Jeff M. Short
9180 KY HWY 78
Stanford, KY, 40484

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March 17, 2014

VIA HAND DELIVERY

Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RE: *Jeff M. Short v. Kentucky Utilities Company*
Case No. 2013-00287

Dear Mr. DeRouen,

Enclosed please find, for filing, the original and ten (10) copies of the "testimony summaries" for Jeff Short, Joshua Bills and Andrew McDonald who will act as witnesses at the formal hearing scheduled in this case on March 27, 2014. I have mailed identical copies of this letter and all attachments to the 3 parties on the cc list below via the US mail earlier today, March 17, 2014.

Sincerely,

Jeff M. Short

Jeff M. Short

cc: Ed Staton
Allyson K. Sturgeon
W. Duncan Crosby

Andy McDonald
Director, Sustainable Systems Programs
Earth Tools, Inc.
7134 Owenton Rd.
Frankfort, KY 40601
502-223-7936 andyboeke@yahoo.com
March 17, 2014

Jeff Derouen
Executive Director
Kentucky Public Service Commission
P.O. Box 615, 211 Sower Boulevard
Frankfort, KY 40602-0615

Re: Summary of Testimony regarding Case No. 2013-00287

Dear Mr. Derouen,

The following is a summary of the testimony I intend to offer to the Kentucky Public Service Commission in support of Jeff Short' s effort to change how KU is applying their net metering tariff to Rate LEV customers, in PSC Case No. 2013-00287. As a KU net-metering customer with a solar PV system on my home, as former Director of the Kentucky Solar Partnership for Appalachia-Science In the Public Interest (which intervened in the 2008 PSC case which established Kentucky's Guidelines for Interconnection and Net Metering), as the President of the Kentucky Conservation Committee, and as Director of Sustainable Systems Programs for Earth Tools, Inc., I have experience with this issue and a strong interest in how the case is resolved.

1. KU's rate LEV/net metering policy creates conflicting incentives which undermine the purpose of rate LEV.

2. Net metering customers will not find benefits to using rate LEV.

3. KU's rate LEV/net metering policy undermines customers seeking to achieve "Net-Zero Energy."

4. No statutory basis exists for restricting use of net metering credits to specific time periods.

5. Proposed Time-of-Use/net metering policy which would be sensible, fair, and consistent.

Sincerely,

Andy McDonald

Complainant Testimony Summary in Case 2013-00287

Summary of Jeff Short's Testimony

I will review my pre-hearing comments for clarity.
I will make some response comments to KU's pre-hearing comments.
I will review how my wife and I are impacted by KU's policy.
I will field any questions or comments from the group if appropriate?

Response to KU Pre-Hearing Comments

Throughout the proceedings in this case, KU has repeatedly misrepresented my position as one of personal finiancial gain. My objective has always been to help create an envronment in KY where consumers can contribute to energy conservation, load shifting and energy generation to reduce our overall emissions in the interest of the environmental and health benefits these actions can produce for society when accumulated across a broad consumer base. I state my position clearly in my original letter of MAY 14, 2013 and do not waver on the issue.

KU also misrepresents that my position includes the conversion of NEG credits into money and that I am interested in receiving cash payments. Monetization of credits is only one of many policy options that relieve the conflict the current KU policy creates. Monetization is just another way of applying the "ratio of TOU retail rates" crediting method IREC recommends in their 2009 Model Net Metering Rules which states: "Excess monthly kWh credits shall be based on the ratio representing the difference in retail rates for each time of use period." My position does not require that NEG credits be accounted for other than in kWh units. I do ask that the value of credits be preserved for consumers and that they be acccessable across TOU periods to accommodate the nature of combining TOU with solar NEM where relatively high energy production occurs on-peak and relatively high usage occurs off-peak. Only when customers can access credits across TOU periods can the compound benefits of load shifting towards off-peak with excess generation during on-peak be realized. KU's NEG policy undermines this possibility.

KU argues that my complaint "asks the Commission to answer a hypothetical question by interpretting KRS 278.466 at variance with its stated language." I submit that their argument has two errors: 1. There are existing TOU/NEM consumers in KY suffering under the KU policy rendering my request as real and not hypothetical. 2. In no way does the plain language of KRS 278.466 preclude the application of the alternative NEG crediting policy I propose. Certainly there is no verbiage in the statute stating that credits cannot be accessed by the customer generator when they are needed.

KU argues that "Mr. Short's perceived conflict between net metering and Rate LEV is actually more a matter of timing than genuine conflict." I submit that this argument is also in error. The fundamental conflict I refer to is driven by mathematics and will provide the same result regardless of timing:
There is a mathematical limit of peak period usage which a TOU customer cannot exceed or they are financially better off using Rate RS. There is a naturally dictated band of annual sunshine availability in KY. Either order of program adoption cannot change KY insolation or the structure of Rate LEV, both of which are fundmental to the conflict the KU policy produces.

The fundamental negative result created by the KU crediting policy is that it produces increased peak period usage among TOU/NEM consumers and prevents peak load reduction benefits to the utility by the TOU customer generator, This happens at the expense of all KY consumers and society in general over alternative methods of accounting for net excess generation.

KU apparently supports this negative result since their pre-hearing comments state: "he could regain some benefit by shifting load back into the peak and intermediate periods if he chose to do so". This statement exposes the exact outcome their policy promotes. Most customers will choose to shift their loads towards peak for the available financial gain. Not only is their suggestion that a customer regain benefit by shifting loads toward peak in direct conflict with their stated purpose of Rate LEV to shift loads toward off-peak; in this statement, KU has directly acknowledged the basis for my complaint.

KU's position is further exposed by their footnote #47 stating: "Furthermore, Mr. Short may return to taking service under Rate RS (Residential Service) and then participate in Rider NMS if he believes his financial results would be better under such an arrangement." This statement shows KU's willingness for PEV owners to forego the financial incentives of Rate LEV that provide for off-peak PEV charging and ultimately promotes on-peak PEV charging. In this scenario, the policy result is exposed as undermining the growth of TOU rates in KY.

Since KU and I have both described and acknowledged the ultimate effect of their NEG policy on KY TOU/NEM consumers in our prehearing comments, the negative results that the policy produces should be considered an agreed on factual issue in this case.

Net metering with PV generators sized to offset their entire residential and transportation loads is a logical, practical pathway to high efficiency transportation only when NEG crediting policies permit accessibility of peak credits, where many are generated, during the off-peak period where most are consumed. Without this single provision, TOU Rates combine poorly with solar NEM and the available synergy of their combination is lost.
I choose not to participate in KU's Rider NMS because it is not practical for me to reduce my emissions by load shifting, to increase my efficiency by using electric transportation and then to voluntarily participate in a net metering program which requires that I shift my load back toward peak, ultimately creating more emissions to recover the full value of the investment. However, if I found myself in such a position, I would soon realize that my PEV is a reasonably large load and that it is much easier to shift that load back into towards peak than it would be to undo any load shifting provisions I had made in my houeshold usage. I would simply charge my car during peak periods to recover any accumulating peak period credits.

I'd like to do more than I currently am to shift my load off peak and increase generation on peak to help reduce the peak loading on the utility and the grid infrastructure. Thru their NEG crediting policy, my utility penalizes me for such action.
Their policy serves an agenda of confusion, complication and frustration with regards to the deployment of new energy management programs in KY and should be voluntarily discontinued by any utility that is poised to lead KY into the future.

Joshua Bills
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Appalachia-Science in the Public Interest
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March 17, 2014

Jeff Derouen
Executive Director
Kentucky Public Service Commission
P.O. Box 615, 211 Sower Boulevard
Frankfort, KY 40602-0615

Re: Summary of Testimony regarding Case No. 2013-00287

Dear Mr. Derouen,

The following is a summary of the testimony I intend to offer to the KY PSC in support of Jeff Short's complaint against the policy approach KU has implemented for applying their net metering rider tariff to Rate LEV customers. I'm a board member for ASPI in Mt. Vernon, a non-profit organization and a KU customer that was the first customer-generator participant of KU's pilot net metering program they implemented prior to the passage of net metering in the 2004 legislation. Thus my experience with net metering in KY dates back to the first net metered solar electric system at ASPI in 2002.

1) I was a participant in the development of the language for the original net metering bill introduced and passed in the 2004 legislative session. There was a specific reason for inclusion of "shall be net-metered and accounted for at the specific time of day it is fed back to the electric grid in accordance with the time-of-day or time-of-use billing agreement currently in place." The reason was to ensure that utilities would credit TOD customer-generator's grid supplied electricity generation (kWh) at the rate set forth at the time of generation.
2) The reason to include "time-of-use" TOU was to encompass rate structures where set prices could vary over time and still assure customer-generator would be getting credit at retail value at the specific "time-of-use" of generation.
3) There was a specific intent to include (5)(c), "If the electricity fed back to the retail electric supplier by the customer-generator exceeds the electricity supplied by the supplier during the billing period, the customer-generator shall be credited for the excess kilowatt hours in accordance with the subsections (3) and (4) of this section. This electricity credit shall appear on the customer-generator's next bill." The reason to include this was to credit a customer with net excess generation in accordance with subsection (3) which includes "If time-of-day or time-of-use metering is used, the electricity fed back to the electric grid by the eligible customer-generator shall be net-metered and accounted for at the specific time it is fed back to the electric grid in accordance with the time-of-day or time-of-use billing agreement currently in place." Section (5)(c) states that customer-generator shall be credited in accordance with Section (3), which mentions accounting for at the specific time it is fed back to the electric grid. The intent here is clear that the customer-generator will

receive credit on their bill for any excess generation at the rate by which was in place during the time of generation. Section (5)(c) also specifies net excess generation "during the billing period," to be credited. If there was an intention of locking customer-generation credits during discreet time blocks, this would be worded "during the billing period or during the time-of-day or time-of-use rate block," however it does not mention this and thus KU's policy approach is inconsistent with the law.

4) In conversations that I participated in with the Legislature, the Secretary of Kentucky's Environmental and Public Protection Cabinet, Lajuana Wilcher and utility representatives (including KU) during the 2004 legislative session, no mention of the policy approach KU is taking, i.e. locking customer-generator's grid supplied electricity generation into those discreet time-of-day (TOD) rate blocks was ever considered.
5) The passage of net metering that resulted from the 2004 legislation, was at that time limited to solar electric generation only, further supporting Jeff Short's argument that KU's policy approach of locking kWh production credit access by a customer-generator to the rate block time period of generation is a conflict and not the intent of the statute since solar electric generation is very time-of-day dependent.
6) Locking customer-generator's grid supplied electricity generation credits into discreet time-of-day (TOD) rate blocks (KU's policy approach), and thereby barring those customer-generators from accessing those credits during other TOD or TOU rate blocks, is not the intent of the statute. The intent of the statute is to credit customer-generator's grid supplied electricity generation credits at the value set for them at the time of generation.
7) My place of employment (MACED) has a PV grid-tied system installed. I confirm the generation values and associated time of generation for MACED's PV system that was included in Jeff Short's Written Comments submitted March 10, 2014.