

**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 Practices To Establish)	Case No. 2020-00174
Regulatory Assets And Liabilities; (4) Approval Of A)	
Certificate Of Public Convenience And Necessity;)	
And (5) All Other Required Approvals And Relief)	

**SUPPLEMENTAL TESTIMONY OF JOSHUA BILLS
COMMERCIAL ENERGY SPECIALIST, MOUNTAIN ASSOCIATION**

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Mountain Association, Kentuckians For The
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Society

February 25, 2021

1 **INTRODUCTION AND OVERVIEW**

2 **Q. Please state your name, business address, and affiliation.**

3 A. My name is Joshua Bills, I am a Certified Energy Manager, employed by Mountain
4 Association for Community Economic Development, DBA Mountain Association, a
5 Community Development Financial Institution and non-profit, with business address at
6 433 Chestnut Street, Berea, Kentucky, 40403.

7 **Q. On whose behalf are you appearing today?**

8 A. My testimony is filed on behalf of Mountain Association.

9 **Q. Have you previously appeared in this proceeding?**

10 A. Yes, with direct testimony submitted October 7, 2020.

11 **Q. Do you have a specific experience relating to impacts this proceeding is having in the
12 region served by Kentucky Power Company (“Company”)?**

13 A. Yes. My work involves direct service to small commercial enterprises, municipalities,
14 and anchor nonprofit organizations in eastern Kentucky. Our service area includes all of
15 the area within the Company’s service territory. The work involves identifying energy
16 cost saving opportunities, including billing evaluations to confirm most cost-effective
17 rate class option out of available options, identifying efficiency and renewable energy
18 projects with ROI calculations. We are able offer flexibility in financing terms to non-
19 residential enterprises, if needed, on viable projects to eliminate or reduce up-front cost
20 and bring immediate savings to the enterprise at date projects are commissioned.

21 **Q. What is the purpose of your supplemental testimony today?**

22 My testimony today is to share a “boots-on-the-ground” perspective of the impacts being
23 experienced by enterprises (primarily G.S. and L.G.S. Company customers) we have worked

1 with. Focusing on existing NMS customers, a now pending NMS II customer that has
2 submitted an application for net metering service prior to January 14, 2021, along with
3 multiple enterprises that are ready to move forward with net metered solar installations. The
4 unknown outcome of these proceedings, along with the steps taken, or not, by the Company,
5 I'll identify as having introduced hurdles facing existing and future customer-generators that
6 may offer guidance to this proceeding and be of interest to parties of this proceeding.

7 **Q. Is there an economic development opportunity with distributed energy resources**
8 **(DERs) in eastern KY?**

9 A. Yes. There are substantial opportunities in eastern KY. Costs for DER projects have
10 fallen to a point where we are now regularly seeing simple paybacks of less than 10
11 years. On the larger scale this impact is clearly visible with the twenty or more Merchant
12 Power Plant Case filings with the Electric Generation and Transmission Siting Board
13 over the last fourteen months, whereas I'm not aware of a single filing for solar power
14 plants prior to 2020. Three of those are within the area we serve in eastern Kentucky.
15 Another area of strong interest for Mountain Association is workforce development. Over
16 the last few years Mountain Association has had a New Energy Intern training program
17 which brought hands-on experience to trainees with energy efficiency and behind-the-
18 meter DER installation projects at the commercial scale, resulting in new contractors in
19 the region offering those services. This type of work at this scale is very different than the
20 type of work involved at the merchant power plant scale. Mountain Association is
21 exploring with one merchant power plant developer the potential of incorporating small
22 scale solar installation training to those that will be employed temporarily during the

1 construction phase of the solar power plant. The aim to have more contractors in the
2 region able to provide DER installation services, not just labor for large installations.

3 **Q. Is there an economic development opportunity specifically in regard to net metered**
4 **DERs in Kentucky Power Company's service territory?**

5 A. It depends on a number of factors:

6 A. Having robust interconnection guidelines or standards that are balanced in
7 maximizing benefits and minimizing costs to both net metered customer-generators
8 and the electric service provider. Standards should also minimize any customer
9 hurdles and costs to the interconnection application process. Since benefits can be
10 identified and captured for parties to the Investigation of Interconnection and Net
11 Metering Guidelines (Case 2020-00302), ideally that proceeding would inform any
12 and all attempts at changing current NMS riders.

13 B. Minimizing complexity in NMS rate design. Proposed Company NMS II, with its
14 introduction of netting periods, introduces the customer's load profile as a factor in
15 determining project ROI, something not available on monthly Company bills. This
16 introduces a challenge to installers ability to clearly identify project savings without
17 installing interval data capturing metering on the customer's service. An expense that
18 is hard to justify for smaller net metered projects.

19 C. Defining an NMS rate that can work within the confines of any alternative rate
20 options available to Company customers and not be limited to just R.S., G.S. and
21 L.G.S. services. Should a customer find that an optional rate class, be that R.S.-
22 T.O.D., R.S.D., or L.G.S.-T.O.D., is beneficial for them, they should be provided an
23 NMS rate that can apply within the confines of their option rate class of service.

1 D. Having a fair, just, and reasonable NMS rate that is in the public interest. I'll respond
2 more on this in the next question.

3 **Q. Can you describe the types of existing NMS Company customers that Mountain**
4 **Association has worked with getting their solar projects installed?**

5 A. Yes, these include a grocery store in Isom, a non-profit in Whitesburg that provides
6 affordable and efficient housing solutions to distressed communities in the region, a
7 community center in Hemphill, a mission Christian School in Beverly, a children's
8 residential housing facility in Buckhorn run by an organization offering sanctuary for
9 severely abused/neglected children and youth. These are anchor institutions in their local
10 communities in eastern Kentucky that are experiencing lower electric bills by installing
11 solar and participating in Company's NMS rider. There is a "public interest" at work with
12 current NMS rider providing savings to the "host customer" which is resulting in
13 beneficial impacts to the community surrounding and interacting with the anchor
14 institution. Weigh these benefits against findings in Andrew McDonald's testimony,
15 "...assuming that distributed solar has no value beyond KPC's avoided cost rate, the
16 financial impact of net metering on non-net metering residential customers would be
17 \$0.07 per year."¹ With less NMS capacity across commercial customers that impact could
18 be much lower than \$0.07 per year per non-net metering commercial customer.

19 **Q. Are there existing NMS commercial customers that Mountain Association has**
20 **worked with that have been impacted by COVID?**

21 A. There are a several NMS customers, not all in Company's service territory, that we've
22 worked with that have experienced less kWhs of electricity consumption over the last

¹ See Direct Testimony of Andrew McDonald, Case No. 2020-00174.

1 year due to reduced occupancy and subsequent setback of thermostat settings and reduced
2 lighting runtimes. This has translated into their solar systems providing a larger portion of
3 their overall energy supply over the last year. In at least two of those cases, where solar
4 systems were originally designed and sized to provide close to annual consumption, this
5 has meant that over the last 12-month period their generation has exceeded their
6 consumption. This has raised a concern, should they not consume that accumulated
7 excess kWhs on top of the day-to-day generation by the time their twenty-five (25) year
8 1:1 period remains in effect, what will happen to any remaining excess? The thought that
9 those could be “lost” by the “host customer” to the electric service provider is a concern.
10 Similarly, what could become of any increasing excess that may happen due to reductions
11 in load over time due to increased efficiencies over time. Could those be “lost” as well?
12 It would be helpful to have Company clarify what becomes of any excess at the end of
13 the 1:1 period. A suggestion is that they get 1:1 value credited for the customer.

14 **Q. What is the experience of the now NMS II customer that had submitted an**
15 **application for net metering service prior to January 14, 2021?**

16 A. We are working with a non-profit community foundation with a building in downtown
17 Hazard that is pursuing a rooftop solar system. They have worked with a local contractor,
18 that we supported getting started through our internship program, to design and install
19 their system. With the help of their contractor they applied for net metering service on
20 December 12, 2020, hoping for NMS service prior to effective date of NMS II service.
21 With the Interconnection Guidelines stating that “Utility shall notify the customer within
22 20 business days whether the Application is approved or denied...”² they approached the

² Final Net Metering-Interconnection Guidelines 1-8-09

1 project with intent to be served under NMS rider. Fortunately, they have held off on
2 entering into contract with installer, as they wanted to wait until Company approved
3 application. As of today, this application has still not been approved nor any notification
4 of being denied. Without the clarity of knowing which rider, NMS or NMS II would
5 apply, they have not pursued the installation. In our evaluation to them we concluded that
6 if they should fall under NMS II they should reduce the size of the solar installation by 50
7 percent as our evaluation shows that only then will the installation be cost effective (due
8 to the smaller size contributing a larger percentage towards the buildings real time
9 consumption behind the meter).

10 **Q. What experiences can you share of multiple enterprises that are ready to move**
11 **forward with net metered solar installations that are in Company's service**
12 **territory?**

13 A. Currently, enterprises seeking solar that we work with include a grocery store in
14 Salyersville and one in Martin, a community agricultural enterprise in Whitesburg, a
15 funeral home in Hyden and a private non-profit law firm in Prestonsburg providing free
16 legal services to the low-income a vulnerable in eastern and south central Kentucky. For
17 all these enterprises, designs have been presented and ROIs calculated under NMS rider.
18 However, due to the lack of knowledge as to the final applied NMS tariff, these
19 enterprises have chosen (as we have suggested) to hold off on submitting net metering
20 applications until a net metering order by the commission is made that establishes the
21 applied NMS tariff. They are holding off since the tariff will impact the solar system size
22 and thus affect the design submitted in the application process.

23 **Q. What specific recommendation do you have for the Commission in this proceeding?**


1 A. The enterprises we work with pursuing solar would like clarity to know if they can be
2 grandfathered under NMS or if it is too late. We've informed them that the Company has
3 implemented NMS II rate. However, the question has been raised that since the NMS II
4 rate is being implemented before the commission has set a new compensation rate, is it
5 applicable? They would like the commission to weigh in on this question. When and if
6 the Commission does set a different compensation rate, if that incorporates netting
7 periods, since that introduces complexities in evaluating ROIs, we suggest customers
8 should have the choice to opt-in. Ideally any change to net metering service, as was the
9 case with NMS, could apply to any optional rate class and not just R.S., G.S. and L.G.S.
10 Consider public-interest factors with any change to current NMS tariff. NMS tariff
11 should identify what becomes of any excess kWh credits at the end of the grandfather
12 period. We suggest those be credited under NMS tariff.

13 **Q. Does that conclude your testimony?**

14 A. Yes.

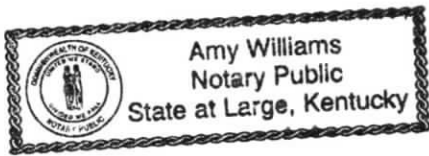
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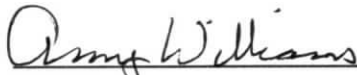
The undersigned, Joshua Bills, being first duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing testimony and that the information contained therein is true and correct to the best of his information, knowledge, and belief, after reasonable inquiry.



Joshua Bills

Subscribed and sworn to before me by Joshua Bills this 25 day of February, 2021.





Notary Public Notary ID: KYNP 9940

My commission expires: 6-29-2024

Certificate of Service

This is to certify that the electronic version of the foregoing Supplemental Testimony of Joshua Bills is a true and accurate copy of the same document that will be filed in paper medium; that the electronic filing has been transmitted to the Commission on February 25, 2021; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that in accordance with the March 16, 2020 Commission Order in Case No. 2020-00085 an original and ten copies in paper medium of this filing will not be mailed until after the lifting of the current state of emergency.

A handwritten signature in black ink, appearing to read 'Tom FitzGerald', with a long horizontal stroke extending to the right.

Tom FitzGerald