

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 April 21, 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") presented a proposal for Commission review which would institute certain experimental demand side management programs and change the rates of various customer classes of LG&E. On May 10, 1993, the Commission entered an order stating that as the proposed tariffs would change the electric and gas rates for certain customer classes, the application was therefore a rate case. As such, the application failed to meet the requirements of our regulations.

The Joint Applicants responded on May 28, 1993. They did not contest the Commission's conclusion that the application was a rate case. Rather, they argued that their proposal was "not a traditional general rate filing" and requested that virtually all regulatory requirements be waived. On June 23, 1993, the

Commission granted waiver of 52 individual requirements. However, the requirements of 807 KAR 5:001, Section 10(6)(h), encompassing revenue requirements were not waived. Some six weeks later, the Joint Applicants presented additional documents seeking to cure the one deficiency not waived by the Commission.¹ The additional documents filed by the Joint Applicants clearly do not fulfill their obligations under 807 KAR 5:001, Section 10(6)(h).

It appears that the Joint Applicants have attempted to present the Commission with a Hobson's choice; we could ignore the statute and regulation so that the proposal can be considered, or we could refuse to accept it for filing, forcing the low income customers of Jefferson County to bear the brunt of this delay. Since neither option allows for the expeditious review of the merits of the proposed demand side management programs, neither option is reasonable or in the public interest.

At the outset we recognize our previously expressed commitment to consider reasonable demand side management programs.² In addition, this case presents unique circumstances: the application pertains solely to demand side management programs and cost recovery issues; the application was formulated through a collaborative process involving the utility and its major customer

¹ We note that LG&E is not a novice when it comes to filing rate cases and has over the years well demonstrated its ability to comply with Commission regulations governing such filings.

² Administrative Case No. 341, Investigation into the Feasibility of Implementing Demand-Side Management Cost Recovery and Incentive Mechanisms.

representatives; and the proposed demand side management programs are to be implemented on a three year, experimental basis with annual Commission reviews. Based on these factors we find good cause, pursuant to 807 KAR 5:001, Section 10(11), to grant a waiver of 807 KAR 5:001, Section 10(6)(h).

The Joint Applicants also filed a proposed procedural schedule to expedite this case in an attempt to implement some portion of the proposed demand side management programs by the upcoming heating season. Based upon the proposed schedule, and allowing for the requisite publication of notice, the schedule attached hereto as Appendix A should be followed. The proposed notice to be published pursuant to 807 KAR 5:011, Section 8, has been submitted for our review. The tendered notice is sufficient and should be published within seven days. We further note that the proposed tariffs contain an effective date of October 1, 1993. Since this investigation cannot be concluded by that date, the tariffs will be suspended for five months through February 28, 1994.

IT IS THEREFORE ORDERED that:

1. The Commission's June 23, 1993 Order be and it hereby is modified and a waiver of 807 KAR 5:001, Section 10(6)(h), be and it hereby is granted.

2. The application in this case be and it hereby is accepted for filing as of the date of this Order.

3. The procedural schedule set forth in Appendix A shall be followed.

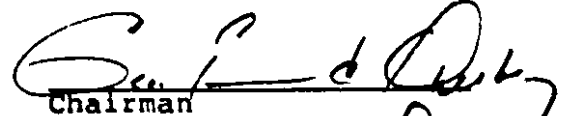
4. The notice pursuant to 807 KAR 5:011, Section 8, shall be published within seven days of the date of this Order.

5. The proposed tariffs be and they hereby are suspended for five months up to and including February 28, 1994.

6. Nothing contained herein shall prevent the Commission from entering a final decision in this case prior to the expiration of the suspension period.

Done at Frankfort, Kentucky, this 1st day of September, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 93-150 DATED September 1, 1993

All requests for information to Joint Applicants shall
be filed no later than.....09/22/93

Joint Applicants shall file responses to information
requests within seven days of the date the
information request was propounded
but in no event later than.....09/29/93

All supplemental requests for information to
Joint Applicants shall be filed no later than.....10/06/93

Joint Applicants shall file responses to
supplemental requests for information
no later than.....10/13/93

Intervenor testimony, if any, shall be filed
in verified prepared form no later than.....10/20/93

All requests for information to Intervenors
shall be filed no later than.....10/27/93

Intervenors shall file responses to
requests for information no later than.....11/03/93

Public Hearing shall be held for the purposes of
cross-examining the direct testimony of witnesses and
presentation of rebuttal testimony at the Commission's
offices, 730 Schenkel Lane, Frankfort, Kentucky,
beginning at 10:00 a.m., Eastern Standard Time.....11/09/93