

HAND DELIVERED

June 22, 2015

Jeff R. Derouen, Executive Director
Public Service Commission
P. O. Box 615
211 Sower Boulevard
Frankfort, Kentucky 40602

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JUN 22 2015

PUBLIC SERVICE
COMMISSION

RE: Case No. 2014-00271
(To be retained in the Company's General Correspondence file)

Dear Mr. Derouen,

In accordance with the Commission's Order Dated February 13, 2015 in Case No. 2014-00271, Kentucky Power hereby files its monthly DSM update on the level of direct expenditures for May 2015.

If there are any questions please contact me at 502-696-7010.

Sincerely,



John A. Rogness III
Director, Regulatory Services

Attachments

Kentucky Power Company
Summary of Demand Side Management Expenses
Month Ended: May 2015

May expenditures of \$446,132 favorably compared to the budgeted amount of \$422,390 and provided a positive variance of \$23,741. Commercial program expenditures were \$68,603 above budget and residential program expenditures were \$44,861 below budget. Year-to-date, 2015 DSM/EE expenditures are \$75,034 above the budgeted amount. Commercial program expenditures are \$153,436 above budget and residential program expenditures are \$78,402 below budget.

The Commercial AC/HP has a negative variance for May but two invoices are pending processing in June. Through May, the program received 60% of customer participants targeted for heat pump replacement. Expanded radio advertising is planned in July for the Commercial AC/HP program.

The General Administrative expense category, primarily representing cost for consulting services related to the Market Study and EE Portfolio Design, is lagging slightly due to invoicing for contracting services related to the market research (survey printing, survey incentives, data processing, etc.). The invoice was received by the Market Study consultant in late May and is expected to be processed in June.

The Mobile Home Heat Pump program is down slightly through May and calls to dealers have indicated impacts from the economy related to a downturn in the coal industry may be having an impact. Participation with the program is comparable to this time last year and calls are continuing to dealers to check on opportunities for participation.

The implementation contractor for the Modified Energy Fitness program has replaced an auditor position in the Pikeville area effective the first week of June. The added support from this new auditor is expected to increase the projected program participation.

The Community Outreach CFL program reports a negative variance for May, however, CFL inventory was purchased in April resulting in a positive variance for the month and the YTD program spending is at 65% of budget.

The Energy Education for Student program had reduced administrative expense during the month as a result of a rescheduled teacher training session. The training which was originally planned for the spring was rescheduled to September at the direction of NEED (National Energy Education Development) organization, to accommodate teacher schedules that were impacted from extended school testing that resulted from the inclement weather experienced during February.

The Appliance Recycling program has experienced an increase from 27 to 52 units recycled from April to May. A 'file o fridge' promotional event was conducted in May at Bevins Elementary School in Pike County which resulted in news stories from local press. A bill insert was included with customer bills promoting the program.

