

Exhibit No.:	
Issues:	RES Compliance
Witness:	Vaughn Prost
Sponsoring Party:	Missouri Solar Applications, LLC
Type of Exhibit:	Direct Testimony
Case No.:	EC-2013-0379, et al.
Date Testimony Prepared:	June 27, 2013

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. EC-2013-0379, et al.**

**DIRECT TESTIMONY**

**OF**

**VAUGHN PROST**

**ON**

**BEHALF OF**

**MISSOURI SOLAR APPLICATIONS, LLC**

**June, 2013**

1 **DIRECT TESTIMONY**

2 **OF**

3 **VAUGHN PROST**

4 **CASE NO. EC-2013-0379, et al.**

5  
6 **Q. Please state your name and business address.**

7 A. My name is Vaughn Prost. My business address is P.O. Box 1727, Jefferson City, MO  
8 65102.

9 **Q. Please state the name of your employer and your job title?**

10 A. I am the Chief Executive Officer of Missouri Solar Applications, LLC.

11 **Q. Please describe your educational background and employment experience.**

12 A. I am an Engineering graduate of the University of Missouri in 1973. I received a Master  
13 of Science and Civil Engineering – Construction degree from Stanford University in 1974. I am a  
14 registered Professional Engineer in California and Missouri.

15 I worked for Bechtel Corporation and Structural Engineering Consulting firms in San  
16 Francisco after my graduation from Stanford. In addition, I worked as a Resident Construction  
17 Engineer for Parsons Corporation in Saudi Arabia for 9 years.

18 In 1990, I joined Prost Builders Inc., a family-run business and in June of 1993 I became  
19 President of Prost Builders, a design-build construction company located in Jefferson City and  
20 Columbia, Missouri.

21 **Q. Please provide a brief background of your business and its activities in Missouri, as**  
22 **well as your connection to the Solar Industry in Missouri.**

23 A. I and three other partners started Missouri Solar Applications, LLC (MSA) which  
24 markets, sells, designs and maintains solar electric and solar hot water systems for clients

1 throughout Missouri. I am the C.E.O. of Missouri Solar Applications, LLC. (“MSA”). MSA has  
2 designed and installed over 100 solar energy systems in Missouri and surrounding states. My  
3 first solar electric project was with Bechtel Corporation in 1976 which was the conceptual design  
4 of a solar powered tower with heliostat mirrors in Barstow, California.

5 In addition, I represent the Solar Industry in Missouri by serving as Treasurer on the  
6 Board of Directors of the Missouri Solar Energy Industries Association (“MOSEIA”).

7 **Q. What is the purpose of your direct testimony in this proceeding?**

8 A. The purpose of my direct testimony is to demonstrate my own interest – and the interests  
9 of similarly situated companies in the Missouri solar industry – in having sections (5) and  
10 (7)(B)1.F of the Commission’s rule 4 CSR 240-20.100 fully enforced. In so doing, my testimony  
11 aims to emphasize how the utilities’ calculation of the RES’ 1% Retail Rate Impact Limitation  
12 (“the section (5) calculation”), and the annual disclosure of such, is essential to the continued  
13 existence of the Solar Industry in Missouri.

14 **Q. What is the extent of your interest in seeing Missouri investor-owned utilities**  
15 **perform the section (5) calculation?**

16 A. As someone whose company employs 18 individuals in solar-related jobs around  
17 Missouri, I require the ability to foresee future market conditions and plan for future investments  
18 to as great a degree as possible. Without a certain degree of predictability, my company cannot  
19 make the decisions necessary to continue to grow and adapt to developments in the solar market.  
20 Consequently, utilities’ calculation of the RES’ retail rate impact is of great importance to my  
21 company and my employees. I have a great interest in being certain that utilities are performing  
22 their section (5) calculations in precisely the way that the Commission’s rules prescribe.

23 Not only is it critical that utilities perform the section (5) calculation every year, but it  
24 every bit as essential that utilities disclose the methodology behind their calculation. This allows

1 solar installers like me to have assurance that utilities are correctly measuring the costs of the  
2 RES as compared to the costs of traditional generation. As such, the Commission's rule requires  
3 utilities to not only perform the calculation every compliance year, but also to share this  
4 calculation in their annual RES Compliance Plans so that regulators, stakeholders, and the  
5 Missouri public may apply proper scrutiny.

6 **Q. Why, specifically, did you have an interest in requiring utilities to perform and**  
7 **share their section (5) calculations for compliance year 2012?**

8 A. I have an interest in being certain that utilities are performing their calculations with a  
9 consistent and rule-compliant methodology from year to year. A Missouri utility has yet to  
10 perform and share any aspect the section (5) calculation, let alone receive scrutiny or feedback  
11 from regulators and other stakeholders on the calculation's methodology. Utilities' failure to  
12 perform and share their section (5) calculations in 2012 has had serious consequences on my  
13 company and other companies' ability to effectively plan for the future.

14 For compliance year 2012, all utilities essentially claimed that, because they did not  
15 foresee reaching the 1% retail rate impact limitation, it was unnecessary for them to perform or  
16 include the section (5) calculation in their 2012-2014 RES Compliance Plans. The results of  
17 utilities' calculations for compliance years 2012-2014 would presumably have been reflective of  
18 the way they planned to perform their calculations for 2013-2015. If utilities had included their  
19 calculations in 2012, parties would have had an opportunity to identify errors and rule  
20 inconsistencies, and the Commission would have had an opportunity to give guidance on the  
21 correct way to perform the calculation. Such a process would have avoided any  
22 misunderstandings for future years when the 1% threshold is more likely to be reached.

23 As we have seen in 2013, utilities have again refused to disclose how they performed  
24 their calculations; however, several utilities are claiming that they are close to reaching, or have

1 already reached, the 1% threshold. Ameren Missouri claims they forecast more than a 0.8% retail  
2 rate impact by next year. Even more alarming, Kansas City Power & Light (“KCP&L”) and  
3 KCP&L-Greater Missouri Operations (“GMO”) both claim they will reach the 1% threshold in  
4 2013, 2014, and 2015, and therefore may suddenly discontinue paying solar rebates to new solar  
5 customers in their territory. These claims have drastic implications for the Solar Industry in our  
6 state, and yet neither of these utilities have disclosed how they arrived at their numbers. As such,  
7 there has been absolutely no oversight over or verification of utilities’ calculations, either from  
8 government regulators, renewable policy advocates, or solar industry representatives.

9       The current uncertainty and suspicion over whether utilities are calculating RES costs  
10 correctly all could have been avoided had utilities simply complied with the Commission’s rule  
11 in 2012. Rule 4 CSR 240-20.100(7)(B)1.F is not an inconsequential provision to me or my  
12 company; in fact, I consider it essential that the Commission require strict adherence to both 4  
13 CSR 240-20.100(5) and 4 CSR 240-20.100(7)(B)1.F.

14 **Q. Do you have an interest in utilities’ performance of the section (5) calculation, even**  
15 **if utilities claim they are far from reaching the 1% threshold?**

16 A. Yes. The fact that some utilities do not anticipate reaching the 1% threshold is not  
17 relevant to my ongoing interest in scrutinizing a utility’s calculation and possessing a high  
18 degree of confidence in its accuracy and full compliance with the Commission’s rule. The plain  
19 language of rule 4 CSR 240-20.100(7)(B)1.F remains unaffected even though some of the  
20 utilities may not foresee reaching the 1% threshold. That rule clearly states: “The RES  
21 compliance plan shall include, at a minimum... F. A detailed explanation of the calculation of  
22 the RES retail impact limit calculated in accordance with section (5) of this rule. This  
23 explanation should include the pertinent information for the planning interval which is included  
24 in the RES compliance plan.” 4 CSR 240-20.100(7)(B)1 (emphasis added).

1   **Q.     Do you have reason to believe that other solar companies and solar installers have**  
2   **similar interests to your own in requiring utilities to perform and share their section (5)**  
3   **calculations every year?**

4   A.     Yes. As a member of the Board of Directors of MOSEIA, I can attest to the fact that  
5   utilities' failure to share their calculations is a matter of great concern and anxiety for the Solar  
6   Industry. Solar companies are among those who will be affected most drastically by the results of  
7   utilities' section (5) calculations. Despite this reality, no non-utility parties have seen a single  
8   utility correctly calculate the RES' costs according to section (5) of the Commission's rule,  
9   although utilities have been required by law to do so for the past three years.

10         For stability of the solar market in Missouri, the most important time for utilities' to  
11   perform their section (5) calculations is *years before* any potential reaching of the 1% threshold.  
12   If it is known ahead of time, solar companies may have the flexibility to plan in advance of  
13   utilities reaching the threshold. If utilities are simply allowed to perform the calculation in secret  
14   and then suddenly announce that they've hit the threshold, solar companies including mine  
15   would be greatly damaged. It would be as if solar companies were awaiting a guillotine, never  
16   certain of what moment it may fall. In fact, this is the situation the solar industry finds itself in  
17   today, and it is because of utilities' blatant refusal to comply with the Commission's rule.

18   **Q.     Does this conclude your direct testimony?**

19   A.     Yes, it does.

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

**EARTH ISLAND INSTITUTE d/b/a/  
RENEW MISSOURI, et. al.**

**COMPLAINANTS**

**v.**

**KANSAS CITY POWER & LIGHT  
COMPANY**

**RESPONDENT**

**Case No. EC-2013-0379**

**AFFIDAVIT OF VAUGHN PROST**

**STATE OF MISSOURI,    )  
                                  ) SS  
CITY OF COLUMBIA    )**

Vaughn Prost, of lawful age, being first duly sworn, deposes and states:

1. My name is Vaughn Prost. My business address is P.O. Box 1727, Jefferson City, MO 65102. I am employed as Chief Executive Officer of Missouri Solar Applications, LLC.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf Missouri Solar Applications, LLC, which has been prepared in written form for introduction into evidence in the above-referenced case.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

  
\_\_\_\_\_  
Vaughn Prost

Subscribed and sworn to me this 27 day of June, 2013

  
\_\_\_\_\_  
Notary Public

My commission expires: 6-20-15

