

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

In the matter of KCP&L Greater Missouri Operations Company's)
Submission of its 2013 RES Compliance Plan) File No. EO-2013-0505

**KCP&L GREATER MISSOURI OPERATIONS COMPANY'S
MOTION TO APPROVE ITS TARIFF TO SUSPEND
PAYMENT OF SOLAR REBATES AND MOTION FOR EXPEDITED TREATMENT**

Pursuant to 4 CSR 240-2.080, Section 393.1030, and 4 CSR 240-20.100, KCP&L Greater Missouri Operations Company ("GMO" or "Company") hereby respectfully submits to the Missouri Public Service Commission ("Commission") its motion to approve its tariff to suspend the payment of certain solar rebates in 2013 ("Motion"). In support of its Motion, GMO states as follows:

**I. MOTION FOR APPROVAL OF GMO'S TARIFF TO SUSPEND
PAYMENT OF SOLAR REBATES**

1. On November 4, 2008, Proposition C was adopted by the voters of Missouri and later codified as Section 393.1030 RSMo. (Cum. Supp. 2009) which mandated, *inter alia*, that the "commission shall, in consultation with the department, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. . ." Section 393.1030.1. RSMo. (Cum. Supp. 2009). Proposition C also stated that "Such rules shall include: (1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. . ." Section 393.1030.2(1).

2. In compliance with Section 393.1030, the Commission adopted 4 CSR 240-20.100 Electric Utility Renewable Energy Standard Requirements (effective September 30, 2010) which states, *inter alia*, that: “The retail rate impact . . . may not exceed one percent (1%) for prudent costs of renewable energy resources directly attributable to RES compliance.” 4 CSR 240-20.100(5). In addition, Subsection L of 4 CSR 240-20.100(4) states as follows:

If the solar rebate program for an electric utility causes the utility to meet or exceed the retail rate impact limits of section (5) of this rule, the solar rebates shall be paid on a first-come, first-served basis, as determined by the solar system operational date. Any solar rebate applications that are not honored in a particular calendar year due to the requirements of this subsection shall be the first applications considered in the following calendar year.

3. Additionally, the Company has on file with the Commission, tariffs which prescribe the Solar Photovoltaic Rebate Program (P.S.C. MO. No. 1, 2nd Revised Sheet No. R-62.19 and P.S.C. MO. No. 1, 1st Revised Sheet No. R-62.20). On page R-62.20, section D, the second paragraph describes the method by which applications and funding of the rebate is handled.

Rebates will be paid on a first-come, first served basis, as determined by the Solar Electric Systems operational date. Any rebate applications that are received in a particular calendar year but not approved due to Program funding limitations will be the first applications considered in the following calendar year. Applications accepted by the Company will expire 12 months after receipt if the Customer has not satisfied the terms of this tariff or if the Solar Electric System has not become operational. All Application forms may be obtained from the Company’s website www.KCPL.com.

4. On May 28, 2013, GMO filed its 2013 Annual Renewable Energy Standard Compliance Plan (2013 GMO Plan¹) in File No. EE-2013-0453², pursuant to 4 CSR 240-20.100. In the 2013 GMO Plan, the retail rate impact was calculated by comparing a non-renewable generation and purchased power portfolio to a RES-compliant portfolio with sufficient renewable resources to achieve the renewable standards. This analysis showed that the retail rate impact would exceed the one percent (1%) cap for the years 2013, 2014 and 2015, unless solar rebates were limited to maintain the 1% cap. Attachment No. 1 (HIGHLY CONFIDENTIAL) includes GMO's calculation reflecting that the maximum average retail rate increase will be reached in 2013 and supporting documentation. Since GMO is projected to exceed the 1% retail rate impact in 2013, 2014, and 2015 due to solar rebates, solar rebate payment assumptions were limited to maintain the 1% cap. (See also 2013 GMO Plan, p. 13). GMO believes it is likely that the Company will exceed the 1% cap in July 2013³, and as a result, not all solar rebates will be honored this year in order to reduce the revenue requirement associated with the RES program in 2013. Any solar rebates not honored in a given year would be the first rebates considered for payment in the following year.

5. Under the current forecast, GMO will reach nearly \$29 million in solar rebate payments by the end of 2013. This forecast may change based on many factors, but the Company believes that the actual solar rebate payments will more than likely increase, rather than decrease when compared to the forecast. As of June, 2013, GMO has received applications

¹ The 2013 GMO Plan is incorporated herein by reference.

² On May 29, 2013, the Commission issued its *Order Closing Case, Order Directing Notice And Order Setting Filing Deadline* in File Nos. EE-2013-0453 and EO-2013-0505 directing that notice and establishing a deadline for Staff to file a report and for other interested entities to file comments by July 12, 2013. The 2013 GMO Plan was also filed in File No. EO-2013-0505.

³ Kansas City Power & Light Company ("KCP&L") is expected to exceed the 1% cap in November, 2013, as determined by the same methodology utilized in Attachment No. 1.

for \$22.2 million in solar rebates. The 1% rate cap established in the RES Plan is slightly over \$10 million.

6. Simultaneously with the filing of this Motion, GMO has filed a tariff which suspends the payment of solar rebates from the effective date of the tariff until January 1, 2014. The tariff sheet is attached as Attachment No. 2 and incorporated herein by reference. (Tariff Tracking No. YE-2014-0011). The purpose of this Motion is to request that the Commission approve GMO's tariff to suspend solar rebate payments. Suspension of these solar rebates will begin on September 3, 2013.

7. From a policy perspective, it is important to note that the Company is not trying to hurt the solar industry by this filing. Instead, the Company remains committed to the promise of alternative fuels and sustainability. However, the Company is taking these steps to follow the mandates of the RES law and protect our customers who do not receive solar rebate payments from paying a subsidy that is no longer rationally related to the solar market. Today the retail rate for solar installations in the Company's service territory ranges from \$2/watt (the amount of the rebate) to \$3.40/watt, depending on the size and complexity of the installation. More than 95% of the solar installations in the Company's service territory are in affluent zip codes and with business customers. This means that a disproportionate amount of the burden for paying the increases associated with solar rebates will fall on lower income residential customers and small businesses. In addition, the cost of the rebates themselves will mostly be recovered by customers without solar installations. This means that solar rebates are detrimental to many customers who cannot take advantage of the rebate program—these customers pick up a bigger percentage of the fixed costs of the electrical system and pay for the rebates that allow solar customers not to pay for the system they rely on 85% of the time. This is true because the decline in kWhs used by

customers with solar installations will cause the fixed costs of maintaining the electrical grid to be spread over a smaller number of KWh's raising the cost of maintaining that system for all non-solar customers (or better than 99.99% of customers). Those customers who purchase solar installations no longer pay for most or all of the fixed costs of having the electrical system serve them. At the same time, more than 85% of the time they rely on that electrical system and non-solar generated energy to fulfill their energy requirements. While there are admirable policy reasons to support the development of solar systems, the Commission should also recognize that there are also detrimental impacts on non-solar customers if the subsidies are not appropriate.

II. MOTION FOR EXPEDITED TREATMENT

8. Pursuant to 4 CSR 240-2.080(16), the Company requests expedited treatment of this Motion.

9. The Company requests approval of this Motion as soon as possible, but no later than September 3, 2013. There will be no negative effect on the Company's customers or the general public if the Commission acts in an expeditious manner as requested herein. However, delay in the resolution of any issues associated with this Motion will be detrimental to the customers since customers purchasing solar systems may need to know the status of the solar rebates as they make their purchasing decisions. This pleading was filed as soon as it could have been.

WHEREFORE, for the foregoing reasons, GMO respectfully requests that the Commission approve its tariff to suspend the payment of solar rebates as described herein.

Respectfully submitted,

/s/ James M. Fischer

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**ATTORNEYS FOR KCP&L GREATER
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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, this 5th day of July, 2013, to all counsel of record in this proceeding.

/s/ James M. Fischer

James M. Fischer