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March 17, 2014

PARTIES OF RECORD

RE: Informal Conference for
Case No. 2013-00487

Enclosed is a memorandum that has been filed in the record of the above-referenced case. Any comments regarding the content of this memorandum should be submitted to the Commission within seven days of receipt of this letter. Questions regarding this memorandum should be directed to Bob Russell at (502) 782-2659.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

Enclosure

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Main Case File – Case No. 2013-00487

FROM: Bob Russell, Team Leader

DATE: March 17, 2014

SUBJECT: March 6, 2014 Informal Conference

At the request of the Kentucky Power Company (“Kentucky Power”) and pursuant to an Order issued on March 4, 2014, an informal conference was held on March 6, 2014 at the Commission’s offices in Frankfort, Kentucky. The purpose of the informal conference was to allow Kentucky Power an opportunity to provide a status of the development of a School Energy Management Program. The attendance sheet is attached to this memorandum.

Kentucky Power indicated that, pursuant to the terms of the Stipulation and Settlement Agreement, which was approved as modified by the Commission in Case No. 2012-00578,¹ it is in the process of developing a School Energy Management Program that would enable the company to satisfy its commitment to contribute \$75,000 in 2014 and \$50,000 in 2015 in shareholder funds towards the institution a new two-year Demand-Side Management (“DSM”) program to help fund energy management programs for schools affected by KRS 160.325. The Stipulation and Settlement Agreement intended that the annual DSM funding targeted for school energy management programs would be implemented over the entire Kentucky Power service territory, which encompassed 20 counties in eastern Kentucky. Kentucky Power pointed out, however, the Commission approved the Stipulation and Settlement Agreement in Case No. 2012-00578 but modified the provision relating to the school energy management funding by limiting the implementation of those funds to schools in Lawrence and contiguous counties impacted KRS 160.325. Kentucky Power stated that it expressly agreed to accept and be bound by that modification. However, in developing the framework of a School Energy Management Program, Kentucky Power discovered that the modification would cause an administrative issue for Kentucky Power requiring two separate commercial DSM factors to be calculated, one

¹ Case No. 2012-00578, Application of Kentucky Power Company for 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 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 July 5, 2013).

commercial DSM factor for Lawrence County and the contiguous Kentucky counties, and the other commercial DSM factor for all Kentucky counties that Kentucky Power serves.

Kentucky Power stated that the \$75,000 shareholder contribution for 2014 in school energy manager program funding would not affect the proposed commercial DSM factors in the current proceeding. Kentucky Power's desire was to make the Commission, the intervenors, and the Kentucky School Board Association, who will receive the school energy management program funds, aware that Kentucky Power will most likely file a formal request to have the shareholder contribution for the school energy management program be implemented across Kentucky Power's entire service territory rather than limiting it to schools in Lawrence County and the five contiguous counties to Lawrence County.

There being no further discussions, the conference was adjourned.

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) CASE NO.
AUTHORITY TO IMPLEMENT A TARIFF TO) 2013-00487
RECOVER COSTS AND NET LOST)
REVENUES, AND TO RECEIVE INCENTIVES)
ASSOCIATED WITH THE IMPLEMENTATION)
OF THE PROGRAMS)

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March 6, 2014 Informal Conference
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NAME

REPRESENTING

Quang D. Nguyen
RON WILLHITE

PSC
KSBA

Ronie Wohlschlag
Bob Bussell
Matthew Baer

KTCO
PSC
PSC

MARK R. DOSTREE

STILES & HARRISON for KTCO.

Jill Tauber

Earth Justice - via phone