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| Witness:                 | Patrick J Wilson   |
| Sponsoring Party:        | Renew Missouri     |
| Type of Exhibit:         | Rebuttal Testimony |
| Case No.:                | ET-2014-0059       |
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**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. ET-2014-0059.**

**REBUTTAL TESTIMONY**  
**OF**  
**PATRICK J. WILSON**  
**ON**  
**BEHALF OF**  
**RENEW MISSOURI**

**September, 2013**

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **PATRICK J WILSON**

4 **CASE NO. ET-2014-0059**

5  
6 **Q. Please state your name and business address.**

7 A. My name is Patrick James (PJ) Wilson. My business address is 910 E. Broadway, Ste.  
8 205, Columba, MO 65201.

9 **Q. Please state the name of your employer and your job title?**

10 A. I am the Director of Earth Island Institute d/b/a Renew Missouri (“Renew Missouri”).

11 **Q. Please describe your educational background and employment experience.**

12 A. I graduated with a Bachelors of Science in Civil Engineering from the University of  
13 Southern California in August of 2001. I served as a volunteer water & sanitation engineer in the  
14 Peace Corps from February 2003 through April 2005, and worked at the Solar Living Institute  
15 for 6 months in 2005. I’ve worked as a solar installer, designer, and salesperson for Cromwell  
16 Environmental in 2006, and for Ozarks Energy Services in 2007.

17 From 2007-2009, I served as the Vice President of the Heartland Renewable Energy  
18 Society, which is the local chapter (over Kansas & Missouri) of the American Solar Energy  
19 Society. From 2008 to present, I have served as the Director of Renew Missouri, a nonprofit  
20 based in Columbia, MO whose mission is to transform Missouri into a leading state in renewable  
21 energy & energy efficiency by 2016.

22 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

1 A. The purpose of my rebuttal testimony is to highlight deficiencies in the proposal of  
2 Kansas City Power & Light Greater Missouri Operations Company (“GMO”) to suspend  
3 payment of solar rebates. I will also highlight alternatives available to GMO which could be  
4 components of a course of action different from its current proposal.

5 **Q. Do you agree that the Commission should authorize GMO to suspend payment of**  
6 **solar rebates?**

7 A. No, I do not.

8 **Q. What do you believe is wrong with GMO’s approach in alleging they’ve hit their 1%**  
9 **retail rate impact and proposing to suspend payment of solar rebates?**

10 A. A number of things. First, GMO shows a continued misunderstanding or misapplication  
11 of the general retail rate impact determination itself.

12 **Q. What evidence do you have to support this assertion?**

13 A. Looking at the direct testimony of Burton Crawford, Mr. Crawford says (pg. 3, lines 17-  
14 20) that: “The major components of the RRI (“Retail Rate Impact”) calculation include  
15 establishing a baseline revenue requirement in which to compare the costs of RES compliance  
16 and the projected RES compliance costs.”

17 The retail rate impact calculation is not a comparison of “the costs of RES compliance”  
18 and “the projected RES compliance costs.” It’s unclear what Mr. Crawford is referring to with  
19 this statement, but his words demonstrate that GMO’s entire process is beginning with some  
20 fundamentally incorrect assumptions.

21 **Q. What costs should be compared in calculating the retail rate impact?**

22 A. Section (5) of the Commission’s rule at 4 CSR 240-20.100 spells out the components of  
23 the 1% retail rate impact calculation. The fundamental concept in Section (5) is a comparison

1 between the utility’s total costs including RES compliance and the utility’s total costs assuming  
2 an entirely nonrenewable portfolio.

3 **Q. Does Mr. Crawford’s continued testimony clear this up?**

4 A. No, it does not. Mr. Crawford goes on to state (starting at pg. 2, line 20):

5 “The projected RES compliance costs include: Net cost of renewable generation and/or  
6 Renewable Energy Credit (REC) costs directly attributable to meeting RES energy targets; Solar  
7 rebate costs; Other costs such as REC registration fees and renewable resource registration fees”

8 The first thing that’s important to understand is that there is no such thing as “net cost” of  
9 RECs. When a utility purchases a REC, there exist no financial benefits for themselves or their  
10 customers. Thus any money utilities spend on purchasing RECs are simply “costs.”

11 Furthermore, as spelled out in great detail in the complaint filed in Case No. EC-2013-  
12 0377, et al., Renew Missouri and co-complainants do not agree that a utility’s purchase of any  
13 RECs should count toward RES compliance at all, unless such RECs are associated with  
14 electricity actually delivered to Missouri customers.

15 Next, Mr. Crawford lists simply “solar rebate costs,” failing to take into account the vast  
16 amount of financial benefits resulting to the utility, and to its ratepayers, that occur as a direct  
17 result of payment of “solar rebate costs.” At a minimum, Mr. Crawford should have stated: “Net  
18 solar rebate costs,” and GMO’s methodology should account for not only the actual costs of solar  
19 rebate payments and associated administrative costs, but also an acknowledgement and  
20 quantification of the actual financial benefits resulting from such solar rebate payments. Only  
21 the “net solar rebate costs” should be included in this calculation.

22 **Q. What else is incorrect about GMO’s approach?**

1 A. Another fundamental problem with GMO’s approach is that it attempts to make two  
2 incompatible assumptions. On one hand, on pg. 3, lines 7-10, Mr. Crawford refers to “Future  
3 wind and solar additions that were directly attributable to RES compliance.” On the other hand,  
4 on pg. 5, lines 11-12, Mr. Crawford states that “GMO is currently meeting the RES solar energy  
5 requirements through the purchase of solar RECs (“S-RECs”).” This statement in and of itself  
6 highlights GMO’s incompatible and conflicting positions. If GMO considers itself to be under  
7 obligation to meet “RES solar energy requirements,” then its purchase of S-RECs unassociated  
8 with any solar energy delivered to Missouri customers cannot be ineligible for RES compliance,  
9 and thus those costs should not be included in its retail rate impact calculation. Conversely, if  
10 GMO believes it can comply solely by using RECs and S-RECs unrelated to power delivered to  
11 Missouri customers, then Mr. Crawford’s statement about “future wind and solar additions...  
12 directly attributable to RES compliance” is completely incompatible with this view.

13 Renew Missouri’s position on this matter is simple and straightforward: Missouri’s RES  
14 applies only to power sold to Missouri customers. If GMO agrees, then it should plan to comply  
15 only with RECs representing power sold to Missouri customers, and it should include the cost of  
16 new generation in its retail rate impact calculation when appropriate. GMO could not include the  
17 costs of purchasing RECs or S-RECs unassociated with power sold to Missouri customers, since  
18 these costs are of no benefit to ratepayers and have no relation to any power or services provided  
19 to customers by their utility. Such costs should be excluded from current and future forecasts of  
20 RES compliance costs. If GMO instead believes it can comply using unassociated RECs and  
21 SRECs (as indicated by GMO’s own compliance filings), then it cannot claim future wind and  
22 solar projects as being directly attributable to RES compliance. Such investments in renewable

1 generation in or around Missouri would likely be seen as imprudent if simply purchasing  
2 unassociated RECs were a viable alternative. GMO cannot have it both ways.

3 **Q. What else is incorrect about GMO's approach?**

4 A. Mr. Crawford states on pg. 3, lines 16-20:

5 Since the wind resources removed from the Preferred Plan provide little capacity  
6 to the Company's portfolio, no additional non-renewable resources were added to  
7 the Preferred Plan. Generation that would have been provided by the renewable  
8 resource removed would generally be replaced with Company owned resources  
9 and increased purchased power.

10 There are two problems with this statement. First, the addition of wind resources does add some  
11 amount of capacity to the Company's portfolio; this added capacity should be taken into  
12 consideration, regardless of whether the added capacity is "little," "big," or any other size.

13 Second, Mr. Crawford's statement appears to indicate that the costs associated with replacing  
14 renewable resources with "Company-owned recourses and increased purchased power" have not  
15 been taken into account either. Even if there were no additional capacity needed, there would  
16 still be fuel costs, operational costs, environmental compliance costs, and other costs associated  
17 with increased nonrenewable generation, as well as the hard costs of increased purchased power.

18 Those costs should be included in the retail rate impact calculation as well.

19 **Q. What else is incorrect about GMO's approach?**

20 A. On Page 4, lines 1-9, Mr. Crawford's testimony seems to indicate that adding a 50MW  
21 gas-fired plant would increase GMO's revenue requirement. On lines 10-23, he seems to  
22 indicate that adding a 50MW wind farm would also increase GMO's revenue requirement.

1           It's unclear what conclusion Mr. Crawford is trying to arrive at here, since building any  
2 form of new generation generally involves an increase in a utility's revenue requirement. What's  
3 important, and what's missing from his testimony, is the *comparison* of the cost of non-  
4 renewables compared with renewables. In many instances around the nation, utilities are finding  
5 that the cost of investing in wind is on-par with, or cheaper than, other forms of new generation.  
6 If this is the case for GMO as well, then the net costs of building new wind, as compared to non-  
7 renewables, could very well be zero, or even a net benefit to GMO's customers.

8   **Q.     What else is incorrect about GMO's approach?**

9   A.     The RES statute includes the restriction of "A maximum *average* retail rate increase of  
10 one percent." § 393.1030.2.1, RSMo (emphasis added).

11           Mr. Crawford's testimony seems to indicate that GMO has an incorrect understanding of  
12 how the word "average" should be applied. Starting on pg. 5, line 21, Mr. Crawford states: "...a  
13 10-year average revenue requirement was calculated for each of three separate time periods."  
14 Then on pg. 8, lines 3-5, Mr. Crawford states: "Given the forward-looking RRI calculation  
15 required by the RES rule, each year's RES compliance costs need to be closely aligned with the  
16 1% cap to ensure that actual RES compliance costs don't exceed 1% in any given 10-year  
17 period."

18           First, if GMO's position is that the RRI calculation is entirely forward-looking in nature,  
19 then the actual amount of money spent and/or charged to its ratepayers would be irrelevant; i.e.  
20 the Company could spend a theoretically infinite amount of money on RES compliance, just so  
21 long as its forecasts (which, in the case of solar rebate expenditures, have proven to be very  
22 different from actual expenditures) show that the Company is within 1%.

1           If, on the other hand, the statutory “maximum average retail rate increase” refers to actual  
2 rate impacts on GMO’s customers, then surely the word “average” applies to the “retail rate  
3 increase.” And although the forward-looking calculation itself is meaningful for planning  
4 purposes, the measurement of the “average retail rate increase” is something that can only be  
5 determined by looking backward in time. Looking backward in time necessarily involves  
6 differences between projected expenditures and actual expenditures. Given that this is the case,  
7 there should be latitude for GMO to make “lumpy” expenditures, spending more than 1% in  
8 some years and less in others, so long as the actual “average retail rate increase” over a given 10-  
9 year period is no more than 1%.

10           In any case, it’s unclear whether Mr. Crawford is indicating on his testimony, at pg. 8,  
11 lines 3-5, that GMO believes there is no averaging allowed at all, i.e. costs should be strictly  
12 limited to no more than 1% in each and every year, or if “average retail rate increase” means  
13 “average retail rate increase,” providing flexibility for the rate impact to be sometimes greater  
14 than 1%. If GMO’s view is the latter, then it’s unclear why they don’t simply continue offering  
15 and honoring solar rebate requests, and carry forward any costs deemed to be above 1% on to  
16 future years.

17 **Q. Do you think GMO could continue payment of solar rebates under the current**  
18 **relevant laws and rules?**

19 A. Yes, I do.

20 **Q. What, in GMO’s application for a tariff revision or its supporting testimony, does**  
21 **GMO say about amortization of solar rebate costs?**

22 A. It does not say anything about amortization of solar rebate costs. GMO appears to be  
23 both “counting” all solar rebate costs in a calendar year toward RES compliance costs in that



1 same year, and also booking those costs as an immediate expense as opposed to an amortized  
2 cost like any other generating asset.

3 **Q. What should GMO do regarding amortization of solar rebate costs?**

4 A. Since payment of solar rebates results in a significant amount of rooftop solar coming  
5 online on its own power grid, and since solar rebate recipients are committed by law to keeping  
6 that power online for at least 10 years, GMO should be required to amortize any solar rebate  
7 costs incurred in a given calendar year, over the life of the asset.

8 Evidence tells us that net-metered solar systems will likely be interconnected for over 25  
9 years, and the RES rules require customers to keep their systems online for at least 10 years.  
10 Thus, since GMO will enjoy lasting benefits from the distributed solar resulting directly from  
11 solar rebate payments, in any given year it should only count an amortized portion of any solar  
12 rebate costs towards RES compliance in that year, and only book an amortized portion of those  
13 costs to its customers as well.

14 **Q. Does this conclude your rebuttal testimony?**

15 A. Yes, it does.

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

In the Matter of KCP&L Greater Missouri                    )  
Operations Company's Application                            )  
For Authorization to Suspend Payment                    )  
of Certain Solar Rebates                                        )

File No. ET-2014-0059

**AFFIDAVIT OF PATRICK J. WILSON**

STATE OF MISSOURI    )  
                                  ) ss.  
CITY OF COLUMBIA    )

Patrick J. Wilson, being first duly sworn on his oath, states:

1. My name is Patrick J. Wilson. My business address is 910 E Broadway, Ste. 205, Columbia, MO 65201. I am employed by Earth Island Institute, d/b/a. Renew Missouri ("Renew Missouri"), as Director.

2. Attached hereto and made part hereof for all purposes is my Rebuttal Testimony on behalf of Renew Missouri consisting of 9 pages, having been prepared in written form for introduction into evidence in the above captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Patrick J. Wilson

Subscribed and sworn before me this 16<sup>th</sup> day of September, 2013.

  
\_\_\_\_\_  
Notary Public

My Commission expires: Nov. 19, 2016

**MEGHAN L HUNT**  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Boone County  
My Commission Expires: Nov. 19, 2016  
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