

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

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 RESIDENTIAL)
APPLICANCE RECYLCING 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)**

CASE NO. 2014-00271

**BEVERLY MAY AND SIERRA CLUB’S COMMENTS REGARDING KENTUCKY
POWER COMPANY’S DSM/EE APPLICATION**

Proposed intervenors Beverly May and Sierra Club (collectively “Sierra Club”),¹ through undersigned counsel, hereby submit the following comments on Kentucky Power Company’s (“KPC” or “the Company”) demand-side management/energy efficiency (“DSM/EE”) application in the above-captioned docket.² In this case, KPC requests Commission approval to

¹ Alexander DeSha and Sierra Club filed a timely motion for leave to intervene in the above-captioned docket on September 15, 2014. On October 17, 2014, Alexander DeSha and Sierra Club filed an amended motion for leave to intervene for the sole purpose of substituting individual movant Beverly May for Alexander DeSha.

² According to the Commission’s September 10, 2014 order, intervenor testimony is due by November 24, 2014. On November 12, 2014, after a thorough review of the application and discovery responses filed in the case, Sierra Club notified counsel for the Company and

implement several changes to its DSM/EE portfolio. Specifically, KPC seeks to extend nine of its existing programs through December 31, 2017; modify seven of these nine programs based on evaluation results; extend its Small Commercial HVAC program through December 31, 2015 to allow for further review and potential modification; terminate two programs at the end of the year; implement two new programs; and implement new and revised tariffs to recover DSM costs.

The Company's application reflects the second phase of KPC's commitment to increase its annual investment in cost-effective DSM/EE resources. The Company's proposal is expected to result in an increase in cost-effective energy savings in 2015, as compared to actual savings in 2013 and projected savings for 2014. As such, KPC's application marks an important step in the ongoing development of the Company's DSM/EE portfolio and Sierra Club generally supports it.

While KPC proposes near term growth of its DSM/EE portfolio, much of the Company's work to evaluate and further develop the energy efficiency resource is underway. Specifically, the Company is preparing a market potential study that will help it assess the long-term opportunity to realize cost-effective energy savings and identify cost-effective measures across all customer sectors throughout its service territory. The study will inform future DSM spending, which is scheduled to increase to \$6 million per year beginning in 2016, and additional program recommendations, which the Company expects to include in its next DSM/EE filing in August 2015. Although the Company proposes to extend most of its existing programs through 2017, the Company plans to develop participation and savings forecasts for 2016 and 2017 after the market potential study and subsequent efficiency portfolio are completed. Thus, in light of the current early stage of the potential study, Sierra Club provides brief comments in this docket

Commission Staff that it plans to present its position through written comments, rather than testimony. Neither Commission Staff nor the Company objected.

and looks forward to working with the Company and other stakeholders, as a non-voting member of the DSM Collaborative, to help KPC strengthen its DSM portfolio during the study and subsequent portfolio design processes.

1. The Company Projects Compliance with its DSM Investment Obligation in 2015, but 2014 Spending Raises Some Concern.

KPC projects that it will spend \$5,016,191.37 on its programs in 2015. (KPC Response to Commission Staff's First Set of Data Requests, Request No. 55; KPC Response to Sierra Club's Initial Set of Data Requests, Request No. 4).³ This represents a 23% increase in program expenses as compared to the projected budget for 2014, which is \$4,078,189.78. (Compare KPC Response to Sierra Club's Initial Set of Data Requests, Request No. 3 *with* KPC Response to Sierra Club's Initial Set of Data Requests, Request No. 4). The Company did not develop a detailed budget for 2016 and 2017, but projects that overall spending for these years will be \$6,000,000 per year. (KPC Response to Sierra Club's Initial Set of Data Requests, Request No. 4). Sierra Club strongly supports increased investments in energy efficiency to capture cost-effective savings for customers and the utility system.

KPC proposes increased program budgets to meet its DSM/EE investment obligations pursuant to the Commission's order in the Mitchell transfer proceeding, Case No. 2012-00578. In that case, KPC, Sierra Club and Kentucky Industrial Utility Customers, Inc. entered into a Stipulation and Settlement Agreement ("Stipulation"), which provides, among other things, that:

[KPC] agrees to increase its aggregate annual spending on cost-effective DSM and energy efficiency measures through Commission-approved DSM programs to \$4 million in 2014; \$5 million in 2015; and \$6 million in 2016, 2017, and 2018. The Company also will seek to maintain a minimum spending level of \$6 million for Commission-approved cost-effective DSM and energy efficiency measures in years after 2018.

³ Responses to data requests discussed herein are included as Attachment 1 to these comments.

October 7, 2013 Order, Appendix A, ¶ 12. The Commission approved the Stipulation subject to several modifications, including the requirement that the Company seek prior Commission approval should it want to spend less than \$6 million on DSM or energy efficiency programs after 2018, *id.* at Appendix B, ¶ 4. The Company accepted the modifications on October 14, 2013. Thus, in proposing a 2015 budget of roughly \$5 million (and forecasting overall spending for 2016-2017 to be \$6 million per year), KPC seeks to comply with the required increases in DSM investments.

Sierra Club supports KPC's proposal to increase its 2015 DSM program budget to comply with the terms of the Stipulation and the Commission's October 7, 2013 Order in Case No. 2012-00578. However, Sierra Club also notes that the Company's DSM spending for 2014 appears to be lower than projected through September. As of September 30, 2014, KPC incurred \$2,160,018.67 in total DSM program costs for the year. (KPC Response to Commission Staff's Second Set of Data Requests, Request No. 5). With an estimated annual budget of \$4,078,189.78, (KPC Response to Sierra Club's Initial Set of Data Requests, Request No. 3), the Company's spending appears to be below the 2014 forecast, though monthly expenditures may increase in the final months of the year.

In response to a Commission Staff data request, KPC described its efforts to meet its 2014 spending commitment and explained that if it falls short, "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." (KPC Response to Commission Staff's Second Set of Data Requests, Request No. 5). While Sierra Club appreciates the Company's efforts to stay on track to meet the first required spending increase, the spending to date may be cause for concern. Commission Staff has asked the Company to provide the total year-to-date ("YTD") DSM program costs for

the final three months of the year when such information becomes available. (*Id.*). In light the current level of DSM investment for 2014 and the Company's \$4 million investment obligation, Sierra Club respectfully requests that the Commission direct KPC to file the information that Commission Staff requested (*i.e.* YTD DSM program costs for October, November and December 2014) in this docket within 15 days of it becoming available. Such a filing would enable the Commission, Commission Staff, Sierra Club and other interested DSM Collaborative members to understand whether the Company has met the first stage of its DSM investment obligation, as required by the Commission's October 7, 2013 Order in Case No. 2012-00578.

2. The Company's Program Modifications and Additions are Projected to Result in Increased Savings.

Sierra Club supports the expansion of cost-effective energy efficiency programs to achieve greater levels of savings, and urges the Company to continue to look for further opportunities to grow its portfolio. In this case, the Company proposes several program changes and two residential program additions, the Residential Home Performance and Residential Appliance Recycling programs. (Application at 8, 10-14). The result is projected energy savings for 2015 that are roughly 34% greater than savings achieved in 2013 and 48% greater than projected savings in 2014. (KPC Response to Sierra Club's Supplemental Set of Data Requests, Request No. 1, net savings). The Company projects that each continuing program (either in current or modified form) and each new program will be cost effective, with a total resource cost test score of above one. (Direct Testimony of R. Wohnhas, p. 16, ll. 6-9). Sierra Club supports this increase in cost-effective energy savings.

KPC's proposed program modifications are based on the results of the Company's 2012-2013 Demand Side Management Portfolio Evaluation, prepared by Applied Energy Group. (KPC Response to Sierra Club's Initial Set of Data Requests, Request No. 9; Application Exhibit

2). One noteworthy modification is the proposed expansion of the Modified Energy Fitness program to include multifamily housing. (Direct Testimony of R. Wohnhas, p. 13, ll. 4-5). Nationally, the multifamily housing sector has substantial savings potential but is often underserved. The Company's participant and expense forecast for this program increases slightly in 2015 (by 40 and \$3,061, respectively). (Amended Application Exhibit 3 at 9). Going forward, KPC should consider whether additional increases are necessary in light of the program expansion.

3. The Company Should Explore Ways to Offer DSM/EE Programs to its Industrial Customers.

The Company currently offers nine programs for its residential customers and four programs for its commercial customers. (Application at 3). In 2015, the Company proposes to offer ten residential programs and three commercial programs.⁴ KPC does not currently offer nor does it propose to offer any programs for industrial customers. The industrial sector accounts for more than 40 percent of all energy consumption in Kentucky. The dearth of industrial programs is a shortcoming in the Company's DSM/EE portfolio that Sierra Club urges the Company to cure.

The market potential study will evaluate efficiency potential across all customer sectors, including the industrial sector. (KPC Response to Sierra Club's Initial Set of Data Requests, Request No. 12). Sierra Club anticipates that the study will reveal an opportunity to achieve cost-effective savings through industrial (or combined commercial and industrial) energy

⁴ This accounts for the proposed termination of the Residential and Commercial HVAC Diagnostic and Tune Up programs and the proposed addition of the Residential Home Performance and Residential Appliance Recycling programs.

efficiency programs. The Company should consider programs to meet the needs of all of its customers when evaluating the study's results and updating its DSM Portfolio.

Although the Company has committed to study industrial efficiency potential in its service territory, KPC's reporting of energy savings raises concerns about its consideration of industrial efficiency. During discovery, Sierra Club asked the Company to provide its projected energy savings, both in megawatt hours ("MWh") and as a percentage of retail sales, for years 2015-2017. (KPC Response to Sierra Club's Initial Set of Data Requests, Request No. 6). For 2015, the Company provided its forecasted energy savings in MWh and as a percentage of "**residential and commercial** forecast retail sales." (*Id.*) (emphasis in original). The Company based its response on "**residential and commercial** forecast retail sales" only – excluding industrial retail sales – "to reflect the effect on those customer classes eligible for DSM programs." (KPC Response to Sierra Club's Supplemental Set of Data Requests, Request No. 1). When accounting for industrial retail sales, KPC's projected net savings for 2015 decreases from 0.65% to 0.36% of retail sales. (*Id.*).

Industrial DSM/EE programs are permitted in the Commonwealth and can play an important role in achieving cost-effective savings. As the Commission recently explained, "there is no justification for a categorical opt-out" of industrial customers from these programs. (November 14, 2014 Order, p. 30, Case. No. 2014-00003). Indeed, Kentucky law, KRS § 278.285(3), "presumes the existence of a program out of which to opt." (*Id.*). Sierra Club urges the Company to consider ways to help its industrial customers save energy, based in part on the results of the potential study.

4. The Company's Forthcoming Market Potential Study Should Incorporate Stakeholder Input and Help the Company Enhance its DSM Portfolio.

As discussed in the application, the Company expects to file its market potential study by August 15, 2015. (Application at 16). KPC will use the results of the study to expand its DSM/EE Portfolio and meet its investment obligations in 2016 and beyond. (*Id.* at 17). The Company expects to file additional program proposals with its next DSM filing in August 2015. (KPC Response to Sierra Club Initial Set of Data Requests, No. 10). Moreover, while the Company currently proposes to extend most of its existing programs through 2017, the Company plans to develop its 2016-2017 participation and savings forecasts for these programs after the market potential study is completed. (KPC Response to Sierra Club Initial Set of Data Requests, Nos. 5, 6). Thus, the study will play a critical role in the development of KPC's portfolio going forward and meeting its spending obligations.

Stakeholder input and review is a critical part of the development of a potential study. The Company has indicated that the DSM Collaborative will have an opportunity to participate in the study planning, to provide input, and to review work progress and study results. (KPC Response to Sierra Club Initial Set of Data Requests, No. 18). Sierra Club urges the Company to continue its commitment to a transparent process in which stakeholders have an opportunity to meaningfully engage and provide input.

5. Conclusion.

In sum, Sierra Club supports KPC's proposal to increase its investment in DSM/EE and expand its program portfolio. The Company projects that its proposal will lead to increased energy savings in 2015, and KPC should continue to look for opportunities to grow these savings over the long term. Sierra Club looks forward to working with the Company and other DSM Collaborative members throughout the market potential study and portfolio design processes to

develop program improvements and additions that lead to greater levels of energy savings for KPC and its customers.

Finally, in light of the 2014 YTD level of DSM investments, Sierra Club requests that the Company file its DSM program expenditures for the remainder of the year within 15 days of such information becoming available.

Dated: November 24, 2014

Respectfully submitted,



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Attachment 1

KENTUCKY POWER COMPANY

REQUEST

By program, provide a schedule of the proposed program costs for 2015.

RESPONSE

	Sum of First Half Year	Sum of 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	0.00	111,548.00
School Energy Management	0.00	0.00	0.00
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	0.00	111,548.00
Residential Total	1,635,531.16	1,794,291.56	3,429,822.72
Total Expense Total	2,360,530.15	2,655,661.22	5,016,191.37

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

Please provide the Company's total DSM costs for 2014, including total costs incurred to date and total estimated costs for the year.

RESPONSE

Total Cost as of August 31, 2014
\$1,871,141.61

Total Estimated 2014 Cost (as filed)
\$4,078,189.78

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

For each year of the proposed program period, 2015-2017, please provide the estimated total DSM program costs for each existing program the Company proposes to continue, by the subcategories of "total program costs" provided in the DSM Status Report (Amended Application Exhibit 3).

RESPONSE

The 2015 budget forecast is summarized below. The 2016 and 2017 budget details are not available but overall spending is forecast to be \$6,000,000 per year.

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Program Year	2015
	Total
Forecast Expense	
Commercial	
Commercial Incentive	
Administrative	678,071
Evaluation	0
Incentive	742,500
Marketing	46,000
Other	0
Commercial Incentive Total	1,466,571
Commercial High Efficiency Heat Pump/Air Conditioning	
Administrative	750
Evaluation	0
Incentive	6,500
Marketing	1,000
Other	0
Commercial High Efficiency Heat Pump/Air Conditioning Total	8,250
General Administrative and Promotion Commercial	
Administrative	111,548
Marketing	0
General Administrative and Promotion Commercial Total	111,548
School Energy Management	
Administrative	0
School Energy Management Total	0
Commercial Total	1,586,369
Residential	
Residential Efficient Products	
Administrative	417,195
Evaluation	0
Incentive	631,554
Marketing	12,000
Other	0
Residential Efficient Products Total	1,060,749

Mobile Home High Efficiency Heat Pump	
Administrative	12,250
Evaluation	0
Incentive	91,100
Marketing	2,000
Other	0
Mobile Home High Efficiency Heat Pump Total	105,350
Mobile Home New Construction	
Administrative	7,750
Evaluation	0
Incentive	77,500
Marketing	1,000
Other	250
Mobile Home New Construction Total	86,500
High Efficiency Heat Pump	
Administrative	29,750
Evaluation	0
Incentive	259,500
Marketing	7,500
Other	0
High Efficiency Heat Pump Total	296,750
Targeted Energy Efficiency	
Administrative	294,250
Evaluation	0
Incentive	0
Marketing	0
Other	0
Targeted Energy Efficiency Total	294,250
Modified Energy Fitness	
Administrative	831,750
Evaluation	0
Marketing	10,000
Other	0
Modified Energy Fitness Total	841,750
Community Outreach Compact Fluorescent Lighting	
Administrative	500
Evaluation	0

Marketing	2,000
Other	0
Equipment	38,481
Community Outreach Compact Fluorescent Lighting Total	40,981
Energy Education for Students	
Administrative	6,000
Evaluation	0
Marketing	1,000
Other	0
Equipment	15,393
Energy Education for Students Total	22,393
NEW Residential Home Performance	
Administrative	429,000
Evaluation	0
Incentive	0
Marketing	0
Other	0
NEW Residential Home Performance Total	429,000
NEW Appliance Recycling	
Administrative	103,051
Evaluation	0
Incentive	37,500
Marketing	0
Other	0
NEW Appliance Recycling Total	140,551
General Administrative and Promotion Residential	
Administrative	111,548
General Administrative and Promotion Residential Total	111,548
Residential Total	3,429,823
Forecast Expense Total	5,016,191

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

For each year of the proposed program period, 2015-2017, please provide the participant forecast for each program the Company proposes to offer (both existing and new).

RESPONSE

The 2015 participant forecast is summarized below. The 2016 and 2017 forecast details are not available but are scheduled to be developed in 2015 following completion of the Market Potential Study and Detailed DSM Portfolio design.

Program Year	2015
	Forecast
Measure Quantities	
Commercial	
Commercial Incentive	275
Commercial High Efficiency Heat Pump/Air Conditioning	15
School Energy Management	
Commercial Total	290
Residential	
Residential Efficient Products	273,610
Mobile Home High Efficiency Heat Pump	245
Mobile Home New Construction	155
High Efficiency Heat Pump	595
Targeted Energy Efficiency	165
Modified Energy Fitness	2,040
Community Outreach Compact Fluorescent Lighting	5,500
Energy Education for Students	2,200
NEW Residential Home Performance	30,000
NEW Appliance Recycling	750
Residential Total	315,260
Measure Quantities Total	315,550

WITNESS: Ranie K. Wohnhas

Kentucky Power Company

REQUEST

Please provide the projected energy savings, both in megawatt hours and as a percentage of retail sales, for each year of the proposed program period, 2015-2017.

RESPONSE

The forecast energy savings for the 2015 reporting period is 24,636 MWH which is 0.67 % of 2015 **residential and commercial** forecast retail sales. The 2016 and 2017 forecast savings details are not available but are scheduled to be developed in 2015 following completion of the Market Potential Study and Detailed DSM Portfolio design.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

For each of the following programs, please explain the reason for the Company's proposed modifications and provide the expected change in demand and energy savings for each program from 2014 to 2015:

- a. Residential Efficient Products
- b. Community Outreach CFL
- c. Energy Education for Students
- d. Modified Energy Fitness
- e. Mobile Home High Efficiency Heat Pump
- f. High Efficiency Heat Pump
- g. Targeted Energy Efficiency programs.

RESPONSE

The program modifications were premised upon, and made generally for the reasons identified in, the 2012-2013 Demand Side Management Portfolio Evaluation prepared by Applied Energy Group for Kentucky Power. Please see KPSC 1-7, KPSC 1-10, KPSC 1-15, KPSC 1-20, KPSC 1-31, and KPSC 1-35.

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2014 - 2015 Forecast Change in Energy and Demand:

Program	2014 - 2015 Energy kWH	2014 - 2015 Demand kW
Residential Efficient Products	355,967	47
Community Outreach	-48,351	-4
Energy Education for Students	-26,307	-2
Modified Energy Fitness	0	0
Mobile Home High Efficiency Heat Pump	21,755	2
High Efficiency Heat Pump	81,960	13
Targeted Energy Efficiency	396,876	36

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Please refer to paragraphs 42 and 43 of the Application (pages 16-17). Please state whether the Company anticipates seeking approval of additional DSM/EE programs in 2015.

RESPONSE

Yes. The Company expects to file additional programs with the next DSM filing in August 2015.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Please confirm that the market potential study that is underway will evaluate the potential for DSM savings in the industrial customer sector. If you cannot confirm, please explain.

RESPONSE

The Company confirms this statement.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Now that the market potential study is underway, please explain the role the Company expects the Collaborative to play in the development of the study.

RESPONSE

The Collaborative will be invited to participate in the study planning and will have opportunity for input at scheduled meetings and/or calls to review work progress and study results. See response to SC 1-19 for a tentative time line.

WITNESS: Ranie K. Wohnhas

Kentucky Power Company

REQUEST

Referring to KPC's response to Sierra Club discovery request no. 1.6:

- a. Please explain why the Company responded to the request for "projected energy savings ... as a percentage of retail sales" for 2015 by providing forecast energy savings as a percentage of "2015 residential and commercial forecast retail sales."
- b. Please provide the projected energy savings for 2015 as a percentage of the combined residential, commercial and industrial retail sales.
- c. Please provide a comparison of projected energy savings for 2015 and the Company's actual and projected savings, as applicable, in 2013 and 2014, expressed in terms of:
 - (i) megawatt hours; (ii) percentage of residential and commercial retails sales; and
 - (iii) percentage of residential, commercial and industrial retails sales.

RESPONSE

- a. The Company limited its response to retail sales to reflect the effect on those customer classes eligible for DSM programs.
- b. 0.36% using net participant savings.

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c.

DSM Energy Savings:	2013	2014	2015
Participant or Measure Status	Actual	Forecast	Forecast
Gross Savings without loss (at meter) - MWH	20,789	20,338	28,473
Residential & Commercial Retail Sales - MWH	3,661,000	3,614,000	3,623,779
Savings to Residential & Commercial Retail Sales - %	0.57%	0.56%	0.79%
Residential, Commercial, Industrial Sales - MWH	6,544,000	6,442,000	6,483,809
Savings to Residential, Commercial, & Industrial Retail Sales	0.32%	0.32%	0.44%
Net Savings without loss (at meter) - MWH	17,480	15,931	23,510
Residential & Commercial Retail Sales - MWH	3,661,000	3,614,000	3,623,779
Savings to Residential & Commercial Retail Sales - %	0.48%	0.44%	0.65%
Residential, Commercial, Industrial Retail Sales - MWH	6,544,000	6,442,000	6,483,809
Savings to Residential, Commercial, & Industrial Retail Sales	0.27%	0.25%	0.36%

WITNESS: Ranie K Wohnhas

CERTIFICATE OF SERVICE

I certify that a copy of Beverly May and Sierra Club's Comments on Kentucky Power Company's DSM/EE Application has been served via U.S. mail and/or electronic mail on November 24, 2014 to the following:

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