

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

DEMAND-SIDE MANAGEMENT FILING OF BIG	)	
RIVERS ELECTRIC CORPORATION ON BEHALF OF	)	CASE NO.
ITSELF, JACKSON PURCHASE ENERGY	)	2018-00236
CORPORATION, AND MEADE COUNTY R.E.C.C.	)	
AND REQUEST TO ESTABLISH A REGULATORY	)	
LIABILITY	)	

ORDER

On July 6, 2018, Big Rivers Electric Corporation (BREC) filed, on behalf of itself, Jackson Purchase Energy Corporation (Jackson Purchase Energy), and Meade County Rural Electric Cooperative Corporation (Meade RECC), revised tariff sheets incorporating revisions to its demand-side management (DSM) programs. BREC also filed for approval to establish a regulatory liability and for a deviation from 807 KAR 5:011, Section 8, for Jackson Purchase Energy and Meade RECC.

BREC proposes to discontinue the following DSM programs due to the fact that they are no longer cost effective:<sup>1</sup>

- (1) DSM-01, High Efficiency Lighting Replacement Program;
- (2) DSM-02, ENERGY STAR® Clothes Washer Replacement Incentive Program;
- (3) DSM-03, ENERGY STAR® Refrigerator Replacement Incentive Program;
- (4) DSM-06, Touchstone Energy® New Home Program;

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<sup>1</sup> Direct Testimony of Russell L. Pogue (Pogue Testimony) at 3.

(5) DSM-07, Residential and Commercial HVAC & Refrigeration Tune-Up Program;

(6) DSM-09, Commercial/Industrial General Energy Efficiency Program; and

(7) DSM-13, Residential Weatherization A La Carte Program.

While stating that the following DSM programs are still cost-effective,<sup>2</sup> BREC proposes to phase them out over time, though it did not file revised tariff sheets to accomplish that goal:

(1) DSM-04, Residential High Efficiency Heating, Ventilation and Air Conditioning (“HVAC”) Program;

(2) DSM-08, Commercial/Industrial High Efficiency Lighting Replacement Incentive Program;

(3) DSM-11, Commercial High Efficiency Heating, Ventilation and Air Conditioning (“HVAC”) Program; and

(4) DSM-12, High Efficiency Outdoor Lighting Program.

BREC states that it anticipates completely phasing out these programs no later than June 30, 2019.<sup>3</sup>

BREC also indicated that it planned to implement two new DSM programs, an Energy Efficiency Education initiative and a Low-Income Weatherization initiative, but it did not file new tariff sheets for those programs. BREC anticipates annual spending of \$250,000 on the two new DSM programs.<sup>4</sup>

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<sup>2</sup> *Id.* at 6.

<sup>3</sup> *Id.* at 5.

<sup>4</sup> *Id.* at 8-10. For 2019, BREC anticipates spending \$250,000 on the remaining four DSM programs and \$250,000 on the proposed two new programs.

While BREC's rates contain a DSM component based on forecasted annual DSM spending of approximately \$1 million, it anticipates achieving an annual savings of approximately \$750,000 once the remaining DSM programs are phased out in 2019 and should the two new DSM initiatives be approved. BREC proposes to defer any DSM savings into a regulatory liability that would be offset in its next rate case against the regulatory asset associated with the annual depreciation expense for BREC's Wilson Generating Station.<sup>5</sup>

Meade RECC proposes to withdraw the following DSM programs:

- (1) Schedule 26, High Efficiency Lighting Replacement Program;
- (2) Schedule 27, Clothes Washer Replacement Incentive Program;
- (3) Schedule 28, Refrigerator Replacement Program;
- (4) Schedule 30, Residential Weatherization A La Carte Program;
- (5) Schedule 31, Touchstone Energy® New Home Program;
- (6) Schedule 32, Residential & Commercial HVAC and Refrigeration Tune Up

Program; and

- (7) Schedule 34, Commercial/Industrial General Energy Efficiency Program.

Meade RECC proposes to revise the following DSM programs to allow it to adjust the incentive amounts over time, with the ultimate goal being to phase out the programs no later than June 30, 2019:

- (1) Schedule 29, Residential High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program;

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<sup>5</sup> Application at 9.

(2) Schedule 33, Commercial/Industrial High Efficiency Lighting Replacement Incentive Program;

(3) Schedule 37, Commercial High Efficiency Heating, Ventilation and Air Conditioning (“HVAC”) Program; and

(4) Schedule 38, High Efficiency Outdoor Lighting Program.

Jackson Purchase Energy proposes to withdraw the following DSM programs:

(1) DSM-01, High Efficiency Lighting Replacement Program;

(2) DSM-02, ENERGY STAR® Clothes Washer Replacement Incentive Program;

(3) DSM-03, ENERGY STAR® Refrigerator Replacement Incentive Program;

(4) DSM-05, Touchstone Energy® New Home Program;

(5) DSM-06, Residential and Commercial HVAC & Refrigeration Tune-Up Program;

(6) DSM-08, Residential Weatherization Program – All Electric;

(7) DSM-09, Residential Weatherization Program – Non-Electric Heating; and

(8) DSM-10, Commercial/Industrial General Energy Efficiency Program.

Jackson Purchase Energy proposes to revise the following DSM programs to allow it to adjust the incentive amounts over time, with the ultimate goal being to phase out the programs no later than June 30, 2019:

(1) DSM-04, Residential High Efficiency Heating Ventilation and Air Conditioning (“HVAC”) Program;

(2) DSM-07, Commercial/Industrial High Efficiency Lighting Replacement Incentive Program; and

(3) DSM-11, Commercial High Efficiency Heating, Ventilation and Air Conditioning (“HVAC”) Program.

The proposed tariffs contain an effective date of August 6, 2018. KRS 278.180(1) states that no change shall be made by any utility in any rate except upon 30 days’ notice to the Commission. Having reviewed the tariffs, and being otherwise sufficiently advised, the Commission finds as follows:

1. The proposed revisions to the following tariffs are reasonable and should be approved:

a. BREC

- i. DSM-01, High Efficiency Lighting Replacement Program;
- ii. DSM-02, ENERGY STAR® Clothes Washer Replacement Incentive Program;
- iii. DSM-03, ENERGY STAR® Refrigerator Replacement Incentive Program;
- iv. DSM-06, Touchstone Energy® New Home Program;
- v. DSM-07, Residential and Commercial HVAC & Refrigeration Tune-Up Program;
- vi. DSM-09, Commercial/Industrial General Energy Efficiency Program; and
- vii. DSM-13, Residential Weatherization A La Carte Program.

b. Meade RECC

- i. Schedule 26, High Efficiency Lighting Replacement Program;

ii. Schedule 27, Clothes Washer Replacement Incentive Program;

iii. Schedule 28, Refrigerator Replacement Program;

iv. Schedule 30, Residential Weatherization A La Carte Program;

v. Schedule 31, Touchstone Energy® New Home Program;

vi. Schedule 32, Residential & Commercial HVAC & Refrigeration Tune Up Program;

vii. Schedule 34, Commercial/Industrial General Energy Efficiency Program.

c. Jackson Purchase Energy

i. DSM-01, High Efficiency Lighting Replacement Program;

ii. DSM-02, ENERGY STAR® Clothes Washer Replacement Incentive Program;

iii. DSM-03, ENERGY STAR® Refrigerator Replacement Incentive Program;

iv. DSM-05, Touchstone Energy® New Home Program;

v. DSM-06, Residential and Commercial HVAC & Refrigeration Tune-Up Program;

vi. DSM-08, Residential Weatherization Program – All Electric;

vii. DSM-09, Residential Weatherization Program – Non-Electric Heating;

viii. DSM-10, Commercial/Industrial General Energy Efficiency Program.

2. The Commission's investigation of the following tariff revisions is not complete but Meade RECC and Jackson Purchase Energy should be allowed to place the proposed revisions into effect, subject to change prospectively. Consequently, the Commission will suspend the effective date of the following tariffs for one day, and allow the tariffs to go into effect thereafter, subject to change prospectively:

- a. Meade RECC
  - i. Schedule 29, Residential High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program;
  - ii. Schedule 33, Commercial/Industrial High Efficiency Lighting Replacement Incentive Program;
  - iii. Schedule 37, Commercial High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program; and
  - iv. Schedule 38, High Efficiency Outdoor Lighting Program.
- b. Jackson Purchase Energy
  - i. DSM-04, Residential High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program;
  - ii. DSM-07, Commercial/Industrial High Efficiency Lighting Replacement Incentive Program;
  - iii. DSM-11, Commercial High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program.

3. The requests involving the proposed two new DSM programs, the regulatory liability, the motion for deviation, and the phasing out of certain DSM programs require further study and, therefore, should be the subjects of further proceedings.

IT IS THEREFORE ORDERED that:

1. The proposed changes are approved, for service rendered on and after August 6, 2018, to BREC's tariffs DSM-01, High Efficiency Lighting Replacement Program; DSM-02, ENERGY STAR® Clothes Washer Replacement Incentive Program; DSM-03, ENERGY STAR® Refrigerator Replacement Incentive Program; DSM-06, Touchstone Energy® New Home Program; DSM-07, Residential and Commercial HVAC & Refrigeration Tune-Up Program; DSM-09, Commercial/Industrial General Energy Efficiency Program; DSM-13, Residential Weatherization A La Carte Program.

2. The proposed changes are approved, for service rendered on and after August 6, 2018, to Meade RECC's tariffs Schedule 26, High Efficiency Lighting Replacement Program; Schedule 27, Clothes Washer Replacement Incentive Program; Schedule 28, Refrigerator Replacement Program; Schedule 30, Residential Weatherization A La Carte Program; Schedule 31, Touchstone Energy® New Home Program; Schedule 32, Residential & Commercial HVAC & Refrigeration Tune Up Program; and Schedule 34, Commercial/Industrial General Energy Efficiency Program.

3. The proposed changes are approved, for service rendered on and after August 6, 2018, to Jackson Purchase Energy's tariffs DSM-01, High Efficiency Lighting Replacement Program; DSM-02, ENERGY STAR® Clothes Washer Replacement Incentive Program; DSM-03, ENERGY STAR® Refrigerator Replacement Incentive Program; DSM-05, Touchstone Energy® New Home Program; DSM-06, Residential and Commercial HVAC & Refrigeration Tune-Up Program; DSM-08, Residential Weatherization Program – All Electric; DSM-09, Residential Weatherization Program –

Non-Electric Heating; and DSM-10, Commercial/Industrial General Energy Efficiency Program.

4. The proposed changes to Meade RECC's tariffs Schedule 29, Residential High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program; Schedule 33, Commercial/Industrial High Efficiency Lighting Replacement Incentive Program; Schedule 37, Commercial High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program; and Schedule 38, High Efficiency Outdoor Lighting Program; are suspended for one day, and shall become effective August 7, 2018, subject to change prospectively.

5. The proposed changes to Jackson Purchase Energy's tariffs DSM-04, Residential High Efficiency Heating, Ventilation, and Air Conditioning ("HVAC") Program; DSM-07, Commercial/Industrial High Efficiency Lighting Replacement Incentive Program; and DSM-11, Commercial High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program; are suspended for one day, and shall become effective August 7, 2018, subject to change prospectively.

6. Within 20 days of the date of this Order, BREC, Meade RECC, and Jackson Purchase Energy shall, using the Commission electronic Tariff Filing System, file their revised DSM tariffs as approved herein, reflecting that they were approved pursuant to this Order.

7. The procedural schedule set forth in the Appendix to this Order shall be followed.

8. a. Responses to requests for information shall be appropriately bound, tabbed, and indexed and shall include the name of the witness who will be responsible

for responding to questions related to the information provided, with copies to all parties of record, and the original and ten copies to the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or an association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. A party shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

d. For any request to which a party fails or refuses to furnish all or part of the requested information, that party shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

e. Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

f. Any 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 the personal information cannot be read.

9. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding which is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Further, KRS 278.040(2) requires that a person seeking intervention must have an interest in the rates or service of a utility, as those are the only matters that are subject to the Commission's jurisdiction. Therefore, any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented, or the issues and facts that the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of utility service consumed by the movant or a general statement regarding a potential impact of possible modification of rates will not be deemed sufficient to establish a special interest. In addition, any motion to intervene filed after August 17, 2018, shall also show good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

10. BREC, Meade RECC and Jackson Purchase Energy shall give notice of the hearing in accordance with the provisions set forth in 807 KAR 5:001, Section 9(2). In addition, the notice of hearing shall include the following statement: "This hearing will be streamed live and may be viewed on the PSC website, [psc.ky.gov](http://psc.ky.gov)." At the time publication is requested, BREC, Meade RECC and Jackson Purchase Energy shall forward a duplicate of the notice and request to the Commission.

11. At any public hearing in this matter, neither opening statements nor summarization of direct testimonies shall be permitted.

12. Pursuant to KRS 278.360 and 807 KAR 5:001, Section 9(9), a digital video recording shall be made of the hearing.

13. The Commission does not look favorably upon motions for continuance. Accordingly, motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

14. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

By the Commission

ENTERED  
JUL 31 2018  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2018-00236 DATED **JUL 31 2018**

- Requests for intervention shall be filed no later than .....08/17/18
- Initial requests for information to BREC, Meade RECC, and Jackson Purchase Energy shall be filed no later than .....08/31/18
- BREC, Meade RECC and Jackson Purchase Energy shall file responses to initial requests for information no later than..... 09/14/18
- Supplemental requests for information to BREC, Meade RECC, and Jackson Purchase Energy shall be filed no later than .....09/28/18
- BREC, Meade RECC, and Jackson Purchase Energy shall file responses to supplemental requests for information no later than ..... 10/12/18
- BREC, Meade RECC, and Jackson Purchase Energy or any Intervenor shall request either a hearing or that the case be submitted for decision based on the record no later than ..... 10/26/18

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