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-2014-0277

BRIGHTERGY, LLC'S COMMENTS REGARDING GMO'S APPLICATION FOR AUTHORITY TO SUSPEND PAYMENT OF SOLAR REBATES

Brightergy, LLC ("Brightergy") hereby submits its comments regarding the *Application for Authority to Suspend Payment of Solar Rebates* ("Application") filed by KCP&L Greater Missouri Operations Company ("GMO") on April 9, 2014. In response to the GMO Application, as well as the *Recommendation to Approve Suspension of Solar Rebate Payments* filed by the Staff of the Missouri Public Service Commission ("Staff") on May 9, 2014, Brightergy states as follows:

INTRODUCTION

1. Brightergy does not oppose GMO's request to suspend solar rebate payments if the Company has indeed reached the $50 million rebate cap established in Case No. ET-2014-0059. However, GMO's Application and Staff's Recommendation raise two issues that are of particular concern to Brightergy and Missouri solar customers. First, GMO's Application indicates that it has included solar rebate amounts paid to customers of GMO affiliated solar entities in its $50 million cap calculation. This inclusion is made in violation of § 393.1030.2(1), RSMo. Second, Staff has requested the Commission order GMO to immediately halt payment of solar rebates once an aggregate of $50 million has been paid. If adopted, Staff's request would immediately jeopardize approximately $5 million of solar rebates that GMO has committed to Missouri solar customers.

COMMENTS

a. Solar Projects Initiated, Owned, or Operated By an Electric Utility or Its Affiliates Must Be Excluded From the $50 Million Cap Calculation.

2. GMO witness, Tim M. Rush, states in his direct testimony that solar rebates paid to customers of KCP&L Solar, an unregulated affiliate of GMO, have been applied toward the $50 million solar rebate cap. In addition, Brightergy is aware that GMO has directly installed solar generation systems for customers in its service territory. Brightergy believes that the solar rebates paid as a result of these direct GMO installations have been included in the Company's $50 million cap calculation.

3. A utility's investment in solar projects initiated, owned, or operated by the utility and its affiliates must be ignored when calculating the solar rebate cap. § 393.1030.2(1), RSMo, provides that:

> "[U]ntil June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if the electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility."

4. § 393.1030.2(1), RSMo, expressly requires that rebates paid to customers who have purchased solar installations directly from GMO and its affiliates must be ignored when calculating the solar rebate cap. While § 393.1030.2(1), RSMo, refers to the statutory "one percent retail rate increase" cap, the *Non-Unanimous Stipulation and Agreement* approved in Case No. ET-2014-0059 provides that "[a]ll solar rebates, subject to this Agreement, will be paid

according to applicable statutes, rules, and tariffs."[1] Accordingly, the general calculation method described in § 393.1030.2(1), RSMo, applies to the $50 million cap established in Case No. ET-2014-0059.

WHEREFORE, Brightergy respectfully requests the Commission issue an Order requiring GMO to recalculate its $50 million solar rebate cap. Any solar rebates paid for projects installed by GMO or its affiliates must be excluded from such calculation.

b. Staff's Recommendation that GMO Not Pay Solar Rebates in Excess of $50 Million Is Unnecessary and Will Cost Missouri Solar Customers $5 Million.

5. On November 15, 2013, GMO preapproved an amount of solar rebate applications that, if successfully completed, would exceed the Company's $50 million solar rebate cap.[2] As illustrated by Schedule TMR-1 attached to Mr. Rush's testimony, GMO had received, preapproved, and committed to pay Missouri solar customers an aggregate of approximately $55 million of solar rebates.[3]

6. On April 10, 2014, Kansas City Power & Light Company ("KCP&L") and GMO conducted a conference call with the parties to Case Nos. ET-2014-0059 and ET-2014-0071. Participants on the call included Staff, the Office of Public Counsel, Brightergy, and the Missouri Solar Energy Industries Association ("MOSEIA"). During the call, GMO conceded that it had preapproved a number of applications that, if successfully completed, would result in the payment of approximately $55 million of solar rebates. GMO assured the parties on the April 10th call that it would honor all solar rebate commitments made on or before November 15, 2013.

[1] *Non-Unanimous Stipulation and Agreement*, Case No. ET-2014-0059, Paragraph 7.c., p. 5.
[2] *Direct Testimony of Tim M. Rush*, Case No. ET-2014-0277, April 9, 2014, p. 8-9.
[3] *Id.*, at Schedule TMR-1

7. The testimony submitted on behalf of GMO witness, Tim M. Rush, reiterates GMOs commitment to pay the entire $55 million committed to GMO solar customers. Specifically, Mr. Rush states that "[a]ll rebate commitments are to be paid to qualified customers as the solar systems become operational."[4] The GMO Application and Mr. Rush's testimony do not expressly request a Commission finding that the payment of any solar rebates was prudent.

8. In addition to the testimony of Mr. Rush, GMO's proposed File No. JE-2014-0403 tariff sheet contains the following provision:

> The Company will pay solar rebates for all valid applications received by the Company by November 15, 2013 at 10 AM CST, which are preapproved by the Company and which result in the installation and operation of a Solar Electric System pursuant to the Company's rules and tariffs. Applications received after November 15, 2013 at 10 AM CST may receive a solar rebate payment if the total amount of solar rebates paid by the Company for those applications received on or before November 15, 2013 at 10 AM CST are less than $50,000,000.

9. Staff filed its *Recommendation to Approve Suspension of Solar Rebate Payments* on May 9, 2014. Staff states that approval of GMO's proposed File No. JE-2014-0403 tariff sheet may be viewed as a finding that payment of rebates GMO has committed to paying over its $50 million cap was prudent. According to Staff, approval of GMO's proposed tariff could implicitly permit recovery of any excess GMO solar rebate payments in rates.

10. Staff recommends that the Commission order GMO to cease paying any amount of solar rebates once an aggregate of $50 million has been paid. Staff requests that once GMO has paid an aggregate of $50 million in solar rebates, it make a tariff filing that includes the following language: "Payments for solar rebates have been suspended. The Company has made payments totaling $50 million in solar rebates as required by the Stipulation and Agreement in

[4] *Direct Testimony of Tim M. Rush*, Case No. ET-2014-0277, April 9, 2014, p. 8.

Case No. ET-2014-0059. Additional payments will not be made under the terms of the Stipulation and Agreement."[5]

11. Brightergy objects to Staff's recommendation that GMO be required to cease payment of all solar rebates once $50 million has been paid. Brightergy believes that Staff's recommendation is unnecessary. More importantly, Staff's recommendation will cause Missouri solar customers to forfeit approximately $5 million in committed solar rebates.

12. Solar customers who received project preapprovals and rebate commitments from GMO relied on those commitments in deciding whether to complete solar generation systems. Committed solar rebate funds are expected to offset the capital costs of solar projects and are one of the most important factors driving a customer's completion decision. Customers who received a rebate commitment from GMO may have already completed their installation. Others may still be engaged in the installation process. Simply stated, GMO customers who received rebate commitments have spent millions of dollars toward installation and completion of solar projects.

13. If the Commission adopts Staff's recommendation and orders GMO to immediately stop solar rebate payments at $50 million, Missouri solar customers who relied on GMO's rebate commitments stand to lose approximately $5 million in committed rebates. Similarly, Staff's recommendation would expose GMO to approximately $5 million in civil liability resulting from its inability to pay $5 million of excess rebate commitments.

14. Brightergy urges the Commission to reject Staff's recommendation pertaining to GMO payments over the $50 million cap. While Staff's recommendation may prevent an implicit finding that excess rebate payments were prudent, it will undoubtedly cause significant financial damage to Missouri solar customers who have relied on GMO's commitments.

[5] *Staff Recommendation to Approve Suspension of Solar Rebate Payments, Reject Tariff Sheet JE-2014-0403 and Order the Filing of Tariff Sheet(s) in Compliance with Commission Order*, Case No. ET-2014-0277, May 9, 2014, Memorandum, p. 2.

Brightergy firmly believes that a rate case is the appropriate forum to determine the prudence of any solar rebate payments made by GMO.

15. Brightergy does not take a position on the prudence or recoverability of GMO's solar rebate payments. Brightergy also does not take a position in regard to the provisions of GMO's proposed tariff sheet. Brightergy's concern is that solar customers who relied on GMO solar rebate commitments be paid according to those commitments.

16. Admirably, GMO has maintained that it will honor all of its outstanding solar rebate commitments. Brightergy respectfully requests the Commission not impede GMO from doing so. While it is possible that payments made by GMO in excess of the $50 million cap may be imprudent, that determination must be made as part of a future GMO rate case. Adoption of Staff's recommendation, in order to prevent a speculative and implicit prudence determination, would unnecessarily deprive Missouri solar customers of $5 million of committed solar rebates.

WHEREFORE, Brightergy respectfully requests the Commission reject Staff's recommendation that GMO stop paying its outstanding solar rebate commitments at $50 million. Brightergy further requests that the Commission issue an Order permitting GMO to fulfill all outstanding solar rebate commitments, and reserve any determination regarding the prudence of such payments until GMO's next rate case.

Respectfully submitted,

SMITHYMAN & ZAKOURA, CHARTERED

By: __/s/_*Carson M. Hinderks*_____

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ATTORNEYS FOR BRIGHTERGY, LLC

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been emailed this 16th day of May, 2014, to all parties on the Commission's service list in this case.

__/s/_*Carson M. Hinderks*_____