

# EXHIBIT

Exhibit No.:

Issue(s):

**OPC 203**

Rate Design/  
MEEIA Annualization/  
Customer Disclaimer Language /  
Greenwood Solar Facility/  
RESRAM/  
Low-Income Programs

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

Marke/Surrebuttal

Public Counsel

ER-2016-0156

**SURREBUTTAL TESTIMONY**

**OF**

**GEOFF MARKE**

**FILED**

**SEP 22 2016**

Missouri Public  
Service Commission

Submitted on Behalf of  
The Office of the Public Counsel

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Case No. ER-2016-0156**

September 2, 2016

**NP**



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**SURREBUTTAL TESTIMONY**

**OF**

**GEOFF MARKE**

**KCP&L—GREATER MISSOURI OPERATIONS COMPANY**

**CASE NO. ER-2016-0156**

1 **I. INTRODUCTION**

2 **Q. Please state your name, title and business address.**

3 **A.** Geoffrey Marke, PhD, Economist, Office of the Public Counsel (“OPC or “Public Counsel”),  
4 P.O. Box 2230, Jefferson City, Missouri 65102.

5 **Q. Are you the same Dr. Marke that filed direct and rebuttal testimony in ER-2016-0156?**

6 **A.** Yes.

7 **Q. What is the purpose of your surrebuttal testimony?**

8 **A.** The purpose of this testimony is to respond to rebuttal testimony regarding:

9 • Rate Design

10 ○ KCP&L—Greater Missouri Operations Company (“GMO”) witness Bradley D.  
11 Lutz and Missouri Public Service Commission Staff (“Staff”) witness Sarah L.  
12 Kliethermes

13 • MEEIA

14 ○ GMO witnesses Tim M. Rush and Staff witness Robin Kliethermes

15 • Customer Disclaimer Language

16 ○ GMO witness Bradley D. Lutz

17 • Greenwood Solar Facility

18 ○ GMO witness Tim M. Rush

19 • RESRAM

20 ○ GMO witness Kristin L. Riggins

21

- 1           • Low-Income Programs
- 2           ○ Missouri Division of Energy witness Sharlet E. Kroll

3   **Q. Please state OPC's position.**

4   A. OPC is in general support of Staff and DE's residential rate design. However, we do  
5   recommend a lower residential customer charge than what has been offered given the  
6   Company's promotion of lighting measures in its MEEIA Cycle I portfolio. Further  
7   recommendations over rate design as it pertains to C&I customers can be found in the  
8   surrebuttal testimony of OPC witness Donald Johnstone.

9   OPC rejects the Company's proposal to annualize MEEIA Cycle I revenues in this rate case  
10   and has provided modified language to its Customer Disclaimer notice based on  
11   recommendations from the Company.

12   OPC supports the Staff on its position to disallow the \$2.6 million in excess solar rebates  
13   from the Company's RESRAM and also support Staff's proposed allocation of costs for the  
14   Greenwood Solar Facility.

15   Finally, OPC supports DE's recommendation to increase low-income weatherization funds to  
16   \$500,000 if the Commission elects to not pursue an additional bill credit program for GMO's  
17   low-income customers.

1 **II. RATE DESIGN**

2 **Residential Customer Charge and MEEIA**

3 **Q. Please state the Company's rationale for setting the residential customer charge at**  
4 **\$14.50.**

5 **A. Mr. Lutz provides the following Q&A in his rebuttal testimony:**

6 Q. What do you believe is the Commission policy regarding customer charge  
7 levels?

8 A. I would refer to the Commission's order in the recent KCP&L case, ER-  
9 2016-0370. In that order, on page 88, the Commission states:

10 The residential customer charge is designed to include those costs  
11 necessary to make electric service available to the customer, regardless  
12 of the level of electric service utilized. Examples of such costs include  
13 monthly meter reading, billing, postage, customer accounting service  
14 expenses, a portion of costs associated with meter investment, and the  
15 service line.

16 The Commission goes on to refer to the Staff CCOS, isolating those costs in  
17 establishing the appropriate charge in that case. In preparing the CCOS  
18 for this case, the Company followed this guidance, limiting the costs  
19 included in the customer charge to those examples identified. Similar  
20 definition of the customer charge was used in the Commission order in  
21 ER-2014-0258 for Ameren Missouri.<sup>1</sup> (emphasis added)

22 **Q. What is OPC's position on this matter?**

23 **A. First, OPC does not understand why the Company would defer to previous Commission**  
24 **orders as the final word on any issue while it simultaneously looks to to overturn past**

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<sup>1</sup> ER-2016-0156 Rebuttal Testimony of Bradley D. Lutz p. 12, 11-24.

1 Commission orders in this rate case (e.g. trackers for transmission and cyber security,  
2 expenditures related to Crossroads...).

3 Second, OPC disagrees with the Company's interpretation of what constitutes the "portion of  
4 costs associated with meter investment, and the service line." The chief difference in almost  
5 all class cost of service studies ("CCOS") regarding the residential customer charge centers  
6 on how distribution plant is allocated. This case is no different.

7 Finally, Mr. Lutz references Ameren Missouri's ER-2014-0258 case as additional  
8 methodological justification. But the Commission did not increase Ameren Missouri's  
9 residential customer charge in the aforementioned case or in the one before it. There was,  
10 however, explicit guidance from the Commission on the residential customer charge in the  
11 ER-2012-0166 Report and Order that states:

12 Regardless of their details [different proposed amounts in parties CCOS], the  
13 Commission is not bound to set the customer charges based solely on the  
14 details of the cost of service studies. The Commission must also consider the  
15 public policy implications of changing the existing customer charges. There  
16 are strong public policy considerations in favor of not increasing the  
17 customer charges. . . . Shifting customer costs from variable volumetric  
18 rates, which a customer can reduce through energy efficiency efforts, to  
19 fixed customer charges, that cannot be reduced through energy  
20 efficiency efforts, will tend to reduce a customer's incentive to save  
21 electricity. . . . The Commission finds that the existing customer charge for  
22 the residential and small general services classes should not be increased.  
23 (emphasis added)<sup>2</sup>

24 The Commission has placed a high priority on energy efficiency and conservation. This was  
25 evident despite OPC's request that the Commission order the Company to cease MEEIA

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<sup>2</sup> ER-2012-0166 Report and Order. P. 110-111.

1 Cycle I program spending last October when it was discovered that the Company was  
2 planning on exceeding its Commission-approved budget.<sup>3</sup> Of course, that 120% overspend  
3 proved to be a minimalist estimate because the Company ended up exceeding 260% (KCPL)  
4 and 142% (GMO) of the agreed-to budgeted amounts. Even then, the Commission approved  
5 the excess spend and agreed that the Company should also be able to collect carrying costs  
6 on top of the excess budget because of the priority placed on energy efficiency.

7 The Company, for its part, has unquestionably benefited financially from promoting MEEIA  
8 and it will continue to reap its rewards well into the future as its shareholders will see a  
9 windfall profit in the form of a multi-million dollar performance incentive for exceeding  
10 what proved to be modest target goals.

11 **Q. Why is a MEEIA discussion relevant to rate design?**

12 **A.** MEEIA is an example of a performance-based rate mechanism even if that mechanism  
13 though place outside of the context of a rate case. Because of its statutorily-driven power,  
14 MEEIA cannot be considered single-issue ratemaking. However, the Company's rate design  
15 is interdependently linked to the investments made through MEEIA.

16 That is, the rate design will either enhance or minimize all previous and future MEEIA  
17 investments. The risk that ratepayers will have overpaid or will not actually realize the  
18 "benefits" expected from MEEIA is a real possibility based on the outcome of a rate case.  
19 There is no such equivalent risk exposure for shareholders because the MEEIA terms for cost  
20 recovery are locked-in upon Commission approval. Shareholders will only reap the financial  
21 benefits from MEEIA. Whereas ratepayers can have their MEEIA benefits reduced through  
22 rate design.

23  

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<sup>3</sup> OPC made our initial pleading on the over-budget concern in KCPL's MEEIA Cycle I docket EO-2014-0095 on  
October 16<sup>th</sup>, 2015. This argument was made in regards to KCPL, not GMO's MEEIA based on the Company's  
estimated projections at the time.



1 **Q. How are ratepayers MEEIA investments exposed in a rate case?**

2 A. If rates are designed to encourage energy efficiency and conservation, shareholders will then  
3 be rewarded through the lost revenue recovery and performance incentive from the  
4 Company's MEEIA Cycle I and II as intended. If rates are designed to insure revenue  
5 recovery then shareholders will still continue to reap the benefits from MEEIA Cycle I (as  
6 stated above) and simultaneously reduce lost revenues by minimizing the benefits ratepayers  
7 were expecting to receive from participating in the Company's MEEIA. And of course,  
8 shareholders will also continue to profit from having a Commission-approved MEEIA Cycle  
9 II that would be based, in part, on a now defunct rate design.

10 Ratepayers will continue to pay the MEEIA surcharge that now includes a bloated over-  
11 extended budget, carrying costs from that overspend, the throughput disincentive, a multi-  
12 million dollar reward for the Company as well as all of the costs associated with the approved  
13 Cycle II programs moving forward. It is much less clear what benefit ratepayers will get as a  
14 result of all of these costs if the Company can offer up a different rate design to minimize the  
15 Commission-approved MEEIA actions and subsequently encourage future supply-side  
16 investments.

17 This is especially true when one considers that GMO's MEEIA Cycle I was driven almost  
18 entirely by lighting measures that primarily capture energy but not demand savings. GMO's  
19 consolidated rate design undermines the benefits from lighting by reducing revenue recovery  
20 through the volumetric charge and placing a greater emphasis on fixed cost recovery for  
21 residential customers and/or demand charges for commercial and industrial customers. Table  
22 I provides a breakdown of GMO's Cycle I energy savings.

1 Table 1: GMO Energy Savings (kWh) from MEEIA Cycle I

ENERGY SAVINGS (KWH) - PROGRAM TO DATE (GMO)							
Sector	Program	Gross			Net		
		Reported Savings	Verified Savings	Realization Rate	MEEIA Target	Verified Savings	% of MEEIA Target Achieved
Commercial EE Programs	Business Energy Efficiency Rebate - Custom	58,584,325	63,624,760	109%	69,180,562	68,078,493	115%
	Business Energy Efficiency Rebate - Standard	12,793,288	11,823,209	92%	21,484,957	12,296,137	57%
	Carryover - Custom	42,373,108	45,104,779	106%	N/A	48,262,114	N/A
Residential EE Programs	Home Appliance Recycling Rebate	8,175,922	6,948,216	84%	2,060,635	3,835,000	186%
	Income-Eligible Weatherization	370,411	414,984	112%	1,286,533	414,984	32%
	Home Performance with ENERGY STAR®	1,853,460	1,851,746	100%	6,432,670	1,811,019	25%
	Multi-family Rebate	88,702	85,689	99%	4,292,991	85,689	2%
	ENERGY STAR® New Homes	274,100	274,114	100%	3,859,602	274,114	7%
	Air Conditioning Upgrade Rebate	8,514,834	9,166,367	108%	19,921,194	6,416,457	32%
	Home Lighting Rebate	52,716,202	52,249,202	99%	25,162,228	54,861,662	218%
	Home Appliance Rebate	7,012,274	1,526,771	22%	6,439,487	870,259	14%
Educational Programs	Home Energy Report	9,736,789	17,405,354	179%	11,180,029	17,405,354	156%
	Building Operator Certification						
DR Programs	Energy Analyzer	Educational programs are not part of MEEIA Targets for Energy or Demand Savings					
	Energy Analyzer for Small Business	Educational programs are not part of MEEIA Targets for Energy or Demand Savings					
	Residential Programmable Thermostat	Energy savings for DR programs are not claimed as part of MEEIA Targets					
	Demand Response Incentive	Energy savings for DR programs are not claimed as part of MEEIA Targets					
<b>GMO TOTAL</b>		<b>202,491,424</b>	<b>210,376,191</b>	<b>104%</b>	<b>161,280,888</b>	<b>214,411,282</b>	<b>133%</b>

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2  
 3 Based on the information above and the Company's response to OPC DR-2158<sup>4</sup>, OPC can  
 4 conservatively<sup>5</sup> break down the lighting vs. non-lighting measures as follows in table 2:

5 Table 2: Conservative Breakdown of Lighting Vs. Non-Lighting Savings in GMO's MEEIA Cycle I

Program	Net savings kWh	Net lighting savings kWh	% from lighting
Business Custom	68,078,493	63,993,782	94%
Business Custom Carry Over	48,262,114	41,505,418	86%
Business Standard	12,296,137	4,918,455	40%
Home Lighting Rebate	54,861,876	54,861,662	100%
All Other Programs	30,912,876	0	0%
<b>Total</b>	<b>214,411,282</b>	<b>165,279,318</b>	<b>77%</b>

<sup>4</sup> See GM-S1.

<sup>5</sup> OPC offers this as a conservative estimate, as the "All Other Programs" category in Table 2 would contain savings from lighting measures as well. For example, weatherization, multi-family rebates, Home Appliance Rebates, etc... would all contain lighting measures. With that in mind, it would seem reasonable to assume that lighting measures account for well over 80% of Cycle I's kWh savings.

1 As seen above, lighting measures carried GMO's MEEIA savings and drove most of its  
2 spending as well. For example, according to OPC DR-2158:

3 Question:

4 Please provide a breakdown of total MEEIA Cycle I dollars spent on  
5 lighting vs non-lighting measures in GMO service territory.

6 Response:

7 Business Custom:  $94\% \times \$25,832,971 = \$24,282,992$

8 Business Standard:  $40\% \times \$2,500,080 = \$1,000,032$

9 Home Lighting Rebate:  $100\% \times \$3,373,538$

10 For a total of \$28,656,563<sup>6</sup>  
11

12  
13 OPC believes this is an incorrect estimate and has sent DRs for further clarification. Note that  
14 the Company's response only lists three programs and does not include a cost estimate  
15 related to the Business Custom Carry Over. As it stands, OPC does not know what the dollar  
16 amount is related to the carry-over spend for lighting. Based on estimates provided by the  
17 Company in Table 2 we know that 86% of that carry-over budget was directed at lighting  
18 even if we don't know the total dollar amount, a conservative estimate of the total  
19 expenditures on lighting rebates in GMO's MEEIA Cycle I would be closer to \$40 million if  
20 not more.

21 **Block Rates**

22 **Q.** What is a declining block rate?

23 **A.** In short, it is a rate design where the per-unit price of energy decreases as the energy  
24 consumption increases. Or, you pay less as you use more.

25  

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<sup>6</sup> See GM-S1.

1 Q. Does a declining block rate promote energy efficiency?

2 A. No. Given the universe of rate design options available a declining block rate would be one  
3 of the least desirable options.

4 Q. Does Mr. Lutz share your opinion?

5 A. In part. Mr. Lutz reframes my question by providing the following Q&A:

6 Q. Do you agree that declining block rates disincentivize prior and potential  
7 customer investments in energy efficiency?

8 A. No. A disincentive is only an issue when compared to flat or inclining  
9 alternatives. I would offer the point another way, declining blocks do not  
10 provide additional incentive to prior and potential customer investment in  
11 energy efficiency. . . . Maintaining a declining block relationship in itself,  
12 does not provide a disincentive.<sup>7</sup>

13 To summarize, there is nothing either good or bad about declining block rates and the  
14 promotion of energy efficiency. But thinking or having alternative rate design options to  
15 chose from makes it so. If declining block rates were examined inside a vacuum it's fair to  
16 say the design neither incentivizes nor disincentivizes energy efficiency. However, based on  
17 the Staff and DE's recommendations in this case, there are alternative options that have been  
18 introduced and thus the declining block rate need no longer be examined inside a vacuum.

19 Q. Mr. Lutz suggests that declining block rates recover revenues that should otherwise be  
20 placed in the customer charge. Do you agree?

21 A. OPC reminds the Commission in response that KCPL had no reservations proposing a 177%  
22 residential customer charge increase in its last rate case (ER-2014-0370) combined with a  
23 declining block rate design and a Commission-approved MEEIA. OPC concedes that a

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<sup>7</sup> ER-2016-0158 Rebuttal Testimony of Bradley D. Lutz p. 15, 4-8, 11-12.

1 declining block rate design ensures greater revenue recovery that should eliminate the need  
2 for any increase to the customer charge. When one considers that the Company is also  
3 promoting its second Commission-approved MEEIA there is no rational policy justification  
4 for increasing the residential customer charge if the stated intent is to promote energy  
5 efficiency.

6 **Q. What is OPC's position on declining block rates?**

7 **A.** As it applies to general service residential customers, OPC is largely against the continuation  
8 of this rate design to recover revenue especially if the electric utility has a Commission-  
9 approved MEEIA. It is counterproductive to promote both efficiency and consumption.  
10 Residential space-heating and commercial and industrial ratepayers require a more nuanced  
11 answer based on other potential variables and policy considerations. OPC nonetheless  
12 supports the position that in the long run all costs are variable and given Commission's  
13 Chapter 22, Integrated Resource Planning Rules, the emphasis should be placed on seeking  
14 the least cost option moving forward. Properly designed rates would seemingly be essential  
15 in achieving that objective.

16 **Q. What is an inclining block rate?**

17 **A.** In short, it is a rate design where the per-unit price of energy increases as the energy  
18 consumption increases. Or, you pay more as you use more.

19 **Q. Does an inclining block rate promote energy efficiency?**

20 **A.** Yes. This opinion is also shared by Mr. Lutz who states:

21 Concerning inclining block rates in general, it is clear they are a form of rate  
22 design that can be used to promote energy conservation.<sup>8</sup>

23  

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<sup>8</sup> ER-2016-0158 Rebuttal Testimony of Bradley D. Lutz p. 16, 6-7.

1 Q. What is OPC's position on inclining block rates?

2 A. We are in general support of such a design especially when a Company has been awarded an  
3 approved MEEIA. That being said, our preferred rate design would be a properly designed  
4 time-of-use ("TOU") rate that would at least initially be applied on an opt-in basis. TOU rates  
5 as well as future discussion on inclining block rates are best after the Company files one  
6 year's worth of load research data as recommended by Staff.

7 Q. What is OPC's position on how residential rates should be set?

8 A. Consistent with Staff and DE's recommendations, OPC would support the consolidation of  
9 MPS and L&P into a common GMO rate structure with a flat summer energy charge and  
10 only a two block declining winter charge (first 650 kWh and over). We would, however,  
11 recommend that the residential general use and space heat customer charge be set at \$9.54,  
12 RES Other at \$12.50, and RES TOU at \$19.50.

13 OPC does not currently have a recommendation as it pertains to what the kWh charges  
14 should be set at due to the Company's delayed response to OPC DR-5029 which states in  
15 part:

16 The residential impacts are being assembled and will be available the first  
17 week of September 2016.<sup>9</sup>

18 OPC will be able to provide specific recommendations following review of that analysis as  
19 and reserve our right to file supplemental surrebuttal testimony later.

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<sup>9</sup> See GM-S2.

1 **III. MEEIA ANNUALIZATION**

2 **Q. Please state OPC's position.**

3 A. OPC agrees with Staff that it is inappropriate to apply an annualization to test year billing  
4 determinants for GMO concerning MEEIA Cycle 1 savings. Simply put, GMO's MEEIA  
5 Cycle I savings and the mechanism approved for lost revenue recovery was agreed to in ER-  
6 2012-0009.

7 The Company, for its part, would have the Commission believe that the stipulation and  
8 agreement entered into for EO-2015-0241—GMO's MEEIA Cycle II case—should  
9 supersede previous agreements. I have been advised by OPC's counsel that you cannot  
10 selectively substitute one stipulation and agreement for another when it involves different  
11 parties and different facts.<sup>10</sup> That detail aside, the appropriate document regarding Cycle I  
12 transition costs is not in the Cycle II case but in the Cycle I case, specifically, the non-  
13 unanimous stipulation entered into by the Company and Staff on December 11, 2015. That  
14 document is included in GM-S3 and contains no reference to an annualization process to  
15 account for MEEIA carry-over actions in a future rate case.

16 **IV. CUSTOMER DISCLAIMER LANGUAGE**

17 **Q. Please summarize the issue.**

18 A. OPC proposed customer disclaimer language in its direct filing pertaining to billing  
19 assumptions as it relates to large-scale capital investments in energy efficiency and rooftop  
20 solar. GMO was the only stakeholder to respond to OPC's proposal in rebuttal.

21  
22  

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<sup>10</sup> For example, the ER-2012-0009 case included signatories from Wal-Mart, MIEC and the Sierra Club who were not parties to the ER-2015-0241 case.

1 **Q. Does the Company support the proposal?**

2 A. GMO is not contesting the proposed disclaimer language. However, GMO witness Lutz did  
3 offer the following concerns:

4 The Company has some concerns, particularly with the Solar Rebate and Net  
5 Metering tariffs, that the disclaimers will provide only limited benefit. For  
6 the Solar Rebate and Net Metering customers, the primary interaction with  
7 the tariffs is to apply for Net Metering service and to request the solar rebate.  
8 For GMO, the stipulated spend for Solar Rebates has been reached and the  
9 number of customers requesting Net Metering has declined sharply. It is  
10 expected that few customers will actually read the disclaimer when added to  
11 the tariff.<sup>11</sup>

12 **Q. Do you agree with Mr. Lutz's testimony?**

13 A. Mr. Lutz raises a valid point. GMO filed to suspend solar rebates in the summer of 2014 and  
14 net metering has declined sharply. However, these facts run counter to the rebuttal testimony  
15 of Company witness Kristin L. Riggins. According to Ms. Riggins's, GMO has apparently  
16 undertaken extensive improvements to provide a customer-centric net metering application  
17 process as expressed in the following Q&A:

18 Q. Has GMO and KCP&L continued to improve the process?

19 A. Yes, GMO and KCP&L are committed to continuous improvements  
20 to provide a streamlined customer-friendly process for net metering and solar  
21 rebates. The process improvements have been made not only to meet the  
22 obligations of the rules and regulations, but to exceed the [sic] those  
23 obligations and to provide a positive customer experience for those who  
24 wish to install solar as well as a positive relationship with stakeholders who

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<sup>11</sup> ER-2016-0158 Rebuttal Testimony of Bradley D. Lutz p. 30, 9-16.



1           are in the business of installing solar. . . . In the first quarter of 2015  
2           automatic check processing was implemented. . . . Today, once a rebate  
3           project is approved within the system an automated batch process runs  
4           weekly based on approved rebates and approved post-inspections to produce  
5           the rebate checks.<sup>12</sup>

6           If the disclaimer language is not necessary because customers are not participating in net  
7           metering than it is unclear why GMO is providing so much attention on ensuring a customer-  
8           centric net metering and solar rebate process post rebate cap.

9           Further clarification on these two seemingly contrary positions from the Company may be  
10          necessary.

11 **Q. Does OPC have additional modifications to propose to its customer disclaimer language**  
12 **based on Mr. Lutz's observation that customers are not likely to read the Company's**  
13 **tariff?**

14 **A.** Yes. Mr. Lutz's comments regarding the limited impact of confining the disclaimer language  
15 to the tariffs are absolutely correct. OPC would agree that our initial recommendation may  
16 have fallen short of our intention. With that in mind, OPC would now like to modify our  
17 recommendation based on the Company's direction so that similar disclaimer language  
18 clearly appears in any transaction requiring a third-party trade ally (or implementer) and the  
19 Company for certain MEEIA programs (as specified in my direct testimony)<sup>13</sup> as well as any  
20 future rooftop solar installation. GMO should be required to maintain electric copies of these  
21 disclaimers with signed consent for future reference, including Commission Staff and OPC  
22 audits. The consent modification can be found in Figure 1 and Figure 2 respectively:

23  
<sup>12</sup> ER-2016-0156 Rebuttal Testimony of Kristin L. Riggins p. 10, 5-11, p. 11, 18 & p. 12, 1-3.

<sup>13</sup> This would include: Business Energy Efficiency Rebate-Custom, Business Energy Efficiency Rebate-Standard, Strategic Energy Management, Block Bidding, Small Business Direct Install, and Whole House Efficiency. The Home Energy Report (OPower) would not need dated signatures.

1 Figure 1: Modified Disclaimer language with signed consent and date for rooftop solar

2 Disclaimer: Possible Future Rules and/or Rate Changes

3 Affecting Your Photovoltaic (PV) System

- 4 1. Your PV system is subject to the current rates, rules and regulations by the Missouri  
5 Public Service Commission ("Commission"). The Commission may alter its rules and  
6 regulations and/or change rates in the future. If this occurs, your PV system is subject to  
7 those changes and you will be responsible for paying any future increases to electricity  
8 rates, charges or service fees from KCP&L Greater Missouri Operations Company.
- 9 2. KCP&L Greater Missouri Operations Company's electricity rates, charges and service  
10 fees are determined by the Commission and are subject to change based upon the decision  
11 of the Commission. These future adjustments may positively or negatively impact any  
12 potential savings or the value of your PV system.
- 13 3. Any future electricity rate projections which may be presented to you are not produced,  
14 analyzed or approved by KCP&L Greater Missouri Operations Company or the  
15 Commission. They are based on projections formulated by external third parties not  
16 affiliated with KCP&L Greater Missouri Operations Company or the Commission.

17 Installer's signature \_\_\_\_\_

18 Print Installer's Name \_\_\_\_\_

Date Signed \_\_\_\_\_

Customer-Generator's signature \_\_\_\_\_

Print Customer-Generator's Name \_\_\_\_\_

Date Signed \_\_\_\_\_

1 Figure 2: Modified Disclaimer language with signed consent and date for energy efficiency

2  
3 **Disclaimer: Possible Future Rules and/or Rate Changes**

4 **Affecting Your Energy Efficiency Investment**

- 5 4. Your energy efficiency investment is subject to the current rates, rules and regulations by  
6 the Missouri Public Service Commission (“Commission”). The Commission may alter its  
7 rules and regulations and/or change rates in the future. If this occurs, your energy  
8 efficiency investment is subject to those changes and you will be responsible for paying  
9 any future increases to electricity rates, charges or service fees from KCP&L Greater  
10 Missouri Operations Company.
- 11 5. KCP&L Greater Missouri Operations Company’s electricity rates, charges and service  
12 fees are determined by the Commission and are subject to change based upon the decision  
13 of the Commission. These future adjustments may positively or negatively impact any  
14 potential savings or the value of your energy efficiency investment.
- 15 6. Any future electricity rate projections which may be presented to you are not produced,  
16 analyzed or approved by KCP&L Greater Missouri Operations Company or the  
17 Commission. They are based on projections formulated by external third parties not  
18 affiliated with KCP&L Greater Missouri Operations Company or the Commission.

14 Installer’s signature \_\_\_\_\_

15 Print Installer’s Name \_\_\_\_\_

16 Date Signed \_\_\_\_\_

17 Customer-Generator’s signature \_\_\_\_\_

18 Print Customer-Generator’s Name \_\_\_\_\_

Date Signed \_\_\_\_\_

1 V. GREENWOOD SOLAR FACILITY

2 Q. Please summarize the issue.

3 A. The Company would like to allocate all costs related to its Greenwood Solar Facility to GMO  
4 customers. Staff believes that allocation of costs should be based on an energy allocator using  
5 2015 MWh's for both KCPL and GMO as the pilot project has been justified as a "learning"  
6 experience to provide knowledge for employees that essentially operate both utilities.

7 Q. What is OPC's position on this matter?

8 A. Preserving OPC's initial position that is currently before the Court of Appeals—Western  
9 District, in which the costs of Greenwood Solar Facility should be disallowed entirely, we  
10 support Staff's position.

11 This position is based in part on the Company's response to OPC DR-2162 which states:

12 Based on the latest solar rebate forecast, GMO will meet SREC compliance  
13 through 2026 without Greenwood and through 2027 with Greenwood.

14 Based on the latest rebate forecast, KCP&L would meet SREC compliance  
15 through 2027 without Greenwood and through 2028 with Greenwood.<sup>14</sup>

16 According to the Company, neither GMO nor KCPL is in need of the Greenwood Solar  
17 Facility for SREC compliance. Based on that information OPC takes the position that cost  
18 allocation should adhere to Staff's proposed methodology.

19

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<sup>14</sup> See GM-S4.

1 **VI. RESRAM**

2 **Q. Please summarize the issue.**

3 A. GMO exceeded its stipulated agreed-to amount of solar repayment funds by \$2.3 million. In  
4 other words, \$50 million in rebates were agreed to in ET-2014-0059, but the Company paid  
5 out a total of \$52.6 million.

6 Staff is recommending that only the agreed-to \$50 million be recovered. The Company has  
7 rejected that proposal.

8 **Q. Please state OPC's position.**

9 A. Similar to MEEIA Cycle I, parties entered into agreements based on expected outcomes and  
10 set budgets that were not decided on arbitrarily. Excess costs from rebates above and beyond  
11 the agreed-to amount should not be included in base rates. The fact that the Company had  
12 over-committed ratepayer dollars in excess of the dollars approved by the Commission is a  
13 problem of GMO's own creation and ratepayers should be held harmless.

14 **Q. Is there anything else the Commission should be aware of on this issue?**

15 A. In addition to overspending the agreed-to stipulated amount of solar rebates, GMO's  
16 unregulated affiliate - KCPL Solar - received between \$750k and \$1 million in rebates.<sup>15</sup>

17 It is both unfair and imprudent for ratepayers to be forced to pay an additional \$2.6 million  
18 because of GMO's negligent accounting and poor management practices. The fact that the  
19 Company's unregulated affiliate simultaneously profited from this negligence further  
20 reinforces OPC's position to disallow these expenditures.

21  

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<sup>15</sup> OPC has received different spreadsheets at different times relating to the amount of rebates collected by KCPL Solar in GMO's service territory. We have sent follow-up DRs to help understand the discrepancy.

1 VII. LOW-INCOME PROGRAMS

2 Q. Please summarize the issue.

3 A. DE witness Kroll is proposing that GMO's annual low-income weatherization assistance  
4 program ("LIWAP") expenditures be increased to \$500,000 annually.

5 Q. What is OPC's position?

6 A. OPC can support DE's proposal if the Commission elects not to pursue a customer charge  
7 bill credit program for GMO's low-income customers. As it stands, the creation of an  
8 additional bill credit program would be redundant and likely not provide as attractive of an  
9 option as the current Economic Relief Pilot Program in place. OPC's preferred method for  
10 empowering low-income ratepayers is through the LIWAP channel as this method would  
11 help enable long-term savings in both energy and arrearages.

12 Q. Does this conclude your testimony?

13 A. Yes.

KCPL GMO  
Case Name: 2016 GMO Rate Case  
Case Number: ER-2016-0156

Response to Marke Geoff Interrogatories - OPC\_20160804  
Date of Response: 8/19/2016

Question:2158

Please provide a breakdown of total MEEIA Cycle I dollars spent on lighting vs non-lighting measures in GMO service territory.

Response:

There are three primary programs in MEEIA Cycle I that incented customers to install lighting. These programs include: Business Custom, Business Standard and Home Lighting Rebate.

Using Navigant's 2015 GMO Final Draft EM&V published July 28, 2016, the following figures showed the evaluated level of lighting projects in each of the Business programs to give a breakout of lighting projects as a % of the whole program.

Figure 2-4 (pg 66) – 94% of C&I Custom were lighting projects

Figure 2-5 (pg 67) – 40% of C&I Standard were lighting projects

Multiplying those times the respective actual spends of the programs (as reported thru Q1 2016)

Business Custom:  $94\% \times \$25,832,971 = \$24,282,992$

Business Standard:  $40\% \times \$2,500,080 = \$1,000,032$

Home Lighting Rebate:  $100\% \times \$3,373,538$

For a total of \$28,656,563

**Information provided by:** Kevin Brannan and Brian File

**Attachments:**

Q2158\_GMO MEEIA DS Mag Report Q1 2016.xlsx.

Q2158\_Verification.pdf

ER-2016-0156

Marke Surrebuttal

*GM-S2*

has been deemed

“Highly Confidential”

in its entirety



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

In the Matter of KCP&L Greater Missouri Operations        )  
Company's Application for Approval of Demand-Side        )  
Programs and For Authority to Establish A Demand-Side    )        Case No. EO-2012-0009  
Programs Investment Mechanism                                )

**NON-UNANIMOUS STIPULATION AND AGREEMENT RESOLVING  
MEEIA CYCLE 1 TRANSITION PERIOD**

COME NOW Missouri Public Service Commission Staff ("Staff") and KCP&L Greater Missouri Operations Company ("GMO" or "Company") (together, the "Signatories") and present this Non-Unanimous Stipulation and Agreement ("Stipulation") to the Missouri Public Service Commission ("Commission") for the Commission's approval. The Signatories enter into this Stipulation for the purpose of providing a transition from the Missouri Energy Efficiency Investment Act ("MEEIA") Cycle 1 demand-side programs to MEEIA Cycle 2 in reliance that a Stipulation to implement Cycle 2 demand-side programs has been filed that includes uncontested provisions for program cost recovery and a demand-side investment mechanism ("DSIM"). Further, the Signatories reasonably expect tariff sheets implementing Cycle 2 program cost recovery and DSIM will be approved by the Commission to be effective on or about April 1, 2016. In support thereof, the Signatories respectfully state as follows:

**I.        BACKGROUND**

1.        On December 22, 2011, GMO filed in Case No. EO-2012-0009 an application ("Application") under MEEIA and the Commission's MEEIA rules, along with its direct testimony, requesting Commission approval of demand-side programs and for authority to establish a DSIM. The Commission approved a Non-Unanimous Stipulation and Agreement establishing Cycle 1 MEEIA programs by Order issue date November 15, 2012.

2. Due to the revised procedural schedule recently ordered in File No. EO-2015-0241, the Company's Cycle 2 MEEIA programs will not become effective on January 1, 2016. Therefore, the Company respectfully requests the extension of certain of its MEEIA Cycle 1 programs so that no gap exists in the availability of certain key MEEIA programs. The Company will not be soliciting new participants, but simply managing and maintaining those programs during this "bridge" period. This Stipulation reflects the Signatories agreement concerning the transition plan for certain Cycle 1 programs before MEEIA Cycle 2 programs begin.

3. In order to extend certain MEEIA Cycle 1 programs beyond the currently approved termination of Cycle 1, the Signatories request a variance from 4 CSR 240-3.163(A) and 4 CSR 240-20.093(2), to the extent described in the Specific Terms and Conditions provided below.

4. In reliance on the reasonable expectation that tariff sheets implementing Cycle 2 program cost recovery and DSIM will be approved by the Commission to be effective on or about April 1, 2016, the Signatories recommend the Commission approve the modifications described in the Specific Terms and Conditions provided below, pursuant to 4 CSR 240-20.094(4).

## II. SPECIFIC TERMS AND CONDITIONS

### A. Transition Plan for Energy Optimizer, Analyzers and Energy Report.

5. Pursuant to 4 CSR 240-20.094(4), the Company has filed, and the Signatories agree to, revised tariffs for the programs listed below:

- Energy Optimizer;
- Home Energy Analyzer;
- Business Energy Analyzer; and
- Residential Energy Report.

6. These tariff sheets bear an issue date of December 11, 2015 with an effective date

thirty days later. The Company is requesting expedited treatment so that these tariffs can go into effect on January 1, 2016.

7. Recovery of all Cycle 1 program costs for the above listed programs will be achieved through the Cycle 1 DSIM subject to prudence review for Cycle 1 DSIM costs.

**B. Transition Plan for C&I Custom Rebate Program**

8. The C&I Custom Rebate program allows customers to submit projects and then proceed to make energy efficiency improvements based on approved plan. During the work with parties on the MEEIA Cycle 2 plan, a plan was developed to address concluding the C&I Custom Rebate program for Cycle 1. The parties agree that that the plan for the C&I Custom Rebate program should be as follows. The last day to submit an application for the C&I Cycle 1 Custom Rebate program is December 15, 2015. The last day for approval of an application for the Cycle 1 C&I Custom Rebate program is January 31, 2016. The last day for completion of customer projects and submission of complete paperwork by customers is June 30, 2016. The final payment by GMO of rebates for all Cycle 1 projects is July 31, 2016.

9. GMO made a tariff filing on November 12, 2015 to modify tariff sheets in a manner consistent with the agreement set forth in paragraph 8.

10. The MEEIA Cycle 1 Evaluation, Measurement & Verification ("EM&V") calendar is:

Stipulation and Agreement in File No. EO-2012-0009

Stipulation Paragraph	Process Steps	Program Year Days	Cumulative Days	Date
10.b.i.	Draft EM&V Report Circulated to Stakeholders	120	120	4/30/16
10.b.ii.	Comments and Recommendations on Draft EM&V Report	60	180	6/29/16
10.b.iii.	Meeting to Discuss Comments Prior to Final Draft Report	0	180	6/29/16
10.b.iv.	Final Draft EM&V Report Issued	30	210	7/29/16
10.b.[first]iv.	Still Concerns – Comments on Final Draft Report	20	230	8/18/16
10.b.[first]iv.	Still Concerns – Conference Call to Attempt to Resolve Concerns	10	240	8/28/16
10.b.[first]iv.	Still Concerns – Final EM&V Report Issues	15	255	9/12/16
10.b[second]iv.	File a Change Request	21	276	
10.b[second]iv.	Conference Call on Procedural Schedule	2	278	
10.b[second]iv.	File Responses to Change Request	19	297	
10.b[second]iv.	Evidentiary Hearing Completed Not Later Than	39	336	
10.b[second]iv.	Commission Report and Order Not Later Than	30	366	

(i) The GMO Evaluator will include a section in its April 30, 2016 draft EM&V Report which will identify any C&I Custom Rebate projects which have been approved for Cycle 1, but which have not been included in the results of the April 30, 2016 draft EM&V Report (“Carryover Project”).

(ii) The GMO Evaluator will include a separate section of its July 29, 2016 final draft EM&V Report which will:

- List the Carryover Projects;
- Provide the EM&V results for the Carryover Project for which EM&V is complete and identify each Carryover Project for which EM&V is incomplete (“Incomplete Carryover Project”); and

- State when it expects to have the final EM&V results for Incomplete Carryover Projects.

(iii) Stakeholders can express concerns and provide comments by August 18, 2016 regarding the July 29, 2016 final draft EM&V Report including any concerns and comments regarding Incomplete Carryover Projects.

11. Recovery of all Cycle 1 DSIM costs including all program costs, all throughput disincentive and any performance incentive for Cycle 1 C&I Custom Rebate program projects will be achieved through the Cycle 1 DSIM subject to prudence review for Cycle 1 DSIM costs.

As the result of the agreements in this Stipulation, GMO shall use its Cycle 1 2015 DSMore files to calculate the Cycle 1 gross benefits to determine the TD-NSB for projects completed under the C&I Custom Rebate program between January 1, 2016 and June 30, 2016. These projects will be modeled in DSMore with a completion date of December 31, 2015. The Cycle 1 performance incentive amounts will result from full retrospective EM&V.

12. The Signatories acknowledge that including C&I Custom Rebate carryover projects that were approved under Cycle 1 and paid out through July 31, 2016 will increase the GMO MEEIA Cycle 1 actual expenditures above the Commission-approved budget. Moreover, additional EM&V costs may be incurred by GMO to accommodate these carryover projects, which will also impact the allowable 5% EM&V budget. The Signatories agree that if the additional EM&V costs are less than \$50,000, Commission approval is not needed.

### **III. GENERAL PROVISIONS**

13. This Stipulation is being entered into for the purpose of disposing of the issues that are specifically addressed herein. In presenting this Stipulation, none of the Signatories shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking principle or procedural principle, including, without limitation, any method of cost or revenue determination or cost allocation or revenue related methodology, and none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation (whether it is approved or not) in this or any other proceeding, other than a proceeding limited to enforce the terms of this Stipulation, except as otherwise expressly specified herein. Without limiting the foregoing, it is agreed that this Stipulation does not serve as a precedent for future MEEIA plans and does not preclude a party from arguing whether the Plan has or does not have an impact on KCP&L/GMO's business risk in any pending or future proceeding.

14. This Stipulation has resulted from extensive negotiations, and the terms hereof are interdependent. If the Commission does not unconditionally approve this Stipulation, or

approves it with modifications or conditions to which a party objects, this Stipulation shall be void, and no signatory shall be bound by any of its provisions.

15. If the Commission does not unconditionally approve this Stipulation without modification, or approves it with modifications or conditions to which a party objects, and notwithstanding its provision that it shall become void, neither this Stipulation, 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 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this Stipulation 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 further purpose whatsoever.

16. If the Commission unconditionally accepts the specific terms of this Stipulation without modification, the Signatories waive, with respect to the issues resolved herein: their respective rights (1) to call, examine and cross-examine witnesses pursuant to Section 536.070(2), RSMo 2000; (2) their respective rights to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2000; (3) their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2000; and, (4) their respective rights to judicial review pursuant to Section 386.510, RSMo Supp. 2012. These waivers apply only to a Commission order respecting this Stipulation issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this Stipulation.

17. This Stipulation contains the entire agreement of the Signatories concerning the issues addressed herein.

18. This Stipulation does not constitute a contract with the Commission. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has. Thus, nothing in this Stipulation is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

/s/ Roger W. Steiner

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Attorneys for Missouri Public Service  
Commission

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, transmitted by e-mail, or mailed, First Class, postage prepaid, this 11<sup>th</sup> day of December, 2015, to counsel for all parties on the Commission's service list in this case.

/s/ Roger W. Steiner

Roger W. Steiner



KCPL GMO  
Case Name: 2016 GMO Rate Case  
Case Number: ER-2016-0156

Response to Marke Geoff Interrogatories - OPC\_20160817  
Date of Response: 8/26/2016

Question:2162

Of the two entities, GMO and KCPL, who needs the S-REC and RES credits generated from the Greenwood Facility more based on current portfolio make-up and expected retirement moving forward.

Please include a short narrative explaining why.

To the extent possible, please include dates in which additional renewable generation would need to be obtained absent and with the Greenwood facility for both entities (KCPL & GMO).

a. For example: GMO will meet S-REC compliance through 2020 without Greenwood and 2022 with Greenwood.

Response:

The 3.0 MW Greenwood solar facility is located in GMO's service territory, and the assets and all of its associated Solar Renewable Energy Credits (SRECs) are assigned to GMO. The need for SRECs by GMO versus KCP&L was not a significant factor in this decision. Information on factors regarding this solar facility and its location are provided in response to MPSC Data Request #0013 under EA-2015-0256.

In the near future, RES compliance by GMO (and KCP&L) will be met primarily by the acquisition of SRECs from retail customers that have received rebates for solar facility installations. SRECs generated by solar rebates, along with SRECs created from Greenwood facility generation, will be banked for future RES solar compliance if not needed for current year(s) RES compliance.

Based on the latest solar rebate forecast, GMO will meet SREC compliance through 2026 without Greenwood and through 2027 with Greenwood. Based on the latest solar rebate forecast, KCP&L would meet SREC compliance through 2027 without Greenwood and through 2028 with Greenwood.

**Information Provided By:**

Randy Spale, Resource Planning Analyst – Sr, Energy Resource Management

**Attachment:**

Q2162\_Verification.pdf