

TARIFF D.S.M.C.
 (Demand-Side Management Adjustment Clause)

APPLICABLE.

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D. 2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., I.G.S., L.G.S.-T.O.D., Pilot K-12 School, I.G.S., C.S.-I.R.P., and M.W.

RATE.

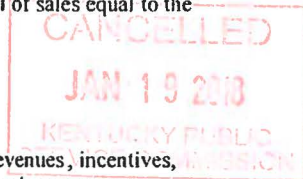
1. The Demand-Side Management (DSM) clause shall provide for periodic adjustment per KWH of sales equal to the DSM costs per KWH by customer sector according to the following formula:

$$\text{Adjustment Factor} = \frac{\text{DSM (c)}}{\text{S(c)}}$$

Where DSM is the cost by customer sector of demand-side management programs, net lost revenues, incentives, and any over/under recovery balances; (c) is customer sector; and S is the adjusted KWH sales by customer sector.

2. Demand-Side Management (DSM) costs shall be the most recent forecasted cost plus any over/under recovery balances recorded at the end of the previous period.
 - a. Program costs are any costs the Company incurred associated with demand-side management which were approved by the Kentucky Power Company DSM Collaborative. Examples of costs to be included are contract services, allowances, promotion, expenses, evaluation, lease expense, etc. by customer sector.
 - b. Net lost revenues are the calculated net lost revenues by customer sector resulting from the implementation of the DSM programs.
 - c. Incentives are a shared-savings incentive plan consisting of one of the following elements: The efficiency incentive, which is defined as 15 percent of the estimated net savings associated with the programs. Estimated net savings are calculated based on the California Standard Practice Manual's definition of the Total Resources Cost (TRC) test, or the maximizing incentive which is defined as 5 percent of actual program expenditures if program savings cannot be measured.
 - d. Over/ Under recovery balances are the total of the differences between the following:
 - (i) the actual program costs incurred versus the program costs recovered through DSM adjustment clause, and
 - (ii) the calculated net lost revenues realized versus the net lost revenues recovered through the DSM adjustment clause, and
 - (iii) the calculated incentive to be recovered versus the incentive recovered through the DSM adjustment clause.
3. Sales (S) shall be the total ultimate KWH sales by customer sector less non-metered, opt-out and lost revenue impact KWHs by customer sector.
4. The provisions of the Demand-Side Management Adjustment Clause will be effective for the period ending December 31, 2018

(Cont'd on Sheet No. 22-2)



DATE OF ISSUE: December 29, 2016

DATE EFFECTIVE: Service Rendered on or after December 29, 2016

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By authority of an Order by the Public Service Commission

In Case No. 2016- 00281 Dated December 29, 2016

KENTUCKY PUBLIC SERVICE COMMISSION
Talina R. Mathews EXECUTIVE DIRECTOR
EFFECTIVE 12/29/2016 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

**TARIFF D.S.M.C.
 (DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE) (Cont'd.)**

RATE. (Cont'd.)

5. The DSM adjustment shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustments, which shall include data, and information as may be required by the Commission.
6. Copies of all documents required to be filed with the Commission under this regulation shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.
7. The DSM Adjustment Clause factor (\$ Per KWH) for each customer sector:

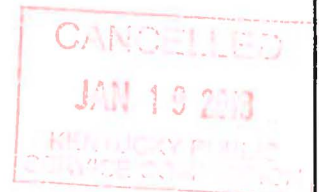
	<u>CUSTOMER SECTOR</u>		
	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>INDUSTRIAL*</u>
<u>DSM (c)</u>	\$(2,427,031)	\$2,548,478	- 0 -
S (c)	2,012,895,896	1,263,389,031	- 0 -
Adjustment Factor	\$ (0.001206)	\$ 0.002017	- 0 -

* The Industrial Sector has been discontinued pursuant to the Commission's Order dated September 28, 1999.*

PROGRAM DESCRIPTIONS.

The D.S.M.C. program availability, program, rate, and equipment descriptions follow:

(Cont'd on Sheet No. 22-3)



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DATE OF ISSUE: December 28, 2017

DATE EFFECTIVE: Service Rendered On And After January 1, 2018

ISSUED BY: /s/ Ranie K. Wohnhas

TITLE: Managing Director, Regulatory & Finance

By Authority Of an Order of the Public Service Commission

In Case No. 2017-00097 Dated November 30, 2017

KENTUCKY PUBLIC SERVICE COMMISSION
Gwen R. Pinson Executive Director
EFFECTIVE 1/1/2018 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

**TARIFF D.S.M.C.
(DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE) (Cont'd.)**

PROGRAM: TEE – Targeted Energy Efficiency

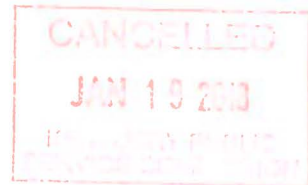
AVAILABILITY OF SERVICE

Available on a voluntary basis to individual residential customers receiving retail electric service from the Company, who have primary electric heat and use an average of 700 kWh per month. Residential customers without primary electric heating may also be eligible for limited efficiency measures if they have electric water heating and use an average of 700 kWh per month from November through March. To qualify, the household's income cannot exceed the designated poverty guidelines as administered by the local community action agency.

PROGRAM DESCRIPTION

The Kentucky Power Targeted Energy Efficiency Program (TEE) provides weatherization and energy efficiency services to qualifying residential customers who need help reducing their energy bills. The Company provides funding for this program through the Kentucky Community Action network of not-for-profit community action agencies. The program funding and service is supplemental to the Weatherization Assistance Programs offered by the local community action agency. This program provides energy saving improvements to an existing home. Program services include residential energy audits, the installation of home weatherization/energy conservation items and customer education on home energy efficiency. The home weatherization/energy conservation measures may include, but not limited to:

- High efficiency lighting
- ▣ Domestic hot water pipe insulation
- ▣ Water heater insulation wrap (electric DHW only)
- ▣ Low flow showerhead
- ▣ Low flow faucet aerator
- ▣ Air and duct sealing (electric heat only)
- ▣ Insulation (electric heat only)
- ▣ Efficient windows and doors
- ▣ Air source heat pump



RATE

No rate applies for this program.

EQUIPMENT

The Kentucky Community Action network of not-for-profit community action agencies will furnish and install, in the customer's presence, the equipment as provided by this program.

(Cont'd on Sheet No. 22-4)

DATE OF ISSUE: March 21, 2016

DATE EFFECTIVE: Service Rendered on or after March 31, 2016

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By authority of an Order by the Public Service Commission

In Case No. 2015- 00271 Dated March 11, 2016

KENTUCKY PUBLIC SERVICE COMMISSION
Aaron D. Greenwell ACTING EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kinley</i>
EFFECTIVE 3/31/2016 PURSUANT TO 807 KAR 5.011 SECTION 9 (1)

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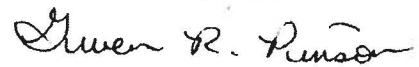
TITLE: Managing Director, Regulatory & Finance

By Authority Of an Order of the Public Service Commission

In Case No. 2017-00097 Dated November 30, 2017

KENTUCKY
PUBLIC SERVICE COMMISSION

Gwen R. Pinson
Executive Director

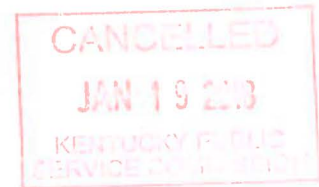


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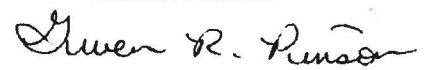
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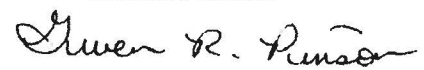
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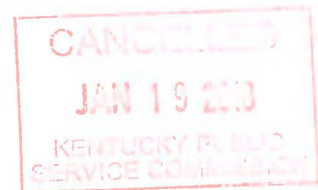
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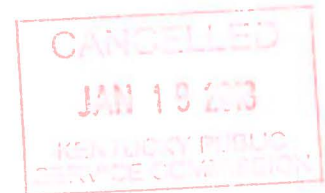
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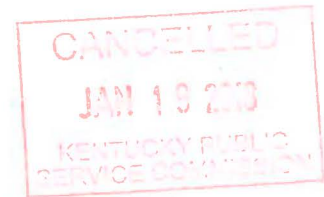
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**TARIFF D.S.M.C.
(DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE) (Cont'd.)
PROGRAM: CIP – Commercial Incentive Prescriptive Custom Program**

AVAILABILITY OF SERVICE

This program was discontinued by Order of the Public Service Commission. Kentucky Power will continue to administer the program for the limited purpose of processing those applications accepted by the Company prior to the Commission's November 30, 2017 termination of the program. All required documentation must be submitted no later than February 15, 2018.

No new applications will be accepted.

(Cont'd on Sheet 22-14)



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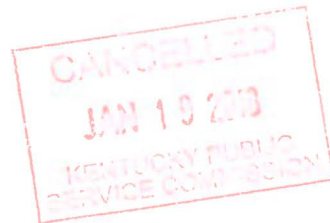
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In Case No. 2017-00097 Dated November 30, 2017

**KENTUCKY
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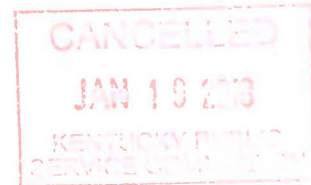
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In Case No. 2017-00097 Dated November 30, 2017

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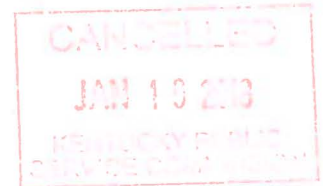
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DATE OF ISSUE: December 28, 2017

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ISSUED BY: /s/ Ranie K. Wohnhas

TITLE: Managing Director, Regulatory & Finance

By Authority Of an Order of the Public Service Commission

In Case No. 2017-00097 Dated November 30, 2017

**KENTUCKY
PUBLIC SERVICE COMMISSION**

Gwen R. Pinson
Executive Director

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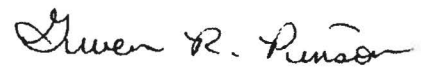
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