

Exhibit No.:
Issue(s):
Witness/Type of Exhibit:
Sponsoring Party:
Case No.:

Solar Rebate
Kind/Surrebuttal
Public Counsel
ET-2014-0071

SURREBUTTAL TESTIMONY

OF

RYAN KIND

Submitted on Behalf of
the Office of the Public Counsel

KANSAS CITY POWER & LIGHT COMPANY

Case No. ET-2014-0071

September 30, 2013

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Kansas City Power & Light)
Company's Application for Authorization to)
Suspend Payment of Certain Solar Rebate)
Tariffs) File No. ET-2014-0071

AFFIDAVIT OF RYAN KIND

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Ryan Kind, of lawful age and being first duly sworn, deposes and states:

1. My name is Ryan Kind. I am a Chief Utility Economist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached affidavit are true and correct to the best of my knowledge and belief.




Ryan Kind

Subscribed and sworn to me this 30th day of September 2013.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2017
Cole County
Commission #13754037



Jerene A. Buckman
Notary Public

My commission expires August 23, 2017.

SURREBUTTAL TESTIMONY
OF
RYAN KIND
KANSAS CITY POWER & LIGHT COMPANY
CASE NO. EO-2014-0071

1 **Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

2 A. Ryan Kind, Chief Energy Economist, Office of the Public Counsel, P.O. Box 2230,
3 Jefferson City, Missouri 65102.

4 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND EMPLOYMENT BACKGROUND.**

5 A. I have a B.S.B.A. in Economics and a M.A. in Economics from the University of
6 Missouri-Columbia (UMC). While I was a graduate student at UMC, I was employed as
7 a Teaching Assistant with the Department of Economics, and taught classes in
8 Introductory Economics, and Money and Banking, in which I served as a Lab Instructor
9 for Discussion Sections.

10 My previous work experience includes several years of employment with the Missouri
11 Division of Transportation as a Financial Analyst. My responsibilities at the Division of
12 Transportation included preparing transportation rate proposals and testimony for rate
13 cases involving various segments of the trucking industry. I have been employed as an
14 economist at the Office of the Public Counsel (Public Counsel or OPC) since 1991.

15 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THIS COMMISSION?**

Surrebuttal Testimony of
Ryan Kind

1 A. Yes, prior to this case I submitted written testimony in numerous gas rate cases, several
2 electric rate design cases and rate cases, as well as other miscellaneous gas, water,
3 electric, and telephone cases.

4 **Q. HAVE YOU PROVIDED COMMENTS OR TESTIMONY TO OTHER REGULATORY OR**
5 **LEGISLATIVE BODIES ON THE SUBJECT OF UTILITY REGULATION AND**
6 **RESTRUCTURING?**

7 A. Yes, I have provided comments and testimony to the Federal Energy Regulatory
8 Commission (FERC), the Missouri House of Representatives Utility Regulation
9 Committee, the Missouri Senate's Commerce & Environment Committee and the
10 Missouri Legislature's Joint Interim Committee on Telecommunications and Energy.

11 **Q. HAVE YOU BEEN A MEMBER OF, OR PARTICIPANT IN, ANY WORK GROUPS,**
12 **COMMITTEES, OR OTHER GROUPS THAT HAVE ADDRESSED ELECTRIC AND GAS UTILITY**
13 **REGULATION AND POLICY ISSUES?**

14 A. Yes. I am currently a member of the National Association of State Consumer Advocates
15 (NASUCA) Electric Committee, and the Stakeholder Steering Committee (SSC) of the
16 Eastern Interconnection Planning Collaborative (EIPC). I have served on the Missouri
17 Department of Natural Resources Weatherization Policy Advisory Committee, as the
18 public consumer group representative to the Midwest ISO's (MISO's) Advisory
19 Committee and as the small customer representative on both the NERC Operating
20 Committee and the NERC Standards Authorization Committee. During the early 1990s, I
21 served as a Staff Liaison to the Energy and Transportation Task Force of the President's
22 Council on Sustainable Development.

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Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of Missouri Solar Energy Industries Association (MOSEIA) witness Ezra Hausman.

Q. ON PAGES 4 – 6 OF HIS REBUTTAL TESTIMONY, DR. HAUSMAN ATTEMPTS TO PROVIDE SUPPORT FOR AMORTIZING THE COSTS OF SOLAR REBATES OVER AN EXTENDED PERIOD OF TIME INSTEAD OF EXPENSING THESE COSTS AS THEY ARE INCURRED. DO YOU AGREE THAT THE COSTS OF SOLAR REBATES SHOULD BE AMORTIZED OVER AN EXTENDED PERIOD OF TIME?

A. No. Dr. Hausman’s position that it would be appropriate to amortize the costs of solar rebates over a ten-year period is flawed because Kansas City Power & Light (KCPL) does not acquire a generation resource under its control and/or ownership when it makes payments to its customers for solar rebates. The payment of a solar rebate does not allow the utility to have ownership or control of the solar generation facility on the customer’s side of the meter even though this facility is partially funded by KCPL’s rebate payment. Dr. Hausman tries to support his proposal by referencing and quoting a portion of 4CSR 240-20.100(1)(P) at lines 9 – 12 on page 6 of his rebuttal testimony where he states that:

Indeed, 4CSR 240-20.100(1)(P) defines the “RES revenue requirement” as, “2. The costs (i.e., the return, taxes, and depreciation) of any capital projects whose primary purpose is to permit the electric utility to comply with any RES requirement.”

Q. DID DR HAUSMAN ACCURATELY QUOTE THE DEFINITION OF THE “RES REVENUE REQUIREMENT” THAT IS INCLUDED IN 4CSR 240-20.100(1)(P)?

A. No, Dr. Hausman has only quoted the portion of the definition of the “RES revenue requirement” that appears (when taken out of context) to support his proposal to amortize

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Ryan Kind

1 solar rebate costs over a ten year period. Indeed, the full definition of 4CSR 240-
2 20.100(1)(P) defines the “RES revenue requirement” as:

3 1. All expensed RES compliance costs (other than taxes and
4 depreciation associated with capital projects) that are included in the
5 electric utility’s revenue requirement in the proceeding in which the
6 RESRAM is established, continued, modified, or discontinued; and

7 **2. The costs (i.e., the return, taxes, and depreciation) of any capital**
8 **projects whose primary purpose is to permit the electric utility to**
9 **comply with any RES requirement.** The costs of such capital projects
10 shall be those identified on the electric utility’s books and records as of
11 the last day of the test year, as updated, utilized in the proceeding in
12 which the RESRAM is established, continued, modified, or discontinued;
13 [Emphasis added]

14 The portion of the full definition of “RES revenue requirement” that Mr. Hausman chose
15 to place in his testimony and imply that it was the full definition is shown above in bold.
16 If Dr. Hausman had included the second sentence from the second paragraph of this
17 definition, it would have been clear that this definition does not apply to solar rebates
18 because KCPL’s payment of solar rebates does not result in a “capital project” that is
19 “identified on the electric utility’s books and records as of the last day of the test year...”
20 The solar generation facilities (on the customer’s side of the meter) that are partially
21 funded through KCPL’s solar rebate payments are not a “capital project” that is owned by
22 KCPL so the full cost of such customer owned solar generation facilities would never
23 appear in “the electric utility’s books and records.” Instead, the solar rebate payments
24 made by KCPL would be an expense that is described in paragraph one of the definition
25 of “RES revenue requirement” which refers to “All expensed RES compliance costs
26 (other than taxes and depreciation associated with capital projects) that are included in
27 the electric utility’s revenue requirement...”

28 **Q. DO YOU HAVE ANY FURTHER COMMENTS ON THE PROPOSAL OF MOSEIA WITNESS**
29 **EZRA HAUSMAN TO CONSIDER KCPL’S SOLAR REBATE EXPENDITURES AS A CAPITAL**
30 **COST THAT SHOULD BE AMORTIZED OVER TEN YEARS?**

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1 A. Yes, while the above quoted definition of “RES revenue requirement” makes it clear that
2 solar rebate payments should be considered an expense rather than a capital cost, even if
3 the Commission did somehow determine that KCPL’s solar rebate payments should be
4 amortized rather than expensed, 4CSR 240-20.100(6)(D) clearly indicates that the period
5 of time over which rebates should be amortized shall not be determined prior to the
6 general rate case proceeding where KCPL seeks recovery of RES compliance costs.
7 KCPL has not proposed to seek recovery of RES compliance costs through use of a
8 RESRAM under either sub-sections (B) or (C) of 4CSR 240-20.100(6) so it can be
9 expected to seek recovery of RES compliance costs through 4CSR 240-20.100(6)(D) that
10 contains provisions for how recovery of RES compliance costs would take place in a
11 general rate proceeding. 4CSR 240-20.100(6)(D) states:

12 (D) Alternatively, an electric utility may recover RES compliance costs
13 without use of the RESRAM procedure through rates established in a
14 general rate proceeding. In the interim between general rate proceedings
15 the electric utility may defer the costs in a regulatory asset account, and
16 monthly calculate a carrying charge on the balance in that regulatory
17 asset account equal to its short-term cost of borrowing. **All questions**
18 **pertaining to rate recovery of the RES compliance costs in a**
19 **subsequent general rate proceeding will be reserved to that**
20 **proceeding, including the prudence of the costs for which rate**
21 **recovery is sought and the period of time over which any costs**
22 **allowed rate recovery will be amortized.** Any rate recovery granted to
23 RES compliance costs under this alternative approach will be fully
24 subject to the retail rate impact requirements set forth in section (5) of
25 this rule. [Emphasis added]

26 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

27 A. Yes.