

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In The Matter Of:

The 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 ) 2014-00271  
Performance And 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 )

**DIRECT TESTIMONY**

**OF**

**RANIE K. WOHNHAS**

**ON BEHALF OF KENTUCKY POWER COMPANY**

**DIRECT TESTIMONY OF  
RANIE K. WOHNHAS, ON BEHALF OF  
KENTUCKY POWER COMPANY  
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

**CASE NO. 2014-00271**

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**I. INTRODUCTION**

1 **Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

2 A. My name is Ranie K. Wohnhas. My position is Managing Director, Regulatory and  
3 Finance, Kentucky Power Company (“Kentucky Power” or “Company”). My business  
4 address is 101 A Enterprise Drive, Frankfort, Kentucky 40602.

**II. BACKGROUND**

5 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**  
6 **BUSINESS EXPERIENCE.**

7 A. I earned a Bachelor of Science degree with a major in accounting from Franklin  
8 University, Columbus, Ohio in December 1981. I began work with Columbus Southern  
9 Power Company in 1978 in various customer services and accounting positions. In 1983,  
10 I transferred to Kentucky Power and worked in accounting, rates and customer services.  
11 I became the Billing and Collections Manager in 1995 overseeing all billing and  
12 collection activity for the Company. In 1998, I transferred to Appalachian Power  
13 Company (“APCo”) and worked in rates. In 2001, I transferred to the American Electric  
14 Power (“AEP”) Service Corporation (“AEPSC”) and was employed as a Senior Rate  
15 Consultant. In July 2004, I assumed the position of Manager, Business Operations  
16 Support with Kentucky Power and was promoted to Director in April 2006. I was  
17 promoted to my current position as Managing Director, Regulatory and Finance effective  
18 September 1, 2010.

1 **Q. WHAT ARE YOUR RESPONSIBILITIES AS MANAGING DIRECTOR,**  
2 **REGULATORY AND FINANCE?**

3 A. I am primarily responsible for managing the regulatory and financial strategy for  
4 Kentucky Power. This includes planning and executing rate filings for both federal and  
5 state regulatory agencies and certificate of public convenience and necessity (“CPCN”)  
6 filings before this Commission. I am also responsible for managing the Company’s  
7 financial operating plans, including various capital and O&M operational budgets that  
8 interface with all other AEP organizations affecting the Company’s performance. As part  
9 of the financial strategy, I work with various AEPSC departments to ensure that adequate  
10 resources such as debt, equity and cash are available to build, operate, and maintain  
11 Kentucky Power’s electric system assets used to provide service to our retail and  
12 wholesale customers. In my role as Managing Director, Regulatory and Finance, I report  
13 directly to Gregory G. Pauley, President and Chief Operating Officer of Kentucky Power.

14 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

15 A. Yes. I have testified before this Commission in various fuel proceedings and provided  
16 written testimony in the last three base rate case filings (Case Nos. 2005-00341, 2009-  
17 00459, and 2013-00197). I also provided written testimony and testified concerning the  
18 filing by AEP Kentucky Transmission Company, Inc. which sought public utility status  
19 (Case No. 2011-00042), and provided written testimony in support of the Company’s  
20 application for a CPCN to construct the proposed Bonnyman-Soft Shell 138 kV  
21 transmission line and related facilities (Case No. 2011-00295). In addition, I provided  
22 written testimony and testified in Case No. 2011-00401, which included the Company’s  
23 2011 Environmental Compliance Plan, and request for approval of a CPCN for the

1 construction and acquisition of related facilities. Most recently, I provided testimony in  
2 Case No. 2012-00226, which requested the withdrawal of Tariff RTP and approval of  
3 Rider RTP, Case No. 2012-00578, which sought approvals related to the transfer of a  
4 fifty percent interest in the Mitchell generating station to Kentucky Power, Case No.  
5 2013-00144, which requested approval of a renewable energy purchase agreement for  
6 biomass energy, Case No. 2014-00210, the Company's request for a certificate of public  
7 convenience and necessity to convert Big Sandy Unit 1 to a gas-fired unit, and 2013-  
8 00430, Kentucky Power's request for financing authority, including its innovative local  
9 bank financing program.

### III. PURPOSE OF TESTIMONY

#### 10 Q. WHY ARE YOU FILING TESTIMONY IN THIS PROCEEDING?

11 A. My testimony has four purposes. First, I describe the Kentucky Power's existing  
12 Demand-Side Management/Energy Efficiency ("DSM/EE") programs, as well as  
13 modifications the Company proposes to make to those programs. Second, I describe the  
14 Company's two new proposed DSM/EE programs. Next, I testify in support of Kentucky  
15 Power's request that the Commission enter an order approving as reasonable the  
16 implementation of the two new DSM/EE programs proposed by the Company and the re-  
17 authorization of those existing DSM/EE programs Kentucky Power is asking the  
18 Commission to extend for an additional period. Finally, I testify in support of the  
19 proposed new DSM factors.

**IV. KENTUCKY POWER'S EXISTING DSM/EE PROGRAMS**

1 **Q. WHICH OF THE COMPANY'S EXISTING DSM/EE PROGRAMS IS**  
2 **KENTUCKY POWER REQUESTING THE COMMISSION TO RE-**  
3 **AUTHORIZE?**

4 A. Kentucky Power currently has 13 existing authorized DSM/EE programs. The most  
5 recent of those programs is the Company's School Energy Manager Program. It was  
6 only very recently approved by the Commission on June 30, 2014 and thus is not the  
7 subject of this proceeding. Of the remaining 12 programs, Kentucky Power is asking the  
8 Commission to reauthorize nine of the program for a three-year period ending December  
9 31, 2017. In connection with the proposed three-year extension of nine of the existing  
10 programs, Kentucky Power is proposing certain modifications to certain of those  
11 programs. The Company also is requesting that one program, the Small Commercial  
12 HVAC Program, be extended for an additional year through December 31, 2015, with the  
13 possibility of an extension through 2017 based upon further evaluation. Finally, the  
14 Company is asking that it be authorized to terminate effective January 1, 2015 the  
15 Residential HVAC Diagnostic and Tune-Up Program and the Commercial HVAC  
16 Diagnostic and Tune-Up Program.

A. The Programs To Be Re-Authorized For Three Years.

17 **Q. FOR WHICH PROGRAMS IS THE COMPANY SEEKING RE-**  
18 **AUTHORIZATION FOR THREE YEARS ENDING DECEMBER 31, 2017?**

19 A. Kentucky Power proposes to extend the following DSM/EE programs for the three-year  
20 period 2015-2017:

- 21 • Targeted Energy Efficiency (Tariff Sheet 22-3);
- 22 • Modified Energy Fitness (Tariff Sheet 22-4);

- 1           •     Energy Education For Students (Tariff 22-5);
- 2           •     Community Outreach CFL (Tariff Sheet 22-6);
- 3           •     Residential Efficient Products (Tariff Sheet 22-7);
- 4           •     High Efficiency Heat Pump (Tariff Sheet 22-8);
- 5           •     Mobile Home High Efficiency Heat Pump (Tariff Sheet 22-9);
- 6           •     Mobile Home New Construction (Tariff Sheet 22-10); and
- 7           •     Commercial Incentive Program (Tariff Sheet 22-13).

8 **Q.     IS EACH OF THESE PROGRAMS COST-EFFECTIVE?**

- 9 A.     Yes. As illustrated in the table below, each has a total resource cost of one or greater,
- 10         and each produced substantial energy savings during 2012-2013 (the period evaluated):

<b>Program</b>	<b>TRC</b>	<b>Net Energy Savings (kWh)</b>
Targeted Energy Efficiency	1.79	853,351
Modified Energy Fitness	1.29	1,915,764
Energy Education for Students	1.73	383,223
Community Outreach CFL	1.56	683,257
Residential Efficient Products	3.08	12,402,054
High Efficiency Heat Pump	1.28	1,055,295
Mobile Home High Efficiency Heat Pump	1.12	687,359
Mobile Home New Construction	1.68	367,020
Commercial Incentive Program	1.61	5,270,016

1 **Q. IN ADDITION TO BEING COST-EFFECTIVE, DO THESE PROGRAMS**  
2 **PROVIDE KENTUCKY POWER'S CUSTOMERS WITH ANY OTHER**  
3 **BENEFITS?**

4 A. Certainly. In addition to the benefits attendant to any cost-effective DSM/EE program –  
5 lower energy costs, reduced need for capacity additions, and lower emissions, the  
6 programs are targeted to produce specific changes to the Company's customers'  
7 consumption patterns. For example, the Mobile Home High Efficiency Heat Pump  
8 Program is designed to assist manufactured housing consumers to install the highest  
9 efficiency heat pumps practicable. Similarly, the Targeted Energy Efficiency Program  
10 aids residential customers in lowering their energy consumption through home energy  
11 audits, weatherization and air infiltration reduction, while the Community Outreach CFL  
12 program is designed to educate consumers regarding the advantages of compact  
13 fluorescent lights and provide an incentive to try such lights by distributing free packages  
14 of four lights at community events.

15 **Q. DO THESE PROGRAMS UNREASONABLY DISADVANTAGE OR PREJUDICE**  
16 **ANY CLASS OF CUSTOMERS?**

17 A. No. Although not every residential or commercial customer may be eligible to  
18 participate in all programs offered to their particular class, the Company's offerings are  
19 broad enough that many customers may participate in at least one DSM/EE program. In  
20 addition, the Company is working to develop and implement, subject to Commission  
21 approval, additional DSM/EE programs for commercial and residential customers.  
22 Moreover, the Company's proposed residential and commercial DSM factors assign to



1 the residential and commercial customer classes only the costs of those DSM/EE  
2 programs that benefit that particular class of customers.

3 **Q. WERE THESE PROGRAMS EVALUATED BY THE COMPANY'S**  
4 **CONSULTANT?**

5 A. Yes, Kentucky Power retained Applied Energy Group, Inc. ("AEG") to evaluate all of its  
6 existing DSM/EE programs. AEG found that the customer satisfaction rate generally was  
7 above 90% for each of the programs, and that most participants indicated they were  
8 highly satisfied.

9 **Q. WHAT DECISION CONCERNING THE PROGRAMS DID THE COMPANY**  
10 **MAKE BASED UPON THE AEG EVALUATION?**

11 A. Kentucky Power concluded the programs provide significant, cost-effective benefits to  
12 the Company's customers and thus should be extended for an additional three years  
13 through 2017.

B. The Program To Be Re-Authorized For One Year.

14 **Q. FOR WHICH PROGRAM IS THE COMPANY REQUESTING ONLY A ONE-**  
15 **YEAR RE-AUTHORIZATION?**

16 A. Kentucky Power recommends that the Small Commercial HVAC Program be extended  
17 an additional year only through December 31, 2015. The program then would be  
18 reevaluated for further extension through 2017 based upon its performance in 2014 and  
19 2015.

20 **Q. WHY IS KENTUCKY POWER CURRENTLY SEEKING ONLY A ONE-YEAR**  
21 **EXTENSION?**

22 A. The program is not currently cost-effective (TRC 0.74) but can become cost-effective  
23 (TRC 1.74) in program year 2015 with only moderate (15 heat pumps and five air

1 conditioners) participation. In addition, it produced net energy savings of 27,284 kWh  
2 during the evaluation period. Given the rather modest increase in participation required  
3 to make the program cost-effective, as well as the energy savings provided, Kentucky  
4 Power concluded that the program should be extended an additional year. This extension  
5 will provide an opportunity to assess customer participation as well as provide a further  
6 opportunity for development of the dealer network.

7 **Q. ARE YOU CONSIDERING ANY ADDITIONAL MODIFICATIONS OF THE**  
8 **SMALL COMMERCIAL HVAC PROGRAM?**

9 A. Yes. One proposal Kentucky Power is considering is the merger the administration of the  
10 Small Commercial HVAC program and the Commercial Incentives program. Using a  
11 single administrator may eliminate certain redundancies and allow that administrator to  
12 manage the limited overlap in product offering between the two programs. In addition, a  
13 single program administrator may permit more effective engagement with customers and  
14 trade allies and thereby encourage greater participation. Even if a single administrator is  
15 employed for both programs, the two programs would remain separate tariff offerings.

C. The Two Programs To Be Terminated.

16 **Q. IS KENTUCKY POWER RECOMMENDING THAT ANY PROGRAMS BE**  
17 **TERMINATED WHEN THEIR CURRENT AUTHORIZATION EXPIRES ON**  
18 **DECEMBER 31, 2014?**

19 A. Yes. The Company is seeking authorization to terminate its Residential HVAC  
20 Diagnostic and Tune-Up Program and Commercial HVAC Diagnostic and Tune-Up  
21 Program. The programs are not cost-effective. The residential program has a TRC ratio  
22 of 0.24, while the commercial program has a TRC ratio of 0.22. In addition, the

1 programs are two of three most “expensive” of the Company’s programs with net  
2 levelized costs of \$0.15 kWh.

3 **Q. WHY IS KENTUCKY POWER NOT SEEKING AN EXTENSION OF LESS**  
4 **THAN THREE YEARS TO PERMIT FURTHER EVALUATION OF THE TWO**  
5 **PROGRAMS TO BE TERMINATED AS IT IS DOING WITH THE SMALL**  
6 **COMMERCIAL HVAC PROGRAM?**

7 A. Free-ridership for the diagnostic programs is increasing, thereby resulting in a declining  
8 net-to-gross ratio. In addition, the resources currently being devoted to the program  
9 would be better deployed in connection with the Company’s other existing programs as  
10 wells as the two proposed programs.

D. Modifications To The Existing Programs For Which Re-Authorization Is  
Being Sought.

11 **Q. IS THE COMPANY PROPOSING ANY MODIFICATIONS TO ITS EXISTING**  
12 **PROGRAMS FOR WHICH IT IS SEEKING RE-AUTHORIZATION?**

13 A. Yes. Kentucky Power is making limited modifications to certain of its existing programs.  
14 The purpose of the modifications is to improve the cost-effectiveness of the programs, to  
15 make them more readily available and increase their visibility, and to increase the  
16 programs’ usefulness to the Company’s customers.

17 **Q. WHAT MODIFICATIONS IS KENTUCKY POWER PROPOSING?**

18 A. Kentucky Power is proposing to make the following modifications:

- 19 • Mobile Home High Efficiency Heat Pump Program – the Company is proposing  
20 to add a heat pump replacement incentive utilizing a two-tier approach. Customers will  
21 receive a \$300 incentive payment for replacing an electric furnace with a standard  
22 efficiency heat pump (13 SEER; 7.7 HSPF). Customers replacing an existing heat pump

1 with a high-efficiency heat pump (14 SEER; 8.2 HSPF) will receive a \$300 incentive  
 2 payment. Finally, customers installing a high-efficiency heat pump (14 SEER; 8.2  
 3 HSPF) as a replacement for an electric furnace will receive a \$500 incentive payment.

4 • High Efficiency Heat Pump Program -- Kentucky Power proposes to employ a  
 5 two-tier approach similar to that it is proposing for its Mobile Home High Efficiency  
 6 Heat Pump Program. The table below provides the proposed incentive payments:

<u>System</u>	<u>Tier</u>	<u>SEER</u>	<u>HSPF</u>	<u>Incentive</u>
<u>Resistance Heating</u>	1	13	7.7	\$300
	2	14	8.2	\$500
<u>Replace Heat Pump</u>	1	14	8.2	\$300
	2	15	8.5	\$500

7 • Community Outreach CFL Program – Kentucky Power will change the lamps  
 8 being offered from 23 watt (the equivalent of a 100 watt incandescent lamp) to 16 watt  
 9 (equivalent of a 60 watt incandescent lamp). (A similar change in the lamps being  
 10 offering will be implemented in connection with the Energy Education for Students  
 11 Program.) In addition, the Company proposes to increase the number of lamps being  
 12 distributed.

13 • Targeted Energy Efficiency Program – the program will be modified to provide  
 14 allowances for both non-working units and those working units that are 15 years or older:

<u>Non-Working Units</u>	<u>Allowance</u>
<u>Central electric furnace to heat pump</u>	<u>\$2,600</u>
<u>Heat pump to heat pump</u>	<u>\$1,600</u>
<u>Working Units (15 years or older)</u>	<u>Allowance</u>
<u>Central electric furnace to heat pump</u>	<u>\$2,600</u>
<u>Heat pump to heat pump</u>	<u>\$1,600</u>

- 1       •       Residential Efficient Products Program – the Company proposes to add both non-  
2       lighting “Energy Star” products to the program (including refrigerators, freezers, clothes  
3       washers, dehumidifiers, and heat pump water heaters) and specialty LED lights.
  - 4       •       Modified Energy Fitness Program – the Company intends to expand the program  
5       to include multi-family housing and to include domestic hot water customers.
- 6       Additional information concerning the proposed modifications is provided in the  
7       DSM/EE Status Report filed as EXHIBIT 3 to the Application.

**V.     KENTUCKY POWER’S PROPOSED NEW DSM/EE PROGRAMS**

- 8   **Q.   WHAT ARE THE TWO NEW PROGRAMS THE COMPANY IS PROPOSING.**
- 9   A.   The two programs are the Residential Appliance Recycling Program and the Residential  
10   Home Performance program.

1 **Q. PLEASE DESCRIBE THE RESIDENTIAL APPLIANCE RECYCLING**  
2 **PROGRAM.**

3 A. The program is intended to reduce electric energy usage by removing operable second  
4 refrigerators and freezers from use and recycling them in an environmentally safe  
5 manner. It will provide residential customers with financial incentives of \$40-\$55 in  
6 return for permitting the disposal of the units in an environmentally safe fashion by the  
7 program contractor. Kentucky Power will contract with a vendor for the environmentally  
8 sound disposal of the refrigeration units and the recycling of recoverable metals. The  
9 amount of the incentive payments to participants will depend on participation levels and  
10 the recommendation of the program implementation contractor.

11 **Q. HAS KENTUCKY POWER PROJECTED THE ENERGY SAVINGS AND**  
12 **DEMAND REDUCTION THAT WILL RESULT FROM IMPLEMENTATION OF**  
13 **THE PROGRAM?**

14 A. Yes. The Company projects that by the end of the initial term participants will have  
15 reduced their annual energy usage by 3,105 MWh. Kentucky Power also projects a  
16 reduction of the Company's peak residential demand of 0.27 MW at the end of the initial  
17 term. Of course, the program will provide benefits beyond the energy savings and  
18 demand reduction by ensuring these units are disposed of in an environmentally-prudent  
19 fashion.

20 **Q. WHAT IS THE RESIDENTIAL HOME PERFORMANCE PROGRAM?**

21 A. The program will provide participants with information concerning their electric usage  
22 and actions they can take to reduce their electric usage and *to encourage modification of*  
23 *their electric energy-consumption behavior and practices.* It is limited to customers

1 taking service under the Company's residential tariffs (Tariff R.S., Tariff R.S-L.M.-  
2 T.O.D., Tariff R.S.-T.O.D., and R.S.-T.O.D.-2). The program will target, but will not be  
3 limited to, all-electric residential customers with internet access.

4 **Q. WHAT ENERGY SAVINGS AND DEMAND REDUCTION IS THE COMPANY**  
5 **FORECASTING FOR THE PROGRAM?**

6 A. Kentucky Power projects that by the end of the initial term participants will have reduced  
7 their annual energy usage by 16,981 MWh. Kentucky Power also projects a reduction of  
8 the Company's peak residential demand of 3.29 MW at the end of the initial term.

9 **Q. WHAT INITIAL TERM IS BEING PROPOSED FOR THE PROGRAMS?**

10 A. Kentucky Power is proposing an initial three-year term for both programs.

11 **Q. ARE THE PROGRAMS PROJECTED TO BE COST-EFFECTIVE?**

12 A. Yes. The Company projects a TRC ratio of 1.25 for the Residential Appliance Recycling  
13 Program and a TRC ratio of 1.23 for the Residential Home Performance Program. In  
14 addition, the programs should prove useful to the Company's customers.

**VI. THE REASONABLENESS OF THE PROPOSED PROGRAMS AND THE**  
**PROPOSED ACTIONS WITH RESPECT TO THE EXISTING PROGRAMS**

15 **Q. PLEASE EXPLAIN WHY THE COMPANY'S PROPOSALS WITH RESPECT**  
16 **TO BOTH THE EXISTING PROGRAMS AND THE TWO PROPOSED**  
17 **PROGRAMS ARE REASONABLE AND SHOULD BE APPROVED BY THE**  
18 **COMMISSION.**

19 A. As explained in more detail above, the existing programs for which the Company is  
20 seeking re-authorization, as well as its new programs, are intended to produce specific  
21 changes in customer consumption patterns. For example, the removal and  
22 environmentally-sound disposal of supplemental refrigerator and freezer units, even if

1 replaced with new units, will lower the customers' consumption because of the much  
2 greater efficiency of new units. Likewise, the greater distribution and lower wattage of  
3 CFL lamps will reduce customer energy consumption.

4 **Q. ARE THERE ANY ADDITIONAL REASONS THE COMPANY'S PROPOSALS**  
5 **SHOULD BE APPROVED?**

6 A. Certainly. Perhaps most importantly, each of the continuing DSM/EE programs is  
7 projected to be cost-effective. This is true of even the Small Commercial HVAC  
8 Program which currently is not cost-effective. In addition, both new programs are  
9 expected to be cost-effective. Also, the actions proposed by Kentucky Power with  
10 respect to both the existing and new programs are consistent with Kentucky Power's  
11 pending 2013 Integrated Resource Plan and Commission staff's comments to the  
12 Company's 2009 Integrated Resource Plan. Finally, the programs will not unreasonably  
13 prejudice or disadvantage any class of customers.

14 **Q. ARE THE PROGRAMS, BOTH EXISTING AND PROPOSED, AVAILABLE,**  
15 **AFFORDABLE, AND USEFUL FOR ALL OR A SIGNIFICANT PORTION OF**  
16 **THE COMPANY'S RESIDENTIAL AND COMMERCIAL CUSTOMERS?**

17 A. Yes. The Company is aware that its service territory contains some of the poorest  
18 counties in the Commonwealth. Nevertheless, the financial impact of the programs is  
19 modest. For the average residential customer who consumes 1,432 kWh each month will  
20 pay a \$0.54 monthly DSM surcharge. The average commercial customer consuming  
21 3,763 kWh monthly will see a \$5.54 DSM surcharge. The programs provide significant  
22 benefits to their participants and most customers can benefit from at least one program.



1 **Q. DID THE COMPANY'S COLLABORATIVE REVIEW THE PROGRAMS AND**  
2 **ACTIONS THAT ARE THE SUBJECT OF THE COMPANY'S APPLICATION?**

3 A. Yes. Kentucky Power's Collaborative, which includes customer representatives and  
4 representatives from the Office of the Attorney General, met on July 31, 2014 to review  
5 the Company's proposals concerning both existing and new programs. Participating were  
6 representatives of the Office of Attorney General, Office of Rate Intervention, Big Sandy  
7 Community Action Council, Community Action Kentucky, LKLP Community Action  
8 Council, Northeast Kentucky Community Action Agency, Our Lady of Bellefonte  
9 Hospital, and Sierra Club. During the course of the meeting a vote was taken to approve  
10 the Status Report and Program budgets, including "Schedule C", the Company's  
11 proposals with respect to its existing and proposed DSM/EE programs, and the  
12 Evaluation Report. There were no objections, although, consistent with past policy, the  
13 representative of the Office of the Office of Attorney General abstained from voting.

14 **Q. DO YOU HAVE A RECOMMENDATION AS TO WHETHER THE**  
15 **COMMISSION SHOULD APPROVE THE COMPANY'S PROPOSED ACTIONS**  
16 **WITH RESPECT TO EXISTING AND NEW PROGRAMS?**

17 A. Yes. Based on the facts above, as well as the matters set forth in the Application,  
18 including the exhibits thereto, it is my recommendation the Commission approve the  
19 Company's proposals.

**VII. THE PROPOSED TARIFFS AND DSM SURCHARGE FACTORS**

20 **Q. HAS THE COMPANY PROVIDED FORM TARIFF SHEETS TO EFFECTUATE**  
21 **ITS PROPOSALS?**

22 A. Yes. They are attached as EXHIBIT 7 to the Application.

1 **Q. WHAT SURCHARGE FACTORS IS THE COMPANY PROPOSING?**

2 A. Kentucky Power is proposing that the DSM surcharge factor for residential customers be  
3 modified to \$0.000383/kWh. For commercial customers the Company is a proposing a  
4 DSM surcharge factor of \$0.001473.

5 **Q. WILL THE PROPOSED FACTORS PERMIT KENTUCKY POWER TO  
6 RECOVER THE FULL COSTS OF IMPLEMENTING THE PROGRAMS AS  
7 WELL AS ITS LOST REVENUES?**

8 A. Yes. The Company, however, is not seeking any incentives payable to Kentucky Power  
9 for implementing its programs.

10 **Q. WHAT SUPPORT DOES KENTUCKY POWER OFFER FOR ITS  
11 CALCULATION OF ITS SURCHARGE FACTORS?**

12 A. "Schedule C," which is filed as EXHIBIT 8 to the Application, supports the Company's  
13 calculations demonstrates the calculation of the surcharge factors being proposed.

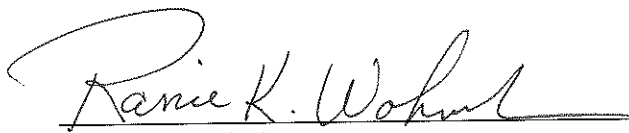
#### **VIII. CONCLUSION**

14 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

15 A. Yes.

**VERIFICATION**

The undersigned, Ranie K. Wohnhas being duly sworn, deposes and says he is the Managing Director Regulatory and Finance for Kentucky Power Company, that he has personal knowledge of the matters set forth in the forgoing testimony and the information contained therein is true and correct to the best of his information, knowledge, and belief.

  
\_\_\_\_\_  
Ranie K. Wohnhas

COMMONWEALTH OF KENTUCKY    )  
  ) Case No. 2014-00271  
COUNTY OF FRANKLIN            )

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Ranie K. Wohnhas, this the 13<sup>th</sup> day of August 2014.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: January 23, 2017