

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

In the Matter of:

**ELECTRONIC APPLICATION OF KENTUCKY)
UTILITIES COMPANY FOR AN ADJUSTMENT)
OF ITS ELECTRIC RATES, A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO)
DEPLOY ADVANCED METERING) Case No. 2020-00349
INFRASTRUCTURE, APPROVAL OF CERTAIN)
REGULATORY AND ACCOUNTING)
TREATMENTS AND ESTABLISHMENT OF)
A ONE YEAR SUR-CREDIT)**

AND

**ELECTRONIC APPLICATION OF LOUISVILLE)
GAS AND ELECTRIC COMPANY FOR AN)
ADJUSTMENT OF ITS ELECTRIC AND GAS)
RATES, A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO DEPLOY) Case No. 2020-00350
ADVANCED METERING INFRASTRUCTURE,)
APPROVAL OF CERTAIN REGULATORY AND)
ACCOUNTING TREATMENTS AND)
ESTABLISHMENT OF A ONE YEAR SUR-CREDIT)**

**SUPPLEMENTAL REBUTTAL TESTIMONY OF JAMES OWEN
ON BEHALF OF JOINT INTERVENORS**

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Coalition (Case No. 2020-00350)

August 5, 2021

1 **I. Introduction and Overview**

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

3 A: James Owen, Executive Director, Renew Missouri Advocates d/b/a Renew Missouri
4 (“Renew Missouri”), 409 Vandiver Dr. Building 5, Suite 205, Columbia, MO 65202.

5 **Q: Are you the same James Owen who previously offered testimony in this case?**

6 A: Yes.

7 **Q: What is the purpose of your Rebuttal testimony?**

8 A: In my Supplemental Direct testimony, I outlined key principles regarding evaluating the
9 value of solar provided by customers to the Companies in order to guide the Commission
10 in setting a fair, just and reasonable compensation rate. I won’t repeat those principles here,
11 but instead offer criticism of the Companies’ proposed NMS-2 export compensation rate.

12 **II. Response to Companies**

13 **Q: Summarize the Companies’ position on NMS-2 export rates.**

14 A: Although a number of witnesses provide testimony, Mr. Seelye sponsors the bulk of
15 opinions on the components the Commission sought in its Order. He recommends a
16 compensation range of \$.02319 to \$.02677 per kWh for KU and a range of \$.02319 to
17 .02581 per kWh for LG&E.¹

18 **Q: Do those figures appear appropriate?**

19 A: No. First, I want to reiterate my recommendation in my direct testimony that a full cost-
20 benefit or Value-of-Solar study should be conducted to determine the most appropriate
21 compensation rate for solar customer-generators. From my perspective, the analysis
22 performed by Mr. Seelye takes the approach most favorable to the utilities position in every

¹ Seelye Supplemental Direct, p. 1.

1 category and serves to demonstrate why an impartial study would be beneficial. To support
2 his recommended ranges, Mr. Seelye offers analysis that appears to depart from the
3 Commission's preferred methods in establishing a compensation rate in the Kentucky
4 Power Company Case No. 2020-00174, at least as far as the components in the Modified
5 Exhibit AEV – R5 NMS II Updated Avoided Cost analysis in that case. Mr. Seelye's
6 calculations depart from that approach and result in *de minimis* values that he recommends
7 be excluded from consideration.

8 **Q: Should the Commission accept the modified approach of the Companies?**

9 A: Although I have advocated for additional components to be considered, at a minimum, the
10 Commission should require the Companies to calculate the components using the same
11 methods used in Case No. 2020-00174. Those numbers should be the starting point for the
12 analysis provided by the Companies here, but Mr. Seelye chose a path far less fair to solar
13 customer-generators.

14 **Q: Did you perform the analysis you suggest for the Companies?**

15 A: No, the Companies have the best access to their own data, and I believe the Commission's
16 Order meant that they should, at a minimum, perform the calculations consistent with the
17 approach taken in the Kentucky Power Company case. In my Direct Testimony, I suggested
18 the Company must provide that information, as it is their burden of proof. If the Companies
19 do not, the Commission should order such analysis. Alternatively, in the absence of the
20 Companies meeting their burden of proof, I suggested that the Commission apply
21 benchmarking to evaluate the Companies' position compared to other utilities value of

1 solar rates – specifically the recent Kentucky Power Company case and the default values
2 and ranges contained in the Hayibo and Pearce study.²

3 **Q: How do the Companies’ proposals in their Supplemental Direct Testimony compare**
4 **to the values mentioned above?**

5 A: The compensation calculations are extremely low compared to Kentucky Power or the
6 values in the Hayibo and Pearce study. In Table 1 below, I compare the components the
7 Commission asked the Companies to produce with the values in the Kentucky Power case.

Avoided Cost Category	KU (Proposed)	LG&E (Proposed)	Kentucky Power (Ordered)
Energy	0.02319	0.02319	0.03893
Ancillary Services	0	0	0.00063
Generation Capacity	0	0	0.02816
Transmission Capacity	0	0	0.01245
Distribution Capacity	0	0	0.01046
Carbon	0	0	0.00578
Environmental Compliance	0	0	0.00105
Job Benefits	0	0	0
Total Dollars per kwh	0.02319	0.02319	0.09746

8 The Companies’ proposed figures in this case are far lower than the values determined by
9 the Commission in the recent Kentucky Power decision. It is important to emphasize that
10 although the Commission assigned no value to jobs benefits in the Kentucky Power case,
11 it highlighted the potential importance of this factor and I recommend that the Commission
12 continue to include this factor in its on-going efforts to establish just and reasonable values
13 for solar energy.

14 **Q: How does the KU and LG&E proposal compare to the analysis in the Hayibo and**
15 **Pearce study?**

² Hayibo, K.S. and Pearce, J.M., *A Review of the Value of Solar Methodology with a Case Study of the U.S. VOS*, Renewable and Sustainable Energy Reviews 137 (2021).

1 A: The companies’ proposed values again fall far below any of the different scenarios
 2 analyzed in the Hayibo and Pearce study. Table 2 below shows the avoided cost
 3 components and values from the Hayibo and Pearce study for three scenarios – low cost,
 4 mid cost, and high cost. Notably, the “low” scenario is slightly lower, but reasonably close
 5 to the \$.09746 per kWh the Commission established for Kentucky Power.

Table 2: Hayibo and Pearce Avoided Cost Categories and Values (\$ per kWh)

Avoided Cost Category	Hayibo and Pearce (Low)	Hayibo and Pearce (Mid)	Hayibo and Pearce (High)
Generation capacity	0.0298	0.0302	0.0306
Transmission Capacity	0.0085	0.0353	0.0621
Distribution Capacity	0	0.0175	0.035
Environmental (includes carbon)	0.0122	0.1019	0.1916
O & M (Fixed)	0.0035	0.0095	0.0154
O & M (Variable)	0.0022	0.0107	0.0192
Health liability	0.025	0.0617	0.0983
Reserve Capacity	0	0.0079	0.0158
Fuel Cost	0.0125	0.0255	0.0385
Total Dollars per kwh	0.0937	0.3002	0.5065

6 Comparing these figures from Hayibo and Pearce and the Kentucky Power Company
 7 compensation rates, the figures provided by KU and LG&E are so far below the other
 8 studies that they cannot be reasonably relied upon as a just and reasonable compensation
 9 for solar customer-generators.

10 **Q: What do you recommend to the Commission?**

11 A: The Commission should reject the Companies’ approach and figures. The Commission
 12 should order them to provide updated analysis using the methodology consistent with the
 13 Kentucky Power Company order. Alternatively, the Commission should follow the
 14 suggestions in the supplemental direct testimony of Karl Rábago, who recommends the

1 Commission reference default values and ranges contained in the Hayibo and Pearce
2 study.³

3 **Q: Does this conclude your testimony?**

4 A: Yes.

³ Hayibo, K.S. and Pearce, J.M., *A Review of the Value of Solar Methodology with a Case Study of the U.S. VOS*, Renewable and Sustainable Energy Reviews 137 (2021).

VERIFICATION

The undersigned, James Owen, after being first duly sworn, deposes and says that he has personal knowledge of the matters set forth in his foregoing Supplemental Rebuttal testimony in the cases 2020-00349 and 2020-00350 before the Kentucky Public Service Commission. I further state that the information contained therein is true and correct to the best of his information, knowledge, and belief, after reasonable inquiry.


James Owen

Subscribed and sworn to before me by James Owen this 5th day of August 2021.


Notary Public

My commission expires: 1.6.2024



ANDREA RENEE WYMER
My Commission Expires
January 6, 2024
Boone County
Commission #16856641

CERTIFICATE OF SERVICE

This is to certify that this electronic filing of the *Supplemental Rebuttal Testimony of James Owen On Behalf of Joint Intervenors* has been transmitted to the Commission on August 5, 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 July 22, 2021 Commission Order in Case No. 2020-00085 and notwithstanding 807 KAR 5:001 Section 8(3), no original paper copy of this filing will be filed with the Commission.

A handwritten signature in black ink, appearing to read 'Tom FitzGerald', positioned above a horizontal line.

Tom FitzGerald