

DSM Collaborative Meeting Minutes

Thursday, July 31, 2014
3:47 PM

Subject	DSM Collaborative Meeting
Date and Location	Thursday, July 31, 2014 10:00 AM - 1:00 PM, Kentucky Power Company, 12333 Kevin Avenue, Ashland KY 41102 (Ashland Service Center)

Attendees:	Organization
Mike Howell	Big Sandy Community Action
Rob Jones	Community Action Kentucky
E Clayton	Kentucky Power
Scott Bishop	Kentucky Power
Kenneth L Borders	Kentucky Power
Ranie Wohnhas	Kentucky Power
John A Rogness III	Kentucky Power
Annie Thompson	LKLP Community Action Council
David Carroll	Northeast Kentucky Community Action Agency
Jennifer Black Hans	Office of the Attorney General, Kentucky
Angela Goad	Office of the Attorney General, Kentucky
David Hall	Our Lady of Bellefonte Hospital
Dan Sawmiller	Sierra Club
Alex Desha	Sierra Club

Topics Discussed:

1	Update on KPCo Regulatory Cases
2	DSM Evaluation Recap
3	Status Report & Program Budgets
4	New Program Applications
5	Questions and Filing Recommendation
6	Next Meeting Date & Location

Notes and Comments:

A DSM Collaborative meeting was held at the Kentucky Power Service Center (12333 Kevin Ave., Ashland, KY 41102) beginning 10:00 am on Thursday, July 31, 2014 with E. J. Clayton presiding. The primary purpose of the meeting was to review the 2014 Demand Side Management (DSM) Status Report, Exhibit C, and the 2012 – 2013 Demand Side Management Evaluation. Collaborative members were electronic mailed the DSM Status Report with Exhibit C on July 31, 2014. Members were also electronic mailed an agenda and a copy of the PowerPoint presentations reviewed at the meeting. Representatives of the Sierra Club were also e-mailed the information sent to members.

Introductions were made between attendees and those attending by conference call. Mr. Clayton briefly reviewed the topics and agenda for the meeting.

Mr. Wohnhas reviewed the status of regulatory issues including the School Energy Manager Program as stipulated in KY PSC Case No. 2012-00578. He stated that the Kentucky Public Service Commission had approved an order establishing the new School Energy Manager Program. This program would be funded by 100% AEP Stockholder funds and no DSM dollars would be used for funding. The program would serve school districts that are contiguous to Lawrence County, Kentucky and would be administered by the Kentucky School Board Association (KSBA) by hiring school energy managers in the affected counties. Kentucky Power would not be administering the program but would provide the funding directly to the KSBA. The agreement between Kentucky Power and the KSBA was signed yesterday, July 30, 2014.

In other regulatory items, Mr. Wohnhas stated that the funding factor had previously been adjusted every six months but going forward the factor will be adjusted annually. He also stated that the Collaborative will be taking a more proactive role in DSM program design and issues and additional meetings will be scheduled during the year to review and provide feedback on DSM issues. Mr. Sawmiller of the Sierra Club stated that having AEG comment on the evaluation during the last Collaborative phone conference was beneficial and he appreciated the information.

Mr. Wohnhas provided an updated status of KY PSC Case No. 2012-578 and stated that a Court proceeding regarding the case is expected to be decided later in the year. Ms. Black Hans commented that the KY Attorney General had no issues with the energy efficiency measures included in the case, but they object to other parts of the case.

Mr. Bishop and Mr. Borders reviewed marketing activities of the various DSM programs. Mr. Sawmiller commented that he liked the use of social media to promote energy efficiency programs. He asked Ms. Black Hans if the KY Attorney General was promoting energy efficiency on their web site and had links to the Kentucky Power programs. Ms. Black Hans indicated that they did not have a link to the Kentucky Power website but had a page with all-season energy savings tips. She sent a link to the webpage to all the Collaborative members.

Mr. Cottrell of Applied Energy Group (AEG) provided a recap of the recent portfolio evaluation with a PowerPoint presentation. Mr. Cottrell reviewed the process and market evaluation findings and impact evaluation findings. All programs with the exception of the HVAC Diagnostic Programs and the Commercial AC / Heat Pump Program were found to be cost effective. The portfolio was found to have a Total Resource Cost Ratio of 1.73. Mr. Jones commented that EISA legislation may have an impact on the TRC Ratio of the Residential Efficient Products program and asked Mr. Cottrell how that would impact the total portfolio TRC Ratio. Mr. Cottrell responded by saying that EISA legislation would affect the Residential Products Program negatively, but the affect would be minimal on the total portfolio TRC Ratio. Mr. Cottrell continued with the recap and reviewed recommendations to improve the programs. Mr. Jones indicated concern with the recommendation to use a contractor for the Kentucky Power HVAC Programs and its effect on the TRC Ratio. Mr. Cottrell responded by stating that most utilities the size of Kentucky Power use contractors to administer these types of programs. Kentucky Power was provided tools to help analyze the cost of adding the contractor expense and continue operating the programs in a cost effective manner. Also, use of a contractor may help drive participation and increase customer use of these programs. Mr. Wohnhas asked the effect of adding in the cost of Kentucky Power DSM staff salaries to the evaluation of the HVAC programs so that an “apples to apples” comparison could be made between the present method of operating the programs versus operation with a contractor. Mr. Cottrell answered by stating that the DSM salaries would be applied at the portfolio level and the overall DSM program would continue to be cost effective. Mr. DeSha of the Sierra Club asked if participation in DSM programs was reduced because of up-front cost and has Kentucky Power considered financing options in its DSM portfolio. Mr. Wohnhas responded that while Kentucky Power hasn't ruled out the option, our experience with financing has not been positive and recommended that Kentucky Power administer those areas of DSM programs where the Company has experience. Mr. Cottrell also indicated that many hurdles would need to be overcome and utilities would have to deal with issues of default.

Kentucky Power staff reviewed the status report with the collaborative members. The current status of each DSM program was reviewed. Changes proposed to each affected program for the 2015 Program Year were explained. Mr. Clayton also reviewed key dates for filing and discussed the upcoming market potential study.

Mr. Sawmiller asked about the flexibility of moving filing schedules to November 2015 and if informal approval could be granted by the KY PSC for changes to DSM Programs if total budgets were changed. Mr. Wohnhas indicated that it may be possible to amend filing dates by asking for a deviation from the KY PSC. Mr. Sawmiller also inquired on the possibility of issues with the industrial class market potential survey. Mr. Wohnhas provided a brief synopsis on the participation of industrial customers in Kentucky and noted that industrial customers can “opt out” of DSM programs, but that the KY PSC would like to see industrial customers participate in utility sponsored energy efficiency programs. Mr. Clayton also stated that during the Kentucky Power market potential study, industrial customers may be surveyed along with the residential and commercial customer sectors.

Mr. Sawmiller asked if Kentucky Power was installing any equipment to regulate electrical parameters to customers, thus helping to save energy on the Company side of meter. Mr. Clayton indicated that equipment had been installed on Company facilities to regulate voltage and reactive power.

Mr. Sawmiller asked about the TEE Program measure mix. Mr. Bishop responded that the measure mix for this program is established by state guidelines.

Mr. Sawmiller asked what types of education were provided during an audit visit with the Modified Energy Fitness Program. Mr. Borders responded that in addition to the education booklet, the auditor showed the customer places to improve air leakage inside the home and the homeowner received an audit report showing areas for improvement from Honeywell, the Program contractor.

Mr. DeSha asked if Kentucky Power had a partnership with KCTCS regarding their energy auditing program. Mr. Wohnhas responded that Kentucky Power did not partner with KCTCS on our Modified Energy Fitness Program, but the Company did provide the KCTCS funding for technical education. Mr. DeSha also asked how Community Outreach CFL events were organized and structured. Mr. Borders responded that the Company provided energy education through a lighting display and through brochures describing Company DSM programs. On average, approximately 400 to 500 customers attend these events.

Recommendation and Vote:

Mr. Clayton summarized the following recommendations to be considered by the Collaborative for approval.

1. Approve Status Report with Exhibit C for PSC filing August 15, 2014
2. Approve Evaluation Report for PSC filing with Status Report
3. Approve Two New Program Applications for filing with Status Report August 15th
 - Residential Home Performance
 - Appliance Recycling

A motion was offered by Ms. Thompson to approve recommendations. Mr. Howell seconded the motion. There were no objections and Ms. Goad with the Office Attorney General, abstained.

Members:	Organization	Vote
Mike Howell	Big Sandy Community Action	approved
Rob Jones	Community Action Kentucky	approved
E Clayton	Kentucky Power	approved
Annie Thompson	LKLP Community Action Council	approved

David Carroll	Northeast Kentucky Community Action Agency	approved
Angela Goad	Office of the Attorney General, Kentucky	abstained
David Hall	Our Lady of Bellefonte Hospital	approved

Next Meeting:

The next meeting date was tentatively approved for Thursday, November 20, 2014. The meeting is to be scheduled at the Johnson County Library at Paintsville, KY.