

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

In the Matter of KCP&L Greater Missouri	)	<u>File No. ET-2012-0022</u>
Operations Company's Solar Photovoltaic	)	Tariff No. JE-2012-0015
Rebate Program Schedule SR.	)	

**PETITION FOR INTERVENTION OF
BRIGHTERGY, LLC**

COMES NOW Brightergy, LLC ("Brightergy"), and hereby petitions the Public Service Commission of the State of Missouri ("PSC" or "Commission") for an order permitting Brightergy to intervene in the above-captioned proceeding. In support of its Application for Intervention to the PSC, Brightergy states and alleges as follows:

1. Brightergy, LLC is a Limited Liability Company, organized and existing under the laws of the State of Missouri. Brightergy is active and in good standing in the State of Missouri. In addition, Brightergy is active and in good standing in the State of Kansas. Brightergy is located at 360 W. Pershing Road, Kansas City, Missouri 64108 and 15209 West 99th Street, Lenexa, Kansas 66219.

2. By LETTER OF TRANSMITTAL dated July 11, 2011, and proposed Tariff, Revised Sheet Nos. R-62.19 and R-62.20, the Kansas City Power & Light Company Greater Missouri Operations Company ("KCP&L" or "Company") requested that the PSC freeze KCP&L's solar Photovoltaic Rebate Program Schedule SR (Sheet Nos. R-62.19 and R-62.20). (Exhibit A, attached hereto).

3. As stated by KCP&L, the Company's request "is offered in response to the June 29, 2011 Order of the Missouri Circuit of Cole County in cases 10AC-CC00512, 10AC-CC00511, 10AC-0CC00513, 10AC-CC00258, and 10AC-CC00536 where Judge Daniel R. Green declared Section 393.1030.3, the solar rebate provision of the Renewable Energy

Standard, illegal and unconstitutional. As that statute is the basis for this tariff, the Company is compelled to request this freeze.” (Exhibit A, attached hereto).

4. The business of Brightergy is the design and installation of facilities to generate and utilize solar energy. The services provided by Brightergy in the area of solar energy, would include the following: (i) site evaluation, to make sure that a considered site is viable for solar energy application; (ii) analysis, to provide a suggested solar system size, possible energy savings, financial analysis, and environmental analysis; (iii) solar system design; (iv) permit and financial incentive processing, to include federal and state permitting, incentives, and utility interconnection; (v) installation, including the installation of solar system equipment and commissioning of solar system to make sure solar equipment is working properly; and (vi) service of ongoing support, including the monitoring of solar system performance.

5. Brightergy is directly and adversely affected by the proposal of KCP&L to freeze its “Solar Photovoltaic Rebate Program Schedule SR (Sheet Nos. R-62.19 and R-62.20).

6. The KCP&L Solar Photovoltaic Rebate Program, Tariff Sheet Nos. R-62.19 and R-62.20, were approved by the MPSC pursuant to the statutory authority of the “Renewal Energy Standard Act” which was adopted by initiative petition in the State of Missouri on November 4, 2008. Sections 393.1025 through 393.1030, RSMo., requires Missouri’s investor-owned electric utilities to include certain minimum levels of renewable energy in their energy generation portfolios. (See §§ 393.1020 and 393.1030.1).

7. Renewable energy sources include technologies such as solar panels and wind turbines. (See §§ 393.1025(5)).

8. Section 393.1030.3 provides: “Each electric utility shall make available to its retail customers a standard rebate offer of at least \$2.00 per installed watt for new or expanded solar electric systems cited on customers’ premises, up to a maximum of [20-5,000] watts per system, that become operational after 2009.”

9. The Renewable Energy Standard Act required the Public Service Commission of the State of Missouri, to adopt Administrative Rules necessary to enforce the Act. (§ 393.1030.2).

10. In order to implement § 393.1030.3 of the Renewable Energy Standard Act, the PSC promulgated 4-CSR 240-20.100(4).

11. In Count II of its “Petition for Writ of Review and Declaratory Judgment,” filed on August 5, 2010, Petitioner—Missouri Retailers Association asserted that § 393.1030.3, RsMo., is unconstitutional and a violation of Article I, §§ 10 and 28 of the Missouri Constitution.

12. On June 29, 2011, in the Findings of Fact, Conclusions of Law, and judgment entered in these consolidated cases, the Court found:

5. The Regulation [4 CSR 240-20.100(4)] is unlawful in that its solar rebate provision constitutes a taking of private property for private use in violation of art. I, § 28 and art. I, § 10 of the Missouri Constitution. Section 393.1030.3 is likewise unlawful in that it imposes the same requirement.

...

12. Section 393.1030.3 takes the cash property of utilities (and their ratepayers) and transfers it to certain customers. However, that subsection does not require consideration of any kind to be provided by those customers to the

utility or its ratepayers. The police power of the state is thus used to deprive public utilities, and ultimately those utilities' ratepayers, of their property without compensation. This is a textbook example of a violation of the due process clause.

13. The only purpose of subsection 3 is a private one to transfer funds from public utilities and their ratepayers to certain private citizens. This "rebate" does not satisfy the standard for public purpose enunciated in *Dysart* and *City of Jefferson, above*. At best its purpose is wholly ancillary to the public purpose of the balance of the section; at worst it is simply subterfuge for private gain. In either case, it is unlawful in violation of Article I, Section 28 of the Missouri Constitution.

13. The statements of the Court included in the "Findings of Fact, Conclusions of Law, and Judgment" entered in the consolidated cases on June 29, 2011 are based on incorrect facts. This is clearly demonstrated by a review of the Order of the Public Service Commission of the State of Missouri, (MPSC) dated July 13, 2011, "In the Matter of Union Electric Company, d/b/a Ameren Missouri's Tariff to Increase its Annual Revenues for Electric Service; File No. ER-2011-0028, Tariff No. YE-2011-0116. Although the issues and the Testimony related thereto were known and available for introduction into the Court record by Ameren Missouri, Missouri Retailers Association, and the Missouri Industrial Energy Consumers, prior to June 29, 2011, such issues and Testimony was not presented to the Court by those parties.

14. In the subject Order, Ameren Missouri was permitted by the Missouri Public Service Commission to increase its annual revenues by approximately \$172 Million based on

evidence presented to the Commission. (Ameren Missouri Order, selected pages, attached hereto as Exhibit B). By way of procedural history, the subject rate case was filed on September 3, 2010 (Order at p. 4) with a “test year” for measurement of expenses established as the 12-month period ending March 31, 2010, trued-up as of February 28, 2011. (Order at p. 6). It is noteworthy that both the Missouri Industrial Energy Consumers (“MIEC”), as well as the Missouri Retailers Association (“MRA”) were active parties to the Ameren Missouri rate case (Order at p. 5).

15. At pp. 95-101 of the Ameren Order, the Missouri Public Service Commission specifically considered amounts paid by Ameren related to the solar energy provisions of the Missouri statutes and regulations (Order at p. 97) as well as a methodology pursuant to which Ameren would be “made whole” for amounts paid as solar rebate costs, above those annual amounts that were imbedded in the expenses and rates of Ameren pursuant to the Ameren Order. Great care and detail was taken in the Ameren Order to insure that Ameren Missouri was fully compensated for amounts paid as solar rebates pursuant to Missouri statutes and regulations.¹

16. First, the Missouri Public Service Commission permitted Ameren to include \$885,266 in solar rebate costs as expenses coverable in Ameren rates as ordered by the Missouri Public Service Commission on July 13, 2011. The Missouri Public Service Commission took the extraordinary step to include amounts paid by Ameren for solar rebate costs, not only for the test year used in the case, but for a 12-month period ending on the true-up date of February 28, 2011

¹ It should be noted that Kansas City Power & Light Company (KCP&L) has - - as a part of its Comprehensive Energy Plan (CEP) of 2005-2011 - - established numerous “Affordability, Efficiency, and Demand Response Programs. (Exhibit C). These include weatherization programs, high efficiency lighting and appliance systems, online energy analysis tools, and energy training for customers. Pursuant to MPSC Order, the amounts related to these Programs (Exhibit D, KCP&L Order, at pp. 11-12) are amortized as KCP&L expenses includable in the rates of KCP&L in Missouri. (KCP&L Order, at p. 13; pp. 29-30).

(Order at p. 99). In addition thereto, the Missouri Public Service Commission permitted Ameren to accumulate in an Accounting Authorization Order (AAO) the amount it has paid for solar rebates from the beginning of the program until new rates become effective in the case. The recovery of those amounts (subsequent to the true-up date of February 28, 2011) will be deferred and decided at Ameren Missouri's next rate case (Order at p. 101).

17. The sum and substance of the Order of the Missouri Public Service Commission was to include as an annual expense item in rates, \$885,266, with an opportunity in subsequent years for Ameren to seek recovery of annual amounts that exceed \$885,266 in solar rebate payments, in future rate cases through the mechanism of an AAO which preserves such amounts for future consideration by the Missouri Public Service Commission.

18. Ameren Missouri is fully and timely compensated in rates for any and all amounts paid as solar rebates.

19. Two further points seem noteworthy from the Ameren Order. First, MIEC, through its witness Maurice Brubaker, explicitly noted that the solar rebates, were "the company's expense" (i.e. and therefore recoverable in Ameren's rates) and argued that such expense should be amortized over ten years of rates to reflect the expected life of the installed solar equipment (Order at p. 98). He further specifically noted that "He reasons that the company and its ratepayers will benefit from the equipment for at least ten years and therefore the costs that make the benefit possible should be recovered over ten years." (Order at p. 98). There can be no dispute that MIEC is fully aware that the expenses of the solar rebates are recovered in the rates of Ameren - - that there is no taking of property without just compensation - - and that the ratepayers benefit from the solar equipment related to the solar rebates.

20. Further, it should be noted that the annual expense included in rates of Ameren (\$885,266) amounts to 0.000363 percent of the current revenues collected by Ameren (Order at p. 118). This amount is an extraordinarily small amount of the overall revenues collected by Ameren in its rates, and is far, far less than any one percent threshold that has been discussed by the Court in its opinion.

21. Brightergy is engaged in the design and installation of solar energy equipment. The clients of Brightergy participate in the renewable energy initiatives as articulated in Missouri statutes and regulations with regard to solar energy, and rebates for the installation and operation of solar energy equipment in the State of Missouri pursuant to applicable Missouri statute.

22. The proposed freezing of the Solar Photovoltaic Rebate Program, KCP&L Tariff Sheet Nos. R-62.19 and R-62.20, directly affects the final cost of the design and installation of solar equipment in the State of Missouri, and directly and materially affects the financial interest of Brightergy, as a seller and installer of solar equipment in the State of Missouri. Simply stated, the proposed freezing of the subject tariff by KCP&L, materially and directly affects the financial interest of Brightergy, as well as adversely affecting the will of the people of the State of Missouri, as expressed in the passage of the Renewable Energy Standards Act and regulations applicable thereto.

23. Brightergy is directly affected by the described, proposed freezing of the subject tariffs of KCPL and the business of Brightergy may be substantially impacted based on any decision by the Commission with regard to the request to KCP&L's request to freeze the subject tariffs.

24. Brightergy opposes the relief sought by KCP&L, to-wit: Brightergy opposes the freezing of the subject tariffs and opposes any revocation of the subject tariffs.

25. No other party to this proceeding adequately represents the interests of Brightergy in this Docket and the granting of the requested Intervention of Brightergy will advance the interests of justice and will in no way impair the prompt consideration and resolution of this matter by the Commission.

26. Brightergy's Intervention will serve the public interest by assisting the development of a full and complete record for the PSC's decision in this case.

27. Correspondence or communications regarding this Application, including service of all motions and orders of this Commission should be addressed to:

Lee M. Smithyman, MO Bar #41727
Email: lee@smizak-law.com;

Arthur E. Rhodes, MO Bar #48325
Email: art@smizak-law.com; and

James P. Zakoura, KS Bar #7644
Email: jim@smizak-law.com

WHEREFORE, Brightergy respectfully requests that the Commission issue its Order granting Brightergy's Application for Intervention and that it may be a party hereto with all of the rights participated under applicable Missouri law to participate in this matter.

Respectfully submitted,



James P. Zakoura, KS Bar #7644
Lee M. Smithyman, MO Bar #41727
Arthur E. Rhodes, MO Bar #48325
SMITHYMAN & ZAKOURA, CHARTERED
750 Commerce Plaza II Building
7400 West 110th Street
Overland Park, Kansas 66210-2362
Telephone: (913) 661-9800
Facsimile: (913) 661-9863
ATTORNEYS FOR BRIGHTERGY, LLC

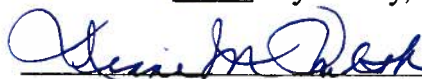
VERIFICATION

STATE OF KANSAS)
) ss.
COUNTY OF JOHNSON)

I, James P. Zakoura, being first duly sworn, state that the above and foregoing is true and accurate to the best of my knowledge, information and belief.

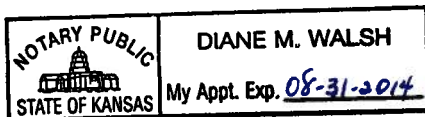

James P. Zakoura

SUBSCRIBED AND SWORN to before me this 21st day of July, 2011.


Notary Public

My Appointment Expires:

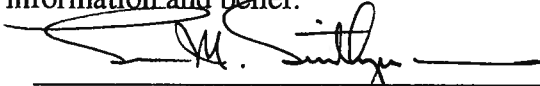
08-31-2014



VERIFICATION

STATE OF KANSAS)
) ss.
COUNTY OF JOHNSON)

I, Lee M. Smithyman, being first duly sworn, state that the above and foregoing is true and accurate to the best of my knowledge, information and belief.



Lee M. Smithyman

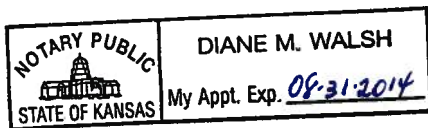
SUBSCRIBED AND SWORN to before me this 21st day of July, 2011.



Notary Public

My Appointment Expires:

08-31-2014



VERIFICATION

STATE OF KANSAS)
) ss.
COUNTY OF JOHNSON)

I, Arthur E. Rhodes, being first duly sworn, state that the above and foregoing is true and accurate to the best of my knowledge, information and belief.



Arthur E. Rhodes

SUBSCRIBED AND SWORN to before me this 21st day of July, 2011.



Notary Public

My Appointment Expires:

08-31-2014



CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was served by placing same in the United States Mail postage prepaid on the 21st day of July, 2011 to the following:

Steven Reed Steve Dottheim Office of General Counsel Missouri Public Service Commission PO Box 360 200 Madison Street, Suite 800 Jefferson City, MO 65102 Email: steven.reed@psc.mo.gov Email: steve.dottheim@psc.mo.gov	Lewis R. Mills, Jr. Office of the Public Counsel PO Box 2230 Jefferson City, MO 65102 lewis.mills@ded.mo.gov
Roger W. Steiner KCP&L Company PO Box 418679 Kansas City, MO 64141-9679 roger.steiner@kcpl.com	Diana M. Vuylsteke Edward F. Downey Bryan Cave, LLP 221 Bolivar St., Suite 101 Jefferson City, MO 65101 Telephone: (573) 556-6622 Facsimile: (573) 556-6630 Email: diana.vuylsteke@bryancave.com Email: efdowney@brancave.com
Thomas M. Byrne Managing Associate General Counsel Union Electric Company d/b/a Ameren Missouri PO Box 66149 (MC 1310) 1901 Chouteau Avenue St. Louis, MO 63166-6149 Telephone: (314) 554-2514 Facsimile: (314) 554-4014 Email: AmerenMOService@ameren.com Email: tbyrne@ameren.com	James B. Deutsch Thomas R. Schwarz, Jr. Blitz, Bardgett & Deutsch, L.C. 308 East High Street, Suite 301 Jefferson City, MO 65101 Telephone: (573) 634-2500 Facsimile: (573) 634-3358 Email: jdeutsch@blitzbardgett.com Email: tschwarz@blitzbardgett.com



James P. Zakoura, KS Bar #7644
Lee M. Smithyman, MO Bar #41727
Arthur E. Rhodes, MO Bar #48325

ATTORNEYS FOR BRIGHTERGY, LLC



July 11, 2011

Secretary of the Commission
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102-0360

RE: KCP&L Greater Missouri Operations Company Tariff Sheet Nos. R-62.19 and
R-62.20 Solar Photovoltaic Rebate Program

Dear Secretary:

KCP&L Greater Missouri Operations Company ("GMO" or "Company") requests to freeze its Solar Photovoltaic Rebate Program (Sheet Nos. R-62.19 and R-62.20).

This request is offered in response to the June 29, 2011 order of the Missouri Circuit Court of Cole County in cases 10AC-CC00512, 10AC-CC00511, 10AC-CC00513, 10AC-CC00528, and 10AC-CC00536 where Judge Daniel R. Green declared Section 393.1030.3, the solar rebate provision of the Renewable Energy Standard, illegal and unconstitutional. As that statute is the basis for this tariff, the Company is compelled to request this freeze.

To serve as a transition for customers, the Company intends to complete processing of rebates approved prior to the court order according to the terms of the tariff and deny any rebate applications not approved before the June 29, 2011 order date.

Thank you for your consideration of these tariff changes. Please contact me directly at (816) 654-1689 or brad.lutz@kcpl if you require any additional information.

Sincerely,

A handwritten signature in black ink that reads "Brad Lutz".

Brad Lutz
Regulatory Affairs

Enclosure:
Proposed tariff sheets with redline version

cc: D. Ives
T. Rush
L. Liehti
Office of Public Counsel

P.S.C. MO. No. 1 Revised Sheet No. R-62.19 and R-62.20

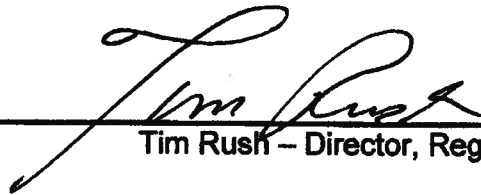
LETTER OF TRANSMITTAL

KCP&L Greater Missouri Operations Company
July 11, 2011

To the Public Service Commission, State of Missouri, Jefferson City:

Accompanying schedules issued by the KCP&L Greater Missouri Operations Company
are sent to you for filing in compliance with the requirements of the Public Service
Commission Law.

P.S.C. MO. No. 1 Revised Sheet No. R-62.19 and R-62.20
Effective August 10, 2011.

A handwritten signature in black ink, appearing to read "Tim Rush", is written over a horizontal line.

Tim Rush – Director, Regulatory Affairs

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1
Canceling P.S.C. MO. No. 1

2nd
1st

Revised Sheet No. R-62.19
Original Sheet No. R-62.19

KCP&L Greater Missouri Operations Company
KANSAS CITY, MO 64106

For Territory Served as L&P and MPS

RULES AND REGULATIONS
ELECTRIC

9.18 Solar Photovoltaic Rebate Program (FROZEN)

This program is frozen in response to the June 29, 2011 order of the Missouri Circuit Court of Cole County in cases 10AC-CC00512, 10AC-CC00511, 10AC-CC00513, 10AC-CC00528, and 10AC-CC00536 and is no longer available to Customers. The Company will complete processing of rebates approved prior to the order date according to the terms of this tariff and will deny any rebate applications not approved before the order date.

A. 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 that become operational after December 31, 2009.

B. PURPOSE:

The Program is available to any Customer 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, 4CSR 240-20.100, or the Company's Net Metering Rider.

C. 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.

D. PROGRAM REBATE:

Customers with installed and interconnected Solar Electric Systems may be eligible to receive a rebate of two (\$2) dollars per installed watt up to a maximum of twenty-five (25) kilowatts (kW) per retail account (\$50,000). 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.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 2nd
Canceling P.S.C. MO. No. 1 1st

Revised Sheet No. R-62.20
Original Sheet No. R-62.20

KCP&L Greater Missouri Operations Company
KANSAS CITY, MO 64106

For Territory Served as L&P and MPS

RULES AND REGULATIONS
ELECTRIC

9.18 Solar Photovoltaic Rebate Program (FROZEN) (Continued)

D. PROGRAM REBATE (continued):

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 verification. If full operation is not achieved within six (6) months of acceptance of the rebate application, in order to keep eligibility for the rebate offer, the Customer must file a report with the Company demonstrating substantial project progress and indicating continued interest in the rebate. The six (6)-month report shall include proof of purchase of the majority of the solar electric system components, partial system construction, and building permit if required by the jurisdictional authority. Customers who do not demonstrate substantial progress within six (6) months of receipt of the rebate offer, or achieve full operation within one (1) year of receipt of rebate offer, will be required to reapply for any solar rebate.

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.

E. SOLAR ELECTRIC SYSTEM INTERCONNECTION AND INSPECTION:

Interconnection of the Solar Electric System shall be made under the Company's Net Metering Rider tariff approved by the Commission. The Solar Electric System shall meet all of the requirements of the Net Metering Rider to be considered for rebate under this Program.

The Company reserves the right to audit and inspect 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. Advance notice is not required if there is reason to believe the Solar Electric System poses a safety risk to the Customer, the premises, the Company's electrical system or the Company's personnel.

F. SOLAR RENEWABLE ENERGY CREDIT (S-REC):

The Customer retains ownership of all S-REC's created by the operation of the solar electric system. The Company may at its discretion, offer a standard contract for the purchase of S-RECs created by the customer's installed solar electric system.

KCP&L Greater Missouri Operations Company
KANSAS CITY, MO 64106

For Territory Served as L&P and MPS

RULES AND REGULATIONS
ELECTRIC9.18 Solar Photovoltaic Rebate Program (FROZEN)

This program is frozen in response to the June 29, 2011 order of the Missouri Circuit Court of Cole County in cases 10AC-CC00512, 10AC-CC00511, 10AC-CC00513, 10AC-CC00528, and 10AC-CC00536 and is no longer available to Customers. The Company will complete processing of rebates approved prior to the order date according to the terms of this tariff and will deny any rebate applications not approved before the order date.

A. 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 that become operational after December 31, 2009.

B. PURPOSE:

The Program is available to any Customer 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, 4CSR 240-20.100, or the Company's Net Metering Rider.

C. 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.

D. PROGRAM REBATE:

Customers with installed and interconnected Solar Electric Systems may be eligible to receive a rebate of two (\$2) dollars per installed watt up to a maximum of twenty-five (25) kilowatts (kW) per retail account (\$50,000). 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.

Issued: July 11, 2011Issued by: Darrin R. Ives, Sr. DirectorEffective: August 10, 2011

Deleted: September 1, 2010

Deleted: October 1, 2010

Deleted: Curtis D. Blanc

KCP&L Greater Missouri Operations Company
KANSAS CITY, MO 64106

For Territory Served as L&P and MPS

RULES AND REGULATIONS
ELECTRIC9.18 Solar Photovoltaic Rebate Program (FROZEN) (Continued)

D. PROGRAM REBATE (continued):

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 verification. If full operation is not achieved within six (6) months of acceptance of the rebate application, in order to keep eligibility for the rebate offer, the Customer must file a report with the Company demonstrating substantial project progress and indicating continued interest in the rebate. The six (6)-month report shall include proof of purchase of the majority of the solar electric system components, partial system construction, and building permit if required by the jurisdictional authority. Customers who do not demonstrate substantial progress within six (6) months of receipt of the rebate offer, or achieve full operation within one (1) year of receipt of rebate offer, will be required to reapply for any solar rebate.

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.

E. SOLAR ELECTRIC SYSTEM INTERCONNECTION AND INSPECTION:

Interconnection of the Solar Electric System shall be made under the Company's Net Metering Rider tariff approved by the Commission. The Solar Electric System shall meet all of the requirements of the Net Metering Rider to be considered for rebate under this Program.

The Company reserves the right to audit and inspect 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. Advance notice is not required if there is reason to believe the Solar Electric System poses a safety risk to the Customer, the premises, the Company's electrical system or the Company's personnel.

F. SOLAR RENEWABLE ENERGY CREDIT (S-REC):

The Customer retains ownership of all S-REC's created by the operation of the solar electric system. The Company may at its discretion, offer a standard contract for the purchase of S-RECs created by the customer's installed solar electric system.

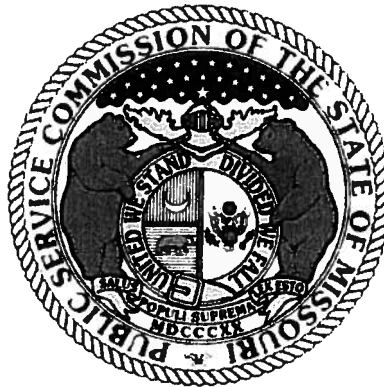
Issued: July 11, 2011Issued by: Darrin R. Ives, Sr. DirectorEffective: August 10, 2011

Deleted: September 1, 2010

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



In the Matter of Union Electric Company, d/b/a
Ameren Missouri's Tariff to Increase Its Annual
Revenues for Electric Service

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File No. ER-2011-0028
Tariff No. YE-2011-0116

REPORT AND ORDER

Issue Date: July 13, 2011

Effective Date: July 23, 2011

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

In the Matter of Union Electric Company, d/b/a	)	File No. ER-2011-0028
Ameren Missouri's Tariff to Increase Its Annual	)	Tariff No. YE-2011-0116
Revenues for Electric Service	)	

APPEARANCES

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For the Staff of the Missouri Public Service Commission.

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For the Office of the Public Counsel and the Public.

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For Missouri Energy Group.

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For AARP and the Consumers Council of Missouri.

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For International Brotherhood of Electrical Workers Locals 2, 309, 649, 702, 1439, 1455, AFL-CIO and International Brotherhood of Operating Engineers Local 148, AFL-CIO.

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For the St. Louis County Municipal League, the Cities of O'Fallon, Creve Coeur, University City, Olivette, St. Ann, Kirkwood, Bellefontaine Neighbors, Florissant, Richmond Heights, Twin Oaks, Ballwin, Brentwood, Riverview, St. John, and Sunset Hills (The Municipal Group).

Thomas R. Schwarz, Blitz, Bardgett & Deutsch, L.C. 308 East High Street, Suite 301, Jefferson City, Missouri 65101.

For the Missouri Retailers Association.

CHIEF REGULATORY LAW JUDGE: **Morris L. Woodruff**

REPORT AND ORDER

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The Missouri Public Service Commission, having considered all the competent and substantial evidence upon the whole record, makes the following findings of fact and conclusions of law. The positions and arguments of all of the parties have been considered by the Commission in making this decision. Failure to specifically address a piece of evidence, position, or argument of any party does not indicate that the Commission has failed to consider relevant evidence, but indicates rather that the omitted material was not dispositive of this decision.

Summary

This order allows Ameren Missouri to increase the revenue it may collect from its Missouri customers by approximately \$172 million based on the data contained in the Revised True-up Reconciliation filed by the Missouri Public Service Commission Staff on May 16, 2011.

Procedural History

On September 3, 2010, Union Electric Company, d/b/a Ameren Missouri filed tariff sheets designed to implement a general rate increase for electric service. The tariff would

have increased Ameren Missouri's annual electric revenues by approximately \$263 million. The tariff revisions carried an effective date of October 3, 2010.

By order issued on September 7, 2010, the Commission suspended Ameren Missouri's general rate increase tariff until July 31, 2011, the maximum amount of time allowed by the controlling statute.¹ In the same order, the Commission directed that notice of Ameren Missouri's tariff filing be provided to interested parties and the public. The Commission also established October 4, 2010, as the deadline for submission of applications to intervene. The following parties filed applications and were allowed to intervene: The International Brotherhood of Electrical Workers Locals 2, 309, 649, 702, 1439, and 1455, AFL-CIO and International Union of Operating Engineers Local 148 AFL-CIO (collectively the Unions); The Missouri Industrial Energy Consumers (MIEC);² The Missouri Energy Group (MEG);³ The Missouri Department of Natural Resources (MDNR); Missouri-American Water Company; The Consumers Council of Missouri; AARP; The Missouri Retailers Association; The Natural Resources Defense Council; the Missouri Coalition for the Environment, d/b/a Renew Missouri; the Cities of O'Fallon, Creve Coeur, University City, Olivette, St. Ann, Kirkwood, Bellfontaine Neighbors, Florissant, Richmond Heights, Ballwin, Brentwood, St. John, Sunset Hills, the Village of Twin Oaks, the Village of

¹ Section 393.150, RSMo 2000.

² The following members of MIEC were allowed to intervene as individual entities and as an association: Anheuser-Busch Companies, Inc.; BioKyowa, Inc.; The Boeing Company; Doe Run; Enbridge; Explorer Pipeline; General Motors Corporation; GKN Aerospace; Hussmann Corporation; JW Aluminum; Monsanto; Precoat Metals; Proctor & Gamble Company; Nestlé Purina PetCare; Noranda Aluminum; Saint Gobain; Solutia; and U.S. Silica Company.

³ The members of MEG are Barnes-Jewish Hospital; Buzzi Unicem USA, Inc.; and SSM HealthCare.

Riverview, and the St. Louis County Municipal League (the Municipal Group); the Midwest Energy Users' Association (MEUA);⁴ and Charter Communications, Inc.

On November 10, 2010, the Commission established the test year for this case as the 12-month period ending March 31, 2010, true-up as of February 28, 2011. In its November 10 order, the Commission established a procedural schedule leading to an evidentiary hearing regarding Ameren Missouri's general rate increase tariff.

In February and March 2011, the Commission conducted fourteen local public hearings at various sites around Ameren Missouri's service area. At those hearings, the Commission heard comments from Ameren Missouri's customers and the public regarding Ameren Missouri's request for a rate increase.

In compliance with the established procedural schedule, the parties prefiled direct, rebuttal, and surrebuttal testimony. The evidentiary hearing began on April 26, 2011, and continued through May 20. The parties indicated they had no contested true-up issues and the Commission cancelled the scheduled true-up hearing. The parties filed post-hearing briefs on June 1, 2011, with reply briefs following on June 13. Based on the revised true-up reconciliation filed by Staff on May 16, Ameren Missouri has reduced its rate increase request to \$211,183,446.

Admission of True-Up Document into Evidence

A true-up hearing was originally scheduled for May 23 and 24. On May 16, Gary Weiss filed true-up direct testimony consisting of many pages of accounting schedules detailing true-up numbers. There were no true-up issues and on May 20, the Commission cancelled the true-up hearing. Through an oversight, Mr. Weiss's true-up testimony was

⁴ The only member of MEUA for this case is Wal-Mart Stores, Inc.

never admitted into evidence. However, the accounting schedules attached to that testimony are cited in the briefs and in this report and order. Therefore, the Commission will admit the True-Up Direct Testimony of Gary S. Weiss into evidence and will assign that document exhibit number 174.

The Partial Stipulations and Agreements

During the course of the evidentiary hearing, various parties filed three nonunanimous partial stipulations and agreements resolving issues that would otherwise have been the subject of testimony at the hearing. No party opposed those partial stipulations and agreements. As permitted by its regulations, the Commission treated the unopposed partial stipulations and agreements as unanimous.⁵ After considering the stipulations and agreements, the Commission approved them as a resolution of the issues addressed in those agreements.⁶ The issues resolved in those stipulations and agreements will not be further addressed in this report and order, except as they may relate to any unresolved issues.

On May 12, 2011, Public Counsel, MIEC, AARP, the Consumers Council of Missouri, the Missouri Retailers, MEUA, and MEG filed a non-unanimous stipulation and agreement that would have resolved various class cost of service and rate design issues. The Municipal Group opposed that non-unanimous stipulation and agreement. Similarly, on May 18, Ameren Missouri and MDNR filed a non-unanimous stipulation and agreement regarding evaluation of the low-income weatherization program. Public Counsel opposed that stipulation and agreement. As provided in the Commission's rules, the Commission will consider those stipulations and agreements to be merely a position of the signatory

⁵ Commission Rule 4 CSR 240-2.115(C).

⁶ The Commission issued its *Order Approving Stipulations and Agreements* on June 1, 2011.

parties to which no party is bound.⁷ The issues that were the subject of those stipulations and agreements will be determined in this report and order.

Overview

Ameren Missouri is an investor-owned integrated electric utility providing retail electric service to large portions of Missouri, including the St. Louis Metropolitan area. Ameren Missouri has approximately 1.2 million retail electric customers in Missouri, more than 1 million of whom are residential customers.⁸ Ameren Missouri also operates a natural gas utility in Missouri but the rates it charges for natural gas are not at issue in this case.

Ameren Missouri began the rate case process when it filed its tariff on September 3, 2010. In doing so, Ameren Missouri asserted it was entitled to increase its retail rates by \$263 million per year, an increase of approximately 11 percent.⁹ Ameren Missouri attributed approximately \$200 million of the proposed increase to energy infrastructure investments, environmental controls and other reliability costs to meet customers' expectations for more reliable and cleaner energy.¹⁰ The company attributed another \$70 million of that increase to the rebasing of fuel costs that would otherwise be passed through to customers by operation of the company's existing fuel adjustment clause.¹¹

Ameren Missouri set out its rationale for increasing its rates in the direct testimony it filed along with its tariff on September 3, 2010. In addition to its filed testimony, Ameren Missouri provided work papers and other detailed information and records to the Staff of

⁷ Commission Rule 4 CSR 240-2.115(2)(D).

⁸ Baxter Direct, Ex. 100, Page 4, Lines 19-20.

⁹ Baxter Direct, Ex. 100, Page 5, Lines 16-17.

¹⁰ Baxter Direct, Ex. 100, Page 5, Lines 20-22.

¹¹ Baxter Direct, Ex. 100, Page 6, Lines 19-23.

the Commission, Public Counsel, and to the intervening parties. Those parties then had the opportunity to review Ameren Missouri's testimony and records to determine whether the requested rate increase was justified.

Where the parties disagreed, they prefiled written testimony to raise those issues to the attention of the Commission. All parties were given an opportunity to prefile three rounds of testimony – direct, rebuttal, and surrebuttal. The process of filing testimony and responding to the testimony filed by other parties revealed areas of agreement that resolved some issues and areas of disagreement that revealed new issues. On April 21, the parties filed a list of the issues they asked the Commission to resolve. The Commission will address those issues in the order submitted by the parties.

Conclusions of Law Regarding Jurisdiction

A. Ameren Missouri is a public utility, and an electrical corporation, as those terms are defined in Section 386.020(43) and (15), RSMo (Supp. 2010). As such, Ameren Missouri is subject to the Commission's jurisdiction pursuant to Chapters 386 and 393, RSMo.

B. Section 393.140(11), RSMo 2000, gives the Commission authority to regulate the rates Ameren Missouri may charge its customers for electricity. When Ameren Missouri filed a tariff designed to increase its rates, the Commission exercised its authority under Section 393.150, RSMo 2000, to suspend the effective date of that tariff for 120 days beyond the effective date of the tariff, plus an additional six months.

10. Solar Rebates Accounting Authority Order (AAO):

A. What is the appropriate method – RESRAM or an Accounting Authority Order (AAO) – for Ameren Missouri to recover the costs it incurs for compliance with the Missouri Renewable Energy Standard (RES) after the true-up date in this case (February 28, 2011)?

Findings of Fact:

Introduction:

1. As explained in more detail in the Conclusions of Law for this issue, Missouri's Renewable Energy Standard law, Section 393.1020, et seq., RSMo (Supp. 2010), requires electric utilities to incur certain costs related to the adoption of renewable energy technology. Ameren Missouri asks the Commission to grant it an accounting authority order to defer the cost of solar rebates, the cost to purchase renewable energy or renewable energy credits and other related costs incurred after February 28, 2011, the true-up date for this case, until the effective date of new rates in the company's next rate case.²⁴⁵

2. Staff does not object to Ameren Missouri's request to defer these costs for later recovery, but contends the company should be required to use a different device known as a Renewable Energy Standard Rate Adjustment Mechanism (RESRAM) for that purpose rather than an Accounting Authority Order (AAO).²⁴⁶

Specific Findings of Fact:

3. This is a legal rather than a factual issue and there are no other relevant facts.

Conclusions of Law:

A. Missouri's Renewable Energy Standard (RES) law, found at Sections 393.1020,

²⁴⁵ Weiss Direct, Ex. 130, Page 36, Lines 6-10.

²⁴⁶ Taylor Rebuttal, Ex. 229, Page 3, Lines 1-9.

1025, and 1030, RSMo (Supp. 2010), require electric utilities, such as Ameren Missouri, to incur certain costs to comply with the requirements of the law.

B. Commission Rule 4 CSR 240-20.100(6) allows an electric utility to file an application and rate schedules to establish a Renewable Energy Standard Rate Adjustment Mechanism (RESRAM) that would allow the utility to recover prudently incurred costs relating to compliance with RES requirements. The regulation allows such an application to be filed either within or outside a general rate proceeding. If it had wished to do so, Ameren Missouri could have applied for a RESRAM in this case.

C. However, Commission Rule 4 CSR 240.20.100(6)(D) specifically offers the electric utility an alternative to the use of a RESRAM. That section of the regulation states:

Alternatively, an electric utility may recover RES compliance costs without the RESRAM procedure through rates established in a general rate proceeding. In the interim between general rate proceedings the electric utility may defer the costs in a regulatory asset account, and monthly calculate a carrying charge on the balance in that regulatory asset account equal to its short-term cost of borrowing. All questions pertaining to rate recovery of the RES compliance costs in a subsequent general rate proceeding will be reserved to that proceeding, including the prudence of the costs for which rate recovery is sought and the period of time over which any costs allowed rate recovery will be amortized. Any rate recovery granted to RES compliance costs under this alternative approach will be fully subject to the retail rate impact requirements set forth in section (5) of this rule.

This section of the regulation describes exactly the alternative approach that Ameren Missouri has chosen to pursue in this rate case.

D. Ameren Missouri's decision to request an AAO in this case instead of the RESRAM that Staff would prefer it to have is in full compliance with the provisions of the Commission's rule.

E. In its reply brief, Staff sets forth an argument that Ameren Missouri's use of an AAO will allow it to recover a greater amount of carrying costs than if it were required to use a

RESRAM.²⁴⁷ Staff's argument is not supported by any testimony or other evidence in the record, and furthermore it is irrelevant. The Commission's rule specifically allows Ameren Missouri to use an AAO to defer recovery of its costs as an alternative to recovering those costs through a RESRAM. Presumably, Ameren Missouri chose to use the recovery method that was most favorable to it, as it is allowed to do by the regulation. If Staff does not like the alternative allowed by the regulation, it can ask the Commission to change the regulation, but for purposes of this case, the Commission is bound by that regulation and cannot deny Ameren Missouri the use of its chosen alternative.

Decision:

Ameren Missouri may defer its RES compliance costs through an Accounting Authority Order as permitted by Commission Rule 4 CSR 240-20.100(6)(D).

B. If the Commission determines that an AAO is appropriate, should the Company be authorized in this case to implement an AAO to recover the costs it incurred for compliance with the RES before the true-up date in this case?

C. What amount of solar rebate costs should Ameren Missouri be allowed to include in the revenue requirement used to set rates in this case?

Findings of Fact:

Introduction:

1. This issue concerns the amount of RES compliance costs that Ameren Missouri should be allowed to recover in this case and means by which it should be allowed to recover those costs.
2. The renewable energy portfolio requirements of the RES law are still rather new and Ameren Missouri has not yet incurred many of the costs that it may ultimately have under that law. For purposes of this case, the only RES compliance costs in question are the cost

²⁴⁷ Staff's Reply Brief, Pages 64-65.

of solar rebates paid by Ameren Missouri to its customers who have installed or expanded solar electric systems on the customer's premises.

3. Staff and Ameren Missouri agree that those solar rebate costs should be treated as an expense item and immediately recovered as an on-going operations and maintenance cost.²⁴⁸ MIEC contends the solar rebate costs should be amortized over a period of ten years.²⁴⁹

4. Although they agree that the solar rebate costs should be expensed rather than amortized, Staff and Ameren Missouri disagree about the amount that Ameren Missouri should be allowed to recover.

Specific Findings of Fact:

5. MIEC's witness, Maurice Brubaker, argues that the company's expense of paying the solar rebates should be amortized over ten years to reflect the minimum ten year expected life of the installed solar equipment.²⁵⁰ He reasons that the company and its ratepayers will benefit from the equipment for at least ten years and therefore the costs that make that benefit possible should be recovered over ten years.

6. Ameren Missouri does not own or operate the solar equipment for which it is required to pay a rebate. That equipment is the property of the customer who has sole control and responsibility for them and will primarily benefit from the use of the equipment.²⁵¹ Thus, to Ameren Missouri, payment of the solar rebates is simply an expense imposed upon it by the statute. For that reason, a long amortization period as

²⁴⁸ Weiss Rebuttal, Ex. 131, Page 16, Lines 2-6.

²⁴⁹ Brubaker Direct, Ex. 403, Page 20, Lines 8-9.

²⁵⁰ Brubaker Direct, Ex. 403, Pages 19-20.

²⁵¹ Weiss Rebuttal, Ex. 131, Page 17, Lines 6-7.

proposed by MIEC is inappropriate.

7. The other half of this issue concerns the amount that Ameren Missouri should be allowed to recover for past solar rebate payments and how much should be included in rates as a going-forward expense.

8. In the 2010 calendar year, Ameren Missouri incurred \$487,782 in solar rebate costs. Staff would allow Ameren Missouri to include that amount in rates on a going forward basis.²⁵² During the twelve months ending on the true-up date of February 28, 2011, Ameren Missouri incurred \$885,266 in solar rebate costs. Ameren Missouri asks the Commission to include that amount in rates on a going forward basis.²⁵³

9. The fact that solar rebate costs are substantially higher for the twelve months ending at the February 28, 2011 true-up date than they were for the 2010 calendar year indicates that such costs are increasing. For that reason, Ameren Missouri's actual expenses through the true-up period are a better indicator of the amount of expenses the company will likely incur going forward and forward looking rates should be based on that amount.

10. Another aspect of this issue concerns whether Ameren Missouri should be permitted to accumulate in its AAO the solar rebates paid from the beginning of the program until the new rates become effective in this case.

11. The treatment of its solar rebate expenses proposed by Ameren Missouri is appropriate because the company started to incur those expenses after the company's last rate case and therefore those expenses were not reflected in the rates established in that case. The recovery of those costs and the others deferred in the AAO will then be decided

²⁵² Transcript, Page 2192, Lines 1-4.

²⁵³ Weiss True-Up Direct, Ex. 174, Schedule GSW-TE18-110.

in the next rate case.²⁵⁴

12. Staff suggests that those costs should not be accumulated in the AAO but should instead be recovered in this rate case. But Staff does not offer a specific recommendation about how that recovery should be accomplished.

13. The Commission finds that Ameren Missouri shall accumulate the amount it has paid for solar rebates from the beginning of the program until new rates become effective in this case. The recovery of those costs and future costs deferred in the AAO will be decided in Ameren Missouri's next rate case.

Conclusions of Law

A. Ameren Missouri has paid rebates to its customer who have installed or expanded solar power equipment pursuant to Section 393.1030.3, RSMo (Supp. 2010), which requires electric utilities to: "make available to its retail customers a standard rebate offer of at least two dollars per installed watt for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, that become operational after 2009."

B. Staff argues that Ameren Missouri's solar rebate expenses for the 2010 calendar year should be used to establish the company's rates going forward because Commission Rule 4 CSR 240-20.100(5)(A) requires that the retail rate impact for purposes of determining whether the 1 percent cap has been exceeded is to be "calculated on an incremental basis for each planning year ...". However, the regulations requirement for the use of a planning year to calculate retail rate impact does not mean that the Commission must also use a planning year to determine an appropriate amount of expense to include in

²⁵⁴ Weiss Rebuttal, Ex. 131, Page 16, Lines 13-23.

rates on a going forward basis.

Decision:

Ameren Missouri shall include \$885,266 in its rates for ongoing solar rebate expenses. Ameren Missouri shall accumulate in an AAO the amount it has paid for solar rebates from the beginning of the program until new rates become effective in this case. The recovery of those costs and future costs deferred in the AAO will be decided in Ameren Missouri's next rate case.

11. Union Issues:

A. Does the Commission have the authority to order Ameren Missouri to do the following:

(1) Institute or expand its training programs within specified time periods as a means of investing in its employee infrastructure?

(2) Hire specific additional personnel within specified time periods as a means of investing in its employee infrastructure?

(3) Submit to a tracker for its energy delivery distribution system?

(4) Submit to a tracker to address the need and efforts to replace the aging workforce?

(5) Expend a substantial portion of the rate increase from this proceeding on investing and re-investing in its regular employee base in general, including hiring, training and utilizing its internal workforce to maintain its normal and sustained workload?

(6) Use a portion of the rate increase from this proceeding to replace equipment, wires and cable which have out lived their anticipated life?

B. If the Commission does have the authority, should it order Ameren Missouri to take one or more of the steps listed above?

Findings of Fact:**Introduction:**

1. The various unions that represent some of Ameren Missouri's employees appeared at the hearing to support the company's request for a rate increase. However, they asked the Commission to order Ameren Missouri to spend more money on employee training and to take specific steps to increase its internal workforce so that it will use fewer outside contractors and to replace an aging workforce. The Unions also ask the Commission to order Ameren Missouri to spend more money to replace aging infrastructure. Ameren Missouri contends it is currently providing safe and adequate service and argues the Commission has no authority to manage the day-to-day affairs of the company.

Findings of Fact:

2. Michael Walter is the Business Manager of International Brotherhood of Electrical Workers Local 1439, AFL-CIO.²⁵⁵ He testified that he is concerned about Ameren Missouri's ability to deal with an aging infrastructure and an aging workforce.²⁵⁶ In particular, he is concerned that Ameren Missouri has not spent enough on training new workers and as a result has over-relied on outside contractors to perform normal and sustained work.²⁵⁷ In particular, Walter is concerned that Ameren Missouri's trained work force is aging and he sees a need for increased training of new workers capable of stepping in when the current workforce retires.²⁵⁸ He asks the Commission to require

²⁵⁵ Walter Direct, Ex. 650, Page 3, Lines 3-4.

²⁵⁶ Walter Direct, Ex. 650, Page 3, Lines 25-26.

²⁵⁷ Walter Direct, Ex. 650, Pages 5-8.

²⁵⁸ Walter Direct, Ex. 650, Page 4.

15. Finally, Public Counsel recommended that the Commission make no adjustment to the residential class but proposed revenue neutral shifts sufficient to move each other class' revenues half-way toward that class' cost of service.²⁸⁹

16. The stipulation and agreement to which the Municipal Group objected would shift revenue responsibility to the Residential and Lighting classes in the following manner:

Rate Class	Current Revenues	Revenue Increase	Percent Change
Residential	\$1,099,447,000	\$21,989,000	+2.00%
Small Gen. Service	\$278,880,000	(\$4,957,000)	-1.78%
Large Gen. Service / Small Primary	\$710,244,000	(\$12,624,000)	-1.78%
Large Primary	\$178,643,000	(\$3,175,000)	-1.78%
Large Transmission	\$139,472,000	(\$2,479,000)	-1.78%
MSD	\$64,000	----	0.00%
Lighting	\$31,171,000	\$1,247,000	+4.00%

In other words, the Residential class' rates would increase by 2 percent on a revenue-neutral basis and the Lighting class' rates would increase by 4 percent on a revenue-neutral basis. All other classes would see their rates decline by 1.78 percent on a revenue-neutral basis.

17. The stipulation and agreement, now the joint position of the signatory parties, further provides that any overall increase granted to Ameren Missouri as a result of this rate case would be implemented on an equal percent, across-the-board basis and added to the

²⁸⁹ Kind Direct, Ex. 301, Page 7, Lines 6-22.



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About Our Plan

Our plan includes several key elements, and each plays an important role in meeting the needs and desires of the customers and communities we serve.



Environmental Improvements. As part of our plan, we will invest more than \$420 million over the next five years in technologies to reduce certain air emissions at our existing power plants in Missouri and Kansas. These upgrades will ensure that we meet or exceed existing and anticipated federal air quality standards, ahead of schedule, which will contribute to improved air quality across the entire region.



New Wind Generation. Our 100.5-megawatt Spearville Wind Energy Facility is located in Ford County near Dodge County, Kansas. The facility's 67 towers generate enough intermittent power to serve up to 33,000 homes. The Spearville facility was fully operational in October 2006. Wind is an essential element in our plan because it is a renewable resource of energy that does not create pollution of any kind.



New Coal-Fired Plant. Our plan calls for the construction of a new 850-megawatt coal-fired plant on the existing Iatan plant site in Missouri. Meeting the needs of customers in Missouri and Kansas, it will also have the latest technology to produce far more power with dramatically reduced emissions. Coal is cheaper and less subject to price volatility than other fuels, and is in abundant supply. A new plant is an essential element in our plan because it will help keep energy prices affordable.

The new coal plant is anticipated to generate approximately \$300 million in direct payroll, as well as significant tax revenues, from four years of construction jobs - as many as 1,000 during peak activity, and an additional 50 to 100 permanent positions once the plant is in operation. The construction and permanent jobs will be mostly unionized; the permanent jobs are expected to have an average salary of more than \$60,000 a year.



Infrastructure Improvements. KCP&L currently operates one of the most reliable networks in the country, meaning that the risk of outages for our customers is much lower than for customers in other cities. We want to keep it that way. Another element of our plan involves infrastructure improvements to strengthen the overall reliability of our system and network. Our plan includes constructing, replacing and/or upgrading existing transmission and distribution facilities to accommodate new generation, and incorporate new technologies for faster diagnosis and repair of service interruptions.



Affordability, Efficiency and Demand Response Programs. The final element of our plan involves the proposed introduction of a series of unique programs designed to help customers use energy more effectively. These include proposed affordability programs for low-income families; weatherization programs; high-efficiency lighting and appliance systems; online energy analysis tools; and energy training for customers. Putting more control over energy management in the hands of our customers has the potential to reduce overall demand.

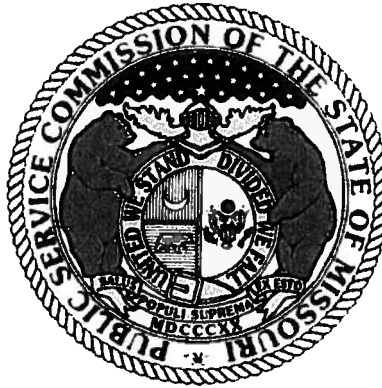
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The Right Tree in the Right Place



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



In the Matter of a Proposed Regulatory Plan)
of Kansas City Power & Light Company)

Case No. EO-2005-0329

REPORT AND ORDER

Issue Date: July 28, 2005

Effective Date: August 7, 2005

Because not all parties have signed the Stipulation, and SC/CCPC are opposing certain aspects of the Experimental Regulatory Plan that is embodied in the Stipulation, the Commission will consider this case using the procedures set forth in 4 CSR 2.115(2) relating to Non-unanimous Stipulations and Agreements. That means that the Commission will consider the provisions of the Stipulation filed on March 28, 2005, as if they are joint recommendations of the signatory parties. The Commission will therefore review the competent and substantial evidence to determine how to rule on the issues.

Summary of KCPL's Proposed Experimental Regulatory Plan

The Stipulation, which runs through June 1, 2010, unless otherwise specified in the agreement, contains the key elements of KCPL's proposed Experimental Regulatory Plan and will be briefly summarized below:¹

RESOURCE PLAN

KCPL has committed to investing over \$1.3 billion over the course of the Experimental Regulatory Plan. This investment includes the completion or substantial progress on the following projects:

- 800-900 MW of new coal-fired generation capacity, later 2, to be regulated capacity, excepting the interest that may be owned by a municipality or joint municipal utility commission, located at the later site near Weston, Missouri, of which KCPL will own approximately 500 MWs;

¹ This summary was taken from the Direct Testimony of Chris B. Giles (Ex. No. 1) and the Commission's review of the provisions of the Stipulation.

- Environmental investments related to Iatan 1 and LaCygne 1 for accelerated compliance with environmental regulations; the Iatan 1 and LaCygne 1 environmental equipment will provide significant reductions in site emissions of sulfur dioxide ("SO₂"), nitrogen oxides, stack particulate matter and mercury, and will position the units to meet compliance requirements set forth in the Clean Air Interstate Rule and the Clean Air Mercury Rule, which were recently promulgated by the U.S. Environmental Protection Agency ("EPA"). With the addition of Iatan 2 at this site, compliance on Iatan 1 will ensure that total site emissions after completion of Iatan 2 will be less than the current site emissions from Iatan 1 and will help address the environmental concerns of persons living in the area around the Iatan site;
- Early installation of a selective catalytic reduction ("SCR") facility at LaCygne 1, designed to help maintain attainment of the 8-Hour Ozone standard within the metropolitan Kansas City region. Installation of this SCR before the 2007 ozone season is considered a significant component of the region's proposed ozone mitigation plan by Mid-America Regional Council, regional EPA officials, Kansas Department of Health & Environment and Missouri Department of Natural Resources. With respect to any of the expenditures anticipated for environmental compliance, KCPL will continue to assess the environmental laws to ensure that its expenditures will comply with existing or expected environmental regulations.
- 100 MW of new wind generation facilities to be installed in 2006. KCPL will install an additional 100 MW of new wind generation facilities in 2008 if a

detailed evaluation (made with input from Signatory Parties to the Stipulation) supports such an action. KCPL's detailed evaluation will include information obtained from a tall tower wind assessment performed for KCPL at two Missouri sites. The detailed evaluation will use the KCPL tall tower wind assessment information (and other Missouri-specific information, if available) to analyze the cost effectiveness of wind generation in Missouri before installing the second 100 MW of wind generation in any state other than Missouri. The Signatory Parties agree that KCPL will perform an assessment of wind energy resources at Missouri sites determined in concert with Missouri Department of Natural Resources and other interested Signatory Parties. KCPL will obtain access to two (2) Missouri wind assessment locations and will contract to install wind measuring equipment and evaluate data collected at levels between 50 meters up to and including 100 meters above ground level for the ultimate purpose of producing site-specific measurements that can be used to quantify the wind resources in Missouri. The two Missouri tall tower installations will be operating by December 31, 2005. The initial report analyzing the first 12 months of tall tower data will be completed by March 31, 2007. The final report analyzing the first 18 to 21 months of data will be completed by December 31, 2007.

- Implementing a number of customer programs that include demand response, efficiency and affordability programs throughout the period of the Experimental Regulatory Plan. The initially budgeted expenditures for the five (5) year period for Missouri are \$13.8 million for Demand Response

Programs, \$2.5 million for Affordability Programs, and \$12.7 million for Efficiency Programs.

- Investing \$42.4 million over the period of the Experimental Regulatory Plan into the transmission and distribution Infrastructure to ensure a highly reliable transmission and distribution system.

CUSTOMER SERVICE AND RELIABILITY

KCPL has committed to maintaining good customer service and reliability. KCPL has agreed to provide the Staff and Public Counsel monthly data submitted quarterly (within forty-five (45) days of end of the period) on the following quality of service measures:

Call Center Data

Total Calls Offered to the Call Center

Call Center Staffing including Call Center Management Personnel

Average Speed of Answer

Abandoned Call Rate

Reliability Indicators

Customer Average Interruption Duration Index ("CAIDI")

System Average Interruption Duration Index ("SAIDI")

System Average Interruption Frequency Index ("SAIFI")

Momentary Average Interruption Frequency Index ("MAIFI")

CAIDI, SAIDI, and SAIFI will be reported on both a weather adjusted and unadjusted basis.

RATE MORATORIUM AND FUTURE RATE CASES

The signatories agree that, absent a "significant change" as defined in the Stipulation, they will not seek to change rates through December 31, 2006. KCPL will file rate schedules on February 1, 2006, effective January 1, 2007.

Over the course of the Experimental Regulatory Plan, four rate case filings are contemplated. The first, described as the 2006 Rate Case, and the last, to be filed on October 1, 2009, ("2009 Rate Case") are mandatory. The other two rate cases are optional.²

The 2006 Rate Case will include prudent expenditures made related to 100 megawatts of wind generation, and those additions to transmission and distribution infrastructure, as set out in the Experimental Regulatory Plan, which are in service prior to the agreed true-up date of the rates approved in the rate case. The 2006 Rate Case will also include an amortization expense of \$17 million on a Missouri jurisdictional basis, but which can be increased or decreased as specified by the Stipulation.

The 2006 Rate Case will also include an amortization related to the Demand Response, Efficiency and Affordability Programs, as set out in the Stipulation. KCPL has agreed that the 2006 Rate Case will also include the filing of a Class Cost of Service Study. No later than February 1, 2006, KCPL will submit to the Signatory Parties a Missouri jurisdictional revenue requirement cost of service study and a Missouri jurisdictional customer class cost of service study covering the twelve months ending December 31, 2005.

² The Commission reserves its statutory right under Section 393.150 RSMo to suspend or reject any tariffs KCPL may file during the course of this stipulation, or at any other time.

to establish Missouri jurisdictional rates as long as the related investments and expenses are considered in the determination of Missouri jurisdictional rates." (Signatory Parties' Response to Order Directing Filing, July 25, 2005) (amending Section III.B.1.j. of the Stipulation and Agreement)

Based upon the testimony of KCPL witnesses Giles and Cline, the Commission finds and concludes that the Stipulation should also positively affect KCPL's credit ratings (Ex. 1, pp. 16-18; Ex. 36, pp. 2-5). Thus, KCPL should have lower debt costs that it will pass on to consumers in the form of lower future rates. The Commission also concludes, based upon the testimony of KCPL witnesses Giles and Cline, Public Counsel witness Trippensee, and Staff witness Schallenberg, that it is reasonable and appropriate to adopt regulatory policies, including the use of the additional amortization provision contained in the Stipulation, that are designed to give KCPL the opportunity to maintain its investment grade ratings during the term of the Experimental Regulatory Plan, based on the conditions set out in the Experimental Regulatory Plan regarding KCPL's necessary conduct.

Other Findings of Fact

Based upon the competent and substantial evidence in the whole record, the Commission finds and concludes that KCPL's Experimental Regulatory Plan should include the construction of latan 2, as proposed by the Stipulation. The Commission further finds and concludes that competent and substantial evidence supports the Signatory Parties' position that "under the unique circumstances respecting KCPL, the capital investment package described in Section III.B.4 and the customer programs described in Section III.B.5 constitute major elements of a reasonable and adequate resource plan at the time the Signatory Parties entered into this Agreement." (Stipulation, pp. 6-7).

The Commission further finds and concludes that the competent and substantial evidence in the whole record supports the approval of the additional provisions of the Stipulation, including the following specific approvals: (1) KCPL is authorized to manage its SO₂ emission allowance inventory, including the sales of such allowances, as detailed in Section III.B.1.d (Stipulation, pp. 8-10); (2) KCPL is authorized to establish a regulatory asset or liability on KCPL's books related to FAS 87 pension expense, as detailed in Section III.B.1.e (Stipulation, pp. 10-15); (3) KCPL is authorized to reduce its AFUDC rate in the equity portion of the AFUDC rate by 250 basis points applicable to Iatan 2, as detailed in Section III.B.1.g and modified by agreement of the Signatory Parties; (4) KCPL is authorized to record additional amortization expense in the amount of \$10.3 million on an annual Missouri jurisdictional basis beginning with the effective date of the Stipulation until the effective date of the tariffs resulting from Rate Filing #1, as detailed in Section III.B.3.a of the Stipulation (Stipulation, p. 18); (5) KCPL is authorized to begin recording depreciation expense for the Wolf Creek Nuclear Generating Station based upon a 60-year life span, and KCPL is authorized to use depreciation rates for the various nuclear plant accounts, as detailed in Section III.B.1.n (Stipulation, p. 24); (6) KCPL is authorized to depreciate wind assets over a 20-year life and use depreciation rates for wind assets, as detailed in Section III.B.3.k (Stipulation, p. 23); and (7) KCPL is authorized to accumulate the Demand Response, Efficiency and Affordability Program costs in regulatory asset accounts as the costs are incurred, and amortize those costs as detailed in Section III.B.5 (Stipulation, pp. 46-49).