

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE DEMAND SIDE MANAGEMENT PROGRAMS AND	)	
DEMAND SIDE MANAGEMENT COST RECOVERY	)	CASE NO.
FILING OF AMERICAN ELECTRIC POWER D/B/A	)	2001-040
KENTUCKY POWER COMPANY	)	

O R D E R

This matter comes before the Commission as a result of the February 15, 2001 filing of American Electric Power d/b/a Kentucky Power Company ("AEP/Kentucky") on behalf of its Demand-Side Management Collaborative ("Collaborative"). The filing includes individual evaluation reports for each of AEP/Kentucky's Demand-Side Management ("DSM") programs, a third-party report on quality control inspections conducted as part of the Targeted Energy Efficiency ("TEE") program, and a revised Experimental DSM Adjustment Tariff ("DSM Tariff") that adjusts the DSM surcharge factors for residential and commercial customers effective March 29, 2001.

The individual evaluation reports describe, among other things, year-to-date and program-to-date costs of each program through calendar year 2000, estimated year-to-date and program-to-date demand and energy savings attributed to each program through calendar year 2000, and cost projections agreed upon by the Collaborative for calendar year 2001. The report on the quality control inspections included in the TEE program was performed by RLW Analytics, Inc. ("RLW") and included a sample of 20 homes that participated in the program. The report indicates that 90 percent of

participants are satisfied with the weatherization services provided and that 95 percent of participants state that their monthly bills have been lowered as a result of the services installed.

The revised DSM Tariff decreases the DSM surcharge factors for both residential customers and commercial customers. The factor for the residential class will change from \$.000555 per Kwh to \$.000077 per Kwh and the commercial class factor will change from \$.000702 per Kwh to \$.000092 per Kwh. The significant decrease in the surcharge factors, as explained by AEP/Kentucky at the informal conference held on February 23, 2001, results from the amounts over-collected during calendar year 2000 from both customer classes. The over-collections occurred due to lower than expected participation in many programs, a probable result of the generally sluggish economy in AEP/Kentucky's service territory during 2000. The revised DSM surcharge factors were calculated using the same methodology proposed by AEP/Kentucky and approved by the Commission for each of AEP/Kentucky's previous DSM filings.

#### SUMMARY

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. AEP/Kentucky has continued to keep the Commission properly informed of the progress and status of its DSM programs by filing the individual evaluation reports and the RLW report on quality control inspections in the TEE program.
2. AEP/Kentucky's revised DSM surcharge factors are reasonable as they reflect the expected level of DSM program costs for 2001 and the true-up of prior period DSM costs and revenues.


IT IS THEREFORE ORDERED that:

1. The revised DSM surcharge factors of \$.000077 per Kwh for the residential class and \$.000092 for the commercial class are approved.
2. The effective date of AEP/Kentucky's revised DSM tariff shall be March 29, 2001.
3. Within 10 days from the date of this Order, AEP/Kentucky shall file a revised DSM Tariff showing the date of issue and that it was issued by authority of this Order.

Done at Frankfort, Kentucky, this 29<sup>th</sup> day of March, 2001.

By the Commission

ATTEST:



Executive Director