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	)	

SUPPLEMENTAL TESTIMONY OF

RANIE K. WOHNHAS

ON BEHALF OF KENTUCKY POWER COMPANY

IN RESPONSE TO THE NOVEMBER 30, 2017 AND DECEMBER 21, 2017 ORDERS

OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY

January 10, 2018

SUPPLEMENTAL TESTIMONY OF
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I. INTRODUCTION

Q: PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A: My name is Ranie K. Wohnhas. My position is Managing Director, Regulatory and Finance, Kentucky Power Company. My business address is 855 Central Avenue, Suite 200, Ashland, Kentucky 41101.

II. BACKGROUND

Q: PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE.

A: I received a Bachelor of Science degree with a major in accounting from Franklin University, Columbus, Ohio in December 1981. I began work with Columbus Southern Power Company in 1978, and worked in various customer services and accounting positions. In 1983, I transferred to Kentucky Power Company and worked in accounting, rates, and customer services. I became the Billing and Collections Manager in 1995. My duties included overseeing all billing and collection activity for the Company. In 1998, I transferred to Appalachian Power Company and worked in rates. In 2001, I transferred to the American Electric Power Service Corporation working as a Senior Rate Consultant. In July 2004, I transferred back to Kentucky Power Company and assumed the position of Manager, Business Operations Support. I was promoted to Director in April 2006. I was promoted to my current position as Managing Director, Regulatory and Finance, effective September 1, 2010.

Q: WHAT ARE YOUR RESPONSIBILITIES AS MANAGING DIRECTOR, REGULATORY AND FINANCE?

A: I am primarily responsible for managing the regulatory and financial strategy for Kentucky Power. This includes planning and executing rate filings for both federal and state regulatory agencies, as well as certificate of public convenience and necessity filings before this Commission. I am also responsible for managing the Company's financial operating plans. Included as part of my responsibilities are the preparation and coordination of various capital and O&M operating budgets with other American Electric Power Company, Inc. affiliates. I work with various American Electric Power Service Corporation departments to ensure that adequate resources such as debt, equity, and cash are available to build, operate, and maintain Kentucky Power's electric system assets used to provide service to our retail and wholesale customers. In my role as Managing Director, Regulatory and Finance, I report directly to Matthew J. Satterwhite, President and Chief Operating Officer of Kentucky Power.

Q: HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

A: Yes, I have testified on multiple occasions. I filed rebuttal testimony on behalf of Kentucky Power in this case on December 13, 2107. In addition, I filed testimony in the Company's five most recent base rate case filings, Case No. 2005-00341, Case No. 2009-00459, Case No. 2013-00197, Case No. 2014-00396, and Case No. 2017-00179. I also testified in various fuel adjustment clause review proceedings. Other cases in which I testified include an environmental compliance plan, Case No. 2011-00401; a real-time pricing proceeding, Case No. 2012-00226; the transfer of a fifty percent undivided interest in the Mitchell generating station to Kentucky Power, Case No. 2012-00578; the filing to convert Big Sandy Unit 1 to a gas-fired unit, Case No. 2013-00430; and the Company's application for approval of its DSM program, Case No. 2014-00271. Finally, I provided testimony in two proceedings in which Kentucky Power sought a certificate of public convenience and necessity to construct transmission and related facilities.

III. PURPOSE OF TESTIMONY

Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A: My testimony addresses the issues identified by the Commission in its November 30, 2017 and December 21, 2017 Orders. Overall I cover the two remaining areas the Company understands to be at issue in this proceeding: (1) how the 2017 and 2018 DSM program offerings are to be wrapped-up in an appropriate fashion; and (2) the level of DSM programming the Commission will support going forward.

Q. WHAT REMAINS TO BE WRAPPED-UP IN CONNECTION WITH THE 2017 PROGRAMS AND THE SINGLE PROGRAM AUTHORIZED FOR 2018?

A. The Commission provided clear guidance on the single program (Targeted Energy Efficiency) it believes the record supports continuing in 2018. That leaves other questions that tie to both the Company's ability to perform the Evaluation, Measurement and Verification of past programs as a tool for Commission confidence in the previously programs offered and for guidance for programs for the future. In particular, I address the need to ensure that the wrap-up the 2017 programs and lack of all but one program in 2018 following the Commission-ordered change in direction as a result of this investigation are addressed in a manner that is fair to customers and the Company. Therefore, I discuss the need for the proposed impact evaluation. I also discuss the projects that were accepted in the program pipeline prior to the Commission's November

30, 2017 Order terminating all but the Targeted Energy Efficiency Program in 2018, and the customers' expectation of Commission support for those projects.

Q: WHAT REMAINS TO BE ADDRESSED ABOUT FUTURE DSM PROGRAMS IN KENTUCKY POWER'S TERRITORY?

A: The very nature and presence of DSM programs in Kentucky Power's territory going forward is before the Commission in this docket. As discussed by the Commission in February 23, 2017 Order initiating this investigation, its purpose is to determine the need for programs in light of the capacity and energy position of the Company. At the heart of any policy discussion on EE/DSM programs is the Commission's willingness to support the continuation of the overall effort. The Commission must be supportive of the recovery of program costs and utility lost revenues associated with the administration of DSM programs. At the core of this effort is a requirement that the public utilities encourage their customers to use less of their product. In the past that has been justified by an effort to decrease the need to add new generation to the system that could cost significantly more than awarding lost revenue for sales lost by the Company due to EE/DSM savings. This is a policy decision to be determined by the Commission. If the Commission wants to focus on EE/DSM programs for the social good or to avoid future generation additions then it must support the recovery of lost revenues and program costs associated with offering EE/DSM programs. If the costs are too high or the Commission no longer sees the value in the effort, it is appropriate to make that policy declaration and direct the Company not to offer such programs. Kentucky Power stands ready to propose new programs as outlined in this docket for the future; it requests the Commission's statement of support that such programs are desired and that the costs to develop the programs, the costs in implementing the programs, incentives, and net lost revenues are subject to recovery. That is the question that the Commission must answer in this proceeding.

IV. <u>PROGRAM EVALUATION COSTS</u>

Q. WHY IS KENTUCKY POWER PROPOSING TO USE AN IMPACT EVALUATION TO STUDY THE COST–EFFECTIVENESS OF ITS 2016 AND 2017 DSM PROGRAMS GIVEN THE FACT THAT OTHER THAN THE TARGETED ENERGY EFFICIENCY PROGRAM ALL OF THE PROGRAMS WERE TERMINATED EFFECTIVE JANUARY 1, 2018?

A. Kentucky law provides that a utility may recover through its DSM factor "the full costs of demand-side management programs, any net revenues lost due to reduced sales resulting from demand-side management programs, and incentives designed to provide positive financial rewards to a utility to encourage implementation of cost-effective demand-side management programs." Kentucky Power's tariffs also indicated that the DSM factor includes the recovery of incentives and lost revenues. Kentucky Power's right under KRS 278.285, and its obligation in conformity with KRS 278.160, to recover incentives requires that it demonstrate that the DSM programs were cost-effective. The proposed impact study, which will be based upon two years of DSM program data, will be used to make this showing. In addition, the impact evaluation calculates for each program the net energy savings per kWh. This calculation in turn is required to calculate lost revenues for each program. In sum, the impact evaluation is required to permit the Company to calculate the incentives and lost revenues it is entitled and required to recover under its tariffs.

Q. ARE THERE ANY ADDITIONAL REASONS?

A. Yes, there are several. First, the Commission's November 30, 2017 Order indicates that given the change in the Company's reserve margin since the 2015 impact evaluation was performed that the Commission "is unable at this time to make any findings as to the cost-effectiveness of the DSM programs proposed for 2018. The impact evaluation will provide the information the Commission indicates that it requires to determine which programs could continue. In addition, the Commission's November 30, 2017 Order directs the Company to continue its Targeted Energy Efficiency Program in 2018. The Impact evaluation will be used to determine whether that program should continue past December 2018.

Q. HAS KENTUCKY POWER CONTRACTED TO HAVE THE IMPACT STUDY PERFORMED?

A. Yes. On September 20, 2016 Kentucky Power contracted with Applied Energy Group, Inc. ("AEG") to perform both the Process Market evaluation and the separate Impact evaluation. The Process Market evaluation was completed in 2017 and filed with the Commission on November 15, 2017.

Q. HAS WORK BEGUN ON THE IMPACT EVALUATION?

A. Yes. Work on the Impact evaluation began in May 2017. On November 3, 2017, Kentucky Power directed AEG to suspend all work on the Impact evaluation. Subsequently, after fuller examination of the Commission's Orders, Kentucky Power directed AEG to begin work so that the Company could provide the Commission with cost-effectiveness information regarding its DSM portfolio. Upon receipt of the Commission's December 21, 2017 Order, Kentucky Power directed AEG to suspend work on the Impact evaluation. Finally, although the Company's 2019 Integrated Resource Plan can be performed in the absence of the currently-suspended Impact evaluation, information from past impact evaluations has been used in developing energy conservation measures modeled in past Integrated Resource Plans.

Q. WHAT AMOUNTS DID KENTUCKY POWER PAY AEG IN 2017 IN CONNECTION WITH THE IMPACT EVALUATION?

A. To date, Kentucky Power has paid AEG approximately $125,000 for work performed in connection with the Impact evaluation. The approximately $125,000 was included in the calculation of the DSM factors filed with the Commission in this case on December 13, 2017, and filed using the Commission's electronic filing system on December 28, 2017.

Q. WHAT WORK HAS AEG PERFORMED ON THE IMPACT EVALUATION TO DATE?

A. AEG provided the Company with data analysis, on-site inspection, and impact modeling for commercial and residential programs. In addition, AEG provided information used in responding to data requests in this case.

Q. WHAT WORK REMAINS TO BE PERFORMED ON THE IMPACT EVALUATION?

A. Upon authorization by the Company, AEG will resume the work in progress at the time its work was suspended. In addition, it will perform the cost-effectiveness analysis, prepare draft and final reports, and participate in stakeholder meetings as required. Finally, AEG may be called on to provide data for use in responding to data requests in connection with any future DSM proceedings.

Q. WHAT IS THE ESTIMATED COST OF PERFORMING THE REMAINING IMPACT EVALUATION WORK?

A. Kentucky Power estimates the balance of the work on the Impact evaluation can be completed for approximately $165,000. In addition, Kentucky Power has the option under the AEG agreement to purchase AEG consulting services to assist the Company in developing cost-effective DSM programs for implementation in 2019-2021. The consulting services include the development of a timeline, expected participation levels, customer incentives, budgets, and gross and net energy savings calculated on a per-measure and portfolio basis. The estimated price for these services is $62,000.

Q. DOES KENTUCKY POWER REQUIRE THE CONSULTING SERVICES TO DEVELOP AND SUBMIT A PORTFOLIO OF DSM PROGRAMS FOR THE 2019-2021 CYCLE?

A. That is a matter for the Commission to decide. If the Commission desires to continue robust EE/DSM programs and to have a record upon which it can review the costs and benefits of those programs, the consulting services are a useful tool in developing and justifying the Company's portfolio of DSM programs. The services will enable Kentucky Power to propose an updated portfolio reflecting industry-best practices for implementation in the 2019-2021 three-year cycle. The impact evaluation (assuming the Commission authorizes its completion) also could be used by the Kentucky Power to present data concerning existing programs to be included in a future proposed portfolio. Although the Company could still propose programs that are not evaluated, the impact evaluation, as well as the other data provided by AEG through its consulting services, would provide the Commission with additional information (including data from the region concerning the actual impacts of the programs) in reviewing the Company's proposals.

Q. THE COMMISSION HAS MADE CLEAR ITS CONCERN ABOUT THE FUTURE NEED FOR KENTUCKY POWER'S DSM PROGRAMS IN LIGHT OF THE REDUCTION OVER THE PAST SEVERAL YEARS OF THE COMPANY'S LOAD. WHY IS THE COMPANY CONTEMPLATING FILING A PORTFOLIO OF PROGRAMS FOR THE 2019-2021 CYCLE?

A. Kentucky Power recognizes the Commission's concern as well as the Commission's desire to limit the amount of customer (particularly residential customer) bills. Kentucky Power seeks Commission direction on Commission's desire to support EE/DSM efforts moving forward. One consideration the Company raises in this regard is Kentucky Power's economic development efforts and their impact on the Company's load. If Kentucky Power continues on the path of its recent success thanks to its efforts and the partnership with customers through the KEDS program, there could be a need for additional resources in the future. In that situation, the Company wants to have the appropriate resources necessary to present and implement cost-effective DSM programs if it becomes advisable to do so.

Q. ARE THE PROGRAM EVALUATION AND CONSULTING COSTS REQUIRED IF THE COMMISSION DIRECTS KENTUCKY POWER NOT TO DEVELOP AND FILE A PORTFOLIO OF PROGRAMS FOR 2019-2021.

A. The Company requests clear direction from the Commission in its final order in this proceeding as to whether the Company should develop and submit a portfolio of programs for the 2019-2021 cycle. The Impact evaluation and consulting services are not required if the Commission indicates that the Company should not develop and submit a 2019-2021 demand-side management portfolio for Commission review and approval. Kentucky Power notes that if the Commission concludes the Impact evaluation is not required, the Company nevertheless remains entitled to recover its lost revenues and incentives in connection with wrapping-up its 2017 and 2018 programs even in the absence of the usual evidence of record that otherwise would be provided by the Impact evaluation.

Q. ARE THE ESTIMATED $165,000 AND $62,000 COSTS INCLUDED IN THE DSM FACTORS THE COMPANY FILED ON DECEMBER 28, 2017?

A. No. Subsequent to the Commission's December 21, 2017 Order, the Company excluded both amounts from the calculations used to develop the factors included in the DSM tariffs filed on December 28, 2017 using the Commission's electronic tariff filing system. Thus, the $227,000 is not being recovered through the factors currently being used.

Q. BEFORE LEAVING PROGRAM EVALUATION COSTS, THE COMMISSION'S NOVEMBER 30, 2017 ORDER INDICATES "IT ALSO IS UNCLEAR WHETHER LOST REVENUES AND INCENTIVES WERE FULLY REFLECTED IN THE 2015 COST ANALYSES OF THE DSM PROGRAMS." DID THE 2015 COST ANALYSES FULLY REFLECT LOST REVENUES AND INCENTIVES?

A. No. Kentucky Power's tariff provides that incentives paid to Kentucky Power are paid in connection with a shared-savings incentive plan. For those programs for which savings can be measured the incentive (denominated an efficiency incentive) is equal to "15 percent of the estimated net savings associated with the programs." Estimated net savings in turn are calculated under the tariff using the California Standard Practice Manual's Total Resources Cost ("TRC") test. The TRC test does not reflect lost revenues or incentives. There thus was no need to calculate cost-effectiveness reflecting incentives and lost revenues. Further, it is important to note that lost revenues are not properly characterized as a cost of the DSM program because they are collected both with and without the DSM program. In the absence of the DSM program the dollars reflected as lost revenues in connection with a DSM program would instead be collected as sales by the utility. With the DSM program this sales revenue instead is collected as lost revenue.

V. PROJECT STATUS

Q. THE COMMISSION'S DECEMBER 21, 2017 ORDER GRANTED REHEARING TO PERMIT KENTUCKY POWER TO PRESENT ADDITIONAL EVIDENCE CONCERNING THE STATUS OF PROJECTS LISTED ON THE COMPANY'S DECEMBER 13, 2017 RESPONSE TO KPSC 2-2. BEFORE ADDRESSING THE PROJECTS LISTED IN THE COMPANY'S RESPONSE TO KPSC 2-2 IN MORE DETAIL, PLEASE PROVIDE ADDITIONAL INFORMATION ON THE PROCESS BY WHICH KENTUCKY POWER AND ITS CONTRACTOR ADMINISTER THE NEW CONSTRUCTION AND THE COMMERCIAL INCENTIVE PRESCRIPTIVE CUSTOM PROGRAMS.

A. Upon receipt, the applications are reviewed by the Company's contractor to ensure they are complete, that the proposed project qualifies for the program, and the information provided is responsive. The contractor then contacts the applicant to inform the applicant that the project has been approved.

Q. IS THERE A PROGRAM BUDGET?

A. Yes. Kentucky Power annually submits a program cost budget (including customer incentives) for Commission approval. The amount available for customer incentives for each program is the amount approved by the Commission.

Q. DOES KENTUCKY POWER TRACK THE APPROVED APPLICATIONS AGAINST THE AMOUNT OF THE BUDGETED INCENTIVES?

A. Yes. As each application is approved the budget is earmarked and the available program funds are reduced accordingly. The incentives are paid upon project completion and verification.

Q. WHAT HAPPENS IF THERE ARE MORE APPLICATIONS SUBMITTED FOR APPROVAL THAN FUNDS BUDGETED FOR INCENTIVES?

A. Prior to the initiation of this investigation, the applications were processed in the same fashion as applications that were received prior to the reservation of the full budgeted amount. The incentives were paid upon the verification of the project's completion. The expenses related to these incentives were included the Company's next DSM program application.

Q. DID THIS PROCESS CHANGE AFTER THE COMMISSION INITIATED THIS INVESTIGATION?

A. Yes. Both the waitlist and the "Pending Kentucky Power Final Approval" statuses were implemented beginning in June 2017 in response to the earlier initiation of the Commission's investigation and the June 2017 full subscription of funds reserved for these programs. The Company continued to process submitted applications once the program budget was fully committed in June 2017 as a result of accepted applications.

Applications submitted subsequent to the reservation of the full budgeted amount were placed on a wait list.

Q. WHAT IS THE SIGNIFICANCE OF BEING PLACED ON THE WAIT LIST?

A. A customer placed on the wait list was told that although the customer may proceed with the project, incentives would be paid only upon the availability of additional funds and Kentucky Power's approval of their distribution to the customer for the project.

Q. WHAT IS MEANT BY "PENDING KENTUCKY POWER FINAL APPROVAL"?

A. A project was moved from the wait list to "pending Kentucky Power final approval" upon verification of the completion of the project in conformity with program requirements. Whereas prior to the initiation of this investigation the associated incentives would have been paid (to be recovered in the Company's next DSM application) Kentucky Power is awaiting further direction from the Commission as to whether the incentives can be paid and recovered through the commercial DSM factor.

Q. WITH THIS AS BACKGROUND, AND TURNING TO THE COMPANY'S DECEMBER 13, 2017 RESPONSE TO KPSC 2-2, PLEASE DETAIL THE STATUS EACH OF THE FOUR GROUPS SHOWN ON THE RESPONSE.

A. The first group (West Perry Elementary School is the first entry in the group) is unlabeled and comprises the 12 New Construction program projects that were on the wait list at the time the response was submitted. Eleven of the 12 were completed on November 3, 2017 when the Company suspended all new program activity but the final paperwork had not been submitted. The twelfth project was 80 percent complete. Incentives associated with the 12 projects total $62,859. These incentives have not been paid.

Q. THE NEXT GROUP IS LABELED "PENDING KENTUCKY POWER APPROVAL." WHAT IS THE STATUS OF THIS GROUP?

A. These 37 Commercial Incentive Prescriptive Custom projects (the first listed project is the Knott County Board of Education) were wait listed at the time their applications were submitted and approved. All of the projects were subsequently completed and the final paperwork associated with the project was submitted and verified *prior to* the Company's suspension of new program activity on November 3, 2017 in response to the Commission's November 2, 2017 Order. As described above, they are awaiting Kentucky Power Company's approval of payment of the incentive upon funds becoming available. There is $203,398 in incentives associated with these projects.

Q. THE THIRD GROUP LISTS 74 COMMERCIAL INCENTIVE PRESCRIPTIVE CUSTOM PROGRAM PROJECTS AND IS LABELED "WAIT LIST STATUS." HOW DOES THE STATUS OF THESE PROJECTS DIFFER FROM THE STATUS OF THE 37 PROJECTS INCLUDED IN THE SECOND GROUP?

A. Unlike the projects comprising the second group, none of these projects were complete with the final paperwork submitted on November 3, 2017 when Kentucky Power suspended all new program activity. Total incentives associated with these projects are $532,562.

Q. THE FINAL GROUP OF 71 PROJECTS IS LABELED AS "REVIEW STATUS." WHAT DOES THAT MEAN?

A. The applications for these projects were submitted and approved prior to the program budget being fully committed. These projects were never on the waitlist. These projects are still in progress or have been completed and the final paperwork has not been received and verified. There is $625,676 in incentives associated with these 71 projects.

Q. KENTUCKY POWER EARLIER INDICATED IN FILINGS WITH THE COMMISSION THAT THERE WERE 86 COMMERCIAL INCENTIVE PRESCRIPTIVE CUSTOM PROGRAM PROJECTS AND NEW CONSTRUCTION PROJECTS ON THE "WAIT LIST." PLEASE UPDATE THE COMMISSION AS TO THEIR STATUS.

A. As of January 3, 2017 two of the 12 New Construction programs are eligible to be moved to "Pending Kentucky Power Final Approval" status. Similarly, 18 of the 74 Commercial Incentive Custom Prescriptive programs are eligible to be moved to "Pending Kentucky Power Final Approval" status.

Q. ALTHOUGH THE COMPANY SEGREGATED THE PROJECTS INTO FOUR GROUPS IN RESPONSE TO THE COMMISSION'S DATA REQUEST DO YOU HAVE AN OPINION AS TO WHETHER THE PROJECTS LISTED IN RESPONSE TO KPSC 2-2 FUNDAMENTALLY DIFFER?

A. Yes. There is no fundamental difference among the four groups. The applications for the projects in the first three groups were submitted and approved prior to the Company's November 3, 2017 suspension of all new program activity. They differ from the projects listed in the fourth group only in whether the related application was submitted prior to the full subscription of program funds. Prior to the initiation of the Commission's investigation on February 23, 2017 and the subsequent June 2017 full subscription each of these projects, the incentives would have been paid in the ordinary course of business upon the completion and verification of the projects.

Q. DO YOU HAVE A RECOMMENDATION TO THE COMMISSION AS TO WHETHER THE PROJECTS LISTED IN THE COMPANY'S RESPONSE TO KPSC 2-2 SHOULD BE PAID UPON THEIR COMPLETION AND VERIFICATION?

A. Yes. Upon completion of each project, the submission and verification of all required paperwork, the Company recommends that the Commission authorize it to pay the associated incentive and that the Company be authorized to recover the incentive amount through its commercial DSM factor.

Q. IS THIS RECOMMENDATION CONSISTENT WITH THE COMMISSION'S FINDING IN ITS DECEMBER 21, 2017 ORDER THAT "TO THE EXTENT THAT KENTUCKY POWER ACTUALLY ACCEPTED OR APPROVED CUSTOMERS' DSM PROJECTS FOR PARTICIPATION PRIOR TO OUR DECISION TO TERMINATE THOSE DSM PROGRAMS, KENTUCKY POWER'S ACTIONS CREATED A REASONABLE EXPECTANCY FOR REIMBURSEMENT OR REBATES AS PROVIDED IN ITS DSM TARIFFS."

A. Yes, the Company's recommendation is consistent with the Commission's finding. The applications for all of projects listed in Response to KPSC 2-2 were approved for participation in the New Construction or Commercial Incentive Custom Prescriptive program prior to the Commission's November 30, 2017 Order discontinuing the programs in 2018. They differ only in whether they were accepted prior to the commitment of the full program budget.

Q. ARE THERE ANY OTHER CONSIDERATIONS THE COMMISSION SHOULD BE AWARE OF IN ADDRESSING THIS ISSUE?

A. Yes. There also is the matter of customer confusion and expectations. The Company was clear with its customers that the incentives were subject to funding. In administering the programs Kentucky Power followed the Commission-approved program requirements, as well as the Commission's orders in this proceeding. But many businesses in eastern Kentucky relied on the perceived promise of a continued EE/DSM programs authorized by the Commission to spend capital dollars to improve businesses in the region. Kentucky Power is advocating on behalf of these customers that the Commission authorize Kentucky Power to "clear the rolls" and process the remaining commercial projects as part of the winding down process. These customers include commercial establishments, as well as school boards and other governmental entities. Authorizing Kentucky Power to "clear the rolls" also would support local business and keep the trust of the business and governmental leaders in the regulatory process. These costs will not be recovered from residential customers and will provide support for the businesses currently providing important services to the region.

Q. WERE ANY OF THE COSTS RELATED TO THE INCENTIVES RELATED TO ANY OF THE PROJECTS LISTED IN RESPONSE TO KPSC 2-2 INCLUDED IN THE CALCULATION OF THE COMMERCIAL DSM FACTOR FILED WITH THE COMMISSION ON DECEMBER 28, 2017 USING THE COMMISSION'S ELECTRONIC FILING SYSTEM?

A. Yes. The DSM factor effective January 1, 2018 includes the incentives associated with both the second ($203,398) and fourth ($625,676) groups of projects. The projects in the second group were no longer on the wait list on November 30, 2017 when the Commission terminated all but the Targeted Energy Efficiency program. The projects in the fourth group were never on the wait list. The projects in the remaining two groups were on the wait list on November 30, 2017 and thus were excluded from the calculation in accordance with the Commission's December 21, 2017 Order.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

VERIFICATION

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

Ranie K. Wohnhas

Ranie K. Wohnhas

Commonwealth of Kentucky	)	
	)	Case No. 2017-00097
County of Boyd	)	

Subscribed and sworn before me, a Notary Public, by Ranie K. Wohnhas this 9th day of January, 2018.

Pamela Howard

Notary Public

My Commission Expires Nov. 25, 2018