This rate proposal from Kentucky Power is absurdly complicated, but most aspects of the proposal plainly put profit over the well-being of Kentuckians[1][2]. **Below, we've divided up four main points you could include in your public comments.** Feel free to read and incorporate points from each topic, or skip to more details from a specific section by clicking here:

1. Kentucky Power's proposal **punishes prospective rooftop solar customers** by devaluing solar energy in a way that would put rooftop solar out of reach for most households. Rooftop solar is an important way for customers to take charge of their bills, and the PSC should refrain from accepting changes to Kentucky Power's solar net metering rate until they can follow a thorough, multi-stakeholder process to evaluate the costs AND the benefits that rooftop solar brings to the utility.
2. Kentucky Power's proposal **increases the average residential electric bill by $23.16**, making it harder for eastern Kentuckians to make end's meet. **Now is not the time** to be raising bills *at all*. If Kentucky Power *is* going to raise our bills, they need to make sure they give us the tools (such as well-designed energy efficiency programs, a moratorium on disconnections/late fees for the duration of the pandemic, and options like payment plans or debt forgiveness for customers who cannot afford their accumulating bills).
3. Kentucky Power claims to be helping out low-income customers with a "declining block rate." But this block rate **disincentivizes energy efficiency and punishes low-energy households.** I strongly oppose the declining block rate. The best way to help out low-income customers would be to not increase our rates at all.
4. Kentucky Power's proposal requests a **huge investment in "smart meters," which ensures they can continue to raise rates in coming years.** I oppose the universal implementation of smart meters if they would be used simply as an excuse to rack up Kentucky Power's profits and further devalue rooftop solar energy in the future. I *would* support the option of smart meters for an added fee, for any customer that requests one (except for FlexPay customers, who should not have to pay).

Talking points

1. Kentucky Power's proposal for net metering is incredibly punishing to Kentuckians hoping to take advantage of rooftop solar.

WHAT THIS MEANS: In 2019, the Kentucky state legislature passed SB 100 and opened the door to permanently crush Kentucky's blooming independent solar industry. The bill took away the guaranteed one-for-one credit that rooftop solar owners could receive for excess energy they contributed to the electric grid--and instead left it up to the PSC to decide, utility by utility, the kind of net metering credit solar customers could receive. We suspected then that monopoly utilities would use this new law to push for rates that undermine independent solar energy – and Kentucky Power, whose proposal will be the first so far to come before the PSC, proves us exactly right.

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[1] https://www.fool.com/earnings/call-transcripts/2020/08/06/american-electric-power-inc-aep-q2-2020-earnings-c.aspx

[2] https://www.prnewswire.com/news-releases/aep-reports-strong-second-quarter-2020-earnings-managing-performance-during-economic-downturn-301107337.html

Kentucky Power's net metering proposal places customers with grid-tied solar or other renewable energy systems into a "Time-of-Use" rate, based on daytime (8 a.m. – 6 p.m.) and nighttime (6 p.m. - 8 a.m.) netting periods. Renewable energy generated during one of those time blocks cannot be used to offset energy used in the other block – which means that customers can't use the energy a solar installation produces during the day (when the sun is brightest but when there might be fewer people home to use that energy) at night. Instead, if the household or business generates more renewable energy than it can use during either time block, Kentucky Power will credit the customer's bill at 3.7 cents/kWh–which greatly undervalues solar energy and is about one-third of the rate the utility *charges* residential customers for energy. This greatly reduces the value of solar to prospective customers.

Kentucky Power also states that they would like to change the way that they credit grid-tied solar again in a future rate case - which makes any investments in rooftop solar made after the PSC makes its decision even more uncertain. (Luckily. rooftop solar installed *before* the PSC makes its decision–currently expected January 1, 2021–would be grandfathered in with one-for-one net metering for 25 years.)

POINTS TO MAKE IN YOUR COMMENT: This proposal by Kentucky Power would suddenly make the option of rooftop solar – increasingly used by eastern Kentuckians as a way to manage their bills and take control of their energy – a poor investment that few would be able to benefit from. Their proposal to create a daytime and a nighttime netting periods ensures that any customers who have invested in solar but spend most of the day out of the home (at work, for instance) would not be able to use the energy their panels produce during the day once they come home at night. Working families who spend the daytime away from home would suffer by having the solar they generate greatly devalued at less than 30 percent of what they are charged by Kentucky Power. The netting periods Kentucky Power has proposed are arbitrary (unaligned with billing periods they have established for other "Time of Day" residential rates), and seem designed specifically to give rooftop solar customer generators the worst deal.

Kentucky Power has justified this complicated net metering rate because they claim that grid-tied solar customers are shifting costs to other customers. If Kentucky Power wishes to make this claim, they must provide proof, based on utility-specific data, of this shift. Research shows that cost shifting is negligible or non-existent when distributed solar is at low penetration rates, and yet Kentucky Power only listed 44 net metered customers in its service area in its application to raise rates. There is no reason to change the 1:1 net metering credit mechanism while distributed solar stays well under the threshold for creating potential cost-shifting. Kentucky Power's efforts to change net metering rates don't reflect a desire to protect customers against cost shifting. They represent a desire to control Kentuckians' ability to own our own solar.

As the Public Service Commission determines what *would* be a fair net metering rate for rooftop solar in Kentucky Power service area, they must consider:

- The benefits of solar technology and the best practices from other states in the process of determining a just compensation rate for solar net metering. Of the many benefits that distributed solar provides to both the utilities and ratepayers, I want to especially highlight the overlap between solar peak production and peak energy demand, reduced line loss and wear and tear on the grid, and health and environmental benefits. Using an avoided-cost rate, as Kentucky Power does, does not account for these obvious benefits.
- The need to update the 2008 Interconnection Guidelines. I applaud the Commission for recognizing this need in the final order of case 2019-00256. These updates must be made **prior** to taking on a net metering tariff case. Much has changed in solar technology since 2008 and many of the Kentucky Power's alleged concerns could be addressed through updated guidelines. We need a robust, multi-stakeholder process for addressing these updates before we can

responsibly address any utility's proposed change to its net metering tariff–including Kentucky Power's.

- Solar helps small businesses, nonprofits, churches and homeowners to save money and make smart choices for their future. Without a 1:1 net metering credit, investing in solar would be out of reach for most people. Instead of changing the 1:1 rate, Kentucky Power and the Commission should implement and support state policies that help make solar even more accessible, such as third-party ownership, virtual net metering, net metering credit transfer, expansion of energy efficiency programs, stable fixed cost rates, and on-bill financing.
- Any change to how distributed solar is to be credited must also be easy to understand and administer. Kentucky Power's proposal is distinctly not easy to understand, and in fact their plans to change the net metering rate *again* in a future rate case, after they install smart meters, poses a threat of even more uncertainty to prospective solar customers.

2. Now is not the time: Kentucky Power's proposal increases both the monthly charge and per-energy charge on your bill, which puts more financial burden on eastern Kentuckians in the middle of a pandemic.

WHAT THIS MEANS: Residential bills are split up into a fixed, monthly charge, and a "per kilowatt hour" energy charge. Kentucky Power proposes **increasing both**. The monthly charge will go up to $17.50/month, **a 25% increase**. And the energy charge will go up above 12 cents/kWh, **a 25% increase**. Neither of these rate increases are warranted in the middle of a pandemic and ongoing economic crisis. A typical Kentucky Power customer using 1250 kWh a month would go up $23.16.

One silver lining: Kentucky Power's proposal does offer bill forgiveness on accounts that were more than 30 days late on May 28, 2020. That's welcome!

POINTS TO MAKE IN YOUR COMMENT: I strongly agree with Kentucky Power's offer of bill forgiveness on accounts that were more than 30 days late on May 28. This measure, and more policies like it, are necessary during a time of extreme economic stress brought on by the COVID-19 crisis.

However, most of Kentucky Power's other proposals for residential rate changes are a step in the wrong direction. By increasing both the fixed charge and the energy charge of residential bills by 25%, Kentucky Power would be imposing a huge financial impact on households already struggling to make end's meet, in the middle of a pandemic. Now is not the time to be raising rates **at all.**

If Kentucky Power is going to raise our bills, they need to make sure they give us the tools to respond to these burdensome rate increases. These include immediate/continued moratorium on disconnections, deposits, customer late fees, reconnection fees, and negative credit reporting throughout the COVID-19 pandemic; options for reasonable payment plans or debt forgiveness for customers who cannot pay their stacked up bills; and meaningful energy efficiency programs such as a Pay As You Save program.

3. The way that the rate increase is designed, with a "declining block rate," disincentivizes energy efficiency and low energy use

WHAT THIS MEANS: Kentucky Power says they have designed the new rate to help residential customers who use resistance baseboard heating or older electric furnaces, which are the most inefficient types of electric heat, and who face extremely high winter-time bills. They do this by proposing a "declining block rate" for electricity for residential customers during three winter months. The first chunk of electricity

(1100 kWh) used by a household will be charged at the new, high rate of 12.3 cents/kWh. But customers who use above that amount of electricity in a month would see the rate drop to around 6.3 cents/kWh for electricity used in excess of the first block.

Declining block rates like this discourage investment in energy efficiency, since you are going to pay the highest rate anyway for a smaller amount of electricity used.

It is true that *some* customers would benefit from this proposal–if they, from December - February, use nearly 10 times what they use during the rest of the year. do. But there are few scenarios like this where Kentucky Power's plan *actually* means lower bills for most customers, compared to simply keeping current rates. Many seniors and low income folks who use modest amounts of electricity in a month will actually get hit with paying a much *higher* rate for all of the energy they consume. Under this proposal, anyone who uses modest amounts of electricity (due to efforts to conserve, investments made in energy efficiency, or due to having a smaller home or more efficient heating system) will be subsidizing the bills of the highest energy users.

POINTS TO MAKE IN YOUR COMMENT: Kentucky Power claims to be helping out low-income customers with their proposed declining block rate–but the best way to help us out would be to not increase our rates at all. Only customers who use a lot of electricity in the winter– will be better off under the declining block rate – and just for those three months. Customers who have invested in efficiency, have small homes, or try to conserve energy, will be worse off. And the other 9 months out of the year, all of us would pay more, no matter what. I strongly oppose the declining block rate, as it disincentivizes energy efficiency, low energy users, and investments in renewable energy.

4. Kentucky Power's proposal requires a large investment in "smart meters," as a way of ensuring that they can continue to raise rates in coming years

WHAT THIS MEANS: Kentucky Power is requesting permission to invest over $36 million in adding advanced metering infrastructure, or smart meters, to homes across their territory. The company claims they need these smart meters in order to enact a terrible net metering plan, and in order to offer Flex Pay (in which customers could pre-pay accounts to help them budget their monthly electricity costs). Another important motivator to acknowledge is that Kentucky Power wants an excuse to make new capital investments, which in turn will allow them to demand a 10% rate of return on that investment in the future.

POINTS TO MAKE IN YOUR COMMENT: Kentucky Power has not adequately proved that their plan to universally deploy advanced metering infrastructure is of sufficient value to residential ratepayers to warrant the $36 million investment. The PSC has found smart meters to be of dubious value to customers in the past, and it is important to name the true reason Kentucky Power would like to make this investment: they are searching for a new profit center during a time of declining sales and demand.

While I am not contesting the benefit of smart meters in the right context, I oppose the universal implementation of smart meters, particularly if they would be used as an excuse to rack up Kentucky Power's profits and further devalue rooftop solar energy in the future. I would instead support the option of smart meters for an added fee, for any customer that requests one (except for FlexPay customers, who should not have to pay).