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October 28, 2011

VIA HAND DELIVERY

Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RECEIVED

OCT 28 2011

**PUBLIC SERVICE
COMMISSION**

RE: Consideration of the New Federal Standards of the Energy Independence and Security Act of 2007
Case No. 2008-00408

Dear Mr. DeRouen:

Enclosed please find and accept for filing the original and ten copies of a Joint Motion for Clarification and Amendment of Order in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me via our office courier.

Should you have any questions please contact me at your convenience.

Yours very truly,

W. Duncan Crosby III

WDC:ec
Enclosures
cc: Parties of Record

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CONSIDERATION OF THE NEW)	
FEDERAL STANDARDS OF THE)	
ENERGY INDEPENDENCE AND)	CASE NO. 2008-00408
SECURITY ACT OF 2007)	

JOINT MOTION FOR CLARIFICATION AND AMENDMENT OF ORDER

Louisville Gas and Electric Company (“LG&E”), Kentucky Utilities Company (“KU”), Kentucky Power Company (“Kentucky Power”), Duke Energy Kentucky, Inc. (“Duke Kentucky”), and Big Rivers Electric Corporation (“BREC”) (collectively, “Movants”) move for clarification and amendment of the Kentucky Public Service Commission’s (“Commission”) Order of October 6, 2011, in the above-captioned proceeding. Specifically, the Movants request clarification of language contained in three sections of the Commission’s Order: the EISA 2007 Integrated Resource Planning (“IRP”) Standard, the EISA 2007 Gas Energy Efficiency Standard, and the EISA 2007 Smart Grid Investment Standard.

EISA 2007 IRP Standard

With regard to the EISA 2007 IRP Standard, the Commission determined that it was impractical to adopt the proposed EISA 2007 IRP Standard, and instead developed a Kentucky IRP Standard, as set forth on page 24 of its Order of October 6, 2011, and referenced specifically below:

Each electric utility shall integrate energy efficiency resources into its plans and shall adopt policies establishing cost-effective energy efficiency resources with equal priority as other resource options.

In each integrated resource plan, the subject electric utility shall fully explain its consideration of cost-effective energy efficiency resources as a priority resource as required by regulation. In each

certificate case, the subject electric utility shall fully explain its consideration of cost-effective energy efficiency resources as a priority resource.

In each rate case, the subject electric utility shall fully explain its consideration of cost-effective energy efficiency resources and the impact of such resources on its test year.

The “priority resource” language contained in the second paragraph of the Kentucky IRP Standard appears to conflict with the “equal priority” language contained in the first paragraph. Use of the “priority resource” language in conjunction with “cost-effective” suggests that energy efficiency should be given priority over other more cost-effective supply- and demand-side alternatives. To the contrary, the IRP regulation (807 KAR 5:058) requires utilities to file every three years their plans for providing an adequate and reliable supply of electricity to meet forecasted electricity requirements at the lowest possible cost. In addition, the term “cost-effective energy efficiency resources” is undefined in the Order. The Movants believe that the term should be defined in the same way these resources are considered in the context of the IRP regulation. Specifically, “cost-effective energy efficiency resources” should be defined as “improvements to and more efficient utilization of existing utility generation, transmission, and distribution facilities,” and “conservation and load management or other demand-side programs not already in place.” 807 KAR 5:058, Section 8(2)(a) and (b). For these reasons, the Movants respectfully request the Commission clarify its Order by revising the Kentucky IRP Standard as follows:

Each electric utility shall integrate energy efficiency resources into its plans and shall adopt policies establishing cost-effective energy efficiency resources with equal priority as other resource options.

In each integrated resource plan, certificate case, and rate case, the subject electric utility shall fully explain its consideration of cost-effective energy efficiency resources as set forth the IRP regulation at 807 KAR 5:058.

EISA 2007 Gas Energy Efficiency Standard¹

With regard to the section of the Commission's Order relating to the EISA 2007 Gas Energy Efficiency Standard, the Commission determined not to require jurisdictional gas utilities to adopt this standard. The Commission instead elected to require the five major local distribution companies ("LDCs") to develop policies and procedures that ensure that cost-effective energy efficiency is considered as a priority resource. As noted above, the Movants give the same priority to resource options and plan their systems based upon the lowest reasonable cost. The Movants therefore request that the Commission amend its Order to require the LDCs to develop policies and procedures that ensure that cost-effective energy efficiency will be considered as a resource.

EISA 2007 Smart Grid Investment Standard

Finally, with regard to the EISA 2007 Smart Grid Investment Standard, the Commission determined that jurisdictional electric utilities should be required to adopt this standard, which requires utilities to investigate and consider Smart Grid technology and infrastructure as part of their investment decisions. However, at page 115 of its Order, the Commission acknowledges that "adoption of the EISA 2007 Smart Grid Investment Standard may raise questions by the IOUs and generation cooperatives about what specific actions they may be required to take to comply with the adoption of the standard." Consequently, the Commission has announced its intention to establish a new administrative proceeding to address these issues and many others. Because the actions that may be required to comply with this standard have not yet been

¹ Because BREC, Kentucky Power, and KU do not provide gas service, they do not express an opinion concerning the EISA 2007 Gas Energy Efficiency Standard or join the other Movants concerning this section of the Joint Motion.

established, it is premature for any electric utility to issue a statement indicating its adoption of the EISA 2007 Smart Grid Investment Standard at this time.²

Issuance of Statements and Submission of Policies and Procedures

In ordering paragraphs 8 and 10 on page 128 of the Commission's Order, the Commission requires each jurisdictional electric generating utility to submit a statement to the Commission indicating its adoption of the Kentucky IRP Standard and of the Smart Grid Investment Standard as set forth in EISA 2007 within thirty days of the date of the Order. In addition, ordering paragraph 9 on page 128 of the Order requires each of the five major LDCs to submit the pertinent policies and procedures to ensure that cost-effective energy efficiency is considered as a priority resource within ninety days of the date of the Order. Because the Movants are seeking clarification of these portions of the Commission's Order, they respectfully are not able to file such statements or submit such policies and procedures at this time.

WHEREFORE, Louisville Gas and Electric Company, Kentucky Utilities Company, Kentucky Power Company, Duke Energy Kentucky, Inc., and Big Rivers Electric Corporation respectfully request that the Commission enter an Order granting the clarifications and amendments of the October 6, 2011 Order as requested in this Joint Motion. The Movants further respectfully request that the Commission's Order in response to this Joint Motion grant the affected utilities, including the Movants, a reasonable time to file the necessary statements and policies and procedures, as set out in the Commission's October 6, 2011 Order.

² Kentucky Power continues to support adoption of the EISA 2007 Smart Grid Investment Standard (16 U.S.C. 2621(d)(18)(A)). Duke Energy Kentucky is willing to accept the EISA 2007 Smart Grid Investment Standard with the understanding that it will be allowed to raise any issues or concerns relating to its implementation in the forthcoming administrative case and that prior adoption of the standard would not subsequently be deemed to constitute a waiver of such issues or concerns. Kentucky Power and Duke Energy Kentucky join in this portion of the motion because of the uncertainty as to the effect of its formal adoption of the EISA 2007 Smart Grid Investment

Dated: October 28, 2011

Respectfully submitted,



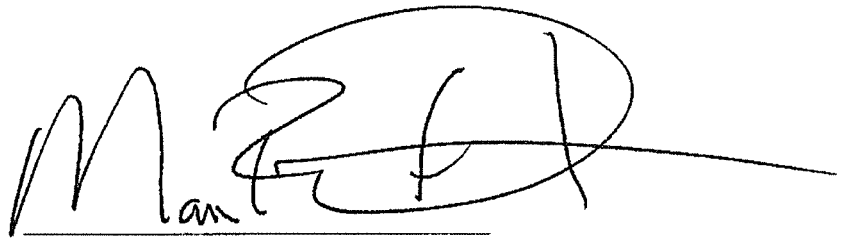
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Standard in light of the Commission's announced intention to establish a new administrative case "focusing solely on Smart Grid and Smart Meter initiatives and to manage the collaborative effort." Commission Order at 114.

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A handwritten signature in black ink, appearing to read 'Mark R. Overstreet', with a large, stylized flourish extending to the right.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Joint Motion was served on the following on the 28th day of October, 2011, U.S. mail, postage prepaid:

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