

1 **Q. IN SUMMARY, HAS THE COMPANY MET ITS BURDEN OF PROOF?**

2 A. The Company in its direct case, through discovery, and in rebuttal has produced a  
3 substantial amount of evidence in favor of the avoided cost pricing under NMS II  
4 that comports with the applicable KRS statutes. The Company has met its burden  
5 of proof with actual calculations and cost of service analysis specific to the  
6 Company and its customers rather than editorial comments and advocacy papers  
7 from other states. Proposed tariff NMS II is just and reasonable and should be  
8 approved.

#### **XI. PURPA & COGEN/SPP TARIFFS**

9 **Q. BEFORE ADDRESSING KYSEIA'S CONCERNS REGARDING TARIFF**  
10 **COGEN/SPP, HAVE THERE BEEN DEVELOPMENTS AT FERC**  
11 **REGARDING THE PUBLIC UTILITY REGULATORY POLICIES ACT**  
12 **("PURPA") SINCE THE COMPANY FILED THIS CASE?**

13 A. Yes, there have been. Most notable for the Company's COGEN/SPP tariffs is that  
14 under FERC Order 872, subject to FERC approval, the Company will no longer  
15 haves a purchase obligation on PURPA qualifying facilities ("QFs") up to 20 MW.  
16 The new QF project purchase obligation for the Company iswill be 5 MW and less  
17 because it is a member of an RTO. The Company's COGEN/SPP tariffs should be  
18 updated to reflect this.

19 **Q. DO YOU AGREE WITH MR. BARNES' CRITICISMS OF THE**  
20 **COGEN/SPP PRICING?**

21 A. No. First, retail commissions have a great amount of latitude in how they  
22 implement PURPA. How this is accomplished is different from jurisdiction to