

COMMONWEALTH OF KENTUCKY

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JUN 10 2013

PUBLIC SERVICE  
COMMISSION

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

APPLICATION OF KENTUCKY POWER COMPANY )  
TO AMEND ITS DEMAND-SIDE MANAGEMENT )  
PROGRAM AND FOR AUTHORITY TO IMPLEMENT )  
A TARIFF TO RECOVER COSTS AND NET LOST )  
REVENUES AND TO RECEIVE INCENTIVES )  
ASSOCIATED WITH THE IMPLEMENTATION OF )  
THE PROGRAMS )

Case No. 2013-00138

KENTUCKY POWER COMPANY RESPONSES TO  
COMMISSION STAFF'S SECOND SET OF DATA REQUESTS

June 10, 2013





**Kentucky Power Company**

**REQUEST**

Refer to the Comments section on page 11 of the Demand Side Management Status Report ("DSM Status Report").

- a. Explain why the 2013 proposed direct program cost of \$38,950 decreased compared to the 2012 actual program cost of \$113,437.
- b. Explain why the participant forecast for 2013 is zero for central air conditioners ("AC").

**RESPONSE**

- a. The decrease is primarily due to:
  - i. No evaluation expense for 2013;
  - ii. The dealer/customer incentive decreased from \$50/\$50 in 2012 to \$25/\$30 for 2013; and
  - iii. In response to recommendations contained in the 2012 Program Evaluation, and as a means of increasing the cost-effectiveness of the program, the program was modified to eliminate air conditioners. In addition, the redemption procedure was modified to limit "free-riders". Both changes are projected to reduce the number of participants.
- b. In response to the 2012 Program Evaluation, and in an effort to increase the cost-effectiveness of the program, the program was modified beginning 2013 to eliminate air conditioners.

**WITNESS:** E J Clayton



## **Kentucky Power Company**

### **REQUEST**

Refer to the Comments section on page 17 of the DSM Status Report.

- a. Explain why the participant forecast for 2013 of 85 heat pumps ("HP") decreased compared to the 100 actual participants for HP in 2012.
- b. Explain why the participant forecast for 2013 of zero AC decreased compared to the 38 actual participants for AC in 2012.

### **RESPONSE**

- a. As a means of improving the cost-effectiveness of the program, the 2012 Program Evaluation recommended that the Company modify the process by which incentives are redeemed to limit "free-riders". The Company accepted the recommendation and it was implemented beginning in 2013. The change is projected to reduce the number of participants.
- b. In response to recommendations contained in the 2012 Program Evaluation, and as a means of increasing the cost-effectiveness of the program, the program was modified to eliminate air conditioners.

**WITNESS:** E J Clayton



**Kentucky Power Company**

**REQUEST**

Refer to the Comments section on page 19 of the DSM Status Report. The actual 2012 participation for HP is 20 and for AC is 1, and the 2013 proposed participation for HP is 20 and AC is 6. The 2012 actual direct program costs were \$31,410, but the proposed 2013 direct program costs are \$13,700. Explain why the proposed 2013 direct program costs decreased, but the proposed participation for AC increases and HP remains the same.

**RESPONSE**

The program evaluation expense is reduced to zero for 2013. Also, the 2013 marketing budget of \$1,000 is lower than the 2012 marketing expense and is designed to use radio and direct contact with participating HVAC dealers as cost-effective promotion options.

**WITNESS:** E J Clayton



**Kentucky Power Company**

**REQUEST**

Refer to the response to Commission Staff's First Request for Information item 7. b. Provide the detail of Contractor Administration costs totaling \$425,685.

**RESPONSE**

Please see Attachment 1 to this response for detail of the Contractor Administrator costs. Confidential treatment is being sought for portions of Attachment 1.

**WITNESS:** E J Clayton

Contractor Labor  
Incentive Processing  
Operational Expenses  
Education Expenses  
Marketing Expense  
Total

