

**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	)	Case No. 2025-00365
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	)	

**APPLICATION**

Kentucky Power Company (“Kentucky Power” or the “Company”) applies to the Public Service Commission of Kentucky (“Commission”) pursuant to KRS 278.285(1) for an Order: (1) approving the continuation through December 31, 2026 of Kentucky Power Company’s Demand-Side Management Programs; (2) approving the Company’s recovery through its Demand-Side Management Adjustment Clause (Tariff Sheet Nos. 28-1 through 28-7) of its full costs, including lost revenues and incentives, associated with the Company’s demand-side management (“DSM”) programs and approving the proposed tariff changes; (3) approving the modification of Kentucky Power Company’s residential DSM factor to \$0.000663 per kWh and the commercial DSM factor to \$0.000809 per kWh to permit the recovery through the Company’s Demand-Side Management Adjustment Clause of Kentucky Power’s full costs, including lost revenues, associated with the Company’s DSM/energy efficiency (“EE”) programs; (4) accepting the Company’s annual DSM status reports; and (5) granting all other required approvals and relief.

Kentucky Power states:

## **APPLICANT**

1. Kentucky Power is a corporation organized under the laws of the Commonwealth of Kentucky.<sup>1</sup> The Company is in good standing in the Commonwealth.

2. The post office address of Kentucky Power is 1645 Winchester Avenue, Ashland, Kentucky 41101. The Company's electronic mail address is [kentucky\\_regulatory\\_services@aep.com](mailto:kentucky_regulatory_services@aep.com).

3. Kentucky Power is engaged in the generation, purchase, transmission, distribution and sale of electric power. Kentucky Power serves approximately 162,000 customers in the following 20 counties of eastern Kentucky: Boyd, Breathitt, Carter, Clay, Elliott, Floyd, Greenup, Johnson, Knott, Lawrence, Leslie, Letcher, Lewis, Magoffin, Martin, Morgan, Owsley, Perry, Pike, and Rowan. Kentucky Power is a utility as that term is defined in KRS 278.010.

### **KENTUCKY POWER'S EXISTING DSM/ENERGY EFFICIENCY PROGRAMS**

4. Kentucky Power has offered DSM and EE programs since 1994.

5. 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").<sup>2</sup> 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.<sup>3</sup> 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

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<sup>1</sup> The Company's November 17, 2025 Certificate of Existence is filed as **Exhibit 1** to this Application.

<sup>2</sup> 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) ("2017 DSM Investigation").

<sup>3</sup> Order, *2017 DSM Investigation* at 5 (Ky. P.S.C. Nov. 2, 2017).

customers until there is a change in Kentucky Power’s capacity position that indicates a need for additional generation to serve its load.”<sup>4</sup> The TEE Program target income-eligible residential customers.

6. By order dated December 15, 2023, in Case No. 2023-00362,<sup>5</sup> and consistent with the Commission’s January 18, 2018 Order in the DSM Investigation, the Commission most-recently approved continuation of the Company’s TEE Program through December 31, 2024.

7. By order dated February 28, 2025 in Case No. 2024-00115,<sup>6</sup> the Commission approved continuation of the TEE Program and the Company’s proposed modification of the TEE Program to include supplemental funding for the Weatherization Readiness Fund.<sup>7</sup> 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 its Tariff D.S.M.C. consistent with the Commission’s approvals.<sup>8</sup>

#### **DSM/EE PROGRAM OPERATIONS**

8. For the 12 months ended September 31, 2025, the Company recovered \$678,744 from its residential customers through the DSM factor. For the same period, Kentucky Power’s 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

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<sup>4</sup> Order, *2017 DSM Investigation* at 13 (Ky. P.S.C. Jan. 18, 2018).

<sup>5</sup> 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).

<sup>6</sup> 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 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) (“2024 DSM Expansion”).

<sup>7</sup> Order, *2024 DSM Expansion* at 15.

<sup>8</sup> *Id.*

factor. For the same period, Kentucky Power's DSM program costs, incentive payments, and realized lost revenues totaled \$89,825.

9. A copy of the Company's 2025 DSM/EE Status Report is within Schedule C attached as Exhibit SNC-1 to the Direct Testimony of Stevi Cobern.

10. Kentucky Power's DSM programs are administered in conformity with the Company's tariff.<sup>9</sup>

**THE PROPOSED CONTINUATION THE COMPANY'S DSM  
PROGRAMS AND PROPOSED TARIFF MODIFICATIONS**

11. 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 will be unchanged from the Commission's previous approvals of those programs in Case Nos. 2023-00362 and 2024-00115.

12. Kentucky Power's 2025 budget for the TEE Program is \$358,185 and 90 participants for weatherization assistance. Additionally, the budget includes \$15,000 to make health, safety, and structural repairs so homes can qualify for additional weatherization assistance. Through September 2025, \$198,978 of the budget has been used and 50 participants received weatherization assistance.

13. Consistent with the Company's Application approved by the Commission in Case No. 2024-00115, the Company is proposing to increase the TEE Program budget to \$370,060 and increase the participation target to 95 customers for 2026. Additionally, the supplemental funding from the Company to the Weatherization Readiness Fund would increase to \$20,000 for 2026.

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<sup>9</sup> P.S.C. Ky. No. 12 Original Sheet Nos. 28-1 through 28-7.

14. 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. 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 programs to be rolled-out, the programs did not first become available to customers until mid-July 2025. As of November 2025, there are 53 total HEIP participants. The Company proposes to increase the HEIP budget from \$664,681 to \$991,494. The proposed budget increase is attributable to shifting funds from the 2025 budget to the 2026 budget given the aforementioned timing of the program roll-out, which is discussed further in Company Witness Cobern's Direct Testimony.

15. 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 HEIP in Case No. 2024-00115, and the time it took to prepare the programs to be rolled-out, the programs did not first become available to customers until mid-July 2025. As of October 2025, one application for CESP participation has been submitted and is pending approval, and four applications are currently being reviewed. The Company proposes to increase the CESP budget from \$710,011 to \$1,267,246. The budget increase accounts for additional incentives that will be available for HVAC measures beginning in January 2026. Also, similarly to HEIP, funds are proposed to be shifted from the 2025 budget to the 2026 budget given the aforementioned timing of the program roll-out.

16. The estimated budgets for the Company's DSM programs are attached as **Exhibit 2**.

17. The projected net energy and demand savings for the DSM programs are provided in **Exhibit SNC-1**.

18. The Company requests that its full costs associated with the Company's DSM portfolio, as that term is defined in the Company's Tariff D.S.M.C., be recovered through Kentucky Power's Demand-Side Management Adjustment Clause (Tariff Sheet Nos. 28-1 through 28-7). A copy of the Company's modified Tariff Sheet Nos. 28-1 and 28-2 are attached as **Exhibit 3**.

19. Kentucky Power proposes to increase the residential DSM surcharge factor from \$0.000587 per kWh to \$0.000663 per kWh.

20. Kentucky Power proposes to increase the commercial surcharge factor from \$0.000573 per kWh to \$0.000809 per kWh.

21. In 2025, the average residential customer using 1,300 kWh per month received a monthly DSM charge of \$0.76. The new proposed rate results in a \$0.86 monthly charge to the same customer. This is an increase of \$0.10 per customer per month.

22. Support for the calculation of the proposed DSM surcharge factors is provided in **Exhibit SNC-1**.

23. Kentucky Power does not propose any further modifications to its Demand-Side Management Adjustment Clause or its DSM tariff through this Application.

24. Kentucky Power proposes to amend Tariff Sheet Nos. 28-1 through 28-2 to reflect the updated factors.

#### **ANNUAL DSM STATUS REPORT**

25. A Copy of Schedule C, which details the operation of the Company's DSM surcharge, is attached as **Exhibit SNC-1**.

### **TESTIMONY**

26. The testimony of Stevi N. Cobern is filed in support of this Application.

### **EXHIBITS**

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

### **COMMUNICATIONS**

28. Kentucky Power respectfully requests that communications in this matter be addressed to the e-mail addresses identified on Kentucky Power's November 11, 2025 Notice of Election of Use of Electronic Filing Procedures.

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

- (1) approving the 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 \$0.000663 per kWh to permit the 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 \$0.000809 per kWh to permit the recovery through the Company's Demand-Side 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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COUNSEL FOR KENTUCKY POWER  
COMPANY

## **APPENDIX**

- Exhibit 1**      November 17, 2025 Certificate of Existence
- Exhibit 2**      DSM Program budget for 2026
- Exhibit 3**      Tariff sheets (Red-lined and Annotated)

**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: 350940  
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 17<sup>th</sup> day of November, 2025, in the 234<sup>th</sup> year of the Commonwealth.



*Michael G. Adams*

Michael G. Adams  
Secretary of State  
Commonwealth of Kentucky  
350940/0028317

<b>Demand-Side Management Budget</b>	
<b>2026 Program Year</b>	<b>Forecasted Budget</b>
<b>Commercial</b>	
Commercial Energy Solutions Program	1,267, 246
<b>Commercial Total</b>	<b>1,267, 246</b>
<b>Residential</b>	
Targeted Energy Efficiency	370,060
Home Energy Improvement Program	991,494
<b>Residential Total</b>	<b>1,361,554</b>
<b>Expense Total</b>	<b>2,723,108</b>

**Tariff D.S.M.C.  
(Demand-Side Management Adjustment Clause)**

**Applicable**

To Tariffs R.S., R.S.D., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D. 2, G.S., S.G.S.-T.O.D., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., I.G.S., C.S.-I.R.P., and M.W.

**Rate**

1. The Demand-Side Management (DSM) clause shall provide for periodic adjustment per KWH of sales equal to the DSM costs per KWH by customer sector according to the following formula:

$$(c) \text{ Adjustment Factor} = \frac{\text{DSM}}{S(c)}$$

Where DSM is the cost by customer sector of demand-side management programs, net lost revenues, incentives, and any over/under recovery balances; (c) is customer sector; and S is the adjusted KWH sales by customer sector.

2. Demand-Side Management (DSM) costs shall be the most recent forecasted cost plus any over/under recovery balances recorded at the end of the previous period.
  - a. Program costs are any costs the Company incurred associated with demand-side management which were approved by the Kentucky Power Company DSM Collaborative. Examples of costs to be included are contract services, allowances, promotion, expenses, evaluation, lease expense, etc. by customer sector.
  - b. Net lost revenues are the calculated net lost revenues by customer sector resulting from the implementation of the DSM programs.
  - c. Incentives are a shared-savings incentive plan consisting of one of the following elements: The efficiency incentive, which is defined as 15 percent of the estimated net savings associated with the programs. Estimated net savings are calculated based on the California Standard Practice Manual's definition of the Total Resources Cost (TRC) test, or the maximizing incentive which is defined as 5 percent of actual program expenditures if program savings cannot be measured.
  - d. Over/ Under recovery balances are the total of the differences between the following:
    - i. the actual program costs incurred versus the program costs recovered through DSM adjustment clause, and
    - ii. the calculated net lost revenues realized versus the net lost revenues recovered through the DSM adjustment clause, and
    - iii. the calculated incentive to be recovered versus the incentive recovered through the DSM adjustment clause.
3. Sales (S) shall be the total ultimate KWH sales by customer sector less non-metered, opt-out and lost revenue impact KWHs by customer sector.
4. The provisions of the Demand-Side Management Adjustment Clause will be effective for the period ending December 31, ~~2025~~2026.
5. The DSM adjustment shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustments, which shall include data, and information as may be required by the Commission.

DATE OF ISSUE: ~~March 20, 2025~~November 17, 2025  
DATE EFFECTIVE: ~~Services Rendered On And After February 28, 2025~~January 1, 2026  
ISSUED BY: /s/ Tanner S. Wolfram  
TITLE: Director, Regulatory Services  
By Authority of an Order of the Public Service Commission  
In Case No.: 2024-00115 Dated ~~February 28, 2025~~XXXX XX, XXXX

KENTUCKY POWER COMPANY

P.S.C. KY. NO. 13 ~~2<sup>nd</sup>~~ 3<sup>rd</sup> REVISED SHEET NO. 28-1  
CANCELLING P.S.C. KY. NO. 13 ~~1<sup>st</sup>~~ 2<sup>nd</sup> REVISED SHEET NO. 28-1

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*Continued on Sheet 28-2*

DATE OF ISSUE: March 20, 2025~~November 17, 2025~~  
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2025~~January 1, 2026~~  
ISSUED BY: /s/ Tanner S. Wolfram  
TITLE: Director, Regulatory Services  
By Authority of an Order of the Public Service Commission  
In Case No.: 2024-00115 Dated February 28, 2025~~XXXX XX, XXXX~~

KENTUCKY POWER COMPANY

P.S.C. KY. NO. 13 ~~1<sup>st</sup>~~ 2<sup>nd</sup> REVISED SHEET NO. 28-2  
CANCELLING P.S.C. KY. NO. 13 ~~ORIGINAL-1<sup>st</sup>~~ REVISED SHEET NO. 28-2

**Tariff D.S.M.C. Continued**  
**(Demand-Side Management Adjustment Clause)**

**Rate Continued**

6. Copies of all documents required to be filed with the Commission under this regulation shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.
7. The resulting range for each customer sector per KWH during the three-year Experimental Demand-Side Management Plan is as follows:

	Customer Sector		
	<u>Residential</u>	<u>Commercial</u>	<u>Industrial*</u>
<u>DSM(c)</u>	<u>\$1,107,281,237,121</u>	<u>\$817,419,144,290</u>	0
<u>S(c)</u>	<u>1,887,324,885,1,867,312,391</u>	<u>1,425,512,271,1,414,836,448</u>	0
Adjustment Factor	\$0.000587 <u>000663</u>	\$0.000573 <u>000809</u>	0

\* The Industrial Sector has been discontinued pursuant to the Commission's Order dated September 28, 1999.

**Program Descriptions**

The D.S.M.C. program availability, program, rate, and equipment descriptions follow:

*Continued on Sheet 28-3*

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**Tariff D.S.M.C.  
(Demand-Side Management Adjustment Clause)**

**Applicable**

To Tariffs R.S., R.S.D., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D. 2, G.S., S.G.S.-T.O.D., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., I.G.S., C.S.-I.R.P., and M.W.

**Rate**

1. The Demand-Side Management (DSM) clause shall provide for periodic adjustment per KWH of sales equal to the DSM costs per KWH by customer sector according to the following formula:

$$(c) \text{ Adjustment Factor} = \frac{\text{DSM}}{S(c)}$$

Where DSM is the cost by customer sector of demand-side management programs, net lost revenues, incentives, and any over/under recovery balances; (c) is customer sector; and S is the adjusted KWH sales by customer sector.

2. Demand-Side Management (DSM) costs shall be the most recent forecasted cost plus any over/under recovery balances recorded at the end of the previous period.
  - a. Program costs are any costs the Company incurred associated with demand-side management which were approved by the Kentucky Power Company DSM Collaborative. Examples of costs to be included are contract services, allowances, promotion, expenses, evaluation, lease expense, etc. by customer sector.
  - b. Net lost revenues are the calculated net lost revenues by customer sector resulting from the implementation of the DSM programs.
  - c. Incentives are a shared-savings incentive plan consisting of one of the following elements: The efficiency incentive, which is defined as 15 percent of the estimated net savings associated with the programs. Estimated net savings are calculated based on the California Standard Practice Manual's definition of the Total Resources Cost (TRC) test, or the maximizing incentive which is defined as 5 percent of actual program expenditures if program savings cannot be measured.
  - d. Over/ Under recovery balances are the total of the differences between the following:
    - i. the actual program costs incurred versus the program costs recovered through DSM adjustment clause, and
    - ii. the calculated net lost revenues realized versus the net lost revenues recovered through the DSM adjustment clause, and
    - iii. the calculated incentive to be recovered versus the incentive recovered through the DSM adjustment clause.
3. Sales (S) shall be the total ultimate KWH sales by customer sector less non-metered, opt-out and lost revenue impact KWHs by customer sector.
4. The provisions of the Demand-Side Management Adjustment Clause will be effective for the period ending December 31, 2026.
5. The DSM adjustment shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustments, which shall include data, and information as may be required by the Commission.

*Continued on Sheet 28-2*

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**Tariff D.S.M.C. Continued**  
**(Demand-Side Management Adjustment Clause)**

**Rate Continued**

6. Copies of all documents required to be filed with the Commission under this regulation shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.
7. The resulting range for each customer sector per KWH during the three-year Experimental Demand-Side Management Plan is as follows:

	Customer Sector			
	<u>Residential</u>	<u>Commercial</u>	<u>Industrial*</u>	
<u>DSM(c)</u>	\$1,237,121	\$1,144,290	0	TT
S(c)	1,867,312,391	1,414,836,448	0	TT
Adjustment Factor	\$0.000663	\$0.000809	0	II

\* The Industrial Sector has been discontinued pursuant to the Commission's Order dated September 28, 1999.

**Program Descriptions**

The D.S.M.C. program availability, program, rate, and equipment descriptions follow:

*Continued on Sheet 28-3*

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