

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

In the Matter of KCP&L Great Missouri Operations)
Company's Submission of its 2013 Renewable) File No. EO-2014-0288
Energy Standard Compliance Plan)

In the Matter of KCP&L Great Missouri Operations)
Company's Submission of its 2013 Renewable) File No. EO-2014-0290
Energy Standard Compliance Report)

COMMENTS OF RENEW MISSOURI

COMES NOW Earth Island Institute d/b/a Renew Missouri ("Renew Missouri"), pursuant to 4 CSR 240-20.100(7)(E), and offers the below comments regarding Kansas City Power & Light Greater Missouri Operations Company's ("KCP&L-GMO") 2013 RES Compliance Report and 2014-2016 RES Compliance Plan.

INTRODUCTION

1. These comments are intended to bring compliance issues to the Commission's attention. Some of these comments involve violations of both Missouri law and the Commission's regulations. However, the Commission's August 15, 2012 Notice in File No. EO-2012-0349 indicated that the Commission did not intend to take any further action on comments alleging violations of the RES law or the Commission's regulations unless they were formally brought as complaints, pursuant to 4 CSR 240-20.100(8)(A) and the statutes and regulations governing complaints before the Commission.

2. Renew Missouri recognizes that the Commission is not required by law to take action on comments. However, the Commission is nonetheless tasked with enforcement of Missouri's Renewable Energy Standard (§ 393.1025-1030, RSMo) and implementing its regulations at 4 CSR 240-20.100. Renew Missouri asks that the Commission consider issuing orders to correct the issues identified in these comments if it determines that it is prudent to do

so. Such action may avoid time-consuming complaint cases and provide greater foreseeability for all stakeholders involved.

COMMENTS ON KCP&L-GMO'S 2013 RES COMPLIANCE REPORT

A. KPC&L-GMO denied solar rebate applications prior to receiving authorization.

3. On pg. 6 of KCP&L-GMO's 2013 RES Compliance Report ("Report"), KCP&L-GMO states that it denied 169 solar rebate applications in 2013 for the reason that "funding commitments reached the \$50 [million] specified level." However, KCP&L-GMO did not receive authority to cease paying solar rebates until May 28, 2014, in File No. ET-2014-0277.

4. The "specified level" refers to the Non-Unanimous Stipulation and Agreement approved in File No. ET-2014-0059, in which parties agreed that KCP&L-GMO would continue to process and pay solar rebates until it reached \$50 million, at which time KCP&L-GMO would be allowed to apply for authority to cease paying rebates.

5. Section 393.1030.3, RSMo. specifies the procedures by which a utility may apply for, and by which the Commission may grant, authority to cease paying solar rebates: (emphasis added):

If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 2 of this section will be reached in any calendar year, *the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect.* The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. *The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling, however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall*

be considered prudently incurred costs as contemplated by subdivision (4) of subsection 2 of this section and shall be recoverable as such by the electric utility.

6. KCP&L-GMO did not apply for authorization to cease paying solar rebates until April 9, 2014, having already denied 169 solar rebate applications in 2013 and an unknown amount in 2014. KCP&L-GMO finally received authorization from the Commission on May 28, 2014; this Order became effective on June 8, 2014.

7. Based on the Company's Report, it appears that KCP&L-GMO has failed to process and pay solar rebates until being granted authority to cease payment, which is a violation of Section 393.1030.3, RSMo.

8. To the extent that KCP&L-GMO violated Section 393.1030.3, RSMo for calendar year 2013, the Commission should order KCP&L-GMO to pay solar rebates to those customers whose applications were unlawfully denied.

B. Unclear how solar rebate payments to "KCPL Solar" are accounted for.

9. On pg. 7 of its Report, KCP&L-GMO states that it paid \$23,799,970 in solar rebates in 2013. However, it is unclear how much rebate money was paid out to KCP&L Solar or any other solar companies owned or operated by or affiliated with KCP&L.

10. Language in Section 393.1030.2(1), RSMo indicates that a utility's investment in solar-related projects initiated, owned or operated by the utility must be excluded from the Section (5) calculation if they would cause the utility to reach or exceed its 1% limit:

Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility.

11. Due to the above provision, there is concern that payments made to KCP&L Solar (including solar rebate costs) may be required to be excluded from KCP&L-GMO's Section (5) calculation of its 1% retail rate impact limit. Such concerns have been raised by multiple parties in File No. ET-2014-0277; so far these concerns have not yet been resolved by the Commission.

12. Accordingly, the Commission should order KCP&L-GMO to disclose the amount of solar investments paid to KCP&L Solar or any other solar company owned or operated by or affiliated with KCP&L in 2013. Furthermore, the Commission should investigate and resolve the question of whether such payments should be excluded from KCP&L and KCP&L-GMO's Section (5) calculations.

C. KCP&L-GMO fails to explain how compliance for 2013 was under the 1% cap.

13. On pg. 7 of its Report, KCP&L-GMO states that "Compliance for 2013 was under the 1% cap." The Report contains no further explanation in support of this assertion. Furthermore, as mentioned below, KCP&L-GMO has apparently made no attempt to perform its 1% retail rate impact calculation pursuant to Section (5) of the Commission's rule at 4 CSR 240-20.100, either for 2014-2016 or for 2013.

14. The Commission should order KCPL-GMO to clarify the RES cost impact calculation that the Company used to determine that compliance for 2013 was under the 1% cap.

D. KCP&L-GMO attempts to retire RECs unassociated with energy sold to Missouri customers.

15. Finally, on pg. 7 of its Report, KCP&L-GMO states: "S-RECs were acquired from a third party, 3Degrees Group. GMO retired 3,272 vintage 2012 and 2013 S-RECs in order to meet its 2013 solar compliance obligation." Attachment A of the Report reveals that these

SRECs originate from California, and thus have no connection to energy sold or delivered to Missouri customers.

16. Renew Missouri considers the attempted retirement of these SRECs to be in violation of the RES statute at Section 393.1030.1, RSMo.: “The portfolio requirements shall apply to *all power sold to Missouri consumers* whether such power is self-generated or purchased from another source in or outside of this state. A utility may comply with the standard in whole or in part by purchasing RECs.” (emphasis added).

17. Renew Missouri has raised this issue in multiple cases, including File No. EC-2013-0377, et al and previous RES Compliance comments. We raise the issue in this case to reiterate that we consider KCP&L-GMO to be in continual non-compliance with Missouri’s RES. Renew Missouri urges the Commission to use its authority to enforce Section 393.1030.1, RSMo to require that all renewable energy used for compliance must be actually sold to Missouri customers.

COMMENTS ON KCP&L-GMO’S 2014-2016 RES COMPLIANCE PLAN

A. KCP&L-GMO fails to include a calculation of its 1% Retail Rate Impact pursuant to 4 CSR 240-20.100(5).

18. As noted in the Comments of Karl R. Rábago on Behalf of MOSEIA in this case, KCP&L-GMO has not attempted to perform a calculation according to the requirements of 4 CSR 240-20.100(5). Furthermore, the Company has not included such a calculation in its 2014-2016 RES Compliance Plan (“Plan”), as required by 4 CSR 240-20.100(7)(B)1.F.

19. Instead, the Company appears to have used 1% of its expected revenue requirement over the next 10 years as a calculation of its RES Retail Rate Impact. KCP&L-

GMO's calculation has little connection with Section (5) of the Commission's rule at 4 CSR 240-20.100, which sets forth how the retail rate impact is to be calculated.

20. The Commission should find KCP&L-GMO in violation of 4 CSR 240-20.100(7)(B)1.F as well as the Stipulation and Agreement approved in File No. ET-2014-0059, both of which require the Company to perform and disclose its Section (5) calculation. The Commission should then order KCP&L-GMO to file a detailed 1% retail rate impact calculation for 2014-2016 that complies with the requirements of 4 CSR-240.20.100(5).

B. KCP&L-GMO's anticipated annual retail rate impacts for 2014-2016 are far below 1%, in contradiction to previous claims.

21. On pg. 10 of KCP&L-GMO's Plan, the Company anticipates that it will have the following annual retail rate impacts: 0.238% for 2014; 0.011% for 2015; and 0.002% for 2016.¹ These estimates follow the year 2013, in which KCP&L-GMO claims it was under the 1% as well, without explanation (see above).

22. These anticipated rate impacts seem to be at odds with what KCP&L-GMO claimed last year in its 2013-2015 RES Compliance Plan, in which it anticipated exceeding the 1% in each of the next three years (see File No. EE-2013-0453). In addition, this year's anticipated rate impacts are at odds with what KCP&L-GMO claimed when it filed its application for authority to suspend payment of solar rebates in August of 2013 (see File No. ET-2014-0059). Both of those previous filings ultimately led to stakeholders negotiating the details of the Non-Unanimous Stipulation and Agreement approved in File No. ET-2014-0059, including the \$50 million "stipulated amount."

¹ These values are estimated using KCP&L-GMO's simple "1% of the anticipated revenue requirement" methodology and not using the methodology spelled out in 4 CSR 240-20.100(5). But for purposes of this section, we will treat them as accurate.

23. This radical change in anticipated rate impacts seems to be without explanation. KCP&L-GMO may attempt to claim that the large solar rebate investments in 2013 require minimal RES expenses in the following years in order to achieve an average 1% impact. However, KCP&L-GMO itself claims not to have reached 1% in 2013. Stakeholders are now forced to assume that the entire impetus for agreeing to the Stipulation was either false or is no longer the case. Such confusion requires immediate clarification from KCP&L-GMO.

24. Renew Missouri requests that the Commission order KCP&L-GMO to provide further explanation of its retail rate impact calculation.

WHEREFORE, Renew Missouri offers the above comments for the Commission's consideration in this case.

Respectfully Submitted,

/s/ Andrew J. Linhares

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been served electronically on all counsel of record this 30th day of June, 2014.

/s/ Andrew J. Linhares

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