

COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

MAR 23 2012

IN THE MATTER OF

**PUBLIC SERVICE
COMMISSION**

**APPLICATION OF KENTUCKY POWER COMPANY)
FOR COLLABORATIVE DEMAND-SIDE MANAGEMENT)
PROGRAMS AND FOR AUTHORITY TO IMPLEMENT)
A TARIFF TO RECOVER COSTS AND NET LOST)
REVENUES AND RECEIVE INCENTIVES ASSOCIATED)
WITH THE IMPLEMENTATION OF THE KENTUCKY)
POWER COMPANY COLLABORATIVE DEMAND-SIDE)
MANAGEMENT PROGRAMS)**

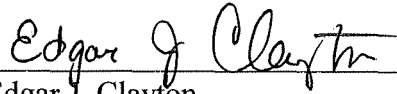
**CASE NO.
2012-00051**

**KENTUCKY POWER COMPANY RESPONSES TO
ATTORNEY GENERAL'S INITIAL SET OF DATA REQUESTS**

March 23, 2012

VERIFICATION

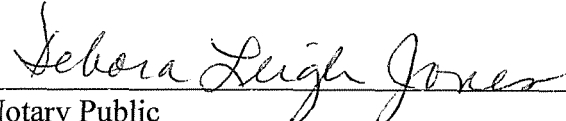
The undersigned, Edgar J. Clayton, being duly sworn, deposes and says he is the Manager, Energy Efficiency & Consumer Programs for Kentucky Power, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge, and belief



Edgar J. Clayton

COMMONWEALTH OF KENTUCKY)
) CASE NO. 2012-00051
COUNTY OF BOYD)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Edgar J. Clayton, this the 15th day of March 2012.



Notary Public

My Commission Expires: 3/20/2012

Kentucky Power Company

REQUEST

Refer to the Joint Application (“Application”) and related Tariffs provided.

- a. Please provide the flat cost per residential ratepayer sought to be recovered in this application.
- b. Please provide the cost increase from the current year DSM sought to be recovered by the Application and broken down by each DSM program.

RESPONSE

- a. Proposed monthly cost to customers:

- Residential \$1.17
 - Commercial \$2.12

- b. Kentucky Power Company is proposing a decrease to the Residential and Commercial DSM surcharge factors and therefore there will be no cost increase to customers. Please see page 2 of this response for the proposed cost decrease for each program.

WITNESS: E J Clayton

Residential Program	Monthly Decrease in <u>Cost to Customer</u>
TEE	\$0.00
HEHPMH	\$0.00
MHNC	\$0.00
Modified Energy Fitness	\$0.00
HEHP	\$0.00
NEED	\$0.00
CFL	\$0.00
Res Eff Products	\$0.00
HVAC Diagnostic	\$0.00
RLM	\$0.01

Commercial Program	Monthly Decrease in <u>Cost to Customer</u>
Smart Audit	\$0.00
Smart Financing	\$0.00
Commercial A/C & HP	\$0.19
HVAC Diagnostic	\$0.10
CLM	\$0.10
Commercial Incentive	\$3.73

Kentucky Power Company

REQUEST

Please advise whether Kentucky Power offered public notice of the proposed increase in the DSM surcharge? If the answer is yes, please provide a copy of the notice provided. If the answer is no, please explain why public notice was not offered.

RESPONSE

No increase is proposed. Nothing in KRS 278.285 would require a notice.

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

Refer to page 2 of the cover letter to the Application, paragraph 3, which states: "The revised DSM Adjustment clause factor for the residential sector has been agreed upon and is proposed by the DSM Collaborative."

- a. Please explain how the proposed revision to the DSM Adjustment clause factor changes the existing Adjustment clause factor in detail.

RESPONSE

The proposed revision to the DSM Adjustment clause factor will reduce the current adjustment clause factor by \$0.000023, resulting in a smaller monthly DSM charge on the residential customers' bills.

WITNESS: Lila P Munsey

Kentucky Power Company

REQUEST

Refer to page 8 of the Status Report part of the Application, relating to the Residential Modified Energy Fitness program.

- a. Please provide the sum and/or subtotal expended by the vendor for the cost of promotion currently included in the total Equipment/Vendor category.
- b. Please provide the sum and/or subtotal retained by the vendor for administration costs currently included in the total Equipment/Vendor category.

RESPONSE

- a. Promotion expense is \$36,515 of the total vendor expense.
- b. Administration expense is \$35,217 of the total vendor expense.

WITNESS: E J Clayton

Kentucky Power Company

REQUEST

Refer to page 11 of the Status Report part of the Application, relating to the Energy Education for Students program.

- a. Please confirm that Kentucky Power is proposing to reduce its costs for this program from \$37,504 to \$31,700 annually.
- b. Please explain how this program can impact energy usage across Kentucky Power's rate base. Provide quantifications if they exist.
- c. As to the contract with the National Energy Education Development ("NEED"), did Kentucky Power consider expanding the program goals to include adult education and facility energy saving planning for the schools? If not, would Kentucky Power consider such an expansion of this program through NEED?

RESPONSE

- a) The approved budget for 2011 for this program was \$31,000. The proposed budget for 2012 is \$31,700. The \$37,504 noted in the question is the 2011 booked expenses plus Lost Revenues and Efficiency Incentives.
- b) This program is designed to facilitate a change in consumer energy usage. The program provides seventh grade teachers with training material related to energy and energy conservation. The program provided many opportunities to learn different aspects of conservation. Teachers also use the material for clubs and organizations they oversee (PRIDE clubs, ecology clubs, etc.) to reach out to others outside their class. The program is designed to encourage students and their parents to evaluate and implement energy conservation opportunities at home. At the end of the energy lesson, the students are given Compact Fluorescent Lights to take home to implement what they have learned. The CFLs also serve as a reminder to the student and parent of their lesson.
- c) Kentucky Power is not aware that NEED provides adult education or facility energy savings planning services. If NEED did provide adult education and facility energy savings planning, Kentucky Power would consider such an expansion through NEED.

WITNESS: E J Clayton