

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

In the Matter of KCP&L Greater Missouri Operations)
Company's Application for Authority to Establish a) File No. EO-2014-0151
Renewable Energy Standard Rate Adjustment Mechanism)

NON-UNANIMOUS PARTIAL STIPULATION AND AGREEMENT

COME NOW KCP&L Greater Missouri Operations Company (“GMO” or “Company”), the Staff of the Missouri Public Service Commission (“Staff”) and the Office of the Public Counsel (“OPC”) and Earth Island Institute d/b/a Renew Missouri (“Renew Missouri”) (hereinafter, individually “Signatory” or collectively “Signatories”) and hereby offer the following Non-Unanimous Partial Stipulation and Agreement (“Agreement”).

I. Introduction

1. GMO initiated this proceeding by the filing of an application and proposed revised tariff sheets on April 10, 2014 designed to effectuate a renewable energy standard rate adjustment mechanism (“RESRAM”). Those proposed tariff sheets have been suspended by the Commission until December 31, 2014. Intervention has been granted to Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri”), Midwest Energy Users’ Association (“MEUA”) and Renew Missouri.

2. Pursuant to order of the Commission, on August 8, 2014, Staff filed its *Recommendation to Approve RESRAM with Variance, Reject Certain Tariff Sheets and Order Compliance Tariff Sheets and Customer Notice*. Also on August 8, 2014, OPC and Renew Missouri filed *Comments* herein. Subsequently, OPC filed its *Reply to Staff and Renew Missouri* and, finally, on August 22, 2014, GMO filed its *Reply* to all of the foregoing pleadings.

II. Agreements

3. Approval of RESRAM Tariff and RESRAM Rate Element. The Signatories agree that the Commission should approve the RESRAM tariff (an example of which is appended hereto as Exhibit 1) which includes a RESRAM rate element of \$0.00094/kWh applicable to all kWh sales. The Signatories request that the effective date of the RESRAM tariff and RESRAM rate element be as soon as reasonably practicable, but in any event no later than December 1, 2014.

4. Variance Authority. The Signatories agree that the Commission should authorize the following variances from the Renewable Energy Standard (“RES”) rule (4 CSR 240-20.100):

- a) *RES Compliance Costs.* The Signatories were unable to agree as to whether economic wind Purchased Power Agreement (“PPA”) costs should be included in the definition of RES compliance costs. By order dated August 27, 2014 in Case No. ER-2014-0373, the Commission has stated that it will not adjust a fuel adjustment clause (“FAC”) outside of a general rate proceeding. Because such PPA costs are currently being flowed through GMO’s FAC, it is not possible to change the treatment of such costs in this proceeding because it is not a general rate proceeding. Section 386.266.5 RSMo. To preserve that issue for consideration in a general rate proceeding, the Signatories therefore agree, for purposes of this case only, that the Commission should grant a variance from 4 CSR 240-20.100(6)(A)16. In making this agreement and variance request, the Signatories acknowledge that no Signatory has made any concession as to whether such a variance is necessary or unnecessary.

- b) *Pass-through of Benefits of Savings Achieved in Meeting RES Requirements.* The Signatories were unable to agree as to how and to what extent the benefits of savings achieved in meeting RES requirements should be passed through to customers through the RESRAM. GMO derived a small amount of revenues during the period September 2012 through December 2013 from the sale of renewable energy credits (“REC”) related to an economic wind PPA. The costs and revenues from such PPA are currently being flowed through GMO’s FAC. Similarly, Renew Missouri argues that certain benefits (including avoided costs) exist due to the addition of renewable energy generation, and that such benefits must be passed on to customers through the RESRAM. GMO argues that, if certain benefits (including avoided costs) do exist, they are currently being flowed through GMO’s FAC or will otherwise flow through to customers. By order dated August 27, 2014 in Case No. ER-2014-0373, the Commission has stated that it will not adjust an FAC outside of a general rate proceeding. Accordingly, it is not possible to change the treatment of such revenues and avoided costs due to the addition of renewable energy generation in this proceeding because it is not a general rate proceeding. To preserve that issue for consideration in a general rate proceeding, the Signatories therefore agree, for purposes of this case only, that the Commission should grant a variance from 4 CSR 240-20.100(1)(M) and (6) regarding pass-through of benefits of savings achieved and/or costs avoided due to meeting the RES requirements which are currently being flowed through the FAC. In making this agreement and variance request, the Signatories acknowledge that no Signatory has made any concession as to whether such a

variance is necessary or unnecessary. Furthermore, the Signatories acknowledge that no Signatory has made any concession as to whether the Company's avoided costs due to the addition of renewable energy are required to be quantified and reported, or as to how such avoided costs are to be quantified.

- c) *St. Joseph Landfill Gas Costs.* St. Joseph landfill gas costs charged to account 54700 are currently being flowed through GMO's FAC. The Signatories agree that, for purposes of this case only, consistent with the Commission's ruling in Case No. ER-2014-0373, the Commission should grant a variance from 4 CSR 240-20.100(6)(A)16 so that St. Joseph landfill gas costs can continue to be flowed through GMO's FAC with future treatment to be determined during GMO's next general rate proceeding.
- d) *Per kWh Billing.* The Signatories agree that, for purposes of this case only, the Commission should grant a limited variance from the provisions of 4 CSR 240-20.100(6)10 such that GMO can include the RESRAM rate element on customer bills as a per kWh charge, rather than as a percentage as may be required by 4 CSR 240-20.100(6)(A)10.

3. Prudence Review. The Signatories agree that a prudence review has not occurred in this proceeding and that the prudence review of RES compliance costs shall be conducted concurrent with any general rate case filed by GMO and at intervals no less frequently than twenty four (24) months outside the context of a general rate proceeding.

4. U.S. Solar Rebates. The Signatories agree that, for purposes of this case only, solar rebates paid by GMO to its customers who were also customers of U.S. Solar shall not be recovered through the RESRAM rate element to be established in this case but that 1) carrying

costs shall continue to apply to such solar rebate costs; and 2) such solar rebate costs shall continue to be eligible for potential recovery from customers.

5. Customer Information. The Signatories agree that the customer information appended hereto as Exhibit 2 is appropriate.¹

III. Issues Remaining for Commission Decision

6. The Signatories agree that the following issues raised by Renew Missouri remain unresolved. The Signatories agree that nothing in this *Agreement* prevents any party from raising these issues in this proceeding² or in a future general rate case proceeding.

- a) Is the Company required to calculate and report the financial benefits (including avoided costs) as savings achieved associated with costs incurred in meeting the requirements of the RES, specifically (1) costs of customer-owned solar generation and (2) costs of landfill gas used at the St. Joseph landfill gas plant?
- b) If so, how should such avoided costs and/or benefits be quantified?

IV. General Provisions

7. This *Agreement* is being entered into solely for the purpose of settling the issues in this case explicitly set forth above. Unless otherwise explicitly provided herein, none of the Signatories shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any cost of service methodology or determination, method of cost determination or cost allocation or revenue-related methodology.

¹ The Company's printer requires notice by November 15 in order to have a bill insert printed in time for inclusion in bills for service on and after December 1. Therefore, the Signatories respectfully request that the Commission take action on this *Agreement* no later than November 15, 2014.

² The Signatories suggest the following procedural schedule for the resolution of these remaining issues: November 21 – Rebuttal Testimony; December 22 – Surrebuttal/Cross-Surrebuttal Testimony; January 13, 2015 – Position Statements; and February 3, 2015 – Evidentiary Hearing. Briefing schedule to be determined at hearing.

8. This *Agreement* is a negotiated settlement. Except as specified herein, the Signatories shall not be prejudiced, bound by, or in any way affected by the terms of this *Agreement*: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this *Agreement*, or in any way condition its approval of same.

9. This *Agreement* has resulted from extensive negotiations among the Signatories, and the terms hereof are interdependent. If the Commission does not approve this *Agreement* unconditionally and without modification, then this *Agreement* shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

10. If approved and adopted by the Commission, this *Agreement* shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this *Agreement* and the operation of this *Agreement* according to its terms.

11. If the Commission does not approve this *Agreement* without condition or modification, and notwithstanding the provision herein that it shall become void, (a) neither this *Agreement* nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with Section 536.080 RSMo. or Article V, Section 18 of the Missouri Constitution, and (b) the Signatories shall retain all procedural and due process rights as fully as though this *Agreement* had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this *Agreement* shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not

be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

12. If the Commission accepts the specific terms of this *Agreement* without condition or modification, only as to the matters in this case upon which agreement has been reached as explicitly set forth above, the Signatories each waive: their respective rights to present oral argument and written briefs pursuant to Section 536.080.1 RSMo.; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo.; their respective rights to seek rehearing pursuant to Section 386.500 RSMo.; and their respective rights to judicial review pursuant to Section 386.510 RSMo. This waiver applies only to a Commission order approving this *Agreement* without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor to any matters upon which agreement has not been reached as explicitly set forth in this *Agreement*.

13. Neither Ameren Missouri nor MEUA is a Signatory, but have indicated that they will not oppose this *Agreement*, or request a hearing on the matters upon which agreement has been reached in this matter as explicitly set forth above.

WHEREFORE, the Signatories respectfully request that the Commission issue its order:

- a) Approving the terms of this *Agreement*;
- b) Directing the filing of compliance tariff sheets by GMO such that those tariff sheets can take effect as soon as reasonably practicable, but in no event later than December 1, 2014;
- c) Adopting the procedural schedule suggested in footnote 2 herein; and
- d) Granting such other relief as may be just in the circumstances.

Respectfully submitted,

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ATTORNEY FOR EARTH ISLAND INSTITUTE
d/b/a RENEW MISSOURI

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, to the certified service list in File No. EO-2014-0151 this 20th day of October, 2014.

lsl Robert J. Hack

Robert J. Hack

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 _____ Original Sheet No. 137
Canceling P.S.C. MO. No. _____ Original Sheet No. _____
KCP&L Greater Missouri Operations Company
KANSAS CITY, MO For Territories Served as L&P and MPS

RENEWABLE ENERGY STANDARD RATE ADJUSTMENT MECHANISM – RESRAM
ELECTRIC

APPLICABILITY:

This Renewable Energy Standard Rate Adjustment Mechanism (RESRAM) is applicable to all bills rendered for service to the retail customers served by the Company. Charges or credits passed through this RESRAM reflect the Renewable Energy Standard ("RES") compliance costs and benefits as defined in 4 CSR 240-20.100(6). In the event that the Commission orders an offset adjustment, that RESRAM Offset Rate shall be netted with the otherwise applicable RESRAM rate for the pendency of the offset adjustment.

Revised RESRAM rate schedules shall be filed to either (1) reset the RESRAM to zero when new base rates and charges become effective following a Commission report and order establishing customer rates in a general rate proceeding that fully incorporates RES compliance costs or benefits previously reflected in a RESRAM in the Company's base rates or (2) modify the RESRAM rate as necessary to reflect any portion of the RES compliance costs or benefits reflected in a RESRAM that the Commission does not order to be placed into base rates in that proceeding and that will continue to be recovered through the RESRAM. Any over- or under-recovery of RESRAM revenues or over- or under-pass-through of RESRAM benefits that exists after the RESRAM has been modified, shall be tracked in an account and considered in the Company's next RESRAM filing or general rate case proceeding, whichever occurs first.

DEFINITIONS:

As used in this RESRAM Rider, the following definitions shall apply:

"Effective Period" [EP] means the twelve (12) months beginning with the month of December 2014, and each twelve month period there-after.

"RESRAM Revenue Requirement" [RRR] means the RES compliance costs net of RES compliance benefits.

"Allowable RESRAM Revenue Requirement" [ARRR] means the amount of RESRAM Revenue Requirement, adjusted by any Commission-ordered reconciliations or other adjustments, that does not exceed 1% of the approved revenue requirement in the Company's last general rate case.

"Short-Term Borrowing Rate" means (i) the daily one-month USD LIBOR rate, using the last previous actual rate for weekends and holidays or dates without an available LIBOR rate, plus (ii) the Applicable Margin for Eurodollar Advances as defined in the Pricing Schedule of the current KCP&L Revolving Credit Agreement. A simple mathematical average of all the daily rates for the month is then computed.

Issued:
Issued by: Darrin R. Ives, Vice President

Effective:

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1
Canceling P.S.C. MO. No. _____
KCP&L Greater Missouri Operations Company
KANSAS CITY, MO

Original Sheet No. 137.1
Original Sheet No. _____

For Territories Served as L&P and MPS

RENEWABLE ENERGY STANDARD RATE ADJUSTMENT MECHANISM – Rider RESRAM
ELECTRIC Cont'd

DETERMINATION OF RESRAM RATE:

The RESRAM charge during each applicable EP shall be applied as charge per kWh for service rendered. The charge shall be calculated as follows:

$$ARRR = RRR^* + OA + RA$$

* If the RRR is greater than the ARRR, the difference between the ARRR and the RRR shall be carried forward for future recovery. Such amounts shall include monthly interest at the Company's monthly short-term borrowing rate.

$$RESRAM = ARRR / PE + ROA$$

Where:

OA = Ordered Adjustment is the amount of any adjustment to the ARRR or RRR ordered by the Commission as a result of corrections under this RESRAM Rider. Such amounts shall include monthly interest at the Company's monthly short-term borrowing rate.

RA = Reconciliation Adjustment is equal to the cumulative difference, if any, between the revenues billed during the previous EP resulting from the application of the RESRAM and the RESRAM revenues intended to be collected through the end of the previous EP (which will reflect projections through the end of the previous EP due to timing of adjustments). Such amounts shall include monthly interest on cumulative over- or under-balances at the Company's monthly short-term borrowing rate.

PE = Projected Energy, in kWh, forecasted to be billed to customers during the applicable EP.

The RESRAM rate shall be rounded to the nearest \$0.00001.

Issued:

Issued by: Darrin R. Ives, Vice President

Effective:

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 Original Sheet No. 137.2
Canceling P.S.C. MO. No. _____ Original Sheet No. _____
KCP&L Greater Missouri Operations Company
KANSAS CITY, MO For Territories Served as L&P and MPS

RENEWABLE ENERGY STANDARD RATE ADJUSTMENT MECHANISM – Rider RESRAM
ELECTRIC Cont'd

RESRAM OFFSET RATE [ROA]

The RESRAM offset will be designed to reconcile costs or benefits disallowed by Commission order as the result of prudence review within the six (6)-month period immediately subsequent to any commission order regarding such disallowance of RES compliance costs or benefits.

DEP = Disallowance Effective Period means the energy projected to be sold in the six (6) months beginning with the first billing month following the promulgation of tariffs resulting from a general rate case.

DA = Disallowance Amount means the offset amount determined to be disallowed by the Commission in the event the Commission disallows, during a subsequent general rate proceeding, recovery of RES compliance costs previously in an RESRAM, or pass-through of benefits previously in an RESRAM. The offset amount shall include a calculation of interest at the electric utility's short-term borrowing rate.

$$ROA = DA / DEP$$

FILING:

The Company shall make a RESRAM filing during each calendar year. Each filing shall become effective in December of each year and such Rider RESRAM filings shall be made at least sixty (60) days prior to their effective dates.

PRUDENCE REVIEWS:

A prudence review shall be conducted no less frequently than at twenty four (24) month intervals. A prudence review shall also be conducted concurrent with any general rate case filed by the Company. Any costs which are determined by the Commission to have been imprudently incurred or incurred in violation of the terms of this Rider RESRAM shall be credited to customers through future adjustments to the RRR. Adjustments by Commission order, if any, pursuant to any prudence review shall be included in the RESRAM determination in OA above. Such amounts shall include monthly interest at the Company's monthly short-term borrowing rate.

Issued:
Issued by: Darrin R. Ives, Vice President

Effective:

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1 _____ Original Sheet No. 137.3
Canceling P.S.C. MO. No. _____ Original Sheet No. _____
KCP&L Greater Missouri Operations Company
KANSAS CITY, MO For Territories Served as L&P and MPS

RENEWABLE ENERGY STANDARD RATE ADJUSTMENT MECHANISM – Rider RESRAM
ELECTRIC Cont'd

RESRAM REVENUE REQUIREMENT AND RATE

Applicable to determination of RESRAM Rider for the months of December 2014 through November 2015:

Total RESRAM Revenue Requirement:	\$ 27,772,754.34
Allowable RESRAM Revenue Requirement:	\$ 7,582,117.18
Allowable RESRAM per kWh rate:	\$ 0.00094
RESRAM Ordered Adjustment per kWh rate:	\$ 0.00000
RESRAM per kWh rate:	\$ 0.00094

Issued:
Issued by: Darrin R. Ives, Vice President

Effective:

Customer Materials

Initial notice

Renewable Energy Standard Rate Adjustment Mechanism

KCP&L Greater Missouri Operations (GMO) filed for a Renewable Energy Standard Rate Adjustment Mechanism (RESRAM) with the Missouri Public Service Commission (Commission)*. The RESRAM charge will recover costs associated with the state's Renewable Energy Standard which was approved by voters in 2008 as Proposition C, and requires the increased production of energy from renewable energy sources, such as wind, solar, and biomass. Beginning December 1, 2014, the RESRAM amount will appear as a new line item on the bill and a typical residential customer using 867 kWh of electricity will see about **\$0.81** increase per month. Costs and benefits passed through the RESRAM will be reviewed by the Commission so that customers pay only for prudently incurred Renewable Energy Standard costs.

[BILL ITEMIZATION INSET]

*In accordance with Statutory Authority Section 393.1030.2(4) RSMO.

How Does it work?

- The Renewable Energy Standard Rate Adjustment Mechanism (RESRAM) on your bill is calculated by multiplying the RESRAM rate by the kilowatt hours of energy used in each month.
- The RESRAM factor is calculated by taking the accrued costs associated with the Renewable Energy Standard since the last rate request. The RESRAM is not to exceed 1% of the utility's retail revenue.
- The Missouri Public Service Commission approved the RESRAM rate of \$0.00094/kWh for December 1, 2014 through November 31, 2015.
- There is a filing submitted for Commission review and approval each year to ensure that the correct amount is collected from customers.

Annual notice

Renewable Energy Standard Rate Adjustment Mechanism: The RESRAM recovers costs and returns benefits associated with complying with Renewable Energy Standard incurred by KCP&L. The RESRAM is itemized separately on your bill and adjusted annually. For more information go to kcpl.com/resram.

Website

RESRAM (Renewable Energy Standard Rate Adjustment Mechanism): For customers in the Greater Missouri Operations service area, this is a way to account for costs and benefits experienced to comply with Renewable Energy Standard. The charge for these costs are evaluated and approved by the Missouri Public Service Commission annually.

Call Center

Starting December 1, 2014, this will appear on bills for GMO customers. It was approved by the Missouri Public Service Commission (MPSC) as a way to account for the incremental amount incurred to comply with Renewable Energy Standard, over what is already included in base rates. A typical residential customer with average usage of 867 kWh monthly will see an increase of **\$0.03** per day. Affected customers received a bill insert (the word bill insert is a hyperlink to the actual bill insert for quick reference) explaining the new charge.