



Andy Beshear  
Governor

Rebecca W. Goodman  
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

Michael J. Schmitt  
Chairman

Robert Cicero  
Vice Chairman

Talina R. Mathews  
Commissioner

## NEWS RELEASE

Contact: Andrew Melnykovich  
502-782-2564 or 502-564-3940  
502-330-5981 (cell)  
Andrew.Melnykovich@ky.gov

# **PSC Completes Review of Input on Net Metering Changes**

*Commission will contract with outside consultant to assist with rate cases*

**FRANKFORT, Ky. (Dec. 18, 2019)** – The Kentucky Public Service Commission (PSC) will hire an expert consultant to assist with the review of rate applications filed by electric utilities under Kentucky's new net metering statute.

The new law, which takes effect January 1, 2020, changes the way in which Kentucky electric utility customers receive credit for electricity they generate from solar panels and other renewable sources.

In an order issued today, the PSC summarized the comments it received during an administrative case it opened to examine implementation of the statute. The record of the administrative case will be incorporated into the record of any rate adjustment cases filed by electric utilities.

The PSC case was established in July to gather information that would be useful in those future rate cases. The PSC made no decisions on net metering rates in the current proceeding.

Today's order summarizes the extensive comments the PSC received during the proceeding, both in writing and at a November 13 public meeting. The order notes that the comments include a variety of proposed approaches to setting the revised rates.

Many of those approaches are new to the PSC and differ from conventional rate proceedings.

Therefore, the PSC has decided to hire an outside consultant to assist with the initial round of net metering rate cases. The consultant "will bring expertise and experience from other states and proceedings that the Commission staff itself does not possess," the PSC said in the order.

The PSC issued a request for proposals from consultants earlier this month, with responses due today.

The PSC also said that it will initiate a separate administrative proceeding to revise the technical guidelines and requirements under which net metering customers connect to a utility's system. Those rules, which apply to all electric utilities, need to be updated to reflect changes in technology and technical standards, the PSC said.

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The case will use a collaborative process similar to that was used to establish the current guidelines, the PSC said. All electric utilities will be made parties to the case.

Responding to comments that called on the PSC to delay implementation of the act until the total amount of net metered generating capacity reaches a threshold level, the PSC stated that the statute sets an implementation date with which the PSC is required to comply. Therefore, the PSC must accept applications for revised net metering rates submitted by utilities after January 1, 2020.

Under the new net metering law, net metered customers will receive dollar credits at a compensation rate set by the PSC in rate proceedings for each utility, with the compensation amount for each billing period subtracted from the total bill for that period. The new law states that an electric utility is “entitled to implement rates to recover from its eligible (net metering customers) all costs necessary to serve” those customers, independent of the rate structure for all other customers.

Homes and businesses that begin receiving net metering service under the prior rates will continue to do so for 25 years from the date at which net metering began. The 25-year period will not be affected if the property is sold.

Investor-owned electric utilities – Duke Energy Kentucky, Kentucky Power Co., Kentucky Utilities Co., Louisville Gas & Electric Co. – will have to file individually to adjust their net metering rates. Kentucky’s two generation and transmission cooperatives – Big Rivers Electric Corp. and East Kentucky Power Cooperative – may file on behalf of one or more of their distribution cooperatives or distribution cooperatives may file individual applications.

Each utility’s new net metering rate will be established based on its particular circumstances, considering both the evidence in each case and the record of the current proceeding. Utilities may file cases beginning January 2, 2020.

Today’s order, a video of the public comment hearing and other records in the case are available on the PSC website at [https://psc.ky.gov/PSC\\_WebNet/ViewCaseFilings.aspx?case=2019-00256](https://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?case=2019-00256).

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

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