

Exhibit No.:  
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Witness: Tim M. Rush  
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Sponsoring Party: Kansas City Power & Light Company  
Case No.: ET-2016-  
Date Testimony Prepared: January 18, 2016

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ET-2016-**

**DIRECT TESTIMONY**

**OF**

**TIM M. RUSH**

**ON BEHALF OF**

**KANSAS CITY POWER & LIGHT COMPANY**

**Kansas City, Missouri  
January 2016**

**DIRECT TESTIMONY**

**OF**

**TIM M. RUSH**

**Case No. ET-2016-**

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

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

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company (“KCP&L” or the “Company”)  
6 as Director, Regulatory Affairs.

7 **Q: What are your responsibilities?**

8 A: My general responsibilities include overseeing the preparation of the rate case, class cost  
9 of service and rate design of both KCP&L and KCP&L Greater Missouri Operations  
10 Company (“GMO”). I am also responsible for overseeing the regulatory reporting and  
11 general activities as they relate to the Missouri Public Service Commission (“MPSC” or  
12 “Commission”).

13 **Q: Please describe your education, experience and employment history.**

14 A: I received a Master of Business Administration degree from Northwest Missouri State  
15 University in Maryville, Missouri. I did my undergraduate study at both the University  
16 of Kansas in Lawrence and the University of Missouri in Columbia. I received a  
17 Bachelor of Science degree in Business Administration with a concentration in  
18 Accounting from the University of Missouri in Columbia.

1 **Q: Please provide your work experience.**

2 A: I was hired by KCP&L in 2001 as the Director, Regulatory Affairs. Prior to my  
3 employment with KCP&L, I was employed by St. Joseph Light & Power Company  
4 (“Light & Power”) for over 24 years. At Light & Power, I was Manager of Customer  
5 Operations from 1996 to 2001, where I had responsibility for the regulatory area, as well  
6 as marketing, energy consultant and customer services area. Customer services included  
7 the call center and collections areas. Prior to that, I held various positions in the Rates  
8 and Market Research Department from 1977 until 1996. I was the manager of that  
9 department for fifteen years.

10 **Q: Have you previously testified in a proceeding before the MPSC or before any other**  
11 **utility regulatory agency?**

12 A: I have testified on several occasions before the MPSC on a variety of issues affecting  
13 regulated public utilities. I have additionally testified at the Federal Energy Regulatory  
14 Commission and the Kansas Corporation Commission.

15 **Q: On whose behalf are you testifying?**

16 A: I am testifying on behalf of KCP&L.

17 **Q: What is the purpose of your Direct Testimony?**

18 A: The purpose of my Direct Testimony is to:

19 1) Support the application and tariff the Company has filed to suspend payments of  
20 the solar rebates for KCP&L to become effective March 15, 2016 (attached as  
21 Schedule TMR-1),

22 2) Provide background of the solar rebate program,

1 3) Provide information supporting the current payments and commitments made for  
2 the payment of solar rebates, and

3 4) Address what actions the Company has taken in making this filing.

#### 4 **BACKGROUND**

5 **Q: Please provide some background on this case and what has led up to this filing.**

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

17 **4 CSR 240.20.100** - In compliance with Section 393.1030, the Commission adopted 4  
18 CSR 240-20.100 Electric Utility Renewable Energy Standard Requirements (effective  
19 September 30, 2010) which states, *inter alia*, that: “The retail rate impact . . . may not  
20 exceed one percent (1%) for prudent costs of renewable energy resources directly  
21 attributable to RES compliance.” 4 CSR 240-20.100(5). In addition, Subsection D of 4  
22 CSR 240-20.100(5) states as follows:

23 For purposes of the determination in accordance with subsection  
24 (B) of this section, if the revenue requirement including the RES-

1 compliant resource mix, averaged over the succeeding ten (10)-year  
2 period, exceeds the revenue requirement that includes the non-renewable  
3 resource mix by more than one percent (1%), the utility shall adjust  
4 downward the proportion of renewable resources so that the average  
5 annual revenue requirement differential does not exceed one percent (1%)  
6 . . . (emphasis added)

7 **KCP&L Solar Rebate Tariff** - The Company has on file with the Commission, tariffs  
8 which prescribe the Solar Photovoltaic Rebate Program (P.S.C. MO. No. 7, 2<sup>nd</sup> Revised  
9 Sheet No. 46, P.S.C. MO. No. 7, 3<sup>rd</sup> Revised Sheet No. 46A, and P.S.C. MO. No. 7,  
10 Original Sheet No. 46B). Sheet No. 46A describes the method by which applications and  
11 funding of the rebate is handled:

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

21 **RES Plan filing** - On May 28, 2013, KCP&L filed its 2013 Annual Renewable Energy  
22 Standard Compliance Plan (2013 KCP&L Plan<sup>1</sup>) in File No. EO-2013-0504<sup>2</sup>, pursuant to  
23 4 CSR 240-20.100. This analysis showed that the retail rate impact would exceed the one  
24 percent (1%) cap for the years 2013, 2014 and 2015, unless solar rebates were limited to  
25 maintain the 1% cap.

26 **KCP&L Solar Rebate Tariff Suspension filing** - On September 10, 2013, KCP&L filed  
27 an application and tariff requesting that the Commission authorize KCP&L to suspend

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<sup>1</sup> The 2013 KCP&L Plan is incorporated herein by reference.

<sup>2</sup> 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.

1 the payment of solar rebates. This was docketed as Case No. ET-2014-0071. KCP&L  
2 calculated the 1% cap to be slightly under \$11 million and estimated that it would reach  
3 the cap before the end of 2013. Using a different methodology, Staff calculated the 1%  
4 cap to be \$5.2 million and estimated that KCP&L would exceed the cap in November  
5 2013. The solar industry representatives disagreed with the 1% cap calculations of both  
6 KCP&L and Staff. The parties to the case met to discuss the application and related  
7 matters and ultimately agreed to a Non-Unanimous Stipulation and Agreement  
8 (“Stipulation”). The Stipulation established, among other terms, the following terms  
9 applicable to this filing:

- 10 1) KCP&L will not suspend payment of solar rebates in 2013 and beyond  
11 unless the solar rebate payments reach an aggregate level of \$36.5  
12 million incurred subsequent to August 31, 2012.
- 13 2) If and when rebate payments are anticipated to reach the specified  
14 level, KCP&L would “. . . file with the Commission an application  
15 under the 60-day process as outlined in section 393.1030.3 RSMo. to  
16 cease payments beyond the specified level in the year in which the  
17 specified level is reached and all future calendar years.”
- 18 3) The Signatories also agree to cooperate in the development of all  
19 aspects of an orderly process to cease or conclude the solar rebate  
20 payments to solar customers, including updating KCP&L’s website for  
21 applied for applications, the level of solar rebate payments, and  
22 approved applications for both KCP&L and GMO.

23 The Commission’s October 30, 2013 order approved the Stipulation.

24 **Q: Who were the parties in File No. ET-2014-0071?**

25 A: KCP&L, GMO, the Staff of the Commission, the Office of the Public Counsel, the  
26 Missouri Division of Energy, Earth Island Institute d/b/a Renew Missouri, Missouri Solar  
27 Energy Industry Association, Brightergy, LLC, and Missouri Industrial Energy  
28 Consumers.

1 **Q: Has KCP&L made solar rebate payments that equal the aggregate level of \$36.5**  
2 **million?**

3 A: Not yet. However, the Company has provided commitments to applicants for solar  
4 rebates, that when paid, will reach the \$36.5 million level. As the solar systems  
5 associated with the applications are completed, the Company will make the solar rebate  
6 payments. As KCP&L cannot presently know when customers will complete their solar  
7 systems, it is making the required filings now.

### 8 **SOLAR REBATE PROGRAM PAYMENTS**

9 **Q: What is the current total of solar rebates paid or committed at KCP&L?**

10 A: KCP&L has currently received approximately \$36.564 million in solar rebate  
11 applications. The last application was received on December 31, 2015. All application  
12 received after December 31<sup>st</sup> have been or will be notified that the cap has been reached.  
13 Of that total, as of January 12, 2015, \$33.3 million has already been paid to customers.  
14 All rebate commitments are to be paid to qualified customers as the solar systems become  
15 operational. As this is dependent on the action of the customer, KCP&L does not know  
16 definitively when the payments will reach the \$36.5 million aggregate level. Also  
17 KCP&L does not know how many customers might fail to successfully install their solar  
18 system to claim their rebate, making those rebate dollars available to others.

### 19 **TARIFF FILING**

20 **Q: Has the Company filed a tariff supporting this application?**

21 A: Yes. Simultaneous with this filing, the Company has filed a tariff to suspend the solar  
22 rebates with an effective date of March 15, 2016. This tariff is attached to my testimony  
23 as Schedule TMR-1.

1 **Q: Please provide an overview of the proposed tariff.**

2 A: The tariff revision proposes a modification to the Availability of the Solar Photovoltaic  
3 Rebate Program, Sheet 46. The revision adds the following paragraph:

4 The Company will pay solar rebates for all valid applications received by  
5 the Company by December 31, 2015, which are preapproved by the  
6 Company and which result in the installation and operation of a Solar  
7 Electric System pursuant to the Company's rules and tariffs. Applications  
8 received after December 31, 2015, may receive a solar rebate payment if  
9 the total amount of solar rebates paid by the Company for those  
10 applications received on or before December 31, 2015, are less than  
11 \$36,500,000.

12 The addition incorporates the key provision of the Stipulation. Further, this language will  
13 provide KCP&L with the authority to suspend rebate payments without requiring a  
14 forecast of the precise date the payment levels will be reached and timing a tariff filing to  
15 coincide with this date. The tariff has an effective date of March 18, 2016, to comply  
16 with Section 393.1030.3. As noted previously, since customer action is required, the date  
17 the payments would reach the aggregate rebate level is unknown. We would expect  
18 payments to continue through 2016 and be completed by year end.

19 **Q: Were any other revisions made to the tariff sheets?**

20 A: Yes. The Company is revising Sheet Nos. 46A and 46B in conjunction with the passage  
21 of HB142 which promulgated rule changes to 4 CSR 240-20.100 and 4 CSR 240-20.065.

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

23 A: Yes, it does.





**KANSAS CITY POWER AND LIGHT COMPANY**

**P.S.C. MO. No.** 7

Third

Revised Sheet No. 46

Canceling P.S.C. MO. No. 7

Second

Revised Sheet No. 46

For Missouri Retail Service Area

**SOLAR PHOTOVOLTAIC REBATE PROGRAM**  
**Schedule SR**

PURPOSE

The Solar Photovoltaic Rebate Program (SPRP or Program) provides rebates to Missouri electric utility retail customers, pursuant to §393.1030, RSMo, who install new or expanded Solar Electric Systems comprised of photovoltaic cells or photovoltaic panels.

AVAILABILITY

The Program is available to any Customer that qualifies as a Customer-Generator under Schedule NM, the Company's Net Metering Interconnection Agreement tariff, is currently receiving service under any generally available retail rate schedule, with an account that is not delinquent or in default at the time of rebate processing, and has completed the required rebate application. Funds for the Program will be limited by the Company based on the limits of §393.1030, RSMo, 4 CSR 240-20.100, or Schedule NM.

The Company will pay solar rebates for all valid applications received by the Company by December 31, 2015, which are preapproved by the Company and which result in the installation and operation of a Solar Electric System pursuant to the Company's rules and tariffs. Applications received after December 31, 2015, may receive a solar rebate payment if the total amount of solar rebates paid by the Company for those applications received on or before December 31, 2015 is less than \$36,500,000.

DEFINITIONS

Solar Electric System – a permanently installed, new or expanded system, interconnected and operated in parallel phase and synchronization with an electric utility that has been approved for interconnection by said electric utility, which uses solar modules to convert light into electricity. As installed, the Solar Electric System shall be situated in a location where a minimum of eighty-five percent (85%) of the solar resource is available to the system as verified by the Customer or the Customer's installer at the time of installation. Systems are declared by the Customer to remain in place on the Customer's premises for the duration of its useful life which shall be deemed to be ten (10) years unless determined otherwise by the Commission. The system must consist of equipment that is commercially available and factory new when installed on the Customer's premises and the principal system components (i.e. photovoltaic modules and inverters and excluding battery components) shall be covered by a functional warranty from the manufacturer for a minimum period of ten (10) years.

**KANSAS CITY POWER AND LIGHT COMPANY**

P.S.C. MO. No. 7

Fourth

Revised Sheet No. 46A

Canceling P.S.C. MO. No. 7

Third

Revised Sheet No. 46A

For Missouri Retail Service Area

**SOLAR PHOTOVOLTAIC REBATE PROGRAM**  
Schedule SR (continued)

PROGRAM REBATE

Customers with installed and interconnected Solar Electric Systems may be eligible to receive a rebate based on the size of the system up to a maximum of twenty-five (25) kilowatts (kW) per retail account. For the purpose of determining the amount of rebate, the Solar Electric System wattage rating will be the direct current wattage rating provided by the original manufacturer. Customers will be required to complete a rebate application. Applications will be accepted for pre-approval starting January 1, 2010. Customers will be notified in writing, by letter or email, that the rebate application has been accepted or that the rebate application has not been accepted. Complete and accurate rebate applications received by the Company on or before December 31<sup>st</sup> of any year and for which the system becomes operational on or before June 30<sup>th</sup> of the following year, will be eligible for a solar rebate according to the following schedule:

Application Received on or before December 31 <sup>st</sup> of the year	Operational on or before June 30 <sup>th</sup> of the year*	Rebate Rate per Watt
2013	2014	\$2.00
2014	2015	\$1.50
2015	2016	\$1.00
2016	2017	\$0.50
2017	2018	\$0.50
2018	2019	\$0.50
2019	2020	\$0.25

\*Rebates will be paid if the Customer meets all requirements but the operational date is missed due to actions by the Company.

The Customer must notify the Company when the Solar Electric System is ready for interconnection. The Company will verify the Solar Electric System installation at the time of interconnection. A rebate payment will be issued within thirty (30) days of confirming the Customer-Generator's solar electric system is operational. Consistent with 4 CSR 240-20.065(9), Customer-Generators have up to twelve (12) months from when they apply for a solar rebate for the Company to confirm the Customer-Generator's solar electric system is operational..

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](http://www.KCPL.com).

**KANSAS CITY POWER AND LIGHT COMPANY**

**P.S.C. MO. No.** 7

First

Revised Sheet No. 46B

Canceling P.S.C. MO. No. 7

Original Sheet No. 46B

For Missouri Retail Service Area

**SOLAR PHOTOVOLTAIC REBATE PROGRAM**  
Schedule SR (continued)

SOLAR ELECTRIC SYSTEM INTERCONNECTION AND INSPECTION

Interconnection of the Solar Electric System shall be made under Schedule NM, the Net Metering Interconnection Agreement tariff approved by the Commission for customer-owned renewable generation. The Solar Electric System shall meet all of the requirements of Schedule NM to be considered for rebate under this Program

The Company reserves the right to physically audit Customer owned Solar Electric Systems for which it has paid a rebate, at any reasonable time, with prior notice of at least three (3) business days provided to the Customer.

SOLAR RENEWABLE ENERGY CREDIT (S-REC)

For rebates paid on and after August 28, 2013 and as a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational. For a Solar Electric System of ten kilowatts (10 kW) and larger and as a condition of receiving a rebate, the Customer must execute and submit an affidavit for the Company's use in complying with §393.1030 RSMo.

The number of S-RECs produced annually by Solar Electric Systems will be determined by the Company using PVWatts software developed by the U.S. Department of Energy (DOE) with the result rounded to the tenths digit.

The Company may at its discretion, offer a standard contract for the purchase of S-RECs created by the Solar Electric Systems operational prior to August 28, 2013.