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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2016-0156

Missouri Public
Service Commission

REBUTTAL TESTIMONY

OF

KRISTIN L. RIGGINS

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

**Kansas City, Missouri
August 2016**

REBUTTAL TESTIMONY

OF

KRISTIN L. RIGGINS

Case No. ER-2016-0156

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

2 A: My name is Kristin L. Riggins. My business address is 1200 Main Street, Kansas City,
3 Missouri 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") and serve as
6 Sustainability Products Manager for both KCP&L and KCP&L Greater Missouri
7 Operations Company ("GMO" or "Company").

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

9 A: I am testifying on behalf of GMO.

10 **Q: Have you ever testified before the Missouri Public Service Commission ("MPSC")?**

11 A: No. I have never testified before the MPSC, although I have testified before the Kansas
12 Corporation Commission.

13 **Q: Could you please describe your work history?**

14 A: I graduated from Northwest Missouri State University with a Bachelor's degree in
15 Business Management and Marketing. I joined KCP&L in 2006. My responsibilities
16 include implementation and management of KCP&L and GMO's programs focused on
17 sustainability – currently those include solar and electric vehicle charging station
18 projects. Prior to my role as the Sustainability Products manager, I worked as a product
19 manager responsible for the product strategy, design, implementation, and management

1 of demand response, energy efficiency, dynamic pricing, and Smart Grid product
2 solutions for customers. My previous role included the implementation of the automatic
3 software tracking system utilized for the demand side management programs that was
4 subsequently implemented to manage and track the solar rebate program and net
5 metering.

6 **Q: What is the purpose of your testimony?**

7 A: The purpose of my testimony is to describe the factors that resulted in GMO paying \$52.6
8 million to customers in solar rebates and why the full amount paid by GMO is prudent
9 and should be allowed to be recovered. In addition, I will discuss why the other potential
10 issues related to the solar rebate payment administration identified in Staff's direct
11 testimony are unfounded and do not warrant any disallowance of the solar rebates paid to
12 customers by GMO.

13 **Q: Please describe the history of the solar rebate cap and associated timing.**

14 A: In a filing by GMO on July 5, 2013 in File No. ET-2014-0026, GMO requested
15 Commission authorization to suspend solar rebate payments. On August 28, 2013, HB
16 142 amendments became effective phasing the solar rebate out over a period of six years.
17 The reduction in solar rebate amounts created new deadlines for applications being
18 submitted and systems becoming operational. In addition, HB 142 provided that the Solar
19 Renewable Energy Credits (SRECs) no longer belong to the customer when they accept a
20 solar rebate. As a result, GMO will now own the SRECs for a period of ten years which
21 means that a customer cannot use the SRECs produced by the solar system for any
22 environmental certifications or programs or sell them to any other entity.

1 On September 4, 2013, GMO withdrew its tariff in the ET-2014-0026 case and
2 the Commission opened a new case, File No. ET-2014-0059, to consider a similar tariff
3 filing GMO made on September 4, 2013 as result of the HB 142 amendment. The parties
4 to the case met to discuss the application and related matters and ultimately agreed to a
5 Non-Unanimous Stipulation and Agreement (“Stipulation”). The Commission’s October
6 30, 2013 (effective November 10, 2013) Order Approving Stipulation and Agreement
7 (“Order”) established, among other terms, the following terms: 1) GMO will not suspend
8 payment of solar rebates in 2013 and beyond unless the solar rebate payments reach an
9 aggregate level of \$50 million incurred subsequent to August 31, 2012. 2) The
10 Signatories also agree to cooperate in the development of all aspects of an orderly process
11 to cease or conclude the solar rebate payments to solar customers, including updating
12 KCP&L’s website for applied for applications, the level of solar rebate payments, and
13 approved applications for both KCP&L and GMO. The terms of the Stipulation were the
14 result of settlement negotiations.

15 **Q: Please describe the rebate application process prior to the amendments to HB 142.**

16 **A:** Prior to the effectiveness of the HB 142 amendments and the rebate phase-out, the
17 process was managed to ensure that every solar application was seen through to
18 completion and received a rebate. Rebates were paid in the order in which the solar
19 systems were completed. The process was built around the concept that each customer
20 who successfully applied would ultimately receive a solar rebate.

21 As a result, application submittal dates were not initially tracked by GMO.
22 Rather, applications were tracked within a spreadsheet once they were pre-approved by
23 engineering. That spreadsheet contained the service territory, system size, rebate amount

1 due, and payment date. Time constraints were not as important since the rebate amount
2 was assured, only the date (year) of payment would vary depending on the when the
3 system was installed and money was available under the 1% RES cap. This process was
4 followed until the passage of House Bill 142.

5 **Q: How did the HB 142 amendments change how GMO processed rebates?**

6 A: The rebate phase out associated with HB 142 established both application submittal and
7 operational date timeline requirements as part of the legislation. In preparation for the
8 August 28, 2013 effective date of HB 142, GMO began tracking applications, including
9 the application acceptance date and tracking numbers in the second quarter of 2013. In
10 addition, GMO prepared a communication plan in order to offer rebates at the time of
11 application receipt rather than at the time of engineering pre-approval of the application.
12 The purpose of the this new tracking process was strictly to comply with HB 142 and
13 GMO was still operating under the premise that all customers who applied for a rebate
14 would receive one and that only the timing of that rebate would be impacted by the 1%
15 retail cap annually.

16 **Q: Please describe the rebate application process prior to the Stipulation limiting**
17 **rebate funding to a \$50 million cap.**

18 A: Prior to the Stipulation, but after the HB 142 amendments, GMO offered rebates at the
19 time of application receipt and logged the applications in the order in which they were
20 received. Separately, GMO also tracked rebate applications once they were pre-approved
21 by engineering. Within this tracking GMO maintained the rebate paid information
22 associated with the pre-approved project. As mentioned previously, the tracking was
23 maintained under the premise that all customers would receive a rebate. It was an open

1 ended offer. All workflow of a project from beginning to end was managed via an
2 Outlook email account.

3 **Q: How did the Stipulation change how GMO processed rebates?**

4 **A:** Under the Stipulation (effective November 13, 2013), since there is a finite amount (\$50
5 million) of rebate money available, the Company could no longer allow an open ended
6 rebate offer. Process changes were implemented to ensure that the process was managed
7 in a fair and consistent manner for all customers who applied for a rebate. In addition,
8 another complicating factor was the change in the rebates that were to occur on
9 December 31 of each year through 2019, which would also provide impetus for
10 customers and installers to expedite applications.

11 Limitations were put in place regarding how many times a customer could appeal
12 and/or resubmit an application preventing the excessive review of applications that were
13 resubmitted without necessary changes being made. Field inspection criteria were also
14 updated to ensure that what customers installed matched what was on their application,
15 enabling GMO to ensure that the appropriate rebate amount was paid. Tighter
16 management of the timeline to complete system installation and specific criteria were to
17 be met if a customer applied for an extension. Increased communication was
18 implemented to notify all customers a month prior to the six month deadline to request an
19 extension. Application receipt dates and installation completion dates were established to
20 support the rebate level changes. A process was put in place to provide external
21 stakeholders with the ability to observe, on a weekly basis, the amount of rebate funding
22 that had been committed towards the cap as well as a queue report showing the order of
23 applications received. As the solar rebate program evolved and new rules were

1 established, increased tracking and metrics were implemented to manage to the new
2 requirements.

3 **Q: Please describe how the HB 142 amendments and the Stipulation impacted the**
4 **GMO rebate application rate.**

5 A: The culmination of these two major events created an unforeseen and significant increase
6 in solar rebate applications that was well beyond what GMO had anticipated. A flurry of
7 activity among the installer community ensued. In just a 2 1/2 month period between the
8 September 4, 2013 filing that resulted in the Stipulation that was approved on October 30,
9 2013 and effective on November 13, 2013, GMO announced on November 15, 2013 that
10 it believed it had reached the cap. During this very compressed period, GMO received
11 more than 400 applications for solar rebates totaling over \$17 million. In contrast, GMO
12 had received an equivalent number of applications in the full eight months prior to
13 September 4, 2013 combined.

14 **Q: Please describe how the influx in applications and associated timing of the rebate**
15 **cap affected GMO's ability to manage to the cap level.**

16 A: While the Stipulation required the Signatories to cooperate in the development of all
17 aspects of an orderly process to cease or conclude the solar rebate payments to solar
18 customers, including updating KCP&L's website for applied for applications, the level of
19 solar rebate payments, and approved applications for both KCP&L and GMO, only two
20 weeks elapsed between the Commission's approval of that Stipulation and GMO's
21 announcement that it had reached the cap. GMO had no choice but to react to the
22 circumstances that had been created by the events without having time to establish and

1 implement a sophisticated tracking methodology to reflect the changes in the rules and
2 requirements.

3 **Q: Please describe the cooperative effort utilized by GMO and the parties to develop an**
4 **orderly process to cease the solar rebate payments.**

5 A: GMO held a number of conference calls with the parties to discuss the rebate process and
6 establish a method for the cessation of payments under the established aggregate levels
7 while providing customers the most information and certainty about rebate availability.
8 Through the course of the conference calls GMO received significant input and
9 established a new process based on rebate commitments as described above.

10 **Q: How did the Stipulation process changes impact the ability to manage to the \$50**
11 **million cap?**

12 A: During the transition from the tracking and offering of rebates at the time of pre-approval
13 that was initially instituted by GMO to the tracking and offering of rebates at the time of
14 the application, GMO had to manually tabulate the current level of committed funds.
15 Throughout this very manual and labor-intensive process, GMO erroneously did not
16 account for approximately 50 applications that were in the engineering review process at
17 the time of the transition, which was a contributor to the overage.

18 **Q: Please explain further.**

19 A: GMO believed that it reached the \$50 million cap at 10AM CST on November 15, 2013,
20 only 15 days after the Commission issued its Order approving the Stipulation. The very
21 short timeframe and extensive changes to the process requirements and timing constraints
22 resulted in inadvertently overcommitting funds. This is because the process that was
23 developed in collaboration with stakeholders was not finalized until December 2013,

1 nearly a month after GMO believed it had already reached the cap. As a result of the
2 extensive process alterations related to the fundamental change that not all customers
3 would receive a rebate, GMO had to review every single project that was logged in either
4 the pre-approved tracking or the application received tracking to determine the status of
5 the project in the workflow. In many cases there were projects that had aged over one
6 year since pre-approval. This effort required manual searches of the inbox that was used
7 to manage workflow and phone calls to customer and/or installers to confirm the latest
8 status of the project.

9 Once this labor intensive effort was complete, GMO took a further step to ensure
10 customers who had submitted a rebate application were not unfairly penalized due to the
11 changes to the rules and sent a letter to all customers with projects over six months
12 informing them of the requirements and allowing them one last opportunity to let the
13 Company know if they were proceeding with their project before GMO would remove
14 them from the queue. The entirety of this major customer focused effort occurred within
15 a three month period from January 2014 to March 2014. Weekly reports began in April
16 2014 that provided customers certainty regarding where their project was in the rebate
17 queue.

18 **Q: Does GMO believe that it was appropriate to continue to pay rebates that had been**
19 **inadvertently committed beyond the \$50 million cap?**

20 **A:** Yes, it was appropriate and the right thing to do from a customer service perspective.
21 Customers had made decisions to install solar facilities based on the fact that they were
22 offered a rebate at the time of their application. Often, customers already had contractual
23 agreements with their selected installer based on the fact that they had received a rebate

1 offer. It would not have been fair or reasonable for GMO to reverse the offer after the
2 customer had already moved forward with the project.

3 **Q: Upon approval of the Stipulation and the associated rebate cap, does the fact that**
4 **that GMO did not file its application to suspend payments until April 9, 2014 as**
5 **described in Staff's testimony page 200, line 1 present a foundation to disallow**
6 **rebates paid above the \$50 million cap ?**

7 **A:** No, it does not. The Order required GMO or KCP&L to file with the Commission an
8 application under the 60-day process as outlined in §393.1030.3 RSMO to cease
9 payments beyond the specified level in the year in which the specified level is reached
10 and all future calendar years. GMO met the requirements and filed its application for
11 suspension well within the required timeline as GMO did not make payments totaling
12 \$50 million until July 1, 2014.

13 Further, GMO had no definitive way of knowing exactly when the \$50 million
14 would be paid out. Solar systems can be installed anywhere from days after pre-approval
15 up to one year. GMO has no control over the timing of system installation completion.
16 In addition, due to the new process changes, GMO could not project how many
17 customers would be rejected, would cancel their projects, or would exceed the timeframe
18 to complete their system – all necessary elements in order for the customer to retain the
19 ability to be paid the rebate. It was completely within the realm of possibility that
20 enough projects could have fallen out of the queue such that the commitment level could
21 have fallen below the \$50 million cap.

1 **Q: Does GMO believe that solar rebates paid were prudent?**

2 A: Yes, GMO collaboratively worked with stakeholders and developed a very complex
3 process in the interest of providing a fair and consistent process for customers and was
4 tasked with implementing this process in an extremely short amount of time.

5 **Q: Has GMO and KCP&L continued to improve the process?**

6 A: Yes, GMO and KCP&L are committed to continuous improvements to provide a
7 streamlined customer-friendly process for net metering and solar rebates. The process
8 improvements have been made not only to meet the obligations of the rules and
9 regulations, but to exceed the those obligations and to provide a positive customer
10 experience for those who wish to install solar as well as a positive relationship with
11 stakeholders who are in the business of installing solar. Meanwhile, the process
12 improvements ensure that we can serve and provide those customers who do install solar
13 while maintaining an efficient and effective process that also protects customers who are
14 not installing their own personal solar to all of our customer's benefit.

15 Throughout 2014, GMO worked to implement an automated software tracking
16 tool whereas all workflow was managed via email and all tracking via manual data entry
17 to spreadsheets. This automated software tracking and reporting implementation was
18 completed and launched in November 2014.

19 With the launch of the software tool, all application information is logged and
20 tracked within the software. This allows all tracking and workflow associated with a
21 project to be managed in a single place throughout the duration of the project. There are
22 multiple checkpoints completed by engineering, field design, metering, the solar team,
23 and accounting within one single system on any given project.

1 Aging reports and dashboards are now available that allow us to effectively
2 manage to the timeline and report the status of a project to a customer/and or authorized
3 installer at any given time. In addition, if a project is approaching a specific timeline in a
4 particular status an automatic email is sent to the appropriate owner to take action.

5 Automatic customer correspondence is also sent out as a project progresses
6 through each step of the process. Whereas, prior to the Stipulation, there were only three
7 points of formal correspondence, the customer now receives at minimum of six updates
8 throughout the project. The added communication to this process has made a notable
9 difference in both call volume and increased customer satisfaction.

10 Prior to November 2014, tracking of meter exchanges required a manual effort to
11 look up meter exchanges by account. A semi-automated process has been developed that
12 runs daily to track and report meter exchanges. As a result of this implementation,
13 automatic email notifications are generated and sent to the appropriate program personnel
14 notifying them that a project has been in a meter installed status at 5 days, 10 days, and
15 30 days ensuring that the checks are processed in a timely manner. Due to a few system
16 limitations that are in progress to be corrected, there is a very small percentage (less than
17 1%) of projects in which manual look ups of meter exchanges are still required.

18 In the first quarter of 2015 automatic check processing was implemented.
19 Previously, upon manual look-up and confirmation of the meter install and completed
20 paperwork every week, a form was filled out and a check manually requested from
21 accounts payable for each individual project. In order to prioritize checks due to the high
22 volume of applications received in late 2013, a manual process was implemented in early
23 2014 that would prioritize the order of checks issuance based on the post-inspection

1 request date which was not previously tracked. Today, once a rebate project is approved
2 within the system an automated batch process runs weekly based on approved rebates and
3 approved post-inspections to produce the rebate checks. A report is then generated on a
4 daily basis displaying when the post inspection was approved and when the meter was
5 installed for any given project allowing GMO and KCP&L to mail the checks in a
6 prioritized fashion based on meter installation and operational date. As a result of these
7 improvements on-time check payments improved from rate of 68 percent to a current on-
8 time payment rate of just over 99 percent.

9 **Q: On page 200 of its Cost of Service Report (lines 10-22), Staff mentions three**
10 **additional “issues” regarding solar rebate administration without making an**
11 **associated disallowance. How do you respond?**

12 **A:** While Staff has provided insufficient information to warrant detailed response to all three
13 items, the US Solar matter involved criminal fraud committed by the principals of US
14 Solar on both GMO and GMO’s customers. It should be noted that GMO has provided
15 complete rebate record keeping data as well as accounting data. As the two data sets
16 serve unique purposes and have distinct timing differences, GMO provided staff with a
17 complete comparison and explanation for any differences between the two reports in Data
18 requests Q0169, Q0176.3 and Q0176.4.

19 **Q: Does that conclude your Rebuttal Testimony?**

20 **A:** Yes.

