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ATTORNEYS AT LAW

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JUN 12 2015

PUBLIC SERVICE
COMMISSION

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James M. Miller

Michael A. Fiorella

R. Michael Sullivan

Bryan R. Reynolds*

Tyson A. Kamuf

Mark W. Starnes

C. Ellsworth Mountjoy

John S. Wathen

June 11, 2015

Via Federal Express

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: **Big Rivers Electric Corporation's DSM Tariff Filing,
Case No. 2015-00118**

Dear Mr. Derouen:

Enclosed for filing are an original and six (6) copies of Big Rivers Electric Corporation's responses to the Public Service Commission Staff's first request for information in the above-referenced matter. I certify that on this date, a copy of this letter and a copy of the responses were served on all parties of record by first-class mail.

Sincerely,



Tyson Kamuf

TAK/lm
Enclosures

cc. DeAnna Speed

Telephone (270) 926-4000

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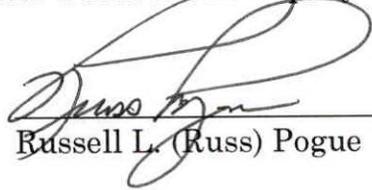
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BIG RIVERS ELECTRIC CORPORATION

**THE TARIFF FILING OF BIG RIVERS ELECTRIC CORPORATION
TO REVISE AND IMPLEMENT
DEMAND-SIDE MANAGEMENT PROGRAMS
CASE NO. 2015-00118**

VERIFICATION

I, Russell L. (Russ) Pogue, verify, state, and affirm that I prepared or supervised the preparation of my responses to data requests filed with this Verification, and that those responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Russell L. (Russ) Pogue

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Russell L. (Russ) Pogue on this the 10th day of June, 2015.



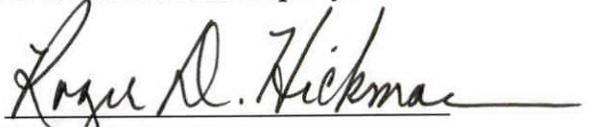
Notary Public, Ky. State at Large
My Commission Expires 1-12-17

BIG RIVERS ELECTRIC CORPORATION

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CASE NO. 2015-00118**

VERIFICATION

I, Roger D. Hickman, verify, state, and affirm that I prepared or supervised the preparation of my responses to data requests filed with this Verification, and that those responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.


Roger D. Hickman

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Roger D. Hickman on this
the 10th day of June, 2015.


Notary Public, Ky. State at Large
My Commission Expires 1-12-17

ORIGINAL



Your Touchstone Energy® Cooperative 

RECEIVED

JUN 12 2015

**PUBLIC SERVICE
COMMISSION**

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

**THE TARIFF FILING OF)
BIG RIVERS ELECTRIC CORPORATION)
TO REVISE AND IMPLEMENT DEMAND-)
SIDE MANAGEMENT PROGRAMS)**

**Case No.
2015-00118**

**Responses to the Commission Staff's First Request for Information
dated
May 29, 2015**

FILED: June 12, 2015

ORIGINAL

BIG RIVERS ELECTRIC CORPORATION

**THE TARIFF FILING OF BIG RIVERS ELECTRIC CORPORATION
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DEMAND-SIDE MANAGEMENT PROGRAMS
CASE NO. 2015-00118**

**Response to the Commission Staff's First Request for Information
dated
May 29, 2015**

June 12, 2015

1 **Item 1) Refer to the March 20, 2015 cover letter Big Rivers filed along**
2 **with its revised demand-side management ("DSM") tariff sheets that**
3 **states, "The new tariff sheets (Sheet Nos. 23.01 through 23.04) reflect the**
4 **addition of the new DSM program, DSM-13 Residential Weatherization A**
5 **La Carte Program."**

6

7 **a. Explain why this new proposed program cannot be**
8 **incorporated into the existing DSM-05 Residential**
9 **Weatherization Program or DSM-10 Residential**
10 **Weatherization Program-Primary Heating Source Non-**
11 **Electric.**

12 **b. Explain whether there is any income threshold for**
13 **participation for the DSM-13 Residential Weatherization A**
14 **La Carte Program.**

15 **c. Explain whether the DSM-13 Residential Weatherization A**
16 **La Carte Program includes both electric and non-electric**
17 **heating source customers.**

18 **d. Explain whether there is a maximum amount that can be**
19 **spent per program participant.**

20 **e. Explain why a member cannot participate in both the DSM-**
21 **05 Residential Weatherization Program and the DSM-13**
22 **Residential Weatherization A La Carte Program.**

23 **f. Explain why a member cannot participate in both the DSM-**
24 **10 Residential Weatherization Program-Primary Heat**

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1 *Source Non-Electric and the DSM-13 Residential*
2 *Weatherization A La Carte Program.*

3

4 **Response)**

- 5 a. Big Rivers offers a suite of demand-side management ("DSM")
6 programs to its Members. The Members choose the DSM
7 programs from the suite that they want to implement. The
8 DSM/Energy Efficiency ("DSM/EE") Working Group designed the
9 DSM-13 Residential Weatherization A La Carte Program at the
10 request of one of Big Rivers' Members for a more cost effective
11 alternative to the DSM-05 Residential Weatherization Program
12 and the DSM-10 Residential Weatherization Program--Primary
13 Heating Source Non-Electric. Thus, the DSM-13 Residential
14 Weatherization A La Carte Program is intended to be an
15 additional weatherization option, rather than a replacement or
16 change to the existing weatherization programs.
- 17 b. There is no income threshold for participating in DSM-13
18 Residential Weatherization A La Carte Program.
- 19 c. DSM-13 Residential Weatherization A La Carte Program includes
20 both electric and non-electric heating sources. Please see P.S.C.
21 KY No. 27, Original Sheet No. 20.03 for a table of the amounts
22 applicable to Electric-Heated Homes and Gas-Heated Homes.
- 23 d. As defined by P.S.C. KY No. 27, Original Sheet No. 20.01 through
24 P.S.C. KY No. 27, Original Sheet No. 20.04, there are maximum

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1 reimbursement amounts. For electric-heated homes, the
2 maximum reimbursement amount would be \$1,480 composed as
3 follows:
4

Big Rivers Electric Corporation DSM-13 Residential Weatherization A La Carte Program Electric-Heated Homes Maximum Reimbursement Amount	
Site Visit	\$ 200
Duct Sealing	500
Attic Insulation	500
Floor/Crawl Space Insulation	250
Smart/Programmable Thermostat	30
Maximum Reimbursement Amount	<u>\$1,480</u>

5
6 This compares to a maximum reimbursement amount for DSM-05
7 Residential Weatherization Program of \$3,190 composed as
8 follows:
9

Big Rivers Electric Corporation DSM-05 Residential Weatherization Program Maximum Reimbursement Amount	
Site Visit	\$ 150
CFL Bulbs (Maximum of 20 @ \$3)	60
Low-Flow Aerator (Maximum of 2 @ \$10)	20
Low-Flow Shower Head	10
Diagnostic Audit	450
Weatherization Measures	<u>2,500</u>
Maximum Reimbursement Amount	<u>\$3,190</u>

10

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1 For gas-heated homes, the reimbursement maximum amount
2 would be \$730 composed as follows:
3

Big Rivers Electric Corporation DSM-13 Residential Weatherization A La Carte Program Gas-Heated Homes Maximum Reimbursement Amount	
Site Visit	\$ 200
Duct Sealing	250
Attic Insulation	250
Floor/Crawl Space Insulation	0
Smart/Programmable Thermostat	30
Maximum Reimbursement Amount	<u>\$ 730</u>

4
5 This compares to a maximum reimbursement amount for DSM-10
6 Residential Weatherization Program—Primary Heating Source
7 Non-Electric of \$1,465 composed as follows:
8

Big Rivers Electric Corporation DSM-10 Residential Weatherization Program Program— Primary Heating Source Non-Electric Maximum Reimbursement Amount	
Site Visit	\$ 150
CFL Bulbs (Maximum of 20 @ \$3)	60
Low-Flow Aerator (Maximum of 2 @ \$10)	20
Low-Flow Shower Head	10
Diagnostic Audit	225
Weatherization Measures	<u>1,000</u>
Maximum Reimbursement Amount	<u>\$1,465</u>

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1 e. Please see the response to part a, above.

2 f. Please see the response to part a, above.

3

4

5 **Witness)** Russell L. Pogue

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7

BIG RIVERS ELECTRIC CORPORATION

**THE TARIFF FILING OF BIG RIVERS ELECTRIC CORPORATION
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1 **Item 2)** *Refer to tariff page P.S.C. KY No. 27, Original, Sheet No. 2.01,*
2 *Current Programs – General that states, "Big Rivers funding obligation*
3 *for the above programs shall not exceed \$1.0 million dollars for each*
4 *program year."*

5

6 *a. Provide, by year and by DSM program, the expenditures for*
7 *2013 and 2014.*

8 *b. Provide, by DSM program, the projected expenditures for*
9 *2015.*

10 *c. Explain what is proposed to occur if the DSM program*
11 *expenditures either exceed or are under \$1.0 million.*

12

13 **Response)**

14 a. Please see the attached DSM/EE Program summaries, Page 2 of 6
15 of Big Rivers' 2013 and 2014 Demand-Side Management Reports.
16 Big Rivers files these Demand-Side Management Reports
17 pursuant to Ordering Paragraph No. 9 of the Commission's Order
18 dated November 17, 2011, in Case No. 2011-00036.

19 b. The projected 2015 expenditures by DSM/EE Program are shown
20 in the table at the top of the following page.

21

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1

**Big Rivers Electric Corporation
Demand-Side Management/Energy Efficiency Programs
Projected 2015 Expenditures**

DSM-01	High Efficiency Lighting Replacement	\$ 54,750
DSM-02	ENERGY STAR® Clothes Washer Replacement Incentive	100,000
DSM-03	ENERGY STAR® Refrigerator Replacement Incentive	66,000
DSM-04	Residential High Efficiency Heating, Ventilation and Air Conditioning ("HVAC")	109,800
DSM-05	Residential Weatherization	
DSM-10	Residential Weatherization Program – <i>and</i> Primary Heating Source Non-Electric	241,125
DSM-13	Residential Weatherization A La Carte	
DSM-06	Touchstone Energy® New Home	79,945
DSM-07	Residential and Commercial HVAC & Refrigeration Tune-Up	38,275
DSM-08	Commercial / Industrial High Efficiency Lighting Replacement Incentive	154,250
DSM-09	Commercial / Industrial General Energy Efficiency	0
DSM-11	Commercial High Efficiency Heating, Ventilation and Air Conditioning ("HVAC")	33,800
DSM-12	High Efficiency Outdoor Lighting Program	42,680
	Total 2015 Expenditures	<u>\$ 920,625</u>

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- c. Because the Members work directly with retail customers with regard to DSM programs, the Members have a greater ability to impact expenditure levels. As such, Big Rivers feels it is prudent to have some ability to control its exposure. Expenditures above \$1.0 million would impact Big Rivers' margins and consequently, could impact Big Rivers' ability to meet the Margins for Interest

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1 Ratio ("MFIR") requirements embedded in its loan agreements.
2 Funding from Big Rivers to its Members above \$1.0 million in any
3 program year would require additional approval by Big Rivers'
4 leadership in consultation with the Members. Big Rivers'
5 Members are nevertheless responsible for implementing their
6 DSM programs in accordance with their tariffs.

7 If expenditures in any program year are below \$1.0 million,
8 then the difference is carried over to the following program year.

9
10
11
12
13

Witness) Russell L. Pogue

**Big Rivers Electric Corporation
Demand Side Management (“DSM”) Report
January 31, 2014**

**Big Rivers Electric Corporation
2013 DSM/Energy Efficiency Program Summary**

	2013 Program Totals		
	Units	Unit Quantity	Spend
Residential Programs			
DSM-01 High Efficiency Lighting Replacement	bulbs	75,074	\$129,877
DSM-02 Energy Star Clothes Washer Replacement	unit	1,061	\$106,100
DSM-03 Energy Star Refrigerator Replacement	unit	674	\$67,400
DSM-04 Residential High Efficiency HVAC	unit	262	\$92,850
DSM-05/DSM-10 Residential Weatherization	homes	168	\$538,072
DSM-06 Touchstone Energy New Home	homes	83	\$74,600
DSM-07 Residential HVAC Tune-Up	unit	556	\$13,900
Commercial/Industrial (C/I) Programs			
DSM-08 C/I High Efficiency Lighting	kW saved	583	\$204,073
DSM-09 C/I General Energy Efficiency	kW saved	0	\$0
DSM-07 C/I HVAC Tune-Up	units	118	\$5,900
DSM-11 C/I High Efficiency HVAC	ton	0	\$0
Other			
DSM-12 High Efficiency Outdoor Lighting	fixture	262	\$18,340
Promotion Expense			\$101,667
Total			\$1,352,780

The total budget for 2013 energy efficiency programs was \$1,300,000; \$300,000 above the approved \$1 million collected in base rates. \$300,000 was carried over from the 2012 budget when the entire \$1 million was not spent.

Substantial modifications to the weatherization program were submitted for approval February 22, 2013 and the program was put on hold until the changes received KPSC approval June 6. The \$400,000 budget was aggressive, but the popularity of the program quickly became apparent as members experienced the results, and word of mouth resulted in a total spend of more than \$538,000.

The Touchstone Energy New Home program continues to be popular among large track developers in areas where natural gas is prevalent. Single home construction contractors are participating at a much lower rate. Members applied for 83 Touchstone Energy Home incentives, 17 short of the target of 100. The remaining budget was re-directed to the weatherization program.

Both residential and commercial HVAC tune-up participation exceeded 2012, but behind 2013 targets. Targets for 2014 have been adjusted down to reflect more realistic market demand. The remaining 2013 budget was re-directed to the weatherization program.

**Big Rivers Electric Corporation
2014 DSM/Energy Efficiency Program Summary**

2014 Program Totals

Residential Programs

	Units	Unit Quantity	Spend
DSM-01 High Efficiency Lighting Replacement	bulbs	40,560	\$73,089
DSM-02 Energy Star Clothes Washer Replacement	unit	1,034	\$103,400
DSM-03 Energy Star Refrigerator Replacement	unit	691	\$69,100
DSM-04 Residential High Efficiency HVAC	unit	315	\$116,100
DSM-05/DSM-10 Residential Weatherization	homes	89	\$283,540
DSM-06 Touchstone Energy New Home	homes	120	\$111,950
DSM-07 Residential HVAC Tune-Up	unit	523	\$13,075

Commercial/Industrial (C/I) Programs

DSM-08 C/I High Efficiency Lighting	kW saved	259	\$90,787
DSM-09 C/I General Energy Efficiency	kW saved	1	\$193
DSM-07 C/I HVAC Tune-Up	units	524	\$26,200
DSM-11 C/I High Efficiency HVAC	ton	348	\$26,113

Other

DSM-12 High Efficiency Outdoor Lighting	fixture	480	\$33,600
Promotion Expense			\$61,177

Total \$1,008,323

The total budget for 2014 energy efficiency programs was \$1,000,000 collected in base rates. The 2013 program budget was \$1,300,000 because \$300,000 was carried forward from the 2012 budget when the entire \$1 million collected that year was not spent.

Aggressive promotion in 2013 resulted in increased program activity. The increased program activity carried-over into 2014, allowing Big Rivers' Member Cooperatives to reduce spending on promotion and redirect those funds to incentive payments in 2014.

2014 Budget Detail

The 2014 energy efficiency program budget was \$1,000,000 including incentives and promotion. Specific program budgets are flexible and are tailored to retail members' responses to each program. Member Cooperatives are able to adjust or shift budgets to address successful programs. Requirements for each individual program outlined in the tariffs are minimum standards; Member Cooperatives may establish more stringent requirements at their discretion.

The initial program targets for 2014 are listed in the table on Page 4. Information contained in the table outlines each program's target impact using program annual targets based on the 2014 energy efficiency program budget of \$1,000,000 for incentives and promotion. If retail member demand for programs had aligned with initial estimates, the deemed savings of the measures completed would have been

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June 12, 2015

1 **Item 3)** *Refer to tariff page P.S.C. KY No. 27, First Revised, Sheet No.*
2 *20, Cancelling P.S.C. KY No. 27, Original Sheet No. 20. Explain why, for*
3 *paragraph 7, the "[T]" is red and not black.*

4

5 **Response)** This marking was an inadvertent typographical error. The "[T]"
6 should have been black.

7

8

9 **Witness)** Roger D. Hickman

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11

BIG RIVERS ELECTRIC CORPORATION

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1 **Item 4)**

- 2 *a. Explain why the language in the tariffs for member*
3 *incentives was changed from a fixed amount to an "up to"*
4 *amount.*
5 *b. Explain, by program and measure, how any lesser amount*
6 *of incentive per member is proposed to be determined based*
7 *on the language change.*

8

9 **Response)**

- 10 a. The "up to" language allows Big Rivers' Members flexibility to
11 adjust their respective incentive levels in response to the DSM
12 program participation levels within their respective Retail
13 Member markets.
14 b. Each Member Cooperative, based on its Retail Members'
15 participation levels, may adjust its incentive levels to create
16 additional program demand from retail members, *i.e.*, increase the
17 incentive. Conversely, when program demand is high, Member
18 Cooperatives may decrease the incentive to allow more Retail
19 Members to benefit from a program and to increase overall
20 program effectiveness.

21

22

23 **Witness) Russell L. Pogue**

24