COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILINGS OF LOUISVILLE GAS AND ELECTRIC COMPANY AND KENTUCKY UTILITIES COMPANY TO REVISE PURCHASE RATES FOR SMALL CAPACITY AND LARGE CAPACITY COGENERATION AND POWER PRODUCTION QUALIFYING FACILITIES AND NET METERING SERVICE-2 CREDIT RATES	))))))))	CASE NO. 2023-00404

O R D E R

On October 31, 2023, Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company (KU) (collectively, LG&E/KU) each filed updates to their Small and Large Capacity Cogeneration and Power Production Qualifying Facilities (QF) and Net Metering Service-2 (NMS-2) credit rates. LG&E and KU both proposed an effective date of January 1, 2024. The filed tariffs were essentially identical.

On December 13, 2023, the Commission suspended LG&E/KU's tariffs for five months, up to and including May 31, 2024. On December 15, 2023, LG&E/KU requested a deviation from 807 KAR 5:011, Section 8(b)(3) based on the fact that six out of the 97 newspapers did not publish the notice in compliance with the regulatory requirements.[1] The newspapers referenced LG&E in one week of the published notice.[2] On January 30,

[1] LG&E/KU's Motion to Deviate (filed on Dec. 15, 2023) at 2-4.

[2] LG&E/KU's Motion to Deviate at 2-4.

2024,[3] the Commission granted the motion; however, the Commission required KU to publish notice in compliance with the regulation in the three newspapers that incorrectly referenced LG&E in the one week of publication.[4]

On January 2, 2024, the Attorney General, by and through the Office of Rate Intervention, (Attorney General) filed a motion to intervene which was subsequently granted by the Commission by Order issued January 5, 2024. On January 3, 2024, Kentucky Solar Industries Association, Inc. (KYSEIA) filed a motion to intervene, which the Commission granted by Order issued January 11, 2024. On January 4, 2024, Kentucky Solar Energy Society and Mountain Association (jointly, Joint Intervenors) filed a motion to intervene which also was granted by the Commission by Order issued on January 11, 2024.

LG&E/KU responded to three requests for information from Commission Staff.[5] LG&E/KU responded to two requests for information from KYSEIA and Joint Intervenors, respectively.[6] LG&E/KU responded to one request for information from the Attorney

[3] The PSC's website has the Order posted three times, but the Order is posted on Jan 30, 2024 and is dated Jan. 30, 2024.

[4] Order (Ky. PSC Jan. 30, 2024) at 3, ordering paragraph 2.

[5] LG&E/KU's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Jan. 25, 2024); LG&E/KU's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Feb. 22, 2024); LG&E/KU's Response to Commission Staff's Third Request for Information (Staff's Third Request) (filed Mar. 22, 2024).

[6] LG&E/KU's Response to KYSEIA's First Request for Information (KYSEIA's First Request) (filed Jan. 25, 2024); LG&E/KU's Response to KYSEIA's Second Request for Information (KYSEIA's Second Request) (filed Feb. 22, 2024); LG&E/KU's Response to Joint Intervenor's First Request for Information (Joint Intervenor's First Request) (filed Jan. 25, 2024); LG&E/KU's Response to Joint Intervenor's Second Request for Information (Joint Intervenor's Second Request) (filed Feb. 22, 2024).

General.[7] On February 29, 2024, Joint Intervenors filed the direct testimony of Andy McDonald.[8] On April 4, 2024, LG&E/KU filed their rebuttal testimony.[9]

None of the parties requested a hearing in this matter.[10] LG&E/KU stated in its motion to submit the case on the record that they did not believe that briefs were necessary but would participate, if the Commission believed otherwise.[11] On April 30, 2024, the Commission issued a briefing schedule which allowed parties to choose whether to participate.[12]

On May 24, 2024, each party filed an initial brief. On June 14, 2024, LG&E/KU, KYSEIA and the Joint Intervenors each filed a response brief. The matter now stands submitted for a decision on the record.

LEGAL STANDARD

KRS 278.465 through KRS 278.468 govern the net metering of electricity. In relevant part, KRS 278.466 states as follows:

> (3) A retail electric supplier serving an eligible customer-generator shall compensate that customer for all electricity produced by the customer's eligible electric generating facility that flows to the retail electric supplier, as measured by the standard kilowatt-hour metering prescribed in subsection (2)

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[7] LG&E/KU's Response to Attorney General's First Request for Information (Attorney General's First Request) (filed Jan. 25, 2024).

[8] Direct Testimony of Andy McDonald on Behalf of Joint Intervenors (McDonald Direct Testimony) (filed Feb. 29, 2024).

[9] Rebuttal Testimony of Michael Hornung (Hornung Rebuttal Testimony) (filed Apr. 4, 2024) and Rebuttal Testimony of Stuart Wilson (Wilson Rebuttal Testimony) (filed Apr. 4, 2024).

[10] Attorney General's Notice Regarding a Hearing (filed Apr. 9, 2024); KYSEIA's Request for a Decision on the Record and a Motion for Simultaneous Briefing (filed Apr. 10, 2024); Joint Intervenor's Motion to Submit Case on the Record and Submit Briefs (filed Apr. 11, 2024); LG&E/KU's Motion to Submit for a Decision on the Record (filed Apr. 11, 2024).

[11] LG&E/KU's Motion to Submit for a Decision on the Record at 2.

[12] Order (Ky PSC Apr. 30, 2024) at 2.

of this section. The rate to be used for such compensation shall be set by the commission using the ratemaking processes under this chapter during a proceeding initiated by a retail electric supplier or generation and transmission cooperative on behalf of one (1) or more retail electric suppliers.

(4) Each billing period, compensation provided to an eligible customer-generator shall be in the form of a dollar-denominated bill credit. If an eligible customer-generator's bill credit exceeds the amount to be billed to the customer in a billing period, the amount of the credit in excess of the customer's bill shall carry forward to the customer's next bill. Excess bill credits shall not be transferable between customers or premises. If an eligible customer-generator closes his or her account, no cash refund for accumulated credits shall be paid.

(5) Using the ratemaking process provided by this chapter, each retail electric supplier shall be entitled to implement rates to recover from its eligible customer-generators all costs necessary to serve its eligible customer-generators, including but not limited to fixed and demand-based costs, without regard for the rate structure for customers who are not eligible customer-generators.

(6) For an eligible electric generating facility in service prior to the effective date of the initial net metering order by the commission in accordance with subsection (3) of this section, the net metering tariff provisions in place when the eligible customer generator began taking net metering service, including the one-to-one (1:1) kilowatt-hour denominated energy credit provided for electricity fed into the grid, shall remain in effect at those premises for a twenty-five (25) year period, regardless of whether the premises are sold or conveyed during that twenty-five (25) year period. For any eligible customer-generator to whom this subsection applies, each net metering contract or tariff under which the customer takes service shall be identical, with respect to energy rates, rate structure, and monthly charges, to the contract or tariff to which the same customer would be assigned if the customer were not an eligible customer-generator.

BACKGROUND

In Case No. 2019-00256,[13] the Commission opened a case to discuss the implementation of Net Metering. The Order stated that the proceedings for the implementation of net metering rates should be thorough and transparent.[14] In that Order, the Commission noted that the net metering ratemaking processes consider utility-specific costs, and not a uniform rate for all electric utilities.[15]

Subsequently, the Commission has fleshed those principles out in both of LG&E/KU's initial net metering cases[16] as well as Kentucky Power Company's (Kentucky Power) initial net metering case.[17] In the Kentucky Power final Order, the Commission outlined several principles that utilities should consider when determining their net metering rates and proposals.[18] Specifically, those principles were to: evaluate eligible generating facilities as a utility system or supply side resource; treat benefits and costs symmetrically; conduct forward-looking, long-term, and incremental analysis; avoid

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[13] Case No. 2019-00256 *Electronic Consideration of the Implementation of the Net Metering Act* (Ky PSC Dec. 18, 2019).

[14] Case No. 2019-00256, Dec. 18, 2019 Order at 31.

[15] Case No. 2019-00256, Dec. 18, 2019 Order at 32.

[16] Case No. 2020-00349, *Electronic Application of Kentucky Utilities 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,* (Ky PSC June 30, 2021); Case No. 2020-00350, *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* (Ky. PSC Sept. 24, 2021).

[17] Case No. 2020-00174, *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 Regulatory Assets and Liabilities; (4) Approval of a Certificate of Public Convenience and Necessity; and (5) All Other Required Approvals and Relief* (Ky. PSC May 14, 2021).

[18] Case No. 2020-00174, May 14, 2021 Order at 21-24.

double counting; and ensure transparency.[19] The Commission also noted that, when considering rate designs for either export or consumption, "it is important to consider the above principles alongside the additional principles of stability and simplicity."[20]

PROPOSED TARIFF

Avoided Energy Costs: LG&E/KU evaluated the impact on system energy costs for each QF technology using forecasted hourly energy costs developed in PROSYM.[21] LG&E/KU explained that, in order to focus the analysis on the cost of serving native load, off-system sales were not permitted in PROSYM.[22] LG&E/KU explained that PROSYM is a chronological simulation engine that optimizes unit commitment and economic dispatch to meet the load for an interconnected electric system, considering the reserve requirements and other aspects of the electric system.[23] LG&E/KU argued that excluding off-system sales from resource decisions was due to focusing its analyses on minimizing the cost to serve native load customers and because forecasted market energy prices and transmission availability are highly uncertain and outside of LG&E/KU's control.[24] All assumptions for computing the hourly energy costs were taken from LG&E/KU's 2024 Business Plan, which assumed approval of the resource portfolio LG&E/KU proposed in

[19] Case No. 2020-00174, May 14, 2021 Order at 21-24.

[20] Case No. 2020-00174, May 14, 2021 Order at 24.

[21] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis at 3.

[22] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis at 3.

[23] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis at 1. LG&E/KU utilize PROSYM for their generation forecasting.

[24] LG&E/KU's Response to Staff's First Request, Item 2.

Case No. 2022-00402.[25] LG&E/KU stated that beyond 2028, their remaining coal units were assumed to be retired at the end of their depreciable lives and replaced with natural gas combined cycle (NGCC) units as needed to maintain minimum summer and winter reserve margins.[26] To calculate the avoided cost of energy, LG&E/KU first computed the decremental cost of energy for each MWh of generation in each hour of the forecast period (2024-2044).[27] For each hour and generation technology, the avoided cost of energy was computed with the assumption that the highest cost energy would be avoided first.[28] Then, the avoided energy costs were levelized by dividing total avoided costs by total generation.[29] The proposed avoided energy prices for a 2-year PPA effective in 2024 through 2025 and for 7-year PPAs beginning in 2024 and 2025 are illustrated below:

LG&E Energy Rates ($/MWh)[30]				
Technology	Distribution Connected Projects		Transmission Connected Projects	
	2-Year PPA	7-Year PPA	2-Year PPA	7-Year PPA
Solar: Single-Axis Tracking	29.86	31.72	29.05	30.87
Solar: Fixed Tilt	30.13	32.10	29.31	31.24

[25] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis at 3. *See* also Case No. 2022-00402, *Electronic Joint Application of Kentucky Utilities Company and Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Site Compatibility Certificates and Approval of a Demand Side Management Plan and Approval of Fossil Fuel-Fired Generating Unit Retirement* (Ky. PSC Nov. 7, 2023) (rehearing Order issued Dec. 7, 2023).

[26] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis at 3.

[27] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis at 4.

[28] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis at 4.

[29] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis at 5.

[30] LG&E/KU's Response to Staff's First Request, Item 1. The 7-year PPA rates are the averages between 2024 and 2025.

Wind	28.70	31.02	27.92	30.18
Other Technologies[31]	28.84	31.51	28.06	30.66

KU Energy Rates ($/MWh)[32]				
Technology	Distribution Connected Projects		Transmission Connected Projects	
	2-Year PPA	7-Year PPA	2-Year PPA	7-Year PPA
Solar: Single-Axis Tracking	30.43	32.33	29.05	30.87
Solar: Fixed Tilt	30.70	32.72	29.31	31.24
Wind	29.25	31.62	27.92	30.18
Other Technologies	29.39	32.12	28.06	30.66

Avoided Capacity Costs: The avoided capacity cost is computed as a function of LG&E/KU's future need for generating capacity and the cost of the new capacity.[33] LG&E/KU explained that considering the uncertainty around future environmental regulations, the future retirement of any units is uncertain.[34] Therefore, LG&E/KU computed the future need for generating capacity as the average of the following two retirement scenarios: (1) all remaining generating units were assumed to be retired at the end of their depreciable lives; (2) all remaining coal generating units were assumed to be retired by the end of 2031, consistent with the Environmental Protection Agency's (EPA) proposed Section 111(d) rule, and (3) all other remaining generating units were assumed

[31] LG&E/KU explained that "Other Technologies" had a 100% capacity factor so the resulting avoided energy cost would reflect an equal weighting of hourly marginal costs.

[32] LG&E/KU's Response to Staff's First Request, Item 1.

[33] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis at 6.

[34] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis at 6.

to be retired at the end of their depreciable lives.[35] LG&E/KU argued that, to be consistent with least-cost principles, they believed that QF capacity prices should be computed as the minimum capacity price.[36] Therefore, LG&E/KU reasoned, the cost of new capacity was properly determined utilizing the Levelized Cost of a combustion turbine (CT) method for all QF technologies. Overnight capital and fixed operating and maintenance costs for a new CT were taken from the National Renewable Energy Laboratory's (NREL) 2023 Annual Technology Baseline (ATB).[37] Firm gas transportation costs were based on LG&E/KU's cost of firm gas transportation and are consistent with cost assumptions from Case No. 2022-00402.[38] The proposed capacity rates are as follows:[39]

LG&E Capacity Rates ($/MWh)[40]				
Technology	Distribution Connected Projects		Transmission Connected Projects	
	2-Year PPA	7-Year PPA	2-Year PPA	7-Year PPA
Solar: Single-Axis Tracking	0	14.72	0	14.13
Solar: Fixed Tilt	0	17.72	0	17.02
Wind	0	11.61	0	11.15
Other Technologies	0	10.26	0	9.86

[35] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis at 7.

[36] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis at 7.

[37] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis at 7.

[38] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis at 7.

[39] LG&E/KU's Response to Staff's First Request, Item 1.

[40] LG&E/KU's Response to Staff's First Request, Item 1.

KU Capacity Rates ($/MWh)[41]				
Technology	Distribution Connected Projects		Transmission Connected Projects	
	2-Year PPA	7-Year PPA	2-Year PPA	7-Year PPA
Solar: Single-Axis Tracking	0	15.05	0	14.13
Solar: Fixed Tilt	0	18.12	0	17.02
Wind	0	11.87	0	11.15
Other Technologies	0	10.49	0	9.86

LG&E/KU argued that, consistent with Case Nos. 2020-00349[42] and 2020-00350,[43] they continued to recommend limiting QF capacity to the lower of the actual need or 1,000 MW because the Levelized Cost of a CT methodology results in avoided cost rates for solar that are greater than the market price of solar, and therefore, these rates did not include revenues for renewable energy certificates that a QF may receive.[44]

<u>NMS-2 Rates:</u> LG&E/KU proposed to update the energy and generation capacity components of the NMS-2 bill credits based on QF rates for the fixed tilt solar technology, consistent with the Commission's calculation of the bill credits in Case Nos. 2020-00349 and 2020-00350.[45] The bill credits approved in those cases also contained the following components: Ancillary Services, Transmission Capacity, Distribution Capacity, Carbon

[41] LG&E/KU's Response to Staff's First Request, Item 1.

[42] Case No. 2020-00349, June 30, 2021 Order.

[43] Case No. 2020-00350, Sept. 24, 2021 Order.

[44] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis at 16.

[45] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis at 17.

Cost, Environmental Compliance Cost, and Jobs Benefit, although, the Commission found that it was concerned by the insufficient record in those cases regarding the appropriate compensation rate for energy supplied to the grid because the record did not offer quantification from LG&E/KU or from the Intervenors for several compensation rate components that the Commission considered to be necessary to adequately compensate NMS-2 customers.[46] Therefore, the Commission found that the existing record was insufficient to support a conclusion whether the proposed NMS-2 export compensation rate is fair, just and reasonable and should be deferred to afford the parties the opportunity to develop a thorough, robust record with sufficient evidence to support a finding that LG&E/KU's proposed Tariff NMS-2 rates are fair, just and reasonable.[47]

In this case, LG&E/KU argued that updating the other components of the bill credit would require significantly more data and evaluation, which could be better addressed in a rate case, but computed the energy and generation capacity components as the average of the 7-year purchase power agreement (PPA) prices (with line losses) for fixed-tilt solar PPA's.[48] The KU proposed bill credit represents an increase of $0.00455 per kWh, or approximately 5.82 percent, from $0.07366 per kWh to $0.07821 per kWh.[49] The LG&E proposed bill credit represents an increase of $0.00446 per kWh, or approximately 6.05 percent, from $0.06924 to $0.07370 per kWh.[50]

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[46] Case No. 2020-00349, June 30, 2021 Order at 34-35; Case No. 2020-00350 Sept. 24, 2021 Order.

[47] Case No. 2020-00349, June 30, 2021 Order at 36; Case No. 2020-00350, Sept. 24, 2021 Order.

[48] 2024-2025 Qualifying Facilities Rates & Net Metering Service-2 Bill Credit, Generation Planning & Analysis, at 17.

[49] LG&E/KU's response to Staff's First Request, Item 1.

[50] LG&E/KU's Response to Staff's First Request, Item 1.

Distribution Connected Projects – Energy Rates:

- For Solar: Single-Axis Tracking and Solar Fixed Tilt tracking under 2-year PPA's LG&E/KU proposed a 27 percent increase and under 7-year PPA's LG&E/KU proposed a 29 percent increase.

- For wind technologies, LG&E/KU proposed a 24 percent increase for 2-year PPAs and a 27 percent increase for 7-year PPAs.

- For other technologies, LG&E KU proposed 27 percent increase for 2-year PPAs and a 32 percent increase to 7-year PPAs.

Transmission Connected Projects – Energy Rates:

- For Solar: Single-Axis Tracking, LG&E/KU proposed a 27 percent increase for 2-year PPAs and a 29 percent increase for 7-year PPAs.

- For Solar: Fixed Tilt, LG&E/KU proposed a 26 percent increase for 2-year PPAs and a 29 percent increase for 7-year PPAs.

TESTIMONY ON BEHALF OF THE JOINT INTERVENORS

The Joint Intervenors raised arguments related to the avoided carbon emissions pricing presently used by LG&E/KU in its tariff rates and the value of job creation as a component of the avoided costs of net metering.[51] The Joint Intervenors explained that LG&E/KU utilized the methodology of the high carbon price forecast from LG&E/KU's 2018 Integrated Resource Plan (IRP), which the Commission approved in Case No. 2020-00174.[52] The Joint Intervenors noted that LG&E/KU proposed adjustments to only the

[51] McDonald Direct Testimony.

[52] McDonald Direct Testimony at 5; *See also* Case No. 2020-00174, May 14, 2021 Order.

avoided energy and capacity rates and methodologies.[53] Joint Intervenors argued that the 2018 IRP data is essentially outdated and that new and updated developments have occurred that impact the value of avoided carbon emissions, which justified an update of the methodology components for the NMS-2 rates.[54] The Joint Intervenors argued that the 2018 IRP carbon pricing presently used by LG&E/KU in their IRPs and their NMS-2 rate calculations is unreasonably low and unfair to NMS customers.

Therefore, the Joint Intervenors recommended the Commission use the cost of avoided CO2 via carbon capture and sequestration (CCS) as a reasonable benchmark for the avoided cost of carbon for other resources, such as net metering.[55] Joint Intervenors recommended utilizing a carbon price range of $58 to $188 per ton CO2 starting in 2024 and then escalating it annually equal with the escalation rate used in the Synapse forecast or EPA SC-CO2 Estimate to determine the avoided cost of carbon for NMS-2 customers.[56]

Additionally, the Joint Intervenors recommended LG&E/KU utilize the Jobs and Economic Development Impact Model (JEDI model) or other similar software tools to analyze the jobs and economic development impacts of solar deployment in their territories, then use that analysis to determine a value for compensating NMS-2 customer generators considering the Commission directed them to do so in Case Nos. 2020-00349 and 2020-00350.[57] The Joint Intervenors explained that some of the benefits of the JEDI

[53] McDonald Direct Testimony at 5.

[54] McDonald Direct Testimony at 5.

[55] McDonald Direct Testimony at 17.

[56] McDonald Direct Testimony at 17 and Figure 5.

[57] McDonald Direct Testimony at 17.

model is that it allowed users to estimate the statewide economic impacts associated with developing solar projects.[58] The Joint Intervenors noted that LG&E/KU failed to provide any analysis of job benefits and economic development in this proceeding and have not offered any value for the NMS-2 export rate, despite the Commission's direction.[59]

BRIEF SUMMARIES

LG&E/KU: LG&E/KU argued that the Commission should approve the small QF rates and the large QF rates because no party challenged the rates.[60] Additionally, LG&E/KU stated that, in their response to Commission Staff's First Request, Item 1, the companies updated the rates to reflect the final Order in Case No. 2022-00402.[61] As such, LG&E/KU asked the Commission to approve those rates instead of the ones submitted as part of the original tariff filing.[62] LG&E/KU also argued that the Commission should not adopt the avoided energy cost requested by the Commission Staff in response to Staff's Third Request, Item 5, as it is overstated and contrary to the methodology approved in the 2020 rate case.[63]

LG&E/KU argued that the Commission explicitly adopted the practice of using a simple-cycle CT as the proxy unit to calculate avoided generation capacity cost—and explicitly rejected using an NGCC unit for the same purpose in the companies' 2020 rate

[58] McDonald Direct Testimony at 18.

[59] McDonald Direct Testimony at 18.

[60] LG&E/KU's Brief (filed May 24, 2024) at 3-5.

[61] LG&E/KU's Brief (filed May 24, 2024) at 3-5. *See* also LG&E/KU's Response to Staff's First Request, Item 1. LG&E/KU explained that the impact of the Commission's Order in 2022-00402 for the avoided energy cost is small, and shifting the capacity need from 2032 to 2030 increases the avoided capacity cost.

[62] LG&E/KU's Brief at 5.

[63] LG&E/KU's Brief at 5-6.

case.[64] LG&E/KU stated that no party had objected to the NMS-2 rates, as submitted in response to Staff's First Request, Item 1,[65] and they should be approved.[66] In addition, LG&E/KU stated that they calculated the NMS-2 avoided energy cost component for each utility using the average of the 2024 and 2025 QF 7-year avoided energy contract prices for distribution-connected fixed-tilt solar resources, in accordance with the Commission's language in Case Nos. 2020-00349 and 2020-00350.[67] LG&E/KU summarily rejected all of the arguments made by the witness for the Joint Intervenors, arguing that they did not meet the burden but did discuss each argument.[68]

Joint Intervenors: In their brief, Joint Intervenors argued that LG&E/KU's application excluded off-system sales and therefore were not treating eligible customer-generators as supply-side resources, not treating benefits and costs symmetrically; and by continuing to rely on opaque and non-transparent sources for avoided costs.[69] Additionally, Joint Intervenors reiterated that LG&E/KU's credit amount proposed for net metering customer-generators failed to adequately compensate customer-generators in a number of aspects, particularly with regard to avoided carbon costs, avoided environmental compliance costs, and job benefits.[70]

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[64] LG&E/KU's Brief at 6-7.

[65] As mentioned with the QF rates, LG&E/KU updated the NMS-2 rates to reflect the final Order in Case No. 2022-00402.

[66] LG&E/KU's Brief at 8.

[67] LG&E/KU's Brief at 8.

[68] LG&E/KU's Brief at 9-14

[69] Memorandum Brief of Joint Intervenors (filed May 24, 2024) at 3.

[70] Memorandum Brief of Joint Intervenors at 14.

Joint Intervenors argued that LG&E/KU used carbon costs from 2018 based on a report from 2016 and that, as stated in their testimony, carbon costs are more definite now.[71] The Joint Intervenors cited to the US EPA, New Source Performance Standards for Greenhouse Gas Emissions From New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for Greenhouse Gas Emissions From Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule, 88 Fed. Reg. 33,348 to argue that the cost for CCS at a new combined cycle unit is certainly not the only cost LG&E/KU will avoid; rather the cost of compliance (or replacement) for all fossil-fuel units should be considered.[72] According to Joint Intervenors, if LG&E/KU wishes to use the cost estimates from the final Electric Generating Unit Greenhouse Gas Rule to propose an alternative avoided cost of carbon, it should at least utilize the costs which it believes it will actually face to comply with the rule.[73]

Joint Intervenors argued that the Commission explicitly rejected the idea that compensation rates paid to net metering customers should be set based on comparison to the costs of utility-scale solar, the method endorsed by LG&E/KU.[74]

Joint Intervenors proposed that the Commission order LG&E/KU to track the job benefits and increased costs and update their filing in this case reflecting the "full avoided

[71] Memorandum Brief of Joint Intervenors at 4-6.

[72] Memorandum Brief of Joint Intervenors at 7-8.

[73] Memorandum Brief of Joint Intervenors at 7.

[74] Memorandum Brief of Joint Intervenors at 9-10. *Citing* to Case No. 2020-00349 and Case No. 2020-00350, Sept. 24, 2021 Order at 32 and 48-58.

cost components of Rider NMS-2."[75] Joint Intervenors requested that the Commission modify the proposed bill credit for NMS-2 customers to reflect updated avoided cost components, including carbon costs.[76]

KYSEIA

KYSEIA, while it did not file direct testimony, argued in its brief that off system sales should be considered in production cost modeling.[77] KYSEIA stated that LG&E/KU should be required to calculate the avoided energy cost both with and without QF generation.[78] KYSEIA stated that the difference between the avoided energy cost in the response to Staff's Third Request, Item 5, as compared to the application, which was lower, is evidence that the cost-differential approach is more appropriate.[79]

KYSEIA argued that LG&E/KU used the incorrect inflation rate when calculating the cost data for a CT, and the Commission should require the companies to use the rate in NREL's ATB.[80]

In addition, KYSEIA argued that LG&E/KU do not interpret 807 KAR 5:054 Section 6 properly.[81] According to KYSEIA, "a review of subsections (2) and (3) of the

[75] Memorandum Brief of the Joint Intervenors at 13-14.

[76] Memorandum Brief of the Joint Intervenors at 14.

[77] KYSEIA's Brief (filed May 24, 2024) at 3.

[78] KYSEIA's Brief at 5-7.

[79] KYSEIA's Brief at 5-7.

[80] KYSEIA's Brief at 7-9.

[81] KYSEIA's Brief at 7-9. 807 KAR 5:054 Section 6. Electric Utility Obligations. (1) Each electric utility shall purchase any energy and capacity which is made available from a qualifying facility except as provided in subsections (2) and (3) of this section.
(2) The qualifying facility's right to sell power to the utility shall be curtailed in periods when purchases from qualifying facilities will result in costs greater than those which the utility would incur if it generated an equivalent amount of energy instead of purchasing that energy.
(3) During any system emergency, an electric utility may discontinue:

administrative regulation does not reveal a foundation for the Companies' 'lower of the actual need or 1,000 MW' recommendation."[82] KYSEIA stated that it viewed LG&E/KU's interpretation as "contrary to the plain language 807 KAR 5:054 and the intent of the Public Utility Regulatory Policies Act of 1978 as it does not encourage cogeneration and small power production facilities."[83]

KYSEAI also cited to several smaller issues. KYSEIA stated that LG&E/KU provided contradictory capacity need information and should be required to use a 2026 year instead of 2032..[84] KYSEIA also point out that LG&E/KU used a 20-year period to calculate the avoided cost rate for a 7-year QF contract term.[85] KYSEIA claimed that the

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(a) Purchases from a qualifying facility if such purchases would contribute to such emergency; or

(b) Sales to a qualifying facility if discontinuance is nondiscriminatory.

(4) Any utility which invokes subsection (2) of this section shall provide adequate notice to the qualifying facility. In addition, the commission may require the utility to furnish documentation within ten (10) working days after suspension occurs. If the utility fails to provide adequate notice or incorrectly identifies such a period, it will be required to reimburse the qualifying facility for energy or capacity or both available for delivery on a legally enforceable basis as if that period had not occurred.

(5) Rates for sale. An electric utility shall sell power to a qualifying facility upon request except as provided in subsection (3)(b) of this section. Rates for sale shall be just and reasonable, in the public interest and nondiscriminatory. Rates for sale which are based on accurate data and consistent system costing principles shall not be considered to discriminate against any qualifying facility to the extent that such rates apply to the utility's other customers with similar load or cost-related characteristics. If a utility provides back-up or supplementary power to a qualifying facility, then costs associated with that capacity reservation are properly recoverable from the qualifying facility.

(6) Obligation to interconnect.

(a) An electric utility is required to make any interconnection with a qualifying facility that is necessary for purchase and sale. Owners of qualifying facilities shall be required to pay for any additional interconnection costs to the extent that those costs are in excess of costs that the electric utility would have incurred if the qualifying facility's output had not been purchased. Payment shall be over a reasonable period of time, and terms of payment shall be a part of the contract between the electric utility and the qualifying facility.

(b) Each electric utility shall offer to operate in parallel with a qualifying facility, provided that the qualifying facility complies with applicable standards established in accordance with Section 7(6) of this administrative regulation.

[82] KYSEIA's Brief at 9.

[83] KYSEIA's Brief at 9.

[84] KYSEIA's Brief at 10-11.

[85] KYSEIA's Brief at 11-13.

companies failed to be transparent in their inputs and calculations for avoided energy and other costs.[86]

Attorney General

While the Attorney General did not file direct testimony, it explained in its brief that LG&E/KU's calculation of the NMS-2 Bill Credits of $0.0704 $/kWh (LG&E) and $0.07468 kWh (KU) were based on eight factors.[87] The Attorney General stated that the Commission noted in a recent Kentucky Power case to appear to be justified and well-supported by the evidence in the record and recommends approving the rates as filed.[88]

ANALYSIS AND FINDINGS

Avoided Capacity and Energy Costs:

Having considered all parties' briefs and the evidence in the record, the Commission disagrees with LG&E/KU's methodology for calculating its avoided capacity and energy costs. Based upon a review of the case record and being otherwise sufficiently advised, the Commission finds that the avoided capacity and energy costs should be based on an NGCC rather than a proxy CT for the reasons discussed below.

The Commission notes that there are unique conditions applicable to a utility's system which may preclude the necessity for capacity payments. The Commission addressed these scenarios in Administrative Case 8566 finding that:

> There are unique conditions on a utility's system which may obviate the necessity for capacity payments. If a utility demonstrates to the commission's satisfaction that it

[86] KYSEIA's Brief at 13-15.

[87] Attorney General's Brief (filed May 24, 2024) at 6, ("(1) energy cost, (2) ancillary services, (3) generation capacity, (4) transmission capacity, (5) distribution capacity, (6) carbon cost, (7) environmental compliance cost, and (8) job benefits").

[88] Attorney General Brief at 6.

> simultaneously faces insignificant load growth, excess capacity, minimum off system sales and is neither planning nor constructing capacity within its ten-year planning horizon then the utility cannot avoid capacity-related costs at that time so a capacity payment would not be justified.[89]

The Commission notes that LG&E/KU do not satisfy these unique conditions as they are currently constructing additional capacity within its ten-year planning horizon, namely, Mill Creek 5. The Commission also notes that there could be an argument against allowing zero avoided capacity costs for LG&E/KU's 2-year contracts.

The applicant utility bears the burden to demonstrate the reasonableness of zero avoided capacity costs, and it appears that LG&E/KU proposed zero avoided capacity costs based on the Commission's decision in its 2020 rate case rather than its actual avoided costs. However, for the purposes of this case, the Commission finds that there is insufficient evidence to contradict LG&E/KU's zero avoided cost proposal. The Federal Energy Regulatory Commission (FERC) found that "[t]he Commission affirmed that, when capacity is not needed, the avoided capacity cost rate can be zero."[90] While the Commission acknowledges and agrees with the FERC findings, the Commission will allow LG&E/KU's proposed 2-year zero avoided capacity rates only for the purpose that LG&E/KU have demonstrated that they do not have a capacity deficit within the next 2-years. Therefore, the Commission finds that the 2-year zero avoided capacity rates should be approved. However, the Commission will reevaluate this decision in

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[89] Administrative Case No. 8566, *Re Small Power Producers and Cogenerators*, Order KY. PSC (June 28, 1984) Order at 5.

[90] *Qualifying Facility Rates and Requirements Implementation Issues Under the Public Utility Regulatory Policies Act of 1978*, Order No. 872A, 173 FERC paragraph 61,158, 61,955 (2020).

LG&E/KU's next base rate case and expects LG&E/KU to file additional evidence and testimony to support a zero avoided capacity cost moving forward.[91]

Additionally, considering avoided costs are long-term in nature, the Commission notes that the long-term avoided costs, or 7-year contracts, should accurately reflect LG&E/KU's own generation system and future capacity needs. LG&E/KU argued that, because QF technologies do not have similar operating characteristics and the avoided capacity cost is intended to be a capacity-only value, it is not appropriate to use the cost of an NGCC in the calculation of avoided capacity cost.[92] However, the Commission disagrees with LG&E/KU's argument and notes that LG&E/KU, in November 2023, received Commission approval to retire Mill Creek 1 & 2 and begin construction of the Mill Creek 5 NGCC.[93] LG&E/KU anticipate that the in-service date for Mill Creek 5 would be 2027. Therefore, the Commission notes that it is appropriate to utilize an NGCC for capacity values and costs considering the capacity values should reflect the actual resource generation that LG&E/KU is constructing/planning to meet their capacity needs. Additionally, the Commission notes that while QF's may not have similar operating characteristics, QF's invest in technologies like solar, wind, or small-scale cogeneration, which offer significant environmental, and reliability benefits that LG&E/KU should take advantage of to reduce greenhouse gas emissions or diversify its energy supply to reduce market volatility to its customers.

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[91] LG&E/KU should specifically provide more evidence for how they are not avoiding costs now with regard to the Commission's recent decision in 2022-00402.

[92] LG&E/KU's response to Staff's First Request for Information (Staff's First Request), Item 4.

[93] *See* Case No. 2022-00402, Nov. 6, 2023 Order. The Commission also found that LG&E/KU should not proceed with the retirement of Mill Creek 2 until the construction of Mill Creek 5 is completed.

LG&E/KU argued that it is not appropriate to use the cost of the Mill Creek 5 NGCC because QFs added over the next two years will not enable it to avoid a portion of this unit.[94] However, while the Commission acknowledges LG&E/KU's argument, the evidence of record does not compel a finding supporting LG&E/KU's position that the utility cannot avoid portions of this unit. The Commission notes that, as long as there is capacity being constructed that is not imminently scheduled for completion, then it is appropriate for a utility to offer avoided capacity cost purchase rates for that proxy unit. Additionally, the FERC found that:

> In order to defer or cancel the construction of new generating units, a utility must obtain a commitment from a qualifying facility that provides contractual or other legally enforceable assurances that capacity from alternative sources will be available sufficiently ahead of the date on which the utility would otherwise have to commit itself to the construction or purchase of new capacity. If a qualifying facility provides such assurances, it is entitled to receive rates based on the capacity costs that the utility can avoid as a result of its obtaining capacity from the qualifying facility.[95]

Therefore, while LG&E/KU raised the arguments against avoiding portions of the costs associated with Mill Creek 5, the Commission notes that during construction of the NGCC, it is still reasonable to calculate the portions that LG&E/KU claim are unavoidable for avoided cost rates. LG&E/KU also proposed to build an additional NGCC for Brown 12 in Case No. 2022-00402 but for which the Commission denied a CPCN based on the proposed in-service date.[96] The long-term avoided costs could either be calculated utilizing the Mill Creek 5 unit, Brown 12 future NGCC, or a proxy NGCC utilizing data from

[94] LG&E/KU's Response to Staff's First Request, Item 4.

[95] 18 C.F.R. § 292.304(c), 12225.

[96] *See* Case No. 2022-00402, Nov. 6, 2023 Order.

NREL's ATB because avoided capacity costs are based on the type of generating facilities that the utility is planning for, currently procuring, or constructing. Additionally, avoided costs are equal to the cost the utility avoids in not having to produce that power on its own and Mill Creek 5 is currently being constructed and there's also the fact that there are other NGCC proxy units available.

Accordingly, the Commission continues to rely on open, transparent, and publicly accessible information sources and will adopt the cost of a NGCC filed by LG&E/KU in response to Staff's First Request, Item 5, which utilizes data from National Renewable Energy Laboratory Annual Technology Baseline that incorporates data from a proxy NGCC.[97] The Commission finds that the rates filed by LG&E/KU in response to Staff's First Request, Item 5, attached in Appendix A, result in fair, just and reasonable rates and provides advantages for QF's under the Public Utility Regulatory Policies Act and accurately reflect LG&E/KU's own generation system and future needs and should be approved.

<u>NMS-2 Rates:</u>

While the Commission acknowledges all arguments made by the intervening parties, the Commission notes that changing the methodology from a proxy CT to an NGCC for the avoided cost calculation results in a change to the NM-2 rates.[98] Additionally, the Commission agrees with the Joint Intervenors in that there is more available data that should be utilized to update the other components of the bill credit. However, the Commission also agrees with LG&E/KU that it in updating that information

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[97] LG&E/KU's Response to Staff's First Request, Item 5.

[98] LG&E/KU provided updated NM-2 rates in its response to Staff's First Request, Item 5.

could require significantly more data, evaluation, and resources, which would be better addressed in a future rate case.

The Commission finds that LG&E/KU should incorporate the arguments raised by the Joint Intervenors herein, in regard to updating the other components of the bill credits, and file additional evidence and testimony in its next base rate case.[99] The Commission emphasizes that LG&E/KU has had ample notice and time to analyze these additional data points in order to achieve the most accurate calculation for the bill credits and avoided capacity costs. Additionally, the Commission finds that the NM-2 rates calculated in response to Staff's First Request, Item 5, incorporated in Appendix A and B, result in fair, just and reasonable rates and, therefore, should be approved.

IT IS THEREFORE ORDERED that:

1. The rates and charges proposed by LG&E/KU in Tariff SQF and LQF are denied.

2. The rates and charges for LG&E/KU's Tariff SQF and LQF, as set forth in Appendix A and B to this Order, are fair, just and reasonable rates, and these rates are approved for service rendered on and after the date of entry of this Order.

3. LG&E/KU shall file additional evidence and testimony for the reasonableness of zero avoided capacity costs in its next base rate case.

4. The rates and charges proposed by LG&E/KU in Tariff NMS-2 are denied.

[99] Other components of the bill credits specifically refer to (1) energy cost, (2) ancillary services, (3) generation capacity, (4) transmission capacity, (5) distribution capacity, (6) carbon cost, (7) environmental compliance cost, and (8) job benefits that LG&E/KU would provide additional evidence in its next base rate case to update those components.

5. The rates and charges for LG&E/KU's Tariff NMS-2, as set forth in Appendix A and B to this Order, are fair, just and reasonable rates, and these rates are approved for service rendered on and after the date of entry of this Order.

6. LG&E/KU shall file additional evidence and testimony in regard to other components of the bill credits in its next base rate case.

7. Within 20 days of the date of this Order, LG&E/KU shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates, charges, and modifications approved or as required herein and reflecting their effective date and that they were authorized by this Order.

8. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner

ENTERED

AUG 30 2024

rcs

KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00404 DATED AUG 30 2024

The following rates and charges are prescribed for the customers in the area served by Kentucky Utilities. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

TARIFFS SQF AND LGF
SMALL AND LARGE QUALIFYING FACILITY

Qualifying Facility Avoided Energy Rates for Transmission Connected Projects, without Line Losses ($/MWh)

Technology	QF Avoided Energy (without line losses for transmission connected projects)		
	2-Year PPA	7-Year PPA Beginning:	
		2024	2025
Solar: Single-Axis Tracking	$29.05	$30.51	$30.90
Solar: Fixed Tilt	$29.33	$30.89	$31.28
Wind	$27.94	$29.90	$30.33
Other Technologies	$28.05	$30.27	$30.74

Qualifying Facility Avoided Capacity Rates for Transmission Connected Projects, without Line Losses ($/MWh)

Technology	QF Avoided Capacity, 2032 Need (without line losses for transmission connected projects)		
	2-Year PPA	7-Year PPA Beginning:	
		2024	2025
Solar: Single-Axis Tracking	$0.00	$11.30	$12.76
Solar: Fixed Tilt	$0.00	$13.61	$15.36

Wind	$0.00	$8.91	$10.06
Other Technologies	$0.00	$7.88	$8.90

Qualifying Facility Avoided Cost Rates for Transmission Connected Projects, without Line Losses ($/MWh)

Technology	QF All-In Avoided Cost Rates (without line losses for transmission connected projects)	
	2-Year PPA	2024/2025 Avoided Cost Rate
Solar: Single-Axis Tracking	$29.05	$42.74
Solar: Fixed Tilt	$29.33	$45.57
Wind	$27.94	$39.60
Other Technologies	$28.05	$38.90

Qualifying Facility Avoided Energy Rates, with Line Losses ($/MWh)

Technology	QF Avoided Energy, KU (with line losses)		
	2-Year PPA	7-Year PPA Beginning:	
		2024	2025
Solar: Single-Axis Tracking	$30.43	$31.96	$32.36
Solar: Fixed Tilt	$30.73	$32.35	$32.76
Wind	$29.27	$31.32	$31.77
Other Technologies	$29.39	$31.71	$32.20

Qualifying Facility Avoided Capacity Rates, with Line Losses ($/MWh)

Technology	QF Avoided Capacity, KU (with line losses)		
	2-Year PPA	7-Year PPA Beginning:	
		2024	2025
Solar: Single-Axis Tracking	$0.00	$12.03	$13.58

Solar: Fixed Tilt	$0.00	$14.49	$16.35
Wind	$0.00	$9.49	$10.71
Other Technologies	$0.00	$8.39	$9.47

Qualifying Facility All-In Avoided Cost Rates for 2-Year and 7-Year PPAs, with Line Losses ($/MWh)

Technology	QF All-In Avoided Cost Rate, KU	
	2-Year PPA	2024/2025 Avoided Cost Rate
Solar: Single-Axis Tracking	$30.43	$44.97
Solar: Fixed Tilt	$30.73	$47.98
Wind	$29.27	$41.64
Other Technologies	$29.39	$40.88

TARIFF NMS-2
NET METERING SERVICE-2

All excess customer generation, accumulated for the billing period, shall be credited for each month:

Residential $0.07534 per kWh

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00404 DATED AUG 30 2024

The following rates and charges are prescribed for the customers in the area served by Louisville Gas and Electric. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

TARIFFS SQF AND LGF
SMALL AND LARGE QUALIFYING FACILITY

Qualifying Facility Avoided Energy Rates for Transmission Connected Projects, without Line Losses ($/MWh)

Technology	QF Avoided Energy (without line losses for transmission connected projects)		
	2-Year PPA	7-Year PPA Beginning:	
		2024	2025
Solar: Single-Axis Tracking	$29.05	$30.51	$30.90
Solar: Fixed Tilt	$29.33	$30.89	$31.28
Wind	$27.94	$29.90	$30.33
Other Technologies	$28.05	$30.27	$30.74

Qualifying Facility Avoided Capacity Rates for Transmission Connected Projects, without Line Losses ($/MWh)

Technology	QF Avoided Capacity, 2032 Need (without line losses for transmission connected projects)		
	2-Year PPA	7-Year PPA Beginning:	
		2024	2025
Solar: Single-Axis Tracking	$0.00	$11.30	$12.76
Solar: Fixed Tilt	$0.00	$13.61	$15.36

Wind	$0.00	$8.91	$10.06
Other Technologies	$0.00	$7.88	$8.90

Qualifying Facility Avoided Cost Rates for Transmission Connected Projects, without Line Losses ($/MWh)

Technology	QF All-In Avoided Cost Rates (without line losses for transmission connected projects)	
	2-Year PPA	2024/2025 Avoided Cost Rate
Solar: Single-Axis Tracking	$29.05	$42.74
Solar: Fixed Tilt	$29.33	$45.57
Wind	$27.94	$39.60
Other Technologies	$28.05	$38.90

Qualifying Facility Avoided Energy Rates, with Line Losses ($/MWh)

Technology	QF Avoided Energy, LG&E (with line losses)		
	2-Year PPA	7-Year PPA Beginning:	
		2024	2025
Solar: Single-Axis Tracking	$29.86	$31.36	$31.75
Solar: Fixed Tilt	$30.15	$31.74	$32.15
Wind	$28.72	$30.72	$31.17
Other Technologies	$28.83	$31.11	$31.59

Qualifying Facility Avoided Capacity Rates, with Line Losses ($/MWh)

Technology	QF Avoided Capacity, LG&E (with line losses)		
	2-Year PPA	7-Year PPA Beginning:	
		2024	2025
Solar: Single-Axis Tracking	$0.00	$11.77	$13.28

Solar: Fixed Tilt	$0.00	$14.18	$16.00
Wind	$0.00	$9.28	$10.48
Other Technologies	$0.00	$8.21	$9.26

Qualifying Facility All-In Avoided Cost Rates for 2-Year and 7-Year PPAs, with Line Losses ($/MWh)

Technology	QF All-In Avoided Cost Rate, LG&E	
	2-Year PPA	2024/2025 Avoided Cost Rate
Solar: Single-Axis Tracking	$29.86	$44.09
Solar: Fixed Tilt	$30.15	$47.03
Wind	$28.72	$40.83
Other Technologies	$28.83	$40.09

TARIFF NMS-2
NET METERING SERVICE-2

All excess customer generation, accumulated for the billing period, shall be credited for each month:

Residential $0.07089 per kWh

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