

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

The Application Of Kentucky Power Company)
To Amend Its Demand-Side Management)
Program And For Authority To Implement A)
Tariff To Recover Costs And Net Lost)
Revenues, And To Receive Incentives)
Associated With The Implementation)
Of The Programs)

Case No. 2012-00367

Motion to Amend Application

Pursuant to 807 KAR 5:001, Section 4(5) and 807 KAR 5:001, Section 5, Kentucky Power Company moves the Public Service Commission of Kentucky for leave to amend its application in this matter, and for certain other relief, and in support thereof states:

Basis For Motion To Amend Application

1. On August 15, 2012, Kentucky Power filed its application in this proceeding. Among the relief sought was a request to extend the Pilot Residential and Small Commercial Load Management Program (“Pilot RCLM Program”) for an additional year. The initial two-year pilot program was scheduled to end December 31, 2012. In its application, the Company requested that the program be extended through December 31, 2013 to enable “the Company to evaluate the program using more participants through a full winter and summer season.”¹

¹ Application, *The Application Of Kentucky Power Company To Amend Its Demand-Side Management Program And For Authority To Implement A Tariff To Recover Costs And Net Lost Revenues, And To Receive Incentives Associated With The Implementation Of The Programs*, Case No. 2012-00367 at 2 (Ky. P.S.C. Filed August 15, 2012).

2. Kentucky Power contracted with Consert, Inc. to provide multiple services in connection with the Pilot RCLM Program, including installation of load control and energy management devices, the provision of customer service, the operation of the program, and the delivery of billing data to Kentucky Power. The Company's contract with Consert for installation and load management event services² expired December 31, 2012.

3. It is not practicable for Kentucky Power to operate the Pilot RCLM Program without Consert. As a result, in October 2011 the Company began negotiations with Consert to extend the Consert contract for an additional year to coincide with the requested program extension. The offer was made by delivering to Consert a signed copy of the extension agreement on December 11, 2012.

4. Because the purpose of extending the Pilot RCLM Program was to permit Kentucky to evaluate the program using more participants during complete winter and summer seasons, it was critical that new customer installation and load management event services continue with no or minimal interruption in January 2013. In addition, it was not practicable to substitute another vendor for Consert upon expiration of Consert's initial contract.

5. Consert stopped providing installation and load management event services under the initial contract effective December 31, 2012. Despite repeated requests by Kentucky Power that Consert sign the written December 2012 offer to extend the contract, Consert has declined to do so. Kentucky Power was informed by Consert on January 9, 2013 that in light of a pending business transaction, Consert would not sign the contract extension until after the transaction closed. The Consert representative further informed the Company that while it was anticipated

² The Company's agreement for removal of equipment, and certain other services, extends into 2013.

the transaction would close in early February 2013, the representative was unable to give a guarantee that it would close then. Kentucky Power was also informed the previously negotiated agreement would be subject to review by the “new legal team.”

6. Even if the contract extension is signed in February 2013, Consert’s delay in providing services under the extension means it is no longer possible for the Company to obtain Pilot RCLM Program data from an increased number of participants during a complete winter season. In addition, a delay would have created uncertainty concerning completion of the load impact analysis recommended in the program evaluation filed with this proceeding. As a result, the Company has concluded that the Pilot RCLM Program should not be extended through December 31, 2013 because the program will be unable to meet the objectives for the requested extension. On January 22, 2013, Kentucky Power revoked its offer to extend the Consert contract an additional year.

Further Amendments To Tariff D.S.M.C.

7. In connection with the termination of the program, Kentucky Power proposes the following further amendments to its application:

(a) that the currently tariffed DSM adjustment factors (\$0.000826 (residential) and \$000538 (commercial)) be maintained until the Commission’s Order in the Company’s next DSM proceeding in lieu of the higher DSM adjustment factor (\$0.002036 (residential) and \$0.000895 (commercial)) proposed in the application. Doing so will delay until the Commission’s Order in the Company’s next DSM case the “true-up” for Kentucky Power’s 2012 DSM expenses which is expected to increase the DSM factor;

(b) that, to the extent required, the Commission authorize the Company to continue to pay the DSM incentive payments to currently participating customers for service rendered until the earlier of: (i) the date the installed Pilot RCLM Program load control equipment is removed or the customer notifies the Company the customer does not want the equipment removed; or (ii) February 28, 2013 (with credits to appear on the bill received in March 2013), the end of the winter season under the existing Tariff D.S.M.C.; and

(c) that the Company be granted an extension until and including April 15, 2013 in which to file its next Demand-Side Management Status Report. The report currently is due on or before February 15, 2013. The extension will permit the Company to obtain calendar year 2012 data in a more orderly fashion, to meet with its Collaborative prior to the next report, and to review fully its existing and any proposed D.S.M. programs.

Miscellaneous Matters

8. Customers will be permitted to retain the programmable thermostats installed in connection with the Pilot RCLM Program.

9. In connection with its next filing (to be filed on or before April 15, 2013 if the Commission grants the Company's request for an extension) the Company anticipates requesting an Order providing for the annual review of the Company's DSM programs in lieu of the current semi-annual review.

Wherefore, Kentucky Power Company respectfully requests that the Commission enter an Order:

(a) Amending the application in this proceeding to delete the Company's request that the Pilot RCLM Program be extended until December 31, 2013 (Items 4 and 5 on page 3 of the Application);

(b) Amending the application in this proceeding to delete the Company's request that the DSM adjustment factor set out in Tariff D.S.M.C. be increased to \$0.002036 (residential) and \$0.000895 (commercial) (Item 6 on page 3 of the Application);

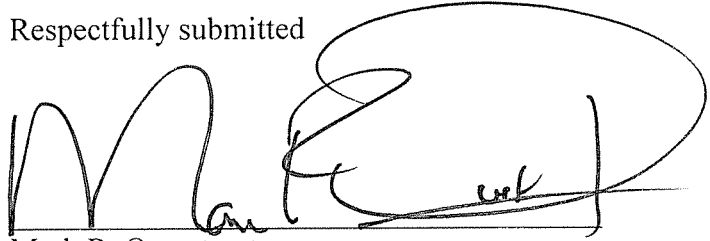
(c) To the extent required, that the Company be authorized to continue to pay the DSM incentive payments to currently participating customers until the earlier of: (i) the date the installed Pilot RCLM Program load control equipment is removed or the customer notifies the Company the customer does not want the equipment removed; or (ii) February 28, 2013 (with credits to appear on the bill received in March 2013), the end of the winter season under the existing Tariff D.S.M.C.;

(d) Granting the Company an extension until and including April 15, 2013 in which to file its next Demand-Side Management Status Report;

(e) Granting the Company's application in all other respects (Items 1-3 on page 3 of the Application); and

(f) Granting the Company all other relief to which it may appear entitled.

Respectfully submitted



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COUNSEL FOR KENTUCKY POWER
COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by United States First Class Mail, postage prepaid, on this 28th day of January, 2013 upon:

Jennifer B. Hans
Assistant Attorney General
Office of Rate Intervention
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Frankfort, Kentucky 40601-8204



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