

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION PURSUANT TO 1994 )  
HOUSE BILL NO. 501 FOR THE APPROVAL OF )  
KENTUCKY POWER COMPANY )  
COLLABORATIVE DEMAND-SIDE MANAGEMENT ) CASE NO. 2012-00051  
PROGRAMS AND FOR AUTHORITY TO )  
IMPLEMENT A TARIFF TO RECOVER COSTS, )  
NET LOST REVENUES, AND RECEIVE )  
INCENTIVES ASSOCIATED WITH THE )  
IMPLEMENTATION OF THE KENTUCKY POWER )  
COMPANY COLLABORATIVE DEMAND-SIDE )  
MANAGEMENT PROGRAMS )

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO  
KENTUCKY POWER COMPANY

Kentucky Power Company ("Kentucky Power"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before March 23, 2012. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the 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.

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

Careful attention shall 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.

1. Refer to the Joint Application (“Application”) cover letter (“Letter”), page 1, which states, “[t]he DSM [Demand-Side Management] Collaborative [“Collaborative”] is requesting Commission approval for the implementation of a new three-year contract with National Energy Education Development (NEED) to run from 2012 through 2014. The contract being negotiated with NEED includes projected fees to remain at the current levels including more contract controls to improve teacher participation levels with NEED administered program energy education.”

a. The proposed three-year contract is to run from 2012-2014. Provide the target date by which the contract is to be signed.

b. Explain how Kentucky Power will have more contract controls to improve teacher participation levels with NEED administered program energy education.

c. Provide a copy of the current NEED contract that is in effect.

2. Refer to the Letter, pages 1 and 2, which states:

In 2011 the Community Action Agencies (CAAs) were unable to meet their targets for the Targeted Energy Efficiency (TEE) Program. This was primarily attributed to the CAAs increased spending of the American Recovery and Reinvestment Act (ARRA) stimulus funds and to the method for prioritizing eligible customers for the program. The ARRA stimulus funds have affected this program for the past 2 years because the CAAs were required to meet the funding requirements for the housing authority which caused fewer homes to be charged to DSM. The DSM TEE program is filed and is administered to be a supplemental weatherization and energy efficiency service to the Weatherization Assistance Program (WAP) administered by Community Action Kentucky. It should be noted that the program evaluation filed August 15, 2011 found this program to be cost effective and the DSM Collaborative is therefore requesting that the program not only continue, but is requesting the program participation levels be increased from 405 to 425 customers. Since this program is supplemental to the DOE (WAP) service, DOE changes to WAP funding could impact the projected DSM program participant levels.

- a. Provide, by CAAs that are in Kentucky Power's operating area, what the participant levels might have reached if the CAAs would not have received ARRA stimulus funds.
- b. Explain, if known, whether the homes weatherized by the CAAs using stimulus funds would have qualified for weatherization in the TEE program.
- c. In Case No. 2011-00300,<sup>1</sup> the TEE evaluation report on page 4 states that the WAP funds expire March 31, 2012. Explain what Kentucky Power has

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<sup>1</sup> Case No. 2011-00300, Application of Kentucky Power Company for Collaborative Demand-Side Management Programs and for Authority to Implement a Tariff to Recover Costs and Net Lost Revenues and Receive Incentives Associated with the Implementation of the Kentucky Power Company Collaborative Demand-Side Management Programs (Ky. PSC Jan. 23, 2011).

done, in partnering with the CAAs in its operating area, to prioritize the weatherization of eligible customers in the TEE program to accomplish the goal of 425 participants.

3. Refer to the Letter, page 2, which states:

The Pilot Load Management program includes projections for 2012 which are based on cellular coverage currently available with vendor gateway meter equipment. If the vendor achieves expanded cellular coverage projected for March 2012, then we will be able to expand the promotion to all-electric customers within the KPCO service area. As of February 7<sup>th</sup>, promotional mailings had been issued to 3,455 residential customers with the first mailings having been completed January 17<sup>th</sup>. In addition to customer self mailers, program promotion is planned to include automated voice messaging, emails, and customer post cards. Program promotion will continue to be evaluated based on availability of acceptable cellular service for the vendor gateway meter and the program evaluation report scheduled for filing August 15, 2012.

- a. Explain whether the vendor achieved the expanded cellular coverage projected for March 2012.

- b. Explain whether non-all-electric residential customers with air conditioners ("A/C") and heat pumps ("HP") will be included in this program.

- c. The following table shows the 2011 actual participation for residential and commercial customers, the 2011 participation goals, and the 2012 participation goals. Based on the actual participation in 2011 for both the residential and commercial programs and the 2012 participation goals, explain whether there will be enough participation and program information for the evaluation report.

Programs	2011 Actual Participants	2011 Participant Goal	2012 Participant Goal
Residential Load Management			
- Air Conditioner	6	250	110
- Water Heating	4	250	110
Commercial Load Management			
- Air Conditioner	0	25	10
- Water Heating	0	25	10

4. Refer to the DSM Collaborative Status Report ("Status Report") of the Application, page 2, under COMMENTS.

a. Explain whether the kWh Transmission and Distribution ("T&D") losses were calculated on an incremental basis or on an average basis.

b. Provide all calculations used to support the 10 percent T&D kWh line losses.

c. Provide a reconciliation between the 10 percent T&D kWh line loss the Collaborative is claiming in this proceeding with the line loss the Company claimed in Case No. 2010-00490<sup>2</sup> in its response to Item 13, Appendix B, of the Commission Order of January 26, 2010.

d. Explain whether the kW T&D losses were calculated on an incremental basis or on an average basis.

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<sup>2</sup> Case No. 2009-00490, An Examination of the Application of the Fuel Adjustment Clause of Kentucky Power Company From November 1, 2008 through October 31, 2010 (Ky. PSC May 31, 2011).

e. Provide all calculations used to support the 11 percent T&D kW line losses.

5. Refer to the Status Report, page 5. The TEE program's projected participant level for 2012 is 390 all-electric homes, 35 non-all-electric homes and sets the budget level at \$400,000. It appears the Collaborative is proposing a 55 percent  $((390-251)/251)$  increase in the number of all-electric homes and a 21 percent  $((35-29)/29)$  increase in the number of non-all-electric homes while at the same time increasing the annual program cost by 42 percent  $((\$400,000-\$281,000)/\$281,000)$ . Explain what actions the Collaborative is doing to achieve the 2012 projected participant levels for the TEE program.

6. Refer to the Status Report, Modified Energy Fitness program, page 8.

a. Explain or provide calculations supporting the negative 40 kW summer year-to-date impact.

b. Explain or provide calculations supporting the positive 1,018 kW summer program-to-date impact.

7. Refer to the Status Report, High Efficiency Heat Pumps program, page 9.

a. Explain or provide calculations supporting the negative 52 kW summer year-to-date impact.

b. Explain or provide calculations supporting the positive 137 kW summer program-to-date impact.

c. Explain what actions the Collaborative is taking in 2012 so that the projected participant levels for the non-resistance heat replacement customers of 475, or an increase of 17 percent over the 2011 actual participation, will be achieved.

8. Refer to the Status Report, Pilot Residential Load Management program, page 13.

a. Provide, by type of cost, a breakdown of the \$94,705 equipment/vendor cost, such as the vendors paid and the type of equipment.

b. Explain what actions the Collaborative is taking to achieve the projected goals of 110 A/C switches and 110 water heater ("WH") switches for 2012, considering that there were only 10 switches installed after four months of 2011.

9. Refer to the Status Report, Commercial Heating Ventilation Air Conditioner ("HVAC") Diagnostic and Tune-up program, page 18. The Collaborative has established the 2012 projective participant level at 55 for central A/C and 115 for HP with the annual budget level at \$37,380, or an average cost of \$ 219.88 ( $\$37,380/(55+115)$ ). The 2011 total program cost was \$27,093 with 152 (106+46) participants. The 2011 average cost per participant was \$ 178.24 ( $\$27,093/(106+46)$ ). Explain the reasons for the 23 percent ( $(\$219.88-\$178.24)/\$178.24$ ) increase in average cost per participant.

10. Refer to the Status Report, Pilot Commercial Load Management program, page 19.

a. Provide, by type of cost and the vendor, a breakdown of the \$10,500 equipment/vendor year-to-date cost as of December 31, 2011.

b. Explain how there was \$14,315 of total program costs in 2011, but no participants.

c. Provide, by type of cost, a breakdown of the projected \$36,105 for 2012 costs for the 10 A/C switches and 10 WH switches which result in a projected average cost per participant of \$1,805.25.

d. Explain what actions the Collaborative is taking to achieve the projected goals of 10 A/C switches and 10 WH switches for 2012, considering that there were no switches installed in 2011.

11. Refer to the Status Report, Commercial High Efficiency HP/AC program, page 20.

a. The range of customer incentives that can be paid is from \$250 to \$450. Provide a breakdown of the \$7,950 of customer incentives paid in 2011.

b. Explain what actions the Collaborative is taking to achieve the projected goal of 20 A/Cs for 2012, considering that there were only three in 2011.

c. Explain what actions the Collaborative is taking to achieve the projected goal of 40 HPs for 2012, considering that there were only 21 in 2011.

12. Refer to the Status Report, Commercial Incentives program, page 21.

a. Provide, by type of cost, the \$195,543 of equipment/vendor costs.

b. Provide a breakdown of the \$30,288 in customer incentives by participant.

c. The total program costs for the calendar year ending December 31, 2011 totaled \$252,314. There were 18 participants for the same time period, resulting in an average of \$14,017 ( $\$252,314/18$ ) per participant. Looking at the 2012 projected information, it appears the Collaborative is estimating an average cost per participant at \$9,481 ( $\$1,630,725/172$ ). Provide a detailed explanation as to how the Collaborative



purposes to reduce the average participant's costs by 32 percent ((\\$14,017-\$9,481)/\\$14,017) during 2012.

d. Explain what actions the Collaborative is taking to achieve the projected goal of 172 customers for 2012, considering that there were only 18 in 2011.

13. In Case No. 2011-00300,<sup>3</sup> the following table of DSM programs had evaluation reports. In Case No. 2011-00055,<sup>4</sup> received by the Commission February 15, 2011, there were no program evaluations performed. The table also includes evaluation costs by program from the Status Report of the current Application. Explain whether these are the total costs to evaluate these programs, whether the costs were direct or allocated costs, and what time period did these evaluation costs cover.

Program	Evaluation Costs
Targeted Energy Efficiency	\$20,357
High Efficiency Heat Pump Mobile Home	\$6,182
Mobile Home New Construction	\$6,235
Modified Home New Construction	\$9,222
High Efficiency Heat Pump	\$12,236
Community Outreach Compact Florescent Lamp	\$9,610
Energy Education for Students	\$6,082

14. The programs in the following table have evaluation costs detailed on the Status Report. Explain why the DSM programs in the following table have evaluation costs, but no program evaluation report was filed in 2011, and whether these evaluation

<sup>3</sup> Case No. 2011-00300, Kentucky Power Company (Ky. PSC Jan. 23, 2011).

<sup>4</sup> Case No. 2011-00055, Joint Application Pursuant to 1994 House Bill No. 501 for the Approval of Kentucky Power Company Collaborative Demand-Side Management Programs, and for Authority to Implement a Tariff to Recover Costs, Net Lost Revenues, and Receive Incentives Associated with the Implementation of the Kentucky Power Company Collaborative Demand-Side Management Programs (Ky. PSC May 25, 2011).

costs have been recovered in previous DSM filings when the programs were evaluated.

In addition, what time period did these evaluation costs cover?

<u>Program</u>	<u>Evaluation Costs</u>
Residential HVAC Diagnostic and Tune-up	\$4,756
Pilot Residential Load Management	\$8,793
Residential Efficiency Product	\$6,068
Commercial HVAC Diagnostic and Tune-up	\$4,100
Pilot Commercial Load Management	\$3,815
Commercial High Efficiency HP/AC	\$4,780
Commercial Incentive	\$17,189

15. a. Explain whether the Collaborative is aware that incandescent bulbs are to be phased out in 2014.

b. If the answer to part a. is yes, explain whether the Collaborative has considered not spending DSM funds on promoting Compact Fluorescent Light bulbs after 2014.

16. Refer to Schedule C, page 17A-1, Residential Efficient Products. Explain how there are no participants for the Specialty Bulbs and LED Lights, but there are program costs in column 4 and kWh impacts in column 5.

17. Refer to Schedule C, page 17A-2, HVAC Diagnostic & Tune-up. Explain how there is one participant for the A/C in column 1, no cumulative participants in column 2, no program costs in column 4, and 343 kWh impacts in column 5.

18. Refer to Schedule C, page 17B-1, Residential Efficient Products. Explain how there are no participants for the Specialty Bulbs and LED Lights, but there are program costs in column 4 and kWh impacts in column 5.

19. Refer to Schedule C, page 17B-1, Residential Load Management (Pilot Program). Explain the average cost per participant of \$8,624.83 for A/C and \$12,937.75 for WH in column 3.

20. Refer to Schedule C, page 17B-2, Commercial Load Management (Pilot Program). Explain how there are no participants for either the A/C or WH in column 1, but there are \$7,157 in program costs in column 4.

21. In the Order in Case No. 2011-00300,<sup>5</sup> the Commission expressed its concern as to promotion and participation of the Commercial High Efficiency Heat Pump/Air Conditioner Program and the Residential and Small Commercial Load Control Program. The Order stated:

The Commission realizes that customer participation in DSM is voluntary and that Kentucky Power cannot compel greater participation; however, the Commission believes that most well-informed customers would choose to participate in DSM programs to avoid higher energy bills. Therefore, the Commission strongly encourages Kentucky Power to promote its DSM programs, educate applicable customers who would qualify for DSM program participation, and work to increase participation levels in its DSM programs. The Commission, also, strongly encourages Kentucky Power to educate its customers about the need for greater energy efficiency due to the rising cost of electric energy and the strain that the demand of electric usage at peak times places on both the Kentucky Power and the American Electric Power systems. We believe that Kentucky Power should make every effort to educate its customers that participation in demand-side programs represents one way in which the customers can impact the extent to which ever-increasing energy costs increase their electric bills.

The Commission will closely monitor Kentucky Power's efforts to develop and promote cost-effective programs.

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<sup>5</sup> Case No. 2011-00300, Kentucky Power Company (Ky. PSC Jan. 23, 2011).

Explain what efforts Kentucky Power has made or is planning to make to develop and promote cost-effective DSM programs.

22. Provide, in electronic format with formulas intact and unprotected, Schedule C.

23. Provide the date of the first billing cycle for the revenue months from March 2012 through January 2013.



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Dated MAR 08 2012

cc: Parties of Record

Case No. 2012-00051

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