

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF LOUISVILLE)
GAS AND ELECTRIC COMPANY AND KENTUCKY)
UTILITIES COMPANY FOR A CERTIFICATE OF PUBLIC) CASE NO.
CONVENIENCE AND NECESSITY FOR FULL) 2018-00005
DEPLOYMENT OF ADVANCED METERING SYSTEMS)

**ATTORNEY GENERAL’S REPLY IN SUPPPORT OF THE AG’S MOTION TO
AMEND THE PROCEDURAL SCHEDULE**

Comes now, the Attorney General of the Commonwealth of Kentucky, Andy Beshear, by and through his Office of Rate Intervention and provides his Reply to the Kentucky Public Service Commission (“Commission”) in support of his Motion to Amend the Procedural Schedule in this matter. The Attorney General states as follows:

The Attorney General is not requesting a “continuance.” The Attorney General moved that the first round of discovery in this matter be set for no earlier than April 1, 2018 roughly six (6) work-hours before the Commission entered its procedural Order.¹ To refer to any motion to amend a procedural schedule more than two (2) weeks before the first substantive date as a request for a continuance is a distortion of the word as used by the Commission. Although the Attorney General was not required to provide good cause, he nevertheless did. In support of his motions to set and to amend the procedural schedule, the Attorney General noted the current number of pending rate cases, and the associated workload on both his office and the Commission.² Furthermore, the Attorney General noted

¹ Attorney General’s Motion for a Procedural Schedule, Case No. 2018-00005 (Ky. PSC Jan. 25, 2018).

² *Id.*; Attorney General’s Motion to Amend the Procedural Schedule, Case No. 2018-00005 (Ky. PSC Jan. 30, 2018).

the complexity of a major AMI CPCN, wherein the Joint Applicants request approval of a project that will increase rate base by \$250 million by replacing undepreciated, working meters, with new smart meters.³

In support of their assertion that the case should continue on an expedited basis, the Joint Applicants cite several other AMI CPCNs sought by other jurisdictional utilities.⁴ Even though the Joint Applicants note the Duke Energy CPCN as having provided the Commission familiarity with AMS, the Companies nevertheless glossed over a fact that the Attorney General noted in his first Motion: “the Commission’s decision came exactly 13 months after the application was filed.”⁵ Further, of the other four (4) CPCNs sought by utilities for smart meters cited by the Companies, only one came after the Commission’s final Order in its seminal case on smart meters and smart grids.⁶ The Smart Grid/Smart Meter Order explicitly stated the Commission’s decision on several issues dealing with smart meters, including its declaration that “the Commission finds it appropriate for jurisdictional electric utilities to obtain CPCNs for major AMR or AMI meter investments.”⁷ The only other case cited by the Joint Applicants in support of their contention that the review in this case should

³ *Id.*; Joint Application, Case No. 2018-00005 (Ky. PSC Jan. 10, 2018) p. 6-8.

⁴ Louisville Gas and Electric Company and Kentucky Utilities Company’s Response to Attorney General’s Motion to Amend Procedural Schedule, Case No. 2018-00005 (Ky. PSC Feb. 1, 2018) p. 3-4.

⁵ *Id.*; Attorney General’s Motion for a Procedural Schedule, Case No. 2018-00005 (Ky. PSC Jan. 25, 2018) p. 3.

⁶ *In the Matter of: Application of Clark Energy Cooperative, Inc. for a Certificate of Convenience and Necessity to Install an Advanced Metering Infrastructure (AMI) System*, Case No. 2016-00220, Order (Ky. PSC Dec. 22, 2016); *In the Matter of: Application of Nolin Electric Corporative Corporation for an Order Pursuant to 807 KAR 5:001 and KRS 278.020 Requesting the Granting of a Certificate of Public Convenience and Necessity to Install an AMI System*, Case No. 2014-00436, Order (Ky. PSC Feb. 13, 2015); *In the Matter of: Application of Fleming-Mason Energy, Inc. for a Certificate of Convenience and Necessity to Install an Advanced Metering Infrastructure System*, Case No. 2012-00361, Order (Ky. PSC Oct. 11, 2012); *In the Matter of: Application of Kenergy Corp. for an Order Issuing a Certificate of Convenience and Necessity to Install an Automated Metering and Infrastructure System*, Case No. 2014-00376, Order (Ky. PSC Feb. 24, 2015); *In the Matter of: Consideration of the Implementation of Smart Grid and Smart Meter Technologies*, Order (Ky. PSC Apr. 13, 2016).

⁷ *In the Matter of: Consideration of the Implementation of Smart Grid and Smart Meter Technologies*, Order (Ky. PSC Apr. 13, 2016) p. 11.

be expedited is Clark Energy's CPCN. Importantly, in its Order granting Clark Energy's CPCN for smart meters, the Commission found that the utility's current meters were obsolete, fully depreciated, or having significant communications issues.⁸ The Companies' Application here is far from comparable to the application filed by Clark Energy. As such, additional time and scrutiny is necessary to determine whether the Joint Applicants should be granted a CPCN.

It is interesting that the Joint Applicants use the fact that, "there are no fundamental differences between the AMS deployment proposed in this proceeding and the Companies' proposal for AMS deployment in the Companies' 2016 base rate cases" as support for their position that the current, expedited, procedural schedule should not be amended.⁹ In fact, for that reason alone a more thorough review of the Application is required. In the base rate cases, Case No. 2016-00371 and Case No. 2016-00370, the Attorney General supported expert testimony that stated, "The AMS customer benefits projected by the Companies are significantly overstated, unlikely to be achieved and unlikely to exceed customer costs."¹⁰ Given the similarities between the proposals, this is reason enough to amend the procedural schedule, and provide for at least two (2) weeks between the dates presented therein.

Finally, it is important to note that in their Joint Application, the Companies failed to provide any good cause for requesting an order in this matter by June 1, 2018.¹¹ Further, when

⁸ *In the Matter of: Application of Clark Energy Cooperative, Inc. for a Certificate of Convenience and Necessity to Install an Advanced Metering Infrastructure (AMI) System*, Case No. 2016-00220, Order (Ky. PSC Dec. 22, 2016) p. 6.

⁹ Louisville Gas and Electric Company and Kentucky Utilities Company's Response to Attorney General's Motion to Amend Procedural Schedule, Case No. 2018-00005 (Ky. PSC Feb. 1, 2018) p. 2-3.

¹⁰ *In the Matter of: Electronic Application of Kentucky Utilities Company for an Adjustment of its Electric Rates and For Certificates of Public Convenience and Necessity*, Direct Testimony of Paul Alvarez (Ky. PSC Mar. 3, 2017) p. 6.

¹¹ Joint Application, Case No. 2018-00005 (Ky. PSC Jan. 10, 2018) pp. 1, 11 & 18.

provided the opportunity to support their request for a June 1, 2018 Order through their Response, the Joint Applicants merely noted that any delay in an order here would delay any alleged benefits of an AMI rollout.¹² As noted above, given the similarities between this Application and the Companies' previous one, along with the intervening parties'¹³ healthy skepticism of any alleged benefits, the Commission should respectfully decline the Companies' request for an expedited review and order in this matter.

WHEREFORE, the Attorney General requests that the current procedural schedule be amended to require the initial requests for information to the Joint Applicants to be filed no earlier than April 1, 2018, and that the rest of the dates be amended to coincide with this date to provide adequate time to parties according to the Commission's normal scheduling practices.

Respectfully submitted,

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¹² *Id.* at 2.

¹³ Along with those parties whose intervention is pending.