

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE FILING OF EAST KENTUCKY POWER	)	
COOPERATIVE CORPORATION FOR THE	)	
DETERMINATION OF REASONABLENESS	)	CASE NO.
OF A NEW DEMAND SIDE MANAGEMENT	)	2002-00313
PROGRAM ENTITLED THE TOUCHSTONE	)	
ENERGY MANUFACTURED HOME PROGRAM	)	

O R D E R

On August 26, 2002, East Kentucky Power Cooperative Corporation ( EKPC ) filed a new demand-side management ( DSM ) program entitled The Touchstone Energy Manufactured Home Program ( Program ). Although EKPC is requesting the Commission to review the Program and to determine that it is reasonable under KRS 278.285, EKPC is not now seeking to recover any costs related to the Program. The Commission established this case to review the Program, and Commission Staff issued one information request to which EKPC responded on October 11, 2002.

The Program is a conservation program that encourages the sale of more energy-efficient manufactured homes. Although the cost to achieve the higher efficiency is estimated to range from \$800 to \$1,200 per unit, the annual energy savings should be 30 percent, or about 5,150 kWh per participant. The payback on the participant s additional investment will be approximately 3.6 years.

The Program is based on the Energy Star standards developed for manufactured homes by the United States Environmental Protection Agency ( EPA ) and the United States Department of Energy ( DOE ). According to EPA and DOE, homes constructed

to meet the Energy Star standards are 30 percent more efficient in heating, cooling and water heating than comparable homes manufactured to the standards of the Model Energy Code. EKPC proposes to provide a one-time \$250 rebate to retail customers of its member systems as a financial incentive to purchase a manufactured home that meets the Energy Star standards.

EKPC's response to the Staff's information request adequately addresses issues relating to its benefits/costs calculations, the length of time the Program will be offered, the estimated annual costs it will incur and the involvement of the Kentucky Department of Energy ( KDOE ), the Attorney General ( AG ) and EKPC's member systems in conjunction with the program. EKPC utilized the Standard California DSM Tests to conduct its benefits/costs analysis of the Program. It intends to offer the Program for a period of 5 years and estimates that its yearly costs for the Program, including rebates, will range from \$24,600 in year one to \$89,000 in year five. However, EKPC is committing to paying the customer rebates only through 2003, after which the rebates will be reassessed based on participant response. EKPC states that the Program was requested by and has the full support of its member systems and that KDOE and the AG were apprised of the development of the Program and that neither agency opposes it.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the Program is reasonable and consistent with the provisions of KRS 278.285 and should be approved as proposed. In accordance with KRS 278.160(1), EKPC should file a tariff that reflects the terms and conditions of the Program, including the rebate provision. We further find that the Program should be

monitored and to facilitate that effort EKPC should submit annual reports on the Program that contain: (1) the number of participants for each member system; (2) its annual costs, with rebates identified separately; and (3) the status of the rebate provision. Considering year one to include the remainder of 2002 and all of 2003, the first report should be filed by March 31, 2004, with subsequent reports filed by March 31 of the following years. If EKPC decides to continue the rebate provision beyond 2 years or the Program beyond 5 years, an application for Commission approval should be filed 6 months prior to the continuation.

IT IS THEREFORE ORDERED that:

1. EKPC's demand-side management program entitled The Touchstone Energy Manufactured Home Program is approved as proposed, effective as of the date of this Order, for 5 years through 2007.
2. Within 20 days of the date of this Order, EKPC shall file a tariff setting forth the terms and conditions of the Program, including the rebate provision.
3. By March 31, 2004, and annually thereafter, EKPC shall file a status report on the Program containing the previous year's information as identified herein.
4. EKPC shall file with the Commission applications to continue the rebate provision or the Program, including any proposed modifications thereto, or a statement of intent to terminate the rebate provision or the Program, 6 months prior to their current expiration dates.

Done at Frankfort, Kentucky, this 8<sup>th</sup> day of November, 2002.

By the Commission

ATTEST:

Deputy W. H. Fowler  
Executive Director