



Kentucky Power  
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KentuckyPower.com

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September 19, 2016

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**PUBLIC SERVICE  
COMMISSION**

Talina Mathews, Executive Director  
Public Service Commission  
P. O. Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40602

RE: Case Nos. 2015-00271 and 2014-00271  
(To be retained in the Company's General Correspondence file)

Dear Ms. Mathews,

In accordance with the Commission's Orders in Case Nos. 2014-00271 and 2015-00271, Kentucky Power hereby files its DSM update on the level of direct expenditures for the month of August 2016.

If there are any questions please contact me at 502-696-7010.

Sincerely,

John A. Rogness III  
Director, Regulatory Services

Attachments

**Kentucky Power Company**  
**Summary of Demand Side Management Expenses**  
**Month Ended: August 2016**

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August expenditures of \$497,116 are above the budgeted amount of \$437,447 with a positive variance of \$59,669. Commercial program expenditures were \$33,052 above budget and residential program expenditures were \$26,617 above budget. Year-to-date, 2016 DSM/EE expenditures are \$338,726 below the budgeted amount. Commercial program expenditures are \$105,816 below budget and residential program expenditures are \$232,910 below budget.

The Express Install program is below budget for the month by \$32,719 and for the year \$261,754. The program implementation contractor had representatives in the field promoting the program in July. Due to program ramp-up, the contractor completed projects in August but did not submit invoicing to Kentucky Power until September. The contractor is working on expanding their contractor installation network to increase the quantity of completed customer projects. In August, 5,410 promotional letters were mailed to customers and additional promotional mailings are planned through November. This program represents a majority of the YTD (year-to-date) expense shortfall when compared to the DSM Portfolio budget.

The Residential Efficient Products program was above budget for August by \$10,913. Customer demand for energy efficient lighting and appliances offered through the program remain high as represented by YTD paid incentives to customers totaling \$464,276 or approximately 74% of the annual customer incentive goal.

The Whole House Energy Efficiency program was above the monthly budget target by \$47,506. YTD program expenditures are exceeding the YTD target by \$108,396. Completed home audits are at 67% of the annual target. The Whole House Efficiency program has benefitted from expanded program eligibility for HVAC tiers, and increased program offerings for air sealing, insulation, duct sealing, and smart programmable thermostats.

The Appliance Recycling program is trending lower than the YTD budget primarily due to vendor invoices which are pending payment for July and August. An issue with the vendor contract is being addressed which should resolve the payment processing delays. The recycled units are at 46% of the annual target. The program was launched April 2016 with a new implementation contractor. The program is trending positively having received an 86% increase in recycled units from July to August (69 units July to 126 units August).

The Targeted Energy Efficiency weatherization program for low income customers was \$13,889 lower than the budget for the month, but the program is trending positively for homes being weatherized by participating Community Action Agencies. There were 9 homes weatherized for August compared with only 4 homes weatherized during July. Upgraded high efficiency heat systems is at 60% of the annual targeted goal. Agency utilization of LIHEAP funds through July has been one contributor for reduced performance with the DSM program. Kentucky Power is continuing to work with Community Action Agencies to support robust performance in the program.

Kentucky Power Company  
Demand Side Management

<b>ACTUAL EXPENSE:</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>YTD</b>
<b>Program Expense</b>									
<b>Commercial</b>									
Commercial Incentive	\$16,764.93	\$524.33	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17,289.26
Commercial High Efficiency Heat Pump/Air Conditioning	\$0.00	-\$2,550.00	\$0.00	\$0.00	\$0.00	\$4,250.00	\$0.00	\$0.00	\$1,700.00
General Administrative and Promotion Commercial	\$967.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$891.00	\$1,858.50
School Energy Manager	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$200,000.00	\$0.00	\$200,000.00
Appliance Recycling	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Express Install	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
New Construction	\$0.00	\$0.00	\$0.00	\$4,190.50	\$0.00	\$0.00	\$3,592.46	\$21,953.28	\$29,736.24
Retro-Commissioning	\$0.00	\$0.00	\$0.00	\$0.00	\$1,062.00	\$810.00	\$139.50	\$339.00	\$2,350.50
CI Prescriptive Custom	\$0.00	\$270,325.86	\$0.00	\$59,862.92	\$205,572.44	\$180,587.67	\$166,987.52	\$159,411.51	\$1,042,747.92
<b>Commercial Total</b>	<b>\$17,732.43</b>	<b>\$268,300.19</b>	<b>\$0.00</b>	<b>\$64,053.42</b>	<b>\$206,634.44</b>	<b>\$185,647.67</b>	<b>\$370,719.48</b>	<b>\$182,594.79</b>	<b>\$1,295,682.42</b>
<b>Residential</b>									
Residential Efficients Products	\$16,540.15	\$183,646.01	\$159,560.15	\$89,179.64	\$76,127.66	\$126,316.12	\$13,473.88	\$105,170.90	\$770,014.51
Mobile Home High Efficiency Heat	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mobile Home New Construction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
High Efficiency Heat Pump	\$0.00	\$300.00	-\$300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Targeted Energy Efficiency	\$3,395.73	\$13,083.77	\$8,731.29	\$3,434.98	\$17,076.68	\$37,047.78	\$23,071.48	\$16,318.00	\$122,159.71
Modified Energy Fitness	\$151.20	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$151.20
Community Outreach Compact Fluorescent Lighting	\$0.00	\$0.00	\$5,970.43	\$0.00	\$0.00	\$5,694.88	\$0.00	\$0.00	\$11,665.31
Energy Education for Students	\$0.00	\$0.00	\$4,592.64	\$1,240.01	\$0.00	-\$5,832.65	\$1,800.00	\$0.00	\$1,800.00
General Administrative and Promotion Residential	\$967.50	\$1,623.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,202.62	\$2,600.00	\$8,393.12
Residential Home Performance	\$0.00	\$0.00	\$444,250.00	\$0.00	\$0.00	\$50,250.00	\$0.00	\$0.00	\$494,500.00
Appliance Recycling	\$132.53	\$596.03	\$105.00	\$325.00	\$385.00	\$55.00	\$10,967.08	\$1,074.00	\$13,639.64
New Manufactured Homes	\$0.00	\$9,400.00	\$550.00	\$7,150.00	\$14,261.18	\$7,672.08	\$2,424.41	\$19,589.00	\$61,046.67
Whole House Efficiency	\$0.00	\$143,361.83	\$147,422.49	\$64,971.27	\$154,195.43	\$290,731.12	\$116,045.18	\$169,768.86	\$1,086,496.18
<b>Residential Total</b>	<b>\$21,187.11</b>	<b>\$352,010.64</b>	<b>\$770,882.00</b>	<b>\$166,300.90</b>	<b>\$262,045.95</b>	<b>\$511,934.33</b>	<b>\$170,984.65</b>	<b>\$314,520.76</b>	<b>\$2,569,866.34</b>
<b>Program Expense Total</b>	<b>\$38,919.54</b>	<b>\$620,310.83</b>	<b>\$770,882.00</b>	<b>\$230,354.32</b>	<b>\$468,680.39</b>	<b>\$697,582.00</b>	<b>\$541,704.13</b>	<b>\$497,115.55</b>	<b>\$3,865,548.76</b>

<b>Budget - Case 2015-00271:</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>
<b>FORECAST EXPENSE</b>								
<b>Commercial</b>								
Commercial Incentive	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Commercial High Efficiency Heat Pump/Air Conditioning	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Administrative and Promotion Commercial	\$6,958	\$6,958	\$25,458	\$5,458	\$5,458	\$5,458	\$5,458	\$5,458
School Energy Manager	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000	\$0
Appliance Recycling	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Express Install	\$32,719	\$32,719	\$32,719	\$32,719	\$32,719	\$32,719	\$32,719	\$32,719
New Construction	\$0	\$0	\$8,921	\$8,921	\$8,921	\$8,921	\$8,921	\$8,921
Retro-Commissioning	\$17,112	\$17,112	\$17,112	\$17,112	\$17,112	\$17,112	\$17,112	\$17,112
CI Prescriptive Custom	\$85,332	\$85,332	\$85,332	\$85,332	\$85,332	\$85,332	\$85,332	\$85,332
<b>Commercial Total</b>	<b>\$142,121</b>	<b>\$142,121</b>	<b>\$169,543</b>	<b>\$149,543</b>	<b>\$149,543</b>	<b>\$149,543</b>	<b>\$349,543</b>	<b>\$149,543</b>
<b>Residential</b>								
Residential Efficients Products	\$94,258	\$94,258	\$94,258	\$94,258	\$94,258	\$94,258	\$94,258	\$94,258
Mobile Home High Efficiency Heat Pump	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mobile Home New Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
High Efficiency Heat Pump	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Targeted Energy Efficiency	\$30,207	\$30,207	\$30,207	\$30,207	\$30,207	\$30,207	\$30,207	\$30,207
Modified Energy Fitness	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Community Outreach Compact Fluorescent Lighting	\$0	\$5,001	\$10,002	\$6,668	\$6,668	\$10,002	\$5,251	\$10,252
Energy Education for Students	\$1,248	\$2,366	\$3,111	\$3,483	\$1,248	\$1,248	\$1,248	\$1,248
General Administrative and Promotion Residential	\$8,292	\$8,292	\$31,792	\$6,792	\$6,792	\$6,792	\$6,792	\$6,792
Residential Home Performance	\$808	\$808	\$445,058	\$808	\$808	\$51,058	\$808	\$808
Appliance Recycling	\$7,785	\$7,785	\$7,785	\$7,785	\$7,785	\$7,785	\$7,785	\$7,785
New Manufactured Homes	\$14,292	\$14,292	\$14,292	\$14,292	\$14,292	\$14,292	\$14,292	\$14,292
Whole House Efficiency	\$122,263	\$122,263	\$122,263	\$122,263	\$122,263	\$122,263	\$122,263	\$122,263
<b>Residential Total</b>	<b>\$279,152</b>	<b>\$285,271</b>	<b>\$758,767</b>	<b>\$286,555</b>	<b>\$284,320</b>	<b>\$337,904</b>	<b>\$282,903</b>	<b>\$287,904</b>
<b>FORECAST EXPENSE Total</b>	<b>\$421,273</b>	<b>\$427,392</b>	<b>\$928,310</b>	<b>\$436,098</b>	<b>\$433,863</b>	<b>\$487,447</b>	<b>\$632,446</b>	<b>\$437,447</b>

	January	February	March	April	May	June	July	August	YTD
<b>Variance</b>									
<b>Commercial</b>									
Commercial Incentive	\$16,765	\$524	\$0	\$0	\$0	\$0	\$0	\$0	\$17,289
Commercial High Efficiency Heat Pump/Air Conditioning	\$0	-\$2,550	\$0	\$0	\$0	\$4,250	\$0	\$0	\$1,700
General Administrative and Promotion Commercial	-\$5,991	-\$6,958	-\$25,458	-\$5,458	-\$5,458	-\$5,458	-\$5,458	-\$4,567	-\$64,808
School Energy Manager	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Appliance Recycling	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Express Install	-\$32,719	-\$32,719	-\$32,719	-\$32,719	-\$32,719	-\$32,719	-\$32,719	-\$32,719	-\$261,754
New Construction	\$0	\$0	-\$8,921	-\$4,731	-\$8,921	-\$8,921	-\$5,329	\$13,032	-\$23,791
Retro-Commissioning	-\$17,112	-\$17,112	-\$17,112	-\$17,112	-\$16,050	-\$16,302	-\$16,972	-\$16,773	-\$134,544
CI Prescriptive Custom	-\$85,332	\$184,994	-\$85,332	-\$25,469	\$120,240	\$95,256	\$81,656	\$74,080	\$360,092
<b>Commercial Total</b>	<b>-\$124,389</b>	<b>\$126,179</b>	<b>-\$169,543</b>	<b>-\$85,489</b>	<b>\$57,092</b>	<b>\$36,105</b>	<b>\$21,177</b>	<b>\$33,052</b>	<b>-\$105,816</b>
<b>Residential</b>									
Residential Efficient Products	-\$77,718	\$89,388	\$65,302	-\$5,078	-\$18,130	\$32,058	-\$80,784	\$10,913	\$15,951
Mobile Home High Efficiency Heat Pump	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mobile Home New Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
High Efficiency Heat Pump	\$0	\$300	-\$300	\$0	\$0	\$0	\$0	\$0	\$0
Targeted Energy Efficiency	-\$26,811	-\$17,123	-\$21,475	-\$26,772	-\$13,130	\$6,841	-\$7,135	-\$13,889	-\$119,493
Modified Energy Fitness	\$151	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$151
Community Outreach Compact Fluorescent Lighting	\$0	-\$5,001	-\$4,032	-\$6,668	-\$6,668	-\$4,307	-\$5,251	-\$10,252	-\$42,179
Energy Education for Students	-\$1,248	-\$2,366	\$1,482	-\$2,243	-\$1,248	-\$7,081	\$552	-\$1,248	-\$13,399
General Administrative and Promotion Residential	-\$7,324	-\$6,669	-\$31,792	-\$6,792	-\$6,792	-\$6,792	-\$3,589	-\$4,192	-\$73,940
Residential Home Performance	-\$808	-\$808	-\$808	-\$808	-\$808	-\$808	-\$808	-\$808	-\$6,467
Appliance Recycling	-\$7,653	-\$7,189	-\$7,680	-\$7,460	-\$7,400	-\$7,730	\$3,182	-\$6,711	-\$48,644
New Manufactured Homes	-\$14,292	-\$4,892	-\$13,742	-\$7,142	-\$30	-\$6,620	-\$11,867	\$5,297	-\$53,287
Whole House Efficiency	-\$122,263	\$21,099	\$25,160	-\$57,291	\$31,933	\$168,469	-\$6,217	\$47,506	\$108,396
<b>Residential Total</b>	<b>-\$257,965</b>	<b>\$66,740</b>	<b>\$12,115</b>	<b>-\$120,255</b>	<b>-\$22,274</b>	<b>\$174,030</b>	<b>-\$111,918</b>	<b>\$26,617</b>	<b>-\$232,910</b>
<b>FORECAST EXPENSE Total</b>	<b>-\$382,354</b>	<b>\$192,919</b>	<b>-\$157,428</b>	<b>-\$205,744</b>	<b>\$34,818</b>	<b>\$210,135</b>	<b>-\$90,742</b>	<b>\$59,669</b>	<b>-\$338,726</b>