

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 Approvals And)
Relief)

Case No. 2025-00365

REBUTTAL TESTIMONY OF
STEVIN. COBERN
ON BEHALF OF KENTUCKY POWER COMPANY

**REBUTTAL TESTIMONY OF
STEVI N. COBERN ON BEHALF OF
KENTUCKY POWER COMPANY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

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TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
I. INTRODUCTION	1
II. PURPOSE OF REBUTTAL TESTIMONY	1
III. HOME ENERGY IMPROVEMENT PROGRAM AND COMMERCIAL ENERGY SOLUTIONS PROGRAM	2
IV. TARGETED ENERGY EFFICIENCY PROGRAM	3
V. DSM PROGRAM IMPLEMENTATION	4
VI. CONCLUSION.....	6

EXHIBITS

<u>EXHIBIT</u>	<u>DESCRIPTION</u>
EXHIBIT SNC-R1	Calculation of DSM Rates Without Shifting of 2025 Unspent HEIP and CESP Funds and Removal of 2024-00115 Publication Costs
EXHIBIT SNC-R2	Calculation of DSM Rates With Removal of 2024-00115 Publication Costs

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I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.**

2 A. My name is Stevi N. Cobern, and I am the Distribution Operations Customer Support
3 Manager for Kentucky Power Company (“Kentucky Power” or the “Company”). My
4 business address is 1645 Winchester Avenue, Ashland, Kentucky 41101.

5 **Q. ARE YOU THE SAME STEVI N. COBERN WHO OFFERED DIRECT**
6 **TESTIMONY IN THIS PROCEEDING?**

7 A. Yes.

II. PURPOSE OF REBUTTAL TESTIMONY

8 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

9 A. The purpose of my rebuttal testimony is to address certain positions taken by Stacy
10 Sherwood, witness for Appalachian Citizens Law Center and Mountain Association
11 (collectively, “Joint Intervenors”). Specifically, my testimony:

- 12 • Addresses Ms. Sherwood’s concerns with rolling over unused Home Energy
13 Improvement Program (“HEIP”) and Commercial Energy Solutions Program
14 (“CESP”) funds;
- 15 • Discusses Ms. Sherwood’s proposal that Kentucky Power fully administer the TEE
16 program; and
- 17 • Discusses Ms. Sherwood’s proposal to create a work group regarding narrative
18 development for the annual DSM filing, along with her suggestions for calculation of

1 lost revenue, and her proposal to require Kentucky Power to establish an interest-
2 bearing account for storing unspent funds collected through the Demand Side
3 Management Adjustment Clause (“D.S.M.C.”).

**III. HOME ENERGY IMPROVEMENT PROGRAM AND
COMMERCIAL ENERGY SOLUTIONS PROGRAM**

4 **Q. DOES THE COMPANY AGREE WITH MS. SHERWOOD’S ASSERTION THAT**
5 **UNUSED FUNDS FROM THE HOME ENERGY IMPROVEMENT PROGRAM**
6 **(“HEIP”) AND THE COMMERCIAL ENERGY SOLUTIONS PROGRAM**
7 **(“CESP”) SHOULD NOT BE ROLLED OVER INTO THE 2026 BUDGET?**

8 A. No. The Company proposed carrying over unused 2025 HEIP and CESP funds into the
9 2026 budget to ensure that more homes and businesses have the opportunity to undergo
10 energy efficiency audits and improvements this year, particularly when taking the
11 Programs’ delayed implementation into account. Additionally, the DSM surcharge
12 mechanism includes an over/under true-up; therefore, should there ultimately be any
13 unused funds for the programs, customers would be credited back those amounts.

14 Ms. Sherwood provides no basis for her concern that the Company cannot achieve
15 the proposed participation for 2026. TRC, the program administrator for HEIP and CESP,
16 raised no concerns about rolling over funds or about adverse customer or vendor
17 experiences resulting from increasing the 2026 budget. TRC is working to expand the
18 network of approved contractors for HEIP and CESP, seeking existing companies who
19 already work in the desired fields and have staff to complete the necessary work.

20 The Company is unaware of any negative consequences associated with increasing
21 the budget and therefore increasing customer participation for one program year, and Ms.
22 Sherwood has not pointed to such consequence either.

1 **Q. DID THE COMPANY CONSIDER RATE IMPACTS WHEN PROPOSING TO**
2 **ROLL OVER FUNDS INTO 2026?**

3 A. Yes. Kentucky Power always considers the impact that its decisions have on customers.
4 Additionally, Commission Staff issued numerous data requests to the Company concerning
5 the rate impact of the proposed DSM rates. In particular, Commission Staff's March 27,
6 2026, data request (Staff 3-6) sought a visual comparison of the total residential bill
7 "experience" for different levels of energy users under both current and proposed DSM
8 rates. The response to this data request demonstrates that there would be no "rate shock"
9 under the Company's proposal.

IV. TARGETED ENERGY EFFICIENCY PROGRAM

10 **Q. DO YOU AGREE WITH MS. SHERWOOD'S PROPOSAL THAT KENTUCKY**
11 **POWER FULLY ADMINISTER THE TARGETED ENERGY EFFICIENCY**
12 **("TEE") PROGRAM?**

13 A. No. The TEE program is approved as a supplemental program to the Department of
14 Energy's Weatherization Assistance Program ("WAP"), and it is therefore advantageous
15 for both programs to be administered by the same organization for efficiency in both costs
16 and work management.

17 Further, Ms. Sherwood asserts this change is needed given that the TEE program
18 performance in 2025 was slightly below target. However, the Company maintains regular
19 communication with community action agencies about participation and performance of
20 the TEE program. The Company has no concerns about the community action agencies
21 meeting the established goals for the TEE program. The community action agencies have
22 administered the TEE program for over 15 years and have consistently met the established

1 participation numbers. The lower number of participants in 2025 was an anomaly that
2 resulted from delays in receiving federal funding from the DOE. Lastly, regardless of what
3 entity administers the supplemental TEE program, participation will ultimately be
4 dependent on the WAP program, and thus participation cannot be improved independently.
5 For these reasons, the Company opposes a change to self-administration.

V. DSM PROGRAM IMPLEMENTATION

6 **Q. DOES KENTUCKY POWER AGREE A WORK GROUP IS NEEDED TO**
7 **DEVELOP REQUIREMENTS FOR THE ANNUAL DSM FILING?**

8 A. No, a work group is unnecessary. The Company has not changed the information provided
9 in, or format of, its status reports that have been deemed sufficient by the Commission
10 since at least 2018. However, the Company is agreeable to update the format of the annual
11 DSM filing to include any information the Commission finds necessary to review their
12 request.

13 **Q. MS. SHERWOOD STATES THAT THE CALCULATION OF LOST REVENUES**
14 **IN THE DSM SURCHARGE SHOULD REFLECT SAVINGS FROM ACTUAL**
15 **MEASURES INSTALLED. DO YOU AGREE?**

16 A. No. The Commission's February 28, 2025, Order in Case No. 2024-00115 approved the
17 Company's long-standing calculation of its DSM surcharge, inclusive of the calculation of
18 lost revenues. The Commission has reviewed and approved the Company's current DSM
19 mechanism as-is since at least 2018.

1 **Q. ARE THERE ANY UPDATES NECESSARY TO EXHIBIT SNC-1 SHOULD THE**
2 **COMMISSION DENY SHIFTING UNUSED 2025 HEIP AND CESP PROGRAM**
3 **COSTS INTO 2026?**

4 A. Yes. Exhibit SNC-R1 provides the DSM rate calculations that do not shift any unused 2025
5 HEIP or CESP funds into 2026. The Company identified during its review of Ms.
6 Sherwood's testimony and development of its Rebuttal Testimony, two necessary
7 corrections to my Direct Testimony. Both are reflected in Exhibit SNC-R1 and consist of:

8 1. Updated language at page 8, line 3 to 4: The Company proposes increasing the
9 Home Energy Improvement Program budget from the 2025 budget of \$664,681 to
10 \$955,113.

11 2. Exhibit SNC-1 did not remove the publication costs from 2024-00115.¹

12 **B. MS. SHERWOOD RECOMMENDS THAT UNSPENT FUNDS COLLECTED**
13 **THROUGH TARIFF D.S.M.C. BE HELD IN AN INTEREST-BEARING**
14 **ACCOUNT. DO YOU AGREE?**

15 A. No. The Company does not have any other riders or surcharge mechanisms that require
16 funds to be held in an interest-bearing account. Given that this is not standard, there is
17 additional administrative cost that Ms. Sherwood does not contemplate in her testimony
18 supporting this process change. Additionally, invoices and incentive payments for DSM
19 programs are sporadic throughout the month, which would require frequent adjustments to
20 available funds.

¹ As this correction is necessary regardless, Exhibit SNC-R2 provides this update consistent with the Company's original application.

VI. CONCLUSION

1 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

2 A. Yes, it does.

