

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY POWER)	
COMPANY TO AMEND ITS DEMAND-SIDE)	
MANAGEMENT PROGRAM AND FOR)	
AUTHORITY TO IMPLEMENT A TARIFF TO)	CASE NO.
RECOVER COSTS AND NET LOST REVENUES,)	2013-00487
AND TO RECEIVE INCENTIVES ASSOCIATED)	
WITH THE IMPLEMENTATION OF THE)	
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 eight copies of the following information, with a copy to all parties of record. The information requested herein is due no later than February 14, 2014. 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 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 should 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 cover letter ("Cover Letter") which states, "By this filing, the Company seeks authority to implement its revised electric tariff (P.S.C. Electric No. 9, Tariff D.S.M.C. 6th Revised Sheet No. 22-2) to recover its costs associated with its demand-side management programs, including net lost revenues and incentives related to the programs."

a. Explain whether Kentucky Power's Demand-Side Management ("DSM") Collaborative ("Collaborative") supports this filing.

b. Identify who attended the DSM Collaborative meeting when the Status Report and Exhibit C were discussed.

c. State how those present at the DSM Collaborative voted, whether they supported, opposed or abstained as to the Status Report and Exhibit C.

d. If they opposed or abstained, explain why.

2. Refer to the cover letter which states, "Kentucky Power estimates the annual cost of the 2014 program to be \$4,115,956." Per the calculation of Commission Staff, based on the 2014 budget amounts from the Status Report, the 2014 program costs are \$4,029,706, or an \$86,250 difference. Confirm whether the \$86,250 difference is correct, and if so, explain the discrepancy.

3. Refer to the cover letter which states, "The Company also proposes a market potential study to support Kentucky Power strategy and resource deployment for DSM over a 10-year planning period." Also refer to the cover letter, which states, "The Market Potential Study is proposed as a General Administrative cost to the DSM Portfolio having an estimated expense of \$80,000. The allocation of total cost for the study includes 50% to residential and 50% to commercial customer sectors." Explain how the proposed allocation of the estimated expense of \$80,000 will be determined, considering that direct program costs for 2013 and 2014 are not 50 percent for residential programs and 50 percent for commercial programs.

4. Refer to page 4 of the Status Report in the application ("Application"). The year-to-date program cost for the all-electric portion of the Targeted Energy Efficiency ("TEE") program is \$61,912, with 48 participants.

a. Explain whether any high-efficiency heat pumps were installed, or whether the programs represent the cost of weatherization only.

b. If high-efficiency heat pumps were installed, provide the number by community action agency.

c. Explain whether there are to be any high-efficiency heat pumps installed in 2014 for any of the 145 participants.

d. Explain whether Kentucky Power has met or plans to meet with the community action agencies to discuss future participation.

5. Refer to page 4 of the Status Report in the Application. The year-to-date program costs for the non all-electric portion of the TEE program is \$909, with 11 participants. The estimates for the second half of 2013 are \$4,916 in program costs with nine participants. Explain the cost differential per participant for the first six months of 2013 versus the second six months of 2013.

6. Refer to page 5 of the Status Report in the Application. The 2013 projected participants and program costs are 200 and \$94,188 respectively for the High Efficiency Heat Pump – Mobile Home program. The 2014 projected participants and program costs are 220 and \$114,098 respectively. Explain the cost differential per participant from 2013 to 2014.

7. Refer to page 6 of the Status Report in the Application. The 2013 projected participants and program costs are 135 and \$77,111 respectively for the Mobile Home New Construction program. The 2014 projected participants and program costs are 155 and \$98,872 respectively. Explain the cost differential per participant from 2013 to 2014.

8. Refer to page 7 of the Status Report in the Application.

a. Explain the methodology that was used in selecting the Modified Energy Fitness (“MEF”) program as one of the programs to be expanded in compliance

with the Order in Case No 2012-00578¹ based on the partial Stipulation Agreement, considering that this program's kWh impact per participant is one of the lowest among Kentucky Power's residential DSM programs.

b. The 2013 projected participants and program costs are 1,200 and \$450,660 respectively for the MEF program. The 2014 projected participants and program costs are 2,000 and \$838,689 respectively. Explain the cost differential per participant from 2013 to 2014.

c. Explain whether there is an implementation contractor for this program, and if so, explain when that last contract was signed. If there was a revised contract recently, provide a copy.

9. Refer to page 8 of the Status Report in the Application. The 2013 projected participants and program costs are 165 and \$251,366 respectively for the High Efficiency Heat Pump program. The 2014 projected participants and program costs are 165 and \$295,930 respectively. Explain the cost differential per participant from 2013 to 2014.

10. Refer to page 9 of the Status Report in the Application. The 2013 projected participants and program costs are 5,000 and \$57,073 respectively for the Community Outreach Compact Fluorescent Lamp program. The 2014 projected participants and program costs are 5,000 and \$65,511 respectively. Explain the cost differential per participant from 2013 to 2014.

¹ Case No. 2012-00578, Application of Kentucky Power Company for (1) a Certificate of Public Convenience and Necessity Authorizing the Transfer to the Company of an Undivided Fifty Percent Interest in the Mitchell Generating Station and Associated Assets; (2) Approval of the Assumption by Kentucky Power Company of Certain Liabilities in Connection with the Transfer of the Mitchell Generating Station; (3) Declaratory Rulings; (4) Deferral of Costs Incurred in Connection with the Company's Efforts to Meet Federal Clean Air Act and Related Requirements; and (5) All Other Required Approvals and Relief (Ky. PSC Oct. 7, 2013).

11. Refer to page 10 of the Status Report in the Application. The 2013 projected participants and program costs are 2,200 and \$28,745 respectively for the Energy Education for Students program. The 2014 projected participants and program costs are 2,200 and \$36,688 respectively. Explain the cost differential per participant from 2013 to 2014.

12. Refer to page 11 of the Status Report in the Application. The 2013 projected participants and program costs are 180 and \$23,817 respectively for the Energy Education for Students program. The 2014 projected participants and program costs are 240 and \$26,337 respectively. Explain the cost differential per participant from 2013 to 2014.

13. Refer to page 13 of the Status Report in the Application.

a. Explain the methodology used in selecting the Residential Efficient Products (“REP”) program as one of the programs to be expanded in compliance with the Order in Case No 2012-00578² based on the partial Stipulation Agreement, considering that this program’s kWh impact per participant is one of the lowest among Kentucky Power’s residential DSM programs.

b. The 2013 projected participants and program costs are 194,200 Energy Star Compact Fluorescent Lights (“CFL”), 24,000 Specialty Energy Star CFLs, and 400 Energy Star Light Emitting Diodes (“LED”) and \$450,660 respectively for the REP program. The 2014 projected participants and program costs are 240,000 Energy Star CFLs, 20,000 Specialty Energy Star CFLs, and 4,500 Energy Star LEDs and \$450,660 respectively. Explain the participant and cost differential per participant from 2013 to 2014.

² Id.

c. Explain whether there is an implementation contractor for this program, and if so, explain when that last contract was signed. If there was a revised contract recently, provide a copy.

d. Considering that incandescent light bulbs will no longer be manufactured in 2014, explain why Kentucky Power is putting so much emphasis on CFL bulbs, instead of higher-impact lighting such as LEDs.

14. Refer to page 17 of the Status Report in the Application. The 2013 projected participants and program costs are 15 and \$6,931 respectively for the Commercial HVAC Diagnostic and Tune-Up program. The 2014 projected participants and program costs are 24 and \$11,181 respectively. Explain the cost differential per participant from 2013 to 2014.

15. Refer to page 19 of the Status Report in the Application. The 2013 projected participants and program costs are one central air condition and 12 heat pumps and \$6,931 respectively for the Commercial High Efficiency HP/AC program. The 2014 projected participants and program costs are five central air conditions and 10 heat pumps and \$17,731 respectively. Explain the cost differential per participant from 2013 to 2014.

16. Refer to page 20 of the Status Report in the Application.

a. Explain the methodology used in selecting the Commercial Incentives ("CI") program as one of the programs to be expanded in compliance with the Order in Case No 2012-00578³ based on the partial Stipulation Agreement.

b. The 2013 projected participants and program costs are 150 and \$1,012,067 respectively for the CI program. The 2014 projected participants and

³ Id.

program costs are 250 and \$1,459,838 respectively. Explain the cost differential per participant from 2013 to 2014.

c. Explain whether there is an implementation contractor for this program, and if so, explain when that last contract was signed. If there was a revised contract recently, provide a copy.

d. Explain why the promotion costs are only \$794, considering the program impacts that can be achieved for this program.

17. a. Explain whether the DSM programs selected to be expanded in compliance with the Order in Case No 2012-00578⁴ based on the partial Stipulation Agreement are cost-effective.

b. If the programs are not currently cost-effective, explain the impact as to the programs' cost-effectiveness of expanding these programs.

c. By program, provide the current cost-effectiveness test results of the DSM programs before and after the programs have been expanded.

18. On page 2 of Exhibit H-1, Prepared Testimony of Virginia Carol Wright, of the Application in Case No. 2013-00219⁵ states:

Since the inception of the Prepay Program in June 2011, the members participating in the program have an average of 16% reduction in kWh usage. As we have passed the second year anniversary of the program, this percentage reduction in kWh usage has dropped to 9.5%. However, all Prepay members continue to avoid late fee charges, disconnect and reconnect fees, and are not required to pay a deposit.

⁴ Id.

⁵ Case No. 2013-00219, Application of Jackson Energy Cooperative Corporation for an Increase in Retail Rates based on a Historical Test Year (Ky. PSC filed Aug. 8, 2013).

The Prepay Program has been a success and our members are very satisfied with the program. Jackson Energy currently has over 3,000 members enrolled in this program and it continues to grow. As a true conservation program, Prepay has contributed to lower kWh sales. Jackson Energy Prepay members use an average of 171 kWh less per month. With 3,000 members currently enrolled, this is approximately 513,000 kWh less sales per month and could possibly equate to approximately \$600,000 less revenue per year.

a. Explain whether Kentucky Power has ever considered a Prepay Meter Program as an energy-conservation program, and even implementing this program to replace DSM programs that are not cost-effective.

b. Provide what portion of customer-services costs are incurred as to disconnect and reconnect fees and applying late-fee charges.


19. Explain why the 2013 budget in Case No 2013-00138⁶ was reduced in the current application of this filing.

20. Explain why there are no industrial programs and customers as part of Kentucky Power's DSM Collaborative and portfolio.

21. a. Provide a revised Status Report and Exhibit C that includes actual numbers for the second half of 2013.

b. Provide in electronic format, with formulas intact and cells unprotected, a revised Status Report and Exhibit C that include actual numbers for the second half of 2013.

⁶ Case No. 2013-00138, Application of Kentucky Power Company to Amend Its Demand-Side Management Program and for Authority to Implement a Tariff to Recover Costs and Net Lost Revenues, and to Receive Incentives Associated with the Implementation of the Programs (Ky. PSC June 28, 2013).



Jeff Doreau
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED JAN 29 2014

cc: Parties of Record

Case No. 2013-00487

Lila P Munsey
Manager, Regulatory Services
Kentucky Power
101A Enterprise Drive
Frankfort, KENTUCKY 40601

Honorable Mark R Overstreet
Attorney at Law
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KENTUCKY 40602-0634