

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE SEMI-ANNUAL DEMAND SIDE)	
MANAGEMENT PROGRAM AND COST)	CASE NO.
RECOVERY FILING OF AMERICAN ELECTRIC)	2004-00316
POWER D/B/A KENTUCKY POWER)	

O R D E R

This matter comes before the Commission through the August 13, 2004 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 increased DSM surcharges for Kentucky Power’s residential and commercial customers, to become effective September 28, 2004, and summary status reports on each of Kentucky Power’s DSM programs through June 30, 2004.

The revised DSM tariff includes increases in the DSM surcharge factors for residential customers from \$.000282 per Kwh to \$.000375 per Kwh and for commercial customers from \$.000049 per Kwh to \$.000048 per Kwh. The revised DSM surcharge factors were calculated using the methodology proposed by Kentucky Power and approved by the Commission in previous Kentucky Power DSM cases.

The summary 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, 2004.

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.

The filing also includes cost projections for the existing DSM programs agreed upon by the DSM Collaborative for the remainder of calendar year 2004.

The Modified Energy Fitness program provides home energy audits, energy education, weatherization services to customers using electricity as their heating and water heating source, regardless of income level. Due to greater than anticipated interest in the program, the filing requests approval to increase the number of homes eligible for weatherization service from 1,500 to 2,000 over the 3-year life of the program, which continues through December 2005.

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 timely filing summary status reports on its individual DSM programs.
2. 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.
3. The request to increase the number of homes eligible for weatherization service under the Modified Energy Fitness program is reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. Kentucky Power's revised tariff containing DSM surcharge factors of \$.000375 per Kwh for residential customers and \$.000048 per Kwh for commercial customers is approved to be effective on and after September 28, 2004.

2. The request to increase the number of homes eligible for weatherization service under the Modified Energy Fitness program is approved.

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, 2004.

By the Commission

ATTEST:


Executive Director