

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF KENERGY CORP. TO)
REVISE AND IMPLEMENT DEMAND-SIDE) CASE NO.
MANAGEMENT PROGRAMS) 2015-00119

ORDER

On March 24, 2015, Kenergy Corp. (“Kenergy”) filed revised and new demand-side management (“DSM”) program tariff sheets with a proposed effective date of April 27, 2015. Kenergy seeks to modify the incentives associated with certain of its existing DSM programs, expand the energy-efficient lighting (“EEL”)¹ options, institute a new Pilot Residential Weatherization A La Carte Program (“Pilot A La Carte Program”), and discontinue two weatherization programs. The Pilot A La Carte Program is intended to promote increased residential weatherization improvements wherein Kenergy would provide a portion of the cost of approved retrofits. Pursuant to the Commission’s Order of April 14, 2015, Kenergy’s proposed tariffs were suspended for five months from April 27, 2015, up to and including September 26, 2015. Kenergy responded to two rounds of information requests issued by the Commission staff. There are no intervenors in this proceeding. The matter now stands submitted for a decision by the Commission based upon the evidentiary record.

¹ EEL includes but is not limited to compact fluorescent lights (“CFL”) and light emitting diodes (“LED”) lights.

DISCUSSION

Kenergy filed its proposed tariffs as a result of a filing made by Big Rivers Electric Corporation ("Big Rivers") proposing changes to the incentives associated with certain of Big Rivers' existing DSM programs and proposing to institute a new Residential Weatherization A La Carte Program ("Big Rivers' A La Carte Program").² Kenergy also stated that it was seeking to discontinue the existing Sheet Nos. 55 and 56, Residential Weatherization Program - Primary Heating Source Non-Electric and Electric-Sourced Air Conditioning ("Residential Weatherization Program - Non-Electric") and Residential Weatherization Program - Primary Heating Source Electric and Electric-Sourced Air Conditioning ("Residential Weatherization Program - Electric") respectively, and replace them with the new proposed Sheet No. 55, Pilot A La Carte Program. Kenergy further stated that the Residential Weatherization Program - Non-Electric and the Residential Weatherization Program – Electric programs were being discontinued due to budget constraints.³ The proposed Pilot A La Carte Program will be applicable to both electric- and gas-heated homes.⁴

The purpose of Kenergy's proposed Pilot A La Carte Program is to increase weatherization improvements among residential customers and to provide the most cost-effective measures possible,⁵ allowing more members to participate. Under this

² Case No. 2015-00118, *The Tariff Filing of Big Rivers Electric Corporation to Revise and Implement Demand-Side Management Programs* (Ky. PSC Mar. 20, 2015).

³ Kenergy's Response to Commission Staff's First Request for Information ("Staff's First Request"), Item 1.

⁴ *Id.*

⁵ Kenergy's Response to Commission Staff's Second Request for Information ("Staff's Second Request"), Item 3.

program, Kenergy would pay an incentive directly to a third-party contractor or to eligible customers who undertake and complete residential weatherization improvements.⁶ Homes eligible for duct sealing are those where 60 percent of the duct work is located outside conditioned spaces, i.e., duct work located in attic, crawl space, or unfinished basement. Eligible homes must be 3,000 square feet or less and not pose a safety or health risk to the residential customer or contractor. Homes in excess of 3,000 square feet may be subject to additional fees as determined by the contractor, and those additional fees would be paid by the residential customer to the contractor. Homes of 3,000 square feet or less with electric heat sources are proposed to receive duct sealing reimbursement of up to \$500. Homes with gas heat are proposed to receive payments of up to \$250.⁷

Additional weatherization measures are proposed to be available under this program. To qualify for the additional weatherization measure incentives, a member must submit documentation to Kenergy supporting the purchase and installation of additional weatherization measures. The additional weatherization measures' incentive payment amounts are:

<u>Electric-Heated Homes</u>	
Attic Insulation	Incentive Payment of up to \$500
Floor/Crawl Space Insulation	Incentive Payment of up to \$250
Smart/Programmable Thermostat	Incentive Payment of up to \$30

⁶ The Pilot Weatherization Program provides \$200 for the initial site visit. Kenergy's Response to Staff's Second Request, Item 3.

⁷ Electronic Tariff Filing, TFS2015-00155, PSC No. 2, Second Revised Sheet Nos. 55-55B, Pilot Residential Weatherization A La Carte Program (filed Mar. 24, 2015).

Gas-Heated Homes

Attic Insulation	Incentive Payment of up to \$250
Floor/Crawl Space Insulation	\$0
Smart/Programmable Thermostat	Incentive Payment of up to \$30 ⁸

In response to an information request questioning whether the proposed addition of the words “up to” may cause incentive amounts to seem vague to Kenergy’s members, Kenergy stated it does not believe so, and that any changes will be communicated to its members through the monthly *Member Matters* newsletter, Facebook, Twitter and through the Kenergy website.⁹ Kenergy further stated that it currently tracks participation levels in each program on a monthly basis. Kenergy believes the “up to” language allows it to adjust the incentive payment amounts to stay within budget. Kenergy proposed to review each program and determine whether the incentive amounts should be adjusted.¹⁰

With regard to the proposed language concerning eligibility for the Pilot A La Carte Program tariff as compared to that of Big Rivers’ A La Carte Program tariff, the Commission notes that Big Rivers’ proposed Sheet No. 23.01, Eligibility, states, “Program eligibility is based on the home and not the number of HVAC systems per home.” Kenergy’s proposed tariff as filed did not include similar language, but during the process of discovery Kenergy agreed to add such language.¹¹ Kenergy also agreed to add language similar to that of Big Rivers’ Sheet No. 23.04, Terms & Conditions,

⁸ *Id.*

⁹ Kenergy’s Response to Staff’s Second Request, Item 1.

¹⁰ *Id.*

¹¹ Kenergy’s Response to Staff’s First Request, Item 6.

paragraph 8, which states, "Big Rivers or the Member will complete all reimbursements upon completion of any of the above weatherization measures and submission of an application and required documentation."¹² Kenergy further indicated that the superscript "a" on its Sheet No. 55A, paragraph 5, should be in paragraph 4.¹³

SUMMARY

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. Kenergy's proposed DSM programs should be approved as proposed in its application.
2. Kenergy's proposed tariff language as revised through the process of discovery and as explained herein, is reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. Kenergy's DSM tariff revisions as found reasonable herein and its Pilot A La Carte Program are approved.
2. Kenergy's discontinuance of the existing Residential Weatherization Program - Non-Electric and Residential Weatherization Program - Electric is approved.
3. Within ten days of the date of this Order, Kenergy shall file with the Commission, using the Commission's electronic Tariff Filing System, its revised DSM tariffs showing the date of issue and that they were issued by authority of this Order.

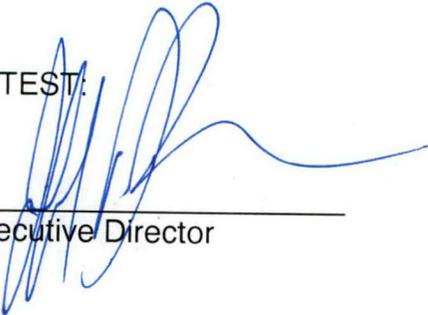
¹² *Id.*, Item 9.

¹³ *Id.*, Item 7.

By the Commission

ENTERED ^a
SEP 11 2015
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



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