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VIA E-FILING

September 4, 2018

Michael J. Schmitt, Chairman
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2018-00005

Chairman Schmitt:

I write to explain Kentucky Industrial Utility Customer's ("KIUC") lack of active participation in the most recent phase of the Commission's Advanced Metering Systems ("AMS") investigation.

Kentucky Utilities Company ("KU") and Louisville Gas and Electric Company ("LG&E") filed their Application on January 10, 2018 seeking a Certificate of Public Convenience and Necessity ("CPCN") for the deployment of AMS with a capital cost of over \$300 million. The Companies first proposed an AMS program in their 2016 rate case. In that case KIUC filed testimony in opposition to the Companies' AMS proposal, but through the course of settlement negotiations agreed that the AMS issue should be dealt with in a separate proceeding. After the rate case concluded and before this separate AMS proceeding was initiated, KIUC remained involved in the AMS issue by participating in a stakeholder meeting on July 18, 2017 at KU's offices in Lexington.

When the Companies later initiated this case per the terms of the settlement agreement in the 2016 rate case, KIUC intervened because it had addressed the AMS issue in the 2016 rate case and because of the potentially large impact on KIUC members. Further, as a signatory party to the settlement agreement in the 2016 rate case which authorized this CPCN proceeding, I felt that KIUC had an obligation to see the issue through to its conclusion.

Even though the AMS program was targeted primarily to residential customers, the possibility of cost shifting to the industrial class could occur in the future if rates are not properly set at cost-of-service. However, no party to the proceeding proposed a cost-shift to the industrial class and the interests of residential ratepayers were being more than adequately handled by other interveners. As a result of these developments KIUC attended the entire evidentiary hearing, but did not ask discovery, file testimony or submit a brief. The Commission took note of this in its August 30, 2018 Order, stating:

"KIUC neither elected to submit a post-hearing brief nor supplied any testimony or requests for information in this proceeding. The Commission notes, that for entities such as KIUC, requests to intervene in a proceeding are permissive. The Commission expects that persons requesting to intervene will fully participate throughout the entire course of a proceeding by taking affirmative steps to present issues and facts that will assist the Commission in considering the matter."

Energy costs are very important to KIUC's members so occasionally KIUC will intervene in a proceeding with the expectation of active participation, only to find that the case develops in such a way as to alleviate KIUC's concerns. As explained above, KIUC intervened in this case with the expectation of more active participation if the other parties proposed a cost-shift to industrial customers. When that did not happen KIUC merely monitored the case without weighing in on issues that do not directly impact KIUC's members.

I would be remiss if I did not point out that over the last thirty years KIUC has a long track record in more than a hundred cases of taking affirmative steps to assist the Commission. Many times intervenors address parochial issues that only affect their particular interests. In contrast, in most cases, and certainly in all rate cases, KIUC addresses comprehensive revenue requirement issues that benefit all ratepayers. And when KIUC successfully addresses revenue requirement issues its members benefit proportionately *less* than other customers who receive the same relative benefit but pay none of the litigation expense. The most recent example of this is the KIUC Tax Cuts and Jobs Act ("TCJA") Complaint against the four investor owned electric utilities. While the Commission would have undoubtedly opened its own TCJA investigation absent the KIUC Complaint, our Complaint made the Commission's job easier and expedited rate reductions for all consumers. Another noteworthy example was KIUC's years long legal battle against the ecoPower biomass contract. That 20-year, no-bid \$1.2 Billion contract for 58.5 MW of unneeded tree-burning power at three times fair market value would have greatly exacerbated the economic hardship currently being endured by the people and businesses of Eastern Kentucky.

KIUC takes serious notice of the admonitions contained in the Commission's August 30, 2018 Order and will conduct our participation in future proceedings accordingly.

Respectfully submitted,



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Jody Kyler Cohn, Esq.

BOEHM, KURTZ & LOWRY

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cc: Robert J. Cicero, Vice. Chairman
Talina R. Mathews, Commissioner
Gwen R. Pinson, Exec. Dir.
Nancy J. Vinsel, Esq.
Richard Raff, Esq.

CERTIFICATE OF SERVICE

This is to certify that the foregoing copy of the foregoing is a true and accurate copy of the documents being filed in paper medium; that the electronic filing was transmitted to the Commission on September 4, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a copy of the filing in paper medium is being overnighted to the Commission on September 4, 2018.



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