

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ANNUAL COST RECOVERY FILING)	
FOR DEMAND SIDE MANAGEMENT BY THE)	CASE NO.
UNION LIGHT, HEAT AND POWER COMPANY)	2003-00367

O R D E R

This matter comes before the Commission through the September 26, 2003 filing of The Union Light, Heat and Power Company (ULH&P) on behalf of its Demand-Side Management (DSM) Collaborative.¹ The filing reflects the continuation of the DSM programs approved for ULH&P by the Commission in 2002, and includes individual status reports on each of these previously approved programs.

In addition to continuing the programs previously approved, ULH&P proposes to implement a direct load control air conditioning program to run through 2007. The direct load control program passed a benefits-to-costs analysis with ratios ranging from 1.64 to 3.88, depending on the generating costs being avoided.

ULH&P also proposes to adjust the charges in its DSM tariff riders effective with its first billing cycle in January 2004. The revised tariff riders are intended to recover ULH&P s 2004 DSM program costs and to reconcile DSM revenues recovered during the period July 1, 2002 through June 30, 2003 with DSM costs incurred during that period.

¹ The DSM Collaborative includes ULH&P, the Attorney General s Office, People Working Cooperatively, League of Women Voters, the Northern Kentucky Community Action Commission, Brighton Center, Northern Kentucky Legal Aid, Kentucky NEED Project, Home Builders Association of Northern Kentucky, Campbell County Fiscal Court, Boone County Fiscal Court, United Way, and the Kentucky Division of Energy.

The revised DSM tariff riders include increases in DSM charges for residential electric customers from \$.000185 per Kwh to \$.001346 per Kwh and for residential gas customers from \$(.023583) per Mcf to \$.230347 per Mcf. Distribution level electric customers will receive a decrease from \$.000286 per Kwh to \$(.000409) per Kwh. The revised DSM charges were calculated using the methodology proposed by ULH&P and approved by the Commission in ULH&P's previous DSM cases.

Individual program reports describe participation levels and savings attributed to each program through June 30, 2003. The filing includes a detailed description of the proposed direct load control program and cost projections agreed upon by the DSM Collaborative for calendar year 2004.

SUMMARY

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. ULH&P has kept the Commission properly informed of the progress and status of its DSM programs by timely filing status reports on those programs.
2. The proposed direct control program appears to be reasonable and cost-effective and should be approved as proposed.
3. ULH&P's revised DSM tariff riders are reasonable as they reflect ongoing DSM program costs and the reconciliation of prior-period DSM costs and revenues.

IT IS THEREFORE ORDERED that:

1. ULH&P's revised DSM tariff riders of \$.001343 per Kwh for residential electric customers, \$(.000409) per Kwh for distribution level electric customers, and

\$.230347 per Mcf for residential gas customers are approved to be effective with ULH&P's first billing cycle in January 2004.

2. ULH&P's proposed direct load control is approved through 2007.

3. Within 10 days from the date of this Order, ULH&P shall file revised DSM tariff riders showing the date of issue and that they were issued by authority of this Order.

Done at Frankfort, Kentucky, this 20th day of November, 2003.

By the Commission

ATTEST:


Executive Director