

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

RESIDENTIAL CONSERVATION SERVICE)
PLAN FOR KENTUCKY UNDER THE) ADMINISTRATIVE CASE NO. 245(6)
NATIONAL ENERGY CONSERVATION)
POLICY ACT OF 1978)

RECOMMENDATION RE REQUEST OF
HENDERSON-UNION RURAL ELECTRIC
COOPERATIVE CORPORATION FOR A
TEMPORARY PROGRAM UNDER THE
PROVISIONS OF THE NATIONAL ENERGY
CONSERVATION POLICY ACT OF 1978
AND THE KENTUCKY RESIDENTIAL
CONSERVATION SERVICE PLAN

Henderson-Union Rural Electric Cooperative Corporation of Henderson, Kentucky, (Henderson-Union) has filed a copy of its proposed application for a temporary program exemption from certain of the requirements of Section 215 of the National Energy Conservation Policy Act, P.L. 95-619 (NECPA) and the Residential Conservation Service Plan prepared by this Commission pursuant to the NECPA mandate. Henderson-Union has asked that we support its temporary program request by making a favorable recommendation to the United States Department of Energy.

Henderson-Union is a rural electric distribution cooperative which serves some 13,100 residential consumers in a seven-county area of rural western Kentucky. The Commission is

familiar with Henderson-Union's unusual industrial load (which consumes 91 percent of the electricity sold by Henderson-Union) and the problems Henderson-Union has encountered because of that load. With respect to the National Energy Act, Henderson-Union's kilowatt hour sales exceed the coverage threshold of NECPA and the Public Utility Regulatory Policy Act of 1978, Title I, solely because of sales to its industrial consumers. This Commission has previously supported Henderson-Union's successful effort to obtain exemption from some of its obligations under PURPA, and its early effort to substitute the Rural Electrification Administration conservation program for the RCS program.

There is no objective methodology by which the Commission can measure the effect of Henderson-Union's temporary program on the success of its conservation program. The departures from the Kentucky RCS plan proposed by Henderson-Union are not substantial. For example, even with the proposed changes in the program audit, Henderson-Union's audit program and techniques will remain subject to Commission review to assure the validity of the results. Some of the proposed changes, such as increasing the number of program announcement mailings, and eliminating the audit fee should enhance the success of the program.

Henderson-Union is a small electric distribution cooperative which, under normal circumstances, would not be covered by NECPA. The Commission finds that the temporary program proposed

by it is reasonable and will result in the installation of program measures in at least as many residential buildings as would have been installed had Henderson-Union not been exempt from the requirements for which exemption is sought, [NECPA §218 (d)(3); 10 CFR §456.207e(3)] while arguably reducing the costs to Henderson-Union's consumers of implementing the program.

The Commission, therefore, recommends to the Assistant Secretary for Conservation and Renewable Energy of the United States Department of Energy that the temporary program proposal of Henderson-Union be approved for a period not to exceed 3 years.

Done at Frankfort, Kentucky, this 18th day of January, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary