

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY POWER)	
COMPANY FOR (1) AUTHORITY TO MODIFY)	
CERTAIN EXISTING DEMAND-SIDE)	
MANAGEMENT PROGRAMS; (2) AUTHORITY TO)	
IMPLEMENT NEW PROGRAMS; (3) AUTHORITY)	
TO DISCONTINUE CERTAIN EXISTING DEMAND-)	CASE NO.
SIDE MANAGEMENT PROGRAMS;)	2015-00271
(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 INITIAL REQUEST FOR INFORMATION
TO KENTUCKY POWER COMPANY

Kentucky Power Company ("Kentucky Power") pursuant to 807 KAR 5:001 is to file with the Commission the original and two copies in paper medium and an electronic version of the following information. The information requested herein is due on or before November 11, 2015. Responses to requests for information in paper medium 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 the 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 shall 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. When filing a document containing personal information, Kentucky Power shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the document so that personal information cannot be read.

1. Refer to Applied Energy Group, Inc.'s ("AEG") Market Potential Assessment Final Report ("Potential Assessment") filed July 30, 2015, pursuant to the Commission's final Order in Case No. 2014-00271,¹ Executive Summary, page 3.

a. An overall conclusion notes the largest potential for energy-efficiency savings exists within the residential sector through lighting, water heating, and

¹ Case No. 2014-00271, *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 Performance and Residential 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* (Ky. PSC Feb. 13, 2015).

cooling measures. Explain how Kentucky Power's new and modified Demand Side Management ("DSM") programs support this finding.

b. An overall conclusion is that the industrial sector has untapped savings potential with regard to applying variable speed drives to motor end uses. Explain why Kentucky Power did not propose an industrial DSM program involving motor end uses, and how it intends to address this finding in the future.

c. An overall conclusion is that there is some potential savings through a Time of Use rate for medium and large commercial and industrial customers. Explain how Kentucky Power will address this finding.

d. Provide the cost for the Potential Assessment and how it is to be either charged or recovered.

2. Refer to the Application, page 9, paragraph 18. Kentucky Power proposes to increase the rebate amount for its Appliance Recycling Program and refers to AEG's Demand Side Management Program Plan in Exhibit 6. In Exhibit 6, pages 48–52 of 105, the suggested increase is listed but there is no explanation for the increase. Provide the basis for the proposed increase.

3. Refer to the Application, page 9, paragraph 20. Kentucky Power proposes to increase the weatherization and energy services amount for its Targeted Energy Efficiency Program to \$2,000 per home. Provide the basis for this proposed increase.

4. Refer to the Application, page 10, paragraph 22. Kentucky Power proposes to expand the target audience for the Energy Education for Students program to include middle school students. Explain whether Kentucky Power has considered

further expanding its target audience, for example to include elementary students or to target specific school environmental and science clubs.

5. Refer to the Application, page 10, paragraph 24; Exhibit 6, page 14 of 105; and Exhibit 7, page 6 of 21.

a. Confirm that Kentucky Power proposes to modify and continue the Community Outreach program and that AEG recommended discontinuing the unrevised program.

b. Provide the “energy conservation measures” referenced in the revised tariff that are proposed to be distributed to customers through the Community Outreach program.

c. Confirm that Kentucky Power proposes to expand this revised program beyond compact fluorescent lighting (“CFL”) but continue to focus on energy efficient lighting for residential customers.

6. Refer to the Application, page 11, Paragraph 28; Exhibit 6, pages 58 and 59; and Exhibit 7, pages 19–21 of 21.

a. Confirm that the Whole House Efficiency program will be available to residential customers with manufactured homes.

b. Confirm that energy conservation measures will be provided to customers free of charge and installed by the professional energy auditor in relation to the Home Energy Audit. If not, explain how customers will receive these measures and the incentive levels for each, if applicable.

c. Explain how interested customers are to contact participating dealers and professional energy auditors. Explain whether Kentucky Power will facilitate the communication by providing contact information to customers.

d. State whether customers may participate in any combination of the three options available under the proposed Whole House Efficiency program.

7. Refer to the Application, page 23, paragraph 75. Explain why the residential DSM factor increased by 714 percent while the commercial DSM factor increased by only 25 percent.

8. Refer to the Application, the Direct Testimony of John A. Rogess III (“Rogness Testimony”), page 16. Mr. Rogness says the primary differences between AEG’s recommended DSM program and the Company’s proposed program is the incentive level for the Commercial Incentive Prescriptive Custom Program and the program evaluation schedule. With regard to these differences, reconcile Kentucky Power’s 2016 Program Year DSM Budget numbers from Exhibit 5 with the budget numbers from the AEG Demand Side Management Program Plan in Exhibit 6, page 24 of 105.

9. Refer to the Rogness Testimony, page 16, lines 14–19.

a. Confirm that the program budget for the Commercial Incentive Prescriptive Custom program in line 15 is for 2016 and not 2015.

b. Reconcile the proposed Commercial Incentive Prescriptive Custom program incentive budget of \$540,600 with the recommended 2016 High Scenario budget incentive amount of \$595,701 on page 77 of 105 of Exhibit 6.

c. Explain whether Kentucky Power is expecting a High or Mid scenario participation rate, and on what basis. If Kentucky Power is expecting a High participation rate, state whether it believes the proposed \$540,600 incentive budget will be adequate for the High Scenario projected customer participation level.

10. Refer to the Rogness Testimony, page 17, lines 1–14. Provide the estimated program measurement, evaluation and verification (“EMV”) budget for the second half of 2016 and for 2017.

11. Refer to the Rogness Testimony, page 21.

a. Confirm that the 2016-2025 1.28 – 1.53 Total Resource Cost (“TRC”) Score shown for the new Retro-Commissioning program represents the Industrial High potential, and that the Commercial TRC scores are as shown on page 33 of the Rogness Testimony.

b. Explain why the Residential Home Performance program is not listed in the table.

c. Explain why the 2012-2013 TRC scores for the Energy Education Program and the Community Outreach Program were used to illustrate the programs’ cost-effectiveness.

12. Refer to the Rogness Testimony, page 29. Explain how integrating the small commercial HVAC program into the new Commercial Incentive Prescriptive Custom Program, then dividing it into three captures economies of scale.

13. Refer to the Rogness Testimony, page 30, line 20. Confirm that the projected energy savings shown is for the High level participation scenario and not the Mid level participation scenario, as shown on page 75 of Exhibit 6.

14. Refer to the Rogness Testimony, page 31, lines 8–9. Confirm that the projected energy savings of 800 MWh is for the High level participation scenario and not the Mid level participation scenario, as shown on page 81 of Exhibit 6.

15. Refer to the Rogness Testimony, page 33, line 3. Explain why Kentucky Power references the annual net incremental energy savings for High level participation instead of Mid level, and whether this is indicative of Kentucky Power's expectation of the attractiveness of the Retro-Commissioning program to customers.

16. Refer to the Rogness Testimony, page 37, lines 1–8.

a. Provide the calculation for the 1,389 kWh average usage for the residential class.

b. Clarify the average usage for the commercial class, and provide the calculation.

c. Lines 6-8 say that the programs provide significant benefits. Provide a quantification of the benefits as compared to the total costs of the DSM programs for 2016.

17. Refer to the Rogness Testimony, JAR Exhibit 1.

a. Explain why this exhibit, which is not referenced in the testimony, is included with the Rogness Testimony.

b. Explain whether JAR Exhibit 1, which is titled AEG Demand Side Management Program Plan, *Final Report* and is dated July 31, 2015, was a draft of the document contained in Exhibit 6 of the Application, which has a date of August 10, 2015.

c. Explain whether there was any cost for JAR Exhibit 1 that was charged to the 2015 DSM expenditures.

18. Refer to the Application, Exhibit 2, page 30 of 63, which states that 9 percent T&D loss is applied to the kWh savings and 10 percent T&D loss is applied to the kW savings. Refer also to Exhibit 6, page 98 of 106, which provides the general inputs, specifically the energy line loss of 5.66 percent and peak line loss of 7.06 percent.

a. Explain why different loss rates than those provided in Exhibit 6 were used by Kentucky Power to calculate savings.

b. Explain the impact of the choice of line loss rates for energy savings on the calculation of program benefits and lost revenues.

19. Refer to the Application, Exhibit 2, page 53 of 63, the Commercial Incentive status report. Explain why there is not a new and separate status sheet for the Commercial Incentive Prescriptive Custom Program since, according to the Rogness Testimony, page 28, lines 22–23, the existing program is being discontinued in 2016.

20. Refer to the Application, Exhibit 6, page 10 of 105. Explain the selection strategy for Kentucky Power so that an educated and qualified dealer network is secured, and how Kentucky Power intends to maintain a successful dealer network.

21. Refer to the Application, Exhibit 6, page 24 of 105, Table 4-16. Explain how the TRC Test numbers are calculated.

22. Refer to the Application, Exhibit 6, page 41 of 105. Under Estimated Participation, the analysis assumed that on average a customer would purchase eight

CFL or LED light bulbs. Confirm the projected net energy and demand savings shown on page 42 of 105 of Exhibit 6 is estimated using an average of eight standard CFL bulbs and eight LED bulbs for a total of 16 bulbs.

23. Refer to the Application, Exhibit 6, page 58 of 105. The Whole House Efficiency program consists of three options. Provide the number of options in which a residential customer can participate and explain whether there is a cap to all of the energy conservation measures.

24. Refer to the Application, Exhibit 6, page 79 of 105. Explain whether there is some time limit to receive Express Install program incentive payments if identified efficiency measures cannot feasibly be installed the same day as the audit.

25. Refer to the Application, the first line of page 4 and to Exhibit 3 KPCO_APP_Exhibit_3_Schedule_C.xls ("Exhibit 3"), tab Exh C. Reconcile the program costs through June 30, 2015, of \$36,251,403, as shown on page 4, to the spread sheet in Exh C. If the reconciled costs cause any change to the spreadsheet, provide an update to Exhibit 3.

26. Refer to the Application, Exhibit 3, tab Exh C. Refer to cell C9, the sum of the amount to be recovered years 1 through the first half of year 19.

a. Explain why the sum includes the amount 1,408,558 as opposed to the Total Actual Costs to be Recovered for 2013 (second half) as seen in tab Y18b, cell O54 of \$1,446,520.

b. Explain why 9,543 is subtracted from the sum.

27. Refer to the Application, Exhibit 3, tab Exh C. Explain why the \$415,751 of "Expected Future Recoveries" for the second half of 2015 is significantly lower than the "Revenues Recovered – Residential" for prior periods.

28. Refer to the Application, Exhibit 3, tab Y21a. Explain why Appliance Recycling is included as a commercial program.

29. Refer to the Application. Explain the variance between the 2016 DSM Budget numbers shown in Exhibit 5 and those provided in Exhibit 6, page 25 of 105, Table 4-18.

30. Provide a discussion of Kentucky Power's intentions with regard to adding industrial DSM programs.



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OCT 28 2015
DATED _____

cc: Parties of Record

Case No. 2015-00271

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