

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	)	
EFFICIENCY PROGRAM; (2) AUTHORITY TO	)	
RECOVER COSTS AND NET LOST	)	
REVENUES, AND TO RECEIVE INCENTIVES	)	CASE NO.
ASSOCIATED WITH THE IMPLEMENTATION	)	2020-00362
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, 2020, 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, 2021, and authority to recover, through its Demand-Side Management (DSM) surcharge, the full costs, including lost revenues and incentives, associated with Kentucky Power's programs through December 31, 2021. Kentucky Power further requested approval of its DSM Status Report, the Corresponding tariffs, and the proposed residential and commercial DSM surcharges. There are no intervenors, and Kentucky Power responded to one request for information.

KENTUCKY POWER 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.<sup>1</sup> In that case, the Commission ordered the elimination of all offerings except for those programs that target income-eligible residential customers until Kentucky Power's capacity position indicates a need for additional generation to serve its load.<sup>2</sup> Consistent with that Order, Kentucky Power's current DSM portfolio consists of only the residential TEE program.

Administered through community action agencies (CAA) in Kentucky Power's service area, 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 how the TEE program operates but is requesting approval to decrease the TEE Program's budget from its current funding level of \$326,800 to \$274,400 in 2021.<sup>3</sup> The reason for this decrease is that due to the COVID-19 pandemic, participating CAAs were unable to complete the forecasted number of projects in the 2020 program year as social distancing and quarantine directives

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<sup>1</sup> 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).

<sup>2</sup> Application, paragraph 4.

<sup>3</sup> *Id.*, paragraph 10; Direct Testimony of Scott E. Bishop (Bishop Testimony) at 3.

prevented CAA employees from entering homes during the months of April to May 2020.<sup>4</sup> Additionally, several elderly customers postponed projects due to fear of infection from strangers entering their homes to perform work.<sup>5</sup> Kentucky Power believes that there will be lingering effects of the COVID-19 pandemic and proposed to reduce the number of projects from 134 to 104 and thus lowers the necessary budget.<sup>6</sup> Kentucky Power does not propose any other modifications to its existing TEE Program, DSM Adjustment Clause, or DSM tariff.<sup>7</sup>

Kentucky Power has also not evaluated any additional low-income DSM programs.<sup>8</sup> Kentucky Power cited to the Commission's Order in Case No. 2017-00097 in which the Commission expressed concerns regarding the desirability of DSM programs due to the level of excess capacity and noted that Kentucky Power's excess capacity has increased since the January 18, 2018 final Order.<sup>9</sup> Kentucky Power stated that although the Order does not prohibit Kentucky Power from introducing new DSM programs, the level of excess capacity has led Kentucky Power to examine other means to assist low-income customers such as efforts to improve the home energy assistance programs

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<sup>4</sup> Bishop Testimony at 4.

<sup>5</sup> *Id.*

<sup>6</sup> Application, paragraph 10, Bishop Testimony at 3, Case No. 2019-00410, *Electronic Application of Kentucky Power Company for (1) Approval of Continuation of its Targeted Energy Efficiency Program; (2) Authority to Recover Costs and Net Lost Revenues, and to Receive Incentives Associated 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* (Ky. PSC Dec. 12, 2019), final Order at 3.

<sup>7</sup> Application, paragraph 9 and 15, Bishop Testimony at 3.

<sup>8</sup> Kentucky Power's Response to Staff's First Request for Information (filed Dec. 15, 2020), Item 1.

<sup>9</sup> *Id.*

(HEA).<sup>10</sup> The Commission notes the improvements to the HEA program, but also encourages Kentucky Power to examine low-income DSM alternatives that allow for more participants and easier access to energy efficiency alternatives.

#### PROPOSED DSM FACTORS

The proposed residential DSM surcharge includes the TEE ongoing program expenses, budget decrease, incentives, and Net Lost Revenues for former DSM programs that concluded in 2018 as well as any over collections from the prior period. Kentucky Power's current residential DSM factor is per \$0.000187 kWh, which it proposed to decrease to \$0.000131 per kWh and results in a monthly charge of \$0.17 for the average residential customer using 1,300 kWh per month.<sup>11</sup> The current commercial DSM factor is \$0.000134 per kWh, which Kentucky Power, in its application proposed to decrease to \$0.000018 per kWh. The commercial surcharge is required to recover Net Lost Revenues for the Commercial programs finalized in 2018. The basis for the proposed DSM factors is included in Exhibit 5 of the application.

The proposed tariff sheets filed with the application, however, list commercial DSM factor of \$.000017 per kWh, which conflicts with Kentucky Power's stated proposed rates in its application as well as the testimony of Kentucky Power's witness.<sup>12</sup> Furthermore, the information provided in Exhibit 5 of the application supports a commercial DSM factor of \$.000018 per kWh. Based on this, the Commission concludes that Kentucky Power

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<sup>10</sup> *Id.*

<sup>11</sup> Bishop Testimony at 5.

<sup>12</sup> *Id.* at 4.

should have listed a commercial DSM factor of \$.000018 per kWh in its proposed tariff sheets.

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 these programs.

2. Kentucky Power's request for the continuation of the TEE program through December 31, 2021, should be approved.

3. Kentucky Power's proposed DSM surcharge factor of \$0.000131 per kWh for residential customers should be approved.

4. Kentucky Power's proposed DSM surcharge factor of \$0.000017 per kWh for commercial customers should be denied.

5. Kentucky Power's DSM surcharge factor for commercial customers should be of \$0.000018per kWh

IT IS THEREFORE ORDERED that:

1. Kentucky Power's request to continue the TEE program through December 31, 2021, is approved.

2. Kentucky Power's proposed surcharge factor for commercial customers is denied.

3. Kentucky Power's proposed surcharge factor for residential customers is approved.

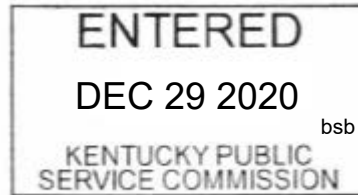
4. The surcharge factors set forth in the Appendix to this Order are approved for service rendered on and after January 1, 2021.

5. Within 20 days of this date of this Order, Kentucky Power 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 of this Order.

6. This case is closed and removed from the Commission's docket.

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By the Commission



ATTEST:

A handwritten signature in blue ink that reads "Linda C. Bidwell". The signature is written in a cursive style.

Executive Director

Case No. 2020-00362

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2020-00362 DATED DEC 29 2020

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

TARIFF D.S.M.C.

Residential	\$ 0.000131 per kWh
Commercial	\$ 0.000018 per kWh



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