

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION OF THE	)	
REASONABLENESS OF THE DEMAND SIDE	)	CASE NO.
MANAGEMENT PROGRAMS AND RATES OF	)	2017-00097
KENTUCKY POWER COMPANY	)	

ORDER

On December 4, 2017, Kentucky Power Company (“Kentucky Power”) filed a motion for clarification, or alternatively for rehearing, of the Commission’s November 30, 2017 Order with respect to continued spending on demand side-management (“DSM”) projects that are ongoing or agreed to under either Kentucky Power’s Commercial New Construction program, Commercial Incentive Prescriptive Custom program, or the Whole House Efficiency program.<sup>1</sup> The November 30, 2017 Order directed Kentucky Power to file tariffs reflecting a continuation of its Targeted Energy Efficiency program and new DSM rates for 2018, while deferring a decision on all other DSM programs until the conclusion of this investigation.

Kentucky Power’s motion states that it has suspended all new DSM program activity as of November 3, 2017, as directed by the Commission’s November 2, 2017 Order, and that Kentucky Power is working to curtail all uncommitted spending and to limit all future DSM expenses, rebates, and incentives. However, due to the time required between acceptance or approval of a customer’s project in a DSM program and the

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<sup>1</sup> Kentucky Power also requested an amendment to the Commission’s November 2, 2017 Order to delay the filing of rebuttal testimony from December 13, 2017, until February 2, 2018, but that request was withdrawn by notice filed on December 11, 2017.

reimbursement of DSM costs or payment of rebates, clarification is requested to confirm that Kentucky Power's spending can continue for those projects that were already in progress or accepted. Kentucky Power's motion cites the filed rate doctrine, codified in KRS 278.160(2), as support for its position that customers who relied upon its filed DSM tariffs are entitled to the benefits of those tariffs.

Thus, Kentucky Power requests the Commission to clarify its November 30, 2017 Order to expressly approve continued DSM spending after December 31, 2017, on the previously committed projects and, to the extent necessary, to grant rehearing to direct Kentucky Power to file amended tariffs authorizing the spending to close out those projects. Approval is also requested for expenditures to be incurred in 2018, for a consultant to perform measurement, evaluation, and verification on the 2016 and 2017 DSM projects to support future DSM projects that may be proposed by Kentucky Power.

Based on a review of Kentucky Power's motion and being otherwise sufficiently advised, the Commission finds good cause to amend our November 30, 2017 Order to authorize continued DSM spending on the limited number of customers' projects that have been accepted or approved for reimbursement and are described in Kentucky Power's response to Commission's Staff's Second Set of Data Requests, filed on December 13, 2017 ("Response to Staff's Second Request"). To the extent that Kentucky Power actually accepted or approved customers' DSM projects for participation prior to our decision to terminate those DSM programs, Kentucky Power's actions created a reasonable expectancy for reimbursement or rebates as provided for in its DSM tariffs.

However, Kentucky Power's Response to Staff's Second Request, Item 2-2, lists 86 DSM projects, with a total projected cost of \$595,421, as being on a "waitlist," meaning the project's application was submitted after full subscription or before full subscription

but without sufficient information to reserve funds. Thus, for these “waitlist” projects, Kentucky Power must provide sufficient evidence as part of this investigation to demonstrate that each of those 86 customers were actually notified that their respective projects were accepted or approved for reimbursement prior to November 2, 2017. In addition, Kentucky Power should take all steps necessary to ensure that the DSM spending level on the closed out projects is at an absolute minimum level in order to reduce the financial burden on its ratepayers. Further, the Commission finds that there is insufficient evidence in the record to determine the reasonableness of spending over \$227,000 on a consultant to review Kentucky Power’s past DSM program performance and develop a cost effective analysis for future DSM filings.<sup>2</sup> Thus, rehearing will be granted on this issue to develop the evidentiary record.

IT IS THEREFORE ORDERED that:

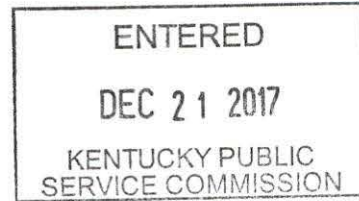
1. Kentucky Power is authorized to continue DSM spending on those projects accepted or approved prior to November 3, 2017, and not listed as being on a “waitlist,” subject to ensuring that the DSM spending level is at an absolute minimum level.
2. Within seven days of the date of this Order, Kentucky Power shall file with the Commission, using the Commission’s electronic Tariff Filing System, its revised DSM tariffs to reflect that spending can continue into 2018, to close out those ongoing projects not listed as being on a “waitlist.”
3. Rehearing is granted on the issues of reimbursement for the 86 DSM projects on the “waitlist,” and spending funds for a consultant to review past DSM programs and to develop a cost effective analysis for future DSM filings. No reimbursement of the 86 DSM projects on the “waitlist” or of the consultant fees shall be

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<sup>2</sup> Response to Staff’s second request.

authorized unless and until the expenditures are subsequently approved by the Commission.

By the Commission



ATTEST:

  
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