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## NEWS RELEASE

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### **PSC Approves Energy Efficiency Plan for Kentucky Power** *Program portfolio will change; residential surcharge declines*

FRANKFORT, Ky. (Feb. 20, 2015) – The Kentucky Public Service Commission (PSC) has approved a revised slate of residential and commercial energy efficiency and demand side management (DSM) programs for Kentucky Power Co.

In an order issued Feb. 13, the PSC authorized Kentucky Power to continue 10 existing programs for residential or commercial customers – most of them with additional features. Two new programs will be added and one program will be discontinued.

Kentucky Power's energy efficiency initiatives are included in the company's demand-side management (DSM) programs. In accordance with Kentucky statutes, the DSM programs are funded through a surcharge on customers' bills.

A utility is required to demonstrate that its DSM programs are cost-effective in a number of ways, including providing long-term savings to ratepayers as a whole. The Kentucky Power programs meet those tests, the PSC said.

Components of the existing Kentucky Power DSM portfolio that will be continued include:

- A program to encourage the use of high-efficiency electric products in homes. It will be expanded from lighting and ceiling fans to a broad range of appliances.
- Energy audit, energy efficiency and weatherization programs specifically tailored to the needs of low-income customers. The program will be expanded to include incentives to replace older or non-functioning electric furnaces or heat pumps.
- A program to encourage replacement of electric furnaces or baseboard heat in mobile homes with high-efficiency heat pumps. The incentives to both mobile home residents and the dealers who sell and install the heat pumps will be enhanced to increase participation. A similar program aimed at other types of housing remains unchanged.

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- An energy audit program available to all residential customers. It is being expanded to include multi-family units and to cover water heaters.
- A program to encourage the use of high-efficiency heat pumps and better insulation in new mobile homes.
- Programs that distribute compact fluorescent light (CFL) bulbs, including one that does so in connection with energy education programs for seventh-grade students. The type of bulb will change to one using less electricity.
- Financial incentives for commercial customers to reduce energy usage through installation of energy-efficient equipment.
- Incentives for commercial customers to install high-efficiency heat pumps or air conditioners. It is being extended for one year only.

Kentucky Power proposed adding two new programs. They are:

- Paying customers to relinquish operable but surplus refrigerators and freezers. Customers will be paid between \$40 and \$55 for the units, which a contractor will process to recycle the metals.
- A program that will help residential customers monitor energy use and educate them about ways to reduce consumption.

The program Kentucky Power will discontinue involved testing and tuning-up of commercial and residential heating, air-conditioning and ventilation systems. It was no longer cost-effective, the utility said in its application.

In addition to approving Kentucky Power's proposed changes to its DSM programs, the PSC also approved revised surcharges to reflect the changed program and resulting costs. A Kentucky Power residential customer using 1,000 kilowatt-hours per month (a kilowatt-hour is the amount of power used by a 100-watt light bulb in 10 hours) will see the surcharge decrease by about \$1.07 per month, to \$0.38 per month. Commercial customers will see an increase of 49 cents per month to \$1.47 per 1,000 kilowatt-hours.

The PSC also reminded Kentucky Power that it is to file a study – ordered in an earlier DSM case – of the potential benefits of energy efficiency programs for its industrial customers.

Kentucky Power has about 173,000 ratepayers in 20 eastern Kentucky counties.

The only other party to the case was the Sierra Club.

Today's order and other documents in the case are available on the PSC website, [psc.ky.gov](http://psc.ky.gov). The case number is 2014-00271.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 85 employees.