

KENTUCKIANS FOR THE COMMONWEALTH

P.O. Box 1450 • London, KY 40743
606-878-2161 • www.kftc.org

Action for Justice

September 4, 2012

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602

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SEP 5 2012

PUBLIC SERVICE
COMMISSION

Re: Case No. 2012-00149

2012 Integrated Resource Plan of East Kentucky Power Cooperative, Inc.

Dear Mr. Derouen:

Please find attached for filing with the Commission Kentuckians For The Commonwealth's public comments on East Kentucky Power Cooperative's 2012 Integrated Resource Plan.

Sincerely,

Steve Boyce, Chairperson
On behalf of Kentuckians For The Commonwealth

Enclosure

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

2012 INTEGRATED RESOURCE PLAN OF EAST)	CASE NO.
KENTUCKY POWER COOPERATIVE, INC.)	2012-00149

PUBLIC COMMENTS OF KENTUCKIANS FOR THE COMMONWEALTH

Kentuckians For The Commonwealth would like to offer the following public comments on East Kentucky Power Cooperative’s (“EKPC”) 2012 Integrated Resource Plan (“IRP”) for consideration by the Public Service Commission (“Commission”) and other parties.

Kentuckians For The Commonwealth (“KFTC”) is a non-profit, grassroots, social justice organization with more than 7,500 members across the state, including hundreds of members who are rural electric co-op members. KFTC believes in the power of people, working together, to create a better Kentucky. KFTC members work to challenge injustices, right wrongs, and bring about new economic power, new political power, and new clean energy power for all Kentuckians.

KFTC is guided by a vision statement. We are working for a day when Kentuckians—and all people—enjoy a better quality of life; when we have good jobs that support our families without doing damage to the water, air and land; when all people have health care, food, education, clean water and other basic needs; and when the voices of ordinary people are heard and respected in our democracy.

It is this vision that guides today’s comments. We want to ensure that the decisions our electric utilities—including EKPC—are making are optimal in regards to our future. Today, right now, we have our best opportunity in decades to reinvigorate our cooperatives and take the lead, not just on energy but on the future of our Commonwealth’s economic, social and physical health. By investing ambitiously and creatively in demand-side management (“DSM”) and energy efficiency (“EE”), and engaging in significant deployment of clean, renewable energy, our utilities can help:

- create much-needed, good, local jobs right here in our communities
- protect those who are most vulnerable to rising rates and economic fluctuations
- keep electric costs affordable for all users
- protect the health of our families, our communities and our environment
- ensure the longevity of these important cooperative institutions and
- jump start a transition to a healthier economy.

Since the 2009 filing of EKPC's previous IRP, we have been encouraged by the incremental progress that EKPC and the distribution co-ops have made toward DSM and EE; consideration—though not yet broad implementation—of renewable energy; and lessening the financial, health and climate risks associated with fossil fuel generation.

We believe EKPC made the right decision to abandon its plans for the proposed coal-burning Smith I power plant. We are encouraged by the new DSM and energy savings pilot programs that EKPC and the distribution co-ops are participating in, including the How\$martKY on-bill financing program, the pre-pay programs, Smart Homes, and more, as well as the Simple\$aver direct load control programs.

We are especially encouraged by EKPC's and the distribution co-ops' participation in the DSM / Renewable Energy Collaborative along with KFTC and other public interest groups. Not only have EKPC and the co-ops been willing participants in the Collaborative process, but they included the initial recommendations developed by the Collaborative in this 2012 IRP.

However, even with these steps in the right direction, we believe much more can be done to move the utilities boldly—and necessarily—forward, and we ask the Commission to play a role in this movement.

The Commission's November 2010 Staff memo on EKPC's 2009 IRP states that one of the Staff's goals is to ensure that "[t]he selected plan represents the least-cost, least-risk plan for the end use customers served by EKPC and its member cooperatives." We presume that this goal still stands for the 2012 IRP.

For the first time, in its 2012 IRP EKPC set a goal for DSM. On page 4 EKPC states: "EKPC believes an aggressive but reasonable DSM goal would be to pursue approximately 50 MW over a five year period."

Additionally, concerning power generation, EKPC states on page 8 of the IRP that it "will seek to find the most economic alternative to meet its power supply requirements and meet MATS rules. EKPC will need to mitigate the potential risk of losing approximately 300 MW of existing power supply resources while maintaining economic and reliable power supply to its member owners."

While KFTC is not submitting technical comments on this IRP, we do ask that the Commission consider the "least risk" goal of the Staff set forth above in its questioning of EKPC and in its recommendations to EKPC during this IRP process, and that the Commission consider a longer time horizon for "least cost" than the present.

Currently, EKPC has DSM / EE savings of less than .1% of annual MWh sales. We believe that annual energy savings of 1 – 2% are both desirable in the EKPC system and achievable in the five-year time line that EKPC lays out for its DSM goal. We ask that the Commission encourage EKPC to meet a 1 – 2% DSM / EE goal based on total sales, and push EKPC to articulate the strategy for achieving such a goal, including how a strong DSM / EE plan can help the lowest-

income, and most vulnerable, cooperative members participate in DSM / EE programs. Such a goal and plan will do much to help create local jobs in EE, help co-op members afford their utility bill as rates continue to rise, and help lessen the demand for fossil fuel generation which is a risk financially, as well as to our health and climate.

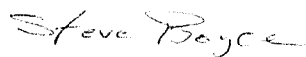
Concerning the 300 MW of new generation that EKPC anticipates it will need in the near future—and for which it has issued a Request for Proposals since the 2012 IRP was first submitted to the Commission—we ask that EKPC choose clean, renewable generation, whether through purchase agreements or locally-generated sources, over risky, volatile fossil fuels. We ask that the Commission, in approving new generation for EKPC, consider and acknowledge that renewables such as wind, solar, and hydro-electric, among others, will be least-cost for the utility and its end-users when considered over a decades-long time horizon. Additionally, renewables are certainly least-risk in terms of impacts on our health and climate, and represent the least financial risk among new generation options in that they are not dependent on often volatile and costly fuel sources.

Conclusion

In conclusion, we see this 2012 IRP process as a great opportunity for EKPC and the Kentucky Public Service Commission to move our Commonwealth toward an energy future that is good for all Kentuckians. By setting ambitious, yet achievable, goals for DSM / EE and clean, renewable energy, EKPC can not only meet the needs of its member systems and end-users, but can also help create a strong local economy, healthy communities, and help those who are most vulnerable meet their basic needs. The Commission plays a key role in this process and in this future. We ask that the Commission consider not only “least cost” as a goal, but also “least risk,” and work to move EKPC—and all Kentucky utilities under its jurisdiction—toward bold DSM / EE and clean, renewable generation plans.

We thank you for the opportunity to share our public comments.

Respectfully submitted,



Steve Boyce, Chairperson
On behalf of Kentuckians For The Commonwealth