

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
POWER COMPANY FOR (1) APPROVAL OF)	
CONTINUATION OF ITS TARGETED ENERGY)	
EFFICINECY PROGRAM; (2) AUTHORITY TO)	
RECOVER COSTS AND NET LOST REVENUES,)	CASE NO.
AND TO RECEIVE INCENTIVES ASSOCIATED)	2018-00377
WITH THE IMPLEMENTATION OF ITS DEMAND-)	
SIDE MANAGEMENT PROGRAMS; (3))	
ACCEPTANCE OF ITS ANNUAL DSM STATUS)	
REPORT; AND (4) ALL OTHER REQUIRED)	
APPROVALS AND RELIEF)	

ORDER

On November 15, 2018, Kentucky Power Company (Kentucky Power) filed an application pursuant to KRS 278.285(1) for approval to continue its Targeted Energy Efficiency (TEE) Program through December 31, 2019, and authority to recover through its Demand-Side Management (DSM) surcharge the full costs, including lost revenues and incentives, associated with its programs through December 31, 2018. Kentucky Power further requested approval of its DSM Status Report, the corresponding tariffs, and the proposed residential and commercial DSM surcharges. On November 30, 2018, Kentucky Power filed an amended filing to reflect minor revisions to certain calculations. There are no intervenors and Kentucky Power responded to one request for information.

KENTUCKY POWER'S DSM PROGRAMS

Kentucky Power currently offers only one DSM program as a result of the Commission-initiated investigation into the reasonableness of Kentucky Power's DSM

programs in Case No. 2017-00097.¹ In that case, the Commission ordered the elimination of all offerings except for those programs that target income-eligible residential customers until such time that Kentucky Power's capacity position indicates a need for additional generation to serve its load.² The Order also directed Kentucky Power to eliminate its commercial DSM programs, but allowed for Kentucky Power to pay the incentives for certain commercial projects that were in process or had been accepted before Kentucky Power's DSM programs were suspended.³ Consistent with that Order, Kentucky Power's current DSM portfolio consists of only the residential TEE program.

Kentucky Power is requesting the continuation of the TEE program. Administered through Community Action Agencies, the TEE program is designed to improve energy efficiency for low-income customers through energy audits coupled with the installation of various energy conservation measures. The TEE program is available to Kentucky Power customers whose primary heat source is electricity and who use an average of at least 700 kWh per month. In addition, limited efficiency measures are available to Kentucky Power customers whose primary heat source is not electricity but who have an electric water heater and use an average of at least 700 kWh of electricity per month from November through March. Kentucky Power is not proposing any changes to the TEE program and is proposing to maintain the current funding level of \$284,800 in 2019.⁴

¹ Case No. 2017-00097, *Electronic Investigation of the Reasonableness of the Demand Side Management Programs and Rates of Kentucky Power Company* (Ky. PSC Jan. 18, 2018).

² Application, paragraph 4.

³ *Id.*, paragraph 5.

⁴ Application, Direct Testimony of Matthew A. Horeled at 3 – 4.

PROPOSED DSM FACTORS

Due to an over-collection of DSM revenues in 2017, Kentucky Power's current residential DSM factor is (\$0.001206) per kWh. Much of the over-collection was returned to customers; however, there is still some remaining over-collection of DSM revenues that needs to be returned to customers in 2019.⁵ Summing the remaining over-collection and the total DSM costs, the resulting residential DSM factor is \$(0.000550) per kWh for 2019, which is a monthly credit of \$(0.72) for the average residential customer using 1,300 kWh per month. The current commercial DSM factor is \$0.002017 per kWh. Due to a lag in the implementation of rates, an over-collection of DSM revenues has occurred for the commercial class.⁶ Therefore, Kentucky Power proposes to reduce the commercial DSM factor to \$(0.000022) per kWh. The basis for the proposed DSM factors is included in revised Exhibit 3 - Schedule C.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Kentucky Power has kept the Commission informed of the progress and status of its DSM programs by timely filing summary status reports of its programs.
2. Kentucky Power's request for the continuation of the TEE program through December 31, 2019, should be approved.
3. Kentucky Power's proposed DSM surcharge factors of \$(0.000550) per kWh for residential customers and \$(0.000022) per kWh for commercial customers, as revised, should be approved.

⁵ *Id.* at 6.

Id.

IT IS THEREFORE ORDERED that:

1. Kentucky Power's request to continue the TEE program through December 31, 2019, is approved.
2. Kentucky Power's proposed DSM surcharge factors as revised and set forth in the Appendix to this Order are approved for service rendered on and after January 1, 2019.
3. Within 20 days of the date of this Order, Kentucky shall file with the Commission, using the Commission's electronic Tariff Filing System, its revised tariffs as set forth in this Order reflecting that they were approved pursuant to this Order.
4. This case is closed and removed from the Commission's docket.

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By the Commission

ENTERED
DEC 21 2018
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2018-00377

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00377 DATED **DEC 21 2018**

The following rates and charges are prescribed for the customers in the area served by Kentucky Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

TARIFF D.S.M.C.

Residential	\$(0.000550) per kWh
Commercial	\$(0.000022) per kWh

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