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PUBLIC SERVICE  
COMMISSION

Kentucky Power  
P O Box 5190  
101A Enterprise Drive  
Frankfort, KY 40602  
KentuckyPower.com

Elizabeth O'Donnell, Executive Director  
Kentucky Public Service Commission  
P. O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602

September 06, 2007

Dear Ms. O'Donnell:

Re: Case No. Case No. 2007-00371

In the Matter of the Joint Application Pursuant to 1994 House Bill No. 501 for the Approval of American Electric Power/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.

The Demand-Side Management (DSM) Adjustment Clause tariff has been revised to reflect the issues raised in the data requests Item Nos. 1 and 2. The proposed DSM factor has been revised to \$0.000637 from \$0.000765. Also, attached to this letter are the revised Schedule C pages 1, 13A, 13B and 13C of 15 which support the \$0.000637 proposed DSM factor.

If you have any questions please contact me at (502) 696-7010.

Sincerely,

Errol K. Wagner  
Director of Regulatory Services  
Enclosure

**DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE (Cont'd.)**  
 (Tariff D.S.M.C.)

**RATE. (Cont'd.)**

- 5. The DSM adjustment shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustments, which shall include data, and information as may be required by the Commission
- 6. Copies of all documents required to be filed with the Commission under this regulation shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.
- 7. The resulting range for each customer sector per KWH during the three-year Experimental Demand-Side Management Plan is as follows:

CUSTOMER SECTOR			
	<u>RESIDENTIAL</u> (\$ Per Kwh)	<u>COMMERCIAL**</u> (\$ Per KWH)	<u>INDUSTRIAL*</u> (\$ Per KWH)
Floor Factor =	0.000441	-0-	-0-
Ceiling Factor =	0.000832	-0-	-0-

- 8. The DSM Adjustment Clause factor (\$ Per KWH) for each customer sector which fall within the range defined in Item 7 above is as follows:

	CUSTOMER SECTOR		
	<u>RESIDENTIAL</u>	<u>COMMERCIAL**</u>	<u>INDUSTRIAL*</u>
DSM (c)	388,566	-0-	-0-
S ©	610,213000	-0-	-0-
Adjustment Factor \$	0.000637	-0-	-0-

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\*The Industrial Sector has been discontinued pursuant to the Commission's Order dated September 28, 1999.

\*\* The Commercial Sector has been discontinued pursuant to the Commission's Order dated November 21, 2005

DATE OF ISSUE September 6, 2007 EFFECTIVE DATE Service rendered on or after September 27, 2007

ISSUED BY ERROL K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY  
 NAME TITLE ADDRESS

KENTUCKY POWER COMPANY		Exhibit C				
DERIVATION OF 3 SECTOR SURCHARGES FOR 3 YR EXPERIMENT					PAGE 1 of	15
RESIDENTIAL SECTOR	TOTAL YEARS 1 thru 11	YEAR 12 (2007) 1st HALF	YEAR 12 (2007) 3rd QTR	YEAR 12 (2007) 4th QTR	TOTAL	
	(1)	(2)	(3)	(4)	(5)	
1 CURRENT PERIOD AMOUNT TO BE RECOVERED	\$8,648,227	\$604,487	\$230,464	\$238,598	\$9,721,776	
2 CUMULATIVE ( OVER)/UNDER COLLECTION	0	176,362	124,355	269,267	0	
3 18 MOS. RETROACTIVE(OVER)/UNDER ADJUSTMENT	(41,824)	0	0	0	(\$41,824)	
4 TOTAL TO BE RECOVERED	8,606,403	780,849	354,819	507,865	9,679,952	
5 TOTAL AMOUNT RECOVERED	8,429,695	656,494	0	0	9,086,189	
6 EXPECTED FUTURE RECOVERIES	0	0	85,552	388,706	474,258	
7 TRANSFER PORTION OF BALANCE FROM INDUSTRIAL	(9,833)	0	0	0	(9,833)	
8 TRANSFER PORTION OF BALANCE FROM COMMERCIAL	9,487	0	0	0	9,487	
9 (OVER)/UNDER COLLECTION TO BE REFUNDED	\$176,362	\$124,355	\$269,267	\$119,159	\$119,159	
10 AMOUNT TO BE RECOVERED				\$507,865		
11 ADJ. ESTIMATED SECTOR KWH - YEAR 12			562,839,900	610,213,000		
SURCHARGE RANGE ( \$ PER KWH )						
12 FLOOR (CARRYOVER)	COL. 4, L 2 / COL. 4, L 11			0.000441		
13 MIDPOINT - proposed rate			0.000152	0.000637		
14 CEILING (TOTAL COST)	COL. 4, L 4 / COL. 4, L 11			0.000832		
COMMERCIAL SECTOR	TOTAL YEARS 1 thru 11	YEAR 12 (2007) 1st HALF	YEAR 12 (2007) 3rd QTR	YEAR 12 (2007) 4th QTR	TOTAL	
	(1)	(2)	(3)	(4)	(5)	
15 CURRENT PERIOD AMOUNT TO BE RECOVERED	\$2,899,298	\$0	\$0	\$0	\$2,899,298	
16 CUMULATIVE (OVER)/UNDER COLLECTION	0	0	0	0	0	
17 18 MOS. RETROACTIVE(OVER)/UNDER ADJUSTMENT	1,520	0	0	0	1,520	
18 TOTAL TO BE RECOVERED	2,900,818	0	0	0	2,900,818	
19 TOTAL AMOUNT RECOVERED	2,888,053	0	0	0	2,888,053	
20 EXPECTED FUTURE RECOVERIES	0	0	0	0	0	
21 TRANSFER PORTION OF BALANCE FROM INDUSTRIAL	(3,278)	0	0	0	(3,278)	
22 TRANSFER BALANCE TO RESIDENTIAL	(9,487)	0	0	0	(9,487)	
22 (OVER)/UNDER COLLECTION TO BE REFUNDED	\$0	\$0	\$0	\$0	\$0	
23 AMOUNT TO BE RECOVERED				\$0		
24 ADJ. ESTIMATED SECTOR KWH - YEAR 12			370,091,100	346,854,900		
SURCHARGE RANGE ( \$ PER KWH )						
25 FLOOR (CARRYOVER)				0.000000		
26 MIDPOINT - proposed rate			0.000000	0.000000		
27 CEILING (TOTAL COST)				0.000000		
INDUSTRIAL SECTOR	TOTAL YEARS 1 thru 11	YEAR 12 (2007) 1st HALF	YEAR 12 (2007) 3rd QTR	YEAR 12 (2007) 4th QTR	TOTAL	
	(1)	(2)	(3)	(4)	(5)	
28 CURRENT PERIOD AMOUNT TO BE RECOVERED	\$79,026	\$0	\$0	\$0	\$79,026	
29 CUMULATIVE (OVER)/UNDER COLLECTION	0	0	0	0	0	
30 18 MOS. RETROACTIVE(OVER)/UNDER ADJUSTMENT	0	0	0	0	0	
31 TOTAL TO BE RECOVERED	79,026	0	0	0	79,026	
32 TOTAL AMOUNT RECOVERED	92,137	0	0	0	92,137	
33 EXPECTED FUTURE RECOVERIES	0	0	0	0	0	
34 TRANSFER BALANCE TO RESIDENTIAL & COMMERCIAL	13,111	0	0	0	13,111	
35 (OVER)/UNDER COLLECTION TO BE REFUNDED	\$0	\$0	\$0	\$0	\$0	
36 AMOUNT TO BE RECOVERED				\$0		
37 ADJ. ESTIMATED SECTOR KWH - YEAR 12			297,467,800	321,916,700		
SURCHARGE RANGE ( \$ PER KWH )						
38 FLOOR (CARRYOVER)				0.000000		
39 MIDPOINT			0.000000	0.000000		
40 CEILING (TOTAL COST) - proposed rate				0.000000		

Year 2007													Exhibit C
KENTUCKY POWER COMPANY ESTIMATED SECTOR SURCHARGES FOR 3 YEAR PROGRAM													PAGE 13A of 15
PROGRAM DESCRIPTIONS	NEW PARTICIPANT NUMBER (1)	CUMULATIVE PARTICIPANT NUMBER ** (2)	TOTAL ESTIMATED PROGRAM COSTS (3)	TOTAL ACTUAL PROGRAM COSTS (4)	NET LOST REV/QTRS (KWH/PARTICIPANT) (5)	TOTAL ENERGY SAVINGS (KWH/QTR) (6)	NET LOST REVENUE (\$/KWH) (7)	TOTAL NET * REVENUES (8)	EFFICIENCY INCENTIVE (EX. C, PG.11) (9)	MAXIMIZING INCENTIVE (5% of COSTS) (10)	TOTAL * INCENTIVE (11)	TOTAL ESTIMATED COSTS TO BE RECOVERED (12)	
			PER PARTICIPANT (3)	(1)X(3)	(KWH/PARTICIPANT) (5)	(2)X(6)	(7)	(6)X(7)	(9)	(10)	(9)+(10)	(4)+(9)+(11)	
RESIDENTIAL PROGRAMS													
Energy Fitness	0	0	\$0.00	\$0	707	0	\$0.03112	\$0	\$0	\$0	\$0	\$0	
Targeted Energy Efficiency	128	295	\$1,022.27	\$130,651	896	284,320	\$0.04346	\$11,487	\$0	\$6,543	\$6,543	\$148,881	
- All Electric	29	115	\$66.48	\$2,508	277	31,855	\$0.04362	\$1,390	\$672	\$0	\$572	\$4,470	
- Non-All Electric	0	0	\$0.00	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	
Compact Fluorescent Bulb	0	0	\$0.00	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	
High - Efficiency Heat Pump	0	0	\$0.00	\$0	1,200	0	\$0.03114	\$0	\$0	\$0	\$0	\$0	
- Resistance Heat	0	0	\$0.00	\$0	447	0	\$0.03116	\$0	\$0	\$0	\$0	\$0	
- Non Resistance Heat	0	0	\$0.00	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	
High - Efficiency Heat Pump	50	153	\$450.00	\$22,500	1,145	175,185	\$0.04346	\$7,614	\$3,960	\$0	\$3,960	\$34,074	
- Mobile Home	0	0	\$0.00	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	
Mobile Home New Construction ***	84	304	\$563.10	\$47,300	1,810	550,240	\$0.04348	\$23,924	\$10,497	\$0	\$10,497	\$81,721	
- Heat Pump	0	0	\$0.00	\$0	157	0	\$0.04343	\$0	\$0	\$0	\$0	\$0	
- Air Conditioner	0	0	\$0.00	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	
Modified Energy Fitness	515	1,605	\$381.00	\$196,214	613	983,865	\$0.04349	\$42,788	\$21,671	\$0	\$21,671	\$260,673	
- Mobile Home	0	0	\$0.00	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	
Case No 2006 - 00373, Dated December 14, 2006:													
- HEAP - Kentucky Power Company's Information Technology Implementation Costs				\$58,968								\$58,968	
- HEAP - KACA's Information Technology Implementation Costs				\$15,700								\$15,700	
TOTAL RESIDENTIAL PROGRAMS	806	2,472		\$474,041		2,005,465		\$87,203	\$36,700	\$6,543	\$43,243	\$604,487	
COMMERCIAL PROGRAMS													
Smart Audit - Class 1	0	0	\$0.00	\$0	0	0	n/a	\$0	\$0	\$0	\$0	\$0	
- Class 2	0	0	\$0.00	\$0	0	0	n/a	\$0	\$0	\$0	\$0	\$0	
Smart Financing - Existing Building	0	0	\$0.00	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	
Smart Financing - New Building	0	0	\$0.00	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	
TOTAL COMMERCIAL PROGRAMS	0	0		\$0		0		\$0	\$0	\$0	\$0	\$0	
INDUSTRIAL PROGRAMS - (w/Est. Opt-Outs Removed)													
Smart Audit - Class 1	0	0	\$0.00	\$0	0	0	n/a	\$0	\$0	\$0	\$0	\$0	
Smart Audit - Class 2	0	0	\$0.00	\$0	0	0	n/a	\$0	\$0	\$0	\$0	\$0	
Smart Financing - General	0	0	\$0.00	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	
Smart Financing - Compressed Air System	0	0	\$0.00	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	
TOTAL INDUSTRIAL PROGRAMS	0	0		\$0		0		\$0	\$0	\$0	\$0	\$0	
TOTAL COMPANY	806	2,472		\$474,041		2,005,465		\$87,203	\$36,700	\$6,543	\$43,243	\$604,487	

\* Lost revenue and efficiency incentives are based on prospective values.  
 \*\* Cumulative participants include a reduction for the cumulative participants as of 06/30/2005.  
 \*\*\* Participants since 07/01/2005.

Year 2007		NEW PARTICIPANT		CUMULATIVE PARTICIPANT		TOTAL ESTIMATED PROGRAM COSTS		NET LOST		TOTAL ENERGY SAVINGS		NET LOST REVENUE		TOTAL NET * REVENUES LOST		EFFICIENCY INCENTIVE		MAXIMIZING INCENTIVE		TOTAL * COSTS TO BE RECOVERED		
PROGRAM DESCRIPTIONS	NUMBER (1)	NUMBER ** (2)	PER PARTICIPANT COSTS (3)	TOTAL ESTIMATED PROGRAM COSTS (4)	(KWH/PARTICIPANT) (5)	REV/QTRS (6)	KWH/QTR(S) (7)	REVENUES (8)	INCENTIVE (EX. C. PG.11) (9)	(5% of COSTS) (10)	INCENTIVE (11)	RECOVERED (12)	TOTAL * COSTS TO BE RECOVERED (13)	INCENTIVE (14)	RECOVERED (15)	TOTAL * COSTS TO BE RECOVERED (16)	INCENTIVE (17)	RECOVERED (18)	TOTAL * COSTS TO BE RECOVERED (19)	INCENTIVE (20)	RECOVERED (21)	TOTAL * COSTS TO BE RECOVERED (22)
KENTUCKY POWER COMPANY ESTIMATED SECTOR SURCHARGES FOR 3 YEAR PROGRAM																						
YEAR 12 (3rd QTR)																						
RESIDENTIAL PROGRAMS																						
Energy Fitness	0	0	\$0.00	\$0	353	0	0	\$0.03112	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Targeted Energy Efficiency	32	389	\$1,022.00	\$32,704	448	174,272	174,272	\$0.04346	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- All Electric	23	147	\$66.00	\$1,978	138	20,286	20,286	\$0.04362	\$454	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Non-All Electric	0	0	\$0.00	\$0	0	0	0	\$0.00000	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Compact Fluorescent Bulb	0	0	\$0.00	\$0	0	0	0	\$0.00000	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
High - Efficiency Heat Pump	0	0	\$0.00	\$0	600	0	0	\$0.03114	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Resistance Heat	0	0	\$0.00	\$0	223	0	0	\$0.03116	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Non Resistance Heat	0	0	\$0.00	\$0	0	0	0	\$0.00000	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
High - Efficiency Heat Pump	27	197	\$450.00	\$12,150	572	112,684	112,684	\$0.04346	\$2,138	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Mobile Home																						
Mobile Home New Construction ***																						
- Heat Pump	43	372	\$427.91	\$18,400	904	336,288	336,288	\$0.04348	\$5,373	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Air Conditioner	0	0	\$0.00	\$0	79	0	0	\$0.04343	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Modified Energy Fitness	240	1,986	\$379.69	\$91,125	306	607,716	607,716	\$0.04349	\$10,099	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL RESIDENTIAL PROGRAMS	365	3,091		\$156,357		1,251,246	1,251,246		\$18,064			\$54,408	\$54,408	\$19,699	\$230,464	\$230,464	\$19,699	\$230,464	\$19,699	\$230,464	\$230,464	\$230,464
COMMERCIAL PROGRAMS																						
Smart Audit - Class 1	0	0	\$0.00	\$0	0	0	0	n/a	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Class 2	0	0	\$0.00	\$0	0	0	0	n/a	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Smart Financing - Existing Building	0	0	\$0.00	\$0	0	0	0	\$0.00000	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Smart Financing - New Building	0	0	\$0.00	\$0	0	0	0	\$0.00000	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL COMMERCIAL PROGRAMS	0	0		\$0					\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
INDUSTRIAL PROGRAMS - (w/Est. Opt-Outs Removed)																						
Smart Audit - Class 1	0	0	\$0.00	\$0	0	0	0	n/a	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Smart Audit - Class 2	0	0	\$0.00	\$0	0	0	0	n/a	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Smart Financing - General	0	0	\$0.00	\$0	0	0	0	\$0.00000	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Smart Financing - Compressed Air System	0	0	\$0.00	\$0	0	0	0	\$0.00000	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL INDUSTRIAL PROGRAMS	0	0		\$0					\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL COMPANY	365	3,091		\$156,357		1,251,246	1,251,246		\$18,064			\$54,408	\$54,408	\$19,699	\$230,464	\$230,464	\$19,699	\$230,464	\$19,699	\$230,464	\$230,464	\$230,464

\* Lost revenue and efficiency incentives are based on prospective values.  
 \*\* Cumulative participants include a reduction for the cumulative participants as of 06/30/2005.  
 \*\*\* Participants since 07/01/2005.



**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE**  
**PUBLIC SERVICE COMMISSION OF KENTUCKY**

**IN THE MATTER OF**

**THE JOINT APPLICATION PURSUANT TO 1994 )**  
**HOUSE BILL NO 501 FOR THE APPROVAL OF AMERICAN )**  
**ELECTRIC POWER/KENTUCKY POWER COMPANY )**  
**COLLABORATIVE DEMAND-SIDE MANAGEMENT )**  
**PROGRAMS, AND FOR AUTHORITY TO IMPLEMENT A ) Case No. 2007-00371**  
**TARIFF TO RECOVER COSTS, NET LOST REVENUES AND )**  
**RECEIVE INCENTIVES ASSOCIATED WITH THE )**  
**IMPLEMENTATION OF THE KENTUCKY POWER )**  
**COMPANY COLLABORATIVE DEMAND-SIDE )**  
**MANAGEMENT PROGRAMS )**

**KENTUCKY POWER COMPANY**

**RESPONSES TO COMMISSION STAFF FIRST SET OF DATA REQUESTS**

**September 6, 2007**



## Kentucky Power Company

### REQUEST

The application states that new lost revenue factors are being proposed due to a change in base rates approved by the Commission in Case No. 2005-00341. The application also states this is the first time a change in these factors has been proposed since the inception of the Demand-Side Management ("DSM") Program and the factors were calculated by subtracting the base fuel rate of \$.01651 from the currently approved base rate. For each of the proposed lost revenue factors on page 2 of the application, provide workpapers showing the calculation of the factor.

### RESPONSE

Attached are the schedules, pages 2 to 7 of 9 that calculate the proposed lost revenue factors. Pages 8 and 9 of 9 calculate the applicable energy rate by the various tariff codes. The proposed lost revenue factor calculations methodology is the same as when the DSM programs first began.

There is one change as to the factors presented on page 2 of the application, the Targeted Energy Efficiency - Non All Electric factor has been revised to \$0.04362 from the proposed \$0.04345 in the application. The reason for the slight change is that the annual KWH reduction is 553, not 533 that were used inadvertently. This is footnoted on page 3 of 9.

WITNESS: Errol K Wagner

Kentucky Power Company  
 Twelve Months Ended April 30, 2007  
 Demand Side Management Program - Lost Revenue Factor Calculation

TARGETED ENERGY EFFICIENCY - ALL ELECTRIC

<u>Tariff</u>	<u>Billed &amp; Accrued KWH</u>	<u>Average No. of Customers</u>	<u>Average Monthly KWH</u>	<u>KWh Excl. Storage WH KWH</u>	<u>Average Monthly Reduction</u>	<u>Applicable Energy Rate</u>	<u>KWH Consumption</u>	<u>Monthly Lost Revenue</u>
<u>Heat</u>								
011 RSW-LMWH 1/	2,008,644	72	2,325	2,075	149,3333	\$0.04351 3/	149,3333	467.82
012 RSW-A 1/	492,288	16	2,564	2,264	149,3333	\$0.04351 3/	149,3333	103.96
013 RSW-B 1/	143,391	4	2,987	2,587	149,3333	\$0.04351 3/	149,3333	25.99
014 RSW-C 1/	18,408	1	1,534	1,034	149,3333	\$0.04351 3/	149,3333	6.50
015 RS	325,459,438	16,811	1,613	1,613	149,3333	\$0.04351 3/	149,3333	109,229.34
017 RS EMP	13,075,385	556	1,960	1,960	149,3333	\$0.04351 3/	149,3333	3,612.61
022 RSW-RS	1,298,895,300	65,278	1,658	1,658	149,3333	\$0.04351 3/	149,3333	424,143.28
028 AORH-W ON/OFF 2/	117,853	8	1,228	1,228	149,3333	\$0.03367 4/	149,3333	40.22
030 RSW-ON/OFF 2/	1,920,153	74	2,162	2,162	149,3333	\$0.03808 4/	149,3333	420.81
032 RS LM-ON/OFF 2/	3,686,478	115	2,671	2,671	149,3333	\$0.03048 4/	149,3333	523.44
034 AORH-ON/OFF 2/	18,276	2	762	762	149,3333	\$0.03289 4/	149,3333	9.82
036 EXP RSTOD-ON/OFF 2/	56,949	1	4,746	4,746	149,3333	\$0.04569 4/	149,3333	6.82
	1,645,892,563	82,938						\$538,590.61

Monthly Per Customer \$6.49  
 Annual Per Customer \$77.88

Realization

- 1/ Storage Water Heating KWh fixed block
  - LM - 250 KWh
  - A - 300 KWh
  - B - 400 KWh
  - C - 500 KWh

2/ Rate is weighted average of peak/off peak.

3/ See Page 8 of 9 for Applicable Energy Rate calculation.

4/ See Page 9 of 9 for Applicable Energy Rate calculation.

5/ Case No. 2005-00333 Demand Side Management Status Report, Tab No. 4, Page 1.

Source: Tariff Summary - Billed & Accrued - By Revenue Class, 12 Months Ended April 30, 2007.

**Kentucky Power Company**  
**Twelve Months Ended April 30, 2007**  
**Demand Side Management Program - Lost Revenue Factor Calculation**

**TARGETED ENERGY EFFICIENCY - NON ALL ELECTRIC**

<u>Tariff</u>	<u>Billed &amp; Accrued KWH</u>	<u>Average No. of Customers</u>	<u>Average Monthly KWH</u>	<u>KWh Excl. Storage WH KWH</u>	<u>Average Monthly Reduction</u>	<u>Applicable Energy Rate</u>	<u>KWH Consumption</u>	<u>Monthly Lost Revenue</u>
<u>Non-Heat</u>								
011 RSW-LMW 1/	827,839	44	1,568	1,318	46.0833	\$0.04351	46.0833	\$88.22
014 RSW-C 1/	38,376	2	1,599	1,099	46.0833	\$0.04351	46.0833	\$4.01
015 RS	570,189,335	44,718	1,063	1,063	46.0833	\$0.04351	46.0833	\$89,663.36
022 RSW-RS	244,404,265	16,695	1,220	1,220	46.0833	\$0.04351	46.0833	\$33,474.88
<b>Total</b>	<b>815,459,815</b>	<b>61,459</b>						<b>\$123,230.48</b>

Monthly Per Customer  
 Annual Per Customer

553 3/

Realization

\$0.04362

- 1/ Storage Water Heating KWh fixed block
- LM - 250 KWh
- A - 300 KWh
- B - 400 KWh
- C - 500 KWh

2/ See Page 8 of 9 for Applicable Energy Rate calculation.

3/ Case No. 2005-00333 Demand Side Management (DSM) Status Report, Tab No. 4, Page 2.

The number used in the semi-annual filings is 533, the number in the DSM Status Report is 553.

Source: Tariff Summary - Billed & Accrued - By Revenue Class, 12 Months Ended April 30, 2007.

**Kentucky Power Company**  
**Twelve Months Ended April 30, 2007**  
**Demand Side Management Program - Lost Revenue Factor Calculation**

**HIGH EFFICIENCY HEAT PUMP - MOBILE HOME**

<u>Tariff</u>	<u>Billed &amp; Accrued KWH</u>	<u>Average No. of Customers</u>	<u>Average Monthly KWH</u>	<u>KWh Excl. Storage WH KWH</u>	<u>Average Monthly Reduction</u>	<u>Applicable Energy Rate</u>	<u>KWH Consumption</u>	<u>Monthly Lost Revenue</u>
<u>Heat</u>								
011 RSW-LMWH 1/	2,008,644	72	2,325	2,075	190.7500	\$0.04351	190.7500	597.57
012 RSW-A 1/	492,288	16	2,564	2,264	190.7500	\$0.04351	190.7500	132.79
013 RSW-B 1/	143,391	4	2,987	2,587	190.7500	\$0.04351	190.7500	33.20
014 RSW-C 1/	18,408	1	1,534	1,034	190.7500	\$0.04351	190.7500	8.30
015 RS	325,459,438	16,811	1,613	1,613	190.7500	\$0.04351	190.7500	139,523.44
017 RS EMP	13,075,385	556	1,960	1,960	190.7500	\$0.04351	190.7500	4,614.54
022 RSW-RS	1,298,895,300	65,278	1,658	1,658	190.7500	\$0.04351	190.7500	541,776.88
028 AORH-W ON/OFF 2/	117,853	8	1,228	1,228	190.7500	\$0.03367	190.7500	51.38
030 RSW-ON/OFF 2/	1,920,153	74	2,162	2,162	190.7500	\$0.03808	190.7500	537.52
032 RS LM-ON/OFF 2/	3,686,478	115	2,671	2,671	190.7500	\$0.03048	190.7500	668.62
034 AORH-ON/OFF 2/	18,276	2	762	762	190.7500	\$0.03289	190.7500	12.55
036 EXP RSTOD-ON/OFF 2/	56,949	1	4,746	4,746	190.7500	\$0.04569	190.7500	8.72
	1,645,892,563	82,938						\$687,965.50

Monthly Per Customer  
 Annual Per Customer

2.289 5/

\$8.29  
 \$99.48

Realization

\$0.04346

- 1/ Storage Water Heating KWh fixed block
- LM - 250 KWh
- A - 300 KWh
- B - 400 KWh
- C - 500 KWh

2/ Rate is weighted average of peak/off peak.

3/ See Page 8 of 9 for Applicable Energy Rate calculation.

4/ See Page 9 of 9 for Applicable Energy Rate calculation.

5/ Case No. 2005-00333 Demand Side Management Status Report, Tab No. 7, Page 12 (4,401 @ 48% Freeriders = 2,112) (4,401 - 2,112 = 2,289)

Source: Tariff Summary - Billed & Accrued - By Revenue Class, 12 Months Ended April 30, 2007.

Kentucky Power Company  
 Twelve Months Ended April 30, 2007  
 Demand Side Management Program - Lost Revenue Factor Calculation

MOBILE HOME NEW CONSTRUCTION - HEAT PUMP

Tariff	Billed & Accrued KWH	Average No. of Customers	Average Monthly KWH	KWh Excl. Storage KWH	Average Monthly Reduction	Applicable Energy Rate	KWH Consumption	Monthly Lost Revenue
<b>Heat</b>								
011 RSW-LMWH 1/	2,008,644	72	2,325	2,075	301,5000	\$0.04351	301,5000	944.52
012 RSW-A 1/	492,288	16	2,564	2,264	301,5000	\$0.04351	301,5000	209.89
013 RSW-B 1/	143,391	4	2,987	2,587	301,5000	\$0.04351	301,5000	52.47
014 RSW-C 1/	18,408	1	1,534	1,034	301,5000	\$0.04351	301,5000	13.12
015 RS	325,459,438	16,811	1,613	1,613	301,5000	\$0.04351	301,5000	220,531.15
017 RS EMP	13,075,385	556	1,960	1,960	301,5000	\$0.04351	301,5000	7,293.76
022 RSW-RS	1,298,895,300	65,278	1,658	1,658	301,5000	\$0.04351	301,5000	856,334.10
028 AORH-W ON/OFF 2/	117,853	8	1,228	1,228	301,5000	\$0.03367	301,5000	81.21
030 RSW-ON/OFF 2/	1,920,153	74	2,162	2,162	301,5000	\$0.03808	301,5000	849.60
032 RS LM-ON/OFF 2/	3,686,478	115	2,671	2,671	301,5000	\$0.03048	301,5000	1,056.82
034 AORH-ON/OFF 2/	18,276	2	762	762	301,5000	\$0.03289	301,5000	19.83
036 EXP RSTOD-ON/OFF 2/	56,949	1	4,746	4,746	301,5000	\$0.04569	301,5000	13.78
	1,645,892,563	82,938						\$1,087,400.25

Monthly Per Customer \$13.11  
 Annual Per Customer \$157.32

Realization \$0.04348

- 1/ Storage Water Heating KWh fixed block
- LM - 250 KWh
- A - 300 KWh
- B - 400 KWh
- C - 500 KWh

2/ Rate is weighted average of peak/off peak.

3/ See Page 8 of 9 for Applicable Energy Rate calculation.

4/ See Page 9 of 9 for Applicable Energy Rate calculation.

5/ Case No. 2005-00333 Demand Side Management Status Report, Tab No. 8, Exhibit E (4,228 + 131 = 4,359 @ 17% Freeriders = 741) (4,359 - 741 = 3,618)

Source: Tariff Summary - Billed & Accrued - By Revenue Class, 12 Months Ended April 30, 2007.

Kentucky Power Company  
 Twelve Months Ended April 30, 2007  
 Demand Side Management Program - Lost Revenue Factor Calculation

MOBILE HOME NEW CONSTRUCTION - AIR CONDITIONER

Tariff	Billed & Accrued KWH	Average No. of Customers	Average Monthly KWH	KWh Excl. Storage WH KWH	Average Monthly Reduction	Applicable Energy Rate	KWH Consumption	Monthly Lost Revenue
011 RSW-LMW 1/	827,839	44	1,568	1,318	26,2500	\$0.04351	2/	\$50.25
014 RSW-C 1/	38,376	2	1,599	1,099	26,2500	\$0.04351	2/	\$2.28
015 RS	570,189,335	44,718	1,063	1,063	26,2500	\$0.04351	2/	\$51,074.10
022 RSW-RS	244,404,265	16,695	1,220	1,220	26,2500	\$0.04351	2/	\$19,067.99
Total	815,459,815	61,459						\$70,194.63

Monthly Per Customer  
 Annual Per Customer

315 3/

\$1.14  
 \$13.68

Realization

\$0.04343

1/ Storage Water Heating KWh fixed block  
 LM - 250 KWh  
 A - 300 KWh  
 B - 400 KWh

2/ See Page 8 of 9 for Applicable Energy Rate calculation.

3/ Case No. 2005-00333 Demand Side Management Status Report, Tab No. 8, Exhibit E (420 @ 25% Freeriders = 105) (420 - 105 = 315)

Source: Tariff Summary - Billed & Accrued - By Revenue Class, 12 Months Ended April 30, 2007.

**Kentucky Power Company**  
**Twelve Months Ended April 30, 2007**  
**Demand Side Management Program - Lost Revenue Factor Calculation**

**MODIFIED ENERGY FITNESS**

Tariff	Billed & Accrued KWH	Average No. of Customers	Average Monthly KWH	KWh Excl. Storage KWH	Average Monthly Reduction	Applicable Energy Rate	KWH Consumption	Monthly Lost Revenue
<b><u>Non-Heat</u></b>								
011 RSW-LMW 1/	827,839	44	1,568	1,318	102.0833	\$0.04351	102.0833	195.43
014 RSW-C 1/	38,376	2	1,599	1,099	102.0833	\$0.04351	102.0833	8.88
015 RS	570,189,335	44,718	1,063	1,063	102.0833	\$0.04351	102.0833	198,621.45
022 RSW-RS	244,404,265	16,695	1,220	1,220	102.0833	\$0.04351	102.0833	74,153.25
<b><u>Heat</u></b>								
011 RSW-LMWH 1/	2,008,644	72	2,325	2,075	102.0833	\$0.04351	102.0833	319.80
012 RSW-A 1/	492,288	16	2,564	2,264	102.0833	\$0.04351	102.0833	71.07
013 RSW-B 1/	143,391	4	2,987	2,587	102.0833	\$0.04351	102.0833	17.77
014 RSW-C 1/	18,408	1	1,534	1,034	102.0833	\$0.04351	102.0833	4.44
015 RS	325,459,438	16,811	1,613	1,613	102.0833	\$0.04351	102.0833	74,668.48
017 SEEMP	13,075,385	556	1,960	1,960	102.0833	\$0.04351	102.0833	2,469.55
022 RSW-RS	1,298,895,300	65,278	1,658	1,658	102.0833	\$0.04351	102.0833	289,941.66
028 AORH-W ON/OFF 2/	117,853	8	1,228	1,228	102.0833	\$0.03367	102.0833	27.50
030 RSW-ON/OFF 2/	1,920,153	74	2,162	2,162	102.0833	\$0.03808	102.0833	287.66
032 RSLM-ON/OFF 2/	3,686,478	115	2,671	2,671	102.0833	\$0.03048	102.0833	357.82
034 AORH-ON/OFF 2/	18,276	2	762	762	102.0833	\$0.03289	102.0833	6.72
036 EXP RSTOD-ON/OFF 2/	56,949	1	4,746	4,746	102.0833	\$0.04569	102.0833	4.66
	2,461,352,378	144,397						\$641,156.16

Monthly Per Customer  
 Annual Per Customer

1,225 5/

\$4.44  
 \$53.28

Realization

\$0.04349

- 1/ Storage Water Heating KWh fixed block  
 LM - 250 KWh  
 A - 300 KWh  
 B - 400 KWh  
 C - 500 KWh

2/ Rate is weighted average of peak/off peak.

3/ See Page 8 of 9 for Applicable Energy Rate calculation.

4/ See Page 9 of 9 for Applicable Energy Rate calculation.

5/ Value is based on a 3 year prospective (Years 2006, 2007 & 2008) of 1,000 participants per year, excluding Refrigerator Coil Cleaning Measure.  
 (1,386 @ 11.6% Freerider = 161) (1,386 - 161 = 1,225)

**Kentucky Power Company  
 Twelve Months Ended April 30, 2007  
 Demand Side Management Program  
 Lost Revenue Factor Calculation**

Tariff Codes	Energy Charge	Fuel Adjustment Clause	Applicable Energy Rate
011	\$0.06002	\$0.01651	\$0.04351
012	\$0.06002	\$0.01651	\$0.04351
013	\$0.06002	\$0.01651	\$0.04351
014	\$0.06002	\$0.01651	\$0.04351
015	\$0.06002	\$0.01651	\$0.04351
017	\$0.06002	\$0.01651	\$0.04351
022	\$0.06002	\$0.01651	\$0.04351

Tariff (R. S.) Residential Service

**Kentucky Power Company**  
**Twelve Months Ended April 30, 2007**  
**Demand Side Management Program - Lost Revenue Factor Calculation**

**Calculation of Average Peak/Off-Peak Energy Rate**

Tariff Codes	All KWH Used During On-Peak Billing Period	All KWH Used During Off-Peak Billing Period	Cost per KWH Used as the Base Cost in the Standard Fuel Adj. Clause	Net	KWH	Revenue	Applicable Energy Rate
Tariff R. S. - L. M. - T. O. D. (Residential Service Load Management Time of Day)							
028 AORH-W	\$0.10177		\$0.01651	\$0.08526	36,930	\$3,148.65	
029 AORH-W Total		\$0.02664	\$0.01651	\$0.01013	80,923	\$819.75	\$0.03367
030 RSW-ONP	\$0.10177		\$0.01651	\$0.08526	714,249	\$60,896.87	
031 RSW-OFP Total		\$0.02664	\$0.01651	\$0.01013	1,205,904	\$12,215.81	\$0.03808
032 RS LM-O	\$0.10177		\$0.01651	\$0.08526	998,577	\$85,138.68	
033 RS LM-O Total		\$0.02664	\$0.01651	\$0.01013	2,687,901	\$27,228.44	\$0.03048
034 AORH-ON	\$0.10177		\$0.01651	\$0.08526	5,537	\$472.08	
035 AORH-OF Total		\$0.02664	\$0.01651	\$0.01013	12,739	\$129.05	\$0.03289
Tariff R. S. - T. O. D. (Time of Day)							
036 RS-TOD-	\$0.10177		\$0.01651	\$0.08526	26,954	\$2,298.10	
037 RS-TD-O Total		\$0.02664	\$0.01651	\$0.01013	29,995	\$303.85	\$0.04569

Source: Tariff Summary - Billed & Accrued - By Revenue Class, 12 Months Ended April 30, 2007.



## **Kentucky Power Company**

### **REQUEST**

Kentucky Power's initial DSM filing in Case No. 1995-00427, Tab No. 7, page 93, states as follows:

If, in fact, KPCo files a base rate case and begins collecting new base rates that recognize the revenues lost as a result of DSM programs, then the lost kWh associated with these DSM programs would theoretically be reflected in the billing determinants used to establish those new base rates. Under those circumstances, continued surcharge recovery of net lost revenues would result in double collection. Therefore, coincident with the implementation of new base rates, net lost revenues for the existing participants of KPCo's DSM programs will cease to be collected through the surcharge

### **RESPONSE**

The Company failed to remove all active participants prior to June 30, 2005. The cumulative participants were recalculated using participants beginning July 2005 and going forward. The lost revenues for Year 2007 decreased \$84,743, page 6 of 6 details this decrease. The proposed DSM factor decreased to \$0.000637 from \$0.000765.

A revised tariff is attached to the cover letter reflecting the revised factor of \$0.000637.

Also attached are revised Schedule Cs page 1, page 13A (Year 12 - 1st Half), page 13B (Year 12 - 3rd Qtr) and page 13C (Year 12 - 4th Qtr) to support the \$0.000637 proposed DSM factor.

**WITNESS:** Errol K Wagner

KENTUCKY POWER COMPANY		Exhibit C				
DERIVATION OF 3 SECTOR SURCHARGES FOR 3 YR EXPERIMENT					PAGE 1 of 15	
RESIDENTIAL SECTOR	TOTAL YEARS 1 thru 11	YEAR 12 (2007)	YEAR 12 (2007)	YEAR 12 (2007)	TOTAL	
		1st HALF	3rd QTR	4th QTR		
	(1)	(2)	(3)	(4)	(5)	
1) CURRENT PERIOD AMOUNT TO BE RECOVERED	\$8,648,227	\$604,487	\$230,464	\$238,598	\$9,721,776	
2) CUMULATIVE (OVER)UNDER COLLECTION	0	176,362	124,355	269,267	0	
3) 18 MOS. RETROACTIVE(OVER)UNDER ADJUSTMENT	(41,824)	0	0	0	(\$41,824)	
4) TOTAL TO BE RECOVERED	8,606,403	780,849	354,819	507,865	9,679,952	
5) TOTAL AMOUNT RECOVERED	8,429,685	656,494	0	0	9,086,189	
6) EXPECTED FUTURE RECOVERIES	0	0	85,552	388,706	474,258	
7) TRANSFER PORTION OF BALANCE FROM INDUSTRIAL	(9,633)	0	0	0	(9,633)	
8) TRANSFER PORTION OF BALANCE FROM COMMERCIAL	9,487	0	0	0	9,487	
9) (OVER)UNDER COLLECTION TO BE REFUNDED	\$176,362	\$124,355	\$269,267	\$119,159	\$119,159	
10) AMOUNT TO BE RECOVERED				\$507,865		
11) ADJ. ESTIMATED SECTOR KWH - YEAR 12			562,839,900	610,213,000		
SURCHARGE RANGE ( \$ PER KWH )						
12) FLOOR (CARRYOVER)	COL 4, L 2 / COL 4, L 11			0.000441		
13) MIDPOINT - proposed rate			0.000152	0.000637		
14) CEILING (TOTAL COST)	COL 4, L 4 / COL 4, L 11			0.000832		
COMMERCIAL SECTOR	TOTAL YEARS 1 thru 11	YEAR 12 (2007)	YEAR 12 (2007)	YEAR 12 (2007)	TOTAL	
		1st HALF	3rd QTR	4th QTR		
	(1)	(2)	(3)	(4)	(5)	
15) CURRENT PERIOD AMOUNT TO BE RECOVERED	\$2,899,298	\$0	\$0	\$0	\$2,899,298	
16) CUMULATIVE (OVER)UNDER COLLECTION	0	0	0	0	0	
17) 18 MOS. RETROACTIVE(OVER)UNDER ADJUSTMENT	1,520	0	0	0	1,520	
18) TOTAL TO BE RECOVERED	2,900,818	0	0	0	2,900,818	
19) TOTAL AMOUNT RECOVERED	2,888,053	0	0	0	2,888,053	
20) EXPECTED FUTURE RECOVERIES	0	0	0	0	0	
21) TRANSFER PORTION OF BALANCE FROM INDUSTRIAL	(3,278)	0	0	0	(3,278)	
22) TRANSFER BALANCE TO RESIDENTIAL	(9,487)	0	0	0	(9,487)	
22) (OVER)UNDER COLLECTION TO BE REFUNDED	\$0	\$0	\$0	\$0	\$0	
23) AMOUNT TO BE RECOVERED				\$0		
24) ADJ. ESTIMATED SECTOR KWH - YEAR 12			370,091,100	346,854,900		
SURCHARGE RANGE ( \$ PER KWH )						
25) FLOOR (CARRYOVER)				0.000000		
26) MIDPOINT - proposed rate			0.000000	0.000000		
27) CEILING (TOTAL COST)				0.000000		
INDUSTRIAL SECTOR	TOTAL YEARS 1 thru 11	YEAR 12 (2007)	YEAR 12 (2007)	YEAR 12 (2007)	TOTAL	
		1st HALF	3rd QTR	4th QTR		
	(1)	(2)	(3)	(4)	(5)	
28) CURRENT PERIOD AMOUNT TO BE RECOVERED	\$79,026	\$0	\$0	\$0	\$79,026	
29) CUMULATIVE (OVER)UNDER COLLECTION	0	0	0	0	0	
30) 18 MOS. RETROACTIVE(OVER)UNDER ADJUSTMENT	0	0	0	0	0	
31) TOTAL TO BE RECOVERED	79,026	0	0	0	79,026	
32) TOTAL AMOUNT RECOVERED	92,137	0	0	0	92,137	
33) EXPECTED FUTURE RECOVERIES	0	0	0	0	0	
34) TRANSFER BALANCE TO RESIDENTIAL & COMMERCIAL	13,111	0	0	0	13,111	
35) (OVER)UNDER COLLECTION TO BE REFUNDED	\$0	\$0	\$0	\$0	\$0	
36) AMOUNT TO BE RECOVERED				\$0		
37) ADJ. ESTIMATED SECTOR KWH - YEAR 12			297,467,800	321,916,700		
SURCHARGE RANGE ( \$ PER KWH )						
38) FLOOR (CARRYOVER)				0.000000		
39) MIDPOINT			0.000000	0.000000		
40) CEILING (TOTAL COST) - proposed rate				0.000000		

Year 2007													Exhibit C PAGE 13A of 15
KENTUCKY POWER COMPANY ESTIMATED SECTOR SURCHARGES FOR 3 YEAR PROGRAM													TOTAL ESTIMATED COSTS TO BE
YEAR 12 (1st HALF)													
PROGRAM DESCRIPTIONS	NEW PARTICIPANT NUMBER (1)	CUMULATIVE PARTICIPANT NUMBER ** (2)	TOTAL ESTIMATED PROGRAM COSTS (3)	TOTAL ACTUAL PROGRAM COSTS (4)	NET LOST REVENUE (5)	NET LOST REVENUE (6)	TOTAL ENERGY SAVINGS (7)	NET LOST REVENUE (8)	EFFICIENCY INCENTIVE (9)	MAXIMIZING INCENTIVE (10)	TOTAL * (11)	RECOVERED COSTS (12)	
			PER PARTICIPANT				(KWH/ PARTICIPANT)		(EX. C. PG.11)	(5% of COSTS)		(4)*(8)+(11)	
				(1)*(3)	(7)	(6)*(5)							
RESIDENTIAL PROGRAMS													
Energy Fitness	0	0	\$0.00	\$0	707	0	\$0.03112	\$0	\$0	\$0	\$0	\$0	
Targeted Energy Efficiency	126	295	\$1,022.27	\$130,851	866	284,320	\$0.04346	\$1,487	\$0	\$8,543	\$8,543	\$146,881	
- All Electric	26	115	\$68.48	\$2,508	277	31,855	\$0.04362	\$1,360	\$572	\$0	\$572	\$4,470	
- Non-All Electric	0	0	\$0.00	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	
Compact Fluorescent Bulb	0	0	\$0.00	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	
Light - Efficiency Heat Pump	0	0	\$0.00	\$0	1,200	0	\$0.03114	\$0	\$0	\$0	\$0	\$0	
- Resistance Heat	0	0	\$0.00	\$0	447	0	\$0.03110	\$0	\$0	\$0	\$0	\$0	
- Non Resistance Heat	0	0	\$0.00	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	
High - Efficiency Heat Pump	50	153	\$450.00	\$22,500	1,145	175,185	\$0.04348	\$7,614	\$3,960	\$0	\$3,960	\$34,074	
- Mobile Home	0	0	\$0.00	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	
Mobile Home New Construction ***	84	304	\$593.10	\$47,300	1,810	550,240	\$0.04348	\$23,924	\$10,497	\$0	\$10,497	\$81,721	
- Heat Pump	0	0	\$0.00	\$0	157	0	\$0.04343	\$0	\$0	\$0	\$0	\$0	
- Air Conditioner	0	0	\$0.00	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	
Modified Energy Fitness	515	1,605	\$381.00	\$198,214	613	663,685	\$0.04348	\$42,788	\$21,071	\$0	\$21,071	\$200,673	
Case No 2008 - 00373, Dated December 14, 2008:													
- HEAP - Kentucky Power Company's Information Technology Implementation Costs				\$59,988								\$59,988	
- HEAP - KACA's Information Technology Implementation Costs				\$15,700								\$15,700	
TOTAL RESIDENTIAL PROGRAMS	808	2,472		\$474,041		2,005,465		\$87,203	\$38,700	\$0,543	\$43,243	\$604,487	
COMMERCIAL PROGRAMS													
Smart Audit - Class 1	0	0	\$0.00	\$0	0	n/a	n/a	\$0	\$0	\$0	\$0	\$0	
- Class 2	0	0	\$0.00	\$0	0	n/a	n/a	\$0	\$0	\$0	\$0	\$0	
Smart Financing - Existing Building	0	0	\$0.00	\$0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	\$0	
Smart Financing - New Building	0	0	\$0.00	\$0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	\$0	
TOTAL COMMERCIAL PROGRAMS	0	0		\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	
INDUSTRIAL PROGRAMS - (West Opt-Outs Removed)													
Smart Audit - Class 1	0	0	\$0.00	\$0	0	n/a	n/a	\$0	\$0	\$0	\$0	\$0	
Smart Audit - Class 2	0	0	\$0.00	\$0	0	n/a	n/a	\$0	\$0	\$0	\$0	\$0	
Smart Financing - General	0	0	\$0.00	\$0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	\$0	
Smart Financing - Compressed Air System	0	0	\$0.00	\$0	0	\$0.00000	\$0	\$0	\$0	\$0	\$0	\$0	
TOTAL INDUSTRIAL PROGRAMS	0	0		\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	
TOTAL COMPANY	808	2,472		\$474,041		2,005,465		\$87,203	\$38,700	\$9,543	\$43,243	\$804,487	

\* Lost revenue and efficiency incentives are based on prospective values.  
 \*\* Cumulative participants include a reduction for the cumulative participants as of 06/30/2005.  
 \*\*\* Participants since 07/01/2005.

Year 2007													Edhibit C PAGE 13B of 15	
KENTUCKY POWER COMPANY ESTIMATED SECTOR SURCHARGES FOR 3 YEAR PROGRAM														
YEAR 12 (3rd QTR)														
PROGRAM DESCRIPTIONS	NEW PARTICIPANT NUMBER (1)	CUMULATIVE PARTICIPANT NUMBER ** (2)	TOTAL ESTIMATED PROGRAM COSTS (3)	TOTAL ESTIMATED PROGRAM COSTS (4)	NET LOST REVENUES (5)	NET LOST REVENUE (6)	NET LOST REVENUE (7)	TOTAL ENERGY SAVINGS (8)	REVENUES (9)	EFFICIENCY INCENTIVE (10)	MAXIMIZING INCENTIVE (11)	TOTAL * (12)	TOTAL ESTIMATED COSTS TO BE RECOVERED (13)	RECOVERED COSTS TO BE (14)
			PER PARTICIPANT	(1)(X)(3)	(KWH/PARTICIPANT)	(KWH)	(KWH)	(KWH)	(6)(X)(7)	(EX. C, PG.11)	(5% of COSTS)	TOTAL * (11)	(9)+(10)+(11)	(9)+(10)+(11)
RESIDENTIAL PROGRAMS	0	0	\$0.00	\$0	353	\$0.03112	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
Energy Fitness														
Targeted Energy Efficiency	32	389	\$1,022.00	\$32,704	448	\$0.03449	\$1,574	174,272	\$0	\$0	\$1,635	\$1,635	\$41,913	\$41,913
- All Electric	23	147	\$88.00	\$1,976	138	\$0.04362	\$586	20,289	\$454	\$454	\$0	\$454	\$3,317	\$3,317
- Non-All Electric	0	0	\$0.00	\$0	0	\$0.00000	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
Compact Fluorescent Bulb														
High - Efficiency Heat Pump	0	0	\$0.00	\$0	609	\$0.03114	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
- Resistance Heat	0	0	\$0.00	\$0	223	\$0.03116	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
- Non Resistance Heat	0	0	\$0.00	\$0	0	\$0.00000	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
High - Efficiency Heat Pump	27	197	\$460.00	\$12,160	572	\$0.04346	\$4,897	112,984	\$2,133	\$2,133	\$0	\$2,133	\$19,185	\$19,185
- Mobile Home														
Mobile Home New Construction ***	43	372	\$427.91	\$18,400	904	\$0.04348	\$14,622	336,288	\$5,373	\$5,373	\$0	\$5,373	\$98,395	\$98,395
- Heat Pump	0	0	\$0.00	\$0	79	\$0.04343	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
- Air Conditioner														
Modified Energy Fitness	240	1,966	\$379.89	\$91,125	306	\$0.04349	\$26,430	807,716	\$10,059	\$10,059	\$0	\$10,059	\$127,694	\$127,694
TOTAL RESIDENTIAL PROGRAMS	365	3,081		\$150,357			\$54,408	1,251,246	\$18,084	\$18,084	\$1,635	\$19,689	\$230,464	\$230,464
COMMERCIAL PROGRAMS	0	0	\$0.00	\$0	0	n/a	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
Smart Audit - Class 1	0	0	\$0.00	\$0	0	n/a	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
- Class 2	0	0	\$0.00	\$0	0	n/a	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
Smart Financing - Existing Building	0	0	\$0.00	\$0	0	\$0.00000	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
Smart Financing - New Building	0	0	\$0.00	\$0	0	\$0.00000	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL COMMERCIAL PROGRAMS	0	0		\$0	0		\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
INDUSTRIAL PROGRAMS	0	0	\$0.00	\$0	0	n/a	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
Smart Audit - Class 1 (w/Est. Opt-Outs Removed)	0	0	\$0.00	\$0	0	n/a	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
Smart Audit - Class 2	0	0	\$0.00	\$0	0	n/a	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
Smart Financing - General	0	0	\$0.00	\$0	0	\$0.00000	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
Smart Financing - Compressed Air System	0	0	\$0.00	\$0	0	\$0.00000	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL INDUSTRIAL PROGRAMS	0	0		\$0	0		\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL COMPANY	365	3,081		\$150,357			\$54,408	1,251,246	\$18,084	\$18,084	\$1,635	\$19,689	\$230,464	\$230,464

\* Lost revenue and efficiency incentives are based on prospective values.  
 \*\* Cumulative participants include a reduction for the cumulative participants as of 09/30/2005.  
 \*\*\* Participants since 07/01/2005.

Year 2007		NEW PARTICIPANT	CUMULATIVE PARTICIPANT	TOTAL ESTIMATED PROGRAM COSTS	PER PARTICIPANT COSTS	TOTAL ESTIMATED PROGRAM COSTS	NET LOST REV/QTRS	TOTAL ENERGY SAVINGS	NET LOST REVENUE	TOTAL NET * REVENUES	EFFICIENCY INCENTIVE	MAXIMIZING INCENTIVE	EXHIBIT C PAGE 13C of 15
PROGRAM DESCRIPTIONS	NUMBER (1)	NUMBER ** (2)	TOTAL ESTIMATED PROGRAM COSTS (3)	PER PARTICIPANT COSTS (4)	TOTAL ESTIMATED PROGRAM COSTS (5)	NET LOST REV/QTRS (6)	TOTAL ENERGY SAVINGS (7)	NET LOST REVENUE (\$/KWH) (8)	TOTAL NET * REVENUES (9)	EFFICIENCY INCENTIVE (EX. C. PG.11) (10)	MAXIMIZING INCENTIVE (5% of COSTS) (11)	TOTAL ESTIMATED COSTS TO BE RECOVERED (12)	
KENTUCKY POWER COMPANY ESTIMATED SECTOR SURCHARGES FOR 3 YEAR PROGRAM													
YEAR 12 (4th QTR)													
RESIDENTIAL PROGRAMS													
Energy Fitness	0	0	\$0.00	\$0.00	\$0	353	0	\$0.03112	\$0	\$0	\$0	\$0	
Tandem Energy Efficiency													
- All Electric	38	425	\$1,022.00	\$26.792	\$38,792	448	190,400	\$0.04346	\$8,275	\$0	\$1,840	\$49,907	
- Non-All Electric	23	170	\$88.00	\$1,978	\$1,978	138	23,480	\$0.04352	\$1,023	\$454	\$0	\$3,455	
Compact Fluorescent Bulb	0	0	\$0.00	\$0	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	
High - Efficiency Heat Pump													
- Residence Heat	0	0	\$0.00	\$0	\$0	600	0	\$0.03114	\$0	\$0	\$0	\$0	
- Non Residence Heat	0	0	\$0.00	\$0	\$0	223	0	\$0.05119	\$0	\$0	\$0	\$0	
High - Efficiency Heat Pump													
- Mobile Home	23	222	\$450.00	\$10,350	\$10,350	672	129,984	\$0.04346	\$5,519	\$1,822	\$0	\$17,991	
Mobile Home New Construction ***													
- Heat Pump	43	415	\$422.09	\$18,160	\$18,160	904	375,160	\$0.04348	\$16,312	\$5,373	\$0	\$39,895	
- Air Conditioner	0	0	\$0.00	\$0	\$0	79	0	\$0.04343	\$0	\$0	\$0	\$0	
Modified Energy Fitness	245	2,228	\$370.41	\$90,750	\$90,750	308	681,768	\$0.04346	\$29,650	\$10,310	\$0	\$130,710	
TOTAL RESIDENTIAL PROGRAMS	370	3,460	\$159,020		\$159,020		1,397,772		\$80,779	\$17,959	\$1,840	\$238,598	
COMMERCIAL PROGRAMS													
Smart Audit - Class 1	0	0	\$0.00	\$0	\$0	0	0	n/a	\$0	\$0	\$0	\$0	
Smart Audit - Class 2	0	0	\$0.00	\$0	\$0	0	0	n/a	\$0	\$0	\$0	\$0	
Smart Financing - Existing Building	0	0	\$0.00	\$0	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	
Smart Financing - New Building	0	0	\$0.00	\$0	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	
TOTAL COMMERCIAL PROGRAMS	0	0	\$0	\$0	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	
INDUSTRIAL PROGRAMS													
(w/Est. Opt-Outs Removed)													
Smart Audit - Class 1	0	0	\$0.00	\$0	\$0	0	0	n/a	\$0	\$0	\$0	\$0	
Smart Audit - Class 2	0	0	\$0.00	\$0	\$0	0	0	n/a	\$0	\$0	\$0	\$0	
Smart Financing - General	0	0	\$0.00	\$0	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	
Smart Financing - Compressed Air System	0	0	\$0.00	\$0	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	
TOTAL INDUSTRIAL PROGRAMS	0	0	\$0	\$0	\$0	0	0	\$0.00000	\$0	\$0	\$0	\$0	
TOTAL COMPANY	370	3,460	\$159,020		\$159,020		1,397,772		\$80,779	\$17,959	\$1,840	\$238,598	

\* Lost revenue and efficiency incentives are based on prospective values.  
 \*\* Cumulative participants include a reduction for the cumulative participants as of 08/30/2005.  
 \*\*\* Participants since 07/01/2005.

Kentucky Power Company  
 Net Change in Revised Lost Revenues  
 and  
 Change in Proposed DSM Factor

Year 2007	Revised	Filed	Difference
Lost Revenues			
1st Half	\$87,203	\$140,120	(\$52,917)
3rd Qtr	\$54,408	\$73,230	(\$18,822)
4th Qtr	\$60,779	\$73,783	(\$13,004)
Total	\$202,390	\$287,133	(\$84,743)
KWH			610,213,000
Change in Factor			(\$0.000139)
Proposed DSM Factor			
Factor	\$0.000637	\$0.000765	(\$0.000128)
Surcharge Range ( \$ Per KWH)			
Floor	\$0.000441	\$0.000559	(\$0.000118)
Midpoint	\$0.000637	\$0.000765	(\$0.000128)
Ceiling	\$0.000832	\$0.000971	(\$0.000139)