

**MEMORANDUM**

TO: Missouri Public Service Commission Case File  
Case No. ET-2016-0185, Kansas City Power & Light Company's Application for  
Authority to Suspend Paying Solar Rebates

FROM: Claire M. Eubanks, P.E., Engineering Analysis  
Robin Kliethermes, Tariff/Rate Design

/s/ Daniel I. Beck 03/01/16                      /s/ Hampton Williams 03/01/16  
Engineering Analysis / Date                      Staff Counsel's Office / Date

SUBJECT: Staff Report and Conclusion on Kansas City Power & Light Company's  
Application for Authority to Suspend Paying Solar Rebates

DATE: March 1, 2016

**SUMMARY OF RECOMMENDATION**

The Staff has reviewed the Kansas City Power & Light Company ("KCP&L") Application for Authority to Suspend Paying Solar Rebates. Based on its review, Staff recommends the following:

- For the Commission to find KCP&L has not yet paid out the stipulated amount of \$36.5 million.
- For the Commission to acknowledge that KCP&L has received rebate applications which, if completed, would cause KCP&L to pay out the stipulated amount of \$36.5 million.
- For the Commission to find KCP&L will reach the 1% average retail rate impact limit (ARRI) after completing solar rebate payments totaling \$36.5 million.
- For the Commission to approve the tariff sheets filed to be effective March 18, 2016.

**PR**

### **OVERVIEW**

On January 18, 2016, KCP&L filed its Application for Authority to Suspend Paying Solar Rebates, requesting the Commission to determine that KCP&L will reach the ARRI and authorize it to suspend solar rebate payments once the stipulated cap level of \$36.5 million is reached. The filing requirements of an application to suspend solar rebate payments should include: the utility's calculation and supporting information that the ARRI will be reached, a proposed procedural schedule, and a description of the process that the utility will use to cease solar rebate payments.<sup>1</sup> KCP&L provided an ARRI calculation performed during Case No. ET-2014-0071 in response to Staff Data Request 4. KCP&L noted one pending action which has occurred within three years of the date of its Application.<sup>2</sup> The Staff has verified that KCP&L has filed its annual report and is not delinquent on any assessment.

### **DISCUSSION**

#### **Stipulated Amount:**

In the Stipulation and Agreement approved by the Commission in Case No. ET-2014-0071, the parties agreed to a specified limit for solar rebate payments of \$36.5 million incurred subsequent to August 31, 2012. KCP&L has provided the solar rebate queue as of January 14, 2016 as work papers to their filing, which shows that between September 1, 2012 and December 31, 2015, KCP&L has made solar rebate payments totaling \$33.3 million. These work papers also show that KCP&L has received \$36.5 million in solar rebate applications; however, applications totaling \*\* \_\_\_\_\_ \*\* were pending KCP&L's engineering review.

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<sup>1</sup> 4 CSR 240-20.100(5)(F)

<sup>2</sup> *Staff of the Missouri Public Service Commission v. Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company*, Case No. EC-2015-0309

KCP&L has 30 to 90 days to complete its review of net metering applications, depending on the system size. As of a recent solar rebate queue report dated February 14, 2016, rebate applications totaling approximately \*\* \_\_\_\_\_ \*\* are currently pending KCP&L's engineering review.

Although KCP&L has some control over the speed in which they review net metering applications, KCP&L cannot know when customers will complete their installations; therefore KCP&L cannot know when they will pay the stipulated amount. KCP&L expects payments to continue through 2016 and be completed by the end of the year.<sup>3</sup> Staff will note that customers have up to a year to install their system before requiring a new net metering application to be completed, meaning it may take KCP&L over a year to complete payments totaling the stipulated solar rebate cap. Although, Staff is concerned the payment of the remaining solar rebates may take longer than KCP&L expects, providing customers the notice that they may not receive a solar rebate is essential information for a customer pursuing installation of a solar electric system. KCP&L has or intends to provide notice to customers who have submitted interconnection applications that they may not receive a solar rebate.<sup>4</sup> Additionally, KCP&L maintains its solar rebate queue on its website, as agreed to in the Stipulation and Agreement in Case No. ET-2014-0071. Ensuring the tariff language is consistent with the notices being provided to customers through the website and other communications is beneficial.

**Average Retail Rate Impact Calculation:**

Section 5 of the RES Rule requires that the ARRI be calculated for the purpose of establishing an annual upper limit on the amount of Renewable Energy Standard (RES)

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<sup>3</sup> Tim Rush Direct Testimony, Page 7, Lines 16-18, Case No. ET-2016-0185

<sup>4</sup> Tim Rush Direct Testimony, Page 6, Lines 11-12, Case No. ET-2016-0185

compliance costs that can be recovered in rates. This ARRI cap amount is based generally upon a comparison of ten-year projections of the utility's non-RES revenue requirements and RES compliance revenue requirements. The ARRI with supporting documentation is also a filing requirement of an application to suspend solar rebate payments.

KCP&L has provided an ARRI calculation, in response to Staff Data Request 4, which was originally prepared in Case No. ET-2014-0071 and addressed Staff's noted deficiencies in KCP&L's 2013 RES Compliance Plan. As noted by Mr. Rush<sup>5</sup>, addressing Staff's noted deficiencies of KCP&L's calculation of the ARRI in its 2013 RES Compliance Plan, would have allowed for \$5.2 million to be spent on solar rebates in 2013.<sup>6</sup> However, the \$5.2 million was not the total cap, only the portion left for solar rebates after other planned renewable resources, the total cap was estimated to be \*\* \_\_\_\_\_ \*\*<sup>7</sup> Staff also noted in Case No. ET-2014-0071, the assumptions were based on an older preferred resource plan that included more wind resources than the 2013 preferred plan,<sup>8</sup> and that there were other scenarios which would allow for a greater level of solar rebates over the \$5.2 million without exceeding the ARRI.<sup>9</sup>

KCP&L's recent calculations in its 2014 and 2015 RES Compliance Plans have shown that they will not exceed the ARRI. The difference in KCP&L's calculation between 2013 and 2015, is due to the exclusion of renewable energy resources that are not directly attributable to RES Compliance, as required by the 4 CSR 240-20.100(5)(A). \*\* \_\_\_\_\_

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<sup>5</sup> Direct Testimony of Tim Rush, Page 5, Lines 3-5, Case No. ET-2016-0185

<sup>6</sup> Rebuttal Testimony of Claire Eubanks, Page 9, Lines 16-17, Case No. ET-2014-0071

<sup>7</sup> Rebuttal Testimony of Claire Eubanks, Page 6, Line 6 and Page 9, Lines 7-9, Case No. ET-2014-0071

<sup>8</sup> Rebuttal Testimony of Claire Eubanks, Pages 9, Lines 18-23 and Page 10, Lines 1-4, Case No. ET-2014-0071

<sup>9</sup> Rebuttal Testimony of Claire Eubanks, Page 10, Lines 21-23, Case No. ET-2014-0071

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Staff, however, has recently raised concern with KCP&L's exclusion of renewable energy resources that are not directly attributable to RES Compliance<sup>11</sup> due to deficiencies Staff raised<sup>12</sup> in KCP&L's most recent Resource Plan.<sup>13</sup>

Not only have the assumptions underlying KCP&L's calculation changed since 2013, the RES rule has been revised,<sup>14</sup> the recent rule revision included changes to the calculation of the ARRI due to House Bill 142 and to account for past RES expenditures. The differences in the statute, rule, calculations, and assumptions since 2013 do not change the fact that Staff and the parties to Case No. ET-2014-0071 agreed not to object to an application designed to cease payments above the stipulated level of \$36.5 million. Further, based on the calculations discussed in Staff's testimony in Case No. ET-2014-0071, the stipulated amount is reasonable because it allowed for solar rebates to be offered and other renewable resources to be planned for while not exceeding the total cap. In fact, despite recent calculations showing the ARRI will not be met KCP&L has actually increased its planned renewable resource additions. Therefore, Staff recommends the Commission find that KCP&L will reach the 1% average retail rate impact limit after completing solar rebate payments totaling \$36.5 million based on the calculations KCP&L completed during Case No. ET-2014-0071 and provided in response to Staff Data Request 4.

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<sup>10</sup> Staff report on KCP&L's 2015 RES Compliance Plan, Page 5, Case No. EO-2015-0265

<sup>11</sup> Staff report on KCP&L Electric Utility Resource Planning Compliance Filing (Case No. EO-2015-0254), Page 7, Concern F

<sup>12</sup> Staff report on KCP&L Electric Utility Resource Planning Compliance Filing (Case No. EO-2015-0254), Page 5, Deficiencies 6 & 7

<sup>13</sup> In the Joint filing made in Case No. EO-2015-0254, KCP&L has agreed to address the deficiencies related to renewable planning in its upcoming 2016 annual update.

<sup>14</sup> Effective November 30, 2015

**Tariff:**

Staff recommends the following tariff sheets filed on February 25, 2016, be approved to become effective March 18, 2013:

P.S.C. MO. No. 7

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3<sup>rd</sup> Revised Sheet No. 46 Cancelling 2<sup>nd</sup> Revised Sheet No. 46  
4<sup>th</sup> Revised Sheet No. 46A Cancelling 3<sup>rd</sup> Revised Sheet No. 46A  
1<sup>st</sup> Revised Sheet No. 46B Cancelling Original Sheet No. 46B

The Staff has verified that KCP&L has filed its annual report and is not delinquent on any assessment.

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

In the Matter of Kansas City Power & Light Company's Application for Authorization To Suspend Payment of Certain Solar Rebates )  
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File No. ET-2016-0185

**AFFIDAVIT OF CLAIRE M. EUBANKS**

**STATE OF MISSOURI** )  
) ss  
**COUNTY OF COLE** )

Comes now, Claire M. Eubanks on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Staff Memorandum; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
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Claire M. Eubanks

Subscribed and sworn to before me this 1<sup>st</sup> day of March, 2016.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
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Notary Public

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

In the Matter of Kansas City Power & Light Company's Application for Authorization To Suspend Payment of Certain Solar Rebates )  
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File No. ET-2016-0185

**AFFIDAVIT OF ROBIN KLIETHERMES**

STATE OF MISSOURI )  
) ss  
COUNTY OF COLE )

Comes now, Robin Kliethermes on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Staff Memorandum; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
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Robin Kliethermes

Subscribed and sworn to before me this 1<sup>st</sup> day of March, 2016.

SUSAN L. SUNDERMEYER  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Callaway County  
My Commission Expires: October 28, 2018  
Commission Number: 14942086

  
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Notary Public