

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION PURSUANT TO 1994 HOUSE)
BILL NO. 501 FOR APPROVAL OF KENTUCKY)
POWER COMPANY COLLABORATIVE DEMAND-) CASE NO. 2011-00055
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)

COMMISSION STAFF'S INITIAL INFORMATION REQUEST
TO KENTUCKY POWER COMPANY

Kentucky Power Company ("Kentucky Power"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due no later than April 6, 2011. 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 page 1 of Kentucky Power Company's February 15, 2011 Demand Side Management Status Report ("DSM Report") regarding the increase of the average monthly net energy savings by 10 percent to include transmission and distribution line losses ("T&D losses"). Provide the basis for the 10 percent T&D losses.

2. Refer to page 1 of the DSM Report regarding the estimated anticipated peak demand reduction, which includes an 11 percent T&D loss savings. Provide the basis for the 11 percent T&D loss savings.

3. Refer to pages 8–11 of the DSM Report, which provide information concerning the Targeted Energy Fitness program. For the reporting period January 2010 through December 2010, the Targeted Energy Fitness program had 346 all-electric home participants and 54 non all-electric home participants. For 2010, the total costs for the program were \$347,248. The projected participants for this program for

2011 are 350 all-electric homes and 55 non all-electric homes, with a budgetary level of \$400,000.

a. Explain why the program cost is projected to increase by over 15 percent when the participation level is expected to remain nearly the same.

b. Explain the statement on page 2 of the cover letter regarding the change in balance between Kentucky Power DSM funding versus Federal Stimulus Funding related to the Targeted Energy Efficiency Program. Additionally, provide the changes in the amount of Federal Stimulus Funding.

4. Refer to pages 23–25 of the DSM Report, which provide information concerning the Modified Energy Fitness program. For the reporting period January 2010 through December 2010, the Modified Energy Fitness program had 1,200 new participants. For 2010, the total costs for the program were \$418,693. The projected participants for this program for 2011 are 1,200, with a budgetary level of \$455,000. Explain why the program cost is projected to increase by almost 9 percent when the participation level is expected to remain the same.

5. In Kentucky Power's most recent DSM filing, Case No 2010-00333,¹ Tab No. 2, Exhibit C, page 16C-1 of 18, under Residential Efficient Products - Ceiling Fan w/Energy Star Light Fixture, there were 50 projected new participants for this particular program with an estimated total cost of \$326 for the fourth quarter of 2010. Explain why the Ceiling Fan w/Energy Star Light Fixture program is not listed on Schedule C, pages

¹ Case No. 2010-00333, 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 Sept. 23, 2010).

16B-1, 17A-1 and 17B-1 of 19, of the current application under the Residential Efficient Products heading.

6. In Case No. 2010-00333, Exhibit C, page 16C-1 of 18, under the heading “Program Descriptions,” estimates were listed under Residential Efficient Products–LED Holiday Lights. In the current application, on Schedule C, pages 16B-1, 17A-1, and 17B-1 of 19, estimates were listed under Residential Efficient Products-Specialty Bulbs.

a. Is Residential Efficient Products–LED Holiday Lights and Residential Efficient Products--Specialty Products the same program? Explain.

b. If the answer to 6.a. is yes, why was there a change in the name of the program? Explain.

7. Provide in an electronic format with formulas intact, the calculations to determine the Lost Revenue Factors for the following programs:

Residential Efficient Products

- Compact Fluorescent Lamp
- Specialty Bulbs
- LED Night Light

Residential HVAC Diagnostic & Tune-Up

- Air Conditioner
- Heat Pump

Residential Load Management

- Air Conditioner
- Water Heating

Commercial A/C & Heat Pump Program

- Air Conditioner Replacement
- Heat Pump Replacement

Commercial HVAC Diagnostic & Tune-Up

- Air Conditioner
- Heat Pump

Commercial Load Management

- Air Conditioner
- Water Heating

Commercial Incentive

8. Provide in an electronic format with formulas intact, the calculations and assumptions to determine the kWh impacts and efficiency incentives for the following programs:

Residential Efficient Products

- Compact Fluorescent Lamp
- Specialty Bulbs
- LED Night Light

Residential HVAC Diagnostic & Tune-Up

- Air Conditioner
- Heat Pump

Residential Load Management

- Air Conditioner
- Water Heating

Commercial A/C & Heat Pump Program

- Air Conditioner Replacement
- Heat Pump Replacement

Commercial HVAC Diagnostic & Tune-Up

- Air Conditioner
- Heat Pump

Commercial Load Management

- Air Conditioner
- Water Heating

Commercial Incentive

9. Refer to Schedule C, pages 16B-2, 17A-2 and 17B-2 of 19 of the DSM Report. Confirm that the lost revenue factor for the Commercial A/C & Heat Pump Program–Air Conditioner Replacement program is \$0.14803 per kWh for the second half of 2010 and for all of 2011.

10. Refer to Schedule C, pages 16B-2, 17A-2 and 17B-2 of 19 of the DSM Report. Confirm that the lost revenue factor for the Commercial Incentive program is \$0.25657 per kWh for the second half of 2010 and for all of 2011.

11. Refer to Schedule C, page 17A-1 of 19 of the DSM Report concerning the HVAC Diagnostic & Tune-Up – Air Conditioner program. For the first quarter of 2011,

the projected number of new participants in this program is 53. The number of cumulative participants for the first quarter of 2011 is projected to be 54.

a. Given that this is a new program which began implementation in 2011, explain how there can be more cumulative participants than proposed new participants in the first quarter of 2011.

b. On page 37 of the Status Report under Comments, the projected participant levels for 2011 are 325 central air conditioners and 215 heat pumps. On Schedule C, page 17A-1 of 19, there are 53 projected participants for air conditioners and 81 projected participants for heat pumps. Explain why the projected participants for heat pumps are greater than the air conditioners.

12. In reference to Schedule C, page 18A of 19 of the DSM Report, should the column heading in Column 36 be "1st half" and not "1st qtr"?

13. On Schedule C, page 18B of 19 of the DSM Report, should the column heading in Column 37 be "2nd half" and not "2nd qtrs"?

14. On Schedule C, page 18B of 19 of the DSM Report, should the column heading in Column 39 be "2nd, 3rd & 4th qtrs" and not "2nd qtrs"?

15. The final Order in Case No. 2010-00198² noted that the first year projected number of participants for the Commercial Incentive program was seven and the projected budget was \$176,198 for the second half of 2010. On Schedule C, page 16B-2 of 19, of the instant application, there are no participants or program costs

² Case No. 2010-00198, 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 Recover Costs, Net Lost Revenues and Receive Incentives Associated with the Implementation of One New Combined Residential/Commercial and One Commercial Demand-Side Management Program Beginning August 2, 2010 (Ky. PSC Oct. 15, 2010).

recorded for the second half of 2010. Explain why there was no participation in 2010 once the program was approved.

16. The Final Order in Case No. 2010-00198 noted that the projected number of participants for the Commercial Incentive program for the second year was 88 and the projected budget was \$896,152 for year 2011. On Schedule C, pages 17A-2 and 17B-2 of 19, of the instant application, there are a total of 88 participants, as budgeted, but the estimated program costs are \$910,560 for year 2011. Explain the \$14,408 increase in projected program costs.

17. On page 55 under Comments of the Status Report, it is stated that negotiations are ongoing with the implementation contractor for the Commercial Incentive program.

a. Has an implementation contractor been selected? Explain.

b. If the answer to 17.a. is yes, provide the name and background of the implementation contractor.

18. The Final Order in Case No. 2010-00198 noted that the first year projected number of participants for the Residential Load Management program was 25 Air Conditioner Switches and 25 Water Heater Switches, and the projected budget was \$149,405 for the second half of 2010.

a. On Schedule C, page 16B-1 of 19 of the instant DSM Report, there are no participants or program costs for the actual second half of 2010. Explain why there was no participation in 2010 once the program was approved.

b. Discuss the future plan for promoting and implementing the Residential Load Management program.

19. What efforts have there been in the past year to promote and implement all of Kentucky Power's DSM programs and what measures are in place for continued promotion and implementation in the future? Explain.

20. Provide an organization chart of Kentucky Power's DSM organization along with a listing which identifies the individuals responsible for promoting, implementing and supporting the functions of the DSM programs.

21. The Status Report as of December 31, 2010 includes information as to discontinued programs that are part of historical data.

a. Does Kentucky Power review these programs for future viability so that these programs may be promoted and implemented again? Explain.

b. Even though the discontinued programs are part of the Status Report total dollar costs and kWh and kW impacts, should discontinued programs, such as the following, continue to be listed on Exhibit C, pages 17A-1, 17A-2, 17B-1, and 17B-2 of the DSM Report once the discontinued programs no longer have any costs that are to be recovered? Explain.

RESIDENTIAL PROGRAMS

Energy Fitness

Compact Fluorescent Bulb

High - Efficiency Heat Pump

- Resistance Heat

- Non Resistance Heat

COMMERCIAL PROGRAMS

Smart Audit - Class 1

- Class 2

Smart Financing - Existing Building

Smart Financing - New Building

INDUSTRIAL PROGRAMS -

(w/Est. Opt-Outs Removed)

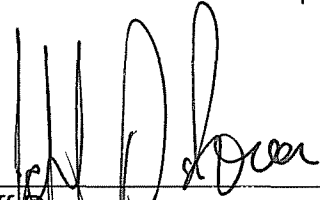
Smart Audit - Class 1

Smart Audit - Class 2

Smart Financing - General

Smart Financing - Compressed Air
System

22. Provide in an electronic format with formulas intact, the calculations performed to determine the proposed DSM factors in Exhibit C of the DSM Report.



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Dated: MAR 23 2011

cc: Parties of Record

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