

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION OF THE)	
REASONABLENESS OF THE ENERGY)	CASE NO.
EFFICIENCY AND CONSERVATION RIDER OF)	2018-00044
COLUMBIA GAS OF KENTUCKY, INC.)	

ORDER

On December 29, 2017, Columbia Gas of Kentucky, Inc. (“Columbia”) filed a revised tariff sheet, via the Commission’s electronic Tariff Filing System, proposing to revise its Energy Efficiency/Conservation Program Recovery Component (“EECPRC”) pursuant to its tariff. The proposed tariff sheet contains an effective date of January 31, 2018.¹

A review of the supporting documentation filed with the proposed filing indicates that program costs exceed program benefits by \$424,454. The Commission is concerned that demand-side management (“DSM”) programs are becoming more difficult to justify on the basis of both costs and benefits, and has stated its intent to

¹ TFS2017-00710.

more closely review such programs, particularly with regard to the cost of each DSM program.² Columbia's Energy Efficiency and Conservation Program ("EECP") was last approved by the Commission in Case No. 2016-00107.³ During the August 24, 2016 Informal Conference in Case No. 2016-00107, Columbia indicated that, unlike electric utility DSM programs, the purpose of its energy efficiency program was not to shave peak, but to promote conservation and to offer programs that its customers have come to expect due to experience with DSM programs offered by electric utilities that serve Columbia's service area.⁴ In Case No. 2017-00097, the Commission significantly reduced Kentucky Power Company's DSM offerings.⁵ In Case No. 2017-00441, Kentucky Utilities Company and Louisville Gas and Electric Company have filed to

² See e.g., PSC Case No. 2016-00289, *Electronic Application of Duke Energy Kentucky, Inc. to Amend Its Demand Side Management Programs*, (Ky. PSC Jan. 24, 2017) at 15. (Emphasis added.)

While the Commission has found that Duke Kentucky's proposed DSM portfolio and surcharges are reasonable and should be approved, the Commission further finds that Duke Kentucky should continue to scrutinize the results of each existing DSM program measure's cost-effectiveness test and provide those results in future DSM cases, along with detailed support for future DSM program expansions and additions. Duke Kentucky should also be mindful of the increasing saturation of energy efficient products, and be watchful for the opportunity to scale back on programs offering incentives for behavior that may be dictated by factors other than the incentives. The Commission is concerned about the increasing number of utility DSM programs and the associated increase in costs to ratepayers, particularly as the costs of the programs are borne by all customers in a rate class and are not limited to the participants in the DSM programs. *Therefore, the Commission will apply greater scrutiny in its review of all future DSM filings, with a particular emphasis on reviewing the cost-effectiveness of each program and measure.*

³ Case No. 2016-00107, *Tariff Application of Columbia Gas of Kentucky, Inc. to Continue Its Energy Efficiency Conservation Rider and Energy Efficiency Conservation Program*, (Ky. PSC Oct. 11, 2016).

⁴ Case No. 2016-00107, August 24, 2016 Informal Conference Memorandum (Filed Sept. 7, 2016).

⁵ Case No. 2017-00097, *Electronic Investigation of the Reasonableness of the Demand Side Management Programs and Rates of Kentucky Power Company*, (Ky. PSC Jan. 18, 2018).

significantly reduce and alter their existing DSM programs.⁶ In addition, the Commission has recently opened up an investigation to review the reasonableness of Delta Natural Gas Company Inc.'s DSM program.⁷

Having reviewed Columbia's proposed tariff, and being otherwise sufficiently advised, the Commission finds that an investigation is necessary to determine both the reasonableness of Columbia's proposed revision and the EECP as a whole, and that such investigation cannot be concluded prior to January 31, 2018. Accordingly, the proposed effective date should be suspended for up to five months, pursuant to KRS 278.190(2).

As part of this investigation, Columbia should be prepared to provide supporting documentation regarding the cost effectiveness of the EECP and evidence as to why the EECP should not be terminated.

IT IS THEREFORE ORDERED that:

1. This proceeding is established to investigate the reasonableness of Columbia's proposed tariff revision, as well as the EECP as a whole.
2. The proposed tariff revision is suspended for five months, from January 31, 2018, up to and including June 29, 2018.
3. Any party filing a paper shall upload an electronic version using the Commission's E-Filing System and shall file the original in paper medium.

⁶ Case No. 2017-00441, *Electronic Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Review, Modification, and Continuation of Certain Existing Demand-Side Management and Energy Efficiency Programs* (Filed Dec. 6, 2017).

⁷ Case No. 2018-00029, *Electronic Investigation of the Reasonableness of the Conservation/Energy Efficiency Program of Delta Natural Gas Company, Inc.* (KY PSC Jan. 23, 2018).

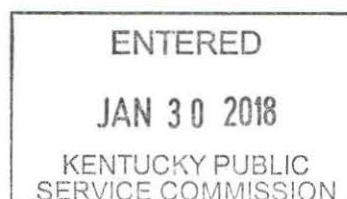
4. Pursuant to 807 KAR 5:001, Section 8(9), within seven days of entry of this Order, Columbia shall file a written statement with the Commission that:

a. Certifies that it, or its agent, possesses the facilities to receive electronic transmissions; and

b. Sets forth the electronic mail address to which all electronic notices and messages related to this proceeding should be served.

5. Should documents of any kind be filed with the Commission in the course of this proceeding, the documents shall also be served on all parties of record. A party filing a paper containing personal information shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

By the Commission



ATTEST:


Executive Director

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