

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINTAPPLICATION OF)
LOUISVILLE GAS AND ELECTRIC)
COMPANY & KENTUCKY UTILITIES)
COMPANY FOR APPROVAL OF A)
SOLAR POWER CONTRACT AND TWO) CASE NO.
RENEWABLE POWER AGREEMENTS) 2020-00016
TO SATISFY CUSTOMER REQUESTS)
FOR A RENEWABLE ENERGY SOURCE)
UNDER GREEN TARIFF OPTION 3)

**ATTORNEY GENERAL’S RESPONSE TO PETITION
FOR RECONSIDERATION AND CLARIFICATION**

The intervenor in this proceeding, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“Attorney General”), submits the following in response to Louisville Gas and Electric Company and Kentucky Utilities Company (“LG&E/KU” or “the Companies”) petition for reconsideration and clarification in the above-styled matter.

The Order of May 8, 2020 reflects the Commission's consideration and evaluation of the entire evidentiary record, and is properly based upon substantial evidence. The Commission correctly concluded that the proposed solar purchase agreement (“PPA”) and retail purchase agreements (“RPAs”) cannot shift cost onto non-participants.

The Attorney General, as noted in his Brief, does not take issue with the PPA or the RPAs as to the 75 MW segment under the Green Energy Tariff (“GET”) Option #3. It is the business prerogative of Toyota Motor Manufacturing Kentucky, Inc. (“Toyota”) and Dow Silicones Corporation (“Dow”) to purchase their desired energy sources. However, the Attorney General

argued, and the Commission agreed, that other ratepayers should not bear any risk of paying for the alternative energy source sought by Toyota and Dow. LG&E/KU made the business decision to execute a PPA securing more power than Toyota and Dow needed. The Attorney General argued that the extra 25 MW segment in the PPA should not be approved if there was risk to other ratepayers. The Commission correctly put into place checks and balances to ensure that the PPA and RPAs do not harm ratepayers. Whatever value solar energy brings should stand on its own and not have to be subsidized by ratepayers.

The Companies failed to meet their burden of proof in showing that the additional 25 MW segment would not adversely affect ratepayers. The Companies have never agreed that other ratepayers should not bear the risk; instead, they deflect the issue by arguing the PPA will likely benefit those ratepayers. But as the Attorney General pointed out in his brief, “The uncertainties are simply too numerous and the Companies are asking the ratepayers to take a financial gamble on 25 MW of unnecessary solar power based upon their own economic analysis, a gamble the Companies are not asking their shareholders to take.”¹ The Companies acknowledged there is a risk to ratepayers.² While they argue the risk is small, it is nevertheless a risk. It is therefore proper for the Commission to determine whether that 25 MW segment of solar energy is a good deal for the ratepayers.

As such, the Commission correctly put into place checks and balances to ensure that Toyota and Dow were able to meet their private corporate goals without risk to other ratepayers. The Attorney General appreciates the Commission’s findings, which seek to ensure that the PPA and RPAs do not negatively affect ratepayers.

¹ AG brief page 7; Response AG DR 2-21.

² AG brief page 6; response to AG DR 2-19.

Finally, silence in this Response as to any particular subject(s) raised in the Companies' Petition should not be construed as acquiescence, approval or agreement. If the Commission should grant a rehearing on any item set forth in the Companies' Petition, the Attorney General expressly reserves his rights to wholly participate and object to any or all item(s) or issue(s) in this proceeding.

WHEREFORE, the Attorney General ask that the Companies' petition for reconsideration and clarification be denied.

Respectfully submitted,

DANIEL CAMERON
ATTORNEY GENERAL



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Certificate of Service and Filing

Pursuant to the Commission's Orders dated March 17, 2020 and March 24, 2020 in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that an electronic copy of the forgoing was served and filed by e-mail to the following. Further, the Attorney General will submit the paper originals of the foregoing to the Commission within 30 days after the Governor lifts the current state of emergency.

Hon. Kendrick Riggs
Hon. Allyson Sturgeon
kendrick.riggs@skofirm.com
Allyson.Sturgeon@lge-ku.com

This 5th day of June, 2020.

A handwritten signature in blue ink, appearing to read "J. Michael West", with a long horizontal flourish extending to the right.

J. Michael West, Assistant Attorney General