

**Frost
Brown Todd** LLC
ATTORNEYS

2009-00250

KENTUCKY · OHIO · INDIANA · TENNESSEE · WEST VIRGINIA

Mark David Goss
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RECEIVED
JUN 30 2009
PUBLIC SERVICE
COMMISSION

June 30, 2009

Via Hand-Delivery

Mr. Jeffrey Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602-0615

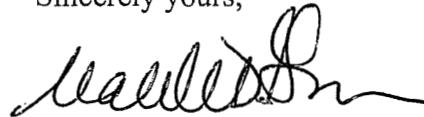
Re: East Kentucky Power Cooperative, Inc. Touchstone Energy Home Program –
Rate Schedule DSM-2

Dear Mr. Derouen:

Please find enclosed for filing with the Commission an original and ten copies of the Application of East Kentucky Power Cooperative, Inc., for a continuation of the Touchstone Energy Home Program, which was originally approved by the Commission on January 14, 2004 in PSC Case No. 2003-00481.

Please date stamp the enclosed additional copy of this filing and return it to me in the enclosed postage paid envelope.

Sincerely yours,



Mark David Goss

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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JUN 30 2009

PUBLIC SERVICE
COMMISSION

In the Matter of:

**THE APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR)
CONTINUATION OF THE TOUCHSTONE)
ENERGY HOME PROGRAM, INCLUDING)
THE REBATE PROVISIONS)**

CASE NO. 2009 - 00250

APPLICATION

1. Applicant, East Kentucky Power Cooperative, Inc., hereinafter referred to as "EKPC", Post Office Box 707, 4775 Lexington Road, Winchester, Kentucky 40392-0707, hereby files this Application for authority to continue the Touchstone Energy Home Program (the "Program") through 2011.

2. This Application is made pursuant to KRS 278.285 and related statutes.

3. A copy of Applicant's restated Articles of Incorporation and all amendments thereto were filed with the Public Service Commission (the "Commission") in PSC Case No. 90-197, the Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity to Construct Certain Steam Service Facilities in Mason County, Kentucky.

4. Attached as Applicant's Exhibit I is the Prepared Testimony of Jeffrey E. Hohman, EKPC Manager of Member Services. Mr. Hohman's testimony explains EKPC's history with the Touchstone Energy Home Program which was approved by the Commission in its order dated January 14, 2004 in PSC Case No. 2003-00481, and the

extension of the rebate provisions, which was approved by the Commission in its order dated September 18, 2007 in PSC Case No. 2006-00547.

5. EKPC is hereby requesting approval to extend its Touchstone Energy Home Program, which includes the rebate provision, through the end of 2011.

6. Attached as Applicant's Exhibit II is a revised tariff sheet for EKPC's Section DSM-2 Rate Schedule, showing the proposed changes.

WHEREFORE, Applicant respectfully requests the Commission to authorize the continuation of the Touchstone Energy Home Program, which includes the rebate provisions, through the end of 2011.

Respectfully submitted,



Mark David Goss
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Lexington, KY 40507- 1749
(859) 23 1-0000 - Telephone
(859) 23 1-001 1 - Facsimile
Counsel for East Kentucky Power Cooperative, Inc.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

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CASE NO. 2009- 00250

PREPARED TESTIMONY OF JEFFRY E. HOHMAN
ON BEHALF OF
EAST KENTUCKY POWER COOPERATIVE, INC.

Q. Please state your name and address.

A. My name is Jeffry E. Hohman and my business address is 4775 Lexington Rd., Winchester, Kentucky 40392.

Q. By whom are you employed and in what capacity?

A. I am employed by East Kentucky Power Cooperative, Inc. ("EKPC") as Manager of Member Services.

Q. As background for your testimony, please briefly describe your educational background and work experience.

A. I graduated from Murray State University, Murray, Kentucky with a Bachelor's Degree in Biology. My work experience began as a Chemist/Biologist with EKPC in the Environmental Affairs Department. I was subsequently promoted to Supervisor of EKPC's Central Laboratory in 1989 and became Manager of Natural Resources in 1999. I became

1 Manager of Marketing and Natural Resources in May 2003 and assumed
2 my current position in June 2007.

3 **Q Please explain the history of EKPC's Touchstone Energy Home**
4 **Program (the "Program").**

5 A. The Public Service Commission (the "Commission") approved the
6 Program in January 2004 in PSC Case No. 2003-00481. The Program was
7 designed to encourage the construction of energy efficient homes. The
8 Program requires that these new homes meet Energy Star standards set
9 forth by the U.S. Department of Energy. EKPC's Program, as approved
10 by the Commission in September 2007, allows for EKPC to offer a rebate
11 of up to \$250 per home. The Touchstone Energy Home's rebate provision
12 has been in operation since the spring of 2004 and has proven to be
13 popular with customers.

14 **Q. Why is EKPC requesting an extension of the Program, including the**
15 **rebate provisions?**

16 A. As indicated in our original filing, the incremental cost of a Touchstone
17 Energy Home is over \$2,000 higher than a conventional home. The rebate
18 provision has helped mitigate the increased up-front cost to consumers and
19 reduces the payback period of the investment in the Touchstone Energy
20 Home. In order to continue making progress in the promotion of energy
21 efficient homes, EKPC and its Member Systems believe that the rebate
22 provision offers the best opportunity to succeed.

23

1 **Q. Has the Program been successful?**

2 A. Yes. The Program has proven to be very successful. The number of
3 participants has grown from 44 as of the end of 2004 to a total of 175 as of
4 the end of 2005. In 2006, 236 customers purchased Touchstone Energy
5 Homes and in 2007 there were 116 Touchstone Energy Homes that were
6 given rebates by EKPC. In 2008, 104 participants were added. It has
7 been EKPC's experience that the up-front incentives can be a deciding
8 factor in the ultimate decision-making process of new homebuyers, and
9 the rebate provision encourages new homebuyers to more strongly
10 consider the highly efficient Touchstone Energy Home.

11 **Q. Is the Program designed to encourage changes in a customer's**
12 **consumption patterns?**

13 A. Yes. The Program is designed to encourage new construction of energy
14 efficient homes. It is estimated that incorporating Energy Star standards
15 into construction can save the member as much as 30 percent each month
16 on their electric usage.

17 **Q. Is this Program consistent with all aspects of EKPC's 2009 Integrated**
18 **Resource Plan ("IRP")?**

19 A. Yes. This Program continues to support the goals set forth in the 2009
20 IRP to delay baseload and offset peaking units. The Program descriptions
21 are found in the 2009 IRP appendix page DSM-74 (Touchstone Energy
22 Home).

1 **Q. Does this Program result in any unreasonable prejudice or**
2 **disadvantage to any customer class?**

3 A. No. This Program is easily available and affordable for members
4 purchasing new homes. Green building is on the upswing in Kentucky.

5 **Q. Have you prepared an Exhibit which reflects EKPC's proposed**
6 **change to the program?**

7 A. Yes. Exhibit II to the Application is a proposed Tariff sheet which
8 incorporates the extension of the Program, including the rebate provision,
9 through the end of 2011. Page 2 of the Exhibit is the redline version of
10 the Tariff change.

11 **Q. Does this conclude your testimony?**

12 A. Yes.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

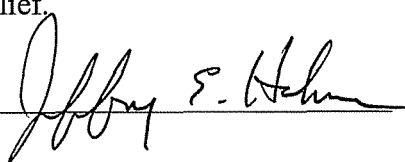
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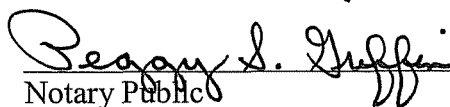
AFFIDAVIT

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Jeffrey E. Hohman, being duly sworn, states that he has read the foregoing prepared testimony and that he would respond in the same manner to the questions if so asked upon taking the stand, and that the matters and things set forth therein are true and correct to the best of his knowledge, information and belief.



Subscribed and sworn before me on this 29th day of June, 2009.


Notary Public

My Commission expires:

December 8, 2009

For All Counties Served
P.S.C. No. 33
First Revised Sheet No. 23
Canceling PSC No. 33
Original Sheet No. 23

EAST KENTUCKY POWER COOPERATIVE, INC.

Section DSM - 2

Touchstone Energy Home Program

Purpose

The Touchstone Energy Home Program is a conservation program that encourages the sale of more energy-efficient homes. It is based on *Energy Star* standards for homes, a nationally recognized symbol of energy efficiency and quality developed and operated jointly by the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy (DOE).

Availability

This program is available in all service territory served by EKPC.

Eligibility

To qualify as a Touchstone Energy Home under EKPC's program, the participating home must be located in the service territory of a participating Member System and meet the *Energy Star* standards by including additional floor, wall and ceiling insulation, double pane windows and an electric heat pump.

Rebate

EKPC and its Member Systems will provide an incentive to retail customers to build or purchase a Touchstone Energy home. Member System Cooperatives may elect to offer a rebate of up to \$250 for each participant. EKPC will match the rebate offered by the member system cooperative up to a maximum of \$250, resulting in a maximum rebate of \$500 for each participant. Rebates will be paid to each participant upon written certification that the newly constructed home has met the *Energy Star* standards.

Annual Reports

EKPC will submit annual reports on the Program that contain the number of participants from each Member System, the annual costs, including the costs of the rebates, and the status of the rebate provision. EKPC will file the first report by June 30, 2005, and annually thereafter.

Term

The Touchstone Energy Home Program will remain in effect through 2011. If EKPC should decide to continue the entire program beyond 2011, an application for approval from the Kentucky Public Service Commission will be filed 6 months prior to the date of continuation.

N
N

DATE OF ISSUE June 30, 2009 DATE EFFECTIVE: Service rendered on and after January 1, 2010

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. _____ Dated _____

For All Counties Served
P.S.C. No. 33

First Revised Sheet ~~Original Sheet~~ No. 23

Canceling PSC No. 323

EAST KENTUCKY POWER COOPERATIVE, INC.

Original ~~First Revised~~ Sheet No. 23

Section DSM - 2

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DATE OF ISSUE ~~April 14, 2009~~June 30, 2009 DATE EFFECTIVE: Service rendered on and after April 1, 2009January 1, 2010

ISSUED BY _____ TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in

Case No. 2008-00409 Dated March 31, 2009