



# MINUTES

## FPB Board Meeting

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5:00 PM - Tuesday, June 27, 2023  
Community Room

The Frankfort Plant Board met Tuesday, June 27, 2023 at 5:00 PM in the Community Room.

### ATTENDANCE:

Stephen Mason, Board Secretary/Treasurer  
John Cubine, Board Chair  
John Snyder, Board Vice Chair  
Kathryn Dutton-Mitchell, Board Member  
Gary Zheng, General Manager  
David Billings, Director of Water Operations  
Katrina Cummins, Finance Director  
David Denton, Chief Financial Officer  
Vent Foster, Chief Operations Officer  
Adam Hellard, Cable/Telecom Superintendent  
Cathy Lindsey, Communications & Marketing Director  
Kathy Poe, Executive Assistant to GM  
Hance Price, Assistant GM Administration/Staff Attorney  
Leigh Ann Phillips, Support Services Director  
Travis McCullar, Chief Electric Engineer  
Jennifer Hellard, Purchasing Agent  
Nichell Brown, Human Resource Director  
Shane Holt, Asst. Cable/Telecom Superintendent  
David Columbia, Community Television Coordinator  
JC Lyons, Safety Director  
Danny Harring, Asst. Water Distribution Superintendent  
Brandon Powers, Water Treatment Plant Superintendent  
April Rhodes, Customer Service Supervisor  
Ryan Henry, IT Director  
State Journal

### 1 ACTION ITEM: APPROVAL OF MINUTES

- 1.1 Consider Approval of the Minutes for the May 16, 2023 Board Meeting.

*John Snyder moved to approve the Minutes for the May 16, 2023 Board Meeting. Stephen Mason seconded the motion. CARRIED. 4 to 0.*

- 1.2 Consider Approval of the Minutes for the May 31, 2023 Special Board Meeting.

*John Snyder moved to approve the Minutes for the May 31, 2023 Special Board Meeting. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 4 to 0.*

- 1.3 Consider Approval of the Minutes for the June 16, 2023 Special Board Meeting.

*Stephen Mason moved to approve the Minutes for the June 16, 2023 Special Board Meeting. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 4 to 0.*

## 2 ACTION ITEM: ACCEPT FINANCIALS

- 2.1 Consider Accepting the Financial Statements for Month Ending May 31, 2023.

*Stephen Mason moved to accept the Financial Statements for Month Ending May 31, 2023. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 4 to 0.*

- 2.2 Consider Approval of the 2023-2024 Fiscal Year Budget and Accept Five Year Plan. (David Denton will discuss)

*John Snyder moved to approve the FY 24 budget as presented. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 4 to 0.*

## 3 ACTION ITEM: WORKERS' COMPENSATION INSURANCE

- 3.1 Consider Approval of the Workers' Compensation Renewal in the amount of \$130,435.79.

Staff recommends that the Board approve the renewal of FPB's workers' compensation coverage with Kentucky Employers Mutual Insurance (KEMI). If approved the renewal premium of (\$130,435.79) will be effective July 1, 2023. A 3.0 % increase in payroll along with an experience modification factor increase to 0.87 resulted in a renewal premium of 9.78% (\$11,620.10) higher than last year's premium of (\$118,815.69). FPB is still receiving a very substantial schedule rating discount of 35% due to our safety program and past claims experience.

*Stephen Mason moved to approve Workers' Compensation Renewal in the amount of \$130,435.79. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 4 to 0.*

4 INFORMATIONAL ITEM: PUBLIC COMMENT

5 INFORMATIONAL ITEM: DEPARTMENTAL REPORTS

- PUBLIC INFORMATION
- POTENTIAL OR AGREED UPON RELATED PARTY TRANSACTIONS  
None Reported.
- NETWORK OPERATIONS CENTER (NOC)
- CUSTOMER SERVICE
- TELECOMMUNICATIONS
- ELECTRIC DEPARTMENT
- SEPA
- KYMEA
- SAFETY
- WATER DISTRIBUTION
- WATER TREATMENT PLANT

6 ACTION ITEMS:

- 6.1 Consider Contract Amendment with Bluegrass Community Action for Income Qualifying Energy Audits and Weatherization Improvements Beginning July 1st. (Travis McCullar will discuss)

Two years ago, the Board approved a contract with Bluegrass Community Action Partnership (BGCAP) for residential energy audits and weatherization improvements. The contract included an annual renewal option beginning July of each year to continue the program with the consent of both the Contractor and the Board. BGCAP has agreed to continue the program for the 2024 fiscal year. During the fiscal year 24 budget discussions, the Board also discussed increasing the per dwelling improvement amount from \$2,000 to \$2,500 to address increasing costs of weatherization services. This new limit would not change the overall contract amount of \$40,000 per fiscal year.

Staff recommends the Board approve Amendment 2 to the Contract with BGCAP to extend the contract Term to June 30th, 2024 and increase the per customer improvement amount to \$2,500.

\$40,000 has been included in the fiscal year 2024 Electric department budget for Energy Efficiency and Assistance.

*Stephen Mason moved to approve the Contract Amendment with Bluegrass Community Action for Income Qualifying Energy Audits and*

***Weatherization Improvements beginning July 1st. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 4 to 0.***

**6.2 Consider Acceptance of New Electric Rates to be Effective July 1st, 2023 (Travis McCullar and 1898&Co. to discuss)**

At the regular May 2023 Board meeting, 1898&Co. presented the findings of a comprehensive cost of service and rate design study performed for FPB. The purpose of this study was to determine the adequacy of FPB's existing electric rates and to recommend fair and equitable adjustments if necessary. Based upon the findings of the cost of service study, 1898&Co. has recommended a system average of 3.9% increase for electric rates in both FY 24 and FY25. The recommended rate increases are higher or lower than the average for certain classes, based upon the indicated adjustments in the cost service phase.

The 1898&Co. report also made additional recommendations to FPB's rate classes based upon common industry practices and fairness to all rate payers. These included:

- Creation of a general service demand class for customers between 50kW and 500kW average peak demand.
- Elimination of the Gratis and Municipal classes and moving those customers to appropriate commercial and industrial rates.
- Restructuring the Large Power High Load Factor rate to have a higher demand and lower energy charge.

On May 31st a public hearing was held at FPB's admin building to take comments regarding the proposed rate changes. No comments were received. Staff has revised the electric tariff to include the changes proposed by the consultant and recommends Board approval.

***John Snyder moved to approve New Electric Rates to be Effective July 1, 2023. Stephen Mason seconded the motion. CARRIED. 4 to 0.***

**6.3 Consider Acceptance of Community Solar Tariff. (Travis McCullar will Discuss)**

On May 31st, a public hearing was held to seek public input regarding the Community Solar Tariff, originally presented to the Board at the regular May 16th meeting. Both written and oral comments were received. Staff has reviewed the comments provided, and does not recommend changes to the draft tariff originally presented at the public hearing. Additional information regarding the cost components of the proposed rates will be provided on FPB's website.

The terms of the agreement are intended to follow common utility polices related to community solar programs. The terms allows customers to subscribe to a

portion of the solar facility output by either paying a monthly fee or one lump sum for future phases.

Under the proposed terms, customers would be required to enter into a minimum twelve-month agreement if paying for monthly subscription capacity. Those who pay a one-time capacity charge would be eligible for energy credit for up to 25 years. Credit applied to customer bills would be based on the size of the subscription, their regular retail electric rate and the actual output of the solar facility.

Staff recommends approval of the Community Solar Tariff.

Ms. Chris Schimmoeller's written comments were read into the record.

*John Snyder moved to accept comments read into the record as well as FPB's response to those comments and have the documents attached to these minutes. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 4 to 0.*

*Kathryn Dutton-Mitchell moved to approve the Community Solar Tariff that was first presented to the Board in the May 16, 2023 board meeting and at the May 31, 2023 Public Hearing. John Snyder seconded the motion. CARRIED. 4.0.*

6.4 Consider Approval of Community Solar Change Order (Travis McCullar will Discuss)

Due to unexpected supply chain issues, the community solar vendor (Solar Energy Solutions) has requested a one month delay in the startup of the community solar system. The AC disconnect switch for the facility was originally expected to ship in early June, but is now expected July 14th. The new completion date for the projected is scheduled for 7/31/23.

There is no cost associated with the change order. A portion of the funds for the project will however have to be moved from the current fiscal year over to next fiscal year to account for the delay. Staff recommends approval of the change order.

*John Snyder moved to approve a delay in the project, and getting the panels online with smaller switches with final full commissioning by August 31, 2023. Stephen Mason seconded the Motion. CARRIED. 4 TO 0.*

*John Snyder moved to adopt the Change Order as Amended. Stephen Mason seconded the motion. CARRIED. 4 to 0.*

6.5 Consider Approval of Continuing Services Agreement with GDS Associates. (Vent Foster and Hance Price to discuss)

In light of the Frankfort Plant Boards participation in KYMEA and the numerous power supply and transmission matters that regularly come before the Board, staff believes it would be advantageous to engage a firm to provide continuing and independent subject matter expertise as it regularly considers and evaluates these power supply matters. To that end, staff engaged with six firms to determine the best fit and qualifications to provide these services to FPB and four responses were received. After careful evaluation, based on available staff qualifications, technical expertise in the field and specific experience with other municipal utilities in Kentucky and the power supply challenges of this region, GDS Associates was determined to be the clear first choice.

With the assistance from the Staff Attorney, the proposed continuing services contract was negotiated. Staff recommends approval of the agreement with GDS Associates.

*Stephen Mason moved to approve the Continuing Services Agreement with GDS Associates regarding power supply matters. John Snyder seconded the motion. CARRIED. 4 to 0.*

6.6 Consider Award of RFP# 2023-02 for the Water Treatment Plant Lab Renovation Project to Herrick Company for \$159,600. (Brandon Powers will discuss)

The water quality lab at the water treatment plant is original to the plant and in need of renovation. The renovation consists of replacing the cabinets, upgrading the floor, rerouting sample lines, upgrades to the HVAC system, window and light replacements, and painting the walls.

The request for proposals (RFP) was direct mailed to five contractors and publicly advertised.

On June 2, 2023, one proposal was received:

1. Herrick Company, INC	\$159,600.00
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The cabinets are being purchased on the state contract and not included in this cost.

The Water Treatment Department has budgeted \$255,000 over FY 23 and FY 24. This total takes into account the cabinets, contractor's fee, potential change orders, and additional items needed while a temporary lab is set up during the renovation.

Herrick Company has performed multiple jobs at the plant in the past. Therefore, based on past work experience, Staff recommends the Board award the work to Herrick Company.

*Kathryn Dutton-Mitchell moved to Award RFP# 2023-02 for the Water Treatment Plant Lab Renovation Project to Herrick Company for \$159,600.00 Stephen Mason seconded the motion. CARRIED. 4 to 0.*

- 6.7 Consider Approval of Change Order No. 2 for the Ammonia and Sulfuric Acid Upgrade Project at the Water Treatment Plant for \$xxxxxx. (Bid# 1740) (Brandon Powers to discuss)

**This item was removed from the Agenda.**

- 6.8 Consider Award of Bid Invitation #1779 - Semi-Annual Price Contract for Water Treatment Chemicals (FY 2024) July - December. (Brandon powers will discuss)

Staff prepared a semi-annual bid for the chemicals used in water treatment. The bid includes estimated quantities and explains that orders could exceed or fall short of the estimates. Vendors bid with the understanding that the bid's purpose is to hold unit pricing throughout FPB's fiscal year.

The bid received 15 reverse auction bidders. After reviewing each bid, staff recommends awarding to the lowest bidders meeting specifications with the exception of Powdered Activated Carbon which is based on quality testing (explanation below).

Chemical	FY 24 Company	FY 24 Bid	Difference (%) between FY 23 and FY 24
Liquid Ferric Chloride	PVS Technologies	\$0.2285	-5.58%
Liquid Sodium Hydroxide	Brenntag Mid-South	\$0.25505	-13.62%
Polyaluminum Chloride	USALCO	\$0.45	+12.50%
Powdered Activated Carbon *	Donau Carbon	\$1.116	+6.29%
Hydrofluorosilicic Acid	Univar USA	\$0.3300	+3.48%
Liquid Ammonium Sulfate	Chemical Resources	\$0.2885	-2.20%
Potassium Permanganate	Water Solutions Unlimited	\$4.37	-7.02%

Sulfuric Acid	Brenntag Mid-South	\$0.1550	-17.99%
Zinc Orthophosphate	Shannon Chemical	\$1.25	-1.42%

*\*Based on highest removal of geosmin and MIB (taste/odor compounds)*

*Stephen Mason moved to Award Bid Invitation #1779 - Semi Annual Price Contract for Water Treatment Chemicals (FY 2024) July - December. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 4 to 0.*

6.9 Consider Award of Bid Invitation #1784 Semi-Annual Price Contract for Water Treatment Chemicals (FY 2024). (Brandon Powers will discuss)

Staff prepared a semi-annual bid for the chemicals used in water treatment. The bid includes estimated quantities and explains that orders could exceed or fall short of the estimates. Vendors bid with the understanding that the bid's purpose is to hold unit pricing throughout FPB's fiscal year.

This bid received two (2) sealed auction bids. After reviewing each bid, staff recommends awarding to Morton Salt.

Chemical	FY 24 Company	FY 24 Bid	Difference (%) between FY 23 and FY 24
Bulk Sodium Chloride	Morton Salt	\$0.1523/ 304.60 ton	0%

*See detail for previous item.*

*John Snyder moved to Award Bid Invitation #1784 Semi-Annual Water Treatment Chemicals (FY 2024). Stephen Mason seconded the motion. CARRIED. 4 to 0.*

6.10 Consider Approval of Change Order #1 to Team Fishel for Storm Restoration. (Adam Hellard to Discuss)

Staff recommends approval of Change Order #1 to Bid #1752, Telecom FTTH Construction, to include emergency response pricing. Team Fishel is the current contractor for FPB's NEXTBAND construction project and is familiar with the build specifications of our fiber project. Storm restoration falls outside the scope of the standard per-foot pricing in the existing contract, while hourly pricing is more suitable. Should a large-scale event occur, this additional pricing will expand the resources available to restore NEXTBAND services for FPB Telecom customers. There is no change to the pricing in the original construction bid.

*John Snyder moved to approve Change Order #1 to Team Fishel for Storm Restoration. Stephen Mason seconded the motion. CARRIED. 4 to 0.*



6.11 **Consider Renewal of Tree Trimming Services Contract to Wright's Tree Trimming Service. (Jennifer Hellard will discuss)**

The current contract for tree trimming services ends on June 30, 2023. The bid was for a 3-year contract with the option of two 1-year renewals. Staff recommends renewing for the first one-year period to expire June 30, 2024. The bid allows for annual price adjustments on labor and equipment charges based on the percent change in the Consumer Price Index.

Wright's has offered a proposed rate including a 3% increase for labor and 0% increase for equipment charges. Funds for tree trimming are included in the proposed FY 2023-2024 budget (Electric \$955,000; Telecom \$285,000). As of June 10, 2023, FPB has paid \$1,043,700.00 for tree trimming services this fiscal year. The total cost for the upcoming year depends on services performed.

Wright's was the low bidder when the contract was put out for bid in 2020. They have done an exceptional job during this contract period.

*Stephen Mason moved to Renew Tree Trimming Services Contract to Wright's Tree Trimming Service for a term of July 1, 2023 through June 30, 2024. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 4 to 0.*

6.12 **Consider Award of Bid Invitation #1785 –Price Contract for Ductile Iron Pipe, Fittings, and Tapping Sleeves to Core & Main and Hydrants and Valves to Ferguson Waterworks. (Jennifer Hellard will discuss)**

Most of FPB's ductile iron pipe, valves, hydrants, ductile iron fittings, and tapping sleeves are purchased from an annual price contract. The material is kept in FPB's inventory and needs to be replenished periodically. Vendors bid with the understanding that they are locking in unit pricing for fiscal year and not for a certain quantity of material. The bid is divided into five categories (Pipe, Valves, Hydrants, Fittings, and Tapping Sleeves) and awarded per category.

The bid also includes alternate pricing for materials that meet the "Buy America" and "Buy American" requirements. These items are needed from time to time for certain grant funded projects. However, the bid states that the award would be heavily weighted on the price of the material that does NOT meet these requirements as this is what we purchase most of.

The bid invitation was sent to seven vendors and three responses were received. After evaluating all bids, staff recommends awarding the pipe, fittings, and tapping sleeves to Core & Main, they are the low bidder meeting specifications. Staff recommends awarding the hydrants, and valves Ferguson Waterworks as they are the low bidder meeting specifications.

This new pricing reflects a slight decrease for all categories:

Pipe	-6.9%
Fittings	-2.2%
Valves	-3.6%
Hydrants	-3.9%
Tapping Sleeves	-2.7%

*Kathryn Dutton-Mitchell moved to Award Bid Invitation #1785 - Price Contract for Ductile Iron Pipe, Fittings, and Tapping Sleeves to Core & Main, and Hydrants and Valves to Ferguson Water Works. Stephen Mason seconded the motion. CARRIED. 4 to 0.*

- 6.13 Consider Approval for FPB to Purchase 50 Box Fans to be Distributed to Low Income and Disadvantaged Families through Bluegrass Community Action Partnership. (John Cubine will discuss)

*Kathryn Dutton-Mitchell moved to approve FPB to purchase 50 box fans to be Distributed to Low Income and Disadvantaged Families through Bluegrass Community Action Partnership. Stephen Mason seconded the motion. CARRIED. 4 to 0.*

7 INFORMATIONAL ITEM: GENERAL MANAGERS COMMENTS

8 REQUEST PERMISSION TO HAVE CHAIR CALL FOR A CLOSED SESSION

- 8.1 Request permission to call a Closed Session pursuant to KRS 61.810(1)(c) to discuss pending or proposed litigation regarding collection matter, and KRS 61.810(1)(g) to discuss a specific proposal that if openly discussed would jeopardize the siting, retention, expansion or upgrading of a business.

*John Snyder moved to call a Closed Session pursuant to KRS 61.810(1)(c) to discuss pending or proposed litigation regarding collection matter, and KRS 61.810(1)(g) to discuss a specific proposal that if openly discussed would jeopardize the siting, retention, expansion or upgrading of a business. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 4 to 0.*

9 CLOSED DOOR SESSION

- 9.1 Closed Door Session.

*John Snyder moved to come out of closed session. Kathryn Dutton-Mitchell seconded the motion. CARRIED. 4 to 0.*

10 ACTION ITEM: POSSIBLE ACTION REGARDING CLOSED DOOR DISCUSSION

10.1 Action Taken.

*John Snyder moved to direct staff to proceed as directed in closed session on items one (1) and two (2). Kathryn Dutton-Mitchell seconded the motion. CARRIED. 4 to 0.*

11 ACTION ITEM: ADJOURNMENT

11.1 Adjourn.

*Kathryn Dutton-Mitchell moved to Adjourn. Stephen Mason seconded the motion. CARRIED. 4 to 0.*



Board Chair



Board Secretary/Treasurer

## Comments to the FPB regarding the draft Community Solar Agreement

May 31, 2023

My name is Andy McDonald. I live at 7134 Owenton Rd., Frankfort, KY 40601. I am the Director of Apogee-Climate & Energy Transitions, a public service program of Earth Tools Inc. I serve on the board of directors of the Kentucky Solar Energy Society (KYES) and serve as the KYES representative to the Joint Intervenors, a coalition of public interest organizations that have intervened in multiple electric utility cases before the Kentucky Public Service Commission. I also am the coordinator for the Solarize Frankfort program for KYES.

The FPB's proposed Community Solar Program offers a valuable opportunity for FPB customers to share in the use of solar energy. However, at current retail rates the proposed subscription pricing is so high as to prevent customers from ever achieving savings on their utility bills. A Community Solar Program will be most attractive to customers if participants can share in the cost savings offered by low-cost solar power and realize a reduction in their utility bills. This goal was suggested by the FPB in the RFP used to solicit bids for building the community solar array (page 3):

### **1.2. Purpose of RFP**

*FPB's interest in pursuing solar PV projects reflects the following prioritized goals:*

- 1. Offer Frankfort Plant Board customers an alternative to rooftop solar installation.*
- 2. Reduce costs and barriers to entry for solar ownership.*
- 3. Offer renewable energy options for low and moderate income customers.*
- 4. Make progress towards the community and Board's renewable energy goals.*
- 5. Support local solar businesses, jobs, and workforce development.*

With the explicit goals of reducing costs and barriers to entry for solar ownership and offering renewable energy options for low and moderate income customers, the program should aim to minimize the cost of participation and provide utility bill savings to participants.

The Community Solar Agreement has two key features – (1) the subscription cost and (2) the solar production credit. FPB proposes for the solar production credits to be equal to the retail energy rate adjusted by the Power Cost Adjustment. This is a fair and reasonable method for assigning credits.

The proposed subscription cost, however, is unreasonably high and would likely prevent participants from ever realizing utility bill savings. FPB's rates would need to rise nearly 50%, to \$0.13/kWh, before the One-time subscription would begin to provide actual savings to the customer. Table 1 shows how the proposed subscription costs compare to rates based on the project's installation costs. Compared to the cost of installing the system, the subscription costs

are very high (\$4.20/watt and \$4.75/watt vs. \$2.28/watt). They are also much higher than the price customers would pay to install solar on their own home or property.

**Table 1 – Subscription Costs Expressed in \$ per watt**

<b>Option A – “One-Time Capacity Charge” for 25 year agreement for one Solar Unit (250 watt)</b>	<b>\$1049.70</b>
<b>Price per watt</b>	<b>\$4.20/watt</b>
<b>Option B - Monthly Capacity Charge for one Solar Unit (250 watt)</b>	<b>\$3.96/month</b>
<b>Total Monthly Charge if extended for 25 years</b>	<b>\$1188.00</b>
<b>Price per watt (extended over 25 years for comparison)</b>	<b>\$4.75/watt</b>
<b>Solar Installation Cost for FPB 186.84 KW array<sup>1</sup></b>	<b>\$426,356</b>
<b>Alternative Based on Installation Cost - Price per watt</b>	<b>\$2.28/watt</b>

I performed an analysis of the costs and credits a customer would realize under each subscription option. This shows that under current retail rates, participating customers would never achieve any savings, and in fact would pay a substantial premium to participate in the program. Table 2 illustrates this for the “One-time subscription” for a customer with one Solar Unit (250 watts) or 25 Solar Units (6250 watts or 6.25 KW). The analysis compares the proposed Capacity Charge to two alternatives, each based on the capital cost for installing the system.<sup>2</sup> The difference between Alternatives I and II is that Alternative II includes the 30% direct-pay “tax credit” that the FPB may be eligible for as provided in the Inflation Reduction Act (IRA) of 2022.<sup>3</sup>

As Table 2 shows, a customer subscribing to 25 Solar Units via the One-time charge would pay an additional \$6502 on their utility bills over the next 25 years. In contrast, if the subscription cost were based on the actual cost of installing the solar array, the customer would save \$5477 to \$9756 over the next 25 years.

Table 3 provides the analysis for the Monthly Capacity charge. Under the FPB’s proposal, a participating customer would pay an extra \$15 per year for one Solar Unit (250 watts) and \$398 per year for 25 Solar Units (6250 watts). In contrast, under Alternatives I and II, customers would save \$5.80 to \$13.53 per year for one Solar Unit and \$144 to \$338 per year for 25 Solar Units.

<sup>1</sup> The capital cost for the community solar installation (\$426,356) was provided upon request from FPB.

<sup>2</sup> Ibid.

<sup>3</sup> According to the IRA, non-profit organizations and municipal utilities are now eligible to claim the 30% Investment Tax Credit as a direct payment. Previously non-profit organizations could not claim the ITC because they had no tax liability. However, the Treasury Department has not issued guidance yet to explain exactly how these direct payments are to be claimed, so it’s availability remains uncertain.

As the FPB stated in its RFP for the Community Solar installation, this program should make solar more affordable and accessible for FPB's customers, especially those with lower incomes. If the cost to participate were based on the FPB's costs to build the solar array, then the program truly would provide an affordable, accessible option and would help customers lower their bills.

For people who install solar on their homes or business, solar represents a solid long-term investment in their property. Although these systems can require a substantial up-front expense, that expense is an investment which results in long-term cost-savings. The FPB's proposed subscription rates do not represent an investment for customers, just an additional cost which will never be recovered. In effect, customers are being asked to pay a premium for the right to participate in the Community Solar project. This is not only at odds with the expressed purpose of the project but is likely to limit participation and success of the project.

If the subscription costs of the program can be adjusted to make the program affordable and provide bill savings to customers, the Kentucky Solar Energy Society would be excited to help the FPB promote the program and encourage people to participate. Through our Solarize Frankfort program we meet people who want to use solar but don't have a good site, are renters, or cannot afford the up-front investment. The Community Solar program could be a great alternative for people in these situations.

I will provide the spreadsheet used in this analysis so FPB can see the basis for the calculations I have presented.

<b>Table 2 - One-Time Capacity Charge for 25 year agreement - Three Scenarios</b>			
	<b>FPB Proposal</b>	<b>Alternative I - cost-based</b>	<b>Alternative II - w/ IRA</b>
<b>One time payment per 250W solar unit</b>	<b>\$ 1,049.70</b>	<b>\$570.48</b>	<b>\$399.34</b>
<b>One-time price per watt (\$/watt)</b>	<b>\$ 4.20</b>	<b>\$ 2.28</b>	<b>\$ 1.60</b>
<b>Example - Residential, One Solar Unit (250 W), One-Time Capacity Charge</b>			
One Time Capacity Charge	\$ 1,049.70	\$ 570.48	\$ 399.34
Annual Energy Generation (kWh)	336	336	336
Annual Bill Credits @ \$0.094/kWh	\$ 31.58	\$ 31.58	\$ 31.58
Total Bill Credits after 25 years	\$ 789.60	\$ 789.60	\$ 789.60
<b>Net LIFETIME value to customer for One Solar Unit</b>	<b>\$ (260.10)</b>	<b>\$ 219.12</b>	<b>\$ 390.26</b>
<b>Example - 25 Solar Units (6250 watts or 6.25 KW), One-Time Capacity Charge</b>			
One Time Capacity Charge	\$ 26,242.50	\$ 14,262.07	\$ 9,983.45
Annual Energy Generation (kWh)	8,400	8,400	8,400
Annual Bill Credits @ \$0.094/kWh	\$ 789.60	\$ 789.60	\$ 789.60
Total Bill Credits after 25 years	\$ 19,740.00	\$ 19,740.00	\$ 19,740.00
<b>Net LIFETIME value to customer for 25 Solar Units</b>	<b>\$ (6,502.50)</b>	<b>\$ 5,477.93</b>	<b>\$ 9,756.55</b>

Note: For the sake of simplicity, the 25 year calculations do not account for the decline in PV module performance over time, assume retail rates remain unchanged and assume no power cost adjustment.

<b>Table 3 - Monthly Capacity Charge Agreement - Three Scenarios</b>			
<b>Example - One Solar Unit (250 W), Monthly Payments</b>	<b>FPB Proposal</b>	<b>Alternative I - cost-based</b>	<b>Alternative II - w/ IRA</b>
Monthly Capacity Charge	\$ 3.96	\$2.15	\$1.50
Annual Capacity Charge	\$ 47.52	\$ 25.79	\$ 18.05
Annual Energy Generation (kWh)	336	336	336
Annual Bill Credits @ \$0.094/kWh	\$ 31.58	\$ 31.58	\$ 31.58
<b>Net ANNUAL value to customer for one Solar Unit</b>	<b>\$ (15.94)</b>	<b>\$ 5.80</b>	<b>\$ 13.53</b>
<b>Example - 25 Solar Units (6250 Watts or 6.25 KW), Monthly Payments</b>			
Monthly Capacity Charge	\$ 99.00	\$ 53.72	\$ 37.60
Annual Capacity Charge	\$ 1,188.00	\$ 644.65	\$ 451.25
Annual Energy Generation (kWh)	8,400	8,400	8,400
Annual Bill Credits @ \$0.094/kWh	\$ 789.60	\$ 789.60	\$ 789.60
<b>Net ANNUAL value to customer for 25 Solar Units (\$/yr)</b>	<b>\$ (398.40)</b>	<b>\$ 144.95</b>	<b>\$ 338.35</b>





May 31, 2023

Dear Frankfort Plant Board,

Thank you for the opportunity to comment on the Frankfort Plant Board's proposed Community Solar Program. This program offers an important opportunity for customers to obtain solar energy. Envision is concerned that the current pricing, however, is too high to be attractive to Frankfort Plant Board customers.

The current retail rates proposed are so high that customers will have no incentive to participate even though they might want to support solar energy. The Community Solar Program will be successful if participants can share in the cost savings offered by low-cost solar power and see a reduction in their utility bills. This is the original goal of the FPB in the RFP used to solicit bids for building the community solar array (page 3):

#### 1.2. Purpose of RFP

FPB's interest in pursuing solar PV projects reflects the following prioritized goals:

1. Offer Frankfort Plant Board customers an alternative to rooftop solar installation.
2. Reduce costs and barriers to entry for solar ownership.
3. Offer renewable energy options for low and moderate income customers.
4. Make progress towards the community and Board's renewable energy goals.
5. Support local solar businesses, jobs, and workforce development.

We fully support these goals and hope that the current proposal for the community program can be modified to reduce costs and barriers to solar ownership by offering renewable energy options for low and moderate income customers. It is essential that the program minimizes the cost of participation and provide utility bill savings to participants.

As currently written, the FPB's proposed subscription rates do not represent an investment for customers, just an additional cost. In effect, customers are being asked to pay a premium just for participating in the



*Promoting a healthy, beautiful, and thriving community and encouraging development that results in good relationships among people, the land, and future generations.*

1915 Louisville Rd., Frankfort, KY 40601 | [EnvisionFranklinCounty@gmail.com](mailto:EnvisionFranklinCounty@gmail.com) | [www.EnvisionFranklinCounty.org](http://www.EnvisionFranklinCounty.org)

Community Solar project. This is not only at odds with the expressed purpose of the project, it will likely limit participation and the ultimate success of the project.

Thank you for your consideration.

Sincerely,

Chris Schimmoeller

President



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# FRANKFORT PLANT BOARD

ELECTRIC • WATER • CABLE-TELECOM

Serving the community for 80 years.



### FPB response to Community Solar Public Hearing Testimony

On May 31<sup>st</sup> 2023, a public hearing was held to take comments regarding the Community Solar Tariff, tentatively scheduled for an approval vote on June 27<sup>th</sup>, 2023. The proposed tariff includes options for customers to subscribe to Solar Units that entitle them to the energy output of a solar facility operated and maintained by FPB. FPB received both written and oral comments related to the proposed policy.

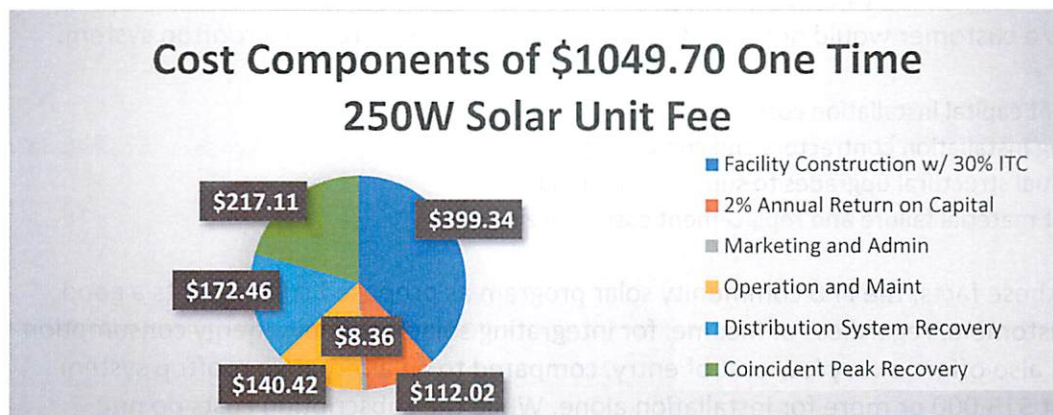
The comments were primarily directed at the proposed subscription costs, contending these costs are too high and therefore will undermine the objectives of a community solar project.

### Establishing a Fair and Equitable Cost Structure

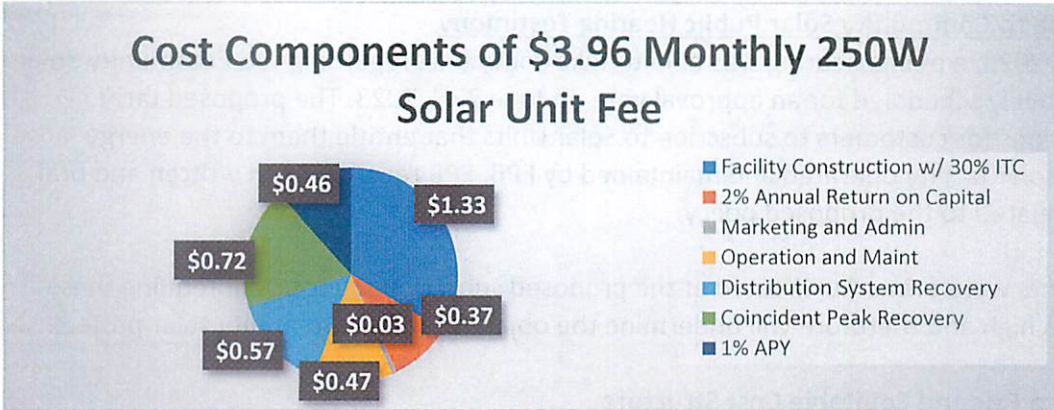
The objectives when determining costs for the community solar program included not only keeping the cost low, but also had to ensure costs were not cross subsidized onto non project participants. In addition to the capital construction costs referenced in the public hearing, the Board need also take into consideration:

- Operation and maintenance of the facility for the life of the project including potential module and inverter replacement.
- A low but reasonable rate of return on investment.
- Distribution system charges to wheel all the energy across the system to the end user.
- Coincident demand costs.
- Program marketing, administrative and back office costs.
- Inflationary costs over 25 years for all labor and equipment associated with the projects upkeep.

**Figure 1: One Time Subscription Fee**



**Figure 2: Monthly Subscription Fee**



When considering the entire life of the project as well as the ancillary costs of a fully managed solar program, the \$3.96 per month or \$1049.70 onetime subscription fee represent reasonable subscription price to offer customers. LGE and KU for instance charge \$5.55 per month for subscription to an equal 250W capacity in their Solar Share program.

**Meeting the Board’s Community Solar Goals**

As was referenced in the public hearing, the Phase I RFP outlined several of the Board’s objectives with a community solar program including, among others, reducing cost barriers for solar ownership and offer renewable energy options for low and moderate income customers. While offering an option to achieve immediate bill savings would certainly support these objectives, the month to month pricing as proposed is still a viable way for customers including low and moderate income to take advantage of solar benefits. Consider for instance some of the obstacles a customer would not have to contend with versus installing a rooftop system:

- Upfront capital installation costs.
- Vetting installation contractors and comparing options.
- Potential structural upgrades to support solar modules.
- Risk of material failure and replacement costs therein.

Considering these facts, the FPB community solar program as proposed still presents a good option for customers, regardless of income, for integrating solar into their energy consumption. The program also offers a very low cost of entry, compared to an alternative rooftop system that may cost \$15,000 or more for installation alone. While the subscription costs do not currently offer a customer savings on their electric bill, it does offer a known fixed cost that will hedge against potential future increases in electric rates.