



Commonwealth of Kentucky Energy and Environment Cabinet

Steven L. Beshear, Governor

Len Peters, Secretary

FOR IMMEDIATE RELEASE

Contact: Andrew Melnykovych
502-564-3940, ext. 208
502-330-5981 (cell)

PSC Approves Energy Conservation Plans for KU and LG&E

Expanded programs include incentives for consumers

FRANKFORT, Ky. (Nov. 9, 2011) – The Kentucky Public Service Commission (PSC) has approved an expansion of residential and commercial energy conservation and efficiency programs for Kentucky Utilities Co. (KU) and Louisville Gas & Electric Co. (LG&E).

In an order issued today, the PSC authorized KU and LG&E to continue 10 existing programs for residential or commercial customers and to initiate three new programs for residential customers. One of the new programs will provide incentives for the purchase of energy-efficient appliances

The KU and LG&E energy conservation and efficiency initiatives are included in the companies' demand-side management (DSM) programs. In accordance with Kentucky statutes, the DSM program is funded through a surcharge on electric and natural gas bills.

In today's order the PSC also approved revised surcharges that will result in slight rate changes for residential customers.

A utility is required to demonstrate that its DSM program is cost-effective in a number of ways, including providing long-term savings to ratepayers as a whole. The KU and LG&E programs meet those tests, the PSC said.

Two of the three new programs are intended to cut the amount of electricity used by residential appliances. One will pay customers \$30 for each old refrigerator or freezer they allow KU or LG&E to remove from their homes. The old appliances will be recycled.

The second program provides incentives for customers to replace old appliances with newer, more efficient models. The incentives range from \$50 for dishwashers or freezers to \$300 for heat-pump water heaters. There are sliding-scale incentives for central air conditioning and heat pump units, and an incentive of up to \$200 for window films that reduce the need for air conditioning on hot, sunny days.

The third program will provide residential customers who use the most electricity with individualized reports that tell them how they can reduce consumption.

Ongoing components of the LG&E and KU DSM programs include:

- Energy audits for residential and commercial customers, which will be expanded in the case of residential customers to include incentives to implement energy-saving measures
- Energy education
- Promotion of the use of energy-efficient light bulbs
- Greater financial incentives to residential and commercial customers who allow the utilities to remotely turn off air conditioners for brief periods during the summer months
- Financial incentives for commercial customers to reduce energy usage
- Expanded incentives to attract more low-income customers to participate in weatherization programs

In their application, KU and LG&E state that the DSM programs thus far have saved 400 million cubic feet of natural gas and reduced electric demand by 182 megawatts.

The surcharges assessed on residential electric and natural gas bills will change to better reflect program costs and allocation of those costs among different customer classes.

An LG&E electric customer using 1,000 kilowatt-hours per month (a kilowatt-hour is the amount of power used by a 100-watt light bulb in 10 hours) will see a surcharge reduction of about 38 cents per month. An LG&E gas customer using 10,000 cubic feet of gas per month will pay about 50 cents more per month.

The monthly surcharge for a KU customer using 1,000 kilowatt hours per month will increase by 53 cents.

Both LG&E and KU are subsidiaries of PPL Corp. Kentucky Utilities has about 515,000 electric customers in 77 counties across Kentucky. LG&E has about 396,000 electric customers in nine counties in and around the Louisville area and 320,000 natural gas customers in 21 counties.

The order and related documents can be found on the PSC website, psc.ky.gov. The case number is 2011-00134.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 100 employees.

###