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## **NEWS RELEASE**

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# **PSC Approves Most KU/LG&E DSM Programs**

## ***Utilities proposed dropping certain energy efficiency efforts***

**FRANKFORT, Ky. (Oct. 5, 2018)** – After a thorough review of the costs, benefits and need for demand-side management (DSM) programs offered by Kentucky Utilities Co. and Louisville Gas & Electric Co. (KU/LG&E), the Kentucky Public Service Commission (PSC) has authorized all but one of the programs proposed by the utilities.

In an order issued today, the PSC found that while many of the DSM programs cost more than they save, they provide other benefits that justify their continuation.

DSM programs are authorized under Kentucky law and are intended to reduce or defer the need for new electric generating capacity by encouraging ratepayers to reduce usage, often by providing financial incentives to do so. They are funded by a surcharge on ratepayers, with the surcharge for each class of ratepayers - residential and commercial – based on the programs available to each.

The changes approved today will reduce the monthly DSM surcharge for a typical Kentucky Utilities residential customer by about \$1.64, while a typical Louisville Gas & Electric residential electric customer will see the monthly surcharge decline by about 97 cents.

Louisville Gas & Electric has about 403,000 electric customers in nine counties in the Louisville area. Kentucky Utilities has about 516,000 electric customers in 77 counties across Kentucky.

The KU/LG&E DSM programs approved by the PSC for continuation through 2025 include:

- A weatherization program that helps low-income customers improve the energy efficiency of their homes. The PSC approved a proposal by KU/LG&E intended to increase participation in the program by modifying the eligibility so that it is based on income, rather than energy consumption.
- A demand-reduction program that pays a rebate to residential and small commercial customers who agree to have a device placed on air conditioning systems, heat pumps and other appliances that allow the utilities to turn off the appliances for a brief period during times of peak electric demand. The program will be modified to reduce the rebate and to cap participation at the current number of customers.
- A demand-reduction program for large non-residential customers. It will be modified to cap participation and reduce rebates.
- A rebate program that incentivizes large non-residential customers to install equipment that reduces energy usage. It will be modified to base incentive payments on actual savings, rather than providing a fixed dollar amount.

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The PSC also directed KU/LG&E to continue a pilot program that offers advanced (so-called “smart”) meters to residential and small commercial customers who want more detailed information on their energy usage, and to double the maximum number of customers that can receive the meters to 10,000 per company.

In today’s order, the PSC ordered KU/LG&E to end a program that provides energy efficiency assistance to schools by providing funds to hire energy managers. The PSC found that the program was not cost-effective.

In their DSM application, KU/LG&E noted that customers are reducing electric usage on their own by purchasing more energy efficient consumer goods. That makes it harder to justify spending on DSM programs, the utilities said.

Therefore, KU/LG&E proposed discontinuing a number of existing programs that were no longer cost-effective, including rebates for purchasing energy efficient appliances, payments to customers who dispose of old and inefficient refrigerators, home energy audits, public education efforts and a program to provide residential customers with a comparison of their energy usage to that of their neighbors. The PSC did not take issue with any of the discontinuations.

In today’s order, the PSC also approved the expansion of some DSM programs, and the DSM surcharge, to industrial customers, although industrial customers will be able to opt out under certain conditions.

Other parties to the case were the Kentucky Office of Attorney General, which by law represents ratepayers before the PSC; the Kentucky Industrial Utility Customers, Inc., representing large industrial power consumers; the Metropolitan Housing Coalition, representing low-income ratepayers; and the Wal-Mart Corp.

Today’s order and other records in the case are available on the PSC website, [psc.ky.gov](http://psc.ky.gov). The case number is 2017-00441.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,100 gas, water, sewer, electric and telecommunication utilities operating in Kentucky.

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