

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

Electronic Investigation Of The Reasonableness)	
Of The Demand Side Management Programs And)	Case No. 2017-00097
Rates Of Kentucky Power Company)	

**NOTICE OF KENTUCKY POWER COMPANY AND MOTION FOR LEAVE
TO DEVIATE FROM THE REQUIREMENTS OF THE COMMISSION'S
FEBRUARY 22, 2013 ORDER IN CASE NO. 2012-00367**

Notice

Kentucky Power informs the Public Service Commission of Kentucky of its actions to comply with the Commission's May 4, 2017 interlocutory Order in this proceeding and its February 22, 2013 Order in Case No. 2012-00367:¹

1. The Commission directed the Company as follows in its February 22, 2013

Order:

9. In a year when there are DSM program evaluations or proposed expanded or new programs filed with the Commission, Kentucky Power should file an application by August 15 that includes the following: (1) a prior year actual Status Report and an actual year-to-date June 30 Status Report, in a manner currently filed by program; (2) an actual fiscal year based on July 1 to June 30, along with a projected fiscal year, in a manner similarly filed in the current Exhibit C, for the recovery of program costs, lost revenues, and incentives, that are used in determining the true-up of the proposed DSM factors(s); and (3) all program evaluations or/and proposed expanded or new programs.

10. In a year when there are no DSM program evaluations or proposed expanded or new programs filed with the Commission, Kentucky Power should file the following by November 15 using the Commission's electronic Tariff Filing system:

¹ Order, *In the Matter of: Application Of Kentucky Power Company To Amend Its Demand-Side Management Program And For Authority To Implement A Tariff To Recover Costs And Net Lost Revenues, And To Receive Incentives Associated With The Implementation Of The Programs*, Case No. 2012-00367 (Ky. P.S.C. February 22, 2013).

- A revised tariff sheet showing the proposed DSM factors that are to be effective for the first billing cycle for the revenue month of January for the next year.²

- All necessary supporting documentation to support the true-up of the proposed DSM factor(s) including: (1) a Status Report for each program of the prior year actual and year-to-date actual as of June 30 in a Portable Document Format (PDF) document; and (2) the current Schedule C in an Excel document with all formulas intact and cells unprotected, along with all supporting documentation for the recovery of program costs, lost revenues, and incentives, that are used in determining the true-up of the proposed DSM factor(s).

2. In its May 4, 2017 interlocutory Order in this proceeding the Commission concluded:

This proceeding was initiated by the Commission's own motion based on a finding that immediate action was necessary to review the reasonableness of the level of spending on Kentucky Power's DSM programs, given the significant increase in cost that exacerbated an already bleak economic situation for many of Kentucky Power's customers. *It therefore follows that any discretionary increases in the costs of the DSM program should be curtailed during the pendency of this proceeding.*³

3. Because the Commission's investigation is pending, and in accordance with the Commission's May 4, 2017 interlocutory Order, Kentucky Power is not seeking approval for any expanded or new DSM programs and will not make an August 15 filing.

4. Kentucky Power will maintain its existing programs and make the required informational and tariff filings concerning those programs on or before November 15, 2017 in accordance with the February 22, 2013 Order in Case No. 2012-00367.

² *Id.* at 25-26.

³ Order, *In The Matter Of: Electronic Investigation Of The Reasonableness Of The Demand Side Management Programs And Rates Of Kentucky Power Company*, Case No, 2017-0097 at 3 (Ky. P.S.C. May 4, 2017) (emphasis supplied).

5. Pending the Commission's Order in this proceeding, Kentucky Power awaits further direction from the Commission concerning the future administration and development of its DSM programs.

Motion To Deviate

6. Kentucky Power will receive this year from its contractor, Applied Energy Group, a Process Market Evaluation Report for the Company's existing DSM programs. The report reviews the Company's existing DSM program processes, as well as the markets for the Company's existing programs. The report typically makes recommendations with respect to changes to the existing programs, including expansions of programs where warranted.

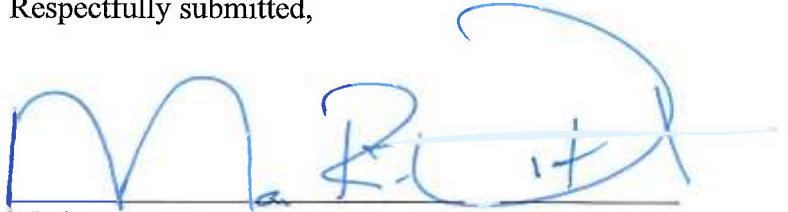
7. In a year when the Company was proposing new or expanded programs it would file the Process Market Evaluation Report in conjunction with its required August 15 filing seeking approval of new or expanded programs. Because the Company is not proposing any new or expanded programs during the pendency of this proceeding, Kentucky Power requests leave to deviate from the Commission's February 22, 2013 Order in Case No. 2012-00367. The Company will file its Process Market Evaluation Report in conjunction with November 2017 filings.

Wherefore, Kentucky Power Company respectfully requests the Public Service Commission of Kentucky to enter an Order:

1. Granting the Company leave to deviate from the Commission's February 22, 2013 Order in Case No. 2012-00367 and file its Process Market Evaluation Report in conjunction with November 2017 tariff and supporting filings; and

2. Granting all other required relief.

Respectfully submitted,



Mark R. Overstreet
Katie M. Glass
STITES & HARBISON PLLC
421 West Main Street
P.O. Box 634
Frankfort, Kentucky 40602-0634
Telephone: (502) 223-3477
Facsimile: (502) 223-4387
moverstreet@stites.com
kglass@stites.com

Kenneth J. Gish, Jr.
STITES & HARBISON PLLC
250 West Main Street, Suite 2300
Lexington, Kentucky 40507
Telephone: (859) 226-2300
Facsimile: (859) 253-9144
kgish@stites.com

COUNSEL FOR:
KENTUCKY POWER COMPANY