



Kentucky Power  
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KentuckyPower.com

**HAND DELIVERED**

August 19, 2015

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**PUBLIC SERVICE  
COMMISSION**

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

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 July 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: July 2015**

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July expenditures of \$363,170 were below the budgeted amount of \$485,471 and provided a negative variance of \$122,301. Commercial program expenditures were \$89,996 below budget and residential program expenditures were \$32,305 below budget. Year-to-date, 2015 DSM/EE expenditures are \$9,464 below the budgeted amount. Commercial program expenditures are \$122,953 above budget and residential program expenditures are \$132,416 below budget.

The Commercial Incentive program was below budget for the month of July, but overall the program remains above the cumulative YTD budget performance with a net positive of \$86,318. Approximately 79% of the incentive funds have been reserved for this program. A new television ad is planned for August, while webpage updates and bill inserts are scheduled to increase customer projects.

The General Administrative expenses for both residential and commercial were reduced for July primarily due to pending charges for the market study and program design services, having received an invoice in July but expensed in early August. The total study and program design expense to be processed in August for the General Administrative cost category is \$44,905 representing consulting services through June and July.

The Modified Energy Fitness program is increasing the number of monthly audits with the addition of a home energy auditor. Home audits increased from 125 in May to 202 in June. July results indicated 219 completed audits, the highest level recorded for the 2015 program year. The invoicing within this program runs a month behind the actual month of expenditure and the budget is also based upon the actual month of expenditure. The current shortfall of \$151,000 is actually closer to \$50,000 with the July activity to be paid in August. An accrual will be booked in December business to completely match invoicing with actual expenditures. Planned promotional activities include bill inserts, multi-family home mailings, and single family home mailings scheduled before the winter heating season.

The Appliance Recycling program performance is behind target for its first year of program operation. To increase participation with the program, the customer incentive is scheduled to increase from \$50 to \$55 beginning in September. Kentucky Power is also increasing bill messaging and updating email advertising to promote the increased program incentive. A press release is being developed and is planned for release to promote the increasing customer incentive payment.