BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri Operations Company's Application for Authority to Establish a Renewable Energy Standard Rate Adjustment Mechanism	)))	File No. EO-2014-0151

RESPONSE IN OPPOSITION TO APPLICATION FOR REHEARING AND MOTION FOR RECONSIDERATION

COMES NOW KCP&L Greater Missouri Operations Company ("GMO" or "Company"), and in support of its *Response in Opposition to Application for Rehearing and Motion for Reconsideration* respectfully states as follows:

1. On December 23, 2014, Earth Island Institute d/b/a Renew Missouri ("Renew Missouri") filed its *Application for Rehearing and Motion for Reconsideration* asking that the Missouri Public Service Commission ("Commission") grant rehearing or reconsideration of its *Order Denying Relief* issued on December 17, 2014. As grounds for rehearing/reconsideration, Renew Missouri argues that 1) a hearing is required in this proceeding under 4 CSR 240-20.100(6)(C)1 and 2) no sufficient showing has been made that benefits of renewable energy standards ("RES") compliance are being passed through to customers. As will be explained in more detail below, Renew Missouri is wrong on both counts and the Commission should therefore deny its request for relief.

I. No Evidentiary Hearing Is Required in this Proceeding Under 4 CSR 240.100

2. Renew Missouri's argument that 4 CSR 240-20.100(6)(C)1 requires an evidentiary hearing to be held in this proceeding is puzzling inasmuch as 4 CSR 240-20.100(6)(C) applies in cases of a "RESRAM for equal to or greater than two percent (2%) actual increase in utility revenue requirements." Subsection (6)(C) does not apply to this GMO RESRAM filing however because, as discussed in the direct testimony of GMO witness Tim

Rush (p. 6, ll. 10-14; and p. 7, ll. 11-17), this RESRAM seeks to increase GMO's revenues by 1%. As such, this filing falls under the provisions of 4 CSR 240-20.100(6)(B), and according to (6)(B)3, "[T]he commission may hold a hearing on the proposed rate schedules . . ." (emphasis supplied). Renew Missouri is therefore clearly wrong in arguing that 4 CSR 240-100(6)(C)1 requires an evidentiary hearing in this proceeding.

3. Additionally, the Commission's decision to exercise the discretion recognized under subsection (6)(B) and not to hold a hearing in this proceeding is entirely justified because holding a hearing on the issues raised by Renew Missouri would serve no reasonable purpose. In arguing that future avoided costs must be quantified and passed through to customers now, Renew Missouri is asking the Commission to re-write 4 CSR 240 CSR 20.100 outside the context of a rulemaking proceeding. The language in 4 CSR 240-20.100 regarding pass-through of RES compliance benefits is consistently worded in the past tense and focuses on benefits that have already occurred (i.e., 4 CSR 240-20.100(1)(M) provides that "RESRAM or Renewable Energy Standard Rate Adjustment Mechanism means a mechanism that allows periodic rate adjustments to recover prudently incurred RES compliance costs and pass-through to customers the benefits of any savings achieved in meeting the requirement of the Renewable Energy Standard . . ."; and 4 CSR 240-20.100(6) provides that "[A]n electric utility outside or in a general rate proceeding may file an application and rate schedules with the commission to establish, continue, modify, or discontinue a Renewable Energy Standard Rate Adjustment Mechanism (RESRAM) that shall allow for the adjustment of its rates and charges to provide for recovery of prudently incurred costs or pass-through of benefits received . . .") (emphasis supplied). Renew Missouri has pointed the Commission to no provision of 4 CSR 240-20.100 that requires, or even mentions, quantification and pass-through of costs that may be avoided in

the future, and the Commission should decline Renew Missouri's invitation to re-write the RESRAM rule in this proceeding.

II. RES Benefits Received by GMO are Being Passed-through to Customers

4. Renew Missouri next argues that, other than assertions by GMO, ". . . there has been no evidence put forth to demonstrate how or in what quantify benefits will be passed through to consumers." (*Renew Missouri's Application for Rehearing and Motion for Reconsideration*, p. 2, para. 5). As an initial matter, GMO would note that this argument continues Renew Missouri's misplaced focus on what may happen in the future regarding RES benefits. As discussed earlier, the RESRAM rule requires the pass-through of benefits already received or savings already achieved. As to Renew Missouri's argument regarding the state of the evidence, the very terms of the *Non-Unanimous Partial Stipulation and Agreement* – to which Renew Missouri is a signatory and which the Commission approved by an order which is now final and non-appealable – provide that benefits already achieved by GMO in the form of a small amount of revenues derived from the sale of renewable energy credits related to an economic wind purchased power agreement[1] are currently being flowed through GMO's fuel adjustment clause. (*Non-Unanimous Partial Stipulation and Agreement*, p. 3, para. 2.b). Renew Missouri cannot now disavow this agreement.

[1] Note that the *Non-Unanimous Partial Stipulation and Agreement* (p. 2, para. 4.a) expressly provides that "[T]he Signatories were unable to agree as to whether economic wind Purchased Power Agreement ("PPA") costs should be included in the definition of RES compliance costs."

WHEREFORE, GMO respectfully requests that the Commission deny Renew Missouri's *Application for Rehearing and Motion for Reconsideration*.

Respectfully submitted,

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ATTORNEYS FOR KCP&L GREATER MISSOURI OPERATIONS COMPANY

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, to the certified service list in File No. EO-2014-0151 this 2nd day of January, 2015.

/s/ Robert J. Hack

Robert J. Hack