

**HAND DELIVERED**

November 21, 2016

Dr. Talina Mathews, Executive Director  
Public Service Commission  
P. O. Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40602

RECEIVED  
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PUBLIC SERVICE  
COMMISSION

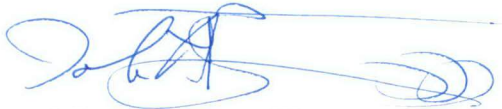
RE: Case Nos. 2015-00271 and 2014-00271  
(To be retained in the Company's General Correspondence file)

Dear Ms. Mathews,

In accordance with the Commission's Orders in Case Nos. 2014-00271 and 2015-00271, Kentucky Power hereby files its DSM update on the level of direct expenditures for the month of October 2016.

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: October 2016**

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October expenditures of \$531,447 are above the budgeted amount of \$438,039 with a positive variance of \$93,408. Commercial program expenditures were \$121,111 above budget, while residential program expenditures were \$27,703 below budget. Year-to-date, 2016 DSM/EE expenditures are \$155,387 below the budgeted amount. Commercial program expenditures are \$48,480 above budget and residential program expenditures are \$203,867 below budget.

The Commercial Incentive Prescriptive Custom program (CIPC) is \$518,545 above budget for year-to-date (YTD) operations and is trending to meet or exceed the annual target participation goal.

The Express Install program received a significant increase in customer activity in October, having eight completed projects. For the month, the program was \$36,835 above budget. Promotion continues with local program staff, in addition to promotional letters being sent to customers. With growing customer engagement, the program is trending toward achievement of the annual target goal.

Customer demand for energy efficient lighting and appliances offered through the Residential Efficient Products program remains high. Currently, the program is \$39,230 above budget for the year, and is forecasting to meet or exceed the overall annual goal.

The Whole House Energy Efficiency program is \$99,751 above budget for the year. Completed audits and installed services for single family homes are at 83 percent of the annual targeted goal. Home audit enrollment at company sponsored community events have been successful in engaging customers with home energy efficiency education, which in turn has led to customer enrollment for one of the program services (home audit with installed measures, insulation, duct sealing, HVAC retrofit).

The Appliance Recycling program is trending lower than the YTD budget primarily due to vendor invoices which are pending payment for July, August, and September. Program participation continues to trend positively with the quantity of recycled units through October reported at 69 percent of the annual target.

The Targeted Energy Efficiency program for low income customers was \$8,329 above budget for the month of October, and is trending positively for homes being weatherized by participating Community Action Agencies. There were 13 homes receiving weatherization services for September and 8 homes weatherized during October. Low-income homes receiving upgraded high efficiency heating systems through the program are at 84 percent of the annual target goal. Agency utilization of LIHEAP funds through July has been one contributor for reduced funding needed from the Kentucky Power DSM program. Kentucky Power is continuing to work with Community Action Agencies to support robust performance in the program.

**Kentucky Power Company  
Demand Side Management**

<b>ACTUAL EXPENSE:</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>YTD</b>
<b>Program Expense</b>											
<b>Commercial</b>											
Commercial Incentive	\$16,764.93	\$524.33	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17,289.26
Commercial High Efficiency Heat Pump/Air Conditioning	\$0.00	-\$2,550.00	\$0.00	\$0.00	\$0.00	\$4,250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,700.00
General Administrative and Promotion Commercial	\$967.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$891.00	\$1,353.58	\$1,274.00	\$4,486.08
School Energy Manager	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$200,000.00	\$0.00	\$0.00	\$0.00	\$200,000.00
Appliance Recycling	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Express Install	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$37,496.31	\$69,553.98	\$107,050.29
New Construction	\$0.00	\$0.00	\$0.00	\$4,190.50	\$0.00	\$0.00	\$3,592.46	\$21,953.28	\$14,594.42	\$852.89	\$45,183.55
Retro-Commissioning	\$0.00	\$0.00	\$0.00	\$0.00	\$1,062.00	\$810.00	\$139.50	\$339.00	\$139.50	\$0.00	\$2,490.00
CI Prescriptive Custom	\$0.00	\$270,325.86	\$0.00	\$59,862.92	\$205,572.44	\$180,587.67	\$166,987.52	\$159,411.51	\$129,144.24	\$199,973.15	\$1,371,865.31
<b>Commercial Total</b>	<b>\$17,732.43</b>	<b>\$268,300.19</b>	<b>\$0.00</b>	<b>\$64,053.42</b>	<b>\$206,634.44</b>	<b>\$185,647.67</b>	<b>\$370,719.48</b>	<b>\$182,594.79</b>	<b>\$182,728.05</b>	<b>\$271,654.02</b>	<b>\$1,750,064.49</b>
<b>Residential</b>											
Residential Efficients Products	\$16,540.15	\$183,646.01	\$159,560.15	\$89,179.64	\$76,127.66	\$126,316.12	\$13,473.88	\$105,170.90	\$154,620.13	\$57,174.01	\$981,808.65
Mobile Home High Efficiency Heat Pump	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mobile Home New Construction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
High Efficiency Heat Pump	\$0.00	\$300.00	-\$300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Targeted Energy Efficiency	\$3,395.73	\$13,083.77	\$8,731.29	\$3,434.98	\$17,076.68	\$37,047.78	\$23,071.48	\$16,318.00	\$29,705.11	\$38,535.48	\$190,400.30
Modified Energy Fitness	\$151.20	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$151.20
Community Outreach Compact Fluorescent Lighting	\$0.00	\$0.00	\$5,970.43	\$0.00	\$0.00	\$5,694.88	\$0.00	\$0.00	\$11,850.30	\$8,476.96	\$31,992.57
Energy Education for Students	\$0.00	\$0.00	\$4,592.64	\$1,240.01	\$0.00	-\$5,832.65	\$1,800.00	\$0.00	\$13,500.30	\$21,896.20	\$37,196.50
General Administrative and Promotion Residential	\$967.50	\$1,623.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,202.62	\$2,600.00	\$3,061.58	\$4,407.00	\$15,861.70
Residential Home Performance	\$0.00	\$0.00	\$444,250.00	\$0.00	\$0.00	\$50,250.00	\$0.00	\$0.00	\$50,250.00	\$0.00	\$544,750.00
Appliance Recycling	\$132.53	\$596.03	\$105.00	\$325.00	\$385.00	\$55.00	\$10,967.08	\$1,074.00	\$854.00	\$1,464.00	\$15,957.64
New Manufactured Homes	\$0.00	\$9,400.00	\$550.00	\$7,150.00	\$14,261.18	\$7,672.08	\$2,424.41	\$19,589.00	\$10,608.40	\$9,005.20	\$80,660.27
Whole House Efficiency	\$0.00	\$143,361.83	\$147,422.49	\$64,971.27	\$154,195.43	\$290,731.12	\$116,045.18	\$169,768.86	\$116,865.99	\$118,834.40	\$1,322,196.57
<b>Residential Total</b>	<b>\$21,187.11</b>	<b>\$352,010.64</b>	<b>\$770,882.00</b>	<b>\$166,300.90</b>	<b>\$262,045.95</b>	<b>\$511,934.33</b>	<b>\$170,984.65</b>	<b>\$314,520.76</b>	<b>\$391,315.81</b>	<b>\$259,793.25</b>	<b>\$3,220,975.40</b>
<b>Program Expense Total</b>	<b>\$38,919.54</b>	<b>\$620,310.83</b>	<b>\$770,882.00</b>	<b>\$230,354.32</b>	<b>\$468,680.39</b>	<b>\$697,582.00</b>	<b>\$541,704.13</b>	<b>\$497,115.55</b>	<b>\$574,043.86</b>	<b>\$531,447.27</b>	<b>\$4,971,039.89</b>

<b>Budget - Case 2015-00271:</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>
<b>FORECAST EXPENSE</b>										
<b>Commercial</b>										
Commercial Incentive	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Commercial High Efficiency Heat Pump/Air Conditioning	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Administrative and Promotion Commercial	\$6,958	\$6,958	\$25,458	\$5,458	\$5,458	\$5,458	\$5,458	\$5,458	\$5,458	\$5,458
School Energy Manager	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000	\$0	\$0	\$1,000
Appliance Recycling	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Express Install	\$32,719	\$32,719	\$32,719	\$32,719	\$32,719	\$32,719	\$32,719	\$32,719	\$32,719	\$32,719
New Construction	\$0	\$0	\$8,921	\$8,921	\$8,921	\$8,921	\$8,921	\$8,921	\$8,921	\$8,921
Retro-Commissioning	\$17,112	\$17,112	\$17,112	\$17,112	\$17,112	\$17,112	\$17,112	\$17,112	\$17,112	\$17,112
CI Prescriptive Custom	\$85,332	\$85,332	\$85,332	\$85,332	\$85,332	\$85,332	\$85,332	\$85,332	\$85,332	\$85,332
<b>Commercial Total</b>	<b>\$142,121</b>	<b>\$142,121</b>	<b>\$169,543</b>	<b>\$149,543</b>	<b>\$149,543</b>	<b>\$149,543</b>	<b>\$349,543</b>	<b>\$149,543</b>	<b>\$149,543</b>	<b>\$150,543</b>
<b>Residential</b>										
Residential Efficient Products	\$94,258	\$94,258	\$94,258	\$94,258	\$94,258	\$94,258	\$94,258	\$94,258	\$94,258	\$94,258
Mobile Home High Efficiency Heat Pump	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mobile Home New Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
High Efficiency Heat Pump	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Targeted Energy Efficiency	\$30,207	\$30,207	\$30,207	\$30,207	\$30,207	\$30,207	\$30,207	\$30,207	\$30,207	\$30,207
Modified Energy Fitness	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Community Outreach Compact Fluorescent Lighting	\$0	\$5,001	\$10,002	\$6,668	\$6,668	\$10,002	\$5,251	\$10,252	\$6,668	\$5,001
Energy Education for Students	\$1,248	\$2,366	\$3,111	\$3,483	\$1,248	\$1,248	\$1,248	\$1,248	\$1,248	\$6,091
General Administrative and Promotion Residential	\$8,292	\$8,292	\$31,792	\$6,792	\$6,792	\$6,792	\$6,792	\$6,792	\$6,792	\$6,792
Residential Home Performance	\$808	\$808	\$445,058	\$808	\$808	\$51,058	\$808	\$808	\$51,058	\$808
Appliance Recycling	\$7,785	\$7,785	\$7,785	\$7,785	\$7,785	\$7,785	\$7,785	\$7,785	\$7,785	\$7,785
New Manufactured Homes	\$14,292	\$14,292	\$14,292	\$14,292	\$14,292	\$14,292	\$14,292	\$14,292	\$14,292	\$14,292
Whole House Efficiency	\$122,263	\$122,263	\$122,263	\$122,263	\$122,263	\$122,263	\$122,263	\$122,263	\$122,263	\$122,263
<b>Residential Total</b>	<b>\$279,152</b>	<b>\$285,271</b>	<b>\$758,767</b>	<b>\$286,555</b>	<b>\$284,320</b>	<b>\$337,904</b>	<b>\$282,903</b>	<b>\$287,904</b>	<b>\$334,570</b>	<b>\$287,496</b>
<b>FORECAST EXPENSE Total</b>	<b>\$421,273</b>	<b>\$427,392</b>	<b>\$928,310</b>	<b>\$436,098</b>	<b>\$433,863</b>	<b>\$487,447</b>	<b>\$632,446</b>	<b>\$437,447</b>	<b>\$484,113</b>	<b>\$438,039</b>

	January	February	March	April	May	June	July	August	September	October	YTD
<b>Variance</b>											
<b>Commercial</b>											
Commercial Incentive	\$16,765	\$524	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,289
Commercial High Efficiency Heat Pump/Air Conditioning	\$0	-\$2,550	\$0	\$0	\$0	\$4,250	\$0	\$0	\$0	\$0	\$1,700
General Administrative and Promotion Commercial	-\$5,991	-\$6,958	-\$25,458	-\$5,458	-\$5,458	-\$5,458	-\$5,458	-\$4,567	-\$4,105	-\$4,184	-\$73,097
School Energy Manager	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$1,000	-\$1,000
Appliance Recycling	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Express Install	-\$32,719	-\$32,719	-\$32,719	-\$32,719	-\$32,719	-\$32,719	-\$32,719	-\$32,719	\$4,777	\$36,835	-\$220,142
New Construction	\$0	\$0	-\$8,921	-\$4,731	-\$8,921	-\$8,921	-\$5,329	\$13,032	\$5,673	-\$8,068	-\$26,186
Retro-Commissioning	-\$17,112	-\$17,112	-\$17,112	-\$17,112	-\$16,050	-\$16,302	-\$16,972	-\$16,773	-\$16,972	-\$17,112	-\$168,628
CI Prescriptive Custom	-\$85,332	\$184,994	-\$85,332	-\$25,469	\$120,240	\$95,256	\$81,656	\$74,080	\$43,812	\$114,641	\$518,545
<b>Commercial Total</b>	<b>-\$124,389</b>	<b>\$126,179</b>	<b>-\$169,543</b>	<b>-\$85,489</b>	<b>\$57,092</b>	<b>\$36,105</b>	<b>\$21,177</b>	<b>\$33,052</b>	<b>\$33,185</b>	<b>\$121,111</b>	<b>\$48,480</b>
<b>Residential</b>											
Residential Efficients Products	-\$77,718	\$89,388	\$65,302	-\$5,078	-\$18,130	\$32,058	-\$80,784	\$10,913	\$60,362	-\$37,084	\$39,230
Mobile Home High Efficiency Heat Pump	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mobile Home New Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
High Efficiency Heat Pump	\$0	\$300	-\$300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Targeted Energy Efficiency	-\$26,811	-\$17,123	-\$21,475	-\$26,772	-\$13,130	\$6,841	-\$7,135	-\$13,889	-\$501	\$8,329	-\$111,665
Modified Energy Fitness	\$151	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$151
Community Outreach Compact Fluorescent Lighting	\$0	-\$5,001	-\$4,032	-\$6,668	-\$6,668	-\$4,307	-\$5,251	-\$10,252	\$5,182	\$3,476	-\$33,520
Energy Education for Students	-\$1,248	-\$2,366	\$1,482	-\$2,243	-\$1,248	-\$7,081	\$652	-\$1,248	\$12,252	\$15,805	\$14,658
General Administrative and Promotion Residential	-\$7,324	-\$6,669	-\$31,792	-\$6,792	-\$6,792	-\$6,792	-\$3,589	-\$4,192	-\$3,730	-\$2,385	-\$80,055
Residential Home Performance	-\$808	-\$808	-\$808	-\$808	-\$808	-\$808	-\$808	-\$808	-\$808	-\$808	-\$8,083
Appliance Recycling	-\$7,653	-\$7,189	-\$7,680	-\$7,460	-\$7,400	-\$7,730	\$3,182	-\$6,711	-\$6,931	-\$6,321	-\$61,897
New Manufactured Homes	-\$14,292	-\$4,892	-\$13,742	-\$7,142	-\$30	-\$6,620	-\$11,867	\$5,297	-\$3,683	-\$5,286	-\$62,256
Whole House Efficiency	-\$122,263	\$21,099	\$25,160	-\$57,291	\$31,933	\$168,469	-\$6,217	\$47,506	-\$5,397	-\$3,428	\$99,571
<b>Residential Total</b>	<b>-\$257,965</b>	<b>\$66,740</b>	<b>\$12,115</b>	<b>-\$120,255</b>	<b>-\$22,274</b>	<b>\$174,030</b>	<b>-\$111,918</b>	<b>\$26,617</b>	<b>\$56,746</b>	<b>-\$27,703</b>	<b>-\$203,867</b>
<b>FORECAST EXPENSE Total</b>	<b>-\$382,354</b>	<b>\$192,919</b>	<b>-\$157,428</b>	<b>-\$205,744</b>	<b>\$34,818</b>	<b>\$210,135</b>	<b>-\$90,742</b>	<b>\$59,669</b>	<b>\$89,931</b>	<b>\$93,408</b>	<b>-\$155,387</b>