From:	PSC Public Comment
To:	[redacted]
Cc:	
Subject:	RE: Comments of ACLC, KRC, KYSES, and MA on Case No. 2024-00344
Date:	Monday, February 17, 2025 10:20:00 AM

Case No. 2024-00344

Thank you for your comments on the application of Kentucky Power Company. Your comments in the above-referenced matter have been received and will be placed into the case file for the Commission's consideration. Please cite the case number in this matter, 2024-00344 in any further correspondence. The documents in this case are available at View Case Filings for: 2024-00344 (ky.gov).

Thank you for your interest in this matter.

From: Byron Gary [redacted]
Sent: Friday, February 14, 2025 8:38 PM
To: PSC Public Comment <PSC.Comment@ky.gov>
Cc: Mary Cromer [redacted] Josh Bills [redacted]; andrew mcdonald [redacted]; Ashley Wilmes [redacted]
Subject: Comments of ACLC, KRC, KYSES, and MA on Case No. 2024-00344

[redacted]

[redacted].

Ms. Bridwell & Commissioners -

Please find attached the comments of Appalachian Citizens' Law Center, Kentucky Resources Council, Kentucky Solar Energy Society, and Mountain Association regarding Case No. 2024-00344, ELECTRONIC APPLICATION OF KENTUCKY POWER COMPANY FOR (1) A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING THE DEPLOYMENT OF ADVANCED METERING INFRASTRUCTURE; (2) REQUEST FOR ACCOUNTING TREATMENT; AND (3) ALL OTHER NECESSARY WAIVERS, APPROVALS, AND RELIEF.

Please let me know if you have any questions.

Best,
Byron Gary (he/him)
Program Attorney
Kentucky Resources Council

Ms. Linda Bridwell, Executive Director
Kentucky Public Service Commission

Via email to psc.comment@ky.gov

Dear Ms. Bridwell & Commissioners:

Thank you for the opportunity to provide comment regarding the application of Kentucky Power Company ("KPCo") for a certificate of public convenience and necessity ("CPCN") to deploy advanced metering infrastructure ("AMI") and approval of accounting treatment to establish a regulatory asset to accumulate and defer for later review and recovery the costs for AMI deployment. These comments are being submitted on behalf of Appalachian Citizens' Law Center ("ACLC"), Kentuckians For The Commonwealth ("KFTC"), Kentucky Resources Council ("KRC"), Kentucky Solar Energy Society ("KYSES"), and Mountain Association ("MA"), collectively "Public Interest Commenters".

Since its incorporation in 2001, Appalachian Citizens' Law Center ("ACLC") has focused on addressing the environmental, health, and economic impacts of resource extraction in Eastern Kentucky and Central Appalachia. ACLC's primary work includes both direct representation of individuals and groups and policy and advocacy work aimed at addressing the ongoing and legacy impacts of the coal industry and the economic impacts of its decline. Currently, ACLC's work includes numerous efforts to address utility unaffordability throughout Eastern Kentucky. ACLC advocates for energy and water affordability on behalf of low-income residents in the region by participating as stakeholders in national and state energy and water affordability discussions and workgroups, by conducting research on utility affordability, and by directly representing the Martin County Concerned Citizens before the PSC. ACLC is also a KPCo customer.

Kentuckians For The Commonwealth ("KFTC") is a forty-one-year-old, multi-issue grassroots organization of Kentuckians inspired by a vision to work for a brighter future for all people, no matter our color, where we come from, or how much money we have. Together, KFTC members organize for a fair economy, a healthy environment, new safe energy, and an honest democracy. KFTC has twelve chapters across the state—including eastern Kentucky chapters in the Big Sandy region, Rowan County, and Kentucky River region, many of whose members are KPCo ratepayers—with

12,000 members in nearly all of Kentucky's 120 counties. KFTC is also a KPCo customer.

Kentucky Resources Council ("KRC") is is a statewide public-interest environmental law and advocacy organization. We work to protect Kentucky's natural resources, promote policies for healthy communities, and assure that those who pollute our land, air, or water are held to account. Our members and constituents live and work—and their children play and attend school—in areas potentially impacted by this application.

The mission of Kentucky Solar Energy Society ("KYSES") is to promote the use of renewable energy resources, energy efficiency, and conservation in Kentucky through education, advocacy, networking, and demonstration of practical applications. KYSES is comprised of members who include residential solar energy customers taking service from KPCo in its service territory; solar energy enthusiasts (including potential future solar customers); professionals working in the clean energy field in business, nongovernmental organizations, and academia; and advocates for a transition to a clean energy economy.

Mountain Association ("MA") works with people in eastern Kentucky and Central Appalachia to create economic opportunity, strengthen democracy, and support the sustainable use of natural resources. MA's energy programs work to strengthen the region's residents, small businesses, local governments, communities, and non-profits by helping to reduce energy costs and consumption, increase energy security, and build resilience in the face of climate change. MA has worked with hundreds of small commercial KPCo customers over fifteen (15) years providing financing to access investments in energy efficiency and renewable energy, resulting in reduced operating expenses. At the same time, MA has assisted energy contractors with technical trainings and equipment financing to grow their businesses.

As more fully explained below, Joint Commenters take no position on the granting or denial of the application, but offer the following conditions we believe should be included if the application is granted:

1. Deployment of AMI should be used to eliminate disconnection and reconnection fees.
2. Deployment of AMI should not be used to add any additional fees or direct cost impacts to small businesses or residential ratepayers.
3. Approved meters should be capable of supporting demand response and conservation voltage reduction.
4. Any cost recovery for deployment should only be allowed once it is demonstrated that the advanced features of AMI are being used by KPC to the benefit of customers.

Background

Kentucky Power Company ("KPCo") is an affiliate of American Electric Power ("AEP") with service territory in far Eastern Kentucky, bordering West Virginia, Virginia, and

Ohio. As pointed out in recent testimony on behalf of several of the Public Interest Commenters:

> there are significantly more homes, not only statewide, but also within the Kentucky Power service territory which are experiencing high or severe energy burdens…Per the DOE Low-Income Energy Affordability Data ("LEAD") tool, Kentuckians with incomes at or below 200% of the federal poverty level experience an energy burden ranging from 10-15%. In reviewing seven counties in which the majority resides in the Kentucky Power service territory, the DOE LEAD tool indicates that there are 23,741 households within those counties that have energy burdens of six percent or greater and incomes at 200% or below the federal poverty level ("FPL"). … [T]he majority of households in a significant proportion of census tracts within Kentucky Power's service territory report incomes below 200% FPL, with energy burdens from 6% to as much as 18%.[1]

KPCo's primary sources of power (both energy and capacity) are the Big Sandy natural gas plant, and a partial stake in the Mitchell Coal plant located in West Virginia.[2] Since the expiration of a unit purchase agreement ("UPA") for the Rockport Plant in Indiana in 2022, KPCo has been reliant on market purchases for a portion of its capacity.[3] With the Company's planned divestiture from the Mitchell plant in 2028 this capacity deficit will grow by over 600 MW.

1. **Deployment of AMI should be used to eliminate disconnection and reconnection fees.**

One of the claimed benefits of the applied-for AMI is avoided operations and maintenance expenses, particularly "related to eliminated manual meter reads and disconnect/reconnect trips, as well as efficiencies within outage management and billing estimation."[4] KPCo currently charges a fee to customers whose service has been disconnected for reconnection of service. This fee escalates significantly when reconnection is at the "end of the day", and even more significantly when an employee must be called in to work to make the reconnect trip, and is as high as $124 for reconnection on Sundays or Holidays.[5]

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[1] Case No. 2024-00115, Corrected Testimony of Stacy L. Sherwood on Behalf of Joint Intervenors Mountain Association, Appalachian Citizens' Law Center, Kentuckians for the Commonwealth, and Kentucky Solar Energy Society at 27-29 (Dec. 20, 2024).
[2] Case No. 2023-00092, Integrated Resource Planning Report to the Kentucky Public Service Commission at 13-14 (Mar. 20, 2023).
[3] *Id.* at 55.
[4] Direct Testimony of Lerah H. Khan on Behalf of Kentucky Power Company at 17 (Nov. 08, 2024).
[5] Kentucky Power Company, Rates, Terms, and Conditions for Furnishing Electric Service, P.S.C. KY. NO. 13 ORIGINAL SHEET NO. 2-10.

KPCo's ratepayers are already heavily energy-burdened, and exorbitant reconnection fees to the precise people having trouble paying their bills, particularly outside normal business hours when many ratepayers are most able to make payments, only add to the burden. If, as described in testimony, KPCo will be able to remotely disconnect and reconnect service, then disconnection and reconnection fees should be eliminated.

2. **Deployment of AMI should not be used to add any additional fees or direct cost impacts to small businesses or residential ratepayers.**

A number of KPCo ratepayers who take service under Tariff G.S. are small businesses or non-profit organizations which currently do not pay a Demand Charge because current metering equipment does not measure peak demands. Many would not be subject to the charge in any event, as their demand remains below 10 kW. However, certain ratepayers with demand on a limited number of days for special events (e.g., Churches on Sundays) could become subject to an additional demand charge under the tariff if metering equipment were replaced with AMI.

This additional charge could be a significant burden for some small commercial and non-profit ratepayers. In the spirit of the principle of stability in rates,[6] public interest commenters suggest such customers have a 12 month window to respond to this new applied demand charge. We suggest the charge show up on the bill followed by a credit of same amount with a bill insert explaining the 1-yr credit offset and what a demand charge is. This would give such customers an opportunity to implement changes to respond to the new price signal.

3. **Approved meters should be capable of supporting demand response and conservation voltage reduction.**

Demand response programs allow ratepayers or utilities to shift demand away from peak periods in order to avoid or reduce stress on the grid and flatten peaks, often for a payment or benefit to the ratepayer.[7] Several utilities in Kentucky already offer demand response programs, including to residential ratepayers, approved by the Commission.[8]

Conservation voltage reduction ("CVR") "is a process by which the utility systematically reduces voltages in its distribution network, resulting in a proportional reduction of load on the network."[9] KPCo has previously estimated that "a range of 0.7% to 1.2% of

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[6] *See*, *e.g.*, , James C. Bonbright, *Principles of Public Utility Rates, Columbia University Press* at 291, (New York NY, 1961) ("Rates themselves should be stable, i.e. rates should experience minimal unexpected changes that are seriously adverse to existing customers….")

[7] *See*, *e.g.*, U.S. Department of Energy, *Demand Response*, https://www.energy.gov/oe/demand-response.

[8] *See*, *e.g.*, Louisville Gas & Electric Company's Bring Your Own Thermostat and Optimized EV Charging programs, https://lge-ku.com/energy-efficiency-programs; Nolin RECC, Direct Load Control Program – Residential, PSC KY N0.10 4th Revision Sheet No. 83.

[9] Case No. 2016-00413, *Electronic 2016 Integrated Resource Planning Report of Kentucky Power Company to the Public Service Commission of Kentucky*, at Sec. 3.3.5, Volt VAR Optimization, page 84 of 1497.

energy demand reduction for each 1% voltage reduction is possible."[10] Deployment of AMI makes CVR feasible at the meter level.[11]

Testimony in support of the application indicates that the planned AMI are capable of demand response.[12] The planned meters also are capable of sensing voltage at a ratepayers' premises, indicating capability of enabling CVR.[13] The Commission should explicitly condition a CPCN, if granted, on deployed AMI being capable of supporting demand response and CVR, and require KPCo to investigate and propose use of both to assist in meeting or minimizing its current and impending capacity shortfall.

4. **Any cost recovery for deployment should only be allowed once it is demonstrated that the advanced features of AMI are being used by KPC to the benefit of customers.**

In addition to a CPCN for deployment of AMI, KPCo has applied for "approval of accounting treatment to establish a regulatory asset to accumulate and defer for later review and recovery the costs for AMI deployment…."[14] It has also listed in various places the benefits of AMI to customers.[15]

One of the factors in determining fair, just, and reasonable rates for utilities is a determination of "what is used and useful."[16] The Commission should explicitly condition any future recovery of costs for deployment of AMI on the deployed meters being *used and useful to the ratepayers*, through the potential benefits listed in the application of KPCo as well as the suggestions listed above that would ensure the usefulness to customers of the extra cost of these meters. The Commission should also require that any cost recovery only be allowed once KPCo has successfully demonstrated a user-friendly customer accessible portal that gives customers access to their meters AMI data to allow customers the ability to monitor and measure their own energy management implementation.

[Signature block on following page]

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[10] *Id.*
[11] Ahmad Faruqui, Kevin Arritt, Sanem Sergici, *The impact of AMI-enabled conservation voltage reduction on energy consumption and peak demand*, 30 The Electricity Journal 60-65 (Mar. 2017), *available at* https://www.sciencedirect.com/science/article/abs/pii/S1040619016302536.
[12] Direct Testimony of Stephen D. Blankenship at Exhibit SDB-3 page 2 of 2.
[13] *Id.* at 8.
[14] Application at 1.
[15] Direct Testimony of Lera M. Khan at 17; Direct Testimony of Stephen D. Blankenship at 8; Direct Testimony of Stevi N. Cobern at 13.
[16] *Nat'l-Southwire Aluminum Co. v. Big Rivers Elec. Corp.*, 785 S.W.2d 503, 510 (Ky. App. 1990).

Sincerely,

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