

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
UTILITIES COMPANY AND LOUISVILLE GAS)	
AND ELECTRIC COMPANY FOR CERTIFICATES)	CASE NO.
OF PUBLIC CONVENIENCE AND NECESSITY)	2025-00045
AND SITE COMPATIBILITY CERTIFICATES)	

REBUTTAL TESTIMONY OF
LANA ISAACSON
MANAGER, ENERGY EFFICIENCY PROGRAMS
ON BEHALF OF
KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY

Filed: July 18, 2025

TABLE OF CONTENTS

INTRODUCTION	1
THE COMPANIES HAVE ALWAYS FOLLOWED THE COMMISSION- APPROVED PROCESS FOR THE DSM-EE PLANNING PROCESS.....	2
THE COMPANIES CONTINUOUSLY SEEK TO EXPAND DSM-EE PROGRAMS.....	5
THE COMPANIES CLARIFY INCORRECT INFORMATION IN EIDEN TESTIMONY	7
CONCLUSION.....	10

1 **INTRODUCTION**

2 **Q. Please state your name, position, and business address.**

3 A. My name is Lana Isaacson. I am the Manager of Energy Efficiency Programs for
4 Kentucky Utilities Company (“KU”) and Louisville Gas and Electric Company
5 (“LG&E”) (collectively, “Companies”) and an employee of LG&E and KU Services
6 Company (“LKS”), which provides services to KU and LG&E. My business address is
7 820 West Broadway, Louisville, Kentucky 40202. A complete statement of my
8 education and work experience is attached to this testimony as Appendix A.

9 **Q. Have you previously testified before this Commission?**

10 A. Yes, I testified before the Kentucky Public Service Commission (“Commission”) in the
11 Companies’ last certificate of public convenience and necessity (“CPCN”) and request
12 for approval of an expanded demand-side management and energy efficiency (“DSM-
13 EE”) portfolio, Case No. 2022-00402, and the Companies’ most recent integrated
14 resource plan filing, Case No. 2024-00326. I have also testified before the Virginia
15 State Corporation Commission regarding a DSM-EE proposal.

16 **Q. What is the purpose of your rebuttal testimony?**

17 A. I respond to the criticisms of the Companies’ DSM-EE process in the Direct Testimony
18 of Andy Eiden on behalf of Joint Intervenors. First, I explain how the Companies have
19 followed the Commission-approved process for approval of DSM-EE programs. I then
20 describe how the Companies continuously seek to expand their DSM-EE programs and
21 measures and respond to Mr. Eiden’s recommendations. Finally, I correct certain
22 inaccuracies in Mr. Eiden’s testimony.

1 **THE COMPANIES HAVE ALWAYS FOLLOWED THE COMMISSION-**
2 **APPROVED PROCESS FOR THE DSM-EE PLANNING PROCESS**

3 **Q. How do the Companies respond to criticisms regarding their approach to DSM-**
4 **EE planning and program adequacy?**

5 A. The Companies are proud of their longstanding commitment to cost-effective DSM-
6 EE portfolios. The Companies' current DSM-EE Plan, which the Commission
7 approved less than two years ago, represents the Companies' most significant
8 investment in DSM-EE over the Companies' 30-year history of DSM-EE
9 programming. All programs are being implemented in full compliance with that plan.

10 **Q. Have the Companies applied the correct cost-benefit methodology in evaluating**
11 **DSM-EE?**

12 A. Yes. The Companies rigorously analyze existing and potential DSM-EE programs
13 using four cost-benefit tests set out in the California Standard Practice Manual,¹ which
14 the Commission has required utilities to apply for nearly 30 years: "Any new DSM
15 program or change to an existing DSM program shall be supported by . . . [t]he results
16 of the four traditional DSM-EE cost-benefit tests [Participant, Total Resource Cost,
17 Ratepayer Impact, and Utility Cost tests]."²

18 **Q. Mr. Eiden urges the Commission to evaluate the Companies' DSM-EE programs**
19 **using the National Standard Practice Manual ("NSPM") and a Societal Cost Test.**
20 **Do you agree this is appropriate?**

¹ The Manual is available online at: https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc_public_website/content/utilities_and_industries/energy_-_electricity_and_natural_gas/cpuc-standard-practice-manual.pdf.

² *Joint Application of the Members of the Louisville Gas and Electric Company Demand-Side Management Collaborative for the Review, Modification, and Continuation of the Collaborative, DSM Programs, and Cost Recovery Mechanism*, Case No. 1997-00083, Order at 20 (Ky. PSC Apr. 27, 1998).

1 A. No. Despite multiple requests to consider the NSPM, the Commission has never
2 accepted the NSPM framework,³ and the Commission does not allow for inclusion of
3 non-energy benefits or societal costs in DSM-EE evaluations.⁴ The Commission has
4 repeatedly held that it does not have jurisdiction to consider the type of factors used in
5 a Societal Cost Test, for which Mr. Eiden advocates:

6 The Commission has no jurisdiction over environmental impacts,
7 health, or other non-energy factors that do not affect rates or service.
8 Lacking jurisdiction over these non-energy factors, the Commission has
9 no authority to require a utility to include such factors in benefit-cost
10 analyses of DSM programs.⁵
11

12 **Q. Are you aware of a clear definition of the Societal Cost Test?**

13 A. No. Unlike the four tests the Commission has endorsed that are clearly defined in the
14 California Standard Practice Manual, there is no clear definition of the Societal Cost
15 Test in the California Standard Practice Manual. Indeed, the California Standard
16 Practice Manual's discussion of the Societal Cost Test includes a listing of *possible*

³ See, e.g., *Electronic Joint Application of Kentucky Utilities Company and Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Site Compatibility Certificates and Approval of a Demand Side Management Plan and Approval of Fossil Fuel-Fired Generating Unit Retirements*, Case No. 2022-00402, Order (Ky. PSC Nov. 6, 2023), Testimony of Anna Sommer (Ky. PSC filed July 14, 2023); *Electronic 201 Joint Integrated Resource Plan of Louisville Gas and Electric Company and Kentucky Utilities Company*, Case No. 2021-00393, Order (Ky. PSC Sept. 16, 2022).

⁴ See, e.g., *Electronic Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Review, Modification, and Continuation of Certain Existing Demand-Side Management and Energy Efficiency Programs*, Case No. 2017-00441, Order at 28 (Ky. PSC Oct. 5, 2018) ("The Commission has no jurisdiction over environmental impacts, health, or other non-energy factors that do not affect rates or service. Lacking jurisdiction over these non-energy factors, the Commission has no authority to require a utility to include such factors in benefit-cost analyses of DSM programs."); *The 2011 Joint Integrated Resource Plan of Louisville Gas and Electric Company and Kentucky Utilities Company*, Case No. 2011-00140, Order at 4 (Ky. PSC July 8, 2011) ("[I]ssues of environmental externalities, such as air and water pollution from generating electricity and mining fuel to supply the generating plants, are all issues beyond the scope of the Commission's jurisdiction.").

⁵ *Electronic Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Review, Modification, and Continuation of Certain Existing Demand-Side Management and Energy Efficiency Programs*, Case No. 2017-00441, Order at 28 (Ky. PSC Oct. 5, 2018).

1 externalities to include that it describes as “illustrative and by no means exhaustive.”⁶
2 The Companies are unaware of a single, universally accepted set of externalities to
3 include in the Societal Cost Test. The absence of a clear standard demonstrates the
4 Commission’s concern with using this particular test and supports the Commission’s
5 conclusion that, absent amendments to KRS Chapter 278, it simply does not have the
6 jurisdiction to weigh these issues that do not affect utility rates or service.

7 **Q. Why were transmission and distribution (“T&D”) benefits excluded from the**
8 **Companies’ analysis of DSM-EE costs and benefits?**

9 A. The Companies have historically assumed \$0 avoided T&D costs in evaluating DSM-
10 EE programs. Estimating avoided T&D costs is complex and location-specific,
11 requiring detailed operational data and modeling that is not currently integrated into
12 the Companies’ DSM-EE planning processes. Nonetheless, the Companies’ zip code-
13 level data for demand response resources like smart thermostats or load control
14 switches shows no compelling geographic concentration of resources that would justify
15 assuming any quantifiable T&D benefits. Without sufficient scale and control in
16 specific locations, the Companies cannot credibly claim T&D savings. Also, any
17 accounting for T&D benefits would need to be coordinated with calculating generation
18 capacity benefits to avoid possible double counting of benefits, particularly if DSM
19 demand response resources become dispatchable to address localized T&D issues,
20 which would reduce the number of times the same resources could be dispatched to
21 address generation-demand issues for most demand-response programs. The

⁶ California Standard Practice Manual at 19-20 (Oct. 2001), available at https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc_public_website/content/utilities_and_industries/energy_-_electricity_and_natural_gas/cpuc-standard-practice-manual.pdf.

1 Companies acknowledge that it may be appropriate to address T&D savings in the
2 future if circumstances change, but the zero assumption is reasonable based on the
3 current data.

4 **THE COMPANIES CONTINUOUSLY SEEK TO EXPAND DSM-EE PROGRAMS**

5 **Q. Have the Companies demonstrated a commitment to identify and implement new**
6 **DSM-EE measures and programs?**

7 A. Yes. We actively solicit input and ideas from a wide range of sources, including the
8 DSM-EE Advisory Group, national and regional market research, utility peers, and
9 technical publications. These sources have shaped the current DSM-EE Plan and we
10 continuously monitor these avenues for further ideas.

11 **Q. Mr. Eiden suggests the Companies need additional guidance to better characterize**
12 **energy savings opportunities.⁷ Do you agree?**

13 A. Not at all. The Companies have historically been successful in identifying and
14 implementing cost-effective DSM-EE programs, and we continue to seek feedback and
15 methods to identify additional cost-effective DSM-EE programs and measures. The
16 processes currently in place already provide opportunities for meaningful stakeholder
17 input.

18 **Q. Do the intervenors present new DSM-EE program ideas?**

19 A. Mr. Eiden presents only one new idea: the inclusion of deep energy retrofits for multi-
20 family properties. This is the first time the Joint Intervenors have raised this proposal.
21 Substantively, it is important to note that the Companies already operate a nearly 30-
22 year-old weatherization program, WeCare. In analyzing this idea, parties must

⁷ Eiden Testimony at 7, 46, 50, 52.

1 consider whether it is prudent to significantly reduce or eliminate that longstanding
2 program to accommodate this shift in approach.

3 More broadly, I am disappointed that the Joint Intervenor would first raise this
4 suggestion in this setting. The Joint Intervenor are active participants on the
5 Companies' DSM-EE Advisory Group. We routinely encourage participants to bring
6 suggestions of programs that could be cost-effectively implemented and remind them
7 that they may reach out via email, phone, or the online submission form instead of
8 waiting for a scheduled meeting. If the Joint Intervenor have suggestions for DSM-
9 EE programs in the future, the most efficient and effective avenue for raising these
10 programs is in the DSM-EE Advisory Group instead of first raising the potential
11 program in a contested proceeding.

12 **Q. Mr. Eiden also suggests partnering with Louisville Metro for multi-family**
13 **retrofits.⁸ Does the Companies' current program structure support such**
14 **coordination?**

15 A. Yes. The Companies' multi-family program already provides rebates to building
16 owners for efficiency upgrades as well as energy efficiency improvements to the
17 individual units. We encourage Louisville Metro or any community partner to engage
18 with its stakeholders and promote participation in this existing program structure.

19 **Q. Have the Companies recently attempted to broaden access to their weatherization**
20 **program?**

21 A. Yes. In Case No. 2022-00402, the Companies proposed expanding eligibility to allow
22 households earning up to 300% of the federal poverty level to participate—making the

⁸ Eiden Testimony at 53.

1 program accessible to more moderate-income families. However, the Joint Intervenors
2 opposed that proposal, and eligibility remains at the former 200% of the federal poverty
3 level threshold.

4 **Q. Mr. Eiden also recommends a process evaluation of energy storage customers to**
5 **assess their motivations and barriers. Please respond.**

6 A. We believe this may reflect a misunderstanding of our approach. The Companies are
7 exploring energy storage measures through pilot programs, which are expressly
8 designed to gather the type of participation data, customer insights, and operational
9 feedback that such a process evaluation would provide.

10 **Q. Please respond to Mr. Eiden’s recommendation to issue a request for information**
11 **to gauge market interest in virtual power plant (“VPP”) development.**

12 A. In Kentucky’s fully integrated utility structure, the Companies are already the
13 developer and aggregator of DSM-EE and demand response resources. We do not rely
14 on third-party aggregators as seen in deregulated markets like ERCOT. Moreover, Mr.
15 Eiden cites to a definition from Brattle of a VPP as a “portfolio of distributed energy
16 resources that are actively controlled to provide benefits to the power system,
17 consumers, and the environment.”⁹ Under this broad definition, our DSM-EE portfolio
18 already includes a functioning VPP, so his recommendation is duplicative and
19 unnecessary.

20

21 **THE COMPANIES CLARIFY INCORRECT**
22 **INFORMATION IN EIDEN TESTIMONY**

23 **Q. Have the Companies identified factual inaccuracies in Mr. Eiden’s testimony?**

⁹ Eiden Testimony at 61.

1 A. Yes. In addition to rebutting the premises of Mr. Eiden's testimony, the Companies
2 wish to clarify certain inaccuracies or misconceptions in Mr. Eiden's testimony that
3 may cause confusion if left unaddressed. These include:

4 • Mischaracterizes existing DSM-EE programs:

- 5 ○ Overlooks that the BYOT program already enables thermostat control
6 via the EnergyHub portal for heating and AC.¹⁰
7 ○ Suggests a broader pilot scope for dispatch coordination that is already
8 incorporated via energy storage in the DR mix.¹¹
9 ○ Fails to recognize the Companies' current DR portfolio already qualifies
10 as a VPP per Brattle's definition.¹²

11 • Incorrect forecast representation:

- 12 ○ Cites less than 2 MW of new customer flexibility by 2039.¹³ The actual
13 forecasts for the program enhancements only, not including the existing
14 program expansions, total 11.8 MW composed of BYOD Energy
15 Storage at 2.4 MW, Whole Home Generator at 6 MW, Small Business
16 DR at 3.4 MW. There is 54 MW forecasted from existing DR program
17 expansion. The existing program expansion values are accounted for in
18 the modeling as a supply-side resource.

19 • Inaccurate statements on cost assumptions:

¹⁰ Eiden Testimony at 81.

¹¹ *Id.* at 7.

¹² *Id.* at 61, 65.

¹³ *Id.* at 4.

1 ○ Erroneously claims DSM-EE filings used \$0 avoided capacity cost¹⁴—
2 this was corrected and clarified in Case No. 2022-00402.

3 • Overlooks program enhancements:

4 ○ Claims a lack of multi-family building focus,¹⁵ but ignores new income-
5 qualified multi-family program in the currently approved plan covering
6 weatherization and system upgrades.

7 ○ Claims failure to support emerging technologies¹⁶—yet the customer
8 rebate path already includes them, with a boosted budget and new DR
9 incentives.

10 ○ Asserts that thermal storage is not incentivized,¹⁷ which ignores custom
11 rebate eligibility and issues rebates for thermal energy storage.

12 • Incorrect descriptions of incentive structures:

13 ○ Incorrectly states Appliance Recycling offers \$0 incentive¹⁸—it does
14 offer customer incentives.

15 ○ Misrepresents Residential Rebates as capped at 50% of incremental
16 cost¹⁹—in fact, incentives vary by measure and average 56%, with some
17 at or above 98%.

18 ○ Shows resources that are typically part of VPP,²⁰ but ignores the
19 Companies already include DERs like smart thermostats, managed EV
20 changing, and smart water heating.

¹⁴ *Id.* at 23.

¹⁵ *Id.* at 36.

¹⁶ *Id.* at 39-41.

¹⁷ *Id.* at 43-44.

¹⁸ *Id.* at 40.

¹⁹ *Id.*

²⁰ *Id.* at 63.

- Misstatement of WeCare program budgets and savings:
 - Incorrectly lists single-family budget as \$1,500²¹—the 2024–2030 value is \$1,650 plus smart thermostat allowance.
 - Misrepresents multifamily average budget as \$750²²—it is actually \$825.
 - Implies low savings from HVAC configurations²³—overlooks that deep retrofits are outside WeCare’s scope, while new programs offer rebates for system upgrades.
 - Questions savings projections²⁴—though EM&V results show alignment with deemed values.

CONCLUSION

Q. What is your recommendation for the Commission?

A. Mr. Eiden attempts to distract the Commission from the issue at hand. The Companies continuously analyze DSM-EE to implement programs that are cost-effective for customers. DSM-EE cannot offset the need for the generation assets proposed in this case, and Mr. Eiden provides no solutions that suggest that it could.

Q. Does this conclude your testimony?

A. Yes, it does.

²¹ *Id.* at 51.

²² *Id.*

²³ *Id.*

²⁴ *Id.*

VERIFICATION

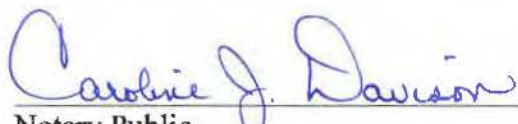
COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The undersigned, **Lana Isaacson**, being duly sworn, deposes and says that she is Manager - Energy Efficiency Programs for Louisville Gas and Electric Company and Kentucky Utilities Company, an employee of LG&E and KU Services Company, that she has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained therein are true and correct to the best of her information, knowledge, and belief.



Lana Isaacson

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 7th day of July _____, 2025.



Notary Public

Notary Public ID No. KYNP63286

My Commission Expires:

January 22, 2027



APPENDIX A

Lana Isaacson

Manager, Energy Efficiency Programs
Kentucky Utilities Company
Louisville Gas and Electric Company
2701 Eastpoint Parkway
Louisville, Kentucky 40223
Telephone: (502) 627-4335

Previous Positions

LG&E and KU Services Company	
Manager, Energy Efficiency Programs	Aug. 2024 – Present
Manager, Emerging Business Planning & Development	Nov. 2021 – Aug. 2024
Senior Key Account Manager	Apr. 2019 – Nov. 2021
 Schneider Electric	
Director, Client Management	Nov. 2008 – Apr. 2019
Client Manager	Aug. 2001 – Nov. 2008
 Austin Utilities	
Director, Customer Service and Key Accounts	Aug. 1999 – Aug. 2001
 Interstate Power Company/Alliant Utilities	
Key Account Manager	July 1994 – Aug. 1999

Education

Professional Development, Leadership Development Program, University of North Carolina
Kenan-Flagler Business School, September 2014

Bachelor of Science in Engineering, Mechanical Engineering, The University of Iowa,
December 1993