

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) CASE NO. 2020-00349
METERING INFRASTRUCTURE,)
APPROVAL OF CERTAIN REGULATORY)
AND ACCOUNTING TREATMENTS, AND)
ESTABLISHMENT OF A ONE-YEAR)
SURCREDIT)

In the Matter of:

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

**KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY’S
RESPONSE TO JOINT INTERVENORS’
PETITION FOR REHEARING**

Kentucky Utilities Company (“KU”) and Louisville Gas and Electric Company (“LG&E”) (collectively “the Companies”) hereby respond to, and ask the Commission to deny, the Joint Intervenors’ Petition for Rehearing filed with the Kentucky Public Service Commission (“Commission”) on October 14, 2021 (“JI Petition”),¹ insofar as the JI Petition asks the

¹ The Joint Intervenors are Mountain Association, Kentuckians for the Commonwealth, Kentucky Solar Energy Society, and Metropolitan Housing Coalition. *Electronic Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering*

Commission to increase the avoided carbon cost component of the NMS-2 rates set forth in the Commission’s September 24, 2021 Order in these proceedings (“QF-NMS Order”).²

The JI Petition does not allege that the avoided carbon cost value used by the Commission was legally infirm or that evidence that could not have been previously introduced has now materialized and requires rehearing; indeed, the JI Petition shows that the Commission’s avoided carbon cost value (\$0.01338/kWh) is *above* the low end of the range of avoided carbon cost values the Joint Intervenors proposed (i.e., above \$0.01265/kWh).³ The Joint Intervenors would simply prefer that the avoided carbon cost value be even higher; that is the sole basis for the JI Petition as it concerns the avoided carbon cost component.

The Kentucky Solar Energy Industry Association, Inc.’s (“KYSEIA”) Response supporting the JI Petition similarly does not cite to a legal infirmity or new evidence on this issue; rather, it expresses a preference for a higher avoided carbon cost component notwithstanding KYSEIA’s own testimony supporting a lower value (i.e., \$0.00578/kWh).⁴

Because the Commission has already considered the evidence discussed in the JI Petition concerning the value of the NMS-2 avoided carbon cost component—and prescribed an avoided carbon cost component consistent with and discernable from that evidence—the Commission should deny the JI Petition insofar as it concerns the value of the NMS-2 avoided carbon cost component.

Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit, Case No. 2020-0049, Joint Intervenors’ Petition for Rehearing (Ky. PSC Oct. 14, 2021); *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 Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit*, Case No. 2020-0050, Joint Intervenors’ Petition for Rehearing (Ky. PSC Oct. 14, 2021).

² Case Nos. 2020-00349 and 2020-00350, Order (Ky. PSC Sept. 24, 2021).

³ QF-NMS Order at 55-56 and 58; JI Petition at 3-4.

⁴ KYSEIA Response at 6-7 (Ky. PSC Oct. 20, 2021); Supplemental Rebuttal Testimony of Justin R. Barnes at 53 (Ky. PSC Aug. 5, 2021) (“I recommend that the Commission utilize the same rate adopted for KPC (\$0.00578/kWh) as an approximation of the Companies’ carbon costs in the current proceeding.”).

Moreover, based on the evidence the Companies have provided in these proceedings, the only reconsideration the Commission should conduct on this issue is to reconsider how any non-zero avoided cost component could be non-arbitrary.⁵ There is no existing applicable carbon cost or constraint on the Companies' operations and none is pending,⁶ and carbon costs are just as well avoided by utility-scale solar at a fraction of the NMS-2 rate the Commission prescribed in the QF-NMS Order, even with a zero avoided carbon cost component.⁷ Therefore, the QF-NMS Order's prescribed NMS-2 rates will effectively require customers to pay a carbon cost the Companies are not incurring and cannot avoid *because it does not exist*. Thus, the Commission should reconsider its avoided carbon cost determination to set it to zero, not to arbitrarily increase it as the JI Petition requests.

WHEREFORE, Kentucky Utilities Company and Louisville Gas and Electric Company respectfully ask the Kentucky Public Service Commission to deny the JI Petition insofar as it asks the Commission to increase the avoided carbon cost component of the NMS-2 rates set forth in the QF-NMS Order.

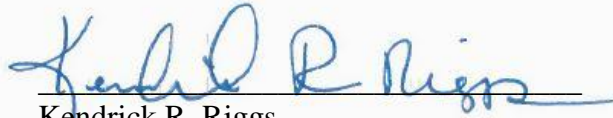
⁵ See, e.g., Supplemental Rebuttal Testimony of David S. Sinclair at 24-27

⁶ *Id.*

⁷ See, e.g., 8/18/21 Hearing, VR 15:05:30-15:06:50 (Seelye).

Dated: October 22, 2021

Respectfully submitted,



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CERTIFICATE OF COMPLIANCE

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on October 22, 2021; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

A handwritten signature in blue ink, appearing to read "Kenneth R. Niess", is written over a horizontal line.

*Counsel for Kentucky Utilities Company and
Louisville Gas and Electric Company*