

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

In the Matter of the Application of KCP&L)	
Greater Missouri Operations Company for)	<u>File No. ER-2016-0156</u>
Authority to Implement a General Rate)	Tariff No. YE-2016-0223
Increase for Electric Service)	

**MISSOURI DIVISION OF ENERGY'S
STATEMENT OF POSITION**

COMES NOW the Missouri Division of Energy, by and through the undersigned counsel, and for its *Statement of Position* in the above styled matter, states:

I. RESRAM Prudence Review (Solar rebates)—Should the Commission authorize GMO to recover through its RESRAM (renewable energy standard rate adjustment mechanism) charges the \$2.6 million in solar rebates it paid to qualifying customers that GMO incurred subsequent to August 31, 2012, and paid in excess of the Commission-approved \$50 million aggregate level it agreed to in Case No. ET-2014-0059?

No, DE concurs with the positions taken by Staff and OPC in pre-filed testimony.

II. MEEIA Cycle 1 (2013-2015)—Should billing determinants—customer usage data required to develop the rates that appear on the rate schedules—be adjusted in this rate case, and outside of the MEEIA Cycle 1 Stipulation, for MEEIA measures installed during the period August 1, 2014 – March 31, 2016? If so, how?

Alternatively, should GMO’s annualized and normalized sales and sales revenues and net system input reflect decreased energy and demand due to MEEIA programs in Cycle 1 from the test period up to and including the true-up?

At this time, DE does not take a position on this issue, but reserves the right to take a position on the issue at a later date.

III. Advanced Meter Infrastructure Meters—

- A. Should the Commission order GMO to allow customers the option of not having an Advanced Meter Infrastructure meter at the customer’s residence?
- B. If so, what is the appropriate opt-out charge?

DE does not oppose the Commission ordering GMO to allow customers the option of not having an Advanced Meter Infrastructure (“AMI”) meter at the customer’s residence, but if the

Commission orders GMO to allow its customers this option that the charge for opting out should be cost based and that such an opt-out option could be phased out when the Commission determines it is unnecessary.

IV. Greenwood Solar Energy Center— Should the Commission allocate any of the capital costs, operating and maintenance costs, revenues, energy, SRECs, etc., attributable to the Greenwood Solar Energy Center between GMO and KCP&L? If so, how should it be allocated?

Yes, the Commission should allocate the prudently incurred capital costs, operating and maintenance costs, revenues, energy, SRECs, etc., attributable to the Greenwood Solar Energy Center consistent with its order in EA-2015-0256. Orders of the Commission are to remain in force and are *prima facie* lawful until found otherwise by the ultimate ruling of a court at the conclusion of the appeal process. State ex rel. GTE N., Inc. v. Missouri Pub. Serv. Comm'n, 835 S.W.2d 356, 367 (Mo.App. W.D. 1992). The Commission's report and order in EA-2015-0256 found that the Greenwood Solar Energy Center was necessary and convenient for the public service. The Western District Court of Appeals has not made its ultimate ruling in OPC's appeal of the Commission's decision in that case. It is therefore lawful and reasonable for the Commission to allow rate recovery of the associated prudently incurred costs of the Greenwood Solar Energy Center.

At this time, DE takes no position on whether the prudently incurred costs attributable to the Greenwood Solar Energy Center should be apportioned between GMO and KCP&L customers, but reserves the right to take a position on the issue at a later date.

V. Class cost of service, rate design, tariff rules and regulations

- A. Should the Commission eliminate the MPS and L&P rate districts, and order GMO-wide rates?

DE does not oppose the Commission ordering the elimination of the MPS and L&P rate districts, and ordering GMO-wide rates.

B. Rate design

- a) What is an appropriate residential rate design?

DE supports the residential rate design recommendation of Staff as described in its pre-filed testimony.

- b) What is an appropriate residential customer charge under the appropriate rate design?

DE supports the residential customer charge recommendation of Staff as described in its pre-filed testimony.

- c) What customer impact mitigation measures, if any, should be used for the LPS, LGS, and SGS classes?

At this time, DE does not take a position on this issue, but reserves the right to take a position on the issue at a later date.

- d) What billing determinants should be used for determining the rates to collect GMO's cost of service?

At this time, DE does not take a position on this issue, but reserves the right to take a position on the issue at a later date.

- e) What adjustment should be made to account for any changes in retail revenue attributable to customers being placed on their most advantageous rate as a result of the rate design approved in this case?

At this time, DE does not take a position on this issue, but reserves the right to take a position on the issue at a later date.

- f) When should GMO revise its load research to account for the elimination of the MPS and L&P rate districts?

At this time, DE does not take a position on this issue, but reserves the right to take a position on the issue at a later date.

- g) Should the Commission order GMO to file a rate design case once a year of hourly data is available under the new classes and implemented rates?

At this time, DE does not take a position on this issue, but reserves the right to take a position on the issue at a later date.

- h) Should the Commission order GMO to file a Class Cost of Service Study with supporting data in its next rate case?

At this time, DE does not take a position on this issue, but reserves the right to take a position on the issue at a later date.

- i) Should the Commission allow GMO to freeze its time differentiated rates, including Time of Use (“TOU”)?

No, the Company should not be allowed to freeze its time-differentiated rates; time-of-use rates do not require AMI or sophisticated billing systems, and the Company has not attempted to market its time-differentiated rates. Instead, GMO should be required to market its current TOU rates.

- j) Should the Commission order GMO to file a proposal to make TOU rates available to all customers including a study of applicable TOU determinants?

Yes, the Commission should order GMO to file a proposal to make TOU rates available to all customers including a study of applicable TOU determinants and propose any new designs in the rate case following the completion of its study with the Electric Power Research Institute.

- k) Should the Commission order GMO specifically to study time of use rates and summer/shoulder/winter rates, and to include its proposals for such rates in its next rate filing?

As stated above DE recommends that the Commission order GMO specifically to study time of use rates. At this time, DE does not take a position on whether the Commission should order GMO to study summer/shoulder/winter rates, and to include its proposals for such rates in its next rate filing this issue, but reserves the right to take a position on the issue at a later date.

- l) Should the Commission order a working group be formed to evaluate the impacts of transitioning to inclining block rates on lower income and electric space heating and cooling users and to consider the merits of more extensive block rate modifications?

Yes, DE recommends that a working group be established to consider additional movement towards inclining block rates. Consideration of additional movement towards inclining block rates will require time and effort towards understanding customer usage, cost causation and recovery, affordability, and the impacts of rates on consumption (i.e., the price elasticity of demand); to accomplish these goals, parties should have the opportunity to collaboratively consider rate design proposals outside the bounds of a contested proceeding. A working group would allow parties to evaluate the impacts of transitioning to inclining block rates on lower income and electric space heating and cooling users and to consider the merits of more extensive block rate modifications. One such modification could involve establishing the first block of an inclining block rate at a level equal to average essential service needs, with subsequent blocks of usage tailored to encourage lower use.

VI. Income-Eligible Weatherization Program

- A. At what level should low-income weatherization program be funded when the program transitions out of GMO's Cycle 2 MEEIA back to a ratepayer funded program?

DE agrees with Staff's recommendation that GMO continue its current weatherization program. However, DE recommends a minimum funding level of \$500,000 and the ability to carry-over any unspent budget into future program years. DE's recommendation to fund the program at \$500,000 reasonably reflects GMO's current level of achievement. Allowing carry-over of any unspent budget will provide flexibility to sustain the average program funding at this level over future years.

VII. Economic Relief Pilot Program - should the funding levels of the program be

modified?

A. At what level should Economic Relief Pilot Program be funded?

DE does not oppose the recommendations of Staff and GMO that the Economic Relief Pilot Program (“ERPP”) funding level be increased from \$630,000 annually to \$788,019 annually, continuing with the current program funding terms of 50% ratepayer funded and 50% shareholder funded. DE also supports the recommendation to increase the monthly credit up from \$50 to up to \$65 and increasing the Federal Poverty Level from 185% to 200%.

B. Should the Commission order a third party to evaluate the program?

At this time, DE does not take a position on this issue, but reserves the right to take a position on the issue at a later date.

WHEREFORE, the Missouri Division of Energy respectfully files its *Statement of Position*.

Respectfully submitted,

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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 9th day of September, 2016.

/s/ Alexander Antal
Alexander Antal

