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

June 22, 2009

David L. Armstrong Chairman

James W. Gardner Vice Chairman

> John W. Clay Commissioner

PARTIES OF RECORD

Re: Case No. 2008-00169

Attached is a copy of the memorandum which is being filed in the record of the abovereferenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Rick Bertelson at 502/564-3940, Extension 260.

Sincerely

Éxecutive Director

RB/ew

Attachment

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INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Rick Bertelson, Staff Attorney

DATE: June 22, 2009

RE: Case No. 2008-00169 Net Metering/Interconnection Guidelines

Pursuant to the Commission Staff notice dated June 17, 2009, Commission Staff held a telephonic informal conference ("IC") with the parties and the Attorney General on June 19, 2009 to discuss issues related to the net metering tariffs filed by Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") on April 8, 2009. A list of the attendees is attached hereto, including those participating by telephone.

Commission Staff asked LG&E/KU to explain the necessity of the term "total fuel source" under the "Availability of Service" section of each utility's April 8, 2009 net metering tariff filings. LG&E/KU explained that the term is intended to distinguish renewable generation facilities as specified under the net metering statute (solar energy, wind energy, biomass or biogas energy, or hydro energy) from "qualifying facilities," which can include both renewable generation and fossil fuel fired generation.

LG&E/KU clarified that they do not intend for the term "total fuel source" to preclude a customer from interconnecting a generating facility that generates electricity using more than one type of renewable energy (e.g., a facility that uses both wind energy and solar energy).

The Intervenor Parties ("Intervenors") stated that the term "total fuel source" is ambiguous and should be removed from the tariff language. In response, LG&E/KU proposed amending the phrase "use as its total fuel source" under the "Availability of Service" section to "generates electricity using." The Intervenors agreed with the proposed language change and also proposed changing the term "generation system" to "generating facility," which LG&E/KU agreed to do.

The Intervenors also expressed their concern that both LG&E's and KU's proposed net metering tariffs are in contravention of the legislative intent of the 2008 amendments to the net metering statute which, they stated, was to provide uniformity and simplicity to all utilities' net metering/interconnection tariffs for ease of use by

Case File June 22, 2009 Page 2

potential net metering customers. Intervenors argued that, as written, the LG&E and KU tariffs cannot be understood without referring to other sources, including the net metering statutes and the Kentucky Interconnection/Net Metering Guidelines, and are, thus, difficult for a potential net metering customer to utilize.

LG&E/KU explained that their intent in filing their net metering tariffs in their current form was to simplify the tariffs and to make them less lengthy than they would otherwise be.

The Intervenors stated that they would file a reply to LG&E/KU's response to their comments in the next few days and would incorporate the proposed language changes discussed at the IC into those comments. The Intervenors did not object to Commission Staff's suggestion that LG&E/KU file a reply to the Intervenors' reply comments within seven days of the Intervenors' filing. Commission Staff stated that they would review both filings and determine whether a follow-up IC is necessary.

There being no other questions from any party, the informal conference was adjourned.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

DEVELOPMENT OF GUIDELINES FOR INTERCONNECTION AND NET METERING FOR CERTAIN GENERATORS WITH CAPACITY UP TO THIRTY KILOWATTS

CASE NO. 2008-00169

June 19, 2009, Telephonic Informal Conference

Please sign in:

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REPRESENTING

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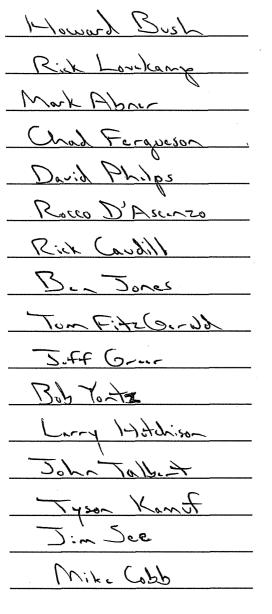
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Notin RECC EKPC

CASE NO. 2008-00169

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REPRESENTING

LGEKU LG:E/KU Cumberland Valley Comberland Valley Int. - County Enorgy Duke Ky. Jackson Energy Juckson Energy Intervenors South Ky RELL Ky. Power Ky. Power Big River Big Rivers Owen Electric Owen Electric

CASE NO. 2008-00169