COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE UNION LIGHT, HEAT AND POWER COMPANY FOR APPROVAL OF REVISIONS TO ITS ELECTRIC RIDER NM, NET METERING RIDER	))))	CASE NO. 2004-00393

O R D E R

On September 23, 2004, The Union Light, Heat and Power Company ("ULH&P") filed an application for approval of revisions to its tariff rider NM, Net Metering Rider, to conform the tariff to the net metering requirements set forth in Senate Bill 247. Enacted during the 2004 regular session of the Kentucky General Assembly, the provisions of Senate Bill 247 have been codified in KRS 278.465 to 278.468.

In order to conduct a review of the proposed tariff revisions, the Commission established this docket on October 15, 2004. The Order establishing this case included a data request to which ULH&P responded on October 28, 2004. There are no intervenors in this matter.

BACKGROUND

In Case No. 2002-00240,[1] the Commission approved a net metering tariff which ULH&P had filed voluntarily. This was the third voluntary net metering tariff approved by the Commission for a jurisdictional Kentucky electric utility.[2]

[1] Case No. 2002-00240, An Application of The Union Light, Heat and Power Company For Approval of the Proposed Rider NM, Net Metering Rider.

[2] Net metering tariffs had been previously approved for the Louisville Gas and Electric Company and the Kentucky Utilities Company.

KRS 278.467, which codified a portion of Senate Bill 247 and became effective July 13, 2004, requires all jurisdictional retail electric utilities to file net metering tariffs with the Commission within 180 days. KRS 278.465 and KRS 278.466 establishes the definitions and requirements applicable to the net metering tariffs which KRS 278.467 requires to be filed. ULH&P's revised net metering tariff was filed to comply with the requirements of these statutes.

DISCUSSION

The data request issued in this proceeding questioned whether certain aspects of ULH&P's revised tariff are consistent with the definitions and requirements set forth in KRS 278.465 and KRS 278.466. Specifically, the aspects questioned included:

1. A 1,000 kWh limit on a net metering customer's monthly generation.
2. A reference to the customer operating in parallel with ULH&P transmission facilities.
3. Whether the proposed interconnection agreement should be part of the tariff.
4. Whether "control and protective equipment" will be standard or varied.
5. The type of interconnection costs that might be the customer's responsibility.
6. The type of distribution costs that might be the customer's responsibility.

In its data responses, ULH&P agreed that, per the statutes, the 1,000 kWh limit on monthly generation was not necessary and should be deleted. It also agreed that the reference identified in Item 2 above should refer only to distribution facilities, not to both transmission and distribution facilities. If its proposed interconnection agreement was filed in "standard form," subject to minor modification to address unique situations, ULH&P was also agreeable to filing the interconnection agreement as part of the tariff.

As to "control and protective equipment," ULH&P stated that, given the tariff's limit to solar installations of 15 kW or less, as established by the statutes, a standard inverter will be used in the overwhelming majority of installations. However, it indicated that in very rare instances additional control and protective equipment might be required to comply with the standards set forth in the statutes. ULH&P also indicated that, in the overwhelming majority of installations, there would be no interconnection costs for which customers would be responsible, but that installations resulting in such costs might occur on occasion.

Regarding distribution costs for which customers would be responsible, ULH&P indicated that, with the facilities limited by statute to capacities of 15 kW, it does not anticipate that any distribution costs will be incurred. Accordingly, ULH&P stated that it would remove the provision requiring customers to be responsible for their share of distribution costs from the proposed tariff.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that ULH&P's revised net metering tariff rider should be approved, subject to the following modifications as agreed to by ULH&P:

1. Delete the 1,000 kWh limit on a customer's monthly generation.
2. Delete "transmission" from the reference to "operating in parallel."
3. Include a standard form interconnection agreement in the filed tariff.
4. Delete the reference to customers' responsibility for distribution costs.

In addition, ULH&P should maintain records on both the installation of any non-standard control and protective equipment and the interconnection costs charged to customers.

IT IS THEREFORE ORDERED that:

1. Subject to the modifications and conditions set forth above, ULH&P's revised net metering tariff rider is approved effective as of the date of this Order.

2. ULH&P shall file its revised net metering tariff rider, as modified and approved herein, with the Commission within 20 days from the date of this Order. The tariff rider should show its effective date and that it was filed pursuant to this Order.

Done at Frankfort, Kentucky, this 15th day of December, 2004.

By the Commission

ATTEST:

Robert A Amato for the

Executive Director