

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE SEMI-ANNUAL DEMAND SIDE)
MANAGEMENT PROGRAM AND)
COST RECOVERY FILING OF) CASE NO. 2002-00304
AMERICAN ELECTRIC POWER)
D/B/A KENTUCKY POWER)

O R D E R

This matter comes before the Commission as a result of the August 14, 2002 filing of American Electric Power d/b/a Kentucky Power Company (Kentucky Power) on behalf of its Demand-Side Management (DSM) Collaborative.¹ The filing includes:

- A revised tariff proposing reduced DSM surcharges for residential and commercial customers;
- Individual status reports for each DSM program through June 30, 2002;
- A request to continue for 3 years, through 2005, three existing residential programs known as Targeted Energy Efficiency, Mobile Home High Efficiency Heat Pump, and Mobile Home New Construction, and evaluation reports supporting each program; and

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.

- A request for approval of a new Modified Energy Fitness program that targets residential customers who utilize an electric heating system and an electric water heater and use a monthly minimum average of 1,000 kilowatt-hours (Kwh). The revised DSM tariff decreases the DSM surcharge factors for residential customers from \$.000226 per Kwh to \$.000206 per Kwh and for commercial customers from \$.000344 per Kwh to \$.000318 per Kwh. The revised DSM surcharge factors were calculated using the same methodology proposed by Kentucky Power and approved by the Commission for each of Kentucky Power s previous DSM filings.

The individual status reports describe year-to-date and program-to-date costs, as well as demand and energy savings attributed to each program through June 30, 2002. The filing also includes cost projections agreed upon by the DSM Collaborative for the remainder of calendar year 2002. Among other things, the evaluation reports included measures of customer satisfaction, energy savings, and cost-effectiveness of the programs.

The Modified Energy Fitness Program will be available to residential customers with all-electric home and water heating. The program will provide, at no cost to participants, an energy audit and, if applicable, the installation of certain energy-saving measures, such as efficient showerheads and light bulbs, water heater wraps, window and door weather-stripping, pipe insulation, and programmable thermostats.

SUMMARY

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Kentucky Power has continued to keep the Commission properly informed of the progress and status of its DSM programs by filing individual status and evaluation reports on its DSM programs.

2. Based on the levels of customer satisfaction, energy savings, and overall cost-effectiveness of its existing programs and the projected savings and cost-effectiveness of its new Modified Energy Fitness program, Kentucky Power's proposed DSM programs should be offered for a period of 3 years, through 2005.

3. Kentucky Power's revised DSM surcharge factors are reasonable as they reflect the ongoing level of DSM program costs and the true-up of prior-period DSM costs and revenues.

IT IS THEREFORE ORDERED that:

1. Kentucky Power's proposal, as set out in its application, to operate four DSM programs, the Targeted Energy Efficiency program, the Mobile Home High Efficiency Heat Pump program, the Mobile Home New Construction program, and the Modified Energy Fitness program, for 3 years, from January 1, 2003 through December 31, 2005, is approved.

2. Kentucky Power's revised tariff proposing DSM surcharge factors of \$.000206 per Kwh for residential customers and \$.000318 per Kwh for commercial customers is approved for bills rendered on and after September 27, 2002.

3. Within 10 days from the date of this Order, Kentucky Power shall file a revised DSM Tariff showing the date of issue and that it was issued by authority of this Order.

Done at Frankfort, Kentucky, this 24th day of September, 2002.

By the Commission

ATTEST:

Deputy W^m H. Fowler
Executive Director