

VERIFICATION

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

Ranie Wohnhas  
Ranie K. Wohnhas

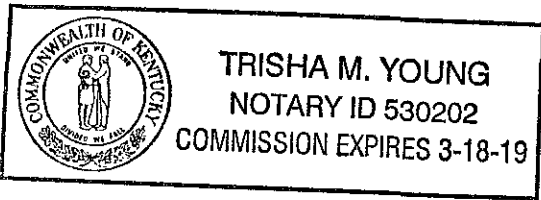
COMMONWEALTH OF KENTUCKY )  
 ) Case No. 2017-00097  
COUNTY OF FRANKLIN )

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Ranie K. Wohnhas, this the 11 day of December 2017.

Trisha M. Young Blum  
Notary Public

ID# 530202

My Commission Expires 3-18-19



Kentucky Power Company  
Case No. 2017-00097  
Commission Staff's Second Set of Data Requests  
Dated December 6, 2017

**DATA REQUEST**

- 2-1 Refer to Kentucky Power's Report filed on December 4, 2017. For the 218 New Construction and Commercial Incentive Prescriptive Custom projects, provide the following for the total of the 218 projects.
- a. Project costs incurred prior to November 1, 2017.
  - b. Project costs anticipated to be incurred between November 1, 2017, and December 31 , 2017.
  - c. Project costs anticipated to be incurred after December 31 , 2017.

**RESPONSE**

The previously reported number of projects (218) subsequently was revised based upon further communication with the Company's implementation contractor and updated program information obtained by the contractor. The revised total number of pending New Construction and Commercial Incentive Prescriptive Custom ("CI/PC") projects is 194. Twelve New Construction projects and 182 CI/PC comprise the pending projects. The number of New Construction projects is unchanged. Following further communication by the contractor with customers, the total pending CI/PC projects was reduced from 206 projects to 182 projects.

- a. Prior to November 1, 2017 Kentucky Power incurred New Construction and CI/PC program charges totaling \$577,954.12. Kentucky Power cannot allocate this amount to the 194 projects because contractor program charges are billed at the program and not project level. No incentive payments, which can be accounted for on a project by project basis, related to the 194 projects were paid prior to November 1, 2017.
- b. Kentucky Power estimates it will pay \$199,152.48 in New Construction and CI/PC contractor program charges between November 1, 2017 and December 31, 2017. Because contractor program charges are billed at the program and not the project level Kentucky Power cannot allocate a specific portion of these estimated payments to the 194 projects. Kentucky Power does not anticipate making any incentive payments, which can be accounted for on a project by project basis, related to the 194 projects between November 1, 2017 and December 31, 2017.
- c. Kentucky Power estimates \$1,424,495 in incentive payments related to the 194 projects will be made after December 31, 2017. Requests for incentives for these 194 projects are due no later than February 15, 2018. In addition, an estimated \$95,025 in administrative expense to process

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the incentive requests and close-out the projects will be incurred prior to the program termination. Thus, post-December 31, 2017 New Construction and CI/PC program costs and incentives are estimated to total \$1,519,520

The post-December 31, 2017 estimated incentive payments include \$1,361,636.01 in incentive payments for the 182 CI/PC projects. This amount increased from \$1,063,807.51 following the Company's review of detailed project information from the program contractor. In addition, Kentucky Power estimates post-December 31, 2017 incentive payments of \$62,858.74 for the 12 New Construction projects. This amount was reduced from the previous estimate of \$66,106.78 following the program implementation contractor's further review of updated customer paperwork.

Witness:           Ranie K. Wohnhas

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**DATA REQUEST**

- 2-2 Refer to Kentucky Power's Report filed on December 4, 2017. For the 218 New Construction and Commercial Incentive Prescriptive Custom projects, provide the following information for each of the 218 projects.
- a. Project costs incurred prior to November 1, 2017.
  - b. Project costs anticipated to be incurred between November 1, 2017, and December 31 , 2017.
  - c. Project costs anticipated to be incurred after December 31 , 2017.
  - d. The current status of each of the 218 projects, based on the percentage of work completed and percentage of cost incurred to date.

**RESPONSE**

- a. Please refer to the response to KPSC 2-1 subpart a for the requested information.
- b. Please refer to the response to KPSC 2-1 subpart b for the requested information.
- c. Please refer to the response to KPSC 2-1 subpart c and KPSC 2-2 subpart d for project detail.
- d. Please refer to KPCO\_R\_KPSC\_2\_2\_Attachment1.xlsx for the requested information. The attachment has 3 project status categories that are identified and defined below:
  - “Pending Kentucky Power Final Approval” – Projects have been completed by the customer and paperwork has been reviewed. The contractor is awaiting final approval from Kentucky Power to issue incentive checks.
  - “Waitlist” – The project meet one of two criteria: 1) Project applications turned in after full subscription or 2) project application turned in before full subscription but lacked sufficient information to reserve funds. Full subscription occurred in June 2017 when the estimated incentive funds were either paid or reserved in full.

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- “Pre Review” – An active project where the application was turned in prior to full subscription but project completion has been delayed.

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**DATA REQUEST**

- 2-3 Refer to Kentucky Power's Report filed on December 4, 2017. For the 18 Whole House Efficiency rebate arrangements now pending, provide the following information for the total of the 18 pending rebate arrangements.
- a. Costs incurred prior to November 1, 2017.
  - b. Costs anticipated to be incurred between November 1, 2017, and December 31, 2017.
  - c. Costs anticipated to be incurred after December 31, 2017.

**RESPONSE**

The estimate of 18 pending customer rebate arrangements was a preliminary approximation. It was based on the information available to the Company at the time it was made. Subsequent to that estimate the number of customer rebate application submittals for projects completed on or before November 3, 2017 increased as a result of the notice sent to Whole House Efficiency contractors on November 3, 2017 to cease all new program activity. Under the terms of the program, participants have until February 1, 2018 (90 days from the cessation of all new activity) to submit rebate applications for projects completed on or before November 3, 2017. Kentucky Power now estimates a total of 66 qualifying Whole House Efficiency rebate applications will be submitted on or before February 1, 2018.

- a. Prior to November 1, 2017 Kentucky Power incurred Whole House Efficiency program charges totaling \$719,119. Kentucky Power cannot allocate this amount to the estimated 66 pending Whole House Efficiency projects because contractor program charges are billed at the program and not project level. No rebate payments, which can be accounted for on a project by project basis, related to the 66 projects were paid prior to November 1, 2017.
- b. Kentucky Power estimates it will pay \$137,423 in Whole House Efficiency contractor program charges between November 1, 2017 and December 31, 2017. Because contractor program charges are billed at the program and not the project level Kentucky Power cannot

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allocate a specific portion of these estimated payments to the 66 pending projects. Kentucky Power does not anticipate making any rebate payments, which can be accounted for on a project by project basis, related to the 66 Whole House Efficiency projects between November 1, 2017 and December 31, 2017.

c. Please refer to parts a. and b. above. Kentucky Power estimates \$18,572 in rebate payments related to the 66 Whole House Efficiency projects will be made after December 31, 2017. Requests for rebates for these 66 projects are due no later than February 1, 2018. In addition, an estimated \$35,403 in administrative expense to process the rebate requests and close-out the projects will be incurred prior to the program termination. Thus, post-December 31, 2017 Whole House Efficiency program costs and incentives are estimated to total \$53,975.

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**DATA REQUEST**

- 2-4 Refer to Kentucky Power's Report filed on December 4, 2017. For the 18 Whole House Efficiency rebate arrangements now pending, provide the following information for each of the 18 pending rebate arrangements.
- a. Costs incurred prior to November 1, 2017.
  - b. Costs anticipated to be incurred between November 1, 2017, and December 31, 2017.
  - c. Costs anticipated to be incurred after December 31, 2017.
  - d. The current status of each of the 18 rebate arrangements, based on the percentage of work completed and percentage of cost incurred to date.

**RESPONSE**

- a. Please refer to the response to KPSC 2-3 subpart a for the requested information.
- b. Please refer to the response to KPSC 2-3 subpart b for the requested information.
- c. Please refer to KPCO\_R\_KPSC\_2\_4\_Attachment1.xlsx for the requested information.
- d. Please refer to KPCO\_R\_KPSC\_2\_4\_Attachment1.xlsx for the requested information. The attachment uses the following two status descriptions:

“Pending” – Incomplete rebate applications received for completed customer projects that require additional information from the installation contractor to process.

“Estimated” – Forecasted customer rebate applications to be received by the February 1, 2018 deadline.

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**DATA REQUEST**

2-5 Refer to Kentucky Power's Report filed on December 4, 2017. State the estimated cost to be incurred by not terminating the program evaluation services to be performed by Applied Energy Group, Inc., and explain in detail the reasons why those services should not be terminated now, with a future contract entered into for those services, if needed, once a final decision is made in this investigation.

**RESPONSE**

Kentucky Power estimates the cost of completing the impact evaluation study and final evaluation report will total \$165,233. Additional program evaluation expenses totaling \$62,210 would be used to develop a cost-effectiveness analysis for the Company's August 2018 filing for its 2019 portfolio of DSM programs. Both amounts would be paid to Applied Energy Group, Inc. under the existing contract.

The impact evaluation services and final report results are required to calculate the amount of net lost revenue and efficiency incentives to be recovered by Kentucky Power in accordance with the Company's tariff. The Company is entitled to recover these amounts.

The impact evaluation study analyzes the operation of Kentucky Power's DSM programs in 2016 and 2017. The final report will include the Total Resource Cost ratio for each of the DSM programs. Other data representing program performance is included with the final report. Recommendations for prospective operation (2019 - 2021) of the existing DSM portfolio also is included in the report. The final report also includes information that supports the development of Kentucky Power's next Integrated Resource Plan.

A number of program evaluation activities were in progress or completed on November 3, 2017 when Kentucky Power suspended further activity. Terminating the existing contract now and subsequently entering into a later contract will delay the evaluation and final report. Delaying the impact evaluation study and final report could impede the Company's ability to make an August 2018 filing, and could hinder its ability to provide the Commission with the information required to evaluate the cost-effectiveness of any future DSM portfolio that would include existing programs.

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Finally, the impact evaluation study and final report completes the evaluation of the three year (2016 - 2018) DSM program cycle approved by the Commission in Case No. 2015-00271. The first part of the evaluation was the Process Market Evaluation of the first year (2016) operation of the three year program cycle. The results of the Process Market Evaluation were provided with the Company's November 15, 2017 filing. The impact evaluation study and final reports constitute the second half of the evaluation of the three year program cycle.

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