

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	)	CASE NO. 2012-00051
PROGRAMS AND FOR AUTHORITY TO	)	
IMPLEMENT A TARIFF TO RECOVER COSTS,	)	
NET LOST REVENUES, AND RECEIVE	)	
INCENTIVES ASSOCIATED WITH THE	)	
IMPLEMENTATION OF THE KENTUCKY POWER	)	
COMPANY COLLABORATIVE DEMAND-SIDE	)	
MANAGEMENT PROGRAMS	)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO  
KENTUCKY POWER COMPANY

Kentucky Power Company ("Kentucky Power"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before April 27, 2012. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kentucky Power shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Kentucky Power fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to the Demand-Side Management (“DSM”) Collaborative Status Report (“2011 Status Report”), page 8. Provide the names of the vendors who received the \$9,222 for Total Evaluation and \$435,286 for Equipment/Vendor.

2. Refer to the Status Report, page 9. Provide the names of the vendors who received the \$12,236 for Total Evaluation and \$33,050 for Equipment/Vendor.

3. Refer to the Status Report, page 10. Provide the names of the vendors who received the \$9,609.60 for Total Evaluation, \$47,412.48 for Equipment/Vendor, \$2,383.38 for Promotional, and \$109.14 for Administration.

4. Refer to the Status Report, page 11. Provide the names of the vendors who received the \$6,082 for Total Evaluation, \$11,913.00 for Equipment/Vendor, \$3,000 for Education Workshops, and \$3,000 for Administration.

5. Refer to the Status Report, page 12. Provide the names of the vendors who received the \$4,756 for Total Evaluation, \$45,350 for Equipment/Vendor, and \$4,818 for Promotional.

6. Refer to the Status Report, page 13.

a. Provide the names of the vendors who received the \$8,793 for Total Evaluations and \$94,705 for Equipment/Vendor.

b. Explain whether any or all of the evaluation costs have been recovered in previous filings.

7. Refer to the Status Report, page 14. Provide the names of the vendors who received the \$6,068 for Total Evaluation and \$173,712 for Equipment/Vendor.

8. Refer to the Status Report page 18. Provide the names of the vendors who received the \$4,100 for Total Evaluation, \$7,300 for Equipment/Vendor, and \$4,818 for Promotional.

9. Refer to the Status Report, page 19. Provide the names of the vendors who received the \$3,815 for Total Evaluation and \$10,500 for Equipment/Vendor.

10. Refer to the Status Report, page 20. Provide the names of the vendors who received the \$4,780 for Total Evaluation, \$1,150 for Equipment/Vendor, and \$9,636 for Promotional.

11. Refer to the Status Report, page 21. Provide the names of the vendors who received the \$17,189 for Total Evaluation and \$ 9,294 for Promotional.

12. Refer to the response to Commission Staff's First Request for Information ("Staff's First Request"), Item 6.b.

a. Explain whether 12/31/2010 PTD Summer Demand 1,058 kW should be 12/31/2010 PTD Summer Demand Savings 1,058 kW.

b. Refer to the DSM Collaborative Status Report ("2010 Status Report") of the Application ("Application"), page 23, in Case No 2011-00055.<sup>1</sup> For the calendar year 2010, Kentucky Power realized 1,200 new participants with peak-demand reductions of 211 kW for Summer and 669 kW for Winter. For the calendar year 2011, Kentucky Power realized 1,201 new participants with peak-demand reductions of negative 40 kW for Summer and 320 kW for Winter. Explain the reasons for the material change in kW savings when the number of new participants remained almost the same for each year.

13. Refer to the response to Staff's First Request, Item 7. In the 2010 Status Report, for the calendar year 2010, Kentucky Power realized 252 new resistance participants and 509 new non-resistance participants with peak-demand reductions of 133 kW for Summer and 1,062 kW for Winter. For the calendar year 2011, Kentucky Power realized 275 new resistance participants and 406 new non-resistance participants with peak-demand reductions of negative 52 kW for Summer and 425 kW for Winter. Explain the reasons for the change in kW between the two years when the number of new resistance participants increased by 23 (275–252) and the new non-resistances decreased by 103 (406–509).

14. Refer to the response to Staff's First Request, Item 8.

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<sup>1</sup> Case No. 2011-00055, Joint Application Pursuant to 1994 House Bill No. 501 for Approval of Kentucky Power Company Collaborative Demand-Side Management Programs, and for Authority to Implement a Tariff to Recover Costs, Net Lost Revenues and Receive Incentives Associated with the Implementation of the Kentucky Power Company Collaborative Demand-Side Management Programs (Ky. PSC May 25, 2011).

a. Explain whether the \$94,500 for fixed-vendor expense for project management is the expense fixed for each participant, or the expense fixed for the entire program no matter how many participants, or a fixed expense of \$13,500 per month, during the May-through-November time period, for the duration of the program.

b. Explain whether it is Kentucky Power's expectation that the installed equipment cost per-participant will be approximately \$205 going forward.

c. Kentucky Power stated in Item 8.a. that "Consert, Inc. was paid \$94,705. The amount includes \$94,500 for fixed vendor expense for project management (May through November) and \$205 for equipment installed for one residential customer." Refer to the 2011 Status Report of this Application ("Application"), page 13. It shows two A/C Switches participants and one Water Heater SW participant through November 2011. Provide an explanation of the differences in customer participation.

15. Refer to the response to Staff's First Request, Item 9. Provide an explanation of why the evaluation cost-effectiveness increased from \$4,100 in 2011 to \$10,230 in 2012, or a 149.5 percent  $((\$10,230 - \$4,100) / \$4,100)$  increase.

16. Refer to the response to Staff's First Request, Item 10.b.

a. If there were no participants, explain what the vendor managed for the \$10,500 fee.

b. Explain the basis for the fee.

c. If there was no participation in the program, explain what the vendor evaluated for the \$3,815 payment.

17. Refer to the response to Staff's First Request, Item 11.a. Provide a breakdown between air conditioner and heat pump participants, along with the amount of each incentive, to equate to the total \$1,050 air conditioner incentives and the total \$6,900 heat pump incentives.

18. Refer to the response to Staff's First Request, Item 12.

a. Provide the names of the vendors that received the payments which totaled \$168,297.98 for labor and \$27,244.83 for expenses.

b. Explain whether the \$13,208.64 for education, which was comprised of meetings with trade groups and individual customers, was performed by an outside vendor, Kentucky Power, or an American Electric Power employee.

c. Kentucky Power states, "[t]he administrative costs are about 70% for start-up and 30% for normal operations of the program." Explain whether it is referencing the \$123,169.05 Administration costs in Kentucky Power's response to Staff's First Request, Item 12, page 2 of 3 of the table.

d. Kentucky Power states, "[a]ll of the direct install (DI) and IT costs are in the program start-up costs." Explain whether Kentucky Power is stating the DI and IT costs are one-time costs, or would DI and IT costs continue to be in DSM filings going forward from this filing.

e. Kentucky Power states, "[t]he program has certain fixed costs associated with the program." Provide an explanation of these fixed costs and whether these costs are one-time costs, or will these fixed costs be reoccurring costs regardless of the number of participants.

19. Refer to the response to Staff's First Request, Item 13. Provide the names of the vendors who performed these evaluations and who received the amounts listed in the Company's response.

20. Refer to the response to Staff's First Request, Item 14. Provide the names of the vendors who performed these evaluations and who received the amounts listed in the Company's response.

21. Refer to the response to Staff's First Request, Item 16. Explain what fixed expenses are associated with the implementation of the Specialty Bulbs and LED Lights program.

22. Refer to the response to Staff's First Request, Item 19.

a. Explain whether the Total Residential Program Expense of \$103,498 is divided equally between the air conditioner program and the water heating program.

b. Explain whether it would be more appropriate to allocate the \$103,498 based on the number of appliances, i.e. 60 percent to the air conditioners and 40 percent to the water heaters and, if not, provide an explanation of what would be appropriate.

c. Explain whether the average air conditioner participant cost of \$8,624.83 is reasonable and cost-effective for six participants.

d. Explain whether the average water heater participant cost of \$12,937.25 is reasonable and cost-effective for four participants.

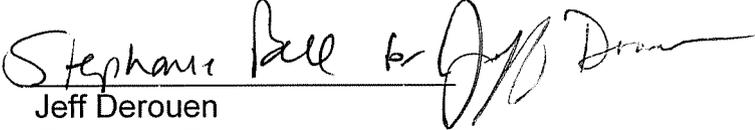
23. Refer to the response to Staff's First Request, Item 20. Explain what type of costs the EMV contractor incurred for implementation and evaluation of the program even when there are no participants.

24. a. Explain how DSM programs can have fixed expenses even though there are no participants.

b. Explain what determines if a program cost is fixed for a DSM program.

c. Explain the frequency at which fixed program costs are charged to a DSM program, for example, monthly or quarterly.

25. Explain whether there have been any changes to Kentucky Power's DSM Collaborative, and if so, provide any changes.



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Dated APR 13 2012

cc: Parties of Record

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