

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR CONTINUATION OF)	CASE NO
THE TOUCHSTONE ENERGY HOME)	2009-00250
PROGRAM, INCLUDING THE REBATE)	
PROVISIONS)	

O R D E R

BACKGROUND

On June 30, 2009, East Kentucky Power Cooperative, Inc. ("EKPC") filed an application seeking authority to revise its Touchstone Energy Home Program (the "Program") tariff by extending the Program and its rebate provisions through the end of 2011.

The Program is a conservation program that encourages the construction of energy-efficient homes. To qualify for the Program, a new home must meet Energy Star standards set by the U.S. Environmental Protection Agency and the U.S. Department of Energy. In 2007, the Commission approved extending the Program's rebate provision through 2009 and allowed EKPC to match its member systems' offer of a rebate of up to \$250 per home.¹ The estimated incremental cost of a Touchstone Energy Home is over \$2,000 more than the cost of a conventional home. The rebate program has helped to offset the cost to participants and reduce the payback period of the initial investment in the Touchstone Energy Home.

¹ Case No. 2006-00547, East Kentucky Power Cooperative, Inc. (Ky. PSC Sept. 18, 2007).

EKPC states that the Program has been very successful, since the number of participants has grown from 44 at the end of 2004 to over 600 by the end of 2008. EKPC has paid rebates of \$159,175 to Touchstone Energy Home customers through the end of 2008, while estimating that the present value of energy savings through that same period was \$590,960.² EKPC estimates that the present value of future savings from 2009 through 2025 will be \$10,740,790, for a total net present value savings of \$11,331,750.³ These sums are derived by adding EKPC's production, generation, transmission and distribution cost and capacity savings. While the Program qualifies as a demand-side management ("DSM") program and recovery could be requested through KRS 278.285, the Commission's DSM statute, EKPC has not sought such recovery. However, the costs of the Program were included in the test year in EKPC's recent base rate case.⁴

EKPC also provided information concerning the actual costs incurred during the first five years of the Program. The information shows that the average rebate paid to participating homes by the Member Systems was \$273 in 2004, \$227 in 2005, \$238 in 2006, \$362 in 2007, and \$149 in 2008. EKPC provided matching rebates until 2007, when it provided average rebates of \$303 per customer, and 2008, when it provided average rebates of \$182 per customer. Total annual costs for EKPC, exclusive of the

² See, Response to Commission Staff's Initial Data Request, Item 4.

³ Id.

⁴ Case No. 2008-00409, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.

rebates, on a per-participant basis, averaged \$698 in 2004, \$236 in 2005, \$135 in 2006, \$182 in 2007, and \$108 in 2008.⁵

While EKPC provided the Commission with samples of current marketing materials regarding the Program, it stated that it is in the process of updating its marketing materials and anticipates those materials will be completed by January 1, 2010. EKPC will provide these materials to the Commission upon their completion. It is EKPC's expectation that the marketing materials will be oriented toward both consumers and home builders.

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 that the Program and its rebate provisions should be extended through 2011.

EKPC's Member Systems are not parties to this proceeding; therefore, the Commission decision herein does not address their rebate programs. However, all participating Member Systems must have approved tariffs on file with the Commission setting forth the terms of their programs.

IT IS HEREBY ORDERED that:

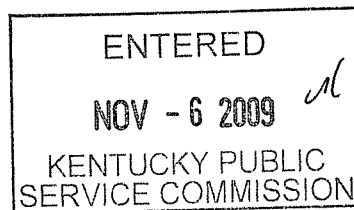
1. EKPC's request to extend its Touchstone Energy Home Program and the Program's rebate provision through the end of 2011 is approved as proposed.

⁵ Id.

2. Within 20 days of the date of this Order, EKPC shall file with the Commission its revised Touchstone Energy Home Program tariff. The tariff shall show the date of issue and that it was issued by authority of this Order.

3. The Commission's Executive Director shall serve a copy of this Order on EKPC's Member Systems.

By the Commission



ATTEST:

for 
Executive Director

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