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JUL 07 2009

PUBLIC SERVICE
COMMISSION

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July 6, 2009

Docket Clerk
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

Re: Administrative Case No. 2008-00169

Dear Docket Clerk:

Please find for filing the original and ten (10) copies of the Intervenor's Reply To Louisville Gas and Electric Company and Kentucky Utilities Company's Response to Intervenor's Comments, for filing in the above-referenced Administrative Case. All parties have been served. Thanks very much.

Cordially,

Tom Fitzgerald
Counsel for Intervenor

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COMMONWEALTH OF KENTUCKY

JUL 07 2009

BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE COMMISSION

In the Matter of:

DEVELOPMENT OF GUIDELINES FOR)
INTERCONNECTION AND NET METERING)
FOR CERTAIN GENERATORS WITH) CASE NO. 2008-00169
CAPACITY UP TO THIRTY KILOWATTS)

INTERVENORS REPLY TO LOUISVILLE GAS AND
ELECTRIC COMPANY AND KENTUCKY UTILITIES
COMPANY'S RESPONSE TO INTERVENORS' COMMENTS

* * * * *

Pursuant to the Commission's April 24, 2009 Order in this proceeding,
Intervenors provided comments concerning the compliance of the individual
jurisdictional utilities with the net metering guidelines mandated by SB 83 and adopted
by the Commission as Appendix A to the January 8, 2009 Commission Order in this case.
Louisville Gas and Electric Company and Kentucky Utilities (collectively "LGE/KU")
responded to Intervenors' comments on June 5, 2009. Intervenors reply to that response
as follows:

I. The LGE/KU Tariffs Do Not Comply With The Guidelines

The Commission's January 8, 2009 Order (hereinafter "Order") states that, "[a]ll
jurisdictional electric utilities who are parties to this case shall file net metering tariffs
and application forms to comply with the "Interconnection and Net Metering Guidelines
- Kentucky" within 90 days of the issuance of this Order." Order, p.5. The purpose of
the Interconnection and Net Metering Guidelines - Kentucky (hereinafter "Guidelines")
is to "facilitate the use of net metering and interconnection of renewable energy
generators" by standardizing and making more accessible the net metering and

interconnection requirements of the regulated utilities across the Commonwealth. Order, Appendix A “Interconnection and Net Metering Guidelines – Kentucky”, p.1.

The LGE/KU Net Metering tariffs and applications fail to comply with the Guidelines as required by the Commission’s Order. While Intervenors appreciate that the *intent* of the streamlined filing was to simplify the process of applying for net metering and meeting the technical interconnection requirements, in that attempt, LGE/KU has deleted key requirements and modified others, creating a document that requires the tariff be read concurrently with both the LGE/KU separate tariff books, (each over 100 pages long), the Commission-approved Guidelines, and the Kentucky Revised Statutes regarding net metering (KRS 278.465-278.467) in order to understand fully what rights and obligations the applicant has with respect to interconnection and net metering.

Although LGE/KU state that their Standard Rate Rider is intended to comply with the Guidelines as established by the Commission, such an intent is no surrogate for actually compliance with the Guidelines via adoption of a net metering tariff containing the key language and conditions painstakingly negotiated by the parties and approved by the Commission.

The LGE/KU tariffs and application depart from the Guidelines in areas not sanctioned by the Commission and inhibit the goals of transparency, uniformity, and expansion and ease of use Senate Bill 83 was designed to promote.

LGE/KU claims that the addition of and deletion of the some of the specific terms outlined by the Intervenors in their Comments, are contained in Kentucky statutes, so they do not need to be included in the tariffs. (Response, p.4-6). LGE/KU overlook the fact that their tariffs are required by this Commission’s Order **to comply with the**

Guidelines, and it is unclear how adoption of a net metering tariff that does not incorporate fully the substantive provisions of the Commission-approved guidelines, but rather omits matters that are contained in statute, is an adequate substitute.

While LGE/KU argue that incorporating the Guidelines verbatim (save for the provisions in the Guidelines that allow deviation for practices that are company specific) would “swell the LGE/KU already lengthy tariff books by over twenty pages each,” the net metering tariffs are intended to stand alone, since they do not apply to customers not engaged in net metering. (Response, p.2). Had LGE/KU complied with the Commission Order in the fashion that all of the other utilities did, it would have a single document containing all information relating to net metering that would not require reference to the general tariff filing, statute or Commission guidelines.

II. Departure From The Language And Substantive Requirements Of The Guidelines Is Allowed Only In The “Billing” And “Metering” Sections And Where The Guidelines, By Their Terms, Provide Discretion To The Utility

The Commission’s Order requiring compliance with the Guidelines identifies those areas in which uniformity among the utilities is not required, and by implication does not authorize deletion, modification, or addition of terms *except* in those areas where the Guidelines allow for deviation, i.e. these specific billing and metering practices of each utility. LGE/KU recognize this in their November 13, 2008 Comments concerning the Commission Staff’s November 3, 2008 Informal Conference Memorandum (hereinafter “Comments”) where LGE/KU’ Comments reject the Commission’s characterization of the Guidelines as a “Tariff.” Comments, p.1. In support of this contention LGE/KU noted two instances where the Guidelines contemplate that the utilities’ tariffs will not have common language: metering and

billing. LGE/KU quote the following provisions of the “Metering” and “Billing” sections of the guidelines in support of this contention:

Due to variations among utilities in Kentucky in the types of meters used, it is impractical to have common language for this section that clearly describes the type of meter that will be used by any one utility to enable net metering.

“Likewise, the “Billing” section states:

Due to variations among utilities in Kentucky in rate tariff structure, billing system capabilities, and net metering equipment described above, it is impractical to have common language for this section that clearly describes the billing details of any one utility. Each Utility will provide language in its tariff filing that uniquely describes its billing practice consistent with the requirements of KRS 278.465 to 278.468.

Comments, pp.2-3.

The fact that the Guidelines suggest it is impractical to have common language in the “Billing” and “Metering” sections, suggests that the Guidelines intend that the tariff would have common language in those sections where variations in utility policy do not exist.

LGE/KU further state that “[b]ecause each utility’s operating environment and customer base varies from those of other utilities, the flexibility inherent in the Guidelines was crucial to reaching agreement on the language therein.” The Guidelines contemplate flexibility in the “Metering” and “Billing” sections for that reason, and also contemplate the exercise of discretion by the utilities in determining whether to allow electronic applications (Guidelines, p.3) and whether to require an application fee for Level 2 (Guidelines, p.6). However, no utility suggested additional areas in which common language was not acceptable, and in fact **all** of the other responding utilities have adopted (with minor deviations that Intervenors identified in their comments)

Tariffs that fully conform to the Guidelines. LGE/KU's filing is *the* sole outlier, and if LGE/KU felt that additional provisions of the negotiated guidelines needed flexibility for utility-specific practices, they should have proposed these suggestions to the other parties during negotiations. Without a specific acknowledgement within the Guidelines that other provisions can be interpreted individually based on particular utility policy, the mandate by the Commission that the tariff comply with the Guidelines can only be met by including all and only all of the substantive provisions contained therein.

III. Conclusion

The LGE/KU tariffs fail in numerous respects to meet the requirements of the Guidelines by removing, modifying, and adding provisions or requirements. The Guidelines make clear that only in certain areas may individual utilities depart from the basic text and terms of the Guidelines because of individual differences in utility policy and circumstances. The legislative intent of SB 83 was to standardize and streamline the interconnection process and encourage the expansion of net metering. Instead, LGE/KU have served to further complicate the process by deleting, modifying, and adding provisions or requirements from the Commission Guidelines into their tariffs and thus expecting the applicant to search through Kentucky statute, the Guidelines, and the LGE/KU existing tariffs to attempt to discover its rights and obligations under the tariff. The fact that LGE/KU state that the tariff is meant to comply with the Guidelines is no excuse for failure to conform to those requirements. As such, the proposed filings should be rejected and LGE/KU should be required to file revised tariffs that conform textually to the Commission Guidelines, except where deviations are allowed, as described above.

In the interest of amicable resolution of the discrepancies between the language of the proposed tariffs and the key substantive terms and conditions of the Guidelines, and reserving Intervenors' belief that as a matter of law no departure from the structure and substance of the Guidelines is allowable, Intervenors have attached a suggested mark-up the LGE Tariff that would comply in substance with the Guidelines and the Commission's Order.

Respectfully submitted,



Tom Fitzgerald
Kentucky Resources Council, Inc.
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Frankfort, Kentucky 40602
(502) 875-2428

Counsel for Intervenors

CERTIFICATE OF SERVICE

I hereby certify that the original and 10 copies of this Reply have been mailed first-class postage prepaid to the Commission and that a true and correct copy of the Motion has been served by first-class mail upon the Service List by mailing same to the following individuals this 6th day of July, 2009:

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Tom FitzGerald

Louisville Gas and Electric Company

P.S.C. Electric No. 7, First Revision of Original Sheet No. 57
Cancelling P.S.C. Electric No. 7, Original Sheet No. 57

Standard Rate Rider

NMS

Net Metering Service

APPLICABLE

In all territory served.

AVAILABILITY OF SERVICE

Available to customer ~~generators~~ who own and operate and maintain a generating facility system located on the customer's premises, that use as its total fuel source solar energy, wind energy, biomass or biogas energy, or hydro energy, in parallel with Company's electric distribution system to provide all or part of their electrical requirements, and who execute Company's written Application for Interconnection and Net Metering. The generation facility system shall be limited to a maximum rated capacity of 30 kilowatts. This Standard Rate Rider is intended to be consistent with and to incorporate ~~comply with~~ all provisions of the Interconnection and Net Metering Guidelines approved by the Public Service Commission of Kentucky, which can be found on-line at www.psc.ky.gov as Appendix A to the January 8, 2009 Order in Administrative Case 2008-00169.

METERING AND BILLING

Net metering service shall be measured using a single meter or, as determined by Company, additional meters and shall be measured in accordance with standard metering practices by metering equipment capable of registering power flow in both directions for each time period defined by the applicable rate schedule. This net metering equipment shall be provided without any cost to the Customer. This provision does not relieve Customer of his or her responsibility to pay metering costs embedded in the Company's Commission-approved base rates. Additional meters, requested by Customer, will be provided at Customer's expense.

If electricity generated by Customer and fed back to Company's system exceeds the electricity supplied to Customer from the system during a billing period, Customer shall receive a credit for the net delivery on Customer's bill for the succeeding billing periods. Any such unused excess credits will be carried forward for the duration of the account and drawn on by Customer as needed. Unused excess credits existing at the time Customer's service is terminated end with Customer's account and are not transferrable between customers or locations.

NET METERING SERVICE INTERCONNECTION GUIDELINES

General – Customer shall operate their generating facilities in parallel with Company's system under the following conditions, and any other conditions required by Company where unusual conditions arise not covered herein:

1. Customer to own, ~~install,~~ operate and bear full responsibility for the maintenance of ~~and maintain all~~ the generating facilities on their premises. Such facilities shall include, but not be limited to, necessary control equipment to synchronize frequency, voltage, etc., between Customer's and Company's system as well as adequate protective equipment between the two systems. Customer's voltage at the point of interconnection will be the same as Company's system voltage.
2. Customer will be responsible for operating all ~~generators~~ and ~~all~~ facilities owned by Customer, except as specified hereinafter. Customer will maintain its system in synchronization with Company's system.
3. Customer will be responsible for any damage done to Company's equipment due to failure of Customer's control, safety, or other equipment.

Date of Issue: April 8, 2009

Date Effective: April 28, 2009

Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky

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4. Customer agrees to inform Company of any changes it wishes to make in its generating and/or associated facilities that are different from those initially installed and described to Company in writing and obtain prior approval from Company.
5. Company will have the right to inspect and approve Customer's facilities, described herein, and conduct any tests necessary to determine that such facilities are installed and operating properly. However, Company will have no obligation to inspect, witness tests or in any manner be responsible for Customer's facilities or operation.

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Louisville Gas and Electric Company

P.S.C. Electric No. 7, First Revision of Original Sheet No. 57.1
Cancelling P.S.C. Electric No. 7, Original Sheet No. 57.1

Standard Rate Rider

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Net Metering Service

NET METERING SERVICE INTERCONNECTION GUIDELINES (continued)

6. Customer assumes all responsibility for the electric service on Customer's premises at and from the point of delivery of electricity from Company to the meter and for the wires and equipment used in connection therewith, and will protect and save Company harmless from all claims for injury or damage to persons or property occurring on Customer's premises or at and from the point of delivery of electricity from Company, occasioned by such electricity or said wires and equipment, except where said injury or damage will be shown to have been caused or contributed to by the fault of occasioned solely by the negligence of Company or its employees, agents, representatives or contractors.

Level 1 – A Level 1 installation is defined as an inverter-based generator certified as meeting the requirements of Underwriters Laboratories Standard 1741. A Level 1 installation will be approved by the Company if it meets and meeting the following conditions:

1. The aggregated net metering generation on a radial distribution circuit will not exceed 15% of the line section's most recent one hour peak load. A line section is the smallest part of the primary distribution system the generating facility could remain connected to after operation of any sectionalizing devices.
2. The aggregated net metering generation on a shared single-phase secondary will not exceed 20 kVA or the name-plate rating of the service transformer.
3. A single-phase net metering generator interconnected on the center tap neutral of a 240 volt service shall not create an imbalance between the two sides of the 240 volt service of more than 20% of the nameplate rating of the service transformer.
4. A net metering generator interconnected to Company's three-phase, three-wire primary distribution lines, shall appear as a phase-to-phase connection to Company's primary distribution line.
5. A net metering generator interconnected to Company's three-phase, four-wire primary distribution lines, shall appear as an effectively grounded source to Company's primary distribution line.
6. A net metering generator will not be connected to an area or spot network.
7. There are no identified violations of the applicable provisions of IEEE 1547, "Standard for Interconnecting Distributed Resources with Electric Power Systems".
8. Company will not be required to construct any facilities on its own system to accommodate the net metering generator.

Customer desiring a Level 1 interconnection shall submit a "LEVEL 1 - Application for Interconnection and Net Metering". Company shall notify Customer within 20 business days as to whether the request is approved or, if denied, the reason(s) for denial. If additional information is required, the Company will notify the customer, and the time between notification and submission of the information shall not be counted towards the 20 business days. Approval is contingent upon an initial inspection and witness test at the discretion of Company and in a manner consistent with the Commission guidelines. There are no application fees or other review, study, or inspection or witness test fees for Level 1 installations.

Level 2 – A Level 2 installation is defined as generator that is not inverter-based, that uses equipment is not certified as meeting the requirements of Underwriters Laboratories Standard 1741, or that does not meet one or more of the conditions required of a Level 1 net metering generator. A Level 2 Application will be approved if the generating facility meets the Company's technical interconnection requirements, which are based on IEEE 1547. Those requirements are available on line at _____ and on request.

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Customer desiring a Level 2 interconnection shall submit a "LEVEL 2 - Application for Interconnection and Net Metering", a "LEVEL 2 - Interconnection Agreement", and an "Exhibit A" containing, but not limited to, line diagrams, relay settings, a description of operation, itemization of Company provided facilities and costs, test information, and operational dates. Company shall notify Customer within 30 business days as to whether the request is approved or, if denied, the reason(s) for denial. Within the 30 business days, if construction or other changes to the Company's distribution system are required, the cost will be the responsibility of the Customer and the Company will give notice to the Customer and offer to meet to discuss estimated costs and construction timeframe. Should the Customer agree to pay for costs and proceed, the Company will provide the Customer with an Interconnection Agreement to sign within a reasonable time.

If the Application lacks complete information, the Company shall notify the Customer that additional information is required, including a list of such additional information. The time between notification and receipt of required additional information will add to the 30-business-day target to process the Application.

If the Application is denied, the Company will supply the Customer with reasons for denial and offer to meet to discuss possible changes that would result in Company approval. Customer may resubmit Application with changes.

Approval is contingent upon an initial inspection and witness test at the discretion of Company.

Customer submitting a "Level 2 - Application for Interconnection and Net Metering" will provide a non-refundable inspection and processing fee of \$100, and in the event that the Company determines an impact study to be necessary, shall be responsible for any reasonable costs of plus up to \$1,000 of documented costs for the initial impact study.

Louisville Gas and Electric Company

P.S.C. Electric No. 7, First Revision of Original Sheet No. 57.2
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Standard Rate Rider

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Net Metering Service

NET METERING SERVICE INTERCONNECTION GUIDELINES (continued)

~~for any initial impact studies, if required.~~ Additional studies requested by Customer shall be at Customer's expense.

CONDITIONS OF INTERCONNECTION

Customer may operate his net metering generator in parallel with Company's system when complying with the following conditions:

1. Customer shall install, operate, and maintain, at Customer's sole cost and expense, any control, protective, or other equipment on Customer's system required by Company's technical interconnection requirements based on IEEE 1547, NEC, accredited testing laboratories, and the manufacturer's suggested practices for safe, efficient and reliable operation of the net metering ~~generating facility~~ generator in parallel with Company's system. Customer bears full responsibility for the installation, maintenance and safe operation of the net metering generating facility ~~generator~~. Upon reasonable request from Company, Customer shall demonstrate compliance.
2. Customer shall represent and warrant compliance of the net metering generator with:
 - a) any applicable safety and power standards established by IEEE and accredited testing laboratories;
 - b) NEC, as may be revised from time-to-time;

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- c) Company's rules and regulations and Terms and Conditions, as may be revised by time-to-time by the Public Service Commission of Kentucky;
 - d) the rules and regulations of the Public Service Commission of Kentucky, as may be revised by time-to-time by the Public Service Commission of Kentucky;
 - e) all other local, state, and federal codes and laws, as may be in effect from time-to-time.
3. Any changes or additions to Company's system required to accommodate the net metering generator shall be Customer's financial responsibility and Company shall be reimbursed for such changes or additions prior to construction.
 4. Customer shall operate the net metering generator in such a manner as not to cause undue fluctuations in voltage, intermittent load characteristics or otherwise interfere with the operation of Company's electric system. Customer shall so operate the generating facility in such a manner that no adverse impacts will be produced thereby to the service quality rendered by Company to any of its other customers or to any electric system interconnected with Company's electric system.
 5. Customer shall be responsible for protecting, at Customer's sole cost and expense, the net metering generating facility from any condition or disturbance on Company's electric system, including, but not limited to, voltage sags or swells, system faults, outages, loss of a single phase of supply, equipment failures, and lightning or switching surges, except that the Company shall be responsible for repair of damage caused to the net metering generator resulting solely from the negligence or willful misconduct on the part of the Company.
 6. Following the initial testing and inspection of the generating facility and upon reasonable advance notice to Customer, Company shall have access at reasonable times to the generating facility to perform reasonable on-site inspections to verify that the installation, maintenance and operation of the net metering generator comply with the requirements of this rate schedule.
 7. Where required by the Company, Customer shall furnish and install on Customer's side of the point of interconnection a safety disconnect switch which shall be capable of fully disconnecting Customer's net metering generator from Company's electric service under the full rated conditions of Customer's net metering generator. The external disconnect switch (EDS) shall be located

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Standard Rate Rider

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Net Metering Service

CONDITIONS OF INTERCONNECTION (continued)

- 12. By entering into an Interconnection Agreement, or by inspection, if any, or by non-rejection, or by approval, or in any other way, Company does not give any warranty, express or implied, as to the adequacy, safety, compliance with applicable codes or requirements, or as to any other characteristics, of the generating facility equipment, controls, and protective relays and equipment.

- 13. A Customer's generating facility is transferable to other persons or service locations only after notification to the Company has been made and verification that the installation is in compliance with this tariff. Upon written notification that an approved generating facility is being transferred to another person, customer, or location, the Company will verify that the installation is in compliance with this tariff and provide written notification to the customer(s) within 20 business days. If the installation is no longer in compliance with this tariff, the Company will notify the Customer in writing and list what must be done to place the facility in compliance.

- 14. The Customer shall retain any and all Renewable Energy Credits (RECs) that may be generated by their generating facility.

DEFINITIONS

"Billing period" shall be the time period between the dates on which Company issues the customer's bills.

"Billing Period Credit" shall be the electricity generated by the customer that flows into the electric system and which exceeds the electricity supplied to the customer from the electric system during any billing period.

TERMS AND CONDITIONS

Except as provided herein, Service will be furnished under Company's Terms and Conditions applicable hereto, and in a manner consistent with this Tariff and the requirements of the Guidelines of the Commission in Administrative Case 2008-00169.

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Louisville Gas and Electric Company

P.S.C. Electric No. 7, Original Sheet No. 57.5

Standard Rate Rider

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Net Metering Service

LEVEL 1

Application for Interconnection and Net Metering

Use this application form only for a generating facility that is inverter based and certified by a nationally recognized testing laboratory to meet the requirements of **UL 1741**.

Submit this Application to:

Louisville Gas and Electric Company, Attn: Customer Commitment,
P. O. Box 32010, Louisville, KY 40232

If you have questions regarding this Application or its status, contact LG&E at:

502-627-2202 or customer.commitment@eon-us.com

Customer Name: _____ Account Number: _____

Customer Address: _____

Customer Phone No.: _____ Customer E-mail Address: _____

Project Contact Person: _____

Phone No.: _____ E-mail Address (Optional): _____

Provide names and contact information for other contractors, installers, or engineering firms involved in the design and installation of the generating facilities:

Energy Source: Solar Wind Hydro Biogas Biomass

Inverter Manufacturer and Model #: _____

Inverter Power Rating: _____ Inverter Voltage Rating: _____

Power Rating of Energy Source (i.e., solar panels, wind turbine): _____

Is Battery Storage Used: No Yes If Yes, Battery Power Rating: _____

Attach documentation showing that inverter is certified by a nationally recognized testing laboratory to meet the requirements of UL 1741.

Attach site drawing or sketch showing location of Utility's meter, energy source, (*optional: Utility accessible disconnect switch*) and inverter.

Attach single line drawing showing all electrical equipment from the Utility's metering location to the energy source including switches, fuses, breakers, panels, transformers, inverters, energy source, wire size, equipment ratings, and transformer connections.

Expected Start-up Date: _____

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Louisville Gas and Electric Company

P.S.C. Electric No. 7, Original Sheet No. 57.6

Standard Rate Rider

NMS

Net Metering Service

LEVEL 2

Application for Interconnection and Net Metering

Use this application form when a generating facility is not inverter-based or is not certified by a nationally recognized testing laboratory to meet the requirements of **UL 1741** or does not meet any of the additional conditions under Level 1.

Submit this Application, along with an application fee of \$100, to:

Louisville Gas and Electric Company, Attn: Customer Commitment,
P. O. Box 32010, Louisville, KY 40232

If you have questions regarding this Application or its status, contact LG&E at:

502-627-2202 or customer.commitment@eon-us.com

Customer Name: _____ Account Number: _____

Customer Address: _____

Project Contact Person: _____

Phone No.: _____ E-mail Address (Optional): _____

Provide names and contact information for other contractors, installers, or engineering firms involved in the design and installation of the generating facilities:

Total Generating Capacity of Generating Facility: _____

Type of Generator: Inverter-Based Synchronous Induction

Power Source: Solar Wind Hydro Biogas Biomass

Adequate documentation and information must be submitted with this application to be considered complete. Typically this should include the following:

1. Single-line diagram of the customer's system showing all electrical equipment from the generator to the point of interconnection with the Utility's distribution system, including generators, transformers, switchgear, switches, breakers, fuses, voltage transformers, current transformers, wire sizes, equipment ratings, and transformer connections.
2. Control drawings for relays and breakers.
3. Site Plans showing the physical location of major equipment.
4. Relevant ratings of equipment. Transformer information should include capacity ratings, voltage ratings, winding arrangements, and impedance.
5. If protective relays are used, settings applicable to the interconnection protection. If programmable relays are used, a description of how the relay is programmed to operate as applicable to interconnection protection.
6. A description of how the generator system will be operated including all modes of operation.
7. For inverters, the manufacturer name, model number, and AC power rating. For certified inverters, attach documentation showing that inverter is certified by a nationally recognized testing laboratory to meet the requirements of UL 1741.
8. For synchronous generators, manufacturer and model number, nameplate ratings, and impedance data (Xd, Xd, & Xd).
9. For induction generators, manufacturer and model number, nameplate ratings, and locked rotor current.

Customer Signature: _____ Date: _____

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