

Kentucky Power Company
 KPSC Case No. 2019-00410
 Commission Staff 1st set of Data Request
 Dated November 26, 2019

DATA REQUEST

KPSC 1_1 Refer to the application, Exhibit 2, page 4 of 74, Summary Information (All Programs) As of December 31, 2018. Also, refer to Case No. 2018-00377,¹ revised application, Exhibit 3, page 4 of 74, Summary Information (All Programs) As of December 31, 2017.

a. Refer to the Actual In-Place Energy Savings. Explain why the sum of the as of December 31 , 2017 PTD kWh of 672,997,742 in the Exhibit filed in Case No. 2018-00377, and the December 31 , 2018 YTD kWh of 2,560,320 in the Exhibit filed in this proceeding does not sum to the as of December 31 , 2018 PTD of 702,894,856 kWh.

b. Refer to the Total kW Reductions, Winter. Explain why the sum of the as of December 31 , 2017 PTD kW of 40,482 and the YTD kW of 506 as of December 31 , 2018, does not sum to the as of December 31 , 2018 PTD of 45,256 kW.

c. Refer to the total kW Reductions, Summer. Explain why the sum of the as of December 31 , 2017 PTD kW of 19,891 and the YTD kW of 530 does not sum to the as of December 31 , 2018 PTD of 24,572 kW.

RESPONSE

a. b. c. The Program to Date (PTD) values for the “Actual In-Place Energy Savings” and the Winter and Summer “Total kW Reductions” on page 4 of 74 for Exhibit 2 in Case No. 2018-00377 reflected the values included in the 2017 DSM Status Report. The 2017 DSM Status Report used the 2015 PTD numbers in its calculations instead of the 2016 PTD numbers. The PTD numbers used in this filing, and summarized below, are the actual numbers.

	PTD Dec. 31, 2015	YTD Dec. 31, 2016	PTD Dec. 31, 2016	YTD Dec. 31, 2017	PTD Dec. 31, 2017	YTD Dec. 31, 2018	PTD Dec. 31, 2018
Actual In-Place Energy Savings	650,554,995	27,336,794	677,891,789	22,442,747	700,334,536	2,560,320	702,894,856
Total kW Reduction							
Winter	38,460	4,268	42,728	2,022	44,750	506	45,256
Summer	16,016	4,151	20,167	3,875	24,042	530	24,572

Witness: Scott E. Bishop

¹ Case No. 2018-00377, *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 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* (Ky. PSC Nov. 15, 2018).

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KPSC 1_2 Refer to Exhibit 2, page 5 of 74, Targeted Energy Efficiency.

- a. Explain why there is a loss of two Non All Electric participants for November.
- b. Refer to Case No. 2018-00377, revised application, Exhibit 3, page 6. Reconcile the differences in the 2018 participant and expense forecast in the comment section filed in this case and in Case No. 2018-00377.

RESPONSE

a. The October 2018 change in new customers reported in the Company's November 15, 2018 filing was based on information provided verbally by the local Community Action Agencies. When invoices were submitted by the local agencies and participation subsequently verified by Kentucky Power following the November 15, 2018 filing, the Company determined that the October 2018 participation by non-electric customers was over-stated by two customers. Participation was reduced by two participants (yielding the reported -2 new customers) for November 2018 on page 5 of 74 of Exhibit 2 to true-up the numbers and to ensure the Year-End numbers were correct.

The Company's methodology of using forecasted and actual participation in the DSM Status Report has been changed so that no forecasted participation will be used in the "New Participant" section in subsequent reports.

b. The Comments section of Exhibit 3, Page 6 to the Company's application in Case No. 2018-00377 uses fully forecasted participant and expense values. The forecast is determined in a stepwise fashion. First, the prior year's participant values are reviewed to establish a baseline. Next, the Company collaborates with the local Community Action Agencies to determine whether this baseline remains feasible under current staffing constraints. From these conversations, the participant number is either reduced or increased. Lastly, the average cost per home is calculated by dividing the forecasted program budget less evaluation costs by the forecasted participants. Using the foregoing approach, the Company forecasted an average cost per home of \$2,207.75 in Case No. 2018-00377.

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In this case, the values reported in the comments section of page 6 of Exhibit 3 to the Application represent a combination of forecast and actual participant and expense numbers. The differences between Case No. 2018-00377 (forecast) and this case (actuals plus forecast) values are principally attributable to two factors:

1. Kentucky Power's Targeted Energy Efficiency Program provides local agencies with supplemental funding for weatherization projects within the Company's service territory. Certain of these agencies undertake projects both within and without the Company's service territory. Non-financial constraints on the ability of these agencies to complete projects can limit the total number of projects an agency can complete in a single year. When a greater number of projects are completed by the agencies outside the Company's service territory the resultant decline in the number of projects completed in the Kentucky Power's service territory can yield lower expense and participant values than forecasted.
2. The scope and resultant cost of weatherization work required for each project/participant can vary significantly between years and is unknown at the time of forecasting. The scope of the projects undertaken in 2018 exceeded the assumptions used in creating the 2018 forecast filed with Case No. 2018-00377. The result of the increased project scope was that the average cost per home increased from \$2,207.75 to \$3,201.38. The increased scope and average cost per home in part contributed to the fewer participants (a reduction from 108 homes to 86 homes) noted in the comments filed with this case. The total program expense decreased slightly from \$288,740 to \$275,573 as a result of the fewer homes being completed notwithstanding the increased cost per home.

Kentucky Power Company's DSM surcharge-generated revenue is exclusively used for projects involving Kentucky Power Company customers.

Witness: Scott E. Bishop

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KPSC 1_3 Refer to the application, Exhibit 2, page 6 of 74, Whole House Efficiency. Explain why Total Year-to-Date costs of \$35,684 exceed the forecasted budget from 2018 of \$32,031.

RESPONSE

The 2018 forecasted budget amount of \$32,031 included only costs associated with the day-to-day management of the program. These costs include customer incentives, evaluation expenses, and third-party vendor expenses.

The 2018 Total Year-to-Date value of \$35,684 also includes Lost Revenues and Efficiency Incentives. Kentucky Power is authorized to recover Lost Revenues and Efficiency Incentives but not as part of the day-to-day expenses in the forecasted budget.

Lost Revenue and Efficiency Incentives, which are based on actual participation levels, are excluded from the forecasted budget to ensure the amounts reflected are based on actual as opposed to forecasted participation levels.

Witness: Scott E. Bishop

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KPSC 1_4 Refer to the Application , Exhibit 2, page 23 of 74, C1 Prescriptive Custom. Explain why Total Year-to-Date costs of \$948,406 exceed the forecasted budget from 2018 of \$682, 137.

RESPONSE

The forecasted budget of \$682,137 included only costs associated with the day-to-day management of the program. These costs include customer incentives, evaluation expenses, and third-party vendor expenses.

The 2018 Year-to-Date value \$948,406 also includes Lost Revenues and Efficiency Incentives. Kentucky Power is authorized to recover Lost Revenues and Efficiency Incentives but not as part of the day-to-day expenses.

Lost Revenue and Efficiency Incentives, which are based on actual participation levels, are excluded from the forecasted budget to ensure the amounts are based on actual as opposed to forecasted participation levels.

Witness: Scott E. Bishop

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KPSC 1_5 Refer to the application, Exhibit 2, page 24 of 74, New Construction. Explain why the Total Year-to-Date costs of \$102,657 exceed the forecasted budget of \$62,801.

RESPONSE

The forecasted budget of \$62,801 included only costs associated with the day-to-day management of the program. These costs include customer incentives, evaluation expenses, and third-party vendor expenses.

The 2018 Year-to-Date value of \$102,657 also includes Lost Revenues and Efficiency Incentives. Kentucky Power is allowed to recover but not in the day-to-day expenses.

Lost Revenue and Efficiency Incentives, which are based on actual participation levels, are excluded from the forecasted budget to ensure the amounts are based on actual as opposed to forecasted participation levels.

Witness: Scott E. Bishop

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DATA REQUEST

KPSC 1_6 Refer to the Direct Testimony of Scott E. Bishop (Bishop Testimony), page 4.

a. Refer to lines 3-6. Provide the annual Targeted Energy Efficiency Program participants for the past ten years.

b. Refer to lines 9-19. Also, refer to the final Order in Case No. 2019-00245, page 4.² In Case No. 2019-00245, the Commission approved the removal of the requirement for applicants to apply for available weatherization programs and accept services if eligible and available in order to participate in the Home Energy Assistance Program.

(1) Explain whether Kentucky Power believes that if the increase in activity in 2018 in the Targeted Energy Efficiency Program is due to this former requirement.

(2) Explain whether Kentucky Power believes that in the absence of this requirement, such activity will remain at or greater than the 2018 level

c. Explain what steps community action agencies are undertaking to manage their spending for the rest of 2019 to stay within the approved program budget and describe the impact, if any, on eligible participants.

RESPONSE

a. The number of annual Targeted Energy Efficiency Program participants for the past ten years is set forth in the table below:

² Case No. 2019-000245, *Electronic Application of Kentucky Power Company to: 1) Modify Kentucky Power Company's Residential Energy Assistance Program; 2) Approve the Amended Operating Agreement; and 3) Grant All Other Relief to Which It May Be Entitled* (Ky. PSC Sept. 11, 2019).

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	All Electric	Non All Electric	Total
2008	208	76	284
2009	259	83	342
2010	346	54	400
2011	251	29	280
2012	185	20	205
2013	113	17	130
2014	110	6	116
2015	108	4	112
2016	85	4	89
2017	73	4	77
2018	68	1	69

b1. No. The increase in activity is due the completion of Community Action Agency staff training and certifications. This in turn permits the agencies to increase the number of heat pumps installed.

b2. In the absence of the requirement, the activity levels will remain near the 2018 level. The number of completed TEE program projects is primarily dependent on agency staffing and training rather than the number of applications that are received by the agencies. If the agencies were able to increase their staffing levels the Company anticipates that TEE Program activity would increase.

c. Kentucky Power is working with the three active Community Action Agencies to curtail spending for the 2019 calendar year to ensure expenses come in at or below the approved amount of \$284,800. These efforts include monthly calls with the agencies and approval of any continued spending by the agencies that are nearing their allotted budget amount. The agencies are also utilizing other sources of funding for customer projects to limit DSM-funded spending.

As a result of these measures the Company anticipates DSM-funded spending will better align with its budget upon year-end completion. The Company further anticipates that eligible participants might not receive program benefits in the current program year should the program budget limit be reached.

Witness: Scott E. Bishop

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KPSC 1_7 Refer to Bishop Testimony, page 6, lines 13-6, regarding Schedule C. Clarify whether this refers to Exhibit 4, as stated in the testimony, or Exhibit 5.

RESPONSE

The reference on lines 15-16 of Company Witness Bishop's testimony should be to Exhibit 5 and not Exhibit 4.

Witness: Scott E. Bishop

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)

County of Boyd)

Case No. 2019-00410

Subscribed and sworn before me, a Notary Public, by Scott E. Bishop this
5 day of December, 2019.

Trisha Nance

Notary Public

My Commission Expires

9-26-23

