base rates paid by residential, commercial, and all but the largest industrial customers.

In July, Big Rivers, Jackson Purchase Energy, and Meade County RECC filed to immediately discontinue certain DSM programs, phase out others and, in the case of Big Rivers, establish two new programs. The filings, and the earlier filing by Kenergy, were made in response to a December 2017 PSC order directing Big Rivers and its member cooperatives to review their DSM programs to determine their cost-effectiveness.

The discontinued programs common to all three utilities funded upgrades to high-efficiency lighting; replacement of inefficient clothes washers and refrigerators; tune-up maintenance of residential and commercial heating, ventilation and air conditioning (HVAC) systems; home weatherization; and general energy efficiency improvements.

Big Rivers, Jackson Purchase Energy and Meade County RECC proposed to phase out programs providing financial incentives for installation of high-efficiency residential or commercial HVAC systems, for installation of high-efficiency commercial or industrial lighting, and for high-efficiency outdoor lighting.

Big Rivers proposed a new program to assist low-income ratepayers with home weatherization and a program to educate consumers about energy efficiency.

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The PSC approved the request for immediate discontinuation of certain Big Rivers, Jackson Purchase Energy, and Meade County RECC programs in July, with the programs ending on Aug. 6, 2018.

Today's order approves the phase-out of the Big Rivers, Jackson Purchase Energy and Meade County RECC programs, effective June 30, 2019. The phase-out will allow customers who have begun investments in anticipation of receiving incentives to be able to do so.

The PSC approved the request by Big Rivers to establish a low-income weatherization assistance program. But it denied the proposed customer education program, saying that Big Rivers had provided no specifics about program content, cost or effectiveness.

Big Rivers had proposed a combined budget of \$250,000 annually for the two programs. Instead, the PSC directed that the entire amount go toward low-income home weatherization. The funds will be distributed to local Community Action Agencies to perform weatherization work that might not otherwise be completed.

The PSC directed that the approximately \$750,000 in annual savings from discontinuing DSM programs be accounted for separately by Big Rivers. The PSC stated that those funds will be used for the benefit of all but the largest industrial customers of the distribution cooperatives in Big Rivers' next rate adjustment case.

Today's order and other records in the case are available on the PSC website, [psc.ky.gov](http://psc.ky.gov). The case number is 2017-00236.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,100 gas, water, sewer, electric and telecommunication utilities operating in Kentucky.

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