

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

In the Matter of a Proposed Rulemaking)	
to Amend Commission Rule)	Case No. EX-2008-0280
4 CSR 240-20.065.)	

**COMMENTS OF KANSAS CITY POWER & LIGHT COMPANY
AND
AQUILA, INC. d/b/a KCP&L GREATER MISSOURI OPERATIONS COMPANY**

COME NOW Kansas City Power & Light Company ("KCP&L") and Aquila, Inc. d/b/a KCP&L Greater Missouri Operations Company ("GMO")(collectively "KCPL") and for their Comments¹ respecting the Missouri Public Service Commission's ("Commission") Proposed Amendment to 4 CSR 240-20.065 Net Metering state as follows:

1. As a preliminary matter, KCPL supports the written Comments of Union Electric Company d/b/a AmerenUE submitted August 29, 2008 in this proceeding. Beyond that, KCPL has no suggested changes to the proposed amendments to 4 CSR 240-20.065 as published in the August 1, 2008, *Missouri Register*.

2. In its Motion for Final Order of Rulemaking initiating this matter, the Commission Staff recited that "[i]n 2007 the Missouri Legislature repealed the *Consumer Clean Energy Act* that was codified as Section 386.887 of the Revised Statutes of Missouri and, in lieu thereof, enacted the *Net Metering and Easy Connection Act*, which is codified as Section 386.890 RSMo Supp. 2007." Appended to the Staff's Motion was

¹ KCPL entered its appearance at the Public Hearing held in this matter on Tuesday, September 2, 2008, and offered brief, oral comments at that time, primarily in response to the Staff Comments that were distributed at the start of the hearing. At KCPL's request, and pursuant to the ruling of Chief Regulatory Law Judge Dale, the record in this matter remains open for receiving responsive written comments until 8:00 a.m., Monday, September 8, 2008. A published transcript of the Public Hearing was not available at the time these comments were prepared.

a marked up version of the existing rule showing the amendments the Staff proposed the Commission should make to that rule “to carry out the Legislature’s directive in the Net Metering and Easy Connection Act.” Staff further noted that the “proposed amendments include those stakeholder suggestions that were supported by the consensus of the stakeholders present” at a workshop hosted by the Staff on January 28, 2008. (Staff Motion, Pars. 5 & 6).

3. Section 386.890.5 of the Net Metering and Easy Connection Act states:

(3) If the electricity generated by the customer-generator exceeds the electricity supplied by the supplier during a billing period, the customer-generator shall be billed for the appropriate customer charges for that billing period in accordance with subsection 3 of this section and shall be credited an amount at least equal to the **avoided fuel cost** of the excess kilowatt-hours generated during the billing period, with this credit applied to the following billing period; [Emphasis supplied]

Section 386.890.2 defines “avoided fuel cost” as follows:

(1) “Avoided fuel cost”, **the current average cost of fuel** for the entity generating electricity, as defined by the governing body with jurisdiction over any municipal electric utility, rural electric cooperative as provided in chapter 394, RSMo, or electrical corporation as provided in this chapter; [Emphasis supplied]

4. In conformance with the above-referenced statutory sections, the published proposed amendments to rule 4 CSR 240-20.065 incorporate these provisions in subsections (1)(A) and (6)(C). Per subsection (1)(A), the current annual average cost of fuel is calculated from information contained in the most recent annual report submitted to the commission pursuant to 4 CSR 240-3.165.

5. As discussed in the Staff Comments, the “Commission’s Cogeneration rules and related tariffs were established after the Commission implemented Section 210, Cogeneration and Small Power Production, of the Public Utility Regulatory Policies Act

(PURPA) of 1978.” (Comments, p. 5, footnote omitted). “The cogeneration rules apply to independent power producers who purposely generate energy to sell to the electric utility whereas the net metering rule is for customer-generators who primarily are generating to meet their own needs and may have excess energy.” (*Id.*, p. 6.) Accordingly, the Commission promulgated two different rules for two different purposes.

6. After the passage of the Net Metering and Easy Connection Act, and as Staff Witness Daniel Beck observed during the Public Hearing in this matter, the current filed and approved tariffs of both Kansas City Power & Light Company (Sheet 40A/effective March 15, 2008; attached hereto as **Exhibit A**) and Aquila, Inc. d/b/a KCP&L Greater Missouri Operations Company (Sheet 113/effective March 3, 2008; attached hereto as **Exhibit B**) incorporate the new statute’s terminology. The only prior net metering statute in Missouri, Section 386.887, did not contain a definition of “avoided fuel cost.”

7. Whereas the published proposed amendment language in subsection (6)(C) incorporates the statutory language verbatim, Staff now proposes a different “calculation” methodology or, alternatively, a change in the definition of “avoided fuel cost” and “current average cost of fuel” set out in the proposed amendments (subsection (1)(A)). KCPL respectfully submits that the Commission should reject Staff’s recommendations and the resulting imposition of a standard utilizing the “greater” of the avoided cost as defined in the Commission’s separate Cogeneration rule, versus that contained in the published amendment.

8. KCPL urges the Commission to adopt the rule as published with the two changes advocated by Union Electric Company d/b/a AmerenUE.

Respectfully submitted,

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Greater Missouri Operations Company

Dated: September 5, 2008

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been emailed to the following on this 5th day of September 2008:

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KANSAS CITY POWER & LIGHT COMPANY

P.S.C. MO. No. 7 Second ☐ Original Sheet No. 40A
☒ Revised
Cancelling P.S.C. MO. No. 7 First ☐ Original Sheet No. 40A
☒ Revised
For Missouri Retail Service Area

NET METERING FOR RENEWABLE FUEL RESOURCES Schedule NMRF (continued)

BILLING AND PAYMENT:

The Company shall render a bill for net consumption at approximately 30-day intervals. Net consumption is defined as the kWh supplied by the Company to the customer-generator minus kWh supplied by the customer-generator and returned to the Company's grid during the billing month. Any net consumption shall be valued monthly as follows:

To the extent the net consumption is positive (i.e. customer-generator took more kWh from the Company during the month than customer-generator produced), the eligible customer-generator will be billed in accordance with the customer-generator's otherwise applicable standard rate for Customer Charges, Demand Charges, and Energy Charges (for the net consumption).

To the extent the net consumption is negative (i.e. customer-generator produced more kWh during the month than the Company supplied), the customer-generator will be credited in accordance with the Company's annually calculated avoided fuel cost for the net energy (kWh) delivered to the Company. With the exception of the Energy Charge, all other applicable standard rate charges shall apply.

To the extent the net consumption is zero (i.e. customer-generator produced the same kWh during the month as supplied by the Company), the customer generator will be Minimum billed in accordance with the eligible customer-generator's otherwise applicable standard rate.

TERMS AND CONDITIONS:

1. The Company will supply, own and maintain all necessary meters and associated equipment utilized for billing at its expense. In addition, and for purposes of monitoring Customer generation and load, the Company may install at its expense, load research metering. The Customer shall supply, at no expense to the Company, a suitable location for meters and associated equipment used for billing and for load research. Such equipment shall be accessible at all times to utility personnel.
2. The Company shall have the right to require the Customer, at certain times and as electric operating conditions warrant, to limit the production of electrical energy from the generating facility to an amount no greater than the load at the Customer's facility of which the generating facility is a part.
3. The Customer shall furnish, install, operate and maintain in good order and repair without cost to the Company such relays, locks and seals, breakers, automatic synchronizers, disconnecting devices, and other control and protective devices as required by the NEC, NESC, IEEE or UL as being required as suitable for the operation of the generator in parallel with the Company's system.

DATE OF ISSUE: February 11, 2008
ISSUED BY: Chris Giles, Vice-President

DATE EFFECTIVE: March 15, 2008
1201 Walnut, Kansas City, Mo. 64106

EE-2008-0260

FILED
Missouri Public
Service Commission

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 1st Revised Sheet No. 113
 Canceling P.S.C. MO. No. 1 Original Sheet No. 113

Aquila, Inc., dba

AQUILA NETWORKS For All Territory Served by Aquila Networks – L&P and Aquila Networks – MPS
KANSAS CITY, MO 64138

NET METERING RIDER (Continued)
 ELECTRIC

2) Liability

Proof of liability insurance is not required for Customer-Generator of 10 kW or less. This does not waive any Customer-Generator liability. Customer-Generator of greater than 10 kW agrees to carry no less than \$100,000 of liability insurance that provides for coverage of all risk of liability for personal injuries (including death) and damage to property arising out of or caused by the operation of the Customer-Generator's System, and provide Company with proof in the form of a certificate of liability insurance or other proof acceptable to the Company. Insurance may be in the form of an existing policy or an endorsement on an existing policy.

3) Interconnection Costs

The Customer-Generator shall, at the Customer-Generator's cost and expense, install, operate, maintain, repair, and inspect, and shall be fully responsible for the Customer-Generator's System. The Customer-Generator further agrees to pay or reimburse to Company all of Company's Interconnection Costs. Interconnection Costs are the reasonable costs incurred by Company for: (1) additional tests or analyses of the effects of the operation of the Customer-Generator's System on Company's local distribution system, (2) additional metering, and (3) any necessary controls. These Interconnection Costs must be related to the installation of the physical facilities necessary to permit interconnected operation of the Customer-Generator's System with Company's system and shall only include those costs, or corresponding costs, which would not have been incurred by Company in providing service to the Customer-Generator solely as a consumer of electric energy from Company pursuant to Company's standard cost of service policies in effect at the time the Customer-Generator's System is first interconnected with Company's system. Upon request, Company shall provide the Customer-Generator with a non-binding estimate of Company's Interconnection Costs based upon the plans and specifications provided by the Customer-Generator to Company.

4) Energy Pricing and Billing

Section 386.890 RSMo Supp. 2007 sets forth the valuation and billing of electric energy provided by Company to the Customer-Generator and to Company from Customer-Generator. The net electric energy delivered to the Customer-Generator shall be billed in accordance with rate schedule(s) under which the Customer-Generator was being served prior to installation of the generator, as updated or changed from time to time as approved by the Commission. The value of the electric energy delivered by the Customer-Generator to Company shall be credited in accordance with the current annual average cost of fuel for the Company as calculated from the most recent filed annual report with the Commission.

5) Terms and Termination Rights

This Agreement becomes effective when signed by both the Customer-Generator and Company, and shall continue in effect until terminated. After fulfillment of any applicable initial tariff or rate schedule term, the Customer-Generator may terminate this Agreement at any time by giving Company at least thirty (30) days prior written notice. In such event, the Customer-Generator shall, no later than the date of termination of Agreement, completely disconnect the Customer-Generator's System from parallel operation with Company's system. Either party may terminate this Agreement by giving the other party at least thirty (30) days prior written notice that the other party is in default of any of the terms and conditions of this Agreement, so long as the notice specifies the basis for termination, and there is an opportunity to cure the default. This Agreement may also be terminated at any time by mutual agreement of the

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Issued: January 31, 2008
 Issued by: Gary Clemens, Regulatory Services

Effective: March 3, 2008

ET-2008-0271