COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The 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

POST-HEARING BRIEF OF KENTUCKY POWER COMPANY

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I. INTRODUCTION

Kentucky Power Company ("Kentucky Power" or "the Company") filed this application merely to continue its Commission-approved Demand-Side Management ("DSM") programs through December 31, 2026, and to seek approval for recovery of costs associated with the same. The Company requests that the Commission grant its application as filed, with the exception of excluding the unused 2025 funds from the 2026 budget. The Company's proposal, updated to remove the unused 2025 funds, should be granted in whole because it is reasonable, as demonstrated by the proposed rate reduction and continued efforts to use the funds that are collected to encourage participation in the Company's Targeted Energy Efficiency ("TEE"), Home Energy Improvement ("HEIP"), and Commercial Energy Solutions ("CESP") Programs.

II. BACKGROUND

A. Kentucky Power's Past and Current DSM/EE Offerings.

On February 23, 2017, the Commission initiated an electronic investigation of the reasonableness of the Company's DSM programs and the rates associated with those programs in Case No. 2017-00097 (the "DSM Investigation").[1] On November 2, 2017, the Commission issued an Order in the DSM Investigation that, among other things, suspended all new DSM program activity during the pendency of the DSM Investigation.[2] On January 18, 2018, the Commission issued an Order in the DSM Investigation directing Kentucky Power to "eliminate offering any DSM programs, other than those programs that target income-eligible residential customers until there is a change in Kentucky Power's capacity position that indicates a need for additional

[1] Order, *In the Matter of: Electronic Investigation Of The Reasonableness Of The Demand Side Management Programs And Rates Of Kentucky Power Company*, Case No. 2017-00097 (Ky. P.S.C. Feb. 23, 2017) (hereinafter "2017 DSM Investigation").
[2] Order at 5, 2017 DSM Investigation (Ky. P.S.C. Nov. 2, 2017).

generation to serve its load.[3] The TEE Program was the only DSM program that targeted income-eligible residential customers and thus became the Company's only DSM program.

By order dated December 15, 2023, in Case No. 2023-00362,[4] and consistent with the Commission's January 18, 2018, Order in the DSM Investigation, the Commission approved continuation of the TEE Program through December 31, 2024. By order dated February 28, 2025, in Case No. 2024-00115,[5] the Commission approved continuation of the TEE Program and the Company's proposed modifications of the TEE Program, including the addition of supplemental funding for the Weatherization Readiness Fund.[6]

The Commission also approved the Company's request to establish a new residential Home Energy Improvement Program ("HEIP") and a new Commercial Energy Solutions Program ("CESP"), as well as to modify Tariff D.S.M.C. consistent with the Commission's approvals.[7] The DSM programs approved in Case No. 2024-00115 were initially proposed with an implementation date of January 1, 2025.[8] However, that case was fully litigated, including a hearing before the Commission, resulting in the Commission's Order approving the Company's requests being issued on February 28, 2025.[9] Based on the timing of Case No. 2024-00115's conclusion and the time needed to establish the DSM programs included in the application, the HEIP and CESP were not

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[3] Order at 13, 2017 DSM Investigation (Ky. P.S.C. Jan. 18, 2018).
[4] Order, *In the Matter of: 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*, Case No. 2023-00362 (Ky. P.S.C. Dec. 15, 2023).
[5] Order, *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 List Revenues, And To Receive Incentives 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*, Case No. 2024-00115 (Ky. P.S.C. Feb. 28, 2025).
[6] *Id.* at 15.
[7] *Id.*
[8] Cobern Direct Test. at 5.
[9] *Id.*

first available to customers until mid-July 2025.[10] As a result, participation for 2025 was lower than anticipated, which contributed to the Company's initial request to shift the unspent 2025 funds to support customers enrolled in the programs in 2026.[11] Additionally, the Company believes that shifting the unspent 2025 funds would help to meet the targets established in Case No. 2024-00115 by increasing the amount of customers that the programs can support.

For the 12 months ended September 31, 2025, the Company recovered $678,744 from residential customers through the DSM factor. For the same period, Kentucky Power's actual residential DSM program costs, incentive payments, and realized lost revenues totaled $373,486. For the same period, the Company recovered $342,800 from its commercial customers through the DSM factor. For the same period, Kentucky Power's actual commercial DSM program costs, incentive payments, and realized lost revenues totaled $89,825.

B. Delays in Implementation of, and Participation in, HEIP and CESP.

Since the HEIP and CESP programs were approved in early 2025, Kentucky Power and TRC have been working diligently to add participants to the programs.[12] To increase customer awareness and improve participation in the programs, the Company has marketed its DSM offerings by issuing news releases, updated website content, social media posts, customer emails, and account-specific portal messaging for customers with high bill alerts.[13] To reach customers who may benefit most from weatherization, the Company also provided a list of high usage customers for targeted marketing to its DSM program administrator, and numerous other marketing efforts described herein.[14] With respect to the CESP, the Company has also worked

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[10] *Id.*
[11] *Id.*
[12] *Id.* at 4.
[13] *Id.* at 7; Company's response to KPSC PHDR-7.
[14] Cobern Direct Test. at 7.

with stakeholders to promote the program and identify additional potential customers who may be interested in and benefit from participation in the program.[15] Nonetheless, the HEIP and CESP still struggled to gain enough participants to utilize the entirety of the 2025 budget due to the late start in establishing the programs.

C. Proposed Changes to Kentucky Power's Current DSM Offerings.

In this application, Kentucky Power seeks authority to continue its existing DSM programs, including the TEE Program, the HEIP, and the CESP, through December 31, 2026. The manner in which the Company proposes to operate its DSM programs is unchanged from the Commission's previous approvals of those programs in Case Nos. 2023-00362 and 2024-00115.

Kentucky Power's 2025 budget for the TEE Program was $358,185 and accounted for 90 participants for weatherization assistance.[16] Additionally, the budget included $15,000 to make health, safety, and structural repairs so homes can qualify for additional weatherization assistance.[17] The TEE Program used $280,123 of the budget in 2025 and 69 participants received weatherization assistance.[18] As of June 30, 2026, the TEE Program had used $186,416.43 from the proposed 2026 budget.[19]

Consistent with the Company's application approved by the Commission in Case No. 2024-00115, the Company has proposed to increase the TEE Program budget to $370,060 and increase the participation target to 95 customers for 2026.[20] Additionally, the supplemental funding from the Company to the Weatherization Readiness Fund would increase to $20,000 for 2026.[21]

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[15] *Id.* at 9.
[16] *Id.* at 4.
[17] *Id.*
[18] Company's response to KPSC 1-1.
[19] Company's response to KPSC PHDR-6.
[20] Cobern Direct Test. at 5.
[21] *Id.*

The Company's original budget for the HEIP program participants in 2025 was 661 customers, with the expectation that the program would be available early in the year.[22] However, given the timing of the Commission's Order approving the HEIP in Case No. 2024-00115, and the time it took to prepare the program to be rolled-out, the programs did not first become available to customers until mid-July 2025.[23] In 2025, $258,175 of the HEIP budget was used and there were 104 HEIP participants.[24] As of June 30, 2026, the HEIP had used $169,079 from the proposed 2026 budget.[25] The Company initially proposed to increase the HEIP budget from $664,681 in 2025 to $955,113 in 2026, but now proposes that the 2026 budget be reduced to $548,687 due to the growing time constraints associated with rolling the unused 2025 funds into 2026.[26]

The Company's original budget for CESP participants in 2025 was 130 customers, with the expectation the program would be available early in the year. However, given the timing of the Commission's Order approving the CESP in Case No. 2024-00115, and the time it took to prepare the program to be rolled-out, the programs did not first become available to customers until mid-July 2025. In 2025, $222,174 of the CESP budget was used and there were six CESP participants.[27] As of June 30, 2026, the CESP had used $217,274 from the proposed 2026 budget.[28] The Company initially proposed to increase the CESP budget from $710,011 to $1,267,246, but now proposes that the 2026 budget be reduced to $779,409 due to the growing time constraints associated with rolling the unused 2025 funds into 2026.[29]

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[22] *Id.* at 7.
[23] *Id.* at 5.
[24] Company's response to KPSC 1-5; Company's response to KPSC 1-6.
[25] Company's response to KPSC PHDR-4.
[26] Cobern Rebuttal Test. at R5; *see* Cobern Direct Test. at 4.
[27] Company's response to KPSC 1-11.
[28] Company's response to KPSC PHDR-5.
[29] Cobern Direct Test. at 10.

III. LEGAL STANDARD

When assessing proposed DSM/EE plans, the Commission may determine their reasonableness.[30] To determine the reasonableness of a proposed program, the Commission should consider the following non-exclusive factors:

(a) The specific changes in customers' consumption patterns which a utility is attempting to influence;
(b) The cost and benefit analysis and other justification for specific demand-side management programs and measures included in a utility's proposed plan;
(c) A utility's proposal to recovery 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;
(d) Whether a utility's proposed demand-side management programs are consistent with its most recent long-range integrated resource plan;
(e) Whether the plan results in any unreasonable prejudice or disadvantage to any class of customers;
(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;
(g) The extent to which the plan provides programs which are available, affordable, and useful to all customers; and
(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.[31]

The Commission may also review and approve a DSM mechanism meant to "[r]ecover the full costs of commission-approved demand-side management programs and revenues lost by implementing" DSM programs.[32]

[30] KRS 278.285(1).
[31] *Id.*
[32] KRS 278.285(2).

IV. ARGUMENT

A. The Commission should approve Kentucky Power's request to continue the programs as proposed, without shifting the unspent 2025 budget into 2026.

The Commission should approve Kentucky Power's proposals because they are reasonable in consideration of the factors set forth in KRS 278.285(1), because they are in accordance with the Commission's order in Case No. 2024-00115, and they will ultimately result in a rate reduction for both residential and commercial customers.

In light of the hearing and subsequent briefing for this matter taking place more than halfway through 2026, the Company updates its proposal and no longer seeks to roll the unused funds from the 2025 budget into the 2026 budget.[33] With less than six months remaining in 2026, the Company and its administrators do not have sufficient opportunity to spend the unused dollars.[34] Therefore, excluding the unused 2025 funds, Kentucky Power only seeks to update the budgets to its DSM programs to align with the 2026 calendar year targets previously approved in Case No. 2024-00115.[35] The calendar year budgets provided for in 2024-00115 are as follows[36]:

Year	TEE	HEIP	Total Residential	Commercial Energy Solutions	Total DSM Budget
2025	$358,185	$664,681	$1,022,866	$710,011	$1,732,877
2026	$370,060	$548,607	$918,667	$779,409	$1,698,076
2027	$381,935	$619,716	$1,001,651	$686,862	$1,688,513
Total	$1,110,180	$1,833,004	$2,943,184	$2,176,282	$5,119,466

These changes to the DSM program budgets, including an increase to the TEE Program and CESP budget and a decrease to the HEIP budgets, along with the unused 2025 funds being

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[33] Hearing video 9:07:00–9:09:30.

[34] *Id.*

[35] Order at 6, *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 Commerical Energy Solutions Program; (3) Authority To Recover Costs And Net Lost Revenues, And To Receive Incentives 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*, Case No. 2024-00115 (Ky. P.S.C. Feb. 28, 2025).

[36] *Id.*

used to offset the DSM surcharge, result in rate reductions for both residential and commercial customers. After excluding the rolled-over 2025 budget funds from the 2026 budget, the Company requests that the Commission approve the residential DSM factor at $0.000437 per kWh and the commercial DSM factor at $0.000453 per kWh.[37] This proposed rate reduction is reasonable and in accordance with the Commission's previous order, and should therefore be approved.

Despite the rate calculations being in line with Commission precedent, Joint Intervenors assert that the Commission should upend the calculation it previously approved for their own, unsupported proposition. Joint Intervenor Witness Sherwood argues that the DSM surcharge should be adjusted to include interest on the funds collected through the surcharge, by way of placing the funds in an interest-bearing account, and that the lost revenue mechanism should be adjusted to reflect the actual measures installed and funded by the DSM surcharge.[38] Evidenced by Ms. Sherwood's Direct Testimony being bereft of any legal authority to support this proposition, her proposal is contradicted by actual Commission precedent. The Commission's February 28, 2025, Order in Case No. 2024-00115 approved the Company's long-standing calculation of its DSM surcharge, inclusive of the calculation of lost revenues.[39] The Commission has reviewed and approved the Company's current DSM mechanism as-is since at least 2018.[40]

Moreover, in Case No. 2024-00115, where HEIP and CESP were first approved, and the calculations of net energy impact were most recently approved, the Company stated it would utilize the identified net energy savings until an evaluation, measurement, and verification ("EM&V")

[37] Company's response to KPSC PHDR-19; *see also* SNC-R1.
[38] Sherwood Direct Test. at 23.
[39] Cobern Rebuttal Test. at R4.
[40] *Id.*; Order, *In the Matter of: 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*, Case No. 2018-00377 (Ky. P.S.C. Dec. 21, 2018).

consultant was engaged and the savings were validated.[41] In the same case, the Company stated an RFP for an EM&V contractor would be issued in 2026.[42] This timeline was to ensure a full-years' worth of data would be available for the new programs for the EM&V consultant to utilize.[43] Accordingly, when an EM&V consultant is hired and produces an assessment, the Company will incorporate the validated savings into its calculations.

Joint Intervenors have offered no basis to divert from Commission-established precedent detailing how recovery of DSM funds and costs should be recovered. In contrast, the Company has established throughout the record of this case, support for its calculations using the Commission's directives. Joint Intervenors' attempt to re-litigate Commission-approved calculations in a matter that was solely meant to update the Commission on the Company's progress with respect to those approvals has done nothing but delay the Company in its ability to reach a greater number of customers who can benefit from these DSM programs. Accordingly, the Company's proposals are reasonable and should be approved as presented.

B. Kentucky Power is diligently pursuing increased participation in its DSM programs.

Evidenced by ample support in the record, Kentucky Power has demonstrated its commitment to the success of each of its DSM programs through its outreach and marketing efforts

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[41] Company's response to JI 1-56, *In the Matter of: Electronic Application Of Kentucky Power Company For: (1) Approval To Expand Its Targeted Energy Efficiency Program; (2) Approval Of Home Energy Improvement Program And A Commercial Energy Solutions Program; (3) Authority To Recover Costs And Net Lost Revenues, And To Receive Incentives 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*, Case No. 2024-00115 (Ky. P.S.C. July 8, 2024).
[42] Company's response to JI 1-53, *In the Matter of: Electronic Application Of Kentucky Power Company For: (1) Approval To Expand Its Targeted Energy Efficiency Program; (2) Approval Of Home Energy Improvement Program And A Commercial Energy Solutions Program; (3) Authority To Recover Costs And Net Lost Revenues, And To Receive Incentives 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*, Case No. 2024-00115 (Ky. P.S.C. July 8, 2024).
[43] *Id.*

to increase participation, with the aid of Community Actions Agencies ("CAAs") for the TEE Program and TRC for HEIP and CESP.

The Company maintains regular communication with the CAAs about participation and performance of the TEE Program.[44] Joint Intervenors' assertion that the TEE Program would be more effective if administered by Kentucky Power is an unsupported and incorrect assumption. The CAAs have administered the TEE Program for over 15 years and have consistently met the established participation numbers.[45] Indeed, there were fewer participants in 2025, but this lower number of participants was an outlier that resulted from delays in receiving federal funding from the DOE.[46] Kentucky Power cannot fully administer the TEE Program because it is approved as a supplemental program to the Department of Energy's Weatherization Assistance Program ("WAP"), so it is advantageous for both programs to be administered by the same organization for efficiency in both costs and work management.[47] Moreover, regardless of which entity administers the supplemental TEE Program, participation will ultimately be dependent on the WAP, and thus participation cannot be improved independently.[48]

With respect to HEIP and CESP, TRC and Kentucky Power have worked diligently to secure enrollment in the programs despite not being able to establish them until July 2025.[49] To ramp up participation, TRC has thoroughly marketed the programs through varied and multiple means, including webinar presentations, dedicated website pages, targeted emails, in-person outreach by TRC (including door-to-door marketing with sign-up and referral incentives provided

[44] Cobern Rebuttal Test. at R3.
[45] *Id.* at R3–R4.
[46] *Id.* at R4.
[47] *Id.* at R3.
[48] *Id.* at R4.
[49] *Id.* at R5. Sherwood acknowledges that the Company's justifications for lower enrollment in the programs is justified. Sherwood Direct Test. at 13–14 ("With [HEIP] not launching until July and the need to onboard contractors to support the work still occurring, it is understandable that there was limited participation in 2025 compared to forecast.").

by the contractor), handouts dropped off at active locations within the communities that make up the Company's service territory (including local chambers, the YMCA, and other local businesses and restaurants), presentations, attendance at various local events, and other diverse efforts.[50] Kentucky Power has likewise done its own marketing, including issuing press releases, social media posts, One Voice communications to stakeholders, including school administrations, housing organizations, and elected officials.[51] Kentucky Power has also directed its customers service representatives to proactively promote the DSM programs when speaking to customers about electricity usage.[52] Finally, TRC is both consistently following up with customers[53] and working to expand the network of approved contractors for HEIP and CESP, seeking existing companies who already work in the desired fields and have staff to complete the necessary work.[54]

The Company understands that engaging with customers and encouraging their participation in the TEE Program, HEIP, and CESP is integral to their success. In combination with the robust efforts by the Company, the CAAs, and TRC, the proposed, previously-approved 2026 budgets are reasonably calculated to get customers enrolled, help those customers make improvements to assist with their energy consumption, and also cover the costs associated with administering the programs. As such, the Commission should grant the Company's proposals as requested.

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[50] Company's response to KPSC PHDR-7.
[51] *Id.*
[52] *Id.*; *see also* Company's response to KPSC PHDR-10 (detailing the volume of information marketed to customers about the Company's DSM programs).
[53] *See* Company's response to KPSC PHDR-12.
[54] Cobern Rebuttal Test. at R2.

C. There is no basis for requiring Kentucky Power to hold collected funds in an interest-bearing account.

Absent any authority to support the proposition, Joint Intervenors ask the Commission to require the Company to hold funds collected through the DSM surcharge in an interest-bearing account.[55]

In her Direct Testimony, Joint Intervenor Witness Sherwood cites two Commission orders to support her proposition that there is precedential support for such requirement.[56] Ms. Sherwood misunderstands the facts leading to the outcomes in each of these orders. This is unsurprising, as Ms. Sherwood admitted during the hearing that she had not read the two orders that she cited.[57] One of the orders cited was issued in a case opened by the Commission to monitor Southern Water & Sewer District's meter replacement surcharge.[58] In this case, Southern Water & Sewer District had sought and gained approval to levy a $5.25 per customer surcharge for the purpose of purchasing new meters in light of the utility's "urgent financial need to replace its aged meters."[59] The terms of this approval required the surcharge to be implemented for 60 days or until the cost of the new meters had been assessed.[60] The Commission in this case required Southern Water & Sewer District to deposit the surcharge collections into an interest-bearing account.[61]

The purpose of requiring Southern Water & Sewer District to deposit its surcharge proceeds into an interest-bearing account is distinguishable from the DSM surcharge at issue here. In Southern District, the utility sought to recover a finite amount of money over a finite period of time, and the surcharge would cease being applied if the utility collected enough to cover the cost

[55] Sherwood Direct Test. at 23.
[56] *Id.*
[57] Hearing video at 11:52:20-11:54:14.
[58] Order, *In the Matter of: Electronic Southern Water & Sewer District's Meter Replacement Surcharge Monitoring*, Case No. 2020-00121 (Ky. P.S.C. Apr. 8, 2020).
[59] *Id.* at 1.
[60] *Id.*
[61] *Id.* at 2.

of the meters. Placing the funds into an interest-bearing account in that case could have led to the surcharge being applied for less time if the funds accrued interest sufficient to cover the costs of the meters sooner. In contrast, the purpose of the Company's DSM programs is to establish resources for customers that—ideally—are not only available for a finite period of time. In other words, the DSM surcharge is not a means to collect a set amount of money; it is meant to collect funds that can continuously be used to offer resources to its customers and accordingly requires more movement and transfer. The difference in purposes for the surcharge in Southern District and the DSM surcharge here makes the imposition of an interest-bearing account inapplicable to this matter.

Ms. Sherwood also cites to an order in which the Commission addressed Big Rivers Electric Corporation's ("BREC") application for a financing order.[62] In that case, the Commission required BREC to place a portion of the proceeds of the applied-for loans in an interest-bearing account.[63] This order does little to support Ms. Sherwood's proposition because they concern entirely different funds with entirely different sources. This order is unpersuasive and should be disregarded.

Plainly, there is no basis for requiring Kentucky Power to place funds collected through the DSM surcharge into an interest-bearing account. To the contrary, this is not something that the Company can accomplish. Because the Company does not have any other riders or surcharge mechanisms that require funds to be held in an interest-bearing account, this is not a standard practice, and there is therefore an additional administrative cost that Ms. Sherwood did not contemplate in her testimony.[64] Specifically, the over- or under-recovered balance as it relates to

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[62] Order, *In the Matter of: Application Of Big Rivers Electric Corporation For Approval To Issue Evidences Of Indebtedness*, Case No. 2012-00119 (Ky. P.S.C. May 25, 2012).
[63] *Id.* at 10.
[64] Cobern Rebuttal Test. at R5.

the DSM program costs includes a variety of accruals, overheads, and allocations.[65] In other words, it is not simply cash that would be transferred to and from a bank account or used to pay program administrators.[66] Additionally, invoices and incentive payments for DSM programs are sporadic throughout the month, which would require frequent adjustments to available funds.[67] Moreover, the DSM surcharge includes an over/under true-up, so if there are any unused funds for the programs, customers are credited back those amounts, which accomplishes the goal of returning any excess benefit of these funds to customers.[68]

The Joint Intervenors' request that the Company place funds collected through the DSM surcharge into an interest-bearing account is not supported by precedent and creates greater administrative hurdles than any benefit, particularly where there is already an over-/under-recovery mechanism in place. Accordingly, this proposal should be denied.

V. CONCLUSION

Kentucky Power respectfully requests that the Commission issue an Order:

(1) approving continuance of Kentucky Power Company's DSM programs through December 31, 2026;

(2) approving the modification of Kentucky Power Company's residential DSM factor to $0.000437 per kWh to permit recovery through the Company's Demand-Side Management Adjustment Clause of Kentucky Power's full costs associated with the Company's residential DSM/EE portfolio;

(3) approving the modification of Kentucky Power Company's commercial DSM factor to $0.000453 per kWh to permit the recovery through the Company's Demand-Side

[65] Company's response to KPSC PHDR-9.
[66] *Id.*
[67] Cobern Rebuttal Test. at R5.
[68] *Id.* at R2.

Management Adjustment Clause of Kentucky Power's full costs associated with the Company's commercial DSM/EE portfolio;

(4) modifying Tariff Sheet Nos. 28-1 through 28-2;

(5) accepting the Company's annual DSM Status Reports; and

(6) granting all other required relief or approvals.

Respectfully submitted,

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