

Kentucky Power Company
KPSC Case No. 2021-00420
Commission Staff's First Set of Data Requests
Dated November 29, 2021

DATA REQUEST

1_1 Refer to the Application, paragraph 27. Explain if the proposed regulatory asset or liability will receive a carrying charge. If so, provide the proposed carrying charge.

RESPONSE

There will be no carrying charge. The approved DSM tariff does not prescribe that a carrying charge be accrued on the over/under recovery balance.

Witness: Scott E. Bishop

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- 1_2** Refer to the Direct Testimony of Scott E. Bishop (Bishop Testimony), page5, lines 4–6. Kentucky Power is proposing to reduce the number of heat pump to heat pump exchanges from eight to five and increase the number of central furnaces to heat pump exchanges from 54 to 60. Also refer to page 4 of the Bishop Testimony, line 12 where it states that Kentucky Power has zero heat pump to heap pump exchanges through September 2021.
- a. Provide the number of heat pump to heat pump exchanges annually since 2018.
 - b. Explain if Kentucky Power considered discontinuing the heat pump to heat pump exchanges due to the lack of participation.
 - c. Explain if the lower participant numbers is due to the Covid-19pandemic.

RESPONSE

- a. Kentucky Power has provided funding for the following heat pump to heat pump exchanges annually since 2018:
 - 2018: 0
 - 2019: 0
 - 2020: 2
 - 2021 to date: 0
- b. No. Kentucky Power has not considered discontinuing the heat pump to heat pump exchanges due to a lack of participation. The Company requests the continuation of the program at reduced levels because heat pumps have an estimated useful life of approximately 15 to 20 years and thus may need to be replaced. Discontinuing heat pump to heat pump exchanges entirely could penalize customers based upon heating choices made in the past that may or may not have been made the current homeowner. The current heat pump exchange amounts (\$1,600 for heat pump to heat pump exchanges and \$2,600 for electric furnace to heat pump exchanges) are based on energy savings calculations provided by an independent Evaluation, Measurement and Verification company.
- c. The Company lacks the data necessary to determine whether the utilization levels of the heat pump to heat pump exchange are related to COVID-19.

Witness: Scott E. Bishop

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1_3 Refer to the Bishop Testimony, page 9, lines 20–23. Provide a copy of the request for proposal Kentucky Power is planning to issue for the proposed Market Potential Study (MPS).

RESPONSE

An RFP has not been prepared. The Company wanted to provide the Commission with the opportunity to approve the Company undertaking an MPS before expending the resources required to solicit and evaluate vendor proposals.

Witness: Scott E. Bishop

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1_4 Confirm that the proposed MPS estimated expenses are not included in the 2022 Demand-Side Management (DSM) budget.

RESPONSE

Confirmed.

Witness: Scott E. Bishop

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- 1_5** Explain whether Kentucky Power has evaluated additional low-income DSM programs, and if so, provide a list of program evaluated and reasons why Kentucky Power has not submitted the programs for approval.

RESPONSE

The Company has not fully evaluated additional low-income DSM programs. The Company has, however, reviewed the pilot residential health and safety DSM program proposed by Big Rivers Electric Corporation in Case No. 2019-00193. The Company also followed the efforts by its affiliate, Indiana Michigan Power Company, to obtain approval of a similar program in Indiana in 2020, which was not approved by the Indiana Utility Regulatory Commission in Cause No. 45235. The Company believes that an MPS is needed to offer customers a comprehensive and coordinated list of DSM programs so that energy efficient measures and efforts do not overlap with other DSM programs.

Witness: Scott E. Bishop

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- 1_6** Provide the avoided capacity costs Kentucky Power is estimating to use in determining the cost-effectiveness of DSM programs as well as the source and supporting documentation of this costs.

RESPONSE

The Company anticipates using the zonal net cost of new entry (“CONE”) for the applicable year. Those costs, as reflected in Kentucky Power’s Cogeneration/Small Power Production tariffs (Tariff Sheet 17-3 and Tariff Sheet 18-3), are:

2020/2021	\$2.81 kW/month
2021/2022	\$3.37 kW/month
2022/2023	\$3.29 kW/month

The Commission in its January 13, 2021 Order in Case No. 2020-00174 found that the zonal net CONE was an appropriate measure of avoided capacity costs because it is based on publicly available documents and because it provides “a market based [avoided] capacity value specific to Kentucky Power’s location.”¹

The sources of the avoided cost values used in the Company’s Cogeneration/Small Power Production tariffs, and provided above, are PJM Manual 18, section 3.3.1 and its FERC approved open access transmission tariff (OATT) (<https://www.ferc.gov/industries-data/electric/power-sales-and-markets/open-access-transmission-tariff-oatt-reform>). Both are publicly available.

Witness: Scott E. Bishop

¹ Order, *In the Matter of: Electronic Application Of Kentucky Power Company For (1) A General Adjustment Of Its Rates For Electric Service; (2) Approval Of Tariffs And Riders; (3) Approval Of Accounting Practices To Establish Regulatory Assets And Liabilities; (4) Approval Of A Certificate Of Public Convenience And Necessity, And (5) All Other Required Approvals And Relief*, Case No. 2020-00174 at 100 (Ky. P.S.C. January 13 2021).

