

KPSC Case No. 2015-00271
Beverly May and Sierra Club's Second Set of Data Requests
Dated November 24, 2015
Item No. 4
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Kentucky Power Company

REQUEST

Referring to the Company's response to Sierra Club Initial Data Request No. 21:

- a. Please describe all efforts the Company has undertaken to determine "industrial customers' interest in Company-sponsored DSM programs" and provide all supporting documentation.
- b. Is it the Company's position that industrial customers would never be interested in a voluntary DSM program? Please explain.
- c. Please describe how, in the Company's view, an industrial customer would "demonstrate an interest in participating in, or having the Company establish pursuant to KRS 278.285, industrial DSM programs."

RESPONSE

a-c. Kentucky Power initially offered DSM/EE programs to its industrial customers. Due to a lack of participation by industrial customers, the Company requested that the industrial DSM/EE programs be discontinued. In its Order dated October 27, 1998 in Case No. 95-427, the Commission authorized Kentucky Power to discontinue those programs.

In the intervening 17 years Kentucky Power's industrial customers have not expressed sustained interest in Company-sponsored DSM/EE programs for industrial customers. The Company's customer service engineers regularly meet with the industrial customers. During these meetings industrial customer personnel sometimes inquire about the availability of Company-sponsored DSM/EE programs. Upon learning that any Company-sponsored DSM/EE program would require the payment of a DSM surcharge by the Company's industrial customers, interest in the Company-sponsored programs evaporates.

In addition, Kentucky Industrial Utility Customers, Inc. is a frequent intervenor in the Company's cases and has a proven track record of aggressively pursuing the interests of its members through Commission litigation. Following the termination of the Company's industrial DSM/EE programs, KIUC has not intervened in any Kentucky Power DSM filings. Nor has it ever made a filing requesting that the Company implement DSM/EE programs for KIUC members. Finally, KIUC has not sought to re-join the Company's DSM collaborative.

Finally, the Kentucky Public Service Commission sponsored a series of three DSM Stakeholder Meetings in 2013. These informal meetings were attended by utility, government and industrial representatives including Kentucky Power. The meetings focused on issues surrounding industrial DSM program implementation, as well as impediments, challenges and industrial program successes, and included discussions of stakeholder points of view. At the meetings, there were presentations by industrial customers who were successfully implementing their own DSM/EE programs, and which supported the industrial customer viewpoint that formal utility sponsored industrial DSM/EE programs were not necessary.

KRS 278.285(3) permits industrial customers to pursue their own DSM/EE programs and thereby avoid paying a DSM surcharge. It appears to the Company that its industrial customers have chosen to pursue their DSM/EE needs individually under the aegis of KRS 278.285(3). Kentucky Power remains open to any form of request by one or more industrial customers for Company-sponsored DSM/EE programs. In addition, the Company will continue to investigate ways to include smaller industrial customers in appropriate DSM/EE programs.

WITNESS: John A Rogness