

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.

November 26, 2014 Supplemental Response

a. The total YTD DSM program costs ending October 2014 is \$2,519,018.36.

December 15, 2014 Supplemental Response

a. The total YTD DSM program costs ending November 2014 is \$2,853,222.27

January 16, 2015 Supplemental Response

a. The total YTD DSM program costs ending December 2014 was \$3,736,548.97. The Company intends to “roll-over” the \$ 263,451.03 difference between this amount and the \$4,000,000 amount required by paragraph 12 of the July 2, 2013 Stipulation and Settlement Agreement in Case No. 2012-00578 by adding it to the \$5,000,000 required to be expended in 2015.

WITNESS: Ranie K Wohnhas