

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF EAST)	
KENTUCKY POWER COOPERATIVE, INC. FOR)	
1) CERTIFICATES OF PUBLIC CONVENIENCE)	
AND NECESSITY TO CONSTRUCT A NEW)	CASE NO.
GENERATION RESOURCES; 2) FOR A SITE)	2024-00370
COMPATIBILITY CERTIFICATE RELATING TO)	
THE SAME; 3) APPROVAL OF DEMAND SIDE)	
MANAGEMENT TARIFFS; AND 4) OTHER)	
GENERAL RELIEF)	

ORDER

On November 25, 2024, East Kentucky Power Cooperative, Inc. (EKPC) filed an application, pursuant to KRS 278.020, KRS 278.216, KRS 278.285, 807 KAR 5:001 and other applicable law, requesting issuance of a Certificates of Public Convenience and Necessity (CPCN) to construct new generation, approval of a site compatibility certificate, approval of Demand-Side Management (DSM) tariffs, and any other relief required. This Order will only address the request for approval of DSM tariffs pursuant to KRS 278.285 and 807 KAR 5:001. All other requests will be addressed in a separate Order.

PROCEDURAL SCHEDULE

A procedural schedule was issued on December 5, 2024, and amended on December 20, 2024, January 8, 2025, and February 17, 2025. The Commission granted intervention to several parties: Nucor Steel Gallatin¹ (Nucor); the Attorney General, by

¹ Order (Ky. PSC Dec. 11, 2024).

and through the Office of Rate Intervention (Attorney General);² and the Joint Intervenors³ (individually, Mountain Association, Appalachian Citizens' Law Center, and Kentuckians for the Commonwealth).

EKPC responded to five requests for information from Commission Staff,⁴ two requests for information from the Attorney General,⁵ and two requests from Joint Intervenors.⁶ On February 12, 2025, the Commission incorporated a portion of the record of Case No. 2024-00310⁷ in the record of this proceeding.⁸ The Joint Intervenors filed the testimony of Dr. Maria Roumpani and Dr. Elizabeth Stanton.⁹ The Commission issued an Order allowing the Joint Intervenors to file supplemental testimony as well as changed the date for EKPC to file rebuttal testimony.¹⁰ However, Joint Intervenors did not file

² Order (Ky. PSC Dec. 6, 2024).

³ Order (Ky. PSC Jan. 6, 2025).

⁴ EKPC's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Jan. 3, 2025); EKPC's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Jan. 31, 2025); EKPC's Response to Commission Staff's Third Request for Information (Staff's Third Request) (filed Mar. 7, 2025); EKPC's Response to Commission Staff's Fourth Request for Information (Staff's Fourth Request) (filed Mar. 17, 2025); EKPC's Response to Commission Staff's Fifth Request for Information, (Staff's Fifth Request) (filed Mar. 26, 2025).

⁵ EKPC's Response to Attorney General's First Request for Information (Attorney General's First Request) (filed Jan. 3, 2025); EKPC's Response to Attorney General's Second Request for Information (Attorney General's Second Request) (filed Jan. 31, 2025).

⁶ EKPC's Response to Joint Intervenors' First Request for Information (Joint Intervenors' First Request) (filed Jan. 10, 2025); EKPC's Response to Joint Intervenors' Second Request for Information (Joint Intervenors' Second Request) (filed Jan. 31, 2025).

⁷ Case No. 2024-00310, *Electronic Application of East Kentucky Power Cooperative, Inc. For 1) A Certificate of Public Convenience and Necessity to Construct A New Generation Resource; 2) A Site Compatibility Certificate; and 3) Other General Relief* (filed Sept. 20, 2024).

⁸ Order (Ky. PSC Feb. 12, 2025).

⁹ Direct Testimony of Maria Roumpani (Roumpani Direct Testimony) (filed Feb. 14, 2025); Direct Testimony of Elizabeth Stanton (Stanton Direct Testimony) (filed Feb. 14, 2025). The Joint Intervenors filed revised direct testimony on Feb. 20, 2025, but did not file supplemental testimony.

¹⁰ Order (Ky. PSC Feb. 17, 2025).

supplemental testimony. Joint Intervenor's responded to one request for information from EKPC¹¹ and one request for information from Commission Staff.¹²

There were several public comments filed into the case record with multiple comments supporting the project, one opposing the location of the gas pipeline, and two opposing the entirety of the project.¹³

On April 21 and 22, 2025, the Commission held a hearing in this matter. The Joint Intervenor's filed a motion to compel on May 1, 2025, requesting EKPC to produce a report requested as part of the second round of requests for information.¹⁴ EKPC filed a response objecting to the motion,¹⁵ to which the Joint Intervenor's filed a response.¹⁶ The Commission issued an Order granting the Joint Intervenor's' motion and amended the procedural schedule to allow for additional briefing.¹⁷

¹¹ Joint Intervenor's' Response to EKPC's First Request for Information (EKPC's First Request) (filed Mar. 17, 2025).

¹² Joint Intervenor's' Response to Commission Staff's First Request for Information (Joint Intervenor's' response to Staff's First Request) (filed Mar. 17, 2025).

¹³ [View Public Comments for: 2024-00370](#)

¹⁴ Joint Intervenor's' Motion to Compel (filed May 1, 2025) at 1, REI report in response to Joint Intervenor's' Second Request for Information, Item 47(c).

¹⁵ EKPC's Response to Joint Intervenor's' Motion to Compel (filed May 1, 2025) at 1.

¹⁶ Joint Intervenor's' Response (filed May 1, 2025).

¹⁷ Order (Ky. PSC May 15, 2025).

After the hearing, EKPC responded to three additional requests for information,¹⁸ and each party filed an initial brief in the matter on May 6, 2025.¹⁹ EKPC and Joint Intervenor also filed response briefs on May 16, 2025.²⁰ The record has closed, and the matter now stands ready for a decision.

BACKGROUND

EKPC is a not-for-profit, rural electric cooperative corporation established under KRS Chapter 279 with its headquarters in Winchester, Kentucky.²¹ Pursuant to various agreements, EKPC provides electric generation capacity and electric energy to its 16 Owner-Member Cooperatives (Owner-Members),²² which in turn serve over 570,000 Kentucky homes, farms and commercial and industrial establishments in 89 Kentucky counties.²³

In total, EKPC owns and operates approximately 2,963 MW of net summer generating capacity and 3,265 MW of net winter generating capacity.²⁴ EKPC owns and operates coal-fired generation at the John S. Cooper Station in Pulaski County, Kentucky

¹⁸ EKPC's Response to Commission Staff's Post-Hearing Requests for Information (Staff's Post-Hearing Requests) (filed May 2, 2025); EKPC's Response to Sierra Club's Post-Hearing Requests for Information (Sierra Club's Post-Hearing Requests) (filed May 2, 2025); EKPC's Response to Joint Intervenor's Post-Hearing Requests for Information (Joint Intervenor's Post-Hearing Requests) (filed May 2, 2025).

¹⁹ Nucor Initial Post-Hearing Brief (Nucor Initial Brief) (filed May 6, 2025). Attorney General Initial Post-Hearing Brief (Attorney General Initial Brief) (filed May 6, 2025). Joint Intervenor's Initial Post-Hearing Brief (Joint Intervenor's Initial Brief) (filed May 6, 2025). EKPC Initial Post-Hearing Brief (EKPC Initial Brief) (filed May 6, 2025).

²⁰ Joint Intervenor's Response Brief (filed May 16, 2025); EKPC's Response Brief (filed May 16, 2025).

²¹ Application at 1.

²² Application at 1.

²³ Application at 1-2.

²⁴ Application at 2.

(341 MW) and the Hugh L. Spurlock Station (1,346 MW) in Mason County, Kentucky. EKPC also owns and operates natural gas-fired generation at the J. K. Smith Station in Clark County, Kentucky (753 MW (summer) / 989 MW (winter)) and the Bluegrass Generating Station in Oldham County, Kentucky (501 MW (summer) / 567 MW (winter)), landfill gas-to-energy facilities in Boone County, Greenup County, Hardin County, Pendleton County and Barren County (13.8 MW total), and a Community Solar facility (8.5 MW) in Clark County, Kentucky.²⁵ As of the date of the application, EKPC purchased hydropower from the Southeastern Power Administration at Laurel Dam in Laurel County, Kentucky (70 MW), and the Cumberland River system of dams in Kentucky and Tennessee (100 MW).²⁶ EKPC noted it had 200 MWs of interruptible load and approximately 28 MWs in peak reduction mechanisms.²⁷ As of the date of the application, EKPC's record peak demand of 3,754 MW occurred on January 17, 2024.²⁸

As of the filing of this application, EKPC had 77 free-flowing interconnections with its neighboring utilities.²⁹ EKPC's transmission system is operated by PJM Interconnection, LLC (PJM), of which EKPC has been a fully integrated member since June 1, 2013. PJM is a regional transmission organization (RTO) regulated by the Federal Energy Regulatory Commission (FERC).³⁰

²⁵ Application at 2.

²⁶ Application at 2.

²⁷ Application at 2.

²⁸ Application at 2.

²⁹ Application at 2.

³⁰ [PJM - PJM History](#) Last accessed April 3, 2025.

LEGAL STANDARD

KRS 278.285(1) authorizes the Commission to review and approve the reasonableness of Demand-Side Management/Energy Efficiency (DSM-EE) programs proposed by any utility under its jurisdiction. The statute lists multiple factors the Commission can consider when determining the reasonableness of the DSM-EE programs. The listed factors in KRS 278.285(1) are:

- (a) The specific changes in customers' consumption patterns which a utility is attempting to influence;
- (b) The cost and benefit analysis and other jurisdiction for specific demand-side management programs and measure included in utility's proposed plan;
- (c) A utility's proposal to recover in rates the full costs of demand-side management programs, any net revenues lost due to reduced sales resulting from demand-side management programs, and incentives designed to provide positive financial rewards to a utility to encourage implementation of cost-effective demand-side management programs;
- (d) Whether a utility's proposed demand-side management programs are consistent with its most recent long-range integrated resource plan;
- (e) Whether the plan results in any unreasonable prejudice or disadvantage to any class of customers;
- (f) The extent to which customer representatives and the Office of the Attorney General have been involved in developing the plan, including program design, cost recovery mechanisms, and financial incentives, and if involved, the amount of support for the plan by each participant, provided however, that unanimity among the participants developing the plan shall not be required for the commission to approve the plan;
- (g) The extent to which the plan provides programs which are available, affordable, and useful to all customers; and
- (h) Next-generation residential utility meters that can provide residents with amount of current utility usage, its cost, and can be capable of

being read by the utility either remotely or from the exterior of the home.

KRS 279.285(1) also states that the factors listed are not exhaustive; the Commission can consider anything that will help determine whether the programs are reasonable.

DSM PROPOSAL AND TARIFF

EKPC and its 16 owner-member Cooperatives started developing DSM-EE programs in the 1980s.³¹ All DSM-EE programs that EKPC offer pass the Total Resource Cost (TRC) cost-effectiveness test to assure that the DSM-EE programs are justified resources.³² EKPC's current DSM-EE portfolio is as follows:³³

1. The Touchstone Energy Program;³⁴
2. The Button-Up Weatherization Program;
3. The Heat Pump Retrofit Program;
4. The CARES Low-Income Weatherization Program;
5. The Direct Load Control Program; and
6. The Electric Vehicle Home Charging Pilot Program.

EKPC proposed to modify three existing DSM-EE programs to include an increase in incentives and measures. The three existing DSM-EE programs with proposed modifications are the Button-Up Weatherization Program, the CARES Low-Income

³¹ Application, Exhibit 10, the Direct Testimony of Scott Drake (Drake Direct Testimony) (filed Nov. 20, 2024) at 4.

³² Drake Direct Testimony at 4.

³³ Drake Direct Testimony at 10-11.

³⁴ This DSM-EE program was not proposed to change in any way so not included specifically with this filing. See *a/so* Drake Direct Testimony at 10.

Weatherization Program, and the Heat Pump Retrofit Program.³⁵ EKPC also proposed four additional programs to be added to its portfolio. The proposed new DSM-EE programs are the High Efficiency Heat Pump Program, the Backup Generator Control Program, the Commercial Advanced Lighting Program, and the Commercial and Industrial Thermostat Program.³⁶ The investment for the first full year of the DSM-EE Plan in 2026 is expected to total \$7.49 million, excluding administrative costs. This represents an increase from the \$3.49 million in 2023 costs.³⁷

Button Up Weatherization Program. The Button Up Weatherization Program incentivizes residential members to make energy efficiency improvements such as insulation upgrades, air sealing, and duct sealing.³⁸ These measures help reduce heating and cooling costs and improve home comfort.³⁹

EKPC proposed to expand the measures to the Residential Button-Up Weatherization program. This program is targeted at existing single-family, multi-family or manufactured dwellings.⁴⁰ EKPC proposed to provide new incentives for insulating floors and walls and installing energy-efficient windows and doors. Additionally, the incentive amount (\$/kBtuh) is proposed to increase from \$40 to \$100 due to rising participant costs.⁴¹ EKPC explained that several additional home energy efficiency

³⁵ Drake Direct Testimony at 10-11.

³⁶ Drake Direct Testimony at 12.

³⁷ Drake Direct Testimony at 21.

³⁸ Drake Direct Testimony at 22-23.

³⁹ Drake Direct Testimony at 24.

⁴⁰ Drake Direct Testimony at 25.

⁴¹ Drake Direct Testimony at 25.

measures are now cost-effective per the Technical Potential Study conducted by GDS Associates.⁴² Therefore, new incentives for new measures are proposed.⁴³

CARES Low-Income Weatherization Program. The CARES Low-Income Weatherization Program assists income-eligible residential members by providing weatherization improvements at no cost.⁴⁴ The program is designed to enhance energy efficiency, lower utility bills, and improve living conditions for vulnerable populations.⁴⁵

EKPC also proposed expanding the incentive measures to the CARES Low-Income Program. This program provides an incentive to enhance weatherization and energy efficiency services provided to its end-use members by the Kentucky Community Action Agency's (CAA) network of not-for-profit community action agencies or by Kentucky's non-profit affordable housing organizations (AHO).⁴⁶ This program has two primary objectives.⁴⁷ First, EKPC's incentive will enable the CAA or AHO to install more weatherization measures in each home.⁴⁸ Second, the additional incentive from EKPC will assist CAA or AHO in weatherizing more homes.⁴⁹ Due to recent increased costs to

⁴² Drake Direct Testimony at 25.

⁴³ Drake Direct Testimony at 25.

⁴⁴ Drake Direct Testimony at 25-27.

⁴⁵ Drake Direct Testimony at 25-27.

⁴⁶ Drake Direct Testimony at 25.

⁴⁷ Drake Direct Testimony at 26.

⁴⁸ Drake Direct Testimony at 26.

⁴⁹ Drake Direct Testimony at 26.

weatherize homes and to install energy-efficient HVAC equipment, the only change being proposed is to increase the incentive from \$2,000 per qualifying participant to \$3,000.⁵⁰

Heat Pump Retrofit Program. The Heat Pump Retrofit Program encourages residential members to replace less efficient electric resistance heating systems with high-efficiency heat pumps.⁵¹ This transition helps reduce energy consumption and improves heating and cooling system performance.⁵²

EKPC proposed amendments to its Heat Pump Retrofit Program. This program provides incentives for end-use members to replace their existing resistance heat source (electric furnace, ceiling cable heat, baseboard heat, or electric thermal storage) with a more efficient heat pump.⁵³ Installing an electric heat pump lowers electric bills significantly for those end-use members.⁵⁴ The program provides incentives for both ducted systems and mini-split systems.⁵⁵ Currently, the program provides incentives for two efficiency levels of ducted heat pump systems: U.S. Department of Energy (DOE) minimum standard heat pumps and ENERGY STAR® standard heat pumps.⁵⁶ This program is available to site-built homes, manufactured homes, and multi-family dwellings.⁵⁷ There is a maximum of two incentive payments per location, per lifetime for

⁵⁰ Drake Direct Testimony at 26.

⁵¹ Drake Direct Testimony at 27-28.

⁵² Drake Direct Testimony at 27-28.

⁵³ Drake Direct Testimony at 27.

⁵⁴ Drake Direct Testimony at 27.

⁵⁵ Drake Direct Testimony at 27.

⁵⁶ Drake Direct Testimony at 27.

⁵⁷ Drake Direct Testimony at 28.

centrally ducted systems, and ducted and ductless mini split systems are eligible to receive incentives for up to a maximum of three head units per location, per lifetime.⁵⁸

The incentive amounts are outlined in the table below:⁵⁹

Equipment	Incentive to End-Use Member (per unit)
Duct Systems	
ENERGY STAR Standard	\$1,000
DOE Standard	\$750
Mini Split Systems	
ENERGY STAR Standard	\$500

High Efficiency Heat Pump Program. The proposed High Efficiency Heat Pump Program will offer incentives for residential members installing new high-efficiency air-source heat pumps.⁶⁰ By promoting high-performance equipment, the program supports improved energy savings and enhanced indoor comfort.⁶¹

EKPC proposed to offer the High Efficiency Heat Pump Program to end-use members who are installing a new heat pump or water heater and is limited to single and multi-family homes or manufactured homes.⁶² The High Efficiency Heat Pump Program lists several eligibility requirements for end-use members including specifications on

⁵⁸ Drake Direct Testimony at 28-29.

⁵⁹ Drake Direct Testimony at 28.

⁶⁰ Drake Direct Testimony at 34.

⁶¹ Drake Direct Testimony at 34.

⁶² Drake Direct Testimony at 35.

efficiency standards, ductwork, and equipment type. The table below outlines the incentive offerings for the program:⁶³

Equipment	Incentive to End-Use Member	EKPC Admin Payment To Owner-Member	EKPC Lost Margin Payment to Owner-Member
ENERGY STAR® HP	\$500	\$90	\$51
ccASHP or Geothermal	\$1,000	\$90	\$158
Heat Pump Water Heater	\$250	\$90	\$213

Backup Generator Control Program. The proposed Backup Generator Control Program will enable residential members to participate in demand response by allowing EKPC to temporarily control customer-owned backup generators during peak events.⁶⁴ This program helps reduce system demand and enhances overall grid reliability.⁶⁵

EKPC proposed to offer the Backup Generator Control Program to residential end-use members who already own a backup generator with a minimum capacity of 14 kW and the ability to carry the entire load of the residence for up to 30 consecutive hours.⁶⁶ The generator must have the capability to be remotely controlled by EKPC during peak demand periods and emergency scenarios.⁶⁷ Participants will receive an annual availability incentive of \$350 and a performance incentive of \$100 per EKPC-controlled generator dispatch of 25 or more hours.⁶⁸

⁶³ Drake Direct Testimony at 36.

⁶⁴ Drake Direct Testimony at 37.

⁶⁵ Drake Direct Testimony at 37.

⁶⁶ Drake Direct Testimony at 37.

⁶⁷ Drake Direct Testimony at 37.

⁶⁸ Drake Direct Testimony at 37.

Commercial Advanced Lighting Program. The proposed Commercial Advanced Lighting Program will incentivize small and large commercial members to upgrade to energy-efficient lighting systems.⁶⁹ By supporting the adoption of advanced lighting technologies, the program helps reduce energy use and operational costs.⁷⁰

EKPC proposed to offer the Commercial Advanced Lighting Program to businesses who do not exceed 3,000,000 kWh of energy usage.⁷¹ The program offers a variety of measures to meet lighting specifications needed by each participant. The measures include an incentive of \$35 per fixture for indoor ceilings over 15 feet, \$18 per fixture for indoor ceilings 15 feet or lower, \$37 per fixture for outdoor lighting, and \$10 per fixture for screw-in bulbs or single-light fixtures.⁷² The incentives for the program are capped at \$5,000 annually per facility.⁷³

Commercial & Industrial Thermostat Program. The proposed Commercial & Industrial Thermostat Program will offer incentives for installing smart thermostats that can be controlled to reduce peak demand.⁷⁴ This program supports demand-side management goals by enabling automated load reductions during high-demand periods.⁷⁵

⁶⁹ Drake Direct Testimony at 38-39.

⁷⁰ Drake Direct Testimony at 38-39.

⁷¹ Drake Direct Testimony at 38.

⁷² Drake Direct Testimony at 38- 39.

⁷³ Drake Direct Testimony at 39.

⁷⁴ Drake Direct Testimony at 39-40.

⁷⁵ Drake Direct Testimony at 39-40.

EKPC proposed to offer the Commercial and Industrial Thermostat Program to non-residential end-use members who have a ducted air-source air conditioner or heat pump with a capacity of at least two tons, controlled by a single thermostat.⁷⁶ Participants in the program would be eligible for an incentive of \$100 per smart thermostat. There is currently no cap on the incentives that can be earned by the participant.⁷⁷

Cost- Effectiveness. EKPC provided the cost-benefit analysis performed on the new and existing DSM-EE programs. EKPC utilized the California Standard Tests to determine the cost-effectiveness of the DSM-EE programs. The following table shows the result of the cost-effectiveness test as provided by EKPC:⁷⁸

DSM-EE Program		PCT	TRC	UCT	RIM
Button-Up Weatherization					
	Home Shell	1.25	2.41	5.33	1.42
	Duct Sealing	1.67	2.33	2.77	1.23
CARES Low-Income		1.91	3.46	5.62	1.45
Heat Pump Retrofit					
	HPR - Federal Standard	8.94	6.72	5.92	0.66
	HPR - ENERGY STAR®	6.37	5.29	4.93	0.65
	HPR - Mini-split 1 Head	13.45	5.13	2.60	0.59
	HPR - Mini-split 2 Head	13.45	7.26	3.22	0.61
	HPR - Mini-split 3 Head	12.79	7.97	3.51	0.62
Touchstone Energy® Home		1.54	3.36	7.40	1.56
Direct Load Control					
	Air Conditioner Switch	–	1.2	0.86	0.85
	Water Heater Switch	–	1.61	1.35	1.31
	Thermostats	4.59	2.26	1.27	1.26
Residential EV Off-peak Home Charging Pilot		–	1.55	0.68	0.68
High Efficiency Heat Pump					
	ENERGY STAR® HP	2.59	2.12	1.38	0.58
	Cold Climate Air Source HP or GEO	1.66	2.92	5.01	1.95
	Heat Pump Water Heater	2.02	2.26	5.21	0.92
Residential Back-up Generator		4.70	5.96	2.69	2.54
Commercial Advanced Lighting		1.55	1.25	8.68	0.56
Commercial & Industrial Thermostat		3.73	1.86	2.76	0.47

⁷⁶ Drake Direct Testimony at 40.

⁷⁷ EKPC's Response to Staff's Third Request, Item 9.

⁷⁸ Drake Direct Testimony at 17; see *a/so* SD-9 DSM Program Summary Sheets.

Cost effective results for the California Standard Tests are shown through a value of 1.00 or above. As illustrated above, the TRC results show that all DSM-EE programs, new and existing, are cost effective overall. The Utility Cost Test (UCT) and the Rate Impact Measurement (RIM) Test show results of a few measures below the 1.00 cost-effective threshold. The UCT test measures the net costs of the DSM-EE programs as a resource to the utility.⁷⁹ The results less than 1.00 would indicate the program costing more than the benefit to the utility, but it excludes the costs incurred by the end-use members.⁸⁰ The RIM Test measures the impact on rate for non-participants in the specific DSM-EE programs.⁸¹ Results less than 1.00 would indicate that the non-participants rates would increase.⁸²

INTERVENOR TESTIMONY

EKPC filed its most recent DSM-EE Plan in this case. Given EKPC's acute need for capacity especially in the winter season, it is particularly important for EKPC to develop and implement programs that provide as much capacity as reasonable. Joint Intervenors submitted testimony exhibiting a need for an expanded DSM-EE portfolio. The testimony offered a critical analysis of EKPC's DSM-EE Plan and suggested several ways for EKPC to enhance its Plan. The Joint Intervenors argued that EKPC's Plan includes energy and

⁷⁹ Drake Direct Testimony at 16.

⁸⁰ Drake Direct Testimony at 16.

⁸¹ Drake Direct Testimony at 16.

⁸² Drake Direct Testimony at 15-16.

demand savings that fall well below the cost effective, achievable potential estimated in the DSM Potential Study.⁸³

Based on the analysis of Joint Intervenors, they recommend that the Commission approve the proposed programs.⁸⁴ However, Joint Intervenors also recommended a schedule of activities for enhancing the DSM-EE Plan. The recommendations made by Joint Intervenors are as follows:

- The Commission should approve the proposed DSM-EE Plan with specific modifications to include an expanded budget of at least \$11.4 million, expand the Demand Load Control and Backup Generator programs to Commercial and Industrial customers, enhance the Demand Load Control and Bring Your Own Thermostat programs to all for winter peak reduction, and increase the incentives to all programs targeted for residential customers.⁸⁵
- EKPC should develop an updated DSM-EE Plan within six months of the final Order to include all “realistically available” DSM-EE programs outlined in the 2024 DSM Potential Study, specifically to include behavior assessment programs, electric heating programs, and non-residential EV charging.⁸⁶
- EKPC should develop Pay-as-You-Save, on-bill financing, and Inclusive Utility Investment programs for all 16 Owner-Members.⁸⁷
- EKPC should perform a new DSM Potential Study within twelve months of the final Order to include the following adjustments: determination of optimal incentives that maximize energy and cost savings; assessment of potential distributed solar and energy storage resources; assessment of emerging technologies, including bidirectional charging; and provide a third-party evaluation and

⁸³ Roumpani Direct Testimony at 11.

⁸⁴ Roumpani Direct Testimony at 14.

⁸⁵ Roumpani Direct Testimony at 59.

⁸⁶ Roumpani Direct Testimony at 59-60.

⁸⁷ Roumpani Direct Testimony at 60.

feasibility study for implementing Time-of-Use and Critical Peak Pricing rates.⁸⁸

- EKPC should perform integrated analysis of DSM potential on equal footing with supply-side resources.⁸⁹

BRIEF SUMMARIES AS THEY RELATE TO DSM-EE

EKPC's Position

EKPC stated the proposed DSM-EE programs are reasonable and useful to help offset a portion of EKPC's required load.⁹⁰ EKPC explained that cost-effective DSM-EE program measures were identified in the 2024 DSM Potential Study, and that those program measures were then discussed with EKPC's DSM Collaborative and EKPC and Owner-Member DSM-EE experts.⁹¹ Additionally, program level cost benefit analyses were performed by EKPC's expert DSM consultant and then developed into a new DSM Plan that significantly increases the DSM-EE programs offered.⁹² EKPC stated the four proposed new DSM-EE programs were the result of the 2024 Potential Study and the DSM Collaborative process.⁹³ EKPC stated that Joint Intervenors agree with EKPC's DSM-EE proposal; however, Joint Intervenors argued EKPC should be required by the Commission to complete a new DSM review within six months.⁹⁴ EKPC explained that

⁸⁸ Roumpani Direct Testimony at 60.

⁸⁹ Roumpani Direct Testimony at 61.

⁹⁰ EKPC Post-Hearing Brief at 29-30.

⁹¹ EKPC Post-Hearing Brief at 30.

⁹² EKPC Post-Hearing Brief at 30.

⁹³ EKPC Post-Hearing Brief at 31.

⁹⁴ EKPC Post-Hearing Brief at 32.

the timeline is unreasonable due to the time it takes to complete a Potential Study and the DSM Collaborative process.⁹⁵

Attorney General's Argument

The Attorney General did not present any arguments regarding EKPC's proposed DSM programs in his post-hearing brief.

Nucor's Argument

Nucor did not present any arguments regarding EKPC's proposed DSM programs in its post-hearing brief.

Joint Intervenors' Argument

Joint Intervenors supported approval of EKPC's proposed DSM plan, acknowledging that it would result in energy and demand savings with system-wide benefits.⁹⁶ However, they contended that the plan was unreasonably limited in scope, capturing only a small fraction of the cost effective and realistically achievable savings identified in EKPC's 2024 DSM Potential Study.⁹⁷ Specifically, they noted that the proposed plan targeted just over ten percent of the identified energy savings potential by 2030 and left 135 to 441 MW of potential winter capacity reductions untapped in the first five years alone.⁹⁸

Joint Intervenors argued that pursuing a more ambitious DSM plan could reduce EKPC's reliance on expensive new generation, improve affordability for customers, and

⁹⁵ EKPC Post-Hearing Brief at 32.

⁹⁶ Joint Intervenors' Post-Hearing Brief (filed May 6, 2025) at 9.

⁹⁷ Joint Intervenors' Post-Hearing Brief at 9.

⁹⁸ Joint Intervenors' Post-Hearing Brief at 17.

enhance system reliability. They cited their expert testimony recommending increased DSM budgets and greater emphasis on high-impact measures such as weatherization and HVAC upgrades.⁹⁹ Joint Intervenors also asserted that EKPC's failure to pursue the full DSM potential distorted its long-term load forecast and overstated the need for new supply-side resources.¹⁰⁰ Accordingly, they urged the Commission to require EKPC to revise its DSM plan to pursue the "realistically achievable potential" of at least 400,000 MWh of cumulative energy savings and 173 MW of winter peak reduction by 2030.¹⁰¹

DISCUSSION AND FINDINGS

Having reviewed the proposed modifications to EKPC's current DSM-EE programs, the Commission finds that the modifications are reasonable and should be approved. Furthermore, the Commission finds the proposed new DSM-EE programs to be reasonable and should be approved.

During the April 22, 2025 hearing, the Commission questioned the feasibility of a Commercial and Industrial expansion of the Backup Generator Control Program.¹⁰² EKPC explained that it has considered the idea of the expansion of the DSM programs,¹⁰³ and EKPC believed that there is a need to monitor EPA compliance at the residential level before developing a Commercial and Industrial expansion, which would have more stringent EPA regulations to comply with.¹⁰⁴

⁹⁹ Joint Intervenors' Post-Hearing Brief at 20-21.

¹⁰⁰ Joint Intervenors' Post-Hearing Brief at 21-24.

¹⁰¹ Joint Intervenors' Post-Hearing Brief at 17-19.

¹⁰² Hearing Video Transcript (HVT) of the April 22, 2025 Hearing, Scott Drake at 02:58:02-02:58:08.

¹⁰³ HVT of the April 22, 2025 hearing at 02:58:10-02:58:18.

¹⁰⁴ HVT of the April 22, 2025 hearing, Scott Drake at 02:58:31-02:59:02.

The Commission finds that EKPC should further evaluate the potential for a Commercial and Industrial expansion of the new Backup Generator Control Program. EKPC should re-evaluate the potential of behavior-response DSM-EE programs, such as the discontinued home energy audit program, to see if such programs are now economical and cost effective for EKPC's 16 Owner-Members.

Additionally, the Commission finds that EKPC should include a section in its next DSM-EE Plan that addresses the suggestions of the Joint Intervenors in this matter.¹⁰⁵ The Plan should explain how EKPC and its collaborative participants addressed each of the items. The Plan should explain how EKPC plans to implement each item or explain why the item was rejected for inclusion in the DSM Plan. The Commission notes that Joint Intervenors' recommended timeline for completion of the suggested activities does not align with the collaborative process that EKPC typically uses to prepare a DSM-EE Plan.¹⁰⁶ EKPC's three-year process¹⁰⁷ allows for buy-in by all the parties and most importantly the 16 Owner-Members. The Commission also acknowledges that Owner-Member buy-in is crucial to the success of the programs since the Owner-Members are the ones that implement the programs. However, EKPC could be much more aggressive in the programs it pursues and EKPC needs to encourage the process to achieve more energy and demand savings from its programs. The Commission finds that the increased emphasis on the development of aggressive programs to reduce demand and energy is crucial to a comprehensive approach to EKPC's capacity planning.

¹⁰⁵ Roumpani Direct Testimony at 59-61.

¹⁰⁶ Drake Direct Testimony at 5.

¹⁰⁷ HVT of the April 22, 2025 Hearing, Denise Foster Cronin at 01:31:25-01:32:04.

IT IS THEREFORE ORDERED that:

1. EKPC's proposed modifications to its Demand-Side Management and Energy Efficiency (DSM-EE) programs are approved.
2. EKPC's proposed new DSM-EE programs are approved.
3. EKPC shall evaluate the feasibility of expanding the Backup Generator Control Program to serve commercial and industrial customers and include its findings in the next DSM-EE Plan filing.
4. EKPC shall re-evaluate the cost-effectiveness and feasibility of implementing behavior-response DSM-EE programs, such as the previously discontinued home energy audit program, and report the results of its evaluation in its next DSM-EE Plan filing.
5. EKPC shall include in its next DSM-EE Plan a section addressing each of the suggestions submitted by the Joint Intervenors. The Plan shall explain how EKPC and its collaborative participants addressed each suggestion, whether and how it will be implemented, or provide a detailed explanation if any suggestion is rejected.
6. EKPC is encouraged to continue placing increased emphasis on the development of aggressive DSM-EE programs aimed at reducing both demand and energy consumption as part of its overall resource planning strategy.
7. Nothing in this Order shall be construed as prohibiting the Commission from issuing further Orders in this matter.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner

ATTEST:


Executive Director



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