

COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

APPLICATION OF KENTUCKY POWER COMPANY FOR)
(1) RE-AUTHORIZATION OF CERTAIN OF ITS EXISTING)
PROGRAMS; (2) AUTHORITY TO DISCONTINUE THE)
COMMERCIAL AND RESIDENTIAL HVAC DIAGNOSTIC)
AND TUNE-UP PROGRAMS; (3) AUTHORITY TO AMEND)
ITS DEMAND SIDE MANAGEMENT PROGRAM TO)
IMPLEMENT RESIDENTIAL HOME PERFORMANCE AND) Case No. 2014-00271
RESIDENTIAL APPLIANCE RECYCLING PROGRAMS;)
(4) AUTHORITY TO RECOVER COSTS AND NET LOST)
REVENUES AND TO RECEIVE INCENTIVES ASSOCIATED)
WITH THE IMPLEMENTATION OF THE PROGRAMS; AND)
(5) ALL OTHER REQUIRED APPROVALS AND RELIEF)

KENTUCKY POWER COMPANY RESPONSES
TO
COMMISSION STAFF'S SECOND SET OF DATA REQUESTS

November 10, 2014

Kentucky Power Company

REQUEST

Refer to the response to Commission Staff's First Request for Information ("Staff's First Request"), Item 3. Provide the amount of the incentive that will be paid.

RESPONSE

The incentive is forecast to be \$37,500 for year 2015 (750 units times \$50/unit).

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the response to Staff's First Request, Item 20, which states, "Kentucky Power has provided training to technicians on cross promotion of DSM programs." Explain who the technicians being trained are, who provided the training, the kind of training, and where the training occurred.

RESPONSE

The technicians are Honeywell International employees providing home auditing and weatherization services for Kentucky Power. The training was developed and administered in conjunction with Kentucky Power, by the supervisory and resource staff working for Honeywell International. It included a presentation of the Kentucky Power DSM portfolio of programs including reference to supplemental program fact sheets available via the Company web page (<https://www.kentuckypower.com/save/programs/>). The training was provided at Honeywell's offices in Louisville, KY.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the table in part d. of the response to Staff's First Request, Item 21. Explain why the kWh savings 0.024 kWh per unit for the Deluxe Neon Night Light is so low, and why this measure is being considered as a measure.

RESPONSE

The 0.024 kWh savings are the calculated energy savings for the Deluxe Neon Light. It was calculated using an algorithm from the Illinois Technical Reference Manual and an assumed efficient wattage of .25W and a baseline wattage of .28W for [baseline device].

The Deluxe Neon Light, which is part of the Modified Energy Fitness Program designed by Honeywell for the Company, allows customers to meet their safety and convenience goals in using night lights through an efficient device that provides savings over [baseline device] and significant savings of 12 kWh over the traditional four watt incandescent bulb.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the response to Staff's First Request, Item 42. Explain whether the Outreach/Energy Engineer based in Pikeville and the Program Manager are employees of Kentucky Power or contractors. If they are Kentucky Power employees, explain whether their labor, benefits, and expenses are to be charged to demand-side management ("DSM") or base rates.

RESPONSE

They are employees of the contractor.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

- a. Refer to the response to Alexander DeSha and Sierra Club's Initial Requests for Information, Item 2, which states the Total Costs as of August 31, 2014, is \$1,871,141.61 and the Total Estimated 2014 Cost (as filed) is \$4,078,189.78.
- b. Provide the current year-to-date ("YTD") total DSM program costs for September 2014 and provide the total YTD DSM program costs for the months ending October, November, and December 2014 when they become available.
- c. Explain how Kentucky Power plans to meet the estimated \$4.08 million goal by December 31, 2014, in accordance with Case No. 2012-00578¹
- d. Explain how Kentucky Power plans to meet the estimated \$5 million goal for 2015 and \$6 million for 2016 and beyond, in accordance with Case No. 2012-00578.²
- e. If Kentucky Power were not to expend \$4.08 million in DSM funds for 2014, explain how Kentucky Power would propose to comply with the conditions in the Settlement Agreement in Case No. 2012-00578³

RESPONSE

- a. \$2,160,018.67 ending September 2014.

¹Case No. 2012-00578, Application of Kentucky Power Company for (1) a Certificate of Public Convenience and Necessity Authorizing the Transfer to the Company of an Undivided Fifty Percent Interest in the Mitchell Generating Station and Associated Assets; (2) Approval of the Assumption by Kentucky Power Company of Certain Liabilities in Connection with the Transfer of the Mitchell Generating Station; (3) Declaratory Rulings; (4) Deferral Of Costs Incurred in Connection with the Company's Efforts to Meet Federal Clean Air Act and Related Requirements; and (5) All Other Required Approvals and Relief (Ky. PSC Oct. 7, 2013).

² Id.

³ Id.

- b. Four DSM programs were below the spending target for the nine months ending September 2014. These programs are the Commercial Incentive program, Modified Energy Fitness, Targeted Energy Efficiency, and the Energy Education for Students.

Activities to develop or complete customer participation and/or commercial projects resulting in target spending by the end of year include:

The Energy Education for Students program current shortfall is expected to be eliminated by year's end.

Commercial Incentive

- E-mail outreach to over 1,000 commercial accounts on October 30.
- E-mail outreach to over 1,000 commercial accounts on November 14.
- E-mail outreach to over 2,000 accounts in Southeast Kentucky through the Chamber of Commerce.
- Door-to-door canvassing blitzes in multiple communities to generate small projects and program awareness
- Follow-up on direct mail campaign to identify projects.
- Continued direct mail campaign targeting an additional 1,000 small businesses.
- Continued outreach with Express contractors.
- WebEx presentation with Kentucky Power Customer Service personnel to promote program and identify new opportunities for commercial customer projects.
- Continued outreach with electrical contractors and electrical supply dealers to identify potential customer projects.

Targeted Energy Fitness

- Conference calls with Community Action Agency (CAA) Weatherization personnel.
- Opportunities for customer heat pump replacement identified for specific agencies.
- The Community Action Agencies receive weatherization program funding from multiple sources. The agencies relied more heavily upon LIHEAP and DOE funds through the 3rd quarter of 2014 than they will in the fourth quarter. Beginning the second half of 2014 the agencies have expanded their use of Company DSM funds to increase crew assignments and expanded weatherization services for several agencies. This increase will contribute to the Company's ability to meet its 2014 spending target.

Modified Energy Fitness

- One permanent auditor and four temporarily reassigned auditors have been added to the Kentucky Power service area, for a total of seven auditors, to achieve the increased target of weatherizing 2,000 homes.

- Rigorous auditing guidelines have been implemented to assure customers receive the maximum value of weatherization measures and services per home.
- Promotional brochures are delivered to homeowners receiving an audit with request to deliver to family and neighbors who would be eligible for home weatherization services.
- Further Press releases describing the program through targeted media.
- Coordinating customer notifications for weatherization services with Kentucky Power marketing events within the community.
- Direct mail campaign to customers.
- Radio ad campaign promoting the program.

In addition, several programs including Residential Efficient Products and Community Outreach CFL may exceed the program spending targets as a result of customer demand for program products and services.

- c. The Company is adding two new programs in 2015 to expand the DSM portfolio. This will result in increased DSM spending of \$569,551. The Company also has proposed modifying and expanding several existing DSM programs through this proceeding. Please see Staff_2_5_Attachment1 for the forecasted budget.

Other internal opportunities for new or expanded DSM programs will be evaluated during the first half of 2015, in conjunction with the Company's evaluation from the results from the Market Potential Study. All new or expanded programs would be submitted for approval with our next DSM Status Report scheduled for August 15, 2015 with implementation to begin in late 2015, or 2016.

- d. First, the Company as stated in b above, is making every effort to meet the 2014 target. If the Company fails to meet its 2014 targeted spend level, the Company would add the deficiency to its targeted level for 2015 and would need to modify its 2015 levels above what is currently projected in c above.

WITNESS: Ranie K Wohnhas

2015 Forecast	First Half Year	Second Half Year	Forecast
Total Expense			
Commercial			
Commercial Incentive	610,150.99	856,419.66	1,466,570.65
Commercial High Efficiency Heat Pump/Air Conditioning	3,300.00	4,950.00	8,250.00
General Administrative and Promotion Commercial	111,548.00	0	111,548.00
Commercial Total	724,998.99	861,369.66	1,586,368.65
Residential			
Residential Efficient Products	530,380.91	530,368.11	1,060,749.02
Mobile Home High Efficiency Heat Pump	55,659.09	49,690.91	105,350.00
Mobile Home New Construction	37,390.32	49,109.68	86,500.00
High Efficiency Heat Pump	150,300.00	146,450.00	296,750.00
Targeted Energy Efficiency	133,225.00	161,025.00	294,250.00
Modified Energy Fitness	379,111.41	462,638.99	841,750.40
Community Outreach Compact Fluorescent Lighting	18,108.89	22,872.41	40,981.30
Energy Education for Students	10,727.27	11,665.73	22,393.00
NEW Residential Home Performance	171,600.00	257,400.00	429,000.00
NEW Appliance Recycling	37,480.27	103,070.73	140,551.00
General Administrative and Promotion Residential	111,548.00	0	111,548.00
Residential Total	1,635,531.16	1,794,291.56	3,429,822.72
Expense Total	2,360,530.15	2,655,661.22	5,016,191.37
Measure Quantities			
Commercial			
Commercial Incentive	90	185	275
Commercial High Efficiency Heat Pump/Air Conditioning	6	9	15
Commercial Total	96	194	290
Residential			
Residential Efficient Products	136,805	136,805	273,610
Mobile Home High Efficiency Heat Pump	129	116	245
Mobile Home New Construction	67	88	155
High Efficiency Heat Pump	301	294	595
Targeted Energy Efficiency	86	79	165
Modified Energy Fitness	911	1,129	2,040
Community Outreach Compact Fluorescent Lighting	2,445	3,055	5,500
Energy Education for Students	700	1,500	2,200
NEW Residential Home Performance	12,000	18,000	30,000
NEW Appliance Recycling	200	550	750
Residential Total	153,644	161,616	315,260
Measure Quantities Total	153,740	161,810	315,550

Kentucky Power Company

REQUEST

- a. Provide the annual kWh and kW savings by program for the actual 2013 and projected 2014 and 2015 years.
- b. When known, provide the actual YTD kWh and kW savings by program for 2014.

RESPONSE

- a-b. Please see Staff_2_6_Attachment for the 2014 YTD savings through September.

WITNESS: Ranie K Wohnhas

2013 ENERGY IMPACT	kWh
Commercial Incentive	2,653,976
Residential Efficient Products	11,033,870
Mobile Home High Efficiency Heat Pump	490,770
Mobile Home New Construction	211,806
High Efficiency Heat Pump	875,352
Targeted Energy Efficiency	236,547
Modified Energy Fitness	781,200
Community Outreach Compact Fluorescent Lighting	1,243,968
Energy Education for Students	495,060
Commercial High Efficiency Heat Pump/Air Conditioning	12,529
Pilot Residential and Small Commercial Load Management	0
Residential and Commercial HVAC Diagnostics and Tune-up	84,160
Total	18,119,238
2013 DEMAND	kW
Commercial Incentive	628
Residential Efficient Products	1,137
Mobile Home High Efficiency Heat Pump	144
Mobile Home New Construction	13
High Efficiency Heat Pump	299
Targeted Energy Efficiency	60
Modified Energy Fitness	288
Community Outreach Compact Fluorescent Lighting	246
Energy Education for Students	74
Commercial High Efficiency Heat Pump/Air Conditioning	5
Pilot Residential and Small Commercial Load Management	0
Residential and Commercial HVAC Diagnostics and Tune-up	28
Total	2,921
2014 FORECAST ENERGY IMPACT	kWh
Commercial Incentive	4,251,738
Residential Efficient Products	8,022,508
Mobile Home High Efficiency Heat Pump	360,288
Mobile Home New Construction	220,014
High Efficiency Heat Pump	551,706
Targeted Energy Efficiency	277,502
Modified Energy Fitness	1,603,182
Community Outreach Compact Fluorescent Lighting	280,000
Energy Education for Students	150,150
Commercial High Efficiency Heat Pump/Air Conditioning	7,080
Residential and Commercial HVAC Diagnostics and Tune-up	26,728
School Energy Manager	179,691
Residential Home Performance	0
Appliance Recycling	0
Total	15,930,586

2014 DEMAND	kW
Commercial Incentive	678
Residential Efficient Products	954
Mobile Home High Efficiency Heat Pump	233
Mobile Home New Construction	67
High Efficiency Heat Pump	263
Targeted Energy Efficiency	61
Modified Energy Fitness	201
Community Outreach Compact Fluorescent Lighting	50
Energy Education for Students	19
Commercial High Efficiency Heat Pump/Air Conditioning	3
Residential and Commercial HVAC Diagnostics and Tune-up	4
General Administrative and Promotion Residential	0
General Administrative and Promotion Commercial	0
School Energy Manager	74
Residential Home Performance	0
Appliance Recycling	0
Total	2,606
2015 FORECAST ENERGY IMPACT	kWh
Commercial Incentive	5,173,575
Residential Efficient Products	7,153,880
Mobile Home High Efficiency Heat Pump	387,393
Mobile Home New Construction	222,890
High Efficiency Heat Pump	620,782
Targeted Energy Efficiency	336,650
Modified Energy Fitness	1,627,920
Community Outreach Compact Fluorescent Lighting	236,500
Energy Education for Students	147,400
Commercial High Efficiency Heat Pump/Air Conditioning	7,618
General Administrative and Promotion Residential	0
General Administrative and Promotion Commercial	0
School Energy Manager	901,721
Residential Home Performance	6,150,000
Appliance Recycling	543,750
Total	23,510,079
2015 DEMAND	kW
Commercial Incentive	825
Residential Efficient Products	856
Mobile Home High Efficiency Heat Pump	-10
Mobile Home New Construction	68
High Efficiency Heat Pump	63
Targeted Energy Efficiency	73
Modified Energy Fitness	204
Community Outreach Compact Fluorescent Lighting	26
Energy Education for Students	16
Commercial High Efficiency Heat Pump/Air Conditioning	3
General Administrative and Promotion Residential	0
General Administrative and Promotion Commercial	0
School Energy Manager	161
Residential Home Performance	882
Appliance Recycling	47
Total	3,214