

Steven L. Beshear
Governor

Leonard K. Peters, Secretary
Energy and Environment
Cabinet



Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Charles R. Borders
Commissioner

NEWS RELEASE

Contact:
Andrew Melnykovich
502-564-3940, ext. 208
502-330-5981 (cell)

PSC Approves Energy Savings Plan for Kentucky Power *Residential surcharge declines; some programs expanded*

FRANKFORT, Ky. (May 25, 2011) – The Kentucky Public Service Commission (PSC) has approved an expansion of residential energy conservation and efficiency programs for Kentucky Power Co.

In an order issued today, the PSC authorized Kentucky Power to expand programs that promote installation of high-efficiency heating and cooling systems. The PSC also approved revised surcharges that will result in lower bills for residential customers.

Kentucky Power's energy conservation and efficiency initiatives are included in the company's demand-side management (DSM) program. In accordance with Kentucky statutes, the DSM program is funded through a surcharge on electric and natural gas bills.

A utility is required to demonstrate that its DSM program is cost-effective. As a whole, the components of Kentucky Power's DSM program meet that test, the PSC said.

Kentucky Power estimates that its DSM programs reduced usage by 2.37 million kilowatt-hours last year (a kilowatt-hour is the amount of electricity used by a 100-watt light bulb in 10 hours). Peak demand in winter was reduced by 2,726 kilowatts.

The expanded programs are intended to replace inefficient resistance heating units with high efficiency heat pumps, which use much less energy. They include incentives of up to \$400 for mobile home owners who make the switch.

A similar program, with a \$400 incentive, is available for owners of site-built homes who replace resistance heaters or old, inefficient heat pumps with new, more efficient units.

Purchasers of new mobile homes can receive incentives of as much as \$500 for upgrading to better insulation or high-efficiency heat pumps.

Kentucky Power hopes to expand the three programs to serve a total of 710 residential customers per year, about 200 more than currently make use of the incentives.

-more-

Kentucky Power's DSM program also offers incentives to commercial customers to upgrade their heating and cooling systems.

Other components of the Kentucky Power DSM program include:

- Energy audits
- Energy education
- Promotion of the use of energy-efficient light bulbs
- Incentives to customers who have their heating and cooling systems tested and tuned for optimum performance
- Beginning this year, a previously approved program that offers financial incentives to customers who allow Kentucky Power to remotely turn off air conditioners for brief periods during the summer months
- Financial incentives for commercial and industrial customers to reduce energy usage

While expanding its DSM program, Kentucky Power also is lowering the surcharges assessed on residential electric bills to better reflect program costs and allocation of those costs among different customer classes.

The surcharge on residential electric bills will drop from .16 cents per kilowatt-hour to .08 cents per kilowatt-hour. The program's annual cost is about \$2.5 million.

Kentucky Power has about 176,000 customers in 20 counties in eastern Kentucky.

Today's order and related documents can be found on the PSC website, psc.ky.gov. The case number is 2011-00055.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 100 employees.