

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION PURSUANT TO 1994 HOUSE BILL)
NO. 501 FOR THE APPROVAL OF KENTUCKY POWER)
COMPANY COLLABORATIVE DEMAND-SIDE)
MANAGEMENT PROGRAMS AND FOR AUTHORITY TO) CASE NO.
IMPLEMENT A TARIFF TO RECOVER COSTS, NET LOST) 2010-00333
REVENUES AND RECEIVE INCENTIVES ASSOCIATED)
WITH THE IMPLEMENTATION OF THE KENTUCKY)
POWER COMPANY COLLABORATIVE DEMAND-SIDE)
MANAGEMENT PROGRAMS)

ORDER

On August 16, 2010, the Kentucky Power Company ("Kentucky Power") and its Demand-Side Management ("DSM") Collaborative ("Collaborative"),¹ with the Attorney General's representative abstaining, filed a joint application with the Commission. The filing includes a revised tariff containing revised DSM surcharges for Kentucky Power's residential customers and commercial customers to become effective September 28, 2010. It also includes summary status reports on each of Kentucky Power's DSM programs through June 30, 2010, and evaluation reports for the Energy Education for Students Program and the Community Outreach Compact Fluorescent Lighting Program.

¹ The DSM Collaborative includes Kentucky Power, the Attorney General's Office, Kentuckians for the Commonwealth, Big Sandy Area Development District, Northeast Kentucky Area Development Council, Kentucky Tech Northeast Region, Christian Appalachian Project, Kentucky Division of Energy, Coleman Oil, Cedar Knoll Galleria, Kentucky Industrial Utility Customers, Big Sandy Area Community Action Program, LKLP – Community Action Council, Middle Kentucky River Area Development Council, Appalachian Regional Defense Fund, and Appalachian Service Project.

In addition to the tariff changes, status, and evaluation reports, the filing contains the Collaborative's request for approval to increase annual participation levels for customers in the High Efficiency Heat Pump Program from 100 to 196 for resistant heat replacement customers and from 250 to 524 for non-resistant heat replacement customers. The increase in participation is attributed to overwhelming customer support of the program.

The DSM summary status report describes year-to-date and program-to-date costs, as well as demand and energy savings attributed to each DSM program through June 30, 2010. The filing also includes cost projections for the existing DSM programs agreed upon by the DSM Collaborative for the remainder of calendar year 2010.

FINDINGS

The revised DSM tariff includes an increase in the DSM surcharge factor for residential customers from \$.000711 per kWh to \$.001612 per kWh and reinstates a DSM surcharge for commercial customers of \$.000062 per kWh. The revised DSM surcharge factors were calculated using the methodology proposed by Kentucky Power and approved by the Commission in previous Kentucky Power DSM cases.

Kentucky Power's request to increase the target participation levels for the High Efficiency Heat Pump programs will provide conservation and efficiency measures to more customers, increasing total levels of energy and demand reductions.

The evaluation of the both the Energy Education for Students Program and the Community Outreach Compact Fluorescent Lighting Program showed them to be cost effective based on the Total Resource Cost and Utility Cost economic tests. Net annual savings of the Efficiency Heat Pump program was estimated to be 131.7 MWh based

on the 1,130 actual participants for 2009. Net demand reduction for the program was estimated to be 14kW in winter and 28 kW in summer. Net annual savings of the Community Outreach Compact Fluorescent Lighting Program was estimated to be 538.9 MWh based on the 3,744 participants for 2009. Net demand reduction for the program was estimated to be 94 kW in winter and 101 kW in the summer.

SUMMARY

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 on these programs.
2. Kentucky Power's proposed revised tariff, reflecting recovery of costs associated with the implementation of its DSM programs, including net lost revenues and incentives associated with the programs, is reasonable and should be approved.
3. Kentucky Power's proposed increase in the target participation levels of the High Efficiency Heat Pump Program is reasonable and should be approved.

IT IS THEREFORE ORDERED that:

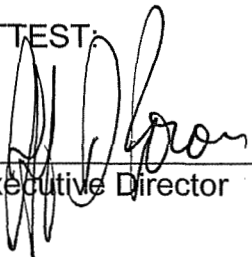
1. Kentucky Power's revised tariff containing a DSM surcharge factor of \$.001612 per kWh for residential customers and \$.000062 per kWh for commercial customers is approved effective for service rendered on and after September 28, 2010.
2. Within 10 days from the date of this Order, Kentucky Power shall file a revised tariff showing the date of issue and that it was issued by authority of this Order.

3. Kentucky Power's proposed increase in the target participation levels of the High Efficiency Heat Pump Program is approved.

By the Commission

ENTERED *gld*
SEP 23 2010
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST



Executive Director

Errol K Wagner
Director Regulatory Services
American Electric Power
101A Enterprise Drive
P. O. Box 5190
Frankfort, KY 40602