

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

| | | |
|--|---|-------------------|
| ELECTRONIC APPLICATION OF KENTUCKY |) | |
| POWER COMPANY FOR (1) A GENERAL |) | |
| ADJUSTMENT OF ITS RATES FOR ELECTRIC |) | |
| SERVICE; (2) APPROVAL OF TARIFFS AND |) | |
| RIDERS; (3) APPROVAL OF ACCOUNTING |) | CASE NO. |
| PRACTICES TO ESTABLISH REGULATORY |) | 2020-00174 |
| ASSETS AND LIABILITIES; (4) APPROVAL OF |) | |
| A CERTIFICATE OF PUBLIC CONVENIENCE |) | |
| AND NECESSITY; AND (5) ALL OTHER |) | |
| REQUIRED APPROVALS AND RELIEF |) | |

POST-HEARING BRIEF OF SIERRA CLUB

Sierra Club respectfully submits this Post-Hearing Brief in the above-captioned rate case filed by Kentucky Power Company (“KPC” or the “Company”). KPC seeks to substantially increase the revenues it collects from their ratepayers, and to alter the rate designs through which they collect those revenues. Sierra Club did not present a witness who filed testimony in this case. However, Sierra Club helped to develop the record by exploring certain aspects of KPC’s rate application through discovery and cross-examination at the hearing. Below, Sierra Club reflects on several issues for the Commission’s consideration, specifically: (1) KPC’s proposed increase of the fixed monthly Residential Basic Service Charge; (2) KPC’s request for a CPCN to make substantial investments a widespread deployment of AMI (“smart meters”); and (3) KPC’s proposed new net metering tariff for rooftop solar customers, N.M.S. II, the first such tariff proposed by any utility under the Commonwealth’s new net metering statute. Meanwhile, Sierra Club will save, for prospective future proceedings, advocacy on certain other issues that were examined more obliquely in this case. Such other issues include AEP’s practice of

frequently self-scheduling the Mitchell coal-fired power plant in the PJM market, or KPC's forthcoming request for Commission approval of costs associated with its apparent plan to invest in capital upgrades at Mitchell to keep the plant coal-fired, rather than retiring or replacing it.

1. KPC's Request to Increase Residential Customers' Monthly Basic Service Charge

KPC proposes to increase residential customers' monthly residential basic service charge from \$14.00 to \$17.50. Sierra Club opposes this proposal, which would only tend to reduce customers' control over their energy bills and to reduce the incentive to conserve energy. Sierra Club did not submit expert testimony on this issue, though it has done so in opposition to perverse proposed increases in fixed customer charges in prior rate cases.¹ However, the foregoing principles are logically self-evident as well as ubiquitous in rate design literature. Moreover, there is testimony in the record in this case to the effect that “[t]he proposed increase to the basic service charges would have a detrimental impact on low-income customers, low-usage customers, customers employing distributed energy resources on-site (*e.g.*, net metered solar, etc.), and on the overall energy conservation and energy efficiency goals supposedly important to the Company itself.”² This testimony is supplemented by the public comments that the Commission has received from eastern Kentucky citizens facing economic hardships—all the worse during the devastating COVID-19 pandemic—who oppose increasing the basic service charge as well as increasing rates generally during this especially trying time.

¹ See, *e.g.*, Testimony of Jonathan Wallach on Behalf of Sierra Club, Alice Howell, and Carl Vogel (Mar. 3, 2017), *In re: Electronic Applic. of Kentucky Utils. Co. for an Adjustment of Its Elec. Rates and for Certificates of Public Convenience and Necessity*, Case No. 2016-00370.

² Direct Testimony of James Owen on Behalf of Joint Intervenors Mountain Association, Kentuckians for The Commonwealth, and the Kentucky Solar Energy Society [collectively the “Joint Intervenors”] (Oct. 7, 2020), at 25:5-8; see also *id.* at 24:5–30:9.

For these and other reasons reflected in the record, Sierra Club respectfully urges the Commission not to approve KPC's request to increase residential customers' basic service charge at this time; or alternatively, to reduce the amount of the requested increase. Sierra Club further submits that, in furtherance of the principle of gradualism, any approved increase should be phased-in over a period of years (*e.g.*, half an increase in year one, the other half in year two).

2. KPC's Request for a CPCN to Deploy AMI

KPC requests a CPCN for a widespread investment in new AMI meters that it proposes to deploy from 2021 to 2024, at a cost of nearly \$37 million. Sierra Club does not oppose this request in principle, in light of the theoretical efficiencies and cost savings that AMI could facilitate, as well as apparent fact that existing AMR meters generally are approaching the end of their useful lives and will need to be replaced by a technology that is in production and not outmoded. However, Sierra Club urges the Commission to make any approval of the requested CPCN contingent on KPC taking actions, and instituting policies and programs, that will maximize the realization of the efficiency and cost-savings benefits that AMI theoretically poses. In this vein, KPC should robustly and continually invest in customer education and outreach, to ensure that customers know how to take advantage of the more sophisticated, but not necessarily intuitive, capabilities of AMI that they are paying for. Further, Sierra Club seconds the recommendations of the Joint Intervenors' witness James Owen concerning "programs and rate designs aimed at accomplishing the goals the company itself outlines as benefits for deploying AMI meters," including appropriate net metering tariffs, energy efficiency programs, and elimination of connection and reconnection fees, *inter alia*.³

³ *Id.* at 54:15–64:6.

3. KPC's Proposed New Net Metering Tariff, N.M.S. II

KPC has proposed a new N.M.S. II tariff under the Commonwealth's new net metering statute. Sierra Club submitted comments in the Commission's general administrative precursor docket on this issue, Case No. 2019-00256, but did not submit testimony on KPC's specific proposed tariff in the instant case. Sierra Club's views and arguments on this issue largely align with the expert testimony respectively filed by other intervening entities, KYSEIA and the Joint Intervenors (*i.e.*, the Mountain Association, Kentuckians for the Commonwealth, and the Kentucky Solar Energy Society). To avoid redundancy, Sierra Club will refrain from reciting their respective testimony and arguments here. However, the Commission should know that Sierra Club endorses those intervenors' well-reasoned and record-supported positions concerning the N.M.S. II tariff, and urges the Commission to adopt their recommendations.⁴

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Sierra Club thanks the Commission for its consideration of this Post-Hearing Brief in the course of setting rates that are fair, just and reasonable.

Dated: December 14, 2020

Respectfully submitted,



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⁴ See, *e.g.*, Direct Testimony of James M. Van Nostrand on Behalf of Kentucky Solar Industries Association, Inc. (Oct. 7, 2020), at 15:2-23.

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CERTIFICATE OF SERVICE

This is to certify that the foregoing copy of the POST-HEARING BRIEF OF SIERRA CLUB in this action is being electronically transmitted to the Commission on December 14, 2020; and that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding. Per the Commission's general standing Order issued in Case No. 2020-00085 on March 16, 2020, this filing will not be mailed in paper medium to the Commission.



JOE F. CHILDERS