

TARIFF D.S.M.C.
(Demand-Side Management Adjustment Clause)

APPLICABLE.

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D. 2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., Pilot K-12 School, I.G.S., C.S.-I.R.P., and M.W.

RATE.

1. The Demand-Side Management (DSM) clause shall provide for periodic adjustment per KWH of sales equal to the DSM costs per KWH by customer sector according to the following formula:

$$\text{Adjustment Factor} = \frac{\text{DSM (c)}}{\text{S(c)}}$$

Where DSM is the cost by customer sector of demand-side management programs, net lost revenues, incentives, and any over/under recovery balances; (c) is customer sector; and S is the adjusted KWH sales by customer sector.

2. Demand-Side Management (DSM) costs shall be the most recent forecasted cost plus any over/under recovery balances recorded at the end of the previous period.
 - a. Program costs are any costs the Company incurred associated with demand-side management which were approved by the Kentucky Power Company DSM Collaborative. Examples of costs to be included are contract services, allowances, promotion, expenses, evaluation, lease expense, etc. by customer sector.
 - b. Net lost revenues are the calculated net lost revenues by customer sector resulting from the implementation of the DSM programs.
 - c. Incentives are a shared-savings incentive plan consisting of one of the following elements: The efficiency incentive, which is defined as 15 percent of the estimated net savings associated with the programs. Estimated net savings are calculated based on the California Standard Practice Manual's definition of the Total Resources Cost (TRC) test, or the maximizing incentive which is defined as 5 percent of actual program expenditures if program savings cannot be measured.
 - d. Over/ Under recovery balances are the total of the differences between the following:
 - (i) the actual program costs incurred versus the program costs recovered through DSM adjustment clause, and
 - (ii) the calculated net lost revenues realized versus the net lost revenues recovered through the DSM adjustment clause, and
 - (iii) the calculated incentive to be recovered versus the incentive recovered through the DSM adjustment clause.
3. Sales (S) shall be the total ultimate KWH sales by customer sector less non-metered, opt-out and lost revenue impact KWHs by customer sector.
4. The provisions of the Demand-Side Management Adjustment Clause will be effective for the period ending December 31, 20148.

(Cont'd on Sheet No. 22-2)

DATE OF ISSUE: August 15, 2016

DATE EFFECTIVE: Service Rendered on or after August 29, 2016

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By authority of an Order by the Public Service Commission

In Case No. 2016- 00281 Dated

T

TARIFF D.S.M.C.
(DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE) (Cont'd.)

RATE. (Cont'd.)

5. The DSM adjustment shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustments, which shall include data, and information as may be required by the Commission.
6. Copies of all documents required to be filed with the Commission under this regulation shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.
7. The resulting range for each customer sector per KWH during the three-year Experimental Demand-Side Management Plan is as follows:

CUSTOMER SECTOR

		<u>RESIDENTIAL</u> (\$ Per KWH)	<u>COMMERCIAL</u> (\$ Per KWH)	<u>INDUSTRIAL*</u>		
Floor Factor	=	0.001876 .006133	0.000896 .002871	- 0 -	I	I
Ceiling Factor	=	0.004441 .009376	0.022773 .005540	- 0 -	I	R

8. The DSM Adjustment Clause factor (\$ Per KWH) for each customer sector which fall within the range defined in Item 7 above is as follows:

CUSTOMER SECTOR

		<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>INDUSTRIAL*</u>		
DSM (c)		3,582,239 8,444,195	1,170,502 2,673,330	- 0 -	I	I
S (c)		1,133,978,880 1,088,941,320	637,875,979 635,650,224	- 0 -	R	R
Adjustment Factor	\$	0.003159 .007755	0.001835 .004206	- 0 -	I	I

* The Industrial Sector has been discontinued pursuant to the Commission's Order dated September 28, 1999.

PROGRAM DESCRIPTIONS.

The D.S.M.C. program availability, program, rate, and equipment descriptions follow:

(Cont'd on Sheet No. 22-3)

DATE OF ISSUE: August 15, 2016

DATE EFFECTIVE: Service Rendered on or after August 29, 2016

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By authority of an Order by the Public Service Commission

In Case No. 2016- 00281 Dated

KENTUCKY POWER COMPANY

P.S.C. KY. NO. 10 2nd REVISED SHEET NO. 22-7
CANCELLING P.S.C. KY. NO. 10 1st REVISED SHEET NO. 22-7

**TARIFF D.S.M.C.
(DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE) (Cont'd.)**

PROGRAM: REP - Residential Efficient Products

AVAILABILITY OF SERVICE

All Kentucky Power residential customers are eligible to participate.

PROGRAM DESCRIPTION

The Kentucky Power Residential Efficient Products Program (REP) offers residential customers rebates on select ENERGY STAR products at participating retail stores across our service territory. The program targets the purchase of products through in-store promotion as well as special sales events. Customer incentives facilitate the increased purchase of high efficiency products while in-store signage, sales associate training and support makes provider participation easier.

A convenient online store where customers can shop for energy efficient lighting products and get immediate discounts is also available.

RATE

The program provides incentives for the purchase and installation of efficient lighting and appliances.

- *Lighting Incentives.* Kentucky Power continues to utilize an upstream strategy to provide incentives at participating retailers. Customers receive an instant incentive on qualifying ~~CFL~~ and LED light bulbs at the point-of-purchase. Incentives may vary depending upon the type of light bulb, manufacturer and associated retail cost. Customers may purchase up to 12 bulbs at a time.
- *Appliance Incentives.* Customers submit a mail-in application to receive an incentive for the purchase of an ENERGY STAR® clothes washer, air purifier or dehumidifier, other appliances that may be cost effective may be added.

EQUIPMENT

No equipment required to participate in this program will be furnished or installed by the Company, or its authorized agents. It is the customer's responsibility to purchase and install the required equipment.

(Cont'd on Sheet 22-8)

DATE OF ISSUE: August 15, 2016

DATE EFFECTIVE: Service Rendered on or after August 29, 2016

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By authority of an Order by the Public Service Commission

In Case No. 2016-00281 Dated

KENTUCKY POWER COMPANY

P.S.C. KY. NO. 10 1st REVISED SHEET NO. 22-15
CANCELLING P.S.C. KY. NO. 10 ORIGINAL SHEET NO. 22-15

**TARIFF D.S.M.C.
(DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE) (Cont'd.)**

PROGRAM: Appliance Recycling

AVAILABILITY OF SERVICE

All Kentucky Power residential customers and small (non-industrial) commercial customers having peak bill demand less than 100 kW, who have a second operational refrigerator or freezer between 10-30 cubic feet, are eligible to participate.

T
T

PROGRAM DESCRIPTION

The Appliance Recycling Program is designed to produce long-term electric energy savings by permanently removing operable secondary refrigerators and freezers, between 10-30 cubic feet, from the power grid and recycling them in an environmentally safe manner.

T

The program targets customers that possess more than one refrigerator and/or freezer and offers an incentive for removing these units from service. This program provides the benefit of lowering energy bills by reducing energy consumption, keeping the appliances out of the used market, and uses environmentally-sound technologies and procedures to recycle the old appliances.

RATE

The incentive range will be established by the Company. The current range is \$50 to \$70 depending on customer participation. KPCO may offer special promotions to increase program participation.

EQUIPMENT

No equipment will be furnished or installed by the Company, or its authorized agents.

DATE OF ISSUE August 15, 2016

DATE EFFECTIVE Service Rendered On And After August 29, 2016

ISSUED BY JOHN A ROGNESS III

TITLE : Director Regulatory Services

By Authority Of An Order By The Public Service Commission

In Case No. 2016-XXXX dated

**TARIFF D.S.M.C.
(DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE) (Cont'd.)**

PROGRAM: WHE – Whole House Efficiency

AVAILABILITY OF SERVICE

Available to residential customers that receive electric service from Kentucky Power Company and have an electric central cooling system (i.e. central air conditioner or heat pump). Customers living in Single Family, Multi-Family, and mobile homes are eligible. Multi-family customers include any residential unit that is not considered single family (i.e. apartment, condominium, townhome, etc.).

PROGRAM DESCRIPTION

The Whole House Efficiency Program consists of 3 options:

Home Energy Audit. The customer receives at no additional cost an in-home energy audit and direct installation of energy conservation measures. A professional energy auditor performs a home energy audit, identifying key areas of the home that are wasting energy and provide recommendations to make the home more energy efficient. Participants are eligible to receive installation of select energy conservation measures. Eligible measures may include but, not limited to:

- High efficiency lighting
- Domestic hot water pipe insulation (*only customers with electric DHW*)
- Water heater insulation wrap (only customers with electric DHW)
- Low flow showerhead (*only customers with electric DHW*)
- Low flow faucet aerator (*only customers with electric DHW*)
- Weatherstripping / caulking of doors and windows / door sweep
- Duct sealing

T
T
T

Weatherization Measures. Customers *with electric heating* are eligible to receive incentives for the purchase and installation of air sealing, duct sealing and insulation (attic, wall, basement sidewall and crawlspace). Customers may self-install insulation measures, except for attic insulation. Air and duct sealing must be performed by a participating dealer and a blower door test conducted to verify energy and demand savings.

T

HVAC Equipment. Customers are eligible to receive incentives for qualifying HVAC equipment installed by a participating dealer. Qualifying measures include heat pump ductless mini splits, heat pumps and smart programmable thermostats.

(Cont'd on Sheet No. 22-17)

DATE OF ISSUE: August 15, 2016

DATE EFFECTIVE: Service Rendered on or after August 29, 2016

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By authority of an Order by the Public Service Commission

In Case No. 2016- 00281 Dated

**TARIFF D.S.M.C.
(DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE) (Cont'd.)**

PROGRAM: WHE – Whole House Efficiency

RATE (cont'd)

HVAC Equipment and Incentives

		Minimum	Maximum
Heat Pump (SEER 15, EER 12.5, HSPF 8.5)	per Unit	\$300	\$350
Heat Pump (SEER 16, EER 13, HSPF 9)	per Unit	\$450	\$500
Heat Pump (SEER 14.5 Replace Resistance Heat w/CAC)	per Unit	\$300	\$400
Heat Pump (SEER 15 Replace Resistance Heat w/CAC)	per Unit	\$600	\$700
Heat Pump (SEER 16 Replace Resistance Heat w/CAC)	per Unit	\$900	\$1,000
Heat Pump Ductless Mini Split (Replace Resistance Heat)	per Unit	\$400	\$450
Smart Programmable Thermostat w/ Heat Pump	per Unit	\$45	\$50

EQUIPMENT

The Company, or its authorized agents, will furnish and install, in the customer's presence, the energy conservation measures as provided in the Home Energy Audit. It is the customer's responsibility to meet the program requirements and purchase and install the weatherization and HVAC measures by a qualified dealer participating as required with the program.

DATE OF ISSUE: August 15, 2016

DATE EFFECTIVE: Service Rendered on or after August 29, 2016

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By authority of an Order by the Public Service Commission

In Case No. 2016- 00281 Dated