

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
POWER COMPANY FOR (1) APPROVAL OF)	
CONTINUATION OF ITS TARGETED ENERGY)	
EFFICIENCY PROGRAM; (2) AUTHORITY TO)	
RECOVER COSTS AND NET LOST REVENUES,)	
AND TO RECEIVE INCENTIVES ASSOCIATED)	CASE NO.
WITH THE IMPLEMENTATION OF ITS DEMAND-)	2019-00410
SIDE MANAGEMENT PROGRAMS; (3))	
ACCEPTANCE OF ITS ANNUAL DSM STATUS)	
REPORT; AND (4) ALL OTHER REQUIRED)	
APPROVALS AND RELIEF)	

ORDER

On November 15, 2019, Kentucky Power Company (Kentucky Power) filed an application pursuant to KRS 278.285(1) for approval to continue its Targeted Energy Efficiency (TEE) Program through December 31, 2020, and authority to recover through its Demand-Side Management (DSM) surcharge the full costs, including lost revenues and incentives, associated with its programs through December 31, 2019. Kentucky Power further requested approval of its DSM Status Report, the corresponding tariffs, and the proposed residential and commercial DSM surcharges. On November 18, 2019, Kentucky Power filed a revised Exhibit 4 to the application, which made minor clerical revisions to the proposed tariffs to include information that typically appears in the tariff sheet footer, including issuance date, effective date, and the case number in which the Commission approved the proposed tariff. There are no intervenors, and Kentucky Power responded to one request for information.

KENTUCKY POWER'S DSM PROGRAMS

Kentucky Power currently offers only one DSM program as a result of the Commission-initiated investigation into the reasonableness of Kentucky Power's DSM programs in Case No. 2017-00097.¹ In that case, the Commission ordered the elimination of all offerings except for those programs that target income-eligible residential customers until Kentucky Power's capacity position indicates a need for additional generation to serve its load.² The Order also directed Kentucky Power to eliminate its commercial DSM programs but allowed for Kentucky Power to pay the incentives for certain commercial projects that were in process or had been accepted before Kentucky Power's DSM programs were suspended.³ Consistent with that Order, Kentucky Power's current DSM portfolio consists of only the residential TEE program.

Kentucky Power requested approval of the continuation of the TEE program. Administered through community action agencies in Kentucky Power's service area, the TEE program is designed to improve energy efficiency for low-income customers through energy audits coupled with the installation of various energy conservation measures. The TEE program is available to Kentucky Power customers whose primary heat source is electricity and who use an average of at least 700 kWh per month. In addition, limited efficiency measures are available to Kentucky Power customers whose primary heat source is not electricity but who have an electric water heater and use an average of at least 700 kWh of electricity per month from November through March.

¹ Case No. 2017-00097, *Electronic Investigation of the Reasonableness of the Demand Side Management Programs and Rates of Kentucky Power Company* (Ky. PSC Jan. 18, 2018).

² Application, paragraph 4.

³ *Id.* at paragraph 5.

Kentucky Power is not proposing any changes to how the TEE program operates but is requesting approval to increase the TEE Program's budget from its current funding level of \$284,800 to \$326,800 in 2020.⁴ Kentucky Power stated that the budget increase, which was determined with input from agencies administering the program, will enable community action agencies to serve additional eligible customers. The proposed funding will increase participation from 129 eligible customers in 2019 to 134 eligible customers in the 2020 program year.⁵ Kentucky Power explained that participating community action agencies installed significantly more energy-efficient heat pumps through the TEE Program in 2019 than in previous years, and projected expenses for the fourth quarter of 2019 will exceed the program's approved 2019 budget. Kentucky Power further explained that participating community action agencies will manage their spending for the remainder of the 2019 program year to stay within the TEE Program budget.⁶ Kentucky Power monitors the participating agencies with monthly calls and approval of any continued spending when the agencies are close to the allotted budget limit.⁷

PROPOSED DSM FACTORS

Due to an over collection of DSM revenues in 2017, Kentucky Power's current residential DSM factor is (\$0.000550) per kWh. The over collection has been returned in full to customers.⁸ The proposed residential DSM surcharge includes the TEE ongoing

⁴ *Id.* at paragraph 11; Direct Testimony of Scott E. Bishop (Bishop Testimony) at 4.

⁵ *Id.*; Application, Exhibit 2, page 5 of 74.

⁶ Bishop Testimony at 4.

⁷ Kentucky Power's response to Commission Staff's First Request for Information (filed Dec. 6, 2019), Item 6.c.

⁸ *Id.* at 6.

program expenses, budget increase, and Net Lost Revenues. The resulting residential DSM factor is \$0.000187 per kWh for 2020, which is a monthly charge of \$.24 for the average residential customer using 1,274 kWh per month.⁹ The current commercial DSM factor is (\$0.000022) per kWh, which was due to an over collection of DSM revenues in 2017. The over collection has been returned in full to customers. Therefore, Kentucky Power proposes to increase the commercial DSM factor to \$0.000134 per kWh. The commercial DSM surcharge is required to recover Net Lost Revenues for the commercial programs finalized in 2018.¹⁰

FINDINGS

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

1. Kentucky Power has kept the Commission informed of the progress and status of its DSM programs by timely filing summary status reports of its programs.
2. Kentucky Power's request for the continuation of the TEE program through December 31, 2020, should be approved.
3. Kentucky Power's proposed DSM surcharge factors of \$0.000187 per kWh for residential customers and \$0.000134 per kWh for commercial customers should be approved.

⁹ *Id.*

¹⁰ The basis for the proposed DSM factors is included in Exhibit 5 – Schedule C.

IT IS THEREFORE ORDERED that:


1. Kentucky Power's request to continue the TEE program through December 31, 2020, is approved.
2. Kentucky Power's proposed DSM surcharge factors as revised and set forth in the Appendix to this Order are approved for service rendered on and after January 1, 2020.
3. Within 20 days of the date of this Order, Kentucky shall file with the Commission, using the Commission's electronic Tariff Filing System, its revised tariffs as set forth in this Order reflecting that they were approved pursuant to this Order.
4. This case is closed and removed from the Commission's docket.

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By the Commission

ENTERED
DEC 12 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2019-00410

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00410 DATED **DEC 12 2019**

The following rates and charges are prescribed for the customers in the area served by Kentucky Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

TARIFF D.S.M.C.

Residential	\$0.000187 per kWh
Commercial	\$0.000134 per kWh

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