

Exhibit No.:
Issue: Policy/Overview
Witness: Tim M. Rush
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: KCP&L Greater Missouri Operations Company
Case No.: ET-2014-0059
Date Testimony Prepared: September 24, 2013

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ET-2014-0059

SURREBUTTAL TESTIMONY

OF

TIM M. RUSH

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

**Kansas City, Missouri
September 2013**

SURREBUTTAL TESTIMONY

OF

TIM M. RUSH

Case No. ET-2014-0059

1 **Q: Please state your name and business address.**

2 A: My name is Tim M. Rush. My business address is 1200 Main, Kansas City, Missouri
3 64105.

4 **Q: Are you the same Tim M. Rush who pre-filed Direct Testimony in this matter?**

5 A: Yes, I am.

6 **Q: What is the purpose of your Surrebuttal Testimony?**

7 A: The purpose of my Surrebuttal Testimony is to respond the Rebuttal Testimony of
8 witnesses:

9 1) Adam Blake – Chief Executive Officer of Brightergy, LLC; and

10 2) Ryan Kind – Chief Energy Economist, Office of the Public Counsel

11 **Adam Blake – Brightergy, LLC**

12 **Q: On page 4, Mr. Blake discusses the harm that would come to customers who are**
13 **investing in solar systems if rebates were cutoff. Do you agree?**

14 A: I would agree that the customer economics would change if the rebates ceased. The
15 cessation of solar rebates would make it less economically beneficial to customers.
16 However, KCP&L Greater Missouri Operations Company’s (“GMO” or the “Company”)
17 request is to suspend the solar rebates, as required by the statutes, the rules of the
18 Commission and the tariffs of the Company. The Company believes it must follow these
19 statutory and regulatory requirements.

1 **Q: Mr. Blake expresses concern about the suspension period and what constitutes the**
2 **operational date. Can you describe what is meant by the operational date?**

3 A: Yes. The Company has requested that suspension of the solar rebates become effective
4 on November 3, 2013. In the tariff filing, the Company indicated that the solar rebates
5 will be paid in as the solar systems are completed and operational, prior to the November
6 3, 2013 effective date of the tariff. The operational date is the date in which the meter is
7 exchanged from the current meter set to a meter that can net meter both the energy
8 serving the customer as well as receiving the energy coming from the customer.

9 **Q: On page 5 of Mr. Blake's Rebuttal Testimony, he expresses his opinion that the**
10 **solar industry was not provided adequate notice that GMO was at risk of reaching**
11 **the one percent retail rate impact ("RRI") cap. Do you agree?**

12 A: No, I do not agree. As I described in my Direct Testimony, the Company provided
13 information to the solar industry as soon as it became aware that it was going to be
14 reaching the 1% cap. The Company took numerous steps in addressing this situation
15 with the solar installers, industry representatives and customers who are either installing
16 systems or who have filed applications to install solar systems.

17 **Q: What position does Mr. Blake address regarding the amortization of the solar**
18 **rebates?**

19 A: He states that these amounts should be amortized over 10 years.

20 **Q: Do you agree with the amortization period?**

21 A: An amortization period for solar rebates has not been established, and this case is not
22 where the Commission typically would make ratemaking decisions. The determination
23 of an amortization period for solar rebates and other Renewable Energy Standards

1 (“RES”) compliance costs will likely be addressed either in the Company’s next rate
2 proceeding, or in a Renewable Energy Standard Rate Adjustment Mechanism
3 (“RESRAM”) proceeding, if the Company elects to file a RESRAM.

4 **Q: Would you describe the RESRAM that you just mentioned above?**

5 A: Yes. The RESRAM is a rate making mechanism established in the Electric Utility
6 Renewable Energy Standard Requirements rule (4 CSR 240-20.100). It provides for the
7 recovery of RES costs outside of a general rate case and allows a mechanism for
8 addressing solar rebates and other renewable costs. It allows for costs exceeding the 1%
9 limit to be carried forward to future years for cost recovery, including the recovery of
10 carrying costs.

11 **Q: Mr. Blake presents a “compromise proposal”, attached as Exhibit “AB-3”. What
12 are your thoughts about his proposal?**

13 A: The Company is generally supportive of this type of proposal which includes the
14 establishment of a regulatory asset and recovery of carrying costs. However, the
15 Company needs certainty that it will be allowed recovery of its solar rebates paid out to
16 customers. While the level of rebate amounts were left blank in Exhibit AB-3, I think
17 inserting the 1% cap as set out by the Company would be a reasonable level to include if
18 this approach were adopted by the Commission. A similar proposal (pages 11-12) was
19 presented by MOSEIA witness Ezra D. Hausman.

20 **Ryan Kind – Office of the Public Counsel**

21 **Q: On page 4 of Mr. Kind’s Rebuttal Testimony, he states that the Office of the Public
22 Counsel will oppose future recovery of any unlawful solar rebate payments made by
23 GMO. How does Mr. Kind characterize unlawful payments?**

1 A: Beginning on page 4, line 13 of his Rebuttal Testimony Mr. Kind states:

2 Yes, GMO should not be permitted to recover from customers the cost of
3 payments in excess of the 1% cap. If the Commission permitted GMO the
4 future recovery of rebates paid by GMO after it determined that the cap
5 had been reached, then the rate increase protection that was provided by
6 the 1% cap, which was one of the key provision of Proposition C (later
7 codified as 393.1030 RSMo (Cum. Sup. 2009)), would not be
8 implemented as intended when voters adopted this proposition.

9 **Q: Do you agree with his position?**

10 A: No. His position is shortsighted and does not take into account all of the actions that the
11 Company has taken in addressing the issue of suspending the solar rebates and the
12 calculation of the 1% cap. I previously addressed those actions taken by the Company to
13 initiate the suspension of the solar rebate in my Direct Testimony. The Company has
14 acted reasonably and prudently to obtain resolution of the issues surrounding the 1% RRI
15 cap calculation and the possible suspension of solar rebates, if required by the statutes
16 and RES rules.

17 **Q: Do the RES rules of the Commission address the situation where the 1% cap rule**
18 **was reached and exceeded?**

19 A: Yes.

20 First, under 4 CSR 240-20.100(6)(A)3. (Cost Recovery and Pass-through of Benefits)
21 states:

22 3. If the electric utility incurs costs in complying with the RES
23 requirements that exceed the one percent (1%) limit determined in
24 accordance with section (5) of this rule for any year, those excess costs
25 may be carried forward to future years for cost recovery under this rule.

26 Second, under 4 CSR 240-20.100(7)(A)1.M. (Annual RES Compliance Report and RES
27 Compliance Plan) states:

28 M. An affidavit documenting the electric utility's compliance with the
29 RES compliance plan as described in this section during the calendar year.

1 This affidavit will include a description of the amount of over-or under-
2 compliance costs that shall be adjusted in the electric utility's next
3 compliance plan;

4 Both sections clearly articulate that it is contemplated that a utility may exceed the 1%
5 cap and explains how it will be treated. Specifically, any overage will be carried forward
6 and included in the future period.

7 **Q: Does that conclude your testimony?**

8 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) File No. ET-2014-0059
For Authorization To Suspend Payment)
of Certain Solar Rebates)

AFFIDAVIT OF TIM M. RUSH

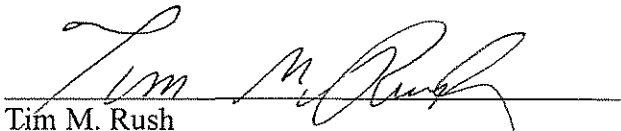
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Tim M. Rush, being first duly sworn on his oath, states:

1. My name is Tim M. Rush. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director, Regulatory Affairs.

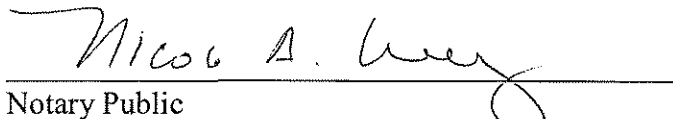
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of KCP&L Greater Missouri Operations Company consisting of five (5) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

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.



Tim M. Rush

Subscribed and sworn before me this 24th day of September, 2013.



Notary Public

My commission expires: Feb. 4, 2015

