

**HAND DELIVERED**

October 21, 2015

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

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**OCT 21 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 September 2015. The attached CD will provide the Commission with the variances between the budget and the expenditures of the Company's DSM programs.

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: September 2015**

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September expenditures of \$486,136 were below the budgeted amount of \$515,369 with a negative variance of \$29,233. Commercial program expenditures were \$16,906 below budget and residential program expenditures were \$12,327 below budget. Year-to-date, 2015 DSM/EE expenditures are \$88,889 above the budgeted amount. Commercial program expenditures are \$269,479 above budget and residential program expenditures are \$180,590 below budget.

The Commercial Incentive program was below budget for September, but overall YTD program expenditures are above budget by \$32,016. There were 15 projects completed during the month of September, with \$95,811 incentive payments expensed compared with \$10,007 for August. Beginning in October, the Company sent an email-blast to 4,978 customers, in addition to a new television advertisement, to promote the program. The Company is also promoting the program through the Company's customer service staff.

The Commercial High Efficiency Heat Pump/AC program was below budget by \$1,016.15 for September, but there were four customer rebates approved for reporting that will be included with October program expense.

The Residential Mobile Home High Efficiency Heat Pump program was \$1,950 below budget for September, but the program participation for the month includes 31 customer incentive payments that will be included with the October program expense. Overall, the program is at 78% participation goal and 71% expense goal through September.

The Mobile Home New Construction program was \$2,840 below budget for September, but the YTD program participation is at 74% of the annual target goal. The YTD expense through September is at 72% of the program target. There were five customer applications declined during the month due to the customers not being served within the Kentucky Power service area.

The Residential High Efficiency Heat Pump was \$4,134 below budget for September, but the program participation for the month includes 65 customer incentive payments that will be included with the October program expense. Overall, the program is at 87% participation goal and 78% expense goal through September.

The Modified Energy Fitness program was below budget for September, and the program remains below the YTD expense target. However, the program is trending positively with 187 customer homes weatherized for September and a 75% YTD completion of the program participation goal. A direct mail campaign began at the end of September that will reach 46,000 customers who are eligible for the program.

The Targeted Energy Efficiency program was \$8,741 below target for September due to an increase with Community Action's program investment using LIHEAP funds for installed weatherization services and conservation measures. The program is above the YTD target budget by \$6,498.

The Appliance Recycling program continues to trend below budget targets, but overall customer participation is improving with 101 units recycled during September, compared to 83 units in August. Effective September 1st, customer incentive payments were increased from \$50 to \$55 to generate more customer participation with the program. The increased customer incentive will continue through December 31, 2015, with program marketing to target customer awareness of the change in the program's incentive. Marketing activities include a press release, increased bill messages, email blast, print publications such as community newsletters, and a new radio advertisement.

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