From:	Melnykovych, Andrew (PSC)
To:	[redacted]
Subject:	Your comments in case 2016-00274 - KU-LG&E solar share facility
Date:	Wednesday, September 07, 2016 4:00:00 PM

Dear Mr. Morris –

The Kentucky Public Service Commission has received your comments in the above-referenced case. They will be placed into the case file for the commission's consideration as it deliberates in this matter.

The case file may be viewed here: http://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?case=2016-00274

Thank you for your interest.

RECEIVED
By Kentucky PSC at 4:07 pm, Sep 07, 2016

Andrew Melnykovych
Director of Communications
Kentucky Public Service Commission
502-782-2564 (direct) or 502-564-3940 (switchboard)
502-330-5981 (cell)
Andrew.Melnykovych@ky.gov

From: Jack Morris [redacted]
Sent: Friday, September 02, 2016 12:00 PM
To: PSC - Public Information Officer
Subject: Comment on case 2016-00274

This is a comment on case 2016-00274, Joint proposal by LG&E and KU for Solar Share Facility, for the PSC.

I'm not sure where to start but the proposal does not seem to me to be a serious one with the intent to build the proposed solar facility. In the example they give (thank you very much LG&E/KU for including gas charges when this does nothing but make analysis more difficult), when all extraneous gas charges are extracted, I get that the example customer pays an additional $40.47 or ~27% of the total bill or ~42% of the bill without gas. Future calculations will not include gas charges.

On the basis of what they used, this adds ~$0.089/kWh to their bill, approximately doubling the rate they pay for electricity. I doubt this is what people had in mind when they expressed support for cleaner energy sources. Yet, the proposal as I understand it, says the facility will not be built unless it is fully subscribed. It seems the intent is to blame the lack of interest on the customers, not the extremely bad financial deal they are being offered. The entire proposal makes clear the opinion that traditional LG&E/KU produced energy is cheap and solar energy is expensive. This appears to come mainly from two sources, the monthly share participation fee and the rate LG&E/KU proposes as credit for power produced by solar shares.

First, the monthly participation charge. As I understand, you pay $6.29 per month per 1/4kW share. This, I assume, is intended to cover both the administrative costs of the program and pay the interest and principal on the installation since they are not asking for rate increases to cover costs (?). I think this is summarized in Exhibit 9 and frankly don't understand this exhibit. Why is the billing not rolled into their normal billing? Exhibit 9 seems to include some start-up costs, but this is a fully functioning, fully subscribed, ongoing monthly charge. Start-up charges, while appropriate, are not appropriate here. It seems there should be some code maintenance charges for additional complexity, but these do not appear. It is also interesting to compare this monthly administrative charge with the fixed charge for regular customers (~$10) and ask what that standard additional charge covers. If some goes to grid maintenance, then the argument that net-metering customers do not pay for grid maintenance is false. Whatever, some hard questioning for the justification of the recurring charge seems in order.

Then we come to the credit offered for the power produced - ~$0.04/kWh. I know this a controversial estimate. I would like to know what went into this offer. Is it a wholesale cost estimate, fuel plus some other elements (if so, which elements and how much for each), some combination of these or something else? I don't think there was any detail that may have shown light on this in the application, but I was pretty groggy after about fifteen minutes with the application and may have missed it. Also, I suspect the 'social cost' of carbon generation (in this case, the avoidance of it) was not a part of the $.04/kWh. The social cost of carbon avoidance by my calculation is ~$.05/kWh alone. This uses the $35/ton CO_2 used by the federal government when making regulation decisions. So I think the $.04/kWh is low.

In summary, the deal offered is bad. You never recover from the unjustifiably high recurring fees and you get little credit for value produced. A deal like this seems designed to make the point that the status quo is best and alternatives are bad. I think most people will perceive this a bad deal and will not subscribe. If, by some miracle, full subscription is achieved, a real example with costs that support low coal dominated energy production prices will exist. Let's see a serious proposal for offering a mix with solar energy.

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Sincerely,
Jack W. Morris

*Honorable Allyson K Sturgeon
Senior Corporate Attorney
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202

*Sara Veeneman
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202

*Honorable W. Duncan Crosby III
Attorney at Law
Stoll Keenon Ogden, PLLC
2000 PNC Plaza
500 W Jefferson Street
Louisville, KENTUCKY 40202-2828

*Kentucky Utilities Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010

*Jody Kyler Cohn
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Louisville Gas and Electric Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010

*Honorable Kurt J Boehm
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Honorable Kendrick R Riggs
Attorney at Law
Stoll Keenon Ogden, PLLC
2000 PNC Plaza
500 W Jefferson Street
Louisville, KENTUCKY 40202-2828

*Honorable Michael L Kurtz
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Rick E Lovekamp
Manager - Regulatory Affairs
LG&E and KU Energy LLC
220 West Main Street
Louisville, KENTUCKY 40202