

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A JOINT APPLICATION FOR THE APPROVAL OF)
DEMAND-SIDE MANAGEMENT PROGRAMS, A DSM)
COST RECOVERY MECHANISM, AND A CONTINUING) CASE NO. 93-150
COLLABORATIVE PROCESS ON DSM FOR)
LOUISVILLE GAS AND ELECTRIC COMPANY)

O R D E R

On June 18, 1993, Louisville Gas and Electric Company ("LG&E"), the Attorney General, Jefferson County, Metro Human Needs Alliance, People Organized and Working for Energy Reform, Anna Shed, Kentucky Industrial Utility Customers, Louisville Resources Conservation Council, and the Louisville and Jefferson County Community Action Agency (collectively "Joint Applicants") filed a supplement to their May 28, 1993 motion for a waiver of all rate case filing requirements prescribed in 807 KAR 5:001, Section 10. The supplement was filed in response to the Commission's June 4, 1993 Order deferring the May 28, 1993 motion because it sought a blanket waiver of all filing requirements, rather than specifying each filing requirement sought to be waived and the grounds to support each waiver.

The Joint Applicants have by their supplement requested a partial or total waiver of 53 filing requirements. The basic ground for the waivers is that the tendered application is not a traditional rate case but a request for approval of an agreement

among the Joint Applicants to implement demand side management programs ("DSM") and to recover DSM costs through rates.

DSM programs are designed to affect energy consumption, either by reducing consumption or shifting the time of consumption. As a utility's profits have historically been tied to sales revenues, there may be an inherent disincentive for a utility to pursue actively certain DSM programs. It was the Commission's recognition of these factors that lead to the recent initiation of Administrative Case No. 341, Investigation Into the Feasibility of Implementing Demand-Side Management Cost Recovery and Incentive Mechanisms. The intent of that case was to develop regulatory guidance in determining the feasibility of implementing DSM cost recovery mechanisms, recovery of revenue lost due to DSM, and financial incentives to utilities to engage in DSM programs. The issues set forth in the pending application mirror those in the administrative case and should provide a vehicle for an in-depth, expedited review.

Based on the motion as supplemented and being advised, the Commission hereby finds that good cause has been shown to grant the waiver as requested except for the filing requirement of 807 KAR 5:001, Section 10(6)(h), relating to a determination of revenue requirements. This decision to grant the waiver for 52 of the 53 requirements specified by the Joint Applicants may obviate the need for an informal conference. The Joint Applicants should have an opportunity to thoroughly review this Order and if a need for an

informal conference still exists, one will be scheduled at their request.

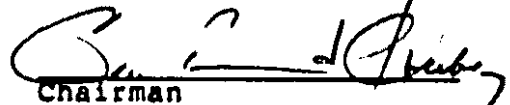
IT IS THEREFORE ORDERED that:

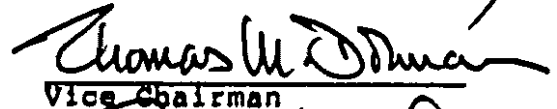
1. With the exception of 807 KAR 5:001(10)(6)(h), the Joint Applicants be and they hereby are granted a waiver of the other filing requirements specified in their June 18, 1993 supplemental motion.

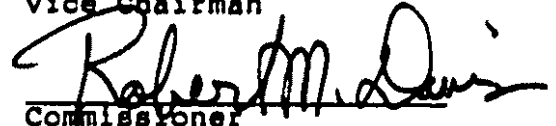
2. The informal conference scheduled on June 24, 1993 be and it hereby is canceled.

Done at Frankfort, Kentucky, this 23rd day of June, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director