

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

In the Matter of the Staff Investigation of Solar)
Rebate Payments Pursuant to the Renewable) **File No. EO-2014-0357**
Energy Standard and the Commission's rules)

FINAL REPORT

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its Final Report states as follows:

1. On June 16, 2014, Staff filed its *Staff Motion to Open an Investigation* after receiving informal complaints and email correspondence from retail account holders and solar generation installers regarding the 30-day requirement for solar rebate payments that is mandated by Rule 4 CSR 240-20.100(4)(K).

2. On August 27, 2014, the Commission issued an order directing Staff to investigate the compliance of Kansas City Power & Light Company ("KCP&L"), KCP&L Greater Missouri Operations Company ("GMO"), and Union Electric Company, d/b/a Ameren Missouri ("Ameren") with rule 4 CSR 240-20.100(4) regarding solar rebate payments to retail account holders. The Commission further ordered Staff to file its final report or a status report no later than October 6, 2014.

3. On October 6, 2014, Staff filed a status report and requested additional time to file its final report. That same day, the Commission ordered Staff to file its final report or an additional status report no later than October 30, 2014.

4. On October 30, 2014, Staff filed an additional status report and again requested additional time to file its final report. That same day, the Commission ordered Staff to file its final report or an additional status report no later than November 15, 2014.

5. Staff has thoroughly reviewed the data provided by KCP&L, GMO, Ameren, Brightergy LLC, and Sunsmart Technologies LLS regarding the payment of solar rebates within the 30-day timeline required by Commission Rule 4 CSR 240-20.100(4)(K). The results of Staff's investigation are discussed in detail in its *Memorandum* attached hereto as Appendix A.

6. Based on Staff's review of the information provided, Staff has determined that the utilities have experienced a surge in solar rebate applications and have attempted to respond to the increase in the number of rebate applications and related processing workload over the course of 2013 by hiring additional employees and making changes to their rebate processing. The utilities' on-time percentages of rebate payments in 2013 ranged from 73-78%. Ameren's on-time percentage was noticeably lower than KCP&L and GMO in 2014; however, Ameren experienced a surge of rebate applications in December 2013 which has likely affected their processing time in 2014. Staff understands that Ameren and GMO have paid out or committed all the available funds for solar rebates so there will be limited processing of additional solar rebates, if any. KCP&L has not yet paid out all of its available solar rebate funds; however, based on the number of pre-approvals in recent months, it appears the surge of applications to KCP&L has subsided.

7. In Staff's opinion, it is unlikely, based on current circumstances and available information that there will be continuing issues with timeliness of solar rebate processing for any of the utilities. However, Staff recommends the Commission direct each of the utilities to submit to the Staff an action plan detailing actions by the utility to ensure timely rebate payments and monthly status reports showing the status of each

pending or recently paid rebate application until rebate payments are no longer being made as more fully described in the "Conclusions and Recommendations" section of Staff's *Memorandum*.

WHEREFORE, Staff prays the Commission accept its *Memorandum* as its final report and recommends the Commission direct each of the utilities to submit to the Staff an action plan detailing actions by the utility to ensure timely rebate payments and monthly status reports showing the status of each pending or recently paid rebate application until rebate payments are no longer being made.

Respectfully submitted,

/s/ Whitney Hampton

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CERTIFICATE OF SERVICE

I certify that a true and accurate copy of the foregoing was mailed, electronically mailed, or hand-delivered to all parties to this cause on this 14th day of November, 2014.

/s/ Whitney Hampton

MEMORANDUM

TO: Missouri Public Service Commission Case File
Case No. EO-2014-0357, Staff Motion to Open an Investigation

FROM: Claire M. Eubanks, P.E., Engineering Analysis

/s/ Daniel I. Beck 11/14/14 /s/ Robert S. Berlin 11/14/14
Engineering Analysis / Date Staff Counsel's Office / Date

SUBJECT: Report on Staff Investigation of Solar Rebate Payments Pursuant to the Renewable Energy Standard and the Commission's Rules

DATE: November 14, 2014

SUMMARY

The Staff has reviewed data provided by Kansas City Power & Light Company ("KCP&L"), KCP&L Greater Missouri Operations ("GMO"), Union Electric Company d/b/a Ameren Missouri ("Ameren"), Brightergy LLC ("Brightergy"), and SunSmart Technologies LLS ("SunSmart") regarding the payment of solar rebates within the 30-day timeline required by Commission rule 4 CSR 240-20.100(4)(K). Staff has focused this investigation on whether the utilities have met Commission rule 4 CSR 240-20.100(4)(K) and reserves any discussion on the prudence of solar rebate payments for a general rate case or prudence review.

Based on Staff's review of the information provided, the utilities have attempted to respond to the increase in the number of rebate applications and related processing workload over the course of 2013 by hiring additional employees and making changes to their rebate processing. The utilities' on-time percentages of rebate payments in 2013 ranged from 73-78%. Ameren's on-time percentage was noticeably lower than KCP&L and GMO in 2014; however, Ameren experienced a surge of rebate applications in December 2013 which has likely impacted their processing time in 2014. Staff understands that Ameren and GMO have paid out or committed the available funds for solar rebates so there will be limited processing of additional solar rebates, if any. KCP&L has not yet paid out the available solar rebate funds; based on the number of pre-approvals in recent months, it appears the surge

of applications to KCP&L has ended. In Staff's opinion, it is unlikely, based on current circumstances and available information that there will be continuing issues with solar rebate processing for any of the utilities. However, Staff recommends the Commission direct each of the utilities submit to the Staff an action plan detailing actions by the utility to ensure timely rebate payments and monthly status reports showing the status of each pending or recently paid rebate application until rebate payments are no longer being made as more fully described in the "Conclusions and Recommendations" section of this report.

BACKGROUND

On June 16, 2014, the Staff filed a motion to open an investigation regarding KCP&L, GMO, and Ameren's compliance with Commission rule 4 CSR 240-20.100(4) regarding the payment of solar rebates. Staff's investigation focused specifically on the payment of solar rebates within 30 days of verification that the solar electric system is fully operational. On August 27, 2014, the Commission ordered Staff to investigate the compliance of KCP&L, GMO, and Ameren with Commission rule 4 CSR 240-20.100(4) regarding payment of solar rebates and to file its report or a status report no later than October 6, 2014, and later granted Staff an extension to file its report on October 30, 2014 and again granted Staff an extension to file its report on November 15, 2014. Staff requested data from KCP&L, GMO, and Ameren through data requests in EFIS. Staff also requested additional information from solar vendors by a letter dated September 19, 2014. Staff received responses from the utilities on October 3, 2014 and additional data on October 27 and October 28.

SunSmart and Brightergy had previously provided information on the topic of late rebate payments in March and June 2014. Both vendors responded to Staff's September information request letter stating that the March and June information was the most current available. Brightergy also explained that rebate checks go directly to customers and that the data previously provided was in part from the queue updates provided by KCP&L and GMO and could not be verified by Brightergy. Staff did not receive a response to its September 19 letter from MOSEIA or any other solar vendor.

DISCUSSION

Commission rule 4 CSR 240-20.100(4)(K) requires the utilities to “provide the rebate payment to qualified retail account holders within thirty (30) days of verification that the solar electric system is fully operational.” The operational date of the solar electric systems is generally considered by the utilities to be the date the bidirectional meter was set. The definition of ‘operational’ is not in the current rule; however, adding a definition was discussed during the rulemaking workshops regarding HB 142. The proposed language as submitted to the Department of Economic Development is: “Operational means all of the major components of the on-site solar photovoltaic system have been purchased and installed on the customer generator’s premises, and the production of rated net electrical generation has been measured by the utility.”

Because the rebate checks are mailed there is no way of knowing the exact date the customer receives the rebate payment. Therefore for purposes of this report either the check issue date or the check mail date was used to determine the amount of time it took the utility to pay the solar rebate. It is likely that customers actually received their solar rebate payment one or more days after the check issue or check mail date¹.

KCP&L, GMO, and Ameren provided Staff worksheets containing details on the solar rebates processed from January 2013 through September 2014, including the bidirectional meter set date and rebate check issue or mail date. The utilities also provided Staff descriptions of how they responded to the increase in the number of customers requesting solar rebates over the course of 2013 and the first three-quarters of 2014. Brightergy provided Staff a worksheet containing the bidirectional meter set date and rebate paid date² for all of their KCP&L and GMO customers. SunSmart provided Staff a worksheet listing customers the company believes received late payments, information on the date that the checks

¹ Ameren provided the check issue date for all rebate customers, KCP&L/GMO provided the check issue date for all rebate customers and the rebate check mail date for a random sampling of customers.

² Brightergy utilized the information provided by KCP&L/GMO on the weekly rebate queue updates.

were deposited into SunSmart's bank account, copies of customer checks, and email correspondence from the utilities.

During the investigation the utilities noted that in some cases late rebate payments were due to waiting on customers to finish paperwork, such as signing their affidavits. Ameren's tariff³ states that a rebate payment will not be issued until the customer has satisfied all completion requirements. Both KCP&L and GMO's tariffs⁴ state 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." Additionally, House Bill 142 revised RSMO 393.1030 to condition rebates paid after August 28, 2013 on transference of renewable energy credits to the utility; this is accomplished by the signing of an affidavit. Documentation on when paperwork was considered to be complete was not kept electronically by the utilities. Random sampling of paper files was completed by the utilities in response to the investigation which provided insight on when paperwork was considered complete.

Staff discusses the findings related to the utilities' solar rebate payments in the following subsections. Please note that KCP&L and GMO's solar rebate applications are processed together, therefore Staff discusses the results of its investigation of both utilities in one subsection.

KCP&L and GMO

Based on conversations with KCP&L and GMO, Staff understands that checks may be issued, but not mailed, prior to completing documentation and setting the net meter. Therefore, the data KCP&L and GMO provided in response to Staff Data Requests is not necessarily reflective of the actual date when the checks were mailed to the customer. In order to get a sense of the timeliness of solar rebate payments Staff requested the check mail date in lieu of the check issue date. Although KCP&L and GMO record the date the checks were mailed, that information is not in a database that could easily be queried for all

³ Rider SR – Original Sheet 88.4

⁴ GMO: Second Revised Sheet R-62.2; KCP&L: Schedule SR - Third Revised Sheet 46A

solar rebate customers. Therefore, Staff requested the check mail dates for a random sample of customer accounts.⁵

As shown in **Table 1**, KCP&L and GMO's percentage of on-time rebate payments during the investigation period was 68%; however, 78% were mailed by day 40 and 89% by day 50. **Graph 1** shows the number of applications received and pre-approved compared to the number of employees engaged in processing rebate applications. The data in **Graph 1** does not include canceled or rejected applications; however, it illustrates the heavier workload in the second half of 2013 and KCP&L and GMO's response to that workload by adding additional employees. Despite having additional employees to process applications the percentage of rebates paid late increased in the second half of 2013, as shown in **Table 2**. In some cases the customer may have finished paperwork, such as signing an affidavit, after the net meter was set causing, by rule definition, an apparent late rebate payment.

Table 1: Percentage of Rebates Paid by Day⁶

Days to Pay	Investigation Period
30	68%
40	78%
50	89%

⁵ Staff provided KCP&L the random account numbers for approximately 10% of KCP&L/GMO rebate applications received during the investigation period. KCP&L/GMO had previously provided data for a random sampling of applications received in 2014. This data was included in the sample set.

⁶ Based on the random sample set

Graph 1: Applications Received & Pre-approved vs. Number of Employees

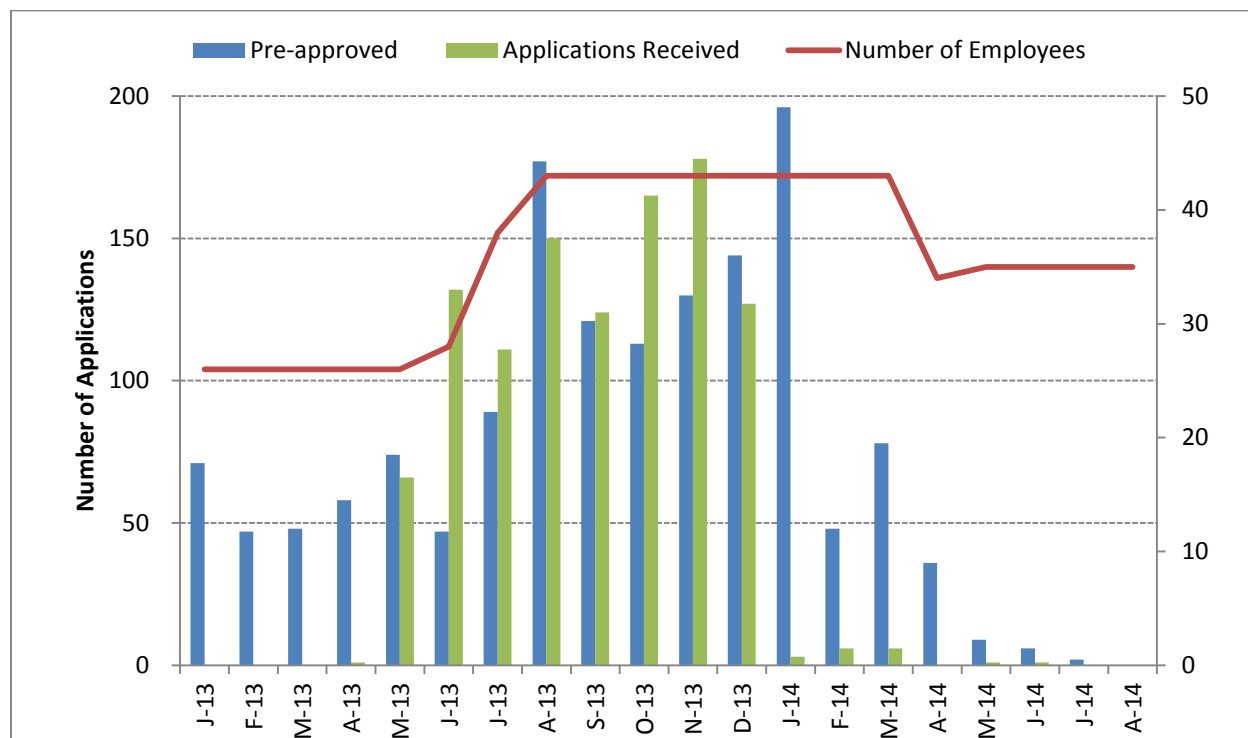


Table 2: Percentage of Rebates Paid Late⁷

Time Period	Percentage of Rebates Paid Late
First Half 2013	17%
Second Half 2013	36%
2014	29%

In the first part of 2013, KCP&L and GMO tracked applications from start to finish and allowed multiple iterations of rebate applications which included engineering reviews and site visits. In June 2013, KCP&L and GMO began a queue-type process and restricted excessive revisions to rebate applications. After the rebate cap limit was set in the fall of 2013, KCP&L and GMO made additional changes to their processing of rebates, such as providing stakeholders weekly information on the level of rebate funding.

⁷ Based on the random sample set

Ameren Missouri

Based on the data provided, Ameren received a large amount of solar rebate applications in December 2013 which likely caused an increase in the number of late rebate payments in 2014. Ameren responded to the surge in rebate applications by bringing in additional employees and contracting the check issuing for a period of time. Additionally, Ameren applied for and was granted a waiver from 4 CSR 240-20.100(4)(K) to allow it to pay rebates more than thirty days after a system became operational in the event that rebate applications were held in the queue until funds to pay the rebates became available, though Ameren believes this only applied to about ten customers.⁸

Ameren's percentage of on-time rebate payments from January 2013 through September 2014 was 47%; however, as Ameren noted in its response to Staff Data Request 1, 82% of all payments were issued by day 40 and 90% of all payments were issued by day 50. As shown in **Table 3**, Ameren's on-time percentage decreased in 2014 in comparison to 2013. The increase in the time to pay appears to be caused by the increase in rebate applications received in December 2013. As shown in **Graph 3**, Ameren received approximately 1,500 solar rebate applications in December 2013, nearly three times the amount of applications it received in November 2013. It appears the surge of applications in December 2013 was a one-time occurrence due in part to the lower rebate amount for applications submitted after December 31, 2013.⁹

As discussed in response to Staff Data Request 1, the process for an Ameren customer to receive a rebate is: (1) customer submits a net-metering/solar rebate application, (2) Ameren reviews and approves the design, (3) the customer completes the installation, (4) Ameren sets a net meter, (5) customer submits documentation to support the solar rebate, and (6) after Ameren verifies the documentation a rebate check is issued.

Graph 4 shows the number of rebates paid monthly compared to the percentage of those rebates which were paid late. Due to the large number of solar rebate payments in the summer of 2014, Ameren

⁸ Response to Staff Data Request 1.2

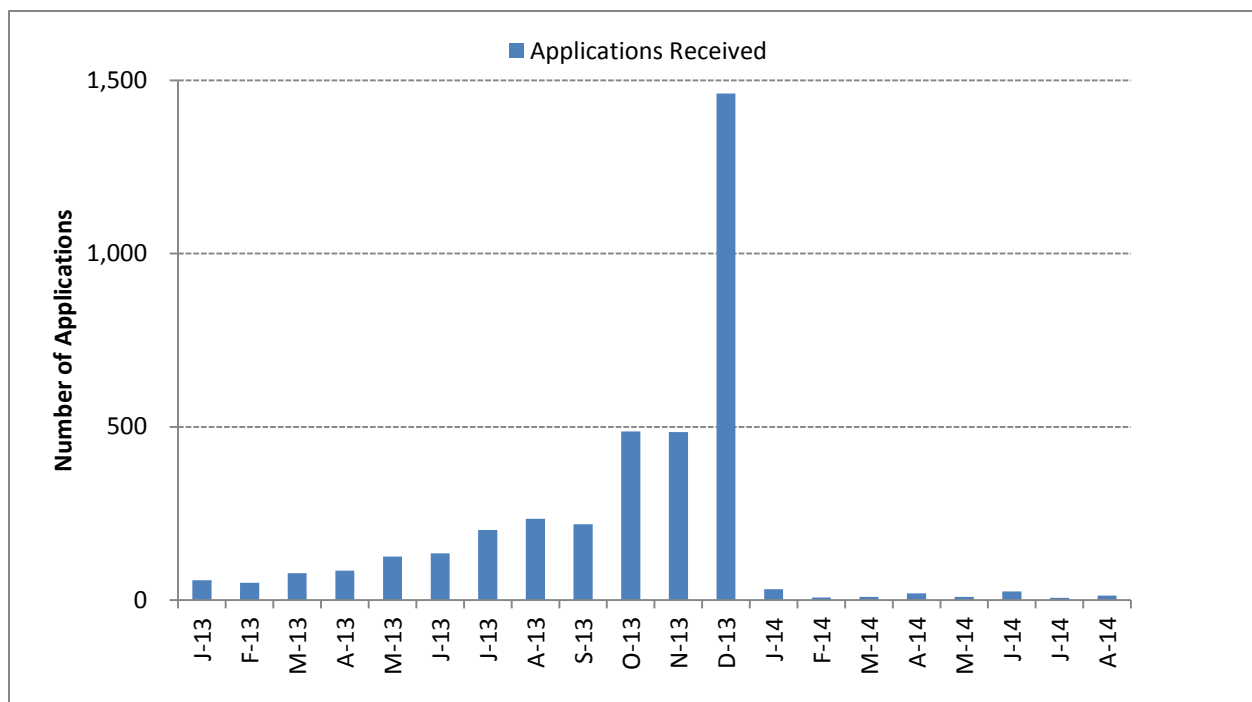
⁹ HB 142

engaged an existing contractor to issue solar rebate payments from mid-June to mid-September 2014. The efforts of the payment contractor did not appear to significantly lower the percentage of late rebate payments. **Graph 5** illustrates how the number of employees relates to the number of rebates received and paid in a given month.

Table 3: Percentage of Rebates Paid by Day

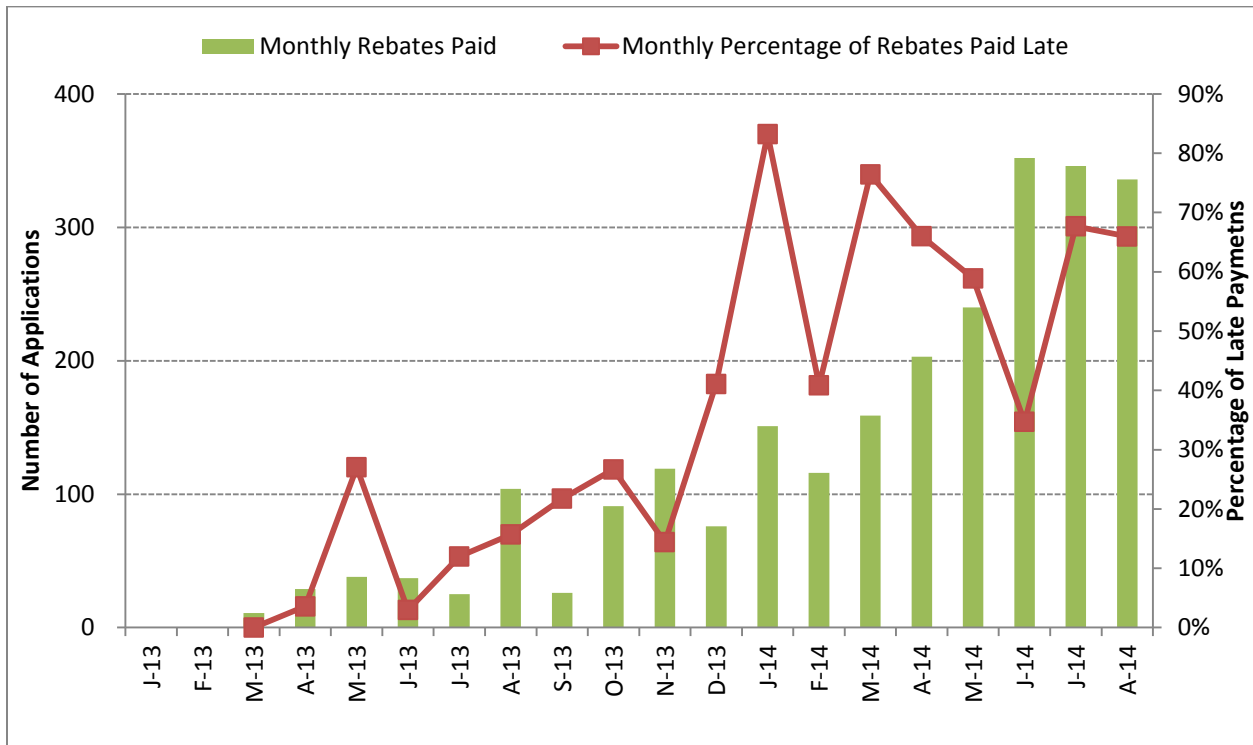
Days to Pay	2013	2014 ¹⁰	Investigation Period
30	78%	39%	47%
40	89%	80%	82%
50	93%	89%	90%

Graph 3: Number of Applications Received by Month

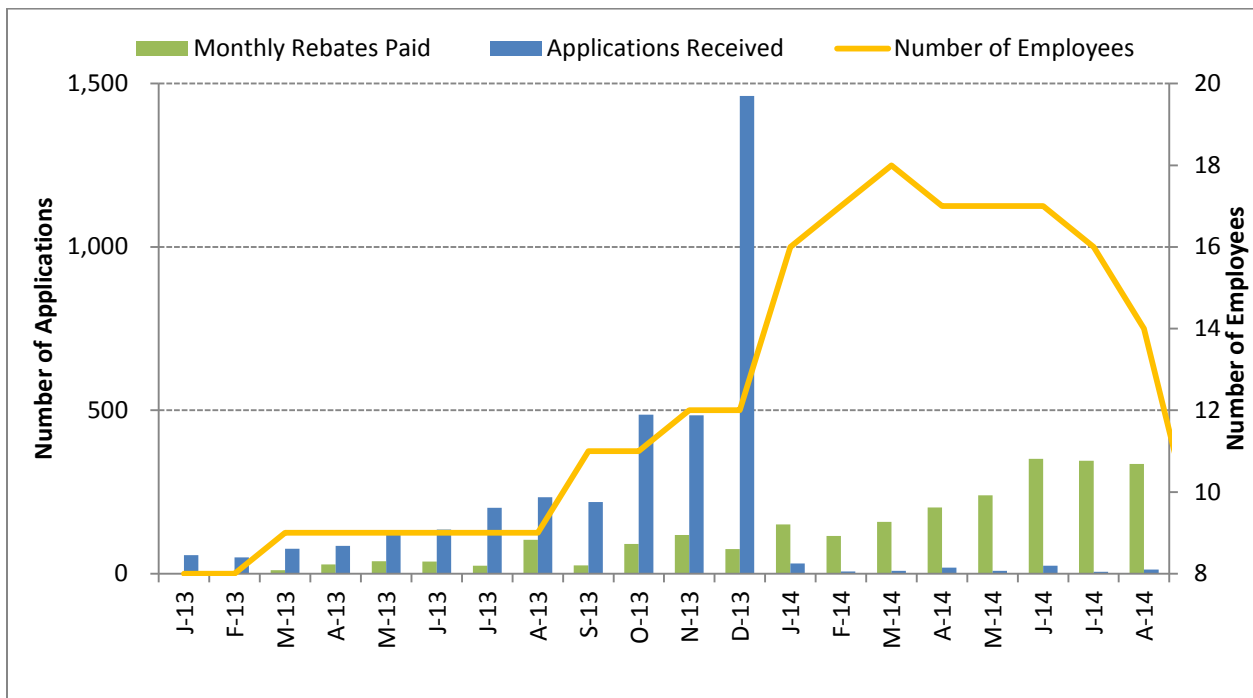


¹⁰ January 2014 through September 2014

Graph 4: Monthly Rebates Paid vs. Monthly Percentage of Rebates Paid Late



Graph 5: Number of Applications Received & Monthly Rebates Paid vs. Number of Employees¹¹



¹¹ Includes employees from other departments who assisted processing and approving solar rebates part time.

Ameren noted in response to Staff Data Request 1.1 that in some cases the customer may have finished paperwork, such as signing an affidavit, after the net meter was set causing an apparent late rebate payment. The date the customer completes paperwork is not something tracked electronically; therefore, Ameren provided Staff a random sampling¹² of its late rebate payments. Ameren contends that approximately 18% of rebate payments in the random sampling were late due to not receiving complete customer documentation¹³ or due to a data entry error.

Ameren maintained a consistent customer rebate payment process throughout the investigation period. As the program matured and demands on the process changed, Ameren made changes to its customer requirements, such as requiring the approval of Authorities Having Jurisdiction. In late 2013, Ameren implemented a reservation queue which allowed it to offer additional rebate commitments as other projects were canceled.

CONCLUSIONS AND RECOMMENDATIONS

Based on Staff's investigation, there were instances where Ameren, KCP&L and GMO were in violation of 4 CSR 240-20.100(4)(K) due to inadequate or undefined processes and changes in state law. It does not appear that the violations were intentional and in Staff's opinion, it is unlikely, based on current circumstances and available information, there will be continuing issues with solar rebate processing for any of the utilities. Staff recommends the Commission direct each of the utilities to submit an action plan to Staff followed by monthly status updates until solar rebates are no longer being paid. Staff recommends the Commission direct that the action plans briefly describe the utility's plan to make rebate payments within 30 days. Staff recommends the Commission direct that the monthly status updates summarize the monthly number of rebates, the percentage of those rebates paid late, and a spreadsheet containing the following information for each rebate paid or scheduled to be paid:

¹² Approximately 10% of Ameren's late rebate payments during the investigation period

¹³ In some cases Ameren's notification to the customer of a missing item was greater than 30 days from the meter install

- Customer application identification (tracking number or account number),
- Date application was received,
- Date the bi-directional meter was set,
- Date the rebate check was issued,
- Date the rebate check was mailed,
- Date all paperwork was considered complete, and
- Any additional notes on the processing.


Notary Public