

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter Of:

The Electronic Application Of Kentucky Power)	
Company For: (1) Approval Of Continuation)	
Of Its Targeted Energy Efficiency Program;)	
(2) Authority To Recover Costs And Net Lost)	
Revenues, And To Receive Incentives Associated)	Case No. 2019-00410
With The Implementation Of Its Demand-Side)	
Management Programs; (3) Acceptance Of Its)	
Annual DSM Status Report; And (4) All Other)	
Required Approvals And Relief)	

DIRECT TESTIMONY OF

SCOTT E. BISHOP

ON BEHALF OF KENTUCKY POWER COMPANY

**DIRECT TESTIMONY OF
SCOTT E. BISHOP
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I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME, POSITION WITH KENTUCKY POWER**
2 **COMPANY, AND BUSINESS ADDRESS.**

3 A. My name is Scott E. Bishop. My position is Regulatory Consultant Senior for Kentucky
4 Power Company (“Kentucky Power” or the “Company”). My business address is 855
5 Central Avenue, Suite 200, Ashland, Kentucky 41101.

6 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
7 **BUSINESS EXPERIENCE.**

8 A. I received a Bachelor of Arts degree in Economics from The Ohio State University in
9 Columbus, Ohio in 1992 and a Master of Business Administration degree from Ohio
10 Dominican University in Columbus, Ohio in 2004.

11 I began my utility industry career with American Electric Power Service Corporation
12 (“AEPSC”) in October 1998 as a Cash Management Analyst with responsibility for
13 determining the corporation’s daily cash position. In 2000, I transferred to the Trusts and
14 Investments Department as an Investment Analyst. My duties included staying abreast of
15 pending legislation and litigation that could affect AEP benefits and performing analysis
16 and reporting for the corporate investment committee. I also worked as an Analyst in other
17 departments where some of my work included the analysis of spending trends, and creation
18 of complex financial models. In January 2010, I accepted a position of Demand Side
19 Management (DSM) / Energy Efficiency Coordinator for AEPSC. In October 2010, I

1 transferred to Kentucky Power Company. My duties included developing, issuing, and
2 evaluating requests for proposals for potential DSM programs and third-party managers. I
3 also implemented and managed new DSM programs, managed program budgets, assisted
4 with Kentucky Public Service Commission (“Commission”) filings and status reports,
5 drafted and responded to Commission data requests and inquiries, and assisted with
6 testimony development. In April 2018, I assumed by current position as Regulatory
7 Consultant Senior for Kentucky Power.

8 **Q WHAT ARE YOUR PRINCIPAL AREAS OF RESPONSIBILITY WITH**
9 **KENTUCKY POWER?**

10 A. My primary responsibility is to support the Company’s regulatory activities. As part of
11 this responsibility, I prepare the Company’s monthly Fuel Adjustment Clause filing with
12 the Commission. Additionally, I assist with the Company’s other periodic recurring filings
13 with the Commission throughout the year.

II. PURPOSE OF TESTIMONY

14 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

15 A. The purpose of my testimony is to first request the continuance of the Targeted Energy
16 Efficiency (TEE) program, which is a Demand Side Management program. The TEE
17 program is a weatherization program for low-income residential customers. Second, I will
18 support an increase to the budget for the program. Finally, I request all required Relief and
19 Approvals.

III. TEE PROGRAM

1 **Q. PLEASE PROVIDE A DESCRIPTION OF KENTUCKY POWER’S EXISTING**
2 **TARGETED ENERGY EFFICIENCY PROGRAM.**

3 A. Kentucky Power’s Targeted Energy Efficiency program provides weatherization and
4 energy efficiency services to qualifying residential customers who need help reducing their
5 energy bills. Kentucky Power collaborates with Community Action Kentucky, a statewide
6 association representing and assisting a network of 23 community action agencies, to
7 administer the program. The TEE Program supplements the Weatherization Assistance
8 Program offered by local community action agencies.

9 The TEE Program is available on a voluntary basis to individual residential
10 customers receiving retail electric service from the Company, who have primary electric
11 heat and use an average of 700 kWh per month. Residential customers without primary
12 electric heating may also be eligible for limited efficiency measures if they have electric
13 water heating and use an average of 700 kWh per month from November through March.
14 To qualify, a household’s income cannot exceed the designated poverty guidelines as
15 administered by the local community action agency.

16 **Q. IS THE COMPANY PROPOSING ANY MODIFICATIONS TO THE OPERATION**
17 **OF THE TEE PROGRAM?**

18 A. No. The Company is not proposing any changes to the manner in which the TEE Program
19 will operate during the 2020 program year.

20

1 **Q. WHAT IS THE PROPOSED 2020 BUDGET FOR THE TARGETED ENERGY**
2 **EFFICIENCY PROGRAM?**

3 A. The Company is proposing to increase the funding level by \$42,000 from the current level
4 of \$284,800 to \$326,800 for 2020. This funding level allows for 134 annual participants
5 for the program. The increase in the proposed budget was reviewed and decided upon with
6 input from the community action agencies.

7 **Q. WHY IS THE COMPANY PROPOSING TO INCREASE THE 2020 BUDGET**
8 **FOR THE TARGETED ENERGY EFFICIENCY PROGRAM?**

9 A. Participating community action agencies installed significantly more energy efficient heat
10 pumps through the TEE Program in 2019 than in previous years. Community action
11 agencies installed 48 energy efficient heat pumps in the first nine months of 2019 as
12 compared to the 27 heat pump total in 2018. This increased activity resulted in the TEE
13 program's projected expenses for the year 2019 being forecasted, as of the end of
14 September 2019, to exceed the program's approved 2019 budget. Kentucky Power has
15 requested that community action agencies manage their spending for the rest of the year
16 to stay with the approved 2019 TEE program budget. In order to enable the community
17 action agencies administering the TEE Program to serve additional eligible customers in
18 the 2020 program year, the Company is requesting the limited increase in the 2020 TEE
19 Program budget that I described earlier.

IV. STATUS OF DSM PROGRAMS

20 **Q. WHAT IS THE STATUS OF THE RESIDENTIAL DSM PROGRAM CLOSE-**
21 **OUT?**

22 A. In February 2017, the Commission opened Case No. 2017-00097 to investigate the

1 Company's Demand Side Management programs. The Commission ultimately directed by
2 Order dated November 30, 2017 that all of the Company's DSM programs be suspended
3 with the exception of the TEE program.

4 **Q. DID THE COMMISSION'S NOVEMBER 30, 2017 ORDER ALSO ADDRESS THE**
5 **COMPANY'S COMMERCIAL PROGRAMS?**

6 A. Yes. In addition to directing the termination of all of the Company's existing commercial
7 DSM programs, the Commission authorized the Company to pay any outstanding
8 incentives on pending projects for three commercial DSM programs that were terminated.
9 Those incentives were paid and accounted for in the 2018 program year, as detailed in Case
10 No. 2018-00377. The programs are now closed, but the Company continues to collect Net
11 Lost Revenue for the incentives paid in 2018 in accordance with the Commission's January
12 18, 2018 Order in Case No. 2017-00097.

13 **V. DSM SURCHARGE FACTOR**

14 **Q. IS THE COMPANY PROPOSING A CHANGE TO ITS DSM SURCHARGE**
15 **FACTOR?**

16 A. Yes. The Company is proposing to increase the residential surcharge factor from
17 (\$0.000550) per kWh to \$0.000187 per kWh. Kentucky Power also is proposing to
18 increase the commercial surcharge factor from (\$0.000022) per kWh to \$0.000134 per
19 kWh.

20 **Q. WHY ARE THE SURCHARGE FACTORS CHANGING FROM A CREDIT TO A**
21 **CHARGE?**

22 A. The Company over-collected DSM revenues in 2017 and refunded the over-collection back
23 to customers in 2018 and 2019. The refund was returned to residential and commercial

1 customers through a DSM credit on customer's bills. The over-collection has been
2 returned in full to customers. The proposed residential DSM surcharge reflects the
3 recovery of ongoing TEE program expenses, including the proposed modest increase in the
4 budget, as well as Net Lost Revenues. The commercial DSM surcharge is required to
5 recover Net Lost Revenues for the commercial programs finalized in 2018.

6 **Q. WHAT WILL BE THE EFFECT OF THE PROPOSED INCREASE IN THE**
7 **RESIDENTIAL DSM SURCHARGE FACTOR ON THE AVERAGE**
8 **RESIDENTIAL CUSTOMER'S BILL?**

9 A. In 2019, the average residential customer using 1,274 kWh per month saw a monthly DSM
10 credit of (\$0.70). The proposed rate results in a \$0.24 monthly charge to the same
11 customer. If the existing 2019 budget is maintained during 2020, the average residential
12 customer using 1,274 kWh will see a \$0.21 monthly DSM charge.

13 **Q. WHAT SUPPORT DOES THE COMPANY OFFER FOR ITS CALCULATION OF**
14 **ITS SURCHARGE FACTORS?**

15 A. "Schedule C" which is filed as Exhibit 4 to the Application, supports the Company's
16 calculation of the surcharge factors being proposed.

VI. CONCLUSION

17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 A. Yes.

VERIFICATION

The undersigned, Scott E. Bishop, being duly sworn, deposes and says he is a Regulatory Consultant of Regulatory Services for Kentucky Power Company, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

Scott E. Bishop

Scott E. Bishop

Commonwealth of Kentucky)

)

Case No. 2019-00410

County of Boyd)

Subscribed and sworn before me, a Notary Public, by Ranie K. Wohnhas this 13th day of November, 2019.

Trisha Nance

Notary Public

My Commission Expires

9-26-2023

