

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY POWER)	
COMPANY FOR (1) RE-AUTHORIZATION OF)	
CERTAIN OF ITS EXISTING PROGRAMS;)	
(2) AUTHORITY TO DISCONTINUE THE)	
COMMERCIAL AND RESIDENTIAL HVAC)	
DIAGNOSTIC AND TUNE-UP PROGRAMS;)	
(3) AUTHORITY TO AMEND ITS DEMAND-)	
SIDE MANAGEMENT PROGRAM TO)	
IMPLEMENT RESIDENTIAL HOME)	CASE NO.
PERFORMANCE AND RESIDENTIAL)	2014-00271
APPLIANCE RECYCLING PROGRAMS;)	
(4) AUTHORITY TO RECOVER COSTS AND)	
NET LOST REVENUES AND TO RECEIVE)	
INCENTIVES ASSOCIATED WITH THE)	
IMPLEMENTATION OF THE PROGRAMS;)	
AND (5) ALL OTHER REQUIRED APPROVALS)	
AND RELIEF)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO KENTUCKY POWER COMPANY

Kentucky Power Company ("Kentucky Power"), pursuant to 807 KAR 5:001, is to file with the Commission an electronic copy of the following information, with a copy to all parties of record. Kentucky Power shall file, pursuant to 807 KAR 5:001, Section 8(12)(a)2, the original in paper medium no later than the second business day following the electronic filing. The information requested herein is due no later than October 13, 2014. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kentucky Power shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Kentucky Power fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to the Application, paragraph 5, which states:

Year-to-date through June 30, 2014 the Company has collected \$4,062,428 through the DSM factor and incurred \$2,029,197 in DSM program costs, lost revenues, and incentive payments. For the entirety of the Company offer of DSM/EE programs it has incurred, through June 30, 2014, \$27,528,107 in program costs, lost revenues, and incentive payments, and received \$27,299,102 in revenue through the DSM factor.

a. Explain whether Page 5 of the revised Status Report, Exhibit 3 (“Amended Exhibit 3”) of the Application, filed September 10, 2014, as part of the Second Motion To Amend Application, revises paragraph 5 of the Application.

b. Refer to the Amended Exhibit 3 of the Application. Provide a Status Report with the proper attachment headings at the top of each page identifying this document as being part of the record in this proceeding.

2. Refer to the Direct Testimony of Ranie K. Wohnhas (“Wohnhas Testimony”), page 12, regarding the Community Outreach Compact Fluorescent Lamp (“CFL”) Program, which states,

Kentucky Power will change the lamps being offered from 23 watt (the equivalent of a 100 watt incandescent lamp) to 16 watt (equivalent of a 60 watt incandescent lamp). (A similar change in the lamps being offering will be implemented in connection with the Energy Education for Students Program.) In addition, the Company proposes to increase the number of lamps being distributed.

a. Explain why Kentucky Power is changing from the 23-watt lamps that are currently offered to 16-watt lamps.

b. Explain whether this is Kentucky Power’s decision alone, or whether Kentucky Power received comment from participants in the CFL Program or from members of its Demand-Side Management (“DSM”) Collaborative.

c. Explain whether changing from the 23-watt lamp to the proposed 16-watt lamp has any impact on the programs’ cost effectiveness.

3. Refer to the Wohnhas Testimony, page 14, which states, “It will provide residential customers with financial incentives of \$40-\$55 in return for permitting the disposal of the units in an environmentally safe fashion by the program contractor.”

Explain how the financial incentives range of \$40 to \$55 was determined and explain what circumstances determine the amount of financial incentive a customer will receive.

4. Refer to Exhibit 2 of the Application, page 28, which states, "The planned savings per participant reflects the values utilized by KPCO in reports submitted to the Kentucky PSC." Provide the case number(s) in which these savings were provided to the Commission.

5. Refer to Exhibit 2 of the Application, Figure 8, page 29.

a. Explain whether the KPCO Planned gross kWh savings per bulb will be used in the calculation of Demand Side Management ("DSM") rate components, and if so, provide when and how.

b. Explain whether KPCO Planned kWh savings value has been determined for the light-emitting diode ("LED") bulb.

6. Refer to Exhibit 2 of the Application, Tables 25 and 26, page 30. Explain whether Kentucky Power proposes to use the recommended gross energy savings and/or net energy savings in the calculation of DSM rate components, and if so, provide when and how.

7. Refer to Exhibit 2 of the Application, page 32. Explain which of the AEG proposed recommendations Kentucky Power may implement. Provide how and when they are to be implemented.

8. Refer to Exhibit 2 of the Application, page 40, which states, "The majority of participants surveyed (74 percent) noted that they would install all four of the CFL bulbs received at the event immediately." Explain whether Kentucky Power can

independently confirm this behavior on the part of customers, and whether the survey results influenced how lost revenues are calculated for this program.

9. Refer to Exhibit 2 of the Application, Table 42, page 45. Explain whether Kentucky Power proposes to use the recommended gross energy savings and/or the net energy savings in the calculation of DSM rate components. If so, provide when and how.

10. Refer to Exhibit 2 of the Application, page 47.

a. Explain which of the AEG proposed recommendations Kentucky Power may implement. Provide how and when they are to be implemented.

b. Explain whether Kentucky Power has considered LED bulbs as part of this program.

11. Provide the number of times, as well as when and where in 2014, that Kentucky Power staff held community outreach events and distributed CFL bulbs through the Community Outreach CFL Program.

12. Refer to Exhibit 2 of the Application, page 54, Table 48.

a. With regard to the 23 schools that participated in the Student Energy Education Program in 2013-2014, provide for each school the name, location (including the county), and the number of four-bulb CFL packages distributed there.

b. Provide the name of each school visited and the number of times that Kentucky Power staff and its program partner, the National Energy Education Development Project ("NEED"), visited the schools during the 2013-2014 school year.

13. Refer to Exhibit 2 of the Application, page 57, which states, "Teacher recommendations included increasing publicity and making the program available to

more students. One teacher noted that energy conservation is not a core subject in 7th grade and that more teachers and students may benefit from the program focusing on 6th grade, where energy conservation is a core subject.”

a. Provide the school grade currently targeted by the program and explain how the program can be targeted to more students.

b. Explain whether Kentucky Power, NEED, or the school decides which grade to target for this program.

14. Refer to Exhibit 2 of the Application, page 62, Table 59. Explain whether Kentucky Power proposes to use the recommended gross energy savings and/or net energy savings in the calculation of DSM rate components, and if so, provide when and how.

15. Refer to Exhibit 2 of the Application, page 64. Explain which of the AEG proposed recommendations Kentucky Power may implement. Provide how and when those proposed recommendations will be implemented.

16. Refer to Exhibit 2 of the Application, page 66, which states that the Modified Energy Fitness (“MEF”) Program is implemented by Honeywell International (“Honeywell”). Page 69 of Exhibit 2 states:

Honeywell submits each completed customer file to Kentucky Power and submits an invoice for services once a month. KPCO staff checks the customer file and Honeywell invoice for completeness. Honeywell conducts QA/QC [quality assurance/quality control] with a random sample of 10 percent of program participants every month, 2 percent site visits and 8 percent phone calls, as well as an email survey. The QA/QC is designed to determine participant experience and satisfaction with the program. Kentucky Power maintains the right to conduct inspections. KPCO program staff attended two customer audits in 2012 and one customer audit appointment in 2013.

a. Provide the number of audits conducted by Honeywell for 2012 and 2013.

b. Explain why Kentucky Power staff attended only two customer audits in 2012 and one customer audit in 2013, when page 66 indicates there were 2,106 participants in the MEF Program between January 1, 2012 and September 30, 2013.

c. Provide the number of customer audits attended by Kentucky Power staff in 2014 and the number of customer audits Kentucky Power staff plans to attend in 2015.

d. Explain how Kentucky Power staff assures QA/QC when reviewing monthly customer files and invoices, given that the company has attended a total of three on-site field audits in 2012 and 2013.

17. Refer to Exhibit 2 of the Application, page 72, which states:

Honeywell has two field technicians that visit customer's homes to conduct audits, perform air infiltration diagnostic tests, and install energy conservation measures. Honeywell has ensured that the technicians optimally cover the service territory, with one technician residing in the northern area of Kentucky Power's service territory and one in the southwest area of the service territory. Additionally, a local supervisor assists with customer visits, distributes energy conservation measures and ensures program quality control.

Provide the average length of time it takes a Honeywell field technician to complete an on-site home visit.

18. Refer to Exhibit 2 of the Application, page 78, which states, "After screening for outliers and applying other sample validation criteria, the participant sample was significantly reduced and did not represent the program population.

Therefore, AEG was unable to determine statistically significant results from the participant sample for the billing analysis.”

a. Explain what validation and outlier screening criteria were used to evaluate the participant sample.

b. Provide the actions Kentucky Power has initiated or plans to initiate to ensure that participant data used in future evaluations will be sufficient for a billing analysis.

19. Refer to Exhibit 2 of the Application, page 81, Table 82. Explain whether Kentucky Power proposes to use the recommended gross energy savings and/or net energy savings in calculating DSM rate components, and if so, provide when and how.

20. Refer to Exhibit 2 of the Application, page 83. Explain which of the AEG proposed recommendations Kentucky Power may implement. Provide how and when they are to be implemented.

21. Refer to Exhibit 2 of the Application, page 83, which states, “AEG recommends that Kentucky Power consider modifying the program requirements to include non-all electric customers that have electric water heating. Typically electric water heating measures are cost-effective. Kentucky Power should work with Honeywell to determine which measures should be offered to electric water heating customers.”

a. Explain whether Kentucky Power has discussed with Honeywell what energy-conservation measures will be offered to non-electric customers.

b. Provide any measures Kentucky Power is considering offering to non-electric customers.

c. Explain what criteria were used to determine the measures Kentucky Power is considering offering to non-electric customers.

d. Provide the proposed kWh savings per measure being considered.

e. Provide the projected total resource cost ("TRC") of the non-all electric measures being considered.

f. Explain how Kentucky Power plans to ensure that the projected levels of non-all electric customers are achieved.

g. Explain how Kentucky Power plans to ensure that the program is not marketed to non-all electric customers who have received water-heating measures via the non-all electric portion of the Targeted Energy Efficiency ("TEE") program.

22. Refer to Exhibit 2 of the Application, page 88, which states, "Marketing activities are targeted towards Manufactured Home Dealers via telephone calls and in-person meetings. Participating Manufactured Home Dealers are encouraged to promote the program to eligible customers." Provide the number of times that Kentucky Power staff visited manufactured home dealers in 2012, 2013, and year-to-date in 2014.

23. Refer to Exhibit 2 of the Application, page 101, Table 104. Explain whether Kentucky Power proposes to use the recommended gross energy savings and/or net energy savings in calculating its DSM rate components, and if so, provide when and how.

24. Refer to Exhibit 2 of the Application, page 101, which states, "AEG performed site inspections and installation verification on four completed projects to perform quality assurance/quality control, and verify application information. Proper installation was confirmed at all locations. However, the equipment installed at one

location did not match the equipment listed on the application.” Provide the number of times that Kentucky Power staff made on-site visits 2012, 2013, and year-to-date in 2014 to ensure proper installations related to the Mobile Home New Construction Program.

25. Refer to Exhibit 2 of the Application, pages 102-103. Explain which of the AEG proposed recommendations Kentucky Power may implement. Provide how and when they are to be implemented.

26. Refer to Exhibit 2 of the Application, page 104, Table 109. Explain the declining goal for participation for both electric and non-all electric customers.

27. Refer to Exhibit 2 of the Application, page 105, which states, “The Kentucky Community Action Agencies (“Agencies”) implement the program utilizing Kentucky Power funds and Federal Weatherization Assistance Program (WAP) funds. The Agencies are responsible for all program functions, including promotion and weatherization services.” Provide by Agency the number of times that Kentucky Power staff visited each Agency in 2012, 2013, and year-to-date in 2014

28. Refer to Exhibit 2 of the Application, page 111, Table 112. Explain what Kentucky Power is doing to improve customer participation with each of the local Agencies.

29. Refer to Exhibit 2 of the Application, page 120, Table 137. By area, provide the number of times that Kentucky Power staff made QA/QC on-site visits in 2012, 2013, and year-to-date in 2014.

30. Refer to Exhibit 2 of the Application, page 122, which states:

AEG recommends that Kentucky Power work with the Community Action Agencies to determine the mix of

measures offered to customers and the Kentucky Power portion of the measure cost. For example, Kentucky Power is offering \$1,600 for the installation of a high efficiency heat pump. DSM Program staff should discuss with the Agencies to determine if the offering should be increased or decreased.

Also refer to the Wohnhas Testimony, page 12, that states, “the program will be modified to provide allowances for both non-working units and those working units that are 15 years or older,” and to the table on page 13 of the Wohnhas Testimony.

a. Explain why Kentucky Power is proposing to provide allowances for working units that are 15 years or older.

b. Explain how Kentucky Power developed the criteria to offer the proposed incentives shown in the table on page 13 of the Wohnhas Testimony.

c. Provide the projected kWh savings of the proposed Working Units (15 years or older) measures.

d. Describe the effect the proposed incentives will have on the TRC of the program.

e. Explain whether Kentucky Power discussed these proposed measures with the Agencies. If so, provide the date of each discussion, by Agency.

31. Refer to Exhibit 2 of the Application, page 122. Explain which of the AEG proposed recommendations Kentucky Power may implement, and provide how are they to be implemented and when.

32. Refer to Exhibit 2 of the Application, page 158, Table 180.

a. Explain the decline in participation for replacement of both resistance heat and heat pump, and provide the participation rate year-to-date 2014.

b. Provide the number of visits Kentucky Power staff made to the heating, ventilation, and air conditioning (“HVAC”) dealers in 2012, 2013, and year-to-date in 2014 to discuss any or all of Kentucky Power’s HVAC-related programs.

c. Provide what actions or measures that Kentucky Power plan to take to increase participation in this program.

33. Refer to Exhibit 2 of the Application, page 196, which states:

The billing analysis results were assessed for statistical significance using a 95% confidence interval. While the results were statistically significant, the participant sample did not include a sufficient number of participants per program year to provide statistically significant billing analysis results by program year. Therefore, AEG was only able to provide statistically significant results at the total program level.

Also, refer to Figure 91, page 196 and Figure 92, page 197.

a. Explain why the participant sample did not include a sufficient number of participants per program year to provide statistically significant billing analysis results by program year.

b. Explain whether Kentucky Power is going to use the extrapolated 2,914 kWh Billing savings or the 4,874 kWh KPCO Planned savings in calculating its DSM rate components, and how and when are these savings to be used.

c. Explain why there is such a disparity between the 2,914 kWh Billing savings and the 4,874 kWh KPCO Planned savings.

34. Refer to Exhibit 2 of the Application, page 200, which states:

AEG conducted engineering and billing analyses of the Mobile Home High Efficiency Heat Pump Program to assess gross energy and demand savings based on IPMVP Options A and C. AEG recommends utilizing the 2012-2013 billing analysis savings per participant to determine program

savings for program tracking purposes as well as PSC filings. The billing analysis is a more accurate determinant of savings due to the comparison of energy usage pre- and post-measure installation versus the engineering analysis which utilizes an assumed baseline.

Explain why AEG recommends utilizing the 2012-2013 billing analysis savings per participant to determine program savings for program tracking purposes and PSC filings, when AEG states on page 196 that the participant sample did not include a sufficient number of participants per program year to provide statistically significant billing analysis results by program year.

35. Refer to Exhibit 2 of the Application, pages 202-204. Explain which of the AEG proposed recommendations Kentucky Power may implement. Provide how and when they are to be implemented.

36. Refer to Exhibit 2 of the Application, page 203, which states, "Consider offering enhanced rebates for higher efficiency equipment. Of the customer applications that met program requirements, approximately forty percent systems installed exceeded the minimum program SEER and/or HSPF requirements." Also refer to Table 244 on page 203 of 329.

- a. Explain how Kentucky Power developed the criteria for the two different tiers and the proposed incentives.
- b. Provide the projected kWh savings of each of the proposed tier measures.
- c. State what effect the proposed incentives will have on the TRC of the program.

d. Explain whether Kentucky Power discussed these proposed measures with HVAC dealers.

37. Refer to Exhibit 2 of the Application, and the information provided on Tables 250, 253, and 281 on pages 214, 216, and 229, respectively. Explain Kentucky Power's plans for increasing participation and meeting program cost-effectiveness goals.

38. Refer to Exhibit 2 of the Application, page 223, Figure 101. Based on the program participation for 2012-2013, explain whether Kentucky Power has realized the KPCO Planned kWh gross savings for the program.

39. Refer to Exhibit 2 of the Application, pages 229-230. Explain which of the AEG proposed recommendations Kentucky Power may implement. Provide how and when they are to be implemented.

40. Refer to Exhibit 2 of the Application, page 230, which states, "Kentucky Power has not yet conducted an inspection to ensure qualifying systems are being installed." Explain whether Kentucky Power staff plans to make any on-site visits to perform QA/QC for systems installed.

41. Refer to Exhibit 2 of the Application, pages 236-237, which states:

Kentucky Power program staff review completed projects and approve customer payment. DNV GL processes customer incentives and issues incentive checks. Kentucky Power maintains the right to conduct random inspections to verify the services are being performed properly and to determine customer satisfaction. No inspections have been conducted to-date. DNV GL conducted inspections of all Retrofit projects in 2012 and 52 percent of Retrofit projects in 2013.

Also refer to Table 286 on page 237.

a. Explain the differences in the level of retrofit project inspections from 2012 to 2013.

b. Explain whether Kentucky Power staff plans to make any on-site inspections to ensure QA/QC of the projects in this program.

42. Refer to Exhibit 2 of the Application, page 243, Table 293. Provide the level of participation year-to-date 2014 and explain Kentucky Power's plan to meet its participation goals for the Commercial Incentive Program.

43. Refer to Exhibit 2 of the Application, pages 255-256. Explain which of the AEG proposed recommendations Kentucky Power may implement. Provide how and when they are to be implemented.

44. Refer to Amended Exhibit 3 of the Application, page 4, which states, "The lost revenue, efficiency incentive and maximizing incentive for the period 1/1/2012 to 12/31/2012 are calculated using the revised values contained in Schedule C of this status report." Confirm that the dates 1/1/2012 to 12/31/2012 are correct, or whether a different time period should be referenced.

45. Refer to Amended Exhibit 3 of the Application, pages 7 and 23. Provide the projected total cost of the Market Potential Study.

46. Refer to Amended Exhibit 3 of the Application, page 8, which states, "The YTD costs are \$76,328 for all-electric and \$2,528 for non-all-electric homes." Explain the \$2,528 cost for one non-all-electric home participant.

47. Refer to Amended Exhibit 3 of the Application, page 9, which states, "The participant and expense forecast for 2014 is 220 and \$114,098 respectively," and also states, "The participant and expense forecast for 2015 is 245 and \$105,350

respectively.” Explain why less expense is forecasted for 245 participants in 2015 than for 220 participants in 2014.

48. Refer to Amended Exhibit 3 of the Application, page 13, which states, “The participant and expense forecast for 2014 is 5,000 customers and \$65,511 respectively,” and also states, “The participant and expense forecast for 2015 is 5,500 Customers and \$40,981 respectively.” Explain why less expense is forecasted for 5,500 participants in 2015 than for 5,000 customers in 2014.

49. Refer to Amended Exhibit 3 of the Application, page 14, which states, “The participant and expense forecast for 2014 is 2,200 students and \$36,688 respectively,” and also states, “The participant and expense forecast for 2015 is 2,200 students and \$22,393 respectively.” Explain why there is less expense is forecasted for 2,200 students in 2015 than for 2,200 students in 2014.

50. Refer to Amended Exhibit 3 of the Application, page 16. Provide the proposed incentives for the measures proposed in 2015.

51. Refer to Amended Exhibit 3 of the Application, page 25, which states, “The participant and expense forecast for 2014 is 5 central air conditioners and 10 heat pumps with a program budget of \$18,393,” and also states, “The participant and expense forecast for 2015 is 5 central air conditioners and 10 heat pumps with a program budget of \$8,250.” Explain why there is less expense forecasted for five central air conditioners and ten heat pumps in 2015 than for five central air conditioners and ten heat pumps in 2014.

52. a. Refer to Exhibit 8 – Exhibit C of the Application, pages 49-50. Provide in electronic format, with formulas intact and cells unprotected, any assumptions or documentation to support the lost revenue factors.


b. Refer to Exhibit 8 – Exhibit C of the Application, pages 49-50. Provide in electronic format, with formulas intact and cells unprotected, any assumptions or documentation to support the kWh saving used in the lost revenue calculation.

53. Provide Application Exhibit 8 – Exhibit C in electronic format, with formulas intact and cells unprotected, as required by the Commission's Order in Case No. 2012-00367.¹

54. In total and by program, provide the cost of the AEG evaluation report.

55. By program, provide a schedule of the proposed program costs for 2015.

56. Provide the date of the first cycle meter reading beginning with the revenue of November 2014 through March 2015.



Jeff Derduen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED **SEP 26 2014**

cc: Parties of Record

¹ Case No. 2012-00367, *Application of Kentucky Power Company to Amend its Demand-Side Management Program and for Authority to Implement a Tariff to Recover Costs and Net Lost Revenues, and to Receive Incentives Associated with the Implementation of the Programs* (Ky. PSC Feb. 22, 2013).

Amy J Elliott
Kentucky Power Company
101 A Enterprise Drive
P. O. Box 5190
Frankfort, KY 40602

Honorable Mark R Overstreet
Attorney at Law
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KENTUCKY 40602-0634

Judy K Rosquist
Kentucky Power Company
101 A Enterprise Drive
P. O. Box 5190
Frankfort, KY 40602