

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

In the Matter of:

Electronic Application Of Kentucky Power Company	)	
For: (1) Approval To Expand Its Targeted Energy	)	
Efficiency Program; (2) Approval Of A Home Energy	)	
Improvement Program And A Commercial Energy	)	
Solutions Program; (3) Authority To Recover Costs	)	
And Net Lost Revenues, And To Receive Incentives	)	Case No. 2024-00115
Associated With The Implementation Of Its Demand-	)	
Side Management/Energy Efficiency Programs; (4)	)	
Approval Of Revised Tariff D.S.M.C.; (5)	)	
Acceptance Of Its Annual DSM Status Report; And	)	
(6) All Other Required Approvals And Relief	)	

**APPLICATION**

Kentucky Power Company (“Kentucky Power” or the “Company”) applies to the Public Service Commission of Kentucky (“Commission”) pursuant to KRS 278.285(1), 807 KAR 5:001, Section 14, and 807 KAR 5:011 for an Order: (1) approving the expansion of its Targeted Energy Efficiency Program; (2) approving a Home Energy Improvement Program and a Commercial Energy Solutions Program; (3) authorizing the recovery of costs and net lost revenues, and the receipt of incentives associated with the implementation of its demand-side management/energy efficiency programs; (4) approving revised Tariff D.S.M.C.; (5) accepting its Annual DSM Status Report; and (6) granting all other required approvals and relief.

Kentucky Power states:

**APPLICANT**

1. **Name and Address:** The Applicant’s full name and post office address is: Kentucky Power Company, 1645 Winchester Avenue, Ashland, Kentucky 41101. The Company’s electronic mail address is [kentucky\\_regulatory\\_services@aep.com](mailto:kentucky_regulatory_services@aep.com).

2. **Incorporation:** Kentucky Power is a corporation organized on July 21, 1919 under the laws of the Commonwealth of Kentucky. The Company currently is in good standing in Kentucky.<sup>1</sup>

3. **Business:** Kentucky Power is a public utility principally engaged in the provision of electricity to Kentucky consumers. The Company generates and purchases electricity that it distributes and sells at retail to approximately 163,000 customers located in all, or portions of, the Counties of Boyd, Breathitt, Carter, Clay, Elliott, Floyd, Greenup, Johnson, Knott, Lawrence, Leslie, Letcher, Lewis, Magoffin, Martin, Morgan, Owsley, Perry, Pike, and Rowan. The Company also furnishes electric service at wholesale to the City of Olive Hill and the City of Vanceburg.

#### **THE COMPANY’S REQUESTS FOR APPROVAL**

4. The Company has included as **Exhibit 1** to this Application a checklist that demonstrates the location within the Company’s Application of each statutory, regulatory, or other requirement applicable to this Application. A brief description of each of the Company’s requests in this case is provided below.

#### **PROPOSED EXPANSION OF THE TARGETED ENERGY EFFICIENCY PROGRAM**

5. The Company currently offers and operates one demand-side management (“DSM”) program, the Targeted Energy Efficiency (“TEE”) Program, which the Commission first approved in Case No. 1995-00427. The TEE Program targets income-eligible residential customers and currently is designed to provide supplemental funding to the Department of Energy’s (“DOE”) Weatherization Assistance Program. Supplemental funding provided through

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<sup>1</sup> A certified copy of the Company’s Articles of Incorporation and all amendments thereto was attached to the Joint Application in *In the Matter Of: The Joint Application Of Kentucky Power Company, American Electric Power Company, Inc. And Central And South West Corporation Regarding A Proposed Merger*, P.S.C. Case No. 99-149. The Company’s April 30, 2024 Certificate of Existence is as **Exhibit 2** to this Application.

the TEE Program helps supports home energy audits and installed energy efficiency measures. Local Community Action Agencies use the DOE and Kentucky Power supplemental funding to implement the energy efficiency measures under the DOE's Weatherization Assistance Program.

6. The TEE Program is available to Kentucky Power customers whose primary heat source is electricity and who use an average of at least 700 kWh per month. In addition, limited efficiency measures are available to Kentucky Power customers whose primary heat source is not electric, but who have electric water heaters and use an average of at least 700 kWh of electricity per month from November through March.

7. The Company proposes in this case to expand the existing TEE Program to include supplemental funding for the DOE's Weatherization Readiness Fund, which provides funding to low-income residential customers to ready homes so that they are eligible for benefits under the DOE's Weatherization Assistance Program, when they otherwise would not be eligible. The Company also proposes to expand the existing eligible measures for which the Company currently provides supplemental funding for the Weatherization Assistance Program, as well as to increase the customer energy education expense under the TEE Program.

8. If the Company's proposals to expand the TEE Program are approved, the TEE Program would provide supplemental funding for two separate DOE programs—the Weatherization Assistance Program and the Weatherization Readiness Fund.

9. According to the DOE, the Weatherization Readiness Fund allows agencies to reduce deferrals by bringing more housing into weatherization readiness and providing additional benefits to individuals and families that would have otherwise been left unserved. The agencies estimate as much as 50% of applicants under the Weatherization Assistance Program

are currently classified as deferrals (or denials) due to a health, safety, or structural issue with the home.

10. The Weatherization Readiness Fund allows the agencies to complete certain repairs either in-house or with the use of a contractor. The supplemental funds for the Weatherization Readiness Fund provided through Kentucky Power's TEE program will, in conjunction with DOE funds, increase customer eligibility for the Weatherization Assistance Program.

11. The Company proposes to include as supplemental funding to the Weatherization Readiness Fund up to \$1,000 per home for 15 total homes in 2025, 20 total homes in 2026, and 25 total homes in 2027. The Company determined that providing \$1,000 per home in supplemental funding was appropriate after discussing with Community Action Agencies in the service territory.

12. In sum, this proposed expansion of the TEE Program will help address housing stock deficiencies and targeted energy efficiency ("EE") measures to the most vulnerable, income-qualified customers in the Company's service territory.

13. In addition to expanding the TEE Program to include supplemental funding for the DOE's Weatherization Readiness Fund, Kentucky Power also proposes to expand the list of incentives eligible for supplemental funding under the Weatherization Assistance Program to include heat pump water heaters, ductless heat pumps, and ENERGY STAR room air conditioners. The Company also proposes to increase to the TEE Program customer energy education expense from \$50 to \$75 per customer application and to increase the administration expense from \$200 to \$300 per customer application.

14. Additional details on the Company's proposal to expand the existing TEE Program can be found in the Direct Testimony of Company Witness Barrett L. Nolen.

**THE PROPOSED HOME ENERGY IMPROVEMENT PROGRAM**

15. Kentucky Power proposes a new DSM/EE program called the Home Energy Improvement Program. This program is available on a voluntary basis until funds are depleted to individual residential customers living in single family, multi-family, or mobile homes, receiving retail electric service from the Company, and who have an electric heating, ventilation, and air conditioning ("HVAC") system.

16. Under the Home Energy Improvement Program, the Company will provide an in-home energy audit at no cost additional to the customer. An energy auditor will perform the in-home energy audit, identifying key areas of the home that are wasting energy and will provide recommendations to make the home more energy efficient.

17. Participants are then eligible to receive, at no cost to the customer, installation of select energy conservation measures recommended by the energy auditor as described in Tariff D.S.M.C.

18. Participants will also be eligible to receive incentives, or rebates, for qualifying HVAC equipment installed at the customer's own cost by a participating dealer as described in Tariff D.S.M.C.

19. Participants will also be eligible to receive incentives, or rebates, for qualifying weatherization measures installed at the customer's own cost by a participating dealer as described in Tariff D.S.M.C.

20. Rebates for qualifying HVAC and weatherization measures will vary depending on the efficiency rate of the measures installed.

21. The proposed budgets for all current and newly proposed DSM programs, including the Home Energy Improvement Program, for 2025 through 2027 is below:

	<i>Residential Program Budget</i>		<i>Commercial Program Budget</i>			
	<b>TEE</b>	<b>HEIP</b>	<b>Total Residential</b>	<b>Commercial Energy Solutions</b>	<b>Total DSM Portfolio Budget</b>	<b>Portion of Total Budget Attributable to Low-Income<sup>2</sup></b>
	<b>(1)</b>	<b>(2)</b>	<b>(3) = (1) + (2)</b>	<b>(4)</b>	<b>(5) = (3) + (4)</b>	<b>(6) = (1) / (5)</b>
Year 1 (2025)	\$358,185	\$664,681	\$1,022,866	\$710,011	\$1,732,877	20.67%
Year 2 (2026)	\$370,060	\$548,607	\$918,667	\$779,409	\$1,698,076	21.79%
Year 3 (2027)	\$381,935	\$619,716	\$1,001,651	\$686,862	\$1,688,513	22.62%
<b>Total</b>	<b>\$1,110,180</b>	<b>\$1,833,004</b>	<b>\$2,943,184</b>	<b>\$2,176,282</b>	<b>\$5,119,466</b>	<b>21.69%</b>

22. Additional details supporting the Company’s request for approval of the new Home Energy Improvement Program, including projected savings expected to result from the program, a detailed cost-benefit analysis, and how the program will be administered and managed are included in the Direct Testimony of Barrett L. Nolen.

23. The Company also prepared a Quick Reference Guide for the proposed Home Energy Improvement Program, which is included as Exhibit BLN-2 to the Direct Testimony of Company Witness Barrett L. Nolen.

**THE PROPOSED COMMERCIAL ENERGY SOLUTIONS PROGRAM**

24. Kentucky Power proposes another new DSM/EE program called the Commercial Energy Solutions Program. This program is available on a voluntary basis until funds are

<sup>2</sup> Kentucky Power committed as part of the non-unanimous settlement agreement in Case No. 2023-00159 to “ensure that at least 21% of the funding for DSM/EE programs proposed in its next DSM filing is allocated to assist low-income customers...” See Corrected Settlement Agreement at 14, *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) A Securitization Financing Order; And (5) All Other Required Approvals And Relief*, Case No. 2023-00159 (filed December 6, 2023). Although the Commission did not approve the Settlement Agreement in that case, Kentucky Power has nonetheless honored that commitment in this case because of the benefits to low-income customers that will result.

depleted to commercial (non-industrial and non-residential) customers in Kentucky Power's service territory.

25. Under the Commercial Energy Solutions Program, the Company will provide an energy audit at no additional cost to the customer. An inspector will perform a walk-through, identifying key areas that are wasting energy and will provide recommendations to make the building more energy efficient.

26. Participants will be eligible to receive incentives, or rebates, for qualifying energy-efficient improvements and technologies installed at the customer's own cost by a participating contractor as described in Tariff D.S.M.C.

27. To ramp-up the program gradually and limit the impact to the DSM surcharge and customer bills, the Company is offering in year one of the program only lighting incentives, such as LED lighting, network lighting controls, occupancy sensors and daylighting controls. The Company will add in year two of the program HVAC incentives for commercial A/C systems, packaged terminal heat pumps, geothermal heat pumps, air-source heat pumps, heat pump water heaters and smart thermostats. The Company will add in year three of the program food service equipment incentives, including for combination ovens, fryers, steam cookers and dishwashers.

28. The total maximum rebate amount available to qualifying commercial customers is \$25,000 annually per customer account. Kentucky Power may revise incentive amounts and or the maximum incentive per customer account based upon program implementation contractor recommendations and/or overall customer response to the program.

29. The proposed budget for the Commercial Energy Solutions Program for 2025 through 2027 is provided above in paragraph 21.

30. Additional details supporting the Company’s request for approval of the new Commercial Energy Solutions Program, including projected savings expected to result from the program, a detailed cost-benefit analysis, and how the program will be administered and managed are included in the Direct Testimony of Barrett L. Nolen.

31. The Company prepared a Quick Reference Guide for the proposed Commercial Energy Solutions Program, which is included as Exhibit BLN-3 to the Direct Testimony of Company Witness Barrett L. Nolen.

**PROPOSED REVISIONS TO TARIFF D.S.M.C.**

32. The Company proposes to revise Tariff D.S.M.C. and make the following modifications or additions, more particularly described in Exhibit SEB-1 to the Direct Testimony of Scott E. Bishop:

- Include a 2025 DSM program budget, including new and expanded programs, and updates to the annual DSM rate for both residential and commercial customer classes.
- Update the TEE Program description to include the proposed expanded measures available under the Weatherization Assistance Program.
- Add the Weatherization Readiness Fund as part of the TEE Program description. The proposed language includes the description for customer eligibility under that program and the amount of funding from the total DSM budget to be allocated to that program.
- Add additional Tariff D.S.M.C. pages for the new proposed “Home Energy Improvement Program” and the new proposed “Commercial Energy Solutions Program,” respectively. Each of the new proposed pages includes the Availability



of Service section, a detailed program description, any incentives or rebates available to the customer, and any special equipment needed for the program.

33. The proposed effective date for the revised and new DSM/EE programs and the increased DSM surcharge factor is May 31, 2024. However, Kentucky Power anticipates that the Commission will suspend the effective date of these proposals to conduct a review of Kentucky Power's application.

**PROPOSED INCREASE TO THE DSM SURCHARGE FACTOR**

34. In accordance with KRS 278.285(1), and consistent with Company's past Commission-approved practice, the Company is proposing to recover the full costs of its existing and proposed DSM programs, including the costs to run and manage the DSM programs, net revenues lost due to reduced sales resulting from DSM programs, and shared-savings incentives designed to provide positive financial rewards to a utility to encourage implementation of cost-effective DSM programs.

35. The Company does not propose as part of this application to change or modify the methodology by which it calculates and recovers the DSM surcharge as part of this Application.

36. The Company also does not propose as part of this Application to change the currently-approved 2024 DSM rate. The Company proposes a new DSM rate to be effective January 1, 2025, or as soon thereafter as the Company's proposals are approved. The Company is filing with this Application an estimated rate with the current information available as of March 2024 and will file an updated DSM rate calculation for 2025 in November 2024.

37. The Company is proposing to increase the residential surcharge factor from \$0.000149 per kWh to \$0.000644 per kWh. Kentucky Power is also proposing to increase the commercial surcharge factor from (\$0.000016) per kWh to \$0.000565 per kWh. Again, these

rates are estimated based on best, currently available information. These rates will be updated and filed with the Commission for review in November 2024, however, they are not anticipated to change significantly. “Schedule C,” which is filed as Exhibit SEB-2 to the Direct Testimony of Scott E. Bishop, demonstrates the Company’s calculation of the proposed estimated 2025 DSM rate.

38. For 2024, currently the average residential customer using 1,140 kWh per month receives a monthly DSM charge of \$0.17. The new estimated proposed 2025 rate would result in a \$0.73 monthly charge to the same customer. This is an increase of approximately \$0.56. Exhibit SEB-3 to the Direct Testimony of Scott E. Bishop provides the proposed impacts to all customer classes.

**PROPOSAL TO INCLUDE AND RECOVER CUSTOMER NOTICE COSTS AS PART OF DSM PROGRAM COSTS**

39. The Company must provide notice to its customers of the Company’s proposals in this Application pursuant to 807 KAR 5:011, Section 8. The Company elected to provide the required notice to customers by publishing the notice once a week for three consecutive weeks in a prominent manner in a newspaper of general circulation in each of the counties in Kentucky Power’s service area, as described in the next section of this Application. This was the most efficient manner of providing the required customer notice of the options provided for by regulation.

40. Kentucky Press Service estimates that it will cost the Company approximately \$31,900 to publish the required notice in a newspaper of general circulation in each county in the Company’s service territory for the required three consecutive weeks. The cost estimate breakdown by publication is included in Exhibit SEB-5 to the Direct Testimony of Scott E. Bishop.

41. As the Company interprets the DSM statute (KRS 278.285), the cost to publish the customer notice can be considered part of the “full costs of Commission-approved demand-side management programs,” which are recoverable through the DSM rate under KRS 278.285(2). The Company respectfully requests the Commission to affirm this interpretation and approve the inclusion of these costs as part of the DSM program costs recoverable through the DSM rate as provided in KRS 278.285(2).

42. The costs to publish the customer newspaper notice are not currently included in the Company’s calculation of the estimated 2025 DSM rate discussed in the previous section because at the time the proposed 2025 DSM rate was calculated for inclusion in this Application, the final size and cost of the notice was unknown and thus could not be included in the rate calculation. The Company proposes to include the publication costs in the calculation of the new DSM rate for the 2025 program year as part of the November 2024 rate update.

43. The Company is required to incur the customer notice publication costs pursuant to Commission regulation, the costs are reasonable and prudent and directly related to the DSM programs, and the Company would not have incurred the expense absent the proposals to implement new and modified programs in this Application.

44. Any increase to the proposed 2025 DSM rate resulting from the inclusion of the customer newspaper notice cost would be nominal. For example, using the estimated \$31,900, the Company expects that the monthly DSM charge for the average residential customer using 1,140 kWh per month would increase only an additional \$0.01. In addition, because the 2025 DSM rate proposed in this application is an estimate, the exact 2025 DSM rate to be provided in the November 2024 rate update likely will already vary nominally from the rate proposed in this

Application. Thus, any increase resulting from the inclusion of notice publication costs should have little effect on the actual 2025 DSM rate.

### NOTICE

45. The required customer notice was and is being given in compliance with 807 KAR 5:011, Section 8 as follows:

(a) The public postings of the Customer Notice required by 807 KAR 5:011, Section 8(1)(a) were posted on or before May 1, 2024 at the following locations;

- (i) Ashland Corporate Office, 1645 Winchester Avenue, Ashland, Kentucky;
- (ii) Cannonsburg (Ashland) Service Center, 12333 Kevin Avenue, Ashland, Kentucky;
- (iii) Hazard Service Center, 1400 E. Main Street, Hazard, Kentucky;
- (iv) Pikeville Service Center, 3249 N. Mayo Trail, Pikeville, Kentucky;
- (v) Paintsville Service Center, 416 Teays Branch Road, Paintsville, Kentucky; and
- (vi) Whitesburg Service Center, 117 Madison Street, Suite A, Whitesburg, Kentucky.

A copy of the Customer Notice required by 807 KAR 5:011, Section 8 is included as **Exhibit 3** to this Application. The Company also is providing a copy of the Application for public inspection during regular business hours at each of the above locations. The public postings of the Customer Notice and copies of the Application will remain available for public inspection in conformity with the requirements of 807 KAR 5:011, Section 8(1)(c) until the Commission enters a final decision in this matter;

(b) By posting on its website ([www.kentuckypower.com](http://www.kentuckypower.com)) within five business days of filing this Application the information and hyperlink required by 807 KAR 5:011,

Section 8(1)(b). This information will remain available for public access and inspection in conformity with the requirements of 807 KAR 5:011, Section 8(1)(c) on Kentucky Power's website until the Commission enters a final decision in this matter; and

(c) The customer notice required by 807 KAR 5:011, Section 8(2) will be published once a week for three consecutive weeks in a prominent manner in newspapers of general circulation in Kentucky Power's service area ("Customer Notice"). The Customer Notice was first published beginning the week of April 22, 2024. An affidavit verifying the contents of the published Customer Notice, that the notice was published, and the dates of publication will be filed in accordance with 807 KAR 5:011, Section 8(3)(b) within 45 days of the date this Application is submitted to the Commission. Proof of the request for publication is included as **Exhibit 4** to this Application.

#### **TESTIMONY**

46. The testimonies of Barrett L. Nolen and Scott E. Bishop are filed in support of this Application.

#### **EXHIBITS**

47. The exhibits listed in the Appendix to this Application are attached to and made a part of this Application.

#### **COMMUNICATIONS**

48. Kentucky Power respectfully requests that communications in this matter be addressed to the e-mail addresses identified on Kentucky Power's April 19, 2024 Notice of Election of Use of Electronic Filing Procedures.

WHEREFORE, Kentucky Power Company respectfully requests that the Commission issue an Order:

- (1) approving the expansion and proposed other modifications to its Targeted Energy Efficiency Program;
- (2) approving the proposed Home Energy Improvement Program and a Commercial Energy Solutions Program;
- (3) authorizing the recovery of costs and net lost revenues, and the receipt of incentives associated with the implementation of its demand-side management/energy efficiency programs, including the costs to publish the required customer newspaper notice;
- (4) approving revised Tariff D.S.M.C., including the increase to the DSM rate;
- (5) accepting its 2023 Annual DSM Status Report; and
- (6) granting all other required approvals and relief.

Respectfully submitted,



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COMPANY

**APPENDIX**

- Exhibit 1**      Application Requirements Checklist
- Exhibit 2**      April 30, 2024 Certificate of Existence
- Exhibit 3**      Customer Notice required by 807 KAR 5:011, Section 8
- Exhibit 4**      Proof of Request for Newspaper Publication

# Exhibit 1



Requirement	Description of Requirement	Location(s) in Filing
KRS 278.180	30 days' notice of proposed rates to Commission. <i>(If no effective date provided for proposed rates no advance notice required)</i>	Application ¶ 33.
<b>807 KAR 5:001</b>		
Section 14(1)	Full name, mailing address, and e-mail address of applicant.	Application ¶ 1.
Section 14(1)	A reference to the particular provision of law requiring Commission approval.	Application at introductory paragraph.
Section 7(1)	The application and 10 copies.	Company is e-filing.
Section 4(3)	Paper signed by submitting party or attorney.	Application p. 14.
Section 4(3)	Name, address, telephone number, fax number, and e-mail address of submitting party or attorney.	Application p. 14.
Section 4(10)	Personal information must be redacted	Complied.
Section 8(4)(b)	Has submitting party optimized pdf document Making all text pages searchable or OCR'd. Bookmarks added to distinguish sections of the paper	Complied.
Section 14(2)	If applicant is a corporation, the applicant shall identify in the application the state in which it is incorporated and the date of its incorporation, attest that it is currently in good standing in the state in which it is incorporated, and, if it is not a Kentucky corporation, state whether it is authorized to transact business in Kentucky.	Application ¶ 2, fn. 1; Application Exhibit 2.

Requirement	Description of Requirement	Location(s) in Filing
Section 14(3)	If applicant is a limited liability company, the applicant shall identify in the application the state in which it is organized and the date on which it was organized, attest that it is in good standing in the state in which it is organized, and, if it is not a Kentucky limited liability company, state whether it is authorized to transact business in Kentucky.	N/A.
Section 14(4)	If applicant is a limited partnership, a certified copy of its limited partnership agreement and all amendments, <u>or</u> a written statement that its partnership agreement and all amendments have been filed with the Commission in a prior proceeding and a reference to the case number of that proceeding.	N/A.
<b>KRS 278.285(1)</b>	The commission may determine the reasonableness of demand-side management plans proposed by any utility under its jurisdiction. Factors to be considered in this determination include, but are not limited to, the following:	
KRS 278.285(1)(a)	The specific changes in customers' consumption patterns which a utility is attempting to influence;	Nolen Direct Test. at 3-4, 18, 26-27.
KRS 278.285(1)(b)	The cost and benefit analysis and other justification for specific demand-side management programs and measures included in a utility's proposed plan;	Nolen Direct Test. at 7, 17-18, 21-28; Exhibit BLN-1.
KRS 278.285(1)(c)	A utility's proposal to recover in rates 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;	Bishop Direct Test. at 5-6; Exhibit SEB-2.
KRS 278.285(1)(d)	Whether a utility's proposed demand-side management programs are consistent with its most recent long-range integrated resource plan;	Nolen Direct Test. at 4.
KRS 278.285(1)(e)	Whether the plan results in any unreasonable prejudice or disadvantage to any class of customers;	Nolen Direct Test. at 12-13.

Requirement	Description of Requirement	Location(s) in Filing
KRS 278.285(1)(f)	The extent to which customer representatives and the Office of the Attorney General have been involved in developing the plan, including program design, cost recovery mechanisms, and financial incentives, and if involved, the amount of support for the plan by each participant, provided however, that unanimity among the participants developing the plan shall not be required for the commission to approve the plan;	Nolen Direct Test. at 10-11.
KRS 278.285(1)(g)	The extent to which the plan provides programs which are available, affordable, and useful to all customers; and	Nolen Direct Test. at 11-13, 17-18, 26-27; Bishop Direct Test. at 8; Exhibit SEB-3.
KRS 278.285(1)(h)	Next-generation residential utility meters that can provide residents with amount of current utility usage, its cost, and can be capable of being read by the utility either remotely or from the exterior of the home.	Nolen Direct Test. at 28-29.
<b>KRS 278.285(2)</b>	A proposed demand-side management mechanism including:	
KRS 278.285(2)(a)	Recover the full costs of commission-approved demand-side management programs and revenues lost by implementing these programs;	Bishop Direct Test. at 6-8; Exhibit SEB-2.
KRS 278.285(2)(b)	Obtain incentives designed to provide financial rewards to the utility for implementing cost-effective demand-side management programs; or	Bishop Direct Test. at 6; Exhibit SEB-2.
KRS 278.285(2)(c)	Both of the actions specified.	<i>see above</i>
807 KAR 5:011, Section 6(3)	The following symbols shall be placed in the margin to indicate a change: (a) "(D)" to signify deletion; (b) "(I)" to signify increase; (c) "(N)" to signify a new rate or requirement; (d) "(R)" to signify reduction; or (e) "(T)" to signify a change in text.	Complied. <i>See</i> Exhibit SEB-1 to the Direct Test. of Scott E. Bishop.

Requirement	Description of Requirement	Location(s) in Filing
<b>Public Notice</b>		
807 KAR 5:011, Section 8(1)	(a) A utility shall post at its place of business a copy of the notice no later than the date the application is submitted to the commission.	Application ¶ 45(a); Application Exhibit 3.
	(b) A utility that maintains a Web site shall, within five (5) business days of the date the application is submitted to the commission, post on its Web sites: 1. A copy of the public notice; and 2. A hyperlink to the location on the commission's Web site where the case documents are available.	Application ¶ 45(b); Application Exhibit 3.
	(c) The information required in paragraphs (a) and (b) of this subsection shall not be removed until the commission issues a final decision on the application.	Application ¶ 45(a) and (b).
Section 8(2)	(b) If a utility has more than twenty (20) customers and is not a sewage utility, it shall provide notice by:	
	3. Publishing notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made no later than the date the application is submitted to the commission.	Application ¶ 45(c); Application Exhibit 4.
Section 8(4)	Each notice issued in accordance with this section shall contain: (a) The proposed effective date and the date the proposed rates are expected to be filed with the commission.	Application Exhibit 4, p. 2 at third paragraph.
	(b) The present and proposed rates for each customer class to which the proposed rates will apply.	Application Exhibit 4, p. 2 at first table.
	(c) Amount of change requested in dollar amounts and percentage change for each customer classification to which change will apply.	Application Exhibit 4, p. 2 at fifth paragraph.

Requirement	Description of Requirement	Location(s) in Filing
	(d) Electric, gas, and water utilities – the amount of the average usage and the effect upon average bill for each customer class to which change will apply.	Application Exhibit 4, p. 2 at second table.
	(e) A statement that a person may examine this application at the offices of (utility name) located at (utility address);	Application Exhibit 4, p. 2 at eighth paragraph.
	(f) A statement that a person may examine this application at the commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's Web site at <a href="http://psc.ky.gov">http://psc.ky.gov</a> ;	Application Exhibit 4, p. 2 at ninth paragraph.
	(g) A statement that comments regarding the application may be submitted to the Public Service Commission through its Web site or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602;	Application Exhibit 4, p. 2 at seventh paragraph.
	(h) A statement that the rates contained in this notice are the rates proposed by (utility name) but that the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice;	Application Exhibit 4, p. 2 at seventh paragraph.
	(i) A statement that a person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party; and	Application Exhibit 4, p. 2 at sixth paragraph.
	(j) A statement that if the commission does not receive a written request for intervention within thirty (30) days of initial publication or mailing of the notice, the commission may take final action on the application.	Application Exhibit 4, p. 2 at sixth paragraph.
<b>Jan. 18, 2028 Order from Case No. 2017-00097, at p. 15</b>	In the event Kentucky Power seeks in the future to expand its DSM offerings, any future application should be supported by:	
	detailed and robust cost-benefit analyses;	Nolen Direct Test. at 7, 17-18, 21-28; Exhibit BLN-1.

<b>Requirement</b>	<b>Description of Requirement</b>	<b>Location(s) in Filing</b>
	information concerning the company's capacity position;	Nolen Direct Test. at 4.
	the need for the proposed DSM programs;	Nolen Direct Test. at 7-9; Exhibit BLN-1.
	Future DSM programs should include robust targeted programs that assist participation by low-income customers and designed to be capable of tracking when program funds are expected to be fully subscribed, when program funds are actually fully subscribed, and when a customer participating in a DSM program is contacted and notified as to the availability of program funds	Nolen Direct Test. at 5-7, 13-18.

## Exhibit 2

**Commonwealth of Kentucky**  
**Michael G. Adams, Secretary of State**

Michael G. Adams  
Secretary of State  
P. O. Box 718  
Frankfort, KY 40602-0718  
(502) 564-3490  
<http://www.sos.ky.gov>

**Certificate of Existence**

Authentication number: 310493  
Visit <https://web.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

**KENTUCKY POWER COMPANY**

KENTUCKY POWER COMPANY is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is July 21, 1919 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 30<sup>th</sup> day of April, 2024, in the 232<sup>nd</sup> year of the Commonwealth.



*Michael G. Adams*

Michael G. Adams  
Secretary of State  
Commonwealth of Kentucky  
310493/0028317



## Exhibit 3

## NOTICE

Please Take Notice that on May 1, 2024, Kentucky Power Company ("Kentucky Power") expects to file with the Kentucky Public Service Commission ("Commission") an application for approval of revisions to its Demand-Side Management ("DSM") / Energy Efficiency ("EE") programs, which will expand its existing Targeted Energy Efficiency Program and add two new DSM/EE programs, called the Home Energy Improvement Program (available to qualifying residential customers) and the Commercial Energy Solutions Program (available to qualifying commercial customers).

The new programs will provide energy audits by trained professionals to help qualifying customers identify cost saving opportunities, as well as offer incentives for upgrading to more energy efficient products.

The Company will propose revisions to its Tariff Demand Side Management Adjustment Clause ("Tariff D.S.M.C.") and to increase the DSM surcharge factor. The proposed effective date for the revised and new DSM/EE programs and the increased DSM surcharge factor is May 31, 2024. However, Kentucky Power anticipates that the Commission may suspend the effective date of these proposals to conduct a review of Kentucky Power's application.

The proposed changes to Kentucky Power's DSM/EE portfolio, if approved, will result in changes to the DSM surcharge factor calculated under Tariff D.S.M.C. The present rates and the proposed rates for each customer classification to which the proposed rates will apply are shown in the table below:

<b>Electric Rate Class</b>	<b>Current Charge per kWh</b>	<b>Proposed Charge per kWh</b>
Residential	\$0.000149	\$0.000644
Residential Time-of-Day	\$0.000149	\$0.000644
General Service - Secondary	-\$0.000016	\$0.000565
General Service - Primary	-\$0.000016	\$0.000565
General Service - Subtransmission	-\$0.000016	\$0.000565
General Service Time-of-Day	-\$0.000016	\$0.000565
Large General Service - Secondary	-\$0.000016	\$0.000565
Large General Service - Primary	-\$0.000016	\$0.000565
Large General Service - Subtransmission	-\$0.000016	\$0.000565
Large General Service Time-of-Day	-\$0.000016	\$0.000565
Municipal Waterworks	-\$0.000016	\$0.000565
Industrial General Service	N/A	N/A

The average customer monthly usage, and the effect upon the average bill for each customer classification to which the proposed rates will apply are shown in the table below. The annual increase to the DSM charge resulting from the proposed changes to the DSM/EE portfolio is \$912,998 (+330.0%) for residential classes and \$804,037 (+4,434.8%) for commercial classes. These proposed increases are reflective of the fact that Kentucky Power is proposing new programs that do not currently exist, and which are not currently reflected in rates. The Company's proposals in this proceeding will affect the average monthly customer bill only slightly, as demonstrated in the table below:

<b>Electric Rate Class</b>	<b>Average Monthly Customer Usage (kWh)</b>	<b>Average Monthly Bill \$ Increase</b>	<b>Average Monthly Bill % Increase</b>
Residential	1,140	\$0.56	0.35%
Residential Time-of-Day	1,546	\$0.77	0.37%
General Service - Secondary	1,573	\$0.91	0.37%
General Service - Primary	8,817	\$5.12	0.42%
General Service - Subtransmission	9,586	\$5.57	0.39%
General Service Time-of-Day	1,898	\$1.10	0.39%
Large General Service - Secondary	62,484	\$36.30	0.45%
Large General Service - Primary	103,061	\$59.88	0.47%
Large General Service - Subtransmission	106,709	\$62.00	0.65%
Large General Service Time-of-Day	56,418	\$32.78	0.52%
Municipal Waterworks	18,402	\$10.69	0.48%
Industrial General Service	N/A	N/A	N/A

Any person by timely written request for intervention filed with the Public Service Commission may request leave to intervene in the Commission proceeding to review Kentucky Power's application. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P. O. Box 615, Frankfort, Kentucky 40602-0615, and shall establish the grounds for the request, including the status and interest of the party. If the Commission does not receive a written request for intervention within 30 days of the initial publication of this notice the Commission may take final action on the tariff filing.

Written comments on the Company's proposals may be submitted to the Public Service Commission by mail to the address listed above or via the Commission's website: <http://psc.ky.gov>. The rates and terms of service contained in this notice are the rates and terms of service proposed by Kentucky Power; the Commission may order rates to be charged and/or terms of service that differ from the proposed rates and terms of service contained in this notice.

Any person may examine the Company's application at Kentucky Power's offices located at 1645 Winchester Avenue, Ashland, Kentucky 41101; 12333 Kevin Avenue, Ashland, KY 41102; 1400 E. Main St. Hazard, KY 41701; and 3249 North Mayo Trail, Pikeville, KY 41501; or by visiting the Company's website: [www.kentuckypower.com](http://www.kentuckypower.com).

A copy of the Company's application and any related documents Kentucky Power may file with the Public Service Commission may be examined Monday through Friday from 8:00 a.m. through 4:30 p.m. at the offices of the Commission at the address listed above, or through the Commission's website: <http://psc.ky.gov>.

Kentucky Power Company  
1645 Winchester Avenue  
Ashland, KY 41101  
1-800-572-1113

Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602  
502-564-3940

## Exhibit 4

## Michelle Caldwell

---

**From:** Michelle Caldwell  
**Sent:** Wednesday, April 17, 2024 4:17 PM  
**To:** Rachel McCarty  
**Cc:** Lerah M Kahn; Scott E Bishop; Brian K West; Glass, Katie; kgish@stites.com; Barrett L Nolen; Hector H Garcia-Santana  
**Subject:** 2024 DSM Publication Notice  
**Attachments:** KPC DSM Notice.pdf

Rachel, the attached proof is approved.

Please start running the notice April 22, 2024. The notice needs to run consecutively for 3 weeks in all newspapers within our service territory.

Thank you,  
Michelle



**MICHELLE CALDWELL** | REGULATORY CASE COORDINATOR  
[MMCALDWELL@AEP.COM](mailto:MMCALDWELL@AEP.COM) | D:606.327.2652  
1645 WINCHESTER AVENUE, ASHLAND, KY 41101

## NOTICE

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Large General Service - Primary	-\$0.000016	\$0.000565
Large General Service - Subtransmission	-\$0.000016	\$0.000565
Large General Service Time-of-Day	-\$0.000016	\$0.000565
Municipal Waterworks	-\$0.000016	\$0.000565
Industrial General Service	N/A	N/A

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