

July 2, 2015

Mark R. Overstreet
(502) 209-1219
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HAND DELIVERED

Jeff R. Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

RECEIVED

JUL 02 2015

**PUBLIC SERVICE
COMMISSION**


RE: Case No. 2015-00189

Dear Mr. Derouen:

Enclosed please find and accept for filing the original and ten copies of Kentucky Power's Company's "Notice of Filing of Substitute Exhibit 2 to Application."

Please do not hesitate to contact me if you have any questions.

Very truly yours,


Mark R. Overstreet

MRO

cc: Jennifer B. Hans
Matthew R. Malone

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUL 02 2015

**PUBLIC SERVICE
COMMISSION**

In The Matter Of:

The Application Of Kentucky Power Company For (1))
Approval of A Modified School Energy Manager Program;)
and (2) For All Other Required Approvals And Relief)

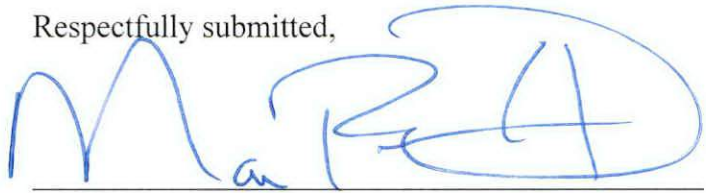
Case No. 2015-00189

Notice of Filing Of Substitute Exhibit 2 To Application

Kentucky Power Company provides notice of its filing of Substitute Exhibit 2 to its application in this matter. Substitute Exhibit 2 is being filed to correct the erroneous reference in paragraph 6(f) of the form of Energy Manager Program Agreement between Kentucky Power Company and Kentucky School Boards Association concerning the metrics against which the proposed amended program is to be measured. The form of agreement was attached as Exhibit 2 to the Application.

Filed as Exhibit A to this Notice of Filing is Substitute Exhibit 2. Filed as Exhibit B to this Notice of Filing is a redline of Substitute Exhibit 2 showing the changes to the originally filed Exhibit 2.

Respectfully submitted,



Mark R. Overstreet
STITES & HARBISON PLLC
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P.O. Box 634
Frankfort, Kentucky 40602-0634
Telephone: (502) 223-3477
Facsimile: (502) 223-4387
moverstreet@stites.com

COUNSEL FOR:
KENTUCKY POWER COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served by United States, postage prepaid, upon:

Matthew R. Malone
William H. May, III
Hurt, Crosbie & May PLLC
127 West Main Street
Lexington, Kentucky 40507
mmalone@hcm-law.com
bmay@hcm-law.com

Jennifer Black Hans
Angela Goad
Lawrence W. Cook
Kentucky Attorney General's Office
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204
jennifer.hans@ag.ky.gov
angela.goad@ag.ky.gov
larry.cook@ag.ky.gov

on this the 2nd day of July, 2015.



Mark R. Overstreet

EXHIBIT A

ENERGY MANAGEMENT PROGRAM AGREEMENT

This Energy Management Program Agreement ("Agreement") dated _____, 2015 (the "Effective Date") is entered into by and among **Kentucky Power Company**, and the **Kentucky School Boards Association**, a Kentucky non-profit corporation ("KSBA"). Kentucky Power Company is referred to as the "Company."

RECITALS

WHEREAS, the Settlement Agreement in Kentucky Public Service Commission ("KPSC") Case No. 2014 -00396 (the "Settlement") among Kentucky Power, KSBA, and Kentucky Industrial Utility Customers, Inc. provided that the Company would propose an expansion of its existing school energy manager demand-side management program to fund energy-management programs for schools in its service territory affected by KRS 160.325 and not eligible to participate in its current school energy manager program (the "Program");

WHEREAS, pursuant to the Settlement, on June __, 2015 the Company submitted an application to the KPSC for the review and approval of the Program ("Kentucky Power 2015-1 DSM Case");

WHEREAS, the KPSC having entered an order approving the Program (the "KPSC Order");

WHEREAS, as stated in the Application, the KSBA will manage and operate the Program;

WHEREAS, as stated in the KPSC Order, the Company will provide specified amounts of funding, to be generated by the Company's demand-side management surcharge, for the Program;

WHEREAS, the Company and KSBA desire to state the terms and conditions under which the KSBA will manage the Program.

WHEREAS, the KPSC Order states that KSBA will provide the Company with specific information as discussed in Section 5 of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein, the Company and KSBA hereby agree as follows:

1. **Incorporation of the KPSC Order.** A copy of the KPSC Order approving the Program is attached hereto as EXHIBIT 1 and incorporated by reference solely for the purpose of describing the Program.
2. **Term.** The term of this Agreement shall begin July 1, 2015 or the on the Effective Date as determined by the KPSC Order approval and expire on September 30, 2017.

3. **Funding.** The Company shall provide funding for the Program to KSBA in two (2) one-year periods ("Program Years"). The first Program Year begins July 1, 2015 and ends on June 30, 2016. The second Program Year begins July 1, 2016 and ends on June 30, 2017. In each of the two (2) Program Years, Company shall provide funding for the Program in the amount of \$200,000.00 each Program Year to be generated by the Company's demand-side management surcharge. The Company shall deliver such funding to KSBA by wire transfer to a bank account designated in writing by KSBA or by check to an addressee designated in writing by KSBA. KSBA shall use funding provided by the Company under this Agreement solely for the purposes of managing and operating the Program as more fully described in KPSC Order approving the Company's application in the Kentucky Power 2015 DSM-1 Case.
4. **Invoicing.** KSBA shall send an invoice to be received by Company by the beginning of the program funding cycle start date (July 1, 2015, and July 1, 2016). Each invoice shall include a reference to the Energy Management Program. The invoice shall contain the following:
 - a. program operating period beginning and end dates
 - b. description of services provided
 - c. total funding amount requested

Invoices should be prepared and directed to:

Kentucky Power Company
Attn: E. J. Clayton, Mgr. EE & Consumer Programs
12333 Kevin Avenue
Ashland, KY 41102

5. **Operation and Management.** KSBA shall manage and operate the Program as described in the proceedings before the KPSC. The goals of the Program shall be as stated in those proceedings and as more particularly described in the aforesaid KPSC Order. The KSBA will manage the Program consistent with good operating practices and will strive to maximize the achievement of goals set out for the Program.
6. **Annual Reports.** Within 45 days of the last day (June 30) of each of the two (2) Program Years, KSBA shall deliver to KPC reports describing the following information for the then concluding Program Year (July 1 to June 30) in reasonable detail ("Annual Reports"):
 - a. district funding;

- b. initiatives implemented (direct, install, and behavioral) per school district with corresponding utility account numbers;
- c. Energy Utilization Indices;
- d. consumption reduction;
- e. preceding and current year peak demand and annual energy usage as compared to the twelve month period beginning July 1, 2014; and
- f. associated energy and demand savings compared to the metrics set out in Attachment 1 to this Agreement, which also was attached as Exhibit 4 to the Company's Application in the Kentucky Power 2015-1 DSM Case;
- g. A list of energy conservation measures by facility and school district, dates implemented, and corresponding electric account, as requested by Kentucky Power or its designated agent responsible for performing Evaluation, Measurement, and Verification (EMV) of program cost effectiveness, demand reduction, and energy savings. KSBA shall deliver Annual Reports to the Company at the following address:

Kentucky Power Company
Attn: E. J. Clayton, Mgr. EE and Consumer Programs
12333 Kevin Avenue
Ashland, KY 41102

For purposes of clarification, the Company and KSBA agree that Annual Reports provided Kentucky Power shall contain the above described information regarding the Program with respect to school facilities served by Kentucky Power. Reports will be submitted to the KPSC by Kentucky Power Company.

- 7. **Relationship of Parties.** This Agreement does not establish a partnership or joint venture between the Company and KSBA. KSBA will not operate the Program as the Company's contractor. The Company does not have or assert any authority over KSBA's operation or management of the Program. All determinations regarding the operation and management of the Program shall be made by KSBA. The actions of KSBA are to achieve the program goals as described in the KPSC proceedings and as more particularly described in the aforesaid KPSC Order. The Company maintains responsibility to review the outcomes achieved by the KSBA in relation to the defined program objectives and reporting provided by KSBA.
- 8. **Notices.** All notices and communications respecting this Agreement shall be in writing, delivered by nationally recognized overnight courier, Certified Mail – Return Receipt Requested, or personal delivery, and shall be addressed as follows (which address either party may change upon five (5) days prior notice to the other party):

To Company:

Kentucky Power Company
Attn: E.J. Clayton, Mgr. EE and Consumer
Programs
12333 Kevin Ave.
Ashland, KY 41102

To KSBA:

KY School Board Association
Attn: Ron Willhite
260 Democrat Drive
Frankfort, KY 40601

9. **Miscellaneous.** This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Kentucky, without regard to its principles of conflicts of laws. The headings of sections and other parts of this Agreement are for convenience only and do not define, limit, or construe the contents thereof. Except for the Company and KSBA, there are no intended third party beneficiaries of this Agreement and none may rely on this Agreement in making a claim against any party to this Agreement.

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the Effective Date.

Kentucky Power Company

By: _____

Title: _____

Kentucky School Boards Association

By: _____

Title: _____

ATTACHMENT 1

Exhibit 4

School Energy Management

Impact Savings

The Kentucky School Board Association (KSBA) has provided a summary of the average energy and demand savings for school districts located within the Kentucky Power Service area. The estimated impact savings from the program are summarized below:

Year ¹	Summer Peak Demand (KW) Reduction	Winter Peak Demand (KW) Reduction	Incremental Energy (kWH) Reduction
2015 -2016	0.0	193.8	1,131,870
2016 -2017	338.3	422.9	2,469,530
Total	338.3	616.7	3,601,400

1) The implementation schedule begins on July 1st and ends June 30th. Program start is July 1st, 2015 and end is June 30, 2017.

EXHIBIT B

ENERGY MANAGEMENT PROGRAM AGREEMENT

This Energy Management Program Agreement ("Agreement") dated _____, 2015 (the "Effective Date") is entered into by and among **Kentucky Power Company**, and the **Kentucky School Boards Association**, a Kentucky non-profit corporation ("KSBA"). Kentucky Power Company is referred to as the "Company."

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- b. initiatives implemented (direct, install, and behavioral) per school district with corresponding utility account numbers;
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 - d. consumption reduction;
 - e. preceding and current year peak demand and annual energy usage as compared to the twelve month period beginning July 1, 2014; and
 - f. associated energy and demand savings compared to the metrics set out in Attachment 1 to this Agreement, which also was attached as Exhibit 4 to the Company's Application in the Kentucky Power 2015-1 DSM Case-the Joint Application in Case No. 2013-00067;
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By: _____

Title: _____

Kentucky School Boards Association

By: _____

Title: _____

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