COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY POWER COMPANY FOR (1) APPROVAL OF CONTINUATION OF ITS DEMAND-SIDE MANAGEMENT PROGRAMS; (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 APPROVAL AND RELIEF	))))))))	CASE NO. 2025-00365

RESPONSES OF JOINT INTERVENORS APPALACHIAN CITIZENS' LAW CENTER AND MOUNTAIN ASSOCIATION TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

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Dated: April 15, 2026

VERIFICATION

The undersigned, Stacy Sherwood, being first duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing documents and that the information contained therein is true and correct to the best of her information, knowledge and belief after reasonable.

Stacy Lynn Sherwood
____

Subscribed and sworn to before me by Stacy Lynn Sherwood this 15th day of April, 2026.

____
Notary Public

My commission expires: 09/19/2028

NOTARY PUBLIC • STATE OF FLORIDA •

ROBINETTE TILLER
Notary Public - State of Florida
Commission # HH595514
Expires on September 19, 2028

Notarized remotely online using communication technology via Proof.

JOINT INTERVENORS APPALACHIAN CITIZENS' LAW CENTER AND MOUNTAIN ASSOCIATION

RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
Dated April 1, 2026

Case No. 2026-00365

Question No. 1.1

Q-1.1 Refer to the Direct Testimony of Stacy L. Sherwood (Sherwood Direct Testimony)
at 13, lines 7-9. That testimony recommended that Kentucky Power take control of the investment of the Targeted Energy Efficiency (TEE) program funds if the Community Action Agencies continue to "struggle" with overseeing the program. Explain further how Kentucky Power could implement the program oversight.

A-1.1 RESPONSE:

There is ample need within the Kentucky Power service territory to serve more homes than are addressed by the Community Action Agencies (CAAs) on an annual basis. If the TEE program were implemented by Kentucky Power, it would increase the number of weatherized homes by increasing the number of weatherization crews available. Currently the program is implemented as supplemental funds to the Weatherization Assistance Program (WAP) implemented by the CAAs. However, if Kentucky Power were to implement program oversight, it would have its own weatherization crews, of which the CAAs could apply to provide service under. This would expand the scope of work offered by the TEE to include audits and additional measures beyond what is currently covered, which in turn would ensure that the funds are being invested. Ultimately, Kentucky Power would have the control and responsibility of investing those funds each year.

As part of the Connecticut utility energy efficiency programs, a subset of the same weatherization crews that offer the market rate home weatherization also offer income eligible home weatherization which performs an audit and installs weatherization and HVAC measures at no additional cost. Under that initiative, the CAAs that serve under WAP also were selected through a competitive bid process to serve under the utility income eligible home weatherization program.

WITNESS: Stacy Sherwood

JOINT INTERVENORS APPALACHIAN CITIZENS' LAW CENTER AND MOUNTAIN ASSOCIATION

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Case No. 2026-00365

Question No. 1.2

Q-1.2 Refer to the Sherwood Direct Testimony at 17, lines 6-8. Refer also to page 22, lines 6-9.

a. Provide a recommended threshold of funds that could be rolled over into the next program year that would not cause the concerns expressed in the testimony.

b. Explain whether it would benefit Kentucky Power's ratepayers to be consistent in future years and prohibit any unspent funds rolling over, or if it is best to allow it under specific circumstances, and how those customers may benefit.

A-1.2 RESPONSE:

a. Based on the level of activity at the conclusion of 2025 and in the first month of 2026, I would not recommend any funds be rolled over in 2026. The Company has indicated through data responses that it is still working on ramping up program vendors to provide the forecasted capacity for both the HEIP and the CEIP. If the Company has shown further improvement in program roll out (i.e., increase number of weatherization vendors for HEIP and contractors to support Phase 2 rollout of the CEIP) as well as meeting the level of demand equivalent to three-twelfths of the 2026 forecasted participation, then I could support 5% of the total budget being rolled over into 2026. The 5% limitation will reduce any rate shock in the surcharge from year to year. No additional funds should be provided unless unspent funds from 2025 will also be used to increase funding for program year 2027 to keep funding levels even. If the Commission views the approved spending over the three year term, then I could recommend increasing spending in 2027 as a result of underspending in 2025, also limited to 5% of the 2025 budget. This increase should be addressed through the Company's next surcharge filing.

b. Consistency in program funding will ensure that ratepayers do not have drastic changes in the surcharge mechanism. While there will be additional savings as a result of an increased investment, that should not be at the detriment of rate shock. Consistency in program investment sets expectations for ratepayers in terms of their bill impact, as well as understanding supply in the programs (i.e., limited rebate funds are available on an annual basis). In other states, there is a limited amount that can be rolled over annually or the total amount of spending approved within a plan term, such as the three years for Kentucky Power, to eliminate any potential rate shock for ratepayers and provide consistency in funding. In Connecticut the carryover of underspent funds from the prior year is 5% of the total program budget. In Pennsylvania, the spending is approved based on a five year plan term; however, there is a minimum amount of savings that must be achieved per year (i.e., 15% of the forecasted savings).

WITNESS: Stacy Sherwood

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Question No. 1.3

Q-1.3 Refer to the Sherwood Direct Testimony at 22, lines 3-6. Provide the calculation of the recommended surcharge amounts in Excel spreadsheet formula with all formulas, rows, and columns unprotected and fully accessible.

A-1.3 RESPONSE:

Exhibit SLS-2 filed with the Direct Testimony was the incorrect file. The correct file is attached. The workbook is the same as the one submitted by the Company. The changes made were to DSM 1.0 tab in cell I42 and to DSM 2.0 tab in cell I42. This resulted in updated calculations being reflected on the Summary tab.

WITNESS: Stacy Sherwood

JOINT INTERVENORS APPALACHIAN CITIZENS' LAW CENTER AND MOUNTAIN ASSOCIATION

RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
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Question No. 1.4

Q-1.4 Refer to the Sherwood Direct Testimony at 23, lines 6-7. Explain whether the Commission has ever allowed demand-side management (DSM) surcharge funds to be held in an interest bearing account.

A-1.4 RESPONSE:

While the Commission allows use of interest-bearing accounts for surcharge funds in other contexts, Joint Intervenors are not aware of a past DSM case where the Commission made a specific holding allowing or disallowing use of an interest-bearing account for DSM surcharge funds.

Additionally, Joint Intervenors are not aware of an example of another Kentucky utility having over-collected through the DSM surcharge relative to DSM program cost outlays within a program year to the degree here. Ideally, surcharge funds would have been expended as collected, without the development of a significant over-collection. But here, a significant over-collection did develop, and there is an opportunity to hold those funds in an interest-bearing account, with interest earned being re-invested in the programs to offset future collections.

RESPONDANT: Counsel

JOINT INTERVENORS APPALACHIAN CITIZENS' LAW CENTER AND MOUNTAIN ASSOCIATION

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Question No. 1.5

Q-1.5 Refer to the Sherwood Direct Testimony at 23, lines 18-20 and page 24, lines 1-4. Provide examples within Kentucky, or of utilities similar to Kentucky Power, where a utility calculated lost revenues based on an assumed savings for measures installed.

A-1.5 RESPONSE:

Kentucky Power does not calculate lost revenues based on assumed savings for measures installed. Rather Kentucky Power's lost revenues are calculated on an average forecasted measure mix. Therefore, it's unclear whether the savings being claimed for lost revenues was related to the measures installed or simply an old forecasted average savings. Each home will receive a different mix of measures, including a varying amount of insulation and air sealing. However, the Company is claiming the same amount regardless of what measures were funded.

I am not familiar with the other DSM programs in Kentucky, so I cannot speak to whether they utilize the actual measure savings or a forecasted savings level. However, using assumed savings for measures actually installed is the standard practice because it results in more accurate reporting of achieved savings attributable to program savings. For example, in Kansas, Evergy's lost revenues are based on actual installed measure savings that are verified through the evaluation process.

WITNESS: Stacy Sherwood

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RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
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Question No. 1.6

Q-1.6 Refer to the Sherwood Direct Testimony at 22, lines 3-6. Clarify whether a true-up mechanism was employed in the methodology to determine the recommended DSM rates. If so, provide the specific calculation components used to reconcile previous over- or under-recoveries.

A-1.6 RESPONSE:

In the calculation recommended by my testimony, there is a true-up occurring, as the unspent funds from 2025 were removed from the budget for 2026 for the HEIP and CEIP. As a result, the unspent funds in 2025 are offsetting the costs in 2026, resulting in the surcharge only collecting the additional funding needed for the Commission approved 2026 budgets, as represented in Table 2 of my Direct Testimony.

WITNESS: Stacy Sherwood