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MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

REBUTTAL TESTIMONY

OF

CLAIRE M. EUBANKS

RENEW MISSOURI ET AL.

FILE NO. EC-2013-0379

Jefferson City, Missouri
August 2013

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Q. Please state your name and business address.

A. Claire M. Eubanks, P.O. Box 360, Jefferson City, Missouri, 65102.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission ("Commission") as a Utility Regulatory Engineer I in the Engineering Analysis Section, Energy Infrastructure Reliability Unit of the Tariff, Safety, Economic and Engineering Analysis Department in the Regulatory Review Division.

Q. Please describe your educational and work background.

A. I received my Bachelor of Science degree in Environmental Engineering from the University of Missouri – Rolla, now referred to as Missouri University of Science and Technology, in May 2006. I am a licensed professional engineer in the states of Missouri and Arkansas. Immediately after graduating from UMR, I began my career with Aquaterra Environmental Solutions, Inc. ("Aquaterra"), now SCS Aquaterra, an engineering consulting firm based in Overland Park, Kansas. During my time with Aquaterra, I worked on various engineering projects related to the design, construction oversight, and environmental compliance of solid waste landfills. I began my employment with the Commission in November 2012.

Q. Are you a member of any professional organizations?

Rebuttal Testimony of
Claire M. Eubanks

1 A. Yes, I am a member of the Missouri Society of Professional Engineers.

2 Q. Have you previously filed testimony before the Commission?

3 A. Yes. I have filed rebuttal testimony in Case No. EA-2012-0281.

4 Q. What is the purpose of your rebuttal testimony?

5 A. The purpose of my testimony is to respond to Renew Missouri et al. (“Renew
6 Missouri”) witness Patrick J. Wilson and Missouri Solar Applications, LLC (“Missouri
7 Solar”) witness Vaughn Prost, together known herein as the “Complainants,” regarding
8 compliance with section (5) and subparagraph (7)(B)1.F. of the Commission’s Renewable
9 Energy Standard Rule 4 CSR 240-20.100 by Kansas City Power and Light Company
10 (“KCPL”), KCP&L Greater Missouri Operations Company (“GMO”), Union Electric
11 Company d/b/a Ameren Missouri (“Ameren Missouri”) and The Empire District Electric
12 Company (“Empire”). KCPL, GMO, Ameren Missouri and Empire are together known
13 herein as the “utilities.”

14 Q. What types of relief are the Complainants requesting?

15 A. For the Commission to find that the utilities are in non-compliance with the
16 Commission’s Renewable Energy Standard (“RES”) Rule 4 CSR 240-20.100(7)(B)1.F. for
17 their failure to include a detailed explanation of the RES retail impact limitation in their 2012-
18 2014 RES Compliance Plans, to order the utilities to re-file their 2012-2014 RES Compliance
19 Plans to be consistent with the Commission’s existing rules, to annually disclose their RES
20 one percent (1%) retail rate impact calculation, and any other such relief as the Commission
21 shall deem appropriate.

22 Q. What is Staff’s recommendation to the Commission?

23 A. Staff recommends the Commission deny the relief requested by the
24 Complainants.

1 Q. Did the utilities file any RES Compliance Plans prior to calendar year 2013?

2 A. Yes. The RES rule became effective in September 2010. Rule
3 4 CSR 240-20.100(7) states in part that “[e]ach electric utility shall file an annual RES
4 compliance plan with the Commission. The plan shall be filed no later than April 15 of each
5 year.” In April 2011, Ameren Missouri, Empire, KCPL and GMO each filed a RES
6 Compliance Plan for calendar years 2011-2013 in File Nos. EO-2011-0275, EO-2011-0276,
7 EO-2011-0277, and EO-2011-0278, respectively. Then again in April 2012, Ameren
8 Missouri, Empire, KCPL and GMO each filed a RES Compliance Plan for the calendar years
9 2012-2014 in File Nos. EO-2012-0351, EO-2012-0336, EO-2012-0348 and EO-2012-0349,
10 respectively. Finally, Ameren Missouri, Empire, KCPL and GMO each filed their latest RES
11 Compliance Plan for the calendar years 2013-2015 in File Nos. EO-2013-0503,
12 EO-2013-0458, EO-2013-0504 and EO-2013-0505, respectively.

13 Q. Why are the prior calendar year RES Compliance Plans important in this case?

14 A. In them the electric utilities provide how they calculate the RES retail rate
15 impact.

16 Q. Does the RES Rule have a section that discusses whether interested persons
17 may file comments on the utilities’ RES Compliance Plans?

18 A. Yes it does. Rule 4 CSR 240-20.100(7)(E) provides that

19 The Office of the Public Counsel and any interested persons or entities may
20 file comments based on their review of the electric utility’s annual RES
21 compliance report and RES Compliance plan within forty-five (45) days of the
22 electric utility’s filing of its compliance report with the commission.
23

24 Q. Did Renew Missouri or Missouri Solar file comments in the 2011-2013 and
25 2012-2014 RES Compliance Plan dockets?

Rebuttal Testimony of
Claire M. Eubanks

1 A. Yes. Renew Missouri filed comments based on their review of the plans in all
2 of the utilities' 2011-2013 RES Compliance Plan dockets. Renew Missouri filed, and
3 Missouri Solar joined in, comments filed in the utilities' 2012-2014 Compliance Plan dockets.

4 Q. Did any of the comments filed by Renew Missouri in the 2011-2013 or 2012-
5 2014 RES Compliance Plan dockets address concerns of deficiency in the utilities' calculation
6 of the one percent (1%) retail rate impact calculation?

7 A. No. Renew Missouri extensively raised three other items of concern, but did
8 not mention a concern with the utilities' calculation of the one percent (1%) retail rate impact
9 in either planning period.

10 Q. Did Renew Missouri or Missouri Solar file any comments regarding the
11 calculation of the retail rate impact calculation in response to the utilities' latest 2013-2015
12 Compliance Plan filings?

13 A. No. However, when GMO requested suspension of its tariff sheet concerning
14 the payment of solar rebates, Renew Missouri filed comments which addressed concerns
15 regarding the calculation of the retail rate impact.

16 Q. Please explain Section (5) of the RES Rule 4 CSR 240-20.100.

17 A. Section 5 of the RES rule requires a detailed calculation of the RES retail rate
18 impact to ensure that the statutory requirement of limiting the RES retail rate impact to one
19 percent (1%) is met. The RES retail rate impact calculation is to be completed during the
20 planning process to ensure the proposed renewable resources will not exceed the RES retail
21 rate impact limit. If the limit is exceeded, the utility is to adjust downward the proportion of
22 renewable resources.

23 Q. Please describe the retail rate impact calculation.

1 A. The RES retail rate impact calculation compares a non-renewable portfolio to a
2 RES-compliant portfolio.¹ The two portfolios are to be determined by adding to the existing
3 generation additional resources to meet, on a least-cost basis, the utility's needs for ten (10)
4 years. The RES-compliant portfolio includes renewable resources to meet the standard as
5 specified in Section 2 of the RES rule, and if additional resources are needed to meet the
6 utility's ten (10) year needs, those resources may be non-renewable. The non-renewable
7 portfolio includes a mix of additional least-cost non-renewable resources to meet the utility's
8 ten (10) year needs. The one percent (1%) retail rate impact limit has been exceeded when
9 the revenue requirement for a RES-complaint portfolio, averaged over the succeeding ten (10)
10 year period, is greater than the revenue requirement for a non-renewable portfolio by more
11 than one percent (1%). When that limit has been exceeded, the utility is to adjust downward
12 the proportion of renewable resources.

13 Q. How often are utilities required to perform the retail rate impact calculation?

14 A. Utilities are required to provide a detailed explanation of the retail rate impact
15 calculation as a part of their RES compliance plans.² That calculation is to be done in
16 accordance with section (5) of the rule which states that the calculation "shall be conducted
17 only when the electric utility proposes to add incremental renewable energy resource
18 generation directly attributable to RES compliance through the procurement or development
19 of renewable energy resources."³

20 Q. Did any of the utilities' 2012-2014 RES Compliance Plans include the addition
21 of renewable energy resource generation?

¹ Section 393.1030.2(1); Rule 4 CSR 240-20.100(5)(B).

²4 CSR 240.100 (7)(B)1.F.

³4 CSR 240.100(5)(B).

1 A. Yes. Ameren Missouri, KCPL, and GMO proposed to add renewable energy
2 resource generation in their 2012-2014 RES Compliance Plans. Empire did not propose to
3 add renewable energy resource generation since it projects that it will meet the RES with
4 existing renewable energy resources over the three (3) year planning period.

5 Q. Do you agree with Mr. Wilson's statement that "[t]he Commission's rule
6 requires utilities to disclose their annual calculation of the 1% retail rate impact limitation
7 because renewable energy companies cannot effectively plan their business models without
8 transparent understanding of whether the utilities are planning to hit the cost limitation, and if
9 they are, when"?

10 A. No, I do not.

11 Q. What is the extent of Mr. Prost's interest in the retail rate impact calculation?

12 A. Mr. Prost states in his testimony,

13 As someone whose company employs 18 individuals in solar-related jobs
14 around Missouri, I require the ability to foresee future market conditions and
15 plan for future investments to as great a degree as possible. Without a certain
16 degree of predictability, my company cannot make the decisions necessary to
17 continue to grow and adapt to developments in the solar market.

18 Q. From Mr. Prost's explanation of his financial interest, do you agree that
19 a business' financial planning is the purpose of the RES retail rate impact calculation?

20 A. No, I do not.

21 Q. What is the purpose of the RES retail rate impact calculation?

22 A. The purpose of the retail rate impact calculation is a ratepayer protection in
23 that it caps the maximum average retail rate increase attributable to a utility's future
24 compliance with the RES. The retail rate impact calculation also assists the utilities in
25 planning for compliance with the RES.

1 In the Commission's June 2, 2010 *Order of Rulemaking* in File No. EX-2010-0169, it
2 states at page 21:

3 In determining how to implement the RRI [retail rate impact] the commission
4 looks first to the language of the statute. The commission is required in
5 subdivision 393.1030.2 (1), RSMo, to adopt rules that provide "[a] *maximum*
6 *average retail rate increase of one percent* determined by estimating and
7 comparing the electric utility's cost of compliance with least-cost renewable
8 generation and the cost of continuing to generate or purchase electricity from
9 entirely nonrenewable sources, taking into proper account future
10 environmental regulatory risk including the risk of greenhouse gas
11 regulation[.]" Thus, the commission set out a method of calculating that
12 maximum one percent (1%) retail rate increase and defines the components of
13 that calculation, the assumptions, and other related calculations which will be
14 necessary in making the estimations required by the clear language of the
15 statute.

16 (Emphasis in original).

17 Q. Have the utilities disclosed their retail rate impact calculations for the 2011-
18 2013, 2012-2014 and 2013-2015 Compliance Plan periods.

19 A. Yes. The utilities have each filed their calculations in the respective file
20 numbers. If the filings contained any highly confidential information, the utilities filed that
21 information as highly confidential under the Commission's Rule 4 CSR 240-2.135(B). In
22 each instance a redacted public version was also filed in the docket for review by those
23 without the right to view highly confidential information.

24 Q. At page nine, lines 3 through 7, of Mr. Wilson's testimony, he states:

25 The section 5 calculations are currently a matter of great concern and
26 speculation. The four Missouri investor-owned utilities and the rate analysts
27 they employ are the only entities in possession of the knowledge and resources
28 needed to perform these calculations. Without full disclosure of how these
29 calculations are performed, government regulators and representatives of the
30 public have no way to verify whether utilities' numbers are correct.

31 Do you agree that only the utilities have access to information used in their calculations of the
32 retail rate impact?

1 A. No I do not. Staff has access to review any information the utilities marked as
2 highly confidential in their Compliance Plan filings. Also, it is my understanding that the
3 Commission's confidential information rule, Rule 4 CSR 240-2.135 (5) allows a party to a
4 case to retain an outside expert to review highly confidential information.

5 Q. From your review of the 2011-2013, 2012-2014 and 2013-2015 Compliance
6 Plan dockets, has either Renew Missouri or Missouri Solar hired an external consultant to
7 review any of the utilities' Compliance Plans?

8 A. Yes, Renew Missouri has hired an external consultant to review the utilities'
9 2013-2015 Compliance Plans filings. Renew Missouri filed their external consultant's non-
10 disclosure agreement under Rule 4 CSR 240-2.135 on July 11, 2013.

11 Q. Has anyone stated how much solar installers use utility compliance plans to
12 plan their business projections.

13 A. Yes. During the deposition of Mr. Wilson in this matter, he was questioned on
14 the solar rebate projections provided in GMO's 2012 RES Compliance plan, compared to
15 current spending projections for 2013. Mr. Wilson was asked whether he and other solar
16 installers knew about the change in projections and he responded: "I don't know if any of
17 them actually -- I'm sure the majority of them didn't actually read this."⁴

18 Q. Did any of the utilities indicate in their 2012 RES compliance plan that there is
19 a chance they would hit the retail rate impact limit of one percent (1%) in the 2012-2014
20 period?

⁴ Deposition of PJ Wilson, Pg. 177, Lines 20-22.

1 A. Yes. KCPL indicated it would reach the retail rate impact limit in 2014⁵ and
2 GMO indicated it would reach the retail rate impact limit in 2013.⁶ KCPL and GMO also
3 indicated that “the amount of solar rebates will need to be monitored closely.”^{7, 8}

4 Q. Did any of the utilities claim in their 2012 RES compliance plans that it was
5 unnecessary for them to perform the retail rate impact calculation because they did not foresee
6 reaching the limit?

7 A. No. All the utilities included calculations in their 2011-2013 and 2012-2014
8 RES Compliance Plans, though not in the level of detail as the calculations included in their
9 2013-2015 Compliance Plan filings.

10 Q. What does Staff’s report on the 2012-2014 RES Compliance Plans say
11 regarding the retail rate impact calculation?

12 A. Each of the Staff’s reports on the various utilities’ RES Compliance Plan
13 filings stated in part: “The Company did not request a waiver from this rule subparagraph.
14 Because the detailed calculation would serve no purpose in this instance, Staff would not seek
15 for the Commission to enforce literal compliance with this rule provision, whether the
16 Company requested relief or not. Staff recommends that the Commission grant a waiver from
17 this subparagraph if the Commission deems it necessary to do so.” Staff provided reasoning
18 to support this position for each utility. Ameren Missouri planned to meet the requirements
19 for the plan period by its existing resources and purchases of S-RECs. Both KCPL and GMO
20 planned to meet the requirements for the plan period through existing resources, new low cost
21 alternative resources, and purchases of S-RECs. The compliance costs for Empire were

⁵ KCP&L 2012 Annual Renewable Energy Standard Compliance Plan, Pg. 16, Table 7.

⁶ GMO 2012 Annual Renewable Energy Standard Compliance Plan, Pg. 15, Table 8.

⁷ KCP&L 2012 Annual Renewable Energy Standard Compliance Plan, Pg. 17.

⁸ GMO 2012 Annual Renewable Energy Standard Compliance Plan, Pg. 16.

1 associated with the registration and retirement of RECs in the North American Renewables
2 Registry.

3 Q. Did the utilities file a detailed explanation of the RES retail rate impact
4 limitation in their most recent compliance plan filings?

5 A. Ameren Missouri, KCPL, and GMO provided a detailed explanation of their
6 calculations in their 2013-2015 Compliance Plans that Staff believes are deficient. However,
7 the companies are working with Staff to resolve the alleged deficiencies. Empire requested a
8 waiver from calculating the retail rate impact in their 2013-2015 Compliance Plan filing, and
9 the Commission is holding Empire's request in abeyance until the resolution of this case.

10 Q. What purpose does requiring the utilities to re-file their 2012-2014 RES
11 Compliance Plans serve?

12 A. Ameren Missouri, KCPL, and GMO have filed their 2013-2015 RES
13 Compliance Plans including the retail rate impact calculation. The only year which is not
14 covered in most recent compliance plan filing that was also covered in the 2012-2014 RES
15 Compliance Plans is calendar year 2012. Since it is now 2013 and the retail rate impact
16 calculation is utilized for forward planning purposes, requiring Ameren Missouri, KCPL and
17 GMO to refile their 2012-2014 RES Compliance Plans is useless and unnecessary. Requiring
18 Empire to refile its 2012-2014 RES Compliance Plan is unnecessary because Empire has not
19 proposed to add new renewable energy resources.

20 Q. Does this conclude your rebuttal testimony?

21 A. Yes.