

Exhibit No.:
Issue(s):
Witness/Type of Exhibit:
Sponsoring Party:
Case No.:

Solar Rebate
Kind/Surrebuttal
Public Counsel
ET-2014-0059

SURREBUTTAL TESTIMONY

OF

RYAN KIND

Submitted on Behalf of
the Office of the Public Counsel

KCP&L GREATER MISSOURI OPERATIONS COMPANY

Case No. ET-2014-0059

September 24, 2013

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

In the Matter of KCP&L Greater Missouri)
Operations Company's Application For)
Authorization To Suspend Payment of Certain)
Solar Rebates)

File No. ET-2014-0059

AFFIDAVIT OF RYAN KIND

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Ryan Kind, of lawful age and being first duly sworn, deposes and states:


1. My name is Ryan Kind. I am a Chief Utility Economist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached affidavit are true and correct to the best of my knowledge and belief.


Ryan Kind

Subscribed and sworn to me this 24th day of September 2013.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2017
Cole County
Commission #13754037


Jerene A. Buckman
Notary Public

My commission expires August 23, 2017.

SURREBUTTAL TESTIMONY
OF
RYAN KIND
KCPL GREATER MISSOURI OPERATIONS COMPANY
CASE NO. EO-2014-0059

1 **Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

2 A. Ryan Kind, Chief Energy Economist, Office of the Public Counsel, P.O. Box 2230,
3 Jefferson City, Missouri 65102.

4 **Q. ARE YOU THE SAME RYAN KIND THAT HAS PREVIOUSLY FILED REBUTTAL TESTIMONY**
5 **IN THIS CASE?**

6 A. Yes.

7 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

8 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of
9 Missouri Solar Energy Industries Association (MOSEIA) witness Ezra Hausman and the
10 rebuttal testimony of Brightergy, LLC witness Adam Blake.

11 **Q. ON PAGES 4 – 6 OF HIS REBUTTAL TESTIMONY, DR. HAUSMAN ATTEMPTS TO PROVIDE**
12 **SUPPORT FOR AMORTIZING THE COSTS OF SOLAR REBATES OVER AN EXTENDED**
13 **PERIOD OF TIME INSTEAD OF EXPENSING THESE COSTS AS THEY ARE INCURRED. DO**
14 **YOU AGREE THAT THE COSTS OF SOLAR REBATES SHOULD BE AMORTIZED OVER AN**
15 **EXTENDED PERIOD OF TIME?**

Surrebuttal Testimony of
Ryan Kind

1 A. No. Dr. Hausman tries to support his proposal to amortize the costs of solar rebates over a
2 ten-year period but he premises the support for amortization instead of expensing on the
3 assumption that when KCPL Grater Missouri Operations Company (GMO) makes
4 payments to its customers for solar rebates, it is acquiring a resource under its control
5 and/or ownership. However, payment of a solar rebate does not allow the utility to have
6 ownership or control of the solar generation facility on the customer's side of the meter
7 that is partially funded by GMO's rebate payment. Dr. Hausman tries to support his
8 proposal by referencing and quoting a portion of 4CSR 240-20.100(1)(P) at lines 9 – 12
9 on page 6 of his rebuttal testimony where he states that:

10 Indeed, 4CSR 240-20.100(1)(P) defines the "RES revenue requirement"
11 as, "2. The costs (i.e., the return, taxes, and depreciation) of any capital
12 projects whose primary purpose is to permit the electric utility to comply
13 with any RES requirement."

14 **Q. DID DR HAUSMAN ACCURATELY QUOTE THE DEFINITION OF THE "RES REVENUE**
15 **REQUIREMENT" THAT IS INCLUDED IN 4CSR 240-20.100(1)(P)?**

16 A. No, Dr. Hausman appears to have only included the portion of the definition of the "RES
17 revenue requirement" that supported his proposal to amortize solar rebate costs over a ten
18 year period. Indeed, the full definition of 4CSR 240-20.100(1)(P) defines the "RES
19 revenue requirement" as:

20 1. All expensed RES compliance costs (other than taxes and
21 depreciation associated with capital projects) that are included in the
22 electric utility's revenue requirement in the proceeding in which the
23 RESRAM is established, continued, modified, or discontinued; and

24 2. **The costs (i.e., the return, taxes, and depreciation) of any capital**
25 **projects whose primary purpose is to permit the electric utility to**
26 **comply with any RES requirement.** The costs of such capital projects
27 shall be those identified on the electric utility's books and records as of
28 the last day of the test year, as updated, utilized in the proceeding in
29 which the RESRAM is established, continued, modified, or discontinued;
30 [Emphasis added]

Surrebuttal Testimony of
Ryan Kind

1 The portion of the full definition of “RES revenue requirement” that Mr. Hausman chose
2 to place in his testimony and imply that it was the full definition is shown above in bold.
3 If Dr. Hausman had included the second sentence from the second paragraph of this
4 definition, it would have been clear that this definition does not apply to solar rebates
5 because GMO’s payment of solar rebates does not result in a “capital project” that is
6 “identified on the electric utility’s books and records as of the last day of the test year...”
7 The solar generation facilities (on the customer’s side of the meter) that are partially
8 funded through GMO’s solar rebate payments are not a “capital project” that is owned by
9 GMO so the full cost of such customer owned solar generation facilities would never
10 appear in “the electric utility’s books and records.” Instead, the solar rebate payments
11 made by GMO would an expense that is described in paragraph one of the definition of
12 “RES revenue requirement” which refers to “All expensed RES compliance costs (other
13 than taxes and depreciation associated with capital projects) that are included in the
14 electric utility’s revenue requirement...

15 **Q. DO YOU HAVE ANY FURTHER COMMENTS ON THE PROPOSAL OF MOSEIA WITNESS**
16 **EZRA HAUSMAN TO CONSIDER GMO’S SOLAR REBATE EXPENDITURES AS A CAPITAL**
17 **COST THAT SHOULD BE AMORTIZED OVER TEN YEARS?**

18 A. Yes, while the definition of “RES revenue requirement” makes it clear that solar rebate
19 payments should be considered an expense rather than a capital cost, even if the
20 Commission did somehow determine that GMO’s solar rebate payments should be
21 amortized rather than expensed, 4CSR 240-20.100(6)(D) clearly indicates that the period
22 of time over which rebates should be amortized shall not be determined prior to the
23 general rate case proceeding where GMO seeks recovery of RES compliance costs.
24 GMO has not chosen to seek recovery of RES compliance costs through use of a
25 RESRAM under either sub-sections (B) or (C) of 4CSR 240-20.100(6) so it can be

1 expected to seek recovery of RES compliance costs through 4CSR 240-20.100(6)(D) that
2 contains provisions for how recovery of RES compliance costs would take place in a
3 general rate proceeding. 4CSR 240-20.100(6)(D) states:

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

18 **Q. ON PAGES 7 AND 8 OF HIS REBUTTAL TESTIMONY, MR. BLAKE EXPRESSES**
19 **CONCERNS ABOUT THE “STAFF’S POSITION, AS DESCRIBED BY MR. CRAWFORD”**
20 **BECAUSE THE STAFF “APPEARS TO REQUIRE GMO’S RRI CALCULATION TO INCLUDE**
21 **THE CAPITAL AND ENERGY ASSOCIATED WITH FUTURE WIND FARMS THAT GMO**
22 **INCLUDED IN ITS IRP FOR RES COMPLIANCE PURPOSES.” HE THEN STATES THAT**
23 **“IF THIS IS INDEED STAFF’S POSITION, IT SEEMS TO ME TO BE CONTRARY TO THE**
24 **REQUIREMENT OF 4 CSR 240-20.100(5)(B) THAT GMO USE LEAST-COST METHODS**
25 **TO COMPLY WITH THE RES.” DO YOU AGREE WITH THIS CRITICISM OF THE STAFF’S**
26 **POSITION?**

27 A. No. Mr. Blake states at the top of page 8 that “Undoubtedly, the least-cost RES
28 compliance portfolio would result from the purchase of comparatively less expensive
29 Renewable Energy Credits (“RECs”).” OPC believes that it would be appropriate for
30 the Staff to make the calculations required in 4 CSR 240-20.100(5)(B) using the
31 “capital and energy associated with future wind farms” since 4 CSR 240-
32 20.100(5)(B) describes a calculation where:

Surrebuttal Testimony of
Ryan Kind

1 The RES-compliant portfolio shall be determined by adding to the
2 utility’s existing generation and purchased power resource portfolio an
3 amount of renewable resources sufficient to achieve the standard set
4 forth in section (2) of this rule and an amount of least-cost non-
5 renewable resources, the combination of which is sufficient to meet the
6 utility’s needs for the next ten (10) years.

7 The above quoted sentence refers to adding “renewable resources” and the definition of
8 “renewable resources” does not include the RECs that Mr. Blake thinks should be added
9 as a least cost resource. In addition, 4 CSR 240-20.100(5)(B) states that:

10 These renewable energy resource additions will utilize the most recent
11 electric utility resource planning analysis.

12 The inclusion of “future wind farms” is consistent with GMO’s most recent electric
13 utility resource planning analysis.

14 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

15 A. Yes.