

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE DEMAND SIDE MANAGEMENT PROGRAM)
AND DEMAND SIDE MANAGEMENT PROGRAM) CASE NO. 2000-070
COST RECOVERY FILING OF AMERICAN)
ELECTRIC POWER/KENTUCKY POWER)

O R D E R

This matter comes before the Commission as a result of the February 14, 2000 filing of American Electric Power/Kentucky Power ("AEP/Kentucky") on behalf of its Demand-Side Management Collaborative ("Collaborative"). The filing includes a status report of AEP/Kentucky's approved Demand-Side Management ("DSM") Plan, individual evaluation reports for each of its DSM programs, and a revised Experimental Demand-Side Management Adjustment Tariff that adjusts the DSM factors for its residential and commercial customer classes effective March 29, 2000.

The status and evaluation reports describe, among other things, the monthly progress of individual DSM programs during calendar year 1999, year-to-date and program-to-date costs of each program, and cost projections agreed upon by the Collaborative for calendar year 2000. The filing did not include proposals for any new programs or modifications to any existing programs. However, it did include a proposal to credit \$13,111, the amount remaining from previous over-collections generated through DSM surcharges to AEP/Kentucky's industrial customer class, to its residential and commercial customer classes.

An informal conference was held in this matter on February 18, 2000, at which the proposed treatment of the over-collection in industrial class surcharge amounts was discussed. AEP/Kentucky explained that the \$13,111 was the amount remaining after surcharge credits had been applied to industrial customers' bills during the last six months of calendar year 1999 for the purpose of returning cumulative over-collections that were approximately \$143,000 as of June 30, 2000.¹ AEP/Kentucky further explained that since the industrial class surcharge factor had been discontinued at the end of 1999, as per Order of the Commission, the Collaborative had unanimously voted in favor of allocating the remaining amount among the residential and commercial classes.

The Commission Staff requested additional information from AEP/Kentucky regarding the proposed treatment of the \$13,111 over-collection and how the proposed surcharge amounts would be impacted if the DSM adjustment factors pending in AEP/Kentucky's Case No. 95-427 were placed into effect for the month of March 2000. AEP/Kentucky's responses to those requests were filed with the Commission on February 23, 2000. The responses identified the magnitude of changes to AEP/Kentucky's proposed DSM adjustment factors that would be necessary if the industrial class surcharge were reinstated and the \$13,111 over-collection were returned to the industrial class. The responses also identified the magnitude of changes

¹ Case No. 95-427, The Joint Application Pursuant to 1994 House Bill No. 501 for the Approval of American Electric Power/Kentucky Power Company ("AEP/Kentucky") 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 AEP/Kentucky Collaborative Demand-Side Management Programs, Semi-Annual Filing Received August 16, 1999.

to the proposed DSM adjustment factors if the DSM adjustment factors pending in AEP/Kentucky's August 1999 filing in Case No. 95-427 were placed into effect for the month of March 2000. Subsequent to receipt of those responses, the factors proposed in the August 1999 filing in Case No. 95-427 were approved for March of 2000.²

Having considered the circumstances regarding the \$13,111 amount remaining from the industrial class over-collections and the de minimus impact that a new surcharge credit would have on industrial customers' bills, the Commission will accept the decision of the Collaborative to allocate that amount to the residential and commercial classes. Therefore, the proposed surcharge factors will not be changed due to a different treatment of the industrial class over-recovery. However, the proposed surcharge factors will be changed by virtue of the fact that the factors pending in Case No. 95-427 were approved for March 2000. Per AEP/Kentucky's responses to the Staff's requests at the informal conference, the factor for the residential class will change from \$.000517 per Kwh to \$.000460 per Kwh and the commercial class factor will change from \$.000416 per Kwh to \$.000397 per Kwh.

IT IS THEREFORE ORDERED that:

1. The decision by AEP/Kentucky's DSM Collaborative to eliminate the balance of over-collections from the industrial class by allocating it to the residential and commercial class is approved.
2. The surcharge adjustment factors contained in AEP/Kentucky's revised Experimental Demand-Side Management Adjustment Tariff are hereby denied.

² Id., Order dated February 28, 2000.

3. The amended surcharge adjustment factors of \$.000460 per Kwh for the residential class and \$.000397 per Kwh for the commercial class are approved.

4. The effective date of the revised tariff shall be March 29, 2000.

5. Within 10 days from the date of this Order, AEP/Kentucky shall file a revised Experimental Demand-Side Management Adjustment Tariff showing the date of issue and that it was issued by authority of this Order.

Done at Frankfort, Kentucky, this 28th day of March, 2000.

By the Commission

ATTEST:



Executive Director